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Clean Up Congress  
6010 Claiborne Dr.  
McLean, VA 2201  
April 20, 1995

Jan McBride  
Reports Analysis Division  
FEC  
Washington, DC 20463

Identification Number: C00245456

Reference: 30 Day Post-General Report (10/20/94-11/26/94)

Dear Ms. McBride,

In your April 5, 1995 letter, you asked why our report included independent expenditures that fell outside the reporting period. I have answered this exact same question 3 previous times. Please refer to my earlier answers. Upon reading them, if you have further questions, I will be happy to answer them.

On the other hand, if I am asked this same exact question again, I hope you will forgive me for simply ignoring the question.

Your letter also asked about Clean Up Congress' negative cash balance. I will reply to that question in a separate letter.

Sincerely,



Woody Holton  
Director and Treasurer

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Year End Report (11/29/94-12/31/94)

Dear Ms. McBride,

Your two letters of April 5, 1995 asked why Clean Up Congress disclosed a negative cash balance on its last two reports of 1994.

I am not surprised to find that I handled this problem incorrectly. I was very unsure what to do. I apologize for my mistake. Now let me explain the source of the problem so that you can advise me on how I should repair it.

Clean Up Congress reported a negative cash balance for four reasons:

1. we overdraw our checking account. We bounced several checks. When I realized that we were overdrawn, I withheld several checks that I had written. One check, to Production Solutions, I had to withhold for several months while we raised the money to keep it from bouncing. But I did not report this as a loan from Production Solutions, because it wasn't a loan. We did not have the permission of Production Solutions to withhold the money from them. (In fact Production Solution was less than pleased that we kept putting them off.) A few weeks ago we finally raised enough money to send Production Solutions their check. (By that time they had sent us an additional bill, so I voided the original check that I had been withholding and wrote a new, larger one to Production Solutions.) On our next FEC report, I will report the additional amount that we have paid Production Solutions (the difference between the original expenditure that we reported and the check that I finally sent off a few weeks ago).

2. Several of the checks I had written had not been cashed. Over the years CUC has accumulated several hundred dollars' worth of money in our bank accounts that are not reflected in the cash balances that we report to the FEC on our reports. This

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is because a significant number of the checks that I write — and report as expenditures to the FEC — are never cashed.

This raises a couple of questions. Would you prefer that we compile our expenditure reports using our bank statements rather than our checkbook? This would eliminate the disparity between the real and the reported cash balance. Or, because bank statements often don't arrive in time to fill out FEC reports, I would propose that, if a check is not cashed 6 months after it is written (at which time it becomes void), I should report its amount to the FEC as "other income." Please tell me what procedure you would like me to follow.

3. We showed a negative cash balance partly because Clean Up Congress was waiting for payments from several stores that had sold our "Oliver North's Pack of Lies" on consignment. There is no way to report "Accounts Receivables" on the FEC report. So we reported our actual cash situation, even though we knew that the stores would eventually send us the payment for the cards and help us eliminate our negative cash balance.

4. I made some sort of math error in earlier FEC reports so that our cash balance going into the fall of 1994 was actually somewhat higher than I thought it was. I am still trying to find my math error. If your staff can audit our reports and find the math error, I would very much appreciate it. I really do think it is a math error and not a failure to report income. (Certainly if there was a failure to report income, it was a mistake and not intentional.) And we couldn't have over-reported our expenditures, so it must be a math problem. Hopefully if we both try to find the error, one of us will.

Your letter also asked about Clean Up Congress' reporting of independent expenditures that fell outside the reporting period. I will reply to that question in a separate letter.

Sincerely,



Woody Holton  
Director and Treasurer

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