



# FACT

FOUNDATION FOR  
ACCOUNTABILITY  
AND CIVIC TRUST

July 25, 2018

Ms. Lisa J. Stevenson  
Acting General Counsel  
Office of the General Counsel  
Federal Election Commission  
1050 First Street, NE  
Washington, D.C. 20463

## **COMPLAINT BEFORE THE FEDERAL ELECTION COMMISSION**

**RE: KAIRC PAC failing to register with the FEC and file routine reports despite raising over \$1.5 million for federal elections; KAIRC PAC operating as a Scam PAC and potentially raising money from foreign sources.**

Dear Ms. Stevenson:

The Foundation for Accountability and Civic Trust (FACT) is a nonprofit organization dedicated to promoting accountability, ethics, and transparency in government and civic arenas. We achieve this mission by hanging a lantern over public officials who put their own interests over the interests of the public good. FACT files this complaint seeking an immediate investigation into Keeping America in Republican Control (KAIRC PAC) and its Executive Director, former congressional candidate Russell Taub, for failing to comply with the basic filing and reporting requirements of federal campaign finance law.<sup>1</sup>

This complaint is based upon information and belief, including public information that indicates KAIRC PAC has raised in excess of \$1.5 million under the guise of influencing federal elections without registering as a political committee, disclosing the sources and amounts of contributions, and disclosing its disbursements. In addition, the Commission will find that the approximately \$1.5 million raised has not been spent on any federal committees, thus making clear that the committee is an illegal “Scam PAC.” The Commission must immediately investigate and enforce the law.<sup>2</sup>

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<sup>1</sup> This complaint is filed pursuant to 52 U.S.C. § 30109(a)(1).

<sup>2</sup> “If the Commission, upon receiving a complaint . . . has reason to believe that a person has committed, or is about to commit, a violation of [Act] . . . [t]he Commission shall make an investigation of such alleged violation.” 52 U.S.C. § 30109(a)(2); *see also* 11 C.F.R. § 111.4(a).

- a. *KAIRC PAC is a political committee according to 11 CFR § 100.5(a) and has failed to register as a committee pursuant to 11 CFR § 101.2(d).*

11 CFR section 101.2(d) plainly requires political committees to file a Statement of Organization (Form 1) within 10 days of becoming a political committee.<sup>3</sup> According to the U.S. Code of Federal Regulations, “any committee, club, association, or other group of persons which receives contributions aggregating in excess of \$1,000 or which makes expenditures aggregating in excess of \$1,000 during a calendar year is a political committee.”<sup>4</sup>

KAIRC PAC is an organization that purports to raise money for the purpose of influencing federal elections.<sup>5</sup> By KAIRC PAC’s own admission, KAIRC PAC is a political committee. After clicking the “donate” button on KAIRC PAC’s website, users are directed to a donation page that states: “If you could consider a donation of \$25, \$50, \$100, \$250, \$500, \$1000, \$2000, \$5000 toward Keeping America in Republican Control (KAIRC PAC), it will ***help keep, support, re-elect*** Republicans in control both in the state and ***federal government***. [sic]”<sup>6</sup>

Indeed, the first message on its website, right below a large red “donate” button, states: “Keeping America in Republican Control PAC ***endorses and raises money for candidates*** who stay true to the fundamental principles of limited government and economic freedom. We aim to ***keep a close relationship with individuals, parties, candidates, and potential candidates*** who have political experience or want to become active.”<sup>7</sup> On its “About” page, KAIRC PAC repeats this message and adds that the PAC will “***help keep, support, re-elect Republicans in control both in the state and federal government***. [sic]”<sup>8</sup> On a separate fundraising page linked to the committee, KAIRC

<sup>3</sup> 11 CFR § 101.2(d) (“All other committees shall file a Statement of Organization no later than 10 days after becoming a political committee within the meaning of 11 CFR § 100.5”).

<sup>4</sup> 11 CFR § 100.5(a).

<sup>5</sup> <https://www.kaircpac.com/about> (“Keeping America in Republican Control (KAIRC PAC), it will help keep, support, re-elect Republicans in control both in the state and federal government. We want to establish long-term networks to not only impact one election... Keeping America in Republican Control PAC endorses and raises money for candidates who stay true to the fundamental principles of limited government and economic freedom. We aim to keep a close relationship with individuals, parties, candidates, and potential candidates who have political experience or want to become active”).

