



**Sheryl J. Rosander**  
ATTORNEY at LAW

P.O. Box 180250  
Coronado, CA 92178

619 417 4551 Tel  
619 522 9769 Fax  
sheryl@rosanderlaw.com

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OFFICE OF GENERAL  
COUNSEL

April 5, 2012

MUR # 6551

Office of the General Counsel  
Federal Election Commission  
999 E Street N.W.  
Washington, D.C. 20463  
Attn: Attorney Ruth Heilizer

COMPLAINT RE: San Diego County Democratic Party C00402826

Dear Ms. Heilizer:

I have reviewed the monthly Forms FEC 3X for the above identified committee for 2011. I find that no salaries have been reported, and that corporate in-kind contributions were not reported, nor were transfers made to the non-federal account related to the federal portion of those contributions.

Based upon my understanding of the law and the Campaign Guide for Political Party Committees, all non-FEA administrative expenses, including salaries, may be allocated. Further, if administrative expenses are not allocated, they must be paid for with 100% federal funds.

Copies of the San Diego County Democratic Party's state filings in California in support of this complaint were enclosed with my prior letter of March 29, 2012. During 2011, there were four reporting periods: 1) 1/01/11 – 1/29/11; 2) 1/30/11 – 4/16/11; 3) 4/17/11 – 6/30/11; and 4) 7/1/11 – 12/31/11. On the first filing for the year, expenditures (Schedule E) begin on page 9 and continue through page 11. As you can see from the expenditure schedule, salary payments were made to both Ryan Hurd, the Executive Director, and to Margaret Mandy, the Volunteer Coordinator for the Party. In addition, payroll taxes were paid to the Internal Revenue Service and Employment Development Department. I do not believe that 100% of salaries and related taxes may properly be allocated to a non-federal account.

Please note that for the same time period, health insurance for employees was included on the FEC 3Xs and allocated based on the administrative ratio. Paychex, the company that provides payroll services and prepares pay checks, was also included on the FEC 3X and paid in the administrative ratio. Reimbursement for mileage and food provided for volunteers she coordinated also all appear on the FEC 3X and was paid to Margaret Mandy based on the administrative ratio.

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FEC Office of General Counsel  
Ms. Ruth Heilizer  
April 5, 2012  
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Review of the remaining 2011 filings indicates that the San Diego County Democratic Party followed the identical methodology for the remainder of 2011. Salaries and related taxes were consistently paid from the non-federal account while other employee costs and volunteer-related costs were reflected on the FEC 3X.

Starting in 2012, the methodology changed, and salaries included on FEC 3X reports were paid using the administrative ratio.

On the California non-federal filings for 1/30/11 – 4/16/11, Schedule C reflects the value of in-kind contributions received by the San Diego County Democratic Party. That filing (at pages 11-14) reflects a variety of in-kind contributions received from corporate entities. It appears these contributions were related to the organization's Annual Dinner which is reflected on the February H2 as a 50/50 fundraising allocation. I see no evidence on the organization's FEC 3X that those corporate in-kind contributions were ever reported and it does not appear that federal funds related to those contributions were transferred to the committee's non-federal account as required by law.

The Schedule C's from the 4/17/11-6/30/11 and 7/1/11 - 12/31/11 non-federal filings for the committee show receipt of additional non-monetary contributions from a corporation but again fail to show that any payment was made from the federal to the non-federal committee for the federal portion of this contribution.

Please contact me if you have questions.

Sincerely,



Sheryl J. Rosander

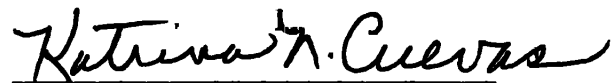
Note: Enclosures previously provided

I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Subscribed to and sworn to before me on this 5th day of April, 2012.



Sheryl J. Rosander



Katrina N. Cuevas  
Notary Public

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