

Confronting the Cost of Trump's Corruption to American Families

By Sam Berger, Liz Kennedy, and Diana Pilipenko June 2018



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Introduction and summary

One of the few constants throughout the Donald J. Trump administration has been corruption. Since his first day as president, when Trump took the wholly unprecedented step of refusing to divest¹ from his private businesses, his administration has been characterized by an unending effort by him, his family, and his senior advisers to abuse their political power for personal gain.

Of course, those efforts started long before Trump was elected; in just one example, Trump had the federal government pay him more than \$1.5 million² for the Secret Services' use of his private plane during the campaign. These efforts to enrich himself and those around him continued through the inauguration, in which Trump abandoned past practice to allow for unlimited donations from wealthy individuals and corporations so he could raise record sums—reportedly more than \$107 million. He then used that money to help his friends, including paying a company owned by Melania Trump's friend and senior advisor, \$26 million³ to help plan the event. To this day, some of the money raised still has not been accounted⁴ for.

In one near-constant reminder of Trump's flouting of ethical requirements, he has maintained ownership of a downtown Washington, D.C., hotel that he rents from the government, effectively acting as both tenant and landlord. The hotel has become a hot spot⁶ for foreign dignitaries seeking to win favor with the new administration. And Trump uses the government to promote his properties, including his Mar-a-Lago resort where membership fees doubled to \$200,000 one year after he won the presidency, giving members the chance to potentially influence the president for the cost of a membership.

Those in Trump's orbit have also benefited from newfound power. Jared Kushner, Trump's son-in-law and senior adviser, was able to obtain sizeable loans¹⁰ for his own debt-ridden real estate business after holding meetings with a private equity fund and a bank at the White House. In the case of that private equity fund, there was reportedly even discussion of its founder getting a position in the White

House.¹¹ Reports now indicate that the heavily indebted flagship Manhattan property owned by Kushner's family will be rescued by an infusion of millions of dollars from a company linked to the government of Qatar.¹² The president's personal lawyer, Michael Cohen, accepted millions of dollars from foreign and domestic corporations through a shell company he established a month before the 2016 election.¹³ He promised access to the president to at least one corporation, and received more than half a million dollars from an entity closely tied to a sanctioned Russian oligarch after meeting with that oligarch in Trump Tower.¹⁴ He also reportedly received a secret payment of at least \$400,000 to set up a meeting between the Ukrainian president and Trump¹⁵ and solicited \$1 million from the government of Qatar, which Qatar declined.¹⁶

Then there's Carl Icahn, the financier with wide-ranging financial interests, who served as Trump's special adviser on issues relating to regulatory reform. While Icahn was an adviser to the president, he did not get paid by the White House, and thus argued he need not divest from his businesses¹⁷—much like the president. Yet he used his authority to try to advance his business interests, ¹⁸ seeking regulatory changes that would help him and hurt competitors. Icahn eventually left his White House position due to scrutiny of his activities and is currently under federal investigation¹⁹ for his actions.

These actions, and many more, send a clear signal: In the Trump administration, corruption is not just accepted, it is encouraged. Trump has created a culture of corruption, where it's expected that those with public power will wield it for private gain. And this culture has, in turn, attracted those who are themselves corrupt and seeking to profit from this opportunity.

This culture of corruption has wide-ranging effects. When the interests of the politically connected are put first, it's at the expense of people without the means to pay for lobbyists in Washington. When the interests of foreign governments are put first, it's at the expense of America's safety. And when the priorities of elected leaders are shaped only by those with money or power, then the needs of the American people remain unmet.

A culture of corruption also weakens society as a whole. It leads to a perverse set of incentives, where those who are corrupt advance, while those who are honest are forced out of positions of power. It incentivizes incompetence among public officials because people are judged not by their ability to do their job, but rather on their ability to conceal or participate in unethical, and even illegal, behavior.

Moreover, it weakens the societal trust that is the cornerstone of a robust economy and civil society.

As then-FBI Director Robert Mueller noted²⁰ more than seven years ago when discussing the cost of corruption in the context of public officials colluding with organized crime:

You might pay more for a gallon of gas. You might pay more for a luxury car from overseas. You will pay more for health care, mortgages, clothes, and food. Yet we are concerned with more than just the financial impact. These groups may infiltrate our businesses. They may provide logistical support to hostile foreign powers. They may try to manipulate those at the highest levels of government. Indeed, these so-called 'iron triangles' of organized criminals, corrupt government officials, and business leaders pose a significant national security threat.

Given these far-reaching effects, it is critical to both understand the magnitude of the threat, as well as the steps we can take to combat it. This report examines the risks to our national security, economic well-being, and national priorities posed by a culture of corruption. Consider that this culture of corruption has:

- Left the United States unwilling to fully confront and thwart Russian aggression
- Resulted in the interests of the Turkish government being put before those of the United States
- Exacerbated tensions in the Middle East
- Led to efforts to help payday lenders by increasing borrowers' costs by \$6 billion a year²¹
- Spurred efforts to help politically connected coal companies by increasing consumers' electricity costs by up to \$11.8 billion each year²²
- Created a political system hyperfocused on giving huge tax breaks to wealthy
 donors and large corporations at the expense of programs such as Medicare,
 Medicaid, and Social Security
- Resulted in regulatory giveaways to corporations that will cost workers \$1.2 billion in overtime pay²³ and \$17 billion in retirement savings each year²⁴

The report also examines how corruption weakens U.S. government and critical societal bonds, leading to millions of dollars in wasteful spending and incompetence at the highest levels of power. This report shows that corruption is just as corrosive for businesses as government. It also explores the serious anticorruption measures that successful businesses insist upon and asks why the same should not be expected from elected officials and political appointees. Finally, the report ends with recommendations—concrete steps that can be taken to stop the most pernicious aspects of Trump's culture of corruption and prevent them from continuing to cost American families now and into the future.

Corruption creates national security risks

Trump's culture of corruption poses serious risks to the nation's security. The president and his senior advisers deal with issues that have effects across the globe—in making those decisions, it is critical that they do so based on America's national interests. But the Trump administration—has on numerous occasions—seemed to do the opposite; shaping foreign policy based on what is in their personal interests, or those of foreign benefactors.

Take the Trump administration's response to Russia's attack on the U.S. electoral system. The American intelligence community unequivocally determined²⁵ that Russia interfered in the 2016 presidential election to aid Donald Trump. In response, then-President Barack Obama issued²⁶ sweeping sanctions to punish Russia for its interference.

Trump, however, has continually sought to roll back Russian sanctions. In the immediate aftermath of Obama's sanctions, while still president-elect, Trump's designee for national security adviser, Lt. Gen. Michael Flynn, contacted Russia and told them not to escalate²⁷ in response to the sanctions. Senior U.S. officials viewed that effort as a signal to the Kremlin that it could expect a reprieve from the Obama imposed punishment. Flynn later pleaded guilty to lying to the FBI²⁸ about his conversations with Russia.

