



FACT

FOUNDATION FOR
ACCOUNTABILITY
AND CIVIC TRUST

July 6, 2022

Michigan Department of State
Bureau of Elections
Richard H. Austin Building, 1st Floor
430 W. Allegan
Lansing, Michigan 48918

Email: elections@michigan.gov

Re: Campaign Finance Complaint against **Bipartisan Solutions**

To the Michigan Department of State:

The Foundation for Accountability and Civic Trust (FACT) is a nonprofit organization dedicated to promoting accountability, ethics, and transparency in government and civic arenas. We achieve this mission by hanging a lantern over public officials who put their own interest over the interests of the public good. We submit this complaint, pursuant to the Michigan Campaign Finance Act section 169.215, to request the Department of State immediately investigate and take appropriate enforcement action against Bipartisan Solutions, 2843 E. Grand River #155, East Lansing, MI 48823, Telephone No. (773) 275-1320.

Bipartisan Solutions is a 501(c)(4) organization that is not registered as a ballot question committee. However, under the precedent the Department set forth in a 2021 complaint decision, Bipartisan Solutions' activity in 2020 demonstrates it should have registered as a committee and filed the required reports.¹

In the first three months of 2020, Bipartisan Solutions raised and contributed nearly \$700,000 to a ballot question committee, Fair and Equal Michigan. The interaction that unfolded between the two entities was as follows: Bipartisan Solutions made contributions, and directly thereafter Fair and Equal Michigan made large payments to its vendors. The disparity

¹ *LaBrant v. Michigan Citizens for Fiscal Responsibility, Michigan! My Michigan!*, MI Campaign Finance Complaint filed May, 25, 2021 (decision filed Oct. 27, 2021) (attached as Exhibit A).

between Bipartisan Solutions’ assets going into 2020 (\$11,485) and the amount it contributed to Fair and Equal Michigan (\$782,000), as well as the timing of Bipartisan Solutions contributions to Fair and Equal Michigan and then the subsequent payments Fair and Equal Michigan made to its vendors, demonstrate a level of coordination showing the entities were not independent of each other. In fact, because both occurred over such a short period of time, Bipartisan Solutions’ significant fundraising could not have been “independent” from its simultaneous contributions to Fair and Equal Michigan.

It is not a violation for an organization to make contributions to a ballot question committee.² However it is “a violation of the Act for an organization to raise money on behalf of the ballot question committee in order to shield the organization’s donors from the reporting requirements of the Act.”³ The facts of this case demonstrate that this is precisely what occurred here, and is the same as a 2021 Department decision that found organizations “were soliciting or receiving funds for the purpose of collecting contributions with the intent of financially supporting the ballot question committee.”⁴ Thus, we request the Department investigate and find there is reason to believe that a violation of the MCFA occurred.⁵

I. Law.

Under Michigan law, a “committee” is defined as an organization:

“that receives contributions or makes expenditures for the purpose of influencing or attempting to influence the action of the voters for or against the nomination or election of a candidate, the qualification, passage, or defeat of a ballot question, or the qualification of a new political party, if contributions received total \$500.00 or more in a calendar year or expenditures made total \$500.00 or more in a calendar year.”⁶

The statute further specifies that an organization does not meet the definition of a committee solely because it makes an expenditure to a ballot question committee or an independent expenditure committee.⁷ However, the organization does meet the definition of a committee if it

² *Id.* (citing MCL 169.203(4)).

³ *Id.* (citing MCL 169.203(4)).

⁴ *Id.*

⁵ MCL 169.15(10).

⁶ MCL 169.203(4).

⁷ *Id.*

“solicits or receives contributions for the purpose of making an expenditure to that ballot question committee or independent expenditure committee.”⁸

Whether or not an organization meets the definition of a committee is consequential because a committee is required to report and publicly disclose information. An organization must file a statement of organization within ten days of formation and thereafter file statements disclosing the organization’s contributions and expenditures.⁹ If an organization fails to file the required statements, civil or criminal penalties are imposed.¹⁰

In an October 27, 2021 decision, the Michigan Department of State considered the case of *LaBrant v. Michigan Citizens for Fiscal Responsibility, Michigan! My Michigan!*, MI Finance Complaint No 2021-5-8-21 (Oct. 27, 2021) (2021 Complaint). This case involved two 501(c)(4) organizations, Michigan Citizens for Fiscal Responsibility (MCFR) and Michigan! My Michigan! (MMM), which were not registered as committees themselves but had made contributions to a ballot question committee, Unlock Michigan (Unlock).¹¹

The Department had two pieces of evidence which led to their ruling: (1) the organizations’ 2019 form 990 showing their assets at the end of the year and (2) the amount of contributions they gave as disclosed by Unlock in 2020.¹² MCFR had \$715,137 in assets at the end of calendar year 2019 and contributed approximately \$1,780,000 to Unlock from June to October 2020.¹³ MMM had \$172,452 in assets at the end of calendar year 2019 and contributed approximately \$550,000 to Unlock from June to October 2022.¹⁴

⁸ *Id.*; *LaBrant v. Michigan Citizens for Fiscal Responsibility, Michigan! My Michigan!*, MI Campaign Finance Complaint filed May, 25, 2021 (decision filed Oct. 27, 2021) (explaining evidence the corporation raised significant funds, contributed the funds to a ballot question committee within the calendar year the funds were raised, and the ballot question committee immediately paid vendors supported a finding the corporation was a committee and must register with the Department); *LaBrant v. Unlock Michigan*, MI Campaign Finance Complaint filed Sept. 17, 2020 (decision filed April 9, 2021) (explaining evidence the corporation and ballot question committee are controlled by the same individuals and functioning as the same entity support a finding the corporation is a committee and must register with the Department).

⁹ MCL 169.224.

¹⁰ *See, e.g.*, MCL 169.234.

¹¹ *LaBrant v. Michigan Citizens for Fiscal Responsibility, Michigan! My Michigan!*, MI Campaign Finance Complaint filed May, 25, 2021 (decision filed Oct. 27, 2021).

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

There was no evidence of the date or amount of contributions received by MCFR and MMM throughout 2020 or the total amount of their assets at any particular point during the year.¹⁵ Both MCFR and MMM filed affidavits stating that they neither “solicited or received contributions for the purpose of making an expenditure to Unlock Michigan or any other ballot question committee.”¹⁶

After comparing MCFR and MMM’s assets at the beginning of 2020 and the contributions each made to the ballot question committee during the year, the Department found that the assets MCFR and MMM each contributed to the ballot question committee during 2020 “far exceeds the assets controlled by the organizations” at the beginning of the year.¹⁷ Additionally, MCFR and MMM made contributions to the ballot question committee “within days of similarly sized payments” from the ballot question committee to its vendor, which demonstrated coordination “to some extent.”¹⁸ The Department found there “may be reason to believe” that MCFR and MMM should have registered as committees themselves and filed the required statements.¹⁹ The decision stated:

“As previously stated, it is not a violation of the Act for a group to raise funds in its normal course of conduct and make contributions to a ballot question committee or to coordinate with that ballot question committee. It is, however, a violation of the Act for an organization to raise money on behalf of the ballot question committee in order to shield the organization’s donors from the reporting requirements of the Act. The fundraising necessary to allow MCFR to contribute \$1,780,000 to Unlock and MMM to contribute \$550,000 to Unlock from June to October 2020 is substantial. Although it may be possible that each entity raised those funds in the first half of 2020 independently of each entity’s support for Unlock, to assume that the aggressive fundraising activity necessary for each organization to raise the sums that were then transferred to Unlock was completely independent strains credulity. The disparity between each organization’s assets going into 2020, the amount that each organization contributed to Unlock, and the timing of those contributions demonstrate a level of coordination showing the entities were not independent of each other.

