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FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

Pulaski, VA 24301  
3<sup>rd</sup> February 2000

FEB 4 3 21 PM '00

*MUR 4968*

General Counsel,  
Federal Election Commission  
999 E Street, NW.  
Washington, DC 20463

**Re: Complaint to the Federal Election Commission pursuant to 11 CFR §111.4 and 2 U.S.C. 437g(a)(1):**

**Re: Possible FEC violations in "Perot96" and "Reform Party of the United States of America (RPUSA)" (two totally separate entities) reporting to the FEC.**

A group of Reform Party members, upon finding what they perceived to be possible infractions of the Federal Election Commission laws, met via e-mail for a period of over two months in an attempt to ferret out information from the people responsible for those reports: Ross Perot and his Treasurer Michael Poss; Russell Verney and his Treasurer Michael Morris.

Several months ago this small group of Reform Party members became aware that Michael Morris, Treasurer for Reform Party of the United States (RPUSA) had made a statement in response to an FEC inquiry about the lack of 'administrative expenses' in the RPUSA FEC reports.

A similar query about the 'lack of administrative expenses' was again sent to Michael Morris on December 22, 1999 by Scott Walker, Reports Analyst, with a follow up demand for response by John D. Gibson, Assistant Staff Director on January 13, 2000. Mr. Gibson apprised Mr. Morris that if he does not comply within 15 days either an audit or legal action may ensue. That deadline has now passed with no apparent response from Mr. Morris.

Michael Morris' response to the FEC (Mr. Scott Francis, Reports Analyst) April 30, 1998 stated: "Individuals on a volunteer basis operate the Reform Party. There are no rented premises, telephone numbers, office equipment, supplies, or salaries."

Upon our information and belief we submit that Mr. Morris' that statement is not accurate. The Perot96 FEC records clearly show that Russell Verney

and a staff of individuals were employed by Perot96 from August 28 1997 through February 28, 1999.

Some six staff members were retained AFTER the FEC audit of October 1997 through February 28, 1999, the 16 month period that is the main subject of this complaint.

Throughout this period these individuals worked in the Perot96 offices. Russell Verney was elected Chairman of the National Organizing Committee of RPUSA in January of 1997. He became the Party's first National Chairman at the first Convention in Kansas City, MO on November 2 1997.

Members of his Perot96 staff attended the Kansas City Convention from October 31-Nov 2<sup>nd</sup>, 1997. One, Mike Hicks, did most of the planning for the convention while salaried by Perot96 and attended the convention. Mike Hicks was appointed by Russell Verney to chair the second RPUSA Convention in Atlanta, GA in late September 1998, while still in the employ of Perot96.

Matthew Sawyer, attorney, drew up the AOR that was submitted to the FEC while in the employ of Perot96. Perot96 offices were used to conduct RPUSA business during the entire time from October 1997 until Perot96 closed at the end of February 1999.

Phone calls and e-mails were sent and received from the Perot96 offices on a daily basis during this period. Apparently the office equipment of Perot96 and the telephones at the Perot96 headquarters were used for RPUSA business.

Affidavits can be provided from various individuals who spoke by phone with these officers and 'volunteers' of RPUSA who were at that time on the payroll and in the employ of Perot96. These specific conversations pertained only to the business of RPUSA. The phone number called was 972-450-8800. The fax number used to communicate with this office for RPUSA business was 972-383-1695. These communications were always during the regular business hours of the Perot96 office.

During this specified 16 month period, [August 1997 through February 1999] the Perot96 records show large telephone expenditures, salaries for

employees, travel expenses, office expenses, that were, in our opinion, not in keeping with the 'winding down' process of this particular small Political Campaign, Perot96.

The administrative expenditures reported for RPUSA during that same time period were indeed sparse and properly brought questions from the FEC records analysts.

Our group of Reform Party members, being ever aware of our position requiring the 'highest ethical standards' for our government officials, felt that it was meet and right and our bounden duty to give the responsible officials in each entity the opportunity to 'self correct' if possible. It was and is our firm belief that our Party itself should set the example by having the highest ethical standards at ALL levels of this Party!

It was our fervent hope that amendments would be forthcoming that would correct any improprieties that existed. Unfortunately this did not happen.

After much discussion over this several month period that our group met to consider the right thing to do, this group of some 40+ Reformers, stated their desire to have us pose the following questions, Exhibit B1, to Ross Perot, Michael Poss, Russ Verney, and Michael Morris, with notification of these questions to the Executive Committee of RPUSA, and the incoming National Chair, Jack Gargan, and the incoming National Treasurer, Ronn Young. Jack Gargan and Ronn Young were given our 'report' as a warning that the books they were soon to inherit might contain major faults for which they might be responsible without exercise of caution.

Certified mail was sent to Ross Perot with a package inside for Michael Poss, Treasurer of Perot96, on December 20, 1999, USPS next day mail. The receipt per e/mail notice indicated that this package was delivered to Mr. Perot before noon on December 21, 1999.

Following the submission of the items and queries to Mr. Perot and Michael Poss, we sent e-mail packages containing the same information to Russell Verney, Michael Morris, the Executive Committee of RPUSA as of that date, Jack Gargan, then chairman elect, and Ronn Young, treasurer elect.

Copies of the items sent to these individuals are included as Exhibits A, B, C. and D. The letter from the FEC to Michael Morris inquiring about

administrative expenses and dated June 7, 1998 is attached as Exhibit E, and Michael Morris' reply dated June 30, 1998 is attached as Exhibit F. The current query from the FEC to Michael Morris is attached as Exhibit G.

The questions in Exhibit [B1] were faxed to Ross Perot and to Russell Verney on December 30, 1999 per the request by Russell Verney. In a telephone conversation requesting the questions Mr. Verney indicated that he had every intention of responding to the questions, but couldn't determine exactly what they were from the letters he received.

In late December, Michael Morris, RPUSA Treasurer, requested additional time within which to respond due to out of town business that had prohibited his response. This was granted. When Russell Verney requested that the above questions be faxed to him he indicated that they intended to respond. No response has been forthcoming from any of these parties.

A phone call from Michael Poss was received by Mary Clare Wohlford on January 21, 2000. Mr. Poss stated that he had just THAT day seen the questions for the first time! The FEC might take into account Mr. Poss position that he was not given the information mailed to Ross Perot or the questions faxed to both Ross Perot and Russell Verney in a timely manner. In fact, from that conversation it is not discernable whether or not Mr. Poss EVER got the package that was included for him in the mailing that was delivered to Ross Perot, marked Personal and Confidential, sent next day service, return receipt requested, on December 20, 1999.

Therefore we ask that you look into these issues and determine, by perusing BOTH sets of books SIDE BY SIDE, whether or not our conclusions are meritorious and whether amendments or other actions are required to set things straight in the RPUSA records. Mr. Perot's books (Perot'96) are not our responsibility.

It is our goal to set all the records straight with the FEC so that we may maintain our standard of having the 'highest ethical standards' for RPUSA as we continue to demand those standards for our Government Officials.

We do not want our new officers, who assumed office effective January 1, 2000, to be burdened with any record keeping that would taint their dealings with the FEC or any other Federal Agency.

We ask that you thoroughly investigate our suspicions and assumptions pertaining to the reporting by BOTH Perot96 and RPUSA.

