

# **America's First Dark Money Ballot Line**

The latest scheme to launch a centrist, third-party "unity" ticket comes from a dark money front for corporate interests.

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In 2024, billionaires and corporate executives are preparing to go from using shadowy front groups that influence politics and policy to fielding handpicked candidates on their very own ballot line, which is being secretly purchased outside disclosure rules that have long governed election campaigns.

That may sound like a conspiracy theory, but it is happening right now out in the open. Donors and political operatives at the corporate front group No Labels are actively exploiting a campaign finance loophole to buy themselves direct access to ballots nationwide, in an effort that Democrats warn could swing the upcoming presidential election.

The scheme — which is based on a campaign finance law carve-out for groups seeking to draft candidates — could create an entirely new path to elect candidates even more beholden to billionaires and corporate interests than major party politicians. And here's the kicker: The public might never be able to know who is paying to make it happen.

Right now, all the public knows is that No Labels is <u>leading</u> a \$70 million campaign to lay the groundwork for a potential 2024 "unity" ticket — which would feature one Democrat and one Republican. Democrats and media outlets <u>have been raising alarms</u> that the move could undermine President Joe Biden and help elect a Republican.

Compared to moneyed groups' previous failed efforts to field alternate candidates, the No Labels initiative is more ambitious, secretive, and corrupt: Under the guise of bipartisan consensus, the corporate influence machine is buying its own national ballot line, funded by ultra-wealthy, anonymous donors.

Thanks to a 2010 court ruling, No Labels doesn't have to disclose anything about who's funding its campaign. It's also planning to employ a top-down candidate selection process:

No Labels has <u>indicated</u> that candidates would be chosen by a group of people handpicked by the organization, which has close ties to corporate lawmakers like Sens. Joe Manchin (D-W.Va.), Kyrsten Sinema (Ind.-Ariz.), and Susan Collins (R-Maine).

Now, as No Labels pursues its own nationwide ballot line, experts say the group will likely never have to reveal to the public who's financing the effort — not even if the organization does decide to field a presidential ticket.

Of course, the Democratic and Republican political parties have both become increasingly reliant on dark pools of outside cash to help elect their politicians. But the official party committees must still regularly file public reports detailing their donors and expenditures.

No Labels, by contrast, is a tax-exempt nonprofit and is not required to publicly disclose its donors — even as it's reportedly spending tens of millions getting ready to run candidates on the "No Labels Party" line around the country.

A spokesperson for No Labels did not respond to a request for comment.

#### Low Risk Of Corruption

Long funded by <u>billionaire investors and corporate executives</u>, No Labels has up until now made its name forging alliances with key lawmakers in Washington — cheering on those politicians and helping raise money for their campaigns as they've pushed policymaking in the Biden era to the right — to the benefit of their corporate donors.

Now, as it gets involved in the 2024 election contest, No Labels' strategy can be traced back to a 2010 court ruling and a subsequent 2014 Federal Election Commission (FEC) decision that concluded nonprofits seeking to draft federal candidates are not considered political committees until they officially nominate a candidate.

What that means, in practice, is that dark money groups do not have to disclose their donors or expenses as they work to procure ballot access around the country and consider potential candidates.

The stage was set for this development in the lead-up to the 2008 presidential campaign, when a group called Unity08 pushed a plan to obtain ballot access and field a <u>unity ticket</u> — and raise unlimited contributions to fund the effort.

With Law and Order actor Sam Waterston as its spokesman, the group said it planned to host a political convention on its website to nominate presidential candidates — with the idea being that Americans in the "fed-up middle" would rush to support politicians who were less ideological than those in the two major parties.

When the FEC <u>said</u> that Unity08 needed to register as a political committee and comply with contribution limits, Unity08 <u>sued</u> the agency. The group ended up abandoning its ballot access program, <u>blaming</u> the FEC for hamstringing its efforts, and continued its fight in the courts.

In 2010, the U.S. Court of Appeals for the District of Columbia Circuit <u>ruled</u> in favor of Unity08, citing a prior 1981 <u>decision</u> involving a union that funded several "draft groups" encouraging Sen. Ted Kennedy (D-Mass.) to run for president.

