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January 14, 2002

Federal Election Commission
Reports Analysis Division
Attn: Mr. Scott Walker
999 E Street NW
Washington, DC 20463

Re: FEC Letter of Inquiry dated January 9, 2002/RQ-2
The National PAC (C00150995)
Mid-Year Report 2001

Encl: (1) Copy of Your Letter

Dear Mr. Walker:

This letter is submitted in response to your letter dated January 9, 2002 concerning the subject report, which covers the period January 1, 2001 to June 30, 2001.

The negative value of \$10,525.36 that appears on Schedule H3 of the Mid-Year Report is easily explained. At the start of the year, we applied a Federal/Non-Federal ratio of 80/20 to our administrative expenditures based on our prior election cycle experience. However, as the end of the reporting period approached, we enacted several severe cost-cutting measures, including the closure of our Capitol Hill office. At that time, we also revisited our Federal/Non-Federal ratio and realized that our Non-Federal contributions would not likely support the ratio initially selected for this election cycle. Therefore, in accordance with FEC regulations, we revised our ratio to 90/10, and restored \$10,525.36 to our Federal PAC from our Non-Federal PAC to conform to the adjusted ratio. This adjustment allows our composite line 18 transfers to account for 10% of our total line 21(a) expenditures.

The second issue, however, is confusing. We have researched our Mid-Year Report, and we are unable to find the Schedule H2 described in your inquiry. Our Schedule H1 appears between pages 34/99 and 35/99 of our report, and Section C of that Schedule reflects the 90/10 ratio described in the prior paragraph. The Schedule H1 is followed by several Schedules H3, and they account for the transfers between our Federal and Non-Federal PAC.

MARVIN JOSEPHSON • CHAIRMAN

600 PENNSYLVANIA AVENUE, S.E. • SUITE 207 • WASHINGTON, D.C. 20003
THE NATIONAL PAC, INC. • Office (202) 879-7710 • Fax (202) 879-7728

Regarding the third issue, there are no receipts among the \$58,824 reported on Line 11(a)(i) that exceeded \$200 from any single source for the calendar year-to-date as of the time of the report. Rather, the majority of the contributions at issue derived from mailings to our donor base of more than 17,000 members. The respondents to our mailings, on average, contribute slightly over \$40 each. Please note that our report also included \$99,167 in itemized contributions on Line 11(a)(i), and demonstrates our understanding of the itemization requirement. A detailed listing of the non-itemized receipts, however, is available upon request.

If there are any questions concerning this response, please call me anytime during the week at (202) 418-2230. Thank you.

Sincerely,

Warren E. O'Hearn

WARREN E. O'HEARN, CPA
Treasurer

WEO:mmm

Enclosure

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

JAN 16 2002

Warren Edward O'Hearn, Treasurer
National PAC Inc. A/K/A NATPAC
P.O. Box 15316
Washington, DC 20003

Identification Number: C00150995

Reference: Mid-Year Report (1/1/01-6/30/01)

Dear Mr. O'Hearn:

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:

-Schedule H3 of your report discloses a negative entry in the amount of \$10,525.36 (pertinent portion attached). Please clarify the nature of this transaction.

-Please be advised that Schedule H2 is used for shared federal and non-federal fundraising, exempt, and direct candidate support activity. The ratio for administrative expenses is derived from the Schedule H1 and should not be included on your Schedule H2.

-Line 11(a)(ii) of the Detailed Summary Page discloses \$58,824.00 in unitemized receipts from individuals/persons other than political committees during the reporting period. Please clarify whether this figure includes any receipts from a single source that aggregate greater than \$200 in the calendar year. If this is the case, please amend your report(s) by itemizing the receipts on Schedule A supporting Line 11(a)(i). 2 U.S.C. §434(b)(2)(A) and (3)(A)

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 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,



Scott Walker
Reports Analyst
Report Analysis Division

SCHEDULE H3 (FEC Form 3X)
TRANSFERS FROM NON-FEDERAL ACCOUNTS

PAGE 43 / 100
FOR LINE 18 OF FORM 3X

NAME OF COMMITTEE (In Full) The National PAC Inc.		
NAME OF ACCOUNT NatPAC 2000	DATE OF RECEIPT 08 25 2001	TOTAL AMOUNT TRANSFERRED -10525.36

BREAKDOWN OF TRANSFER RECEIVED		Transaction ID:
ADMINISTRATIVE/VOTER DRIVE AMOUNT		
i) Total Administrative/Voter Drive	-10525.36	H3.4452
DIRECT FUNDRAISING AMOUNT		
ii) Direct Fundraising (List Events-Amount For Each)		
a) _____		
b) _____		
c) _____		
d) _____		
e) Total Amount Transferred For Direct Fundraising ..	0.00	
EXEMPT ACTIVITY/ DIRECT CANDIDATE SUPPORT		
iii) Exempt Activity/Direct Candidate Support (List Events-Amount For Each)		
a) _____		
b) _____		
c) _____		
d) _____		
iv) Total Amount Transferred For Exempt Activity/Direct Candidate Support		0.00

TOTALS FOR BREAKDOWN OF TRANSFER RECEIVED	
TOTAL This Period (Administrative/Voter Drive Amount)	10528.81
TOTAL This Period (Direct Fundraising Amount)	0.00
TOTAL This Period (Exempt Activity/Direct Candidate Support)	0.00
TOTAL This Period (Total Amount Transferred)	10528.81

Federal Election Commission

**ENVELOPE REPLACEMENT PAGE
FOR INCOMING DOCUMENTS**

The Commission has added this page to the end of this filing to indicate how it was received.

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