



February 4, 2021

Jonathon Brater  
Director, Bureau of Elections  
Michigan Department of State  
Richard H. Austin Building  
430 W. Allegan St.  
Lansing, MI 48933

**Sent by email transmission**  
**BraterJ@michigan.gov**

**Re: Michigan Republican Party (Committee ID# 000105); Self-Report Of Possible Campaign Finance Violation**

Dear Mr. Brater:

On behalf of the Michigan Republican Party (“MRP”), this submission outlines the circumstances with respect to a possible violation of the Michigan Campaign Finance Act where certain payments related to the 2018 election cycle were made from the Michigan Republican Party Administrative Account (the “Account”) that could constitute “expenditures” as defined in the Michigan Campaign Finance Act. If the Secretary of State determines that these payments from the Account are “expenditures” as defined in the Michigan Campaign Finance Act, then the MRP seeks to enter into a conciliation agreement with the Secretary of State pursuant to MCL 169.215(10) of the Michigan Campaign Finance Act.

The description of the Account is set forth in the Political Party Manual published by the Bureau of Elections:

**Contributions To An Administrative Account** Any funds received by a Political Party Committee from treasury funds of a corporation, joint stock company, labor organization or domestic dependent sovereign (Indian tribe) or funds that are clearly designated by the contributor for the committee’s administrative account must be deposited into a separate account maintained for paying administrative expenses that are totally unrelated to the party’s political activity. These funds should not be listed on a Campaign Statement and may not be used for candidate support or opposition. If the funds are not deposited in such an account, they must be returned to the contributor.

In December 2020 the MRP conducted a review of the Account with the assistance of a law firm and accountant to assess the status of some questioned expenditures. These professionals helped identify the

Paid for by the Michigan Republican Party, with regulated funds. Not authorized by any Candidate or Candidate’s Committee. Secchia- Weiser Republican Center, 520 Seymour Avenue, Lansing, MI 48933  
517-487-5413 | [www.migop.org](http://www.migop.org)



## MICHIGAN REPUBLICAN PARTY

payments from the Account to a former candidate for Secretary of State during the 2018 election cycle as matters that should be further investigated and identified for the Secretary of State's review.

Accordingly, based on our findings to date, it is possible that the payments from the Account to Mr. Grot could constitute "expenditures" as defined in the Michigan Campaign Finance Act.

As this *sua sponte* submission demonstrates, the MRP is bringing this potential issue to your attention. Moreover, this review identified no systemic issues that would otherwise result in significant errors of this type and the impact of any possible violation was limited in scope.

The MRP appreciates the opportunity to disclose voluntarily the issues referenced in this submission in an effort to resolve any possible violations that may have occurred, and is available to discuss this matter at your convenience. Please let me know if you have questions for the MRP to follow up on. Thank you for your assistance in this matter.

Respectfully submitted,

Laura Cox  
Chairman

Cc: Melissa Malerman, Director of Disclosure, Filings and Compliance Division  
By Email Transmission [malermanm@michigan.gov](mailto:malermanm@michigan.gov)



STATE OF MICHIGAN  
JOCELYN BENSON, SECRETARY OF STATE  
DEPARTMENT OF STATE  
LANSING

February 9, 2021

Ron Weiser  
Chairman, Michigan Republican Party  
Secchia-Weiser Republican Center  
520 Seymour Avenue  
Lansing, Michigan 48933

Via email: [Chairman@MiGOP.org](mailto:Chairman@MiGOP.org)

Dear Chairman Weiser:

The Michigan Department of State, Bureau of Elections (Bureau) acknowledges receipt of a letter dated February 4, 2021 from the Michigan Republican Party (MRP), regarding “a possible violation of the Michigan Campaign Finance Act,” (MCFA) 1976 PA 388, MCL 169.201 *et seq.* The letter included a request “to enter into a conciliation agreement with the Secretary of State pursuant to MCL 169.215(10)” if certain payments from the MRP’s administrative account constitute “expenditures”<sup>1</sup> within the meaning of the MCFA.

The Bureau appreciates the MRP’s voluntary disclosure of the potential misuse of administrative account funds to make expenditures “as matters that should be further investigated and identified for the Secretary of State’s review.” However, the February 4 letter omitted documentation regarding the purpose(s), date(s), amount(s), and source(s) of the alleged payments from the MRP to Stanley Grot,<sup>2</sup> information which is necessary to enable the Bureau to determine whether “there may be reason to believe that a violation of [the MCFA] occurred[.]” MCL 169.215(10). If a violation is found, the Secretary of State must attempt to resolve the matter informally through means such as the execution of a conciliation agreement. *Id.*

Before any informal resolution can be pursued, however, the Bureau must understand the exact nature of the services rendered by Mr. Grot; for example, whether he was hired to engage in MCFA-exempt activities such as recruiting new members, planning MRP conventions, and similar activities; or whether he performed MCFA-regulated functions, such as consulting, polling, or fundraising to assist the nomination or election of Republican candidates seeking elective offices.

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<sup>1</sup> “‘Expenditure’ means a payment, donation, loan, or promise of payment of money or anything of ascertainable monetary value for goods, materials, services, or facilities in assistance of, or in opposition to, the nomination or election of a candidate...” MCL 169.206.

<sup>2</sup> Mr. Grot is a former candidate for the 2018 Republican nomination to the office of Secretary of State (see [Committee Id. 518149](#), Stan Grot for Michigan SOS) and currently serves as the Shelby Township Clerk.

To that end, the Bureau seeks copies of the following records for the purpose of ascertaining whether the alleged payments from the MRP's administrative account should have been disclosed as expenditures, in-kind expenditures, or both under the MCFA:

1. A copy of Jonathan Lauderbach's written report<sup>3</sup> prepared on or about January 15, 2021 regarding MRP's alleged payments to Mr. Grot.
2. Copies of any contract(s) between the MRP and Mr. Grot (or any business entity or organization affiliated with Mr. Grot), and any invoice(s) or similar records describing the services rendered by Mr. Grot.
3. Copies of any cancelled checks or check stubs, electronic fund transfers (EFTs) or similar records indicating the date(s), amount(s), and source of payments from the MRP to Mr. Grot.

