

STATE OF WISCONSIN
ETHICS COMMISSION

September 2, 2016

RE: Ethics Commission Complaint 2016-ETH-028

Respondent:

Dean Knudson, Treasurer
Wisconsin Liberty Fund
1656 Dorset Lane, #300
New Richmond, WI 54017

Complainant:

Matthew Rothschild, Executive Director
Wisconsin Democracy Campaign
203 S. Paterson St., Ste. 100
Madison, WI 53703

Respondent's Statement in Response to Complaint 2016-ETH-028

Wisconsin Liberty Fund was lawfully established

- 1) Complainant notes that state law prohibits a candidate from establishing more than one "candidate committee". On this point we agree. However, Wisconsin statutes clearly define both a "candidate committee" and a "political action committee". A political action committee is not a candidate committee.
- 2) Chapter 11 clearly states:
"Political action committee" does not include a candidate committee, legislative campaign committee, political party, or recall committee. Section 11.0101(25)(b)
- 3) The establishment of the Wisconsin Liberty Fund was completely legal and transparent.

Campaign funds were lawfully transferred

- 4) Since I am not seeking re-election and do not intend to be a candidate for another office, I have started the process of terminating my campaign committee. State law provides a campaign committee may only be terminated after disposal of residual funds.

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- 5) Campaign committee residual funds may be used for any purpose not prohibited by law. Section 11.0105
- 6) Transfer of campaign committee funds to a political action committee is not prohibited by law. The transfer of the funds was duly reported on campaign finance reports.

Comments on the Legislative History of AB387

- 7) Complainant is a registered lobbyist who opposed AB387 which was signed into law as Act 117 in December 2015 . Much of the complaint's second section "The Clear Legislative History" reads more like an opinion article than a serious ethics complaint. The lobbyist and his principal clearly have concerns about both past and future legislation, but an ethics complaint is not the proper venue for those discussions.
- 8) Rather than proving current law prohibits the establishment of an express advocacy political action committee by a sitting legislator, the legislative record instead shows that there is no such prohibition.
- 9) Senate Amendment 4 sought to amend AB387 by prohibiting candidates from forming express advocacy committees by adding the words: "No candidate may create or operate any committee, other than his or her candidate committee, that engages in issue or express advocacy".
- 10) Senator Erpenbach expressed his belief that unless amended, the bill would allow any candidate or legislator to establish a political action committee. Senate Amendment 4 was not adopted. Anyone reading the current law will come to this same conclusion. If that was not the case, there would have been no reason to introduce amendment 4. The introduction and rejection of Senate Amendment 4 clearly shows that the establishment of Wisconsin Liberty Fund is completely legal under Chapter 11.

Response to unfounded allegations of corruption

- 11) In the third section, the complainant offers further opinions about imagined corruption under the current law. With absolutely no facts in evidence, the complainant impugns the reputation and integrity of Wisconsin Liberty Fund, as well as all current and future elected officials in Wisconsin.
- 12) Wisconsin law prohibits "earmarking" of contributions to political action committees. A contributor to a political action committee may not direct the committee to make a disbursement to a committee to support or oppose another candidate. Section 11.1202
- 13) Wisconsin law prohibits coordination of expenditures between a political action committee and a candidate unless in amounts under the regular contribution limits and reported as such by both committees.
- 14) Contrary to complainant's allegations, Chapter 11 states "No political action committee...may make an expenditure for express advocacy for the benefit of a candidate that is coordinated with that candidate, candidate's committee, or candidate's agent...in violation of the contribution limits...".

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Conclusion

The establishment of Wisconsin Liberty Fund was completely legal under the law. The allegation that a political action committee constitutes a prohibited second campaign committee is entirely false. By definition in Wisconsin Chapter 11, a political action committee is not a campaign committee. The complaint should be immediately dismissed. If not, I will welcome the opportunity to further defend myself and Wisconsin Liberty Fund against this false accusation.

Sincerely,

Dean Knudson
Wisconsin Liberty Fund