



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**DEC 21 2012**

John Erickson

Coeur d'Alene, ID 83814

RE: MUR 6557

Dear Mr. Erickson:

On December 18, 2012, the Federal Election Commission reviewed the allegations in your complaint dated April 12, 2012, and found that on the basis of the information provided in your complaint, and information provided by the respondents, there is no reason to believe the Kootenai County Reagan Republicans, the Reagan Republican Victory Fund, the Strategy Group, Inc., Jeff Ward, and Keith Hutcheson violated 2 U.S.C. §§ 434 and 434. The Commission also determined to dismiss on a matter of prosecutorial discretion any violations of 2 U.S.C. §§ 434(c) and 441d by the Reagan Republican Victory Fund and closed the file. At the same time, the Commission cautioned the Reagan Republican Victory Fund to take steps to ensure that its conduct is in compliance with the Act and the Commission's regulations. The Factual and Legal Analyses, which more fully explain the basis for the Commission's decisions are enclosed.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66,132 (Dec. 14, 2009).

The Federal Election Campaign Act of 1971, as amended, allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

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If you have any questions, please contact me at (202) 694-1650.

Sincerely,

Anthony Herman  
General Counsel



BY: Kathleen M. Guith  
Deputy Associate General Counsel

Enclosures  
Factual and Legal Analyses

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT:** Kootenai County Reagan Republicans MUR 6557

**I. INTRODUCTION**

This matter was generated by Complaints filed with the Federal Election Commission by John Erickson, Scott Grunsted, and Thomas P. Hanley, alleging violations of the Federal Election Campaign Act of 1971, as amended (the "Act"), by the Kootenai County Reagan Republicans. According to the three Complaints, which are nearly identical, the Kootenai County Reagan Republicans ("KCRR"), Jeff Ward (KCRR's treasurer), the Strategy Group, Inc., and four candidates for local office in Kootenai County, Idaho — Keith Hutcheson, Barry McHugh, Todd Tondee, and Dan Green — disseminated a mailer to voters in Kootenai County that endorsed federal and state candidates. The Complaints allege that the Respondents violated the Act because they spent over \$1,000 for a federal candidate without "filing with" the Commission.

Upon review of the Complaints, Responses, and other available information, it does not appear that KCRR was required to register and report with the Commission as a political committee. Accordingly, the Commission finds no reason to believe that the Kootenai County Reagan Republicans violated 2 U.S.C. §§ 433 and 434 by failing to register and report with the Commission as a political committee.

**II. FACTUAL AND LEGAL ANALYSIS**

**A. Factual Summary**

According to KCRR's website, it is located in Post Falls, Idaho. See [www.reaganrepublicans.net](http://www.reaganrepublicans.net). Ron Lahr is KCRR's president, Jeff Ward is KCRR's treasurer,

1 and Keith Hutcheson is a KCRR board member. *See*  
2 <http://www.reaganrepublicans.net/KCRRBoard.html>. KCRR's articles of incorporation state that  
3 it is organized as an unincorporated nonprofit social welfare public benefit organization under  
4 Idaho state law and within the meaning of 26 U.S.C. § 501(c)(4). *See*  
5 <http://www.reaganrepublicans.net/Articles.html>. KCRR describes its mission as supporting the  
6 Republican Party and the principles of limited government and a free enterprise economy  
7 espoused by President Ronald Reagan. *See* <http://www.reaganrepublicans.net/mission.html>.  
8 Reagan Republican Victory Fund ("RRVF" is an Idaho state political committee that is also  
9 located in Post Falls, Idaho. Its disclosure reports filed with the Idaho Secretary of State list  
10 Lora Gervais as RRVF's chair and Jeff Ward as RRVF's treasurer.<sup>1</sup> *See*  
11 [http://www.sos.idaho.gov/elect/Finance/2012/PrePrimary/Party/ReaganRepublicansVictoryFund.](http://www.sos.idaho.gov/elect/Finance/2012/PrePrimary/Party/ReaganRepublicansVictoryFund.pdf)  
12 [pdf](http://www.sos.idaho.gov/elect/Finance/2012/PrePrimary/Party/ReaganRepublicansVictoryFund.pdf).

13 It is unclear how KCRR and RRVF are connected. The groups share a mailing address at  
14 P.O. Box 1274 in Post Falls, Idaho, and appear to have at least some overlap in officers, as noted  
15 above. Additionally, the disclaimer on the mailer at issue in this matter states that it is paid for  
16 by RRVF but the website address listed, [www.reaganrepublicans.net](http://www.reaganrepublicans.net), directs the reader to the  
17 KCRR website.<sup>2</sup> Compl., Ex. 1.

18 The Complaints allege that KCRR and the individual respondents "working together . . .  
19 spent over \$1,000 for a federal candidate without filing with the FEC" when they sent a mailer to  
20 voters in Kootenai County that endorsed state candidates and a federal candidate. Compl. at 1.

