Make Your Laws Advocacy, Inc.
500 Westover Dr. #8458
Sanford, NC 27330

Federal Election Commission
Office of General Counsel
999 E Street, N.W.
Washington, DC 20463

Re: MYL C4 Advisory Opinion Request re. contribution laundering

June 24, 2016

Dear Commissioners:

Please accept this request on behalf Make Your Laws Advocacy, Inc. (MYL C4)[1] for an advisory opinion from the Federal Election Commission ("FEC" or "Commission"), pursuant to 11 CFR 112.1(a) and 2 USC 437(f).

Background

MYL C4 is a 501(c)(4) corporation. Make Your Laws PAC, Inc. (MYL PAC) is an FEC registered, non-connected "hybrid Super PAC", 527 corporation. The corporations are not "connected" under the FECA; they each pay their own operating expenses, and were separately organized. However, they are run by the same people.

MYL PAC and MYL C4 have submitted a still-pending petition for rulemaking, REG 2015-03, urging the Commission to prohibit the practice of hiding the true source of a contribution by processing a political contribution through a 501(c)(4) or other non-disclosing entity, and then only reporting the name of the intermediary entity, rather than the true, original donor. Our ideological position on this issue is fully expressed in REG 2015-03.[2] *See* https://www.makeyourlaws.org/fec/laundering.

We hereby ask for an advisory opinion permitting us to offer a service to the general public that would enable anyone who wants to contribute to a SuperPAC[3] to hide their identity from FEC disclosure via donations to MYL C4.

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[1] As used in this request, the terms "we", "our", etc. refer to exclusively to MYL C4.

[2] We stipulate that this AOR will be moot if REG 2015-03 is adopted in substantially the form proposed.

[3] As used in this request, "SuperPAC" means an independent-expenditure only committee and/or the independent expenditure account of a hybrid PAC.

Proposed service

MYL C4 is currently permitted to accept unlimited donations with almost[4] no disclosure requirements, including no requirement to disclose its donors' identities to its recipients.

We propose that MYL C4 will offer a service to the general public, clearly labeled (e.g. "anonymize your contribution to a SuperPAC"), which would act as follows:

1. MYL C4 would receive donations from anonymous donors, tagged to indicate the donor's preferred ideological spending targets.

   a. MYL C4 would publicly list Bitcoin address(es) to which anybody can send Bitcoin, without necessarily[5] following the rules set forth in AO 2014-02 (MYL PAC re. Bitcoin) that ensure all Bitcoin donations are limited and from identified contributors.

   b. MYL C4 may also accept donations via other means, such as credit card.

   c. The donor to MYL C4 would indicate their ideological preference (e.g. pro-Democratic, pro-Republican, pro-Libertarian, etc) in the process of making the donation.

      i. For Bitcoin donations, MYL C4 would operate a separate Bitcoin address for each ideological position, so that MYL C4 would know the donor's intent without requiring any information outside of the Bitcoin transaction itself.

      ii. For non-Bitcoin donations, MYL C4 would add a question on the donation form so the donor can specify their preference.

   d. MYL C4 would own all such donations outright, and have no *obligation* to spend them in any particular manner, nor to offer refunds[6]. MYL C4 alone would make all final decisions for how to spend its resources, but would take donor preferences into account.

2. MYL C4 would spend the donations it receives according to a publicly announced distribution among (a) a 501(c)(4) organization; (b) a SuperPAC; and (c) MYL C4 itself.

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[4] MYL C4 must make some disclosures to the IRS, but does not directly make any independent expenditures.

[5] MYL C4 may choose to use such methods to identify donors, but doing so would be entirely at its own discretion, and *not* required by this AO.

[6] In particular, MYL C4 will *not* offer refunds on Bitcoin donations, for the reasons expressed in our comments on AO 2013-15 (CAF re Bitcoin) and MYL PAC's comments on AO 2014-02 (MYL PAC re Bitcoin).

     a. Part (b) would be limited to less than 50% of the donation amount.

     b. Part (c) would go to cover MYL C4's own operating expenses, including the costs of processing donations and expenditures.

     c. The 501(c)(4) and SuperPAC recipients would be chosen by MYL C4, but generally would align with the intent expressed by the donor.

3. MYL C4 would disclose its own identifying information, including its 501(c)(4) status, to recipient organizations.

4. MYL C4 would not disclose the identities of its donors — if MYL C4 itself even knows their identities[7] — to any recipient organization.

5. MYL C4 would not disclose the identities of its donors unless compelled to do so by court order (or in voluntary compliance with a law enforcement agency).

6. MYL C4 would not make any report to the FEC about such donations.

7. Contributors would be required, to the extent possible[8], to agree to the above terms.

8. MYL C4 would clearly advertise this service as a legal, FEC-approved service whose purpose is to hide the true identities of contributors to SuperPACs.