Shortly after Trump became president, the White House sought²⁹ to lift sanctions against Russia for its illegal annexation of Crimea and invasion of Eastern Ukraine. Later, Trump fought³⁰ congressional efforts to codify and expand the Obama sanctions and prevent him from weakening them. After Congress nearly unanimously passed the sanctions legislation, the Trump administration repeatedly undermined³¹ the bill's implementation, before finally moving forward³² with a delayed and incomplete sanctions package against a select group of Russians who interfered in the election. Even after taking this legally required action, Trump later walked back³³ further Russian sanctions that his own U.N. ambassador said would be issued and declared that there would be no further sanctions levied against Russia without a triggering event.

The Trump administration's foot-dragging ignores a present danger that must be addressed. For its part, Russia continues to target the United States³⁴ in cyberspace, including probing ways to attack American infrastructure such as U.S. nuclear power plants, electric grids, and election infrastructure. Trump's own director of national intelligence has told the U.S. Senate Select Committee on Intelligence that "the United States is under attack."35 But because the Trump administration has taken only limited steps to counter that aggression and has actively undermined efforts by Congress to do so, the United States is inviting further attacks. As Adm. Mike Rogers, Trump's director of the National Security Agency said, 36 "my concern is, I believe that President Putin has clearly come to the conclusion there's little price to pay here, and that therefore I can continue this activity." And it's not just Russia: The lack of effective countermeasures will encourage other adversaries to probe our defenses, including China and North Korea.

Trump is not the only government official who has appeared to let personal interests cloud his judgment when it comes to national security affairs. After Flynn was forced to resign as national security adviser, it came to light that he had been paid more than \$500,000³⁷ to secretly advocate for the interests of Turkey, including while he was on the Trump campaign. He seemingly continued to advocate for positions beneficial to Turkey during the presidential transition and into Trump's presidency; case in point, Flynn blocked³⁸ an effort to arm Syrian Kurds in order to combat the Islamic State group (IS), a decision that was in line with the Turkish government's strong opposition to arming the Kurds. Apparently, others in the administration thought the effort would be important to combatting IS, since after Flynn was forced out of the White House, the administration moved forward with the plan.³⁹

White House Senior Adviser Jared Kushner—the president's son-in-law—has raised similar concerns about where his loyalties lie. In one striking instance, his real estate business interests may have influenced his foreign policy positions, threatening to destabilize an already challenging situation in the Middle East. As widely reported, Kushner's real estate company is facing a \$1.2 billion debt⁴⁰ for a Manhattan building it owns, and he has been meeting with potential foreign sources of funding to try and make the payment. Reportedly, Kushner's real estate company had sought a \$1 billion investment from Qatar's minister of finance, funding that was not provided. 41 Just weeks after declining the funding request, Trump unexpectedly sided with Saudi Arabia and the United Arab Emirates in a blockade of Qatar, contrary to the views⁴² of his own departments of State and Defense. Kushner was reportedly⁴³ a major supporter of the blockade, raising

questions as to whether his push to ignore Middle East experts and foster tension in the volatile region—potentially putting U.S. troops at risk⁴⁴—was a product of his policy views or payback for Qatar's business decisions. Subsequently, the Qatari government considered sharing information with Department of Justice (DOJ) special counsel Robert Mueller about Kushner's actions,⁴⁵ but decided not to given the fact that talks with the United States had been productive, meaning that they too could potentially have leverage over Kushner in the future.

In a further development, it is now being reported that Kushner Companies will be bailed out by a company co-owned by the government of Qatar,⁴⁶ and that U.S. foreign policy toward Qatar happens to correspond with Qatar's disposition toward helping the Kushner family.⁴⁷ This type of leverage over a U.S. official by a foreign government is exactly the type of situation that creates significant security risks, which is why U.S. counterintelligence officials are particularly concerned by these types of relationships. In addition to countries in the Middle East, it has been reported that officials in China, Israel, and Mexico have also discussed how to take advantage of Kushner in light of his financial difficulties and varied business holdings.⁴⁸

Corruption threatens the economic security of hardworking families

The culture of corruption threatens not only the country's national security, but also the economic security of millions of Americans. When special deals are given to the politically connected, it's everyday consumers who frequently pay the price.

Consider the Trump administration's efforts to help major campaign donor Bob Murray, who heads Murray Energy Corporation, one of the largest coal companies in America. Murray, through his company and its political action committee (PAC), gave hundreds of thousands of dollars⁴⁹ to help elect Trump, including a donation of \$100,000 to support Trump's campaign the day before sending layoff notices to 4,400 workers. After Trump was elected, Murray's support continued; he gave \$300,00050 to the president's inauguration and his company gave a Trump super PAC \$1 million.⁵¹ Murray's company did so in August of 2017, the same time Murray was asking $^{\rm 52}$ the administration to use an emergency authority to prop up FirstEnergy Solutions, an energy company that bought billions of dollars in coal from him—and without which he said his company would go bankrupt.⁵³

Murray has seen action on a number of his political priorities. Shortly after Trump was elected, Murray gave the administration a wish list⁵⁴ of regulatory rollbacks he wanted that were focused on undoing clean air and water protections. While the Trump administration has done next to nothing⁵⁵ to help working- or middle-class Americans, it has delivered on the vast majority of items on Murray's list. One particularly egregious effort was Murray's request⁵⁶ to Secretary of Energy Rick Perry to subsidize specific companies, including FirstEnergy Solutions, at the cost of billions of dollars⁵⁷ to American consumers.

Murray's proposal to subsidize select coal and nuclear power plants would have upended U.S. energy markets⁵⁸ by favoring less profitable companies—resulting in higher electricity prices for consumers. Despite these huge downsides, Perry did everything in his power to put the proposal in place, claiming it was necessary as a result of a crisis in the nation's energy grid that his own agency had shown did not exist.⁵⁹ The Perry/Murray proposal would have benefited only a handful of

companies⁶⁰—the vast majority of the benefits would go to roughly 10 companies, although it could have been fewer—including FirstEnergy Solutions, and thus Murray Energy. All told, the plan would increase annual consumer costs from \$300 million to \$11.8 billion a year,⁶¹ without improving the quality of the grid or providing customers with better service.

Ultimately, the tremendous outcry⁶² from diverse stakeholders—including wind, solar, energy storage, natural gas, and petroleum industry trade groups—stopped Perry's proposal as they petitioned the independent Federal Energy Regulatory Commission, which rejected⁶³ the proposal. Murray made clear where he placed the blame for the failure to prop up one of his best customers, saying, "there are folks in the administration that have their own agenda, rather than President Trump's. There are some staffers who have gone contrary to the wishes of our president." ⁶⁴

Not to be outdone, Murray has continued to seek a different bailout from the Department of Energy to keep his customer afloat. ⁶⁵ FirstEnergy Solutions has also gotten into the act, paying more than \$300,000 to a lobbyist who formerly ran Perry's presidential campaign in 2016 and helped sheperd him through his confirmation as secretary of energy to make its case for a bailout. ⁶⁶ This lobbyist also is a big supporter of a Trump super PAC, which led to an invitation for him to attend a dinner with Trump; the next day, Trump mentioned the possibility of a bailout for FirstEnergy Solutions in a campaign speech in West Virginia. ⁶⁷ And as this report was going to print, Trump directed Perry to prepare to use emergency authority to move forward with this new bailout, which would drive up energy prices for millions of Americans.