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<sup>1</sup> Ms. Gervais is also listed as KCRR's Vice President of Finance. *See*  
<http://www.reaganrepublicans.net/KCRRBoard.html>.

<sup>2</sup> A website titled "The Idaho Federation of Reagan Republicans" includes a link to donate to RRVF. *See*  
<http://www.reaganrepublicans.info/>. Clicking on the section of this page for "Chapters" immediately redirects  
visitors to the KCRR website.

1 The Complaints attach the mailer at issue, which states that “[the] Kootenai County Reagan  
2 Republicans wholeheartedly endorse the following conservative common-sense candidates in the  
3 May 15 [2012] Republican Primary.” Compl., Ex. 1. The mailer lists 14 candidates for federal,  
4 state, and local offices, and for each candidate includes the office sought, a photograph, and a  
5 short statement about the candidate. The mailer includes one candidate for federal office,  
6 Congressman Raul Labrador, the incumbent candidate for the U.S. House of Representatives  
7 from Idaho’s First Congressional District. *Id.* The disclaimer at the bottom of the mailer states  
8 that it is “Proudly Paid for by the Reagan Republican Victory Fund  
9 [www.reaganrepublicans.net](http://www.reaganrepublicans.net).” *Id.*

10 KCRR submitted a Response — signed and sworn to by both Ron Lahr, as KCRR’s  
11 president, and Jeff Ward, as KCRR’s treasurer — which includes information about both KCRR  
12 and RRVF. *See* KCRR Resp. The KCRR Response explains that RRVF paid for the  
13 endorsement mailer at issue and is identified in its disclaimer. KCRR Resp. ¶ 1. The Response  
14 asserts that although KCRR issued the endorsements, it did not pay for or “add materially to” the  
15 mailer and has and will not make any expenditures for federal candidates in 2012. *Id.* ¶ 2. The  
16 KCRR Response identifies the Strategy Group, Inc. as the vendor that designed, printed, and  
17 mailed a portion of the mailers and identifies Keith Hutcheson, Barry McHugh, Todd Tondee,  
18 and Dan Green as candidates for Kootenai County offices who had no participation in the mailer  
19 other than being listed as endorsed candidates.<sup>3</sup> *Id.* ¶ 3-4.

20 The KCRR Response contends that RRVF is not a political committee as defined in the  
21 Act because it has not and will not spend over \$1,000 in connection with federal elections during

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<sup>3</sup> The Idaho Secretary of State’s website lists the Strategy Group, Inc. as a general business corporation with Ron Lahr as its registered agent.

1 this calendar year. *Id.* ¶ 5. It asserts that Jeff Ward contacted the Commission's Information  
2 Division to confirm that the federal share of the expenditure for the mailer would be the single  
3 federal candidate's pro rata share of the total cost. *Id.* ¶ 7-8. The KCRR Response explains that  
4 the total cost for the design, printing, and postage of the mailer was \$7,517.26 as of May 5, 2012,  
5 making the federal candidate's pro rata share \$587.26.<sup>4</sup> KCRR states that because the federal  
6 share fell below the \$1,000 threshold for reporting as a political committee, RRVF did not file  
7 any reports with the Commission and only reported the expenditures to the Idaho Secretary of  
8 State. *Id.* ¶ 9-10.

9 **B. Legal Analysis**

10 The Complaints generally allege that KCRR spent over \$1,000 for a federal candidate  
11 without "filing with" the Commission. Compl. at 1. Under the Act, groups that are political  
12 committees are required to register with the Commission and publicly report all of their receipts  
13 and disbursements. 2 U.S.C. §§ 433, 434. The Act defines a "political committee" as any  
14 committee, association, or other group of persons that receives "contributions" or makes  
15 "expenditures" for the purpose of influencing a Federal election which aggregate in excess of  
16 \$1,000 during a calendar year. 2 U.S.C. § 431(4)(A). The term "contribution" is defined to  
17 include "any gift, subscription, loan, advance, or deposit of money or anything of value made by  
18 any person for the purpose of influencing any election for Federal office." 2 U.S.C.  
19 § 431(8)(A)(i). The term "expenditure" is defined to include "any purchase, payment,  
20 distribution, loan, advance, deposit, or gift of money or anything of value, made by any person

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<sup>4</sup> The KCRR Response states that the pro rata share for the federal candidate is 1/13 of the total cost of the mailer because the mailer listed 13 endorsed candidates. KCRR Resp. at ¶ 8. But the mailer attached to the Complaints endorses 14 candidates, one of whom is a federal candidate. Compl., Ex. 1. Accordingly, it appears that the pro rata share may be 1/14 of the total cost of the mailer, or \$536.95. This potential discrepancy is not material and does not affect the Commission's findings.

