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April 18, 2016

BY EMAIL & U.S. MAIL

Honorable Debbie Wasserman Schultz, Chair
Democratic National Committee
430 South Capitol Street, SE
Washington, DC 20003

Re: **Hillary Victory Fund**

Dear Chairwoman Wasserman Schultz:

On behalf of our client, Bernie 2016, Inc. ("Bernie 2016"), I am writing to convey some extremely serious concerns that Bernie 2016 has regarding activities currently being conducted through the Hillary Victory Fund, the joint fundraising committee created by the Democratic National Committee (the "DNC") and Hillary for America ("HFA").¹

The Hillary Victory Fund has reported receiving several individual contributions in amounts as high as \$353,400 or more, which is over 130 times the \$2,700 limit that applies for contributions to Secretary Clinton's campaign.² Bernie 2016 is particularly concerned that these extremely large-dollar individual contributions have been used by the Hillary Victory Fund to pay for more than \$7.8 million in direct mail efforts and over \$8.6 million in online advertising,³ both of which appear to benefit only HFA by generating low-dollar contributions that flow only to HFA, rather than to the DNC or any of the participating state party committees. This issue was raised a couple of months ago in a Washington Post

¹ Based on publicly available FEC disclosure reports, it appears that the Hillary Victory Fund was created on September 10, 2015, to raise funds jointly on behalf of HFA, the DNC, as well as 32 state Democratic party committees.

² It appears that HFA receives the first \$2,700 of any contribution to the Hillary Victory Fund.

³ The Hillary Victory Fund's most recent FEC disclosure report, which was just filed on April 15, 2016, covering the period of January 1, 2016, through March 31, 2016, reveals expenditures by the Hillary Victory Fund in excess of \$5.4 million on direct mail (in addition to the more than \$2.4 million previously reported for the last three months of 2015) and over \$6.7 million in online advertising (in addition over \$1.9 million previously reported for the last quarter of 2015).



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article focusing on the Hillary Victory Fund's late 2015 activities. Now that we know this activity has not only continued but has grown to staggering magnitudes, it can no longer be ignored.⁴

One data point from the Hillary Victory Fund's most recent FEC disclosure report that starkly demonstrates how the joint fundraising committee is currently receiving contributions from "low-dollar" donors is that in just three months the Hillary Victory Fund received nearly \$12 million in "unitemized" contributions, which are contributions from donors whose total contributions have not exceeded \$200.⁵ It is of grave concern that the Clinton joint fundraising committee appears to be using funds raised by "big-dollar" donors to fund activities that yield contributions and support that only provide benefit only to HFA.⁶ Moreover, the joint fundraising committee may effectively be subsidizing HFA's "donor acquisition" efforts, because HFA is now able to re-solicit these small-dollar donor over-and-over again.

Bernie 2016 is concerned that, at best, the joint fundraising committee's spending on direct mail and online advertising appears to represent an impermissible in-kind contribution from the DNC and the participating state party committees to HFA. At worst, using funds received from large-dollar donors who have already contributed the \$2,700 maximum to HFA may represent an excessive contribution to HFA from these individuals.

Finally, the Hillary Victory Fund's FEC disclosure reports indicate that all of the joint fundraising committee's \$2.6 million in spending for salaries and overhead expenses so far has been in the form of reimbursement to HFA for providing these services. This fact raises equally serious concerns that joint committee funds, which are meant to be allocated proportionally among the participating committees, are being used to impermissibly subsidize HFA through an over-reimbursement for campaign staffers and resources.

Bernie 2016 strongly believes that these serious apparent violations should cease immediately. We look forward to your response to our concerns.

Sincerely,

Brad C. Deutsch
Counsel to Bernie 2016

Cc: Amy Dacey
DNC, CEO

⁴ Washington Post, February 20, 2016, Democratic Party Fundraising Effort Helps Clinton Find New Donors, Too, *available at* https://www.washingtonpost.com/politics/democratic-party-fundraising-effort-helps-clinton-find-new-donors-too/2016/02/19/b8535cea-d68f-11e5-b195-2e29a4e13425_story.html.

⁵ In its previous FEC report covering the last three months of 2015, the Hillary Victory Fund reported nearly \$4 million in unitemized contributions.

⁶ In its 2016 Q1 FEC report, the Hillary Victory Fund reported 14 donors who contributed \$353,400 or more, for a total of \$4,950,300.



Robert Bauer, Esquire
DNC, General Counsel

Ms. Elizabeth Jones
Hillary Victory Fund, Treasurer

Mr. Brad Marshall
Bernie Victory Fund, Treasurer