



FEDERAL ELECTION COMMISSION
Washington, DC 20463

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3 **MEMORANDUM**
4

5 **TO:** The Commission
6
7 **FROM:** Lisa J. Stevenson
8 Acting General Counsel
9
10 Charles Kitcher
11 Acting Associate General Counsel for Enforcement
12
13 **BY:** Lynn Y. Tran *LYT*
14 Assistant General Counsel
15
16 Kristina M. Portner *KMP*
17 Attorney
18
19 **SUBJECT:** MURs 7438, 7476, and 7542 (Ohio First, *et al.*)
20 Memorandum to the Commission
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23 On May 20, 2021, the Commission found reason to believe that Ohio First PAC and Julie
24 Dozier in her official capacity as treasurer failed to file a pre-primary report in violation of 52
25 U.S.C. § 30104(a)(4)(A)(ii) and independent expenditure reports in violation of 52 U.S.C.
26 § 30104(g); found no reason to believe that Majority Strategies, LLC, and Grassroots Targeting
27 LLC violated the Act; and authorized pre-probable cause conciliation with Ohio First PAC and
28 Julie Dozier in her official capacity as treasurer. The Commission also directed the Office of
29 General Counsel to draft appropriate Factual and Legal Analyses for Ohio First PAC and Julie
30 Dozier in her official capacity as treasurer, Majority Strategies, LLC, and Grassroots Targeting
31 LLC and to draft an appropriate conciliation agreement for Ohio First PAC and Julie Dozier in
32 her official capacity as treasurer.

33 We recommend that the Commission: (1) approve the attached Factual and Legal
34 Analyses and (2) approve the attached conciliation agreement.
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MURs 7438, 7476, and 7542 (Ohio First, *et al.*)

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7 **I. RECOMMENDATIONS**

8 1. Approve the attached Factual and Legal Analyses; and

9 2. Approve the attached Conciliation Agreement.

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11 Attachment:

12 1. Factual and Legal Analysis for Ohio First PAC and Julie Dozier, as treasurer

13 2. Factual and Legal Analysis for Majority Strategies LLC

14 3. Factual and Legal Analysis for Grassroots Targeting LLC

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FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

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3 RESPONDENTS: Ohio First PAC and MURs 7438 and 7476
4 Julie Dozier in her official capacity as treasurer

I. INTRODUCTION

6 These matters were generated by a *sua sponte* submission filed by Ohio First and
7 Complaints filed with the Federal Election Commission (the “Commission”).¹ The matters
8 each involve allegations relating to reporting of independent expenditures made in support of
9 Jim Renacci in the 2018 Senate election in Ohio. Ohio First PAC and Julie Dozier in her
10 official capacity as treasurer (collectively, “Ohio First” or “Respondents”) made such
11 independent expenditures in support of Jim Renacci before the Ohio Republican Primary and
12 failed to report these independent expenditures on 24- and 48-hour reports and on its Pre-
13 Primary Report.² Based on the available information, the Commission finds reason to
14 believe that Ohio First violated 52 U.S.C. § 30104(a)(4)(A)(ii) by failing to timely file a pre-
15 primary report and violated 52 U.S.C. § 30104(g) by failing to report its independent
16 expenditures.

II. FACTS

17 Ohio First is an independent expenditure-only political committee (“IEOPC”) that
18 registered with the Commission on January 21, 2018.³ In the weeks leading up to the May 8,
19

¹ See 52 U.S.C. § 30109(a)(1)-(2).

² Ohio First, *Sua Sponte* Submission at 1 (June 29, 2018), Pre-MUR 613 (Ohio First PAC) (“First Submission”); Ohio First PAC, *Sua Sponte* Supp. Submission at 1 (Sept. 28, 2018), Pre-MUR 613 (Ohio First PAC) (“Second Submission”); Ohio First, *Sua Sponte* Second Supp. Submission (Nov. 16, 2018), Pre-MUR 613 (Ohio First PAC) (“Third Submission”); Ohio First Resp. at 1-2, MUR 7476 (Aug. 9, 2018).

³ Ohio First, Statement of Organization (Jan. 21, 2018).