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1 for the purpose of influencing any election for Federal office.” 2 U.S.C. § 431(9)(A)(i). An  
2 organization will not be considered a “political committee” unless its “major purpose is Federal  
3 campaign activity (i.e., the nomination or election of a Federal candidate).” Political Committee  
4 Status, 72 Fed. Reg. 5595, 5597 (Feb. 7, 2007) (Supplemental Explanation and Justification).  
5 See *Buckley v. Valeo*, 424 U.S. 1, 79 (1976); *FEC v. Massachusetts Citizens for Life, Inc.*  
6 (*“MCFL”*), 479 U.S. 238, 262 (1986).

7 It does not appear that KCRR met the statutory threshold for political committee status by  
8 making \$1,000 in expenditures during the 2012 calendar year. According to the KCRR  
9 Response, KCRR has not and will not make any expenditures on behalf of federal candidates in  
10 2012. KCRR Resp. ¶ 2. The Response is sworn, and the Commission has no contrary  
11 information. Accordingly, there is no information that KCRR exceeded the \$1,000 statutory  
12 threshold for political committee status. Because the \$1,000 statutory threshold is not met, there  
13 is no need to reach whether the major purpose of KCRR is “Federal campaign activity (i.e., the  
14 nomination or election of a Federal candidate).” Political Committee Status, 72 Fed. Reg. 5595,  
15 5597 (Feb. 7, 2007) (Supplemental Explanation and Justification).

16 Accordingly, the Commission finds no reason to believe that the Kootenai County  
17 Reagan Republicans violated 2 U.S.C. §§ 433 and 434 by failing to register and report with the  
18 Commission as a political committee.

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT: Reagan Republican Victory Fund**

**MUR 6557**

**I. INTRODUCTION**

This matter was generated by Complaints filed with the Federal Election Commission by John Erickson, Scott Grunsted, and Thomas P. Hanley, alleging violations of the Federal Election Campaign Act of 1971, as amended (the "Act"), by the Kootenai County Reagan Republicans. According to the three Complaints, which are nearly identical, the Kootenai County Reagan Republicans ("KCRR"), Jeff Ward (KCRR's treasurer), the Strategy Group, Inc., and four candidates for local office in Kootenai County, Idaho — Keith Hutcheson, Barry McHugh, Todd Tondee, and Dan Green — disseminated a mailer to voters in Kootenai County that endorsed federal and state candidates. The Complaints allege that the Respondents violated the Act because they spent over \$1,000 for a federal candidate without "filing with" the Commission.

Upon review of the Complaints, Responses, and other available information, it does not appear that RRVF was required to register and report with the Commission as a political committee. It does appear, however, that RRVF failed to report its expenditure for the federal candidate's share of the mailer as an independent expenditure and failed to include a complete disclaimer on the mailer. Given the small amount in violation and other mitigating factors, the Commission dismisses the independent expenditure reporting and disclaimer violations as a matter of prosecutorial discretion.



II. FACTUAL AND LEGAL ANALYSIS

A. Factual Summary

According to KCRR's website, it is located in Post Falls, Idaho. *See* [www.reaganrepublicans.net](http://www.reaganrepublicans.net). Ron Lahr is KCRR's president, Jeff Ward is KCRR's treasurer, and Keith Hutcheson is a KCRR board member. *See* <http://www.reaganrepublicans.net/KCRRBoard.html>. KCRR's articles of incorporation state that it is organized as an unincorporated nonprofit social welfare public benefit organization under Idaho state law and within the meaning of 26 U.S.C. § 501(c)(4). *See* <http://www.reaganrepublicans.net/Articles.html>. KCRR describes its mission as supporting the Republican Party and the principles of limited government and a free enterprise economy espoused by President Ronald Reagan. *See* <http://www.reaganrepublicans.net/mission.html>. RRVF is an Idaho state political committee that is also located in Post Falls, Idaho. Its disclosure reports filed with the Idaho Secretary of State list Lora Gervais as RRVF's chair and Jeff Ward as RRVF's treasurer.<sup>1</sup> *See* <http://www.sos.idaho.gov/elect/Finance/2012/PrePrimary/Party/ReaganRepublicansVictoryFund.pdf>.

It is unclear how KCRR and RRVF are connected. The groups share a mailing address at P.O. Box 1274 in Post Falls, Idaho, and appear to have at least some overlap in officers, as noted above. Additionally, the disclaimer on the mailer at issue in this matter states that it is paid for

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<sup>1</sup> Ms. Gervais is also listed as KCRR's Vice President of Finance. *See* <http://www.reaganrepublicans.net/KCRRBoard.html>.

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1 by RRVF but the website address listed, www.reaganrepublicans.net, directs the reader to the  
2 KCRR website.<sup>2</sup> Compl., Ex. 1.

