

To: Alaska Public Offices Commission

From: RESPONDENTS:
Alaskans for Honest Elections
Ranked Choice Education Association
Alaskans for Honest Government
Wellspring Ministries
Art Matthias
Phillip Izon

Re: Answer to Complaint filed by Alaskans for Better Elections

The Respondents, Alaskans for Honest Elections (“AHE”); Ranked Choice Education Association (“RCEA”); Alaskans for Honest Government (“AHG”); Wellspring Ministries (“WM”); Wellspring Fellowship (“WF”); Art Matthias; and Phillip Izon, answer the July 5, 2023, complaint and the July 25, 2023, Second Supplement filed by Alaskans for Better Elections (“ABE”) as follows:

I. SUMMARY OF ANSWER

ABE’s allegations are overwrought, largely half-baked, and attempt to make much ado about very little. AHE asks that ABE’s complaint, and its supplements, be dismissed. AHE commits itself to compliance with Alaska’s campaign finance laws and commits to working with APOC staff to ensure future compliance.

In late 2022, Art Matthias, Phillip Izon and other like-minded Alaskans (hereafter “Alaskans”), dissatisfied with ranked choice voting (“RCV”) in Alaska, began efforts to undo most or all of 19AKBE, also known as Ballot Measure 2, which had put RCV in place in Alaska in November 2020. In that vein Alaskans formed Alaskans for Honest Elections (“AHE”) as a

non-profit corporation and Internal Revenue Code (“IRC”) §501(c)(4) tax-exempt entity to carry out the effort. Meanwhile, Alaskans recognized that those responsible for bringing RCV to Alaska were actively trying to spread RCV to other states and jurisdictions in the lower-48. To counter that effort and to try to stop the spread of RCV to other states and jurisdictions, Matthias and Izon formed RCEA to work primarily to educate Americans in other states in the lower-48 about the flaws and negative aspects of RCV.

ABE’s complaint is based substantially upon its misunderstanding of the forms and activities of the various legal entities they reference in their complaint, and the relationship (or lack thereof) between those entities and with the individuals they identify. And despite ABE’s false accusations and use of solacious, rude, and insulting language,¹ from the beginning of its efforts, AHE has sought to comply with Alaska’s campaign finance laws. In this respect, Izon contacted and regularly communicated with APOC staff seeking advice on how to comply.

Initially, APOC incorrectly led Izon to believe that AHE was pursuing a referendum and thus would have no reporting requirements until after the referendum became a proposition. When APOC corrected its advice, telling AHE that they were in fact pursuing an initiative rather than a referendum, AHE promptly filed campaign disclosure forms. Neither Izon nor Matthias were greatly experienced with Alaska’s complicated campaign reporting system and by regularly communicating with APOC’s staff they made their best efforts to comply with the law. At present, with minor exceptions, they have succeeded and complied.

¹ ABE’s complaint is littered throughout with derogatory comments about Izon and Matthias. Respondents will endeavor to respond to the substance of ABE’s allegations complaint while declining to respond in-kind to the unbecoming invectives.

ABE's complaint reflects its misunderstanding of RCEA's business form, tax-exempt status, and activities. RCEA is a non-profit, tax-exempt organization, but was not formed under IRC §501(c)(3). RCEA is organizationally related to Wellspring Fellowship ("WF"), a Washington non-profit corporation and church that is tax-exempt under IRC §508(c)(1)(A). As an integrated auxiliary of WF, RCEA is also tax-exempt under IRC §508(c)(1)(A). RCEA acts to educate Americans in the lower-48 regarding the flaws and negative aspects of RCV. Despite ABE's unsupported allegations to the contrary, RCEA is not involved in the effort to introduce or promote 22AKHE.

WM, which is a separate entity than WF, is an IRC §501(c)(3) tax-exempt Faith Based Organization ("FBO") that operates a Christian ministry from Anchorage, Alaska. ABE has confused WM with WF. Other than having some of the same individuals in leadership positions within the organizations, WM and WF are not related. ABE latches onto the innocuous fact that WM owns the building and real property located at 2511 Sentry Dr. in Anchorage, Alaska and therein rents a mail depository and a modicum of office space to WF's integrated auxiliary, RCEA, to reach the erroneous conclusion that WM is involved in, or making contributions to, the efforts to introduce and promote 22AKHE. WM is not involved with introducing or promoting 22AKHE. Incidentally, WM also rents its gymnasium to WF for use as a worship hall for WF's Sunday church services, but this is plainly not within APOC's jurisdiction.

ABE likewise misunderstands AHG. AHG was formed as a Political Action Committee ("PAC") prior to Alaska's November 2022 general election to conduct independent expenditure activities related to Alaska's federal Congressional and U.S. Senate races. It is for this reason that AHG registered with the Federal Election Commission ("FEC"). Why ABE is mystified by AHG's FEC registration is unclear. Izon registered AHG with APOC in early November 2022 in

error, but that registration is immaterial. In any event, ABE ignores the date of AHG’s APOC registration (November 1, 2022—one week before the last general election) and the statement therein to the effect that AHG would have “NO” involvement in supporting or opposing a “State Initiative.”

II. PARTIES AND ALLEGATIONS

A. Alaskans for Honest Elections

AHE is an Alaska non-profit corporation that was formed on January 23, 2023, and it is as an IRC §501(c)(4) tax-exempt entity. AHE is the official ballot group formed to introduce and promote fair elections in Alaska by eliminating RCV. AHE is thus a “group” as that term is defined under AS 15.13.400(9)(B) because it was organized “for the principal purpose of influencing the outcome of one or more elections” and it “take[s] action the major purpose of which is to influence the outcome of an election.” AHE registered with APOC on January 1, 2023.² AHE filed its initiative bill with the Lieutenant Governor in November 2022 and the Lieutenant Governor approved the bill. AHE is currently working to collect the petition signatures required to place the bill, 22AKHE, on the ballot in 2024.

