



Fear and Loathing of Transparency in the MDP

By Wil Gallivan

The Federal Elections Commission (FEC) levied a \$500,000.00 fine to the Michigan Democratic Party (MDP) over bingo games it used for fundraising up until 2014. If the fine seems hefty that assumption would be correct as the fine is the eleventh largest in FEC history and it is meant to be punitive. This article will not be about the sordid history that caused the

fine. This is about how the MDP plans to pay the fine and has been less than fully transparent and completely forthcoming about payment.

On June 13th, Chairman Dillon sent an email to all MDP members in regards to the FEC fine. The email stated, *“Let me be clear – our efforts moving forward will not be affected by the settlement we’ve reached with the FEC. We have a plan in place for paying the agreed upon fine that in no way affects the budget you voted on, our day-to-day operations, or Project 83. Nor will any future membership revenue or individual contributions be allocated toward anything but our core purpose, which is getting Democrats elected up and down the ballot and fighting for our shared Democratic values.”* This immediately set off warning bells. After just coming out of a hotly contested Presidential election cycle the party should be cash poor and in no position to handle an expense like this fine.

Let us take a second to put the amount of the fine in perspective. The two year budget for the MDP is just over 3 Million dollars. \$500,000.00 is one-sixth of that two year budget or one-third of one year’s budget. Sometimes big budgetary numbers are hard to relate to so let us make numbers that are much more relatable to regular folks. If you make 60 grand a year, the fine would be roughly equivalent to 20 grand. In the most simple of terms, 1/3 of the budget needs to go to pay off this fine. What entity can take such a hefty fine and not have it affect their budget? Yet, this is the story the party is going with.

So when Chairman Dillon said that there was a plan in place to pay this fine without future membership revenue or individual contributions going towards payment, that basically means a few big donors would be quietly taking care of this debt. The issue is not whether this is legal (it is), but is with the lack of transparency of the party about to whom it is beholden. A wealthy philanthropist may make a donation like that to a charity but I doubt anyone is just going to give a half a million to a political party without expecting some sort of a return.

The Democratic State Central Committee (DSCC) is the highest authority within the MDP short of State Convention. Since a statewide convention only happens once a year, the committee oversees the day to day operations of the party. Think of the DSCC as the board of directors for the party itself. At the August DSCC meeting several of the DSCC members were very inquisitive of Chairman Dillon in regards to the fine payment. This is what was revealed. The money was not reflected in the Treasurer’s report. It was asked why this was not shown on the report and the committee was told that the fine was being paid by a “soft account” and therefore did not have to be reflected in the report. Dillon also indicated that \$100K of the fine had been repaid at this time. He would not disclose the source of the generous donation and no arrangements had been made for paying the remaining \$400K. Committee members continued to push regarding this matter throughout the meeting and were able to uncover a bit more. The finance committee of the MDP has not met in quite a while so there has been a lack of oversight

nor were they consulted regarding the fine repayment plan. The MDP rules call for a full audit at the end of every two year cycle with the next audit being due in December. Chairman Dillon stated publicly at the meeting that the audit findings would include ALL accounts hard and soft. He also said that the account being used for fine payment was the only soft account. Dillon also stated that the audit results would be reviewed by the finance committee. Several DSCC members have requested the last audit report from Dec. 2015 but have yet to receive a copy of that report.

The committee members also inquired as to why Democrats are still using bingo for fundraising especially when the letter that Dillon sent to all party members stated clearly that all bingo fundraising activity was halted over three years ago. The response to this inquiry was that all state level fundraising was halted but local level games are still being held and the Chairman believed the games were being FEC compliant. What if a county is hosting a bingo game and the FEC levels a fine to them similar to that which the state party received. Would the MDP have to step in and repay that fine or dissolve the county party? Think about the effect of losing an entire county party. County parties are mandated by State Regulations to determine the amount of Precinct Delegates. How would that important work get completed if they were dissolved? For a party that is so worried about image and not leaving anything out there that could detract from party messaging, this seems like a serious risk. We need solutions. How about the MDP mandate banning ALL bingo fundraising at any level of the party?

With only a few questions answered regarding the fine there is still a lot left to know and we will continue to push for those answers. What people crave is true transparency. Maybe just maybe, the party could be upfront and treat the members of this party and the voting public like adults. Yes, there was a fine and yes, it is hefty and will affect the party as a whole for a long period of time. In a time of unprecedented activism people are now more engaged and aware than at any time since the Vietnam War era. The party keeps acting in apparent shady ways. This is not helping the party tap into the new interest and activism so many people are willing to bring to the party. There are already rumors that a candidate for Attorney General donated the money. A lack of transparency allows rumors like this to thrive and evolve. Yet the party would have you believe that everything is fine.