

BEFORE THE FEDERAL ELECTION COMMISSION

CAMPAIGN LEGAL CENTER
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ROGER G. WIEAND
1101 14th Street NW, Suite 400
Washington, DC 20005

v.

MUR No. _____

WINRED
Benjamin Ottenhoff, Treasurer
PO Box 9891
Arlington, VA 22219

COMPLAINT

1. WinRed, a federal political committee that acts as a fundraising conduit, has collected and distributed over \$2.8 billion in earmarked contributions for federal candidates and committees affiliated with the Republican Party since it began operating in January 2019, while reporting *less than \$2,700* in operating expenditures. Like any organization, business, or entity that processes billions of dollars in transactions, WinRed must have substantial operating expenses. For example, ActBlue, another federal political committee that provides services similar to WinRed's but for Democratic Party candidates and committees, has processed over \$5.5 billion in earmarked contributions over the same period, while reporting over \$85 million in operating expenditures. WinRed has failed to disclose its payments for its operating expenses on its publicly filed disclosure reports, as required. It is clear, therefore, that WinRed is failing to report its payments to vendors, or the in-kind value of services it receives from vendors, thus depriving the public of vital information regarding the amounts and purposes of its election spending — a blatant violation of federal campaign finance laws.

2. This complaint is filed with the Federal Election Commission (“FEC” or “Commission”) pursuant to 52 U.S.C. § 30109(a)(1) and is based on information providing reason to believe that WinRed has violated the reporting requirements of the Federal Election Campaign Act (“FECA”), 52 U.S.C. § 30101, *et seq.*
3. WinRed cannot possibly have processed over \$2.8 billion in earmarked contributions, and over \$212 million in contribution refunds, without incurring substantial costs for overhead expenses including, *e.g.*, staff salaries and benefits, office rent and supplies, technology and infrastructure, internet use, legal and accounting work, payroll taxes, fees, third-party consultants, and other administrative expenses.
4. Accordingly, there is reason to believe that WinRed has failed to report its operating expenses or, alternatively, has failed to report the value of services provided to it by its vendors — either of which constitutes a flagrant, ongoing violation of FECA’s disclosure requirements, which serve a vital public informational role and are essential to upholding transparency in elections. WinRed’s unlawful failure to disclose its operating expenditures means that contributors, candidates, other political committees, individual voters, and the public are left in the dark about the individuals and entities being paid by WinRed, including the nature of their services and the amounts they are paid for providing those services.
5. “If the Commission, upon receiving a complaint . . . has reason to believe that a person has committed, or is about to commit, a violation of [FECA] . . . [t]he Commission *shall* make an investigation of such alleged violation. . . .” 52 U.S.C. § 30109(a)(2) (emphasis added); *see also* 11 C.F.R. § 111.4(a).

FACTS

6. WinRed is a hybrid federal political committee with a noncontribution account formed on January 18, 2019.¹ Benjamin Ottenhoff is its treasurer.²
7. WinRed functions as “a conduit PAC” that receives and disseminates political contributions to Republican Party-affiliated political candidates, committees, and organizations.³ WinRed collects earmarked contributions and, after subtracting WinRed’s transactional fees, disseminates the remaining funds to their designated recipients, as directed by the contributors who provide the money. WinRed has asserted in recent federal court filings that “the sum total of [its] activity is serving as a conduit for federal political contributions.”⁴
8. WinRed’s publicly filed FEC reports indicate that from its formation in January 2019 through June 2022, WinRed served as a conduit for over \$2.8 billion worth of earmarked political contributions.⁵ Indeed, a more recent post on its website presents an even higher

¹ See Patriot Pass, Statement of Org. at 1 (Jan. 18, 2019). The committee appears to have originally been named “Patriot Pass” before subsequently renaming as “Win Red” (and later, “WinRed”). See Win Red Amend. Statement of Org. at 1 (Feb. 28, 2019).

² See WinRed Amend. Statement of Org. at 1 (Oct. 16, 2019).

³ See WinRed, “Where does my donation go?” <https://support.winred.com/en/articles/3096290-where-does-my-donation-go> (last viewed July 27, 2022) (“When you make a donation on WinRed, you are donating to a specific candidate or organization, but your donation will first pass through the WinRed PAC federal committee. . . . The WinRed PAC is a conduit PAC, meaning it only passes donations along to the intended recipient. Therefore, your donation is directly going to support the candidates or organizations you want to, not to the PAC.”).

