

# AuCoin

SENATE

*This went to Brent*

*241-9364*

*702203*

*Con Lee*

FOR IMMEDIATE RELEASE

March 17, 1992

Contact: Rick Gureghian

Jeanne Duncan

503/238-1992

## AuCOIN STATEMENT

Let me explain why we are here today.

I want to update you on the result of an audit, which I requested, of my House Bank checking account. It was done by Bill Cundiff, an independent certified public accountant from Portland. Bill, Sue and I will then answer any questions you might have.

After the GAO's initial report on the House Bank in September 1991, I requested from the Sergeant-at-Arms, the official in charge of the Bank, full and complete information on my account. I was one of the first members of Congress to step forward and acknowledge my overdrafts. Here is the official letter from the Sergeant-at-Arms -- you all have copies.

Starting last week, it became increasingly clear that the so-called House Bank was in administrative shambles. The House Ethics Committee detailed an almost complete absence of reasonable accounting procedures and lax banking standards. The bank's operation was clearly unacceptable.

When I heard that, I decided there and then that the information I had received from the House Bank was simply unreliable, that the letter from the Sergeant-at-Arms was simply not good enough.

That's when I decided to have an independent, impartial Oregon accountant audit my family's account one more time. I retained Bill Cundiff and the audit was done over the last three days, after he reconstructed my records, check by check. We were aided by information -- for the first time -- explaining a marking system the Bank co-op used for checks that did not immediately clear.

When I heard Bill's findings, I was stunned. After all, as you will see, the official letter from the Sergeant-at-Arms said that for the initial 12-month period I had 7 overdrafts. Bill's analysis shows there had been 66. I didn't know that -- and, apparently, neither did the Bank. So there I was, going public in good faith with official information that was

printed on



recycled paper



wrong! How would you feel in such a situation? If voters feel betrayed, I understand. Because I feel betrayed by the Bank's leaders.

In fact, my monthly statements have always showed a positive balance. There was never an indication on any statement that an overdraft occurred. In 17 years, the House Bank called me 2 or 3 times, telling me that I needed to make a deposit to prevent an overdraft from occurring.

The bank was inept, but I'm responsible.

I've always believed in being straight with the people of Oregon -- I've always trusted them with the truth.

The House Bank was inept, their procedures and policies a joke, but I was human and made mistakes. I relied too heavily on the Bank; I didn't spend the time or attention I should have keeping my own books. For that, I'm sorry.

My wife and I are often on the road. Last year alone, I flew between Oregon and Washington an average of every other weekend. And in the process, I paid too little attention to my own finances. But in the end, I trust the people of Oregon to make a fair judgment -- to recognize that no rules were broken; no taxpayer money was used; that my records on this and my taxes are open for everyone to see and know the facts.

Running through all the news accounts and congressional debate is an allegation that some members relied upon the House Bank as a financial subsidy. We now know that at least two members had over 900 overdrafts. Three had over 700 overdrafts. Nine had between 500 and 700 overdrafts. But during this entire period, Sue and I wrote only a little over 1,100 checks -- in total. We never routinely and repeatedly wrote checks which created overdrafts. Our actions were not an abuse of power!

Finally, to put this into the perspective of the citizens I represent, I've had my checking account reviewed by an Oregon community bank in my own district -- the Bank of Astoria.

I asked them to analyze this as a normal account at their institution, which would be interest-bearing, to look at every check and deposit, to apply minimum balance standards, as well as overdraft assessments. Their conclusion is that this whole thing would come down to \$576.95 in overdraft assessments.

Today, I am donating that amount to the Oregon Young Writers Program, which I have been sponsoring for Oregon youngsters for three years.

Voters have enough common sense to discern between human error or honest mistakes and a systematic pattern of abuse.

The Ethics Committee report shows that during its investigation it compiled a member-by-member list showing the number of overdrafts and the face value of the overdraft checks. The face value was only used to identify accounts for which the subcommittee wanted the GAO to provide complete information.

Matthew McHugh, chairman of the subcommittee which investigated the overdrafts, said after discovering his own overdraft that the records of the bank are in such disarray that he'll never know whether it was an error on his part or on the bank's.

Jim McDermott, a member of the subcommittee, said investigating the House Bank was like walking in a swamp. It had no useful written records, no real establishing procedures, no way of doing business except by word-of-mouth. When the bank's bill collector got a member to cover an overdraft, she threw her telephone log in the trash.