In particular, the number of payments that MCFR and/or MMM made to Unlock days before Unlock made similarly sized payments to NPM suggests that

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Id.*

MCFR and MMM were soliciting or receiving funds for the purpose of collecting contributions with the intent of financially supporting Unlock. Such fundraising for the purpose of supporting a ballot question committee, as is evidenced in the instant case, makes MCFR and MMM themselves ballot question committees responsible for registration and for filing appropriate campaign statements under the MCFA, but neither organization, to date, has registered as a committee nor filed those campaign statements as required by sections 24 and 33 of the Act.

Given the coordination between Unlock, the proximity of contributions made to Unlock and the expenditures made by Unlock, and the fact that neither MCFR nor MMM would have been able to make such contributions to Unlock without soliciting/receiving additional funds during 2020, there is reason to believe that MCFR and MMM may have solicited/received funds for the purpose of making contributions to Unlock.”²⁰

Therefore, in the 2021 Complaint the Department found an organization making contributions to a ballot question committee actually becomes a committee itself is when: (1) the organization solicits funds prior to or simultaneously with making contributions to a ballot question committee, and (2) the amount or timing of either contributions from the organization or payments the ballot question committee makes to its vendors indicate coordination.

II. Analysis

Issue Presented: Whether Bipartisan Solutions Is A Committee Thereby Mandating Registration Obligations With the Department.

Bipartisan Solutions is a social welfare organization formed under Section 501(c)(4) of the Internal Revenue Code, like MCFR and MMM in the 2021 complaint.²¹ According to its 2019 IRS Form 990, Bipartisan Solutions had assets of \$11,485 at the end of the 2019 calendar year.²² From January 23 to March 18, 2020, Bipartisan Solutions contributed \$706,000 in total to a ballot question committee, Fair and Equal Michigan.²³ As in the 2021 Complaint, the fundraising necessary to allow Bipartisan Solutions to contribute \$706,000 to Fair and Equal

²⁰ *Id.*

²¹ Bipartisan Solutions, Articles Of Incorporation, Department Of Licensing And And Regulatory Affairs, filed July 8, 2018, available at: <https://cofs.lara.state.mi.us/CorpWeb/CorpSearch/CorpSearchViewPDF.aspx>; Bipartisan Solutions, IRS form 990EZ (2019), available at: https://apps.irs.gov/pub/epostcard/cor/831094997_201912_990EO_2021041917965599.pdf

²² Bipartisan Solutions, IRS form 990EZ (2019), available at: https://apps.irs.gov/pub/epostcard/cor/831094997_201912_990EO_2021041917965599.pdf

²³ Fair And Equal Michigan, Michigan Campaign Finance Contribution Search Results, Department Of State, accessed Jun. 30, 2021, available at: https://miboecfr.nictusa.com/cgi-bin/cfr/contrib_anls_res.cgi

Michigan from January to March 2020 is “substantial.”²⁴ Bipartisan Solutions made an additional \$76,000 contribution to Fair and Equal Michigan in September raising the total amount contributed to \$782,000. The assets Bipartisan Solutions contributed to the ballot question committee during 2020 “far exceeds the assets controlled by the organizations” at the beginning of the year (these being the words of the Department itself in the 2021 Complaint).²⁵

In fact, this case is more egregious than the 2021 Complaint because Bipartisan Solutions’ fundraising was simultaneous with its contributions to Fair and Equal Michigan (and in turn Fair and Equal Michigan’s payments to vendors). In the 2021 Complaint, the organizations began 2020 with more assets (\$715,137 and \$172,452) and they had at least six months where they could have fundraised independently before making contributions to the ballot question committee.²⁶ However, in this case, Bipartisan Solutions reported it had assets of \$11,485 and within the next **29 days** it made contributions totaling \$453,000 to Fair and Equal Michigan (and then Fair and Equal Michigan immediately made a \$573,000 payment to its vendor as discussed below).²⁷ There simply was no significant time period where Bipartisan Solutions’ fundraising was independent of its contributions to Fair and Equal Michigan.

Because Bipartisan Solutions does not publicly disclose its donations and expenditures, the total assets controlled by this entity or the timing of the contributions it received during 2020 are not publicly known. Likewise, in the 2021 Complaint, the Department did not have this information for MCFR and MMM prior to their donations to Unlock. The Department found this information was unnecessary and presumed the funds were raised for the purpose of financing Unlock in the 2021 Complaint. The same standard certainly must apply here. Moreover, given the short period of 29 days to fundraise before making large contributions (as compared to six months in the 2021 Complaint), it is clear that Bipartisan Solutions’ fundraising was for the purpose of financing Fair and Equal Michigan.

Additionally, Bipartisan Solutions’ contributions to Fair and Equal Michigan were also “substantial” to Fair and Equal Michigan—**comprising 77.8% of the funds Fair and Equal Michigan received in January 2020, which allowed them to make their first large expenditure of \$573,000, and comprising 24.63% of Fair and Equal Michigan’s total funding during January to March 2020.**

²⁴ *Id.*; *LaBrant v. Michigan Citizens for Fiscal Responsibility, Michigan! My Michigan!*, MI Campaign Finance Complaint filed May, 25, 2021 (decision filed Oct. 27, 2021).

²⁵ *LaBrant v. Michigan Citizens for Fiscal Responsibility, Michigan! My Michigan!*, MI Campaign Finance Complaint filed May, 25, 2021 (decision filed Oct. 27, 2021).

²⁶ *Id.*

²⁷ Fair And Equal Michigan, Michigan Campaign Finance Contribution Search Results, Department Of State, accessed Jun. 30, 2021, available at: https://miboecfr.nictusa.com/cgi-bin/cfr/contrib_anls_res.cgi; Fair And Equal Michigan, Michigan Campaign Finance Expenditure Search Results, Department Of State, accessed Jun. 30, 2021, available at: https://miboecfr.nictusa.com/cgi-bin/cfr/exp_anls_res.cgi

The contributions by Bipartisan Solutions were often made within days of similarly sized payments by Fair and Equal Michigan to its vendors, as set out in the following chart:

Selected transactions reported by Fair and Equal Michigan²⁸

Date	Contributing Organization or Vendor	Amount Contributed to Fair and Equal MI	Amount Paid by Fair and Equal MI	Running Balance
January 23, 2020	Bipartisan Solutions	\$175,000		\$202,612.92
January 29, 2020	Bipartisan Solutions	\$278,000		\$574,363.92
January 30, 2020	K2K Consulting LLC		\$573,000	\$1,394.07
March 11, 2020	Bipartisan Solutions	\$ 30,000		(\$151,120.62)
March 11, 2020	K2K Consulting LLC		\$460,000	\$3,879.38
March 18, 2020	Bipartisan Solutions	\$223,000		\$228,071.74
September 10, 2020	Bipartisan Solutions	\$76,000		\$77,784.43
September 11, 2020	First Choice Contracting LLC		\$76,000	\$2,472.93

