

## Transcript

### Forum: Corporate Political Spending and Foreign Influence

*Hosted by Commissioner Ellen L. Weintraub*

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### **Statement of John Pudner, Take Back Our Republic**

**JOHN PUDNER, TAKE BACK OUR REPUBLIC:** I realize some of you think it's an oxymoron to say there's a conservative campaign finance advocate in front of you. But that's really the position I'm coming from. When I started Take Back our Republic after running conservative campaigns for 20 years, I was told, you know, I would have one friend and that would be Walter Jones, a congressman from North Carolina, and that was it. My first meeting with Walter – not that I usually talk after a meeting – but was, “please find me some friends.” And I knew we had at least one, because I knew Dave Brat was like-minded, having just come off his campaign the previous year.

But I want to thank Commissioner Weintraub for focusing on the two issues in this hearing that really do unify conservatives and that is foreign money and, then to a lesser degree, corporate. And I'll touch on that a little bit. But, we went to Walter Jones and Dave Brat and started talking to people. And I'm happy to announce that today, we have 46 Republican cosponsors on a bill that came out of a white paper we posted last year on closing the credit-card loophole. That bill is H.R.4177, the Stop Foreign Donations Affecting our Elections Act. That bill is now being backed by everyone on the [House Administration] Committee; it has to go through the House. I mean, this is a piece of legislation that, you know, could at least make it through the House, potentially even this year, to the degree that anything could make it through the House right now. And this was partly by getting on some of these unifying themes: the common agreement that no one wants foreign money taking over any part of the government decision-making process. And so, let me, I'm going to focus more on foreign money today, then touch on

corporate a little bit at the end. Unfortunately, we heard a little bit from Sheila on how much we don't know on foreign money. You know, they do a great job of chronicling anything that you can find. And unfortunately, because foreign money is illegal, the ways that it gets into the system are very hard to quantify.

But let me say that, if we can all agree that foreign money is unconstitutional, if anyone needs to go back through the wording on that happy to do it with you offline and that, and undesirable, let's talk about what, from a former political consultant's background, we do know. We do know that people right now, all over, foreign and domestic, know that political investment is a very good investment. That, you know, the chance to put millions of dollars into political contributions with the possible net result of billions of dollars in taxpayer money, coming back to you through either policy changes or actual special interest money, is a tremendous investment. So let's start, that's point one, we know.

Point two, we know is that there are, believe it or not, unscrupulous political consultants, who, if you find them a way to get money into a system, will do it to make money. The math is very simple here. If you can find a way to get a million dollars from somewhere and can do a media buy with it, you get \$150,000. If you start taking tens of millions, you're pretty well-off pretty quickly.

And, certainly, I love most of my former colleagues in the political consulting realm, but I promise you people jump on that, and that's even before you get things like scam PACs, where basically you just put money into a PAC and keep it all for yourself. So, you know, there's the temptation here to bring money in and some who will readily jump on it.

Third thing we know is there are foreign interests who are willing to hack into government servers, into political party servers, even worse things, they'll carry on deadly acts. I mean, this kind of concept: "Would you *really* think anyone would channel money in from abroad to affect U.S. policy?" is

almost incomprehensible when I hear that from people. I mean, there are very unscrupulous players who benefit greatly from changes in U.S. policy.

Now, this isn't always, you know, someone trying to cause harm to the U.S., it could just be trying to have competitive advantage over U.S. companies, *et cetera*. But the third item is that's there.

Fourth item, I'd say, is there are clearly avenues to connect the first three. There are ways to have an unscrupulous political consultant realize there's someone overseas who wants to get money through the system that will benefit them.

So while we don't know, we can't put dollar figures on what's in, I would say look at the country and our government as a house and look at where the doors and windows are unlocked and opened for this kind of activity and start trying to shut them.

First of all, the thing we're addressing with our current bill, you can move enormous amounts of money, completely undetected through unverified credit-card contributions. Now, I'm asked, "How much is coming in?" I have no idea. I know hundreds of millions of dollars are coming through on unverified credit-card contributions. And I think it's naive to say, "Well, I'm sure no one would take advantage of the system." I want everyone to grasp this for a minute. When you go online to purchase something, if you don't know the ZIP code of the credit card you're using, you can't purchase it. That's a very simple bank check that we're all thrilled is in place, anyone who's ever lost a credit card. And if you make a mistake, you can quickly correct it. "Oh, I typed a digit wrong in the zip code, let me fix that, it's a 2, not a zero." So, in essence, what campaigns started doing in '08 was turning the system off. You can opt-out with your banks. At which point, as long as a gift card number works, the contribution goes through.

Try to think of this, if someone has millions of dollars overseas and wants to get it through. If I were an unscrupulous political consultant who only cared about making money, didn't care about U.S. law, was even foreign-based, I would say set up a room full of people, retype over and over the same credit card number \$200 at a pop so it's never reportable, it's never detectable, and flood it in to an empty bid and often won't be noticed. You obviously don't do this in a \$50,000 state legislative race where someone wonders why money is flooding in, but that avenue is there and it's so easy.

Secondly, you can buy a channel in, as the Saudis just did with Uber. You know, buy a big chunk of a U.S. company and start to flood money in. And there are all kinds of other reasons the Saudis or any overseas interest might have interest in the U.S., but you know, and I'll refer you to longer articles in that process, but if you're going to put a few billion dollars into a U.S. company to get a seed from when you funnel money into U.S. campaigns, that's another door that's open now that has to be addressed. Open Secrets, last year, put out a report just on (c)(4)s that are breaking the 50% limit on giving.

Well, obviously, if you have a (c)(4) that doesn't have to disclose its owners, that's one of many dark money avenues that can be used. That if you are overseas and want to get money in and knew that a (c)(4) could do it without you being reported, and, by the way, they're spending well over half of their money on political activity. That's an inviting avenue as well.