- McDermott: "At one point, I said, 'this reminds me of a theater of the absurd.' Every time you tried to put your foot down, something moved." (Washington Post, 3/14/92)
- Also in the Post that date is a chart describing why the House Bank was not a Bank, and how its practices differed from those of a bank. Useful handout at the press conference.

The Ethics Committee report states that in many instances members were not called when overdrafts arrived at the House Bank a day or two before the next pay day. "Undoubtedly there were other times when contact did not occur, as, for example, during a congressional recess. In such situations a member might not know that he or she had an overdraft." (Page 25)

Last fall, I felt an immediate necessity to tell the people of Oregon about the status of my account. I got an accounting from the Bank and made that public. I'm completely incapable of understanding how the Bank could have been so wrong. Once I discovered the error, I brought it to your attention at the earliest possible time, but I'll tell you this, no one in his right mind would ever want to do this twice.

I have been told that the Bank counted as overdrafts checks of mine when I had sufficient funds. I have been told that the Bank sometimes failed to post my paycheck on time. I have been told that some of my withdrawals from the Credit Union -- one block away from the House Bank -- were not credited to my account at the House Bank for two or three or four days.

The first time I heard about any of this was when the disclosures were made last fall. As Bill Cundiff will show you, Sue and I never systematically, routinely wrote checks against future pay. Since last fall, we have completely revised the handling of our personal finances so this can never happen again. Further, I've cosponsored legislation to put the operations of the House under the leadership of a professional administrator as well as the second bill to eliminate all House perks.

I want to make a final point. I trust the voters to listen to the facts and make their judgment fairly. Unfortunately, I already have seen my opponents attacking me viciously and personally on this issue. I expect that to continue, but I have one request of you in the press; today, I have disclosed more than any candidate running for the U.S. Senate has ever disclosed. In fact, to lay the facts on the table concerning the House Bank, I have set a new standard for openness and integrity. I hope you demand the same from my opponents as they attempt to point fingers.

I'd be happy to answer your questions -- but first, I'd like the accountant to walk you through the material we handed out.

### Bill Cundiff

My name is Bill Cundiff. I am a certified public accountant with over 23 years' experience in auditing. I was the managing partner of the Portland office of Arthur Young & Company, a national CPA firm, from 1983-1989.

During my tenure with Arthur Young, I specialized in serving clients in the commercial banking industry. I served on Arthur Young's national banking industry committee and I was chairman of an ad-hoc committee that established guidelines adopted by the Oregon Department of Banking for directors' examinations of state chartered banks. I am independent with respect to the financial affairs of Les and Sue AuCoin and the AuCoin for Senate Committee.

I'd like to begin by making one overall assessment about the House Bank.

I have been auditing banks for years and have seldom seen anything as sloppy and inept as the way the House Bank kept their records -- you'll see what I mean as I review the facts.

The report by the House Ethics Committee documents that this bookkeeping was done by hand. The checks were handed back and forth between clerks in the bank, were put in drawers and in a safe, and were always manually handled. The records were never computerized.

The House Bank was not a traditional bank -- it was more of a clearing house for member checks than a bank. It is a co-op that cost the taxpayers nothing. The only money that was at risk was money belonging to members of Congress. Hence, you should keep in mind that Les and Sue's account did not earn interest.

I reviewed all checks and all statements from the entire 39-month period of the GAO report -- from July 1, 1988, to October 3, 1991.

Item #1 is provided to give you a sense of what my audit entailed.

- Irregularities and errors by the House Bank.

Example one: checks that did not bounce. We found three instances in which checks were marked with the same markings as the overdraft checks when in fact Les had sufficient funds to cover these checks.

Example two: deposits of paychecks. On several occasions, paychecks were not posted on the first business day of the month, even though they should have been.

Example three: the deposit of checks from other financial institutions. In the few days we've had to work on this, we have found six occasions on which Les made withdrawals from the Wright-Patman Credit Union, which sent the checks to the House Bank, but which the House Bank did not post for a number of days. You need to understand that the House Bank is one block away from the Credit Union, and the delivery is almost always overnight. You have a letter on this from the Wright-Patman Credit Union.

In summary...the timing of entries posted by the House Bank are, at best, suspect.