⁴ Mem. of Law in Supp. of WinRed, Inc.’s Mot. for Prelim. Inj. at 7, *WinRed, Inc. v. Ellison*, No. 21-1575-JRT-BRT (D. Minn. July 27, 2021).

⁵ Individual Contributions, WinRed, 2019-2020, https://www.fec.gov/data/receipts/?committee_id=C00694323&two_year_transaction_period=2020&cycle=2020&line_number=F3X-11AI&data_type=processed (reporting \$2,085,153,933.65 in individual contributions); Disbursements to Federal Candidates/Committees, WinRed, 2019-2020, https://www.fec.gov/data/disbursements/?committee_id=C00694323&two_year_transaction_period=2020&cycle=2020&line_number=F3X-23&data_type=processed (reporting \$2,085,387,671.65 in contributions to other committees); Individual Contributions, WinRed, 2021-2022, https://www.fec.gov/data/receipts/?committee_id=C00694323&two_year_transaction_period=2022&cycle=2022&line_number=F3X-11AI&data_type=processed (reporting \$747,951,266.60 in individual contributions through June 2022); Disbursements to Federal Candidates/Committees, WinRed, 2021-2022, https://www.fec.gov/data/disbursements/?committee_id=C00694323&two_year_transaction_period=2022&cycle=2022&line_number=F3X-23&data_type=processed (reporting \$748,471,158.52 in contributions to other committees).

figure than the committee’s FEC reports would indicate: “WinRed is now a critical infrastructure layer for over 5,000 campaigns and has processed almost \$3 billion.”⁶

9. WinRed has also processed an extraordinary amount — over \$212 million — of contribution refunds during the same period.⁷
10. Yet despite this abundance of financial activity, WinRed’s FEC reports indicate that it spent *almost nothing* to conduct its operations. Specifically, WinRed has reported spending just \$2,681.24 on operating expenses, an infinitesimal proportion of its overall receipts.⁸
11. WinRed has also reported unpaid “debts and obligations” totaling \$243,386.11 to WinRed Technical Services LLC (“WTS”), an affiliated company, for “legal fees/consulting” and “insurance.”⁹ WinRed has never reported making any payments to WTS on this debt.¹⁰
12. Donations made via WinRed “go to the WinRed PAC and then get transferred directly to the candidate” designated by the donor, according to WinRed’s website.¹¹ WinRed currently charges a transaction fee of 3.94% for each transaction.¹² Thus, for a \$100 earmarked

⁶ *On Third Anniversary, WinRed Marks Nearly \$3 Billion For Over 5,000 Campaigns* (June 24, 2022) <https://winred.com/blog/winred-marks-nearly-3-billion-for-over-5000-campaigns/> (last viewed July 27, 2022).

⁷ Contribution Refunds, WinRed, 2019-2020, https://www.fec.gov/data/disbursements/?committee_id=C00694323&two_year_transaction_period=2020&cycle=2020&line_number=F3X-28A&data_type=processed (reporting \$154,733,423.19 in individual contribution refunds); Contribution Refunds, WinRed, 2021-2022, https://www.fec.gov/data/disbursements/?committee_id=C00694323&two_year_transaction_period=2022&cycle=2022&line_number=F3X-28A&data_type=processed (reporting \$57,855,498.49 in individual contribution refunds).

⁸ Operating Expenditures, WinRed, 2019-2020, https://www.fec.gov/data/disbursements/?committee_id=C00694323&two_year_transaction_period=2020&cycle=2020&line_number=F3X-21B&data_type=processed (reporting \$1,502.55 in operating expenditures); Operating Expenditures, WinRed, 2021-2022, https://www.fec.gov/data/disbursements/?committee_id=C00694323&two_year_transaction_period=2022&cycle=2022&line_number=F3X-21B&data_type=processed (reporting \$1,178.69 in operating expenditures through June 2022).

⁹ WinRed, 2022 July Quarterly Report at 2, Schedule D (July 15, 2022).

¹⁰ WinRed, Disbursements to WTS, https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00694323&recipient_name=WinRed+Technical+Services (last viewed July 25, 2022).

¹¹ WinRed, *How Do Donations Work*, <https://support.winred.com/en/articles/3056005-what-is-winred> (last viewed July 27, 2022).

