

# Record

September 2006

Federal Election Commission

Volume 32, Number 9

## Table of Contents

### Court Cases

- 1 Shays v. FEC III

### Compliance

- 1 Record Civil Penalties in First Six Months of 2006
- 6 MUR 5648
- 6 MUR 5675

### Advisory Opinions

### Reports

- 3 Texas Special Election Reporting
- 4 Ohio 3rd District Special Election Reporting
- 7 Ohio 18th District Special Election Reporting
- 7 FEC to Email Report Notices

### Alternative Dispute Resolution

### Nonfilers

### Statistics

- 8 Congressional Candidates Raise \$893.6M Through June 30
- 8 Major Parties Raise \$695M
- 10 Semi-Annual PAC Count Shows Slight Increase in 2006

### Index

## Court Cases

### Shays v. FEC III

On July 11, 2006, U.S. Representatives Christopher Shays and Martin Meehan (the plaintiffs) filed a complaint in the U.S. District Court for the District of Columbia. The complaint challenges the FEC's recently amended regulations governing coordinated communications, federal election activity (FEA) and solicitations by federal candidates and officeholders at state party fundraising events. The plaintiffs claim that the rules do not comply with the judgment in *Shays I* or with the Bipartisan Campaign Reform Act of 2002 (BCRA). The complaint also alleges the FEC did not adequately explain and justify its actions.

### Court Complaint

In response to the court decisions and judgment in *Shays I*, the FEC held rulemaking proceedings during 2005 and 2006 to revise a number of its BCRA regulations, including the rules governing coordinated communications, certain definitions of FEA, and the solicitation of soft money by federal officeholders and candidates at state party fundraising events. For more information, see the August

(continued on page 2)

## Compliance

### Record Civil Penalties in First Six Months of 2006

During the first six months of 2006, FEC enforcement actions resulted in over \$5 million in civil penalties, more than any full year in the Commission's thirty-year history.

A large portion of the total came from the FEC's conciliation agreement with the Federal Home Loan Mortgage Corporation ("Freddie Mac"), in which Freddie Mac agreed to pay a civil penalty of \$3.8 million—the largest civil penalty in FEC history.

The Commission also closed six other matters with penalties over \$100,000 and eight matters with penalties of at least \$50,000—more cases in this penalty range than any other similar period in recent years. The FEC closed a total of 130 matters in the first six months of 2006. Additionally, the Commission collected a \$222,000 repayment of public funds improperly collected by the LaRouche campaign.

Violations in these cases included prohibited contributions from corporations and labor organizations, excessive contributions from individuals, contributions in the name of another, use of corpo-

(continued on page 6)

## Court Cases

(continued from page 1)

2005 *Record*, page 1, the March 2006 *Record*, page 2 and the July 2006 *Record*, page 1. With respect to these challenged regulations, the plaintiffs allege that the FEC:

- Did not adequately address the questions and instructions of the district court and D.C. Circuit in *Shays I*;
- Failed to promulgate new rules that comply with BCRA and the *Shays I* mandate; and
- Provided inadequate explanation and justification for its actions.

The plaintiffs contend, among other things, that the Commission's revised regulations undermine the purposes of the BCRA by allowing soft money to continue to flow into federal elections and the federal political process.

**Federal Election Commission**  
999 E Street, NW  
Washington, DC 20463

800/424-9530  
202/694-1100  
202/501-3413 (FEC Faxline)  
202/219-3336 (TDD for the hearing impaired)

**Michael E. Toner**, Chairman  
**Robert D. Lenhard**,  
Vice Chairman  
**David M. Mason**, Commissioner  
**Hans A. von Spakovsky**,  
Commissioner  
**Steven T. Walther**, Commissioner  
**Ellen L. Weintraub**, Commissioner  
**Patrina M. Clark**,  
Staff Director  
**Lawrence H. Norton**,  
General Counsel

Published by the Information  
Division

**Greg J. Scott**, Assistant Staff  
Director

**Meredith E. Metzler**, Editor

<http://www.fec.gov>

*Coordinated Communications.* The plaintiffs charge that the Commission's revised "content standard" impermissibly reduces the pre-election window for coordinated communications<sup>1</sup> in House and Senate races from 120 days to 90 days, in violation of the decision in *Shays I*. The plaintiffs also argue that the Commission impermissibly retained the election year "gap period" in Congressional races (which begins on the day of the primary and runs until 90 days before the general election) and preserved the Presidential 120-day pre-primary window that was struck down by the court in *Shays I*. The cumulative effect of these actions, the plaintiffs charge, is to permit unregulated spending by candidates, political parties and others on coordinated communications in many states during much of the election year, provided the communications do not contain republished campaign materials or "express advocacy."

*Agency Action Arbitrary and Capricious.* According to the plaintiffs, the Commission relied almost exclusively on a set of data from TNS Media Intelligence/CMAG to support its revised coordination regulations. The plaintiffs allege that the Commission's use of the data was both arbitrary and capricious because the data do not support the revised regulations and, in some instances, actually undermine them. The plaintiffs further allege that, given the volume and complexity of the CMAG data and the fact that the Commission gave only five business days for public comment in its Supplemental Notice of Proposed Rulemaking, the Commission vio-

lated the APA by failing to afford interested parties a meaningful opportunity to participate in the rulemaking.

*Definitions of Federal Election Activity.* In *Shays I*, the court held that the Commission had not provided adequate notice of the approach it took in defining FEA "voter registration" and FEA "GOTV activity." The plaintiffs allege that the Commission unlawfully left intact the limitation that only activities that "assist voters by individualized means" may constitute FEA "voter registration" or FEA "GOTV" activity, and did not revise its definition of voter registration activity, thereby allowing state and local parties to fund substantial amounts of activities that influence federal elections with soft money in violation of BCRA's "language, structure and purpose." The plaintiffs also argue that the Commission failed to provide notice in the Notice of Proposed Rulemaking that it might limit the scope of "voter registration" and "GOTV" activities in this manner, which effectively denied parties the opportunity to offer comments that could persuade the agency to modify its rule.