Item #2 is the Jack Russ letter -- as you will see, Russ identifies 7 checks for \$451. Keep this in mind as we move ahead.

Item #3 is the key analysis. Let me walk you through it.

You will note the top three lines are the Bank errors; entries 1 through 8 are from the period prior to the Jack Russ letter.

You will see that entries 9 through 74 are from the 12-month period covered by the Russ letter, July 1, 1989, through June 30, 1990. The Bank reported 7 checks. You will see that I have determined that there are 66 checks.

The checks that the House Bank identified as overdrafts were items number 13 through 19. You will note that all of those took over 10 days to clear.

Finally, the last 6 items are from after that period.

You will note the total at the bottom -- 80 checks for a total overdraft of \$61,000.

Clearly, the bulk of Les's checks were written and covered within 4 days.

Item #4 summarizes Les's actual monthly statement balances. You will note that there was a positive balance for each month. In fact, the daily balance reflected on the statements were also always positive. In addition, we've provided a sample statement to show that there is no indication that there were overdrafts.

There have been allegations that some overdrafts were created because members were loaning the money to their campaigns. I have examined Les's account carefully and found that no checks were written by him to his campaign. The more than one thousand checks written against this account were clearly written by Les and Sue to meet normal family and household expenses.

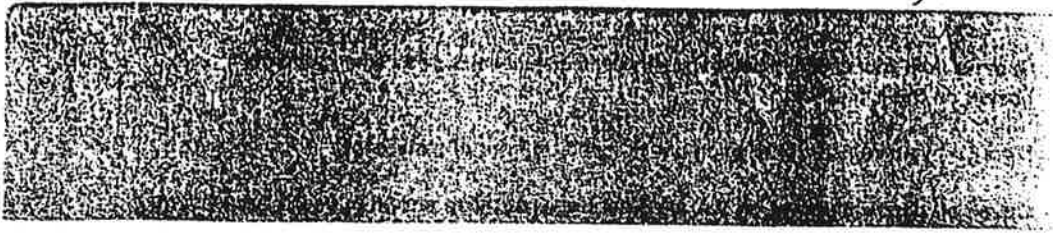
Item #5 -- not in your handout but in binders -- is a copy of each of the checks in question for your review.

Exh 1  
30/31

TELEPHONE 202-225-2456

# STATEMENT

ACCOUNT WITH SERGEANT AT ARMS  
HOUSE OF REPRESENTATIVES



HON. LES AU COIN  
3061 PORTER STREET, N.W.  
WASHINGTON, DC 20008

..... CHECKING ACCOUNT .....  
ACCOUNT SOCIAL SECURITY YOUR PREVIOUS BALANCE ON 07/05/89 .....  
NUMBER NUMBER PLUS DEPOSITS & OTHER CREDITS .....  
MINUS CHECKS & OTHER DEBITS .....  
EQUALS YOUR NEW BALANCE .....  
5,824.34  
6,343.65  
6,425.43  
5,742.55

SERGEANT AT ARMS DEPOSIT			TRANSACTIONS			DATE		AMOUNT	
ITEM	DATE	AMOUNT	ITEM	DATE	AMOUNT	DATE	AMOUNT	DATE	BALANCE
						03-01	+	4,653.53	
						03-01	+	1,690.12	
									BALANCES
	07-06	25.00		07-19	343.16			07-05	5,824.34
	07-06	67.75		07-20	65.19			07-06	5,651.59
	07-06	80.00		07-20	178.40			07-07	5,536.59
	07-07	65.00		07-20	289.60			07-10	5,538.71
	07-10	47.98		07-21	423.00			07-13	1,940.44
	07-13	9.20		07-24	24.05			07-14	1,822.93
	07-13	32.33		07-26	74.19			07-17	1,705.51
	07-13	32.99		07-26	74.74			07-18	1,655.60
	07-13	100.00		08-01	13.90			07-19	1,153.37
	07-13	114.00		08-01	19.59			07-20	620.13
	07-13	114.25		08-01	49.95			07-21	197.13
	07-13	200.00		08-01	50.00			07-24	173.13
	07-13	1,079.60		08-01	66.90			07-26	24.20
	07-13	1,916.00		08-01	75.29			08-01	5,742.56
	07-14	20.00		08-01	84.39				
	07-14	97.46		08-01	100.00				
	07-17	34.61		08-01	50.54				
	07-17	82.86		08-01	51.00				
	07-18	49.91		08-01	63.73				
	07-19	159.07							