The records sought will be used for the purpose of determining whether there may be reason to believe a violation of the MCFA occurred.

**Kindly provide copies of the requested records by 5:00 p.m. on February 16, 2021** via email, U.S. mail or overnight delivery to the address provided on the first page of this letter. If you have questions or require additional information regarding this request, please contact the undersigned at 517-335-5456 or [malermann@michigan.gov](mailto:malermann@michigan.gov).

Sincerely,



Melissa Malerman  
Director, Disclosure, Filings and Compliance Division  
Michigan Department of State, Bureau of Elections

c: Paul Cordes, Chief of Staff, [PCordes@MiGOP.org](mailto:PCordes@MiGOP.org)

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<sup>3</sup> Although this report appears to have been widely disseminated, it was omitted from the MRP's submission to the Bureau. See, e.g., [U-M Regent Ron Weiser denies accusations of undisclosed payments ahead of election for MI GOP chair \(MichiganDaily.com\)](#) ("In her email, Cox included a 14-page internal report written by attorney Jonathan Lauderbach about the payments. When Cox first became aware of the payment she said she 'knew instinctively it did not seem kosher,' according to Lauderbach's report, which has been obtained by The Michigan Daily."); [Michigan GOP chair claims Weiser made 'secret deal' to pay for exit of candidate \(DetroitNews.com\)](#) ("Cox's message to party members included a 14-page internal report by attorney Jon Lauderbach on the payments to Grot.").



STATE OF MICHIGAN  
JOCELYN BENSON, SECRETARY OF STATE  
DEPARTMENT OF STATE  
LANSING

February 9, 2021

Charles R. Spies  
Counsel, Michigan Republican Party  
Dickinson Wright PLLC  
1825 Eye Street NW, Suite 900  
Washington, D.C. 20006-5403

Via email: [CSpies@DickinsonWright.com](mailto:CSpies@DickinsonWright.com)

Dear Mr. Spies:

The Michigan Department of State, Bureau of Elections (Bureau) acknowledges receipt of your letter dated February 9, 2021 to Director Jonathan Brater, which was sent minutes before mine was emailed to Michigan Republican Party (MRP) Chairman Ron Weiser on the same date. Although I did not learn of your letter until later, I write to reiterate our request for records to determine whether any violation of the Michigan Campaign Finance Act (MCFA), 1976 PA 388, MCL 169.201 *et seq.*, occurred.

The Bureau's review is predicated on a written report concerning the alleged misuse of MRP administrative account funds to make expenditures, which if true, could constitute a violation of the MCFA. There is no mechanism that would allow the MRP to withdraw an earlier disclosure, but to the extent that the MRP wishes to argue that no violation of the MCFA occurred, please be assured that the Bureau will consider any legal arguments you wish to present.

The Bureau appreciates your stated willingness to "work with your office to confirm for you that the MRP fully complied with the law[,] and looks forward to your cooperation in response to our February 9 records request. If you have questions or require additional information regarding this request, please contact the undersigned at 517-335-5456 or [malermanm@michigan.gov](mailto:malermanm@michigan.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Melissa Malerman".

Melissa Malerman  
Director, Disclosure, Filings and Compliance Division  
Michigan Department of State, Bureau of Elections

February 9, 2021

Jonathan Brater  
Director, Bureau of Elections  
Michigan Department of State  
Richard H. Austin Building  
430 W Allegan St.  
Lansing, MI 48933

**VIA EMAIL** [BraterJ@Michigan.gov](mailto:BraterJ@Michigan.gov)

**Re: Laura Cox Letter Regarding Michigan Republican Party**

Dear Mr. Brater:

I write to you here on behalf of the Michigan Republican Party (“MRP”). It is our understanding that a disgruntled former MRP employee and failed Chair candidate, Laura Cox, wrote to you on Feb. 4<sup>th</sup> with information purported to be about something that is “possible” that “could” have violated the Michigan Campaign Finance Act (“MCFA”). Ms. Cox’s submission with fantastical “possible/could” concerns was not authorized by the MRP. The MRP now clarifies that we believe the MRP has complied with the MCFA, and Ms. Cox’s submission is withdrawn. If there is not a mechanism to withdraw it, then at a minimum it should be treated as from Ms. Cox personally and not the MRP.

While we hope the complaint will be promptly dismissed as simply hypothesizing worst-case scenarios which are outside your office’s jurisdiction, we understand that partisan Democrats are putting tremendous political pressure on Secretary Benson to pursue Republicans, so if you are going to pursue any sort of inquiry, we will work with your office to confirm for you that the MRP fully complied with the law.

Thank you, and please do not hesitate to contact me directly at (202) 466-5964 or [cspies@dickinsonwright.com](mailto:cspies@dickinsonwright.com) if you have any questions or concerns that I can be of assistance with as we work to resolve this matter.

Sincerely,



Charles R. Spies  
*Counsel to Michigan Republican Party*

February 16, 2021

Melissa Malerman  
Bureau of Elections  
Michigan Department of State  
Richard H. Austin Building  
430 W Allegan St.  
Lansing, MI 48933

**VIA EMAIL** [MalermanM@Michigan.gov](mailto:MalermanM@Michigan.gov)

**Re: Michigan Republican Party and Laura Cox Letter**

Dear Ms. Malerman:

On behalf of the Michigan Republican Party (“MRP”), I am in receipt of your letter dated Feb. 9, 2021 and e-mailed to me on Feb. 10, 2021. You request certain information from the MRP “for the purpose of ascertaining whether the alleged payments from the MRP’s administrative account should have been disclosed” under the MCFA.