<sup>6</sup> <https://secure.piryx.com/donate/AX5fY8pK/Keeping-America-in-Republican-Control/kairc> (emphasis added).

<sup>7</sup> <https://www.kaircpac.com/> (emphasis added).

<sup>8</sup> <https://www.kaircpac.com/about> (emphasis added).

PAC holds itself out as “a political action committee dedicated to electing and re-electing Republicans.”<sup>9</sup>

On July 10, 2018, a KAIRC PAC email address sent an email solicitation under the guise of supporting a candidate for federal office.<sup>10</sup> In this email, KAIRC PAC proudly summarized its past and present involvement influencing federal elections. Specifically, KAIRC PAC claims to have “helped over 85 candidates... [r]aised over \$1.5 Million as of -June 30, 2018... [e]ducated voters... [and] [l]aunched 9 support Ads to help our candidates.”<sup>11</sup> Although only the operators of KAIRC PAC know how long it has operated, a google search makes clear that the organization raised funds as early as February 2017.<sup>12</sup> Registration data makes clear that KAIRC PAC has been operating a website since December 5, 2016.<sup>13</sup> As such, it appears that KAIRC PAC has been in operation for almost two years.

As of July 18, 2018, KAIRC PAC has not registered as a political committee with the FEC.<sup>14</sup> The Commission’s website shows that KAIRC PAC has failed to file the required Statement of Organization (Form 1) and has failed to disclose the sources and amounts of its contributions and spending.<sup>15</sup> Despite having “helped over 85 candidates... raised over \$1.5 million... educated voters... [and] launched 9 support Ads,” KAIRC PAC has failed to share *any* information about its political activities with the Commission. Given that the Commission requires a committee to register within 10 days of raising \$1,000, KAIRC PAC remains in flagrant violation of Federal law.

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<sup>9</sup> <http://giving.piryx.com/streams/Keeping-America-in-Republican-Control/Keeping-America-in-Republican-Control-KAIRC-/AX5fy8pK/KAIRC>.

<sup>10</sup> See Exhibit A.

<sup>11</sup> *Id.*

<sup>12</sup> <https://www.wherevent.com/detail/Russell-Taub-KAIRC-PAC-Reception-Cigar-Dinner-Raising-money-for-Republicans> (accessed 07/18/2018). See also, <https://www.facebook.com/events/157177658016663>.

<sup>13</sup> <https://servicehostnet.com/domain/kaircpac.com#reg-metadata> (accessed 07/18/18).

<sup>14</sup> <https://www.fec.gov/search/?query=keeping+america+in+republican+control&type=candidates&type=committees>; see also, <https://www.fec.gov/search/?query=KAIRC&type=candidates&type=committees> (accessed 07/18/18).

<sup>15</sup> <https://www.fec.gov/search/?query=keeping+america+in+republican+control&type=candidates&type=committees>; see also, <https://www.fec.gov/search/?query=KAIRC&type=candidates&type=committees> (accessed 07/18/18).

b. KAIRC PAC fails to include a disclaimer on its website in violation of 11 CFR § 110.11.

Federal law also requires “all political committees to place disclaimers on their public websites.”<sup>16</sup> For committees like KAIRC PAC that are not authorized by any federal candidate, they must include language to make clear that they operate separately from a campaign. This language is essential to prevent donors from mistakenly contributing to a political action committee under the belief that they are contributing to a principal campaign committee. Every page of KAIRC PAC’s website fails to include a basic disclaimer.<sup>17</sup> By failing to include this disclaimer, KAIRC PAC has been able to solicit funds as if it is a principal campaign committee, despite not having authorization by any campaign.

c. Potential criminal violations committed by KAIRC PAC

Lastly, it appears that over \$1.5 million raised by KAIRC PAC has not actually been distributed to any federal candidates or federal committees. From searching the Commission’s website, *zero* contributions have been made by any person or entity named “KAIRC PAC” or “Keeping America in Republican Control PAC.”<sup>18</sup> As such, based on KAIRC PAC’s own admission to having raised over \$1.5 million, it is clear that the PAC has either kept all of this money or spent it on activities that are not reportable to the Commission. Their use of over \$1.5 million must be investigated.