Respectfully submitted,

Mary Clare and William T. Wohlford  
249 Tenth Street NW  
Pulaski, VA 24301

mcgoats1@usit.net  
eiwatts1@usit.net

List of Exhibits:

- A. Letter to Ross Perot dated 12/20/99
- B. Letter to Executive Comm. Of RPIUSA, Gargan, Young dated 12/22/99
- B1 Questions faxes to Russ Verney and Ross Perot 12/30/99
- C. Perot96 Spread Sheet, expenses 10/97 to 3/1/99
- D. RPUSA Spread Sheet, income and expenses 10/97 to 10/99
- E. Legal Fees Perot 96 for lawsuit involving RPUSA as plaintiff
- F. FEC letter to Mike Morris, RPUSA Treasurer Jun 1998
- G. Response from Mike Morris, to exhibit F
- H. E/Mail from Russ Verney, Chair, RPUSA to all members dated Dec 15<sup>th</sup> 1999.
- I. Wohlford's e/mail reply to exhibit H. dated Dec 19.1999.
- J. FEC Notice to Mike Morris, RPUSA Treasurer, dated 12/22/99
- K. Second FEC Notice to Mike Morris, RPUSA Treasurer, dated January 13<sup>th</sup>, 2000

We hereby affirm that, based on our information and belief, the statements in this six page document are true and correct to the best of our knowledge.

  
Mary Clare Wohlford

  
William T. Wohlford

Affirmed and signed before me this

3rd day of February, 2000

Cheryl Eversole  
Notary

my license expires 4/30/2003

Dear Ross Perot,

We sincerely regret the occasion that necessitates this communication to you.

Enclosed you will find documents that will inform you of the chronology of events leading up to this letter to you.

The members of RPUSA, and we most heartily, appreciate all the things that you have done for us as individual citizens, but most especially the fact that you woke us up in 1992 and gave us the belief that WE as individuals COULD make a difference in our Country. For giving us that belief that many had lost to hopelessness, we thank you profusely!

Bill and I are former teachers and school administrators. We are also Quakers and tend to find solutions through the convening of a group that can work together to solve problems after prayerful thought.

It is with this background and these methods, which we used in the small Quaker school that we helped found in New Jersey, that we tend to approach ALL problems.

Finding that the FEC records of ALL campaign expenses for ALL parties are now on the internet, led us an analysis of HOW the \$29 million that YOU received had been spent and how corners might be cut for 2000 with fewer funds available.

In working with figures, such as the FEC records, our first step is to begin a spreadsheet to put all the figures out so that an analysis is easier. The FEC records are difficult at best to understand in their virgin form.

The worksheets told us many things. Where money was spent for campaigns, and how the money was distributed throughout the country.

Next, when we found that RPUSA information to the FEC was also online. We followed the same spreadsheet method and put all of the receipts and expenditures in that format.

We were NOT looking for trouble! But as we have done all our lives, when we have questions about something we pursue those questions until we have answers.

There appeared to be some improprieties in the records when comparing Perot96 reports with RPUSA reports. For instance, the FEC, following the first RPUSA reports, wrote an inquiry asking why there were no administrative expenses. The reply was: "Individuals on a volunteer basis operate the Reform Party. There are no rented premises, telephone numbers, office equipment, supplies, or salaries."

We found that the RPUSA reports listed only 'telephone conference calls' but NO actual telephone expenses, while the Perot96 reports for the same dates showed telephone bills averaging over \$600 per month for the sixteen (16) months following the FEC audit

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(October 1997-March 1, 1999). This raised a question in our minds, since we personally had received calls from the 'RPUSA office' from both Russ and Matt Sawyer that were NOT conference calls!

Then there was a large travel disbursement in the Perot96 books on the day before the Kansas City Convention.

First we phoned the FEC and using a hypothetical situation inquired about certain situations. According to the information we received we needed to explore further. But what was the best way? We had been told by the FEC that we could file a complaint and they would investigate. We know a few investigative reporters and considered that option. But primarily we are drawn by our Quaker background to 'convene a meeting for decision' with at least a cross section of backgrounds, so that a true 'consensus' could be reached and be acceptable to all facets of our Party. Protection of the Party was always our goal. If errors had occurred then we must find a way to correct those errors. Silence was never an option.

We sent out invitations to 66 people, including those who have always misunderstood us and our motives for doing ANYTHING! We asked that before they were accepted into the group, they agree to complete confidentiality. Those that 'joined' gave this pledge.

It has been our experience that during this type of 'meeting' if people can freely express their feelings and all sides have that opportunity, the RIGHT decision will emerge! Conducting such a meeting via e-mail is more difficult, but we were very favorably impressed with the thoughtfulness, candor, insight, and ideas of this group. Several, however, remained silent throughout.

Unfortunately, prior to a decision from this group, one (possibly more) individual chose to violate his confidentiality commitment and went to Russell Verney with his interpretation of what was going on.

Russell Verney then precipitously sent a post via e-mail to the State Chair list of RPUSA, plus InsideReform and Advocate membership lists, but no communication directly to us. Our response is enclosed in this package to you along with the 'letter' Russ sent out.

Our group was in the process of concluding that the proper thing to do was to apprise you, Mike Poss, Russ, Mike Morris, AND the Executive Committee of RPUSA of the questions we had and ask for responses within a time frame.

This letter and the contents of the package will apprise YOU of our proceedings, our questions, and we respectfully ask that we receive a response within the next ten days. This time has been extended from that determined by the group because of Christmas.



e-mail [mccoats1@usit.net](mailto:mccoats1@usit.net) and [eiwatts1@usit.net](mailto:eiwatts1@usit.net)

Perot96 spreadsheet expenses 10/97 to 3/1/99  
 RPUSA spreadsheet expenses and income 10/97 to 10/99  
 Legal fees Perot96 for lawsuit involving RPUSA  
 XTRA SPECIAL GROUP 66 invitation to join  
 Russ Verney letter of December 15, 1999  
 Wohlford's reply December 19, 1999

December 22, 1999

To Members of the Executive Committee plus Jack Gargan and Ronn Young

As most of you know now, Bill and I convened a group of Reform Party individuals constituting what we felt was a cross section of mind sets in our Party. 66 individuals were invited to join upon giving their pledge of confidentiality to us because of the nature of the decisions that we sought from this group.

Some of you may know that Bill and I are Quakers and that 'meetings for decision' are part of the way we solve problems. The seriousness of the problem encountered here required that we seek the advice and input of other members of our party.

When I found that the FEC records were online, I began an analysis of the Perot96 files. I wanted to see how moneys were spent there out of the \$29 million that Ross Perot received in 1996 and where corners could be cut in expenditures for 2000 where we would receive much less.

I put all the figures on a spreadsheet so as to better compare and analyze.

Then I found that the RPUSA figures were also on the FEC site and set those figures out on a spreadsheet for analysis. It was only when I encountered a request from the FEC to our Treasurer for information concerning 'administrative costs' that I began to compare the Perot96 figures with the RPUSA figures. That request and Mike Morris' reply are attached to this document, along with the various spreadsheets and other pertinent letters.

This is when I began to have fears that misinformation may have been submitted to the FEC. This was the reason for convening the XTRA SPECIAL 66.

Each member, having submitted a statement of confidentiality, received a number. No one except Bill and I knows who the members of this group are. All communications were done utilizing the assigned numbers and we were SO impressed with the quality and quantity of input, the seriousness with which each appeared to be approaching the problems, and the consensus that was emerging as to the proper path to take to solve the problem should there indeed BE a problem.