¹² *See* WinRed, *Pricing*, <https://support.winred.com/en/articles/3097721-pricing> (last viewed July 27, 2022).

contribution to a candidate or committee made through WinRed’s platform, WinRed charges a \$3.94 fee and disburses the remaining \$96.06 to the designated candidate or committee.

13. Previously, from January 2019 through December 31, 2021, WinRed charged a fee of 3.8% + 30 cents per transaction¹³ (a fee structure that results in higher fees for any contribution less than \$215, *i.e.*, well more than the “average donation of just over \$40”).¹⁴ Thus, for a \$100 contribution made under its previous fee-calculation method, WinRed would have charged a fee of \$4.10 (\$3.80 + 30 cents) and disbursed only \$95.90 to the designated recipients.
14. WinRed retains these fees even if a contribution is subsequently refunded.¹⁵
15. From January 2021 through June 2022, WinRed processed over \$748 million in federal contributions. Even under its current (lower) transaction fee of 3.94% — which did not come into effect until January 2022 — WinRed would have grossed over \$29 million in estimated transaction fees for contributions made through its service during the current election cycle. Thus, WinRed has earned at least \$29 million for processing contributions during the ongoing 2022 election cycle.
16. During the 2020 election cycle, WinRed reported processing over \$2.24 billion in contributions to federal candidates and committees.¹⁶ WinRed therefore appears to have

¹³ See Alex Isenstadt, *GOP online donation platform tweaks fees, sending millions more to midterm campaigns*, Politico (Sept. 16, 2021), <https://www.politico.com/news/2021/09/16/gop-donation-fees-midterms-512090> (“WinRed, the GOP’s principal small-dollar donation processor, is lowering the fees it charges candidates and committees for each contribution they receive through the platform. . . . the platform will charge a flat 3.94 percent fee per donation. Until this point, the for-profit outfit had been charging 3.8 percent per contribution, plus another 30 cents. The change is set to go into effect Jan. 1.”).

¹⁴ WinRed, *On Third Anniversary, WinRed Marks Nearly \$3 Billion For Over 5,000 Campaigns* (June 24, 2022), <https://winred.com/blog/winred-marks-nearly-3-billion-for-over-5000-campaigns/> (last viewed July 27, 2022).

¹⁵ WinRed, *Pricing*, <https://support.winred.com/en/articles/3097721-pricing> (last viewed July 27, 2022).

¹⁶ 2020 Contributions and Disbursements, *supra* note 5; see also Roger Sollenberger, *GOP Cash Machine’s Behavior is ‘Nothing Short of Scandalous,’* Daily Beast, Aug. 9, 2021, <https://www.thedailybeast.com/gop-cash-machines-behavior-is-nothing-short-of-scandalous> (hereinafter, “Sollenberger, Daily Beast Article”).

grossed over \$85 million, based on the per-dollar-percentage charge alone, during for the 2020 election cycle.

17. Accordingly, since forming in January 2019, WinRed has earned a conservative estimate of over \$114 million in transaction fees and, at present, its FEC disclosure reports do not indicate how it has spent that money — *i.e.*, the amounts and purposes of its disbursements.
18. WinRed has also refunded a substantial volume of contributions, requiring it to maintain detailed, resource-intensive accounting records of contributor information. Between January 2019 and December 2020, WinRed refunded over \$154.7 million in federal contributions.¹⁷ Between January 2021 through June 2022, WinRed refunded another \$57.8 million in federal contributions.¹⁸ Thus, WinRed has processed over \$212 million in total contribution refunds.
19. Comparisons to ActBlue, which provides an identical contribution-processing service for Democratic Party candidates and committees, underscore the scale of WinRed’s reporting omissions. Indeed, WinRed has claimed in federal court that its “fundraising operations . . . mirror that of its competitor (ActBlue).”¹⁹
20. During the 2020 election cycle, ActBlue reported receiving over \$4.2 billion in individual contributions, and disbursed \$4.1 billion to federal candidates and committees.²⁰ ActBlue also processed contribution refunds totaling over \$97 million during the 2020 election

¹⁷ See *supra* note 7.

¹⁸ *Id.*

¹⁹ Mem. in Supp. of Mot. to Dismiss/General Plaintiff’s Compl., Ex. A (Decl. of Gerrit Lansing on Behalf of WinRed Technical Services, LLC) ¶¶ 4-7 *WinRed, Inc. v. Ellison*, No. 21-1575-JRT-BRT (D. Minn. Sept. 2, 2021) (describing WinRed’s use of WinRed Technical Services, LLC for certain services, including the creation of its website, online payment infrastructure, and payment processing technology).