08-01 63.73



"Overdraft" check received on  
7/26/89, posted on 8/1/89  
(see attached)

Red date stamp applied when a check exceeded the amount on deposit

Blue date stamp applied when the check was cleared for posting by a subsequent deposit

*Factoring & Servicing  
Partners*

HON. LES AUCOIN, M.C.  
HOUSE OFFICE BUILDING  
WASHINGTON, D.C. 20515

No 0969

AUG 1 1968

15-121  
540

*Washington, D.C. 7/8 1968*  
*Pay to the order of Pearl Packing Company \$63.73*  
*fifty three dollars and 73/100 Dollars*  
*The Sergeant, at Arms*  
House of Representatives, U. S.

⑆054001217⑆ 002 6⑈

*Les Aucoin*  
*By [Signature]*



Jack Russ  
Sergeant at Arms

Exh 2

Office of the Sergeant at Arms  
U.S. House of Representatives  
Washington, DC 20515

October 2, 1991

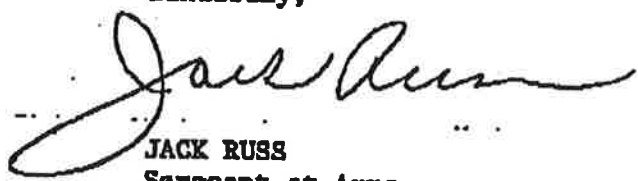
Honorable Les AuCoin  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congressman AuCoin:

I have reviewed your House of Representatives checking account for the period covered by the most recent audit (July 1, 1989 to June 30, 1990). As you suggested, there were a series of checks during this period that did not clear initially. On August 15, 1989, you had outstanding checks for \$50.00 and \$125.00. On August 16, 1989, you had outstanding checks in the amounts of \$26.00, \$41.15, \$50.00 and \$80.00. All of these checks were cleared up in a matter of days.

As always, you are in good standing with this office. Please feel free to contact me if I can be of further assistance with this matter.

Sincerely,



JACK RUSS  
Sergeant at Arms

Exh 3

Checks erroneously identified as "Overdraft"

Other checks identified as "Overdraft" prior to the period covered by the Jack Russ letter

Checks identified as "Overdraft" during the period covered by the Jack Russ letter

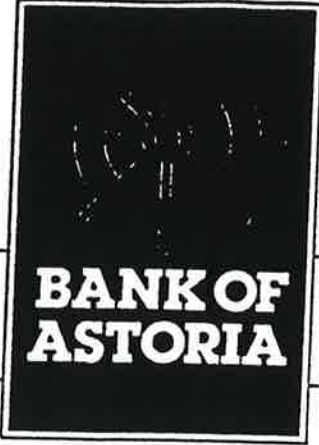
Checks identified as "Overdraft" after the period covered by the Jack Russ letter

