

**U.S. CUBA DEMOCRACY PAC  
(POLITICAL ACTION COMMITTEE)**

1200 West 49<sup>th</sup> Street  
Hialeah, Florida 33012

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

2006 MAR 29 P 2: 58

March 28, 2006

Mr. Jeff S. Jordan  
Office of the General Counsel  
Federal Election Commission  
Washington, D.C. 20463

Re: MUR 5710 – Received by Respondents on March 14<sup>th</sup>, 2006

Dear Mr. Jordan:

This letter is in response to a complaint (MUR 5710) received by the Federal Election Commission (“Commission”) alleging violations by Respondents, the U.S.-Cuba Democracy PAC (“the PAC”) (C00387720), Mr. Gus Machado, Mr. Mauricio Claver-Carone, Mr. Fausto Diaz Jr., and Mrs. Anolan Ponce of the Federal Election Campaign Act of 1971 (“FECA”).

The complaint filed by Citizens for Responsibility and Ethics in Washington (“CREW”) is full of factual inaccuracies and mischaracterizations. As an example, while the PAC did, in fact, host a luncheon in honor of U.S. Senator Jim Bunning of Kentucky on May 27<sup>th</sup>, 2004, many of the contributions listed in #6 of the complaint were neither solicited - - nor connected in any manner -- to the May 27<sup>th</sup> luncheon (*See Attachment A, CREW Complaint*).

**Count I**

The cost of the luncheon was, in fact, paid for by Mr. Fausto Diaz, Jr., as an in-kind contribution to the PAC, and was thereafter disclosed as such in the PAC’s July 15th, 2004 Quarterly (Q2) Report, (*See Attachment B, 2004 Q2 Report*). Neither Mr. Gus Machado, Mr. Mauricio Claver-Carone, nor any other person, directed Mr. Fausto Diaz, Jr. to pay for the costs of the luncheon. Mr. Fausto Diaz, Jr., on his own volition, sought to make a contribution to the PAC -- well within the \$5,000 annual limits permitted by FECA -- by paying for the expenses of this luncheon (*See Fausto Diaz, Jr. Affidavit*). The PAC and its Treasurer, Mr. Gus Machado, believed this in-kind contribution to be solely for an expense of the PAC, and proceeded to fully and diligently disclose it as such (*See Gus Machado Affidavit*).

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**Count II**

As a separate count, the complaint filed by CREW makes various incorrect allegations regarding Mrs. Anolan Ponce and her contributions to the PAC. In its 2005 Mid-Year Report, the PAC correctly lists the following contributions from Mrs. Anolan Ponce:

April 6, 2005	\$1,034.50 (in-kind)
April 9, 2005	\$1,300.00 (check)
April 25, 2005	\$1,585.00 (in-kind)
April 27, 2005	\$1,026.00 (in-kind)
May 25, 2005	\$25.00 (check)

(See Attachment C, 2005 Mid-Year Report). Therefore, as of June 30th, 2005, Mrs. Ponce's contributions totaled \$4,970.50. On December 8<sup>th</sup>, 2005, Mrs. Ponce presented the PAC with receipts for various operating expenses of a PAC-only fundraising event that she had placed on her credit card. 11 C.F.R. Parts 100.7(a)(1) and 116.5(b). The PAC immediately, and correctly, reimbursed her for the full amount of these operating expenses (See Attachment D, 2005 Year-End Report and Check #1462). Finally, on December 27<sup>th</sup>, the PAC inadvertently deposited a \$2,500 check contribution from Mrs. Anolan Ponce, which she had not noticed would exceed the permitted \$5,000 yearly personal contribution limit. 11 C.F.R. Part 103.3(b). The PAC promptly recognized this excessive contribution and -- within five days -- correctly refunded the excessive \$2,470.50 that would have placed Mrs. Anolan Ponce beyond the permitted \$5,000 yearly contribution limit. (See Attachment E, 2005 Year-End Report and Check #1486).

The PAC has sought at all time to promptly and diligently comply with all reporting requirements and disclose all income and expenses. For these reasons, the Commission should find no reason to believe Respondents violated the Federal Election Campaign Act.

Please do not hesitate to contact me with any further questions. Thank you for your time and attention.

Sincerely,



Mauricio Claver-Carone

Attachments

26190264898

BEFORE THE FEDERAL ELECTION COMMISSION

U.S.-Cuba Democracy PAC  
Gus Machado  
Mauricio Claver-Carone  
Fausto Diaz, Jr.  
Anolan Ponce

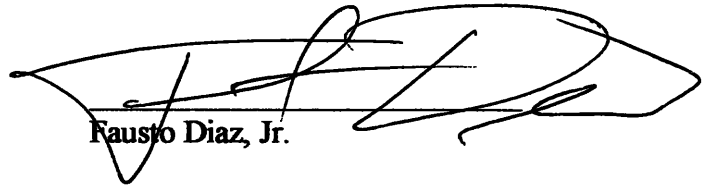
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MUR 5710

AFFIDAVIT OF FAUSTO DIAZ, JR.

I, Fausto Diaz, Jr., hereby swear that the following information is based on my personal knowledge, that I am competent to testify, and that it is both true and correct:

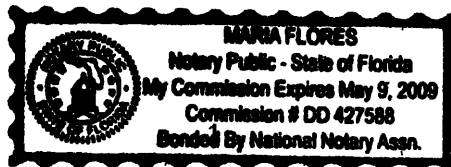
1. On May 27<sup>th</sup>, 2004, I paid for the costs of a luncheon, where the U.S.-Cuba Democracy PAC ("the PAC") served as host.
2. Neither Mr. Gus Machado, Mr. Mauricio Claver-Carone, nor any other person, asked or directed me to pay for the costs of the luncheon.
3. I sought to make a contribution to the U.S.-Cuba Democracy PAC on my own volition.
4. I perceived the costs of the luncheon to be a contribution to the U.S.-Cuba Democracy PAC.

  
Fausto Diaz, Jr.

Dated: March 24, 2006

Signed and sworn to before me this 24 day of March, 2006.

  
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NOTARY PUBLIC  
My commission expires:



26190264899

BEFORE THE FEDERAL ELECTION COMMISSION

U.S.-Cuba Democracy PAC  
Gus Machado  
Mauricio Claver-Carone  
Fausto Diaz, Jr.  
Anolan Ponce

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MUR 5710

AFFIDAVIT OF GUS MACHADO

I, Gus Machado, hereby swear that the following information is based on my personal knowledge, that I am competent to testify, and that it is both true and correct:

1. I am the Treasurer of the U.S.-Cuba Democracy PAC ("the PAC").
2. The PAC served as a host for a luncheon in honor of U.S. Senator Jim Bunning of Kentucky on May 27<sup>th</sup>, 2004.
3. The PAC believed Mr. Fausto Diaz, Jr.'s payment of the luncheon costs to be solely an in-kind contribution to the PAC.
4. The PAC pursued prompt and full disclosure of this in-kind contribution in the 2004 Mid-Year FEC Report.



Gus Machado

Dated: March 27, 2006

Signed and sworn to before me this 27 day of March, 2006.



NOTARY PUBLIC

My commission expires:



Ana C. Arisso  
Commission #DD303689  
Expires: Mar 25, 2008  
Bonded Thru  
Atlantic Bonding Co., Inc.

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