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FINANCIAL SERVICES

GOVERNMENT REFORM

JOINT ECONOMIC COMMITTEE



# Congress of the United States

## House of Representatives

Washington, DC 20515-3214

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The Honorable Henry M. Paulson, Jr.  
Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, D.C. 20220

Dear Mr. Secretary:

I was pleased to see that on October 30, 2006, Smartmatic publicly confirmed that they had requested a review by the Committee on Foreign Investment in the United States (CFIUS) and that CFIUS is in the process of reviewing Smartmatic's acquisition of Sequoia Voting Systems. As you recall, I brought concerns regarding this acquisition to the attention of the Department by letter of May 4, 2006, and again by letter of October 6, 2006. As I said in those letters, a Venezuelan company's acquisition of a manufacturer of voting machines widely used in the United States should certainly be investigated to see if it poses any national security threat, broadly defined.

The need for a complete review is particularly acute due to the public's increasing concerns over and apparent diminishing confidence in the reliability of electronic voting machines in general, after many reports of malfunctions and potential for abuse. In this case, Smartmatic's initial resistance to entering the CFIUS process did little to reassure those concerned about Venezuelan ownership of a company whose voting machines are reportedly used in some 16 states. It has also been reported that Venezuelan nationals were flown in to fix problems with Sequoia voting machines in the March primary election in Chicago. These facts, among others, have contributed to public concern over the possibility for abuse or manipulation of the voting system.

CFIUS should do everything it can to put these concerns to rest in the public's mind by a thorough process and a result with meaningful protections. The Exon-Florio statute under which CFIUS is conducting its analysis of the Smartmatic acquisition and the regulations thereunder provide for a range of actions by CFIUS—from recommending that the President undo the transaction, to entering into a mitigation agreement with Smartmatic to address concerns about national security, to approving the deal. As CFIUS carefully and thoroughly looks into this acquisition and the issues posed by Smartmatic's ownership of Sequoia, I urge the Committee to consider the need to address strongly and definitively the growing voter concerns and diminishing confidence in electronic voting machines and to use the full range of its powers to do

so. We should ensure not only that our voting machines are safe but that the public has confidence each person's vote will be counted correctly.

For the same reason, CFIUS should also take steps to make the result public. I request the Committee to urge Smartmatic to make the full final results of the CFIUS process public without delay, and if Smartmatic declines, to consider doing so itself. To withhold the result of this important review process increases the risk of unconfirmable rumors and misstatements in the media and increases rather than reduces voter doubts and fears. The intense media interest in this transaction reflects the public interest – Americans want to be assured that their government is making sure our electoral process is not at risk from foreign ownership.

Sincerely,

A handwritten signature in black ink that reads "Carolyn B. Maloney". The signature is written in a cursive, flowing style.

**CAROLYN B. MALONEY**  
Member of Congress