1 2018, Ohio primary election, Ohio First supported the candidacy of Jim Renacci for the
 2 Republican nomination for U.S. Senate from Ohio by making nearly half a million dollars in
 3 independent expenditures, but it did not file reports with the Commission disclosing these
 4 independent expenditures until after the primary election.⁴

5 Under the Commission's reporting schedules for the Ohio primary election, Ohio
 6 First was required to file 48-hour independent expenditure reports through April 18, 2018,
 7 and 24-hour independent expenditure reports from April 19 to May 6, 2018, as well as a Pre-
 8 Primary Report by April 26, 2018 (covering the period through April 18, 2018). Ohio first
 9 did not report any cash on hand, receipts, disbursements, or debts, and reported no
 10 independent expenditures, until June 29, 2018, more than six weeks after the primary
 11 election.

12 Most of Ohio First's activity occurred during April and May 2018.⁵ During that
 13 period, Ohio First made the following independent expenditures, totaling \$472,129.66:⁶

Distribution or Dissemination	Vendor	Amount
Apr. 1, 2018	Majority Strategies	\$ 25,000.00
Apr. 1, 2018	Majority Strategies	\$ 93,270.00
Apr. 1, 2018	Majority Strategies	\$ 2,500.00

⁴ See First Submission at 1 (stating that Ohio First filed its independent expenditure reports after the primary election); Ohio First, 2018 Pre-Primary Report at 10-13 (June 29, 2018); Ohio First, 2018 July Quarterly Report at 15-17 (July 15, 2018).

⁵ First Submission at 1; Ohio First, 2018 Pre-Primary Report at 10-13; Ohio First, 2018 July Quarterly Report at 15-17.

⁶ Ohio First, 2018 Pre-Primary Report at 2, 6-9; Ohio First, 2018 July Quarterly Report at 9-14. The first contribution to Ohio First was made on May 10, 2018, two days after the primary election. Ohio First Receipts, https://www.fec.gov/data/receipts/?two_year_transaction_period=2018&committee_id=C00666750&data_type=processed (last visited Apr. 18, 2020).

MURs 7438 and 7476 (Ohio First PAC)

Factual and Legal Analysis

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Distribution or Dissemination	Vendor	Amount
Apr. 2, 2018	Majority Strategies	\$ 52,307.33
Apr. 9, 2018	Majority Strategies	\$ 52,307.33
Apr. 16, 2018	Majority Strategies	\$ 52,307.33
Apr. 16, 2018	Majority Strategies	\$ 25,000.00
Apr. 23, 2018	Majority Strategies	\$ 50,314.67
Apr. 30, 2018	Majority Strategies	\$ 51,311.00
May 1, 2018	Ascent Media LLC	\$ 7,700.00
May 1, 2018	Majority Strategies	\$ 58,362.00
May 1, 2018	Majority Strategies	\$ 1,750.00
	Total:	\$ 472,129.66

1 In a supplemental submission, Ohio First represents that it failed to timely report its
2 independent expenditures because Ohio First’s treasurer was unaware of the expenditures.⁷
3 Ohio First stated that, although it had received invoices from its vendors, it did not pay the
4 invoices because it lacked funds and did not forward the unpaid invoices to Ohio First’s
5 treasurer.⁸ Ohio First states that it discovered that it did not file the required reports on or
6 around June 20, 2018, and then conducted an “audit” to review its activity and implemented
7 a new process to route independent expenditure invoices directly to the treasurer upon
8 receipt.⁹

⁷ See Second Submission at 1.

⁸ *Id.* (explaining, also, that Ohio First’s treasurer is a “professional at a compliance firm”).

⁹ *Id.* at 2. Ohio First stated that the revised compliance process was not memorialized in any formal written policy because of the “expectation of a limited time duration for Ohio First PAC’s activities.” Third Submission at 3.

