

May 24, 2007

By Courier

Sally Bacon
Reports Analysis Division
Federal Election Commission
c/o United States Senate
Office of the Secretary
Office of Public Records
232 Hart Senate Office Building
Washington, DC 20510

Re: Matt Brown for U.S. Senate, FEC ID No. C00409722

I am responding on behalf of Matt Brown for U.S. Senate ("the Committee") to your letters dated April 24, 2007.

First, with respect to the letter regarding reporting the interest rate on Schedule C of the Amended 2006 Year-End Report filed on April 2, 2007, I understand that you have informed Brian Foucart of PCMS, LLC, the professional report preparation firm that the Committee has retained, that this letter was sent in error because the interest rate in fact was reported and the amendment did not pertain to Schedule C.

Second, with respect to the letter regarding the Amended July Quarterly Report dated April 2, 2007, you state that the amended report reflects "a substantial increase in the amount of debt" as compared with the "original filing, dated 4/14/2006," and you request that the Committee "clarify why this additional activity was not provided with [its] original filing."

In a letter dated August 1, 2006, in response to an RFAI dated July 5, 2006, regarding the Amended April 2006 Quarterly Report filed on April 26, 2006, the Committee explained fully why it first disclosed certain debts in that amendment. As explained below, the circumstances we described there persisted and affected the original July Quarterly report. (Please note that the FEC website twice incorrectly lists that letter as an "amend[ed]" report rather than as a "Miscellaneous Report to FEC.") Specifically, nine of the 22 entries on Schedule D of the amended April 2006 Quarterly Report were inadvertently or unavoidably omitted from the original report. Virtually all of those obligations reflected bills by vendors of political consulting and other services to the campaign. Numerous invoices were received late, and in several cases the committee had to review its records and those of the vendor in order to reconcile conflicting information and ascertain amounts that were due, efforts that took place after the original report was filed. Additionally, during April 2006 the campaign experienced significant political and

financial setbacks, layoffs of staff and changes in management that interfered with its operations, including its ability to prepare and file the original April Quarterly Report. These problems culminated on April 26 with the candidate's withdrawal from the election. Despite these problems, an effort was made immediately after the original April filing to review and correct the Schedule D information, and the amended report was then immediately filed, all without any complaint or inquiry from the Commission or any other external source.

After the candidacy ended, the campaign experienced a loss of staff and was unable to raise significant funds. As a result, and due to problems similar to those that beset the filing of the original April report, the original July 2006 Quarterly Report also reflected some inadvertent and unavoidable errors in Schedule D, the campaign – again without external prompting – within 10 days discovered this and filed an amended report in early August that disclosed virtually all of the originally omitted portion of the debt.

Most recently, the Committee engaged a professional report preparation firm in order to ensure its compliance with the Act, including the timely and accurate submission of required reports based on sound internal accounting. In the course of that firm's analysis and records review, and in the Committee's preparation of its recently filed Form 8 debt settlement plan, several figures were corrected or updated on Schedule D. Accordingly, last month the Committee amended its reports since the April 2006 Quarterly Report in order to reflect those final calculations. *Indeed, the accuracy of Line 10 and Schedule D of the July Quarterly Report as now amended is confirmed by the fact that all of the Committee's remaining creditors (with the exception of just one, Jocelyn Augustino, who is owed \$5,562.54 – just 1.5% of the Line 10 total -- and has not responded to the Committee's repeated letters seeking her agreement to the plan) have agreed that the figures are accurate by endorsing and signing the Committee's debt settlement plan.*

In sum, the Committee is acting in good faith in order to wind up its affairs in full compliance and has corrected the reporting deficiencies that previous reports reflected. While the Committee regrets the circumstances that have necessitated its amendments to its original July Quarterly Report, the errors were unintentional, the Committee realized that further review was necessary and on its own initiative has taken action to resolve its administrative problems, there has been no prejudice to the public, and the Committee has taken steps to ensure that it is functioning properly. As noted, it is following Commission procedures in order to settle its debts and it intends to wind up its affairs and terminate upon completion of that process.

Please let me know if you have any additional questions about this matter. Thank you for your consideration.

Yours truly,

Laurence E. Gold
Counsel to Matt Brown for U.S. Senate

cc James Vincent
Matthew Brown
Brian Foucart