

June 2, 2026

VIA E-MAIL: [eoclass@irs.gov](mailto:eoclass@irs.gov)

IRS TEGE Classification

1100 Commerce Street Mail Code 4910DAL

Dallas, TX 75242-1027

RE: Referral for Investigation — New Venture Fund (EIN 20-5806345) and its fiscally sponsored projects SalmonState and Alaska Venture Fund

SUBJECT: Indefinite fiscal sponsorship of de facto independent organizations under § 501(c)(3) cover; political advocacy presented as charitable education; and material misrepresentations in the 2006 application for tax-exempt status.

Dear Sir or Madam,

The American Accountability Foundation (“AAF”) is a nonprofit research organization that investigates the federal government. AAF has previously filed IRS complaints concerning the New Venture Fund’s support for Sher Edling’s climate litigation and has investigated the broader Arabella Advisors network’s tax compliance.<sup>1</sup>

## **I. Introduction and Standing**

We respectfully ask the IRS to examine the New Venture Fund (“NVF”) and two of its Alaska-based fiscally sponsored projects, SalmonState and the Alaska Venture Fund (“AVF”), for potential violations of § 501(c)(3) and for the additional sanctions and excise taxes summarized below.

Two related concerns animate this referral. NVF has permitted SalmonState and AVF to operate as functionally independent organizations under its tax-exempt cover for years, well beyond what NVF represented to the Service in 2006; and the activities those projects conduct under that cover consist substantially of political advocacy and electoral organizing rather than the charitable education contemplated by § 501(c)(3).

The core of this referral is straightforward. AVF has every functional attribute of an independent § 501(c)(3) organization — its own board, its own management, its own fundraising apparatus, its own annual approval process to continue under NVF, and its own option to incorporate or switch sponsors — yet it remains a fiscally sponsored project of NVF. AVF’s actual programmatic activity is dominated by lobbying and political advocacy that, were AVF a stand-alone § 501(c)(3), would substantially exceed the expenditure ceilings imposed by §§ 501(c)(3), 4911, and 4945 and would disqualify



it from charitable status. The fiscal-sponsorship arrangement is what permits that conduct to continue.

## **II. Indefinite Fiscal Sponsorship of De Facto Independent Organizations**

### **A. SalmonState**

SalmonState was launched in 2015 as a fiscally sponsored project of NVF. More than a decade later, it has not incorporated as an independent nonprofit. It nevertheless operates as one in substance: raising its own funds, employing its own staff, maintaining its own donor list, conducting multi-year campaigns, and presenting itself to the public as a discrete organization with its own brand. NVF, and now Sunflower Services on NVF's behalf, provides back-office services (human resources, accounting, compliance) in exchange for a percentage of SalmonState's budget.

NVF elsewhere identifies the Malala Fund and similar projects as examples of an incubation model that successfully spins off independent nonprofits, projects that, in NVF's words, "started at NVF and have since left, now standing alone as independent charities."<sup>10</sup> SalmonState has not followed that trajectory despite more than a decade of operation and a multi-million-dollar budget supported by major institutional donors including the William and Flora Hewlett Foundation, the Wilburforce Foundation, the Gordon and Betty Moore Foundation, and the Campion Foundation.<sup>11</sup>

Donations to SalmonState flow through NVF, and SalmonState maintains no separate nonprofit status of its own. The structure permits SalmonState to receive tax-deductible contributions and to operate a sophisticated, multi-campaign, statewide advocacy organization without filing its own Form 990, with the result that neither the Service nor the public has any independent visibility into SalmonState's finances or activities.

### ***The Alaska state-registration record***

SalmonState was originally registered as an Alaska domestic nonprofit corporation. According to contemporaneous reporting in the Anchorage Daily News, the State involuntarily dissolved that corporation in March 2018.<sup>12</sup> SalmonState nevertheless continued operating throughout the 2018 election cycle and to the present, soliciting contributions from Alaskans and conducting multiple multi-year campaigns.