²⁰ Individual Contributions, ActBlue, 2019-2020, https://www.fec.gov/data/receipts/?committee_id=C00401224&two_year_transaction_period=2020&cycle=2020&line_number=F3X-11AI&data_type=processed (reporting \$4,243,096,496.78 in individual contributions); Disbursements to Federal Candidates/Committees, ActBlue, 2019-2020, https://www.fec.gov/data/disbursements/?committee_id=C00401224&two_year_transaction_period=2020&cycle=2020&line_number=F3X-23&data_type=processed (reporting \$4,114,934,809.52 in contributions to other committees).

cycle.²¹ Over the same period, ActBlue reported operating expenditures of over \$42 million.²²

21. For the 2022 election cycle, ActBlue has received and disbursed \$1.22 billion in earmarked individual contributions, refunded over \$33 million in contributions, and reported over \$43 million in operating expenditures.²³
22. ActBlue’s operating expenditures cover the committee’s costs for, *e.g.*, staff salaries and benefits, payroll taxes, software, office rent, and outside consultants.²⁴ Because such administrative costs are common to active political committees, particularly those that process a large volume of financial activity, it is virtually impossible that WinRed’s operation did not also incur most of these categories of expenses.

²¹ Contribution Refunds, ActBlue, 2019-2020, https://www.fec.gov/data/disbursements/?cycle=2020&data_type=processed&committee_id=C00401224&two_year_transaction_period=2020&line_number=F3X-28A (reporting \$97,930,643.99 in contribution refunds).

²² Operating Expenditures, ActBlue, 2019-2020, https://www.fec.gov/data/disbursements/?committee_id=C00401224&two_year_transaction_period=2020&cycle=2020&line_number=F3X-21B&data_type=processed (reporting \$42,212,541.85 in operating expenditures).

²³ Individual Contributions, ActBlue, 2021-2022, https://www.fec.gov/data/receipts/?committee_id=C00401224&two_year_transaction_period=2022&cycle=2022&line_number=F3X-11AI&data_type=processed (reporting \$1,157,099,518.35 in individual contributions through March 2022); Disbursements to Federal Candidates/Committees, ActBlue, 2021-2022, https://www.fec.gov/data/disbursements/?committee_id=C00401224&two_year_transaction_period=2022&cycle=2022&line_number=F3X-23&data_type=processed (reporting \$1,111,774,466.70 in contributions to other committees); Contribution Refunds, ActBlue, 2019-2020, https://www.fec.gov/data/disbursements/?committee_id=C00401224&two_year_transaction_period=2022&cycle=2022&line_number=F3X-28A&data_type=processed (reporting \$30,889,977.27 in contribution refunds); Operating Expenditures, ActBlue, 2021-2022, https://www.fec.gov/data/disbursements/?committee_id=C00401224&two_year_transaction_period=2022&cycle=2022&line_number=F3X-21B&data_type=processed (reporting \$40,743,716.09 in operating expenditures).

²⁴ *See, e.g.*, ActBlue 2021 Mid-Year Report (July 31, 2021) (listing disbursements of \$4,167.92 to Cristina Aguilera for “Salary”; \$232,661.24 to Harvard Pilgrim for “Benefits: Health Insurance”; \$55,617.46 to Fidelity for “Payroll: Employer taxes”; \$12,473.75 to Looker Data Sciences Inc. for “Software”; \$30,030 to Dole Associates LP for “Office rent”; and \$20,000 to STG for “Public relations consulting”).

23. The table below compares the two committees’ activity from January 2019 (when WinRed was formed) through June 2022:

	ActBlue	WinRed
Itemized Individual Contributions	\$5,517,535,788	\$2,833,103,533
Contributions to Other Committees	\$5,343,957,982	\$2,833,858,830
Contribution Refunds	\$131,602,937	\$212,588,922
Operating Expenditures	\$85,873,134	\$2,681

24. Moreover, WinRed touts recent additional features and programs. On its website, WinRed describes a “Zero-Touch Merchandise Solution” that involves WinRed producing and distributing campaign-themed merchandise: according to WinRed:

The Zero-Touch program consists of 26 different direct-to-garment items in a variety of colors and sizes. These include bestsellers, such as hats, shirts, membership cards, stickers, and can coolers. The campaign designs and markets the merch, while WinRed and our verified partners handle order fulfillment, delivery, and customer service through our dedicated Donor Support Center.²⁵

It is unclear whether participating campaigns pay for all of the operational overhead costs (particularly the facilities and staff needed to print and ship the merchandise) associated with the production and distribution of this merchandise, or if some or all of the overhead costs are paid for by WinRed.

