MUR817200056

RECEIVED

By OGC/CELA at 10:01 am, Nov 21, 2023

From: <u>James Barton</u>
To: <u>CELA</u>

Cc: antoniovaldovinos@lamachineconsulting.com; Adrian Valdovinos

Subject: MUR 8172 Response of Antonio Valdovinos & La Machine Consulting LLC

Date: Monday, November 20, 2023 4:40:06 PM

Attachments: 2023-11-20 Declaration Antonio Valdovinos - signed.pdf

2023-11-20 Combined Response (Valdovinos & La Machine).pdf

Please see the attached response and supporting declaration.

--

James E. Barton II

Barton Mendez Soto PLLC

401 W. Baseline Road, Suite 205 - Tempe, Arizona 85283

T: 480-550-5165 C:

Pronouns: he, him, his

james@bartonmendezsoto.com



bartonmendezsoto.com

CONFIDENTIALITY NOTICE: This message, including attachments, may be protected by the attorney-client privilege or the attorney work product doctrine. Clients: please do not forward this message, or you may inadvertently waive attorney-client privilege. If you are not the intended recipient, you are hereby notified that any dissemination of this communication is strictly prohibited. If you receive this communication in error, notify the sender immediately by return email and delete the message and any attachments from your system.

MUR817200057

James E. Barton II, 023888
Jacqueline Mendez Soto, 022597
Daniella Fernandez Lertzman, 037943
BARTON MENDEZ SOTO PLLC
401 W. Baseline Road, Suite 205
Tempe, Arizona 85283
480-550-5165
James@bartonmendezsoto.com
Daniella@bartonmendezsoto.com
Attorneys for Defendant

RE: MUR 8172 La Machine

Antonio Valdovions

DECLARATION OF ANTONIO VALDOVINOS

Antonio Valdovinos declares:

- 1. I am the current CEO and Founder of La Machine Consulting LLC.
- 2. I am over eighteen years old and competent to testify to the contents of this declaration based on my personal observations and knowledge.
- 3. I have read and reviewed the Response provided under signature of my attorney on November 20, 2023, and do affirm the factual statements made therein to be true and correct.
- 4. Specifically, On October 14, 2019, I attended a Democratic party dinner. I paid for \$100 to attend the dinner and purchased a book for \$500.00. I am aware of this based on the receipts provided to me as a part of this investigation

Valdovinos MUR 8172

and do not dispute the fact of the payment. I did not recognize that these were contributions, and I am unable to attest to what portion of the payment was in exchange for a goods and services received.

- 5. I did not authorize a recurring contribution to be made of \$50.00 per month to the Friends of Jevin D. Hodge via ActBlue. The email address on the ActBlue contribution is that of Rebecca Dominguez who was living with me at the time. The debit card number on the file is not mine. I did not make these contributions.
- 6. As to the nature of the work La Machine provides for its clients, we work with clients to meet their needs. We provide research and share our expertise, but we are not embedded in campaigns, and we do not assist in the ultimate decision making process.
- 7. As an example, a typical project budget would provide costs associated with the following:

Line Item	Total Cost
Recruitment and vetting	
Taxes and payroll admin	
Canvasser Pay/stipends	
Team Lead stipends	
Director	
Data & Reporting Managers	
Equipment & Hardware	
Printing & Materials *	

Valdovinos MUR 8172

Management fees	
Staging Location Rentals	
Overall Administration	
Travel expenses /Fuel	
Training costs	
Total	

As can be seen from the above items, La Machine does not provide general consulting or campaign management. Rather it renders field canvassing services.

- 8. La Machine typically proposes weekly invoicing based on the cost estimates that it provides to clients. Each invoice will outline specific expenses in the following manner.
 - Recruitment and Vetting: Billed prior to commencement of recruitment efforts
 - Canvasser Pay: Billed weekly, per door and within agreed upon budget
 - Team Lead: Billed weekly, with total cost divided by total weeks of program.
 - Executive Salary: Billed weekly, with total cost divided by total weeks of program.
 - Data & Reporting Managers: Billed weekly, with total cost divided by total weeks of program.
 - Equipment & Hardware: Billed prior to commencement of the program.
 - Printing & Materials: Billed prior to commencement of the program.
 - Management fees: Billed weekly, with total cost divided by total weeks of program.