Matthias and Izon would have registered AHE with APOC sooner, but they understood from advice given by APOC staff that they were pursuing a referendum and that AHE’s first filings would be due only after they had filed the signatures they would collect with the Lieutenant Governor.³ After APOC corrected its staff’s earlier incorrect advice on February 23,

² See Ex. C. Citations to lettered exhibits are to the exhibits attached to ABE’s complaint. Citations to numbered exhibits are to exhibits that Respondents have submitted with this answer. Izon originally mistakenly registered AHE as an “entity.”

³ Ex. 1. By email dated November 18, 2022, Tom Lucas of APOC wrote to Izon as follows: “It appears what you are contemplating is a referendum (a ballot proposition to repeal a law), not an initiative. The two are treated differently during the signature gathering stage. For a

2023,⁴ and then on March 15, 2023, gave more detailed advice, Izon promptly amended AHE's registration with APOC as a group related to an initiative proposal on March 20, 2023.⁵ On April 21, 2023, AHE filed a Campaign Disclosure Form reflecting the \$293,817.70 in contributions it had received and the \$268,732 in expenditures it had made between January and April, 2023.⁶

Previously as AHE pursued 22AKHE's initial approval and then the later signature threshold, it is true that APOC twice fined AHE for late Independent Expenditure Reports as AHE waded its way through Alaska's byzantine campaign finance laws.⁷ But the APOC letters (Ex. J) reflect that APOC recognized Izon's and Matthias' inexperience and reduced the

referendum, any money spent is not considered an expenditure until the referendum becomes a proposition (that is, sufficient signatures were gathered and the Lieutenant Governor has scheduled it for the ballot at an election). Nevertheless, a group formed to sponsor a referendum must file a report within 30 days after its first filing with the Lieutenant Governor and within 10 days after the end of each calendar quarter thereafter." *Id.* Lucas' advice was incorrect because under Art, XI, Sec. 1 of the Alaska Constitution, a "referendum" is designed to "approve or reject *acts of the legislature.*" *Id.* (emphasis added). It was not the legislature that made RCV part of Alaska law, but rather the people by initiative.

⁴ Ex. 2. By email dated February 23, 2023, Heather Hebdon, APOC's Executive Director, wrote to Izon as follows: "I am writing to follow up on the attached email chain between you and Tom Lucas (APOC staff) Tom appears to have misunderstood the purpose of your group in that he believed you were seeking to file a referendum, when in actuality, you were filing an initiative proposal application...." Without explaining why 22AKHE was an initiative as opposed to a referendum, Hebdon then advised Izon that AHE should register as a "initiative proposal application group," file independent expenditure reports within 10 days of making expenditures, file quarterly reports within 7 days of the end of each calendar quarter, and then reminded Izon that AHE's contributors who gave \$500 or more in the aggregate would need to file statements of contributions within 30 days of making the contribution. *Id.*

⁵ Ex. H.

⁶ Ex. G.

⁷ It should be beyond dispute that Alaska's campaign finance laws are written in a complex and convoluted manner, and that with those statutes' hidden morsels of restrictions and exceptions, they present a challenge to even the most seasoned attorney who might be attempting to comprehend the details of their terms. Neither Matthias nor Izon are attorneys.

maximum fines of \$1,000 and \$2,200 by 50% to a total of only \$1,600—as APOC stated, this is AHE’s “first election cycle.” *Id.*

1. Alleged Violations by AHE

a. False Contribution Intended to Inflate AHE’s Finances

AHE and Izon deny that AHE reported a fabricated “in kind” contribution from Izon. AHE was formed as a non-profit corporation on January 23, 2023.⁸ Prior to filing AHE’s first quarterly report in April 2023, Izon inquired of APOC staff about how to report his in-kind provision of campaign related services to AHE. APOC staff advised Izon to “estimate” what the total amount of AHE’s debt for his services will ultimately be at the end of the campaign—meaning following the election in 2024—as of April 2023 a period of more than one year in the future.⁹ The \$200,000 that Izon placed as both a donation and expenditure on AHE’s first quarterly report¹⁰ was simply his reasonable effort to follow APOC staff’s direction.¹¹ ABE’s rude and insulting comments regarding Izon’s professional experience and abilities should not require a response.

⁸ Ex. I. AHE’s Articles of Incorporation reflect a filing date of January 23, 2023. *Id.*

⁹ Izon Aff. ¶ 2; Ex. 3 (Tom Lucas, an APOC staff member, wrote Izon regarding how he should go about reporting his in-kind non-monetary contribution to AHE, and told him: “If your group has decided to use your business for certain supplies/services, but has not yet paid for them, you report it as debt and estimate what the total amount of the debt will ultimately be *at the end of the campaign.*”) (emphasis added).

¹⁰ Ex. G, pp. 2, 13.

