ETEXT ATTACHMENT

09/26/2002 21 : 44

September 26, 2002

Antoinette Kitchen
Senior Campaign Finance Analyst
Reports Analysis Division
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: Amended Mid-Year End Report (1/1/01 -6/30/01)
Amended Year End Report (7/1/01-12/31/01)

Dear Ms. Kitchen:

This letter is the response of The Madison Project Inc. to your letter of September 11, 2002. Your letter requested additional information regarding certain information contained in the above-listed reports. Specifically, you described a "transfer(s) for 'Overhead Expenses' to the Madison Project State Account which appears to be a non-federal account of your committee."

The Madison Project Inc. is a bundling PAC. During the period covered by the reports listed above, The Madison Project did not make any contributions to candidates, either federal or state, from either account. Except for one mailing, done at most once every two years, all activities are federal. Therefore, except for a de minimis amount of activity, all administrative expenses relate to federal activities. Furthermore, this de minimis non-federal activity was paid for using non-federal funds.

The Madison Project Inc. does indeed have two bank accounts. When invoices for administrative expenses are received, the Madison Project transfers money from its federal account to the other account to pay the expenses. The other account, in a sense, serves as a separate allocation account. All administrative expenses are paid for with federal funds. In other words, the other account is not "reimbursed" by the federal account for administrative expenses, thus potentially becoming a loan, because administrative expenses are paid with federal funds that are deposited into the account shortly before payment.

Nevertheless, The Madison Project will pay all administrative expenses connected with its federal activities out of its federal fund starting with the quarter beginning on October 1, 2002.

Heidi K. Abegg, an attorney for The Madison Project, spoke with Ms. Kitchen on September 26, 2002 regarding whether The Madison Project needed to file amended reports, in light of the above explanation, and if so, how to amend these reports. Ms. Kitchen stated that she could not tell The Madison Project how to amend its reports. Because no non-federal funds were used to pay federal administrative expenses, and no allocation of administrative expenses could be made because non-federal activities were de minimis, The Madison Project will not amend its reports absent guidance from the Commission.