Check Number	Date Presented	Face Amount	Date Cleared	Business Days to Clear	Amount of "Overdraft"	
470	7/12/88	894.00	7/15/88	3		
524	8/18/88	127.05	8/19/89	1		
893	6/6/89	273.48	6/7/89	1		
1	754	2/27/89	750.72	3/1/89	2	247.15
2	738	2/27/89	10,000.00	3/3/89	4	10,000.00
3	740	2/27/89	7,000.00	3/3/89	4	7,000.00
4	892	5/25/89	2,124.00	5/30/89	3	1,798.43
5	908	6/12/89	828.30	6/19/89	5	322.91
6	913	6/13/89	1,140.22	6/19/89	4	1,140.22
7	926	6/16/89	1,130.21	6/19/89	1	928.75
8	918	6/22/89	5,000.00	6/28/89	4	2,101.46
9	969	7/26/89	63.73	8/1/89	4	39.53
10	974	7/26/89	50.54	8/1/89	4	50.54
11	970	7/31/89	51.00	8/1/89	1	51.00
12	1012	8/14/89	822.35	8/15/89	1	785.71
13	1010	8/15/89	50.00	9/1/89	13	41.40
14	1017	8/15/89	125.00	9/1/89	13	125.00
15	1000	8/16/89	50.00	9/1/89	12	50.00
16	1013	8/16/89	80.00	9/1/89	12	80.00
17	1015	8/16/89	25.00	9/1/89	12	25.00
18	1018	8/16/89	41.15	9/1/89	12	41.15
19	1009	8/16/89	120.00	9/1/89	12	120.00
20	1004	8/18/89	49.76	9/1/89	10	49.76
21	1019	8/21/89	45.00	9/1/89	9	45.00
22	1024	8/23/89	148.91	9/1/89	7	148.91
23	1022	8/25/89	16.00	9/1/89	5	16.00
24	1020	8/28/89	25.00	9/1/89	4	25.00
25	1021	8/28/89	100.00	9/1/89	4	100.00
26	1027	8/29/89	77.44	9/1/89	3	77.44
27	1029	8/29/89	38.38	9/1/89	3	38.38
28	1028	8/30/89	10.95	9/1/89	2	10.95
29	1031	8/30/89	52.18	9/1/89	2	52.18
30	1047	9/7/89	54.51	9/13/89	4	23.55
31	1044	9/8/89	50.00	9/13/89	3	50.00
32	1051	9/8/89	36.07	9/13/89	3	36.07
33	1034	9/8/89	160.00	9/15/89	5	160.00
34	1052	9/8/89	813.79	9/15/89	5	813.79
35	1053	9/11/89	605.89	9/15/89	4	604.93
36	1058	9/11/89	110.00	9/15/89	4	110.00
37	1062	9/11/89	50.00	9/15/89	4	50.00
38	1063	9/11/89	104.53	9/15/89	4	104.53
39	1056	9/12/89	50.00	9/13/89	1	50.00
40	1043	9/12/89	20.00	9/15/89	3	20.00
41	1049	9/12/89	289.60	9/15/89	3	289.60
42	1054	9/12/89	85.57	9/15/89	3	85.57
43	1055	9/12/89	110.00	9/15/89	3	110.00
44	1065	9/12/89	22.22	9/15/89	3	22.22
45	1048	9/13/89	50.00	9/15/89	2	48.07
46	1060	9/13/89	160.00	9/15/89	2	160.00
47	1061	9/13/89	20.00	9/15/89	2	20.00
48	1064	9/13/89	50.00	9/15/89	2	50.00
49	1066	9/13/89	100.72	9/15/89	2	100.72
50	1067	9/13/89	120.14	9/15/89	2	120.14
51	1069	9/13/89	55.43	9/15/89	2	55.43
52	1057	9/14/89	28.39	9/15/89	1	28.39
53	1068	9/14/89	114.00	9/15/89	1	114.00
54	1123	11/8/89	50.00	11/15/89	5	29.88
55	1142	11/9/89	114.00	11/15/89	4	114.00
56	G	11/9/89	1,300.00	11/15/89	4	1,300.00
57	F	11/14/89	42.40	11/15/89	1	42.40
58	1155	12/20/89	125.79	1/3/90	8	76.00
59	I	12/21/89	151.20	1/3/90	7	151.20
60	J	12/22/89	400.00	1/3/90	6	385.21
61	1175	12/26/89	66.82	1/3/90	5	66.82
62	1169	12/27/89	75.00	1/3/90	4	67.71
63	1203	12/27/89	43.78	1/3/90	4	43.78
64	1204	12/28/89	51.91	1/3/90	3	51.91
65	1205	12/28/89	111.07	1/3/90	3	111.07
66	1206	12/28/89	51.79	1/3/90	3	51.79
67	1308	2/28/90	12,900.00	3/1/90	1	3,251.84
68	1374	4/17/90	227.24	4/19/90	2	225.04
69	1376	4/17/90	1,400.00	5/1/90	10	1,400.00
70	1382	4/25/90	153.30	5/1/90	4	43.79
71	1385	4/25/90	20,000.00	5/1/90	4	20,000.00
72	1388	4/27/90	124.48	5/1/90	2	124.48
73	1447	6/4/90	2,879.30	6/11/90	5	152.81
74	1454	6/11/90	3,420.58	6/18/90	5	1,549.20
75	1516	7/20/90	3,000.00	7/24/90	2	619.90
76	1563	10/30/90	5,046.00	11/1/90	2	1,777.29
77	1572	12/11/90	132.50	12/12/90	1	123.38
78	1612	3/14/91	2,900.00	3/18/91	2	76.26
79	1614	3/26/91	136.90	4/1/91	4	77.06
80	1617	4/15/91	6,334.00	4/22/91	5	499.32
Total of 80 items					→	61,151.22

