

MyAJC Watchdog: House Speaker Ralston's secret political fund

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By [Chris Joyner](#) - The Atlanta Journal-Constitution



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BOB ANDRES

House Speaker David Ralston, R-Blue Ridge, has long backed disclosure as the secret to ethics in politics, but special interests funneled at least \$67,500 into a secretive account called the Ralston Conservative Leadership Fund to support

I believe people have a right to know who is behind the money driving our political system.

I'm hardly alone. Lots of good people feel just as strongly about shining a light on the darker corners of politics. Take, for instance, this quote from an interview I did with House Speaker David Ralston in February about **the dangers of so-called "dark money."**

"We've allowed these groups to come in and take very aggressive roles in political campaigns with no transparency with no accountability," he said. "The group can call themselves whatever they want to call themselves, and they can spend money promoting, downgrading, whatever position they take with respect to a candidate, and they are mystery groups. I just think that in this era it is more appropriate to require disclosure by those groups because I think transparency is very, very important."

For years, Ralston, R-Blue Ridge, has answered calls for more restraint in how money infects our politics by saying that **what is needed is full and prompt transparency.** Then let the voters decide.

So I was surprised to discover something called the Ralston Conservative Leadership Fund, a secretive fund filled with contributions from Blue Cross Blue Shield, pharmaceutical giant Pfizer, the state beer wholesalers, a title loan company and big tobacco interest Altria, among others.

RCLF

What is The RCLF?

The Ralston Conservative Leadership Fund, Inc. (RCLF) is a properly registered political action committee under current election laws.

Similar in many ways to "Leadership PACs" for federal office holders, the RCLF is a separate committee from David Ralston's House District 7 campaign committee.

How Will RCLF Contributions Be Used?

RCLF funds will be used to cover certain expenses, such as travel expenses, as Speaker Ralston supports Republican members, candidates, leaders, and issues. The RCLF is a separate entity from Speaker Ralston's campaign committee and its funds will NOT be used in any way to re-elect David Ralston to the 7th District of the Georgia House of Representatives.

How Can I Help?

RCLF asks all contributors to support David Ralston's District 7 campaign committee with the maximum allowable contribution. After that, we welcome additional contributions of any amount to further the goals of the RCLF.

Contributions are not tax deductible under state or federal law. All contributions will be disclosed per current state laws and regulations.

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The fund is not easy to find. It is not registered with the Georgia ethics commission. It was only by chance that The Atlanta Journal-Constitution discovered it at all.

AJC data specialist Jeff Ernsthansen discovered the fund when, while crunching thousands of campaign donations, he found a series of payments to the fund but could find no record of the fund itself. Jeff and I started by looking in the usual places state politicians keep money, then we went to the more unusual places. Eventually we found it — [at the IRS](#).

The fund is a 527 group, an IRS designation for a political non-profits that can raise and spend unlimited amounts of cash. Lots of political action committees are organized as 527s for the tax benefits and under federal law they are required to file electronic disclosures of their spending

and donor lists if they collect or spend more than \$50,000 annually. Under Georgia state law, 527s have to register with the state ethics commission and disclose if they make \$25,000 in annual political contributions or make other political expenditures of any size.



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Ralston's surrogates say the fund never met those disclosure thresholds in any given year, so there was never any need to register. The money came in, but apparently never went out in any way that forced registration and electronic disclosure.

"Because of its lack of activity during the past two election cycles, RCLF has not met any of the statutory thresholds that would require registration with any state entity or disclosure of contributions," Atlanta lawyer James McDonald wrote in an email. "I hope this has been helpful."

Not really. What I wanted was an accounting of who contributed to the fund, how the money was spent and how much was left. A few days later, after some prodding, McDonald sent a list, but much of it is confusing or vague.



Chris Joyner, AJC Watchdog. STAFF

According to the list, the RCLF received \$67,500 in donations in 2014, and spent \$26,681 — the vast majority in legal fees to McDonald’s firm. It also included payments to GOP consulting firm Parlay Political for website hosting and “flyer design.”

The amount collected should have required the fund to electronically file a list of donors with the IRS, but nobody did. McDonald blamed an “administrative oversight” for the failure to disclose the fund’s donor list and said a filing would be made “as soon as possible.”

These expenses could be problematic, if the flyers or the legal advice are seen as an independent political expenditure to assist Ralston in his 2014 re-election campaign. If so, the fund likely should have registered and filed disclosures with the state. For his part, McDonald said the legal fees “represent start-up costs and the firm’s legal retainer” until the fund went “dormant.”

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The RCLF had a website soliciting donations. The website, registered to Alpharetta GOP consultants Stoneridge Group (motto: "To win you must do what your competitors refuse to do"), came down after I started asking questions about it.

According to the site, the fund was to be used to pay Ralston's expenses "as Speaker Ralston supports Republican members, candidates, leaders and causes."

The website told visitors to support Ralston's official re-election campaign "with the maximum allowable contribution" and then contribute to the RCLF. And some powerful interests took the hint.

A week after the fund formed, Select Management Resources, an Alpharetta-based title loan company, made a \$25,000 contribution. A few months later, the company PAC made a \$2,500 contribution to Ralston's campaign. (Strangely, although the contribution is on the RCLF list, there is no record of the \$25,000 donation among Select Management Resources' filings with the state, where I'd expect it to be.)

In 2014, Altria's political action committee contributed \$2,500 to Ralston's campaign account but sent \$10,000 to his leadership fund, allowing the tobacco company to well exceed what it could have given the speaker otherwise.

Similarly, Pfizer gave a \$1,000 contribution to Ralston's campaign but \$16,000 to the leadership fund, although the fund lists Pfizer's RCLF contribution as \$17,500.

The RCLF organized when Ralston was running for re-election two years ago and **disaffected tea party activists were trying hard to defeat him in the GOP primary**. In a statement Thursday, Ralston tried to put the fund into that context.

“Two years ago, undisclosed dollars from anonymous donors poured into my district and helped my opponent mount a bitter campaign of lies and distortions,” Ralston said. “While any candidate knows politics can be a brutal, I was disheartened that certain groups were not subject to the same disclosure requirements as was my campaign.”

Over the past two years, Ralston has tried — without success — to require activists to register with the state ethics commission and disclose their funding and their spending. Ralston said he will continue to push for “greater transparency and a level playing field” in political spending.

You and I can both hold him to that.

As AJC Watchdog, I'll be writing about public officials, good governance and the way your tax dollars are spent. Help me out. What needs exposing in your community? Contact me at cjoyner@ajc.com.

About the Author

CHRIS JOYNER AJC Watchdog Chris Joyner has spent years peering into dark corners of government. He joined The Atlanta Journal-Constitution in 2010.



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