

118TH CONGRESS
1ST SESSION

H. R. 6893

To prohibit the disbursement of funds to entities owned or controlled by individuals with executive or managerial authority over the operations of political committees, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 22, 2023

Ms. PORTER introduced the following bill; which was referred to the
Committee on House Administration

A BILL

To prohibit the disbursement of funds to entities owned or controlled by individuals with executive or managerial authority over the operations of political committees, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; FINDINGS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Stopping Corrupt Actors from Making Political Action
6 Committees Act” or the “SCAM PAC Act”.

7 (b) **FINDINGS.**—Congress finds the following:

1 (1) In its 2022 legislative recommendations to
2 Congress, the Federal Election Commission unani-
3 mously identified the “fraudulent fundraising and
4 spending activities of certain political committees
5 that are often referred to as ‘scam PACs’” as a pri-
6 ority for Congress to “address, define, and pro-
7 hibit.” As the Federal regulator empowered to en-
8 force campaign finance laws, the Federal Election
9 Commission possesses the requisite technical exper-
10 tise on political committees to help Congress effec-
11 tively regulate scam PACs.

12 (2) Congress affirms the Federal Election Com-
13 mission’s description of scam PACs as unauthorized
14 committees that mislead contributors by “[soliciting]
15 contributions with the promise of supporting can-
16 didates, but then disclose minimal or no candidate
17 support activities while engaging in significant and
18 continuous fundraising. This fundraising predomi-
19 nantly funds personal compensation for the commit-
20 tees’ organizers. In many cases, all funds raised by
21 this subset of political committees are provided to
22 fundraising vendors, direct mail vendors, and con-
23 sultants in which the political committees’ officers
24 appear to have financial interests.”.

1 (3) Scam PACs are political parasites that de-
2 grade the integrity of our elections and harm Amer-
3 ican democracy. Fraud in elections erodes public
4 confidence in American institutions, and reports of
5 scam PACs abusing donations for self-enrichment
6 schemes can have a chilling effect on donors’ and
7 voters’ willingness to politically participate. Can-
8 didates also suffer harm when cash they need to run
9 their campaigns is diverted away from them.

10 (4) This Act targets scam PACs’ fraud and
11 self-dealing. The Supreme Court has acknowledged
12 “it goes without saying that there is a ‘substantial
13 governmental interest[] in protecting the public from
14 fraud.’” (Americans for Prosperity Found. v. Bonta,
15 141 S. Ct. 2373, 2386 (2021)). In the context of
16 elections, “the State’s interest in preserving the in-
17 tegrity of the electoral process is undoubtedly impor-
18 tant. . . . The State’s interest is particularly strong
19 with respect to efforts to root out fraud, which not
20 only may produce fraudulent outcomes, but has a
21 systemic effect as well,” (John Doe No. 1 v. Reed,
22 561 U.S. 186, 197 (2010)).

23 (5) The Supreme Court has repeatedly upheld
24 that giving and spending money in elections is pro-
25 tected speech. When scam PAC operators misuse do-

1 nations, they are suppressing their donors' speech.
2 By making few to no political contributions with the
3 dollars raised off false promises to further their do-
4 nors' political views, scam PACs are stealing money,
5 and theft is not protected speech.

6 (6) In the interest of safeguarding constitu-
7 tionally protected speech, this Act does not prescribe
8 sweeping regulations regarding how all political com-
9 mittees may spend money in elections. This Act's
10 prohibitions are narrowly tailored to only apply to a
11 subset of nonconnected committees that do not have
12 a majority of their disbursements spent on legiti-
13 mate expenditures, sparing the vast majority of com-
14 mittees from being subjected to any additional re-
15 quirements. For the committees that fail to have a
16 majority of their disbursements spent on legitimate
17 expenditures, their only penalty under this Act is
18 being prevented from disbursing funds to any entity
19 that has a financial interest or familial connection to
20 the committees' operators. This restriction is exceed-
21 ingly reasonable and simple to comply with to pro-
22 mote the governmental interest of preventing self-
23 dealing.

