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Via E-Mail and First Class Mail

Mai T. Dinh, Esq.
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Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: Notice of Proposed Rulemaking: Public Financing of Presidential Candidates and Nominating Conventions

Dear Ms. Dinh:

These comments are submitted on behalf of our clients, DNC Services Corporation/Democratic National Committee ("DNC") and the 2004 Democratic National Convention Committee, Inc. ("2004 DNCC"), in response to the Commission's Notice of Proposed Rulemaking: Public Financing of Presidential Candidates and Nominating Conventions, 68 *Fed. Reg.* 18484 (April 15, 2003)("NPRM").

We request an opportunity to testify on behalf of the DNC and 2004 DNCC at the hearing to be held on June 6, 2003 and any other hearing held by the Commission in connection with this rulemaking.

These comments address only those portions of the NPRM dealing with the financing of presidential nominating conventions. The DNC has no comment on those portions of the NPRM relating to financing of presidential campaigns.

I. Need for the Rulemaking

At the outset, it must be noted that there is no reason for the Commission to promulgate any new rules relating to the financing of national presidential nominating conventions.

A. Nothing in BCRA Indicates Need for Any Modification of the Commission's Rules Relating to Convention Financing

First, even if every word of Title I of the Bipartisan Campaign Reform Act of 2002, P.L. 107-155 ("BCRA") is ultimately ruled constitutional, nothing in BCRA even remotely addresses the issue of financing of nominating conventions. The Commission's current rules governing convention financing have been in effect, essentially in their current form, for more than two decades. In a bill more than one hundred pages long, there is not a single reference—*not one*—to the financing of national nominating conventions. *Not a word* of BCRA addresses any of the Commission's regulations or policies governing the financing of these conventions.

The absence of any such reference is highly significant. Democratic Members of Congress have been attending national nominating conventions for more than 150 years. Since at least 1984, under DNC delegate selection rules, a majority of the Democratic Members of Congress have been automatic unpledged delegates to each Democratic National Convention; and since 1996, *all* Democratic Members of Congress have served as automatic unpledged delegates to each Convention. *See* Delegate Selection Rules for 2000 Democratic National Convention, Rule 8(A)(3). Certainly, Members of Congress are aware of national nominating conventions and what takes place there. Yet the subject was not even raised—except by opponents of the measure—during hundreds of hours of debate on the bill that became BCRA during 2001 and 2002.

The NPRM suggests that the "legislative debates of BCRA suggest that BCRA would entail significant changes in convention financing." NPRM, 68 *Fed. Reg.* at 18503. That suggestion is wholly unsupported by the legislative history cited by the NPRM. The only quoted statement by a proponent of the bill is a fleeting 8-word aside by Senator Fred Thompson (R-Tenn.) referring to "the same entities [which] pick up our expenses for the convention." That clearly is not a reference to convention financing in any way, since convention host committees do not pay for any expenses of Members of Congress. It is not clear, in fact, what Sen. Thompson was talking about, if anything.

All of the remaining statements from the cited legislative history were made by *opponents* of the measure—Senators Mitch McConnell (R-Ky) and Robert Bennett (R-Utah). "But we have often cautioned against the danger, when interpreting a statute, of reliance upon the views of its legislative opponents. In their zeal to defeat a bill, they understandably tend to overstate its reach." *National Labor Relations Bd. v. Fruit & Vegetable Packers & Warehousemen, Local 760*, 377 U.S. 58, 66 (1964). "[T]he fears and doubts of the opposition are no authoritative guide to the construction of legislation." *Bryan v. United States*, 524 U.S. 184, 196 (1998), *quoting Schwegman Bros. v. Calvert Distillers Corp.*, 341 U.S. 384, 394-95 (1951). For these reasons, "[i]t is well settled that statements by opponents of legislation are entitled to little weight." *Illinois Commerce Comm'n v. Interstate Commerce Comm'n*, 879 F.2d 917, 923 n.47 (D.C. Cir. 1989).

In any event, when Congress wanted the Commission to modify its regulations, it knew exactly how to say so. For example, section 214(b) of BCRA states: "The regulations...adopted by the Federal Election Commission and published in the Federal Register at page 76138 of volume 65, Federal Register, on December 6, 2000 are repealed as of the date by which the Commission is required to promulgate new regulations...." That Congress chose to say exactly *nothing* about the Commission's national convention regulations should be a conclusive indication that there was no congressional intent that the Commission modify these regulations in any way.

