



National Republican Congressional Committee

Donald F. McGahn II  
General Counsel

MUR # 5304

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FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

2002 SEP 25 P 5:05

Lawrence H. Norton, Esq.  
Office of General Counsel  
Federal Election Commission  
999 E Street, NW  
Washington, DC 20463

Re: Complaint Against Dennis Cardoza, Cardoza for Congress and its treasurer

Dear Mr. Norton:

The National Republican Congressional Committee, by and through its General Counsel, hereby brings this complaint pursuant to 2 U.S.C. § 437g(a)(1) against state Assemblyman Dennis Cardoza and Cardoza for Congress. The National Republican Congressional Committee is located at 320 First Street, S.E., Washington, D.C. 20003.

#### **I. Factual Background**

Dennis Cardoza is the Democratic candidate for Congress in the Eighteenth Congressional District of California. He is running against Republican state Sen. Dick Monteith in the general election. According to state and federal campaign finance records, state official Cardoza and six state and local Democratic candidates swapped campaign contributions between October 9, 2001 and June 21, 2002.

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The Cardoza state assembly campaign, Friends of Dennis Cardoza, wrote checks ranging from \$900 to \$3,000 to several Democratic campaigns. The state and local campaigns who received the Cardoza non-Federal money returned the favor by donating generous sums to Cardoza's federal campaign account, Cardoza for Congress. Cardoza and the Democratic candidates conducted the bulk of the campaign contribution "money laundering" over a two-month period from late December 2001 through mid-February 2002. The Latino Political Action Committee also fits the money-laundering pattern.

According to the *Merced Sun-Star*, Cardoza chief of staff Robin Adam laughed when questioned about these serious campaign finance violations. His response to the charge was that candidates "frequently support people that they know." However, almost every Democratic campaign gave a significant portion, if not all, of the donated amount only after receiving a large check from the Cardoza campaign. Most of the donations were exchanged within a short timeframe. The chart below details the contribution exchange scheme.

### Questionable Contributions Between Cardoza and State/Local Democratic Campaigns

<b>Check from Cardoza's Assembly Account (<i>Friends of Dennis Cardoza</i>) To:</b>	<b>Check to Cardoza's Congressional Account (<i>Cardoza for Congress</i>) From:</b>
<b>Shelley For Secretary Of State</b> 12/21/2001- \$1,000.00 01/21/2002- \$1,000.00	<b>Shelley For Secretary of State</b> 12/26/2001- \$1000.00
<b>Andrei Cherny For State Assembly</b> 02/06/2002- \$3,000	<b>Andrei Cherny For State Assembly</b> 02/12/2002 - \$1000.00
<b>Tony Cardenas 2000</b> 01/10/2002- 900.00	<b>Tony Cardenas For LA City Council</b> 01/21/2002- \$500.00 11/08/2001- \$500.00
<b>Thomas Calderon For Assembly</b> 01/21/2002- \$3,000.00	<b>Thomas Calderon For Assembly</b> 12/31/2001 - \$1000.00 05/17/2002 - \$1000.00
<b>Latino Political Action Committee</b> 06/07/2002- \$5,000.00 10/09/2001- \$250.00	<b>Latino Political Action Committee</b> 06/21/2002 - \$500.00 01/31/2002 - \$895.00 01/31/2002 - \$105.00
<b>Carol Migden Leadership Committee</b> 12/21/2001- \$1,500.00	<b>Re-Elect Assemblywoman Carole Migden</b> 01/04/2002 - \$1000.00
<b>Vince Hall For Assembly</b> 02/14/2002- \$2,000.00 02/06/2002- \$1,000.00	<b>Vince Hall For Assembly</b> 01/31/2002 - \$1000.00

## **II. Legal Analysis**

In order to prevent a person or entity from giving in the name of another, section 441f of Title 2 forbids the giving or receipt of conduit contributions:

No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution and no person shall knowingly accept a contribution made by one person in the name of another person.

Current law also limits contributions by individuals and political action committees. Section 441a(a) states: "(1) No person shall make contributions - \* \* \* (A) to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000." Political action committees (PACs) are likewise limited to contributions totaling \$5,000 or less. Finally, no officer or employee of a political committee is permitted to accept a contribution in excess of the contribution limits. 11 C.F.R. § 110.9(a).

The available evidence suggests that Cardoza conspired with state Democratic candidates and the Latino Political Action Committee to launder money from Cardoza's non-Federal assembly campaign fund into his federal congressional campaign fund. The candidates exchanged donations within a relatively narrow timeframe and in a manner that raises suspicion. For example, on December 21, 2001, Cardoza wrote a check from his state campaign to Shelley for Secretary of State, giving her an early Christmas present in the form of a \$1,000 contribution. Five days later, the day after Christmas, Shelley returned the favor with a \$1,000 contribution to Cardoza's federal campaign.

Soft money in, hard money out. At this point, the Shelley campaign's net benefit from Cardoza's generosity was zero dollars. Then, exactly one month after the first contribution, Cardoza wrote another \$1,000 check from his state account to the Shelley campaign. The other contributions fit a similar pattern, one typical of a money-laundering pattern: "dirty" money is given to a conduit account-holder who then deposits the money in a "clean" account. Thereafter, the payoff to the money launderer follows. Another variation of the money-laundering pattern occurred with other campaigns involved here. The laundering campaign is given all of the "dirty" money up front, and then it passes on the rest to the "clean" federal account.

Unfortunately, the money laundering of political contributions does occur, and the facts here fit the typical pattern. In 1997, Michael Brown, son of the late Commerce Secretary Ron Brown, pled guilty to using co-workers to funnel money into Senator Ted Kennedy's 1994 election campaign. Several people were indicted for donating money to Sen. Torricelli's 1996 campaign because they acted as conduits for illegal donations from businessman David Chang. Carmine Alampi pleaded guilty and paid a \$5,000 fine in 1999 for aiding and abetting illegal campaign contributions to the Torricelli campaign.

Alampi's former law partner, Berek Don, served five months in prison and another five months of house arrest for directing \$11,000 on behalf of Chang to the Torricelli campaign.

Cardoza's spokesman shrugged off the appearance of impropriety here with the observation that candidates "frequently support people that they know." But the facts tell a different story. At the very least, the factual circumstances of the Shelley for Secretary of State contributions justify an inquiry by the Commission, if not the Department of Justice.

### III. Conclusion

We respectfully request that the Commission investigate the violations committed by candidate Cardoza, his state and federal campaign committees, and the state Democratic campaigns. The Commission should, if necessary, file suit in federal court against him to ensure that any violations of federal law are punished, or refer the matter to the Justice Department for prosecution.

Respectfully submitted,



Donald F. McGahn II

Attachments

DISTRICT OF COLUMBIA

SWORN TO AND SUBSCRIBED before me on this 25 day of September, 2002.



Notary Public

My commission expires:

10-14-2006