

RECEIVED
By OGC-CELA at 7:12 pm, Sep 01, 2022

In the Matter of)	
Schmitt for Senate;)	MUR 8027
Schmitt for Missouri; and)	
Eric Schmitt)	

INTRODUCTION

On behalf of Schmitt for Senate, Schmitt for Missouri, and Eric Schmitt (collectively, the "Schmitt Respondents"), we ask the Federal Election Commission ("FEC" or "Commission") to find "no reason to believe" that the Schmitt Respondents committed any of the violations alleged in the complaint in this matter (the "Complaint").

The Complaint generally alleges: (i) that Schmitt for Senate (Mr. Schmitt's campaign committee for U.S. Senate) accepted unreported in-kind contributions from Schmitt for Missouri (Mr. Schmitt's campaign committee for state office) or from Mr. Schmitt personally; (ii) violations of Missouri state law that are outside of the Commission's jurisdiction; and (iii) that Schmitt for Senate improperly coordinated with the Save Missouri Values super PAC by using common vendors.

To paraphrase the famous line from "Macbeth," the Complaint is full of frivolous allegations and citations, signifying nothing. A point-by-point refutation follows below.

DISCUSSION

1. Alleged In-Kind Contributions

1.1. Social Media Accounts

The Complaint (at 2-3) states that Mr. Schmitt has used his Facebook page (facebook.com/SchmittForSenate), Twitter account (twitter.com/Eric_Schmitt),¹ and "verified Instagram account"² to promote his candidacies for state Treasurer, state Attorney General, and U.S. Senate. The Complaint erroneously alleges Schmitt for Senate has failed to report

¹ The Complaint (at 3) erroneously characterizes this as a "campaign account." Schmitt for Senate has a separate Twitter account. *See* note 6, *infra*.

² The Complaint (in Footnotes 20-22) cites to three Instagram URLs. However, we were unable to access any of those pages. We assume the Complaint is referencing Mr. Schmitt's personal Instagram account (https://www.instagram.com/ericschmittmo/).

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these social media accounts "as an in-kind contribution from either [Mr. Schmitt] himself or Schmitt for Missouri."

First, unlike the SchmittForSenate.com website domain name discussed below, there is no cost to establishing a Facebook page or Twitter or Instagram account.³ The Commission has determined that online services provided at no-cost do not result in an in-kind contribution.⁴ The Commission also determined in its 2006 Internet rulemaking "that the vast majority of Internet communications are, and will remain, free from campaign finance regulation," and that the value of unpaid Internet content is "difficult to ascertain."⁵

Second, Mr. Schmitt personally created the Facebook page and Twitter and Instagram accounts referenced in the complaint, and he personally posts the vast majority of content on these accounts.⁶ Therefore, the content and accounts are not in-kind contributions under the Commission's volunteer and Internet exemptions.⁷ Schmitt for Missouri also has made no expenditures for any content posted on these social media platforms in support of Mr. Schmitt's candidacy for U.S. Senate, and the Complaint does not allege otherwise.

For these reasons, the Complaint's theory that Mr. Schmitt's Facebook page and Twitter and Instagram accounts are somehow unreported in-kind contributions from Mr. Schmitt or Schmitt for Missouri is wholly without merit.

³ See Facebook, What to Know Before You Create a Facebook Page, at https://www.facebook.com/business/help/366099230478737?id=939256796236247 ("Facebook Pages are a free tool . . .") (last visited Sep. 1, 2022) (emphasis added); Paul Gil, What Is Twitter & How Does It Work?, Lifewire.com (Aug. 29, 2021), at https://www.lifewire.com/what-is-instagram-3486316 ("Instagram asks you to create a free account before using it.") (emphasis added).

⁴ Adv. Op. No. 2003-37 (Meetup).

⁵ Explanation and Justification for Final Rule on Internet Communications, 71 Fed. Reg. 18589, 18590, 18593 (Apr. 12, 2006); *see also* MUR 6795 (CREW), Factual and Legal Analysis at 5 (dismissing complaint alleging failure to report independent expenditures in the form of press releases posted on an organization's own website).

