

July 19, 2006

**SECRETARY OF STATE ADOPTS NEW ISSUE COMMITTEE RULES
FOR NON-PROFIT ORGANIZATIONS AND OTHER GROUPS**

In response to the secret donations accepted – but not reported – by the Independence Institute during the Referendum C & D campaign, the Secretary of State has adopted emergency rules that require expanded reporting of contributions and expenditures in issue campaigns.

The Independence Institute evaded reporting requirements in 2005 because its purposes were broader than just attempting to defeat Referenda C and D. Under the Secretary's new rule, however, all groups must report contributions accepted, expenditures made, and obligations entered into for the purpose of influencing an issue election. This will be so even if the group has other purposes and expends money on objectives that are unrelated to politics.

General dues and contributions that are not earmarked need not be reported. If the organization takes such undesignated funds and uses them to attempt to influence voters in such an election, the contribution is reported as coming from the group itself. All such issue-related funds must be placed in a separate segregated account that is established by the organization.

These rules are effective immediately.

If you have any questions about these emergency rules, please contact Ed Ramey or Mark Grueskin at (303) 292-5656 or eramey@ir-law.com or mgrueskin@ir-law.com.