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

Re: Chris Cannon for Congress, Inc., C00254888
April Quarterly Report (1/1/96 - 3/31/96)

To whom it may concern:

In partial answer to a Commission letter to Chris Cannon for Congress, Inc. (the Committee) dated May 14, 1996 (copy enclosed), the Committee requests a Commission Advisory Opinion on the following matter. The Commission letter points out that several contributions to the Committee appear to exceed the contribution limit of \$1,000 per election cycle. All contributions in question were in-kind contributions of computer equipment. The Commission letter states that "in-kind contributions are attributed to the election occurring at the time of receipt since most in-kinds consist of goods or services and are consumed or provided at the time of receipt." Please consider the following facts:

- A. On 3/29/96, the Committee received as a donation used computer equipment as follows:

<u>Donor</u>	<u>Item</u>	<u>Value</u>
Larry Lofgreen	Computer equipment	\$1,850
Vikki Lofgreen	Computer equipment	1,850
Roger Kartcher	Computer equipment	1,300

The equipment was independently appraised, and determined to have a useful life of at least two years. The equipment is presently used and will be used in the future. The Committee received from each contributor a designation to allocate the contribution over several election cycles.

DEWAAL, KEELER & COMPANY P.C.

MEMBERS OF THE A.I.C.P.A.

1881 Prospector Avenue - Park City, Utah 84060 - 801-645-8362 - Fax 801-645-8365
257 East 200 South #950 - Salt Lake City, Utah 84111 - 801-328-8173 - Fax 801-328-8177

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- B. Since the type of in-kind contributions received did not consist of goods or services that were consumed or provided at the time of receipt, but rather of computer equipment *intended to last throughout the life of the campaign and beyond*, the Committee itemized the entire contribution and allocated it as specified by the contributor.
- C. In addition, it appears that the computer equipment would have a life longer than the time of receipt only. It would then follow that the Committee should be able to allocate the value over future elections while the equipment is still being used.
- D. Therefore, the Committee requests an Advisory Opinion as to whether the computer equipment is considered to be consumed 1) at the time of receipt and reported at fair market value with anything in excess of \$1,000 being paid for or otherwise compensated, or 2) over a specific time period; i.e., the computer equipment has a longer life than at the time of receipt and the fair market value, if it exceeds \$1,000, can be designated to several election cycles.

Thank you for your assistance regarding this matter. If you have any questions, please feel free to contact me between 8:30 a.m. and 5:00 p.m. at (801) 328-8173.

Sincerely,

DE WAAL, KEELER & COMPANY, P.C.


Stanley R. de Waal, C.P.A.
Treasurer

SRD/jjr
Enclosures



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

MAY 14 1995

Stanley R. de Waal, Treasurer
Chris Cannon for Congress, Inc.
257 East 200 South #950
Salt Lake City, UT 84111

Identification Number: C00311019

Reference: April Quarterly Report (1/1/96-3/31/96)

Dear Mr. de Waal:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-When a committee reports receiving a loan from the candidate, it is necessary to clarify whether or not the candidate used personal funds or borrowed the money from a lending institution or some other source. If the candidate borrowed funds from a lending institution, or other source, please provide the name of the lending institution and the complete terms of the loan. Additionally, for loans from a lending institution, you must file an FEC FORM C-1 (copy attached) and a copy of the loan agreement. If the loan(s) was from personal funds, please acknowledge that fact in an amendment to this report. It is important to note that "personal funds" is strictly defined by Commission Regulations. See 11 CFR §110.10. (11 CFR §§100.7(a)(1) and 104.3(d))

-Schedule A of your report discloses a contribution(s) which appears to exceed the limits set forth in the Act (copies attached). You should conduct a review of all of your contributions to determine the rest of the excessives that your committee may have received. As you check for additional excessives, you should review the committee's procedures for handling the receipt of contributions.

Please note that in-kind contributions are attributed to the election occurring at the time of receipt since most in-kinds consist of goods or services and are consumed or provided at the time of receipt.

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

CHRIS CANNON FOR CONGRESS, INC.
PAGE 2

An individual or a political committee other than a qualified multicandidate committee may not make a contribution to a candidate for federal office in excess of \$1,000 per election. A qualified multicandidate committee may not make a contribution to a candidate for federal office in excess of \$5,000 per election. The term "contribution" includes any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office. (2 U.S.C. §441a(a) and (f); 11 CFR §110.1(b), (e) and (k))

If the contribution(s) in question was not completely or correctly reported, you should amend your original report using the new or corrected information. If the contribution(s) exceeds the limits, you should either refund to the donor the amount in excess of \$1,000 or get the donor to redesignate and/or reattribute the excessive amount in writing. All refunds, redesignations, and reattributions must be made within sixty days of receipt of the contribution. Copies of refund checks and copies of letters reattributing or redesignating the contributions in question may be used to respond to this letter. Refunds are reported on Line 20 of the Detailed Summary Page and on a supporting Schedule B of the report covering the period in which they are made. Redesignations and reattributions are reported as memo entries on Schedule A of the report covering the period in which the authorization for the redesignation and/or reattribution is received. (11 CFR §104.8(d)(2), (3) and (4))

The acceptance of excessive contributions is a serious problem. Again, the committee's procedures for processing contributions should be examined and corrected in order to avoid this problem. Although the Commission may take further legal action, prompt action by you to refund or seek redesignation and/or reattribution of the excessive amount will be considered.

-2 U.S.C. §434(b)(3) requires itemization of contributions from individuals and persons other than political committees, where the aggregate total from the contributor exceeds \$200 in a calendar year. In addition, 11 CFR §104.3(a)(2)(i)(B) requires a committee to report the total amount of unitemized contributions (see Line 11(a)(ii) of the Detailed Summary Page). If a

CHRIS CANNON FOR CONGRESS, INC.
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committee wishes to disclose contributions regardless of the amount contributed, the committee must separate (on separate Schedules A) those contributors requiring itemization from those who are not required to be itemized. (11 CFR §104.3(a)(4)(i)) Please submit your reports in this manner.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 219-3580.

Sincerely,



Ginger Campbell
Reports Analyst
Reports Analysis Division