On January 23, 2020, and January 29, 2020, Bipartisan Solutions made contributions totaling \$453,000, and the very next day Fair and Equal Michigan paid K2K Consulting, LLC \$573,000—all but \$1,394.07 of their cash on hand.²⁹ Similarly, Bipartisan Solutions made a \$30,000 contribution on March 11, 2020, and on the same day Fair and Equal Michigan paid K2K Consulting, LLC \$460,000—again, nearly all of their cash on hand.³⁰ On September 10,

²⁸ Fair And Equal Michigan, Michigan Campaign Finance Contribution Search Results, Department Of State, accessed Jun. 30, 2021, available at: https://miboecfr.nictusa.com/cgi-bin/cfr/contrib_anls_res.cgi; Fair And Equal Michigan, Michigan Campaign Finance Expenditure Search Results, Department Of State, accessed Jun. 30, 2021, available at: https://miboecfr.nictusa.com/cgi-bin/cfr/exp_anls_res.cgi

²⁹ *Id.*

³⁰ *Id.*

2020, Bipartisan Solutions contributed \$76,000, equal to the amount paid to First Choice Contracting, LLC the very next day.³¹

Given that contributions by Bipartisan Solutions to Fair and Equal Michigan were immediately followed by expenditures Fair and Equal Michigan made to its vendors, it is absolutely clear that these Bipartisan Solutions solicited or received funds with the intent of financially supporting Fair and Equal Michigan.

Applying the analysis in the 2021 Complaint decision to the present situation:

“[I]t is not a violation of the Act for a group to raise funds in its normal course of conduct and make contributions to a ballot question committee or to coordinate with that ballot question committee. It is, however, a violation of the Act for an organization to raise money on behalf of the ballot question committee in order to shield the organization’s donors from the reporting requirements of the Act. The fundraising necessary to allow [Bipartisan Solutions] to contribute [\$706,000] to [Fair and Equal Michigan] . . . from [January 2020 to September 2020] is substantial. Although it may be possible that [this] entity raised those funds [simultaneously] independently of [the] entity’s support for [Fair and Equal Michigan], to assume that the aggressive fundraising activity necessary for [this] organization to raise the sums that were then transferred to [Fair and Equal Michigan] was completely independent strains credulity. The disparity between [this] organization’s assets going into 2020, the amount that [this] organization contributed to [Fair and Equal Michigan], and the timing of those contributions demonstrate a level of coordination showing the entities were not independent of each other.

In particular, the number of payments that [Bipartisan Solutions] made to [Fair and Equal Michigan] days before [Fair and Equal Michigan] made similarly sized payments to [its vendors] suggests that [Bipartisan Solutions] [was] soliciting or receiving funds for the purpose of collecting contributions with the intent of financially supporting [Fair and Equal Michigan]. Such fundraising for the purpose of supporting a ballot question committee, as is evidenced in the instant case, makes [Bipartisan Solutions] [itself a] ballot question committee[] responsible for registration and for filing appropriate campaign statements under the MCFA, but [this] organization, to date, has [not] registered as a committee nor filed those campaign statements as required by sections 24 and 33 of the Act.

Given the coordination between [Fair and Equal Michigan], the proximity of contributions made to [Fair and Equal Michigan] and the expenditures made by

³¹ *Id.*

[Fair and Equal Michigan], and the fact that [Bipartisan Solutions] would [not] have been able to make such contributions to [Fair and Equal Michigan] without soliciting/receiving additional funds during 2020, there is reason to believe that [Bipartisan Solutions] may have solicited/received funds for the purpose of making contributions to [Fair and Equal Michigan].”³²

The evidence in this case far exceeds the “reason to believe” standard that Bipartisan Solutions “may have taken actions that qualify [it] as a ballot question committee” and thus has violated Michigan Campaign Finance Act sections 24 and 34.³³

III. Conclusion & Request for Action.

The facts support a finding that Bipartisan Solutions solicited contributions for the sole purpose of making expenditures to a ballot question committee. We respectfully request the Department of State immediately investigate the apparent violations set forth in this Complaint and find reason to believe that Bipartisan Solutions has violated the Michigan Campaign Finance Act. It is clear, given the facts in this case and the precedent set forth by the 2021 Complaint, that Bipartisan Solutions must file as a committee, including filing all outstanding statements and reports, paying any late filing fees, and any applicable civil or criminal penalties.

I certify that to the best of my knowledge, information, and belief, formed after a reasonable inquiry under the circumstances, each factual contention of this complaint is supported by evidence.

Respectfully submitted,

The Foundation for Accountability and Civic Trust



By: Kendra Arnold
Executive Director
Foundation For Accountability and Civic Trust
1717 K Street NW, Suite 900, Washington, D.C., 20006

³² *Id*; *LaBrant v. Michigan Citizens for Fiscal Responsibility, Michigan! My Michigan!*, MI Campaign Finance Complaint filed May, 25, 2021 (decision filed Oct. 27, 2021).

³³ *LaBrant v. Michigan Citizens for Fiscal Responsibility, Michigan! My Michigan!*, MI Campaign Finance Complaint filed May, 25, 2021 (decision filed Oct. 27, 2021).

Exhibit A



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

October 27, 2021

Brian D. Shekell
Clark Hill
500 Woodward Ave., Suite 3500
Detroit, MI 48226

Dear Mr. Shekell:

The Department of State (Department) has finished its initial investigation of the campaign finance complaint filed against your clients Michigan Citizens for Fiscal Responsibility (MCFR) and Michigan! My Michigan! (MMM), as well as against Unlock Michigan (Unlock), by Robert LaBrant alleging violations of the Michigan Campaign Finance Act (MCFA or Act). This letter concerns the current disposition of the complaint against your clients.

The complaint alleged that MCFR and MMM solicited or received donations for the purpose of making expenditures to Unlock. Unlock is a ballot question committee regulated by the MCFA. In support of these claims, Mr. LaBrant stated that MCFR and MMM together contributed over \$2.3 million in funding to Unlock from June to October 2020, “nearly 86%” of Unlock’s total funding during that period. The complaint also showed that MCFR and/or MMM frequently provided large amounts of funding to Unlock within days of Unlock making a large payment to the outside signature-gathering firm National Petition Management (NPM).

MCFR and MMM also jointly responded to the complaint.¹ In their response, MCFR and MMM claimed that neither organization “solicited or received contributions for the purpose of making an expenditure to Unlock Michigan or any other ballot question committee.” MCFR and MMM included a September 9, 2020 affidavit from Heather Lombardini stating that “MCFR ha[d] not

¹ MCFR and MMM also alleged that the instant complaint should be dismissed as a successive complaint. However, as indicated in the Department’s April 9, 2021 dismissal to Mr. LaBrant, the prior complaint asked the Department only to investigate whether 5 contributions were violative of the Act. Because the instant complaint raises allegations not previously addressed in the first complaint, and adds an additional party, the Department does not treat this as a successive complaint.

solicited or received contributions for the purpose of making an expenditure to Unlock Michigan or any other ballot question committee.”²

Mr. LaBrant provided a rebuttal statement. In his rebuttal, Mr. LaBrant cited the failure of MCFR or MMM to provide financial statements or other information showing that the organizations did not violate the MCFA as evidence that the organizations had in fact violated the Act.