¹¹ Izon Aff, ¶ 2. Granted, Izon could have been more precise in AHE’s April 2023 quarterly report to indicate that the \$200,000 amount reflected an estimated *debt* that AHE would *potentially owe* to him for his work *through the conclusion of the election in 2024*. Nonetheless, he did report the \$200,000 as an “**In Kind Donation**” of “**Non-Monetary Management Costs/Time.**” Ex. G, p. 3, 13 (emphasis added). No reasonable person reading AHE’s report could have been misled to believe that Izon contributed \$200,000 in monetary funds or that AHE held \$200,000 of monetary funds contributed by Izon in its campaign account. *Id.*

ABE’s allegation that AHE “concocted” the estimated value of Izon’s in-kind donation of “services” to “inflat[e] the public’s perceptions regarding support for AHE,”¹² is unsupported political hyperbole. Anyone reading AHE’s first quarterly report would have seen that the \$200,000 “in kind” donation was “Non-Monetary” and was completely offset by an obligation to Izon for “Management Costs/Time.”¹³ No reasonable person reading AHE’s report could have believed that AHE held \$200,000 in its campaign account as a result of Izon’s donation.

b. Failure to Accurately Report The Source of Contributions Laundered Through RCEA

AHE denies that “laundered” is a term that can be correctly used to describe RCEA’s donations to AHE. RCEA’s donations to AHE were correctly reported, and RCEA is a genuine contributor to AHE. RCEA denies that it had or now has any reporting obligations to APOC. And AHE denies that it failed to disclose that Matthias made the initial contribution to RCEA prior to the time of RCEA’s monetary contributions to AHE. Despite the lack of any legal obligation, Matthias announced his donation to RCEA to the public in February 2023,¹⁴ and again despite the lack of legal obligation, a copy of Matthias’ check to RCEA was provided to APOC in June 2023.¹⁵

AHE denies that AS 15.13.040(b) requires, or consistent with the First and Fourteenth Amendments to the United States Constitution can be interpreted and applied to require, AHE

¹² Complaint p. 6.

¹³ Ex. G, pp. 2, 13.

¹⁴ Ex. A, p. 2 (Liz Ruskin reported on February 17, 2023, in Alaska Public Media that Matthias had publicly stated to “[a] few hundred people,” including news reporters, that “he’s donated \$100,000 to the effort.”). Matthias made a perfectly legal donation to RCEA and RCEA made a perfectly legal donation to AHE.

¹⁵ Izon Aff. ¶ 3.

and/or RCEA to report the identity of RCEA's contributors.¹⁶ First, the "true source" reporting requirements apply only to "candidate elections." Second, to the extent that the statutes, including but not limited to AS 15.13.400(19), require ballot groups such as AHE that receive contributions from non-profit tax-exempt organizations such as RCEA, to report the identity of the non-profit's contributors, the statute is an unconstitutional violation of the First and Fourteenth Amendments. RCEA and its contributors have First Amendment rights to free speech, association, and associational privacy that ABE's suggested interpretation of Alaska's campaign finance laws, specifically AS 15.13.040(b) and AS 15.13.400(19), unconstitutionally infringe. *See, Americans for Prosperity v. Bonta*, 594 U.S. ___, 141 S. Ct. 2373 (2021) (compelled disclosure requirements of the identity of non-profit donors are reviewed under exacting scrutiny); *NAACP v. Alabama*, 357 U.S. 449, 462 (1958).

ABE's suppositions about why RCEA was formed and its purpose, together with ABE's salacious use of terms like "laundering," are unsuitable and represent nothing more than unsupported political hyperbole. RCEA is an educational organization with a perfectly legal educational mission that is not directly related to 22AKHE—the fact that RCEA's educational purpose and 22AKHE's subject matter both relate to RCV is incidental, immaterial, and of no legal consequence.¹⁷ RCEA has supported AHE directly only by making monetary contributions

¹⁶ Without waiving this objection (to any requirement to disclose RCEA's donors), Respondents note that at present RCEA's donor base consists of more than Matthias. Matthias Aff. ¶ 2.

¹⁷ There are many other organizations that work to educate Americans regarding the flaws and detriments of RCV. Among other organizations, groups opposing RCV include the *Heritage Foundation*; (See www.heritage.org/election-integrity/report/ranked-choice-voting-bad-choice) and *The Foundation for Government Accountability* (See <https://thefga.org/research/ranked-choice-voting-a-disaster-in-disguise>). Does ABE literally contend that those organizations likewise must comply with Alaska campaign finance laws simply because they, like AHE, focus upon opposing RCV, and have internet presences that can be accessed by Alaskans?

which have been reported to APOC. The similarity of AHE's and RCEA's arguments and videos—demonstrating why RCV is a bad and flawed idea that has negative effects on elections, voter turnout, and candidates' political speech—is to be expected and is of no consequence. The arguments against RCV are being repeated by many individuals and organizations throughout the lower-48.

RCEA is not a group under AS 15.13.400(9)(B) because it is not organized “for the principal purpose of influencing the outcome of one or more elections” nor does it “take action the major purpose of which is to influence the outcome of an election.” RCEA is a tax-exempt non-profit IRC §508(c)(1)(A) organization whose mission is to educate Americans about the flaws and negative effects of RCV. ABE's allegations about “unlawful” tax deductions are both uninformed and unknowledgeable. In any event, the only government agency with jurisdiction to adjudicate tax-exempt status and the lawfulness of federal income tax deductions that may or may not be claimed, is the IRS. Tax deductions are not pertinent to Alaska campaign finance, and it is not APOC's place to investigate or adjudicate federal income tax deductions.

c. Failure to Accurately Report Three Largest Contributors

ABE's allegations about AHE's reporting of its three largest contributors mirror ABE's allegations about AHE's reporting of Izon's in-kind contribution and RCEA's legal nature and status and they require no further or additional response. Izon's reported contribution reflects AHE's best reasonable efforts to comply with APOC staff's advice to estimate the value of Izon's services through the conclusion of the 2024 election. RCEA's contribution is a real contribution from RCEA and not Matthias.

d. Failure to Include Three Largest Contributors Onscreen Throughout Advertisement