We understand your efforts and request 10 days from your suggested response date of Feb. 16<sup>th</sup> to effectively collect the information you request. As you are no doubt aware, the MRP has new leadership that took office in the days prior to your request, and they (and I, as counsel) need this short extension of time to Feb. 26<sup>th</sup> will help ensure the accuracy and validity of any information provided.

Thank you, and please do not hesitate to contact me directly at (202) 466-5964 or [cspies@dickinsonwright.com](mailto:cspies@dickinsonwright.com) if you have any questions or concerns.

Sincerely,



Charles R. Spies  
*Counsel to Michigan Republican Party*

February 26, 2021

Melissa Malerman  
Bureau of Elections  
Michigan Department of State  
Richard H. Austin Building  
430 W Allegan St.  
Lansing, MI 48933

**VIA EMAIL** [MalermanM@Michigan.gov](mailto:MalermanM@Michigan.gov)

**Re: Michigan Republican Party Response to Information Request**

Dear Ms. Malerman:

On behalf of the Michigan Republican Party (“MRP”), this correspondence is in response to your letter dated Feb. 9, 2021 requesting certain information from the MRP “for the purpose of ascertaining whether the alleged payments from the MRP’s administrative account should have been disclosed” under the MCFA. As a threshold matter, we note that the politicized concerns raised by Ms. Cox were due to her inability to review the MRP’s contract with Mr. Grot. We have now reviewed said contract and believe it to be legally compliant, with services lawfully paid for by the MRP’s administrative account. Consequently, we believe the MCFA is not implicated and review of this issue is outside of your office’s jurisdiction.<sup>1</sup>

In your Feb. 9<sup>th</sup> letter you note that Ms. Cox’s request was purely speculative, with no evidence or documentation. It was irresponsible of her to reach out to your office without having reviewed the MRP’s internal documentation, and we apologize to you on her behalf for Ms. Cox not having conducted necessary due-diligence before involving your office. If she had done so, your office’s time and resources would not be wasted reviewing her request.

As noted, we believe that review of Mr. Grot’s contract makes clear that he was hired to engage in MCFA-exempt activities such as recruiting new members, planning MRP conventions, and similar activities. To that end, Mr. Grot’s contract is enclosed as Attachment A. Mr. Grot was paid a total of \$200,000 under this agreement, with payments of \$10,000 made on August 20, 2018, September 18, 2018, October 18, 2018, November 19, 2018, December 18, 2018, and January 15, 2019, and a payment of \$140,000 made on February 12, 2019. A sample of a check paid to Mr. Grot is enclosed as Attachment B.

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<sup>1</sup> MRP’s response here is a professional courtesy because a former MRP employee initiated contact with your office. This response should not be considered a concession that the MCFA-exempt activities at issue here fall within the scope of the MCFA and/or your office’s jurisdiction.



MRP Reply to MI Bureau of Elections  
February 26, 2021  
Page 2

Finally, your letter requests a copy of Mr. Lauderbach's preliminary report. That report was a preliminary working document that is privileged and should never have been circulated (even internally) because it is incomplete, was not intended to be conclusive or characterized as such, and as a result, lacks probative value. In fact, the explanation recently provided to MRP from the author Mr. Lauderbach explains:

“The January 15, 2021 Preliminary Internal Investigation Report, by its terms, was only an interim status report regarding an investigation that was not yet completed and cannot be used as a basis for a complaint or any conclusions regarding the ultimate facts of the matter. In fact, Warner Norcross + Judd LLP supports the Michigan Republican Party's attempt to withdraw the report as a basis for Ms. Cox's complaint. Due to the interim nature of the report and further relevant information that has been obtained since it was prepared, the report is now outdated and has no probative value.”

The preliminary report acknowledges that it was created without reviewing the contract in question, and without interviewing Chairman Ron Weiser or Mr. Grot, the two individuals with direct knowledge of the agreement. In light of this lack of probative value, as well as the privileged nature of the incomplete and inconclusive preliminary report, the use or consideration of the report would be highly inappropriate and met with various legal objections, all of which are hereby preserved.

We trust this information is helpful. Please do not hesitate to contact me directly at (202) 466-5964 or [cspies@dickinsonwright.com](mailto:cspies@dickinsonwright.com) if you have any questions or concerns.

Sincerely,

Charles R. Spies  
Robert Avers  
*Counsel to Michigan Republican Party*

# **Attachment A**

## MEMORANDUM OF AGREEMENT



From: Michigan Republican Party  
To: Stanley Grot  
Re: Personal Services Agreement  
Date: July 3, 2018

This Memorandum shall constitute a Personal Services Agreement between the Michigan Republican Party (hereinafter "MRP") and Stanley Grot (hereinafter "Advisor"), an individual whose residence address is 11927 Hiawatha Drive, Shelby Township, MI 48315. It is contingent upon the execution of a letter withdrawing from the Secretary of State race no later than August 17, 2018.

### A. Length of Engagement:

1. The length of engagement shall be no longer than twenty-three (23) months, August 17, 2020, or at such time that Advisor is paid a total of \$230,000.
2. Advisor will be available to provide services to MRP beginning August 18, 2018.
3. If MRP desires to engage Advisor on additional projects at the fulfillment of this contract, said work will be renegotiated on a case-by-case basis.

### B. Services to be Provided as part of the Retainer:

1. Precinct delegate recruitment and recruitment training.
2. Speak to Republican and other like-minded organizations on issues of importance to the MRP or its Chairman.
3. Assist with MRP events, including rallies, conferences, conventions, and state committee gatherings.
4. Any other such tasks or services as are appropriate and assigned by the MRP.

### C. Terms:

1. Beginning August 18, 2018, Advisor will be paid at the rate of at least \$10,000 per month until the total payment reaches \$230,000. MRP may prepay any amounts at any time at its sole discretion.
2. For any additional expenses, a monthly report will be required; only pre-approved expenses with original receipts will be reimbursed.
3. This Agreement is nontransferable.
4. Advisor shall sign and abide by the attached Vendor Agreement.
5. This Agreement is contingent upon Advisor keeping its existence and terms confidential. In the event Advisor discloses the existence or terms of this Agreement, it will be considered immediately null and void at that time, and no additional payments will be made.