On October 8, 2021, the Department requested that MCFR and MMM provide the Department with IRS Form 990s for calendar year 2019 and 2020. The Department also requested that each organization provide the date and amount of each donation received in excess of \$500 or expenditure made in excess of \$500 between January 1, 2020 and the present, as well as the total value of assets controlled by each organization after each of those donations and expenditures. MCFR and MMM each provided a Form 990 for calendar year 2019 but declined to provide a Form 990 for calendar year 2020 and declined to provide the requested information about expenditures, contributions, and assets.

In Michigan, a committee is an organization which “receives contributions or makes expenditures for the purpose of influencing or attempting to influence the action of the voters for or against the nomination or election of a candidate, the qualification, passage, or defeat of a ballot question, or the qualification of a new political party, if contributions received total \$500.00 or more in a calendar year or expenditures made total \$500.00 or more in a calendar year.” MCL 169.203(4). The MCFA requires committees to file certain campaign statements detailing contributions and expenditures. See, e.g., MCL 169.234. Failure to file these required statements can result in civil and criminal penalties. *Id.* An organization making an expenditure to a ballot question committee is not a committee under the MCFA and is not subject to the reporting requirements of the MCFA, however, unless that organization “solicits or receives contributions for the purpose of making an expenditure to that ballot question committee.” MCL 169.203(4). Upon meeting the definition of committee, the organization is obligated to file a statement of organization with the appropriate filing official within 10 days of the committee’s formation, MCL 169.224, and is also required to file various campaign statements detailing the organization’s contributions and expenditures.

As discussed below, the Department finds that there may be reason to believe that MCFR and MMM violated the MCFA. Both MCFR and MMM may have taken actions that qualify each organization as ballot question committees under the MCFA. At the end of calendar year 2019, MCFR had \$715,137 in assets, and MMM had \$172,452 in assets. From June to October 2020, MCFR contributed approximately \$1,780,000 to Unlock, while MMM contributed

² For the reasons more fully set forth below, despite these statements presented in the affidavit, they are not enough to overcome the other evidence submitted.

approximately \$550,000. In each case, the contributions by each organization to Unlock during 2020 far exceeds the assets controlled by each entity at the start of 2020. Moreover, the contributions by MCFR and/or MMM to Unlock were often made within days of similarly sized payments by Unlock to NPM, as set out in the following chart:

Date	Contributing Organization	Amount Contributed to Unlock	Amount Paid by Unlock to NPM
June 9, 2020	MCFR	\$10,000	-
June 18, 2020	MCFR	\$150,000	-
June 24, 2020	MCFR	\$400,000	-
June 25, 2020	-	-	\$300,000
July 20, 2020	MCFR	\$100,000	-
July 21, 2020	-	-	\$100,276.21
July 31, 2020	MCFR	\$35,000	\$100,000
August 3, 2020	-	-	\$44,784.85
August 6, 2020	MCFR	\$150,000	-
August 6, 2020	MMM	\$100,000	\$228,212
August 14, 2020	MCFR	\$25,000	-
August 20, 2020	MMM	\$100,000	-
August 21, 2020	MCFR	\$110,000	-
August 21, 2020	MMM	\$100,000	\$330,000
August 27, 2020	MCFR	\$700,000	-
August 28, 2020	-	-	\$166,248.86
August 31, 2020	-	-	\$160,317.68
September 11, 2020	-	-	\$183,298.30
September 18, 2020	-	-	\$150,000
October 1, 2020	MCFR	\$100,000	-
October 1, 2020	MMM	\$150,000	-
October 5, 2020	-	-	\$218,203.96
October 21, 2020	MMM	\$100,000	-

Given that contributions by MCFR and MMM to Unlock were closely followed by expenditures Unlock made to NPM totaling an almost identical value, it is clear that MCFR and MMM coordinated to some extent with Unlock. Accounting for the assets controlled by each organization at the end of calendar year 2019, between January 1, 2020, and October 1, 2020, MCFR solicited/received at least \$1,064,863 in contributions, while between January 1, 2020, and October 21, 2020, MMM solicited/received at least \$377,548.

As previously stated, it is not a violation of the Act for a group to raise funds in its normal course of conduct and make contributions to a ballot question committee or to coordinate with that ballot question committee. It is, however, a violation of the Act for an organization to raise

money on behalf of the ballot question committee in order to shield the organization's donors from the reporting requirements of the Act. The fundraising necessary to allow MCFR to contribute \$1,780,000 to Unlock and MMM to contribute \$550,000 to Unlock from June to October 2020 is substantial. Although it may be possible that each entity raised those funds in the first half of 2020 independently of each entity's support for Unlock, to assume that the aggressive fundraising activity necessary for each organization to raise the sums that were then transferred to Unlock was completely independent strains credulity. The disparity between each organization's assets going into 2020, the amount that each organization contributed to Unlock, and the timing of those contributions demonstrate a level of coordination showing the entities were not independent of each other.

In particular, the number of payments that MCFR and/or MMM made to Unlock days before Unlock made similarly sized payments to NPM suggests that MCFR and MMM were soliciting or receiving funds for the purpose of collecting contributions with the intent of financially supporting Unlock. Such fundraising for the purpose of supporting a ballot question committee, as is evidenced in the instant case, makes MCFR and MMM themselves ballot question committees responsible for registration and for filing appropriate campaign statements under the MCFA, but neither organization, to date, has registered as a committee nor filed those campaign statements as required by sections 24 and 33 of the Act.

Given the coordination between Unlock, the proximity of contributions made to Unlock and the expenditures made by Unlock, and the fact that neither MCFR nor MMM would have been able to make such contributions to Unlock without soliciting/receiving additional funds during 2020, there is reason to believe that MCFR and MMM may have solicited/received funds for the purpose of making contributions to Unlock.

When presented with a complaint, the Department is tasked to determine "whether or not there may be reason to believe that a violation of [the MCFA] occurred."³ MCL 169.15(10). Once the

³ The MCFA directs the Department to initiate the resolution process if "there may be reason to believe that a violation of [the MCFA] occurred." MCL 169.15(10). The Department notes that, under federal law, the Federal Election Commission (FEC) will initiate an investigation into a campaign finance complaint if the Commission finds that "reason to believe that a violation of [federal law] has occurred or is about to occur." 11 CFR § 111.10. The FEC will find that "reason to believe" a violation has occurred or is about to occur when "the available evidence in the matter is at least sufficient to warrant conducting an investigation, and where the seriousness of the alleged violation warrants either further investigation or immediate conciliation." Federal Election Commission; Policy Statement; Commission Action in Matters at the Initial Stage in the Enforcement Process, 72 Fed. Reg. 51, 12545 (March 16, 2007). Because the MCFA sets a lower threshold for the Department to initiate an informal resolution process – whether there "*may be* reason to believe that a violation of [the MCFA] occurred" (emphasis added) – than federal law sets for the FEC to initiate an investigation – whether there *is* "reason to believe" – the Department's longstanding practice is to initiate the informal resolution process when the evidence available to the Department at the time that a determination is issued can reasonably support an inference that the MCFA has been violated.

