



# THEME PARKS, PRIVATE PLANES AND PARIS: THE LEADERSHIP PAC LOOPHOLE - CRONKITE NEWS

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Investigative Journalism



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A loophole in federal campaign finance law that allows candidates to spend donations for their own personal use has repeatedly brought together Democrats and Republicans at the Federal Election Commission to try to persuade Congress to ban the practice.

But the issue presents a political paradox: The only people who can change the law are the ones who directly benefit from it.

The Howard Center for Investigative Journalism at Arizona State University investigated spending from a specialized type of political action committee known as a leadership PAC. The FEC says leadership PACs are often set up as a way to support like-minded candidates. They are separate from the candidate's "authorized" campaign committees — the ones campaigns officially designate to receive and spend money. But leadership PACs are not bound by the same personal-use ban that applies to authorized committees, despite the leadership PACs' close relationships to the candidates and officeholders who sponsor them.

The Howard Center reviewed financial disclosures from every leadership PAC sponsored by members of Arizona's congressional delegation and the leading candidates for the state's open U.S. Senate seat. The investigation found some of the leadership PACs did indeed use large portions of their money to support like-minded candidates. But in other cases, the Howard Center discovered leadership PACs funding out-of-state trips to theme parks, five-star international hotels, and even airfare for private planes, among other items.

The FEC does not require leadership PACs to say whether those expenses personally benefited members of Congress or their families, but even if the reviewed spending was for personal use by candidates and had nothing to do with campaigning, it would all be perfectly legal.

The FEC's Commissioners have, five times since 2009, unanimously recommended banning personal-use spending from all types of political committees, including leadership PACs. That recommendation was made again in 2023, but Congress has not acted on it.

The Howard Center reached out to every member of Arizona's congressional delegation to ask for their stance on the FEC's

recommendation to expand the personal-use ban to all political action committees. Of the 11 members, only one provided a response to that specific question. A spokesperson for Rep. Raúl Grijalva, D-Tucson, said in an email the congressman “supports the banning of personal use of Leadership PAC funds.”



Neither of the two frontrunners for Arizona’s Senate race, Democrat Rep. Ruben Gallego, D-Phoenix, nor Republican Kari Lake, responded to questions about whether they supported the FEC recommendation.

What federal records do (and don’t) reveal

The financial disclosures themselves reveal a range of spending priorities among the Arizona delegation.

Federal campaign finance records show that Latino Leaders for Equality, Growth, Opportunity, Progressive Action & Change, a leadership PAC whose sole sponsor is Rep. Ruben Gallego, reimbursed him \$4,721 for expenses related to Disneyland and Disney World trips in 2023.

Disclosures to the FEC show the PAC spent \$1,471 reimbursing Gallego for “PAC Event Tickets” at Disney World and \$815 on meals at restaurants inside the theme parks, including Be Our Guest Restaurant in Disney’s Magic Kingdom. Other Disney-related expenses included a stay at a Disneyland resort and plane tickets.

The Howard Center repeatedly asked Gallego’s campaign if any of Gallego’s family members attended the Disney trips or received tickets to the amusement park. His campaign office did not reply to the question or to follow-up requests for an answer but did provide other information about the Disney-related expenses.

“The expenditures are compliant with campaign finance law,” a Gallego campaign spokesperson said in an emailed statement.

The campaign also said in an email the Disney-related expenses were for two campaign events Gallego attended to support and fundraise for other Democratic House candidates, Rep. Lou Correa, D-Calif., and Rep. Darren Soto, D-Florida.

Both Correa’s and Soto’s principal campaign accounts incurred expenses at Disney parks around the same time as Gallego’s leadership PAC, FEC reports show. Neither of their campaigns responded to requests for comment. Gallego’s campaign said political fundraising events at Disney parks are a common occurrence in Congress. Indeed, between 2013 and 2018, members of Congress spent more than \$450,000 from their leadership PACs at Disney parks, according to a Campaign Legal Center report.

Other expenditures from Gallego’s leadership PAC were in line with the intended purpose of such committees: According to an FEC financial summary, LLEGO-PAC gave \$61,600 of its total spending of \$68,611 to other candidates and campaign committees since January 2023, making up nearly 90 percent of the PAC’s total spending.

Financial records show different spending priorities for Getting Stuff Done, the leadership PAC sponsored by Sen. Kyrsten Sinema. Getting Stuff Done spent more than \$1.9 million from January 2023 through March 2024. But only a little more than 1 percent of those funds — about \$25,000 — was spent on contributions to other campaigns.

The Howard Center found the Sinema-sponsored PAC paid for private air charters, first-class flights for lobbyists, five-star hotels in Paris and Madrid, and tens of thousands of dollars on catered wine.

The PAC spent \$13,294 across six transactions since January 2023 at a five-star “boutique hotel” in Paris called Le Roch Hotel and Spa. It also spent \$2,547.34 on “lodging” at the Madrid Edition, a self-described “urban resort” in the heart of Spain’s capital in July 2023.

It is unclear from the documents who stayed in the hotels. When asked, Sinema’s campaign did not reply.

Disclosures also show Sinema's Getting Stuff Done PAC paid Altria, one of the world's largest tobacco and cigarette companies, over \$5,000 for "first-class airfare" in August 2023. Flying Zebra, a private air charter service, also received \$15,727.25 for "airfare" from the PAC in February 2023.