*Candidate and Officeholder Solicitation at State Party Fundraisers.* In *Shays I*, the court found that the Commission failed to articulate a satisfactory explanation for its regulation governing candidate and officeholder solicitations at state party fundraisers. In its revised Explanation & Justification, the Commission contends that distinguishing between "informational speech" and "solicitations" at a state party fundraising events is more difficult than in other contexts and suggests that the unique difficulty arises largely from the special relationship between federal officeholders and candidates and their state parties. The plaintiffs argue that the Commission failed

<sup>1</sup> A communication that satisfies the payment, content and conduct prongs of the "coordinated communication test" is an in-kind contribution from the entity paying for the communication. 11 CFR 109.21.

to explain why the broad exemption is uniquely necessary in the state party fundraising context and contend that the Commission's failure to provide a reasoned basis for the exemption fails to meet the APA's requirements for reasoned decision-making.

**Relief**

The plaintiffs ask the court to declare the referenced regulations to be contrary to law, arbitrary and capricious, and an abuse of discretion.

The plaintiffs also ask the court to:

- Enjoin the operation of the regulations and order the Commission to commence expedited rulemaking proceedings;
- Direct the Commission to adopt appropriate interim regulations during its rulemaking proceedings; and
- Retain jurisdiction over the matter to ensure the Commission's timely and sufficient compliance with the court's decision.

U.S. District Court for the District of Columbia, 1:06CV01247  
—Amy Pike

**Advisory Opinions**

**Advisory Opinion 2006-14**

On June 22, 2006, the Commission considered, but did not approve, a draft advisory opinion concerning proposed communications by the National Restaurant Association's political action committee (NRA PAC) to the general public. The proposed communications would expressly advocate the election or defeat of federal candidates and would solicit contributions—including earmarked contributions—for their

(continued on page 4)

**Texas Special Election Reporting**

Texas has scheduled special elections on November 7, 2006, to fill the U.S. House seats affected by redistricting. The elections will be for Districts 15, 21, 23, 25 and 28. There are two possible special elections to fill these seats, but only one may be necessary. If no candidate wins a majority of votes in the Special General Election, the top two vote-getters, regardless of party affiliation, will participate in a Special Runoff election on a date to be set by the Secretary of State after November 7. All runoff elections will be held on the same date. If a Special Runoff is held, the Commission will notify committees of the reporting dates for that election and the committees involved in both elections will be required to file Pre-General, Pre-Runoff, and Post-Runoff reports. Note that 48-hour notices are required of authorized committees that receive contributions of \$1,000 or more for the Special General between October 19 and November 4. Political committees must file 24-hour notices of independent expenditures that aggregate at or above \$1,000 between October 19 and November 5. This requirement is in addition to that of filing 48-hour notices of independent expenditures that aggregate \$10,000 or more at other times during a calendar year. Additionally, the 60-day electioneering communications time period for the Special General runs from September 8 through November 7.<sup>1</sup>

**If Only the Special General Is Held, Committees Must File:**

	Close of Books <sup>2</sup>	Reg./Cert./Overnight Mailing Date <sup>3</sup>	Filing Date
Pre-General	October 18	October 23	October 26
Post-General	November 27	December 7	December 7
Year-End	December 31	January 31	January 31

**If Two Elections Are Held, Committees Involved Only in the Special General Must File:**

	Close of Books <sup>2</sup>	Reg./Cert./Overnight Mailing Date <sup>3</sup>	Filing Date
Pre-General	October 18	October 23	October 26
Year-End	December 31	January 31	January 31

<sup>1</sup> Individuals and other groups not registered with the FEC who make electioneering communications costing more than \$10,000 in the aggregate in the calendar year must disclose this activity to the Commission within 24 hours of the distribution of the communication. See 11 CFR 100.29 and 104.20.

<sup>2</sup> This date indicates the end of a reporting period. A reporting period always begins the day after the closing date of the last report filed. If the committee is new and has not previously filed a report, the first report must cover all activity that occurred before the committee registered.

<sup>3</sup> Reports filed electronically must be submitted by midnight on the filing date. A committee required to file electronically that instead files on paper reporting forms will be considered a nonfiler. Reports filed on paper and sent by registered or certified mail must be sent by postmarked by the mailing date (please note that a certificate of mailing is not an acceptable method). If using overnight mail, the delivery service must receive the report by the mailing date. "Overnight mail" includes Priority or Express Mail having a delivery confirmation, or an overnight delivery service with an online tracking system and scheduled for next day delivery service. Reports sent by other means must be received by the Commission's close of business on the filing date.

## Ohio 3rd District Special Election Reporting

On September 15, 2006, Ohio's 3rd Congressional District will hold a Special Democratic Primary to choose a replacement for Stephanie Studebaker on the November general election ballot. Committees involved in this election must follow the reporting schedule below, unless they file on a monthly schedule. PACs and party committees that file monthly should continue to file according to their regular filing schedule. Note that 48-hour notices are required of authorized committees that receive contributions of \$1,000 or more between August 27 and September 12. Political committees and other persons must file 24-hour notices of independent expenditures that aggregate at or above \$1,000 between August 27 and September 13. This requirement is in addition to that of filing 48-hour notices of independent expenditures that aggregate \$10,000 or more at other times during a calendar year. The 30-day electioneering communications time period in connection with the primary runs from August 16 through September 15.<sup>1</sup>

### Committees Involved in the Special Primary File:

	Close of Books <sup>2</sup>	Reg./Cert./Overnight Mailing Date <sup>3</sup>	Filing Date
<b>Pre-Primary</b>	August 26	August 31	September 3 <sup>4</sup>
<b>October Quarterly</b>	September 30	October 15	October 15 <sup>4</sup>

<sup>1</sup> Individuals and other groups not registered with the FEC who make electioneering communications costing more than \$10,000 in the aggregate in the calendar year must disclose this activity to the Commission within 24 hours of the distribution of the communication. See 11 CFR 100.29 and 104.20.