AHE has endeavored and continues to endeavor to comply with the requirements of Alaska's campaign finance laws. As stated above, initially AHE believed based upon APOC staff's incorrect advice that it was pursuing a referendum. AHE's advertisements did not contain information about contributors prior to that time because it believed it had no obligation to do so related to a referendum effort. Since receiving corrected advice from APOC, AHE has endeavored to comply with the requirements of the law, including the listing of the three largest contributors.

e. Failure to Timely Register as a Ballot Group

AHE did not register earlier than it did as a ballot group because it had been advised by APOC staff that it was pursuing a referendum. AHE registered as a ballot group promptly after APOC staff corrected its prior advice to AHE.

f. Failure to File 10-day Reports

AHE did not file expenditure reports before April 2023 because it had been operating under the incorrect assumption, based upon APOC staff's advice, that it was pursuing a referendum. Upon being advised that it was in fact pursuing an initiative, AHE endeavored to promptly catch up with its required reporting, and filed its quarterly report on April 21, 2023. AHE has had only two expenditures since that time, two \$5,000 payments to Leading Light for management services. Those two expenditures were reported to APOC on AHE's recently filed second quarterly report.

g. Unlawful Cash Contribution

In February 2023 RCEA transferred \$2,358 in cash to AHE because it was operating under the impression that it was pursuing a referendum.¹⁸ This contribution was transferred in cash in error and would have been accomplished by way of a check but for the incorrect advice that AHE was pursuing a referendum. *Id.* AHE and RCEA have now corrected the cash contribution as of July 24, 2023, and will be happy to provide APOC documentation to the effect.¹⁹

h. Failure to Advise Donors of Requirement to File Form 15-5 For Donation of \$500 or More

Alaska campaign finance law requires duplicative reporting of contributions by both group recipients and donors. *See* AS 15.13.040(j)-(k). AHE did not advise its initial donors—those who donated in January, February and early March 2023—of an obligation to report their contributions to APOC before mid-March 2023, because AHE was operating under the mistaken impression—based upon incorrect APOC staff advice—that it was pursuing a referendum. After APOC staff corrected its earlier faulty advice, AHE has since notified its contributors of their reporting obligations.²⁰ The reports under AS 15.13.040(k) are due from the contributors not the group receiving the donation, and AHE cannot file the reports for the contributors. The fact that ABE was able to identify by name and amount of donation the four AHE contributors who have not yet filed the duplicative contribution reports reflects the lack of any harm to the public from the absence of the duplicative reports.

¹⁸ Izon Aff. ¶ 7.

¹⁹ Izon Aff. ¶ 7.

²⁰ Izon Aff. ¶ 8.

i. Any Other Allegations Not Pleaded

This allegation states nothing substantive and requires no response.

B. Phillip Izon

It is true that Izon has varying types of relationships with some of the Respondent entities. Some of those entities with which Izon is involved are mere bystanders to the efforts to introduce and promote 22AKHE (*e.g.*, RCEA and AHG). Izon has reported for AHE the in-kind donation of services he made—this donation was reported as APOC advised Izon to report it by estimating the value of services Izon would contribute “in-kind” through the conclusion of the election in 2024. ABE’s allegations regarding Izon’s and/or AHE’s motivations for reporting the estimated value of Izon’s services through the end of the election in 2024 are incorrect, and represent nothing more than unsupported and salacious political hyperbole designed to draw press and media attention.

ABE’s statements smearing AHE, Izon, and Izon’s “business partner,” Ms. Diamond Metzner, suggesting that AHE’s entire operation is “a grift” to “funnel every dime AHE raises back to them [Izon and Metzner] and them alone,” is rank slander disguised as legal allegations. The statements are wholly unsupported and wholly unworthy of being placed in a legal pleading. The statements appear to have been included in the complaint simply to score cheap political points with the public as the slander was picked up and repeated by the press and media.

1. Alleged Violations by Mr. Izon

a. False Contribution Intended to Inflate AHE’s Finances

Respondents repeat here the responses they have provided above. Izon was advised by APOC staff to estimate the value of the services he would provide to AHE through the

conclusion of the election in 2024, a period of more than one year [Ex. 3], and that is what he attempted in good faith to do when he filed AHE's first quarterly report.

b. Miscellaneous Violations by Other Entities Made Under Mr. Izon's Direction

This allegation adds no substance to the complaint and simply attempts to malign Izon with reference to the allegations Respondents address elsewhere. To the extent the allegation requires answer, Respondents incorporate their responses above and below.

c. Any Other Violations Not Pleaded

This allegation states nothing of substance and requires no response.

C. Alaskans for Honest Government

AHG is a Political Action Committee that was formed to make independent expenditures related to the November 2022 general elections for Alaska's U.S. House and U.S. Senate seats. True, AHG mistakenly registered with APOC when it registered with the FEC in early November 2022.²¹ But AHG took no action regarding elections other than Alaska's 2022 federal elections.²² But the fact that AHG's registrations preceded the last general election in November 2022, should have alerted ABE to the fact that AHG was focused on the last general election rather than events following that election.

The timing of AHG's registrations coupled with its FEC filings, should have alerted ABE to the fact that AHG was focused on Alaska's 2022 federal House and Senate elections. AHG's registration truthfully states that it was not and is not involved in the effort to introduce or promote a state initiative, because it had no such involvement in early November 2022 (a time

²¹ Ex. D.