The 2010 ruling found that organizations that seek to obtain ballot access and draft undetermined candidates do not have to register as political committees and comply with FEC regulations until they select a candidate for federal office.

The judges argued that such a scenario would not pose much risk of corruption.

"Of course under Unity08's plans, potential donors can anticipate that in due course nominees will emerge and be able to benefit from the ballot access that Unity08 will have by then secured," they wrote. "The nominees might feel grateful or even beholden toward donors who effectively conferred such ballot access."

However, the judges downplayed concerns that this would allow for "quid pro quo" corruption, reasoning that "Unity08's proposed method of generating nominees was such that neither donors nor candidates would know at the time of the donations which candidate would ultimately benefit from the group's convention."

A few years later, the FEC blessed a similar plan from Americans Elect — another centrist group proposing a bipartisan <u>unity ticket</u> selected via an online convention. While Unity08 was a 527 political group that <u>disclosed</u> its donors, Americans Elect was a dark money nonprofit, like No Labels is today.

FEC commissioners <u>unanimously voted</u> in 2014 to "find no reason to believe that Americans Elect, a nonprofit organization, was required to register with the commission as a political committee."

Americans Elect reportedly raised \$35 million as part of its 2012 unity ticket plan, but shut down after announcing that no candidate had reached the national support threshold needed to participate in its online convention. (Former Republican Louisiana governor Buddy Roemer came closest with 5,979 votes, but that was still 4,000 short of the minimum.)

Although *New York Times* columnist Tom Friedman <u>reported</u> that Americans Elect was "financed with some serious hedge-fund money," <u>taxrecords show</u> the group only raised \$8 million from 2010-12. The effort was primarily funded with <u>\$23 million</u> in defaulted loans from its chairman, the late billionaire venture capitalist Peter Ackerman.

## A Front For Wealthy Interests

Thanks to the precedent set by Unity08 and Americans Elect, No Labels will not have to register as a political committee with the FEC and begin disclosing its donors until the organization selects a candidate for federal office.

The goal is to put forward a national unity ticket, though the group has said it could also back House and Senate candidates. The group plans to hold a nominating convention in Dallas in April 2024.

But even then, the No Labels Party would only need to disclose its donors moving forward and not retroactively, according to Brendan Fischer, a campaign finance lawyer and deputy executive director at the watchdog group Documented.

"No Labels can avoid registering with the FEC or disclosing its donors because it has not yet nominated a candidate, and has been careful to say that it may not even nominate a candidate at all," said Fischer. "That means that the public may never know who is behind the \$70 million spending blitz that could reshape the 2024 election."

No Labels has <u>framed</u> its ballot access campaign as "an insurance policy in the event both major parties nominate presidential candidates that the vast majority of Americans don't want," explaining that the organization "itself will not run a candidate, but we will have the launching pad, specifically in the form of ballot access across the country."

Its process for selecting candidates, however, appears fairly simple and substantially more controlled than past unity ticket efforts, which involved seeking out <u>hundreds of thousands</u> or <u>millions</u> of Americans to vote for potential presidential nominees on a website.

No Labels <u>says</u> it will select "a diverse and distinguished group of Americans who will serve on a formal nominating committee" to vet and determine candidates. Those candidates would then be ratified by No Labels delegates at its convention.

This does not sound like a particularly high bar to clear.

And unlike its predecessors, No Labels is already a well-known corporate influence operation. Originally launched in 2010, the organization has significant sway with conservative Democrats and moderate Republicans.

While No Labels <u>characterizes</u> itself as "the voice for the great American majority who increasingly feel politically homeless," the organization is best understood as a front for Wall Street and other corporate interests who want to affect policy.

Major donors to No Labels have included billionaires in the private equity, hedge fund, real estate, and oil and gas industries, according to a leaked donor list obtained by the <u>Daily</u> <u>Beast</u> in 2018. The group has <u>also courted</u> Republican mega-donors.

