

August 29, 2025

The Honorable Nathaniel Moran The Honorable Sylvia R. Garcia Committee on Ethics United States House of Representatives 1015 Longworth House Office Building Washington, DC 20515

Via e-mail to Ethics.Comments@mail.house.gov

Re: Commentary on Guidance Regarding Campaign Activity

Dear Rep. Moran and Rep. Garcia:

Citizens for Responsibility and Ethics in Washington ("CREW") respectfully submits this letter in response to the Committee's invitation to submit commentary on the Committee's guidance regarding campaign activity by House Members, officers, and employees. CREW is a nonpartisan nonprofit organization committed to an ethical, transparent, and accountable government. We believe that public service is a public trust, and that in order to maintain—or in many cases repair—that public trust, elected officials need to be beyond reproach and avoid even the appearance of conflicts of interest. We appreciate the opportunity to share our recommendations and below identify areas of potential clarification and improvement to the Committee's guidance.

1. Update Guidance to Include Social Media and Modern Communications

Currently, the Committee's guidance includes extensive discussion of certain communications and the rules against using official resources to support such communications. *See, e.g.,* U.S. House Comm. on Ethics, *House Ethics Manual* at 138–41, (2022) https://ethics.house.gov/wp-content/uploads/2023/12/Dec-2022-House-Ethics-Manual-website-version.pdf [hereinafter *House Ethics Manual*] (guidance on "Letters, News Releases, Other Printed Materials, and E-mails" and "Member and Committee Websites"); *see also id.* at 169–70 (guidance on "Letters, Mailings, and Other Communications That are Not Frankable in Content"). Notably absent, however, is any guidance on the use of social media or text messaging, both of which are increasingly popular forms of communication. The misuse of social media has led to violations of the Hatch Act by

executive branch officials of both political parties. The absence of guidance for those not under the jurisdiction of the Hatch Act may create the misimpression that ethics rules do not apply to such communications.

Accordingly, we recommend the Committee update its guidance to explicitly include both social media and text messaging services. That guidance should conform with guidance already contained in the Committee on House Administration's Members' Congressional Handbook and the Communications Standard Manual.² House Ethics guidance should confirm that ethics rules apply to social media and text message services and, as with other communications, official resources including staff time and electronic devices may not be used for campaign purposes. *See House Ethics Manual* at 131 (general prohibition on misuse of official resources); *id.* at 184 (stating office resources may not be used for campaign or political purposes on handheld communications devices). Similarly, guidance should make clear that personal or campaign-related social media accounts or text messaging services should not be used for official purposes. *See* Rules of the House of Representatives, H.R. Doc. No. 118-187 at XXIV, cl. 1(b)(2) (2025) [hereinafter House Rules] (barring use of campaign funds on official "mail or other communications").

2. Reconfirm Limits on Use of Leadership PAC Funds

The Committee's current guidance notes that, with respect to gifts, Members "may accept lawful campaign contributions, whether to federal campaign committees or leadership PACs or to state or local campaign committees" but "may not use those campaign contributions for your own personal use or for purposes that are not bona fide campaign, political, or certain official purposes." *House Ethics Manual* at 83. Oddly, this admonition is not repeated or referred to again in the guidance on campaigns about personal use. *Id.* at 161–64. Further, although the Committee's 2024 "pink sheet" recognizes that the House rules against misuse of funds apply to any "[c]ampaign funds under the Member's control," including "Leadership PAC funds," *see* Committee on Ethics, *Mem. for all Members, Officers*,

¹U.S. Office of Special Counsel, *Report on Prohibited Political Activity Under the Hatch Act OSC File Nos. HA-19-0631 & HA-19-3395 (Kellyanne Conway)* (June 13, 2019), available at https://osc.gov/Documents/Hatch%20Act/Reports/Report%20of%20Prohibited%20Political%20Activity,%20Kellyanne%20Conway%20(HA-19-0631%20&%20HA-19-3395).pdf; U.S. Office of Special Counsel, *OSC Files Hatch Act Complaint Against Senior White House Official for Soliciting Political Contributions* (Nov. 7, 2024),

https://osc.gov/News/Pages/25-06-Hatch-Act-Complaint-White-House-Official.aspx.