Our challenge to the group was to PROVE US WRONG!

The attachments to this post are the tools given to this committee. They also include the unfortunate and precipitous letter that Russell Verney posted far and wide about his interpretation of the purpose of the group.

This letter is part of the decision that was made by these folks—notification of the Executive Committee plus Jack Gargan and Ronn Young. The other part was fulfilled yesterday when similar packages with a cover letter were delivered to Ross Perot and Michael Poss, treasurer of Perot96.

We now request that you peruse the information submitted to you. It is the consensus of this group that since we stand for the highest ethical standards, and should find ANY errors in reporting of either of these entities, Perot96 OR RPUSA, that a request to the FEC for permission to amend the reports be immediately made and submitted TO the FEC and that any penalties that should be levied be promptly accommodated.

Our concern, in addition to being the party that asks others to be ethical and honest, is that our incoming officers should be freed completely of any burdens that might arise from any improprieties in these reports.

We have not and are not 'accusing' anyone of anything. We are seeking answers to questions that are the logical conclusion of viewing these reports. Our intention is to protect our Party by taking any action that is necessary.

We sincerely hope that there are logical explanations for issues like, why are there only 'conference calls' and no regular telephone calls in the RPUSA reports, while during the sixteen months following the conclusion of the FEC audit of the Perot96 books, the phone bills average \$600+ ? Russ has stated that he had a second line put in for RPUSA....if this is true, where is the accounting for the bills that were paid for that second line?

The National Committee of RPUSA was named the #1 plaintiff in the legal suit that was filed just after the Kansas City Convention in 1997. Where is the IN KIND contribution for those legal fees that were paid FOR the RPUSA? It should be noted that Russ has said that 'groups were invited to join this legal action at no cost to them'....then shouldn't this 'gift to RPUSA have been reported? Maybe it is exempt under the FEC regulations and the U.S. Code?

The RPUSA Executive Committee voted to join in another lawsuit this year in New Jersey against a group of Reform Party members who had formed a secondary group and were running candidates for office.

The Executive Committee was told that it wouldn't cost the RPUSA ANYTHING....then our question is: "Who is paying the bill for this lawsuit and how much of that bill should be counted as an IN KIND donation to the RPUSA? This lawsuit, to prohibit people from running as Reform Party candidates certainly has the potential of 'influencing a federal election' since it obviously is going to run over into 2000.

We would hope that you will submit some responses (answers) to us within the next ten days. We appreciate that the holidays are upon us, but then our work never stops, does it!

As soon as that ten days is up, the committee of 66 will determine what, if any, further action should be taken.

Bear in mind that Bill and I had three options as we saw it, when we made the initial discoveries of what we perceived might be problematic to the Reform Party and Perot96: 1) file a complaint with the FEC and let THEM ferret out any discrepancies; 2) contact one of the investigative reporters that we know; or 3) convene a group for a 'meeting for decision'. We chose the latter as the safest and most secure method of approaching this problem.

It would have been just that, had a member of the group not kept his vow of confidentiality and had Mr. Verney not precipitously broadcast his mis-interpretation of our task for all the world to see on various reflectors—some possibly containing the press or Republicans and Democrats monitoring our reflectors.

The issue here is again that THESE FEC books have NEVER been audited---the time frame is AFTER the Perot96 audit was completed---and you have to have BOTH sets of books on spreadsheets before you, looking at dates of events in those entities, to even perceive any problems! We're talking about October 1997 to March 1, 1999 for Perot96 and October 1997 to August 1, 1999 for RPUSA.

There was, I thought, a \$23,000 travel expense from Maritz travel agency in Dallas TX. in Perot96 on the day before the Kansas City Convention. One of our committee members found that this was an error. The actual figure was some \$1,300. The \$23,000 was the page total, which was just below the travel amount.

Interestingly, Russ Verney responded to that question with an explanation of how the attorneys for the lawsuit had to travel from DC, ME, TX, and CA around that time. Obviously their travel fees were billed by their companies rather than being provided separately by Perot96.

We await your response.

Respectfully submitted,

Mary Clare Wohlford, for the group of 66

Per Russell Verney's request here are the:

**SPECIFIC QUESTIONS FAXED TO ROSS PEROT, MIKE POSS, RUSSELL VERNEY, MIKE MORRIS DECEMBER 30, 1999 and E-MAILED TO THE EXECUTIVE COMMITTEE RPUSA, JACK GARGAN AND RONN YOUNG.**

- 1. Why are there only 'conference calls' listed in the RPUSA reports to the FEC between October 1997 through 9/30/99? In other words where are the regular RPUSA telephone daily bills shown?**
- 2. After the FEC audit of the Perot96 books, the phone bills of Perot96 averaged \$600+ per month during the following 16 month period, while the RPUSA phone bills are lacking entirely except for 'conference calls'. Why is this?**
- 3. The National Committee of RPUSA was named number #1 plaintiff in a lawsuit filed in CA in November 1997. Where are the 'in kind' donations to RPUSA that reflect their portion of the \$1,447,000.00 that was paid in this lawsuit to attorneys? Russ Verney has stated publicly (via e-mail) that 'groups were invited to join this legal action at no cost to them'....shouldn't this have been noted then as a 'gift' to RPUSA from Perot96 (ultimately Ross Perot since he had to repay these funds to the FEC)? Or was this exempted under the U.S. Code? If so please cite the exemption information and citation.**
- 4. The RPUSA Executive Committee voted to join in the lawsuit against some Reform Party members in New Jersey. Russell Verney told the Executive Committee that this would not cost RPUSA anything. Where is this 'gift' to the RPUSA shown in the FEC records, including name of the gift giver, amount given, etc. THIS lawsuit certainly has the potential of influencing Federal elections since it is continuing through into the year 2000, an election year, and has as part of its purpose the injunction for certain people not to use the RPUSA logo or name. Who 'donated' money to RPUSA for THIS lawsuit? Why is it not shown in the FEC reports?**

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5. In response to a query from the FEC about there being 'no administrative expenses' in the RPUSA reports, Mike Morris responded to this Federal Agency by stating: "Individuals on a volunteer basis operate the Reform Party. There are no rented premises, telephone numbers, office equipment, supplies, or salaries...." The Perot96 records reflect a substantial amount of information and charges for each of these items that are disclaimed by the RPUSA statement . Is this a completely HONEST statement by Mike Morris? Would it withstand a full audit by the FEC of both sets of books?
  6. On the day before the Kansas City Convention in 1997, there is a travel expenditure to Maritz Travel in Dallas, TX, for some \$1,300.00. Initially this figure was thought to be some \$23,000.00, which was actually the NEXT figure below the \$1,300.00 and is the page total. However, Russell Verney stated, referring to the erroneous \$23,000 figure, that this money was used for the travel for attorneys from ME, DC, TX, and CA in connection with that legal suit. The question now is, was the \$1,300.00 spent on travel to Kansas City for the RPUSA convention?
  7. It is well known and verifiable that Russell Verney and others both made and received calls from the Perot96 offices while conducting RPUSA business during regular office hours. Russell Verney has stated that he had separate lines installed for the purpose of RPUSA business. Why, then, are there NO regular telephone calls shown in the RPUSA records, either as IN KIND donations from Perot96 (which would of course be illegal) or shown as being paid BY RPUSA?
  8. The bottom line would be, IF the FEC determined to audit both the Perot96 books for the 16 months AFTER their final audit of Perot96 (October 1997), IN CONJUNCTION WITH the RPUSA books, would they find them both to be 'squeaky clean'?
  9. If 'mistakes' WERE made in reporting to the FEC, would both entities (Perot96 AND RPUSA) voluntarily and promptly submit amendments to the FEC to correct any 'mistakes'?