Thus, nothing at all in BCRA calls for any change whatsoever in the Commission's regulations relating to the financing of national nominating conventions.

B. There Is No Reason Apart from BCRA for Revisiting the Commission's Convention Financing Rules

To be sure, wholly apart from dealing with BCRA, the Commission has the authority, indeed the obligation, to address and correct any deficiencies in the current regulations. Yet, the current convention regulations at Part 9008 of the Commission's rules would seem to be a prime example of an appropriate subject for the colloquial saying, "If it ain't broke, don't fix it." Audits of the disbursements and activities of the national party convention committees and, more recently, the host committees, in the past few cycles have revealed few if any substantive problems with the operation of the existing regulations. There have been no reports of abuses or problems with the existing regulations; no such abuses or problems were identified in any of the extensive Commission, congressional or Department of Justice investigations of party fundraising during the 1996 presidential cycle; and no such abuses or problems are specifically identified anywhere in the NPRM.

Thus, in reality, the NPRM consists of thirteen Federal Register pages worth of a solution in search of a problem. The Commission should not adopt any part of the proposed rules. It should simply terminate this rulemaking, now. Below we address the specific proposals set forth in, and questions raised in the preamble to, the NPRM.

II. Application of BCRA's Non-Federal Funds Provisions to Convention Committees, Host Committees and Municipal Funds

A. Relationship of Host Committees to National Parties and Convention Committees

The Commission's entire discussion of host committees in section IV of the preamble, 68 *Fed. Reg* at 18502-04, is predicated on a fundamental misunderstanding of the nature of these organizations. The host committee is typically a non-profit charitable organization or civic association/business league. It is normally formed by business and civic leaders, together with elected officials, prior to the process in which various cities bid to be the site of the next Convention. Once a particular city is selected, the host committee of that city serves some or all of the functions permitted to be performed by a host committee under the Commission's current rules.

In our experience, based on at least the last five national nominating conventions, those who organize, lead and support a host committee do so solely in order to promote the image and commerce of the city. A city and its business community stand to gain much from the hosting of a national nominating convention:

- In September 2000, ongoing statistics from Philadelphia 2000—based on a Federal Reserve study—predicted that the Republican National Convention would create $150 million in direct economic impact and another $250 million in indirect spending. (*Philadelphia Business Journal*, Sept. 29, 2000).

- According to columnists James Rainey and Stephen Braun of the Los Angeles Times, during the 2000 Democratic National Convention in Los Angeles, "...for many others, pluck and persistence paid off. Pouria Gotriz, owner of Broadway's Milano Jewelry--one of the few gem shops that stayed open--was so busy she had to hire two more salesclerks and keep her repair man on seven days, instead of his usual five. Business was up 50% ... Cabbies and caterers also profited. Timothy Bopp, 55, pulled down at least $300 on a Monday shift in his cab that would normally net $100. 'It's a fabulous moneymaker for the city,' said Bopp, a lifelong Angeleno." (Los Angeles *Times*, Aug. 19, 2000).

- The city of Chicago reported $135 million in direct economic benefit from hosting the Democrats in 1996. (*USA Today*, Aug. 5, 1998).

- "San Diego, which hosted the Republicans in 1996, now boasts convention bookings well into the 21st century." (USA Today, Aug. 5, 1998).

It is thus manifest, as the Commission correctly found more than 25 years ago, that formation, operation of, and contributions to, a convention host committee are "not politically motivated but are undertaken chiefly to promote economic activity and good will of the host city." NPRM, 68 *Fed. Reg.* at 18501, *quoting* H.R. Doc. No. 95-44, 136 (1977).

That point is also underscored by the leadership of the host committees. For example, the co-chair of the host committee for the 1996 Democratic National Convention in Chicago was a prominent Republican corporate executive, a major donor to the Republican Party and its candidates. Similarly, the executive director of the host committee for the 2000 Democratic National Convention in Los Angeles was a Republican who, in 2001, became press secretary for First Lady Laura Bush. The chair of the host committee for the 2000 Republican National Convention in Philadelphia was a very prominent Democrat who long served as the top aide to then-Mayor Edward Rendell, a Democrat, and has long been one of the most important fundraisers for Democratic candidates and causes in Pennsylvania.