25. WinRed claims that in 2021, through the “Zero-Touch Merchandise Solution,” it “processed \$17 million in merchandise with an average gift of \$40” and that “[o]ver 12,000 products were created in 2021 by State, Local, and Federal campaigns across the country.”²⁶ There

²⁵ *How WinRed’s Zero-Touch Merchandise Solution is a Campaign Game Changer* (Feb. 7, 2022), <https://winred.com/blog/merchandise-game-changer/>.

²⁶ *Id.*

appear to be virtually no disbursements or in-kind contributions related to this program reported in WinRed’s 2021 FEC reports.

26. In addition, news reports indicate that WinRed has conducted training programs for fundraisers serving Republican Party candidates and committees, “including explainers, examples and templates on everything ranging from email copywriting to measuring and analyzing success.”²⁷ WinRed’s president has publicly commented on the “need” for WinRed to “create this resource center to train people how to raise money online.”²⁸ WinRed’s reported venture into online fundraising training programs further highlights the lack of disclosure of any expenditures to pay for such programs on its FEC reports.
27. Despite the plethora of fundraising services it provides, WinRed’s FEC reports provide essentially no information regarding its disbursements for operational expenses, and disclose virtually no in-kind contributions from outside vendors for either the 2020 or 2022 election cycle.²⁹ WinRed’s FEC reports thus paint the picture of a massive political fundraising operation with essentially no expenses.
28. In addition, despite the fact that, according to WinRed’s website, “[a]ll processing fees are disbursed to WinRed Technical Services LLC,”³⁰ WinRed has reported only \$2,215.58 in

²⁷ Brooke Singman, *How Republicans’ WinRed fundraising platform is gearing up for the midterms*, Fox News (Mar. 18, 2022), <https://www.foxnews.com/politics/winred-republican-fundraising-2022-midterms> (“WinRed president Gerrit Lansing told Fox News, ‘We have discovered that so many state and local campaigns barely even have a website — and we needed to create this resource center to train people how to raise money online.’ He added: ‘They’re all signing up for WinRed, and they want to learn, so we’ve got to train them how to do it and provide those resources.’”).

²⁸ *Id.*

²⁹ FEC, WinRed Financial Summary, 2019-2020, <https://www.fec.gov/data/committee/C00694323/?cycle=2020> (last viewed July 14, 2022); FEC, WinRed Financial Summary, 2021-2022, <https://www.fec.gov/data/committee/C00694323/> (last viewed July 14, 2022).

³⁰ WinRed, Federal Committees: FEC Reporting Information, <https://support.winred.com/en/articles/3096944-federal-committees-fec-reporting-information> (last viewed July 27, 2022). WinRed Technical Services, LLC appears to be a domestic limited liability company organized in Delaware on February 27, 2019. Its federal tax election status is unknown. See “WinRed Technical Services, LLC,” Delaware Div. of Corps. Entity Search, <https://icis.corp.delaware.gov/Ecorp/EntitySearch/NameSearch.aspx> (last viewed July 27, 2022).

disbursements to WTS during the 2020 and 2022 election cycles, along with just over \$243,000 in unpaid debt to WTS for legal, consulting, and insurance — but not for maintaining records or otherwise processing earmarked contributions.³¹ (By contrast, ActBlue reported disbursements totaling over \$4.7 million to its associated entity, ActBlue Technical Services.)³²

29. WTS has received \$115,390,184.91 in disbursements from political committees, and the descriptions for those disbursements include some version of “credit card fee,” “processing fee,” “transaction fee,” or “merchant fee.”³³
30. While the complete relationship between WinRed and WTS is not publicly disclosed, the Daily Beast has reported that WTS “provides and maintains the [WinRed] technological infrastructure, as well as WinRed’s website and its fundraising landing pages[,] processes and forwards the contributions to the PAC, and acts as a sort of combo merchant bank-billing service between campaigns and their vendors.”³⁴ If such reports accurately describe the scale of services that WTS provides, the miniscule sum that WinRed has reported paying WTS would appear to be wildly below the commensurate fair market rate.