⁶ Schmitt for Senate has separate Twitter (https://twitter.com/schmitt4senate) and Instagram (https://www.instagram.com/schmittforsenate/) accounts that are maintained by campaign staff and consultants. The Complaint does not take issue with those social media accounts.

⁷ 11 C.F.R. §§ 100.74, 100.94.

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1.2. SchmittForSenate.com Domain Name

The Complaint (at 4) erroneously alleges Schmitt for Missouri made an unreported inkind contribution by providing the "SchmittForSenate.com" website domain name, which Mr. Schmitt used for his 2008 Missouri State Senate race, to Schmitt for Senate. This allegation is unsupported by the facts.

Public records indicate the domain name registration changed ownership on March 11, 2021 (the same date the Complaint notes the website for the U.S. Senate campaign went live).8 The Prosper Group, Schmitt for Senate's website developer, acted as the broker for the acquisition of the website domain name from Schmitt for Missouri. The invoice from The Prosper Group to Schmitt for Senate showing a \$1,500 charge for the purchase is attached as EXHIBIT A.9

Because Schmitt for Senate purchased the website domain name at fair market value, it was not an in-kind contribution from anyone, as the Complaint erroneously alleges.

1.3. Remington Research Group Poll Results

The Complaint (at 4-5) erroneously alleges that Schmitt for Senate failed to report polls of the 2022 Republican U.S. Senate primary conducted by Remington Research Group ("RRG") as in-kind contributions from either RRG or its parent company, Axiom Strategies. Again, this allegation is unsupported by the facts.

All of the RRG polls in question were commissioned by The Missouri Scout, which is a private news service covering Missouri state politics¹⁰ and is covered by the "press exemption."¹¹ The poll results are all posted on the RealClearPolitics website.¹² Although the results are interchangeably posted as "Missouri Scout" and "Remington Research" polls, clicking on the links on the RealClearPolitics page results in downloads of Microsoft

⁸ See https://www.whois.com/whois/schmittforsenate.com.

⁹ Although the line item on the invoice states "Dev: Website," The Prosper Group has informed us that this was for the purchase of the website domain name. Actual work on developing the website content was billed separately. The "AG Website" notation on the invoice was meant to signify that the website domain was purchased from the Schmitt for Missouri state committee, which Mr. Schmitt used for his most recent state Attorney General campaign.

¹⁰ See https://moscout.com/.

¹¹ 52 U.S.C. § 30101(9)(B)(i); 11 C.F.R. § 100.73.

¹² https://www.realclearpolitics.com/epolls/2022/senate/Missouri.html.

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PowerPoint files that all identify the polls as "Survey conducted by Remington Research Group on behalf of The Missouri Scout." An example of the cover page of one such document is attached as EXHIBIT B.

In short, RRG conducted the polls in question for another paying client and independently of Eric Schmitt and Schmitt for Senate. Therefore, the polls were not in-kind contributions to Schmitt for Senate, as the Complaint erroneously alleges.

2. Alleged "Improper Use of Official State Office to Aid Federal Candidacy"

The Complaint (at 5-8) alleges activities that supposedly violate "[Missouri Ethics Commission] Guideline (§ 105.452, [Rev. Stat. of Mo.])" and "[Missouri Ethics Commission] Guideline (§ 115.646, [Rev. Stat. of Mo.])." The FEC obviously has no jurisdiction over these cited Missouri state laws and state agency pronouncements. Accordingly, these allegations should be disregarded outright.¹³

Nor should OGC and the Commission read alternative legal theories into the Complaint that could bring these allegations within their jurisdiction.¹⁴ There simply is no legal authority for OGC and the Commission to re-write facially deficient complaints. And even if OGC and the Commission were inclined to extrapolate from the Complaint allegations that are within their jurisdiction, the Complaint, once again, disregards the facts pertaining to these allegations.

2.1. Photo of Mr. Schmitt With Missouri Supreme Court Judges

The Complaint (at 5) alleges a photo depicting Mr. Schmitt with Missouri Supreme Court judges that was taken at a public event was used improperly in a "campaign mailer promoting Schmitt's candidacy." The Complaint notably does not allege that <u>any of the respondents</u> in this matter were responsible for the mailer. This is likely because the complainant knows, and as the Associated Press has reported, "The mailer was not from

¹³ See 11 C.F.R. § 111.4(d)(3) (requiring complaints to "contain a clear and concise recitation of the facts which *describe a violation of a statute or regulation over which the Commission has jurisdiction*") (emphasis added).

