



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

August 10, 2007

Mr. Peter Gallary, Treasurer
Investment Company Institute Political Action
Committee (ICI PAC)
1401 H Street NW, Suite 1200
Washington, DC 20005

**Response Due Date:
September 10, 2007**

Identification Number: C00105981

Reference: July Monthly Report (6/1/07-6/30/07)

Dear Treasurer:

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. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following item:

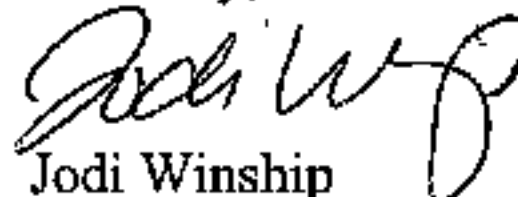
-Line 21(b) of your report discloses a \$3,017.68 disbursement to your connected organization on 6/27/07 for "in kind; ICI PAC event Sen. Enzi." In addition, Line 23 discloses a \$3,017.68 disbursement on 6/27/07 to your connected organization on behalf of Michael Enzi for "in-kind contribution ICI PAC event." Please be advised that to accurately reflect your cash-on-hand at the close of the period, the pre-payment to your connected organization should be disclosed on Line 21(b) on the date it was made. When the in-kind contribution is made, the amount of the in-kind should be *subtracted* from Line 21(b) and added to Line 23 (see attached reporting example). Please clarify this activity and amend your report(s) to properly disclose the in-kind contribution.

Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. 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. **Requests for extensions of time in which to respond will not be considered.**

27039504692

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 5 to reach the Reports Analysis Division) or my local number (202) 694-1136.

Sincerely,



Jodi Winship

Senior Campaign Finance Analyst
Reports Analysis Division

Use of Staff

Corporate/labor officials or employees may direct subordinates to plan, organize or carry out fundraising as part of their work, using corporate/labor organization resources, only if the corporation or labor organization receives advance payment for the fair market value of the services, including compensation, benefits and overhead. However, using coercion to urge anyone to engage in fundraising on behalf of, or make a contribution to, a candidate or political committee is prohibited. 114.2(f)(2)(i)(A) and (iv). See also AO 1998-16.

Use of Customer/Client Lists

A corporation or labor organization may, in connection with a fundraiser, use the organization's lists of customers, clients or vendors or others not in the restricted class to send invitations or solicit contributions only if the organization receives advance payment for the fair market value of the lists. 114.2(f)(2)(i)(C).

Use of Catering or Food Services

In connection with a fundraiser, the corporation or labor organization may operate or obtain catering or other food services only if the corporation or labor organization receives advance payment for the fair market value of the services. 114.2(f)(2)(i)(E).

Advanced Payment

In Advance

"In advance" means before the staff services, the lists or the catering services are provided.

Permissible Sources

Any person who is not otherwise prohibited from making a contribution in connection with a federal election (e.g., an individual, PAC or campaign) may make the advanced payment. For example, the candidate, the organization's separate segregated fund, the party or an individual may make the advanced payment.

Effect on Contribution Limits

Payments by the candidate or the candidate's committee will be considered campaign expenditures. Payments by any other person will be considered in-kind contributions to the candidate, subject to limits and reporting requirements.

Advance Payment for Use of Resources and Facilities

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		FOR LINE NUMBER: (check only one)	PAGE OF
Use separate schedule(s) for each category of the Detailed Summary Page		☒ 21b 27	☐ 22 28a
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.			
NAME OF COMMITTEE (in Full) Critical Reason Inc. PAC			
Full Name (Last, First, Middle Initial) Critical Reason Inc.		Date of Disbursement 03 / 10 / 2006	
Mailing Address 101 April Rd.		Amount of Each Disbursement this Period 1000.00	
City Alexandria		Category Type 011	
State VA		Zip Code 33333	
Purpose of Disbursement Catering services		Office Sought: ☐ House ☐ Senate ☐ President	
Candidate Name		Disbursement For: ☒ Primary ☐ General ☐ Other (specify) _____	
State District		State District	
Full Name (Last, First, Middle Initial) Fraga for Congress		Date of Disbursement 03 / 11 / 2006	
Mailing Address 11 Sense-Reference Rd.		Amount of Each Disbursement this Period -600.00	
City Bismarck		Category Type 011	
State ND		Zip Code 33333	
Purpose of Disbursement fundraiser/catering		Office Sought: ☒ House ☐ Senate ☐ President	
Candidate Name Gottlob Fraga		Disbursement For: ☒ Primary ☐ General ☐ Other (specify) _____	
State ND		State District	
Full Name (Last, First, Middle Initial) Bacon in 2006		Date of Disbursement 03 / 11 / 2006	
Mailing Address 101 New Organon Rd.		Amount of Each Disbursement this Period -400.00	
City Albany		Category Type 011	
State NY		Zip Code 00000	
Purpose of Disbursement fundraiser/catering		Office Sought: ☒ House ☐ Senate ☐ President	
Candidate Name Francis Bacon		Disbursement For: ☒ Primary ☐ General ☐ Other (specify) _____	
State NY		State District	