1 After conducting its internal review, Ohio First filed its *sua sponte* submission with
 2 the Commission by letter dated June 29, 2018.¹⁰ At the same time, Ohio First filed
 3 independent expenditure reports for the 12 expenditures it made from April 1 through
 4 May 1, 2018, and filed its Pre-Primary Report covering the period from April 1 through
 5 April 18, 2018. The Pre-Primary Report disclosed no receipts, no disbursements, no cash on
 6 hand, and \$367,667.99 in debts and obligations along with \$302,691.99 in independent
 7 expenditures in support of Renacci.¹¹

8 **III. LEGAL ANALYSIS**

9 Under the Act and Commission regulations, political committees other than
 10 authorized committees must report their independent expenditures.¹² Every political
 11 committee that makes independent expenditures must report them in its regularly scheduled
 12 disclosure reports in accordance with 11 C.F.R. § 104.3(b)(3)(vii).¹³ Depending on the
 13 aggregate dollar amounts and timing of the independent expenditures, a political committee
 14 that makes or contracts to make independent expenditures must also report the independent
 15 expenditures within 24 or 48 hours.¹⁴ In addition, political committees including IEOPCs

¹⁰ First Submission at 1. The letter was received July 2, 2018. *Id.*

¹¹ Ohio First, 2018 Pre-Primary Report at 2. In addition to debt to Majority Strategies for the \$302,691.99 in independent expenditures disseminated during the Pre-Primary period, the report also disclosed additional debts to Majority Strategies in the amounts of \$30,000 for “survey research” and \$4,975 for “web service.” Ohio First, 2018 Pre-Primary Report at 2, 6-9.

¹² 52 U.S.C. § 30104(b)(4)(H)(iii); *see also* 11 C.F.R. § 104.3(b)(1)(vii).

¹³ 11 C.F.R. § 104.4(a).

¹⁴ A political committee that makes or contracts to make independent expenditures aggregating \$10,000 or more for an election in any calendar year, up to and including the 20th day before an election, must report these expenditures within 48 hours (in “48-hour reports”). 52 U.S.C. § 30104(g)(2); 11 C.F.R. § 104.4(b)(2). These 48-hour reports must be filed by the end of the second day “following the date on which a communication that constitutes an independent expenditure is publicly distributed or otherwise publicly disseminated.” 11 C.F.R. § 104.4(b)(2). A political committee that makes or contracts to make independent

1 that make expenditures in connection with a primary election must file a pre-primary report
 2 no later than 12 days before that primary, disclosing all receipts and disbursements as of the
 3 20th day before the primary election.¹⁵

4 Ohio First was under an obligation to disclose the independent expenditures made on
 5 or before April 18, 2018, within 48 hours of the communications' public distribution or
 6 dissemination.¹⁶ Similarly, Ohio First was required to disclose the independent expenditures
 7 made between April 19 and May 6, 2018, within 24 hours of the communications' public
 8 distribution or dissemination.¹⁷

9 Ohio First voluntarily self-disclosed reporting violations related to over \$470,000 in
 10 independent expenditures and does not deny that it failed to timely file the associated 24-
 11 hour, 48-hour, and Pre-Primary Reports.¹⁸ Specifically, Ohio First failed to timely file 24-
 12 Hour Reports disclosing \$169,437.67 in independent expenditures and 48-Hour Reports
 13 disclosing \$302,691.99 in independent expenditures.¹⁹ Ohio First also acknowledged that it
 14 did not file its Pre-Primary Report, an election-sensitive report, until more than six weeks
 15 after it was due.²⁰ Accordingly, the Commission finds reason to believe that Ohio First

expenditures aggregating \$1,000 or more after the 20th day, but more than 24 hours, before the date of an election must report the expenditures within 24 hours (in "24-hour reports"). 52 U.S.C. § 30104(g)(1); 11 C.F.R. §§ 104.4(c), 109.10(d). These 24-hour reports must be filed before midnight on the day following the date on which the communication is publicly disseminated. 11 C.F.R. § 104.4(c).

¹⁵ 52 U.S.C. § 30104(a)(4)(A); 11 C.F.R. § 104.5(c)(1).

¹⁶ 11 C.F.R. § 104.4(b).

¹⁷ 11 C.F.R. § 104.4(c).

¹⁸ First Submission at 1; Second Submission at 1-2; Third Submission at 1.

¹⁹ First Submission at 1.