² See Committee on House Administration, Members' Congressional Handbook at 20, 39 (2024), https://cha.house.gov/cache/files/1/d/1db10826-1c45-4262-9cc5-3b617ea0ba60/4495710BDACD7D4FBC245429DE0A5312C70DED12340290AC0D570927A3CDBC85.members-congressional-handbook-04-30-24-20-.pdf (providing member's social media must comply with Communications Standard Manual); U.S. House Communications Standards Commission, The House of Representatives Communications Standard Manual (2022),

https://cha.house.gov/ cache/files/2/7/2781dcc1-2629-43ce-a700-570a0f33377a/A8D1A25304610F66E B95D0564433A3D6.2022-communications-standards-manual.pdf (providing social media "must be related to official business representation duties" and comply with House rules).

and Employees, Legitimate and Verifiable Use of Campaign Funds (Dec. 30, 2024), https://ethics.house.gov/wp-content/uploads/2024/12/FINAL-Legitimate-and-Verifiable-Use-of-Campaign-Funds-Pink-Sheet.pdf [hereinafter Mem. for all Members, Officers, and Employees], that "pink sheet" does not discuss the expenditure of such funds in any detail nor the personal use rule's application to leadership PAC funds.

Unfortunately, leadership PACS have become vehicles by which officials can circumvent rules against gifts, allowing them to accept significant financial contributions that are then converted to personal use. See, e.g., Issue One & Campaign Legal Center, All Expenses Paid, Another Look at Congressional Leadership PACs' Outlandish Spending, January 2019 - December 2020, available at https://campaignlegal.org/sites/default/files/2021-10/All%20Expenses%20Paid%20-%20Another%20Look%2010-01-21.pdf. The abuse of these entities as personal slush funds recently received the blessing of the Federal Election Commission ("FEC"), which declared that it would abdicate its responsibility to enforce the federal laws against misuse of campaign funds held in leadership PAC accounts. This abdication means contributions to leadership PACs are effectively no different than checks written out to a candidate's personal account.

The House rules do not suffer from the loophole relied upon by the FEC to abdicate its duties, and rather squarely prohibits the personal use of Leadership PAC funds. Specifically, they unequivocally provide that a Member "may not convert campaign funds to personal use." House Rule XXIII, cl. 6(b). Leadership PAC funds are campaign funds: Members are only permitted to solicit and accept them under the House Rules because they are contributions to finance campaigns. See House Rule XXV, cl. 5(a)(3)(B); see also 11 C.F.R. § 100.5(e)(6) (defining "Leadership PAC" as a type of "political committee" that accepts contributions and makes expenditures to influence federal elections).

Accordingly, the Committee's guidance on campaigns should restate its explicit admonition that the House's rules against personal use apply to leadership PACs. The guidance should also state that the House's prohibition on the personal use of leadership PAC funds exists irrespective of the FEC's interpretation of or enforcement of the personal use prohibition in the Federal Election Campaign Act ("FECA"). Further, given the rife abuse

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³ See Federal Election Commission, Fact & Legal Analysis, MUR 7961 (LOU PAC) at 9 (Feb. 1, 2023), https://www.fec.gov/files/legal/murs/7961/7961 16.pdf (declaring "the prohibition [on the personal use of campaign funds] is limited in scope to funds held by a candidate's authorized committee" because the FEC's rule implementing the ban on personal use in 11 C.F.R. § 113.1(g) limits only "funds in a campaign account"). But see 52 U.S.C. § 30114 (prohibiting personal use for any "contribution accepted by a candidate").

⁴A separate rule provides that "funds from a campaign account of such individual" may only be expended for "bona fide campaign or political purposes." House Rule XXIII, cl. 6(c). Irrespective of whether "campaign account of such individual" is limited to the official campaign account or includes any campaign accounts under the member's control, subsection 6(b) squarely prohibits personal use of any campaign funds whether or not those are in the "campaign account" of the member. *Id.* at cl. 6(b), (c).

and possible confusion with the FECA's prohibition, we recommend the Committee discuss leadership PACs in at least one illustrative example as it does with other personal use questions.

