

Mr. Corbin T. Jones  
Federal Election Commission  
Senior Campaign Finance Analyst  
Reports Analysis Division  
999 E Street, NW  
Washington, DC 20463

Identification Number: C00110478

Reference: Negative Ending Cash Balance for July Quarterly Report (4/1/08 - 6/30/08)

Dear Mr. Jones:

This response is in reference to your letter dated August 8, 2008 concerning Peabody Energy PAC's negative ending cash balance.

An analysis of the balances has determined that Peabody's PAC checking account has \$5,369.00 more than what is reflected in the FEC ending balances. This exact amount has been traced back to the November 28 - December 31, 2006 reporting period. Efforts are still underway to determine what happened prior to this period that would cause such a discrepancy.

Several controls are now in place to prevent a similar situation from occurring:

The checking account is balanced daily by accessing the account via the Internet and using a spreadsheet to track the activity and confirm the totals.

In addition, a spreadsheet has been developed to confirm these facts:

- 1) The deposits made to the checking account match the receipts reported to the FEC (taking into consideration the occasional timing difference - for instance, a check issued for payroll deduction contributions late in the month may not be deposited until early the next month)
- 2) The debits hitting the checking account match the disbursements reported to the FEC (again taking into consideration the timing differences - checks typically do not clear the bank account within the month they are reported to the FEC)
- 3) The payroll contribution deduction report, one-time contributions and checking account interest earned for the period are in agreement with the receipts reported to the FEC and deposits made to the checking account
- 4) The discrepancy in ending balances is determined (which, as stated previously indicates \$5,369.00 more in the checking account than the FEC ending balance)

As you suggested, a reconciling entry will be submitted with the September 20 Monthly Report. Once the reconciling entry has been made, the ending balances will continue to be monitored to assure no discrepancies arise.

Once the reason(s) for the discrepancy is determined, Amendments will be filled if necessary. Investigation into this matter is ongoing and Peabody PAC staff will make every effort possible to identify the factors that contributed to this difference.

Please accept my apology for this situation occurring and do not hesitate to contact me should you have questions

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**ETEXT ATTACHMENT**

Sincerely,

Walter L. Hawkins, Jr.  
Peabody PAC Treasurer