



**UTEPAC
P.O. Box 190
Fort Duchesne, Utah 84026**

July 12, 2021

Via Email and U.S. Certified Mail

Dayna C. Brown
Assistant Staff Director
Audit Division
Federal Election Commission
1050 First Street, NE
Washington, D.C. 20463
Audit@fec.gov

RE: UtePAC Response to FEC Interim Audit Report

Dear Assistant Staff Director Brown:

On June 9, 2021, UtePAC received the Federal Election Commission's (FEC) Interim Audit Report (IAR) for the audit of UtePAC. As noted in your cover letter, UtePAC has until July 12, 2021, to respond to the recommendations contained in the IAR. Thank you for providing the IAR and the opportunity to respond to the recommendations contained therein.

Introduction and Actions Taken by UtePAC to Respond to the FEC Audit

The Ute Indian Tribe (Tribe) established UtePAC on September 28, 2016 and hired Mr. Robert Lucero as the Director and Treasurer of UtePAC. The Tribe hired Mr. Lucero based on his experience running political action committees (PACs), managing PAC finances, and complying with FEC laws and regulations. As established in his engagement agreement, Mr. Lucero was solely and completely responsible for UtePAC's finances, operations and reporting to the FEC. Mr. Lucero served in this capacity from September 28, 2016, until February 26, 2020.

On January 4, 2020, before learning about the FEC audit, the Tribe engaged an independent accounting firm to conduct an audit of the UtePAC finances. Within a month of the Tribe initiating its audit, Mr. Lucero became unresponsive, and the Tribe terminated Mr. Lucero's employment as UtePAC Director and Treasurer on February 26, 2020. Only after terminating Mr. Lucero did the Tribe or anyone else working with UtePAC learn about the FEC audit that was initiated 6 months earlier.

The FEC initiated its audit of UtePAC on October 2, 2019. The audit covers the two-year time period from January 1, 2017 to December 31, 2018. During this time period, Mr. Lucero was serving as the sole Director and Treasurer of UtePAC.

UtePAC was funded through public contributions and operational funds provided by the Tribe. The Tribe followed a rigorous process in providing funding to UtePAC. This process began with Mr. Lucero's presentation of proposed budgets for UtePAC activities on an annual or semi-annual basis. Once a proposed budget was approved, the Tribe would pass a resolution approving the budget and authorizing the funding. The Tribe's Constitution and By-Laws require that all expenditures be approved by a resolution of the Tribe's governing body. *Constitution and By-Laws of the Ute Indian Tribe of the Uintah and Ouray Reservation*, By-Laws Article I, Section 4 (Jan. 19, 1937) (as amended).

After funding resolutions were approved, several other controls and sign offs were required before funding was released to UtePAC. These controls included having a signed requisition request, an approved and signed resolution, an approved budget, invoice or signed contract, and supporting documentation such as a W-9. The Tribe's Executive Director and Tribal Comptroller also signed off on requisition requests. All of the funds provided to Mr. Lucero to operate UtePAC were approved according to this process and the Tribe is up to date on all of its annual audits.

The Tribe has further accounting requirements and controls that are used by all of its Departments, however, Mr. Lucero stated that all UtePAC funding would be monitored and reported according to the FEC requirements. He claimed to have expertise working with the FEC's process and told the Tribe that all UtePAC disbursements would be documented as required by the FEC. Mr. Lucero also told the Tribe that he was in regular contact with the FEC to discuss the management of UtePAC finances and resolve any issues.

Once the funds were transferred to UtePAC's bank account, we now know that Mr. Lucero did not institute any financial management practices, did not keep records, and did not comply with FEC requirements. Even worse, Mr. Lucero made false, fictitious and fraudulent statements and reports to both the Tribe and the FEC. As the only signer on UtePAC's accounts, Mr. Lucero disbursed UtePAC funds with little or no explanation. Mr. Lucero also did not provide reports on how funding was used to fulfill specific budget requests and did not provide an accounting of UtePAC disbursements.