We would also suggest the House consider and pass amendments to the FECA to expressly extend the FECA's personal use exemption, recommendations that received the bipartisan recommendation of the Commissioners of the FEC. Fed. Election Comm'n, *Legislative Recommendations 2024* at 18 (Dec. 12, 2024)

https://www.fec.gov/resources/cms-content/documents/legrec2024.pdf. This extension would not only expressly reverse the FEC's decision with respect to leadership PACs for House Members, but for all federal candidates, as well as extend FECA's personal use limitation to committees not controlled by candidates, both of which are outside this Committee's jurisdiction.

3. Strengthen Guidance on Converting Campaign Funds at Officials' Businesses

House Rules, like the FECA, recognize that a Member's or a Member's family's business presents a possible avenue to evade rules against converting campaign funds to personal use. Recognizing this fact, the FEC has required that a campaign's purchase of its candidate's book requires not only a fair market value price, but the disgorgement of the candidate's profits. To ensure transactions are truly motivated by only bona fide campaign needs and not a desire to convert campaign funds for other purposes, the Committee should consider adopting this approach with respect to suspect transactions, which include not only purchases from a Member's and Member's family's business, but all officials' businesses.

The risk posed by purchases between a campaign and its controlling Member is obvious. Where a political committee can spend campaign funds at a Member or Member's family's business, the Member or their family is likely to see a profit that effectively circumvents the rules against personal use. Accordingly, the guidance cautions Members on these sort of transactions and directs Members to engage in them only at fair market values and to document the bona fide campaign purpose of the transaction. *House Ethics Manual* at 179. The Committee's 2024 "pink sheet" reinforces this concern and admonishes Members to "maintain as much of [certain] information as possible" about the transactions, including how the parties to the transaction determined that the price paid reflected a true fair-market value to permit the committee to verify that the payment reflects a bona fide campaign or political purpose. *Mem. for all Members, Officers, and Employees* at 5–6. A recent investigation authorized by the Office of Congressional Conduct (formerly known as the Office of Congressional Ethics) further underscores the importance of focusing on this potential abuse and admonishing Members against it. *See* U.S. Off. of Cong. Ethics, Report: Review No. 23-8912 (Dec. 1, 2023),

https://ethics.house.gov/wp-content/uploads/2024/06/OCE-Report-and-Findings 18.pdf

(finding Member's campaign's rent payments to Member's business were insufficiently documented and potentially excessive).

The current guidance's focus, however, on establishing a fair market value misses the fact that the very choice to use a Member's or Member's family business over viable commercial alternatives creates the risk that the choice does not reflect a "bona fide campaign or political purpose" but rather reflects a desire to convert campaign funds to personal use. Any transaction, even one at a reasonable market value, will likely convey a profit to the Member or their family. That profit is then available for personal use.

The FEC confronted this problem with campaigns' purchase of candidates' books and concluded the only way to protect against the conversion of campaign funds to personal use was to deprive the candidate of royalties. Doing otherwise would permit the candidate to convert campaign funds to their personal use by collecting royalties on the book sales, even if the book sale price was comparable to other similar books. Attempting to police the transactions to see whether they reflected true arm's length agreements would be impossible. It would be impossible, for example, to determine whether the campaign gave fair consideration to other commercial options and whether its purchase of the candidate's book over others was driven by neutral commercial factors. Moreover, it would be impossible to determine the number of purchases that would satisfy the campaign's commercials needs and when purchases would cross over into pure profit seeking. Accordingly, the only way to ensure the purchase is driven by campaign needs and not a desire to convert campaign funds is to remove the ability to convert them.

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⁵ See Fed. Election Comm'n, Advisory Op. 2014-10 at 3 (Aug. 14, 2014), https://www.fec.gov/files/legal/aos/2014-10/AO-2014-10-(Farr)-Final-(8.14.14).pdf ("In reaching its conclusion in each of those advisory opinions, the Commission considered several facts, including that the committee's funds would be used to purchase the book solely for distribution to the committee's contributors and supporters — and thus would be used by the committee only for the purpose of influencing its candidate's election to federal office — and that the candidate would not receive any royalties attributable to the committee's purchase."); Fed. Election Comm'n, Advisory Op. 2011-02 at 6 (Feb. 17, 2011), https://www.fec.gov/files/legal/aos/2011-02/AO-2011-02.pdf ("[T]he Act limits such contributions by providing that '[a] contribution or donation described in subsection (a) shall not be converted by any person to personal use.' 2 U.S.C. 439a(b)(1). Thus, Senator Brown may not personally accept royalties for sales of the book to the Committee, even if he then makes charitable contributions equal to that amount. Senator Brown must also not receive any personal benefit, tangible or intangible, for the royalties the Publisher donates to charity for the sales of the book to the Committee.").