Payday lenders have also benefited from Trump's culture of corruption, successfully lobbying the Trump administration for favors after giving large amounts of money to Trump and other top officials. Payday lenders and auto title lenders, who frequently charge exorbitant interest rates in excess of 300 percent annually, take around \$8 billion⁶⁸ in fees and interest from struggling families every year. After Trump's election, the nation's largest payday lender gave \$250,000⁶⁹ to his inauguration and another payday lender gave \$25,000; the owner of the largest title lender gave \$1 million between him and his wife. The payday lending industry even decided⁷⁰ to hold its annual four-day retreat at the Trump National Doral Golf Club. Mick Mulvaney, director of the Office of Management and Budget and Trump's choice to head the agency that regulates payday lenders, also

received financial support from the industry. Before moving into the executive branch, Mulvaney received nearly \$63,000⁷¹ from payday lenders while he was a congressman.

Trump's appointment of Mulvaney as head of the Consumer Financial Protection Bureau (CFPB), which regulates payday lenders, was a huge gift to the industry. Mulvaney has been clear about the importance of campaign contributions in his policymaking; while head of CFPB, he told a group of bank executives, "we had a hierarchy in my office in Congress. If you were a lobbyist who never gave us money, I didn't talk to you. If you were a lobbyist who gave us money, I might talk to you."72 And Mulvaney has long been a major supporter of payday lenders, repeatedly voting⁷³ to undermine laws to regulate the industry while in the state legislature and U.S. Congress. Mulvaney even advocated⁷⁴ for the CFPB to create an advisory board made up of "non-bank lenders, including payday lenders" so that they could have greater influence over the agency's rules.

Since taking over the CFPB, Mulvaney has taken a wide range of steps to help payday lenders at the expense of consumers. He ended⁷⁵ a four-year investigation into payday lender World Acceptance Corporation, which had previously given him \$4,500 in donations, and declared no enforcement actions would be brought. He dropped another case against payday lenders who provided loans with interest rates as high as 950 percent a year. 76 Mulvaney is considered such a friend of the industry that a former head of a payday lender that had been under CFPB investigation actually reached out⁷⁷ to him to ask that she be considered for the position of head of the agency. But the biggest giveaway to industry could be Mulvaney's move to reconsider⁷⁸ a major rule regulating the worst abuses of payday lenders. The rule has been estimated to save individual borrowers more than \$530 a year,⁷⁹ totaling around \$6 billion⁸⁰ for the 12 million people who would be affected. And payday lenders are not the only campaign donors Mulvaney has gone easy on. He also halted⁸¹ CFPB's investigation into the Equifax data breach that put the personal data of millions of people at risk, after previously receiving thousands of dollars⁸² in campaign contributions from Equifax's PAC. And Mulvaney has threatened to hide the CFPB's public complaint database, which tracks complaints against financial companies; 19 of the 30 companies with the most complaints had previously contributed to Mulvaney, totaling \$140,500.83

Corruption warps policy priorities to favor the politically connected

In addition to specific instances of favoritism, corruption leads to misplaced priorities from lawmakers. Constantly surrounded by donors, and constantly seeking to please them in order to obtain further contributions, politicians can adopt the priorities of the very wealthy as their own.

Take the recently passed tax bill. Originally touted⁸⁴ as a means of helping the middle-class, the final bill was a massive boon for the wealthiest Americans. It creates a number of new loopholes and special rates⁸⁵ for the well-connected. In 2018 alone, the top 1 percent of Americans by income will receive an average tax cut of more than \$50,000.86 And in 2027— after individual tax cuts expire but the permanent corporate tax cuts remain—83 percent⁸⁷ of the gains from the bill go to the wealthiest 1 percent of Americans. Meanwhile, the bill would actually increase taxes on 92 million⁸⁸ working and middle-class families by 2027. And to help pay for these cuts, the bill would result in 13 million more uninsured Americans⁸⁹ by 2025 and increase premiums in the individual insurance market by 10 percent in 2019, a nearly \$2,000 increase⁹⁰ for a typical middle-class family.

The drafters of the bill were not subtle about why they pushed for the legislation. As Rep. Chris Collins (R-NY) noted: "My donors are basically saying, 'Get it done or don't ever call me again." Sen. Lindsey Graham (R-SC) had a similar sentiment, saying that failure to pass the tax bill would mean "the financial contributions will stop." 92 And those contributions are substantial: In the calendar year before the tax bill passed, corporate PACs, corporate executives, and other corporate employers gave more than \$27 million⁹³ to House members on the committee charged with writing tax policy. The Senate committee that works on tax policy got even more, as corporate sources gave more than \$215 million⁹⁴ to members of the Senate Finance Committee since 2013.

Taxes are not the only area in which political leaders put the interests of the powerful before everyone else. President Trump has touted⁹⁵ deregulation as one of his primary achievements; he claims to be cutting red tape in order to jumpstart the economy and create jobs. But a closer examination of the regulations he has

targeted show that his actions have frequently hurt the very people he claims to want to help. He has abandoned overtime protections that ensure 12.5 million people⁹⁶ are paid when they work overtime; as a result, American workers will see a \$1.2 billion pay cut⁹⁷ each year. He has looked to eliminate rules that prevent financial advisers from cheating their clients; without these protections, retirement savers could lose \$17 billion each year 98 from conflicted financial advice. And Trump tried to eliminate a regulation that prevents employers from stealing their workers' tips, which could have cost workers nearly \$6 billion each year; 99 however, Congress passed a law 100 preventing the tip-stealing. In each of these cases, the Trump administration has sided with powerful business interests against everyday Americans, putting their wages and savings at risk.

In the most egregious circumstances, Trump has put supporters of politically connected companies directly into powerful government jobs. The Trump administration has appointed scores of former industry lobbyists to positions that regulate those industries¹⁰¹ with predictable results.

One example is Daniel Elwell, a former lobbyist for American Airlines and an executive for the industry trade group Airlines for America (A4A). While Elwell was at A4A, the lobbying group repeatedly sought¹⁰² to prevent the Department of Transportation (DOT) from moving forward with a rule 103 requiring airline carriers to clearly disclose to customers ancillary costs, such as baggage fees, when selling them a ticket.