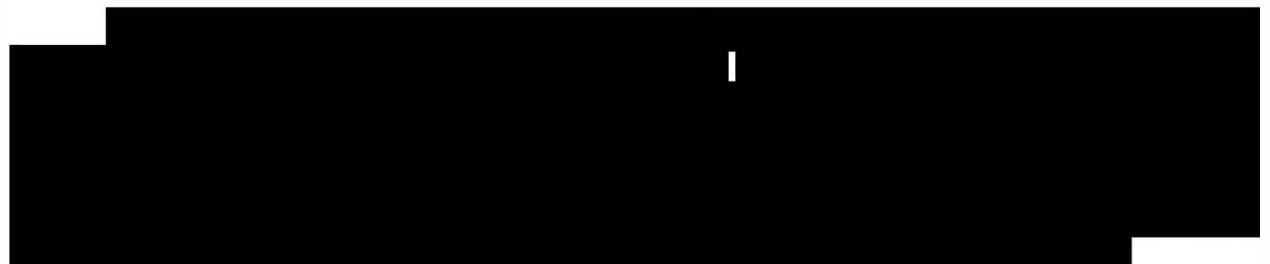
Since terminating Mr. Lucero and complying with the audits initiated by the Tribe and the FEC, UtePAC has learned about Mr. Lucero's failure to fulfill FEC requirements and his deceptive management of UtePAC finances for his own personal gain. To respond to the FEC's ongoing audit, to help stabilize UtePAC, and to ensure proper oversight of its finances, UtePAC is currently being managed by the Tribe's Comptroller and its General Counsel. Under this management and with UtePAC accounts now removed from Mr. Lucero's exclusive control, all UtePAC disbursements are subject to the Tribe's rigorous accounting procedures and reported as required by the FEC.

In addition, UtePAC has been working tirelessly to correct more than two years of Mr. Lucero's financial reporting with the FEC. UtePAC has researched and documented hundreds of transactions as a part of the FEC audit. UtePAC has also prepared and filed Form 99s with the FEC to correct Mr. Lucero's incomplete, inaccurate and misleading reporting. Most of this work was done in cooperation with the UtePAC's FEC analyst and audit staff.

The information collected during the audits appear to only scratch the surface. Mr. Lucero refused to provide records for the Tribe's audit and resisted providing receipts and reporting of his disbursements for the FEC audit. Mr. Lucero failed to make "best efforts" to correct his reporting during the audits and appears to be covering up his fraudulent use of UtePAC funds. In addition, neither audit fully investigates the financial relationship between UtePAC and a limited liability company that Mr. Lucero established, American System Group, LLC (LLC), to funnel funds away from UtePAC for his personal benefit.

Mr. Lucero's management of UtePAC and creation of an LLC to misappropriate UtePAC funds for his personal benefit is similar to another FEC case that was recently prosecuted by the FEC and the United States Department of Justice. In that case, Scott B. Mackenzie served as a Treasurer for multiple PACs and established an entity known as "Mackenzie & Company" to take PAC funding for his personal benefit. *Press Release: Treasurer of Multiple Political Action Committees Sentenced for Filing False Reports with the FEC*, U.S. Dept. of Justice (February 21, 2020). Like Mr. Lucero, Mackenzie transferred funds between PACs and used PAC funds to pay his company to do consulting and other work. The company would then pay Mackenzie and his friend for work that was never done.

Mr. Lucero used the same scheme to defraud UtePAC. UtePAC received funds from public contributions and from the Tribe. These funds were held in contribution and non-contribution accounts that were under the sole control of Mr. Lucero and in which he was the only authorized signer. Mr. Lucero would then transfer funds from these accounts to another PAC he operated and also to his LLC. Mr. Lucero then paid himself from these transferred funds and also used these funds to pay for personal expenses. Mr. Lucero covered up his misappropriation of UtePAC funds by conducting much of his business in cash, failing to maintain records, and making a number of false, fictitious and fraudulent statements and reports to the Tribe and the FEC.



Throughout the audit period and in response to the FEC's audit findings, as noted above, UtePAC has been working with FEC audit staff and its FEC analyst to document and correct Mr. Lucero's management and reporting of UtePAC finances. After rigorous investigations and with the assistance of FEC audit staff, UtePAC was able to get Mr. Lucero to provide some information

in response to the FEC audit. UtePAC also researched and corrected, again with the assistance of FEC audit staff, Mr. Lucero's incomplete and inaccurate reporting on hundreds of transactions. This work does not appear to be reflected in the FEC's IAR findings and recommendations.

