



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20543

November 12, 2004

RQ-2

Marcus Vaden, Treasurer  
Democratic Party of Arkansas  
1300 West Capitol Avenue  
Little Rock, AR 72201

**Response Due Date:**  
**December 13, 2004**

Identification Number: C00024372

Reference: October Quarterly Report (7/1/04-9/30/04)

Dear Mr. Vaden:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** An itemization of the information needed follows:

-The totals listed on Lines 6(c), 11(c), 18(a), 18(c), 19, 21(a)(i), 21(a)(ii), and 32, Column B of the Summary and Detailed Summary Page(s) appear to be incorrect. Please be advised that you should add the "Calendar Year-to-Date" total from your previous report to the current "Total This Period" figure from Column A to derive the correct Column B totals. Please amend your report and any subsequent reports that may be affected by this correction.

-The Detailed Summary Page, on Line 18(a) Column A of your report, discloses \$108,551.54 in transfers from the non-federal account for allocated activity for the reporting period. However, Line 21 (a)(ii) Column A discloses \$102,650.15 as the non-federal share for allocated activity for the reporting period. While the non-federal account is permitted to transfer funds to the federal account for allocated activity, transfers for allocated activity must be made within a 70-day time period: no more than 10 days before or 60 days after the payment to the vendor. 11 CFR §§106.6(c)(2) and 106.7(f)(2) Please clarify the nature of the transfers-in from the non-federal account.

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The Commission recommends that you immediately transfer back to the non-federal account, the total excessive amount which was received by your federal account outside the 70-day time period. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

-Commission Regulations require that a committee disclose the identification of all individuals who contribute in excess of \$200 in a calendar year. (11 CFR §104.3(a)(4)(i)) Identification for an individual is defined as the full name, mailing address, occupation and name of employer. (11 CFR §100.12) Your report discloses contributions from individuals for which the identification is not complete.

You must provide the missing information, or if you are unable to do so, you must demonstrate that "best efforts" have been used to obtain the information. To establish "best efforts," you must provide the Commission with a detailed description of your procedures for requesting the information. Establishing "best efforts" is a three-fold process.

First, your original solicitation must include a clear and conspicuous request for the contributor information and must inform the contributor of the requirements of federal law for the reporting of such information. (11 CFR §104.7(b)(1))

Second, if the information is not provided, you must make one follow-up, stand alone effort to obtain this information, regardless of whether the contribution(s) was solicited or not. This effort must occur no later than 30 days after receipt of the contribution and may be in the form of a written request or an oral request documented in writing. (11 CFR § 104.7(b)(2))  
The request must:

- clearly ask for the missing information, without soliciting a contribution;
- inform the contributor of the requirements of federal law for the reporting of such information, and
- if the request is written, include a pre-addressed post card or return envelope.

Third, if you receive contributor information after the contribution(s) has been reported, you shall either a) file with your next regularly scheduled report, an amended memo Schedule A listing all the contributions for which additional information was received; or b) file on or before your next regularly scheduled reporting date, amendments to the report(s) originally disclosing the contribution(s). (11 CFR §104.7(b)(4))

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Please provide the missing information or a detailed description of your procedures for requesting the information. For more information on demonstrating "best efforts," please refer to the Campaign Guide.

-Schedule A supporting Line(s) 11(c) of your report discloses a receipt(s) from a candidate committee(s) (see attached) which requires further clarification. For example, if this activity represents a transfer of funds, please indicate "transfer" on Schedule A supporting Line 11(c) of your report. If this activity represents a reimbursement for services provided to this committee, please indicate this on Schedule A supporting Line 15 of your report. Please amend your report to clarify the type of activity this receipt(s) represents.

-Your report discloses memo Schedule A's totaling \$43,434 from the "ASDC Dollars for Democrats," which appears to be a joint fundraising committee. However, there are no corresponding transfers-in from this committee disclosed on Schedule A supporting Line 12 of the Detailed Summary Page. Please clarify this apparent discrepancy.

-Schedule A supporting Line 12 discloses a transfer(s)-in from the "Democratic National Committee." Schedule B supporting Line 30b reflects payments for "Yard signs-" and "yard signs bumper stickers." Please be advised that a state or local party committee may pay for campaign materials (such as bumper stickers) that are distributed by volunteers in connection with activity on behalf of the party's nominees in a general election. Payments for this type of activity are exempt from the definition of a contribution or expenditure if certain conditions are met. The conditions are that no public advertising may be used, including distribution by direct mail (mailings by a commercial vendor or from commercial lists); all funds used for the activity must be permitted under the Act; none of the funds used may have been designated for a particular candidate; and finally, payments for the activity may not be made from transfers-in from the national committee to specifically fund the activity. For further guidance, please refer to 11 CFR §§100.87 and 100.147 and to the Campaign Guide for Party Committees.

