



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

Frederick A. Ciocca, Treasurer
Bill Shuster for Congress
207 Allegheny Street
Hollidaysburg, PA 16648

JAN 5 2001

Identification Number: C00364935

Reference: 12 Day Pre-Special Report (1/1/01-4/25/01)

Dear Mr. Ciocca:

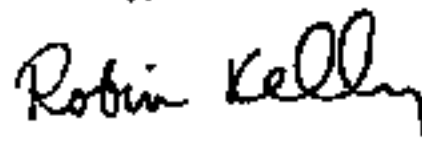
This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-When a committee reports receiving a loan from the candidate, it is necessary to clarify whether or not the candidate used personal funds or borrowed the money from a lending institution or some other source. If the candidate borrowed funds from a lending institution, or other source, please provide the name of the lending institution and the complete terms of the loan. Additionally, for loans from a lending institution, you must file an FEC FORM C-1 (copy attached) and a copy of the loan agreement. If the loan(s) was from personal funds, please acknowledge that fact in an amendment to this report. It is important to note that "personal funds" is strictly defined by Commission Regulations. See 11 CFR §110.10. (11 CFR §§100.7(a)(1) and 104.3(d))

-Your report includes loans owed to William Shuster with due dates of February 27, 2001 and March 1, 2001. Please clarify the current status of these loans and disclose the current terms and conditions if the loans were renegotiated. Note that an overdue loan from the candidate's personal funds may be considered a contribution from the candidate if new terms are not disclosed. (11 CFR §104.3(d))

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 (at the prompt press 1, then press 2 to reach the Reports Analysis Division). My local number is (202) 694-1130.

Sincerely,

A handwritten signature in black ink that reads "Robin Kelly". The signature is written in a cursive style with a large, looped "K" and a long, sweeping underline.

Robin Kelly
Reports Analyst
Reports Analysis Division

INSTRUCTIONS FOR SCHEDULE C-1, LOANS AND LINES OF CREDIT FROM LENDING INSTITUTIONS (FEC FORM 3)

Background: FEC Regulations on Loans from Lending Institutions

Schedule C-1 seeks information on loans—including lines of credit—from lending institutions such as state or federally chartered banks, federally insured savings and loan associations or federally insured credit unions. The purpose of Schedule C-1 is to verify that a loan or line of credit does not result in a prohibited contribution from the lending institution, a violation of the federal campaign finance law.

Under FEC regulations at 11 CFR 100.7(b)(11) and 100.8(b)(12), a loan "made in accordance with applicable banking laws" and "in the ordinary course of business" is not considered a contribution if certain conditions are met. One of these conditions is that the loan "is made on a basis which assures repayment." Schedule C-1 documents whether or not the loan complies with these requirements.

Who Must File Schedule C-1

A political committee that obtains a loan or line of credit from a bank or other lending institution must file Schedule C-1. An authorized committee of a candidate must also file Schedule C-1 if the candidate obtains a loan or line of credit from a bank or other lending institution and the borrowed funds are used for campaign purposes. 11 CFR 104.3(d)(1). (See Schedule C instructions on Candidate Loans.)

When to File Schedule C-1

A Schedule C-1 must be filed for each loan and each line of credit obtained from a lending institution. 11 CFR 104.3(d)(1).

Loans. A committee must file a Schedule C-1 with its next report when it first obtains a loan and in succeeding reporting periods each time the terms of the loan are restructured. 11 CFR 104.3(d)(1) and (3). (A restructured loan is considered a new loan.)

Lines of Credit. A committee must file a Schedule C-1 with its next report when a line of credit is established and in succeeding reporting periods each time any draws are made on the line of credit and each time the line of credit is restructured to change the repayment terms. 11 CFR 104.3(d)(1) and (3).

Reporting Loans and Lines of Credit on Schedules A and C

Schedule A. When a candidate or committee obtains a loan, the committee must itemize the receipt on a Schedule A for the appropriate line number. However, a line of credit is itemized on Schedule A only when the candidate or committee obtains funds by making a draw on the credit.

Schedule C. As with all loans, loans from lending institutions (including lines of credit) must be continuously disclosed on Schedule C, starting with the first report due after the committee obtains the loan and continuing with each report thereafter until the loan is repaid.

Line-by-Line Instructions

Schedule C Cross-Reference. Enter the Schedule C page number where information on the loan or line of credit appears.

Name of Committee Obtaining Loan. Enter the full name of the reporting committee.

Identification Number. Enter the reporting committee's FEC identification number. If the committee is newly registered and has not yet obtained a number, enter "not yet assigned."

Name/Address of Lender. Enter the full name, address and zip code of the lending institution.

Loan Amount. Enter the amount of the loan or line of credit. If reporting a restructured loan or line of credit, enter the amount under the new terms. 11 CFR 104.3(d)(1)(i) and (3).

