

## Marketplace Quotes Trevor Potter: Some Consultants See a Payday in Super PACs

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*Marketplace*

*Marketplace* quoted Trevor Potter concerning political consultants who do well financially from super PACs or political nonprofits they form. For the complete article, please visit *Marketplace's* website.

*Excerpt taken from the article.*

A super PAC is sometimes born out of a strong sense of mission – maybe its founder cares about gun control or education reform. But other times, says Stefan Passantino, a partner at McKenna Long & Aldridge, "part of that mission is to create a client for their own consulting firm."

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"Yeah, I would say it is the new growth industry," says Trevor Potter, former chair of the Federal Election Commission and general counsel to John McCain's two presidential campaigns. "If you are a consultant who is part of the control group that forms a super PAC or one of these nonprofits, then you get to figure out how you are going to compensate yourself, and it is not always a matter of public record."

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### **Inside a 'black box'**

There are a few ways this can work. A super PAC can pay a fee to a consulting firm that is run by the same consultant who started the super PAC. That firm could charge fees on ads the super PAC buys. According to Potter, this happens in what he calls "a black box."

"It's actually pretty hard to figure out how much administrative costs many of these groups have, and then, how much of that is ending up back in the consultant's pocket," he notes.

A super PAC's founder can be an employee of his own super PAC. "Under election laws, there is nothing improper about taking a salary out of your own super PAC," says Ken Gross, who spent most of his career as an FEC attorney. That money is taxable, however. He notes there is also nothing improper under election laws about taking money you have raised and spending it on personal items.

### **Easy to set up**

Super PACs have only been around since 2010, and according to Potter, one reason they have proliferated is they are so easy to set up. "It has an incredibly simple one-page form you file with the FEC," he says. "You need a treasurer and a bank account, and that's it. You're off and running." And creating a political nonprofit that doesn't have to disclose donors is not much harder.

There are, according to the FEC, about 900 active independent expenditure-only committees, commonly called super PACs, and on top of that, there are hundreds of political nonprofits that have registered with the Internal Revenue Service as 501(c)4s and 501(c)6s.

Potter says that, because there are so many super PACs and nonprofits, political consultants are busier than ever. "The good ones used to just have a campaign or a party they could work for," he points out. "Now they have all these super PACs; so, people end up bidding for their services."

## **Attorneys**

Trevor Potter

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