WHAT SPECIAL COUNSEL MUELLER’S REPORT TELLS US ABOUT CAMPAIGN FINANCE LAW AND FOREIGN INTERFERENCE

Concerns about foreign meddling in American politics date to the beginning of the republic. The Founders were sufficiently concerned about this threat that they ensured the Constitution included safeguards against foreign influence.\(^1\) Alexander Hamilton expressed concern about the “desire in foreign powers to gain an improper ascendant in our councils” in the *Federalist Papers*,\(^2\) and George Washington explicitly warned about “the insidious wiles of foreign influence” in his 1796 Farewell Address.\(^3\)

Special Counsel Robert Mueller’s report into Russia’s interference in the 2016 presidential election confirmed that those long-standing fears were justified. The report’s conclusion was unequivocal: “The Russian government interfered in the 2016 presidential election in sweeping and systematic fashion.”\(^4\)

Ultimately, we may never know whether Russia successfully swayed the outcome of the race. What we do know is that Russia’s efforts exposed gaps in the scope and enforcement of existing law. If left unaddressed, those same gaps will certainly be exploited again by foreign—and domestic—actors.

This report describes two of those gaps.

**The first is the digital disclosure gap.** The last major reforms to U.S. campaign finance law came in 2002, in the relative infancy of internet advertising. Since then, thanks in part to aggressive lobbying by platforms like Facebook, both Congress and the Federal Election Commission (“FEC”) have largely failed to update laws and regulations as political campaigning has increasingly moved online. Russia exploited those failures in 2016 by covertly running “a social media campaign that favored presidential candidate Donald J. Trump and disparaged presidential candidate Hillary Clinton,” according to the Mueller Report.\(^5\)

**The second is the civil enforcement gap.** As the Mueller Report acknowledged, establishing the requisite intent for criminal campaign finance violations is a high prosecutorial bar; the Special Counsel declined to prosecute Donald Trump Jr. for soliciting “dirt” from a “Russian government attorney” in June 2016 because of the
difficulty in establishing that Trump Jr. knew about the law he was violating. The FEC, however, has a vital role to play in civil enforcement of the law, which does not require proving that the lawbreaker committed violations willfully. When violations involving foreign interference occur, civil enforcement action is critical, or the lesson will be that others can do the same—or worse—and get away with it.

While Congress and the FEC have done little since 2016 toward addressing these vulnerabilities, intelligence officials are increasingly sounding alarms about the ongoing national security threat that foreign interference poses. Earlier this year, the U.S. Intelligence Community delivered its Worldwide Threat Assessment to Congress and warned that “[o]ur adversaries and strategic competitors probably already are looking to the 2020 US elections as an opportunity to advance their interests,” “almost certainly will use online influence operations,” and will “refine their capabilities and add new tactics as they learn from each other’s experiences.” And just last month, the Director of the FBI reiterated that Russian efforts to influence American elections remain a “significant counterintelligence threat” and that 2018 was a mere “dress rehearsal” for 2020.

The Mueller Report outlined more than enough evidence—and conveyed sufficient urgency—to render the closing of these gaps a top priority. Congress and the FEC must take the next steps.

**Campaign Finance Law Still Has a Major Digital Gap**

One prong of Russia’s election meddling effort involved a social media campaign “designed to provoke and amplify political and social discord in the United States,” according to the Mueller Report. This included spending at least $100,000 on Facebook ads, many of which “explicitly supported or opposed a presidential candidate.”

Russia, of course, never disclosed its political ad spending to the FEC, and did not include on-ad disclaimers stating “paid for by Putin”—but because of gaps in campaign finance law, it was largely not required to do so, and neither were other similar digital advertisers.

Certainly, Russia had no intention of complying with disclosure requirements. But if effective online disclaimer and disclosure laws been in place in 2016, Russia’s wide-ranging influence campaign might have been detected sooner. Or, Russia might have been deterred from engaging in the effort in the first place. And voters would have had a lot more information about the domestic interests trying to sway their votes, too.

