

OFFICE OF
GENERAL COUNSELBEFORE THE
FEDERAL ELECTION COMMISSION

2020 FEB 11 AM 10: 28

MJ for Texas
PO Box 7156
Round Rock, TX 78683

MUR # 7696

Complainant,

v.

Senator John Cornyn
PO Box 13026
Austin, TX 78711

Texans for Senator John Cornyn Inc.
PO Box 13026
Austin, TX 78711

Kerry N. Cammack, Treasurer
Texans for Senator John Cornyn Inc.
PO Box 13026
Austin, TX 78711

Respondents.

COMPLAINT

This complaint is filed pursuant to 52 U.S.C. § 30109(a)(1) against Senator John Cornyn, his campaign committee, Texans for Senator John Cornyn, Inc., (the "Campaign") and its Treasurer, Kerry N. Cammack, (together, "Respondents") for violating the Federal Election Campaign Act of 1971, as amended (the "Act") by accepting illegal conduit contributions from a corporation, Dannenbaum Engineering Corporation ("DEC"), and for failing to disgorge those contributions as required by law. Respondents have been on notice regarding the illegality of \$10,000 in contributions received by the Campaign since at least November 7, 2019 due to federal criminal charges brought against the facilitator of these illegal contributions. And yet,

almost three months later, evidence suggests that these contributions remain in the Campaign bank account, and Respondents have taken no steps to return them. Respondents benefitted from a blatant evasion of the prohibition on corporate contributions and violation of the Act's prohibitions on contributions in the name of another, and their failure to act swiftly to correct this egregious violation must be promptly investigated.

FACTUAL BACKGROUND

Senator John Cornyn is a United States Senator from Texas who is running for re-election in 2020.¹ His principal campaign committee is Texans for Senator John Cornyn Inc., (the "Campaign").² James Dannenbaum is President and Chief Executive Officer of Dannenbaum Engineering Corporation ("DEC"), a Texas corporation.³

On Thursday, November 7, 2019, the Houston Chronicle reported that federal prosecutors were charging James Dannenbaum with making between \$10,000 and \$25,000 in illegal campaign contributions.⁴ Prosecutors alleged that Dannenbaum had funneled up to \$25,000 to multiple federal candidates in February 2017 by soliciting DEC employees to make contributions to federal candidates and then reimbursing the employees in full for those contributions from DEC's corporate bank account.⁵ The court records did not name the candidates that received the alleged illegal contributions, but the contributions included a total of \$10,000 to one U.S. Senate

¹ Sen. John Cornyn, FEC Form 2 Statement of Candidacy (filed Nov. 1, 2019) <https://docquery.fec.gov/pdf/780/201911019165319780/201911019165319780.pdf>.

² Texans for Senator John Cornyn, Inc., FEC Form 1 (filed Nov. 1, 2019) <https://docquery.fec.gov/pdf/764/201911019165319764/201911019165319764.pdf>.

³ See U.S. v. Dannenbaum, 19-CR-00795 (S.D. Tex., Nov. 4, 2019) available at <https://www.courtlistener.com/recap/gov.uscourts.txsd.1720041/gov.uscourts.txsd.1720041.1.0.pdf>.

⁴ Gabrielle Banks and Stephanie Lamm, "Former UT Regent, Engineering CEO Resigns After Admitting to Illegal Donations," Houston Chronicle (Nov. 8, 2019) <https://www.houstonchronicle.com/news/houston-texas/houston/article/Former-UT-regent-engineering-CEO-resigns-after-14817897.php>; Information, U.S. v. Dannenbaum, 19-CR-00795 (S.D. Tex., Nov. 4, 2019).

⁵ Information, U.S. v. Dannenbaum, 19-CR-00795 (S.D. Tex., Nov. 4, 2019).

candidate. John Cornyn's campaign received four contributions totaling \$10,000 from employees of DEC on February 25, 2017:⁶

- \$2,700 from Richard Seitz, Project Manager for DEC;⁷
- \$2,700 from Louis Harold Jones, Jr, Engineer for DEC;⁸
- \$2,300 from Eric Davila, Engineer for DEC;⁹ and
- \$2,300 from David A. Garza, Environmental Specialist at DEC.¹⁰

Once the charges against Mr. Dannenbaum became public, Senator Cornyn, through a spokesperson, claimed that he would return the illegal funds to the Treasury.¹¹ Yet, as of December 31, 2019, no funds have been disgorged from the Campaign's account.¹²

LEGAL ANALYSIS

The Act prohibits federal candidates from accepting contributions from corporation funds.¹³ In additions, in 2017, a candidate's authorized campaign committee could only accept

⁶ See Gabrielle Banks and Stephanie Lamm, "Major Texas Engineering Firm Admits to Hundreds of Thousands in Illegal Campaign Contributions," Houston Chronicle (Nov. 22, 2019) <https://www.houstonchronicle.com/news/houston-texas/houston/article/Major-Texas-engineering-firm-admits-to-hundreds-14856644.php> ("Dannenbaum employees Richard Seitz, Eric Davila, David Garza and [Louis] Jones gave a combined \$10,000 to Cornyn's campaign on Feb. 25, 2017, according to Federal Election Commission filings.").