SUMMARY OF THE LAW

31. FECA requires that each treasurer of a political committee file periodic reports of the committee’s receipts and disbursements with the Commission.³⁵ Such reports must disclose,

³¹ WinRed Disbursements to WTS, 2019-2020 and 2021-2022, https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00694323&recipient_name=Winred+technical&two_year_transaction_period=2020&two_year_transaction_period=2022 (last viewed July 27, 2022); *see supra* note 9 and related text.

³² ActBlue, Disbursements to ActBlue Technical Services, 2019-2020 and 2021-2022, https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00401224&recipient_name=ActBlue+Technical&two_year_transaction_period=2020&two_year_transaction_period=2022 (last viewed July 27, 2022).

³³ *See* Disbursements to WTS, https://www.fec.gov/data/disbursements/?data_type=processed&committee%0bid=C00694323&recipient_name=WinRed+Technical+Services (last viewed July 25, 2022).

³⁴ Sollenberger, Daily Beast Article.

³⁵ 52 U.S.C. § 30104(a)(1).

among other things, the total amount of all “expenditures made to meet candidate or committee operating expenses,”³⁶ as well as the name and address of each person to whom operating expenditures or other disbursements in excess of \$200 are made, “together with the date, amount, and purpose” of those operating expenditures or other disbursements.³⁷

32. Commission regulations similarly require that unauthorized political committees disclose the date, amount, and purpose of expenditures and disbursements aggregating over \$200 in amount or value.³⁸
33. These public reporting requirements help inform the public about “where political campaign money comes from and how it is spent.”³⁹ Such reporting serves important informational interests because, as the Supreme Court has explained, “transparency enables the electorate to make informed decisions.”⁴⁰
34. The unlawful failure to disclose operating expenditures would result in contributors, candidates, PACs, law enforcement officials, watchdog groups, individual voters, and the public at large being left in the dark about the individuals and entities being paid by a political committee, including the nature of their services and the amounts they are paid. The failure to disclose disbursements also deprives contributors of an opportunity to monitor political committees’ stewardship of funds, and denies voters their informational interest in knowing “where political campaign money comes from and how it is spent,” *Buckley*, 424 U.S. at 66, so that they may “make informed decisions,” *Citizens United*, 558 U.S. at 370.

³⁶ 52 U.S.C. § 30104(b)(4)(A).

³⁷ 52 U.S.C. § 30104(b)(5)(A).

³⁸ 11 C.F.R. § 104.3(b)(3)(i).

³⁹ *Buckley v. Valeo*, 424 U.S. 1, 66 (1976).

⁴⁰ *Citizens United v. FEC*, 558 U.S. 310, 370 (2010).

35. In addition, FECA prohibits PACs — *i.e.*, political committees that are not authorized campaign committees or national party committees — from accepting contributions, including in-kind contributions,⁴¹ that aggregate in excess of \$5,000 during a calendar year.⁴² FECA and Commission regulations further require that the value of all in-kind contributions be disclosed as both a contribution received, and an expenditure made, by the committee receiving the goods or services at no charge or a reduced charge.⁴³
36. Moreover, FECA prohibits corporations from making contributions to PACs,⁴⁴ and this prohibition extends to limited liability companies (LLCs) that elect to be taxed as corporations for federal tax purposes.⁴⁵

CAUSE OF ACTION

COUNT I:

THERE IS REASON TO BELIEVE WINRED VIOLATED ITS FECA REPORTING OBLIGATIONS

37. The available information provides reason to believe that WinRed has violated, and continues to violate, its reporting obligations under FECA. Specifically, as detailed herein, there is reason to believe WinRed has violated, and continues to violate, 52 U.S.C. § 30104, the provision in FECA that requires all political committees to periodically report the total amount of all operating expenditures and other disbursements, as well as the name and address of each person to whom operating expenditures or other disbursements aggregating in excess of \$200 are made, “together with the date, amount, and purpose” of those operating expenditures or disbursements.⁴⁶

⁴¹ See 11 C.F.R. § 100.52 (defining contributions to include “all in-kind contributions” including “the provision of goods or services without charge”).

⁴² 52 U.S.C. § 30116(a)(1)(C).

⁴³ See 11 C.F.R. § 104.13.

⁴⁴ 52 U.S.C. § 30118(a).