<sup>2</sup> This date indicates the end of a reporting period. A reporting period always begins the day after the closing date of the last report filed. If the committee is new and has not previously filed a report, the first report must cover all activity that occurred before the committee registered.

<sup>3</sup> Reports filed electronically must be submitted by midnight on the filing date. A committee required to file electronically that instead files on paper reporting forms will be considered a nonfiler. Reports filed on paper and sent by registered or certified mail must be sent by postmarked by the mailing date (please note that a certificate of mailing is not an acceptable method). If using overnight mail, the delivery service must receive the report by the mailing date. "Overnight mail" includes Priority or Express Mail having a delivery confirmation, or an overnight delivery service with an online tracking system and scheduled for next day delivery service. Reports sent by other means must be received by the Commission's close of business on the filing date.

<sup>4</sup> Notice that this deadline falls on a holiday or weekend. Filing dates are not extended when they fall on nonworking days.

## Advisory Opinions

(continued from page 3)

campaigns. The Commission voted 3-2 on the draft but failed to approve it (approval of an advisory opinion requires the affirmative vote of four members of the Commission).

## Advisory Opinion Requests

### AOR 2006-22

Characterization of free legal services provided by a law firm to a candidate's committee in court case addressing ballot eligibility (Wallace for Congress, July 21, 2006)

### AOR 2006-24

FECA's application to recount funds created by federal candidates and state party committees; permissible involvement of national parties in such funds (National Republican Senatorial Committee, Democratic Senatorial Campaign Committee, and the Republican Federal Committee of Pennsylvania, August 7, 2006)

### AOR 2006-25

Application of the Millionaires' Amendment to personal funds spent before an unopposed primary to attack a presumptive general election opponent (Jon Kyl for US Senate, August 14, 2006)

### AOR 2006-26

Contribution limits for special general election resulting from court order redrawing congressional district and nullifying primary election results (Texans for Henry Bonilla, August 17, 2006)



## Alternative Dispute Resolution

### ADR Program Update

The Commission recently resolved seven additional cases under the Alternative Dispute Resolution (ADR) program. The respondents, the alleged violations of the Federal Election Campaign Act (the Act) and the final disposition of the cases are listed below.

1. The Commission reached an agreement with the Minnesota Democratic Farmer Labor Party, Kerry Gautier, treasurer, regarding the failure to report all receipts. The respondents acknowledged an inadvertent omission which occurred when the original report was filed prior to the reconciliation of bank records. They agreed to pay a \$1,000 civil penalty and agreed to revise their procedures to ensure that bank reconciliation is done prior to filing reports with the Commission. Additionally, the respondents will send a representative to training on campaign finance reporting within 12 months of the effective date of the agreement. (ADR 325\*)

2. The Commission reached an agreement with the Harris County Republican Party, Larry Hicks, treasurer, regarding the failure to report and properly allocate administrative expenses. The respondents acknowledged an inadvertent violation due to inexperienced staff. Historically they were only involved in county and state election activities and had no experience with the allocation of federal disbursements. The respondents agreed to work with a RAD analyst to ensure that all reports are amended to accurately reflect the allocation of financial activity and will appoint a compliance specialist. (ADR 299\*)

*\*This case was internally generated.*

3. The Commission closed the file concerning Max Gelwix regarding contributions in excess of the \$25,000 annual contribution limit of 2002.<sup>1</sup> The ADR Office recommended that the Commission dismiss the case, and the Commission agreed to take no further action. (ADR 310/MUR 5706)

4. The Commission reached an agreement with the New Hampshire Republican State Committee, Robert Scott, treasurer, regarding the failure to file 24-Hour Notices for independent expenditures. The respondents acknowledged an inadvertent violation of FECA due to a lack of experience with federal campaign activity. The respondents agreed to pay a \$4,500 civil penalty, as well as create a FEC Compliance officer position, prepare a policy setting forth the responsibilities of the position, and attend an FEC compliance seminar. (ADR 305\*)

5. The Commission reached an agreement with the North Carolina Democratic Party—Federal, Muriel K. Offerman, treasurer, regarding the failure to file 24-Hour Notices for independent expenditures. The respondents acknowledged an inadvertent omission of filing the 24-Hour Notices and noted that the current treasurer was not the treasurer at the time the notices were to have been filed. The respondents agreed to pay a \$3,500 penalty, appoint a Compliance Officer, and attend an FECA compliance seminar within 12 months. (ADR 316\*)

6. The Commission reached an agreement with the CT Democratic State Central Committee, Emma Pierce, treasurer, regarding the failure to accurately report receipts.