So, we want to look at how we can close some of these doors and make it difficult. Now some tell me, "Look, there's no way to stop the flow of foreign money, there's so much of it, it'll get through one way or the other." Well, I tell them the same thing I've told all nine of my children. I can't stop you from doing bad things, I can only make it as inconvenient as possible and hope that in the end you don't do it.

So, we can close some of these doors. 4177 simply requires that candidates and groups have to use the normal bank procedure for verifying credit cards. And let me say too, some conservatives like

this bill because it played into their narrative on concerns that President Obama's campaign was funneling money through foreign entities. So let me just put that on the table, that's some motivation. However, I actually went to one of the people who developed this system for President Obama, sat down with her in New York to say, "I understand why you did this, this was to prevent if you have mistakes on hand-written sheets, people filling out, trying to contribute, an event, you can't track down...." There's no accusation of this being set up for this reason. The problem is, once a system is in place like this and people have seven years to figure it out, it invites corruption. So, I want to be clear, this isn't an attack on why the system was set up. And she was actually very comfortable and understanding, she's actually going to do a joint event with me, most likely next month, to say, "Hey, here's why this creates a problem. Here's why we set it up. Here's the problem." So I just don't want to sound partisan on that, but it's a real problem.

That's certainly one door we can close very easily and I hope we will. And as I said, each member of the House Administration Committee is supporting this now, has signed on as sponsors, cosponsors, bi-partisan.

And so, that's one we can fix. And that eliminates one avenue. Certainly, I whole-heartedly support the H.R.5515 just put out by Kilmer and Hanna which would require someone running a (c)(4)/(c)(3) to verify that no foreign money is being used on election year activity. That just seems very basic. Now, can that person lie? Yes, but let's at least tell them, you know, you're signing off on something, and I guarantee you as someone who never realized how much money you have to spend on legal fees to run a (c)(3) and (c)(4) until this year, lawyers will be very scared to let them sign if there's chance of foreign money going through the system. So again, that's another door to close.

Let's keep closing off these doors. I think that's a great bill. We just had a case in San Diego where a political consultant figured out a way to have a Mexican businessman get \$500,000 into a San

Diego local race. Clearly they're going to look for these avenues and let's not make the (c)(4) an easy one or any other dark money sources.

Think about these two proposals. They both talk about either using a procedure that's already in place or self-policing. These are the kind of first steps I hope we can agree on before we get into some tougher disclosure issues admittedly.

Now let me touch just a little more briefly on corporate giving in general because, you know, you heard some of the numbers and certainly corporate giving, you know, tends Republican. It doesn't necessarily tend conservative though. And that's why I would like to say, so many of the conservatives who've worked with me on primaries and all are very concerned about the Chamber's involvement in primaries. This isn't a strict partisan effort.

You know, when I first sat down with Dave Brat, he said he wanted to base his campaign on crony capitalism, and I said, "Eh, sounds a little bit inside to me, I don't know if it'll work." Well, for all of you who hate political consultants, the candidate was absolutely right, the consultant was absolutely wrong. Everyone got crony capitalism, even before it was being used as much. And it played off this idea that Republicans, in Republican primaries, conservatives, had seen the Chamber and other groups come in and just overwhelm their candidates and defeat them. So, this is actually the idea of small business being a better alternative and truer conservative if you're a conservative than the Chamber who, as we heard, trends Republican but gives to the winners. That's the bottom line – that is actually a motivator for a lot of conservatives too.

The other thing to think about with corporate giving is just the selection of candidates, the idea that, kind of, deals are being cut in this town and we're being left out here. I mean, I think some of the absurdity on the corporate giving is, you know, the Chamber in Arizona, Ohio, New Hampshire, Pennsylvania, and Wisconsin, has given six figures to the U.S. Senate candidate to both sides. It's just,

okay, so whoever wins, you know, they've got... And that's the angst you see from a lot of conservatives. Gosh, it's... they're all the same. They've already kind of paid everyone and they're going to do whatever the corporate interest is. Don't – I know it's tempting to think, "Well, conservative versus environmental, conservatives versus union,... the other conservatives," but there's real grounds for agreement there and certainly on some of the government contractors.

So, in closing, you know, I'd like to ask a couple things of the commissioners and you hate to do that to your host, to make requests as a guest, but on a couple items, I would say for the Republican members, please try to look at cases like the one Chair Ravel put out last year that I wrote about on Breitbart on the \$300,000 given by the porn company that was formed by a German who was under indictment for tax evasion. I don't think they should be giving \$300,000 to affect U.S. elections. I'm not sure which of those boxes a conservative would say, "Yeah, that's a good influence on our election."

I thought that was a brilliant case by Ann Ravel to lay out something that maybe could be a starting agreement point just like 4177 was for us when they said no Republicans would back us. And I realize there are legal arguments and "candidate versus issue" et cetera, I understand that issue, but at least to investigate these and send a message that, you know, we're not just going to have 3-3 ties on everything. We really want, you know, we want the FEC to be an effective enforcement tool.

Now, I'll make the request from, maybe some from, the other political end though. There are legitimate concerns that we have to overcome as conservatives on disclosure. I think things in a Wisconsin investigation – I think some people are targeted unfairly in that. Every time there are cases like that, it makes it harder and harder for us to push the case of disclosure. So, you know, or, yeah, there's a case out in California from years back on, you know, individual no longer being CEO who, you know, because of \$1,000 contribution on the marriage amendment.

I would implore the other side to realize, these are the issues that conservatives who want campaign finance reform have to fight through. And to whatever degree we can lessen the look that there's going to be targeting or retribution against people for speaking, the quicker we can get to broader and more complete disclosure.