²² Izon Aff. ¶ 4.

when there was no initiative effort, and has no such involvement thereafter.²³ ABE’s suggestion that AHG’s early November activity was “unlawful” because it “appears to promote only republican candidates”²⁴ is puzzling—independent expenditure speech is constitutionally protected (see *Citizens United v. FEC*, 558 U.S. 310 (2010)) and government cannot limit independent speakers to nonpartisan words—partisanship, as determined by the particular independent speaker, is constitutionally protected. *Id.*

When the 2022 general election was complete and the idea of repealing RCV in Alaska began to be discussed, there was some confusion in the public regarding AHG’s role in that potential effort. AHG did, therefore, after the 2022 general election was complete, place links on its web page to direct members of the public to AHE, the entity that was pursuing Ballot Measure 2’s repeal. But AHG later removed those links upon realizing that they could be misconstrued as contributions to AHE in its initiative effort.²⁵

ABE’s discussion of AHG’s FEC reports is pointless—it is the FEC that has jurisdiction over AHG’s November 2022 activity related to the now completed Alaska federal congressional and U.S. senate elections. The FEC has taken no action against AHG, and no complaints have been filed.

²³ Ex. D. How ABE interprets “Ranking the Red” as being a plea to support an initiative to repeal RCV is mystifying. The phrase “Ranking the Red” was a commonly known pitch to have republican voters in the November 2022 House election rank as their first and second choices the republicans appearing on the general election ballot, namely Sarah Palin and Nick Begich. Despite ABE’s unawareness, AHG’s early November 2022 activity was unmistakably related to the 2022 general election and not 22AKHE (which did not exist yet).

²⁴ Complaint p. 12 n. 41,

²⁵ Izon Aff. ¶ 5.

ABE's allegation that AHG has raised and spent money in support of 22AKHE²⁶ is baseless speculation. AHG has not raised or spent money, or taken any action, related to 22AKHE.

1. Alleged Violations by AHG

a. Failure to Register as a Ballot Group Prior to Undertaking Campaign Activity

ABE's complaint about AHG not being registered with APOC is mystifying because ABE criticizes AHG for registering with APOC on November 1, 2022.²⁷ If ABE's point is that AHG has not re-registered as a ballot group related to 22AKHE, then ABE's complaint is unjustified. AHG has not registered as a ballot group because it is not a ballot group. AHG is not a group under AS 15.13.400(9)(B) because it is not presently organized "for the principal purpose of influencing the outcome of one or more [2024] elections" nor does it "take action the major purpose of which is to influence the outcome of an election."

Quite simply, AHG registered with the FEC and APOC in early November 2022 because it planned to act related to Alaska's federal congressional and U.S. senate races through election day, November 8, 2022. AHG's registration with APOC was a mistake and unnecessary. Once the 2022 election was complete, AHG's purpose was complete, and it has since ceased activity.

b. Failure to File any Quarterly Reports

AHG has filed no reports with APOC because it is not a ballot group, it has neither raised nor spent funds related to 22AKHE, and it has taken no action related to 22AKHE. ABE has

²⁶ Complaint p. 12-13.

²⁷ Complaint pp. 11-12; Ex. D.

cited nothing in its complaint to support its bare allegations that AHG is acting as a ballot group in support of 22AKHE.

c. Failure to File any 10-day Independent Expenditure Reports

AHG has filed no reports with APOC because it is not a ballot group, it has neither raised nor spent funds related to 22AKHE, and it has taken no action related to 22AKHE.

d. Failure to Report Three Largest Contributors

AHG has filed no reports with APOC and has reported no contributors because it is not a ballot group, it has neither raised nor spent funds related to 22AKHE, and it has taken no action related to 22AKHE.

e. Other Violations Not Pleaded

This allegation states nothing of substance that requires a response.

D. Ranked Choice Education Association

Matthias and Izon formed RCEA as a Washington non-profit religious corporation and an IRC §508(c)(1)(A) tax-exempt organization. Contrary to ABE’s misinformed understanding, RCEA is not an IRC §501(c)(3) tax-exempt organization. Under §508(c)(1)(A) of the IRC a faith-based organization (“FBO”) and church auxiliary like RCEA is not required to apply with the IRS to obtain tax-exempt status.²⁸

Under §508 of the IRC newly formed non-profit §501(c)(3) organizations are required to “notify [the] Secretary that they are applying for recognition of section 501(c)(3) status.” *See*

²⁸ It is because of RCEA’s §508(c)(1)(A) status that ABE could not find RCEA on the IRS’s website of “such” (apparently meaning §501(c)(3)) “entities”). Complaint p. 17 and n. 65.

IRC §508(a).²⁹ However, by way of §508(c)(1)(A), Congress provided a “mandatory” “exception” from this requirement for churches and other FBOs. IRC §508(c)(1)(A) provides:

(c) Exceptions

(1) Mandatory exceptions

Subsections (a) and (b) shall not apply to—

(A) churches, their integrated auxiliaries, and conventions or associations of churches....

IRC §508(c)(1)(A). Churches and FBOs can be and are formed under §508(c)(1)(A) without the need of a filing with the IRS. Pursuant to the “mandatory exception” of §508(c)(1)(A), churches, their auxiliaries, and other FBOs are by their very nature tax-exempt and donations to them are tax deductible. IRC § 170(b). With all due respect to APOC, RCEA’s tax-exempt status is not within APOC’s jurisdiction—the IRS is the only government agency that has jurisdiction over RCEA’s tax exempt status. ABE’s speculations about tax deductions that may or may not have been taken are pointless because once again the only government agency with jurisdiction over federal income tax deductions is the IRS.

