



May 29, 2024

Lisa J. Stevenson  
Acting General Counsel  
Office of General Counsel  
Federal Election Commission  
1050 First Street, NE  
Washington, DC 20463

**Re: Failure to Report Loans and Loan Repayments**

Dear Ms. Stevenson:

The DNC Services Corp./Democratic National Committee (hereinafter the “DNC”) writes to supplement its March 4, 2024, complaint (assigned MUR 8225 and hereinafter referred to as the “Original Complaint”) against American Values 2024 (or “American Values” or “the PAC”).

American Values was originally registered with the Federal Election Commission (“FEC” or the “Commission”) in 2022 as “People’s Pharma Movement.”<sup>1</sup> The PAC amended its FEC registration in April of 2023 to reflect that it had changed its name to “American Values 2024”<sup>2</sup> as it began to support Robert F. Kennedy, Jr.’s campaign for President. Gavin de Becker is the founder of Gavin de Becker & Associates, a security and consulting firm based in California<sup>3</sup> and the largest vendor to Mr. Kennedy’s presidential campaign committee.<sup>4</sup>

The DNC’s Original Complaint alleged that American Values had failed to properly disclose \$10 million in loans from, and \$9.65 million in loan repayments to, Gavin de Becker in violation of federal law. American Values misrepresented Mr. de Becker’s initial loan and its repayment as “contributions” and “refunds,” despite both Mr. de Becker and American Values’ treasurer and co-founder describing the transaction as “bridge funding” at the time.<sup>5</sup>

In the Original Complaint, the DNC warned that “absent action by the Commission, we believe these violations may be ongoing.” American Values’ monthly disclosure report filed on May 20, 2024, proved this prediction

<sup>1</sup> Statement of Organization (filed July 26, 2022), <https://docquery.fec.gov/pdf/467/202207269525065467/202207269525065467.pdf>.

<sup>2</sup> Amended Statement of Organization (filed Apr. 11, 2023), <https://docquery.fec.gov/pdf/903/202304129579869903/202304129579869903.pdf>.

<sup>3</sup> GAVIN DE BECKER & ASSOCIATES, <https://gdba.com/> (last visited May 28, 2024).

<sup>4</sup> Team Kennedy, Robert F. Kennedy, Jr.’s campaign committee, has disbursed over \$2.9 million to Gavin de Becker & Associates since 2023. FEC, Team Kennedy, Disbursements, <https://www.fec.gov/data/committee/Co0836916/?tab=spending#disbursement-transactions> (last visited May 28, 2024).

<sup>5</sup> See, e.g., Brittany Gibson, *RFK Jr.’s PAC Returned Millions to a Donor. Campaign Experts Say That’s Highly Unusual*, POLITICO (Feb. 13, 2024), <https://www.politico.com/news/2024/02/13/bridge-funding-rfk-jr-super-pac-00141260>.

**Democratic National Committee**

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true.<sup>6</sup> The PAC again has failed to accurately disclose Mr. de Becker's \$4 million payment on February 15, 2024, as a "loan," as evidenced by its reporting of a repayment to Mr. de Becker of one-half of that sum on April 25, 2024.<sup>7</sup> Nor does American Values disclose that an additional repayment of \$2 million towards the February 2024 loan remains outstanding.

This ongoing violation continues to mislead the public, the press, and potential donors as to the support for Robert F. Kennedy, Jr.'s campaign. The PAC's practice of masking these loans as contributions also obscures the fact that the principal Super PAC supporting Mr. Kennedy's campaign has faced anemic fundraising until it was repeatedly bailed out by one of Donald Trump's largest donors, Timothy Mellon.<sup>8</sup> Between January and April 2024, American Values reported \$21 million in receipts.<sup>9</sup> It received a \$4 million loan from Mr. de Becker and a \$4 million payment from Nicole Shanahan in the weeks prior to Mr. Kennedy selecting her as his running mate.<sup>10</sup> Three-quarters of the remaining \$13 million in receipts come from the largest donor to Donald Trump's Super PAC.<sup>11</sup>

As detailed in the Original Complaint and here, reporting requirements are central to the purpose of the Federal Election Campaign Act of 1971, as amended, ("the Act") and the mission of the FEC: protect the integrity of the federal campaign finance process by promoting transparency.<sup>12</sup> American Values' actions thwart that purpose and constitute a violation of the Act.

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<sup>6</sup> FEC, American Values 2024, Form 3X at 3-4, 20 (filed May 20, 2024), <https://docquery.fec.gov/pdf/387/202405209646189387/202405209646189387.pdf>.

<sup>7</sup> American Values describes its \$2 million loan repayment to Mr. de Becker on April 25, 2024, as "Partial refund of 2/15/2024 contribution." FEC, American Values 2024, Form 3X, Schedule B at 20 (filed May 20, 2024), <https://docquery.fec.gov/pdf/387/202405209646189387/202405209646189387.pdf>.