During the Obama administration, the industry was unable to stop the rule, which began moving forward shortly before the end of the administration. Obama's DOT argued¹⁰⁴ that information on baggage fees, which cost consumers \$4.6 billion in 2017, 105 would help consumers know how much they are paying for tickets and waste less time trying to determine the amount of hidden fees. With the beginning of the Trump administration, however, A4A and the rest of the industry suddenly had a more sympathetic ear for their concerns that disclosing the fees would be too costly for them. Elwell, fresh off of lobbying for the group, was named¹⁰⁶ to the DOT's Regulatory Reform Taskforce and senior adviser for aviation to the secretary of transportation. The Trump administration subsequently decided to delay—and then kill¹⁰⁷—the baggage fee disclosure rule. After the proposal was killed, Elwell was promoted¹⁰⁸ to deputy administrator of the Federal Aviation Administration, which oversees aviation safety and air traffic control services. The Trump administration is now opposing a Senate bill that would prohibit unreasonable airline fees, including baggage fees, as well as provide other new consumer protections. 109

Corruption leads to waste and incompetence in government

Corruption breeds waste and incompetence among those in power. Public officials more concerned with furthering their own ends instead of the public good are more likely to waste taxpayer money on themselves, and to select and promote staff that support their corrupt efforts rather than who are best able to perform the duties of their job.

The president is a perfect example of this phenomenon. Trump's travel costs over his first year in office exceeded \$13 million. 110 While every president travels as part of the job, Trump is unique in that most of his travel is to properties that he owns, and from which he profits when people stay there. Over his first year in office, he spent a third of his time visiting properties he owned, including golf courses and hotels.¹¹¹ His trips to Mar-a-Lago, his resort in Florida, cost taxpayers \$6.6 million in flight costs alone. 112 He's made 105 visits to golf courses, at an estimated cost to taxpayers of more than \$67 million. 113 By Thanksgiving, the Secret Service has spent more than \$69,000 on golf car rentals.¹¹⁴ And Trump's resort at Mar-A-Lago was even briefly promoted on a government website before criticism of the move caused it to be taken down.115

Trump's lack of regard for taxpayer money has been reflected in his senior advisers. His Cabinet has wasted more than \$2.8 million on extravagant expenses for themselves and their friends, more than 47 times what the average American family makes. 116 Former Secretary of Health and Human Services Tom Price spent more than \$1 million traveling on military and charter planes. 117 Some of these trips seemed highly questionable, as when he took a jet to Tennessee to tour a facility and speak at a local health summit, as well as found time to have lunch with this son, who lives there. 118 Price was forced to resign when investigative reporters discovered the cost of his trips.

Secretary Price is far from alone in Trump's Cabinet. Secretary of the Treasury Steve Mnuchin has spent more than \$1 million on flights¹¹⁹—and even tried to use a military plane for his honeymoon. ¹²⁰ Secretary of the Interior Ryan Zinke spent \$139,000 on new doors for his office¹²¹ and tens of thousands of dollars on charter planes¹²² and helicopter rides. ¹²³ Former Secretary of Veterans Affairs David Shulkin spent more than \$120,000 on a trip to Europe that included more sightseeing than business.¹²⁴ Shulkin lied to reporters about the trip, plus a staffer falsified documents and misled ethics officials. Secretary of Housing and Urban Development Ben Carson spent \$31,000 on a dining set for his office, lied about it, and is now trying to undo the purchase. 125

Perhaps showing the greatest disdain for the American taxpayer is Environmental Protection Agency (EPA) Administrator Scott Pruitt, who has wasted more than \$500,000 in taxpayer money. 126 He has spent more than \$100,000 on firstclass flights, 127 and, when challenged as to why, said he did so to avoid uncivil conversations with fellow travelers 128—meaning the taxpayers who fund his salary. He has frequently traveled back to his home state, 129 where many think he wants to run for office in the future. 130 He has spent more than \$50,000 upgrading his federal office,¹³¹ and that was after EPA staff denied a proposal to spend \$70,000 to replace two of his desks. 132 The upgrades have included installing a privacy booth in his office, so he could have secret conversations. 133 He has taken a taxpayer funded security detail on his family vacations¹³⁴ and sought to have his motorcade misuse sirens and emergency lights to help him make his dinner reservations on time. 135 And he misused a federal law intended to help the EPA hire expert scientists in order to give three political cronies \$96,000 in raises without congressional or White House authorization. 136

Pruitt even rented a fancy condo from the wife of a major energy lobbyist for below-market rate, having his daughter stay there with him as well.¹³⁷ That lobbyist had previously raised money for Pruitt's state campaigns. 138 The lobbyist had clients with business before the EPA, including one fighting the agency over an order to pay more than \$100 million in environmental clean-up costs. 139 He also made recommendations to Pruitt for appointments to the EPA Science Advisory Board. 140 And, the lobbyist represented the only exporter of liquefied natural gas in the continental United States, 141 a fuel source that Pruitt touted 142 on his \$100,000 trip to Morocco. 143 When the trip to promote fossil fuels abroad was first reported, there was confusion given that fuel exports are outside the purview of the EPA;¹⁴⁴ however, there may have been good reason for Pruitt to want to promote their use given his living situation. It has subsequently been revealed that the Morocco trip was organized by yet another lobbyist friend of Pruitt, who has since begun working for the Moroccan government.¹⁴⁵

Corruption not only leads to the waste and abuse of public funds, it also results in cronyism and incompetence. Those in power become more concerned with so-called loyalty and willingness to support corrupt activities, as opposed to whether an individual can effectively perform their job. New York Magazine writer Jonathan Chait assessed that, "Trump is legitimately excellent at cultivating an inner circle unburdened by legal or moral scruples. These are the only kind of people who want to work for Trump, and the only kind Trump wants to work for him."146

Take Pruitt—he appears to have retaliated against senior political and career staff at the EPA who attempted to limit his most egregious spending. He reportedly had five staffers who challenged his improper behavior demoted, reassigned, or asked to leave the agency. 147 Secretary Carson has had a similar situation, in which a high-ranking agency official was demoted after raising concerns about Carson's expensive office upgrades.¹⁴⁸

A similar ethos seems to have pervaded the White House. Former Staff Secretary Rob Porter, who had access to some of the most heavily classified information in the U.S. government, was forced to leave the White House after it was publicly revealed that he was credibly accused by multiple women of domestic abuse, accusations which prevented him from obtaining a security clearance. 149 In the wake of this scandal, the White House revealed that more than 30 other White House staffers needed to be stripped of access to top secret information because they could not, or had not, passed a federal background check.¹⁵⁰ This included Kushner, who regularly reviewed the president's incredibly sensitive daily intelligence briefing. 151 And let's not forget that Trump's first national security adviser, Lt. Gen. Flynn, was hopelessly compromised from day one, having been on the payroll of the Turkish government and also private companies whose interests he advocated for in his short time in the White House.¹⁵²

Trump's Office of Presidential Personnel, which is responsible for vetting political appointees for positions in government, perfectly illustrates the problems caused by his culture of corruption. The office was understaffed, and some of the individuals who worked there had serious problems of their own, including one individual who has a drunk driving arrest and another who has been arrested for assault. 153 Political and familial connections appear to have trumped competence in selecting appointees; in one case, four family members of a senior official in the personnel office wound up with jobs in the federal government.¹⁵⁴ This cronyism also led to situations in which vastly unqualified people held important jobs, as in

the case of a 24-year-old former Trump campaign staffer, with virtually no work experience, who was tapped to help lead the White House's Office of National Drug Control Policy during the opioid crisis. 155

The effects of this widespread incompetence can be difficult to measure in any given case. But incompetent political appointees do not only put people at risk due to their own inability to effectively perform their jobs, they can also drive away talented career employees with significant experience. The accumulated loss of knowledge and talent throughout government is then felt in a myriad of ways that result in government programs that operate less effectively for Americans and the government being less able to respond to significant or novel challenges facing America.