Advisor

By: Stanley T. Grot

Name: STANLEY T. GROT

Title: self

Date: July 3, 2018

Michigan Republican Party

By: Ronald Weiser

Name: RONALD WEISER

Title: Chairman

Date: July 3, 2018

Witness:

Colleen Peru  
(Printed Name)

Colleen Peru  
(Signature)

Confidential

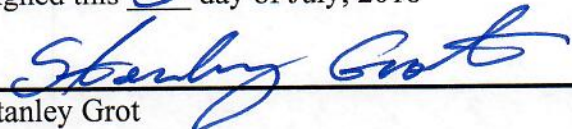
## Memorandum of Agreement

To: Amb. Ron Weiser, Chairman, Michigan Republican Party  
From: Stan Grot, Candidate for Michigan Secretary of State  
RE: Withdrawal as Candidate for Michigan Secretary of State

I hereby agree to withdraw as a candidate for nomination to the office of Michigan Secretary of State for the August 2018 convention, and further agree to the following provisions:


1. I will withdraw from the race seeking the nomination of Michigan Secretary of State for the August 2018 convention no later than Friday, August 17, 2018.
2. I will send out a press release, after it is approved by MRP, giving notice of, and reasons for, my withdrawal.
3. From this date forward (date of signature), I will not speak out against any candidate running for the office of Michigan Secretary of State, nor any other candidate running for an elected state Republican office. This includes by email, social media or any other written or spoken form.
4. I will not endorse in the Michigan Secretary of State race until after the August 25, 2018 State Convention, or other such time as there is only one candidate for this position. However, once the nominee is known, I will fully endorse that person.
5. These provisions are valid only during the term of the Agreement.

Signed this 3 day of July, 2018

  
\_\_\_\_\_  
Stanley Grot

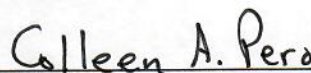
Accepted

Michigan Republican Party

By:   
\_\_\_\_\_

Its: Chairman  
\_\_\_\_\_

Witness:

  
\_\_\_\_\_  
(Print name)

  
\_\_\_\_\_  
(Signature)

**RELEASE, SATISFACTION, AND CONFIDENTIALITY AGREEMENT**

**THIS RELEASE, SATISFACTION, AND CONFIDENTIALITY AGREEMENT** (the "Agreement") is made and entered into as of February 13, 2019 (the "Effective Date"), by and between Stanley Grot ("Advisor") and the Michigan Republican Party ("MRP") (collectively, the "Parties").

**WHEREAS**, On or about July 3, 2018, Advisor and MRP entered into a Confidential Personal Services Agreement ("PSA") and a Vendor Agreement ("VA");

**WHEREAS**, Pursuant to the PSA and VA, Advisor was to provide services to MRP and MRP was to make monthly payments to Advisor over time according to the terms of the PSA and VA;


**WHEREAS**, Advisor and MRP now wish to resolve and satisfy all of MRP's remaining obligations under the PSA and VA as hereinafter set forth.

**NOW, THEREFORE**, for and in consideration of good and sufficient consideration, the receipt of which is acknowledged, the Parties hereto agree as follows:

1. In full and final satisfaction of all remaining obligations of MRP under the PSA and VA, MRP shall pay Advisor the sum of One Hundred Forty Thousand Dollars (\$140,000) (the "Final Payment") upon execution of this Agreement.
2. Advisor agrees to accept the Final Payment in full and final satisfaction of all remaining obligations of MRP under the PSA and VA.
3. Advisor agrees to treat and keep the terms and existence of the PSA, VA, and this Agreement as confidential information, and not to discuss or disclose to any third-party the terms and existence of the PSA, VA, and this Agreement.
4. This Agreement may be executed in separate counterparts, original or PDF, each of which shall constitute an original, but all of which, when taken together, shall constitute but one Agreement.


IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

Advisor

By:   
Name: STANLEY F. GROT  
Title: self

2-13-19

Michigan Republican Party

By:   
Name: Michael Patterson  
Title: General Counsel

2-13-19

## VENDOR AGREEMENT

In consideration of being awarded a contract to perform various services and/or provide materials to the Michigan Republican Party located at 520 Seymour, Lansing, Michigan 48933 (hereinafter referred to as the "MRP"), the undersigned vendor (hereinafter referred to as "Vendor") hereby agrees as follows:

1. Vendor, its employees and agents, shall hold in confidence, and shall not communicate or divulge to any person not employed by the MRP, or to any other firm or to any other corporation, or use for the benefit of any other person, firm or corporation, any of the MRP's confidential information which may have been or may in the future be, made known to Vendor, its employees or agents, in the course of providing services and/or materials to the MRP.
2. "Confidential information" as used in this Agreement, shall be construed to mean any information concerning the MRP's operations, including but not limited to, all campaign literature, campaign research, campaign strategy, products, processes, contributor lists, financial statements, fundraising events, member lists, mailing lists, or any other trade secret of the MRP, which may be set forth in any writing or other printed matter, whether an original, carbon copy, photostatic or xerographic copy, or other copy, including, but not limited to, ledgers, books, records, statements, minutes, letters, memoranda, reports, lists, appraisals, studies, agreements, printouts, telegrams, pamphlets, messages, notes, diary and calendar entries, maps, surveys, charts, tabulations, press releases, poll results, annotations, summaries, and any other written, recorded, typewritten or imprinted item of any type or kind, having corporeal existence in any language; any records or transcripts of meetings, conferences and telephone or other conversations or communications; nonprinted or written matter such as voice recordings and reproductions, film impressions, photographs, negatives, slides, microfilms, microfiches, and other things that set out or record ideas, words, or impressions; and all such punch cards, tapes, discs, or recordings used in the programming instructions and other printed or written materials necessary to use or understand punch cards, tapes, discs, or other recordings, as well as such data in electronic or other form that can be printed out or reduced to readable or useable form through proper programming or decoding of written, recorded and/or electronic or computer bank information. All confidential information of the MRP shall at all times be and remain the exclusive property of the MRP, and neither Vendor, its employees or agents, shall assert any rights with respect to the confidential information, on any grounds, including grounds that such confidential information was acquired by Vendor, its employees or agents, prior to the date hereof.
3. Vendor hereby agrees to indemnify and hold harmless the MRP, and its employees, agents, officers, and members, from all claims, demands, actions and causes of action where allegations of defamation, copyright infringement, or violation of any law (including, but not limited to, any law regulating the transmission of telephone calls) are made by any agency, person or entity with respect to an advertisement, fundraising solicitation, letter, literature, flyer, message, commercial or any other materials (hereinafter referred to as "Materials") prepared by the Vendor (whether or not the Materials were approved by the MRP).
4. All Materials (as defined in Section 3) shall at all times be and remain the exclusive property of the MRP, and neither Vendor, its employees or agents, shall assert any rights with respect to the Materials, on any grounds, including grounds that such Materials, or any component of the Materials, is owned by the Vendor, its employees or agents. All Materials prepared by the Vendor, its employees or agents, in connection with a contract to perform various services and/or provide Materials to the MRP, are the exclusive property of the MRP on a work for hire basis. The Vendor shall not publish, in any format, the Materials without the MRP's prior written consent.
5. Vendor agrees that neither the Vendor, nor any employee, agent, affiliate, or subsidiary of the Vendor, shall perform services and/or provide materials to any candidate, committee, interest group, or any other person or entity associated with or affiliated with the Democratic Party.

6. Vendor hereby guarantees the faithful performance of the terms of this Agreement by Vendor's employees and agents. Vendor agrees to accept full liability in the event that any of Vendor's employees or agents breaches or attempts to breach the terms of this Agreement.

7. Vendor, its employees and agents, shall remain bound by this Agreement throughout the duration of Vendor's contract with the MRP, as well as subsequent to the termination of Vendor's contract with the MRP.

8. Vendor acknowledges that, except for the terms of Section 3 herein, it will be difficult to measure accurately the damage to the MRP for any breach by Vendor, its employees and agents, of the covenants and restrictions set forth herein, that the injury to the MRP from any such breach would be incalculable and irreparable, and that damages would not, therefore, in and of themselves, be an adequate remedy. Vendor therefore agrees that in the event that Vendor, its employees or agents, breaches or attempts to breach any of the terms of this Agreement (except Section 3 herein), the MRP shall be entitled, as a matter of right, to obtain from any court of competent jurisdiction any or all of the following at the option of the MRP:

- (A) an injunction which (i) prohibits Vendor, its employees or agents, from any further breaches of this Agreement, (ii) rescinds any action taken by Vendor, its employees or agents, contrary to the terms of this Agreement, and (iii) authorizes the MRP to recover from Vendor, its employees or agents, as the case may be, any and all salaries, fees, commissions, income, profits or other remuneration or gain which Vendor, its employees or agents, may have received or to which they may have become entitled to receive, from or by reason of the conducting of any activity in violation of the terms of this Agreement;
- (B) liquidated damages payable by Vendor to the MRP in the amount of Fifty Thousand Dollars (\$50,000); and/or
- (C) any other remedy that the MRP may be entitled to as a matter of law.

9. This Agreement shall be binding upon and shall inure to the benefit of the MRP and Vendor, and their respective successors and assigns. Under no circumstances shall the MRP indemnify the Vendor or pay attorney fees or collection costs to the Vendor. In the event that the terms of this Agreement conflict with the terms of any other agreement between Vendor and the MRP, the terms of this Agreement shall control. Any term or condition set forth on a Vendor invoice, Vendor bill, or any other type of document, shall only be binding on the MRP if signed in writing by the Executive Director or Chairman of the MRP; however, the terms of this Agreement shall supersede any contrary term or provision in such document, whether or not signed by the Executive Director or Chairman of the MRP. The MRP is an unincorporated association created by the Bylaws of the Michigan Republican State Committee, as amended. The members, officers, attorneys, employees and agents of the MRP shall not be personally liable for any debt, liability, or obligation of the MRP. Vendor expressly agrees to look only to the funds and property of the MRP for payment or performance for any obligation under the terms of any contract or for the payment of any debt, damages, judgment or decree or any money that may otherwise become due or payable to Vendor from the MRP.

IN WITNESS WHEREOF, as a condition of awarding the Vendor a contract to perform services and/or provide materials to the MRP, Vendor hereby executes this Agreement on behalf of itself, its employees and agents, as of the date written below.

Dated: 6-3-18

VENDOR

By: 

Its: Self





STATE OF MICHIGAN  
JOCELYN BENSON, SECRETARY OF STATE  
DEPARTMENT OF STATE  
LANSING

May 3, 2021

Charles R. Spies  
Counsel, Michigan Republican Party  
Dickinson Wright PLLC  
1825 Eye Street NW, Suite 900  
Washington, D.C. 20006-5403

Via email: [CSpies@DickinsonWright.com](mailto:CSpies@DickinsonWright.com)

Dear Mr. Spies:

The Michigan Department of State, Bureau of Elections (Bureau) acknowledges receipt of your letter dated February 26, 2021, providing additional information regarding the Michigan Republican Party's (MRP's) voluntary disclosure<sup>1</sup> of a potential violation of the Michigan Campaign Finance Act (MCFA), 1976 PA 388, MCL 169.201 *et seq.* by its former Chairperson on February 4, 2021. The MRP's February 4 correspondence indicated that "[i]f the Secretary of State determines that these payments from the [administrative a]ccount are 'expenditures' as defined in the Michigan Campaign Finance Act, then the MRP seeks to enter into a conciliation agreement with the Secretary of State pursuant to MCL 169.215(10)[.]"