Valdovinos MUR 8172

- Administration: Billed prior to commencement of the program.
- Travel expenses /Fuel: Billed weekly, with total cost divided by total weeks of program.
- Training costs: Billed prior to commencement of the program.
- 9. The client reviews our proposals of how to carry out the objective provided by the client, and the client decides on whether to hire us. While working for the client, the client decides whether to increase or decrease the money on the field campaign.
- 10. La Machine does provide other services, but these services are of the same nature. They are client driven wherein we respond to the client's direction.
 - 11. Our website provides the following concerning what we do:

We work tirelessly alongside accomplished and committed elected officials and emerging leaders from coast to coast, ensuring their success.

Our digital, phone, and field-based strategies are not just effective; they are a model of efficiency. Our dedicated and diverse team brings unparalleled expertise to reach and engage the ever-evolving and culturally rich American electorate. With our robust multi-lingual capabilities, we possess a distinctive edge in accessing and mobilizing Arizona's burgeoning, diverse population.

12. This statement makes clear that what we provide is a service that is directed by the client, based on the client's resources. La Machine is not involved in the client's decision as to whether the client will use La Machine's services.

MUR817200061

Valdovinos MUR 8172

I declare under penalty of perjury that the foregoing assertions of fact are true and correct.

Executed on this 20th day of November 2023, at Phoenix, Arizona.

Antonio Valdovinos

Antonio Valdovinos

Signature: Antonio Valdovinos
Antonio Valdovinos (Nov 20, 2023 14:34 MST)

Email: antoniovaldovinos@lamachineconsulting.com

2023-11-20 Declaration Antonio Valdovinos

Final Audit Report 2023-11-20

Created: 2023-11-20

By: James Barton (jim@bartonmendezsoto.com)

Status: Signed

Transaction ID: CBJCHBCAABAAV0XXZjYfvttyUGf8IDj2O3b8wMHm6Kkx

"2023-11-20 Declaration Antonio Valdovinos" History

Document created by James Barton (jim@bartonmendezsoto.com)

2023-11-20 - 9:21:06 PM GMT- IP address: 98.170.139.155

- Document emailed to antoniovaldovinos@lamachineconsulting.com for signature 2023-11-20 9:22:53 PM GMT
- Email viewed by antoniovaldovinos@lamachineconsulting.com 2023-11-20 9:33:03 PM GMT- IP address: 74.125.209.38
- Signer antoniovaldovinos@lamachineconsulting.com entered name at signing as Antonio Valdovinos 2023-11-20 9:34:35 PM GMT- IP address: 70.162.81.47
- Document e-signed by Antonio Valdovinos (antoniovaldovinos@lamachineconsulting.com)

 Signature Date: 2023-11-20 9:34:37 PM GMT Time Source: server- IP address: 70.162.81.47
- Agreement completed. 2023-11-20 - 9:34:37 PM GMT



James E. Barton II
James@bartonmendezsoto.com

Barton Mendez Soto PLLC401 W. Baseline Road, Suite 205
Tempe, Arizona 85283
(480) 550-5165

bartonmendezsoto.com

November 20, 2023

Via Email

cela@fec.gov
Wanda D. Brown
Assistant General Counsel
Federal Election Commission
Office of Complaints Examination
& Legal Administration
Attn: Kathryn Ross, Paralegal
1050 First Street, NE
Washington, DC 20463

Re: Response to MUR 8172 Antonio Valdovinos and La Machine Consulting LLC

Ms. Brown:

Barton Mendez Soto PLLC represents respondent Antonio Valdovinos and the firm for which he serves as CEO and founder, La Machine Consulting LLC ("La Machine") (collectively "Respondents"). This letter is in response to the correspondence received from the Commission dated October 6, 2023. Respondents appreciate your granting them an extension to today, November 20, 2023, to respond.