Department has made this determination, the Department must employ “informal methods such as a conference [or] conciliation” to correct the potential violation or to prevent further violation. *Id.* As part of the informal resolution process, parties may furnish the Department with evidence showing that a potential violation of the MCFA has not actually occurred. It is possible that MCFR and/or MMM can provide information tending to show that its fundraising activities in 2020 were in fact independent of subsequent or concurrent donations to Unlock, and thus demonstrate that MCFR and/or MMM are not ballot question committees regulated by the MCFA. However, such information has not been made available to the Department, and the evidence available to the Department at this time suggests that “there may be reason to believe” that MCFR and MMM “solicit[ed] or receiv[ed] contributions for the purpose of making an expenditure” to Unlock, and thus that MCFR and MMM are ballot question committees under the MCFA with corresponding and unfulfilled filing obligations.


This letter serves to notify you and your clients that the Department has determined there may be reason to believe that your clients have violated the Act, and serves to notify you and your clients that the Department is beginning the informal resolution process. “If, after 90 business days, the secretary of state is unable to correct or prevent further violation by these informal methods, the secretary of state shall do either of the following:

- (a) Refer the matter to the attorney general for the enforcement of any criminal penalty provided by this act.
- (b) Commence a hearing as provided in subsection (11) for enforcement of any civil violation.”

MCL 169.215(11).

Please contact the undersigned at fracassia@michigan.gov by 5:00 p.m. on Friday, November 5 to discuss a resolution to matter, including additional information your clients may be able to provide that may affect the Department’s determination of the scope of any violation that may have occurred.

Sincerely,



Adam Fracassi

Bureau of Elections

Form **990EZ**Department of the
Treasury
Internal Revenue Service**Short Form**
Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Go to www.irs.gov/Form990EZ for instructions and the latest information.

OMB No. 1545-1150

2019**Open to
Public
Inspection****A For the 2019 calendar year, or tax year beginning 01-01-2019, and ending 12-31-2019****B** Check if applicable:

- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization

BIPARTISAN SOLUTIONS

Number and street (or P. O. box, if mail is not delivered to street address)

2843 EAST GRAND RIVER AVENUE 155

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

EAST LANSING, MI 48823

D Employer identification number

83-1094997

E Telephone number

(773) 988-1320

F Group Exemption
Number ▶**G** Accounting Method: ☒ Cash ☐ Accrual Other (specify) ▶**H** Check ☒ if the organization is **not**
required to attach Schedule B
(Form 990, 990-EZ, or 990-PF).**I** Website: ▶ N/A**J** Tax-exempt status (check only one) - ☐ 501(c)(3) ☒ 501(c)(4) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527**K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other**L** Add lines 5b, 6c, and 7b to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ. ▶ \$ 1,712**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances** (see the instructions for Part I)Check if the organization used Schedule O to respond to any question in this Part I. ☐

Revenue	1	Contributions, gifts, grants, and similar amounts received	1	1,712
	2	Program service revenue including government fees and contracts	2	
	3	Membership dues and assessments	3	
	4	Investment income	4	
	5a	Gross amount from sale of assets other than inventory	5a	
	b	Less: cost or other basis and sales expenses	5b	
	c	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c	
	6	Gaming and fundraising events		
	a	Gross income from gaming (attach Schedule G if greater than \$15,000)	6a	
	b	Gross income from fundraising events (not including \$ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)	6b	
c	Less: direct expenses from gaming and fundraising events	6c		
d	Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)	6d		
7a	Gross sales of inventory, less returns and allowances	7a		
b	Less: cost of goods sold	7b		
c	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c		
8	Other revenue (describe in Schedule O)	8		
9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8 ▶	9	1,712	
Expenses	10	Grants and similar amounts paid (list in Schedule O)	10	
	11	Benefits paid to or for members	11	
	12	Salaries, other compensation, and employee benefits	12	
	13	Professional fees and other payments to independent contractors	13	1,345
	14	Occupancy, rent, utilities, and maintenance	14	
	15	Printing, publications, postage, and shipping	15	
	16	Other expenses (describe in Schedule O)	16	
17	Total expenses. Add lines 10 through 16 ▶	17	1,345	
Net Assets	18	Excess or (deficit) for the year (Subtract line 17 from line 9)	18	367
	19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	11,118
	20	Other changes in net assets or fund balances (explain in Schedule O)	20	
	21	Net assets or fund balances at end of year. Combine lines 18 through 20	21	11,485

Part II **Balance Sheets** (see the instructions for Part II)

Check if the organization used Schedule O to respond to any question in this Part II ☐

	(A) Beginning of year	(B) End of year
22 Cash, savings, and investments	11,118	22 11,485
23 Land and buildings		23
24 Other assets (describe in Schedule O)		24
25 Total assets	11,118	25 11,485
26 Total liabilities (describe in Schedule O).		26
27 Net assets or fund balances (line 27 of column (B) must agree with line 21)	11,118	27 11,485

Part III **Statement of Program Service Accomplishments** (see the instructions for Part III)

Check if the organization used Schedule O to respond to any question in this Part III . . ☒

What is the organization's primary exempt purpose?

THE PURPOSE OF THE ORGANIZATION IS TO SEEK BIPARTISAN SOLUTION ON DOMESTIC POLICY ISSUES, PARTICULARLY THE AREAS OF ECONOMICS, EDUCATION AND EQUAL OPPORTUNITY.

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. In a clear and concise manner, describe the services provided, the number of persons benefited, and other relevant information for each program title.

28
See Additional Data Table

(Grants \$) If this amount includes foreign grants, check here . . . ☐

29

(Grants \$) If this amount includes foreign grants, check here . . . ☐

30

(Grants \$) If this amount includes foreign grants, check here . . . ► ☐

31 Other program services (describe in Schedule O)

(Grants \$) If this amount includes foreign grants, check here . . . ► ☐

32 Total program service expenses (add lines 28a through 31a)	32	1,345
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Part IV **List of Officers, Directors, Trustees, and Key Employees** (list each one even if not compensated — see the instructions for Part IV)

Check if the organization used Schedule O to respond to any question in this Part IV. ☐[illegible]

Part V Other Information (Note the Schedule A and personal benefit contract statement requirements in the instructions for Part V.) Check if the organization used Schedule O to respond to any question in this Part V. ☐

		Yes	No
33 Did the organization engage in any significant activity not previously reported to the IRS? If "Yes," provide a detailed description of each activity in Schedule O	33		No
34 Were any significant changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O. See instructions.	34		No
35a Did the organization have unrelated business gross income of \$1,000 or more during the year from business activities (such as those reported on lines 2, 6a, and 7a, among others)?	35a		No
b If "Yes," to line 35a, has the organization filed a Form 990-T for the year? If "No," provide an explanation in Schedule O	35b		
c Was the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements during the year? If "Yes," complete Schedule C, Part III	35c		No
36 Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N	36		No
37a Enter amount of political expenditures, direct or indirect, as described in the instructions. ▶ 37a			
b Did the organization file Form 1120-POL for this year?	37b		No
38a Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return?	38a		No
b If "Yes," complete Schedule L, Part II and enter the total amount involved	38b		
39 Section 501(c)(7) organizations. Enter:			
a Initiation fees and capital contributions included on line 9	39a		
b Gross receipts, included on line 9, for public use of club facilities	39b		
40a Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 ▶ ; section 4912 ▶ ; section 4955 ▶			
b Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year, or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	40b		No
c Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶			
d Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Enter amount of tax on line 40c reimbursed by the organization ▶			
e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T	40e		No
41 List the states with which a copy of this return is filed. ▶			
The organization's books are in care of ▶ <u>RICHARD CZUBA</u> Telephone no. ▶ <u>(773) 988-1320</u>			
42a Located at ▶ <u>2843 EAST GRAND RIVER AVENUE 155 EAST LANSING , MI</u> ZIP + 4 ▶ <u>48823</u>			
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	42b		No
If "Yes," enter the name of the foreign country: ▶			
See the instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).			
c At any time during the calendar year, did the organization maintain an office outside the U.S.?	42c		No
If "Yes," enter the name of the foreign country: ▶			
43 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 43			
44a Did the organization maintain any donor advised funds during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	44a		No
b Did the organization operate one or more hospital facilities during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	44b		No
c Did the organization receive any payments for indoor tanning services during the year?	44c		No
d If "Yes," to line 44c, has the organization filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	44d		
45a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	45a		No
45b Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 and Schedule R may need to be completed instead of Form 990-EZ (see instructions)	45b		No

46 Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I.