3 The Complaints allege that KCRR and the individual Respondents “working together . . .  
4 spent over \$1,000 for a federal candidate without filing with the FEC” when they sent a mailer to  
5 voters in Kootenai County that endorsed state candidates and a federal candidate. Compl. at 1.  
6 The Complaints attach the mailer at issue, which states that “[the] Kootenai County Reagan  
7 Republicans wholeheartedly endorse the following conservative common-sense candidates in the  
8 May 15 [2012] Republican Primary.” Compl., Ex. 1. The mailer lists 14 candidates for federal,  
9 state, and local offices, and for each candidate includes the office sought, a photograph, and a  
10 short statement about the candidate. The mailer includes one candidate for federal office,  
11 Congressman Raul Labrador, the incumbent candidate for the U.S. House of Representatives  
12 from Idaho’s First Congressional District. *Id.* The disclaimer at the bottom of the mailer states  
13 that it is “Proudly Paid for by the Reagan Republican Victory Fund  
14 www.reaganrepublicans.net.” *Id.*

15 KCRR submitted a Response — signed and sworn to by both Ron Lahr, as KCRR’s  
16 president, and Jeff Ward, as KCRR’s treasurer<sup>3</sup> — which includes information about both KCRR  
17 and RRVF.<sup>4</sup> See KCRR Resp. The KCRR Response explains that RRVF paid for the  
18 endorsement mailer at issue and is identified in its disclaimer. KCRR Resp. ¶ 1. The Response  
19 asserts that although KCRR issued the endorsements, it did not pay for or “add materially to” the

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<sup>2</sup> A website titled “The Idaho Federation of Reagan Republicans” includes a link to donate to RRVF. See <http://www.reaganrepublicans.info/>. Clicking on the section of this page for “Chapters” immediately redirects visitors to the KCRR website.

<sup>3</sup> Although the KCRR response is sworn to by Ward as Treasurer of KCRR, Ward is also RRVF’s treasurer.

<sup>4</sup> RRVF was notified of the Complaints but did not submit a response.

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1 mailer and has and will not make any expenditures for federal candidates in 2012. *Id.* ¶ 2. The  
2 KCRR Response identifies the Strategy Group, Inc. as the vendor that designed, printed, and  
3 mailed a portion of the mailers and identifies Keith Hutcheson, Barry McHugh, Todd Tondee,  
4 and Dan Green as candidates for Kootenai County offices who had no participation in the mailer  
5 other than being listed as endorsed candidates.<sup>5</sup> *Id.* ¶ 3-4.

6 The KCRR Response contends that RRVF is not a political committee as defined in the  
7 Act because it has not and will not spend over \$1,000 in connection with federal elections during  
8 this calendar year. *Id.* ¶ 5. It asserts that Jeff Ward contacted the Commission's Information  
9 Division to confirm that the federal share of the expenditure for the mailer would be the single  
10 federal candidate's pro rata share of the total cost. *Id.* ¶ 7-8. The KCRR Response explains that  
11 the total cost for the design, printing, and postage of the mailer was \$7,517.26 as of May 5, 2012,  
12 making the federal candidate's pro rata share \$587.26.<sup>6</sup> KCRR states that because the federal  
13 share fell below the \$1,000 threshold for reporting as a political committee, RRVF did not file  
14 any reports with the Commission and only reported the expenditures to the Idaho Secretary of  
15 State. *Id.* ¶ 9-10.

16 **B. Legal Analysis**

17 The Complaints generally allege that RRVF spent over \$1,000 for a federal candidate  
18 without "filing with" the Commission. Compl. at 1.

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<sup>5</sup> The Idaho Secretary of State's website lists the Strategy Group, Inc. as a general business corporation with Ron Lahr as its registered agent.

<sup>6</sup> The KCRR Response states that the pro rata share for the federal candidate is 1/13 of the total cost of the mailer because the mailer listed 13 endorsed candidates. KCRR Resp. at ¶ 8. But the mailer attached to the Complaints endorses 14 candidates, one of whom is a federal candidate. Compl., Ex. 1. Accordingly, it appears that the pro rata share may be 1/14 of the total cost of the mailer, or \$536.95. This potential discrepancy is not material and does not affect the Commission's findings.

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1                   1. Political Committee Status

2                   Under the Act, groups that are political committees are required to register with the  
3 Commission and publicly report all of their receipts and disbursements. 2 U.S.C. §§ 433, 434.  
4 The Act defines a "political committee" as any committee, association, or other group of persons  
5 that receives "contributions" or makes "expenditures" for the purpose of influencing a Federal  
6 election which aggregate in excess of \$1,000 during a calendar year. 2 U.S.C. § 431(4)(A). The  
7 term "contribution" is defined to include "any gift, subscription, loan, advance, or deposit of  
8 money or anything of value made by any person for the purpose of influencing any election for  
9 Federal office." 2 U.S.C. § 431(8)(A)(i). The term "expenditure" is defined to include "any  
10 purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value,  
11 made by any person for the purpose of influencing any election for Federal office." 2 U.S.C.  
12 § 431(9)(A)(i). An organization will not be considered a "political committee" unless its "major  
13 purpose is Federal campaign activity (*i.e.*, the nomination or election of a Federal candidate)."  
14 Political Committee Status, 72 Fed. Reg. 5595, 5597 (Feb. 7, 2007) (Supplemental Explanation  
15 and Justification). *See Buckley v. Valeo*, 424 U.S. 1, 79 (1976); *FEC v. Massachusetts Citizens*  
16 *for Life, Inc. ("MCFL")*, 479 U.S. 238, 262 (1986).

