

Carolyn B. Maloney

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Smartmatic Announces It Will Sell Sequoia Voting Systems, Withdraw from CFIUS Review

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WASHINGTON, DC – Voting machine firm Smartmatic has announced that it plans to sell major voting machine maker Sequoia Voting Systems. With this pending sale, Smartmatic is withdrawing from the Committee on Foreign Investment in the United States investigation into its 2005 purchase of Sequoia.

Rep. Carolyn Maloney (NY-14), who first raised the need for an investigation of the Sequoia deal to the Department of the Treasury, said today that the CFIUS review, though initially resisted by Smartmatic, was vital in helping eliminate questions about the soundness of the Sequoia voting machines.

“There clearly remained doubts surrounding this company, and as long as those doubts lingered, many people would have legitimate questions about the integrity of these voting machines,” said Maloney. “When I first raised this case with Treasury, I thought that it was ripe for a CFIUS investigation, because the integrity of our voting machines is vital to national security. At that time, Smartmatic flatly refused to undergo a CFIUS review. But now it seems the company could not overcome the cloud of doubt surrounding this deal – had they been able to, we would not be talking about a sale of Sequoia today. As I said in May, it seems that a CFIUS review was in fact the proper course.

“It is apparent that the CFIUS process, though it had not completely run its course, was necessary to spur this action that will eliminate this issue with these voting machines. To me, this reinforces the importance of the CFIUS review system, and it underscores the need for a system that will consistently pinpoint the deals that should be reviewed and reliably ask the necessary questions. CFIUS raised no red flags on the Dubai Ports deal, and this deal would not have been reviewed had it not been brought to their attention. These are two examples of why we need a stronger CFIUS process.”

When Maloney first raised the possibility of a CFIUS review in May, Sequoia’s initial response was to vehemently dismiss the need for an investigation (<https://maloney.house.gov/sites/maloney.house.gov/files/documents/financial/acquisitions/20060511SmartmaticRIs.pdf>).

For a few years, questions have surrounded Smartmatic about its ownership and its possible ties to the Venezuelan government. It has also been recently reported that Smartmatic is the subject of a Department of Justice investigation into possible bribery of the Venezuelan government and U.S. tax fraud.

Maloney is the lead Democratic sponsor of H.R. 5337, the legislation to reform the CFIUS process that unanimously passed the House earlier this year. Among other provisions, that bill would enhance CFIUS reporting to Congress and increase monitoring of withdrawal agreements.

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