

A REPORT FOR THE PEOPLE OF MISSOURI

DARK MONEY OPERATIONS IN MISSOURI:

SHOW ME A NEW MISSOURI, INC.

PREPARED BY
ELAD GROSS



AN INTRO TO 501(c)(4) ORGANIZATIONS

501(c)(4)s CAN...

LOBBY

to try to get government officials to make specific policies – and they can spend money on ballot initiatives, bringing issues directly to voters to make new laws.



FUND CANDIDATES

by spending some money on candidates for elected office, but this type of political activity cannot be the organization's "primary purpose."



OPERATE WITHOUT DISCLOSURE

of their donors. Although these organizations are required to send tax returns to the IRS, they are not penalized unless they fail to do so for three years in a row.



501(c)(4)s get their name from a section of our tax laws. They are a type of nonprofit organization called "social benefit" organizations and are recognized as tax exempt by the IRS.

501(c)(4)s can lobby. They can also spend some money on candidates for elected office, but this type of political activity cannot be the organization's "primary purpose."

But the real secret to 501(c)(4) organizations? They do not have to disclose the names of their donors.

501(c)(4)s are not the same as the more common 501(c)(3) nonprofits.



501(c)(3) service nonprofits cannot participate in much political activity.



A campaign cannot hide its donors.



501(c)(4)s can do both.

The application documents for 501(c)(4) organizations are hidden. A nonprofit can "self-declare" as a 501(c)(4) nonprofit organization and fill out a short online form with the IRS. The IRS cannot provide that form to the public or disclose its contents.

501(c)(4) organizations make dark money donations easier. Voters do not know who is donating millions of dollars to influence their state's government and, in some cases, their state's elections. That includes donors from other states. Voters cannot even get a full picture of what some of these organizations spend their money on.

WHAT IS **DARK MONEY?**

**DARK MONEY GENERALLY REFERS TO
SECRETIVE DONATIONS THAT AFFECT OUR POLITICAL SYSTEM.**

When a political campaign receives donations, the campaign discloses where that money came from so the public can see it. Many campaigns have to follow laws limiting campaign contributions. There are rules to promote transparency and limit corruption.

DARK MONEY IS UNREGULATED IN MISSOURI.

In Missouri, dark money flows.

Missouri Attorney General Josh Hawley has repeatedly stated that his office does not have jurisdiction to investigate 501(c)(4) organizations, claiming that the Missouri Ethics Commission (MEC) should be investigating. The Missouri Ethics Commission – the agency that regulates campaigns in Missouri – denies being able to regulate all 501(c)(4) organizations.

In an advisory opinion published in May 2018, the MEC distinguishes between “donations” – money given to someone else – and “contributions” – money specifically set aside for “political activity.” In Missouri, “political activity” includes support or opposition for both candidates and ballot initiatives. That is a wider definition than the one used by the IRS.

**So then doesn't a
501(c)(4) organization
have to register with
the MEC if they
support ballot
initiatives?**

Not always!

If the organization takes “contributions,” which is money earmarked for political activity, then it does. But if the organization takes “donations” for general purposes and then independently decides to contribute that money to support political activity, then it does not.

THE ROAD TO **POLITICAL MONEY LAUNDERING**

TRANSPARENCY

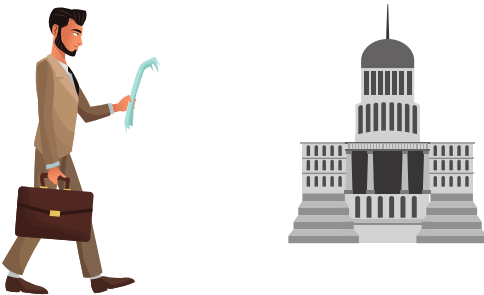


A donor gives money to a 501(c)(4) nonprofit organization for the purposes of influencing government and is fine with everyone knowing. This is called a "contribution."

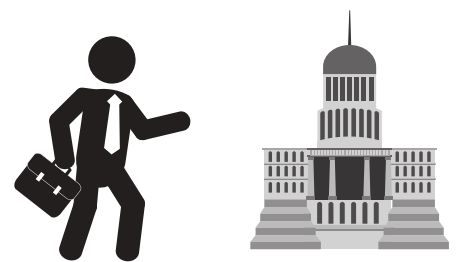
DARK MONEY



A donor gives money to a 501(c)(4) nonprofit organization but wants to be anonymous, so the donor gives the money for whatever the organization wants. This is called a "donation."



