



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Iowa Values, *et al.*) MURs 7672, 7674, & 7732
)
)

**STATEMENT OF REASONS OF COMMISSIONERS
SHANA M. BROUSSARD AND ELLEN L. WEINTRAUB**

This matter involved allegations that, among other things, an organization registered with the Internal Revenue Service (“IRS”) as a 501(c)(4) organization was, in fact, a political committee under the Federal Election Campaign Act (“the Act”) and Commission regulations and should have registered and reported as such with the Commission. Iowa Values, an organization ostensibly established for issue advocacy, began focusing its efforts and its spending on the election of a candidate for federal office. Iowa Values’ own statements, ads, and solicitations demonstrated this new focus. On the basis of the available information, our nonpartisan Office of General Counsel (“OGC”) recommended that the Commission find reason to believe that Iowa Values had failed to register and report as a political committee, in violation of the Act and Commission regulations, and initiate an investigation.¹ We voted to approve OGC’s recommendation.²

I. Political Committee Status

The Act defines a political committee as “any committee, club, association, or other group of persons” that receives aggregate contributions or makes aggregate expenditures in excess of \$1,000 during a calendar year.³ Notwithstanding the statutory threshold for contributions and expenditures, an organization that is not controlled by a candidate will be considered a political committee only if its “major purpose is Federal campaign activity (*i.e.*, the nomination or election of a Federal candidate).”⁴

¹ First Gen. Counsel’s Rept. MURs 7672, 7674, and 7732 (Sep. 25, 2020) (“FGCR”).

² Certification, MURs 7672, 7674, & 7732 (Jan. 26, 2021) (we also voted to find reason to believe that Iowa Values failed to file independent expenditure reports and made prohibited in-kind contributions to Joni for Iowa through the republication of campaign materials, and that Senator Joni Ernst and Joni for Iowa violated the Act by soliciting non-federal funds).

³ 52 U.S.C. § 30101(4)(A).

⁴ Political Committee Status: Supplemental Explanation and Justification, 72 Fed. Reg. 5,595, 5,597 (Feb. 7, 2007) (“Suppl. E&J”) (“[D]etermining political committee status under [the Act], as modified by the Supreme Court, requires an analysis of both an organization’s specific conduct — whether it received \$1,000 in contributions or made \$1,000 in expenditures — as well as its overall conduct — whether its major purpose is Federal campaign activity (*i.e.*, the nomination or election of a Federal candidate).”); *see Buckley v. Valeo*, 424 U.S. 1, 79 (1976); *FEC v. Massachusetts Citizens for Life, Inc.*, 479 U.S. 238, 262 (1986). In *Buckley*, the Supreme Court held that defining political committee status “only in terms of

Political committees are required to register with the Commission, meet organizational and recordkeeping requirements, and file periodic disclosure reports.⁵

The Commission has explained that applying the “major purpose” test “requires the flexibility of a case-by-case analysis of an organization’s conduct that is incompatible with a one-size-fits-all rule” and that “any list of factors developed by the Commission would not likely be exhaustive in any event, as evidenced by the multitude of fact patterns at issue in the Commission’s enforcement actions considering the political committee status of various entities.”⁶ In conducting that analysis, the Commission will consider whether an organization has satisfied the “major purpose doctrine through sufficiently extensive spending on Federal campaign activity.”⁷ The Commission also looks to the organization’s public statements, which “can also be instructive in determining an organization’s purpose[.]” while “giving due weight to the form and nature of the statements, as well as the speaker’s position within the organization.”⁸ In addition, the Commission may also need to consider the organization’s “fundraising appeals” and solicitations to prospective supporters.⁹ Disbursements for electioneering communications are also presumptively treated as indicating a purpose of nominating or electing a candidate.¹⁰

The First General Counsel’s Report (“FGCR”) detailed how Iowa Values, a 501(c)(4) organization established in 2017, ran numerous advertisements in support of Senator Joni Ernst, a candidate for reelection to the U.S. Senate for Iowa during the 2020 election cycle, or in opposition to her opponent.¹¹ That Iowa Values satisfied the statutory threshold for political committee status is

amount of annual ‘contributions’ and ‘expenditures’” was overbroad because that definition could reach “groups engaged purely in issue discussion.” *Buckley*, 424 U.S. at 79. To cure that infirmity, the Court concluded that the term “political committee” “need only encompass organizations that are under the control of a candidate or *the major purpose of which is the nomination or election of a candidate.*” *Id.* (emphasis added).

⁵ See 52 U.S.C. §§ 30103, 30102, 30104.

⁶ Suppl. E&J at 5,601-02. See *Shays v. FEC*, 511 F. Supp. 2d 19 (D.D.C. 2007) (approving the Commission’s case-by-case adjudication approach to resolving political committee status). Though it has periodically considered crafting a bright-line major-purpose rule through rulemaking, the Commission has consistently declined to do so. See, e.g., Independent Expenditures; Corporate and Labor Organization Expenditures, 57 Fed. Reg. 33,548, 33,558-59 (July 29, 1992) (Notice of Proposed Rulemaking); Definition of Political Committee, 66 Fed. Reg. 13,681, 13,685-86 (Mar. 7, 2001) (Advance Notice of Proposed Rulemaking); see also Summary of Comments and Possible Options on the Advance Notice of Proposed Rulemaking on the Definition of “Political Committee,” Certification (Sept. 27, 2001) (voting 6-0 to hold proposed rulemaking in abeyance).

⁷ Suppl. E&J at 5,601.