The lapsed registration illustrates the broader concern: SalmonState possesses the operational footprint and funding base of an established independent nonprofit yet relies on NVF's federal tax-exempt status to avoid the disclosure obligations attendant to that status.



## **B. Alaska Venture Fund**

AVF is likewise fiscally sponsored by NVF. Its leadership reviews and re-approves the arrangement annually and, by public reporting, retains the option to switch sponsors or incorporate independently. It has not done so. AVF operates in every public-facing respect as a distinct organization with its own branding, programs, staff, and identity, while remaining under NVF's umbrella. The arrangement serves no incubation purpose; it keeps AVF's activities off independent disclosure forms while AVF continues to benefit from NVF's § 501(c)(3) status.

## **C. The legal and policy problem**

As one commentator has observed, a project's continued fiscal sponsorship "should begin to raise eyebrows after a certain number of years or above a particular budgetary threshold."<sup>13</sup> Both thresholds were passed long ago for SalmonState and AVF, each of which has functioned as an independent organization for years, employing staff, conducting campaigns, issuing communications under its own name, and raising funds from major institutional donors.

The principal benefit NVF supplies to these projects is its tax status and the resulting opacity. Because activities of fiscally sponsored projects are not separately disclosed on Form 990, neither the Service nor the public can examine SalmonState's or AVF's budgets, compensation, or programmatic spending. Under § 6033 and the Form 990 framework discussed in Part V, that opacity is itself examinable. Where a project has the size and resources of an independent nonprofit, treating it as an undifferentiated department on the sponsor's consolidated Form 990, without separate Schedule R disclosure as a controlled or related entity, raises substantial disclosure questions.

NVF's employee handbook is consistent with this design. Staff of NVF's sponsored projects were prohibited from discussing their ties to the broader network, and account managers Arabella assigned to individual projects were classified as contractors so that they would not appear on NVF's IRS filings.<sup>6</sup> These are not the features of a legitimate charitable incubator.

## **III. Political Advocacy Presented as Charitable Education**

### **A. The Secure Democracy precedent**

The conduct described here is not the first instance in which NVF's control over a fiscally sponsored project has presented federal tax-law questions. NVF's arrangement with Secure Democracy, a § 501(c)(4) elections organization that worked



in 2020 and 2021 to expand mail-in voting and to target legislators, supplies the directly applicable framework for evaluating the Alaska operations.

Internal NVF records reviewed by the Washington Free Beacon reflect that NVF's Voting Rights Lab exercised direct operational control over Secure Democracy. In one documented instance, Secure Democracy was required to obtain approval from Voting Rights Lab executive director Megan Lewis before placing nearly \$90,000 in political advertising against five senators in September 2020. Secure Democracy's own attorney, David Mitrani, advised that the buy should be recorded as political spending. Lewis approved the purchase notwithstanding that advice, using her New Venture Fund email account.<sup>6</sup>

Tax-law commentators have spoken to the issue on the record. Patrick Sternal, a former IRS Tax Law Specialist, observed that the prohibition on charity intervention in political campaigns is absolute and that any amount of political activity may lead to revocation.<sup>6</sup>

Former Secure Democracy executive director Sarah Walker emailed NVF general counsel Andrew Schultz on October 28, 2021, invoking NVF's whistleblower policy. She characterized the arrangement as "fraught with compliance and potential legal ramifications" and stated that it placed her, Secure Democracy, and NVF in "legal jeopardy."<sup>14</sup> Walker was placed on administrative leave the following day; NVF wound down Secure Democracy three weeks later. NVF terminated Walker's employment effective October 31, 2022. Three days earlier, Walker filed a federal action against NVF and Secure Democracy alleging racial discrimination, retaliation, and tax-related compliance violations.<sup>15</sup>

The Walker litigation is now in active discovery; on March 14, 2024, U.S. District Judge Amit P. Mehta denied NVF's motion to dismiss.<sup>16</sup> Walker's counsel, Mark Lanier, has estimated that NVF impermissibly subsidized Secure Democracy by more than \$10 million across 2020 and 2021.<sup>17</sup>

The Alaska operations present the same structural concern in a different jurisdiction: NVF-housed projects directing voter mobilization, candidate-aligned issue campaigns, and electoral targeting through affiliated commercial vendors, while NVF maintains § 501(c)(3) cover. Multiple tax practitioners identified that same pattern as grounds for revocation in the Secure Democracy context.