<sup>1</sup> *The Bipartisan Campaign Reform Act of 2002 (BCRA) replaced the \$25,000 annual limit on individual contributions with a biennial limit that covers an entire two-year election cycle. The limit is indexed to inflation, and is \$101,400 for the 2005-06 cycle.*

The respondents acknowledged an inadvertent violation of FECA due to an unanticipated volume of financial transactions during the reporting period. The respondents agreed to pay a \$1,500 civil penalty as well as appoint an FEC compliance officer and send a representative to attend an FEC reporting and compliance seminar within 12 months. (ADR 313\*)

7. The Commission closed the file concerning William Bain Adams regarding contributions in excess of the \$25,000 annual contribution limit of 2002.<sup>1</sup> The ADR Office recommended that the Commission dismiss the case, and the Commission agreed to take no further action. (ADR 326/MUR 5706)

—Meredith E. Metzler

### Commission Calendar Always Up-to-Date

Between issues of the *Record*, you can stay up-to-date on the latest FEC activity by visiting the Commission Calendar on our web site at [http://www.fec.gov/Fec\\_calendar/maincal.cfm](http://www.fec.gov/Fec_calendar/maincal.cfm). The Calendar lists Commission meetings, reporting deadlines, conferences and outreach events, advisory opinion and rulemaking comment periods and other useful information. Each calendar entry links directly to the relevant documents, so you can quickly access detailed information on the subjects that interest you.

While you're visiting [www.fec.gov](http://www.fec.gov), be sure to explore the rest of our site to review the latest campaign finance reports and data, research enforcement actions and litigation, read press releases and get help complying with the law. Visit today and add our site to your favorites.

## Compliance

(continued from page 1)

rate funds to reimburse employee contributions, and illegal corporate facilitation of political contributions.

Summaries of each FEC enforcement action can be found at <http://www.fec.gov/press/press2006/2006ComplianceReleases.shtml>.

—Meredith E. Metzler

## MUR 5648: Millionaires' Amendment Reporting

On July 19, 2006, the Commission announced a conciliation agreement with J. Edgar Broyhill, II, the Broyhill for Congress committee and its treasurer Tim Nerhood (the respondents) in which they agreed to pay a \$71,000 civil penalty for violating the reporting requirements of the Millionaires' Amendment.

### Background

Under the Millionaires' Amendment, House candidates must notify the FEC and their opponents within 24 hours after they exceed the \$350,000 personal spending threshold and with each additional \$10,000 in personal spending thereafter. Depending on the opposing candidate's own fundraising and personal spend-

### Need FEC Material In a Hurry?

Use FEC Faxline to obtain FEC material fast. It operates 24 hours a day, 7 days a week. Hundreds of FEC documents—reporting forms, brochures, FEC regulations—can be faxed almost immediately.

Use a touch tone phone to dial 202/501-3413 and follow the instructions. To order a complete menu of Faxline documents, enter document number 411 at the prompt.

ing, he or she may become eligible for increased contribution limits.

The respondents failed to file a required notification within 24 hours of Mr. Broyhill making a personal loan that pushed his personal spending over the \$350,000 threshold for the primary election. Subsequently, they also failed to file notifications within 24 hours of additional expenditures of personal funds totaling \$365,000.

—Meredith E. Metzler

## MUR 5675: Improper Financial Reporting

On July 20, 2006, the Commission announced that Americans for a Republican Majority (ARMPAC) agreed to pay a \$115,000 civil penalty for misstating its financial activity, failing to report debts and obligations, and improperly allocating expenses between federal and nonfederal accounts. ARMPAC has also agreed to repay a debt owed to its nonfederal account.

### Background

The Act requires all committees to file accurate reports of all receipts, disbursements, debts and obligations. An FEC audit report covering ARMPAC's activity between January 1, 2001 and December 31, 2002 showed that ARMPAC failed to disclose \$322,306 in debts owed to 25 vendors. Additionally, ARMPAC inaccurately reported \$74,295 of financial activity in 2001 and \$166,340 in 2002.

Furthermore, the Act requires committees with separate accounts for federal and nonfederal activities allocate expenses for shared activities between the accounts to ensure that the federal account pays its share of the costs associated with that activity. While ARMPAC had two accounts, it did not allocate expenses between the accounts properly. ARMPAC's nonfederal account paid \$203,483 of allocable expenses for administrative costs, generic get-

out-the-vote drives and fundraising events that should have been paid from its federal account.

## Conciliation Agreement

ARMPAC admitted all violations and agreed to transfer any receipts of \$5,000 or more to its nonfederal account. The Committee also agreed to not make any expenditures in excess of \$5,000 until the debt to its nonfederal account has been paid in full.

—Meredith E. Metzler

## Nonfilers

### Congressional Committees Fail to File Reports

The Brenner for U.S. Senate Committee failed to file a July Quarterly Report. The Redwing Ron Committee failed to file a 12-Day Pre-Primary Report for the August 3, 2006, Tennessee primary election and the Nevenich for Congress Committee failed to file a 12-Day Pre-Primary Report for the August 15, 2006, Nevada primary election.

Prior to the reporting deadlines, the Commission notified all affected committees of their filing obligations. Committees that failed to file the required reports were subsequently notified that their reports had not been received and that their names would be published if they did not respond within four business days.

The Federal Election Campaign Act requires the Commission to publish the names of principal campaign committees if they fail to file 12-day pre-election reports or the quarterly report due before the candidate's election. 2 U.S.C. §437g(b). The agency may also pursue enforcement actions against nonfilers and late filers on a case-by-case basis.

—Meredith E. Metzler

## Reports

### FEC to Email Report Notices

As part of its continuing migration toward electronic communications with its constituents, the Federal Election Commission will send reporting notices for the October 15 quarterly report both on paper and by email. Committees that have disclosed an email address on their Statement of Organization (FEC Form 1) will notice that their electronic reporting reminder arrives well before the paper copy comes in the mail. Of course, improved timeliness is only one of the advantages of electronic communications. Email will offer opportunities for new types of communications and will simplify the process of providing information tailored specifically to each committee's needs, all while saving tax dollars.