17                   It does not appear that RRVF met the statutory threshold for political committee status by  
18 making \$1,000 in expenditures during the 2012 calendar year. According to the KCRR  
19 Response, RRVF has not and will not spend over \$1,000 in connection with federal elections in  
20 2012. KCRR Resp. ¶ 5. The Response is sworn, and the Commission has no contrary  
21 information. The federal share of the total cost of the mailer was at most \$587.26, and the  
22 Complaints do not allege, nor did the Commission identify any publicly available information  
23 showing, that RRVF made additional expenditures or received any contributions. The

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1 Commission examined RRVF's disclosure reports filed with the Idaho Secretary of State but was  
2 unable to determine whether disbursements or receipts reported therein are "contributions" or  
3 "expenditures" as defined under the Act. *See, e.g.*,  
4 [http://www.sos.idaho.gov/elect/Finance/2012/PrePrimary/Party/ReaganRepublicansVictoryFund.](http://www.sos.idaho.gov/elect/Finance/2012/PrePrimary/Party/ReaganRepublicansVictoryFund.pdf)  
5 [pdf](#). Accordingly, there is no information that RRVF exceeded the \$1,000 statutory threshold for  
6 political committee status. Because the \$1,000 statutory threshold is not met, there is no need to  
7 reach whether the major purpose of KCRR is "Federal campaign activity (i.e., the nomination or  
8 election of a Federal candidate)." Political Committee Status, 72 Fed. Reg. 5595, 5597 (Feb. 7,  
9 2007) (Supplemental Explanation and Justification).

## 10 2. Independent Expenditure Reporting

11 Although there is no evidence that RRVF was required to register and report with the  
12 Commission as a political committee, RRVF should have reported the cost of the federal share of  
13 the mailer as an independent expenditure. The Act requires every person other than a political  
14 committee who makes independent expenditures of over \$250 in a calendar year to file an  
15 independent expenditure report.<sup>7</sup> 2 U.S.C. § 434(c); 11 C.F.R. § 109.10(b). The Act defines an  
16 independent expenditure as any expenditure that expressly advocates the election or defeat of a  
17 clearly identified candidate and is not made in concert with a candidate, a political party  
18 committee, or their respective agents. 2 U.S.C. § 431(17).

19 The mailer at issue is an independent expenditure that expressly advocates the election of  
20 Congressman Labrador. *See* 2 U.S.C. § 431(17); 11 C.F.R. § 100.16. The mailer urges the  
21 reader to "vote by mail or at the polls" and states that it "is very important that we vote to

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<sup>7</sup> 24-hour independent expenditure reporting is required for expenditures aggregating \$1,000 or more after the twentieth day but more than 24 hours before an election. 2 U.S.C. § 434(g); 11 C.F.R. § 109.10(d). The federal candidate's share of RRVF's expenditure was less than \$1,000, so 24-hour reporting was not required.

1 nominate the strongest conservative Republican candidates" accompanied with a list of  
2 "conservative common-sense candidates" endorsed by KCRR, including Labrador. *See*  
3 11 C.F.R. § 100.22(a); *MCFL*, 479 U.S. at 249. There is no allegation that the mailer was  
4 coordinated with Raul Labrador or his committee and KCRR's Response asserts that none of  
5 RRVF's expenditures were coordinated with federal candidates. KCRR Resp. ¶ 6.  
6 Thus, it appears that RRVF violated 2 U.S.C. § 434(c) by failing to report the federal share of the  
7 expenditure for the mailer as an independent expenditure. Due to the small amount in violation,  
8 however, the Commission dismisses this violation as a matter of prosecutorial discretion. *See*  
9 *Heckler v. Chaney*, 470 U.S. 821 (1985).

10 3. Disclaimer

11 Because RRVF's mailer expressly advocated the election of a federal candidate, it may  
12 have required an appropriate disclaimer. The Act requires all public communications that  
13 expressly advocate the election or defeat of a clearly identified candidate to contain disclaimers.  
14 2 U.S.C. § 441d; 11 C.F.R. § 110.11(a)(2). The definition of public communication includes a  
15 mass mailing, which is defined as 500 pieces of mail of an identical or substantially similar  
16 nature within any 30-day period. 11 C.F.R. §§ 100.26, 100.27. Communications that are not  
17 authorized by a candidate are required to clearly state the name and permanent street address,  
18 telephone number, or World Wide Web address of the person who paid for the communications,  
19 and to state that the communications were not authorized by any candidate or the candidate's  
20 committee. 2 U.S.C. § 441d(a)(3).