No Labels' CEO, Nancy Jacobson, was a <u>fundraiser</u> for both Bill and Hillary Clinton, while her husband, corporate consultant Mark Penn, was a top Clinton campaign advisor. The group is <u>co-chaired</u> by <u>lobbyist</u> and former Sen. Joe Lieberman (Ind.-Conn.), as well as ex-Maryland Gov. Larry Hogan (R). Manchin and Collins are "honorary co-chairs."

No Labels also sponsors the Problem Solvers Caucus in the House of Representatives — an influential group of lawmakers from both parties that pushes supposedly bipartisan policy solutions in Congress.

In the first two years of President Joe Biden's first term, No Labels played a key role in helping gut the Democratic Party's legislative agenda.

The organization worked closely with conservative Democrats — including Manchin and Sinema in the Senate and Problem Solvers Caucus co-chair Josh Gottheimer (D-N.J.) in the House — to slow and ultimately block the Build Back Better Act, Biden's anti-poverty, health care, and climate spending package, which would have been financed with higher taxes on the wealthy and corporations.

No Labels also <u>boosted</u> Manchin and Sinema for opposing efforts by Democrats to end or reform the Senate filibuster. The rule, which requires 60 votes to pass most legislation, <u>functions</u> as corporate America's kill switch over any bills that affect their interests.

As a result, last session, Republicans successfully filibustered a <u>measure</u> to force the disclosure of dark money donors as well as the Democratic Party's <u>voting rights</u> legislation.

In a leaked 2021 audio recording obtained by <u>The Intercept</u>, Jacobson, No Labels' CEO, spoke candidly about working to raise \$20 million worth of direct campaign contributions for allied lawmakers in order to "reward" them for voting in lockstep with the organization.

In February, No Labels held a strategy conference in Miami with corporate-friendly lawmakers, including Collins, Manchin, and Sinema.

"The session featured robust discussions surrounding the most pressing issues facing America ranging from the debt ceiling to immigration," the group wrote in a press release.

### "I Don't Rule Myself Out"

No Labels is now working to secure federal ballot access in every state and D.C. So far, the group has <u>made the ballot</u> in Alaska, Arizona, Colorado, and Oregon.

Democrats in Arizona <u>have raised the possibility</u> that Sinema might run for reelection next year on the No Labels ballot line.

No Labels has not yet laid out its stances on most major political issues. Its <u>website</u> instead features messages about how politicians "need to listen more to the majority of Americans and less to extremists on the far left and right," and that "America isn't perfect, but we love this country and would not want to live any place else."

However, the group does declare, "We support, and are grateful for, the U.S. military."

This summer, No Labels says, it "will release our Commonsense Policy agenda, which articulates common sense solutions — supported by a broad majority of Americans — to some of America's toughest problems."

The organization additionally says it will only offer a ticket if "neither the Democratic nor Republican party presidential nominees embrace or embody the values and commitments expressed in the No Labels mission statement."

That mission statement says that Americans should "have the choice to vote for a presidential ticket that features strong, effective, and honest leaders who will commit to working closely with both parties to find common sense solutions to America's biggest problems."

If that all sounds exceedingly vague, there may be a good reason for it.

As Fischer, the campaign finance lawyer, points out, the lack of specifics from No Labels about its policy platform and what it hopes to see from the Democratic and Republican presidential nominees leaves plenty of room for dealmaking.

"At this point, No Labels isn't saying what 'values and commitments' they are looking for from a major party candidate," said Fischer. "This raises the specter of No Labels officials or donors using this leverage to extract backroom concessions."

In recent interviews, Manchin has refused to rule out running for president in 2024 on the

No Labels ballot line, and praised the group's strategy.

"If enough Americans believe there is an option and the option is a threat to the extreme left and extreme right, it will be the greatest contribution to democracy, I believe," Manchin told the Washington Post, adding: "I don't rule myself in and I don't rule myself out."

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Featured image: A 2011 rally hosted by No Labels on Capitol Hill in Washington, D.C. (AP Photo/Jacquelyn Martin)

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