

FEDERAL ELECTION COMMISSION

In the matter of : U.S.-Cuba Democracy Political Action Committee
Gus Machado, Treasurer
Step toe & Johnson

MUR No.: _____

COMPLAINT

1. Citizens for Responsibility and Ethics in Washington hereby brings this complaint before the Federal Election Commission seeking an immediate FEC investigation and enforcement action against the U.S.-Cuba Democracy Political Action Committee, Gus Machado and Steptoe & Johnson for direct and serious violations of federal campaign finance law.

Complainant

2. Citizens for Responsibility and Ethics in Washington is a non-profit, non-partisan organization dedicated to ensuring accountability in public officials.

Respondents

3. The U.S.-Cuba Democracy Political Action Committee is a political committee registered under the Federal Election Campaign Act. 2 U.S.C. § 433. Gus Machado is the treasurer of the U.S.-Cuba Democracy Political Action Committee.

4. Steptoe & Johnson is a law firm operating in the District of Columbia. Steptoe & Johnson is also a federal government contractor, performing work for the Department of Agriculture. *See*

http://www.fedvendor.com/contract_award/index.htm?ftype=3&fonlytitle=0&fkeyword=steptoe

Factual Allegations

5. In its 2003 Mid-Year Report, the U.S.-Cuba Democracy Political Action Committee reported a debt of \$18,262.50 to the law firm of Steptoe & Johnson. U.S.-Cuba

Democracy Political Action Committee FEC Form 3X, Report of Receipts and Disbursements, filed July 16, 2003, at page 7 (attached as Exhibit A).

6. In its 2005 Mid-Year Report, the U.S.-Cuba Democracy Political Action Committee reports that it still owes Steptoe & Johnson \$15,262.50. U.S.-Cuba Democracy Political Action Committee FEC Form 3X, Report of Receipts and Disbursements, filed July 29, 2005, at page 138 (attached as Exhibit B).

7. The U.S.-Cuba Democracy Political Action Committee has failed to pay its debt to Steptoe & Johnson for two years, despite reporting that the PAC has \$266,455.06 in cash on hand as of June 30, 2005. U.S.-Cuba Democracy Political Action Committee FEC Form 3X, Report of Receipts and Disbursements, filed July 29, 2005, at page 2 (attached as Exhibit C).

8. According to the guidance provided to nonconnected committees by the Federal Election Commission, a “vendor may not extend credit to a political committee for a longer period of time than is normally practiced in the creditor’s trade.” “When a political committee fails to pay a debt owed to a . . . vendor within the time specified by the vendor, a prohibited contribution by the vendor may result . . . if the vendor fails to make a commercially reasonable attempt to collect a debt from the committee . . .” Campaign Guide for Nonconnected Committees, at 11; see also 11 C.F.R. §116.3. Here, it appears that Steptoe & Johnson has extended credit to the U.S.-Cuba Democracy PAC for at least two years – a period of time which cannot possibly be considered “commercially reasonable” – and has apparently not made any attempt to collect the debt from the committee.

COUNT I

9. The Federal Election Campaign Act (“FECA”) and Federal Election Commission (“FEC”) regulations prohibit federal government contractors from making contributions to

federal political committees. 2 U.S.C. §441c(a)(1); 11 C.F.R. §115.2 Indeed, FEC regulations specifically state that the assets of a partnership which is a federal contractor may not be used to make contributions or expenditures in connection with federal elections. 11 C.F.R. §115.4(a). As Steptoe & Johnson was awarded a government contract on or about September 23, 2002 with the Department of Agriculture in the amount of \$4,635,800, Steptoe & Johnson was a federal contractor within the meaning of 2 U.S.C. §441c(a)(1) and 11 C.F.R. §115.1(a) at the time it made a contribution of \$15,262.50 to the U.S.-Cuba Democracy Political Action Committee. As a result, Steptoe & Johnson has made a prohibited contribution of \$15,262.50 to the U.S.-Cuba Democracy Political Action Committee in violation of 2 U.S.C. §441c(a)(1) and 11 C.F.R. §115.2(a).

COUNT II

10. FEC regulations require a federal political committee to refuse to accept a contribution from a federal contractor. 11 C.F.R. §103.3(b)(1). Moreover, the treasurer of a federal political committee is required to make at least one oral or written request for evidence of the legality of the contribution. Id. If the contribution cannot be determined to be legal, the treasurer of the federal political committee is required to return the contribution within thirty days. Id. By failing to determine whether Steptoe & Johnson was a federal contractor and by failing to pay Steptoe & Johnson the remaining \$15, 262.50 of its initial bill for legal services, the U.S.-Cuba Democracy Political Action Committee and its treasurer, Gus Machado, violated 11 C.F.R. §103.3(b)(1).

WHEREFORE, Citizens for Responsibility and Ethics in Washington requests that the Federal Election Commission conduct an investigation into these allegations, declare the

respondents to have violated the federal campaign finance laws, impose sanctions appropriate to these violations and take such further action as may be appropriate.

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