In addition, UtePAC has continued to seek information from Mr. Lucero to respond to audit findings and correct his reporting with the FEC. In response to the IAR, UtePAC wrote to Mr. Lucero on June 22, 2021, requesting that he "provide all remaining UtePAC records in [his] possession" by June 30, 2021. UtePAC's letter to Mr. Lucero is attached as Exhibit A and included FEC audit spreadsheets to help him identify the information needed. In response, Mr. Lucero only provided a few additional records to document his cash transactions.

After June 30, 2021, Mr. Lucero continued to provide additional information. It appears that he provided a letter from his bank regarding many of the cash transactions, additional information to document his disbursements, additional information to document disbursements for communications, and some payroll information. UtePAC has not had the time to assess and investigate the additional information provided by Mr. Lucero. The materials provided are attached here and organized as:

- Attachment B – Responses to FEC Audit Spreadsheets seeking additional information on cash transactions, disbursements and disbursements related to communications,
- Attachment C – Payroll Records,
- Attachment D – Additional Invoices and Explanations of Work Performed, and
- Attachment E – Copies of Communications.

While we appreciate that Mr. Lucero is finally providing the records requested more than one year ago and hope that some of this information is responsive to the FEC IAR, we also know that it will take weeks of additional investigation and follow up to determine whether the information provided shows additional fraud, personal use, and mismanagement of UtePAC funds. For example, in a number of the records provided, Mr. Lucero appears to be paying himself \$50 per hour and other amounts. These amounts far exceed his contracted rate.

In the following sections, UtePAC provides responses to each of the FEC audit findings included in the IAR. In some cases, UtePAC has already responded to the audit finding. In other cases, UtePAC responded to the audit finding with as much information as it was able to obtain from Mr. Lucero. And, finally, in some remaining cases UtePAC was not able to provide information in response to the audit finding because of Mr. Lucero's misleading statements, failure to produce records, excessive use of cash transactions, failure to maintain records, and failure to maintain accounts for electronic cash transfer applications like Venmo and Square.

Finding 1. Misstatement of Financial Activity.

In Finding 1, the FEC audit found that UtePAC's former Director and Treasurer, Mr. Lucero, misstated receipts and disbursements for 2018, as well as beginning cash on hand and ending cash on hand for 2018. As noted in the IAR, UtePAC has since filed Form 99s "to correct all of its misstated receipts, disbursements, beginning cash on hand and ending cash on hand for

2018.” IAR at 8. Given UtePAC’s work to respond to and correct Mr. Lucero’s financial management and reporting with the FEC, Finding 1 has been addressed and should be removed from the audit findings.

The IAR also notes a few responses to this finding that were provided by UtePAC’s former Director and Treasurer, Mr. Lucero, during the audit. UtePAC addresses each of his responses to this finding below.

First, Mr. Lucero responded that “he was the main employee.” This is correct and reinforces that Mr. Lucero was solely and completely responsible for managing UtePAC finances and reporting with the FEC. The Tribe hired Mr. Lucero based on his experience running PACs, managing PAC finances, and complying with FEC laws and regulations. Mr. Lucero never told the Tribe or anyone else that he needed additional employees or that he was not keeping financial records required by the FEC. Mr. Lucero also never told anyone that the FEC had initiated an audit of UtePAC. When Mr. Lucero requested funding to hire accountants and lawyers to assist with UtePAC management, these funds were provided as a part of UtePAC’s budget.

Second, Mr. Lucero responded that “he tried to understand Commission software, guidelines and rules or reporting and found it difficult to balance the books and report properly.” The Tribe hired Mr. Lucero based on his experience running PACs, managing PAC finances, and complying with FEC laws and regulations. Mr. Lucero never told the Tribe or anyone else that he needed assistance understanding FEC software, procedures or requirements. When Mr. Lucero requested funding to hire staff, accountants and lawyers to assist with UtePAC management, these funds were provided as a part of UtePAC’s budget.