In these circumstances, it borders on the ludicrous to suggest that host committees could ever be considered "agents" of the national parties under BCRA, 2 U.S.C. §441i(a) & (e); or the Commission's rules implementing BCRA, 11 C.F.R. §300.2(b). When has any host committee, or any of its officers, directors or staff, even been given actual authority to solicit, direct or receive contributions for the DNC or RNC? There has never been a single instance of such conferral of authority to our knowledge, and the NPRM does not cite any such instance.

Similarly, it is absurd to suggest that host committees are ever "established, financed, maintained or controlled" by national party committees. Neither the Los Angeles nor Chicago host committees, for example, satisfied any of factors set forth in the Commission's regulation defining this term, 11 C.F.R. §300.2(c), except for one:

- No officer, employee or agent of the DNC served on the governing board of either host committee, or had any authority or ability whatsoever to participate in the governance of either one. (§300.3(c)(2)(ii)).

- The DNC had no ability whatsoever, let alone formal authority, to hire, appoint demote or otherwise control any of the officers or employees of either host committee. The governing board of each host committee selected its own officers; the executive director of each host committee, in some cases with advice from key board members or City officials, made all decisions as to hiring. (§300.2(c)(iii)).

- With the possible exception of one or two state party officers, there was no overlap at all between the officers, executive committees/boards or

memberships of the DNC and either the Chicago or Los Angeles host committees. (§300.2(c)(iv)).

- To the best of our knowledge and recollection, no officer or employee of the DNC or DNCC served in any capacity whatsoever—officer, board member or staff—with either the Chicago or Los Angeles host committees.(§300.2(c)(2)(v),(vi)).

- The DNC and DNCC contributed nothing—not one cent—to either the Chicago or Los Angeles host committee, at any time. (§300.2(c)(2)(vii)).

- 2000 Democratic National Convention Committee officers and employees did assist the Los Angeles host committee in raising funds. (§300.2(c)(2)(viii)).

- Neither the DNC, nor any officer or employee of the DNCC, nor the DNCC nor any officer or employee of the DNCC, had any role whatsoever in the formation of either the Chicago or Los Angeles host committee. (§300.2(c)(2)(ix)).

- The Chicago and Los Angeles host committees raised the bulk of their contributions from entities and persons who were not significant donors to the DNC, or who were not donors at all. (§300.2(c)(2)(x)).

There is no reason, then, for the Commission to presume that host committees generally satisfy any of the factors listed in 11 C.F.R. §300.2(c). To the contrary, host committees should be considered *per se*, as a matter of law, as entities that are *not* directly or indirectly established, financed, maintained or controlled by the national party committees. No change in the Commission's convention financing regulations is warranted, with respect to the status of host committees.

B. Effect of Non-Federal Funds Ban on Convention Financing

As the NPRM correctly notes, each national party convention committee is, of course, a federal political committee affiliated with the national party. This has always been the case under the law prior to BCRA: The convention committee is, by definition, "established" by the national party committee, 11 C.F.R. §9008.3(a)(2), and, for purposes of contribution limits and prohibitions, the convention committee has always been affiliated with the national party as a federal political committee "established, financed, maintained or controlled" by the national party committee. 11 C.F.R. §110.3(b)(i). Nothing in BCRA changes that legal status in the slightest, notwithstanding the new law's use of the same phrase ("established, financed, maintained or controlled") and the Commission's new definition of that phrase in 11 C.F.R. §300.2(b).

The NPRM suggests that BCRA's ban on national parties receiving non-Federal funds should "apply to convention committees." 68 *Fed. Reg.* at 18503. The NPRM then raises the question of "whether this prohibition extends to bar convention committees from accepting many of the in-kind donations typically provided by host committees." *Id.*

The fact is that *FECA's* ban on federal political committees receiving non-Federal funds—2 U.S.C. §441b-- has always applied to convention committees. Convention committees have never been permitted to maintain non-federal accounts, and no convention committee to our knowledge has ever done so.

The provision of goods and services by a host committee under the Commission's rules has never been treated as an in-kind contribution. Nothing in BCRA amended the statutory definition of what constitutes an in-kind contribution, 2 U.S.C. §431(8)(A)(i), nor did the Commission amend its regulations defining an in-kind contribution in any way, in implementing BCRA. 11 C.F.R. §§100.7(a)(1) & (a)(1)(iii)(2003). Thus, either the goods and services that have been provided by host committees under the Commission's existing regulation have never been and are not now an in-kind contribution, or else they have *always* been in-kind contributions, to the convention committees. In fact, no convention committee has ever treated permissible host committee and municipal fund expenses as an in-kind contribution—a contribution which would clearly have been unlawful, since the convention committees do not maintain non-federal federal accounts and thus could never accept in-kind contributions at all from an impermissible source.