⁶ The purchase price may not be reduced to reflect the reduction in royalties or the publisher would be making a contribution to the campaign. *See* Fed. Election Comm'n, Advisory Op. 2014-10 at 4 (sale to campaign at discounted rate is not a contribution only if the discounted rate is available to other comparable buyers).

⁷ Indeed, even depriving the candidates of royalties on campaign purchased copies still fails to fully deprive the candidate of personal benefit. Campaigns and affiliated groups now routinely purchase large numbers of copies for the purpose of pushing the candidate's book onto a best seller list, which redounds to the candidate's profit. See, e.g., Paul Farhi, The GOP's Big Book Bulk-buying Machine is Boosting Republicans on the Bestseller Lists, Wash. Post (Apr. 16, 2021), https://www.washingtonpost.com/lifestyle/media/gop-book-deals/2021/04/15/154f3820-9ca5-11eb-b7

Those concerns are not limited to purchases of candidate books but extend to any transaction between the campaign and the candidate or their family. Indeed, they extend to any transaction between the campaign and any business under any official's known ownership or control. It is impossible to know if the campaign's purchase from such persons is driven by pure commercial considerations rather than corrupt motives like the conversion of campaign funds or purchasing influence and favor, or even an unlawful quid pro quo. The committee is not well suited to second-guess a campaign's assertion that an official's book is in fact better than any other comparable alternative, or that an official's rental location is in fact better than a nearby alternative, or that an official's hotel is in fact superior to its neighboring competitor.

Given the likelihood that any transaction with a Member, their family, or any official will not reflect neutral commercial considerations, even if conducted at fair market value, the Committee should follow the FEC's lead and provide instruction that any transaction involving campaign funds under the Member's control to purchase goods or services from the Member, the Members' family, any other official or their family, or any business owned or controlled by such persons, is presumably not a "bona fide campaign or political purpose" and is a "conver[sion] [of] campaign funds to personal use." House Rule XXIII, cl. 6(b), (c). This presumption could be rebutted by showing that the official or their family disgorged all profits—that is revenue above marginal cost—from the transaction in a manner not conferring any benefit on the official, such as a reducing the official's taxes.

4. Strengthen Guidance on Interaction with Outside Political Organizations

Campaigns are no longer the singular operation of a candidate, their committee, and their party. Campaigns now routinely see multiple millions of dollars spent by outside and purportedly independent organizations both in support of and in opposition to candidates. See Anna Massoglia, Outside Spending on 2024 Election Shatters Records, Fueld by Billion-dollar 'Dark Money' Infusion, OpenSecrets (Nov. 5, 2024),

.https://www.opensecrets.org/news/2024/11/outside-spending-on-2024-elections-shatters-records-fueled-by-billion-dollar-dark-money-infusion. Both the House Rules and federal law impose important restraints on Member and staff interaction with such groups, but the Committee's guidance is unfortunately wanting on this subject.

<u>a8-014b14aeb9e4</u> story.html. In addition to limiting the use of campaign funds in these ways, the Committee should consider whether to remove the exemption for book royalties from the rules limiting members outside income. *See* House Rule XXV, cl. 4(d)(1)(E).

⁸ Members will have far less knowledge about other officials' ownership and control of business than they would of their own. Given the purpose of this rule is to prevent improperly motivated transactions, where an official's ownership is not a matter of public knowledge or record, the Member's and campaign's lack of knowledge of an official's ownership could work to rebut the presumption of impropriety suggested below.

First, the guidance provides little discussion regarding a Member's soliciting funds for an outside organization for its electioneering. *See House Ethics Manual* at 355–57 (permitting members to solicit on behalf of 501(c)(3) entities); *see also id.* at 153 (stating ban on soliciting gifts on behalf of any person under 5 U.S.C. § 7353 does not apply to soliciting political contributions). Despite the guidance's perceived permissiveness, federal law places strict limits on Members' and their agents' abilities to solicit funds for outside groups to support electioneering.