²⁹ IRC §501(c)(3) was adopted into the IRC in 1954. The 1954 amendments placed limitations on the activities and free speech of non-profit tax-exempt organizations, including arguably churches and other religious FBOs. IRC §508 was adopted as part of the Tax Reform Act of 1969 (H.R. 13270) codified as Public Law 91-172 and was intended by Congress to remove from churches and other FBOs the filing requirements and restrictions of §501(c)(3). IRC §508(a) states: “Except as provided in subsection (c), an organization organized after October 9, 1969, shall not be treated as an organization described in section 501(c)(3)—(1) unless it has given notice to the Secretary in such manner as the Secretary may by regulations prescribe, that it is applying for recognition of such status, or (2) for any period before the giving of such notice, if such notice is given after the time prescribed by the Secretary by regulations for giving notice under this subsection.”

RCEA has no relationship to WM. RCEA is a “Church Integrated Auxiliary”³⁰ of another Washington non-profit corporation and §508(c)(1)(A) entity, Wellspring Fellowship, which is a church. Despite at one point in its complaint quoting RCEA’s Articles of Incorporation correctly,³¹ ABE confuses WF with WM.³² ABE corrected its misstatements and added allegations against WF in its July 24, 2023, Second Supplement, but its allegations about WF are baseless.

As an integrated auxiliary of WF, RCEA functions as an educational organization that consistent with its purposes seeks to “[t]rain, develop, and support leaders in our community and nation as called for in our beliefs,” and “to engage in activities for the accomplishment of the purposes.”³³ In states and jurisdictions in the lower-48 where RCV is being considered, RCEA distributes and presents educational material and sends its representatives to speak at educational/informative events. RCEA’s materials and speaking presentations are designed to educate Americans on the flaws and negative aspects of RCV. RCEA’s materials and speaking presentations make no reference to 22AKHE.

Matthias and Izon have travelled to approximately eight states in the lower-48 to speak and consult with community members and leaders regarding efforts to adopt or ban RCV in those states. RCEA has scheduled more trips and speaking/consulting engagements for Matthias and Izon in additional states through September 2023.³⁴ None of this activity relates to promoting

³⁰ See Ex. B, p. 1.

³¹ Complaint p. 14 (“RCEA ‘is an Integrated Auxiliary of the Founding Church, Wellspring Fellowship of Alaska.’”).

³² ABE originally wrongly confused WF with WM, calling WF “another Respondent in this Complaint.” Complaint p. 14. WF was not an originally named Respondent in the complaint. Only WM was named as a Respondent in ABE’s original complaint. Complaint p. 1.

³³ See Ex. B, p. 1.

³⁴ Izon Aff. ¶ 6.

22AKHE—the simple fact that RCEA focusses on RCV as a general concept and uses Alaska as an example of RCV’s flaws and negative effects on elections, voter turnout, and candidate speech, does not mean that RCEA is working to advance 22AKHE. If ABE’s idea was law, then other organizations opposing RCV in the lower-48 would have reporting obligations to APOC despite their complete unawareness of and lack of involvement with 22AKHE. And ABE’s notion regarding Alaska’s registration and reporting requirements would violate the First Amendment.

Other than making donations to AHE that were reported to APOC, RCEA is not involved in the efforts to introduce and/or promote 22AKHE in Alaska. RCEA is not a “group” as defined in AS 15.13.400(9)(B) because it is not organized “for the principal purpose of influencing the outcome of one or more elections” nor does it “take action the major purpose of which is to influence the outcome of an election.”

Likewise, WF is not involved in the efforts to introduce and/or promote 22AKHE in Alaska. WF is also not a “group” as defined in AS 15.13.400(9)(B) because it is not organized “for the principal purpose of influencing the outcome of one or more elections” nor does it “take action the major purpose of which is to influence the outcome of an election.” Regardless of its Supplement filed July 24, 2023, ABE has stated no basis for its allegations against WF.

RCEA does not advocate for 22AKHE, and ABE has presented no facts to support its claim to the contrary. ABE admits that 22AKHE is not mentioned on RCEA’s web page (Complaint p. 15), and ABE has presented no other facts to support its allegations than the fact that Matthias and Izon are involved in RCEA and that RCEA focusses upon RCV and at one time mentioned “Alaska” on its web page in reference to who it is that is pushing RCV on America and Alaska. Matthias and Izon are perfectly entitled to engage in constitutionally

protected educational speech activity for RCEA regarding the flaws and faults of RCV as a general concept. And RCEA is constitutionally entitled to mention Alaska to those it seeks to educate in the lower-48 as a prime example of RCV's flaws and negative effects. RCEA is also entitled to inform Americans who it is that seeks to push RCV on Americans—including Alaska as a prime example.

The fact that RCEA rents a mail depository and some small semblance of office space from WM is wholly insignificant to APOC. With all due respect to APOC, RCEA's rental relationship with WM is not within APOC's jurisdiction.

1. Alleged Violations by RCEA

a. Unlawful Cash Contribution

RCEA's contributions to AHE were perfectly legal. ABE's salacious allegations about "laundering" or giving in the name of another, are unsuitable as related to RCEA and Matthias. RCEA was entitled to make donations to AHE. ABE's references to the limitations placed on IRC §501(c)(3) organizations are out of place with respect to RCEA.

RCEA and Matthias made no effort to hide the fact that Matthias gave the initial contribution to RCEA. See Ex. A. And although not required, RCEA, in an effort to be candid with the Alaska public, reported to APOC that Matthias made contributions to RCEA. Currently, RCEA has other donors than Matthias and funds its educational activities outside Alaska with those contributions. RCEA and its donors are not within APOC's jurisdiction, and they have constitutionally protected rights to free speech, association, and associational privacy that ABE's complaint urges APOC to infringe. APOC should not take ABE's bait.

b. Donations Made in the Name of Another

See response above.

c. Failure to Register as a Ballot Group Prior to Undertaking Campaign Activity

See response above.

d. Failure to File any Quarterly Reports

See response above.

e. Failure to File any 10-day Independent Expenditure Reports

See response above.

f. Failure to Report Top Three Donors

See response above.

g. Other Violations Not Pleaded

See response above.

