



FEDERAL ELECTION COMMISSION
Washington, DC 20463

VIA Email

sroberts@hvjt.com

July 20, 2021

Steve Roberts
Holtzman Vogel Josefiak Torchinsky PLLC
45 North Hill Drive, Suite 100
Warrenton, VA 20186

RE: MUR 7476
Majority Strategies, LLC

Dear Mr. Roberts:

On August 15, 2018, the Federal Election Commission notified your client, Majority Strategies, LLC, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

On May 20, 2021, the Commission found, on the basis of the information in the complaint, and information provided by your client, that there is no reason to believe Majority Strategies, LLC violated the Act. Accordingly, the Commission closed its file in this matter as it pertains to Majority Strategies, LLC. The Factual and Legal Analysis, explaining the Commission's findings, is enclosed.

The Commission reminds you that the confidentiality provisions of 52 U.S.C. § 30109 (a)(12)(A) remain in effect, and that this matter is still open with respect to other respondents. The Commission will notify you when the entire file has been closed.

If you have any questions, please contact Nicholas Bamman, the attorney assigned to this matter, at (202) 694-1628.

Sincerely,

Lynn Tran

Lynn Y. Tran
Assistant General Counsel

Enclosure
Factual and Legal Analysis

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

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

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).

MURs 7476 and 7542 (Majority Strategies, LLC)

Factual and Legal Analysis

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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.