21 The Commission, however, does not have information regarding precisely how many  
22 mailers RRVF distributed, nor a time frame in which the mailers were distributed. Even if more  
23 than 500 mailers were disseminated within a 30-day period, thereby triggering the disclaimer

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- 1 requirement, the mailer did include a partial disclaimer and identified only one federal candidate
- 2 out of 14 candidates listed. Accordingly, and considering the small amount in violation, the
- 3 Commission exercises its prosecutorial discretion to dismiss this alleged violation. *See Heckler*
- 4 *v. Chaney*, 470 U.S. 821 (1985).

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT:** The Strategy Group, Inc.

**MUR 6557**

**I. INTRODUCTION**

This matter was generated by Complaints filed with the Federal Election Commission by John Erickson, Scott Grunsted, and Thomas P. Hanley, alleging violations of the Federal Election Campaign Act of 1971, as amended (the "Act"), by the Strategy Group, Inc. According to the three Complaints, which are nearly identical, the Kootenai County Reagan Republicans ("KCRR"), Jeff Ward (KCRR's treasurer), the Strategy Group, Inc., and four candidates for local office in Kootenai County, Idaho — Keith Hutcheson, Barry McHugh, Todd Tondee, and Dan Green — disseminated a mailer to voters in Kootenai County that endorsed federal and state candidates. The Complaints allege that the Respondents violated the Act because they spent over \$1,000 for a federal candidate without "filing with" the Commission.

Upon review of the Complaints, Responses, and other available information, it does not appear that the Strategy Group, Inc. was required to register and report with the Commission as a political committee. Accordingly, the Commission finds no reason to believe that the Strategy Group, Inc. violated 2 U.S.C. §§ 433 and 434 by failing to register and report with the Commission as a political committee.

**II. FACTUAL AND LEGAL ANALYSIS**

**A. Factual Summary**

The Complaints allege that KCRR and the individual respondents "working together . . . spent over \$1,000 for a federal candidate without filing with the FEC" when they sent a mailer to voters in Kootenai County that endorsed state candidates and a federal candidate. Compl. at 1.



1 The Complaints attach the mailer at issue, which states that “[the] Kootenai County Regan  
2 Republicans wholeheartedly endorse the following conservative common-sense candidates in the  
3 May 15 [2012] Republican Primary.” Compl., Ex. 1. The mailer lists 14 candidates for federal,  
4 state, and local offices, and for each candidate includes the office sought, a photograph, and a  
5 short statement about the candidate. The mailer includes one candidate for federal office,  
6 Congressman Raul Labrador, the incumbent candidate for the U.S. House of Representatives  
7 from Idaho’s First Congressional District. *Id.* The disclaimer at the bottom of the mailer states  
8 that it is “Proudly Paid for by the Reagan Republican Victory Fund  
9 www.reaganrepublicans.net.” *Id.*

10 KCRR submitted a Response — signed and sworn to by both Ron Lahr, as KCRR’s  
11 president, and Jeff Ward, as KCRR’s treasurer. The KCRR Response identifies the Strategery  
12 Group, Inc. as the vendor that designed, printed, and mailed a portion of the mailers.<sup>1</sup>

13 **B. Legal Analysis**

14 The Complaints generally allege that the Strategery Group, Inc. spent over \$1,000 for a  
15 federal candidate without “filing with” the Commission. Compl. at 1. Under the Act, groups  
16 that are political committees are required to register with the Commission and publicly report all  
17 of their receipts and disbursements. 2 U.S.C. §§ 433, 434. The Act defines a “political  
18 committee” as any committee, association, or other group of persons that receives  
19 “contributions” or makes “expenditures” for the purpose of influencing a Federal election which  
20 aggregate in excess of \$1,000 during a calendar year. 2 U.S.C. § 431(4)(A). The term

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<sup>1</sup> The Idaho Secretary of State’s website lists the Strategery Group, Inc. as a general business corporation with Ron Lahr as its registered agent. The Strategery Group, Inc. was notified of the Complaints but did not submit a response.

1 "contribution" is defined to include "any gift, subscription, loan, advance, or deposit of money or  
2 anything of value made by any person for the purpose of influencing any election for Federal  
3 office." 2 U.S.C. § 431(8)(A)(i). The term "expenditure" is defined to include "any purchase,  
4 payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any  
5 person for the purpose of influencing any election for Federal office." 2 U.S.C. § 431(9)(A)(i).

6 An organization will not be considered a "political committee" unless its "major purpose is  
7 Federal campaign activity (*i.e.*, the nomination or election of a Federal candidate)." Political  
8 Committee Status, 72 Fed. Reg. 5595, 5597 (Feb. 7, 2007) (Supplemental Explanation and  
9 Justification). *See Buckley v. Valeo*, 424 U.S. 1, 79 (1976); *FEC v. Massachusetts Citizens for*  
10 *Life, Inc. ("MCFL")*, 479 U.S. 238, 262 (1986).

11 There is no evidence that the Strategy Group, Inc. had liability under sections 433 and  
12 434 of the Act. Accordingly, the Commission finds no reason to believe that the Strategy  
13 Group, Inc. violated 2 U.S.C. §§ 433 and 434.