Your February 26, 2021 letter acknowledges that seven payments were made from the MRP's administrative account to Stanley Grot, a former candidate for the 2018 Republican nomination to the office of Secretary of State, between August 20, 2018 and February 12, 2019 totaling \$200,000.00. This amount was paid to Mr. Grot pursuant to a Memorandum of Agreement (MOA) executed by Mr. Grot and MRP Chairman Ron Weiser on July 3, 2018, which was expressly made "contingent upon the execution of a letter withdrawing from the Secretary of State race no later than August 17, 2018."<sup>2</sup>

Under an additional MOA executed on the same date, Mr. Grot promised: "I will not speak out against any candidate running for the office of Michigan Secretary of State, nor any other candidate running for an elected state Republican office ... by email, social media or any other written or spoken form[.]" and "I will not endorse in the Michigan Secretary of State race until after the August 25, 2018 State Convention, or other such time as there is only one candidate for this position[.]" and "once the nominee is known, I will fully endorse that person."

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<sup>1</sup> The Department understands that in prior correspondence, the MRP requested to withdraw this disclosure. There is no mechanism that would allow MRP to withdraw an earlier disclosure. The Department intends to consider this disclosure voluntary for purposes of reaching any informal resolution in a conciliation agreement.

<sup>2</sup> The MOA was also expressly made "contingent upon Advisor [Mr. Grot] keeping its existence and terms confidential."

The registration, disclosure and enforcement provisions of the MCFA apply to “contributions” and “expenditures,” which are defined respectively as “a payment ... expenditure, contract, payment for services ... of money or anything of ascertainable monetary value, or a transfer of anything of ascertainable monetary value to a person, made for the purpose of influencing the nomination or election of a candidate” and “a payment ... or promise of payment of money or anything of ascertainable monetary value for goods, materials, services, or facilities in assistance of, or in opposition to, the nomination or election of a candidate[.]” MCL 169.204(1), 169.206(1).

Payments made pursuant to a personal services contract that by its express terms “is contingent upon the execution of a letter withdrawing from the Secretary of State race” constitute expenditures in opposition to the nomination of Mr. Grot,<sup>3</sup> as evidenced by the parties’ agreement that no payments were due under the MOA unless and until Mr. Grot terminated his campaign for Secretary of State. MRP promised to pay Mr. Grot to induce him to withdraw his candidacy and in return, Mr. Grot promised to refrain from denigrating other candidates and to endorse the Republican nominee. Although the MOA purported to engage Mr. Grot to perform services exempt from MCFA regulation,<sup>4</sup> no payments would have been made to or services owed by Mr. Grot if he continued his pursuit of the Republican nomination beyond August 17, 2018. Therefore, payments made to Mr. Grot under the MOA represent expenditures that should have been made from and disclosed by the MRP’s state account.

Instead, MRP used administrative account funds for seven expenditures to Mr. Grot totaling \$200,000.00. Administrative accounts are separate bank accounts used for depositing funds received from prohibited sources, such as corporate or labor union treasury funds. Payments from administrative accounts are strictly limited to “paying administrative expenses that are totally unrelated to the party’s political activity. These funds ... may not be used for candidate support or opposition.”<sup>5</sup>

In addition to constituting an improper expenditure to Mr. Grot, this disbursement also represents an excess contribution in violation of MCL 169.252, which prohibits a state political party from giving a contribution in excess of 20 times the limitation for individuals. For 2018, the applicable contribution limit for the MRP to a statewide candidate was \$136,000. *Id.* A violation of this section is a misdemeanor. MCL 169.252(9). Here, by making a direct payment to Mr. Grot totaling more than \$136,000, the party has given a contribution in excess of the contribution limitation.

Having determined that the MRP made prohibited expenditures from its administrative account and contributions in excess of contribution limits, the Bureau finds “there may be reason to believe that a violation of [the MCFA] occurred[.]” MCL 169.215(10). If a violation is found, the Secretary of State must attempt to resolve the matter informally through means such as the execution of a conciliation agreement. *Id.* The objective of an informal resolution is “to correct the violation or prevent a further violation [.]” *Id.*

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<sup>3</sup> Additionally, the payments may represent contributions if made for the purpose of influencing Mary Treder Lang’s nomination or election.

<sup>4</sup> The MOA identified the following as services to be provided by Mr. Grot: recruitment and training of precinct delegates, public speaking, assistance with events hosted by the MRP, and other duties as assigned.

<sup>5</sup> See [Political Party Manual](#), Bureau of Elections (accessed May 1, 2021).

To determine the appropriate resolution, the Department seeks to confirm that the source of contributions made to MRP's administrative account. Generally administrative accounts receive contributions from corporations, labor organizations, or other entities prohibited from making expenditures in support of or opposition to candidates, MCL 169.254(1). The Department is requesting the following information by May 17, 2021:

1. Please identify the accounting method used by the MRP for the administrative account (for example, last-in-first-out).
2. Please provide the sources, dates and amounts of the contributions made to the MRP's administrative account.

This information is necessary to determine the extent to which contributions from impermissible sources have been used to make an expenditure under the Act. The Department will use the information provided in order to facilitate an informal resolution. If MRP can demonstrate that contributions made to the administrative account and utilized to make prohibited expenditures were from sources that otherwise may be permitted to make expenditures in support of or opposition to candidates, this would not eliminate—but may mitigate—the extent of the violations related to MRP's expenditures to Mr. Grot.

Please be advised that if the Department is unable to resolve the matter through informal methods, the Department must either conduct an administrative hearing or refer the matter to the Attorney General for enforcement of the penalties provided in MCL 169.215(15) and MCL 254(5). MCL 169.215(10)(a).

Sincerely,

A handwritten signature in black ink, appearing to read "Melissa Malerman". The signature is fluid and cursive, written over a light blue horizontal line.