[illegible]

[illegible]



11/6/97	SW Bell	telephone	\$	931.32
12/12/97	SW Bell	telephone	\$	1,332.73
9/30/98	MCI (conference call)		\$	1,118.24
7/14/98	SW Bell	telephone	\$	1,090.39
8/6/98	SW Bell	telephone	\$	1,014.69
9/4/98	SW Bell	telephone	\$	1,033.80
10/26/98	MCI (conference call)		\$	1,930.14
1/20/98	MCI (conference call)		\$	212.39
10/7/98	SW Bell	telephone	\$	940.16
11/6/98	SW Bell	telephone	\$	1,007.06
12/7/98	SW Bell	telephone	\$	162.15
	<b>total phone</b>		<b>\$673.32/mo</b>	<b>\$ 10,773.07</b>
7/10/98	Copier Rental	Macon GA	\$	806.46
9/17/98	Computer supplies		\$	859.73
10/14/98	Copier Rental	Macon GA	\$	806.25
9/17/98	Pitney Bowes	postage	\$	323.14
8/7/98	Bridgeways Dallas	printing		755.92
			<b>total office</b>	<b>\$ 3,551.50</b>
<b>TOTALS</b>				
<b>Salaries</b>	\$	<b>385,354.40</b>		
<b>Office Rent</b>	\$	<b>50,207.36</b>		
<b>Travel</b>	\$	<b>8,253.98</b>		
<b>Telephone</b>	\$	<b>10,773.07</b>		
<b>Office Expenses</b>	\$	<b>3,551.50</b>		
<b>Office Renovation</b>	\$	<b>14,965.43</b>		
<b>total for 16 mo</b>	\$	<b>473,105.74</b>		
<b>10/97 to 2/30/99</b>	\$	<b>29,569.11</b>	<b>monthly</b>	

FEC RECORDS FOR RPUSA 10/1/97 THRU 9/30/99				
dates covered		contributions	expenditures	balance
10/1/97 thru 12/31/97		\$ 20,272.61	\$ 2,099.52	\$ 18,172.99
1/01/98 thru 3/31/98		\$ 98,691.12	\$ 29,279.71	\$ 88,484.50
4/01/98 thru 6/30/98		\$ 68,363.44	\$ 8,822.86	\$ 148,025.09
7/01/98 thru 9/30/98		\$ 4,944.81	\$ 77,288.96	\$ 75,579.94
10/01/98 thru 10/14/98		\$ 1,115.00	\$ 2,525.02	\$ 74,169.02
10/15/98 thru 11/23/98		\$ 3,482.00	\$ 5,912.53	\$ 71,738.49
11/24/98 thru 12/31/98		\$ 23,837.00	\$ 328.04	\$ 95,347.45
1/1/1999 thru 3/31/99		\$ 16,992.46	\$ 26,838.80	\$ 86,000.80
4/01/99 thru 6/30/99		\$ 32,575.17	\$ 84,189.38	\$ 34,388.81
7/01/99 thru 9/30/99		\$ 91,581.37	\$ 97,292.25	\$ 25,614.70
<b>totals</b>		<b>\$ 361,854.98</b>	<b>\$ 334,577.07</b>	<b>\$ 27,277.91</b>
<b>professional fundraising</b>		<b>\$ 242,891.25</b>	<b>\$ 12,783.75</b>	<b>collected/mth</b>
<b>3/18/98 -9/30/99</b>				
<b>cost of prof fund 3/18/98-9/30/99</b>		<b>\$ 162,558.52</b>	<b>\$ 8,555.71</b>	<b>cost/mth</b>
<b>profit over 19 month period</b>		<b>\$ 80,332.73</b>	<b>\$ 4,228.04</b>	<b>profit/mnth</b>
Contribution Refunds	4/1/98	\$ 25.00		
	4/17/98	\$ 20.00		
	5/21/98	\$ 30.00		
	5/21/98	\$ 35.00		
equipment	11/17/97	credit card software	\$ 394.00	
Dromar (Dror)	10/29/98	software	\$ 2,850.00	
Mike Hicks	10/26/98	office supplies	\$ 979.25	
Dromar (Dror)	12/21/98	computer services	\$ 90.00	
Aristotle Publishing GA	6/22/99	software maintenance	\$ 1,850.00	
video duplication	12/12/97	videos of convention	\$ 798.34	
video duplication	12/17/97	videos of convention	\$ 656.00	
Perot Systems	6/13/98	use of equip + postage	\$ 88.00	
Super Fast Video dup	10/29/98	video duplication	\$ 231.68	
Super Fast Video dup	10/30/98	video duplication	\$ 1,284.65	
Super Fast Video dup	2/19/99	video duplication	\$ 4,535.30	
Super Fast Video dup	6/11/99	video duplication	\$ 227.33	

Federal Express	10/22/98	shipping	\$ 387.25	
Federal Express	11/5/98	shipping	\$ 12.75	
Emmons & Co	10/14/98	facilitator	\$ 2,196.79	
David Beiler	1/6/99	facilitator	\$ 800.00	
I have no clue what a 'facilitator' does!				
Facter Direct	3/13/98	fundraising	\$ 27,500.00	
Facter Direct	1/17/98	fundraising	\$ 250.00	
Facter Direct	7/16/98	fundraising	\$ 2,988.27	
Valentine Direct	6/11/99	fundraising	\$ 8,027.01	
Direct Campaign Sol	2/12/99	mailing	\$ 5,000.00	
Direct Campaign Sol	9/1/01999	mailing	\$ 16,243.18	
Direct Campaign Sol	9/21/99	mailing	\$ 49,246.00	
MOF Corporation	2/19/99	mailing	\$ 3,680.51	
Network Professionals	2/19/99	mailing	\$ 1,791.54	
Network Professionals	3/4/99	mailing	\$ 2,575.27	
Picture Perfect Camp	2/12/99	mailing	\$ 2,500.00	
Nerwork Professionals	6/11/99	mailing	\$ 145.40	
Picture Perfect Camp	5/28/99	mailing	\$ 36,195.60	
Picture Perfect Camp	6/15/99	mailing	\$ 7,415.84	
Total fundraising costs 3/13/98 -6/30/99			\$ 163,558.62	
Alright Printing	7/15/98	printing	\$ 52.18	
Alright Printing	7/1/98	printing	\$ 3,561.43	
Alright Printing	8/10/98	printing	\$ 2,760.10	
Alright Printing	8/26/98	printing	\$ 709.04	
Alright Printing	9/18/98	printing	\$ 618.54	
Alright Printing	1/6/99	printing	\$ 366.42	
Alright Printing	1/7/99	printing	\$ 3.25	
Benjamin's Resta MN	1/3/99	banquet	\$ 2,941.03	
Roger Beck Florist MN	1/12/99	decorations	\$ 1,400.00	
Gov Ventura's inauguration				
Mike Morris	3/11/98	travel	\$ 525.00	
Maritz Travel Co	6/30/98	travel	\$ 574.98	
Russell Verney	5/11/98	travel	\$ 107.35	IN KIND
Russell Verney	5/19/98	travel	\$ 105.87	IN KIND
Russell Verney	5/19/98	travel	\$ 237.40	IN-KIND