²⁰ *Id.* Because Ohio First filed the election sensitive 24- hour, 48-hour, and Pre-Primary Reports after the date of the primary election, they are deemed "not filed" rather than filed late. *See* 11 C.F.R. § 111.43(d)(1), (e) (defining "election sensitive reports" and explaining their treatment as late or not filed).

MURs 7438 and 7476 (Ohio First PAC)

Factual and Legal Analysis

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- 1 violated 52 U.S.C. § 30104(a)(4)(A)(ii) by failing to timely file a pre-primary report and 52
- 2 U.S.C. § 30104(g) by failing to report its independent expenditures.

SB office edits 7/9/21

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

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2
3 RESPONDENT: Majority Strategies, LLC MURs 7476 and 7542
4

5 I. INTRODUCTION

6 These matters each involve allegations relating to independent expenditures made in
7 support of Jim Renacci or in opposition to Renacci's opponent Sherrod Brown in the 2018
8 Senate election in Ohio. Ohio First made such independent expenditures before the Ohio
9 Republican Primary,¹ and MeToo Ohio made such independent expenditures before the Ohio
10 General Election.²

11 The Complaint in MUR 7476 alleges that Ohio First failed to report in-kind
12 contributions from its vendor Majority Strategies, LLC ("Majority Strategies").³ The
13 Complaint in MUR 7542 raises similar allegations that MeToo Ohio failed to report in-kind
14 contributions from its vendor Majority Strategies.⁴ Based on the available information, the
15 Commission finds no reason to believe that Majority Strategies violated the Federal Election
16 Campaign Act of 1971, as amended (the "Act"), in these matters and closes the file as to
17 Majority Strategies.

¹ Ohio First, Majority Strategies, Inc., & Grassroots Targeting LLC, Resp. at 1-2, MUR 7476 (Aug. 9, 2018) ("Joint Response").

² MUR 7542 Compl. at 2 (Nov. 14, 2018).

³ MUR 7476 Compl. at 10-12 (Aug. 9, 2018).

⁴ MUR 7542 Compl. at 2.

1 **II. FACTS**

2 **A. Ohio First PAC**

3 Ohio First is an independent expenditure-only political committee (“IEOPC”) that
4 registered with the Commission on January 21, 2018.⁵ In the weeks leading up to the May 8,
5 2018, Ohio primary election, Ohio First supported the candidacy of Jim Renacci for the
6 Republican nomination for U.S. Senate from Ohio by making nearly half a million dollars in
7 independent expenditures.

8 Ohio First’s Pre-Primary Report covering the period from April 1 through
9 April 18, 2018 disclosed no receipts, no disbursements, no cash on hand, and \$367,667.99 in
10 debts and obligations along with \$302,691.99 in independent expenditures in support of
11 Renacci.⁶ Ohio First timely filed its next report, the July Quarterly Report covering the
12 period from April 19 to June 30, 2018, in which it disclosed receiving its first contributions
13 (\$79,200 in receipts from five contributors), five additional independent expenditures totaling
14 \$169,437.67, and debts and obligations in the amount of \$597,104.66.⁷ Ohio First’s July
15 Quarterly Report disclosed, in addition to all of the previously reported debt that remained
16 due in full, new debts to Majority Strategies for independent expenditures worth
17 \$161,737.67.⁸

⁵ Ohio First, Statement of Organization (Jan. 21, 2018).

⁶ Ohio First, 2018 Pre-Primary Report at 2. In addition to debt to Majority Strategies for the \$302,691.99 in independent expenditures disseminated during the Pre-Primary period, the report also disclosed additional debts to Majority Strategies in the amounts of \$30,000 for “survey research” and \$4,975 for “web service.” Ohio First, 2018 Pre-Primary Report at 2, 6-9.

⁷ Ohio First, 2018 July Quarterly Report at 2, 6-7, 15-17.

⁸ *Id.* at 2, 9-14.