Melissa Malerman  
Director, Disclosure, Filings and Compliance Division  
Michigan Department of State, Bureau of Elections

May 17, 2021

Melissa Malerman  
Bureau of Elections  
Michigan Department of State  
Richard H. Austin Building  
430 W Allegan St.  
Lansing, MI 48933

**VIA EMAIL** [MalermanM@Michigan.gov](mailto:MalermanM@Michigan.gov)

**Re: Michigan Republican Party Response to May 3 SOS Letter**

Dear Ms. Malerman:

On behalf of the Michigan Republican Party (“MRP”), this correspondence is in response to your letter dated May 3, 2021, which states various factual and legal theories hypothesized by your office (hereinafter “the Secretary”) and requests confidential MRP administrative account donor information. While MRP is disappointed by the Secretary’s factually incorrect and legally incoherent attempt to assert jurisdiction here and obtain access to confidential donor information, MRP nonetheless remains willing to work with you to informally resolve this matter. MRP’s reply, as well as its willingness to work with the Secretary towards informal resolution for the sake of avoiding the cost and burden of litigation, should not be considered a concession that the MCFA-exempt activities at issue here fall within the scope of the MCFA and/or the jurisdiction of your office.

With that in mind, and in the interest of facilitating the informal resolution process, several threshold issues are set forth below that must be addressed before reaching such a resolution.

**1. Grot’s Contract Had Standard Provisions Dictated by MRP Rules**

Mr. Grot’s contract, which was appended as Attachment A to MRP’s February 26, 2021 letter to your office, was on its face legally compliant, and the corresponding services were lawfully paid for with funds from MRP’s administrative account, which as you know is outside the scope of your office’s jurisdiction. Indeed, Mr. Grot’s contract makes clear that he was hired to engage in MCFA-exempt activities. Nonetheless, it appears the Secretary is intent on attempting to expand the jurisdiction of her office by asserting that contract provisions meant to avoid conflicts of interest by vendors—provisions that are required by MRP rules—somehow implicate the MCFA.

MRP Reply to MI Bureau of Elections  
 May 17, 2021  
 Page 2

To be clear, MRP has a longstanding rule prohibiting its vendors from running for certain offices, the office of Secretary of State among them. This is for both campaign finance compliance and fairness reasons. Of course, if MRP intends to hire someone as a vendor that is currently a candidate for one of those offices, then any Memorandum of Agreement (MOA) with that individual would expressly provide that engagement as a vendor is contingent on that person discontinuing their candidacy for the sake of complying with MRP rules, just as the vendor's contract will also include a standard provision barring the vendor from performing services for (or providing materials to) any person or entity affiliated with the Democratic Party. Likewise, MRP employees are prohibited from speaking out against any candidate running for an elected state Republican office...by email, social media, or any other written or spoken form, and if a prospective employee is coming off a hotly contested campaign, then, as a simple matter of best practices, a reminder of this rule would be included in any MOA.

The presence of this due-diligence contract language in an MOA between MRP and a vendor was included solely to ensure compliance with MRP rules and has no implication on MCFA compliance.

**2. The Grot Contract is Neither an Expenditure nor a Contribution, and Certainly Can't be Both.**

The analysis set forth in the Secretary's May 3, 2021 Letter cites the definitions of "contributions" and "expenditures" under the MCFA, but ignores the key statutory language that such payment must be made "for the purpose of influencing the nomination or election of a candidate." MCL 169.204(1), 169.206(1). As the Secretary is no doubt aware having lost litigation on this very issue in federal court,<sup>1</sup> First Amendment protected speech such as MRP's administrative account activities at issue here fall *outside* the scope of the MCFA (and thus *outside* the scope of the Secretary's jurisdiction) absent express advocacy for the election or defeat of a candidate. And as acknowledged in footnote 4 of your letter dated May 3, 2021, the payments to Mr. Grot were explicitly for non-express advocacy activity outside the jurisdiction of the MCFA. As every campaign finance regulator knows, the Supreme Court articulated the express advocacy test in *Buckley v Valeo* to protect this type of political speech,<sup>2</sup> and the Secretary's attempt to regulate it is inappropriate and unconstitutional.

Assuming for the sake of argument that the Secretary's theory that the Grot payments were made for the purpose of getting him to withdraw from the Secretary of State race was factually correct, those payments still would *not* be expenditures or contributions. The strained reasoning on Page 2 of your May 3, 2021 letter illustrates this point, as the Secretary set forth the conclusory assertion that payments made to Mr. Grot personally are somehow expenditures in

<sup>1</sup> See *Right to Life of Michigan, Inc. v. Miller*, 23 F. Supp. 2d 766 (W.D. Mich. 1998) citing to *Buckley v. Valeo*, 424 U.S. 1 (1976).

<sup>2</sup> See generally *Buckley*, 424 U.S. 1 (1976).

MRP Reply to MI Bureau of Elections  
 May 17, 2021  
 Page 3

opposition to his campaign. With due respect, the Secretary's theory that a \$200,000 contract with an individual somehow operates to advocate against that same individual's campaign is nonsensical. And the absurdness of the Secretary's legal theory does not end there, as the Secretary then argues in the next paragraph that, in addition to the contract being an expenditure against Grot, it is also a contribution to Grot. The idea that the Secretary is attempting to argue that a contract is both a contribution to and expenditure against the same person at the same time is precisely why courts would never allow such unconstitutionally vague definitions of contribution and expenditure to be enforced.

### 3. MRP Administrative Account

The MRP Administrative Account is outside the jurisdiction of your office, and no activities have been undertaken – including the Grot contract – which would bring it within your regulatory jurisdiction. Donors to that account were promised confidentiality and face the risk of retaliation and harassment if disclosed to your office. This is, of course, similar to the arguments heard by the U.S. Supreme Court just a few weeks ago in *Americans for Prosperity Foundation v. Rodriguez*, the heart of that matter being the importance of donor confidentiality for non-profit organizations.<sup>3</sup>

It is troubling that the Secretary would attempt to force this donor disclosure, especially after acknowledging that the names of administrative account donors are not relevant to the core issues here, but instead under the pretext that providing such information “may mitigate” the extent of that potential violations. That is, of course, not true, as even Laura Cox –the disgruntled and failed MRP Chair candidate that commenced this matter with a politically-motivated “self-report”–wrote in her letter to the Secretary dated February 4, 2021, that even her own self-serving “review” of the underlying events had “identified no systemic issues that would otherwise result in significant errors of this type and the impact of any possible violation was limited in scope.”