**Ending Balances of Monthly Statements  
Received From Sergeant at Arms**

Statement Date	Ending Balance
8/1/88	9,614.28
9/1/88	10,998.03
10/3/88	10,100.78
11/1/88	5,267.08
12/1/88	11,275.14
1/3/89	8,142.54
2/1/89	9,861.45
3/1/89	4,109.51
4/3/89	4,978.44
5/1/89	4,782.99
6/1/89	6,510.66
7/5/89	5,824.34
8/1/89	5,742.56
9/1/89	3,416.66
10/2/89	4,543.59
11/1/89	6,598.05
12/1/89	5,925.56
1/3/90	2,005.51
2/1/90	11,002.37
3/1/90	15,529.38
4/2/90	6,336.17
5/1/90	6,321.95
6/1/90	2,757.13
7/2/90	6,847.53
8/1/90	6,593.13
9/4/90	2,155.29
10/1/90	6,917.74
11/1/90	3,329.43
12/3/90	5,430.26
1/3/91	5,273.19
2/1/91	10,670.16
3/1/91	10,458.74
4/1/91	6,214.91
5/1/91	6,309.88
6/3/91	12,531.85
7/1/91	423.82
8/1/91	5,888.36
9/3/91	5,964.54
10/1/91	9,758.09

Exh 5



**Main Branch**  
P.O. Box 28 • 1122 Duane Street  
Astoria, OR 97103-0028  
(503) 325-2228 FAX (503) 325-8487

March 16, 1992

Congressman Les AuCoin  
2701 N.W. Vaughn, Suite 860  
Portland, Oregon

Dear Les:

Recently we discussed the disclosures regarding overdrawn accounts at the House Bank. You explained to me that the "bank" was in fact a cooperative pooling of salaries and other funds from Congressmen and that no federal or taxpayer funds were involved; that no interest or service charges were paid for these overdrafts, and there was no interest paid to Congressmen on their surplus funds on deposit.

In the course of our discussion, you explained the extent of such overdrafts in your own account at the House Bank. You then asked if I would make a calculation of what the financial impact would have been to you had you maintained an account at the Bank of Astoria during the 39 months under review. In making the calculations, I agreed to use the advertised interest rates paid and fees charged by the Bank of Astoria, in my belief that they are competitive with, and representative of, the equivalent rates and fees at the other larger commercial banks in Oregon.

You have provided to me copies of the 39 monthly statements of your account with the Sergeant at Arms covering the period July 1, 1988 through September 30, 1991, a total of 1,191 days. You also have provided a schedule of unposted checks on the above account, showing amounts, and dates presented, along with other items of information not needed for the requested calculations.

The result of my calculations including credit for interest earned and deductions for fees and service charges on a number of months the account fell below the minimum balance required totaled \$576.95 owed to the Bank.

Should you have any questions concerning any of the above items of information, I will be happy to answer them. I may be reached at Bank of Astoria, (503) 325-2228.

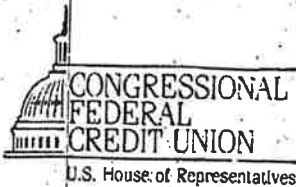
I am pleased to have provided this information and I hope you will find it helpful and responsive to your request.

Sincerely,

A handwritten signature in cursive script that reads "Cheri Folk". The signature is written in dark ink and is positioned below the word "Sincerely,".

Cheri Folk  
President

Exh 6



March 16, 1992

The Honorable Les AuCoin  
 2159 Rayburn House Office Building  
 U. S. House of Representatives  
 Washington, D. C. 20515

Re: Account of Les AuCoin & Susan AuCoin

Dear Congressman AuCoin:

In response to your request for information on withdrawals from your account, we have examined copies of the front and back of six Cashier's Checks issued by the credit union. These six checks were withdrawals from the credit union account of Les AuCoin & Susan AuCoin. The checks, listed below, were payable to Les AuCoin:

<u>Check #</u>	<u>Date</u>	<u>Amount</u>	<u>Sgt at Arms</u> <u>Deposit Stamp Date</u>
#725967	January 5, 1990	\$56,730.00	January 8, 1990
#730534	June 6, 1990	\$ 3,500.00	June 11, 1990
#730598	June 14, 1990	\$ 5,000.00	June 18, 1990
#734645	August 28, 1990	\$ 3,100.00	August 31, 1990
#736179	December 11, 1990	\$ 3,000.00	December 13, 1990
#740787	January 3, 1991	\$ 6,105.00	January 4, 1991

The endorsements on the back of these checks indicate that they were deposited at the Sergeant at Arms of the US House of Representatives.

