

Statement of Ann Ravel
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Before the Subcommittee on Government Operations

Chairman Connolly, Ranking Member Hice, and Members
of the Committee:

Thank you for the opportunity to testify today regarding the oversight of the United States Postal Service and the activities of its Postmaster General. My name is Ann Ravel. I am the Director of the Digital Deception Project at MapLight, and an Adjunct Professor at UC Berkeley School of Law, having taught Campaign Finance, and Professional Responsibility and Ethics. Previously, I was the Chair and Commissioner of the Federal Election Commission, and prior to that, the Chair of the California Fair Political Practices Commission.

President Obama, in his Farewell Address, said: “Our democracy is threatened whenever we take it for granted. All of us, regardless of party, should throw ourselves into the task of rebuilding our democratic institutions. When voting rates are some of the lowest among advanced democracies, we should make it easier, not harder, to vote. When trust in our institutions is low, we should reduce the corrosive influence of money in our politics, and insist on the principles of transparency and ethics in

Public service.”

Unfortunately, President Obama was right. We have allowed our institutions meant to protect our democracy and to protect people’s rights to atrophy and we are seeing the results. I observed it as the Chair and Commissioner of the Federal Election Commission, and we certainly can see it in the activities of Mr. DeJoy and what leaving it unaddressed will mean to our democratic processes.

This is why it is so important for this Subcommittee to examine and investigate the activities of Mr. DeJoy due to his obvious violations of Campaign finance laws and their purpose, his ethical transgressions, and his potential to suppress the vote of Americans by decimating the postal system which, during the worst pandemic of the century, will be crucial to enabling all citizens to safely cast their ballots and participate in the election. These issues are intertwined because our democracy depends on each one. Should Mr. DeJoy be able to violate the law, act unethically, and ultimately be able to impact our safe, healthy and fair elections with no consequence, it would be scandalous.

The obvious campaign violations from 2000-2014 are that employees of DeJoy’s company, New Breed Logistics, contributed to and attended fundraisers and contributed to Republican campaigns at the

request and direction of Mr. DeJoy and his top staffers. The amount of money contributed amounted to close \$1 million, and were then paid back in the form of bonuses to those employees which covered not only the contributions but also the taxes on those contributions. Such reimbursements are an illegal “straw donor” scheme, violating 52 U.S.C Sections 30122 and 30118, which provide that contributions in the name of another are strictly prohibited. Section 30122 is the prohibition on contributions through conduits, while 30118 applies to funds diverted from a corporate or union treasury and are laundered in some fashion to a candidate. In this situation, providing corporate money to cover the bonus scheme is clearly illegal as corporations cannot contribute directly to candidates, and the mechanism of funneling the money through employees is illegal. In fact, the Supreme Court in Citizens United was clear that limits on corporate contributions to campaigns further the interest in preventing corruption.

And, significantly, the United States Department of Justice, in its manual on Federal Prosecution of Election Offenses, Eight Edition, December 2017, states that the contribution in the name of another statute prohibits conduct often used to disguise other campaign finance violations, such as contributions over the contribution limits. This certainly seems to have

been the reason for Mr. DeJoy's scheme, as he was a large contributor to the campaigns to which the employees were pressured to contribute.

And, in the same manual, the DOJ explained: "A common type of conduit scheme involves a corporate official who instructs the corporation's employees to make contributions to a federal candidate, and then reimburses the employees from corporate funds generally through fictitious bonuses or pay raises." Emphasizing that the DeJoy scheme is a typical way of violating the law is significant.

DOJ also concludes that using these mechanisms, illegal corporate funds are laundered to candidates in violation of both Sections 30122 and 30118. They further emphasize that laundering campaign contributions through straw donors is persuasive evidence of the Act's willful intent element, so that a criminal not a civil violation can be proven.

Another aspect of this activity that is also illegal is what appears to be the coercion of employees to contribute to Mr. DeJoy's candidates.

Employees stated that they thought that their job was "on the line" and that their job or the chance to move up in the company was tied to giving.

In addition to emails inviting employees to a fundraiser, DeJoy asked senior staff to make follow up calls and visits to staffers desks to encourage them to attend.

There are two concerns about this activity. Again, according to the DOJ manual (relating to Federal employees) “Because of the potential for coercion, express or implied, that inheres in the Supervisor-Subordinate relationship, contributions solicited from a subordinate are not considered voluntary.” This is reflected in the Hatch Act, which contains criminal and civil penalties for coercing federal employees to engage or not in political activities, including voting, contributing, campaigning and solicitations. So although the statement applies to federal workers, it nonetheless is a strong statement that is applicable to all Supervisor-Subordinate relationships.

This coercive political recruitment also poses a threat to a worker’s freedom of expression and to their own political views, and impacts their exercise of those views without undue influence, which is a threat to democratic processes.

Although the FEC has, in a 3-3 deadlocked decision in a case of coercion involving Murray Energy, limited coercion in non government agencies to explicit threats or the taking of retaliatory action, that decision is not binding on future cases.

In fact, it is the dysfunction and failure of the FEC to hold violators accountable and to refuse to enforce the law when Mr. DeJoy

was skirting the campaign finance laws for his own self-interest which gave him the license to flagrantly violate the law. The FEC was given the important duty by Congress to enforce and implement anti-corruption laws. Yet at the time of Mr. DeJoy's reimbursements, a bloc of 3 Commissioners routinely thwarted, obstructed and delayed action on the campaign finance laws that they were appointed to administer. For nearly every case of major significance over the past 13 years, the Commission has not even investigated serious allegations or held violators accountable. So major violations were swept under the rug and resulting dark money left Americans uninformed about the sources of campaign spending. The purpose of these laws is to prevent corruption, to provide valuable information to voters, and to help enforce other campaign finance laws.

The Commission's work is essential to the integrity of the political process and to ensure public trust in government. (see attached: Dysfunction and Deadlock: The Enforcement Crisis at the Federal Election Commission Reveals the Unlikelihood of Draining the Swamp February 2017).

But this incredibly significant Commission has not and is still not performing the job that Congress intended, and violators are given a

free pass. Because of this, it is known that the laws intended to protect the integrity of our elections can be ignored.

The guardrails to protect ethics in campaigns, and in public service, have been allowed to atrophy and nothing has been done to require them to be functional - which leads to where we are today with Mr. DeJoy, who knew that with no consequences, he could instead be rewarded for his illegal and unethical acts.

Since ethics laws, campaign finance laws, and voting rights are interconnected, we must be vigilant to assure that our right to vote cannot be impacted by a politicized Postal Service. The Postal Service has had, and must continue to have the trust and confidence of the public.