Third, Mr. Lucero said that he “assumed [there were] fewer reporting requirements for the non-contribution account.” Mr. Lucero’s claim is not a defense and cannot be accurate. FEC guidance regarding non-contribution accounts is written in plain language and is easily accessible on FEC’s website. Even if Mr. Lucero was confused by conversations with an FEC analyst, as he claimed earlier, the information he needed to resolve this issue is readily available on the FEC’s website. Mr. Lucero was also provided funding to hire staff and professionals that could have assisted in his understanding of FEC reporting requirements. And, of course, Mr. Lucero was hired for his experience managing PACs.

Fourth, Mr. Lucero responded that “Tribal members were informed of all UtePAC activities.” This response is not relevant to this audit finding. First, “tribal members” are not the governing body of the Tribe and have no role in the management of UtePAC finances. Second, Mr. Lucero’s use of the term “activities” is deceptive. Some “tribal members” were aware of UtePAC’s political activities and political campaigns, but Mr. Lucero did not inform any “tribal members” about his failures to properly manage UtePAC. Mr. Lucero never told anyone with the Tribe or working for the Tribe that he was failing to keep records required by the FEC, that he had questions about which records the FEC required him to keep, or that he was having difficulty using FEC software and following FEC requirements. Mr. Lucero never even told the Tribe or its members that the FEC was auditing UtePAC.

Finding 2. Increased Activity.

In Finding 2, the FEC found that UtePAC's former Director and Treasurer Mr. Lucero understated receipts by \$248,162 and disbursements were understated by \$255,268 in calendar years 2017 and 2018. During the audit, UtePAC filed Form 99s to document and correct, as much as possible, Mr. Lucero's failure to report receipts and disbursements. UtePAC requests that Finding 2, Increased Activity, be reduced by the amounts that UtePAC was able to correct during the audit prior to the release of the Draft Final Audit Report.

Much of the understatement of receipts and disbursements appears to be based on Mr. Lucero's failure to document and report receipts and disbursements from the non-contribution account. For example, in 2018 alone, Mr. Lucero received \$200,000 in operational funds from the Tribe that were deposited into UtePAC's non-contribution account. As the FEC notes in its IAR, Mr. Lucero "assumed [there were] fewer reporting requirements for the non-contribution account." This resulted in Mr. Lucero not reporting much of the financial activity related to the non-contribution account.

While Mr. Lucero's response is not a defense and does not reflect the information readily available on the FEC's website, his response does explain much of the "increased activity" noted in this finding. Given Mr. Lucero's explanation and UtePAC's efforts to correct his reporting with the FEC, UtePAC requests that this finding be reduced or eliminated.

The IAR also notes another response from Mr. Lucero related to this finding. Mr. Lucero stated that "the responsibility for the violation of FEC rules ultimately lies with the Tribe and not him or his LLC." IAR at 9. Of course, this is incorrect. PACs or committees and their treasurers are responsible for complying with the Federal Election Campaign Act. In addition, under the Act, treasurers can be held liable in both their official and personal capacities. *See, e.g., 2 U.S.C. § 432(c) and (d).*

The personal liability of treasurers also extends to former treasurers like Mr. Lucero. As the FEC noted in its *Statement of Policy Regarding Treasurers Subject to Enforcement Proceedings*, "Often the specific individual who was the treasurer at the time of a violation is no longer the treasurer during the enforcement process." *See 70 Fed. Reg. 6 (Jan. 3, 2005).* This is true in this case. When the Tribe began to suspect the Mr. Lucero was mismanaging UtePAC funds and Mr. Lucero refused to participate in an independent audit initiated by the Tribe, the Tribe terminated Mr. Lucero as the Director and Treasurer of UtePAC. Since then, we have all learned of Mr. Lucero's knowing, willful, intentional, and reckless acts in violation of the Federal Election Campaign Act and FEC rules.

Under these circumstances, the FEC has determined that former treasurers can and should be held personally liable for their actions instead of the committee or its current treasurer. The FEC stated in its policy:

When a predecessor treasurer may be personally liable, the Commission could pursue the predecessor treasurer individually, and not substitute the successor

treasurer for the predecessor treasurer individually. [*See Kentucky v. Graham*, 473 U.S. 159, 167–68 (1985)]. There would be no legal basis for imputing personal liability from a predecessor treasurer’s misconduct to a successor treasurer who did not personally engage in the misconduct.