Maritz Travel Co	7/30/98	travel	\$	898.00	
Omega World Travel	9/18/98	travel	\$	579.00	
Preferred Office Pro	7/2/98	office supplies	\$	457.42	
Preferred Office Pro	6/26/98	office supplies	\$	228.71	
Preferred Office Pro	9/30/98	office supplies	\$	1,081.82	
Pcrot 96	12/4/98	postage/software usage	\$	51.10	
Pitney Bowes	4/8/99	office equipment	\$	328.84	
Pitney Bowes	6/25/99	office equipment	\$	330.13	
MCI conference	1/08.98	telephone	\$	390.90	
MCI conference	5/1/98	telephone	\$	395.76	
MCI conference	6/2/98	telephone	\$	574.98	
MCI conference	10/6/98	telephone	\$	131.68	
MCI conference	9/29/99	telephone	\$	2,958.74	
total telephone for 10/01/97 thru 9/30/99 (24 mo)			\$	4,452.06	\$185.50/mo
Sheraton Alb,NM	6/29/98	forum expenses	\$	1,710.61	
I believe this was when Russ went to NM to moderate a R & D debate					
U.S. Postal Sv	2/6/98	postage	\$	450.00	
U.S. Postal Sv	7/2/98	postage	\$	2,100.00	
U.S. Postal Sv	8/14/98	postage	\$	200.00	
Unified Merchants, MD	4/30/98	bank fee	\$	372.80	
Unified Merchants	6/4/98	bank fee	\$	167.64	
Unified Merchants	4/30/98	bank fee	\$	11.26	
Unified Merchants	5/19/98	bank fee	\$	448.92	
Nations Bank	7/9/98	bank fee	\$	18.00	
Unified Merchants	9/30/98	credit card fees	\$	47.11	
Unified Merchants	7/31/98	credit card fees	\$	86.13	
Unified Merchants	8/31/98	credit card fees	\$	64.95	
Unified Merchants	10/6/98	bank fee	\$	44.95	
Unified Merchants	11/4/98	bank fee	\$	33.20	
Unified Merchants	12/4/98	bank fee	\$	50.28	
Unified Merchants	4/6/99	credit card fees	\$	45.10	
Unified Merchants	4/6/99	credit card fees	\$	44.83	

Page 4

Minute Man Press	6/25/99	mailings	\$ 2,703.92	
Advance Displays MI	6/25/99	Convention 99	\$ 355.00	
Hyatt Regency MI	6/16/99	Convention 99	\$ 24,402.50	
Hyatt Regency MI	7/25/99	Convention 99	\$ 9,933.20	
Hyatt Regency MI	8/19/99	Convention 99	\$ 23.96	
Dromar (Dror)	7/22/99	Convention 99	\$ 240.36	
Dromar (Dror)	8/19/99	Convention 99	\$ 697.59	
Service for Hearing Im	8/19/99	Convention 99	\$ 5,246.08	
Tom Roberts	6/11/99	Convention 99	\$ 310.74	
Anderson Associates	9/10/99	Convention 99	\$ 261.00	
Tom Roberts	9/10/99	Convention 99	\$ 314.56	
Dennis Highfill	7/25/99	Convention 99	\$ 343.44	
Tom Mulawka	7/22/99	Convention 99	\$ 2,300.00	
American Imaging	7/22/99	Convention 99	\$ 1,300.00	
Lorio-Ross Entertainm	6/11/99	Convention 99	\$ 750.00	
AOR Risk Services	8/19/99	Convention 99	\$ 1,250.00	
Complete Computer R	7/22/99	Convention 99	\$ 605.00	
Copy Max	7/22/99	Convention 99	\$ 3,187.82	
The Sign Shop	7/22/99	Convention 99	\$ 3,301.49	
Bruce Wick	7/25/99	Convention 99	\$ 1,650.00	
Dromar (Dror)	6/25/99	computer rental	\$ 1,250.00	
Dromar (Dror)	9/29/99	Computer Service	\$ 3,000.00	
	<b>Total</b>	<b>Convention 99</b>	<b>\$ 63,426.66</b>	

LEGAL FEES FROM PEROT96 FOR RPUSA LAWSUIT				
#c 97-048 vrw +Appeal to 9th Circuit Court of Appeals				
Goodwin & Carleton PC		11/13/97	\$	144,998.86
901 Main Street Suite 2500		12/12/97	\$	156,005.40
Dallas, TX 75202-3727		1/20/98	\$	83,153.98
(214) 939-4400		2/10/98	\$	140,704.41
(214) 760-7332 fax		3/1/98	\$	106,866.18
		4/9/98	\$	216,635.58
		5/21/98	\$	29,701.00
		6/9/98	\$	31,106.65
		Sep-98	\$	31,106.65
		8/13/98	\$	8,878.31
		9/17/98	\$	42,433.96
		10/13/98	\$	2,838.65
		11/13/98	\$	24,526.71
		12/16/98	\$	17,470.12
		2/24/99	\$	298.53
Thoits, Love, H & McLean		12/18/97	\$	42,403.98
A Professional Corporation		1/20/98	\$	42,403.98
245 Lytton Ave Suite 300		2/7/98	\$	28,933.15
Palo Alto, CA 9430-1426		3/13/98	\$	44,499.06
(650) 327-4200		4/17/98	\$	5,088.00
(650) 325-4472 fax		5/21/98	\$	505.37
		7/15/98	\$	1,046.30
		9/17/98	\$	371.11
		1/14/99	\$	1,830.79

Jamin B. Raskin		11/13/97	\$	12,875.00
American University		1/16/98	\$	22,875.00
Washington College of Law				
Washington, D.C. 20016				
Special Counsel for				
Plaintiffs-Appellants				
Cuddy & Lanham		7/12/97	\$	5,633.58
170 Evergreen Woods		10/10/97	\$	1,032.20
Bangor, ME 04401		10/29/97	\$	3,199.41
		11/13/97	\$	4,785.60
		1/28/98	\$	759.56
		2/24/98	\$	3,870.61
		3/17/98	\$	3,718.75
		4/9/98	\$	6,340.58
		5/21/98	\$	13,038.90
		6/9/98	\$	2,675.73
		7/15/98	\$	1,540.00
		8/13/98	\$	3,007.78
		9/17/98	\$	1,322.51
		10/13/98	\$	7,784.45
		10/14/98	\$	22,856.63
		12/10/98	\$	2,997.74
		1/20/99	\$	2,086.16
		2/20/99	\$	1,623.75

2004-04-04 14:02:00



TOTAL LEGAL FEES			\$	1,327,830.67
from attorneys per se listed in FEC files				
Amount disallowed by FEC			\$	1,447,000.00
for legal fees associated with lawsuits				
Obviously I'm missing some legal fees!			\$	119,169.33
Perot96 was ultimately required to repay			\$	1,706,915.00
obviously there were other 'disallowed				
items in addition to legal fees				
Ross Perot wrote personal checks in				
this amount to the U.S. Treasury on				
2/26/99			\$	1,068,461.08
The remainder came from Perot96 funds			\$	638,453.92
Total repaid to U.S. Treasury from Perot96			\$	1,706,915.00

2004-04-23 14:44:23

From the FEC (Scott Francis, Reports Analyst, Reports Analysis Division)

June 1, 1998

Michael B. Morris, Treasurer  
Reform Party of the United States of America  
P.O.Box 9  
Dallas, TX 75221

Identification Number: C00331314

Reference: Year End Report 10/1/97-12/31/97

Dear Mr. Morris:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the reports(s). An itemization follows:

.....