All political committees are encouraged to provide a current email address on their Statement of Organization (FEC Form 1), and committees that file electronically must provide one. The Commission recognizes that disclosing a personal email address on a public document may raise privacy concerns. For that reason, committees may wish to create a separate email account intended solely for this purpose. As the agency begins to communicate with committees electronically, keeping that email address current will be essential. Keep watching for more information about this exciting new program and be sure to keep your committee's email address current on your Form 1. (The form is available from the Commission or on its web site at <http://www.fec.gov/info/forms.shtml>.)

### Ohio 18th District Special Election Reporting

On September 14, 2006, Ohio's 18<sup>th</sup> Congressional District will hold a Special Republican Primary to choose a replacement for U.S. Representative Bob Ney on the November general election ballot. Committees involved in this election must follow the reporting schedule below, unless they file on a monthly schedule. PACs and party committees that file monthly should continue to file according to their regular filing schedule. Note that 48-hour notices are required of authorized committees that receive contributions of \$1,000 or more between August 26 and September 11. Political committees and other persons must file 24-hour notices of independent expenditures that aggregate at or above \$1,000 between August 26 and September 12. This requirement is in addition to that of filing 48-hour notices of independent expenditures that aggregate \$10,000 or more at other times during a calendar year. The 30-day electioneering communications time period in connection with the primary runs from August 15 through September 14.<sup>1</sup>

#### Committees Involved in the Special Primary File:

	Close of Books <sup>2</sup>	Reg./Cert./Overnight Mailing Date <sup>3</sup>	Filing Date
Pre-Primary	August 25	August 30	September 2 <sup>4</sup>
October Quarterly	September 30	October 15	October 15 <sup>4</sup>

<sup>1</sup> Individuals and other groups not registered with the FEC who make electioneering communications costing more than \$10,000 in the aggregate in the calendar year must disclose this activity to the Commission within 24 hours of the distribution of the communication. See 11 CFR 100.29 and 104.20.

<sup>2</sup> This date indicates the end of a reporting period. A reporting period always begins the day after the closing date of the last report filed. If the committee is new and has not previously filed a report, the first report must cover all activity that occurred before the committee registered.

<sup>3</sup> Reports filed electronically must be submitted by midnight on the filing date. A committee required to file electronically that instead files on paper reporting forms will be considered a nonfiler. Reports filed on paper and sent by registered or certified mail must be sent by postmarked by the mailing date (please note that a certificate of mailing is not an acceptable method). If using overnight mail, the delivery service must receive the report by the mailing date. "Overnight mail" includes Priority or Express Mail having a delivery confirmation, or an overnight delivery service with an online tracking system and scheduled for next day delivery service. Reports sent by other means must be received by the Commission's close of business on the filing date.

<sup>4</sup> Notice that this deadline falls on a holiday or weekend. Filing dates are not extended when they fall on nonworking days.



## Statistics

### Congressional Candidates Raise \$893.6 Million Through June 30

Congressional campaigns raised a total of \$893.6 million in the first 18 months of the 2006 cycle, a 12 percent increase from the comparable period of the 2003-2004 campaign. From January 1, 2005 to June 30, 2006, 2,080 Senate and House candidates spent \$515.3 million, 6 percent more than in 2004, and reported \$575.5 million in cash on hand, a 19 percent increase from 2004.

Contributions from individuals were the largest source of candidate support with \$554 million and 62 percent of the total. PACs contributed 12 percent of the total with \$232 million, while candidates themselves contributed or loaned \$75.5 million to their own campaigns, eight percent of all receipts. Compared with the same period in 2004, contributions from individuals grew 14 percent and PAC contributions increased by 23

percent, while contributions and loans from candidates to their own campaign fell 22 percent.

#### Additional Information

Additional information is available in a Press Release dated August 3, 2006, which is available on the FEC web site at <http://www.fec.gov/press/press2006/2006News.shtml>. The release provides:

- An overall summary of all Senate and House campaigns based on political party and candidate status (incumbent, challenger, and open seat);
- Median activity for various types of House races and comparisons with prior elections;
- House campaign fundraising from April 1, 2006 through June 30, 2006 only;
- Comparable statistics for seven campaign cycles;
- Six-year financial summaries for 2006 Senate candidates through March 31, 2006; and
- Top 50 rankings of candidates in various categories.