<sup>8</sup> See Mini Racker & Noah Kirsch, *Spoiler Alert: Billionaire Trump Mega-Donor Gave Another \$5M to RFK Jr.*, THE DAILY BEAST (May 21, 2024), <https://www.thedailybeast.com/billionaire-tim-mellon-a-trump-megadonor-gave-another-dollar5m-to-rfk-jr>; Ewan Palmer, *Donald Trump and RFK Jr Have the Same Largest Donor*, NEWSWEEK (Feb. 22, 2024), <https://www.newsweek.com/donald-trump-rfk-donations-timothy-mellon-fec-1872315>.

<sup>9</sup> FEC, American Values 2024, Form 3X at 3 (filed May 20, 2024), <https://docquery.fec.gov/pdf/387/202405209646189387/202405209646189387.pdf>.

<sup>10</sup> Nicole Shanahan donated \$4 million to American Values on January 31, 2024, through Planeta Management, LLC. Mr. Kennedy announced Ms. Shanahan as his vice-presidential running mate in March 2024. Maggie Astor, *3 Things to Know About Nicole Shanahan, R.F.K. Jr.'s Running Mate*, N.Y. TIMES (Mar. 26, 2024), <https://www.nytimes.com/2024/03/26/us/politics/nicole-shanahan-rfk-jr-vp-facts.html>; FEC, American Values 2024, Form 3X (Amendment 1 to February Monthly 2024), Schedule A (filed May 22, 2024), <https://docquery.fec.gov/cgi-bin/forms/C00821439/1785623/sa/ALL>.

<sup>11</sup> In the first four months of this year, Timothy Mellon contributed \$15 million to Make America Great Again Inc., a Super PAC aligned with Mr. Trump's presidential campaign. FEC, Make America Great Again, Inc., Form 3X, Schedule A at 7 (filed May 20, 2024), <https://docquery.fec.gov/pdf/103/202405209648566103/202405209648566103.pdf>.

<sup>12</sup> See *Mission and History*, FEC, <https://www.fec.gov/about/mission-and-history/> (last visited May 28, 2024).

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## Legal Analysis

The Act and the Commission's regulations require nonconnected political committees to file reports, consistent with the procedures detailed in 11 C.F.R. part 104,<sup>13</sup> including the disclosure, among other things, of "the total amount of receipts"<sup>14</sup> for each reporting period<sup>15</sup> and for the calendar year.<sup>16</sup> "All loans" are included within the definition of receipts<sup>17</sup> and are subject to heightened reporting requirements. Specifically, loans must be itemized, and the committee must report "[e]ach person who makes a loan to the reporting committee or to the candidate acting as an agent of the committee, during the reporting period, together with the identification of any endorser or guarantor of such loan, the date such loan was made and the amount or value of such loan."<sup>18</sup> The *FEC's Campaign Guide for Nonconnected Committees* provides guidance on how to itemize.<sup>19</sup> It notes that committees must "[i]temize the receipt of a loan, regardless of amount, on a separate Schedule A for Line 13 ('Loans Received')."<sup>20</sup>

The FEC imposes similar reporting obligations for loan repayments. These reports must disclose "the total amount of all disbursements," which includes "[r]epayment of all loans" for each reporting period and for the calendar year.<sup>21</sup> Loan repayments must be itemized, and the committee must report "[e]ach person who receives a loan repayment from the reporting committee during the reporting period, together with the date and amount of such loan repayment."<sup>22</sup> According to the FEC guide, "[p]ayments to reduce the principal must be itemized, regardless of amount, on a separate Schedule B for Line 26 ('Loan Repayments Made')."<sup>23</sup> And, committees must "[r]eport the interest paid on a loan as an operating expenditure, itemizing the payment on a Schedule B for Line 21(b) ('Operating Expenditures') once interest payments to the payee aggregate over \$200 in a calendar year."<sup>24</sup>

Further, nonconnected committees have "continuous reporting" obligations for loans and loan repayments.<sup>25</sup> Specifically, they must "report both the original loan and payments made to repay the loan on Schedule C each reporting period until the loan is fully repaid."<sup>26</sup> Schedule C requires committees to disclose relevant terms of

<sup>13</sup> 11 C.F.R. § 104.1; 11 C.F.R. § 104.2(e)(3).

<sup>14</sup> 11 C.F.R. § 104.3(a).

<sup>15</sup> 11 C.F.R. § 104.5(c).

<sup>16</sup> 11 C.F.R. § 104.3(a).

<sup>17</sup> 11 C.F.R. § 104.3(a)(2)(vi).

<sup>18</sup> 11 C.F.R. § 104.3(4)(iv).

<sup>19</sup> FEC, CAMPAIGN GUIDE FOR NONCONNECTED COMMITTEES at 74 (May 2008), <https://www.fec.gov/resources/cms-content/documents/policy-guidance/nongui.pdf>.