## **B. NVF and SalmonState: documented express advocacy and ballot-measure activity in Alaska**

NVF's participation in Alaska elections is documented in Alaska Public Offices Commission ("APOC") filings across multiple election cycles. Those filings reflect activity that crosses the boundary between permissible issue education and impermissible campaign intervention.

In 2016, NVF was the single largest donor to the Alaska Ballot Measure 1 campaign that established automatic voter registration through the Permanent Fund Dividend application. APOC records, as aggregated by Ballotpedia, reflect NVF contributions of \$1,054,102 to the supporting committee, representing approximately 74 percent of the campaign's total cash receipts.<sup>19</sup> The contribution was not a remote grant to a downstream grantee. A § 501(c)(3) made a direct payment to a ballot-measure committee, conduct of the kind that implicates both state campaign-finance reporting and federal tax scrutiny.

In 2018, NVF participated in a similar fashion in the Stand for Salmon ballot initiative (Ballot Measure 1, the Alaska Salmon Habitat Protections and Permits Initiative), which would have established stricter permitting requirements for development in salmon habitat. APOC filings reflect NVF contributions of \$263,318 in cash and in-kind support to the Yes for Salmon committee.<sup>20</sup> The campaign director, Ryan Schryver, testified at an APOC hearing that his paychecks came directly from NVF and that he reported to SalmonState, which received financial assistance from NVF.<sup>12</sup>

The APOC proceeding surfaced the structural concern at the heart of this referral. Commissioner Tim Dietz asked, on the record, how an average Alaska voter could ascertain who was funding the campaign when much of the money was moving through NVF. An opposing attorney, Matt Singer of Holland & Knight, put it more directly:

*SalmonState is not a real organization. They call themselves SalmonState, but are just a project of New Venture Fund.*

SalmonState's own executive director, Tim Bristol, acknowledged in the same proceeding that, after forming SalmonState as a nonprofit, he learned it did not need to be registered as one. The admission is an acknowledgment that SalmonState chose to forgo the registration and disclosure that would otherwise apply. Contemporaneous reporting confirmed that SalmonState had been involuntarily dissolved as an Alaska nonprofit corporation in March 2018, before the Yes for Salmon campaign work substantially commenced.<sup>12</sup>



The Stand for Salmon proceeding also raised unresolved questions concerning whether coordinated spending across the Yes for Salmon committee, Stand for Salmon, and The Alaska Center, organizations that share leadership, office space, and NVF funding,<sup>32</sup> should have been disclosed as a single campaign entity. Those questions were not adjudicated on the merits. If NVF-funded organizations were coordinating ballot-measure activity through multiple nominally separate entities, the § 501(c)(3) shield NVF provides to that coordination presents the structural concern this referral identifies.

NVF and SalmonState have participated directly in Alaska ballot-measure campaigns, have used the fiscal-sponsorship structure to minimize public disclosure, and have drawn the attention of Alaska's campaign-finance regulator. The absence of a formal APOC finding does not resolve the federal tax question; under Revenue Ruling 2007-41, even marginal impermissible activity warrants scrutiny.<sup>21</sup>

### **C. SalmonState's issue campaigns as electoral infrastructure**

SalmonState describes its mission as "targeted advocacy and policy campaigns," "sophisticated decision-maker relations work," and "data-driven organizing." Each of its active campaigns is directed at a specific legislative or regulatory outcome aligned with the agenda of one political party and adverse to the economic interests of Alaska's dominant industries.