—Meredith E. Metzler

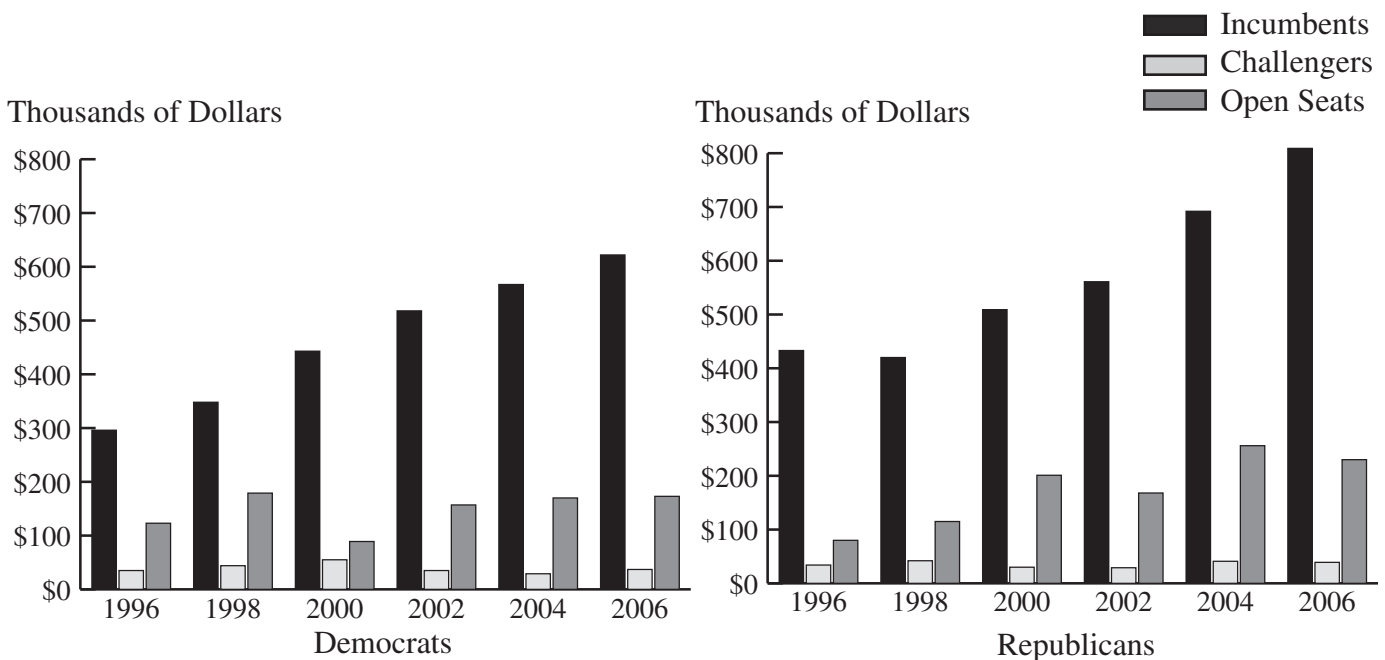
### Major Parties Raise \$695M

The Democratic and Republican parties reported raising \$695 million in hard money at the national, state and local levels during the first 18 months of the 2006 election cycle—six percent less than they raised during the comparable period in 2004 and eight percent less than in 2002, the last midterm election.

The 2006 election cycle is the second in which national parties are prohibited from receiving soft money—funds from sources or in amounts not permitted in federal elections. The accompanying graph on page 9 compares hard money fundraising by national party committees from January 1, 2005 through June 30, 2006 with hard and soft money receipts from previous cycles.

During this 18-month period, Democratic Party committees reported raising \$289.3 million, an increase of four percent over the same period in 2004. Republican Party committees raised \$405.7 million—13 percent less than 2004. Federal fundraising

### Median Receipts of House Candidates Through June 30 of an Election Year—1996-2006





by parties has often been stable or even declined slightly in cycles without a Presidential campaign. While Democrats closed the gap in fundraising with their Republican counterparts, Republican Party committees still raised \$116 million more than Democrats through June.

The greatest percentage increase in fundraising came from the Democratic Senate Campaign Committee (DSCC), whose \$73 million total was 48 percent higher than the comparable 2004 period. The Democratic Congressional Campaign Committee (DCCC) increased its receipts by 37 percent to \$76.6 million. The National Republican Senatorial Committee (NRSC) had an increase of 24 percent from the last election cycle, with receipts of \$62.6 million.

Contributions from individuals continue to be the largest source of funds for all party committees, representing more than 77 percent of Democratic Party funds and 89 percent of Republican funds. Contributions by PACs, whose limits were generally not changed by the BCRA, accounted for 10 percent of all Democratic party receipts and 8 percent of all Republican party receipts. The Bipartisan Campaign Reform Act of 2002 (BCRA) increased contribution limits for individuals giving to national party committees. The limit increased from \$20,000 per year prior to passage of the BCRA to \$25,000 annually in 2003-2004 and \$26,700 annually in 2005-2006, due to indexing for inflation.

Transfers to party committees from the campaign committees of Members of Congress have comprised an increasing role in party finance in recent cycles. Democratic House members' campaigns accounted for 20 percent of the funds raised by the DCCC through June 2006. Republican members'

campaign contributions accounted for eight percent of the total for the NRSC.

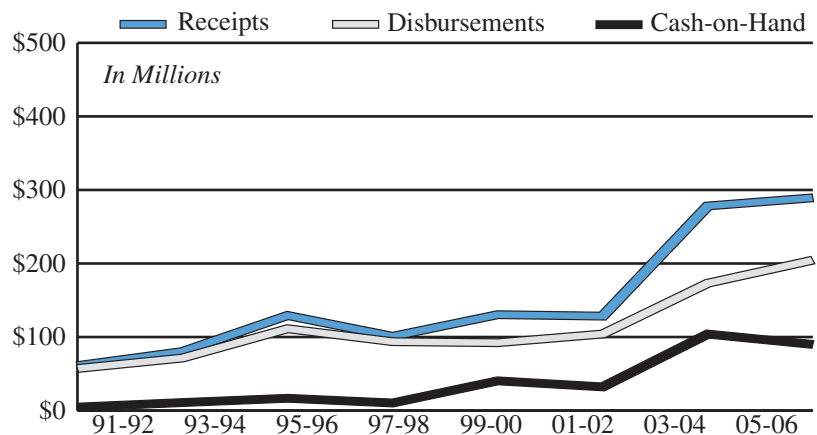
BCRA included a provision permitting state and local parties to receive some limited funds raised under federal and state law for purposes indirectly affecting federal elections, such as get-out-the-vote activities. Thus far, 31 party committees have reported raising \$342,000 of these funds, called "Levin funds." The committees

reported spending \$197,000 in Levin funds.