Therefore, if the types of goods and services host committees are permitted to furnish under the Commission's existing regulation are indeed an "in-kind donation" to the convention committees, as the NPRM suggests, 68 *Fed. Reg.* at 18503, then the Commission has been permitting convention committees routinely to violate the law, by hundreds of millions of dollars, over a period of more than twenty years. Such a conclusion would be absurd.

In fact, the Commission has never considered these goods and services to be in-kind contributions to convention committees, precisely because the Commission has always regarded the funds used by host committees to defray convention expenses as "donations which are commercially, rather than politically motivated." Explanation and Justification for Regulations on Federal Financing of Presidential Nominating Convention and the Presidential Election Campaign fund, 44 *Fed. Reg.* 63036, 63038 (Nov. 1, 1979). Nothing in BCRA, of course, would justify, let alone require, any other conclusion.

Accordingly, there is simply no reason for the Commission to revise its regulations to change the permitted purposes for host committee and municipal fund expenses.

C. Solicitation of Funds for Host Committees and Municipal Funds Under BCRA

1. National Party Committees

Host committees have generally been organized as nonprofit organizations exempt from taxation under sections 501(c)(3) and/or 501(c)(6) of the Internal Revenue Code. Therefore, the ability of national party committees, their officers, agents, etc., to solicit funds for host committees is clearly governed by 2 U.S.C. §441i(d), as added by BCRA. Under that section, national parties and their officers, agents, etc. are prohibited from donating funds to, or soliciting funds for, a section 501(c) organization *only* if such organization "makes expenditures or disbursements in connection with an election for Federal office (including expenditures or disbursements for Federal election activity)." 2 U.S.C. §441i(d)(1).

It is manifest that host committees do not make expenditures or disbursements "in connection with an election for Federal office." Otherwise, such committees would have always been treated as federal political committees, subject to the ban on corporate contributions "in connection with" an election for Federal office, 2 U.S.C. §441b. As the NPRM correctly recognizes, "the Commission's past treatment of permissible host committee.. .disbursements has been that they are not expenditures for the purpose of influencing an election...." 68 *Fed. Reg.* at 18505. The NPRM then suggests, however, that "BCRA reaches far beyond expenditures and requires only 'disbursements in connection with an election' [for Federal office] to make a 501(c) organization subject to the prohibition in 2 U.S.C. §441i(d)(1)."

The NPRM's suggestion that "disbursements in connection with an election for Federal office" is supposed to be far broader than the traditional concept of "in connection with a federal election," is belied by the Commission's own explanation of its regulations. The explanation of new section 300.2(a) of the Commission's rules states that, "advisory opinions and closed enforcement matters provide guidance as to what constitutes activities in connection with a Federal election." Prohibited and Excessive Contributions: Non-Federal Funds or Soft Money, Final Rules, 67 *Fed. Reg.* 49064, 49081 (July 29, 2002). Of course, under those advisory opinions and closed enforcement matters, the host committees could not have been spending funds "in connection with a federal election," or else they would have been violating section 441b for more than two decades.

Further, in defending the supposedly "narrow" scope of new FECA section 323(d) as added by BCRA (2 U.S.C. §441i(d)), the Commission told the 3-judge District Court that the reason for this restriction is congressional recognition that "tax-exempt organizations have served as virtual arms of party committees, conducting federal electioneering activities to benefit candidates of a particular party without being subject

to any of the funding source or contributions limitations...." *McConnell v. FEC*, Civ No. 02-0582 (D.D.C., Consolidated), Redacted Brief of Defendants at 117 (Nov. 8, 2002). It is obvious that host committees do not "conduct electioneering activities to benefit candidates...." Nor do host committees conduct any other "Federal election activities" as defined in BCRA, 2 U.S.C. §431(2)(A).