	Yes	No
46		No

Part VI Section 501(c)(3) Organizations Only

All section 501(c)(3) organizations must answer questions 47- 49b and 52, and complete the tables for lines 50 and 51. Check if the organization used Schedule O to respond to any question in this Part VI. ☐

47 Did the organization engage in lobbying activities or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II.

	Yes	No
47		

48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E. . .

48		
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49a Did the organization make any transfers to an exempt non-charitable related organization?

49a		
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b If "Yes," was the related organization a section 527 organization?

49b		
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50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and title of each employee	(b) Average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation

f Total number of other employees paid over \$100,000. ▶

51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and business address of each independent contractor	(b) Type of service	(c) Compensation

d Total number of other independent contractors each receiving over \$100,000. ▶

52 Did the organization complete Schedule A? **NOTE.** All section 501(c)(3) organizations must attach a completed Schedule A. ☐ Yes ☐ No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer

2020-09-30

Date

RICHARD CZUBA, PRESIDENT

Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name
RODNEY C SCOTT

Preparer's signature

Date

2020-10-07

Check ☐ if self-employed
PTIN P00733684

Firm's name ▶ KOPCZYK OSHER & SCOTT CPAS

Firm's EIN ▶ 20-4206235

Firm's address ▶ 4415 HARRISON ST STE 552
HILLSIDE, IL 601621911

Phone no. (312) 527-0111

May the IRS discuss this return with the preparer shown above? See instructions. ☐ Yes ☐ No

Additional Data

Software ID:
Software Version:
EIN: 83-1094997
Name: BIPARTISAN SOLUTIONS

Form 990EZ, Part III - Statement of Program Service Accomplishments

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. In a clear and concise manner, describe the services provided, the number of persons benefited, and other relevant information for each program title.		Expenses (Required for section 501(c)(3) and 501(c)(4) organizations; optional for others.)	
28 EDUCATIONAL EFFORTS TO EDUCATE THE PUBLIC (MAIL) TO PROMOTE THE IMPORTANCE OF VOTING. (Grants \$)		28a	1,345
If this amount includes foreign grants, check here . . . <input type="checkbox"/>			

SCHEDULE O (Form 990 or 990-EZ)	Supplemental Information to Form 990 or 990-EZ Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information. ▶ Attach to Form 990 or 990-EZ. ▶ Go to www.irs.gov/Form990 for the latest information.	OMB No. 1545-0047
		2019 Open to Public Inspection
Department of the Treasury Name of the organization BIPARTISAN SOLUTIONS	Employer identification number 83-1094997	

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990-EZ, PART III	THE PURPOSE OF THE ORGANIZATION IS TO SEEK BIPARTISAN SOLUTION ON DOMESTIC POLICY ISSUES, PARTICULARLY THE AREAS OF ECONOMICS, EDUCATION AND EQUAL OPPORTUNITY.



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

August 12, 2022

Bipartisan Solutions
2843 E. Grand River #155
East Lansing, MI 48823

Re: *The Foundation for Accountability and Civic Trust v. Bipartisan Solutions*
Campaign Finance Complaint No. 2022-07-45-215

Dear Bipartisan Solutions:

The Department of State (Department) has received a formal complaint filed against you by The Foundation for Accountability and Civic Trust alleging that you violated the Michigan Campaign Finance Act (MCFA or Act). Specifically, the complaint alleges that you solicited or received funds to your organizations for the purpose of collecting contributions with the intent of financially supporting the ballot question committee Fair and Equal Michigan. A copy of the complaint is included with this notice.

As the Department stated in a 2020 campaign finance complaint determination,¹ “it is not a violation of the Act for a group to raise funds in its normal course of conduct and make contributions to a ballot question committee or to coordinate with that ballot question committee. It is, however, a violation of the Act for an organization to raise money on behalf of the ballot question committee in order to shield the organization’s donors from the reporting requirements of the Act.” The complaint alleges that your groups’ activities amount to such a violation.

If, as the complainant alleges, you solicited or received contributions for the purpose of making an expenditure to a ballot question committee, and if you met applicable contribution and expenditure thresholds, you would be required to file as a ballot question committee yourselves, and to report and publicly disclose certain information. MCL 169.203(4), MCL 169.234.

The purpose of this letter is to inform you of the Department’s examination of these matters and your right to respond to the allegations before the Department proceeds further. It is important to understand that the Department is neither making this complaint nor accepting the allegations as true. The investigation and resolution of this complaint is governed by section 15 of the Act and

¹ *LaBrant v. Michigan Citizens for Fiscal Responsibility, Michigan! My Michigan!*, MI Campaign Finance Complaint filed May, 25, 2021 (decision filed Oct. 27, 2021)

the corresponding administrative rules, R 169.51 *et seq.* An explanation of the process is included in the enclosed guidebook.

If you wish to file a written response to this complaint, you are required to do so within 15 business days of the date of this letter. Your response may include any written statement or additional documentary evidence you wish to submit. Materials may be emailed to BOERegulatory@michigan.gov or mailed to the Department of State, Bureau of Elections, Richard H. Austin Building, 1st Floor, 430 West Allegan Street, Lansing, Michigan 48918. If you fail to submit a response, the Department will render a decision based on the evidence furnished by the complainant.

A copy of your answer will be provided to The Foundation for Accountability and Civic Trust, who will have an opportunity to submit a rebuttal statement to the Department. After reviewing the statements and materials provided by the parties, the Department will determine whether “there may be reason to believe that a violation of [the MCFA] has occurred [.]” MCL 169.215(10). Note that the Department’s enforcement powers include the possibility of entering a conciliation agreement, conducting an administrative hearing, or referring this matter to the Attorney General for enforcement of the penalty provided in section 33(11) of the Act.

If you have any questions concerning this matter, you may contact the Regulatory Section of the Bureau of Elections at BOERegulatory@michigan.gov.

Sincerely,

Regulatory Section
Bureau of Elections
Michigan Department of State

From: MDOS-BOERegulatory
Sent: Tuesday, September 27, 2022 9:16 AM
To: info@factdc.org
Subject: RE: Status of Complaints
Attachments: 2022.09.16 Response (ACLU Natl) Foundation v. ACLU, Sixteen thirty.pdf; 2022.09.19 evidence (Sixteen thirty) Foundation v. ACLU, Sixteen thirty.pdf; 2022.09.19 Response (Sixteen thirty) Foundation v. ACLU, Sixteen thirty.pdf; 2022.09.20 Rebuttal letter Foundation v. ACLU, Sixteen thirteen.pdf

Dear Ms. Arnold,
Notices of all five complaints were mailed on August 29, 2022, to the addresses you provided for the respondents and to you. Your delayed receipt of the notices is an indication of the delays in mail delivery. We have received responses from both respondents in your "Michiganders for Fair Lending" complaint and mailed those responses to you on September 20, 2022. They are also included here, and I will make a note to conduct all further correspondence with you via email. The other respondents have been issued second notices of the complaint.