Your report discloses no payments for administrative expenses. Administrative expenses are payments made for the purpose of operating a political committee including, but not limited to, rent, utilities, salaries, telephone service, office equipment and supplies. Any such payments to a person aggregating in excess of \$200 in a calendar year must be disclosed on Schedule B, supporting Line 21(b) of the Detailed Summary Page. 2 U.S.C. §434(b)(5) If these expenses are being paid by a connected organization, your Statement of Organization must be amended to reflect this relationship. 2 U.S.C. §433(b)(2) In addition, if expenses have been incurred but not paid in a reporting period, the activity should be disclosed as a debt on Schedule D, if the obligation is \$500 or more, or outstanding for sixty days or more. 11 CFR §104.11

Any goods or services provided to your committee by a person, except volunteer activity (i.e., a person's time), would be considered an in-kind contribution from that person, and would be subject to the disclosure requirements of 2 U.S.C. §434(b)(3) and 11 CFR §104.13, and the limitations and prohibitions of 2 U.S.C. §§441a and 441b.

Clarification regarding administrative expenses should be disclosed during each two year election cycle beginning with the first report filed in that non-election year. Please verify that all expenses referenced above (i.e., rent, salaries, utilities, etc.) have been adequately disclosed. If these services have been provided by volunteers, please confirm this in writing.

.....

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202)694-41130.

Sincerely,

Scott Francis  
Reports Analyst  
Reports Analysis Division

2004-04-20 15:00

REFORM PARTY  
Of the United States of America, Inc.  
P.O. Box 9  
Dallas, Texas 75221

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

June 30, 1998

Mr. Scott Francis  
Federal Election Commission  
999 E Street, NW  
Washington, DC 20463

Re: Year-End Report [10/1/97-12/31/97]  
ID No. C00331314

Dear Mr. Francis:

In respect to your June 17, 1998 letter regarding the Reform Party's Year-End Report, the following is submitted:

Schedule A Supporting Line ss[a][1] The receipt from the Reform Party Convention was from individuals in attendance and no individual contribution was greater than \$50.

Administrative Expenses: Individuals on a volunteer basis operate the Reform party. There are no rented premises, telephone numbers, office equipment, supplies, or salaries. On June 15, 1998, Perot'96, billed the Reform Party \$88 for software usage and postage for the period October 1, 1997 through March 31, 1998. A copy of the invoice and the check issued by the Reform Party to Perot'(6, Inc. is enclosed. These transactions will be reported on the July 15 quarterly report.

In accordance with your request, the Year End 1997 Report will be refilled on FEC Form 3X.

If you have any questions or require more information, please contact me.

Sincerely,

Michael B. Morris  
Treasurer

Enclosures

20 "04" 402 "00556

Subject: XTRA SPECIAL EDITION "The Verney Letter" (Sarcasm is the Writers)- State  
Chairs - Response from Russ Verney

----- Original Message -----

From: Patricia R Benjamin <patbenjamin@home.com>

To: <statechair@reformparty.org>

Sent: Wednesday, December 15, 1999 8:05 PM

Subject: Re: State Chairs - Response from Russ Verney

Reform Party  
of the United States of America  
P.O. Box 9  
Dallas, Texas 75221

Russell J. Verney, Chairman (972) 383-1682

Pat Benjamin, Vice Chair (972) 383-1695 fax

Jim Mangia, Secretary

Mike Morris, Treasurer

December 15, 1999

An Open Letter to the Wohlford's Secret Cabal

It has come to my attention that a "secret" discussion is occurring on e-mail about alleged financial wrongdoing involving the Reform Party and the Perot '96 campaign.

I have frequently stated my opinion that e-mail causes brain damage and these scurrilous accusations are living proof. The hysterical accusers win the gold medal for jumping to conclusions not warranted by the facts. Of course, in their noble efforts to save the Republic from the evil empire of "Dallas", they never bothered to ask what the facts are before they hurled their unsubstantiated and quite possibly libelous conspiracy theories around the Internet.

The accusations center on two points. The first is that at about the same time as a Reform Party convention took place the Perot '96 campaign paid a travel bill, therefore through the unquestioned veracity of the powers of deduction the Perot '96 expense must be associated with the Reform Party convention. WRONG!

In the fall of 1997 at approximately the same time as a Reform Party convention was held in Kansas City, the Perot 96 campaign was preparing two major law suits against the FEC, the Republicans, Democrats, the Clinton campaign and the Dole campaign. The travel expenses paid by Perot '96 were associated with lawyers and staff making several trips from Bangor Maine, Washington DC, and Dallas Texas to Washington DC, and San Francisco

California where the litigation occurred on behalf of Perot'96. The Reform Party and other groups committed to campaign finance reform and ending the illegal use of soft money contributions were invited to join this litigation at no cost to them. All expenses were completely and properly reported.

The second charge is that the Perot '96 campaign committee spent money on the Reform Party that should have been reported to the FEC as a contribution. And, because the Perot '96 campaign was incorporated, federal law prohibits any contribution from the Perot '96 campaign to the Reform Party and all Perot '96 perpetrators should be given a fair trial shortly after we execute them. WRONG AGAIN.

Every expense of the Perot '96 campaign committee has been reviewed by an excellent professional in-house compliance staff including the chief financial officer who happens to be a Certified Public Accountant (CPA) and the chief operating officer also a CPA. The FEC auditors complemented the Perot '96 staff for the thoroughness of their record keeping and their full and professional cooperation. Those professional credentials undoubtedly pale when compared to the deductive powers of an Internet superhero.

However, the campaign treasurer who is both a CPA and an attorney also reviewed all Perot '96 expenditures. The Federal Election Commission audited every single Perot '96 expenditure, including these specific travel expenses questioned by the hysterics who originated this current discussion on the 90's version of the National Enquirer, an e-mail reflector. Don't you just hate it when facts get in the way of your venomously held opinions?

In addition to the charges about travel expenses, I stand accused of returning telephone calls. That's a unique charge since people writing on these reflectors so frequently complain no one ever hears from "Dallas". When the FEC auditors first arrived at the Perot '96 office I explained to them that I had separated several phone lines out of the basic office service and they were paid for separately. These phone lines were for my use and the use of the staff for matters unrelated to Perot '96.

The Reform Party operates through the efforts of tens of thousands of volunteers. Unlike this secret group, not all the volunteers have formed a circular firing squad. The Reform Party has no dedicated office, office equipment or paid staff. Telephone calls that I make which involve my personal business or which may or may not involve discussions of the Reform Party are not charged to the party just the same as phone calls you make or internet services you contract for are not reportable expenses of the party.

Perot '96 is a political committee that is incorporated under a special provision of law 11CFR§114.12 (a). This provision of law specifically allows a political committee that is incorporated to influence federal elections or make legal contributions to political committees or political

2004-04-03 09:00:00

parties. However, as outlined above Perot '96 made no contribution to the Reform Party or any other political committee or party.

Washington equates talk with action. The Internet has created a new category of work-averse people who think stream of consciousness chatting with their five friends on the Internet is the equivalent of deep thinking and hard work. I would suggest that you typewriter terrorists put away your keyboards and conspiracy theories, roll up your shirt sleeves and start doing some real work to build this party.