The DNC has no desire or need to donate funds to, or solicit funds for, the host committee for the 2004 national convention, or any other host committee in the future. But for the Commission arbitrarily to extend the reach of section 441i(d) far beyond the scope set out in the statute and the Commission's regulations is highly troublesome, as a matter of principle and precedent. BCRA clearly allows national parties to donate to or solicit funds for section 501(c)(3) and (c)(6) organizations that function as host committees and do not conduct any Federal election activity or make any other disbursements in connection with a federal election. Accordingly, new proposed regulation 11 C.F.R. §9008.55, should *not* be adopted.

2. Federal Candidates and Officeholders

Section 441i(e)(1)(A), as added by BCRA, prohibits federal candidates and officeholders from soliciting or directing funds "in connection with an election for Federal office, including funds for any Federal election activity....." For the reasons stated above, funds disbursed by host committees are not "in connection with an election for Federal office," and none of these funds are spent for Federal election activity. Accordingly, section 441i(e)(1) does not in any way restrict federal candidates or officeholders from soliciting funds for host committees.

Even if section 441i(e)(1) were applicable, however, such solicitation would still be permissible by virtue of section 441i(e)(4)(A). That section expressly permits federal candidates and officeholders to make a general solicitation of funds for section 501(c) organizations other than an organization whose principal purpose is to conduct voter registration, generic campaign activity, voter identification or get out the vote activity. This section of BCRA was specifically intended to permit "federal candidates and officeholders *to continue to engage in civic fundraising* activities for nonprofit organizations, but restricts the solicitations that can be made to support certain types of federal election activity." *McConnell v. FEC*, Redacted Brief for Defendants at 122 (Nov. 8, 2002)(emphasis added). It cannot seriously be contended that host committees expend funds for any Federal election activities. Accordingly, it could not be clearer that BCRA permits federal candidates and officeholders "to continue to engage in civic fundraising activities" for precisely such entities as host committees--entities that are organized as section 501(c)(3) or (c)(6) organizations and that engage in no Federal election activities whatsoever.

The NPRM simply contradicts the Commission's representations to the Court and otherwise tries to twist the meaning of BCRA in a fruitless attempt to justify making

section 441i(e) say precisely what it does *not* say. Contrary to the NPRM's suggestion, 68 *Fed. Reg.* at 18506, BCRA does not prohibit federal candidates and officeholders form making general solicitations of non-federal funds for section 501(c) organizations that "engage in activities in connection with an election." BCRA prohibits such solicitations only where the section 501(c) organization engages in certain specified Federal election activities.

Host committees do not spend a penny of their funds on any such activities. Accordingly, proposed new 11 C.F.R. §9008.55(c) should not be adopted.

D. Effect of BCRA on Commercial Vendor Activities Related to Nominating Conventions

The Commission's current regulations, 11 C.F.R. §§9008.9(b) &(c), permit the provision of items to a convention committee in exchange for promotional consideration, and the provision of items of *de minimis* value. *See* Preamble, 68 *Fed. Reg.* at 18506. As the NPRM points out, the rationale for these regulations was set forth in A.O. 1988-25, in which the Commission determined that it was permissible for General Motors to provide complimentary use of automobiles in exchange for designation of its products as the "official" vehicles of each convention. Specifically, the Commission reasoned that this exchange did not violate section 441b(a), the prohibition of corporate contributions, because GM had a practice of providing complimentary use of autos, for promotional consideration, for non-political events, and because the value of GM's donation was proportionate to the commercial return reasonably expected from the promotional consideration.

The NPRM suggests, however, that "these provisions may contravene BCRA's prohibition on national party committee acceptance of non-Federal funds, ...by authorizing national party committees to receive and accept something of value not paid for with Federal funds." 68 *Fed. Reg.* at 18506. The NPRM questions "whether these practices, which were legally permissible in the past, are barred by BCRA." *Id.*

The fundamental premise of this question is simply wrong. If these practices were indeed "legally permissible in the past," then they are legal by definition *now*, under BCRA. The reason is that it has *always* been unlawful for convention committees—which have no non-federal accounts—to accept something of value not paid for with Federal funds, *unless* there was adequate consideration for such value. If the provision of goods or services, by a corporation, to a convention committee for promotional consideration, is an in-kind corporate contribution to the convention committee, then such contributions were clearly illegal *prior* to BCRA. Neither national party committees nor convention committees have ever been required to treat these items as in-kind contributions.