See Id. Thus, contrary to Mr. Lucero’s claim that “the responsibility for the violation of FEC rules ultimately lies with the Tribe and not him or his LLC,” in fact, all of the responsibility for the violation of FEC rules lies with Mr. Lucero who served as UtePAC’s sole Director and Treasurer during the time period under audit.

Finding 3. Cash Disbursements.

In Finding 3, the FEC audit found that UtePAC’s former Director and Treasurer, Mr. Lucero, made 43 transactions totaling \$136,600 that were cash transactions. These transactions violate 52 U.S.C. § 30102(h) and 11 C.F.R. § 102.11. Based on the work of UtePAC to investigate and correct this finding, UtePAC requests that Finding 3 be removed from the audit findings prior to the Draft Final Audit Report or reduced to reflect information provided by UtePAC during the FEC audit.

Finding 3 relates entirely to Mr. Lucero’s failure to comply with the FEC’s basic requirements for cash transactions. Over more than a year, UtePAC gathered as much information as possible about these cash transactions and with the assistance of FEC audit staff, filed Form 99s to correct Mr. Lucero’s reporting with the FEC. As the FEC notes in the IAR, UtePAC “filed Form 99s in response to the audit to address the unreported cash disbursements.” IAR at 11.

In addition, in a June 22, 2021 letter, UtePAC continued to seek additional information from Mr. Lucero to respond to Finding 3. UtePAC even provided Mr. Lucero with Attachment C which is a FEC audit spreadsheet showing the information still needed. Despite requesting that he “provide all remaining UtePAC records in [his] possession,” Mr. Lucero continued to provide only limited information. Based on his limited responses over the past year and a half and in response to the IAR, it appears that Mr. Lucero did not retain records or refuses to produce the records needed to fully address Finding 3.

In the days before UtePAC’s response to the IAR was due to the FEC, Mr. Lucero provided a letter from his bank regarding many of these cash transactions. While UtePAC hopes that this letter provides information needed by the FEC to address audit findings, UtePAC has not had the time to review and assess this letter. However, it is clear that the letter continues to show Mr. Lucero’s complete lack of financial management and compliance with FEC reporting requirements as UtePAC’s Director and Treasurer during the period under audit.

As noted in the IAR, Mr. Lucero appears to be defending his failure to produce records by stating that “he can no longer access the information to many of his accounts used to make purchases.” IAR at 11. However, under the Federal Election Campaign Act, and the FEC’s regulations, retaining these records was one of Mr. Lucero’s primary responsibilities as the Treasurer of UtePAC. After its extensive efforts to respond to the FEC audit, UtePAC should not

be held responsible for failure of its former Treasurer to comply with the Act. In short, UtePAC cannot produce records that Mr. Lucero did not retain.

The IAR also notes a response from Mr. Lucero related to this finding. Mr. Lucero stated that “the responsibility for the violation of FEC rules ultimately lies with the Tribe and not him or his LLC.” IAR at 12. As described above, this is incorrect. PACs or committees and their treasurers are responsible for complying with the Federal Election Campaign Act.

As also described above, the responsibility for complying with the Act extends to holding former treasurers liable in their personal capacity. This is particularly true when a former treasurer takes knowing, willful, intentional, and reckless acts in violation of the Federal Election Campaign Act and FEC rules. As a result, Mr. Lucero should be held personally responsible under Finding 3, not UtePAC or its current treasurer.

Finally, when the FEC audit is complete and UtePAC resumes operations, UtePAC intends to adopt cash procedures required by the Federal Election Campaign Act and highlighted in the IAR at 10-11. As noted in the IAR, 52 U.S.C. § 30102(h) requires that disbursements be made by check or similar drafts drawn on the PACs accounts. In addition, UtePAC plans to adopt procedures for maintaining a petty cash fund and documenting the use of petty cash. UtePAC also plans to adopt procedures for documenting, reporting and preserving records for disbursements.

Finding 4. Record Keeping for Disbursements.