The law's ban on soliciting so-called "soft money" provides that "[a] candidate, individual holding Federal office, agent of a candidate or an individual holding Federal office, or an entity directly or indirectly established, financed, maintained or controlled by or acting on behalf of 1 or more candidates or individuals holding Federal office, shall not ... solicit, receive, direct, transfer, or spend funds in connection with an election for Federal office, including funds for any Federal election activity, unless the funds are subject to the limitations, prohibitions, and reporting requirements of th[e] Act." 52 U.S.C. § 30125(e)(1); see also id. at § 30125(e)(1)(B) (limiting solicitation and influence of funds used for non-federal elections). Accordingly, even if soliciting a political contribution to an outside entity would not violate the federal gift statute, 5 U.S.C. § 7353, it would violate the federal ban on soft money solicitations unless the amount solicited is subject to the source and amount limits of FECA and the original solicited source of the funds is publicly reported to the FEC. Soliciting, or aiding in soliciting, funds that are excessive, that are from prohibited sources, or for which the solicited source of which is not publicly disclosed by the filing entity is unlawful. The guidance should admonish Members and staff to not engage in such solicitations or permit any agent of theirs to do so for the benefit of any person or entity.9

Second, apart from limiting the soliciting of funds, federal law also imposes limits on Members' or their agents' abilities to influence outside organizations' electioneering spending despite the current guidance's apparent permissiveness. The current guidance only focuses on particular narrow limits on Members' interactions with outside groups, such as the prohibition on implying official sponsorship and the use of official funds, *House Ethics Manual* at 345–46, 352–54, but does not address the interaction with these groups in the context of campaigning. Federal law, however, provides strict limits.

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⁹ Similarly, Members and their staff and agents may not solicit funds to any account controlled by the Member in excess of the source, amount, and reporting obligations of federal law. That solicitation would not only violate the soft money ban, but also violate the House's gift rule. House Rule XXV, cl. 5. Because the solicitation would not be for funds that are "contribution[s]" as limited and required to be publicly disclosed by FECA, they would not meet the exception to the House's gift rule. See House Rule XXV, cl. 5(a)(3)(B). Indeed, the Committee's guidance should insist that if a Member or their staff become aware of a donor who claims to be the source of contributions and who is not otherwise disclosed as the source of funds on a public FEC filing, that the Member or their staff disclose to the FEC and to the public the identity of the donor as the true source such funds.

The same soft money ban that limits the ability of Members to solicit funds further limits their ability to "direct, transfer, or spend funds in connection with an election for Federal office" unless those funds were raised from permissible sources, raised in permissible amounts, and the source of which is publicly disclosed. 52 U.S.C. § 30125(e)(1). Further, a Member's or their agents', including official and campaign staff, interaction with an outside group could make that group's spending an in-kind contribution to the Member. Federal law provides that any expenditure to influence federal elections that is made "in cooperation, consultation, or concert, with, or at the request or suggestion of, a candidate, his authorized political committees, or their agents" is to be reported to the FEC as a contribution to that candidate and is subject to the source and amount limits of FECA. 52 U.S.C. § 30116(a)(7)(B), (C). Importantly, that means that although an organization may spend as much as it likes to independently influence an election, its coordination with a Member will subject that organization's expenditures to the limits the law puts on contributions, currently \$3,500 for an individual or non-multicandidate PAC, and \$5,000 for a multicandidate PAC. See Fed. Election Comm'n, Contribution Limits, https://www.fec.gov/help-candidates-and-committees/candidate-taking-receipts/contributi on-limits/ (last visited Aug. 26, 2025).

These broad prohibitions mean that any interaction between a Member or their agent and an outside organization in which either discusses or discloses electoral activities, plans, or goals would likely subject those expenditures to the limits of FECA and obligate that Member's campaign to report those expenditures as contributions. In the likely event the expenditure would exceed the limits, the Member would violate the laws against accepting excessive contributions, 52 U.S.C. § 30116(f), as well as the soft money ban on participating in the spending of funds not within FECA's limits, 52 U.S.C. § 30125(e)(1). Guidance should be strengthened to remind Members that neither they nor their agents, including agents like campaign staff or political advisers, may coordinate with any outside group over its spending unless such spending is reported by the Member's campaign as a contribution and the expenditure is within the source and amount limits of the FECA. The guidance should further advise that coordination is defined broadly and occurs if there is any "consultation" or "suggestion" with or by the Member or their agents. See 52 U.S.C. § 30116(a)(7)(B), (C).