Corruption is not the norm for businesses in America

During the 2016 presidential campaign, some voters were energized by the prospect of Trump running the government like a business. But despite the commonplace notion that "all rich businesspeople have to do shady things from time to time" to achieve success, Trump's culture of corruption is not the norm in corporate America. 156 Instead, there have been significant efforts by Congress, regulatory bodies, and even corporations seeking to limit the development of such a culture, recognizing how corrosive it can be.

Corporations are held to a high standard of good governance and compliance with laws and regulations prohibiting bribery, insider trading, money laundering, fraud, and conflicts of interest—both in appearance and fact. The standard in corporate law is that any conflicts of interest must be disclosed, and that a party cannot have interests on both sides of the deal without divulging them or else it creates conditions that allow a contract to be voided. Even prior to serving, say, on a board of directors of a company, the prospective director would have to disclose his other business interests, to insure they would not conflict with his duties to the company he would lead.

Most corporations, particularly those that are publicly traded, have vigorous compliance departments charged with preventing violations of such laws as the Foreign Corrupt Practices Act (FCPA), Dodd-Frank Wall Street Reform and Consumer Protection Act, and the Bank Secrecy Act. 157 Beyond compliance with codified norms, there are also financial incentives to act ethically such as stock performance, which inevitably dips with scandals and exposed reputational concerns. Corrupt corporate behavior, ultimately, is myopic, concerned with immediate gain at the expense of long-term performance of the larger organization and its stakeholders.

To carry through the analogy of running the government as a business, herein lies the problem: Trump is running government similar to a business, but it's his own corrupt one. Prior to entering the White House, Trump ran an opaque private

organization not responsible to shareholders or an independent board of directors providing oversight. Even after multiple bankruptcies¹⁵⁸ and assessed moneylaundering fines, 159 there was seemingly little to foster a sense of accountability at the Trump Organization. What's different now is that Trump and his administration are responsible to others—the American people—empowered to exercise their rights.

The Trump administration threatens the progress in the fight against corruption, both in public and corporate spheres. The seeds of this undoing are present in Trump's track record as a businessman. Adam Davidson, 160 who has written extensively on issues of corruption plaguing multiple of Trump's projects, asserted, "I am unaware of anybody who has taken a serious look at Trump's business who doesn't believe that there is a high likelihood of rampant criminality." Trump's lack of due diligence into his international partners and blatant disregard of money laundering indicators has been documented extensively. Since he assumed public office, Trump's children appear to have adopted similar behavior, as they have proceeded at the helm of the Trump Organization. For instance, Donald Trump Jr. has cheekily referred to the "entrepreneurial spirit" when asked about endemic corruption in India, where his organization has multiple developments with unsavory business partners, some connected to the Indian government.¹⁶¹ Such cavalier approach to serious red flags that allude to corruption is an aberrant behavior for a corporation. 162 Unlike the Trump Organization, other U.S.-based real estate developers have tread lightly in such risk-prone jurisdictions, wary of violating the FCPA.¹⁶³

Congress originally passed the FCPA, a federal law prohibiting corporations from bribing foreign officials, in 1977 in response to abuses discovered during the Watergate era. However, it is only in the last decade that the U.S. Securities and Exchange Commission (SEC) and the DOJ have rigorously pursued its enforcement. 164 The law and its implementation have functioned as a cornerstone of the international anti-corruption regime, 165 which has recognized corruption as a key element corroding democratic institutions, 166 undermining economic growth, and driving inequality.¹⁶⁷

By design, the FCPA is concerned with corruption abroad, often in jurisdictions where the rule of law, courts, and regulatory agencies may be underequipped to deal with issues such as graft and abuse of power. 168 It is important to recognize, however, that corruption knows no geographical boundaries and its effects on populations—be they in Kolkata, India, or Kansas City—unfold in the same

manner. In effect, U.S. lawmakers and regulators have been holding corporations accountable, thereby checking greed and conflicts of interest, which could otherwise undermine progress and the well-being of ordinary citizens. Examining a few recent FCPA enforcement actions show the importance of this tool for combatting a culture of corruption.

In November 2016, JPMorgan Chase & Co. agreed to pay more than \$264 million in combined sanctions to several U.S. regulators, including the SEC and the DOJ, to settle charges that it secured business from prospective clients and corruptly influenced government officials in the Asia-Pacific region by giving jobs to their relatives and friends in violation of the FCPA. 169 As Andrew J. Ceresney, director of the SEC Enforcement Division explained, "JPMorgan engaged in a systematic bribery scheme by hiring children of government officials and other favored referrals who were typically unqualified for the positions on their own merit."¹⁷⁰

While the above charges stem from operations abroad, the domestic echoes of such scandals, particularly with respect to the Trump administration appointees, are unmistakable.¹⁷¹ Whether it is a selective job or a key government office that is dispensed to curry favor, the culture of corruption undermines meritocracy and promotes oligarchy. The JPMorgan Chase case also illustrates the broad sweep of the FCPA, in that under its auspices regulators pursue not only monetary bribes, but also illicit exchanges of "anything of value," in this instance, jobs. ¹⁷² Corruption can take on forms even more abstract, particularly when it permeates higher levels of government offices, where outright exchanges of large sums of money or contracts would prove too conspicuous.

A number of recently settled FCPA cases relate to bribery of doctors and other officials affiliated with government-owned hospitals abroad, in an effort to sell products regardless of whether they were good for patients. In July 2015, Mead Johnson Nutrition agreed to pay \$12 million to settle the SEC's charges that its Chinese subsidiary made illicit payments to health care professionals at state hospitals to recommend its infant formula to patients who were new or expectant mothers.¹⁷³ On another occasion, in September 2016, GlaxoSmithKline plc agreed to pay \$20 million to settle similar charges when the SEC found evidence that its China-based subsidiaries "engaged in pay-to-prescribe schemes to increase sales."¹⁷⁴ In 2016, the Swiss drug company Novartis—the very company that paid Michael Cohen \$1.2 million after he promised access to the president 175—agreed to pay a \$25 million SEC settlement following charges it bribed foreign officials in China. 176 And in January 2017, Zimmer Biomet, an Indiana-based medical

device manufacturer, agreed to pay more than \$30 million to resolve parallel SEC and DOJ investigations into its repeat violations of the ant-bribery law in Mexico and Brazil. 177 Among other things, the SEC found that Biomet "used a third-party customs broker to pay bribes to Mexican customs officials to facilitate the importation and smuggling of unregistered and mislabeled" products to consumers. These enforcement actions are crucial to punish and deter corporate behaviors that hurt people and undermine the rule of law.

