

Republican National Committee

Counsel's Office

March 9, 2010

BY HAND DELIVERY

Federal Election Commission
Lynn Fraser, Director
Alternative Dispute Resolution Office
999 E Street, NW
Washington, D.C. 20463

RE: ADR # 535

Dear Ms. Fraser:

I am writing in response to your letter dated February 19, 2010, which my office received on February 23, 2010. The following sets forth the additional response of the Republican National Committee ("RNC"), including proposed stipulations and terms to resolve the matter as well as proposed dates to further discuss the matter.

DISCUSSION

1. Apparent Excessive Contributions Not Refunded, Reattributed or Transferred Within 60 Days

On four (4) occasions, the RNC received a Request for Additional Information ("RFAI") concerning contributions that appeared to exceed the limits set forth in 2 U.S.C. § 441a(f) and 11 CFR 110.1(c). As the RNC explained in its responses to the RFAs, the items in question were researched and where appropriate refunded or reattributed. In addition, the RNC amended its reports and sent photocopies of all refund checks to the FEC.

The contributions in question are linked to the various Joint Fundraising Committees ("JFCs") in which the RNC participated in 2008. It was the RNC's understanding that the contributor information from the JFCs was being merged with the RNC's contributor information by an outside vendor in order to accurately track the Year-to-Date ("YTD") totals for each contributor. In fact, this was not happening. Upon receiving the first letter from the FEC, the RNC learned that the information was not being merged, and a plan was put into place to immediately address and correct the situation.

Where an excessive contribution was identified, the RNC took action to either (1) refund the contribution or (2) return the contribution back to the appropriate JFC for reattribution to another JFC participant within 60 days of discovering the issue. Accordingly, it is the RNC's position that no violation has occurred.



10190290950

2. Apparent Prohibited Contributions Not Refunded or Transferred Within 30 Days

On four (4) occasions, the RNC received RFAs concerning contributions that appeared to be from corporations. As the RNC explained in its responses to the RFAs, the items in question were determined to be from LLCs, which are permitted to contribute to national party committees except in the rare instance in which an LLC has elected to be treated as a corporation for tax purposes or has publicly traded shares. See 11 CFR 110.1(g).

The RNC takes very seriously the prohibition on corporate contributions to national political party committees. Indeed, for any contribution that appears that it may have come from a corporation, the RNC conducts an inquiry to determine whether the contributor is organized as a partnership, LLC, or corporation. For all LLCs, further inquiry is made to determine whether the LLC has elected to be treated as a partnership or as a corporation. All contributions deemed to be from impermissible LLCs are immediately returned. All contributions deemed to be from permissible LLCs are allocated to individual partners based on information received from the partnership.

Here, the contributions in question are linked to the various JFCs in which the RNC participated in 2008. Upon receiving the contribution lists from the JFCs, the RNC inquired about the LLCs that appeared on the lists and requested partner allocations. If information was not received prior to the next monthly report, the RNC refunded the contribution; otherwise, all partner allocations were reported according to the information received.

In each instance, the RNC took appropriate action – whether that was reporting partner allocations or refunding the contribution within 30 days of discovering the information. Accordingly, it is the RNC's position that no violation has occurred.

3. Mathematical Discrepancies

On two (2) occasions, the RNC received RFAs suggesting that the Year-to-Date ("YTD") totals for several individuals and one multi-candidate committee were inaccurate totals for the calendar year, creating mathematical discrepancies.

Aggregate YTD totals reported for contributions received by the RNC are affected by refunds made to the contributors and corrections to the contribution database that identifies the individuals. The process for identifying excess and prohibited contributions is a continual effort largely executed by an outside consulting group retained by the RNC. As information is reported to the RNC, an immediate effort to amend the relevant report(s) is made. In the instances identified here, the RNC amended its reports where necessary to correct the YTD totals. Additionally, where the YTD total indicated that a contribution exceeded federal limits, the RNC refunded the excessive contribution and sent a photocopy of the refund check to the FEC.

Accordingly, it is the RNC's position that no violation has occurred.

4. Failure to Provide Supporting Schedules

On two (2) occasions, the RNC received RFAs suggesting that the RNC disclosed voids of four (4) contributions and seven (7) disbursements for which there were no prior reports of such contributions or disbursements.

With respect to the contributions, the RNC amended its report to clarify that the four (4) checks in question were originally issued in 2007, providing the original issue dates for each of the voided checks.

15606706101

The checks represented refunds by the RNC for "excess trip funds" originally paid by the campaigns for presidential and vice-presidential travel. In 2008, the checks remained uncashed by the campaigns, and therefore the RNC voided the checks.