These allegations fall into three categories. First, allegations against the operations of La Machine should be rejected and do no support finding a reason to believe any election law was violated because they misstate the law. DACA recipients like Mr. Valdovinos and companies owned and operated by DACA recipients may serve as vendors for political campaigns, so long as they do not direct the spending of funds. The nature of a field vendor like La Machine is to carry out the actions directed by its clients. Providing such a service for fair market value results in neither a contribution nor an expenditure by the DACA recipient or his company.

The second category of allegations states what would be a violation—making a recuring contribution to a candidate for office—but in fact there is no violation. It was not Mr. Valdovinos who made these contributions but a roommate.

The final category of allegations consists of two payments made to the Arizona Democratic Party in exchange for goods received These payments occurred four years ago, prior to the Commission's clarification on the status of DACA recipients as being ineligible to make contributions. The amount at issue is also small, only \$600.00. The murkiness around the state of the law at that time of the events, the fact that the ADP has since disgorged itself of the payments, the small amount of the payments, and the fact that four years have passed making it difficult to ascertain to what extent the payment was in exchange for goods received all militate

against the Commission acting on these allegations and support its exercising prosecutorial discretion.¹

FACTS

Activity that occurred more than five years ago. In 2014, Mr. Valdovinos worked for Ruben Gallego. In that position he learned how to organize. That his employment with the Gallego campaign taught Mr. Valdovinos how to organize does not in any way suggest that he was making decisions or influencing decisions concerning the distribution of funds. He worked as a campaign staffer focused on the field campaign. This is precisely the type of position that the Commission has made clear a foreign national may do without fear of prosecution.

Activity that occurred four years ago. On October 14, 2019, Mr. Valdovinos attended a Democratic party dinner. Based on information confirmed with the Democratic Party, he paid \$100.00 for tickets and purchased a book for \$500.00. Mr. Valdovinos did not recognize that these were contributions, and to the extent these were contributions rather than payments for goods received, it is not entirely clear at this time. It is clear that as of the writing of this response, the Arizona Democratic Party has disgorged itself of those funds.

In October 2019, it was not clear to Mr. Valdovinos or anyone else that DACA recipients would be treated by the Commission as foreign nationals. In Re Astrid Silva, MUR 7863 would not come out until September 15, 2021, and In Re Senator Bernard Sanders, et al. MURs 7587/7712 would not come out until April 9, 2021. The complaint makes some hay over Mr. Valdovinos's declaration in support of his response to MUR 7712. While the declaration demonstrates that he was aware of the potential that the Commission would consider DACA recipients to be foreign nationals, it does not indicate that he knew that would be the Commission's decision.

Recent activity. Mr. Valdovinos did not authorize a recurring contribution to be made of \$50.00 per month to the Friends of Jevin D. Hodge via ActBlue. The email address on the ActBlue contribution is that of Rebecca Dominguez who was living with Mr. Valdovinos at the time. The email address on the contribution is becca@sunstrategies.us, which is not Mr. Valdovinos's email address. The credit card number on the file is not Mr. Valdovinos's credit card. He did not make these contributions.

La Machine did not work as a general consultant for any campaigns. La Machine provided data on field campaigns to its clients. It provided products that their clients could chose to purchase. Certainly, like any commercial vendor, La Machine would make recommendations to its clients. However, La Machine was not imbedded in these client organizations. It was not privy to budget decisions or management of the campaigns funds.

The Complaint emphasizes La Machines claim that it provides "a field-organizing plan and budget based on a strategic analysis of objectives, resources, timeline and demographics."

¹ Heckler v. Chaney, 470 U.S. 821, 831 (1985) ("This Court has recognized on several occasions over many years that an agency's decision not to prosecute or enforce, whether through civil or criminal process, is a decision generally committed to an agency's absolute discretion").

But the budget is an estimate from the vendor. The vendor, La Machine, tells the client what it can accomplish for a given price. La Machine does not participate in the decision-making process. La Machine "pitches" its services, and a part of the pitch is how much it will cost the client.

Like a mechanic with expertise in auto repair who brings expertise to his clients but does not get a say in how much the client will spend, La Machine provided information that enabled the client to decide how to spend the client's money. They were not general consultants. They were vendors.