¹⁴ See id. While the Commission's regulations also provide for enforcement "[o]n the basis of information ascertained by the Commission in the normal course of carrying out its supervisory responsibilities," that is a reference to "internally generated matters" in the form of referrals from the Audit and Reports Analysis Divisions. See id. § 111.8; Guidebook for Complainants and Respondents on the FEC Enforcement Process (May 2012) at 7, available at https://www.fec.gov/resources/cms-content/documents/respondent-guide.pdf.

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Schmitt's campaign but from [an independent] group supporting his bid for the Republican nomination in the August primary."¹⁵ Schmitt for Senate also has consistently denied it was responsible for the mailer.¹⁶ In fact, as the *Missouri Independent* reported, "[a] [T]witter user who received the mailer posted photos that showed it was sent by American[s] for Prosperity Action."¹⁷ Notably, the Complaint did not even reference Americans for Prosperity Action, much less name that organization as a respondent.

Accordingly, the Complaint's inclusion of this allegation and insinuation that the respondents could somehow be liable for another group's alleged misuse of a photo is extremely disingenuous. More fundamentally, the Complaint fails to allege any violation of any law—let alone any law within the Commission's jurisdiction—with respect to this mailer and photo.

2.2. Trip to U.S. Southern Border

The Complaint (at 6-8) erroneously alleges Mr. Schmitt used Missouri state resources to pay for an October 21, 2021 trip to the U.S. southern border that his U.S. Senate campaign promoted. However, as the Complaint itself acknowledges, a spokesman for the state Attorney General's office publicly explained that Schmitt for Senate had in fact paid for Mr. Schmitt's travel expenses. The flight and hotel invoices attached as EXHIBIT C corroborate this. Schmitt for Senate reimbursed its campaign consulting firm Axiom Strategies, which also processes the committee's travel expenses, for these invoices on January 13, 2022, and reported the payment on page 160 of its April 2022 quarterly report.¹⁸

In fact, the Complaint itself (at 7) recites no fewer than <u>three</u> news articles (from the *St. Louis Post Dispatch, Fox 2 NOW,* and *KRCG 13*) indicating that the only expenses the state paid for were those of Chris Nuelle, who is the spokesman for the state Attorney General's

¹⁵ Associated Press, Campaign Mailer Photo Draws Ire of Missouri Supreme Court (Jun. 17, 2022), available at https://www.usnews.com/news/best-states/missouri/articles/2022-06-17/schmitt-campaign-photo-draws-ire-of-missouri-supreme-court.

¹⁶ See id.; see also Rudi Keller, Missouri Supreme Court 'renounces' use of photo with judges to promote Schmitt, MISSOURI INDEPENDENT (Jun. 17, 2022), available at https://missouriindependent.com/2022/06/17/missouri-supreme-court-renounces-use-of-photo-with-judges-to-promote-schmitt/ ("The Schmitt campaign is not responsible for the mailer, campaign spokesman Rich Chrismer wrote in an email to The Independent.").

¹⁷ Keller, *supra* note 16.

 $^{^{18}}$ https://docquery.fec.gov/pdf/361/202207079517840361/202207079517840361.pdf. Note that the amounts paid to Axiom Strategies also covered other expenses.

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office. As Mr. Nuelle explained in the news coverage, he accompanied Mr. Schmitt on the border trip in connection with a lawsuit that Mr. Schmitt had filed in his official capacity as the state Attorney General on behalf of the state of Missouri to compel the Biden Administration to resume construction of the border wall.

Under the Commission's regulations, the travel costs of "an individual, other than a candidate," must be "allocated on a reasonable basis" to a campaign committee only if the individual conducts "campaign-related activities on [the] trip." For the purposes of these rules, an activity is "campaign-related" if, for example, someone "asks for support" for a candidate during an event on the trip. There are no indications whatsoever in any of the cited news coverage that Mr. Nuelle engaged in any "campaign-related activities" in support of Mr. Schmitt's U.S. Senate campaign during his travel. Accordingly, Mr. Nuelle's travel expenses were not required to be allocated to Schmitt for Senate.