The Secretary's request for donor information is an unjustified overreach and a thinly-veiled attempt to make political hay from a matter commenced by one of the Secretary's political adversaries against another. Nonetheless, and for the purpose of facilitating informal conciliation and a resolution here, MRP has authorized the undersigned to stipulate that the funds from the administrative account used to pay Grot came from corporate sources.

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<sup>3</sup> See generally *Americans for Prosperity Foundation v. Rodriguez*, U.S. Supreme Court case no. 19-251.

MRP Reply to MI Bureau of Elections  
May 17, 2021  
Page 4

### Conclusion

While MRP vehemently disagrees with the theories set forth in your letter dated May 3, 2021, it nonetheless remains willing to work with your office to explore an informal resolution here. As we proceed with the informal resolution process, please keep the following concepts in mind.

First, any theory the Secretary advances must be consistent with the plethora of court cases limiting the scope of the MCFA and the jurisdiction of her office to payments for communications that in express terms advocate the election or defeat of a clearly identified candidate for Michigan office. To that end, MRP respectfully requests the Secretary please confirm within 7 days (by May 24, 2021) that she intends to comply with First Amendment protections for political speech and will not attempt to regulate anything other than express advocacy by MRP's administrative account.

Second, absent a court order, MRP will not be disclosing administrative account donors. There is no "first in, first out," or other special accounting treatment for administrative account funds. Once deposited they are co-mingled and fungible. As an accommodation to your stated desire for this information to mitigate the extent of potential violations related to MRP's payments to Mr. Grot, the MRP is willing to engage in the informal resolution process, including a conciliation agreement, based upon the payments to Mr. Grot coming from funds in the MRP administrative account stipulated to be corporate.

We look forward to a prompt response regarding these matters. Please do not hesitate to contact me directly at (202) 466-5964 or [cspies@dickinsonwright.com](mailto:cspies@dickinsonwright.com) if you have any questions or concerns.

Sincerely,



Charles R. Spies  
Robert Avers  
*Counsel to Michigan Republican Party*



STATE OF MICHIGAN  
JOCELYN BENSON, SECRETARY OF STATE  
DEPARTMENT OF STATE  
LANSING

**In the matter of:**

**Michigan Republican Party Self-Report of Violations**  
Carl Meyers, Treasurer, Michigan Republican Party

**Committee Id. No. 000105**

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**CONCILIATION AGREEMENT**

Pursuant to MCL § 169.215(10) of the Michigan Campaign Finance Act (the Act), MCL § 169.201 et seq., the Secretary of State and the Michigan Republican Party (Respondent) hereby enter into a conciliation agreement (the "Conciliation Agreement") with respect to the Secretary of State's allegations of certain acts, omissions, methods, or practices prohibited by the Act.

The Secretary of State alleges that there may be reason to believe that the Respondent violated the Act by making seven undisclosed expenditures between August 20, 2018 and February 12, 2019 totaling \$200,000.00 to influence the nomination of a Secretary of State candidate in 2018, in violation of MCL 169.233(11).

The Secretary of State further alleges that there may be reason to believe that the Respondent violated the Act by making an excess contribution of \$64,000.00 in relation to a statewide candidate in violation of MCL 169.252(4).



The Secretary of State further alleges that there may be reason to believe the MRP used \$200,000 in corporate treasury funds to make expenditures in violation of MCL 169.254(1) and failed to timely register its administrative account as a committee in violation of MCL 169.224(1).

The Respondent, however, expressly denies any wrongdoing regarding, or liability stemming from, the Secretary of State's allegations set forth above, and maintains that any acts, omissions, methods, or practices challenged by the Secretary of State were authorized by and compliant with the applicable laws, rules, and regulations.

For the reasons stated above, it is understood and agreed to by the Secretary of State and the Respondent that this Conciliation Agreement is a compromise of disputed claims, and that the conciliation payment referenced herein is not to be construed as an admission of liability on the part of Respondent.

Therefore, the Respondent, without admitting any issue of law or fact, except as stated herein, hereby voluntarily enters into this Conciliation Agreement and assures the Secretary of State that it has internal controls to comply with the Act and the Rules promulgated to implement the Act.

By executing this Conciliation Agreement, the Respondent certifies that it has paid a conciliation payment in the amount of \$200,000.00 to the State of Michigan.

The Secretary of State and the Respondent further agree that this Conciliation Agreement is in effect and enforceable for four years from the date it is signed by the Secretary of State and the Respondent (or their respective duly authorized representatives).

The Secretary of State and the Respondent further agree that this Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the

Secretary of State with respect to the alleged violations referenced in this Conciliation Agreement.

The Secretary of State and the Respondent further agree that the self-report and investigation that resulted in this Conciliation Agreement are disposed of and will not be the basis for further proceedings, except pursuant to this agreement.

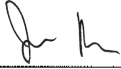
The Secretary of State and the Respondent further agree that the Respondent's performance under this Conciliation Agreement shall be given due consideration in any subsequent proceedings.

The Secretary of State and the Respondent further agree that this Conciliation Agreement, when signed, shall become a part of the permanent public records of the Department of State.

The Secretary of State and the Respondent finally agree that the signatories below are authorized to enter into and bind the parties to this Conciliation Agreement, and have done so by signing this agreement on the date referenced below.

*[Signature page follows]*

**JOCELYN BENSON  
SECRETARY OF STATE**



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**Jonathan Brater  
Director, Bureau of Elections**

**Dated:** 06/30/2021

**RESPONDENT**



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**Carl Meyers, Treasurer  
Michigan Republican Party**

**Dated:** 06 / 28 / 2021