24 (7) While current PAC reporting requirements
25 provide the public with information that can be use-

1 ful for identifying scam PACs, the mere public avail-
2 ability of this disclosed information has done little to
3 protect donors from scams, deter scam PACs' oper-
4 ations, or curb the proliferation of fraudulent com-
5 mittees. Most grassroots donors who are looking to
6 express their opinions by making a political con-
7 tribution are unable to easily interpret this disclosed
8 information even if they know to look for it and
9 know where to find it. Disclosures in the absence of
10 meaningful fundraising and spending standards are
11 insufficient to hold scam PACs accountable.

12 (8) Given the finite timelines of campaign cy-
13 cles, prophylactic measures to combat fraud in elec-
14 tions are necessary alternatives to strict reliance on
15 enforcement actions against fraud after an election
16 is already over when the harm is very difficult to
17 remedy.

18 **SEC. 2. PROHIBITION ON DISBURSEMENT OF FUNDS TO EN-**
19 **TITIES OWNED OR CONTROLLED BY INDIVID-**
20 **UALS WITH AUTHORITY OVER OPERATIONS**
21 **OF POLITICAL COMMITTEES.**

22 (a) IN GENERAL.—Section 302 of the Federal Elec-
23 tion Campaign Act of 1971 (52 U.S.C. 30102) is amended
24 by adding at the end the following new subsection:

1 “(j)(1) Except as provided in paragraphs (3) and (4),
2 during a reporting period covered by a report filed by a
3 political committee under section 304, the committee may
4 not make disbursements to an entity owned or controlled
5 in whole or in part by an individual, or by a family mem-
6 ber of an individual—

7 “(A) who is authorized to carry out executive or
8 managerial authority over the operation of the com-
9 mittee;

10 “(B) who is authorized to solicit or disburse
11 funds for or on behalf of the committee; or

12 “(C) who is an employee of the committee
13 (whether paid or unpaid) and who provides the com-
14 mittee with professional services (other than ac-
15 counting or legal services) relating to the commit-
16 tee’s campaign or fundraising strategy.

17 “(2) A political committee may not employ or allow
18 to volunteer on behalf of the committee an individual who
19 owns or controls an entity that has accepted disburse-
20 ments made from any political committee in violation of
21 paragraph (1).

22 “(3) Paragraph (1) does not apply with respect to
23 disbursements made by a political committee during the
24 reporting period covered by a report filed by the committee
25 under section 304 if a majority of the funds disbursed by

1 the committee during the period were for contributions to
2 an authorized committee of a candidate or a committee
3 of a political party or for making independent expendi-
4 tures.

5 “(4) Paragraph (1) does not apply with respect to
6 the following:

7 “(A) An authorized committee of a candidate.

8 “(B) A committee of a political party.

9 “(C) A separate segregated fund of a corpora-
10 tion or labor organization under section
11 316(b)(2)(C).

12 “(5) In this subsection, the term ‘family member’
13 means, with respect to an individual, any of the following:

14 “(A) A spouse, and parents thereof.

15 “(B) Sons and daughters, and spouses thereof.

16 “(C) Parents, and spouses thereof.

17 “(D) Brothers and sisters, and spouses thereof.

18 “(E) Grandparents and grandchildren, and
19 spouses thereof.

20 “(F) Aunts and uncles, and spouses thereof.

21 “(G) Cousins, and spouses thereof.

22 “(H) A domestic partner, and parents thereof,
23 including domestic partners of any individual de-
24 scribed in subparagraphs (A) through (G).”.

1 (b) REGULATIONS.—Not later than 90 days after the
2 date of the enactment of this Act, the Federal Election
3 Commission shall promulgate such regulations as may be
4 necessary to carry out the amendment made by this Act.

5 (c) EFFECTIVE DATE.—The amendment made by
6 this Act shall apply with respect to disbursements made
7 on or after the date that is 90 days after the date of enact-
8 ment of this Act, without regard to whether or not the
9 Commission has promulgated regulations under subsection
10 (b).

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