5. Strengthen Guidance on Recusal Rules

House Rules provide that a Member should recuse from a matter if they have "a direct personal or pecuniary interest in the event of such question." House Rule III, cl. 1. While the House Rules specifically contemplate recusal, it is an inherently disfavored remedy for conflicts of interest because it denies a Member's constituents with representation on critical issues. See, e.g., *House Ethics Manual* at 242 ("Voting on matters before the House is among the most fundamental of a Member's representational duties"). Because recusal is a last resort, the Committee should be proactive in admonishing Members to take prophylactic measures to avoid actual and perceived conflicts of interest. *Cf. id.* at 246

(recommending that at least with respect to seeking outside employment, "Members who wish to avoid such conflicts are encouraged" to avoid creating conflicts). Accordingly, it is important that the Committee's guidance provide a fulsome explanation of the sources of potential conflict to assist Members to avoid creating conflicts that would justify recusal.

The Committee's current guidance, however, discusses recusal only in the context of "future employment" and "private assets or holdings by Members" and "personal economic interest." *House Ethics Manual* at 217–18, 243. Current guidance on campaigns is comparatively silent on the matter of recusal, notwithstanding that the assets controlled by a candidate in their campaign account or leadership PAC could trigger the obligation to recuse.

The House Rules' regulation of the use of campaign funds implies that such funds are under the control of Members. See also Mem. for all Members, Officers, and Employees. Accordingly, any increase or decrease in the value of the assets held as campaign funds will redound to the benefit or loss of the Member, which benefit or loss may alter a Member's decision on a matter before them as much as would a change in value of their personal assets would. Accordingly, guidance should alert Members that the acceptance of assets, such as cryptocurrencies or stocks, which would give the Member a pecuniary interest in a matter could necessitate their recusal from consideration of questions impacting that interest. Guidance should further alert Members that their acceptance of assets in a campaign account may trigger their obligation to report financial interests in matters before Congress. See House Rule XXIII, cl. 17.

The guidance on recusals should also be strengthened and incorporated in the guidance on campaigns. Currently, the guidance states that, based on "[l]ongstanding House precedent," a pecuniary interest would not obligate a Member to recuse unless that question "affects a class rather than individuals, the personal interest of Members who belong to that class is not such as to disqualify them from voting." House Ethics Manual at 243, 245 (quoting *In the Matter of a Complaint Against Rep. Robert L.F. Sikes*, H. Rep. 94-1364, 94th Cong., 2d Sess. 15 (1976)). This appears to both be an overstatement that could mislead a Member to believe they may vote on a matter as long as one other person is impacted by the question, see House Ethics Manual at 244 (discussing precedent indicating Member should recuse even if they are one among many shareholders of impacted company, contrasting with situation where Members' interests are identical to that of "hundreds of thousands of American citizens"), but further ignores the fact that the intensity of a Member's interest may set them apart from other members of a class. Where, for example, a Member is the controlling shareholder in a corporation with significant interests in the corporation's well-being, the fact that there may be dozens or hundreds of minor shareholders whose investment is far smaller would not alleviate the concern that the Member's vote on the question is driven by their personal gain and not a general judgment about the well-being of the country or even their district. Similarly, a Member is likely to be improperly influenced in their vote if their

investment worth millions is at stake, regardless of whether there is also a small set of others with a similar stake or whether there is a large set of others who will be less-significantly impacted.

Accordingly, the Committee should reexamine its guidance on recusal to determine if House precedents permit a member to vote on a matter if their pecuniary interest is significantly greater than others or is not shared by a class equivalent to "hundreds of thousands of Americans." *House Ethics Manual* at 244. To the extent it concludes that stronger guidance is warranted, that guidance should be incorporated with respect to campaigns.

Once again, CREW thanks you for the opportunity to comment on this matter.

Sincerely,

Stuart McPhail

Director of Campaign Finance Litigation

cc: The Hon. Chairman Michael Guest The Hon. Ranking Member Mark DeSaulnier