Scam PACs have been the subject of legal action. In a 2015 case, Conservative StrikeForce PAC was accused of misleading citizens after it raised millions of dollars by promising donors it would help a gubernatorial candidate. Ultimately, Conservative StrikeForce PAC settled with the gubernatorial candidate, requiring the PAC to pay \$85,000 and turn over all of its telephone, email and direct-mail donor lists to the gubernatorial candidate.<sup>19</sup>

Importantly, the Department of Justice has also recently acted against “Scam PACs” that raise sums of money not spent on federal elections. In May 2018, two men were arrested and charged with wire fraud conspiracy, mail fraud conspiracy, and money laundering conspiracy for their part in a Scam PAC scheme.<sup>20</sup> The allegations in this

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<sup>16</sup> <https://www.fec.gov/updates/internet-activity-conducted-by-federal-political-committees/> (accessed 07/18/2018).

<sup>17</sup> <https://www.kaircpac.com/> (accessed 07/18/18).

<sup>18</sup> [https://www.fec.gov/data/receipts/individual-contributions/?two\\_year\\_transaction\\_period=2018&contributor\\_name=KAIRC&min\\_date=01%2F01%2F2017&max\\_date=07%2F19%2F2018](https://www.fec.gov/data/receipts/individual-contributions/?two_year_transaction_period=2018&contributor_name=KAIRC&min_date=01%2F01%2F2017&max_date=07%2F19%2F2018) (accessed 07/18/18).

<sup>19</sup> [https://www.washingtonpost.com/local/virginia-politics/conservative-group-paying-ken-cuccinellis-campaign-85000/2015/05/26/be502ecc-03ca-11e5-bc72-f3e16bf50bb6\\_story.html?utm\\_term=.6f8259000f02](https://www.washingtonpost.com/local/virginia-politics/conservative-group-paying-ken-cuccinellis-campaign-85000/2015/05/26/be502ecc-03ca-11e5-bc72-f3e16bf50bb6_story.html?utm_term=.6f8259000f02) (accessed 07/18/18).

<sup>20</sup> <https://www.justice.gov/usao-sdny/pr/arizona-men-charged-manhattan-federal-court-23-million-fraud-and-money-laundering> (accessed 07/18/18).

case are that virtually no money was raised for the stated purpose and instead was paid to the scheme participants and used to perpetuate the fraud through additional telemarketing, fundraising, and overhead expenditures. If the Commission finds that this is the case here, Complainant respectfully requests you to forward this information to the Department of Justice.

In much the same vein, the Executive Director of KAIRC PAC, failed congressional candidate Russell Taub, proudly claims on the KAIRC PAC website to be an “Ambassador” to the International Human Rights Commission.<sup>21</sup> Clearly trying to mislead donors into thinking the Executive Director has ties to the UN’s Human Rights Council, KAIRC PAC instead highlights its ties to a Ukrainian organization. Indeed, the International Human Rights Commission is a Ukrainian organization founded in 2014, only a short time prior to the creation of KAIRC PAC.<sup>22</sup> Given the Executive Director’s clear ties to Ukraine as proudly stated on the KAIRC PAC website, it is especially important for the Commission to investigate KAIRC PAC and ensure that the funds raised did not come from any foreign nationals.

### **CONCLUSION**

Therefore, on the basis of the foregoing, FACT respectfully requests that the FEC:

- (1) Conduct an expedited investigation of the above to determine whether KAIRC PAC is in compliance with federal campaign finance law;
- (2) Impose any and all penalties grounded in violations alleged in this complaint, or as otherwise deemed necessary by the Commission.

Respectfully submitted,

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Kendra Arnold, Executive Director  
Foundation for Accountability & Civic Trust  
1717 K Street NW, Suite 900  
Washington, D.C. 20006

Subscribed and sworn to before me on \_\_\_\_\_, 2018.

\_\_\_\_\_ Notary Public

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<sup>21</sup> <https://www.kaircpac.com/executive-director> (accessed 07/18/18).

<sup>22</sup> <http://www.ihrchq.org/history.html> (“in 2014, the Central Bureau of IHRC was established in Ukraine: 23, Volodymyrivska Str., city of Kyiv 01001... the Bureau has taken particular measures in favor of the state of Ukraine”) (accessed 07/18/18).

