



FEDERAL ELECTION COMMISSION
Washington, D. C. 20463

OFFICE OF THE VICE CHAIRMAN

STATEMENT OF VICE CHAIRMAN DAVID M. MASON

AND

COMMISSIONER HANS A. von SPAKOVSKY

ON

FINAL AUDIT REPORT ON KERRY-EDWARDS 2004, INC.

The Commission voted today to approve, 5-0, a Final Audit Report on Kerry-Edwards 2004, Inc. and Kerry-Edwards 2004, Inc. General Election Legal and Accounting Compliance Fund.¹ We write separately to address briefly the issue of "hybrid advertisements." This issue was raised in the Bush-Cheney '04, Inc. Final Audit Report, and addressed extensively in the Commissioners' separate statements.² Kerry-Edwards 2004, Inc. aired materially indistinguishable "hybrid advertisements," sharing the costs equally with the Democratic National Committee, shortly after Bush-Cheney '04, Inc. and the Republican National Committee did so.

In a previous statement, we explained why the Bush-Cheney/RNC advertisements were consistent with Commission regulations and precedent and in complete compliance with the Federal Election Campaign Act ("FECA"). Three of our colleagues disagreed, believing that the 50% - 50% cost allocation was contrary to law.

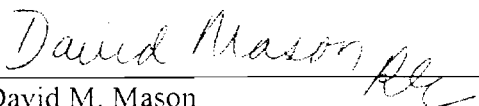
For the same reasons expressed in our earlier statement, the Kerry-Edwards/DNC advertisements were also consistent with Commission regulation and precedent. Had the opposing view carried the day, the Kerry-Edwards 2004 campaign would today be deemed to have improperly accepted over \$11,000,000 in in-kind contributions from the Democratic

¹ The Audit Division's report is available at <http://www.fec.gov/agenda/2007/mtgdoc07-37.pdf>. The Commission did not accept all recommendations made by the Audit Division, and made four revisions at the table.

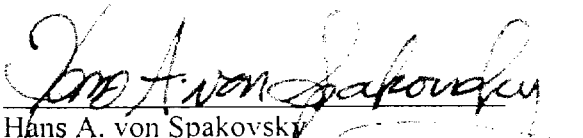
² The Bush/Cheney '04 Final Audit Report is available at: http://www.fec.gov/audits/2004/20070322bush_cheney_compliance_04.pdf. The Statement of Vice Chairman Mason and Commissioner von Spakovsky is available at: http://www.fec.gov/members/von_Spakovsky/speeches/statement20070322.pdf. The Statement of Chairman Lenhard and Commissioners Walther and Weintraub is available at: <http://www.fec.gov/members/lenhard/speeches/statement20070321.pdf>. An additional Statement of Commissioner Weintraub is available at: <http://www.fec.gov/members/weintraub/audits/statement20070322.pdf>.

National Committee, and would now owe this amount to the U.S. Treasury. However, no such repayment is due for these advertisements because the actions of the campaign and the DNC in sharing the costs were in full compliance with the law.

May 31, 2007



David M. Mason
Vice Chairman



Hans A. von Spakovsky
Commissioner