Trump has disparaged the FCPA—calling it a "horrible law"—both as a private businessman¹⁷⁸ and as office holder, ¹⁷⁹ signaling his lack of commitment to what the statute aims to achieve. His behavior already may have had a palpable effect on corporate FCPA enforcement actions, which, in the first year of his administration, were lower than in any full year in the past decade. 180 This dialing back of support and enforcement raises concerns both on international and domestic fronts, for norms are not fixed and can easily erode without sufficient reinforcement.

The achievements to date have not been gained by dint of corporate altruism but are instead a product of a decadeslong multifaceted campaign. "Progress in corporate social responsibility depends on mutual trust, where firms believe in the moral commitments of other firms to behave responsibly," argues professor Susan Rose-Ackerman, a foremost authority on corruption. However, she says Trump endangers this progress. "As the world's most visible businessman, his example risks creating a negative dynamic," Rose-Ackerman concludes. 181 The signals and actions of the Trump administration may undermine not only the enforcement of anti-corruption laws, but also embolden a resurgence of irresponsible corporate governance and lead to negative impacts for the health and welfare of communities around the globe.

Corruption corrodes the foundations of a free and fair society

It is helpful to look abroad at countries crippled by unscrupulous politicians prioritizing their pocketbooks over the well-being of their constituents to fully understand the detrimental effects of corruption. Such examples offer a stark warning, providing a glimpse into what a society can look like when conflicts of interest go unchecked. Countries ranked most corrupt, according to metrics such as Transparency International's Corruption Perception Index, are also some of the poorest.¹⁸²

Corruption in state procurement directly impacts ordinary citizens who pay more in inflated costs due to built-in kickbacks in government contracts. Consider Ukraine, whose military spending surged since Russia's invasion of Crimea in 2014 and its subsequent encroachment on the eastern territories. Recently, Ukraine's Defense Ministry announced a purchase of 100 new military ambulances, yet it failed to mention that they had been sold to the government by an insider, a senior official in charge of procurement for Ukraine's armed forces.¹⁸³ What's more, there was no competitive bid process, meaning the tender was ostensibly stacked in his favor. Today, reports say, many of the ambulances had broken down and no longer provide the means to help wounded soldiers. When corruption trumps competition, it is not surprising to see provision of inferior products, another byproduct of insider dealing.

In the aftermath of Russia's invasion, the International Monetary Fund (IMF) announced a \$17.5 billion package to help Kyiv stabilize its collapsing economy. 184 However, after reports emerged that the new government was "cutting back-room deals to control state assets," the IMF suspended aid disbursements. 185 When incoming aid is suspended or diverted to the corrupt few, the general populations, the intended recipients, are the ones who are harmed.

The above example exposes a failure to "defeat the corruption and self-dealing that many see as Ukraine's most dangerous enemy," as Andrew Higgins of *The New* York Times put it, when measured against Russia's aggression from the East. 186 The

unfortunate irony is that this is the failure of an administration that replaced the corrupt reign of Viktor Yanukovych, Ukraine's former president. 187 Yanukovych was unseated by popular protests and fled to Russia with the help of President Vladimir Putin in 2014. 188 Once it takes root, corruption is difficult to eradicate.

Central to how the post-Soviet democracies developed, or in some instances failed to, are the corrupt privatizations that occurred in the 1990s. When the Soviet Union fell apart, a handful of individuals closely aligned with the corrupt administration of former Russian President Boris Yeltsin, for instance, were able to buy up state assets for a fraction of their cost through various schemes and rigged auctions. In essence, this is how the oligarch class emerged in Russia, allowing one tycoon at the time to credibly boast that by late 1996, seven bankers had gained control of nearly 50 percent of the country's assets. 189 In fact, some of these very businessmen also held simultaneous government posts, sometimes as ministers of the very industries that they were consolidating and "privatizing." The same pattern was followed in neighboring countries such as Ukraine¹⁹⁰ and Kazakhstan.¹⁹¹

The blurred line between private and public, business and government, has persisted well into the present and has been largely consistent across post-Soviet states. The consequent distorted incentives of compromised public servants in these regions have perpetuated inequality and sustained poverty across vast swathes of the population, even in resource-rich countries.

Distorted incentives, nurtured in an environment of corruption, can also affect investigations of cross-border crimes. In an apparent convergence of a Ukraine weakened by conflict and corruption, on the one hand, and the Trump administration bent on undermining the special counsel Robert Mueller investigation, on the other, there were reports of an ostensible quid pro quo. According to The New York Times, in April 2018, Ukraine's chief prosecutor froze investigations into Paul Manafort, Trump's former campaign chair, who, in the United States, is facing charges of money laundering and fraud stemming from his decade of work for Yanukovych and his pro-Russian political party. In effect ceasing any cooperation with the FBI, Ukrainian officials were "wary of offending President Trump," whose administration was in the process of finalizing plans to sell Ukraine anti-tank missiles. 192

Recommendations

It is critical to recognize the threat corruption poses to the integrity of democratic institutions and practices in the United States, and urgently take steps to stop this degradation of democratic governance. President Trump wantonly breaks norms established to prevent abuses of power by the president and ignores practices set up to prevent corruption and conflicts of interest by government officials. He is a chief executive focused on personally profiting off of the presidency and his behavior sets the tone throughout his administration.

This report details specific examples of Trump's corruption and abuse of power, as well as the costs that they shift onto American families. At the same time that the Trump administration makes particular decisions that enrich themselves and their friends, the broader corrupting influence of lobbyists and campaign donors warps policies and prevents Americans from receiving fair representation from public officials. On the campaign trail, President Trump promised to "drain the swamp,"193 and upon assuming office, he announced plans for anti-corruption reforms, such as banning lobbying by former members of Congress; stricter limits on foreign companies spending money in U.S. elections; and banning lobbying by senior government officials on behalf of foreign governments. But he has done nothing to advance these policies—and in practice—he has taken the opposite approach, encouraging corruption wherever he can.

Yet, there are real solutions to exercise accountability and oversight to protect Americans from the cost of Trump's culture of corruption. Furthermore, structural changes need to be implemented to change the rules of democracy in order to rebalance power in favor of the people and begin to rebuild trust in government. Congress and the courts are co-equal branches of government that have independent responsibilities to uphold their constitutional duties, defend the rule of law, and protect the American people from the costs of corruption.