E. Wellspring Ministries

ABE originally confused WM with WF. WM has no political involvement in any matters, let alone 22AKHE. WM is a non-profit tax-exempt IRC §501(c)(3) entity that focusses on its Christian ministry. The fact that WM owns property and rents a mail depository and some small modicum of office space to RCEA is irrelevant to APOC.

1. Alleged Violations by Wellspring

a. Failure to Report In-kind Contributions to RCEA

See responses above.

b. Other Violations Not Pleaded

This allegation states nothing of substance that requires a response.

F. Art Matthias

Matthias is a director of AHE. Matthias is also a director for RCEA. He also holds positions with WM and WF. Matthias' holding these various positions with multiple organizations is perfectly legal. Matthias was perfectly entitled to donate to RCEA, and he

would have been entitled to donate directly to AHE—there are no limitations on the amount he could have donated. Alaska’s prior campaign contribution limitations were struck down as unconstitutional. *See Thompson v. Hebdon*, 589 U.S. ___, 140 S. Ct. 348 (2019); *Thompson v. Hebdon*, 7 F.4th 811 (9th Cir. 2021).

Matthias made no secret of his donation to RCEA [Ex. A] and although not legally required he even reported it to APOC and provided APOC with a copy of his check.

1. Alleged Violations by Mr. Matthias

a. Donations Made in the Name of Another

Matthias denies that he has made any donations in the name of another. Matthias has donated to RCEA, a donation that is not within APOC’s jurisdiction, but he has not yet donated to AHE. It is RCEA that has donated to AHE.

b. Failure to File Forms 15-5 for Donations of \$500 or More

Matthias has made no donations requiring a Form 15-5.

c. Other Violations Not Pleaded

This allegation states nothing of substance that requires a response.

July 24, 2023, Supplement

In response to ABE’s July 24, 2023, supplemental filing, Matthias is not the male voice speaking on the recording submitted (the recording is of a Kelly Tshibaka event). The fact that this unknown gentleman mistakenly referenced Wellspring Ministries is inconsequential.

III. CONCLUSION

Respondents ask that ABE's complaint be dismissed. The minor reporting mistakes AHE has made with respect to the timing and correctness of reporting have either already been addressed by APOC or have been subsequently corrected or can be easily corrected.

Dated this 26th day of July, 2023.

Law Offices of Kevin G. Clarkson

Kevin G. Clarkson

By _____

Kevin G. Clarkson

Law Offices of Kevin G. Clarkson

2223 Latona Dr. NE

Keizer, OR 97303

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(907) 748-4788

ARRIVED

JUL 26 2023

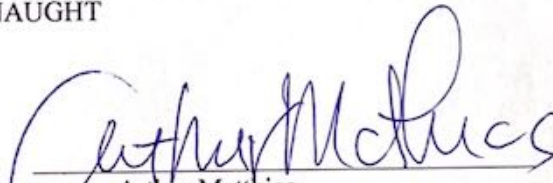
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AFFIDAVIT OF ARTHUR MATTHIAS

STATE OF ALASKA)
) SS
THIRD JUDICIAL DISTRICT)

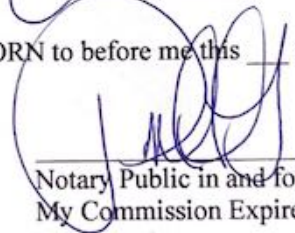
1. I am an adult over the age of 18 years, and I have personal knowledge of the matters stated below.
2. Despite the lack of any legal obligation, I announced my donation to RCEA to the public in February 2023, and again despite legal obligation I had Izon provide a copy of my check to RCEA to APOC in June 2023. At present I am not RCEA's sole donor, and RCEA's base consists of more than me.

FURTHER AFFIANT SAYETH NAUGHT



 Arthur Matthias

SUBSCRIBED AND SWORN to before me this _____ day of July, 2023, at Anchorage, Alaska.



 Notary Public in and for Alaska
 My Commission Expires: March 10, 2025

3.

State of Alaska
NOTARY PUBLIC
 Priscilla L. Clarke
 My Commission Expires Mar 10, 2025

AFFIDAVIT OF PHILLIP IZON

STATE OF ALASKA)
) SS
THIRD JUDICIAL DISTRICT)

1. I am an adult over the age of 18 years, and I have personal knowledge of the matters stated below.
2. Prior to filing Alaskans for Honest Election’s first quarterly report in April 2023, I inquired of APOC staff about how to report my in-kind provision of campaign related services to AHE. APOC staff advised me to “estimate” what the total amount of AHE’s debt for my services will ultimately be at the end of the campaign—meaning following the election in 2024. The \$200,000 that I placed as a donation and expenditure on AHE’s first quarterly report was simply my reasonable effort to follow APOC staff’s direction to estimate the value of my services to be donated to AHE through the conclusion of the election in 2024—a period of more than one year in the future.
3. Despite the lack of any legal obligation, Mr. Mathias announced his contribution to RCEA in February 2023, and I reported Mr. Mathias’ contributions to RCEA to APOC, providing a copy of Matias’ check to RCEA in June 2023.
4. Alaskans for Honest Government is a Political Action Committee that was formed to make independent expenditures related to the November 2022 general election for Alaska’s U.S. House and U.S. Senate seats. I mistakenly registered AHG with APOC at the same time that I registered it with the FEC in early November 2022. But AHG took no action other than with respect to Alaska’s 2022 federal elections.