⁷ Texans for Senator John Cornyn, Inc., 2017 April Quarterly Report 36 (filed Apr. 17, 2017) <https://docquery.fec.gov/pdf/994/201704180200113994/201704180200113994.pdf>.

⁸ *Id.* at 24.

⁹ *Id.* at 14.

¹⁰ *Id.* at 19. David A. Garza's occupation was listed as "Pharmacist" on the Campaign's FEC report, and his employer was listed as "Self Employed." However, a David A. Garza with the same address made the a contribution to Brady for Congress, another committee that was an apparent recipient of illegal contributions from DEC, on February 22, 2017, and listed his occupation as "Environmental Specialist" and employer as "Dannenbaum Engineering." See Brady for Congress, 2017 April Quarterly Report 31 (amended July 14, 2017) <https://docquery.fec.gov/pdf/587/201707149066627587/201707149066627587.pdf>;

¹¹ Gabrielle Banks and Stephanie Lamm, "Former UT Regent, Engineering CEO Resigns After Admitting to Illegal Donations," Houston Chronicle (Nov. 8, 2019) <https://www.houstonchronicle.com/news/houston-texas/houston/article/Former-UT-regent-engineering-CEO-resigns-after-14817897.php>.

¹² Texans for Senator John Cornyn, Inc., 2019 Year-End Report (filed Jan. 31, 2020) <https://docquery.fec.gov/pdf/082/202001319184199082/202001319184199082.pdf>.

¹³ 11 C.F.R. § 114.2(b).

up to \$2,700 per election from a single individual.¹⁴ In order to prevent campaigns and individuals from circumventing these contribution limits and source restrictions, the Act also provides that “[n]o person shall make a contribution in the name of another person. . .”¹⁵ In addition, it is a violation of the Act to “knowingly *accept* a contribution made by one person in the name of another person.”¹⁶

It is the responsibility of a committee’s treasurer to examine all contributions for evidence of illegality, and to ensure that contributions received do not exceed the contribution limits.¹⁷ If the treasurer discovers after receiving a contribution that it is illegal or that it exceeds the contributor’s contribution limitations, the treasurer must refund the contribution within thirty days of the date on which the illegality is discovered.¹⁸ As an alternative to refunding the illegal contributions, the committee may disgorge the funds to the U.S. Treasury.¹⁹

Mr. Dannenbaum publicly admitted to facilitating illegal corporate contributions to multiple federal candidates, including a U.S. Senate candidate, on November 7, 2019.²⁰ The Campaign acknowledged the receipt of illegal contributions from Dannenbaum employees, and pledged to return the contributions to the Treasury, “as required by law.”²¹ The Campaign alleges that it was not aware at the time the contributions were received that they were illegal. However,

¹⁴ 52 U.S.C. § 30116(a)(1)(A); Contribution Limits for 2017-2018, FEC.gov, <https://www.fec.gov/updates/contribution-limits-2017-2018/>.

¹⁵ 52 U.S.C. § 30122.

¹⁶ *Id.* (emphasis added).

¹⁷ 11 C.F.R. § 103.3(b).

¹⁸ *Id.* § 103.3(b)(2).

¹⁹ *See Adv. Op.* 1996-05; *see also* Federal Election Commission Guide for Congressional Candidates (June 2014) <https://www.fec.gov/resources/cms-content/documents/candgui.pdf>.

²⁰ Gabrielle Banks and Stephanie Lamm, “Former UT Regent, Engineering CEO Resigns After Admitting to Illegal Donations,” Houston Chronicle (Nov. 8, 2019) <https://www.houstonchronicle.com/news/houston-texas/houston/article/Former-UT-regent-engineering-CEO-resigns-after-14817897.php> (“Bill Miller, a spokesman for Dannenbaum, said the former chairman, president and CEO ‘acknowledged that he made prohibited contributions to various federal election campaigns.’”).

²¹ Peter Svitek, “Top Texas GOP Donor Resigns from Company after Admitting to Prohibited Contributions,” Texas Tribune (Nov. 7, 2019) <https://www.texastribune.org/2019/11/07/texas-donor-james-dannenbaum-resigns-contributions/>.

once facts came to light about the illegality of the contributions, the Campaign and its treasurer had an obligation to refund the contributions or disgorge them to the U.S. Treasury within thirty days. As the Campaign's 2019 Year-End report has revealed, the Campaign had not yet done so as of December 31, 2019. Thus, Respondents have been on notice for almost three months that they accepted illegal contributions, yet they do not appear to have taken any action to remedy the violation.

REQUESTED ACTION

In light of the foregoing, we respectfully request that the Commission immediately investigate Respondent's failure to refund or disgorge illegal contributions as required by the Act. If a violation is found, the Commission should direct Respondents to immediately disgorge these contributions, and fine Respondents the maximum amount allowable by law.

Sincerely,

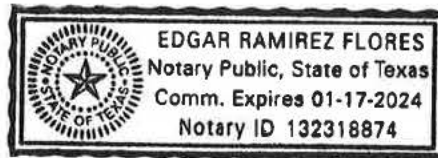


MJ for Texas
PO Box 7156
Round Rock, TX 78683

SUBSCRIBED AND SWORN to before me this 6 day of February, 2020.



Notary Public



My Commission Expires:

01-17-2024