3. Alleged "Coordination Through Employment of Common Vendor"

The Complaint (at 8-9) erroneously alleges Schmitt for Senate coordinated with the Save Missouri Values super PAC by using several of the same vendors. However, the Commission's coordination rules "do[] not presume coordination from the mere presence of a common vendor."²¹ The Complaint fails to explain specifically how the use of these common vendors violates the coordination rules.

The use of a common vendor that provides services to a super PAC and a candidate the super PAC is supporting only triggers the coordination rules if the vendor is employed "to create, produce, or distribute" the super PAC's communications.²² The common vendor

¹⁹ 11 C.F.R. §106.3(c)(1).

²⁰ House Doc. 95-44, 95th Cong. 1st Sess. (1977) at 50.

²¹ Explanation and Justification for Final Rules on Coordinated and Independent Expenditures, 68 Fed. Reg. 421, 437 (Jan. 3, 2003) (hereinafter, "Coordination E&J").

²² 11 C.F.R. § 109.21(d)(1); *see also* Coordination E&J at 435 ("a common vendor is a commercial vendor *who is contracted to create, produce, or distribute a communication by the person paying for that communication* after that vendor has, during the same election cycle, provided any one of a number of listed services to a candidate who is clearly identified in that communication, or his or her authorized committee, or his or her opponent or the opponent's authorized committee, or a political party committee, or an agent of any of the foregoing") (emphasis added).

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coordination conduct standard "does not apply to the activities of persons who do not create, produce, or distribute communications as a commercial venture."²³

The Complaint identifies "three common vendors[:] MGS Consulting, Holloway Consulting, and Gober Group, PLLC."

MGS Consulting and Holloway Consulting are fundraising consultants.²⁴ The Gober Group is a law firm.²⁵ None of these vendors is in the business "creat[ing], produc[ing], or distribut[ing] communications as a commercial venture."²⁶ Nor did any of these vendors in fact provide such services to Save Missouri Values, as even a cursory examination of its FEC reports²⁷ will confirm.

Accordingly, the use of the three common vendors by Schmitt for Senate and Save Missouri Values did not even fall within the ambit of the Commission's coordination rules, let alone violate them.

4. Alleged "Republication of Campaign Materials"

The Complaint (at 9) alleges the Schmitt for Senate website and Facebook page feature two photographs²⁸ that were previously used by Schmitt for Missouri for Mr. Schmitt's state Treasurer and Attorney General campaigns. The Complaint erroneously alleges the use of these two old photos constitutes unreported in-kind contributions to Schmitt for Senate.

Per the Complaint, prior to their use by Schmitt for Senate, the two photos were used by Schmitt for Missouri as early as 2017 and no later than 2019. The photos were publicly available on social media, which is how the complainant was able to trace their provenance.

²³ Coordination E&J at 436.

²⁴ See Holloway Consulting, Inc., at https://hollowayconsulting.com/.

²⁵ See The Gober Group, at https://gobergroup.com/.

²⁶ Coordination E&J at 436.

²⁷https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00776385 &recipient_name=gober+group&recipient_name=holloway&recipient_name=mgs&two_year_transa_ction_period=2022.

²⁸ While the Complaint includes numerous URLs for these photos, the Complaint appears to reference only two distinct photos that appear in various different contexts.

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The old photos constitute only a very small portion of the content on the Schmitt for Senate website and Facebook page.