⁸ *Id.*

⁹ *Id.* at 5,604, 5,606.

¹⁰ See *CREW v. FEC*, 299 F. Supp. 3d 83, 93 (D.D.C. 2018) (determining that Commission “must presumptively treat spending on electioneering ads as indicating a purpose of nominating or electing a candidate”); see also *id.* at 100 (“The Commission may *in special circumstances* conclude that an electioneering ad does not have [an election-related major] purpose. But given Congress’s recognition that the ‘vast majority’ of electioneering ads have the purpose of electing a candidate, the Commission’s exclusion of electioneering ads from its major-purpose analysis *should be the rare exception, not the rule.*”) (emphases added).

¹¹ See *About Joni*, U.S. Senate, <https://www.ernst.senate.gov/public/index.cfm/meet-joni> (last accessed Sept. 22, 2022); Amended Statement of Candidacy (Apr. 4, 2019).

plainly evident from the record. Iowa Values received contributions exceeding \$1,000 in response to fundraising solicitations that indicated that funds would be used toward Ernst's reelection.¹² Iowa Values also made expenditures exceeding \$1,000 when it paid for advertising expressly advocating the reelection of Ernst.¹³

The FGCR further set out the available information demonstrating that after Ernst announced her candidacy for reelection, Iowa Values' public statements, fundraising, and spending appeared to be focused primarily on Ernst's reelection. This information included a press release from Iowa Values announcing "an election-long effort by Iowa Values to highlight the work of Sen. Joni Ernst;"¹⁴ ads posted on Iowa Values' own website,¹⁵ as well as paid advertising on social media,¹⁶ and a solicitation email sent by Iowa Values' fundraising vendor which stated that "the purpose of our group, Iowa Values, is to push back against these type of negative attacks [against Ernst]."¹⁷ A strategy memo released in connection with Iowa Values' fundraising in July 2019 stated "[w]e believe that there is critical work with segments of the electorate that must begin now in 2019 so that Ernst has the best possible jumping off point in 2020" and discussed the need to engage voters who would be critical for "winning and losing in 2020 for Senator Ernst."¹⁸ Additionally, in its Response, Iowa Values stated that it expected its 2019 Form 990 filing to reflect \$839,000 in total spending, with as much as 41% of that spending for political activity at the federal and state levels.¹⁹ As explained in the FGCR, even this 41% "is a substantial portion (\$343,990) of its overall spending, and considered together with the questions surrounding the group's actual proportion of spending related to federal campaign activity compared to its total spending, provides a sufficient basis to further investigate the matter."²⁰

At the initial stage of the enforcement process, the Commission's task is to evaluate the available information and determine whether there is *reason to believe* that a violation has occurred.²¹

¹² Under the Act, money received in response to fundraising solicitations clearly indicating that the funds being sought would be targeted to the election or defeat of clearly identified federal candidates constitute contributions. *See* 52 U.S.C. § 30101(8)(A)(i); *FEC v. Survival Educ. Fund, Inc.*, 65 F.3d 285, 295 (2d Cir. 1995) (holding that proceeds from a solicitation are contributions where solicitation "makes plain that the contributions will be used to advocate the defeat or success of a clearly identified candidate at the polls").

¹³ FGCR, MURs 7672, 7674, and 7732 at 21-22.

¹⁴ Iowa Values Announces Digital Advertising Blitz and Door to Door Canvassing, @OurIowaValues, FACEBOOK (June 27, 2019), https://www.facebook.com/ouriowavalues/posts/1130033023846492?__tn__=-R.

¹⁵ *See Our Videos*, <https://ouriowavalues.com/> (last accessed Sept. 22, 2022).

¹⁶ In 2019, Iowa Values spent over \$60,000 on a mixture of political and issue ads on Facebook; all but two of those ads between June and September 2019 expressed support for Ernst. *See* FGCR, MURs 7672, 7674, and 7732 at 29. As of September 2020, Iowa Values had spent an additional \$46,500 on Google ads, all of which advocated the election of Ernst or the defeat of her opponent. *Id.* at 30.

¹⁷ Compl., MUR 7672 at 7 (Dec. 16, 2019).

¹⁸ MUR 7672 Compl. at Ex. B.

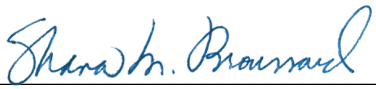
¹⁹ Resp., MUR 7674 at 4, 12.

²⁰ FGCR, MUR 7672, 7674, and 7732 at 26.


²¹ 52 U.S.C. § 30109(a)(2); 11 C.F.R. § 111.10.

The reason to believe standard is necessarily low – the Commission has not yet conducted any investigation.²² On the basis of the available information, including Iowa Values’ public statements, advertisements, and estimates of its own spending in reports to the IRS, we voted to approve OGC’s recommendation to find reason to believe that Iowa Values violated the Act and Commission regulations by failing to register and report as a political committee.²³

September 28, 2022
Date


Shana M. Broussard
Commissioner

September 28, 2022
Date


Ellen L. Weintraub
Commissioner

²² Statement of Policy Regarding Commission Action in Matters at the Initial Stage in the Enforcement Process, 72 Fed. Reg. 12,545 (Mar. 16, 2007) (“A ‘reason to believe’ finding followed by an investigation would be appropriate when a complaint credibly alleges that a significant violation may have occurred, but further investigation is required to determine whether a violation in fact occurred and, if so, its exact scope.”)

²³ Certification, MURs 7672, 7674, and 7732 (Jan. 26, 2021).