

October 7, 2003

Evelyn A. Petschek
Commissioner
Tax Exempt and Government
Entities Division
Internal Revenue Service
Washington, D.C.

BY FAX: 202-283-9973

Dear Commissioner Petschek:

I am writing to inform you of a possible violation of section 527 of the Internal Revenue Code. In February 2002, Americans for a Republican Majority Political Action Committee (“ARMPAC”) failed to report an in-kind contribution from Bacardi Corporation.

On February 25, 2002, the *Chicago Tribune* printed an article regarding a fundraising event that took place at the Candelero Resort at Palmas del Mar in Puerto Rico (attached as Exhibit A). The correspondent, Jeff Zeleny, who reported the story directly from Puerto Rico, explained that Congressman Tom DeLay (R-TX) hosted the event, which raised money for ARMPAC. The article stated that a Saturday evening soiree was catered by Chef Daniel, “who runs the neighborhood’s French restaurant,” that “U.S. Tobacco provided the cigars and wine,” and that “Bacardi rum company furnished the liquor and hats.”

An examination of ARMPAC’s 8872 for the first quarter of 2002 (attached as Exhibit B) reveals contributions from “UST Public Affairs” – also known as U.S. Tobacco – as well as an expenditure made to “Daniel by the Sea.” Nowhere, however, is Bacardi mentioned on the form. ARMPAC reported neither a contribution from Bacardi, nor an expenditure made to Bacardi. ARMPAC’s failure to report such a contribution clearly violates Title 26 section 527(j), which specifically requires that **all** contributions be reported.

Interestingly, there may have been as many as three other ARMPAC events in Puerto Rico: one on or about September 10, 2001, one on or about March 11, 2002, and another on or about April 12, 2002. A review of ARMPAC’s other filings reveals that ARMPAC did not report Bacardi as a contributor on any 8872 covering the time periods of any of these events either.

Given ARMPAC’s failure to report Bacardi’s contribution to its February 2002 event, it is only natural to question ARMPAC’s potential failure to have reported other such contributions to similar events as well. As a result, I respectfully request that the Internal Revenue Service initiate an investigation into Bacardi’s contributions to ARMPAC and into ARMPAC’s failure to report, as required by law, any such contributions. ARMPAC should not only amend its 8872s to accurately reflect Bacardi’s contributions, but it should also pay penalties as provided by 26 U.S.C. section 527(j).

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If you have any questions or require any further information, please do not hesitate to contact me at 202-223-0133.

Thank you for your attention to this matter.

Sincerely,

Melanie Sloan
Executive Director

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