The Commission consistently has determined that the use of campaign photos under these circumstances is too *de minimis* to constitute an in-kind contribution or to warrant enforcement. For example:

- In MUR 5743 (Betty Sutton), the Commission dismissed an allegation that EMILY's List's use of a candidate's publicly available photos on the organization's mailers constituted an in-kind contribution.²⁹ As Commissioners Weintraub and von Spakovsky explained, where "[t]he photographs comprise only a small portion of" the new materials and "the photographs were available to the entire world free of charge on the [candidate's] website," the "[re]publication [of those photos] would [not] have any more than *de minimis* value" and therefore are "not an 'in-kind' contribution."³⁰
- In MUR 5996 (Education Finance Reform Group), the Commission dismissed an allegation that the use of a candidate's photo that "was publicly available for download at no charge from the campaign's website" in an issue advocacy group's television ad constituted an in-kind contribution.³¹ As three commissioners explained, "it makes no sense to conclude that the use of such a photograph . . . constitutes republication and should be treated as an in-kind contribution."³²
- In MUR 6840 (All Citizens for Mississippi), the Commission dismissed an allegation that a super PAC's use of a candidate's photo obtained from the candidate's website constituted an in-kind contribution on the grounds "that the value of the republished campaign materials is *de minimis*."³³

²⁹ MUR 5743 (Betty Sutton), Amended Certification dated Dec. 5, 2006.

 $^{^{\}rm 30}$ MUR 5743 (Betty Sutton), Statement of Reasons of Commissioners Hans A. von Spakovsky and Ellen L. Weintraub.

³¹ MUR 5996 (Education Finance Reform Group), Factual and Legal Analysis at 9.

³² MUR 5996 (Education Finance Reform Group), Statement of Reasons of Vice Chairman Matthew S. Petersen and Commissioners Caroline C. Hunter and Donald F. McGahn II.

³³ MUR 6840 (All Citizens for Mississippi), Factual and Legal Analysis at 8.

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The republication of two old publicly available photos originally used by Schmitt for Missouri in this instance falls squarely in line with the Commission's precedents dismissing allegations that such use results in the making of in-kind contributions.

CONCLUSION

For the reasons discussed above, the Commission should find "no reason to believe" that the Schmitt Respondents violated the Federal Election Campaign Act of 1971, as amended or the Commission's regulations or otherwise dismiss the Complaint.

Sincerely,

Chris K. Gober

CL 115-

Eric Wang

Counsel to Schmitt for Senate, Schmitt for Missouri, and Eric Schmitt

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EXHIBIT A

SCHMITTFORSENATE.COM WEBSITE DOMAIN ACQUISITION INVOICE

The Prosper Group

PO Box 488 Greenwood, IN 46142 317.886.4438 kelli@prospergroupcorp.com



BILL TO Nick Maddux Schmitt for Senate



PLEASE DETACH TOP PORTION AND RETURN WITH YOUR PAYMENT.

SALES REP

Anthony Ranucci

DATE	ACTIVITY	_	QTY	RATE	AMOUNT
	Email:Email Rental Email File		1	190.00	190.00
	Dev:Website AG Website		1	1,500.00	1,500.00
Thank you for your business!		PAYMENT BALANCE DUE		1,690.00 USD 0.00	

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EXHIBIT B EXAMPLE OF REMINGTON RESEARCH GROUP POLL DOCUMENT



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EXHIBIT C

INVOICES FOR BORDER TRIP EXPENSES

----- Forwarded message ------

From: Kelley Sandhu < kelley@schmittforsenate.com>

Date: Mon, Aug 15, 2022 at 10:37 AM

Subject: Fwd: Eric Stephen Schmitt's 10/20 El Paso trip (3G8V2A): Your reservation is confirmed.

To: andrew@schmittforsenate.com <andrew@schmittforsenate.com>

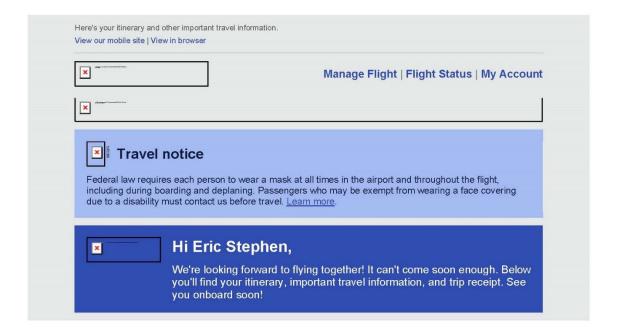
----- Forwarded message ------

From: **Southwest Airlines** <<u>southwestairlines@ifly.southwest.com</u>>

Date: Tue, Oct 19, 2021 at 3:02 PM

Subject: Eric Stephen Schmitt's 10/20 El Paso trip (3G8V2A): Your reservation is confirmed.