1 Ohio First's 2018 October Quarterly, Pre-General, Post-General, and 2018 Year-End
2 reports show total receipts of \$925,500 from July 1 through November 26, 2018, and the
3 repayment of nearly all its debt.⁹ Ohio First reported, on its Post-General Report, that it had
4 repaid all its debts to Majority Strategies, which totaled \$537,104.66.¹⁰

5 The MUR 7476 Complaint alleges that Majority Strategies made an in-kind
6 contribution to Ohio First in the form of an extension of credit.¹¹ The MUR 7476 Complaint
7 asserts that Majority Strategies does not ordinarily extend credit to newly formed committees
8 with no cash on hand and that the extensions of credit therefore constitute in-kind
9 contributions to Ohio First that were not reported.¹²

10 In response, Majority Strategies contends that the credit extended by Majority
11 Strategies does not qualify as a contribution because Majority Strategies "has routinely
12 granted credit to hundreds of similarly situated clients" and "typically uses extended
13 repayment terms," which it asserts is a practice common throughout the political consulting
14 industry.¹³ The Chief Executive Officer of Majority Strategies submitted a declaration
15 supporting this position, though the Response includes no specific terms and no documents,
16 such as contracts, corroborating the representations made in the declaration.¹⁴

⁹ Ohio First, 2018 October Quarterly Report at 2 (Oct. 15, 2018); Ohio First, 2018 Pre-General Report at 2 (Oct. 25, 2018); Ohio First, 2018 Post-General Report at 2 (Dec. 6, 2018); Ohio First, 2018 Year-End Report at 2 (Jan. 31, 2019).

¹⁰ Ohio First, 2018 October Quarterly Report at 12-17; Ohio First, 2018 Post-General Report at 7-9, 11.

¹¹ MUR 7476 Compl. at 10-12. The Complaint in MUR 7476 alleges, in the alternative, that Majority Strategies made, but did not report, the independent expenditures reported by Ohio First. *See id.* at 14-15.

¹² *Id.* at 10-11.

¹³ Joint Response at 2.

¹⁴ *Id.* at Ex. B.

1 **B. MeToo Ohio**

2 MeToo Ohio is an IEOPC that registered with the Commission on September 5,
3 2018.¹⁵ In the weeks leading up to the November 6, 2018, Ohio general election, MeToo
4 Ohio spent over half a million dollars in independent expenditures opposing Sherrod Brown,
5 Renacci's opponent in the general election.¹⁶ Most of those independent expenditures were
6 funded by credit extended by Majority Strategies.

7 MeToo Ohio's first report, the 2018 October Quarterly Report, discloses no receipts,
8 no disbursements, no cash on hand, and \$27,004 in debts and obligations to Majority
9 Strategies for independent expenditures opposing Brown.¹⁷ In MeToo Ohio's next report,
10 the Pre-General Report covering the period from October 1 to October 17, 2018, MeToo
11 Ohio disclosed receiving \$220,000 from one contributor, disbursements of \$176,000 to a
12 different vendor (for an independent expenditure, as reported on Schedule E), and debts and
13 obligations of \$156,004 to Majority Strategies.¹⁸

14 MeToo Ohio disclosed its first payments to Majority Strategies on its Post-General
15 Report. In its Post-General Report, covering the period from October 18 to November 26,
16 2018, MeToo Ohio disclosed receiving \$425,000 from three contributors and disbursements
17 of \$442,206, including over \$231,004 to Majority Strategies.¹⁹

¹⁵ MeToo Ohio, Statement of Organization (Sept. 5, 2018).

¹⁶ MeToo Ohio, 2018 October Quarterly Report at 8 (Oct. 14, 2018).

¹⁷ MeToo Ohio, 2018 October Quarterly Report (Oct. 14, 2018).

¹⁸ MeToo Ohio, 2018 Pre-General Report (Oct. 24, 2018).

¹⁹ MeToo Ohio, 2018 Post-General Report (Dec. 6, 2018). The vast majority of MeToo Ohio's \$645,000 in contributions were received from Ohio First (\$305,000) and from A Public Voice, Inc. (\$315,000). *See* MeToo Ohio, 2018 Pre-General Report (Oct. 24, 2018); MeToo Ohio, 2018 Post-General Report (Dec. 6, 2018).