The 501(c)(4) spends the "contribution" to influence government.



The 501(c)(4) spends the "donation" to influence government.

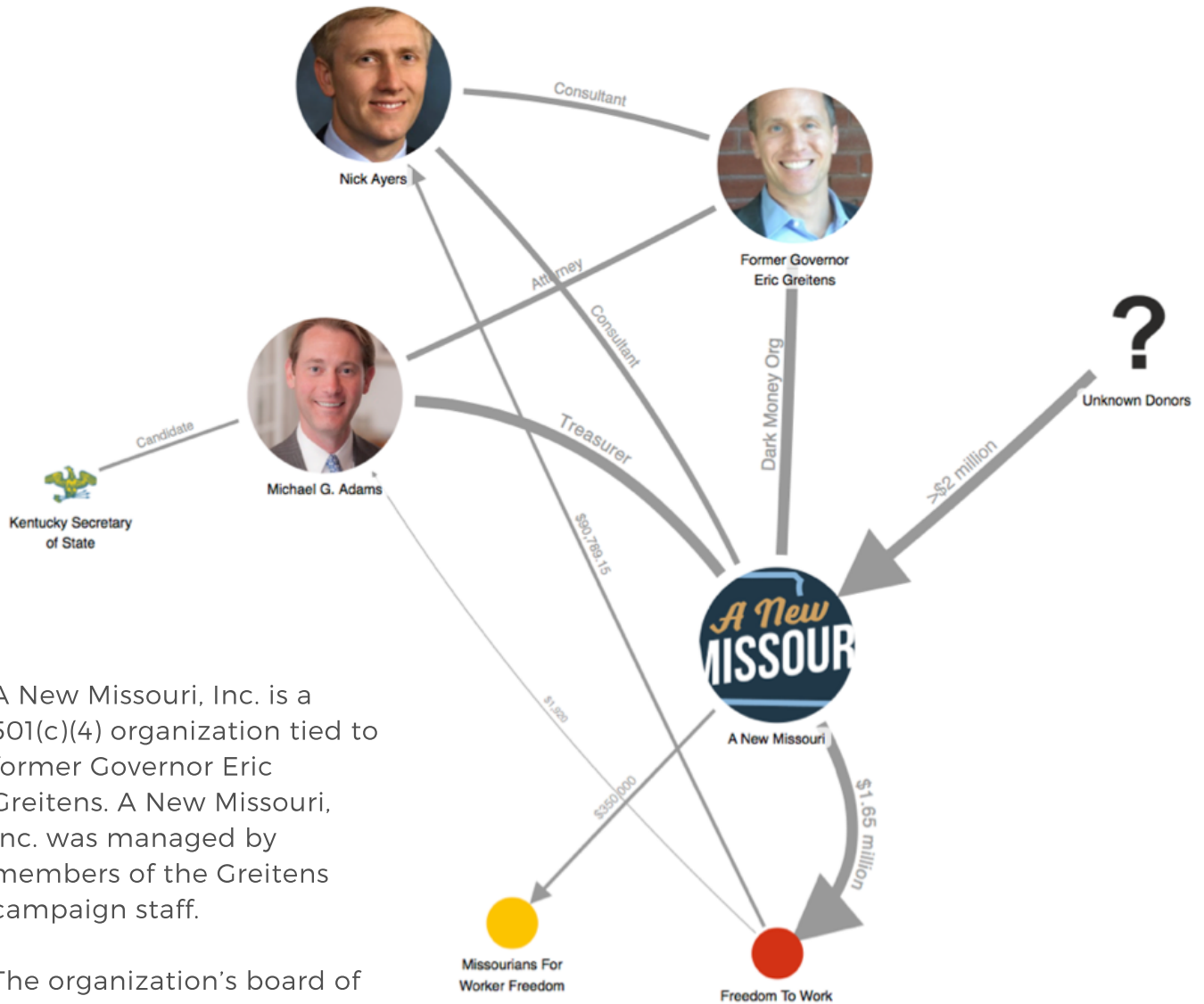


The public can see all of this activity online.



The public can only see certain expenditures, but often sees nothing.

