



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
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FPPC to require LLC's to provide more transparency in political spending

The Fair Political Practices Commission today voted to require more transparency and disclosure of those who use limited liability companies (LLC's) to make political contributions, as well as requiring campaigns to list the name of the actual person who directed the LLC political spending.

The first new regulation requires LLC's involved in raising and spending money for political activity to name the person making the decisions regarding that activity. The second new regulation requires campaigns that receive donations from LLC's to also list the name of the person responsible for the political activity.

A 2019 FPPC Enforcement Division examination of LLC's found that while it was relatively easy to find information about the type of business, its address and an agent for service of process, it was extremely difficult and many times impossible to find the identities of the people behind the LLC's owners or the true source of the political expenditures.

“This goes to the heart of California’s law on campaign finance, the goal of which is to make it as transparent as possible to see those who are spending money on political activity,” said FPPC Chair Richard C. Miadich. “When someone can form an LLC in a couple of hours for a couple hundred dollars, it opens the door to potential abuse and funneling of dark money into an election, causing irreparable harm to trust in the process and to the rights of the voting public.”

One example provided to the Commission is the fact California Corporations Code allows an LLC to list another corporate entity as its registered agent, so no individual is identified in connection with that LLC. Testimony provided to the Commission also included a 2006 finding by The US Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN), which reported LLC “shell companies” often can be owned or managed anonymously and have become common tools for money laundering and other financial crime.

Chair Miadich adds: “These new regulations are a first step in providing our Enforcement Division with more tools to see who is behind political spending by LLC's and more transparency for the public. We will also continue to pursue legislation to further strengthen this area, so people will no longer be able to hide behind the name of what could be a ‘made-up’ business to avoid disclosing where the political dollars came from.”



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The Fair Political Practices Commission (FPPC) is California's governmental ethics and campaign disclosure agency.

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