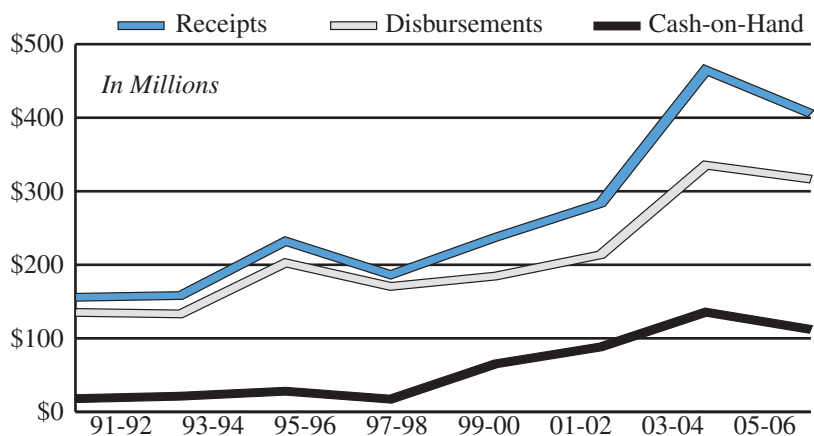
Spending by Democratic party committees increased 18 percent over 2004 levels to \$204.6 million. Republican committees have spent \$316.5 million, six percent less than 2004. Overall, Republican party committees reported cash balances of \$112.1 million with debts of \$2 million, and

*(continued on page 10)*

### Democratic National, Senatorial, Congressional & State/Local Party Committee Totals Through June 30 of an Election Year



### Republican National, Senatorial, Congressional & State/Local Party Committee Totals Through June 30 of an Election Year



## Enforcement Query System Available on FEC Web Site

The FEC continues to update and expand its Enforcement Query System (EQS), a web-based search tool that allows users to find and examine public documents regarding closed Commission enforcement matters. Using current scanning, optical character recognition and text search technologies, the system permits intuitive and flexible searches of case documents and other materials.

Users of the system can search for specific words or phrases from the text of all public case documents. They can also identify single matters under review (MURs) or groups of cases by searching additional identifying information about cases prepared as part of the Case Management System. Included among these criteria are case names and numbers, complainants and respondents, timeframes, dispositions, legal issues and penalty amounts. The Enforcement Query System may be accessed on the Commission's web site at [www.fec.gov](http://www.fec.gov).

Currently, the EQS contains complete public case files for all MURs closed since January 1, 1999. In addition to adding all cases closed subsequently, staff is working to add cases closed prior to 1999. Within the past year, Alternative Dispute Resolution (ADR) cases were added to the system. All cases closed since the ADR program's October 2000 inception can be accessed through the system.

## Statistics

(continued from page 9)

Democratic committees held \$89.9 million in cash on hand and \$2 million in debts.

For more information on party committee statistics, please see the July 31, 2006 Press Release entitled, "Party Financial Activity Summarized" on the FEC web site at [www.fec.gov/press/press2006/2006News.shtml](http://www.fec.gov/press/press2006/2006News.shtml). This release includes extensive statistics such as:

- Democratic Party Committee Financial Activity;
- Republican Party Committee Financial Activity;
- Transfers from Candidate Committees;
- Joint Fundraising and Campaign Committee Transfers to Party Senate Committees; and
- National Party Transfers to States.

—Meredith E. Metzler

## Semi-Annual PAC Count Shows Slight Increase in 2006

The number of federally registered political action committees (PACs) increased slightly during the first half of 2006, from 4,210 on January 1, 2006 to 4,217 on July 1, 2006.

Corporate PACs remain the largest category, with 1,621 committees. Nonconnected PACs are the second-largest group, with 1,233 committees. The chart below shows the complete mid-year and year-end PAC figures since 2000.

A complete listing of PAC statistics since 1974 is available in the agency's July 14, 2006 press release. The press release is available on the FEC web site at <http://www.fec.gov/press/press2006/2006News.shtml> or by calling the FEC's Public Disclosure and Press offices at 800/424-9530.

—Meredith E. Metzler

## Semiannual PAC Count—2000-2006

	Corporate	Labor	Trade/ Member/ Health	Coop- erative	Corp. w/o Capital Stock	Non- connected <sup>1</sup>	Total
Jan. 00	1,548	318	844	38	115	972	3,835
Jul. 00	1,523	316	812	39	114	902	3,706
Jan. 01	1,545	317	860	41	118	1,026	3,907
Jul. 01	1,525	314	872	41	118	1,007	3,877
Jan. 02	1,508	316	891	41	116	1,019	3,891
Jul. 02	1,514	313	882	40	110	1,006	3,865
Jan. 03	1,528	320	975	39	110	1,055	4,027
Jul. 03	1,534	320	902	39	110	1,040	3,945
Jan. 04	1,538	310	884	35	102	999	3,868
Jul. 04	1,555	306	877	34	97	1,174	4,040
Jan. 05	1,622	306	900	34	99	1,223	4,184
Jul. 05 <sup>2</sup>	1,646	302	936	37	103	1,267	4,291
Jan. 06	1,622	290	925	37	103	1,233	4,210
Jul. 06	1,621	283	935	40	105	1,233	4,217

<sup>1</sup> Nonconnected PACs must use their own funds to pay fundraising and administrative expenses, while the other categories of PACs have corporate or labor "connected organizations" that are permitted to pay those expenses for their PACs. On the other hand, nonconnected PACs may solicit contributions from the general public, while solicitations by corporate and labor PACs are restricted.

<sup>2</sup> During the second six months of 2005, 189 PACs were administratively terminated for inactivity.

## Index

The first number in each citation refers to the numeric month of the 2006 Record issue in which the article appeared. The second number, following the colon, indicates the page number in that issue. For example, "1:4" means that the article is in the January issue on page four.

