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May 21, 2003

Ms. Maureen Benitz
Campaign Finance Analyst
Reports Analysis Division
Federal Election Commission
999 E Street, NW
Washington, D.C. 20463

Reference: C00377176
Texas US Senate 2002
Amended October Quarterly Report (7/1/-9/30/02)
Your Letter of April 30, 2003

Dear Ms Benitz:

Please note that the Committee properly disclosed its non-federal in-kind contributions received on both schedules H3 and H4. The H3 schedule did include the date received, the amount and the event. The H4 schedule included the same information, thus the in-kinds can be matched between the H3 and H4 schedules. The confusion arises due to the transfers being in excess of 50% of the actual non-federal in-kinds.

The Committee is aware of the requirement that the transfer of the federal share of the non-federal in-kind must be in advance or contemporaneous with the non-federal in-kind contribution. Thus, the Committee would obtain an estimate of the non-federal in-kind(s) and transfer 50% as the federal share.

For example \$3,000.00 was transferred on 7/19/2002 as the in-kinds were estimated at \$6,000.00. However, the actual in-kinds on 7/19/2002 were only \$1,022.84. Then there were non-federal in-kinds on 9/3/2002 of \$2,434.00. There was no need to transfer additional funds as the \$3,000.00 transferred on 7/19/2002 more than covered the 50% federal portion of these non-federal in-kinds totaling \$3,456.84.

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May 21, 2003
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Ms. Maureen Benitz

Then there was a transfer of \$5,875.00 on 9/17/2002 based upon an estimate for non-federal in-kind(s) of the same date and yet the actual amount of these in-kinds when finalized was only \$1,206.21. The last transfer of \$9,600.00 on 9/19/2002 was again based upon estimates. The actual non-federal in-kinds were only \$2,200.00.

As the Commission requires an advance or contemporaneous transfer, the Committee was required to calculate the federal portion of non-federal in-kinds based upon their best estimates. Thus, a total of \$18,475.00 was transferred as the 50% federal portion. Unfortunately, when the actual non-federal in-kinds were finalized, they totaled only \$6,863.05.

Also, enclosed please find some additional memo entry detail for payments to American Express. These memo entries were not previous disclosed.

After your review of this information, we again respectfully request termination of our committee.

If you require further information or clarification, please contact me.

Sincerely,



Andrew Grossman
Treasurer
AG/acg

Texas US Senate 2002
Amended October Quarterly Report (7/1/02-9/30/02)
MEMO ENTRIES - SCHEDULE H4

American Express - \$121.47 page 187/200
Federal Express
P.O. Box 1140
Memphis, TN 38101
\$9.18
August 9, 2002

Federal Express
P.O. Box 1140
Memphis, TN 38101
\$112.29
September 10, 2002

American Express - \$197.37 page 193/200
Delta Airlines
2039 Terminal E Row East
Dallas, TX 75261
\$182.00
September 17, 2003

Oak Bar
2039 Terminal E Row East
Dallas, TX 75261
\$15.37
September 17, 2003

American Express - \$330.75 page 195/200
Suite 0001
Chicago, IL 60679
Services Fees/Finance Charges



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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03 MAY 23 AM 10:54

Andrew Grossman, Treasurer
Texas US Senate 2002
120 Maryland Avenue NE
Washington, DC 20002

APR 30 2003

Identification Number: C00377176

Reference: Amended October Quarterly Report (7/1/02-9/30/02), dated 12/5/02

Dear Mr. Grossman:

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 report discloses apparent in-kind contributions ("donations") from prohibited sources on Schedule H4, supporting Line 21 (a) of the Detailed Summary Page (pertinent portions attached). Furthermore, Schedule H4 discloses total of \$6,863.05 in prohibited in-kind contributions and discloses the total transfer of the federal share of those contributions to your non-federal account as \$18,475. Please amend your report to clarify the apparent discrepancy between the total amount of prohibited in-kind contributions received and the total federal share of those contributions transferred to your non-federal account. Please be advised that pursuant to Advisory Opinion 1992-33, the Commission concluded that a "national party committee may accept corporate in-kind donations in connection with fundraising activities" as long as "the federal share of goods or services is paid or transferred to the non-federal account in advance" of the acceptance of the corporate in-kind donations by the federal account.

Advisory Opinion 1992-33 also discloses a detailed method for reporting the receipt and use of in-kind contributions as follows:

1. The transfer of the in-kind corporate contribution from the non-federal account to the federal account should be disclosed on Schedule H3. The itemization on Schedule H3 should include the date the Committee received

the in-kind contribution, the amount of the contribution and the fundraising event involved.

2. The use or expenditure of in-kind corporate contributions should be disclosed on Schedule H4 as non-federal share disbursements. The itemization should provide the same donor identification information required on a Schedule A for in-kind contributions for Federal elections.

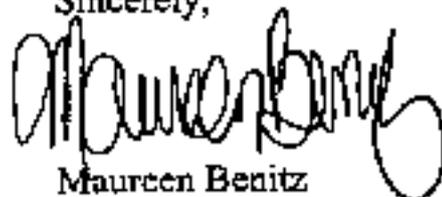
3. A second entry on Schedule H4 should then disclose the advance or contemporaneous payment of the federal account's share of the in-kind corporate contribution to the non-federal account.

Please amend your report to properly disclose the in-kind corporate contributions received by your committee (example enclosed).

-Schedule H4 discloses payments made to credit card companies for shared federal and non-federal activity. Please be advised that these payments must identify as memo entries, the original vendors from which you have purchased an item or service regardless of the amount. Please amend your report by providing the name and mailing address of the original vendor, along with the date, amount and purpose of each expenditure. 11 CFR §104.10.

A response or 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. 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 need assistance, please feel free to contact me on our toll-free number, (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division). My local number is (202) 694-1130.

Sincerely,



Maurcen Benitz
Campaign Finance Analyst
Reports Analysis Division



120 Maryland Avenue, NE
Washington, DC 20002

DEMOCRATIC
NATIONAL
CAMPAIGN
COMMITTEE

Ms Maurcen Benitz
Campaign Finance Analyst
Reports Analysis Division
Federal Election Commission
999 E Street, NW
Washington, DC 20463

EMILY J. REYNOLDS
SECRETARY

PAMELA D. GAVIN
SUPERINTENDENT

How: Building
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WASHINGTON, DC 20510-7116
PH: 202-224-0322

United States Senate

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