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1 **FEDERAL ELECTION COMMISSION**

2 **FACTUAL AND LEGAL ANALYSIS**

3  
4  
5 **RESPONDENT:** Jeff Ward

MUR 6557

6  
7 **I. INTRODUCTION**

8 This matter was generated by Complaints filed with the Federal Election Commission by  
9 John Erickson, Scott Grunsted, and Thomas P. Hanley, alleging violations of the Federal  
10 Election Campaign Act of 1971, as amended (the "Act"), by Jeff Ward. According to the three  
11 Complaints, which are nearly identical, the Kootenai County Reagan Republicans ("KCRR"),  
12 Jeff Ward (KCRR's treasurer), the Strategery Group, Inc., and four candidates for local office in  
13 Kootenai County, Idaho — Keith Hutcheson, Barry McHugh, Todd Tondee, and Dan Green —  
14 disseminated a mailer to voters in Kootenai County that endorsed federal and state candidates.  
15 The Complaints allege that the Respondents violated the Act because they spent over \$1,000 for  
16 a federal candidate without "filing with" the Commission.

17 Upon review of the Complaints, Responses, and other available information, it does not  
18 appear that Jeff Ward was required to register and report with the Commission as a political  
19 committee. Accordingly, the Commission finds no reason to believe that Jeff Ward violated  
20 2 U.S.C. §§ 433 and 434 by failing to register and report with the Commission as a political  
21 committee.

22 **II. FACTUAL AND LEGAL ANALYSIS**

23 **A. Factual Summary**

24 According to KCCR's website, it is located in Post Falls, Idaho. See  
25 [www.reaganrepublicans.net](http://www.reaganrepublicans.net). Jeff Ward is KCRR's treasurer. See  
26 <http://www.reaganrepublicans.net/KCRRBoard.html>. RRVF is an Idaho state political

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committee that is also located in Post Falls, Idaho. Its disclosure reports filed with the Idaho Secretary of State list Jeff Ward as RRVF's treasurer. *See* <http://www.sos.idaho.gov/elect/Finance/2012/PrePrimary/Party/ReaganRepublicansVictoryFund.pdf>.

The Complaints allege that KCRR and the individual Respondents "working together . . . spent over \$1,000 for a federal candidate without filing with the FEC" when they sent a mailer to voters in Kootenai County that endorsed state candidates and a federal candidate. Compl. at 1. The Complaints attach the mailer at issue, which states that "[the] Kootenai County Regan Republicans wholeheartedly endorse the following conservative common-sense candidates in the May 15 [2012] Republican Primary." Compl., Ex. 1. The mailer lists 14 candidates for federal, state, and local offices, and for each candidate includes the office sought, a photograph, and a short statement about the candidate. The mailer includes one candidate for federal office, Congressman Raul Labrador, the incumbent candidate for the U.S. House of Representatives from Idaho's First Congressional District. *Id.*

KCRR submitted a Response — signed and sworn to by both Ron Lahr, as KCRR's president, and Jeff Ward, as KCRR's treasurer. It asserts that Jeff Ward contacted the Commission's Information Division to confirm that the federal share of the expenditure for the mailer would be the single federal candidate's pro rata share of the total cost.

#### **B. Legal Analysis**

The Complaints generally allege that Jeff Ward spent over \$1,000 for a federal candidate without "filing with" the Commission. Compl. at 1. Under the Act, groups that are political committees are required to register with the Commission and publicly report all of their receipts and disbursements. 2 U.S.C. §§ 433, 434. The Act defines a "political committee" as any

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1 committee, association, or other group of persons that receives "contributions" or makes  
2 "expenditures" for the purpose of influencing a Federal election which aggregate in excess of  
3 \$1,000 during a calendar year. 2 U.S.C. § 431(4)(A). The term "contribution" is defined to  
4 include "any gift, subscription, loan, advance, or deposit of money or anything of value made by  
5 any person for the purpose of influencing any election for Federal office." 2 U.S.C.  
6 § 431(8)(A)(i). The term "expenditure" is defined to include "any purchase, payment,  
7 distribution, loan, advance, deposit, or gift of money or anything of value, made by any person  
8 for the purpose of influencing any election for Federal office." 2 U.S.C. § 431(9)(A)(i). An  
9 organization will not be considered a "political committee" unless its "major purpose is Federal  
10 campaign activity (*i.e.*, the nomination or election of a Federal candidate)." Political Committee  
11 Status, 72 Fed. Reg. 5595, 5597 (Feb. 7, 2007) (Supplemental Explanation and Justification).  
12 *See Buckley v. Valeo*, 424 U.S. 1, 79 (1976); *FEC v. Massachusetts Citizens for Life, Inc.*  
13 (*"MCFL"*), 479 U.S. 238, 262 (1986).