Robust congressional oversight

Rather than seeking to distract from Trump's bad behavior due to fear of political consequences, members should seek to shine a light on it. Congress should hold public hearings investigating examples of corruption, wastefulness, and abuse of power. These investigations are critical to uncover the extent of any corrupt behavior and to mitigate the continuing risk of undermining legitimate democratic governance.

As a start, these hearings would examine the risks and circumstances surrounding the examples in this report. The Trump family's refusal to divest assets and their track record of mixing public service and personal profit open them to improper influence campaigns from adversaries and allies alike. In particular, the reporting on Jared Kushner has exposed the recurring risk that his work in government cannot be disentangled from his family's business interests. 194 These connections should be explored, along with other instances in which individuals outside of government may be exercising undue influence over public officials to their own personal benefit. The Washington Post conservative columnist Jennifer Rubin suggests that lawmakers hold oversight hearings on "emoluments, legislation to require release of the president's tax returns, measures to protect the special prosecutor and an exacting investigation of Cabinet members who are suspected of corruption and/or misuse of taxpayer dollars." ¹⁹⁵ In addition to this list, other candidates for early oversight efforts include collusion between the Trump campaign and Russia—holding real investigations in the House; the purpose of payments to Michael Cohen and others in the Trump orbit from foreign and domestic entities; and efforts by the White House to improperly influence law enforcement and intelligence agencies.

Enforcement of Constitution's anti-corruption prohibitions on foreign and domestic emoluments

America's founders knew that governing poses risks of corruption, where public power can be improperly used to further private interests. They were particularly concerned about things of value being provided to an American government official by foreign officials seeking influence and ingratiation, so they prohibited American government officials from accepting things of value from foreign states absent specific congressional approval.

But the Constitution is not self-executing. Congress must act on the responsibility vested in it by the Constitution's foreign emoluments clause, which empowers Congress to provide or withhold consent for "any present, Emolument, Office, or Title, of any kind whatever," that a federal officeholder receives "from any King, Prince or foreign State."196 According to Charles Pinckney, who proposed the provision at the Constitutional Convention, it would "preserv[e] ... officers of the US independent of external influence."197 The president's ongoing international and domestic business ventures present myriad opportunities for violations of the Constitution's anti-corruption clause, because he remains the owner of the Trump Organization and the financial benefits flow to him. Bipartisan ethics advisers for the two previous presidents agree that President Trump is violating these prohibitions on receiving emoluments. 198

Almost 200 members of Congress are taking steps to prevent these abuses of power and uphold the Constitution by filing suit against President Trump. In Blumenthal v. Trump, 199 they argue that the president is violating the Constitution by accepting money from foreign governments through his hotels, restaurants, and other business interests without requesting or obtaining congressional consent. A federal district court in Washington, D.C., will hear oral arguments in Blumenthal v. Trump on June 7, 2018.

The Constitution also bars the president from receiving "any other Emolument from the United States, or any of them" additional to the compensation "receive[d] for his Services." The plaintiffs in D.C. & Maryland v. Trump argue that, in addition to violating the foreign emoluments ban, Trump has violated this provision by accepting payments from Gov. Paul LePage (R) of Maine to Trump International Hotel in Washington, D.C., and by receiving tax breaks for his businesses from the district and Mississippi. A federal judge, who has allowed this case to move forward, wrote that "[The Plaintiffs] claim their residents are harmed by the President's alleged violations of both Emoluments Clauses because the competitive playing field is illegally tilted towards the President's Hotel, resulting in competitive disadvantage to Plaintiffs' resident businesses."200

In addition to utilizing the courts, Congress could also take steps to routinize the review and approval or disapproval of emoluments. It could ensure that there are clear reporting requirements for the executive branch; task specific agencies and offices with investigating potential emoluments; and outline the penalties for violating the Constitution. While the lack of such a structure in no way obviates the need for Trump to comply with constitutional requirements, creating this kind of system may make it easier for the bureaucracy to exercise a greater check on any future efforts by presidents to illegally enrich themselves.

Require the president, vice president, and their families to resolve their conflicts of interest and disclose their tax returns

Current regulations exempt the president and vice president from the disclosure and divestiture requirements other employees of the executive branch are subject to. Congress should fix this oversight by requiring the president, vice president, and their families to resolve their conflicts of interest, including potentially selling or otherwise divesting their assets. When asked about those concerns during the campaign, candidate Trump claimed, "if I become president, I couldn't care less about my company—it's peanuts." Clearly, that has not been the case, which has lead Sen. Elizabeth Warren (D-MA) to introduce the Presidential Conflicts of Interest Act of 2017, which is one notable attempt to address this issue.²⁰¹

Candidates for these high offices should also be required to publicly release their tax returns, as they had done for the past 40 years. Congress should also take this opportunity to revisit financial disclosure requirements for other federal officials and ensure they are sufficiently strict and effective in exposing any possible conflicts of interest inherent to foreign and domestic commercial ventures.

Relevant congressional committees should request and then review Trump's tax records. Congressional committees have the power to request the president's tax records and should do so in order to assess them for evidence of potential conflicts of interest. This power was used in 1974 to look at then-President Richard Nixon's tax returns.²⁰² Democrats on the House Committee on Ways and Means have sought to have the committee request President Trump's tax returns from the Treasury Department, but the requests have been defeated on party-line votes. Requesting the president's tax records would offer an opportunity to reestablish the norms of financial disclosure for presidents and presidential candidates.²⁰³

Fight the corrupt influence of special interest money on politics and policymaking

Congress must course correct the current system of corrupting incentives that lead government to disproportionately respond to the interests of the most privileged few. Rules for using money to influence outcomes in politics and policymaking need to be restructured in order to rebalance power for people and begin to rebuild trust in government. Happily, 65 percent of Americans believe that rules for money in politics can be effective, and there are strong, clear anticorruption solutions to break the link between money and policy outcomes and begin to restore Congress' responsiveness and accountability to the public.

Congress should ban lobbyists from fundraising for candidates and expand lobbying disclosure to make that ban enforceable. Although lobbyists are subject to the same contribution limit as other individual contributors, many provide far more financial support to campaigns by holding fundraisers and soliciting contributions from other individuals. Financial ties can corrupt the relationship between voters and their representatives, which is why contribution limits exist. Lobbyists should not be allowed to undermine the purpose of the law by serving as a conduit for other people's money. Banning lobbyist fundraising would end one of the most direct ways that special interests use their financial clout to receive favorable treatment from lawmakers in ways that aren't available to average Americans.