SalmonState's active campaigns include Defend Bristol Bay (opposing the Pebble Mine), Stop Wasteful Bycatch (targeting the pollock trawl fleet), Salmon Beyond Borders (opposing transboundary mining in British Columbia), opposition to the West Susitna Access Road, and opposition to the Ambler Road. None of these constitutes neutral education. Each is a sustained campaign to defeat specific projects, restrict specific industries, and shift Alaska's regulatory and legislative environment in a direction aligned with one party's agenda. Revenue Ruling 2007-41 and IRS Fact Sheet 2006-17 establish that an organization that presents only one side of a public-policy debate to influence legislation is not engaged in "education" within the meaning of § 501(c)(3).<sup>22</sup>

### **D. AVF: fiscal-sponsorship opacity as a vehicle for undisclosed political infrastructure**

AVF presents a distinct concern. We have not identified documented instances of express advocacy by AVF, and that is itself the difficulty. Because AVF is fiscally sponsored by NVF, its expenditures flow through NVF's consolidated Form 990. AVF files no separate return. There is no independent audit and no project-level financial disclosure available to the Service or the public. If AVF has engaged in activities that,



in an independent nonprofit, would require APOC registration or IRS reporting as campaign intervention, those activities are not visible to regulators by reason of the fiscal-sponsorship structure itself.

NVF's implementation of fiscal sponsorship does not merely reduce the public record; it substitutes for it. Project-level disclosures are rolled into NVF's consolidated Form 990 and are no longer separately observable. Where the activity aggregated includes politically sensitive expenditures, the consolidation functions as concealment. The Service should determine, by examining NVF's consolidated books and AVF's internal records, whether AVF's activity includes expenditures that would qualify as express political advocacy, ballot-measure support, petition-signature gathering, or independent-expenditure activity not separately reported by reason of the fiscal-sponsorship structure.

#### **E. NVF grants to § 501(c)(4) political organizations in Alaska**

NVF's 2024 Alaska grantmaking extended beyond nominally environmental organizations to organizations engaged expressly in political activity. According to 2024 IRS filings, NVF granted \$200,000 to Alaskans for Posterity, \$190,000 to the AEDC Advocacy Fund, and \$40,000 to Alaskans for Fair Courts.<sup>30</sup> These are § 501(c)(4) organizations that engage directly in political messaging, legislative-pressure campaigns, and judicial-retention contests. The Sixteen Thirty Fund independently granted \$200,000 to Alaskans for Posterity in the same cycle.<sup>33</sup>

The Western Futures Fund, the original funding vehicle behind the 907 Initiative, saw its revenue rise from \$3.2 million to \$8.7 million in 2024, an increase of more than 170 percent, including a \$2 million contribution from the Sixteen Thirty Fund. Where a § 501(c)(3) makes grants to a § 501(c)(4) that is actively engaged in targeting specific candidates, and those grants are made in anticipation of such political use, the transfer constitutes an impermissible subsidy of partisan activity. The Western Futures Fund is led by a former Arabella employee.

#### **IV. Relief Requested**

We respectfully request that the Service take the following actions:

1. Open an examination of NVF's original Form 1023 representations and the subsequent twenty-year deviation from those representations, including indefinite fiscal sponsorship of SalmonState and AVF.
2. Determine whether SalmonState's and AVF's primary activities (campaign organizing, voter targeting, legislative advocacy, and support for candidate-



specific electoral mobilization) exceed the bounds of permissible educational and charitable activity under § 501(c)(3) and the action-organization regulation at Treasury Regulation § 1.501(c)(3)-1(c)(3)(iii), including under Revenue Ruling 2007-41 and IRS Fact Sheet 2006-17 if they were a separate legal entity.