### Advisory Opinions

- 2005-16: Press Exemption Applied to Web Sites, 1:11
- 2005-18: Candidate May Host Radio Program, 1:12
- 2005-19: Radio Program Qualifies for Press Exemption, 2:3
- 2005-20: Payroll Deduction for LLP PAC, 3:8
- 2006-1: Committee May Accept Discount in Normal Course of Business, 4:4
- 2006-2: LLC Does Not Qualify as Membership Organization, 4:4
- 2006-3: Common Username and Password Acceptable for SSF Web Site, 5:6
- 2006-4: Candidate Contributions to Ballot Initiative Committee, 5:6
- 2006-6: Millionaires' Amendment Applied to California Special Election, 4:5
- 2006-7: Committee May Promote Candidate's Book on Web Site, 6:4
- 2006-8: Corporation Collecting and Forwarding Contributions from Individuals to Political Committees, 6:4
- 2006-9: SSF's Treatment of Checks Received from Partnerships, 6:5
- 2006-10: LLC's PSAs Permissible under FECA, 8:5
- 2006-11: Allocation of Payment for Mass Mailings, 6:5
- 2006-12: Labor Organization Affiliation During Merger, 6:6
- 2006-13: Candidate's Compensation According to Firm's Plan is not a Contribution, 6:7
- 2006-14: SSF's Solicitation of the General Public for Earmarked Contributions to Candidates, 9:3

- 2006-15: Domestic Subsidiaries of Foreign Corporation May Donate to State and Local Elections, 7:5
- 2006-16: Misappropriated Funds, 6:8
- 2006-17: Berkeley Electric Cooperative, Inc., 8:6
- 2006-18: Committee May Promote Candidate's Book Sales, 8:8
- 2006-19: Local Party Communications Not FEA, 7:5

### Compliance

- Administrative Fine Program Extended, 1:15
- Administrative Fine Update, 5:9
- Alternative Dispute Resolution Update, 1:15, 2:7, 3:9, 5:10, 7:9, 9:5
- MURs 5305 & 5398: Corporate and Excessive Contributions in the Name of Another, 5:8
- MUR 5388: Accepting Excessive Contributions, 6:2
- MUR 5390: Chartered Corporation Pays Record \$3.8M Civil Penalty, 6:1
- MUR 5453: Excessive and Prohibited Contributions, 4:8
- MUR 5628: Contributions in the Name of Another, 1:14
- MUR 5635: No-Risk Contract Results in Corporate Contributions, 2:6
- MUR 5648: Millionaires' Amendment Reporting, 9:6
- MUR 5675, Improper Financial Reporting, 9:6
- Nonfilers, 7:8, 8:9, 9:6
- Policy Statement on Payroll Deduction Recordkeeping, 8:1
- Record Civil Penalties in First Six Months of 2006, 9:1
- Sharpton Repayment Agreement, 2:6

### Correction

- 2006 Coordinated Party Expenditures, 4:11
- Reports Due in 2006, 2:10

### Court Cases

- \_\_\_\_ v. FEC
  - CCL, 5:7, 6:3
  - CREW, 1:13
  - Davis, 8:1
  - EMILY's List, 2:5
  - LaRouche, 4:7

- Liffbrig v. FEC, 2:5
- Kean for Congress, 3:7
- Shays II, 6:1
- Shays III, 9:1
- Wisconsin Right to Life, 3:1
- FEC v. \_\_\_\_
  - Club for Growth, 8:2
  - Kalogianis, 3:8
  - Reform Party, 1:13
- Randall v. Sorrell, 8:3

### Information

- FEC Names New Staff Director, 8:9
- IRS Report on Political Activity Compliance by Exempt Organizations, 4:9

### Party Activities

- 2006 Coordinated Party Expenditure Limits, 3:5

### Regulations

- Coordinated Communications
  - NPRM, 1:2; final rules, 7:1
- Electioneering Communications, final rules, 2:1
- FEA final rules, 3:2
- FEA interim final rule, 5:3
- Internet final rules, 5:1
- Petition for Rulemaking, EC Exemption, 4:2
- Public Hearing on Coordinated Communications, 3:3
- Revised E&J for "Agent," 3:1
- Solicit and Direct, final rules, 4:1
- State, District and Local Party Committee Wages, final rules, 1:3

### Reports

- Alabama Primary Runoff Delayed, 6:9
- April Quarterly Reporting Reminder, 4:1
- California Special Election Reporting: 50th District, 2:4
- Connecticut Convention Reporting Dates, 6:9
- Due in 2006, 1:4, 2:10
- FECfile Update, 3:11
- FEC Form Instructions Revised, 6:9
- FEC to Email Report Notices, 9:7
- July Reporting Reminder, 7:1
- Ohio 3rd District Special Election Reporting, 9:4

*(continued on page 12)*

**Index**

*(continued from page 11)*

Ohio 18th District Special Election Reporting, 9:7  
Texas Special Election Reporting, 9:3

**Statistics**

Congressional Campaigns Raise \$657.2M, 7:6  
Congressional Campaigns Raise \$893.6M, 9:8  
Major Parties Raise \$555.2M, 7:7  
Major Parties Raise \$695M, 9:8  
PACs Raise \$477.4M in 2005, 4:7  
Party Committees Raise Over \$430 Million, 5:10  
Semi-Annual PAC Count Shows Slight Increase in 2006, 9:10  
Senate Fundraising Figures, 2:8

**Web Site**

Administrative Fines Calculator, 2:10  
Commission Calendar Always Up-To-Date, 1:18  
E&J Compilation Now Available on FEC Web Site, 4:10  
E-mail @ FEC.gov, 7:10  
FEC Web Site Presents Podcasts, 2:9  
FEC Launches Treasurers' Web Page with RSS, 7:10  
New Search Engine for FEC Web Site, 4:10

FEDERAL ELECTION COMMISSION  
999 E Street, NW  
Washington, DC 20463

Official Business  
Penalty for Private Use, \$300

PRESORTED STANDARD  
U.S. POSTAGE  
PAID  
FEDERAL ELECTION COMMISSION