It was the general practice of the credit union to send such withdrawal checks to the Office of the Sergeant at Arms by inter-office ("INSIDE") mail at the close of business on the date of the check.

Please do not hesitate to contact us if you have any questions or need additional information.

Sincerely,

Robert A. Hess  
 President

Exh 7



Merrill Lynch Consumer Markets  
699 Prince Street  
Suite 101  
Alexandria, Virginia 22314  
703 838 6809 Local Direct  
800 937 0628  
FAX 703 836 8804

Mailing address:  
PO. Box 20427  
Alexandria, Virginia 22320-1427

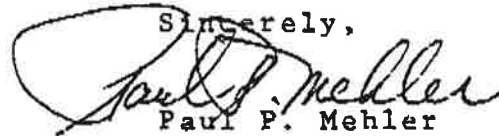
Paul P. Mehler  
Assistant Vice President

March 16, 1992

Dear Congressman Aucoin,

After reviewing your statement for April, 1990, the record shows that Merrill Lynch issued you a check for \$22,000 on April 26, 1990 from your Money Market Fund.

Sincerely,



Paul P. Mehler

# House Bank Records Hampered Probe

Exh 8

*Panel Had to Rely on 'Word of Mouth'*

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By Guy Gugliotta  
Washington Post Staff Writer

Investigating the House Bank, said Rep. Jim McDermott (D-Wash.), was like walking in a swamp. It had no useful written records, no real established procedures, no way of doing business except word of mouth. Whenever the bank's bill collector got a member to cover an overdraft, she threw her telephone log in the trash.

"At one point I said, 'This reminds me of a theater of the absurd,'" said McDermott, a member of the six-man ethics subcommittee that conducted the investigation. "There we were, 'Six Characters in Search of a Standard.' Every time you tried to put your foot down, something moved."

The House, by a vote of 426 to 0 early yesterday, decided on "full disclosure" of its check-kiting activities at the House Bank, but "disclosable" information for most members consists of nothing more than the total number of "held" checks added up from the backsides of the bank's handwritten daily tally sheets.

Overdrafts were included

among held checks, but so were torn checks, checks with a bad signature, checks with torn corners and checks marked with a coffee stain or a child's chocolate thumbprint.

In about 10 days, the ethics committee will release the names of 19 House members and five former members who "abused" their bank privileges during a 39-month period ending Oct. 3, 1991. Those on the list—their accounts were fully reconstructed by the ethics committee—will have time to examine the evidence and dispute the findings.

After allowing at least another 10 days to elapse, the committee will release the names and number of bad checks of 331 additional members who wrote at least one bad check. For the most part, they will have to reconstruct their accounts, and this most likely will be difficult. Those who have attempted it say it takes days.

Sources said the investigating subcommittee—both Republicans and Democrats—argued against release of the full list in meetings with Republican dissenters on the full committee.

See BANK, A10, Col. 1



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"There are no written records it are worth anything," McDermott said. "There were no records who was called when. All we had was word of mouth. As soon as the clerk collected an overdraft, she threw away the little slips she wrote."

McDermott said the committee interviewed bank employees, examined the daily tally sheets and looked at members' account records in an attempt to figure out who committed the worst abuses and how bad they were.

In the end, the procedure was ineffective, he added. Investigators turned the back of the daily tally

sheets, where cashiers listed the held checks in longhand. After finding out whose names appeared most often, the investigators looked at old bank statements and account records. Eventually they chose to reconstruct 66 accounts, from which they selected the 24 "abusers" who had run overdrafts greater than their next month's paycheck

for 20 percent of the months they had an account.

The reconstruction took five months.

Releasing all the raw data, the subcommittee thought, would be not only misleading but also unjust to House members, McDermott said. "That's why we were so resistant to put out this rotten information."