Here are some constructive ideas if you want to stop trying to destroy the Reform Party through rumors, innuendoes, half-truths and conspiracy theories. Raise money for your state party. Speak about the Reform Party at local schools. Recruit candidates for municipal, county and state office.

Develop promotional literature about your state party and hand it out on college campuses and at civic events. Hold town meetings on local issues. Get ballot access in 29 states and DC. But then rumor mongering is so much easier.

Russell J. Verney  
Chairman

---

From: Mary Clare & Wm. T. Wohlford,  
Members, Virginia Reform Party  
(speaking on behalf of themselves)

Reformers,

On Sunday, December 12, 1999, we sent a post to 66 select individuals in the Reform Party. We asked if they would join us in a 'discussion' of some information that WE had gleaned from the FEC online reports for "Perot96" and the separate entity "RPUSA". We had questions and tentative conclusions about several issues and were requesting the guidance and input from these 66 individuals.

These particular "66" people were chosen because we had, over the years, accepted them as creditable, knowledgeable individuals with demonstrated good character. We purposely chose some who were not our 'friends' because we hoped this 'discussion' would be fruitful, objective, and would finally guide us to find out whether or not our 'suspicions' were right. We had arrived at certain tentative conclusions before contacting the group. These tentative conclusions were posed to this group and we ASKED that they prove us wrong because we WANTED to be wrong!

Further, we took great pains to apprise them (the 66) of our source material and asked that they check each of our sources and conclusions therefrom for themselves.

[This same source material is yours for the asking. See attachments listed above but because we don't want to overload your download time we will transmit them separately to you following your request.]

Of the 66 who were invited to join, only those who were willing to state unequivocally that they would keep all matters under discussion 'confidential' were admitted. It was our opinion that the health and welfare of this Party was at stake if confidence was violated.

Each member of this group was assigned a number to use instead of their name. Correspondence identification within the group was limited to use of the numbers. So the members of this group actually have no knowledge of who the other members are or were.



As the questions were posed the answers began to roll in. We (Bill & Mary Clare) couldn't have been more impressed with the thoughtful, insightful, and sound reasoning that has been expressed by this group of Reformers as this e/mail discussion proceeded. These are people who truly have the welfare and health of our party as their primary goal and we appreciate and salute their efforts and guidance!

When we made the 'discoveries' of what we considered gross irregularities in the FEC records, it caused us to raise questions. We had, as we saw it, three options: 1) submit a complaint to the FEC and ask THEM to find out if our fears were unfounded or not; 2) find an investigative reporter and guide him or her to the information and let the chips fall where they may; or 3) organize a group of trusted Reformers to assist us in this awesome decision of precisely what to do.

I would like to interject here that upon discovery of these questionable entries or omissions in the Perot96 and RPUSA FEC files online, we personally contacted the FEC to find out our options and whether or not there could be penalties for the HYPOTHETICAL situations we outlined. Put another way, we were absolutely convinced that the situation had a potential to render untold damage to the Party.

We were apprised that the situation we described would or could cause monetary penalties to a candidate and perhaps a diminishment of funding for a Party for the year 2000.

Nobody, then or now, has ruled out the possibility that there may be 'innocent' explanations of every single one of our 'suspicions' regarding what was filed with the FEC or what was omitted from the FEC records that should have been included.

With this in mind, and the affirmation from the FEC that the incidents (HYPOTHETICAL) we cited were definitely NOT proper, we sought to find the way that would least harm our Party and upset the least number of people.

We did not consider that silence was an option. We personally did not trust Russ Verney to do the right thing or to treat the situation with candor and honesty. This, you understand, is our PERSONAL OPINION and does not reflect any decision of this group of 66.

1500 204 40 02

Then, at the very point when the discussions were beginning to approach a consensus, Russ Verney published his letter of the "Wohlford cabal of 66" to the State Chairs, Insidereform, and the reformadvocate.

In other words, the security and secrecy to protect the party name that we had sought with painstaking measures had been breached for all the world to know. Obviously, one of the '66' has chosen to breach his or her word.

We attach that letter from Russ to the multitudes in full following the text of this letter.

In ONE fell swoop Russ has possibly destroyed what this group was trying hard to accomplish----protecting the Party while finding out the truth and, if the suspicions were correct, seeing that things were set right with the FEC by appropriate and timely amendments to the records before the new officers assume responsibility on 1<sup>st</sup> January year 2000. That is where the 'group 66' was headed---apprising Ross, Russ, Mike Morris, Michael Poff, and others of the questions and seeking answers from them.....THEN moving in whatever direction the results of that inquiry led.

Instead we now have a 'public' question, posed by Russ, that the press will love and that our enemies will pursue.....the very things that we were trying to avoid at all costs.

You may believe that it was unreal of us to expect 66 people to be able to keep this secret as they pledged. We would not have trusted 66 Democrats or 66 Republicans to do so, but we certainly thought we COULD trust the word of Reform Party members who gave their pledge of confidentiality!

The sincerity with which the contributing members worked, was heart warming and assured us that we had not placed our faith in 'enemies'. Whether the person or persons who violated their word by informing Russ of our proceedings knew that Russ would immediately make PUBLIC our possible situation, is not really a factor. Whoever that person is, we are sure that he or she acted in belief that it was the right thing to do. What Russ did in his publication is another discussion not germane to this letter.

When you read Russ' 'disclaimers' cited below, be sure you understand that normally if an attorney takes a trip for a client, he simply bills the client.

We note that \$1,327, 830.67 was paid by Perot96 for 'attorney fees' for specific lawsuits. Does it make sense that a \$1,348.00 travel fee would be separately paid? (The original figure used was over \$23,000 because I, in error, had used the next figure which was the total... One of the members of this group found the error and apprised me of same!)

Wouldn't common sense dictate that the attorney fees, when billed, would INCLUDE any travel expenses? Rest assured that we will determine precisely what and who that particular item was spent for if accurate records are available.

Is it not difficult to see that money paid to a travel agent in Dallas by Perot96, the DAY BEFORE THE KANSAS CITY CONVENTION might reasonably require some explanation and verification?

Is it even harder to understand that NO telephone bills were paid by RPUSA except 'conference calls' EVER? Is it difficult to understand why there would be a question or suspicion about the 16 month period FOLLOWING the FEC audits completion that the Perot96 phone bills averaged over \$600 per month while NONE, save Conference calls, were paid by RPUSA?

Russ says that he used separate lines for the RPUSA calls and business. If that is so then why are not THESE phone bills logged into the RPUSA filings with the FEC?

The attorney fees for the lawsuit that is mentioned, that are IN the Perot96 records were subsequently 'disallowed' by the FEC as improper expenditures. This is because the suit was not filed until AFTER the 'conclusion of the Perot 1996 campaign'. You may remember it was filed a few days following the Kansas City Convention, November 1997.

The FEC denied those court and legal expenses of over a million dollars. Why does this not show an IN KIND donation, in whole or in part, TO the RPUSA for the fees that were paid in its behalf? This would be required, I am told, whether or not Perot96 or Ross Perot himself paid these legal fees. What portion of the million would the #1 plaintiff RPUSA benefit from?

Russ says in his letter that 'others' were invited to join in the lawsuit at NO cost...but does this avoid an IN KIND donation to RPUSA being posted for the amount of that suit that would be their part as # 1 Plaintiff!