Use of Resources and Facilities

3. Use of Offices and Equipment

If a committee or individual other than an employee or stockholder of a corporation, or a member or official of a labor organization, uses the corporate/labor organization facilities in connection with a federal campaign, the user must reimburse the organization within a commercially reasonable time and at the usual and normal rental charge.¹ Facilities used for these purposes might include office space, telephones, computers, typewriters, copy machines and furniture. 114.9(d).

4. Meeting Rooms

At Discount or for Free

A corporation or labor organization may offer its meeting rooms to a candidate or a political committee at a discount or for free if:

- It customarily makes the meeting rooms available to clubs, civic or community organizations or other groups at a discount or for free;
- It makes the meeting rooms available on the same terms given to the other groups using the meeting rooms; and
- It makes the meeting rooms available to any other candidate or political committee upon request. 114.13.

At Normal and Usual Rental Charge

Alternatively, a corporation or labor organization may, at its discretion, rent its meeting rooms to a candidate or political committee provided the corpo-

¹ If the connected organization's SSF makes use of the organization's facilities in connection with a federal campaign, the SSF must pay for the use of the facilities in advance. AO 1984-24. However, neither reimbursement nor advance payment for the use of a corporate resource or facility is permissible in situations in which a corporate employee provides campaign-related services to federal candidates and the initial disbursement for the resource or facility is made by the corporation. AO 1984-37.

Advance Payment for Use of Resources and Facilities (cont.)

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		FOR LINE NUMBER: (check only one)	PAGE	OF
Use separate schedule(s) for each category of the Detailed Summary Page		☐ 21b ☐ 27	☒ 22 ☐ 28a	☐ 23 ☐ 28b
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (in full) Critical Reason Inc. PAC				
Full Name (Last, First, Middle Initial) A. Fraga for Congress			Date of Disbursement 03 / 11 / 2006	
Mailing Address 11 Sense-Reference Rd.				
City Bismarck	State ND	Zip Code 58103		
Purpose of Disbursement In-kind (fundraiser/catering)			011	Amount of Each Disbursement this Period 600.00
Candidate Name Gottlieb Fraga			Category/Type	
Office Bought:	☒ House ☐ Senate ☐ President	Disbursement For: ☒ Primary ☐ General ☐ Other (specify)		
State: ND	District: 00			
Full Name (Last, First, Middle Initial) B. Bacon in 2006			Date of Disbursement 03 / 11 / 2006	
Mailing Address 101 New Organon Rd.				
City Albany	State NY	Zip Code 12208		
Purpose of Disbursement In-kind (fundraiser/catering)			011	Amount of Each Disbursement this Period 400.00
Candidate Name Francis Bacon			Category/Type	
Office Bought:	☐ House ☐ Senate ☐ President	Disbursement For: ☒ Primary ☐ General ☐ Other (specify)		
State: NY	District: 10			

ration or labor organization is reimbursed within a commercially reasonable time and at the usual and normal commercial rental rate. 114.2(f)(2)(B) and 114.9(d).

EXAMPLE: If Corporation XYZ allows a civic group to use its meeting rooms at a 20 percent discount from the usual and normal rental rate, Corporation XYZ may allow Candidate A to use the meeting rooms at the same 20 percent discount as is given to the civic group. If it allows Candidate A to rent the meeting rooms at the 20 percent discount, Corporation XYZ must allow any other candidates who so request to use the meeting rooms, and it must give them the same 20 percent discount.

Alternatively, if Corporation XYZ rents its meeting rooms to Candidate A at the usual and normal rental rate, it is not required to allow any other candidate to use the rooms.

[REDACTED]

27039504696