1 The Complaint in MUR 7542 alleges Majority Strategies made an in-kind
2 contribution to MeToo Ohio in the form of an extension of credit.²⁰ The Complaint asserts
3 that Majority Strategies does not ordinarily extend credit to a newly formed committee that
4 has no cash on hand and no record of fundraising.²¹ The Complaint also alleges that, with
5 the limited exception of Ohio First (which was funding MeToo Ohio), there is no record of
6 Majority Strategies extending six figures of credit to a newly formed committee with no cash
7 on hand.²²

8 Majority Strategies asserts that its extension of credit to MeToo Ohio was consistent
9 with Majority Strategies’s ordinary business practices.²³ In particular, Majority Strategies
10 asserts that it “does ads for clients on a post-paid basis in the ordinary course of business”
11 and that “it is not outside normal business practices for production companies to do ads on a
12 post-paid basis.”²⁴

13 **III. LEGAL ANALYSIS**

14 The Act requires each treasurer of a political committee to file reports of receipts and
15 disbursements with the Commission.²⁵ Such reports must include the total amount of
16 contributions received, as well as the identification of each person who made a contribution

²⁰ MUR 7542 Compl. at 17-18. In the alternative, the MUR 7542 Complaint asserts that Majority Strategies failed to report independent expenditures because it was not paid by MeToo Ohio for the independent expenditures. *Id.* at 19.

²¹ *Id.* at 17-18.

²² *Id.* at 18.

²³ Majority Strategies Resp. at 4, MUR 7542 (Jan. 29, 2019) (“Majority Strategies Resp.”).

²⁴ Majority Strategies Resp. at 3.

²⁵ 52 U.S.C. § 30104(a)(1).

1 in excess of \$200 during the reporting period, together with the date and amount of such
2 contribution.²⁶

3 A “contribution” includes “any gift [or] advance . . . of money or anything of value
4 made by any person for the purpose of influencing any election for Federal office.”²⁷ The
5 extension of credit to a political committee by a commercial vendor is a contribution, “unless
6 the credit is extended in the ordinary course of the person’s business and the terms are
7 substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and
8 size of obligation.”²⁸ A “commercial vendor” is any person who provides goods or services
9 to a candidate or political committee, and whose usual and normal business involves the sale,
10 rental, lease, or provision of those goods and services.²⁹

11 Commission regulations state that, in determining whether credit was extended in a
12 commercial vendor’s ordinary course of business, the Commission will consider whether:
13 (1) the commercial vendor followed its established procedures and its past practice in
14 approving the extension of credit; (2) the commercial vendor received prompt payment in
15 full for prior extensions of credit to the same committee; and (3) the extension of credit
16 conformed to the usual and normal practice in the vendor’s trade or industry.³⁰ The
17 Commission has explained that “[t]hese factors are intended to provide guidance The

²⁶ 52 U.S.C. §§ 30104(b)(2)(A), (b)(3)(A)-(B).

²⁷ 52 U.S.C. § 30101(8)(A)(i).

²⁸ 11 C.F.R. § 100.55 (explaining that a contribution will also result if a creditor fails to make a commercially reasonable attempt to collect the debt); *see also* 11 C.F.R. § 116.3(b).

²⁹ 11 C.F.R. § 116.1(c).

³⁰ 11 C.F.R. § 116.3(c).

1 factors need not be accorded equal weight and in some cases a single factor may not be
2 dispositive.”³¹

3 Majority Strategies appears to be in the business of providing the services it provided
4 to Ohio First and MeToo Ohio, and, therefore, appears to be a “commercial vendor.”³²
5 Regardless of whether Majority Strategies’ extension of credit to MeToo Ohio was in the
6 ordinary course of its business, any potential contribution would have been permissible and
7 Majority Strategies would have had no independent reporting obligation. Therefore, the
8 Commission finds no reason to believe that Majority Strategies violated the Act in
9 connection with its extension of credit to Me Too Ohio. ³³

³¹ Debts Owed by Candidates and Political Committees, 55 Fed. Reg. 26378, 26281 (June 27, 1990); *see* Advisory Op. 1991-20 (Call Interactive) at 4.

³² *See* 11 C.F.R. § 116.1(c).

³³ The MUR 7542 Complaint poses an alternative theory alleging that Majority Strategies was responsible for unreported independent expenditures. *See* MUR 7542 Compl. at 19. However, the available information shows that Majority Strategies was ultimately paid for the cost of its services and there is no information to suggest that the Majority Strategies made the independent expenditures itself.