In Finding 4, Record Keeping for Disbursements, FEC audit staff reviewed disbursements from the contribution and non-contribution accounts and determined that UtePAC’s former Director and Treasurer Mr. Lucero did not maintain adequate documentation for 17 disbursements totaling \$18,140 from the contribution account. Based on the work of UtePAC to investigate and correct this finding, UtePAC requests that Finding 4, Recording Keeping for Disbursements, be removed from the audit findings prior to the Draft Final Audit Report or reduced to reflect information provided by UtePAC during the FEC audit.

UtePAC worked extensively over the past year and a half to obtain information and records from Mr. Lucero. UtePAC also filed Form 99s to correct many of Mr. Lucero’s incomplete and inaccurate reports filed with the FEC related to this finding. As noted in the IAR, UtePAC provided “copies of contracts, invoices, emails, billing statements and receipts to adequately document some disbursements.” IAR at 13.

On June 22, 2021, UtePAC also wrote to Mr. Lucero to request that he “provide all remaining UtePAC records in [his] possession.” UtePAC even provided Mr. Lucero with Attachment E which is a FEC audit spreadsheet documenting the information still needed for disbursements. In the days before UtePAC’s response to the IAR was due, Mr. Lucero provided some additional explanation of his disbursements. The information he provided is attached here, however, UtePAC has not had the time to assess his responses. Based on his limited responses over the past year and a half, it appears that Mr. Lucero did not retain records or refuses to produce the records needed to fully address Finding 4.

The IAR notes a response from Mr. Lucero related to this finding. Mr. Lucero stated in response that “the responsibility for the violation of FEC rules ultimately lies with the Tribe and not him or his LLC.” IAR at 12. As described above, this is incorrect. PACs or committees and their treasurers are responsible for complying with the Federal Election Campaign Act.

As also described above, the responsibility for complying with the Act extends to holding former treasurers liable in their personal capacity. This is particularly true when a former treasurer takes knowing, willful, intentional, and reckless acts in violation of the Federal Election Campaign Act and FEC rules. As a result, Mr. Lucero should be held personally responsible under Finding 4, not UtePAC or its current treasurer.

Finding 5. Record Keeping for Communications.

In Finding 5, Record Keeping for Communications, FEC audit staff determined that UtePAC’s former Director and Treasurer, Mr. Lucero, made 33 disbursements totaling \$69,822 without sufficient documentation. Although Mr. Lucero’s reporting of these disbursements is unreliable, FEC audit staff determined that these 33 disbursements are likely related to communications. For 25 of these disbursements, invoices and copies of the communications were not available. For 6 of these disbursements, UtePAC was able to provide invoices but not copies of the communications. For 2 of these disbursements, UtePAC was able to provide copies of the communications but not invoices.

UtePAC requests that Finding 5, Record Keeping for Communications, be removed from the audit findings prior to the Draft Final Audit Report or reduced to reflect information provided by UtePAC during the FEC audit. UtePAC worked extensively over the past year and a half to obtain information and records from Mr. Lucero. As noted in the IAR, for some of these disbursements, UtePAC provided “invoices and payment receipts with corresponding media records such as photographs and banners.” IAR at 15.

UtePAC also filed Form 99s to document 18 disbursements that were not reported by Mr. Lucero. As noted in the IAR, UtePAC “filed Form 99s in response to the audit to address the unreported disbursements.” IAR at 14.

On June 22, 2021, UtePAC also wrote to Mr. Lucero to request that he “provide all remaining UtePAC records in [his] possession.” UtePAC even provided Mr. Lucero with Attachment F which is a FEC audit spreadsheet documenting the information still needed for record keeping for communications. In the days before UtePAC’s response to the IAR was due, Mr. Lucero provided some additional explanation of his disbursements. The information he provided is attached here, however, UtePAC has not had the time to assess his responses. Based on his failure to respond, it appears that Mr. Lucero did not maintain records for communications as required by the Federal Election Campaign Act and the FEC.

The IAR notes a response from Mr. Lucero related to this finding. Mr. Lucero stated in response that “the responsibility for the violation of FEC rules ultimately lies with the Tribe and

not him or his LLC.” IAR at 16. As described above, this is incorrect. PACs or committees and their treasurers are responsible for complying with the Federal Election Campaign Act.

