

FEC Admonishes Corporation for Late Reimbursement

September 2007

In Matter Under Review (MUR) 5789, the Federal Election Commission admonished Bacardi U.S.A., Inc. for failing to procure advance payment for \$473.28 in food and beverages served at a candidate fund raiser at the company's corporate headquarters in Miami. The Complaint in the Matter was filed by Citizens for Responsibility and Ethics in Washington (CREW) in August 2006.

According to the materials released by the FEC on August 22, 2007, the FEC considered the lack of a pre-payment for the stated amount to involve only a *de minimis* violation of the campaign finance laws (since the campaign ultimately paid the bill) and only admonished the company. The admonishment did not come, however, until the General Counsel filed an affidavit and the company filed a response as to the late payment and as to a related issue.

The related issue involved the accusation that the company used a list of vendors to invite outside individuals to the fund raising event. The FEC found this not to be the case, however, and accepted the facts offered by the company that two employees acting as volunteers organized the events and invited personal and business contacts to the fund raiser. Bacardi also testified that it did not maintain a list of vendors. (From the FEC materials, it appears that the FEC at least briefly also looked in to whether the employees' activities were truly voluntary or whether they were part of a corporation-directed project.)

Under federal law, it is impermissible for corporations to make contributions and expenditures and to facilitate the making of contributions. Such illegal facilitation includes, among other things, providing catering services to a candidate or committee without receiving pre-payment from the campaign or other committee (if the normal business of the corporation is not catering).

The documents related to this case, including a copy of the Complaint, can be found at <http://eqs.nictusa.com/eqs/searcheqs> under MUR 5789.