Regulatory Section
Bureau of Elections
Michigan Department of State

From: info@factdc.org <info@factdc.org>
Sent: Tuesday, September 27, 2022 8:45 AM
To: MDOS-BOERegulatory <MDOS-BOERegulatory@michigan.gov>
Subject: RE: Status of Complaints

CAUTION: This is an External email. Please send suspicious emails to abuse@michigan.gov

Good morning, and thank you for your response below. Could you please advise me as to the status of these complaints? In the past couple of weeks I received copies of the letters dated August 29, 2022, notifying the respondents in two of the five complaints. It appears the deadline for the respondents to respond to the complaints was September 19, 2022.

Because our organization has received only two of the five letters and they were mailed to us weeks later, we want to ensure we are receiving your correspondence. Also, if possible, we'd appreciate it if we could be emailed copies of all correspondence as well. Thank you,

Kendra

Kendra Arnold
Executive Director of the Foundation for Accountability and Civic Trust

----- Original Message -----

Subject: RE: Status of Complaints
From: "MDOS-BOERegulatory" <MDOS-BOERegulatory@michigan.gov>
Date: 8/30/22 8:29 am

To: "info@factdc.org" <info@factdc.org>

Dear Ms. Arnold,

Notices regarding those complaints have been sent to the applicable respondents. We will send along their responses as we receive them.

Thank you,

Regulatory Section

Bureau of Elections

Michigan Department of State

From: info@factdc.org <info@factdc.org>

Sent: Friday, August 26, 2022 11:20 AM

To: SOS, Disclosure <Disclosure@michigan.gov>

Subject: Status of Complaints

CAUTION: This is an External email. Please send suspicious emails to abuse@michigan.gov

Good morning. Our organization filed the complaint attached and four other on July 6 and 7. All were filed by email and mail. Can you please advise me as to their status?

Thank you,

Kenra Arnold

Executive Director of FACT

----- Original Message -----

Subject: Campaign Finance Complaint against Bipartisan Solutions

From: "info@factdc.org" <info@factdc.org>

Date: 7/6/22 7:33 pm

To: "elections@michigan.gov" <elections@michigan.gov>

Good evening,

Please find attached a campaign finance complaint against Bipartisan Solutions. Please let us know if you require a paper copy to be delivered to your office. Thank you,

Kendra Arnold

Executive Director

The Foundation for Accountability and Civic Trust



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

September 29, 2022

SECOND NOTICE

Bipartisan Solutions
2843 E. Grand River #155
East Lansing, MI 48823

Re: *The Foundation for Accountability and Civic Trust v. Bipartisan Solutions*
Campaign Finance Complaint No. 2022 – 07 – 45 – 215

Dear Bipartisan Solutions:

The Department of State (Department) has received a formal complaint filed against you by The Foundation for Accountability and Civic Trust alleging that you violated the Michigan Campaign Finance Act (MCFA or Act). Specifically, the complaint alleges that you solicited or received funds to your organization for the purpose of collecting contributions with the intent of financially supporting the ballot question committee Fair and Equal Michigan. A copy of the complaint is included with this notice.

The Department sent you notice of this complaint on August 29, 2022. That letter informed you that you had 15 business days from that date to provide a response to the complaint. **As a courtesy, the Department is extending you an opportunity to submit a response within 15 business days of the date of this second notice.** If you do not submit a response within 15 business days of the date of this notice, the Department will have no choice but to adjudicate the complaint based on the facts and allegations included in the complaint alone.

As the Department stated in a 2020 campaign finance complaint determination,¹ “it is not a violation of the Act for a group to raise funds in its normal course of conduct and make contributions to a ballot question committee or to coordinate with that ballot question committee. It is, however, a violation of the Act for an organization to raise money on behalf of the ballot question committee in order to shield the organization’s donors from the reporting requirements of the Act.” The complaint alleges that your groups’ activities amount to such a violation.

¹ *LaBrant v. Michigan Citizens for Fiscal Responsibility, Michigan! My Michigan!*, MI Campaign Finance Complaint filed May, 25, 2021 (decision filed Oct. 27, 2021)

If, as the complainant alleges, you solicited or received contributions for the purpose of making an expenditure to a ballot question committee, and if you met applicable contribution and expenditure thresholds, you would be required to file as a ballot question committee yourselves, and to report and publicly disclose certain information. MCL 169.203(4), MCL 169.234.

The purpose of this letter is to inform you of the Department's examination of these matters and your right to respond to the allegations before the Department proceeds further. It is important to understand that the Department is neither making this complaint nor accepting the allegations as true. The investigation and resolution of this complaint is governed by section 15 of the Act and the corresponding administrative rules, R 169.51 *et seq.* An explanation of the process is available on the Department's [website](#).

If you wish to file a written response to this complaint, you are required to do so within 15 business days of the date of this letter. Your response may include any written statement or additional documentary evidence you wish to submit. Materials may be emailed to BOERegulatory@michigan.gov or mailed to the Department of State, Bureau of Elections, Richard H. Austin Building, 1st Floor, 430 West Allegan Street, Lansing, Michigan 48918. If you fail to submit a response, the Department will render a decision based on the evidence furnished by the complainant.

A copy of your answer will be provided to The Foundation for Accountability and Civic Trust, who will have an opportunity to submit a rebuttal statement to the Department. After reviewing the statements and materials provided by the parties, the Department will determine whether “there may be reason to believe that a violation of [the MCFA] has occurred [.]” MCL 169.215(10). Note that the Department's enforcement powers include the possibility of entering a conciliation agreement, conducting an administrative hearing, or referring this matter to the Attorney General for enforcement of the penalty provided in section 33(11) of the Act.

If you have any questions concerning this matter, you may contact the Regulatory Section of the Bureau of Elections at BOERegulatory@michigan.gov.

Sincerely,

Regulatory Section
Bureau of Elections
Michigan Department of State



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

November 30, 2022

Bipartisan Solutions
2843 E. Grand River #155
East Lansing, MI 48823

Re: *The Foundation for Accountability and Civic Trust v. Bipartisan Solutions*
Campaign Finance Complaint No. 2022 – 07 – 45 – 215

Dear Bipartisan Solutions:

The Department of State (Department) has finished its initial investigation of the campaign finance complaint filed against you by The Foundation for Accountability and Civic Trust (FACT) alleging violations of the Michigan Campaign Finance Act (MCFA or Act). This letter concerns the current disposition of the complaint against your clients.

The complaint alleged that Bipartisan Solutions solicited or received donations for the purpose of making expenditures to Fair and Equal Michigan. Fair and Equal Michigan is a ballot question committee regulated by the MCFA. In support of these claims, FACT stated that Bipartisan Solutions contributed over \$700,000 in funding to Fair and Equal Michigan from January 2020 to March 2020. The complaint also showed that Bipartisan Solutions frequently provided large amounts of funding to Fair and Equal Michigan within days of Fair and Equal Michigan making a large payment to other entities. Finally, the complaint alleged that the disparity in Bipartisan Solutions' assets going into 2020 (\$11,485) and the amount it contributed to Fair and Equal Michigan (\$782,000) demonstrate a level of coordination showing the entities were not independent of each other.