# EXHIBIT A

**From:** Secretary of the Navy Middendorf <[keepamericainrepublicancontrol@gmail.com](mailto:keepamericainrepublicancontrol@gmail.com)>

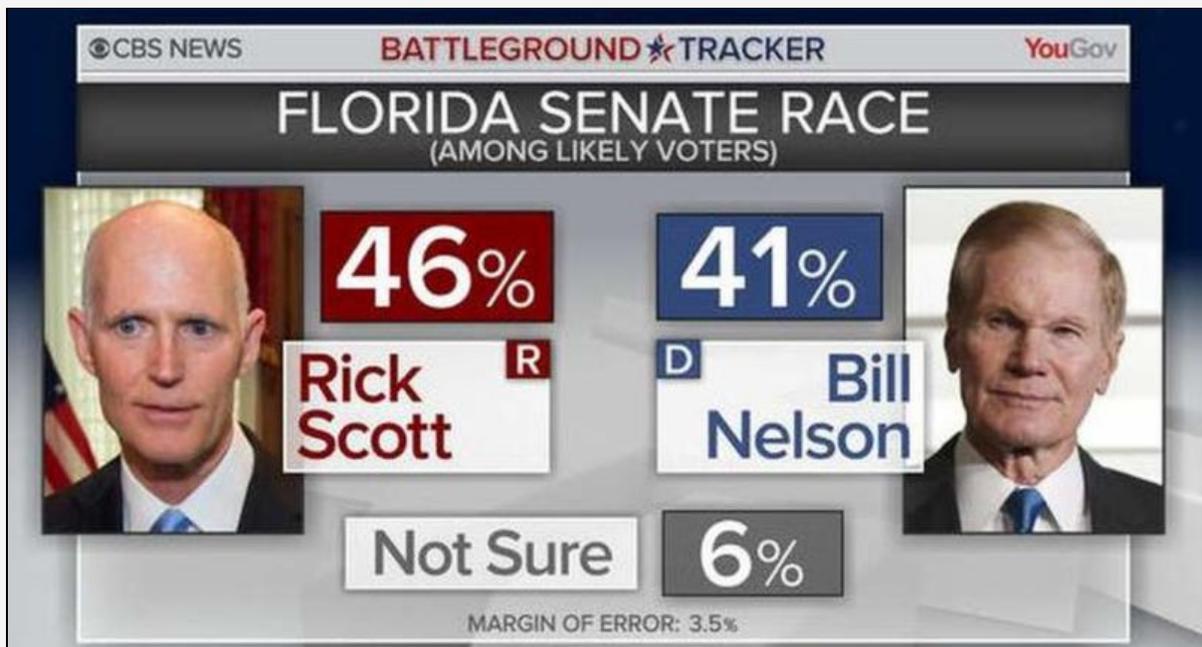
**Subject:** Urgent-Governor Rick Scott needs help- New Public Poll Number-46-41

**Date:** July 10, 2018 at 8:03:01 AM EDT

**To:**

**Reply-To:** [keepamericainrepublicancontrol@gmail.com](mailto:keepamericainrepublicancontrol@gmail.com)





Dear Friend,

**Please Consider Helping Rick Scott for the U.S. Senate**

Thank you so much for supporting important causes to ensure the future of our country. Look at what we did last year with your financial help.

- We helped over 85 candidates
  - Scheduled multiple fundraisers to help candidates in 2018
    - Raised over \$1.5 Million as of -June 30, 2018
  - Brought and Hosted 17 of them in Rhode Island, New York, Washington DC, Connecticut , Michigan, and Florida

· Educated Voters

· Launched 9 support Ads to help our candidates

KAIRC-PAC supports candidates and advocates for issues that will protect liberty, ensure prosperity, and keep our country and allies like Israel secure. Our priorities are to grow our economy, protect American culture, and keep our citizens safe mentally and physically!

**The Democrats want to send a message that President Trump's agenda is not popular. We need your help now to make sure we keep and turn more seats Republican. I hope you can join me by supporting KAIRC PAC. 100 percent of your donation goes to help KEEP our majorities because we are all volunteers.**

Thank you for supporting KAIRC PAC,

Amb. J. William Middendorf II

Former Secretary of the U.S. Navy

**DONATE**



KAIRC PAC | 22 Oaklawn Ave Unit 310, Cranston, RI 02920

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