I grant you that under the statute 2 U.S.C. § 431(8)(B)(ix)(I) attorney fees might be questionable...but it's still a sound question. Did RPUSA receive goods or services of VALUE by having a legal action, supposedly for their benefit, paid by Ross Perot or Perot96? An answer like "yes" or "no" would be sufficient. Where was this 'gift' logged into the FEC records?

The question that disqualified these moneys from being paid by Perot96 was, "did the lawsuit benefit present or future Federal CANDIDATES?". Mr. Perot signed a SWORN AFFIDAVIT on February 8, 1998 that said, "I am not a candidate for any office in the year 2000. I have not considered becoming a candidate for any office in the year 2000. I have made no attempt to further my or anyone else's election to any office in the year 2000."

The FEC determined that the legal fees for that lawsuit did NOT qualify! I.e. the lawsuit could not have been to benefit Mr. Perot's candidacy because he had signed a statement that he wasn't going to be a candidate for year 2000 AND Campaign "Perot1996" was over with 12 months before!

This is also addressed by the statement that the lawsuit was not filed DURING the campaign 'window of opportunity' thus could not 'influence' the Federal election, which would be the central requirement to establish eligibility for allowable expenditures.

This brings us also to the fees for the New Jersey lawsuit! WHO is paying the legal fees in THAT suit for RPUSA? The Executive Committee was told by Russ emphatically that there would be NO COST to the RPUSA....but if they benefited in either goods or services, which they no doubt did, they are REQUIRED to show THAT as an IN KIND donation to RPUSA in the FEC reports!

Now THIS lawsuit, which prohibits certain potential candidates from using the RPUSA logo and the Reform Party name DOES have the potential for 'influencing' a Federal Election, because it is ongoing in nature and will impact on candidates from New Jersey who might want to run in 2000 for Federal office!

4900 "204" 40" 00

What are these fees that RPUSA does not 'have to pay'? Who is paying these fees in the New Jersey lawsuit? These are questions that need to be answered.

As we see it, Russ' letter avoids dealing with the 'gift' portion or the 'Perot 96' gift to the National Committee ...whereby he clearly states that it was intended as a gift. He certainly knows ANY gift must be reported. Besides, one of us was a member of the National Committee at the time of the Kansas City Convention and since that time and KNOW that that Committee never met to vote on accepting this gift nor was an announcement made by members of the National Committee, competent or otherwise, that they had accepted such a 'gift'. Saying this still another way, how can a group such as the National Committee move (or vote) to accept a 'gift' when they haven't had a meeting?

Not only are 'expenses' to be noted to the FEC, 'gifts' must also be noted!

We had hoped that if there were any improprieties they could be minimized by full disclosure and timely amendments to the FEC records by the same persons who were responsible for the errors, if any. That would have shown that the Reform Party lives up to its own 'Founding Principles of Reform'. This was clearly the direction that our 'select group' was aiming for and moving towards. Over and over the members said, we have to make this right. We cannot sweep it under the rug. We must find the truth here.

NOW read Russ' explanation that we have questioned above!

\*\*\*\*\*Extract from Russ' explanation\*\*\*\*\*

"In the fall of 1997 at approximately the same time as a Reform Party convention was held in Kansas City, the Perot 96 campaign was preparing two major law suits against the FEC, the Republicans, Democrats, the Clinton campaign and the Dole campaign. The travel expenses paid by Perot '96 were associated with lawyers and staff making several trips from Bangor Maine, Washington DC, and Dallas Texas to Washington DC, and San Francisco California where the litigation occurred on behalf of Perot'96. The Reform Party and other groups committed to campaign finance reform and ending the illegal use of soft money contributions were invited to join this litigation at no cost to them. All expenses were completely and properly

reported.

The second charge is that the Perot '96 campaign committee spent money on the Reform Party that should have been reported to the FEC as a contribution. And, because the Perot '96 campaign was incorporated, federal law prohibits any contribution from the Perot '96 campaign to the Reform Party and all Perot '96 perpetrators should be given a fair trial shortly after we execute them. WRONG AGAIN."

(full text of Russ' letter is below folks!)

\*\*\*\*\*end Russ' explanation\*\*\*\*\*

With this information now inserted into the public domain by Russ' letter, there is little doubt that the FEC itself will come to learn of it in such a way that will cause them to ask some pertinent questions themselves. I don't believe that this is or was the intention of the individual who breached our confidence. It was certainly not the intention of our 'secret 66' group.

The complete documentation of our discussions, which began Sunday night, the 12<sup>th</sup> of December, can be obtained by request from us as Word and Excel documents or by snail mail if you can't download these attachments. Should any of our 'numbered persons, members of this group' not care to have their posts aired we will respect that request. These are the basic documents that this group was working with.

A separate letter with specific information, questions, and posing a time limitation is being sent to Ross Perot and Michael Poff, and to Russ Verney, Mike Morris, and others, per the determinations of our group.

Keep the faith,

Mary Clare

[Complete Verney letter submitted as EXHIBIT H]

EXHIBIT J



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-2

Michael B. Morris Jr., Treasurer  
Reform Party of the United States of  
America  
P.O. Box 9  
Dallas, TX 75221

DEC 22 1999

Identification Number: C00331314

Reference: April Quarterly (1/1/99-3/31/99), July Quarterly (4/1/99-6/30/99) and  
October Quarterly (7/1/99-9/30/99) Reports

Dear Mr. Morris:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Your report discloses limited payments for administrative expenses. Each national party committee utilizing separate federal and non-federal accounts is required to allocate any administrative expenses between the accounts in proportion to the fixed federal percentage indicated on FEC Schedule H1. A Schedule H1 must be filed with the first FEC FORM 3X submitted each year. 11 CFR §106.5(b)

Any goods or services provided to your committee by a person, except volunteer activity (i.e., a person's time), would be considered an in-kind contribution from that person, and would be subject to the disclosure requirements of 2 U.S.C. §434(b)(3) and 11 CFR §104.13, and the limitations and prohibitions of 2 U.S.C. §§441a and 441b.

Clarification regarding administrative expenses should be disclosed during each two year election cycle beginning with the first report filed in the non-election year. Please provide the necessary information regarding administrative expenses incurred by your committee and/or amend your report to disclose such expenses according to the referenced provisions of the Act and Commission Regulations.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 694-1130.

Sincerely,



Scott Walker  
Reports Analyst  
Report Analysis Division

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EXHIBIT K



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20543

RQ-3

January 13, 2000

Michael B. Morris, Jr., Treasurer  
Reform Party of the United States of  
America  
P.O. Box 9  
Dallas, TX 75221

Identification Number: C00331314

Reference: April Quarterly (1/1/99-3/31/99), July Quarterly (4/1/99-6/30/99) and  
October Quarterly (7/1/99-9/30/99) Reports

Dear Mr. Morris:

This letter is to inform you that as of January 12, 2000 the Commission has not received your response to our request for additional information, dated December 22, 1999. This notice requests information essential to full public disclosure of your federal election campaign finances. To ensure compliance with the provisions of the Federal Election Campaign Act (the Act), please respond to this request (copy enclosed).

If no response is received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions regarding this matter, please contact Scott Walker on our toll-free number (800) 424-9530 or our local number (202) 694-1130.

Sincerely,

John D. Gibson  
Assistant Staff Director  
Reports Analysis Division

Enclosure