3. Examine whether SalmonState's programmatic activity constitutes indirect direction of partisan political activity by a § 501(c)(3) entity, applying the same legal framework that multiple tax practitioners identified as grounds for revocation in the Secure Democracy context.
4. Assess excise taxes under § 4955 against NVF and against responsible organization managers for the documented political expenditures, including the September 2020 Secure Democracy advertising buy, NVF's direct contributions to the 2016 and 2018 Alaska ballot-measure campaigns, and any additional political expenditures the examination develops.
5. Consider termination assessments under § 6852 and injunctive relief under § 7409 if the examination establishes flagrant political intervention.
6. Examine NVF's lobbying expenditures under §§ 4911 and 4912 to determine whether NVF has made the § 501(h) election and, if so, whether its lobbying expenditures exceed statutory limits or the 150 percent threshold of § 501(h)(1) over the relevant averaging period.
7. Examine whether NVF's operation of SalmonState, AVF, and the former Voting Rights Lab confers substantial private benefit on partisan electoral interests within the meaning of *American Campaign Academy v. Commissioner*.
8. Examine NVF's Form 990 Schedule R and Schedule I disclosures under § 6033 and assess the adequacy of those disclosures with respect to all fiscally sponsored projects, including SalmonState, AVF, and the former Voting Rights Lab. Require NVF to file supplemental schedules disclosing the budgets, compensation structures, and programmatic activities of its fiscally sponsored projects as a condition of maintaining its exempt status.

Respectfully submitted,



**Thomas Jones**

President, American Accountability Foundation



## Endnotes

1. Americans for Public Trust, Complaint to the Internal Revenue Service Concerning the New Venture Fund (Washington, DC: Americans for Public Trust, 2023); American Accountability Foundation, prior complaint to the Internal Revenue Service regarding New Venture Fund support for Sher Edling climate litigation (on file with AAF).
2. New Venture Fund, Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code (filed November 3, 2006), Conflict-of-Interest Narrative and Schedule G.
3. Hayden Ludwig and Parker Thayer, “Arabella’s \$1.6 Billion ‘Dark Money’ Haul in 2021,” Capital Research Center, November 16, 2022, <https://capitalresearch.org/article/arabellas-1-6-billion-dark-money-haul-in-2021/>; New Venture Fund, Form 990, tax years 2008–2024, Part IX (management and general expenses), available at <https://projects.propublica.org/nonprofits/organizations/205806345>.
4. New Venture Fund, Form 990, tax years 2022, 2023, and 2024, Part I, Line 12, available at <https://projects.propublica.org/nonprofits/organizations/205806345>.
5. Americans for Public Trust, supra note 1, at 4–7.
6. Andrew Kerr and Joseph Simonson, “Top Democratic Operatives Were Quietly Pulling the Strings at a Voting Rights Group. Lawyers Say They May Have Broken the Law,” Washington Free Beacon, July 10, 2023, <https://freebeacon.com/democrats/top-democratic-operatives-were-quietly-pulling-the-strings-at-a-voting-rights-group-lawyers-say-they-may-have-broken-the-law/>.
7. “New Entity Sunflower Services Purchasing Fiscal Sponsorship Services Business from Arabella Advisors,” GlobeNewswire, November 17, 2025; Stephanie Beasley, “Arabella Advisors Dissolves After Years of GOP-Led Investigations,” Chronicle of Philanthropy, November 18, 2025.
8. Letter from Hon. James Comer, Chairman, House Committee on Oversight and Government Reform, to Amy Kurtz, President, Sixteen Thirty Fund (Nov. 18, 2025); Letter from Hon. James Comer to Allan Williams, CEO, Sunflower Services (Nov. 18, 2025).
9. New Venture Fund, “SalmonState: Case Study,” NewVentureFund.org (accessed prior to filing).
10. New Venture Fund, “Our Incubation Model,” NewVentureFund.org (accessed prior to filing).
11. William and Flora Hewlett Foundation, Grants Database, <https://hewlett.org/grants/> (search “SalmonState”); Wilburforce Foundation, Annual Report (Seattle: Wilburforce Foundation, 2023); Wild Salmon Center, Form 990 (2023), Schedule I; Campion Foundation, Form 990 (2019, 2022), Schedule I; see also Suzanne Downing, “Arabella still pulls the strings as left-wing money machine controlling Alaska,” Must Read Alaska, September 4, 2025.



