

July 3, 2024

**VIA ELECTRONIC MAIL**

Attorney General Brian L. Schwalb  
Office of the Attorney General for the District of Columbia  
400 6<sup>th</sup> St. NW  
Washington, DC 20001  
oag@dc.gov

**Re: Investigation Regarding Conservative Partnership Institute (File No. N00005820082) and Personnel Policy Operations (File No. C00007787381) Operations**

Dear Attorney General Schwalb,

We are writing to request the Attorney General exercise its authority under D.C. Code § 29-412.20 to investigate whether proceedings should be initiated in D.C. Superior Court to dissolve two District of Columbia nonprofit corporations - the Conservative Partnership Institute and Personnel Policy Operations. There is significant public evidence showing that both organization may be acting in a manner that is contrary to their nonprofit purposes, which is grounds for their immediate dissolution under D.C. law.

**Factual Background**

Conservative Partnership Institute (“CPI”) is a District of Columbia nonprofit corporation.<sup>1</sup> It has obtained tax exempt status from the IRS to operate as a public charity under Internal Revenue Code Section 501(c)(3). On February 20, 2024, the Campaign for Accountability submitted a complaint (the “Complaint”) to the Tax Exempt and Government Entities Division of the Internal Revenue Service (“IRS”), laying out facts and allegations related to CPI’s tax-exempt status and urging the IRS to initiate an investigation into CPI’s activities.<sup>2</sup> The Complaint alleged that CPI may be engaged in ongoing activity that jeopardizes its tax-exempt status, including (1) that CPI engages in prohibited political campaign intervention, (2) that CPI operates substantially for the private benefit of the Republican party, (3) that CPI engaged in private inurement, and (4) that CPI engaged in undisclosed lobbying activities.<sup>3</sup>

Shortly after the Complaint was filed, additional information came to light regarding CPI’s

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<sup>1</sup> Conservative Partnership Institute, Inc., File Number N00005820082, D.C. Department of Licensing and Consumer Protection, <https://corponline.dcrd.dc.gov/BizEntity.aspx/ViewEntityData?entityId=4199905>.

<sup>2</sup> See Exhibit A, Campaign for Accountability, Complaint Against Conservative Partnership Institute, Inc. (EIN: 82-1470217) (Feb. 20, 2024).

<sup>3</sup> *Id.*

establishment and funding of an organization called Personnel Policy Operations (“PPO”).<sup>4</sup> PPO is also District of Columbia nonprofit corporation that has obtained tax exempt status to operate as a public charity under Internal Revenue Code Section 501(c)(3).<sup>5</sup> PPO states that its mission is to “defend conservative, America First civil servants and their advisors”<sup>6</sup> but lists just two such civil servants on its website: former Republican Congressman and Trump advisor Mark Meadows, and former Trump Assistant Attorney General Jeff Clark.<sup>7</sup> PPO received \$1,433,789 in revenue in 2022, its first year of operation.<sup>8</sup> \$1,150,000 of those funds came from CPI.<sup>9</sup> In 2022, PPO made a single \$1,139,000 grant to a 501(c)(4) organization, Constitutional Rights Defense Fund.<sup>10</sup> The Constitutional Rights Defense Fund was dissolved less than one year later.<sup>11</sup>

### Legal Analysis

D.C. law empowers the Attorney General to initiate a proceeding in D.C. Superior Court to “dissolve a nonprofit corporation” if it is established that “[t]he corporation has exceeded or abused and is continuing to exceed or abuse the authority conferred upon it by law; or . . . [t]he corporation has continued to act contrary to its nonprofit purposes.”<sup>12</sup> The Attorney General has subpoena power to compel the production of information or documents relevant to an investigation into whether to bring such a proceeding.<sup>13</sup>

As laid out in the attached Complaint and below, there is substantial evidence that the Conservative Partnership Institute and Personnel Policy Operations are abusing their authority as tax exempt organizations, and have been acting contrary to their nonprofit purposes. We urge your office to immediately begin an investigation into whether dissolution is required.

#### **I. Allegations against Personnel Policy Operations**

PPO does not appear to be operating according to its nonprofit purpose. A 501(c)(3) tax exempt organization must be organized and operated exclusively for one or more exempt purposes – including religious, charitable, scientific, literary, or educational purposes (“exempt purposes”).<sup>14</sup>

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<sup>4</sup> Robert Draper, *A Nerve Center for the Right Wing Rises in Washington*, NY Times (Feb. 20, 2024) <https://www.nytimes.com/2024/02/20/us/politics/trump-conservative-partnership-institute.html>.