With respect to the disbursements, the RNC amended its reports to clarify the nature of the entries. As explained in its response to the RFAI, all but two of the records were credits from the vendor; matching disbursements for those credits cannot usually be found because they are partial credits. The remaining two records represented reissued checks. In its amended report, the RNC included the dates of the original checks in the purpose field to further describe the entries.

Accordingly, it is the RNC's position that no violation has occurred.

5. Independent Expenditure Reporting Problems

On at least one occasion, the RNC received an RFAI inquiring about amount and date of public dissemination discrepancies between its 48-hour Notice entries and the entries disclosed on Schedule E of its report.

With respect to the amount discrepancy, the RNC explained in its RFAI response that an operator error was responsible for the discrepancy. In short, the operator responsible for the required reporting notice (filed August 25, 2008) inadvertently calculated two payments for communications that were never aired and thus should have been recorded as operating expenses. As it was not possible to amend a 48-hour notice, there was no action the RNC could take at the time to correct the mistake. The payments were correctly reported on line 21 of the RNC's August Monthly report, and the RNC took immediate action to amend Schedule E supporting line 24 of its report.

With respect to a date discrepancy, the RNC cannot identify any date discrepancy between its required reporting notice entry and the corresponding entry disclosed on Schedule E of its report. The advertisement in question aired on August 25, 2008, and the required reporting notice was filed the same day in compliance with 11 CFR 104.4(b). The RNC also fully itemized the expenditure on Schedule E of its monthly report pursuant to 11 CFR 104.3(b). In some cases, a date discrepancy can be linked to the difference between an advertisement's "buy" date and its "air" date, which may occur days after monies have been spent to secure the advertisement's placement in a particular media market. In this case, however, there appears to be no such discrepancy.

Accordingly, it is the RNC's position that no violation has occurred.

6. Coordinated Expenditure Reporting Problems

On at least one occasion, the RNC received an RFAI inquiring about coordinated expenditures dated after the relevant special general election. Pursuant to 11 CFR 109.34, a political party committee is authorized to make coordinated party expenditures *in connection with the general election campaign* before or after its candidate has been nominated. The regulation does not stipulate that such expenditures must be made prior to the general election date, just that they be made in connection with the general election campaign. Indeed, as was the case here, vendors often submit invoices for their services after such services are rendered. Here, the RNC received and promptly paid the vendor's invoices within the reporting period, and timely reported the expenditures under the guidelines of 2 U.S.C. § 441a(d) and 11 CFR 109.34.

Accordingly, it is the RNC's position that the expenditures are indeed coordinated expenditures that were lawful and timely reported, and therefore no violation has occurred.

PROPOSED RESOLUTION AND PREVENTIVE MEASURES

After extensive review of the RNC's FEC Disclosure Reports filed, the Requests for Additional Information received, and the responses to the RFAIs, the RNC believes that it has not committed any substantive FECA violations. The RNC continually works to validate and correct information concerning contributions and expenditures, and where necessary, makes corrections to its reports as information is received.

In addition, the RNC proposes the following practices to prevent issues such as those identified and discussed above from occurring in the future:

- 1) Work with outside vendors to improve the information exchange in order to identify duplicate contributions and to better track YTD totals to prevent excessive contributions.
- 2) Assign an additional specific staff member at the RNC to routinely monitor for duplicate contributions and YTD totals.
- 3) When working with future JFCs, clarify procedures at the outset concerning identification of duplicate contributions and tracking of YTD contribution totals.
- 4) Establish additional procedures whereby RNC counsel will be involved in preparing all responses to RFAIs to ensure that RFAI responses are completed in a timely manner and that responses sufficiently address concerns identified.

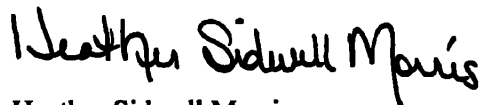
The RNC is also amenable to suggestions for how it may continue to improve its reporting efforts, and is willing to meet with the FEC Reports Analysis Division to determine what measures the RNC may take to more accurately determine duplicate contributions and better track YTD totals.

I trust that the efforts the RNC has already taken to address the concerns of the FEC as well as the proposed measures discussed above demonstrate the RNC's commitment to address the concerns outlined by the FEC, and hope that you will agree that punitive action at this time is unwarranted.

I look forward to further discussing this matter with you. In order to resolve the matter as expeditiously as possible, the RNC is available to meet during the week of March 15-19, 2010, as well as the week of April 12-16, 2010.

Thank you for your consideration of this response.

Respectfully submitted,



Heather Sidwell Morris
Deputy Counsel

10190290953