To: < kelley@schmittforsenate.com>



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Your itinerary



Payment information

Total cost		Payment
Air - 3G8V2A Base Fare	\$ 342.12	Visa ending in Date: October 19, 2021
U.S. Transportation Tax	\$ 25.66	Payment Amount: \$390.98
U.S. 9/11 Security Fee	\$ 5.60	
U.S. Flight Segment Tax	\$ 8.60	
U.S. Passenger Facility Chg	\$ 9.00	
Total	\$ 390.98	

Fare Rules: If you decide to make a change to your current itinerary it may result in a fare increase. In the case you're left with travel funds from this confirmation number, you're in luck! We're happy to let you use them towards a future flight for the individual named on the ticket, as long as the new travel is completed by the expiration date.

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----- Forwarded message ------

From: Kelley Sandhu < kelley@schmittforsenate.com>

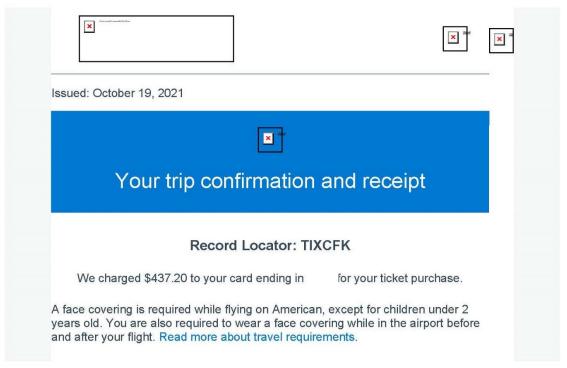
Date: Mon, Aug 15, 2022 at 10:37 AM Subject: Fwd: Your trip confirmation (ELP - STL)

To: andrew@schmittforsenate.com <andrew@schmittforsenate.com>

----- Forwarded message -----

From: American Airlines <no-reply@notify.email.aa.com>

Date: Tue, Oct 19, 2021 at 3:07 PM Subject: Your trip confirmation (ELP - STL) To: <KELLEY@schmittforsenate.com>



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	Manage your trip	
Friday, October 22	2, 2021	
ELP	DFW	
9:15 AM ∑	12:04 РМ	
El Paso AA 1329	Dallas/Fort Worth	
Seat: 9C Class: Economy (L) Meals:		
DFW	STL	
12:44 PM	2:34 PM	
Dallas/Fort Worth	St Louis	
AA 2896		
Seat: 17C Class: Economy (L) Meals:		
Your payment		
Credit Card (Visa ending 181	2)	\$437.20
Total paid		\$437.20
Your purchase		
ERIC SCHMITT		

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Hyatt Place El Paso 6030 Gateway Boulevard E El Paso, TX 79905 Tel: 915-771-0022 Fax: 915-771-0599 elpasoairport.place.hyatt.com

INVOICE

Eric Schmitt

Personal information redacted

Room No. 0402 10-20-21 Arrival **United States** Departure 10-22-21

Confirmation No. 619731501 Folio Window 1 127354 Group Name Folio No.

Date	Description		Charges	Credits
10-20-21	- Gallery Dinner Food	Room# CHECK#	1.62	
10-20-21	Accommodation		209.00	
10-20-21	State Occupancy Tax		12.54	
10-20-21	County Occupancy Tax		5.23	
10-20-21	City Occupancy Tax		18.81	
10-21-21	- Gallery Lunch Food	Room# : CHECK#	5.14	
10-21-21	Accommodation		209.00	
10-21-21	State Occupancy Tax		12.54	
10-21-21	County Occupancy Tax		5.23	
10-21-21	City Occupancy Tax		18.81	
10-22-21	Visa	XXXXXXXXXXX	(X/XX	497.92

Total	497.92	497.92
Balance	0.00	

Guest Signature

I agree that my liability for this bill is not waived and I agree to be held personally liable in the event that the indicated person, company or association fails to pay for any part or the full amount of these charges.

World of Hyatt Summary

No Membership to be credited

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The City of El Paso requires an additional tax of two percent be imposed on each hotel charge for the purpose of financing a venue project.