The only reason provision of goods and services to a convention committee, in exchange for promotional consideration, has been considered legal by the Commission, and not a violation of section 441b(a), is precisely because the provision of goods and services is *not* an in-kind contribution. There is no in-kind contribution at all to the convention committee because, as A.O. 1988-25 and the Commission's regulations recognize, at least in the national convention context, that the promotional consideration is more than adequate consideration for the goods and services.

Nothing in BCRA changes this analysis. Either these items were *always* illegal in-kind contributions or they were *not* in-kind contributions at all (because the promotional consideration was of sufficient value to avoid treatment of these items as in-kind contributions). Obviously the Commission long ago reached the latter conclusion, and has applied it consistently over 20 years. The NPRM does not identify a single word of BCRA that would necessitate any change whatsoever in the Commission's current regulations permitting receipt of items for promotional consideration, or items of *de minimis* value.

Further, the NPRM has not identified a single instance in which exchange of promotional consideration for goods or services has been abused. We are unaware of any audit of any convention committee in which the receipt of goods and services in exchange for promotional consideration has raised any problem or question. The NPRM identifies no such instance.

There is absolutely no reason, then, for the Commission to revise or amend its current regulation, section 9008.9, dealing with commercial vendor activities in connection with national nominating conventions.

E. Permissible Expenditures by Convention Committees, Host Committees and Municipal Funds

The proposed revisions to the Commission's existing regulations regarding permissible expenditures by convention committees and host committees are completely unnecessary, inconsistent with the Commission's findings in audits of past Conventions, and would do far more harm than good.

First, the current definition of permissible convention committee expenses, 11 C.F.R. §9008.7(a)(4), including a general definition with a non-exhaustive list of thirteen examples, has worked perfectly well. The purpose of this definition is to ensure that public funds are not expended on activities that are not appropriately related to putting on the convention and that should, instead, be paid for by the national committee. The NPRM fails to identify a single instance in which the current definition has not achieved this purpose, or in which the current definition has led to any problem, abuse or inappropriate expenditure of any kind.

Second, the proposed changes to the regulations defining permissible host committee expenses fail to reflect the Commission's audit findings and are internally inconsistent. Proposed new section 9008.17(a), for example, would prohibit host committees from paying "convention expenses," as defined, including "[a]dministrative and office expenses for conducting the convention, including stationery, office supplies, office machine and telephone charges...." As correctly noted by the NPRM however, in its audit of the 1996 Democratic National Convention, the Commission specifically determined "to *permit* host committees to pay telephone charges incurred by the convention committee." 68 *Fed. Reg.* at 18510 (emphasis added). Thus, rather than reflecting the Commission's decision, proposed new section 9008.17(a) would flatly contradict it. Further, while proposed new section 9008.17(a) would prohibit host committees from paying "office expenses," proposed new section 9008.17(b)(2) would explicitly *permit* host committees to "provide the convention committee...the physical or technological infrastructure for the conduct of the convention, such as:...*office facilities; office equipment*...." (emphasis added). Such payment by host committees for office facilities and equipment would also continue to be permitted by section 9008.52(b)(5).

The Commission's current regulations governing permissible convention committee expenses and host committee expenses have worked well. The NPRM suggests that the current rules have caused "confusion,", and that there is some need for "additional guidance." 68 *Fed. Reg.* at 18508. In fact, we can represent unequivocally that the Democratic National Committee and its convention committees have not been confused at all by the current regulations; rather, it is the proposed *new* regulations that would cause massive disruption and confusion, by disallowing host committee payments for expenses that the Commission has allowed host committees to cover in the past (and that are in fact still allowed under some parts of the same regulation that, in other places, appears to ban those payments).

In sum, there is absolutely no reason to modify or amend the Commission's current regulations governing permissible convention committee and host committee expenses.

F. Effective Date

For the reasons stated above, the Commission should not adopt any of the proposed new rules, and should terminate the instant rulemaking. If the Commission does adopt any changes, however, it should certainly not make those changes effective until after the 2004 Conventions have been held.

The 2004 Democratic National Convention Committee concluded its contract with the City of Boston and the Boston host committee, Boston 2004, on December 17, 2002. That contract is based on the Commission's current regulations. For all of the reasons stated above, there was no reason to believe that BCRA would require any changes to the Commission's regulations. Any changes at this juncture would be

enormously disruptive and seriously impair the ability of the 2003 DNCC to put on the 2004 Democratic National Convention. For this reason, any change to the Commission's current regulations should not be made effective until after the 2004 Conventions have been completed.

Respectfully submitted,

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