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FEDERAL ELECTION  
COMMISSION  
GENERAL  
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COUNSEL

July 1, 2004

PRE-MUR # 422

Jeff S. Jordan  
Federal Election Commission  
Office of General Counsel  
999 E Street, N.W.  
Washington, D.C. 20463

Re: USProtect Corporation

Dear Mr. Jordan:

Following our recent conversation, I am writing to initiate a *sua sponte* submission on behalf of my client, USProtect Corporation ("USProtect"), a privately-held company headquartered in Silver Spring, Maryland. The purpose of this letter is to notify the Federal Election Commission (the "Commission" or "FEC") of potential violations of the Federal Election Campaign Act of 1971, as amended, that may have occurred at USProtect.

In the first quarter of 2004, it appears that four USProtect employees were reimbursed using corporate funds for federal political contributions. For the reasons described below, the company seeks to resolve this matter through pre-probable cause conciliation pursuant to 11 C.F.R. § 111.18(d). We are submitting this letter to initiate the enforcement process and request that we be allowed to supplement this letter with a more complete filing for the Commission's consideration within 30 days.

On or about January 23, 2004, three employees of USProtect – Leslie Kaciban, Vice President of Operations; Mark Machi, Vice President and General Counsel; and Michael Meldon, Senior Director, Government Affairs – attended a fundraiser for a federal candidate, Rep. Tom Davis. The three employees each made a contribution of \$500 to the campaign committee of Rep. Davis. On or about April 21, 2004, those same three employees and one other, Charles Gagnon, Vice President of Business Development, attended a fundraiser for Rep. Harold Rogers and made contributions of \$500 each to his campaign committee.

Following the two fundraisers, the company reimbursed these employees for the costs associated with attending the events. The reimbursements covered not only incidental expenses such as travel costs but also the candidate contributions, in apparent violation of 2 U.S.C.

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§§ 441b(a) and 441f. Seven contributions of \$500 each were reimbursed; the total amount of federal contributions involved is \$3,500.

USProtect made these reimbursements without recognizing that they represented a violation of the law. The privately-held company, which was created in May 2003, has not been politically active at any level. Moreover, the individual contributors themselves were not familiar with campaign finance requirements. A search of the FEC's online records does not reveal any previous federal contributions by these individuals. In addition, there is no evidence to suggest that the political candidates and committees involved were aware that USProtect would reimburse its employees for their contributions.

Following the discovery that the reimbursements were a violation of the law, the company took immediate steps to remedy the violation and establish procedures to ensure future compliance. The individuals involved repaid the reimbursements promptly. The company engaged my law firm to provide campaign finance counsel and investigate the matter. The company also drafted a company policy on political contributions that makes clear that employees may not be reimbursed for any political contribution. Finally, the company determined to bring this matter to the attention of the Commission and cooperate with the Commission and its staff in reaching a resolution.

On behalf of USProtect, we request that the Office of General Counsel initiate an enforcement proceeding and engage in pre-probable cause conciliation with respect to the potential violations described above. We believe pre-probable cause conciliation is appropriate in this case for the following reasons: 1) the violations were neither knowing nor willful; 2) no individual made reimbursed contributions of more than \$1,000 and the total amount of contributions involved is \$3,500; and 3) the company has acted decisively to remedy the violation, implement policies to prevent future violations, and voluntarily report the improper activity to the Commission.

Our investigation into this matter is continuing. We will supplement this letter with additional information within 30 days. In the interim, we are pleased to discuss any of the matters described in this correspondence with the Commission and its staff. Thank you for your consideration.

Sincerely,



William Minor

cc: Mark Machi, General Counsel, USProtect