Under current law, outside groups—that is, groups other than candidates, parties, or PACs—only report spending on digital ads that expressly advocate for or against candidates. And although a political ad run on TV, radio, or in print must include a disclaimer stating who paid for it, digital ads often omit the same “paid for by . . .” messages that are familiar sights during campaign season.
Most of Russia’s ads did not meet the express advocacy standard—even those ads that Mueller characterized as “overtly oppos[ing] the Clinton Campaign.”

If candidate-focused ads like Russia’s had been run on TV, however, they would have been subject to legal disclosure requirements as “electioneering communications.” Electioneering communications are broadcast—not digital—ads that are run near an election, name a candidate, and are targeted to that candidate’s voters, even if they do not expressly tell viewers to vote for or against a candidate.

But Congress has not updated campaign finance law for the internet age. Congress created the “electioneering communications” category in 2002 to require disclosure of broadcast ads intended to influence elections, but which were cleverly designed to avoid qualifying as “express advocacy.” But the law has not been updated as political spending increasingly moves online.

As a result, an ad that may be subject to reporting when aired on TV can remain shrouded in secrecy when run on the internet.

Russia was not alone in exploiting these digital ad disclosure loopholes. According to a peer-reviewed study by University of Wisconsin-Madison Professor Young Mie Kim, 25% of Facebook political ads that ran in the final weeks of the 2016 election mentioned candidates and would have been subject to disclosure as electioneering communications if aired on TV.

The FEC is also to blame. Thanks in part to past efforts by Facebook, the FEC for years largely exempted digital political ads from on-ad “paid for by” disclaimers. This meant that voters could not tell the difference between an ad paid for by a foreign government and an ad paid for by a domestic dark money group. Neither ad stated who paid for it.

The FEC has been considering new rules on digital political ad disclaimers since 2011—and the agency’s failure to adopt new rules before 2016 helped make Russia’s influence efforts possible. After Russia exploited the agency’s inaction, the FEC took steps in 2018 to give the appearance that it was still working on the creation of new rules, but those steps were legally meaningless. Even now, with the 2020 presidential campaign already underway, the FEC has not taken any regulatory action—which means there still will not be clear disclaimer requirements before the 2020 elections.

Congress and the FEC failed to close these loopholes in the wake of 2016, so our system maintained the same vulnerabilities going into the 2018 midterms.

Indeed, some groups looked for new ways to exploit them: Campaign Legal Center (“CLC”) identified that the Democratic dark money group Majority Forward ran an online ad campaign in 2018 targeted at voters in states with competitive U.S. Senate seats, but did so without reporting that spending to the FEC and without telling viewers that the ads were paid for by Majority Forward.

Unfortunately, these problems are only going to get worse. Political spending is increasingly migrating online: in 2018, digital political spending hit $1.8 billion, or 20% of
total ad spending—an astonishing 2,400% increase from the 2014 midterms, according to Borrell Associates. Facebook has begun to institute some new disclaimer requirements for its advertisers, but enforcement has been haphazard, and Facebook’s self-regulatory efforts do not apply to other platforms. More broadly, self-regulation is not a reliable solution in this area because Facebook—which is ultimately responsible to its shareholders rather than to voters—is free to loosen or rescind its rules at any time.

Donald Trump Jr. Highlights the Civil Enforcement Gap

One of the central legal protections against foreign influence is the longstanding ban on campaign contributions by foreign nationals. This ban prohibits foreign nationals from financially influencing U.S. elections, and prohibits anyone else from soliciting such spending. Even as courts have struck down or chipped away at other campaign finance laws, they have upheld this ban.

As is the case with all campaign finance laws, the FEC has civil enforcement authority over violations of the foreign national ban; if a violation is committed knowingly and willfully, the Justice Department may seek criminal penalties.

Mueller’s decision not to criminally prosecute the president’s son, Donald Trump Jr. for soliciting foreign contributions highlights the importance of the FEC’s civil enforcement role.