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[7] If MYL C4 chooses not to follow the AO 2014-02 procedures, e.g. if it publicly publishes Bitcoin addresses as in the example above, it would not have the technical *capability* to disclose the contributors' identities even if it wanted to, as the donors would have anonymity from MYL C4 itself.

[8] It is technologically impossible to publish a Bitcoin address and then "not accept" Bitcoin sent to it. However, MYL C4 would clearly state its policies for donations to such addresses along with its disclosure of the address, and rely on the implicit agreement of any person who uses them.

Example

Suppose that MYL C4 has two publicly listed Bitcoin addresses:

   a.   1dddddddddddddddddddddddddddddddddd, for Democratic-leaning donors
   b.   2rrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrr, for Republican-leaning donors

Anyone who knows the address can donate Bitcoin without any interaction or approval from MYL C4.

MYL C4 would immediately convert the Bitcoin donations to both addresses into US dollars using its Bitcoin processor, and deposit the proceeds into its checking account. MYL C4 would maintain a ledger of the amounts contributed through each address.

MYL C4 would use the proceeds from 2rrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrr as follows[9]:

   ●   Keep 5% for MYL C4's own use (including donation processing expenses).
   ●   Donate 47.5% of to Club for Growth Action, Freedom Partners Action Fund, Ending Spending Action Fund (the largest pro-Republican SuperPACs that are not anti-Trump), Great America PAC (the largest pro-Trump SuperPAC), and/or Restoration PAC (the largest anti-Clinton SuperPAC).[10]
   ●   Donate 47.5% to American Future Fund, Club for Growth, and/or Americans for Prosperity (the largest pro-Republican 501(c)(4) organizations).[11]

MYL C4 would operate a similar distribution, with pro-Democratic / pro-Clinton[12] (or anti-Republican / anti-Trump) recipients, for proceeds from 1dddddddddddddddddddddddddddddddddd — and so forth for any other ideological positions that MYL C4 chooses to support with its platform.[13]

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[9] This is only an example, and assumes that Donald Trump is the Republican party nominee.

MYL C4 would reserve the right to change the recipient organizations at any time, but would generally make its best efforts to align its spending proportionally to the ideological preferences of its donors. Should a donation from MYL C4 be refused or refunded, MYL C4 would find other suitable recipients.

[10] Source and characterization from: https://www.opensecrets.org/outsidespending/summ.php?chrt=V&type=S

[11] Source and characterization from: https://www.opensecrets.org/outsidespending/nonprof_elec.php

[12] As in the Republican example, this assumes that Hillary Clinton is the Democratic party nominee.

[13] We emphasize that MYL C4 itself is very strictly non-partisan. MYL C4 does not endorse or oppose any candidate or party. "Support" here is meant solely to denote what services will be offered to MYL C4's donors.

For instance, in MYL C4's judgment, some positions may have too small a donor base to be worth the administrative effort. Others may lack suitable SuperPAC and/or 501(c)(4) recipients.

Question Presented

1. *May MYL C4 operate the service described above?*
    a. If no, may MYL C4 operate the service if it collects donor information[14], but does not disclose that information except by court order?
    b. If no, may MYL C4 operate the service if it also imposes restrictions designed to prevent or deter donations from foreign nationals from being used for this service?[15]

If the Commission believes that, in order to operate such as service, MYL C4 must impose any other restrictions, such as limitations on the amounts or proportions of donations distributed to recipients, or special handling of funds from donors whom MYL C4 cannot identify, we welcome any suggestions for other alternatives that would permit us to legally operate this contribution laundering service.

Conclusion

We emphasize that our ideological position on this matter is to be found in REG 2015-03, and that we believe that this AOR will be moot (and functionally denied) if the proposal therein is substantially adopted. We reiterate our strong support for the speedy adoption of REG 2015-03.

I thank you for your consideration and assistance in answering this question and clarifying the boundaries of permissible donor disclosure requirements.

I request the Commission's permission to appear at any hearing on this matter.

If you have any questions or comments, please do not hesitate to contact me.

Sincerely,
Sai
President & Treasurer
Make Your Laws Advocacy, Inc. (MYL C4)

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[14] E.g. for Bitcoin contributions, collecting donor information would mean using the procedures in AO 2014-02.

[15] For instance, MYL C4 could maintain a separate account for possible foreign national sourced donations and prohibit money from that account from going to SuperPAC recipients.

However, we note that it is impossible to completely *prevent* foreign national contributions, especially if made using a publicly listed Bitcoin address or a pre-paid credit card. IP blocking can be evaded by the use of Internet proxy services. Foreign nationals may reside in the United States, and United States nationals may reside abroad.