5. When the 2022 general election was complete and the idea of repealing RCV in Alaska began to be discussed, I noticed some confusion in the public regarding AHG's role in that potential effort. I did, therefore, after the 2022 general election was complete, place links on AHG's web page to direct members of the public to AHE, the entity that was pursuing Ballot Measure 2's repeal. But I later removed those links upon realizing that they could be misconstrued as contributions to AHE in its initiative effort.
6. On behalf of Ranked Choice Education Association, Mr. Matthias and I have travelled to approximately eight states to speak and consult with community members and leaders regarding efforts to adopt or ban RCV in those states. RCEA has scheduled more trips and speaking/consulting engagements for Mr. Matthias and me in additional states through September 2023. None of this activity relates to promoting 22AKHE.
7. A cash contribution was made and reported as having been made from RCEA to AHE, in the amount of \$2,358. As of July 25, 2023, that cash contribution has been corrected by refund to RCEA and the reissuance of an RCEA check in the same amount to AHE.
8. AHE did not initially advise its contributors of an obligation to report to APOC because AHE was operating under the mistaken idea—based on advice from APOC staff—that it was pursuing a referendum. After APOC corrected its erroneous advice, AHE began advising its donors to report contributions.

FURTHER AFFIANT SAYETH NAUGHT

Phillip Izon

SUBSCRIBED AND SWORN to before me this ____ day of July, 2023, at Anchorage, Alaska.

Notary Public in and for Alaska

My Commission Expires: _____



Lucas, Tom R (DOA) Nov 18, 2022



to me, Heather ▾

Phil,

It appears that what you are contemplating is a referendum (a ballot proposition to repeal a law), not an initiative. The two are treated differently during the signature gathering stage. For a referendum, any money spent is not considered an expenditure until the referendum becomes a proposition (that is, sufficient signatures were gathered and the Lieutenant Governor has scheduled it for the ballot at an election).

Nevertheless, a group formed to sponsor a referendum must file a report within 30 days after its first filing with the Lieutenant Governor and within 10 days after the end of each calendar quarter thereafter:

Sec. 15.13.110. Filing of reports.

(a) Each candidate, group, and nongroup entity shall make a full report in accordance with [AS 15.13.040](#) for the period ending three days before the due date of the report and beginning on the last day covered by the most recent previous report. If the report is a first report, it must cover the period from the beginning of the campaign to the date three days before the due date of the report. If the report is a report due

From: **Hebdon, Heather R (DOA)** <heather.hebdon@alaska.gov>
Date: Thu, Feb 23, 2023 at 4:55 PM
Subject: APOC Registration & Reporting Obligations
To: nevesiltstudio@gmail.com <nevesiltstudio@gmail.com>
Cc: Hebdon, Heather R (DOA) <heather.hebdon@alaska.gov>, Stormont, Charles R (DOA) <charles.stormont@alaska.gov>, Lucas, Tom R (DOA) <tom.lucas@alaska.gov>



Good afternoon Mr. Izon,

I am writing to follow up on the attached email chain between you and Tom Lucas (APOC staff) and also because the agency has received some public inquiries about the formation and reporting requirements for your group.

In the attached email, Tom appears to have misunderstood the purpose of your group in that he believed you were seeking to file a referendum, when in actuality, you were filing an [initiative proposal application](#). It does not appear that you corrected his understanding and unfortunately the information he provided is not accurate as to your group's requirements.

As he pointed out, initiatives and referendums are treated differently under campaign disclosure – that is to say that groups that form to either file a referendum application or file an initiative proposal application have different reporting obligations. Unlike a referendum sponsor, sponsors of an initiative proposal application have reporting obligations during the signature gathering stage. This is because money raised in support of an initiative proposal application meets the definition of a contribution and similarly, money spent to influence an initiative proposal application meets the definition of an expenditure [AS 15.13.400(4)(A)(iii) and AS 15.13.400(7)(A)(v)].

What this means is that you need to:

1. register as an initiative proposal application group;

2. file independent expenditure reports within 10 days of making an expenditure;
3. file quarterly reports within 7 days after the end of each calendar quarter;
4. your contributors who give \$500 or more in the aggregate must also file statements of contributions within 30 days of making the contribution.

I would also recommend that you review the [training material](#) posted on our website for independent expenditures and ballot measure groups. It has a lot of helpful information and I would suggest taking a close look at paid for by identifier requirements that are necessary for all of your group communications.

Based on the date the application was filed with the Lt. Governor's Office (11/23/22), it is likely that reports are overdue at this time. My intention today is to bring this to your attention so that we can help get you into compliance moving forward to avoid a publicly-initiated complaint.

If you have questions about this, please feel free to contact either myself or Charles Stormont, our campaign disclosure paralegal, we are happy to help.

Best,

Heather R. Hebdon

Executive Director

Alaska Public Offices Commission

[2221 E. Northern Lights Blvd., Rm. 128](#)

[Anchorage, Alaska 99508](#)

Phone: (907) 276-4176

Fax: (907) 276-7018

On Mon, Mar 20, 2023 at 1:16 PM Lucas, Tom R (DOA) <tom.lucas@alaska.gov> wrote:

Phil,

I believe I have already answered this question (see second bullet point in attached correspondence). If your group has decided to use your business for certain supplies/services, but has not yet paid for them, you report it as debt and estimate what the total amount of the debt will ultimately be at the end of the campaign.

On another note, I see you still have not registered the group even though you told me you would do so immediately. What is going on? Is it your intention to comply with the law, and if so, when?

Thomas R. Lucas

Campaign Disclosure Coordinator

Alaska Public Offices Commission

2221 E. Northern Lights Blvd., Rm. 128

Anchorage, Alaska 99508

Phone: (907) 276-4176

Fax: (907) 276-7018