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OFFICE OF GENERAL
COUNSEL

April 18, 2012

Office of the General Counsel
Attn: Mr. Jeff S. Jordan
Federal Elections Commission
999 E St. NW
Washington, DC 20463

Re: MUR 6551

Dear Mr. Jordan:

As Treasurer for the San Diego County Democratic Party, I am writing in response to a letter from FEC Supervisory Attorney Jeff S. Jordan dated April 11, 2012. The matter under review is numbered MUR 6551.

After examining our federal and state reports for 2011, along with the applicable laws and regulations, we will be amending our 2011 Forms FEC 3X for certain months for the two items noted in the complaint. The first item will be for staff time paid in connection with an April fundraising dinner that raised a 50-50 ratio of federal and nonfederal monies. The second item will be for prohibited in-kind donations for allocable administrative and fundraising activities.

In the months of January, February, March, and April of 2011, an amount ranging from 5% to 20% of the compensated time of each of our two full-time employees was spent on the event. Our amendments will reflect the 50% federal allocation of payroll for those months in our reports. From May through December of 2011, none of our employees' time was spent on Federal Election Activity. Therefore, payroll for those months was covered 100% from our nonfederal account.

To support this I refer to 11 CFR § 106.7 (d) (1) (iii): "Salaries, wages, and fringe benefits paid for employees who spend none of their compensated time in a given month on federal election activities or on activities in connection with a federal election may be paid entirely with funds that comply with state law."

The FEC Campaign Guide for Political Party Committees offers further clarification in a supplemental note (p. 49): "In connection with an election in which a federal candidate appears on the ballot' means the period beginning on the filing deadline for primary election ballot access for federal candidates under state law – or January 1st of the election year for states that do not hold primaries – and ending on the day of the general election (or of the general election runoff if one is held)."

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With regard to other staff-related expenses cited in the original letter of complaint, the Party had specific rationales for allocating those items even during months when the salary expense was completely nonfederal. Payroll services, mileage reimbursement, and food are not compensation but rather administrative costs, and as such are subject to allocation. The Party's payments for health insurance were made from federal funds because the debit card we use to pay is linked to our federal account.

The second item that we will address has to do with the prohibited in-kind donations for allocable administrative and fundraising activities; we reviewed the reports filed in 2011 and find that some reports may require amendment to comply with AO 1992-33 and the applicable regulations. We have contacted our FEC Reports Analyst to see how best to correct any prior reports. We are waiting to hear back from her.

We are currently reviewing our reports filed for January and February 2012, and the March 2012 report, yet to be filed, to ensure compliance with the applicable laws and regulations. The January and February reports will be amended prior to our March filing if necessary. Our internal procedures are also being examined to ensure that members of our reporting team fully understand the points raised in this matter.

We hope that our quick action to resolve the applicable reporting issues will result in a positive response from the Federal Election Commission and that no further action will need to be taken.

Sincerely,



Xavier Martinez
Treasurer
San Diego County Democratic Party
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