



Texas AG Petitions FEC for Stricter Regulations Amid ActBlue Scrutiny

Amid alleged improprieties committed by political fundraising platform ActBlue, Texas Attorney General Ken Paxton has submitted a petition to the Federal Election Commission (FEC) calling for new rules to curb the use of untraceable electronic payment methods in political donations. In a letter to FEC Acting General Counsel Lisa J. Stevenson, Paxton raises concerns about fraud enabled by prepaid cards. He references ongoing civil investigations that have uncovered the active use of these cards by fraudsters to make illegal contributions.



AP Images
Ken Paxton

Straw-donor Schemes

[Paxton's petition](#) highlights his office's investigation into so-called straw donor transactions, where contributors mask their identities by attributing donations to others. Paxton writes in the letter,

Specifically, the Attorney General has corroborated much of the public reporting regarding straw contributions on political committee online platforms. And he has found sophisticated actors appear to be making contributions in the name of another in ways that make it almost impossible to detect the real identity of the contributor.

The letter singles out major digital fundraising platform [ActBlue](#). The platform, says Paxton, is facilitating such transactions and opposing new regulations that would help mitigate fraud. Underscoring his concerns about the platform's role in these activities, Paxton writes,

Notably, however, one of the most prominent online contribution platforms —ActBlue — submitted comments to the Commission encouraging it *not* to adopt regulations for prepaid cards that would have hampered this potential fraud.

Paxton's Findings

Paxton's letter is bolstered by findings from his office's [civil investigation](#), which has revealed the use of prepaid cards to make high-volume, fraudulent donations:

Many persons' names have been used to make hundreds of unique contributions totaling many thousands of dollars per year. In many instances, contributions are made in these peoples' names literally multiple times per day, almost every single day of the year.

The investigation found that some actors are using various means to shield their true identities. That includes untraceable payment methods and methods that avoid leaving a digital footprint. Paxton argues that these actors are using techniques that are typically associated with criminal activity. He



states, “civil investigators do not commonly see this kind of criminal-style evasiveness.”

Challenging ActBlue

ActBlue previously argued against FEC regulations on prepaid cards. Paxton challenges two of ActBlue’s key assertions, calling them “inaccurate and misleading.”

First, he disputes ActBlue’s claim that “no online contribution is ever made without the contributor providing identifying information.” Paxton explains that a contributor could provide false information.

“That is because, on ActBlue’s platform, a contributor must merely provide someone’s identifying information to make a contribution — not necessarily *his own*,” Paxton argues. (Emphasis in original.) He further clarifies,

With prepaid cards, the contributor does not need to present himself in person and is more easily able to shield his identity.

Paxton also refutes ActBlue’s claim that political committees cannot distinguish between prepaid cards and other forms of payment.

“ActBlue’s assertion is false as a matter of present-day technology,” the attorney general writes. He adds that his office’s investigation has confirmed that payment processors can indeed identify prepaid cards. Therefore, ActBlue and similar platforms could contract with payment processors to filter out these payment methods if they chose to do so, he argues.

Urgency for Regulatory Action

Paxton urges the FEC to act swiftly to protect the integrity of campaign-finance laws. Without regulatory changes, Paxton believes that bad actors will continue to exploit these loopholes, undermining the public’s trust in the political process.

The petition calls on the FEC to adopt two specific rule changes to close loopholes in current regulations.

The first proposition is a verification of donor identities. Paxton calls for an amendment to [11 C.F.R. Section 104.14](#) to ensure that political committees implement procedures verifying that the identities of donors match the information that the issuer of the donor’s payment card has on file.

Paxton also requests a ban on certain prepaid cards for political donations. He asserts that these cards often serve to conceal the identity of the actual contributor. “Prepaid cards present a *far* greater risk [than cash],” Paxton writes, challenging the assertion made by ActBlue in previous comments to the FEC that prepaid cards likely present less of a risk than cash.

Significance

Reflecting on the significance of the findings, Paxton stressed that the evidence points to potential illegal interference in U.S. elections through disguised political donations. He emphasized the gravity of foreign contributions or donations exceeding legal limits being funneled into campaigns, which could bypass current campaign-finance laws.

As the FEC reviews Paxton’s petition, the issue of untraceable political contributions is likely to remain a contentious topic, with potential regulatory changes on the horizon that could reshape political



Written by [Veronika Kyrylenko](#) on October 22, 2024

fundraising practices.

Investigating ActBlue

As reported by [The Hill](#), ActBlue has raised vast sums of money for Democratic campaigns, with an estimated \$1.5 billion collected from seven million donors. Vice President Kamala Harris's 2024 campaign received a record-setting [\\$200 million](#) through ActBlue in just a few days, further fueling GOP scrutiny. Conservative figures such as Charlie Kirk publicly demanded action from Republican state leaders.

Paxton's request for tighter federal regulations follows probes by Republican attorneys general across the country, notably Virginia's Jason Miyares.

In addition to Miyares' inquiry, Missouri Attorney General Andrew Bailey said his team was "looking into" allegations surrounding the platform.

Wyoming Secretary of State Chuck Gray has opened a formal investigation into ActBlue's alleged money-laundering and identity-theft schemes.

Earlier in September, a congressional investigation led by Representative Bryan Steil (R-Wis.) [uncovered](#) potential criminal activity involving ActBlue. The investigation revealed suspicious donation patterns. That includes the use of straw donors to channel illicit funds into campaigns. After analyzing more than 200 million political contributions, investigators forwarded their findings to state attorneys general for further review.

On October 10, 19 Republican attorneys general [sent a letter](#) to ActBlue expressing concerns over potential irregularities in its FEC filings. They requested detailed information about ActBlue's donation verification processes. The letter emphasizes the need for transparency to ensure donations are made legally and not misused. They requested a response by October 23.

ActBlue has denied any wrongdoing, calling the probes a "[partisan attack](#)" and "[disinformation](#)."



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