The facts are undisputed. On June 3, 2016, Trump Jr. received a message from an associate, who stated that as “part of Russia and its government’s support for Mr. Trump,” the “Crown prosecutor of Russia” had “offered to provide the Trump campaign with some official documents and information that would incriminate Hillary [Clinton] and her dealings with Russia and would be very useful.” Trump Jr. quickly replied, “I love it especially later in the summer,” and proceeded to arrange an in-person meeting on June 9, 2016 with a person he was told was a “Russian government attorney,” as well as with Jared Kushner and Paul Manafort, to accept this valuable material he believed would be “helpful to the campaign.”

Although the Special Counsel did not bring criminal charges, the Mueller Report effectively concluded that Trump Jr. violated federal law’s ban on soliciting a contribution from a foreign national.

Citing FEC regulations and guidance, Mueller noted that “[t]he foreign contribution ban is not limited to contributions of money,” and “expressly prohibits ‘a contribution or donation of money or other thing of value.’” Mueller acknowledged that “[a] campaign can be assisted not only by the provision of funds, but also by the provision of derogatory information about an opponent”—indeed, campaigns spend tens of millions every year researching opponents to gain an electoral advantage—and concluded that the offered “documents and information” should be treated as a “thing of value” subject to the foreign contribution ban.
Moreover, the Special Counsel concluded that Trump Jr.—and potentially Manafort and Kushner—solicited such a contribution from a person known to be a foreign national by responding favorably to the Russian offer of “documents and information” and setting up a meeting to receive it.31

So why was Trump Jr. not criminally charged? Mueller believed he could not establish that the president’s son “acted ‘willfully,’ i.e. with general knowledge of the illegality of [his] conduct.”32 Mueller also cited challenges in proving beyond a reasonable doubt that the value of the promised documents and information exceeded the $2,000 threshold for a criminal misdemeanor violation, or the $25,000 threshold for a criminal felony violation.33

The FEC will not face the same challenges in pursuing civil penalties. For a criminal campaign finance violation, prosecutors must show that it was committed “willfully,” but there is no “willful” requirement for civil enforcement by the FEC. The FEC also need not establish the precise value of the solicited contribution to pursue civil penalties—just that the solicitation was for a “thing of value.”

Accordingly, in order to proceed, the FEC need only find reason to believe that Trump Jr.—and potentially Manafort and Kushner—solicited a contribution from a person he knew was a foreign national. The Mueller Report provides overwhelming evidence for such a finding.

Given the high bar for criminal prosecutions, the FEC’s civil enforcement role is vital for protecting the integrity of our campaign finance system.

FEC enforcement helps address and deter reckless campaign finance violations—like soliciting opposition research from a foreign government—that may not meet the high standard for criminal enforcement.

Civil enforcement can also help clarify potential gray areas in the law. Although the Special Counsel indicated that FEC guidance is clear on the matter, his decision not to criminally prosecute Trump Jr. has been interpreted as suggesting ambiguity. After the public release of the Mueller Report, for example, one of Trump’s lawyers even declared that “there’s nothing wrong” with accepting opposition research from a hostile foreign power.36

It is critical that the FEC send a clear signal that soliciting opposition research from a foreign government is unlawful. If the FEC were to find that opposition research were not a “contribution” for purposes of the foreign national ban, then it could be handing an enormous amount of power to foreign governments to legally meddle in U.S. elections. A foreign intelligence service could target every potential U.S. candidate, dig up incriminating details, and provide the foreign government’s favored candidates dirt on their opponents—and it would be entirely legal.37

CLC, along with Common Cause and Democracy 21, filed a complaint with the FEC about Donald Trump Jr.’s solicitation of a foreign national contribution in July 2017, and
supplemented that complaint with the Mueller Report’s revelations in April 2019. That complaint is still pending.

In the wake of the 2016 elections, the FEC stated that it would prioritize allegations of violations of the foreign national ban. But the agency is failing to adequately address foreign meddling.

