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June 23, 2009

**VIA FEDERAL EXPRESS**

Joshua Smith, Esq.  
Office of General Counsel  
Federal Election Commission  
999 E Street NW  
Washington, DC 20463

RE: MUR 6101 / Foundations Inc. and IN Compliance Inc.  
My File No.: 0036-09

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
2009 JUN 24 PM 3:00  
OFFICE OF GENERAL  
COUNSEL

Dear Mr. Smith:

Be advised this law office has substituted in to represent Chrissie Hastie and Foundations Inc./IN Compliance Inc. in place of the law firm of Fish & Richardson.

In response to your letter dated May 20, 2009, this correspondence is forwarded to your attention to dispute the allegation that my client violated the Federal Election Campaign Act by making a prohibited contribution in the form of an impermissible extension of credit to the Heller for Congress Committee. To the contrary, the debt was fully disclosed to the commission on the Heller for Congress Committee's Post General Report and all subsequent reports accordingly.

My client never considered the subject debt to be anything other than a valid 2006 debt. My client and the campaign agreed that fundraising for all 2006 debt and fundraising for the 2008 election cycle would be accomplished through separate efforts. At the close of the 2006 election cycle, the campaign manager discussed that the 2006 debt would be paid as 2006 debt money became available through debt retirement fundraising efforts. At that time neither party believed this would be a lengthy process and both parties were eager to extinguish the debt to all vendors. Throughout all conversations with the campaign representatives, my client conveyed the belief and expectation that active efforts would be made to fundraise in order to retire the 2006 debt.

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In support of my client's position, please find attached hereto as Exhibit 1 various email correspondence dated April 11, 13, and 18, 2007, which document the request for payment of the outstanding debt.<sup>1</sup>

It is important to note that the amount in question, \$19,500, specifically pertained to FEC related accounting/treasury, compliance and reporting services. As previously documented, my client is a commercial vendor with an incorporated status. At no time were the services rendered intended to be a contribution by the corporation or expected to go unpaid for any extended period of time.<sup>2</sup>

My client would also point out that the company made reasonable attempts to collect payment, both verbally and via email correspondence. Customarily, no interest is charged on outstanding debts. The company does maintain internal record keeping for the company's accounts receivables to track and follow-up on any outstanding receivables. This debt was tracked accordingly within the company's accounts receivables.<sup>3</sup>

In response to the commission's question as to whether this extension of credit to the Heller for Congress Committee conformed to the company's usual and normal practice, Foundations Inc. previously carried debts in this range for other political organizations throughout the normal course of business.<sup>4</sup>

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<sup>1</sup> Subsequent payments for the 2006 debt owed my client were made and reported on April 18, 2007, in the amount of \$2,000; May 16, 2007, in the amount of \$500; August 23, 2007, in the amount of \$1,000; and the final payment of \$19,500 on March 11, 2009. Additionally, my client maintained continual verbal communication with the campaign representatives as to the status and tracking of the remaining outstanding debt as well as the flow of any incoming 2006 debt money for retirement of that debt.

<sup>2</sup> Notwithstanding the same, please refer to 11 CFR 100.86, 100.146 and 114.1(a)(2)(vii), which states "Any entity (e/g., a committee, a corporation, a union, a partnership) may provide a campaign with free legal and accounting services".

<sup>3</sup> Please see the customer balance summaries for year end 2007 and year end 2008 attached hereto as Exhibit 2.

<sup>4</sup> Please refer to the outstanding debt for the Nevada Republican State Central Committee listing a debt to Foundations Inc. in the amount of \$8,807 reported on January 31, 2007, and reflected on its 2007 February Monthly report, and an outstanding debt of \$7,480.80 reported on February 28, 2007, and reflected on its 2007 March Monthly report for a total outstanding debt of \$15,787.80. This debt was not paid in full until May 8, 2007, as disclosed on its 2007 June Monthly report. Please refer to the outstanding debt reported by the Oregon Republican Party to IN Compliance Inc. reflected on its 2007 December Monthly Report in the amounts of \$12,800 on November 26, 2007, and \$2,500 on November 26, 2007, for a total debt of \$15,300 which was not extinguished completely until November 12, 2008, as disclosed on its 2008 December Monthly Report.

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Of further note, IN Compliance Inc. was not retained for the 2010 cycle. At that time, the campaign representatives told the company that it would be paid in full for the outstanding debt by the completion of the current contract (through January 31, 2009). Please find attached hereto as Exhibit 3 the email correspondence which documents the continued efforts for payment, beginning January 16, 2009, through March 13, 2009.

Reasonable efforts, as documented, were made on a continual basis to collect this debt. The debt was disclosed appropriately to the commission, and the corporation maintained internal records which characterized the debt as an account receivable with expectation of payment in full. Similar extensions of credit were made available to other political organizations, which over the course of time were also paid in full. In closing, my client maintains that the subject debt was never intended to be a contribution or an impermissible extension of credit.

Should you have any questions or require additional documentation please contact my office. Otherwise I look forward to your response.

Respectfully,

*Bruce D. Schupp, Esq.*

BRUCE D. SCHUPP, ESQ.

BDS/skf

Enclosures

cc: Fish & Richardson P.C. w/o enclosures  
Chrissie Hastie w/o enclosures

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