FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

J. Brian Murphy, Treasurer
Democratic State Committee Delaware
P.O. Box 2065
Wilmington, DC 19899

MAR 17 1999

Identification Number: C00211763

Reference: Amended 30 Day Post-General Report (10/16/98-11/23/98), received 2/10/99

Dear Mr. Murphy:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Your Schedule H4 discloses disbursements to Blaemire Communications and to Farley Printing which are categorized as direct candidate support. To properly disclose this activity as Coordinated Party Expenditure activity, the committee should provide the purpose for this activity, label the federal share of these disbursements as memo entries, and include these memo entry amounts on Schedule F for Line 25, not 21(a)(i) of the Detailed Summary Page. Please amend your report to clarify this apparent discrepancy.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 694-1130.

Sincerely,

Neil A. Evans
Reports Analyst
Reports Analysis Division

8. Candidate Support Activities as Exempt Party Activities and Coordinated Party Expenditures

Example

The Loyalist State Party Committee spends $10,000 on phone bank expenses for a get-out-the-vote drive ("Vote/96"). The drive, to be conducted by volunteers, [illegible] the following Loyalist Party state-[illegible]

- Presidential and Vice Presidential nominees;
- U.S. Senate nominee; and
- Gubernatorial nominee.

The portion of the payment allocable to the Presidential ticket qualifies as an *exempt party activity*. The portion allocable to the U.S. Senate candidate qualifies as a *coordinated party expenditure*.

Required Forms

- Schedule H2—Allocation Ratios
- Schedule H3—Transfers from Nonfederal Account
- Schedule H4—Payments for Allocable Expenses
- Schedule F—Coordinated Party Expenditures

Allocation Ratio (H2)

The committee uses Schedule H2 to disclose the allocation ratio for "Vote/96" (the unique identifier). The federal portion is determined by the number of statements and questions devoted to the federal candidates compared with total statements and questions. Based on that ratio, the committee allocates 75 percent of the costs (or $7,500) as federal expenses and 25 percent (or $2,500) as nonfederal.

Nonfederal Transfer (H3)

The committee also discloses the $2,500 transfer from the nonfederal account to pay the nonfederal portion of "Vote/96." (The transfer must be made no more than 10 days before—and no more than 60 days after—the payment is made.)

The total amount of transfers itemized on Schedule H3 is entered on Line 18 of [illegible]

CANDIDATE SUPPORT RATIO (H2)

SCHEDULE H2 — ALLOCATION RATIOS

PAGE 1 OF 1

Loyalist State Party Committee

Vote/96	75%	25%

Notice that both the "exempt" and "direct candidate support" categories are checked because "Vote/96" results in an exempt party activity on behalf of the Presidential ticket and a coordinated party expenditure on behalf of the Senate nominee.

TRANSFER FROM NONFEDERAL ACCOUNT (H3)

SCHEDULE H3 — TRANSFERS FROM NON-FEDERAL ACCOUNTS

PAGE 1 OF 1

FOR LINE 18

Loyalist State Party Committee

Nonfederal Account	10/06/96	$ 2,500.00

1 Total amount of transfers			
2 Disbursements for allocable activities			
a			
b			
c			
d			
e Total amount of disbursements subject to allocation			
3 Gross amount of federal share			
a Salaries			10,000.00
b			
c			
d			
e Total amount transferred to account of committee's federal account			10,000.00

This Schedule H3 shows that the nonfederal account transferred its 25 percent share of "Vote/96" payments.

Payments (H4, F)

Schedule H4

The committee uses Schedule H4 to itemize payments for "Vote/96" and to disclose the allocated federal and nonfederal shares.

In this case, the federal portion ($7,500) must be further allocated between the Presidential ticket and the U.S. Senate candidate. The committee allocates 60 percent (or $4,500) as an exempt activity on behalf of the Presidential ticket and 40 percent (or $3,000) as a coordinated party expenditure in support of the U.S. Senate candidate. The allocation is based on the number of questions and statements devoted to each candidate compared to total questions/statements devoted to both candidates.

The federal share of the payment on Schedule H4 reflects this allocation: $4,500 is labeled as an "exempt activity"; $3,000 is labeled as a memo entry with a cross reference to Schedule F.

The $4,500 payment for the exempt party activity is included in the Schedule H4 total of federal payments. That total is also disclosed on Line 21a(i) of the Detailed Summary Page.

Schedule F

The $3,000 coordinated party expenditure is itemized on Schedule F. The Schedule F total of all coordinated expenditures made during the reporting period is entered on Line 25 of the Detailed Summary Page.

ALLOCATED PAYMENTS (H4)

ACTIVITY SCHEDULE

FOR LINE 21a

Loyalist State Party Committee

Phone Banks Make Cents 808 Arcadia Drive City, State ZIP	phone bank services: Vote/96	11/5/96	$10,000.00	$4,500.00 exempt; $3,000 MEMO—see Schedule F	$5,500.00

$5,000.00

The $7,500 federal share has to be broken down: $4,500 is reported an exempt party activity (treated as an operating expenditure); $3,000 is reported as a memo entry with a cross-reference to Schedule F, where the amount is itemized as a coordinated party expenditure.

COORDINATED PARTY EXPENDITURE (F)

SCHEDULE F — ITEMIZED COORDINATED EXPENDITURES MADE BY POLITICAL PARTY COMMITTEES OR DESIGNATED AGENTS ON BEHALF OF CANDIDATES FOR FEDERAL OFFICE (2 U.S.C. §441a(d))

(Make used only by Political Committees in the General Election)

Loyalist State Party Committee

Phone Banks Make Cents 808 Arcadia Drive City, State ZIP	Candy Cots, Senate, State	phone bank services: Vote/96	11/5/96	$3,000.00

$3,000.00

The $3,000 coordinated party expenditure (shown as a memo entry on Schedule H4, above) is itemized on Schedule F.