14 There is no evidence that Jeff Ward had liability under sections 433 and 434 of the Act.  
15 Accordingly, the Commission finds no reason to believe that Jeff Ward violated 2 U.S.C. §§ 433  
16 and 434.

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT: Keith Hutcheson**

**MUR 6557**

**I. INTRODUCTION**

This matter was generated by Complaints filed with the Federal Election Commission by John Erickson, Scott Grunsted, and Thomas P. Hanley, alleging violations of the Federal Election Campaign Act of 1971, as amended (the "Act"), by Barry McHugh. According to the three Complaints, which are nearly identical, the Kootenai County Reagan Republicans ("KCRR"), Jeff Ward (KCRR's treasurer), the Strategery Group, Inc., and four candidates for local office in Kootenai County, Idaho — Keith Hutcheson, Barry McHugh, Todd Tondee, and Dan Green — disseminated a mailer to voters in Kootenai County that endorsed federal and state candidates. The Complaints allege that the Respondents violated the Act because they spent over \$1,000 for a federal candidate without "filing with" the Commission.

Upon review of the Complaints, Responses, and other available information, it does not appear that Keith Hutcheson was required to register and report with the Commission as a political committee. Accordingly, the Commission finds no reason to believe that Keith Hutcheson violated 2 U.S.C. §§ 433 and 434 by failing to register and report with the Commission as a political committee.

**II. FACTUAL AND LEGAL ANALYSIS**

**A. Factual Summary**

According to KCCR's website, it is located in Post Falls, Idaho. See [www.reaganrepublicans.net](http://www.reaganrepublicans.net). Keith Hutcheson is a KCRR board member. See <http://www.reaganrepublicans.net/KCRRBoard.html>.

1           The Complaints allege that KCRR and the individual Respondents “working together . . .  
2   spent over \$1,000 for a federal candidate without filing with the FEC” when they sent a mailer to  
3   voters in Kootenai County that endorsed state candidates and a federal candidate. Compl. at 1.  
4   The Complaints attach the mailer at issue, which states that “[the] Kootenai County Regan  
5   Republicans wholeheartedly endorse the following conservative common-sense candidates in the  
6   May 15 [2012] Republican Primary.” Compl., Ex. 1. The mailer lists 14 candidates for federal,  
7   state, and local offices, and for each candidate includes the office sought, a photograph, and a  
8   short statement about the candidate. The mailer includes one candidate for federal office,  
9   Congressman Raul Labrador, the incumbent candidate for the U.S. House of Representatives  
10   from Idaho’s First Congressional District. *Id.* Keith Hutcheson is listed as an endorsed  
11   candidate for Kootenai County Sheriff. *Id.*

12           KCRR submitted a Response — signed and sworn to by both Ron Lahr, as KCRR’s  
13   president, and Jeff Ward, as KCRR’s treasurer. The KCRR Response identifies Keith Hutcheson  
14   as a candidate for Kootenai County office who had no participation in the mailer other than being  
15   listed as an endorsed candidate.

16           Keith Hutcheson also submitted an individual Response. Hutcheson, a candidate for  
17   Kootenai County Sheriff, asserts that he was asked to accept the endorsement of KCRR, was  
18   shown the mailer, and approved his picture and what was written about him on the draft mailer.  
19   Hutcheson Resp. at 1. KCRR explained to him that the mailer would be disseminated to the  
20   group’s supporters in the county. *Id.* Hutcheson claims that he reported an in-kind contribution  
21   to his campaign as required by state law, but asserts that he and his campaign have not made  
22   contributions to any current federal or state candidates. *Id.*

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**B. Legal Analysis**

The Complaints generally allege that Keith Hutcheson spent over \$1,000 for a federal candidate without “filing with” the Commission. Compl. at 1. Under the Act, groups that are political committees are required to register with the Commission and publicly report all of their receipts and disbursements. 2 U.S.C. §§ 433, 434. The Act defines a “political committee” as any committee, association, or other group of persons that receives “contributions” or makes “expenditures” for the purpose of influencing a Federal election which aggregate in excess of \$1,000 during a calendar year. 2 U.S.C. § 431(4)(A). The term “contribution” is defined to include “any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office.” 2 U.S.C. § 431(8)(A)(i). The term “expenditure” is defined to include “any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for Federal office.” 2 U.S.C. § 431(9)(A)(i). An organization will not be considered a “political committee” unless its “major purpose is Federal campaign activity (*i.e.*, the nomination or election of a Federal candidate).” Political Committee Status, 72 Fed. Reg. 5595, 5597 (Feb. 7, 2007) (Supplemental Explanation and Justification). *See Buckley v. Valeo*, 424 U.S. 1, 79 (1976); *FEC v. Massachusetts Citizens for Life, Inc.* (“*MCFL*”), 479 U.S. 238, 262 (1986).

There is no evidence that Keith Hutcheson had liability under sections 433 and 434 of the Act. Accordingly, the Commission finds no reason to believe that Keith Hutcheson violated 2 U.S.C. §§ 433 and 434.

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