⁴⁵ 11 C.F.R. § 110.1(g)(3); see 11 C.F.R. Part 114.

⁴⁶ 52 U.S.C. § 30104(a), (b); see 11 C.F.R. § 104.3(b).

38. WinRed has received and disbursed earmarked contributions in excess of \$2.8 billion, and processed over \$212 million in contribution refunds, since it began operating in January 2019.⁴⁷ The sheer complexity of documenting and transacting over \$2.8 billion in conduit contributions to federal candidates and committees, as well as over \$212 million in refunded contributions, obviates any doubt that WinRed uses resource-intensive accounting and reporting services — on top of the basic overhead costs of running any large-scale financial operation, including, *e.g.*, staff salaries and benefits, office rent and supplies, taxes, and technological infrastructure.
39. Nevertheless, WinRed has reported a mere \$2,681.24 on operating expenses, a paltry figure that cannot possibly account for the amounts and purposes that WinRed has actually spent to keep its operations running.⁴⁸ This can only mean that it has unlawfully “kept secret the identities of the people and firms who work for it and provide its services.”⁴⁹
40. Although WinRed has disclosed “debts and obligations” totaling roughly \$243,000 to WTS for legal, consulting, and insurance services that WinRed has yet to pay for,⁵⁰ this reporting falls far short of its obligations under FECA. For starters, this amount is still much too little to account for WinRed’s operating expenses; even if one were to assume, *arguendo*, that WinRed incurred only \$243,000 in legal, consulting, and insurance fees over the past three years, its reporting still fails to account for the many other categories of expenses that it must have incurred, including substantial amounts for staff salaries, benefits, taxes, rent, and technology.

⁴⁷ See *supra* notes 5, 7.

⁴⁸ See *supra* note 8.

⁴⁹ Sollenberger, Daily Beast Article.

⁵⁰ See *supra* note 9 and associated text.

41. Moreover, WinRed’s reporting of any operating costs as “debt” to WTS is itself deeply problematic. WTS is WinRed’s affiliated company — not an arm’s length vendor — and WinRed has never reported paying down any of its debt to WTS.⁵¹ As such, WTS is essentially fronting the cost of some of WinRed’s expenses with no apparent repayment in the over three years since WinRed began operating; therefore, WTS is effectively providing WinRed with services at no charge that WinRed has failed to report as in-kind contributions. And because WTS is not a political committee, there is no public disclosure of how much it is spending on services for WinRed, who is ultimately paid getting that money — *i.e.*, whether WTS hires employees or contracts with a subvendor — and where the money is coming from — *i.e.*, WinRed’s fees, which reports indicate are initially processed by WTS,⁵² or some other external source of funding. Accordingly, WinRed’s reporting of over \$243,000 in unpaid debt to WTS only compounds the informational harm of its apparent disclosure violations.
42. WinRed has collected in excess of an estimated \$114 million in fees for its contribution processing services.⁵³ Without complete and accurate disclosure information, the public has been and continues to be denied any insight as to how and why WinRed may be utilizing the money that it is collecting as fees for its services.

⁵¹ WinRed has only made five payments to WTS, totaling just \$2,215.58, and each disbursement is described as “MERCHANT PROCESSING AND MERCHANDISE.” *See* WinRed Disbursements to WTS, https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00694323&recipient_name=WinRed+Technical+Services (last viewed July 25, 2022).

⁵² *See* Sollenberger, Daily Beast Article. WTS may be collecting and using WinRed’s fees to pay for the services that it provides to WinRed — both those services WinRed has reported as “debt” owed to WTS and those WinRed has not reported at all: FEC disclosure reports indicate that WTS has received \$115,390,184.91 in disbursements directly from other political committees, and the purpose descriptions for those disbursements are some versions of “credit card fee,” “processing fee,” “transaction fee,” or “merchant fee.” *See* Disbursements to WinRed Technical Services, https://www.fec.gov/data/disbursements/?data_type=processed&committee%0b_id=C00694323&recipient_name=WinRed+Technical+Services (last viewed July 25, 2022).

⁵³ *See supra* ¶¶ 15-16.