Earlier this year, in response to a CLC complaint, the FEC levied $940,000 in fines after a Chinese-owned corporation illegally gave $1.3 million to Right to Rise, the super PAC that supported Jeb Bush in the 2016 election.\(^3\) Despite APIC being wholly owned and controlled by Chinese nationals, current law allows a U.S.-based corporation like APIC to give legally to super PACs, as long as U.S. nationals direct the contributions. What made APIC’s contribution illegal was that its president, a Chinese national, directed it—and admitted to it in an interview with The Intercept.\(^4\)

The fines were significant—the third largest in FEC history—and celebrated as a rare example of the system working. Yet the super PAC’s penalty for soliciting and accepting the illegal $1.3 million contribution was a $390,000 fine. The super PAC was allowed to keep the remaining $910,000 (70%) in illegal money.

The APIC matter may have helped clarify the application of the foreign national contribution ban to foreign-owned corporations. But the FEC’s failure to levy meaningful fines suggests that the agency is not adequately taking its deterrence responsibilities seriously.

If political operatives can be fairly certain the FEC will not enforce the law at all, or at most will impose meager fines, then many will choose to push the legal envelope.

The FEC also levied $14,500 in fines against Bernie Sanders’ 2016 presidential campaign for accepting help from volunteers being paid a stipend by the Australian Labor Party.\(^5\) This was the correct outcome. But it would be odd indeed if the FEC were to levy fines against the Sanders campaign for accepting volunteer support from Australia while declining to penalize the Trump campaign for its engagement with a foreign power that we now know was deliberately seeking to sway the election in its favor.

**Conclusion**

The Mueller Report documented how Russia exploited vulnerabilities that, left unaddressed, will be used again in 2020 and beyond.

Domestic actors, too, continue to look for new ways to take advantage of the same gaps that foreign actors have exploited. We know, for example, that U.S. political groups have manipulated the law’s digital blind spots to mask funding sources behind paid online influence efforts, including during the 2018 midterms. And we know that the FEC’s reluctance to enforce the law continues to leave the door open to illegal sources of funds covertly flowing into our elections on a host of fronts.

The good news is that there are fixes to these problems.
On the digital front, Congress should extend the definition of electioneering communications to include paid digital ads. With that simple update to the law, ads like those Russia ran in 2016 would become subject to the same disclosure and disclaimer requirements that currently apply to political ads run on TV or radio. This fix is included in bipartisan legislation like the Political Accountability and Transparency Act and the Honest Ads Act, and it is also in the For the People Act.

The FEC should proceed with its long-overdue rulemaking and clarify that “paid for by” disclaimers are required on digital ads. The agency has been sitting on proposed regulations since 2011 and held a hearing on digital disclaimers last year, but it has yet to finalize any rules. Its inaction means there still will not be clear disclaimer requirements before the 2020 elections—but it should at least clarify the rules for 2022.

Just as the FEC needs to do its job writing new rules to reflect 21st century campaign practices, it also needs to take seriously its role as civil enforcer of existing law. Unfortunately, today, even clear violations of the law may not result in the FEC taking action, with the agency now routinely deadlocking and failing to reach the required four votes necessary to open an investigation. And in those rare instances where it does enforce the law, the punishment is hardly proportional to the violation.

Enforcement can result in increased compliance. The Department of Justice’s increasing focus on enforcing the Foreign Agents Registration Act (FARA) has resulted in an upswing in FARA registrations. The law, which requires lobbyists and others to disclose work they do to further interests of foreign governments and individuals, had for decades been rarely enforced, and as a result, often ignored. Yet in the wake of the Mueller investigation, the Justice Department is stepping up enforcement—signaling that foreign lobbyists can no longer ignore the law.