SB office edits 7/9/21

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Grassroots Targeting LLC MUR 7476

I. INTRODUCTION

This matter involves allegations that Ohio First failed to report contributions from its vendor Grassroots Targeting LLC (“Grassroots Targeting”).¹ Based on the available information, the Commission finds no reason to believe that Grassroots Targeting violated the Federal Election Campaign Act of 1971, as amended (the “Act”), in this matter and closes the file as to Grassroots Targeting.

II. FACTS

Ohio First is an independent expenditure-only political committee (“IEOPC”) that registered with the Commission on January 21, 2018.² In the weeks leading up to the May 8, 2018, Ohio primary election, Ohio First supported the candidacy of Jim Renacci for the Republican nomination for U.S. Senate from Ohio by making nearly half a million dollars in independent expenditures.

Most of Ohio First’s activity occurred during April and May 2018.³ Ohio First’s Pre-Primary Report disclosed no receipts, no disbursements, no cash on hand, and \$367,667.99 in debts and obligations along with \$302,691.99 in independent expenditures in support of Renacci.⁴ Ohio First timely filed its next report, the July Quarterly Report covering the

¹ MUR 7476 Compl. at 10-12 (Aug. 9, 2018).

² Ohio First, Statement of Organization (Jan. 21, 2018).

³ Ohio First, 2018 Pre-Primary Report at 10-13; Ohio First, 2018 July Quarterly Report at 15-17.

⁴ Ohio First, 2018 Pre-Primary Report at 2.

1 period from April 19 to June 30, 2018, in which it disclosed receiving its first contributions
2 (\$79,200 in receipts from five contributors), five additional independent expenditures totaling
3 \$169,437.67, and debts and obligations in the amount of \$597,104.66.⁵ Ohio First’s July
4 Quarterly Report disclosed, in addition to all of the previously reported debt that remained
5 due in full, new debts to Majority Strategies for independent expenditures worth \$161,737.67
6 and \$60,000 owed to Grassroots Targeting — a political research firm headed by Blaise
7 Hazelwood, who was also Executive Director of Ohio First — for “political strategy
8 consulting.”⁶

9 According to the Complaint, Grassroots Targeting had conducted survey research for
10 Ohio First sometime on or before April 9, 2018.⁷ Respondent asserts “Grassroots Targeting
11 invoiced Ohio First for services rendered on June 22, 2018.”⁸ Ohio First did not report any
12 April disbursements to Grassroots Targeting and first reported its \$60,000 debt to Grassroots
13 Targeting in the 2018 July Quarterly Report, which covered activity from April 19 to June
14 30, 2018.⁹

15 Ohio First’s 2018 October Quarterly, Pre-General, Post-General, and 2018 Year-End
16 reports show total receipts of \$925,500 from July 1 through November 26, 2018, and the

⁵ Ohio First, 2018 July Quarterly Report at 2, 6-7, 15-17.

⁶ Ohio First, 2018 July Quarterly Report at 2, 9-14; Grassroots Targeting, <https://www.grassrootstargeting.com/> (last visited Apr. 22, 2020).

⁷ See MUR 7476 Compl. at 3 (citing *Morning Score*, POLITICO, Apr. 9, 2018, <https://www.politico.com/newsletters/morning-score/2018/04/09/countdown-to-scott-campaign-launch-162837> (“*Morning Score*”)) (“Grassroots Targeting conducted the survey for Ohio First PAC, a pro-Renacci group.”).

⁸ See Ohio First, Majority Strategies, Inc., & Grassroots Targeting LLC, Resp. at 4, MUR 7476 (Aug. 9, 2018) (“Joint Response”). The Joint Response is ambiguous as to whether the \$60,000 in services (reported in Ohio First’s July Quarterly 2018 Report as debt owed to Grassroots Targeting) were rendered in June 2018, invoiced in June 2018, or both.

