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2012 MAR 29 PM 2:09

OFFICE OF GENERAL
COUNSEL

March 28, 2012

Office of the General Counsel
Federal Election Commission
999 E Street N.W.
Washington, D.C. 20463

COMPLAINT RE: San Diego County Democratic Party C00402826

Dear Representative:

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.

Enclosed are copies of the San Diego County Democratic Party's state filings in California. 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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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

Enclosures as stated

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Diego }

On 3-28-2012 before me, Katrina N. Cuevas, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Sheryl J. Boarder
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Katrina N. Cuevas
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

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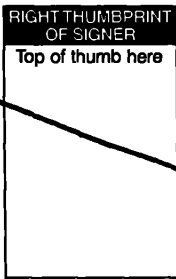
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
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- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

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