The Department sent you notice of this complaint on August 29, 2022. That letter informed you that you had 15 business days from that date to provide a response to the complaint. As a courtesy, the Department sent you a second notice on September 29, 2022. To date, you have not submitted a response, therefore the Department has no choice but to adjudicate the complaint based on the facts and allegations included in the complaint alone.

In Michigan, a committee is an organization which "receives contributions or makes expenditures for the purpose of influencing or attempting to influence the action of the voters for or against the nomination or election of a candidate, the qualification, passage, or defeat of a ballot question, or the qualification of a new political party, if contributions received total \$500.00 or more in a calendar year or expenditures made total \$500.00 or more in a calendar year." MCL 169.203(4). The MCFA requires committees to file certain campaign statements

detailing contributions and expenditures. See, e.g., MCL 169.234. Failure to file these required statements can result in civil and criminal penalties. *Id.* An organization making an expenditure to a ballot question committee is not a committee under the MCFA and is not subject to the reporting requirements of the MCFA, however, unless that organization “solicits or receives contributions for the purpose of making an expenditure to that ballot question committee.” MCL 169.203(4). Upon meeting the definition of committee, the organization is obligated to file a statement of organization with the appropriate filing official within 10 days of the committee’s formation, MCL 169.224, and is also required to file various campaign statements detailing the organization’s contributions and expenditures.

As the Department stated in a 2020 campaign finance complaint determination,¹ “it is not a violation of the Act for a group to raise funds in its normal course of conduct and make contributions to a ballot question committee or to coordinate with that ballot question committee. It is, however, a violation of the Act for an organization to raise money on behalf of the ballot question committee in order to shield the organization’s donors from the reporting requirements of the Act.” The complaint alleges that your groups’ activities amount to such a violation.

As discussed below, the Department finds that there may be reason to believe that Bipartisan Solutions violated the MCFA. Bipartisan Solutions may have taken actions that qualify the organization as ballot question committees under the MCFA. From January to March 2020, Bipartisan Solutions contributed approximately \$782,000 to Fair and Equal Michigan, comprising 77.8% of the funds Fair and Equal Michigan received in January 2020. Moreover, the contributions by your organization to Fair and Equal Michigan were often made within days of similarly sized payments to other entities, as set out in the following chart:

Date	Contributing Organization or Vendor	Amount Contributed to Fair and Equal MI	Amount Paid by Fair and Equal MI	Running Balance
1/23/2020	Bipartisan Solutions	\$175,000		\$202,612.92
1/29/2020	Bipartisan Solutions	\$278,000		\$574,363.92
1/30/2020	K2K Consulting LLC		\$573,000	\$1,394.07
3/11/2020	Bipartisan Solutions	\$30,000		\$(151,120.62)
3/11/2020	K2K Consulting LLC		\$460,000	\$3,879.38
3/18/2020	Bipartisan Solutions	\$223,000		\$228,071.74

¹ *LaBrant v. Michigan Citizens for Fiscal Responsibility, Michigan! My Michigan!*, MI Campaign Finance Complaint filed May, 25, 2021 (decision filed Oct. 27, 2021)

9/10/2020	Bipartisan Solutions	\$76,000		\$77,784.43
9/11/2020	First Choice Contracting LLC		\$76,000	\$2,472.93

Given that contributions by Bipartisan Solutions to Fair and Equal Michigan were closely followed by expenditures Raise the Wage made to other entities totaling a similar value, it is clear that Bipartisan Solutions coordinated to some extent with Fair and Equal Michigan. While it is not a violation for Bipartisan Solutions to coordinate with Fair and Equal Michigan, it is a violation for Bipartisan Solutions to solicit funds solely for the purpose of making expenditures.

The fundraising necessary to allow Bipartisan Solutions to contribute \$782,000 to Fair and Equal Michigan from January to March 2020 is substantial. According to the IRS filings, Bipartisan Solutions had \$11,485 cash on hand at the end of the 2019 calendar year.² While the 2020 990 form is not available online, according to the 2021 990 form, Bipartisan Solutions had \$11,255 cash on hand at the end of calendar year 2020.³ It is clear that Bipartisan Solutions had to solicit funds in order to make expenditures to Fair and Equal Michigan given that Bipartisan Solutions could not have funded a single expenditure without conducting aggressive fundraising in calendar year 2020. Any rationale to the contrary strains credulity.

In particular, the number of payments that Bipartisan Solutions made to Fair and Equal Michigan days before (or sometimes the same day) Fair and Equal Michigan made similarly sized payments to other entities suggests that your organization was soliciting or receiving funds for the purpose of collecting contributions with the intent of financially supporting Fair and Equal Michigan. Such fundraising for the purpose of supporting a ballot question committee, as is evidenced in the instant case, makes Bipartisan Solutions itself a ballot question committee responsible for registration and for filing appropriate campaign statements under the MCFA, but your organization, to date, has not registered as a committee nor filed those campaign statements as required by sections 24 and 33 of the Act. Because of the coordination involved in your organization's contributions to Fair and Equal Michigan, and Bipartisan Solutions' failure to file campaign statements, the Department concludes there may be reason to believe that a potential violation of the Act has occurred.

Resolution

Upon review, the evidence submitted supports the conclusion that a potential violation of the Act has occurred. When the Department finds that there may be reason to believe a violation has occurred, the Act requires the Department to use "informal methods such as a conference [or] conciliation" to correct the potential violation or to prevent further violation. MCL 169.215(10). The Department has 90 business days to reach an informal resolution of the matter. *Id.*

² https://apps.irs.gov/pub/epostcard/cor/831094997_201912_990EO_2021041917965599.pdf

³ https://apps.irs.gov/pub/epostcard/cor/831094997_202112_990EO_2022083020308577.pdf

Given this, please contact the undersigned by emailing BOERegulatory@Michigan.gov to informally resolve this complaint. If the Department is unable to informally resolve the complaint by April 14, 2023, the Act requires the Department to refer the matter to the Department of Attorney General with a request that her office prosecute the criminal penalties outlined under the Act. MCL 169.233(11).

Sincerely,



Adam Fracassi, Regulatory Manager
Regulatory Section
Bureau of Elections
Michigan Department of State

c: The Foundation for Accountability and Civic Trust



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

April 18, 2023

The Honorable Dana Nessel
Department of Attorney General
G. Mennen Williams Building
525 West Ottawa Street
Lansing, MI 48933

Re: *The Foundation for Accountability and Civic Trust v. Bipartisan Solutions*
Michigan Campaign Finance Complaint

Dear Attorney General Nessel:

Please allow this letter to serve as a referral to the Attorney General of the above referenced campaign finance matter for the enforcement of any criminal penalties under the Michigan Campaign Finance Act. MCL 169.215(10)(a).

If you or your staff would like any additional information regarding this case, please contact this office.

Sincerely

s/ Michael J. Brady

Michael J. Brady, Chief Legal Director
Michigan Secretary of State

cc: Heather Meingast, Division Chief, CLEE Division