A NEW MISSOURI, INC.'S STRUCTURE



A New Missouri, Inc. is a 501(c)(4) organization tied to former Governor Eric Greitens. A New Missouri, Inc. was managed by members of the Greitens campaign staff.

The organization’s board of directors includes Greitens campaign team members and one of Greitens’ attorneys, Michael Adams. Greitens’ staff also openly discussed coordinating with A New Missouri, Inc.

A New Missouri, Inc. filed as a Missouri nonprofit corporation in February 2017. Michael Adams is listed as the organization’s incorporator.

Adams is a DC attorney, counsel to the Republican Governor’s Association, and candidate for Kentucky Secretary of State.

A New Missouri, Inc. registered as a charitable organization with the Missouri Attorney General’s Office. And it self-declared as a 501(c)(4) organization with the IRS.

Its office is just steps away from the capitol in Jefferson City.

Nick Ayers, currently the chief of staff to Vice President Mike Pence, listed A New Missouri, Inc., and the Greitens campaign as sources of income on his disclosures to the federal government.

WHERE DOES THE MONEY GO?

According to the IRS, A New Missouri, Inc. has not filed any tax returns.

A New Missouri, Inc. solicits donations in Missouri. It has spent at least \$2 million dollars on two committees regulated by the Missouri Ethics Commission: Missourians For Worker Freedom and Freedom To Work. These committees are organized to support passing Right to Work in Missouri. They appear to be “burner committees”; one committee receives contributions and spends money for a few months, and then another one takes over while the previous one becomes less active.

Despite A New Missouri, Inc.’s large expenditures supporting a ballot initiative, A New Missouri, Inc. is not registered with the Missouri Ethics Commission and does not disclose its donors. A New Missouri, Inc. spends more money on other activities, but those expenditures are not disclosed either.

CONTRIBUTIONS

Missourians for Worker Freedom

received

\$350,000

(July 17, 2017 - Aug. 7, 2017)

Freedom to Work

received

\$1,650,000

(Dec. 20, 2017 - May 9, 2018)