<sup>20</sup> *Id.*

<sup>21</sup> 11 C.F.R. § 104.3(b)(1)(iii).

<sup>22</sup> 11 C.F.R. § 104.3(b)(3)(iii).

<sup>23</sup> FEC, CAMPAIGN GUIDE FOR NONCONNECTED COMMITTEES at 74 (May 2008), <https://www.fec.gov/resources/cms-content/documents/policy-guidance/nongui.pdf>.

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

<sup>26</sup> *Id.* See also 11 C.F.R. § 104.3(d) ("Each report filed under 11 CFR 104.1 shall, on Schedule C or D, as appropriate, disclose the amount and nature of outstanding debts and obligations owed by or to the reporting committee."); 11 C.F.R. § 104.11(a) ("Debts and obligations owed by or to a political committee which remain outstanding shall be continuously reported until extinguished."). Note: A committee that obtains a loan from a bank must also file a Schedule C-1. FEC, CAMPAIGN GUIDE FOR NONCONNECTED COMMITTEES at 75 (May 2008), <https://www.fec.gov/resources/cms-content/documents/policy-guidance/nongui.pdf>; 11 C.F.R. § 104.3(d)(1).

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the loan, including the origination date; the date the loan is due or the amortization schedule; and the rate of interest charged.<sup>27</sup> It also requires committees to identify the endorser or guarantor, and the amount of the endorsement or guarantee.<sup>28</sup> Under the Commission's regulations, each endorser or guarantor is deemed to have contributed the amount for which he agreed to be liable for.<sup>29</sup>

As detailed in the Original Complaint, American Values did not comply with the applicable procedures in 11 C.F.R. part 104 regarding the funds it received from, and repaid to, Mr. de Becker in 2023. American Values' recent filings indicate that it has continued to violate these procedures in connection with funds it received from, and repaid to, Mr. de Becker in 2024. According to its FEC Form 3X filings, the PAC received \$4 million from Mr. de Becker on February 15, 2024.<sup>30</sup> The PAC repaid Mr. de Becker \$2 million on April 25, 2024.<sup>31</sup>

As with American Values' transactions with Mr. de Becker in 2023 that are the subject of the Original Complaint, the PAC did not account for "All Loans Received" in Line 13 or "Loan Repayments Made" in Line 26 of the summary pages of its filed FEC Form 3X with respect to the 2024 transactions.<sup>32</sup> The PAC also did not file a Schedule C in these filings, which is a required component of both initial and continuing reporting obligations. Because of the PAC's continued violations, the public continues to be deprived of information about the terms of the loans, or whether it was endorsed or guaranteed.

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<sup>27</sup> FEC, INSTRUCTIONS FOR FEC FORM 3X AND RELATED SCHEDULES at 16 (May 2016), <https://www.fec.gov/resources/cms-content/documents/policy-guidance/fecfrm3xi.pdf>.

<sup>28</sup> *Id.*

<sup>29</sup> 11 C.F.R. § 100.52(b)(3).

<sup>30</sup> FEC, American Values 2024, Form 3X, Schedule A at 11 (filed Mar. 20, 2024), <https://docquery.fec.gov/pdf/243/202403209622596243/202403209622596243.pdf>.

<sup>31</sup> FEC, American Values 2024, Form 3X, Schedule B at 20 (filed May 20, 2024), <https://docquery.fec.gov/pdf/387/202405209646189387/202405209646189387.pdf>.

<sup>32</sup> FEC, American Values 2024, Form 3X at 3-4 (filed Mar. 20, 2024), <https://docquery.fec.gov/pdf/243/202403209622596243/202403209622596243.pdf>; FEC, American Values 2024, Form 3X at 3-4 (filed May 20, 2024), <https://docquery.fec.gov/pdf/387/202405209646189387/202405209646189387.pdf>.

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## Conclusion

The FEC's rules on loans are clear: nonconnected political committees are permitted to accept loans so long as they comply with applicable reporting obligations. These rules apply to *all* nonconnected political committees, despite American Values' past and present actions to the contrary.

Rules only have meaning if they are enforced. For the reasons stated above and in the Original Complaint, the Federal Election Commission should conclude that there is reason to believe that American Values has violated the Federal Campaign Act of 1971, as amended, and seek such monetary and other relief as necessary to remedy these violations.

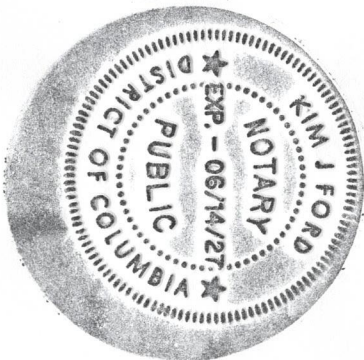
Sincerely,

Kim Duffy  
Chief Operations Officer  
Democratic National Committee  
430 South Capitol Street SE  
Washington, DC 20003

Signed and sworn to before me, under penalty of perjury.

Notary Public

May 29, 2024



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