FEC reports show nearly two-thirds of Getting Stuff Done PAC's spending went to just two entities, a private security firm and a political consulting firm. Topping the list, \$800,000 went toward Fulkerson Kennedy and Company LLC for services ranging from fundraising consulting to reimbursements for "travel and event expenses."

For events arranged by the political consulting firm, FEC filings by Sinema's leadership PAC did not state where they took place or what the events were for. Leadership PACs are not required to provide additional details for third-party expenses incurred by consulting firms.

FEC Public Affairs Specialist Myles Martin acknowledged the shortcomings of the FEC's reporting requirements. "It would be great to have a little bit more detail ... because sometimes it's very vague," he said.

Sinema — who is a faculty member at Arizona State University, where the Howard Center is located — did not respond to requests for comment through her campaign or Senate office.

Fulkerson Kennedy and Company also did not respond to a request for comment.

Some committees showed less spending, such as the leadership PAC sponsored by Kari Lake, which was just formed in November 2023. So far, the PAC has only spent \$26,602 out of the more than \$160,000 it has raised since its creation, giving \$16,600 to other like-minded committees.

Almost one-quarter of the reported expenses from Lake's Keep America Red Indefinitely PAC went toward "legal consulting" from a D.C.-based law firm whose principal attorney is one of former President Donald Trump's White House lawyers, Stefan Passantino. Lake did not respond to questions about the committee's expenditures.

While every member of the Arizona congressional delegation has a leadership PAC, the one sponsored by Rep. Juan Ciscomani, R-Tucson, gave more to other candidate committees than Arizona's other House members. In total, the PAC has given \$140,900 to Republican candidates since January 2023.

And out of the entire Arizona congressional delegation, senators included, Democratic Sen. Mark Kelly has used his leadership PAC to contribute more dollars to like-minded candidates and committees than anyone. Liftoff PAC, sponsored by Kelly, has given \$403,000 in contributions to political allies since January 2023. The main beneficiary was the Democratic Senatorial Campaign Committee, which received \$60,000 from Kelly's leadership PAC last year.

A spokesperson for Kelly's campaign did not answer when asked if the senator supported the FEC reform recommendation but said Liftoff PAC does not provide funds for Kelly's personal use.

How commissioners' calls for reform have gone unanswered

For more than a decade, FEC commissioners have debated how to apply current federal campaign finance law to leadership PACs. The argument comes down to "a difference of opinion among commissioners" on how to interpret federal campaign finance law, Martin from the FEC said.

That law made no mention of leadership PACs, which did not exist back in 1971, when it was first passed. In 2008, Congress amended the law to define leadership PACs, and ever since FEC Commissioners have debated on what rules they are bound by, or not. As a result: for now, leadership PACs remain a legal avenue for personal-use spending of campaign funds.

“Campaigns definitely can, and members of Congress can – and do – use that loophole,” said Andrew Mayersohn, a researcher for OpenSecrets, a non-profit that monitors campaign finance.

The issue was raised in a 2019 complaint filed with the FEC by the Campaign Legal Center, which alleged that a former Florida Congresswoman, a Republican, converted campaign funds to personal use, spending thousands on Disney tickets and stays at luxurious hotels like the Ritz Carlton in Florida.

A draft report from the FEC’s Office of General Counsel said there was “reasonable inference” that federal law was violated in that case. But the six commissioners were split : the three Democrats said the law was broken, but three Republicans said it was not. The FEC requires a four-vote majority to take further investigative action on enforcement cases.

FEC Commissioner Sean J. Cooksey – a Republican nominated by former president Donald Trump – laid out his stance on the issue in a 2021 statement: “The Act’s personal-use restriction does not apply to funds spent by leadership PACs.”

That interpretation is largely based on a footnote from a 2008 FEC advisory opinion that said leadership PACs are considered a “third party” under federal law and cannot be affiliated with an authorized committee, such as a candidate’s principal campaign committee. Cooksey called that footnote a “binding” precedent that protects candidates who spend leadership PAC dollars for personal expenses from civil or criminal sanctions.

Democrats criticized Cooksey and the Republican commissioners who sided with him for overreaching, saying a single 2008 advisory opinion “can hardly be read ... as reflecting an established agency rule.”

The Democrats argued the personal-use prohibition “attaches at the time contribution is accepted by a candidate.”

“It used to be the case that the Commission avoided interpreting the law in a manner that would allow circumvention of the Federal Election Campaign Act’s prohibitions and limitations,” the three Democratic commissioners said in their joint 2022 statement explaining their votes on the case. “Our job is to administer the law that Congress passed, not eviscerate it.”

In 2022 the Democratic Governors Association filed a complaint with the FEC against a former Republican congressman who was accused of using his leadership PAC to pay \$33,000 in rent. But in this case, the new Biden-appointed Democrat sided with Republicans and voted that there was no violation of federal law. The two other currently seated Democrats dissented and once again urged Congress to step in.

“While this interpretation has been the subject of disagreement among commissioners in the past, commissioners have been unanimous in recommending that Congress clarify and extend the personal use provisions to all political committees,” the two dissenting Democratic commissioners said in a March 2023 statement. “The Commission’s decision in this matter makes it all the more imperative that Congress do so.”

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*This story was produced by the Howard Center for Investigative Journalism, based at Arizona State University’s Walter Cronkite School of Journalism and Mass Communication. The Howard Center is an initiative of the Scripps Howard Fund in honor of the late news industry executive and pioneer Roy W. Howard.*