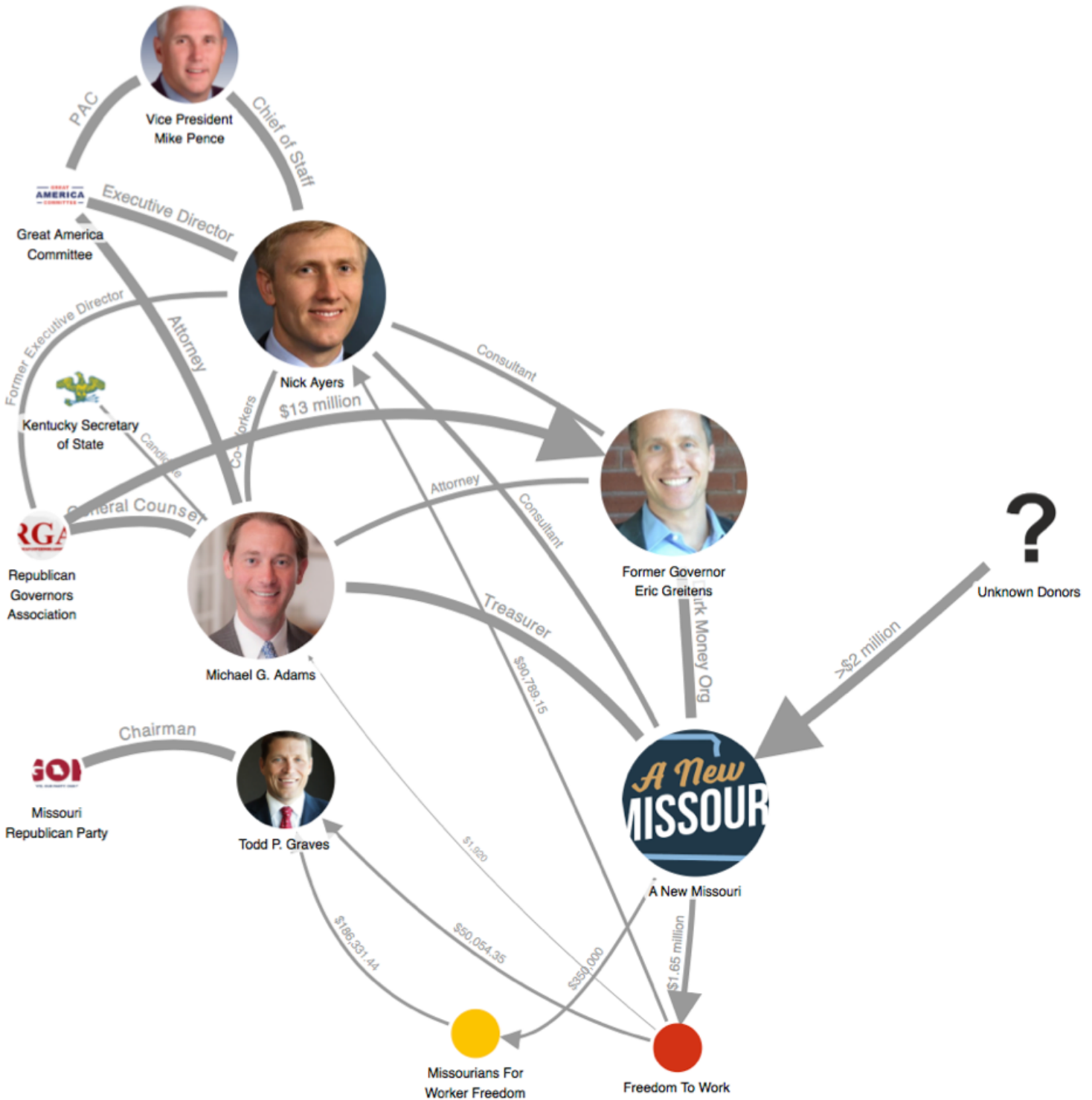
Missourians for Freedom to Work

received

Report Pending

(May 18, 2018 - Present)

The burner committees spend their money. Some of the money has gone to one of A New Missouri, Inc.’s board member’s law firm. Much more of the money has gone to the law firm of Todd Graves, the head of the Missouri Republican Party. And a large amount of money has gone to companies owned by or connected to Nick Ayers.



Supporting Prop A: Right to Work

This arrangement has allowed some people to make money at multiple steps in the process. Michael Adams provided legal services for Governor Greitens and one of the burner committees. Nick Ayers and his companies received money from the Greitens campaign, A New Missouri, Inc., and one of the burner committees. Michael Adams and Nick Ayers now work for the Great America Committee, Vice President Pence’s PAC. They previously worked together for the Republican Governor’s Association, which donated millions of dollars to Greitens.

WHY IS

DARK MONEY IMPORTANT?

Dark money is used to influence governments, laws, and policies without disclosing who is providing the money. And like in the case of A New Missouri, Inc., dark money organizations operate without revealing how they spend their money.

When government officials are beholden to hidden interests, people with less money and power get less attention. When our government serves powerful people who hide their identities, we get failing schools in poor neighborhoods, hospital shutdowns in rural Missouri, crumbling roads, healthcare for some, opportunity for the wealthy and the lucky, and far too many people who stop participating in making Missouri better because hope is a distant, faded feeling.

Dark money can radically change a government's focus from the people it represents to the powerful paying for campaigns.

**THE USE OF DARK MONEY HAS
COMPROMISED MISSOURI. IT'S UP TO
MISSOURIANS TO FIX IT.**



WHAT YOU CAN DO

Dark money avoids transparency, and it is most effective when no one pays attention. You can help just by getting involved and making your voice heard. There is nothing more powerful than a united, determined people.

You can demand change from our elected officials.

Find your elected representatives at:

http://www.senate.mo.gov/LegisLookup/default.aspx/leg_lookup.aspx

Ask Attorney General Josh Hawley to investigate A New Missouri, Inc. at 573-751-3321.

And if you want to get involved in reforming Missouri government, sign up at www.NoMODarkMoney.org.

ABOUT THIS REPORT

This report was written by Elad Gross, a constitutional attorney and former Assistant Attorney General of Missouri. He began investigating dark money in Missouri in 2017.

Several volunteers helped design and edit the final report. These volunteers, from different backgrounds and with different perspectives, gave many hours to help Missourians see the impact dark money is having on their state. No one was paid for any of the time they spent on this report.

Their work stands as a testament to what Missourians can do when they work together.

We hope that our work inspires others to get even more involved in making Missouri better.