

Perkins
Coie

RECEIVED
FEC MAIL CENTER

2007 SEP - 7 PM 12: 45

Caroline P. Goodson
PHONE 202 434 1610
FAX 202 434-1690
EMAIL cgoodson@perkinscole.com

607 Fourteenth Street NW
Washington, D.C. 20005-2011
PHONE 202.628.6600
FAX 202 434 1690
www.perkinscole.com

September 7, 2007

BY HAND DELIVERY

Jeff S. Jordan, Esq.
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: MUR 5929

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
2007 SEP - 7 PM 3: 14

Dear Mr. Jordan:

On behalf of Larry Kissell for Congress and Almetta Armstrong, as treasurer (collectively, the "Committee"), I write to respond to the complaint filed against the Committee by the National Republican Congressional Committee concerning the Committee's reporting (the "Complaint").

Mr. Kissell was a first-time House candidate in the 2006 race for North Carolina's 8th Congressional District, and was defeated in the general election. A social studies teacher and former textile worker, Mr. Kissell did not have prior experience with federal campaigns, nor did several of the volunteers who assisted the Committee with its FEC reports.

In reviewing its records regarding the issues raised in the Complaint, the Committee discovered that it needed to make improvements to its compliance operation in order to correct its past reports and to ensure that, in the future, its reports will be filed accurately. To that end, the Committee recently hired Whitney Burns, a compliance specialist with over 25 years of experience in assisting committees with FEC recordkeeping and reporting requirements. Ms. Burns is working closely with the Committee to review its records, assist with amendments to its reports, and establish policies and procedures for ensuring greater compliance in the future.

The Complaint raises several questions about the Committee's reporting, each of which shall be addressed below.

Mr. Jordan
September 7, 2007
Page 2

As noted in the Complaint, Mr. Kissell lent \$10,000 to the Committee on February 11, 2006, which the Committee repaid in July 2006. When the Committee switched to a new software vendor, however, the repayment of the loan was not linked to the initial loan, and as a result, appeared in the Committee's new database as an unpaid loan, which led to overreporting of the loan. The Committee is amending its reports to reflect the fact that the loan was indeed paid off in July 2006.

The Complaint also refers to a \$25,000 loan from Mr. Kissell to the Committee, incurred on April 20, 2006. This loan was during the primary election, but was described incorrectly on the Committee's report as made for the general election. The loan was repaid in installments during the fourth quarter of 2006 and the first quarter of 2007, and as of June 30, 2007, the remaining balance on this loan was \$2,500. The Committee is amending its reports to reflect that the balance of this loan from the primary remained unpaid as of June 30, 2007.

Finally, the Complaint refers to funds that Mr. Kissell lent to the Committee to pay directly for supplies, signs, and other campaign expenses. The Committee acknowledges that it was uncertain as to how to treat these "in-kind loans" on its reports, but it did disclose these transactions as payables to Mr. Kissell on Schedule D, consistent with the Commission's guidance for disclosing nontravel advances made and reimbursed in different reporting periods. *See* 2004 Campaign Guide for Congressional Candidates and Committees, Chapter 14:11. The Committee is amending its reports to ensure that the public record is complete concerning Mr. Kissell's payment for these campaign expenses using his personal credit card, and to reflect that Mr. Kissell has not yet been fully reimbursed for these expenses.

The Committee's reporting errors have been inadvertent and are in no way an attempt at "hiding something from the public," as the Complaint maliciously speculates. In light of the Committee's inexperience, and the steps it has taken to correct the public record and ensure that its reporting errors from the past are not repeated, the Committee has acted in good faith and made best efforts to resolve the issues raised in the Complaint. The Committee looks forward to working closely with its analyst in the Commission's Reports Analysis Division to address any questions or concerns about its reports.

Thank you for your attention to this matter. Should the Commission require additional information about any of the Committee's amendments, please do not hesitate to contact me at (202) 434-1610.