12. Alex DeMarban, “Stand for Alaska adds to allegation of ‘dark money’ in Ballot Measure 1 campaign,” Anchorage Daily News, September 26, 2018.
13. Hayden Ludwig, “We Broke New Ground on Arabella’s ‘Dark Money’ in 2022,” Capital Research Center, December 22, 2022.
14. Email from Sarah Walker to Andrew Schultz, General Counsel, New Venture Fund (October 28, 2021), as reproduced in Amended Complaint, Walker v. New Venture Fund et al., No. 1:22-cv-03312 (D.D.C. April 21, 2023).
15. Walker v. New Venture Fund et al., No. 1:22-cv-03312 (D.D.C. filed Oct. 28, 2022) (Mehta, J.), Complaint and Amended Complaint.
16. Memorandum Opinion and Order, Walker v. New Venture Fund et al., No. 1:22-cv-03312 (D.D.C. Mar. 14, 2024).
17. Statement of Mark Lanier, counsel for plaintiff, reported in Brent Scher, “Federal Judge Says Dark Money Behemoth Arabella Advisors Must Open Its Books,” Washington Free Beacon, March 27, 2024.
18. Andrew Kerr, “New Venture Fund Attorneys Order Group To Prepare Records for DC Attorney General Probe,” Washington Free Beacon, October 4, 2023; Brent Scher, “DC attorney general closes investigation into left-wing dark money network tied to his office,” Washington Examiner, April 9, 2024.
19. Alaska Public Offices Commission, Group Registration and Reports for PFD Automatic Voter Registration (2016 Ballot Measure 1); “Alaska Voter Registration via the Permanent Fund Dividend Application, Ballot Measure 1 (2016),” Ballotpedia.
20. Alaska Public Offices Commission, Group Registration and Reports for Yes for Salmon (2018 Ballot Measure 1); “New Venture Fund,” Ballotpedia.
21. Rev. Rul. 2007-41, 2007-1 C.B. 1421; Treas. Reg. § 1.501(c)(3)-1(c)(3)(iii).
22. Rev. Rul. 2007-41, 2007-1 C.B. 1421; Internal Revenue Service, Fact Sheet 2006-17, “Election Year Activities and the Prohibition on Political Campaign Intervention for Section 501(c)(3) Organizations” (Feb. 2006).
23. Corinne Smith and James Brooks, “Mary Peltola announces run for Alaska U.S. Senate,” Alaska Beacon, January 12, 2026.
24. Yereth Rosen, “Peltola announces big fundraising haul, signaling an expensive Senate race in Alaska,” Alaska Beacon, April 13, 2026.
25. “With Peltola Announcement, Alaska Senate Moves to Lean Republican,” Cook Political Report, January 12, 2026.
26. “AK fishing groups, Tribes applaud Rep. Peltola’s bycatch bills,” SalmonState, May 22, 2024.
27. Nathaniel Herz, “Mary Peltola ran a pro-fish, anti-bycatch campaign,” Northern Journal, December 12, 2022.
28. SalmonState, “Lindsey Bloom” (staff page).
29. Jeff Landfield, “How D.C. progressive billionaires are building Alaska’s permanent opposition,” The Alaska Landmine, February 16, 2026 (reader-comment thread).
30. New Venture Fund, Form 990 (2024), Schedule I.



31. Alaska Venture Fund, "About," <https://alaskaventurefund.org/about/>; Suzanne Downing, "Arabella still pulls the strings," Must Read Alaska, September 4, 2025.
32. Chorus Foundation, Grants Database; The Alaska Center, Form 990 (2022), Schedule I.
33. Sixteen Thirty Fund, Form 990 (2024), Schedule I.
34. Western Futures Fund, Form 990 (2023, 2024), Part I, lines 8-12; Sixteen Thirty Fund, Form 990 (2024), Schedule I.
35. Letter from Hon. James Comer to Graham Wilson, Founder, Creator Collective (Mar. 20, 2026).
36. 26 U.S.C. § 4955; Treas. Reg. § 53.4955-1.
37. American Campaign Academy v. Commissioner, 92 T.C. 1053 (1989).

