

OPINION

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Get paid to combat campaign donor fraud



Assistant US Attorney Hagen Scotten speaks in Manhattan federal court, as attorney Alex Spiro, center, and New York City Mayor Eric Adams, right, look on Wednesday, Oct. 2, 2024, in New York. (Elizabeth Williams via AP)



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New Yorkers are painfully aware that [Mayor Adams was arrested by federal authorities on serious campaign related charges](#). But what New Yorkers might not know is that whistleblowers who report fraud and help hold wrongdoers accountable could reap financial rewards under the False Claims Act.

Adams is charged with having received illegal foreign contributions for his campaign, which were “bundled” to obscure the donors’ identities, allowing him to benefit from public financing — in essence, our tax dollars.

Sadly, campaign finance schemes like this happen more frequently than they should. Other New York politicians recently accused of illegal bundling include: [ex-Congressman George Santos](#) and [ex-Lt. Gov. Brian Benjamin](#).

New York City and State have implemented innovative public campaign finance programs to provide candidates with matching funds for legitimate contributions. These programs are laudable, as they amplify the influence of small dollar donors.

In New York City, contributions up to \$250 are matched at a rate of 8:1. For example, for a donation of \$2,100 (the legal limit for 2025 campaigns in New York City), only the first \$250 is matched. That means the campaign receives \$2,000 in matching funds, making the contribution worth a total of \$4,100.

But if someone takes that \$2,000 and gives \$250 to eight friends to donate in their own names, then each of those \$250 contributions is matched 8:1. That \$2,000 contribution is now worth \$18,000 to the campaign — more than four times the amount if donated directly.

The donors falsely certify they are the contributors, appearing as many small, legitimate donations. This is illegal, and what prosecutors refer to as a “straw donor scheme.” But the practice is used by donors who seek influence over a candidate, and are willing to break the law to do it.

The city’s campaign finance system is a well-regarded good government reform. In addition to reducing large donor influence, it also [fosters ties between candidates and constituents](#). But to work as intended, we must hold accountable those who undermine our system.

The False Claims Act gives ordinary citizens a chance to combat these kinds of frauds, and be rewarded in the process.

This state law allows individuals to report fraud against government programs. The [New York FCA](#) enables private citizens, who serve as “whistleblowers,” to file lawsuits on behalf of the government if they have evidence of fraudulent activities.

These kinds of frauds could be tax fraud, Medicaid fraud, or other misappropriations of public funds. Or, as is relevant with the Adams case, when a person tries to give money to a candidate in the name of another — a strawman.

These cases are known as “qui tam” actions. They hark back to medieval England, when a private citizen could bring a case for the king and the king let the commoner keep part of the winnings.

Still true today: whistleblowers in modern qui tam cases are financially incentivized. If the government recovers money based on the whistleblower’s information, the whistleblower can receive between 15% and 30% of triple the amount of the fraud. This provides individuals with inside knowledge of fraudulent activities an incentive to come forward and help expose the scheme.

Neither corporations nor foreigners are allowed to contribute to city elections. If a contributor or a campaign submits false information — such as putting someone’s name on a contribution that did not come from them, resulting in matching funds — they are cheating the taxpayers. Under the FCA, the wrongdoer is subject to penalties and a payment of up to triple the amount of the crime.

In real dollars, if a whistleblower exposes a scheme resulting in \$10 million in ill-gotten funds, the whistleblower can be rewarded with up to 30% of \$30 million (i.e., the tripled amount): a reward of up to \$9 million. It takes courage to come forward, but whistleblowers can be protected and the potential rewards are great.

Adams’ arrest highlights the opportunities for bad actors to take advantage of our revered public financing programs for political campaigns. But the False Claims Act gives all of us a powerful tool for exposing frauds. The potential financial rewards available under the FCA create a strong incentive to report wrongdoing. It’s up to us to safeguard our tax dollars, hold bad actors accountable, and maintain the integrity of our campaign finance system.

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