COUNTS

\$600 Payment in 2019

The Complaint asserts that at the time of submitting his declaration in support of his response to MUR 7712, Mr. Valdovinos "had already contributed \$600 to the Arizona Democratic Party." First, Mr. Valdovinos simply did not remember paying for the ticket to the event and purchasing the book while he was at that event. As the complaint acknowledges, the payment associated with attending an event hosted by the Arizona Democratic Party happened six months prior to signing the declaration at issue. In considering the declaration Mr. Valdovinos failed to remember the event from the previous year. This is not difficult to accept given that the complaint at issue in MUR 7712 made no mention of direct contributions but focused on Mr. Valdovinos's work. Thus, the parties were addressing the fact that La Machine and Mr. Valdovinos's work was not an in-kind contribution.

Second, when making his declaration in March 2020, Mr. Valdovinos demonstrates awareness that a foreign national may not contribute to candidates but is not acknowledging that he as a DACA recipient was a foreign national. He merely recognized that the work that he did for fair market value for political campaigns was not an in-kind contribution—which is still the case. Thus, he had not contributed anything and did not, so to speak, need to reach the question of the import of his status as a DACA recipient.

This was certainly an open question prior to 2021. The enforcement actions MUR 7587, MUR 7712 and MUR 7863 all noted that for purposes of federal election law, DACA recipients were treated as foreign nationals. However, the actions cited to the 2012 Memorandum from Janet Napolitano, DHS Secretary. The memo does two things, it confirms that DACA recipients are lawfully present in the United States. It does not provide any end date for that lawful presence; thus, while this could be revoked, they are lawfully present in the United States indefinitely. However, it also clarified that the memorandum itself did not confer immigration status on the beneficiaries. Prior to the MURs issued in 2021, it was not clear to the regulated community to what extent DACA beneficiaries would be treated as foreign nationals.

Third, the Arizona Democratic Party has provided a \$600 payment to the U.S. Treasury to rectify any harm caused by Mr. Valdovinos's \$600 payment for a dinner ticket and a signed copy of a book.

Mr. Valdovinos urges the Commission to exercise its discretion and find no reason to believe further enforcement actions are called for based on these payments. Any damage has been rectified. Any violation was unintentional. The amount at issue is quite small.

Rebecca Dominguez's Contributions from Valdovinos's Residence

There is no reason to believe a violation occurred regarding the 15 contributions made to Jevin Hodge's congressional campaign that were misattributed to Mr. Valdovinos. The credit card and the email address on the ActBlue donation papers belong to Ms. Dominguez. Mr. Valdovinos did not make these contributions.

Providing Vendor Services to Campaigns

In some instances, a campaign could hire an outside consultant to serve as a Campaign Manager or General Consultant for the campaign. In such cases, the outside vendor would perform function that amounted to directing or controlling the decision-making process for the campaign such that it would violate 11 C.F.R. § 110.20(i). That is not the sort of service that a field vendor, like La Machine, provides.

The Complaint misstates Mr. Valdovinos's response in MUR 7712, characterizing Mr. Valdovinos's argument as "because La Machine was paid for its services ... no violation could have occurred." [Compl. at 11.] In fact, the response provides:

Mr. Valdovinos is the owner and chief executive officer of La Machine. La Machine serves as a vendor for political campaigns. It performs field work that the campaigns pay for it to perform. In campaign finance terms, it is a campaign expense. The service La Machine provides as a third-party vendor is not a contribution to the campaign. An expense is not a contribution—something that seems to have eluded the Complainant.

As a final note, Anita Snow writes in her story, "[Valdovinos] now runs a firm helping elect Arizona candidates." Again, his firm helps them in exchange for the fair market value of its services. This is not a contribution. Nor does La Machine, in carrying out the work for which it was contracted to perform, direct spending or participate in the decision-making process of its clients.

Federal Election Commission, *Response and Designation of Counsel from Antonio Valdovinos*, MUR 7712 at 2 (Mar. 20,2020), *available at*: https://eqs.fec.gov/eqsdocsMUR/7712_07.pdf.

