



September 9, 2023

The Honorable Dara Lindenbaum
Chair
Federal Election Commission
1050 First Street, NE
Washington, DC 20002

Dear Chair Lindenbaum,

As Americans are inundated with telemarketing calls and online scams that prey on their goodwill and civic engagement, I am writing on the steps the Federal Election Commission and its partners are taking to crack down on fraudulent schemes that use political and charitable causes for private enrichment, and solicit necessary changes to the law to hold these scammers accountable.

While telemarketing for fraudulent causes is not new, the rampant increase of robocalls and the growth of social media have supercharged schemes that deceive or mislead Americans about how their hard-earned donations are directed and used. The known losses are staggering: two recent fundraising networks alone deceived donors out of over \$150 million intended for charity.¹ Another network of scam political action committees (PACs) took in \$140 million over two election cycles.² These entities purported to raise money for political causes, veterans, firefighters, and cancer patients but spent most or all of their donations on fundraising, benefitting their ringleaders and the telemarketing companies they collaborated with.³

Despite some recent prosecutions, the problem of fraudulent charitable scams and deceptive PAC fundraising has persisted and even grown more pernicious. Telemarketers and scammers have begun hiding under the cover of established nonprofit organizations and PACs, allowing them to avoid many of the regulations that would otherwise shed light on their frauds.⁴

¹ <https://www.ftc.gov/news-events/news/press-releases/2021/03/ftc-38-states-dc-act-shut-down-massive-charity-fraud-telefunding-operation>;

<https://www.ftc.gov/news-events/news/press-releases/2020/09/ftc-joins-four-states-action-shut-down-alleged-sham-charity-funding-operation-bilked-millions>.

² <https://www.thedailybeast.com/the-secret-website-behind-a-dollar140-million-scam-pac-network>

³ <https://www.reuters.com/investigates/special-report/usa-fundraisers-scampacs/>

⁴ <https://www.reuters.com/investigates/special-report/usa-fundraisers-scampacs/#sidebar-scampacs>
<https://www.nytimes.com/interactive/2023/05/14/us/politics/scam-robocalls-donations-policing-veterans.html>

For example, when the Federal Trade Commission shut down the Civic Development Group (CDG) for deceptively fundraising for law enforcement organizations, it disclosed that “charities received only 10 to 15 percent of the donations” and the CDG used its role as a consult to evade FTC enforcement.⁵ A recent *New York Times* investigation found one network of telemarketers had raised \$89 million in political donations on behalf of law enforcement, firefighters, and veterans, but had only spent 1% on actual campaign activities and contributions. As the *Times* notes, the group of operatives behind the robocalls used PACs to evade federal and state scrutiny — including FEC oversight — as they directed the majority of funds raised to their own consulting companies and private expenditures.

In order to ensure our laws are robust and vigorously enforced, I am engaged in an oversight and legislative effort to ensure that agencies have sufficient legal tools and resources to stop these deceptive telemarketing schemes. The FEC has considered updating transparency requirements and has requested Congress provide more statutory authorities to protect donors from fraudulent solicitations and the misuse of funds by scam PACs.⁶ I am exploring legislation to implement these changes, and am interested in further recommendations to comprehensively address the problem of consultants that attempt to circumvent federal oversight through hiding behind reputable PACs and causes, thereby avoiding federal disclosure requirements. Reforms should ensure that scammers cannot simply partner with knowns PACs to circumvent the law, and that PACs are accountable for the telemarketers and consultants they work with.

As new technologies continue to make scams and robocalls easier, charity and PAC scams are likely to escalate, especially as we approach the upcoming Presidential elections. I therefore urge your agency to use every tool available to fight scam PACs and other 527 organizations, charity fraud, and telemarketing scams that prey on Americans’ generosity and political passions. I request your answers to the following questions and a staff-level briefing by September 22, 2023, as I explore legislative solutions to this problem.

- 1.) What is the scope of the FEC’s jurisdiction as it relates to scam PACs and the diversion of political contributions — including the exploitation of legitimate political committees and causes for private enrichment — and what steps are you taking to address these problems?
- 2.) What limits the FEC from imposing more substantial disclosure requirements and limiting fraudulent solicitation through rulemaking?

⁵ <https://www.ftc.gov/news-events/news/press-releases/2010/03/new-jersey-based-telephone-fundraisers-banned-soliciting-donations-will-pay-188-million-violating>

<https://www.ftc.gov/sites/default/files/documents/cases/2007/09/070921cmpe3810.pdf>

⁶ <https://www.fec.gov/resources/cms-content/documents/mtgdoc-21-23-A1.pdf> <https://www.fec.gov/resources/cms-content/documents/mtgdoc-22-58-A.pdf>

- 3.) What issues or limits have you faced, if any, in holding nonprofit organizations or PACs accountable for knowingly enabling or benefiting from donation scams?
- 4.) What statutory or resource constraints, if any, are preventing your agency from more effectively countering and bringing enforcement actions against these scams?
- 5.) What changes to the law would enable your agency to bring more enforcement actions or enable more transparency against charitable fraud schemes?

Thank you for your attention to these important issues. I look forward to your response.

Sincerely,



RICHARD BLUMENTHAL
United States Senate