<sup>5</sup> Personnel Policy Operations Inc., File Number C00007787381, D.C. Department of Licensing and Consumer Protection, <https://corponline.dhra.dc.gov/BizEntity.aspx/ViewEntityData?entityId=4349337>.

<sup>6</sup> Personnel Policy Operations, 2022 IRS Form 990, available at [https://www.causeiq.com/organizations/view\\_990/881773001/dea46533e8f588956007b4a22efa2d59](https://www.causeiq.com/organizations/view_990/881773001/dea46533e8f588956007b4a22efa2d59).

<sup>7</sup> Personnel Policy Operations, <https://personnelpolicyops.org/legal-defense>.

<sup>8</sup> Personnel Policy Operations, 2022 IRS Form 990, available at [https://www.causeiq.com/organizations/view\\_990/881773001/dea46533e8f588956007b4a22efa2d59](https://www.causeiq.com/organizations/view_990/881773001/dea46533e8f588956007b4a22efa2d59).

<sup>9</sup> Schedule I, Conservative Partnership Institute, 2022 990, available at [https://www.documentcloud.org/documents/24169343-conservative-partnership-institute\\_990\\_2022](https://www.documentcloud.org/documents/24169343-conservative-partnership-institute_990_2022).

<sup>10</sup> Personnel Policy Operations, 2022 IRS Form 990, available at [https://www.causeiq.com/organizations/view\\_990/881773001/dea46533e8f588956007b4a22efa2d59/](https://www.causeiq.com/organizations/view_990/881773001/dea46533e8f588956007b4a22efa2d59/)

<sup>11</sup> Robert Draper, *A Nerve Center for the Right Wing Rises in Washington*, NY Times (Feb. 20, 2024) <https://www.nytimes.com/2024/02/20/us/politics/trump-conservative-partnership-institute.html>.

<sup>12</sup> D.C. Code § 29-412.20(a).

<sup>13</sup> *Id.* § 29-412.20(b)(1).

<sup>14</sup> 26 U.S.C. § 501(c)(3).



An organization is not organized or operated exclusively for one or more exempt purposes “unless it serves a public rather than a private interest.”<sup>15</sup> These benefits need not be solely financial in nature; any substantial “advantage; profit; fruit; privilege; gain; [or] interest” that benefits a private interest can result in a finding that the organization does not operate exclusively for exempt purposes.<sup>16</sup>

PPO appears to be operating exclusively for the private benefit of a small number of Republican party operatives. It claims to be a public charity whose goal is to “educate and defend conservative, America First civil servants and their advisors,” “provide support for individuals interested in public service,” “educate and train individuals about public service opportunities and how they may be an impactful public servant” and “provide resources to those public servants and their advisors, such as legal defense.”<sup>17</sup> However, in its first year of operations, PPO reported no substantial program expenses. Instead, \$1,130,000 of its \$1,332,944 total expenses constituted a grant to a 501(c)(4) organization, the Constitutional Rights Defense Fund, an organization that has no public presence and has since been dissolved.<sup>18</sup> If, as its website indicates, PPO was operated solely to provide legal defense costs to a small group of Republican operatives connected to Donald Trump, then it is operating exclusively for the private interest of those individuals, and is not serving any public purpose.

As the IRS confirmed in *American Campaign Academy v. Commissioner*, Republican entities and candidates do not constitute a “charitable class” entitled to benefit from a public charity’s activities, as they do not demonstrate sufficient charitable characteristics.<sup>19</sup> The same rationale would apply to an organization providing legal defense expenses exclusively to a group of individuals associated with a single political candidate – Donald Trump.

## II. Allegations against Conservative Partnership Institute

The Complaint details substantial evidence that CPI is not organized and operated exclusively for exempt purposes.<sup>20</sup> CPI’s establishment and financing of PPO further support the allegations that CPI is providing substantial private benefit to the Republican party, and may further support the allegation that CPI is engaged in private inurement, specifically of CPI’s Senior Partner Mark Meadows.