The Center for American Progress has developed a new policy to ban members of Congress from accepting money from the interests that their committees are charged with overseeing. Members sometimes get up to half of their contributions from industries that are directly affected by their committee work.²⁰⁴ Whether policymakers are members of the Senate Committee on Armed Services, the House Committee on Energy and Commerce, or the House Committee on Ways and Means, they should serve because they care about the relevant issues defense, energy, or taxes—not to get contributions from defense contractors, oil companies, or the Homeland Investment Coalition. Prohibiting members from taking money from the interests that they oversee would encourage them to serve on committees for the right reason—to advance the interests and well-being of their constituents and the country. According to a poll conducted by CAP, 88 percent of respondents supported "ban[ning] members of Congress from raising money or accepting contributions from interests under the jurisdiction of their committees," including 86 percent of voters who supported President Trump.²⁰⁵

Congress must work to ease its dependence on corporate fundraising by implementing policies that empower small-donor contributions with public financing. Beyond just curbing the influence of wealthy donors, states and localities should also amplify the voices of working and middle-class families in our campaigns and in our legislatures. Amplifying small contributions empowers people to support candidates who work for their interests and incentivizes lawmakers to turn to the communities they represent for support. Citizenfunded elections—where small donations from voters are matched with public funds—can reduce the reliance of elected officials on the wealthiest few and build stronger ties between representatives and the communities they represent. The 30 jurisdictions with citizen-funded elections use a combination of smalldonor matching funds, vouchers, and tax credits. For example, New York City's Campaign Finance Program, in place since 1988 and updated in 2009, matches small contributions to candidates 6-1. Connecticut's Citizens' Election Program, established in 2008, provides block grants to state candidates who raise a threshold amount of small contributions. There have also been recent advances across the country. Washington, D.C., recently adopted a plan that will combine lump-sum grants to qualifying candidates with a \$5 to \$1 match for small donor contributions.²⁰⁶ Seattle has launched an innovative program which provides each citizen \$100 in what's known as Democracy Vouchers that they can in turn use to support local candidates.²⁰⁷ Congress should pass the Government By the People Act, because when citizens fund elections, members of Congress can be more responsive and accountable to them instead of wealthy special interests.²⁰⁸

Congress should also address the revolving door between Washington and K Street by extending the cooling-off period—currently set at one year—between when members and high-level staff leave Congress and when they can become lobbyists. Members of Congress should be barred from becoming paid lobbyists once they leave office. Between 2008 and 2016, about half of the members and staff that left Congress became either registered lobbyists or unregistered members of the influence industry.²⁰⁹ There is an implicit understanding that those who play the special interest game will later reap the rewards; this is one more incentive that should be eliminated so that the economically privileged are not privileged in the political process.

Increase transparency for political spending, including for online political ads, and address failures in campaign finance enforcement

Congress, and the states, should take decisive action to end the corrupting influence of secret and foreign political spending. Since 2008, at least \$900 million has been spent by anonymous donors on federal elections, ²¹⁰ and such secret spending is also increasingly pervasive on the state and local level.²¹¹ While some states such as California have been working to update their rules to keep pace with the flow of dark money²¹²—hopefully soon to include rules for dark money advertisements online²¹³—many are failing to provide the public with basic information about the sources of campaign funds.²¹⁴

In addition to robbing voters of the information they need to make educated decisions, secret political spending channels present a national security risk since foreign nationals can use the cloak of secrecy to circumvent laws prohibiting them from influencing elections.²¹⁵ Congress should pass the DISCLOSE Act of 2017 to enhance campaign finance transparency generally and expose and deter foreign influence in the U.S. elections specifically. Additionally, Congress should pass the Honest Ads Act^{216} to expand the same disclosure requirements that apply to traditional media such as television and radio to reach online political advertisements, the recent targets of Russia's influence campaigns in the United States. The Honest Ads Act would undermine the ability of foreign governments to anonymously propagate online ads aimed at influencing U.S. elections.

A critical element of transparency and accountability in campaign finance is effective enforcement of laws and regulations. A former chair of the Federal Election Commission (FEC), Ann M. Ravel, has described the agency as "worse than dysfunctional" in this regard. 217 Congress should appoint new FEC commissioners who are willing to enforce the laws and to take real steps necessary to prevent foreign influence in U.S. elections.

Expose conflicts of interest and curb abuse of shell companies through increased corporate transparency

As is the rule in the corporate world, where if there is a conflict there is a duty to disclose or void the contract, transparency is the first step to fight corruption. Anonymous shell companies that prevent accountability are no longer tenable in this interconnected global financial system. Congress should take concrete steps to curb abuse of shell companies for illicit ends by setting minimum disclosure

requirements, including accurate reporting with respect to beneficial owners of corporations. This should reach other forms of business entities such as limited liability companies that are registered across states, including in more secrecyprone jurisdictions such as Delaware, Wyoming, and Nevada.²¹⁸ It is important to report the actual individuals exerting control over legal entities, and not merely nominees standing in for anonymous owners and directors, so that reliable and up-to-date beneficial ownership information is available to regulatory, tax, and other law enforcement authorities.

Several policy steps have been proposed to improve transparency for true beneficial owners. In October 2015, the Obama administration published, "The U.S. Action Plan to Implement the G-20 High Level Principles on Beneficial Ownership," which provides a policy roadmap, including assessment of civil and criminal penalties for knowingly providing false information regarding the beneficial ownership of legal entities.²¹⁹ In June 2017, Sen. Sheldon Whitehouse (D-RI) introduced the TITLE Act, proposing greater transparency in how U.S. corporations and LLCs are formed to stop their misuse by "wrongdoers, and assist law enforcement in detecting, preventing, and punishing terrorism, money laundering, tax evasion, and other criminal and civil misconduct."²²⁰ In August 2017, Sens. Ron Wyden (D-OR) and Marco Rubio (R-FL) introduced bipartisan legislation, the Corporate Transparency Act of 2017, also to prevent individuals from using anonymous shell corporations to facilitate illicit activities.²²¹ Passing these bills will significantly aid the fight against corruption.

Conclusion

Trump's culture of corruption has real costs for American families. By allowing foreign governments to have undue influence over government policies, it weakens U.S. national security and makes the country more vulnerable to attack. Corruption also hurts people's pocketbooks, as the politically connected are given special deals or allowed to cheat customers without consequences. And the culture of corruption has significant costs in terms of actions not taken. A political system focused on providing giveaways to donors is one that ignores issues that are of real concern to the majority of Americans.

This type of corruption is not business as usual. In the recent past, significant steps have been taken to ensure that this kind of culture of corruption does not infect U.S. companies either at home or abroad. But the current administration is seeking to undo that progress, which will weaken our economy and undermine the trust that is a critical building block to a free and fair society.

In the face of this corruption, there are concrete steps that lawmakers can take to improve the system. But perhaps the most critical component is a willingness by those in power to serve as an effective check on the rampant corruption of the Trump administration. It is the absence of that oversight and accountability in the current Congress that has helped lead to the widespread problems seen today, to the significant detriment of the American people. The culture of corruption has widespread negative effects, which can only be addressed by political officials willing to confront them head on.

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