



March 23, 2022

Federal Election Commission
Lisa J. Stevenson, Acting General Counsel
Office of the General Counsel
1050 First Street, NE
Washington, DC 20463
Submitted via email and U.S.P.S.

Re: REG 2021-02: Subvendor Reporting

Dear Ms. Stevenson,

Campaign Legal Center (“CLC”) respectfully writes to highlight additional abuses of the Commission’s subvendor reporting loophole, and to urge the Commission to advance its pending rulemaking to address this significant problem (REG 2021-02).

As described in CLC’s original petition, current Commission regulations and advisory opinions leave a significant gap in FECA’s transparency regime: the subvendor reporting loophole. Through this loophole, political committees and other regulated entities often report only direct disbursements to vendors, without including the identities of subvendors or the ultimate recipients of the spending. As the petition explained, political committees routinely take advantage of the loophole to forgo itemizing the ultimate payees of their disbursements, instead routing most spending through a small number of consulting firms.

Financial disclosure allows voters to make “informed choices in the political marketplace,” *Citizens United v. FEC*, 558 U.S. 310, 369 (2010), but the recent documents and reports described below highlight how the deception enabled by the subvendor loophole deprives voters of important information to which they are entitled.

Third-Party Candidate Exploited Subvendor Loophole to Disguise Major Party Support

Kanye West ran for president in 2020 on a third-party ticket.¹ Although he was not on the ballot in most states and ultimately received only 0.04% of the popular vote nationwide,² there was significant public discussion regarding whether his candidacy was designed, in whole or in part, as a stalking-horse for President Trump's reelection campaign.³

West's campaign committee, Kanye 2020, reported roughly \$2.7 million in disbursements to the New York City-based firm Millennial Strategies,⁴ which "has deep Democratic roots and is known for advising ultra-progressive candidates and causes."⁵ On the surface, this would seem contrary to the allegations that West's candidacy was intended to assist the Trump campaign.

But sources told the *Daily Beast* that much of the money paid to Millennial Strategies was in fact for work conducted by a Republican-aligned firm, Mercury Public Affairs:

The sources, who spoke on the condition of anonymity because of what they described as nondisclosure agreements, said that Mercury Senior Vice President Ted Anastasiou had a personal contact with the West team and initiated the relationship between the company and the aspiring commander-in-chief.

However, according to these sources, higher-ups at the firm were hesitant about affiliating with the mercurial Grammy recipient and his presidential pipe dreams. They devised a solution: to have Anastasiou tap personal connections to Millennial co-founders Alex Voetsch and

¹ Kanye West, FEC Form 2, FEC.gov (July 16, 2020), <https://docquery.fec.gov/cgi-bin/forms/P00016741/1425224/>.

² Official 2020 Presidential General Election Results, FEC.gov, <https://www.fec.gov/documents/2840/2020presgeresults.pdf>.

³ E.g., John Avlon, *Kanye West's bizarre 'campaign' is designed to help Trump*, CNN (Aug. 5, 2020), <https://www.cnn.com/2020/08/05/opinions/kanve-west-republican-operatives-2020-avlon/index.html>; Dylan Scott, *Kanye West is running for president — seriously*, Vox (Aug. 17, 2020), <https://www.vox.com/2020/8/17/21365350/kanve-west-for-president-2020-trump-ballot>; Spencer Kornhaber, *Kanye West, Political Pawn*, The Atlantic (Aug. 14, 2020), <https://www.theatlantic.com/culture/archive/2020/08/how-kanve-west-became-political-pawn/615256/>.

⁴ Kanye 2020, Disbursements to Millennial Strategies, 2019-20, FEC.gov, https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00751701&recipient_name=Millennial+Strategies&two_year_transaction_period=2020.

⁵ William Bredderman & Roger Sollenberger, *The Big Red Flag Under Kanye's Democratic Fig Leaf*, Daily Beast (Jan. 4, 2022), <https://www.thedailybeast.com/the-big-red-flag-under-the-kanve-west-campaigns-democratic-fig-leaf>.

Jeff Guillot, whom Anastasiou knew through the local chapter of the liberal New Leaders Council and charitable causes, and arrange it so that the payments to Millennial would actually go to Mercury.

The wall between Millennial and Mercury was apparently so thin that multiple campaign sources told The Daily Beast they did not realize Millennial was an independent firm at all; they believed it was a shell company created by Mercury specifically for disguising the payments.⁶

Other records also indicated that Millennial acted as a pass-through to disguise the campaign's payments to Mercury. Kanye 2020 paid Millennial for Facebook ads, but records showed that Mercury Public Affairs managed Kanye 2020's campaign Facebook page,⁷ and public records show that firms associated with Anastasiou registered Kanye 2020's campaign websites.⁸

Mercury does not appear anywhere on Kanye 2020's FEC reports, and voters would have little idea that the campaign was largely being run by a major GOP firm.

Similarly, email and text communications made public in a breach-of-contract lawsuit show that the Republican-aligned law firm Holtzman Vogel provided a range of legal services to West's campaign—one of the firm's partners held herself out as the campaign's attorney—but the firm's name does not appear anywhere on the campaign's FEC reports.⁹ The *Daily Beast* reported on the communications:

At the heart of Kanye's political operation was Holtzman Vogel, one of the most powerful and well-connected law firms serving major Republican political and nonprofit organizations today. And weaved throughout his campaign, whether the multi-platinum rapper realized it or not, were Republican operatives who may have been less interested in seeing a President West than in re-electing President Donald Trump.¹⁰

Voters have a right to know where campaign money is coming from and where it is going. But the West campaign's FEC reports appear to have used the subvendor

⁶ Bredderman & Sollenberger, *supra* note 5.

⁷ *Id.* As of January 5, 2022, Kanye 2020's Facebook page disclosed that "Mercury Public Affairs, LLC is responsible for this page" in the "Page Transparency" section, but that page appears to have been removed. See Kanye West for President, Facebook <https://www.facebook.com/nexttyzxyz/> (last visited Mar. 22, 2022) (indicating "this content isn't available at the moment").

⁸ Bredderman & Sollenberger, *supra* note 5.

⁹ Roger Sollenberger & William Bredderman, *Kanye West's 'Independent' Campaign Was Secretly Run by GOP Elites*, Daily Beast (Dec. 17, 2021), <https://www.thedailybeast.com/kanye-wests-independent-campaign-was-secretly-run-by-gop-elites>.

¹⁰ *Id.*

reporting loophole to actively conceal the truth about who was operating and staffing that campaign.

The Commission should proceed with a rulemaking to close the subvendor reporting loophole and advance the Commission's statutory mandate to ensure that voters have access to complete and accurate financial information about campaigns for the highest office in the nation.

Please do not hesitate to contact us for additional information.

Sincerely,

/s/ Erin Chlopak

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