### Private Benefit

As described in detail in the attached Complaint, CPI has been operating exclusively for the benefit and advantage of the Republican Party and its members since its inception. The IRS and the United States Tax Court have previously denied tax exempt status to an organization that purported to provide training and support for campaign professionals, where the evidence

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<sup>15</sup> Treas. Regs. § 1.501(c)(3)-1(d)(1)(ii)

<sup>16</sup> *American Campaign Academy v. Commissioner*, 92 TC 1053, 1075-66 (1989) citing *Retired Teachers Legal Fund v. Commissioner*, 78 T.C. 280, 286 (1982).

<sup>17</sup> Personnel Policy Operations, 2022 990, available at

[https://www.causeiq.com/organizations/view\\_990/881773001/dea46533e8f588956007b4a22efa2d59](https://www.causeiq.com/organizations/view_990/881773001/dea46533e8f588956007b4a22efa2d59).

<sup>18</sup> *Id.*, Robert Draper, A Nerve Center for the Right Wing Rises in Washington, NY Times (Feb. 20, 2024)

<https://www.nytimes.com/2024/02/20/us/politics/trump-conservative-partnership-institute.html>.

<sup>19</sup> *American Campaign Academy*, 92 TC at 1077.

<sup>20</sup> See Complaint at 15-16.

indicated the organization's true purpose was to provide campaign support to Republican candidates and organizations.<sup>21</sup>

CPI already controls and finances Compass Legal Group, a legal services organization which provides legal guidance primarily to Republican campaigns and political committees.<sup>22</sup> It has now been revealed that CPI further established and financed (to the tune of \$1,150,000) Personnel Policy Operations, which as outlined above is also dedicated to the legal defense of Republican elected officials.<sup>23</sup> This provides further evidence that a substantial portion of CPI's funds are used for operations that provide benefits exclusively to the Republican party, and that it thus that it does not operate for an exempt purpose.

### Private Inurement

The Complaint also details that CPI is in violation of the prohibition on private inurement, which may lead to revocation of its status as a 501(c)(3) organization.<sup>24</sup> Private inurement occurs when a tax exempt organization's funds earnings inure, in whole or in part, to the benefit of an organization "insider," such as a director, officer, founder, key employee, or major contributor.<sup>25</sup>

The Complaint describes potentially excessive compensation payments to a number of CPI employees, but no employee is more highly compensated than Mark Meadows – CPI's "Senior Partner," whose compensation totaled \$846,887 in 2022.<sup>26</sup> In 2022, Mr. Meadows earned almost \$200,000 more than any other CPI employee, and more than twice the salary of its president and CEO.<sup>27</sup> Mr. Meadows' extensive legal troubles have been well documented, and it now appears that PPO, which was almost entirely funded by CPI, may have spent a substantial amount of its own activities on Mr. Meadows' legal defense.<sup>28</sup> This could serve as yet another manner in which CPI is using its funds for the private inurement of one of its own key employees, who already receives substantial compensation from the organization. The fact that PPO receive a grant from CPI, and then granted almost the exact same amount to a 501(c)(4) organization, casts further suspicion over whether these grants were designed to mask the true beneficiary of the funds: CPI "insider" Mr. Meadows.

### Conclusion

In light of the information described above and in the attached Complaint, we urge you to initiate an investigation to determine whether there is a basis to dissolve both the Conservative Partnership Institute and Personnel Policy Operations. It is essential that your office exercise its

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<sup>21</sup> *American Campaign Academy*, 92 TC at 1079.

<sup>22</sup> Complaint at 2-3.

<sup>23</sup> *Id.*; see also *Conservative Partnership Institute*, 2022 990, available at [https://www.documentcloud.org/documents/24169343-conservative-partnership-institute\\_990\\_2022](https://www.documentcloud.org/documents/24169343-conservative-partnership-institute_990_2022).

<sup>24</sup> Treas. Reg. § 1.501(c)(3)-1(f)(2).

<sup>25</sup> Treas. Reg. § 1.501(a)-1(c).

<sup>26</sup> Complaint at 10.

<sup>27</sup> *Id.*

<sup>28</sup> Personnel Policy Operations, <https://personnelpolicyops.org/legal-defense>.



authority to enforce the District's nonprofit corporation laws, and ensure that unqualified nonprofit corporations do not continue to operate within the District of Columbia.

Sincerely,

A handwritten signature in black ink that reads "Caroline Ciccone". The signature is written in a cursive, flowing style.

Caroline Ciccone  
President, Accountable.US