Interest Rate. Enter the annual percentage rate (APR) of interest on the loan or each draw on the line of credit. If reporting a restructured loan or line of credit, enter the interest rate under the new terms. 11 CFR 104.3(d)(1)(ii) and (3).

Date Incurred or Established. Enter the date the candidate or committee incurred the debt by signing the loan agreement (the original agreement or a restructured agreement, as appropriate). 11 CFR 104.3(d)(1)(i) and (3).

Due Date. Enter the date on which full repayment of the loan or line of credit is due (under the original agreement or a restructured agreement, as appropriate). 11 CFR 104.3(d)(1)(ii) and (3).

A. Restructured Loans. Check yes if the loan or line of credit has been restructured to change the terms; enter the date on which the original loan or line of credit was incurred. 11 CFR 104.3(d)(3).

B. Draws on Line of Credit. If reporting a draw on a line of credit, enter the amount of the draw and the outstanding balance owed on the line of credit (cumulative draws less any repayments made). 11 CFR 104.3(d)(1)(ii).

C. Secondary Sources of Repayment. Check yes if the loan or line of credit was endorsed or guaranteed by secondary parties. 11 CFR 104.3(d)(1)(iii). Information on endorsers and guarantors must be disclosed on Schedule C. (Note that guarantees and endorsements of loans are considered contributions; see Schedule C instructions.)

D. Traditional Collateral. Check yes if the loan or line of credit was obtained using traditional sources of collateral, and list the specific assets that were pledged. Enter the total fair market

SCHEDULE C-1 (FEC Form 3)
LOANS AND LINES OF CREDIT FROM LENDING INSTITUTIONS

Supplementary for
 information found on
 Page _____ of Schedule C

Federal Election Commission, Washington, D.C. 20463

NAME OF COMMITTEE (In Full)	FEC IDENTIFICATION NUMBER C _____
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LENDING INSTITUTION (LENDER) Full Name	Amount of Loan _____	Interest Rate (APR) _____ %
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Mailing Address	Date Incurred or Established	MM	DD	YYYY
City	Date Due	MM	DD	YYYY
State	Zip Code			

A. Has loan been restructured? No Yes If yes, date originally incurred: MM / DD / YYYY

B. Is line of credit. _____ Total Outstanding Balance: _____
 Amount of this Draw: _____

C. Are other parties secondarily liable for the debt incurred?
 No Yes (Endorsers and guarantors must be reported on Schedule C.)

D. Are any of the following pledged as collateral for the loan: real estate, personal property, goods, negotiable instruments, certificates of deposit, chattel papers, stocks, accounts receivable, cash on deposit, or other similar traditional collateral?
 No Yes If yes, specify: _____

What is the value of this collateral? _____
 Does the lender have a perfected security interest in it? No Yes

E. Are any future contributions or future receipts of interest income, pledged as collateral for the loan? No Yes If yes, specify: _____

 What is the estimated value? _____

A depository account must be established pursuant to 11 CFR 100.7(b)(11)(I)(B) and 100.8(b)(12)(I)(B).
 Date account established: MM / DD / YYYY Location of account: _____
 Address: _____
 City, State, Zip: _____

F. If neither of the types of collateral described above was pledged for this loan, or if the amount pledged does not equal or exceed the loan amount, state the basis upon which this loan was made and the basis on which it assures repayment.

G. COMMITTEE TREASURER Typed Name Signature	DATE MM / DD / YYYY
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H. Attach a signed copy of the loan agreement.

I. TO BE SIGNED BY THE LENDING INSTITUTION:
 I. To the best of this institution's knowledge, the terms of the loan and other information regarding the extension of the loan are accurate as stated above.
 II. The loan was made on terms and conditions (including interest rate) no more favorable at the time than those imposed for similar extensions of credit to other borrowers of comparable credit worthiness.
 III. This institution is aware of the requirement that a loan must be made on a basis which assures repayment, and has complied with the requirements set for the at 11 CFR 100.7(b)(11) and 100.8.(b)(12) in making this loan.

AUTHORIZED REPRESENTATIVE Typed Name Signature	Title	DATE MM / DD / YYYY
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The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses and income. The document provides a detailed explanation of how to categorize these transactions correctly, ensuring they are recorded in the appropriate accounts. It also discusses the importance of regular reconciliation to identify any discrepancies early on.

The second part of the document focuses on the preparation of the financial statements. It outlines the steps involved in calculating the net income, from determining the total revenue to subtracting all expenses. It provides a clear breakdown of the components of each statement, such as the balance sheet, income statement, and cash flow statement. The document also includes a section on how to interpret these statements, providing insights into the company's financial health and performance over time.

The final part of the document discusses the importance of transparency and communication in financial reporting. It emphasizes that stakeholders, including investors and creditors, rely on accurate and timely financial information to make informed decisions. The document provides guidance on how to present the financial statements in a clear and concise manner, ensuring that all relevant information is included and easy to understand. It also discusses the importance of disclosing any potential risks or uncertainties that may affect the company's financial performance.