⁹ See *id.*

1 repayment of nearly all its debt.¹⁰ Ohio First reported, on its Post-General Report, that it had
2 repaid \$30,000 of its \$60,000 debt to Grassroots Targeting.¹¹ In its 2020 April Quarterly
3 Report, Ohio First continued to report a \$30,000 debt to Grassroots Targeting.¹²

4 The Complaint alleges that Grassroots Targeting made an in-kind contribution to
5 Ohio First in the form of an extension of credit.¹³ Grassroots Targeting's Response states
6 that Ohio First accurately reported the services provided by Grassroots Targeting, noting that
7 the description of the services rendered was "adequate."¹⁴ Further, Respondent asserts that
8 Grassroots Targeting invoiced Ohio First for services rendered on June 22, 2018 and that
9 Ohio First subsequently reported the debt on its 2018 July Quarterly Report.¹⁵

10 III. LEGAL ANALYSIS

11 The Act requires each treasurer of a political committee to file reports of receipts and
12 disbursements with the Commission.¹⁶ Such reports must include the total amount of
13 contributions received, as well as the identification of each person who made a contribution
14 in excess of \$200 during the reporting period, together with the date and amount of such
15 contribution.¹⁷

¹⁰ Ohio First, 2018 October Quarterly Report at 2 (Oct. 15, 2018); Ohio First, 2018 Pre-General Report at 2 (Oct. 25, 2018); Ohio First, 2018 Post-General Report at 2 (Dec. 6, 2018); Ohio First, 2018 Year-End Report at 2 (Jan. 31, 2019).

¹¹ Ohio First, 2018 October Quarterly Report at 12-17; Ohio First, 2018 Post-General Report at 7-9, 11.

¹² Ohio First, 2020 April Quarterly Report at 7.

¹³ MUR 7476 Compl. at 10-12.

¹⁴ Joint Response at 1, 4-5.

¹⁵ *Id.*

¹⁶ 52 U.S.C. § 30104(a)(1).

¹⁷ 52 U.S.C. §§ 30104(b)(2)(A), (b)(3)(A)-(B).

1 A “contribution” includes “any gift [or] advance . . . of money or anything of value
2 made by any person for the purpose of influencing any election for Federal office.”¹⁸ The
3 extension of credit to a political committee by a commercial vendor is a contribution, “unless
4 the credit is extended in the ordinary course of the person’s business and the terms are
5 substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and
6 size of obligation.”¹⁹ A “commercial vendor” is any person who provides goods or services
7 to a candidate or political committee, and whose usual and normal business involves the sale,
8 rental, lease, or provision of those goods and services.²⁰

9 Commission regulations state that, in determining whether credit was extended in a
10 commercial vendor’s ordinary course of business, the Commission will consider whether:
11 (1) the commercial vendor followed its established procedures and its past practice in
12 approving the extension of credit; (2) the commercial vendor received prompt payment in
13 full for prior extensions of credit to the same committee; and (3) the extension of credit
14 conformed to the usual and normal practice in the vendor’s trade or industry.²¹ The
15 Commission has explained that “[t]hese factors are intended to provide guidance The
16 factors need not be accorded equal weight and in some cases a single factor may not be
17 dispositive.”²²

¹⁸ 52 U.S.C. § 30101(8)(A)(i).

¹⁹ 11 C.F.R. § 100.55 (explaining that a contribution will also result if a creditor fails to make a
commercially reasonable attempt to collect the debt); *see also* 11 C.F.R. § 116.3(b).

²⁰ 11 C.F.R. § 116.1(c).

²¹ 11 C.F.R. § 116.3(c).

²² Debts Owed by Candidates and Political Committees, 55 Fed. Reg. 26378, 26281 (June 27, 1990); *see*
Advisory Op. 1991-20 (Call Interactive) at 4.

1 Grassroots Targeting appears to be in the business of providing the services they
2 provided to Ohio First, and, therefore, appears to be a “commercial vendor.”²³ Regardless of
3 whether Grassroots Targeting’s extension of credit to Ohio First was in the ordinary course
4 of its business, any potential contribution would have been permissible and Grassroots
5 Targeting would have had no independent reporting obligation. Therefore, the Commission
6 finds no reason to believe that Grassroots Targeting violated the Act in connection with the
7 extension of credit to Ohio First.

²³ See 11 C.F.R. § 116.1(c).