La Machine serves as an outside vendor to campaigns. La Machine works with its clients to design the program that fits the needs of the clients, but it does not have a say in the decision made by the client. It is not on the inside of the organization directing the decision making.

Consider the case of a foreign national creating intellectual property for a political campaign. If volunteers help design "website code, logos, 'trademarks,' and 'trade dress,' the value of those services would not constitute an unlawful foreign national contribution or donation because they are exempt from the definition of 'contribution' under the volunteer services exemption." Make Your Laws PAC, Inc. Advisory Opinion 2014-20 at 3. (Similarly, it would not be a contribution if the individuals were paid for their time.) This work would necessarily result in publishing the website, using the logos, and protecting the trademarks and trade dress, but "[t]he fact that the requestor may obtain rights to intellectual property resulting from the foreign nationals' volunteer services does not change the result." *Id.* at 4. Likewise, it does this mean that the foreign nationals were directing the distribution of funds just because their work resulted in the expenditure of funds.

Indeed, in the context of using Canadian nationals as volunteers the Commission has explicitly provided that foreign nationals may be involved in field operations.

You would like to use the volunteer services of Canadian citizens for a variety of campaign activities, such as "lit drops, door to door canvassing, handing out literature at transit stations, telephone banking, and get out the vote" activities. The Commission concludes that the performance of such campaign-related activities by Canadian citizens, without compensation, constitutes volunteer activity and, as such, is exempt from the definition of "contribution." Thus, the value of volunteer services provided to your campaign by Canadian nationals would not constitute a prohibited in-kind contribution to your campaign.

Jim Hurysz, Advisory Opinion 2007-22 at 3. The Opinion also explicitly authorizes the use of Canadian nationals as paid staff. *Id.* at 4. Of course, the work of the staff members triggers an expenditure for their compensation, and the work of the volunteer canvassers requires an expenditure of the producing of literature for them to distribute. Nonetheless, the Commission did not even analyze such occurrences as giving rise to unlawful directing of expenditures.

Like the volunteers in AO 2014-20 and the volunteers and staffers in AO 2007-22, La Machine provided a service and the campaigns decided on whether to use the service and how much money to spend on it.

MUR 7587 summarizes this as follows, "

Similarly, in MURs 5987, 5995, and 6015, the Commission found no reason to believe that a foreign national violated 52 U.S.C. § 30121 by volunteering his services to perform at a campaign fundraiser and agreeing to let the political committee use his name and likeness in its emails promoting the concert and soliciting support, where the record did not indicate that the foreign national had been involved in the committee's decision-making process in

connection with the making of contributions, donations, expenditures, or disbursements.

Bernie Sanders, et al., MUR 7587, at 8. The violation of this provision require that the foreign national participated in the company's decision making. *Id.* This occurs when the foreign national is "embedded into the client political committees." *Id.* at 9. An outside vendor offering services to a campaign is not like the special case of an independent contractor serving as a high level campaign manager who performs the functions of a leader and decisionmaker.

Political committees may hire foreign nationals as staffers. They may also hire vendors that are owned and operated by foreign nationals. Thay may not hire staffers who make decisions, or contribute to the decision making process, with regard to how to spend campaign money. La Machine comes to clients with data about the voters that the campaign hopes to influence. La Machine provides that information and develops what they call a budget for the campaign, but what is more properly identified as an estimate.

La Machine tells the client is how much it would cost to perform the work the client desires. For example, the project budgets that La Machine develops do not speculate about the source of revenue to fund the budget. Furthermore, La Machine does not have a seat at the table to make the decisions about whether to accept the offer presented in these budgets, or whether to make a counteroffer.

If La Machine's promoting its services constitutes participating in the decision-making process, then the Commission would be holding that foreign nationals could not, in fact, be hired as staffers or vendors. A vendor offering to perform its service for a certain price—what La Machine refers to as a budget—is simply not influencing the decision-making process.

CONCLUSION

For the above reasons, the Commission should find no reason to believe that La Machine or Antonio Valdovinos have violated or are violating 52 U.S.C. § 30121, and the Commission should take no further action.

Respectfully submitted,

James E. Barton II