43. These facts support finding reason to believe that WinRed — a political committee that is processing billions of dollars in transactions — has failed, and continues to fail, to report its many categories of substantial operating expenses. It is inconceivable that WinRed could perform its services without incurring substantial expenses for things like staff salaries and benefits, payroll taxes, technology infrastructure, software, office rent and furnishings, outside consultants, and other administrative costs. Yet, to date, WinRed’s FEC reports disclose virtually no disbursements or in-kind contributions to account for any of these costs, providing reason to believe WinRed is simply not reporting its disbursements, in violation of FECA.
44. Alternatively, if WinRed is truly spending next to nothing to conduct its operations, then there is reason to believe that it has received and failed to report unlawful in-kind contributions — *i.e.*, contributions vastly in excess of the \$5,000 per calendar year that a committee like WinRed is permitted to receive from any contributor — in the form of the various services and labor necessary to conduct its operations.⁵⁴ WinRed has also failed to disclose any such in-kind contributions as required by FECA and Commission regulations.⁵⁵
45. Moreover, WinRed has reported a mere \$2,215.58 in disbursements and \$243,000 in debt to WTS, which, according to WinRed’s website, collects the fees associated with every contribution that WinRed transacts, and which, according to a Daily Beast report, actually provides numerous additional services.⁵⁶ This provides reason to believe that WinRed is failing to report its true disbursements to WTS or, alternatively, that WinRed is failing to

⁵⁴ See 52 U.S.C. § 30116(a)(1)(C).

⁵⁵ See 52 U.S.C. § 30104(b); 11 C.F.R. § 104.13.

⁵⁶ Sollenberger, Daily Beast Article.

report in-kind contributions from WTS for services rendered to WinRed at no charge or at a substantially reduced charge.

46. In either case, WinRed's reporting failures constitute a clear and ongoing violation of FECA's reporting requirements at 52 U.S.C. § 30104, and may additionally be concealing a violation of FECA's contribution limits at 52 U.S.C. § 30116(a)(1)(C).
47. In addition, WinRed's reporting failures may also be concealing prohibited corporate contributions. WTS is an LLC whose tax-election status is presently unknown, but if WTS previously elected to be treated as a corporation for federal tax purposes, then it would be treated as a corporation under FECA and thus prohibited from making *any* contributions, in-kind or otherwise, to WinRed.⁵⁷ In that case, WinRed's receipt of any in-kind contributions from WTS — which it has failed to disclose on its FEC reports — would constitute illegal corporate contributions under 52 U.S.C. § 30118(a).

⁵⁷ 52 U.S.C. § 30118(a); 11 C.F.R. § 110.1(g)(3).

PRAYER FOR RELIEF

48. Wherefore, the Commission should find reason to believe that WinRed has violated 52 U.S.C. § 30101, *et seq.*, and conduct an immediate investigation under 52 U.S.C. § 30109(a)(2).
49. Further, the Commission should seek appropriate sanctions for any and all violations, including civil penalties sufficient to deter future violations and an injunction prohibiting the respondents from any and all violations in the future, and should seek such additional remedies as are necessary and appropriate to ensure compliance with the FECA.

Respectfully submitted,

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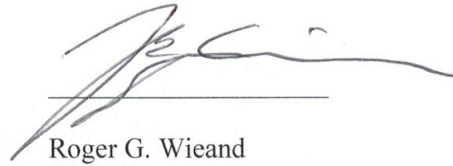
July 28, 2022

VERIFICATION

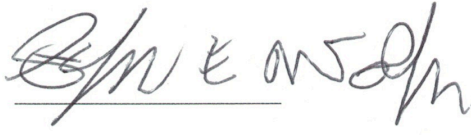
The complainants listed below hereby verify that the statements made in the attached Complaint are, upon their information and belief, true.

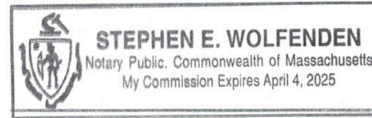
Sworn pursuant to 18 U.S.C. § 1001.

For Complainant Roger G. Wieand


Roger G. Wieand

Sworn to and subscribed before me this 28 day of July 2022.


Notary Public

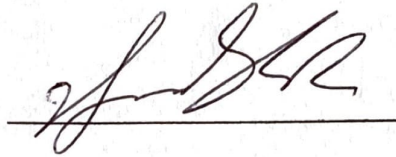


VERIFICATION

The complainants listed below hereby verify that the statements made in the attached Complaint are, upon their information and belief, true.

Sworn pursuant to 18 U.S.C. § 1001.

For Complainant Campaign Legal Center



Saurav Ghosh, Esq.

Sworn to and subscribed before me this 28th day of July 2022.



Notary Public