Please clarify the nature of the transfer(s)-in and subsequent payments for the aforementioned disbursement(s). If the activity disclosed on your report does not meet the definition of "exempt" activity as described above and if any portion of the expenditures were made on behalf of specifically identified candidates, that amount must be disclosed on Schedule B, E or F supporting Line 23, 24 or 25 of the Detailed Summary Page as appropriate.

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-On Schedule H4, your allocated activity or event year-to-date total calculations for "DIRECT MAIL - MARCH 04" are incorrect. Allocated activity or event year-to-date totals for administrative, voter drive and exempt activity costs are derived by aggregating all disbursements during the calendar year for each separate category. Allocated activity or event year-to-date totals for fundraising and direct candidate support activities are derived by aggregating all disbursements during the calendar year within a specific event. These should be calculated by adding the latest disbursement for a category or event to the previous event year-to-date total for that category or event. This running event year-to-date total should be disclosed after each disbursement is listed. Please amend your report by providing the correct event year-to-date totals.

-Please amend your report by providing the address for each disbursement itemized on Schedule(s) H4 supporting Line(s) 21(a).

-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule(s) H4 of your report to clarify the following description(s): "Consulting fee," "Convention," "Petty Cash," "Misc- Office Supplies," "Researchy," and "Witness fees." For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

-Schedule B of your report discloses payments for "petty cash." Please be advised that a political committee may maintain a petty cash fund out of which it may make expenditures not in excess of \$100 to any person per purchase or transaction. 11 CFR §102.11 Please provide clarifying information regarding these transactions.

-Please clarify all expenditures made for "food for labor day event" and "drinks for women's event" on Schedule(s) H4. If a portion or all of these expenditures were made on behalf of specifically identified federal candidates, this amount should be disclosed on Schedules B, E, or F supporting Lines 23, 24, or 25 and include the amount, name, address and office sought by each candidate. 11 CFR §§104.3(b) and 106.1

-Schedule H4 of your report discloses a payment(s) for Voter Registration activity. 11 CFR §100.24(b) defines as Federal Election Activity, voter registration activity during the period beginning on the date that is 120 calendar days before the date that a regularly scheduled Federal election is held, and ending on the date of the election. Furthermore, the costs for this type of Federal Election Activity must either be paid with federal funds or allocated between federal and Levin funds. It appears that you have

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allocated these costs between federal and non-federal funds. Any reimbursement from your committee's non-federal account for this payment(s) is not permissible and must be returned. 11 CFR §§300.32 and 300.33

Although the Commission may take further legal action regarding this prohibited activity, your prompt action will be taken into consideration.

-Schedule H4 of your report discloses a payment(s) for "2004 Primary List," "Ark Prospecting phone file-generic," "Democratic ID File for website," "ID Records selected from voter file," "voter file," "Voter file," "Voter files," "voter files," "voter history records converted," and "Voters selected from voter files". Please be advised that 11 CFR §100.24(b) defines as Federal Election Activity, Voter identification, Generic Campaign and Get-out-the vote activities conducted in connection with an election in which one or more candidates for Federal office appear on the ballot. Furthermore, the costs for these types of Federal Election Activity must either be paid with federal funds or allocated between federal and Levin funds. It appears that you have allocated these costs between federal and non-federal funds. Any reimbursement from your committee's non-federal account for Federal Election Activity costs is not permissible and must be returned. 11 CFR §§300.32 and 300.33

Please inform the Commission of your corrective action immediately or provide clarifying information regarding this activity. Although the Commission may take further legal action regarding this apparent prohibited activity, your prompt action will be taken into consideration.

-Your report discloses activity that indicates your committee has raised or spent funds for Federal Election Activity as defined at 11 CFR §100.24. Please be advised that as a result of this activity, your committee is required to file reports under a monthly filing schedule. Please comply with the monthly filing schedule for all future election cycles when engaging in Federal Election Activity. 11 CFR §§104.5(c)(3) and 300.36(c)(1)

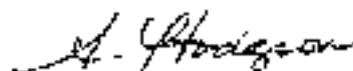
**Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter.** Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions of time in which to respond will not be considered.** Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

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Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 3 to reach the Reports Analysis Division) or my local number (202) 694-1140.

Sincerely,



Abbie Hodgson  
Campaign Finance Analyst  
Reports Analysis Division

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**Receipt from Candidate Committee, No Purpose**

<b>Candidate Name</b>	<b>Date</b>	<b>Amount</b>
Friends of Blanche Lincoln Campaign Comm	8/17/2004	\$60,000
Friends of Blanche Lincoln Campaign Comm	9/30/2004	\$100
Marion Berry for Congress	9/21/04	\$3,500
Marion Berry for Congress	9/28/04	\$25,000