As also described above, the responsibility for complying with the Act extends to holding former treasurers liable in their personal capacity. This is particularly true when a former treasurer takes knowing, willful, intentional, and reckless acts in violation of the Federal Election Campaign Act and FEC rules. As a result, Mr. Lucero should be held personally responsible under Finding 5, not UtePAC or its current treasurer.

Finding 6. Disclosure of Disbursements.

In Finding 6, Disclosure of Disbursements, audit staff determined that UtePAC’s former Director and Treasurer, Mr. Lucero, made 25 disbursements totaling \$94,998 that either lacked information or had inaccurate disclosure information. As noted in the IAR, UtePAC filed a Form 99 to correct Mr. Lucero’s incomplete and inaccurate reporting for these transactions. IAR at 17. Based on UtePAC’s efforts to correct the reporting of these transactions, Finding 6 should be removed from the audit findings prior to the Draft Final Audit Report.

The IAR notes a response from Mr. Lucero related to this finding. Mr. Lucero stated in response that “the responsibility for the violation of FEC rules ultimately lies with the Tribe and not him or his LLC.” IAR at 17. As described above, this is incorrect. PACs or committees and their treasurers are responsible for complying with the Federal Election Campaign Act.

As also described above, the responsibility for complying with the Act extends to holding former treasurers liable in their personal capacity. This is particularly true when a former treasurer takes knowing, willful, intentional, and reckless acts in violation of the Federal Election Campaign Act and FEC rules. As a result, Mr. Lucero should be held personally responsible under Finding 6, not UtePAC or its current treasurer.

Conclusion

UtePAC requests that IAR findings be reduced or eliminated prior to issuance of the Draft Final Audit Report based on the information that UtePAC worked to obtain from the former Director and Treasurer of UtePAC, Mr. Lucero, over about the last year and a half. UtePAC has researched and documented hundreds of transactions as a part of the FEC audit. UtePAC has also prepared and filed Form 99s with the FEC to correct Mr. Lucero’s numerous incomplete, inaccurate and misleading reporting. Most of this work was done in cooperation with the UtePAC’s FEC analyst and audit staff.

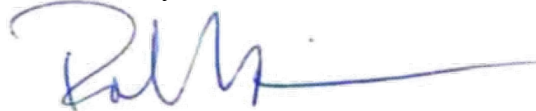
As Mr. Lucero stated in response to the FEC audit, “he was the main employee” of UtePAC. In fact, he was the only employee of UtePAC during the two-year period under audit by the FEC. Mr. Lucero was solely and completely responsible for managing UtePAC finances and reporting with the FEC.

The Tribe hired Mr. Lucero based on his experience running PACs, managing PAC finances, and complying with FEC laws and regulations. Mr. Lucero never told the Tribe or anyone else that he needed additional employees or that he was not keeping financial records required by the FEC. Mr. Lucero never told anyone that the FEC had initiated an audit of UtePAC. When Mr. Lucero requested funding to hire accountants and lawyers to assist with UtePAC management, these funds were provided as a part of UtePAC's budget.

Under FEC's *Statement of Policy Regarding Treasurers Subject to Enforcement Proceedings*, Mr. Lucero's responsibility is not just limited to his failure to comply with the Federal Election Campaign Act or FEC rules. Mr. Lucero is also personally responsible for his knowing, intentional, deceptive and incomplete financial reporting that he used to take UtePAC funds for his personal gain. Even during the FEC audit, Mr. Lucero continued to hide and cover up his personal use of UtePAC funds.

Contrary to Mr. Lucero's claim that "the responsibility for the violation of FEC rules ultimately lies with the Tribe and not him or his LLC," in fact, all of the responsibility for the violation of FEC rules lies with Mr. Lucero who served as UtePAC's sole Director and Treasurer during the time period under audit.

Sincerely,



Rollie Wilson, Agent and Counsel for UtePAC
Patterson Earnhart Real Bird & Wilson LLP
601 Pennsylvania Ave., NW, South Bldg, Suite 900
Washington, D.C. 20004
rwilson@nativelawgroup.com

cc: Rickida Morcomb
Supervisory Auditor
Federal Election Commission
Audit Division
rlmorcomb@fec.gov