If the FEC were to similarly signal that it takes the foreign national contribution ban seriously, we should expect to see increased compliance. But as it stands, the FEC’s record of not enforcing the law sends a signal that wealthy special interests—foreign or domestic—can push the legal envelope and get away with it. The FEC must reverse this record of inaction and non-enforcement.
Congress should also exercise its oversight responsibilities and demand that the FEC fulfill its duty to protect U.S. elections from foreign interference. Congress can do so by refusing to confirm Commissioners who are not committed to the mission of the agency. The six-member FEC is down to four Commissioners, all of whom are serving on expired terms, so this opportunity could come sooner rather than later. Congress should also consider legislation that would overhaul the agency and break deadlocks, like the bipartisan Restoring Integrity to America’s Elections Act.48

The Mueller Report underscored our campaign finance system’s still-open vulnerabilities. Neither foreign governments nor domestic wealthy interests are going to stop looking for ways to influence U.S. politics—and it falls to the FEC and Congress to address the vulnerabilities that the Mueller Report documented.

1 See, e.g., Zephyr Teachout, Corruption in America 80 (2014).
2 The Federalist No. 68 (Alexander Hamilton).
5 Id.
6 Id. at 186.
9 Special Counsel’s Report: Volume 1 at 4.
10 Id. at 25.
11 Id. at 25.
15 See, e.g., Advisory Opinion Request 2010-09 (Google), Advisory Opinion Request 2011-09 (Facebook), but see Advisory Opinion 2017-12 (Take Back Action Fund).
20 For example, reporters at the New York Times and Vice found that Facebook ads could easily be run under names like “Mike Pence” or a “freedom loving American Citizen exercising my natural law right,” because it turns out that Facebook allows advertisers simply to fill in the disclaimer field with whatever text they choose. See Kevin Roose, In Virginia House Race, Anonymous Attack Ads Pop Up on Facebook, N.Y. Times (Oct. 17, 2018), https://www.nytimes.com/2018/10/17/us/politics/virginia-race-comstock-wexton-facebookattackads.html; William Turton, We posed as 100 senators to run ads on Facebook. Facebook approved all of them, VICE (Oct. 30, 2018), https://news.vice.com/en_us/article/xw9n3q/we-posed-as-100-senatorsto-run-ads-on-facebook-facebookapproved-all-of-them.
23 Special Counsel’s Report: Volume 1 at 110, 113.
24 Id. at 113-15, 117.
26 Special Counsel’s Report: Volume 1 at 185.
27 Id. at 186 (citing 52 U.S.C. § 30121(a)(1)(A), (a)(2)).
28 Id. at 187.
30 Special Counsel’s Report: Volume 1 at 187. The Special Counsel did indicate that courts have not addressed whether “the voluntary provision of uncompensated opposition research” is a contribution for purposes of the foreign national ban, which could make it harder to establish the knowledge of the law necessary to bring criminal charges. Id. However, the report cited no judicial opinions contrary to the settled FEC regulations and guidance establishing that opposition research is a thing of value.
31 Id. at 185.
32 Id. at 186.
33 Id. at 188 (citing 52 U.S.C. § 30109(d)(1)).
35 See, e.g., Advisory Opinion 2007-22 (Hurysz) (“in light of the broad scope of the prohibition on contributions from foreign nationals,” Section 30121 bans the solicitation or provision of “anything of value, even if the value “may be nominal or difficult to ascertain”).
37 As the Mueller Report noted, a “foreign entity that engaged in [opposition] research and provided resulting information to a campaign could exert a greater effect on an election, and a greater tendency to ingratiate the donor to the candidate, than the gift of money or tangible things of value.” Special Counsel’s Report: Volume 1 at 187.
40 MUR 7035 (Australian Labor Party, et al.), https://www.fec.gov/data/legal/matter-under-review/7035/; see also Bernie 2016 Conciliation Agreement, MUR 7035 (Feb. 15, 2018), https://www.fec.gov/files/legal/murs/7035/18044437388.pdf, Australian Labor Party Conciliation Agreement, MUR 7035 (Feb. 15, 2018), https://www.fec.gov/files/legal/murs/7035/18044437382.pdf. It would have been legal for the Sanders campaign to accept volunteer help from foreign nationals; what made it illegal was that the Australian Labor Party paid the volunteers a stipend and covered the costs of their travel. The fine in that case was equal to the amount of the flights and stipends, split between the campaign and the Australian party.
43 For the People Act, H.R. 1, 116th Cong. (2019).