

**SETTLEMENT AGREEMENT
AND MUTUAL RELEASE OF CLAIMS**

This Settlement Agreement and Mutual Release of Claims (this “Agreement”), effective as of February 13, 2023 (the “Effective Date”), is entered into by, on the one hand, Convention of States Political Fund (“CSPF”), and, on the other hand, the Montana Commissioner of Political Practices (“COPP”)(CSPF and COPP are each a “Party” and collectively are the “Parties” in this Agreement).

RECITALS

WHEREAS, on June 16, 2022, the COPP issued a “Finding of Sufficient Facts to Support a Campaign Practice Act Violation in the matter of *Dailey v. Convention of States Political Fund*, no. COPP 2022-CFP-011 (the “COPP’S Sufficiency Decision”) in which it claimed that CSPF violated certain campaign finance disclosure requirements under Montana law;

WHEREAS, CSPF subsequently filed a lawsuit against the COPP in the United States District Court for the District of Montana, case number 6:22-cv-00063 alleging that the statute at issue was unconstitutionally vague under the First Amendment (the “District Court Case”);

WHEREAS, CSPF appealed an adverse decision of the District Court Case to the United States Court of Appeals for the Ninth Circuit, case number 22-35878 (the “Appellate Case”); and,

WHEREAS, the Parties have agreed to resolve the litigation and ensure that the Parties are fully informed and in agreement regarding the disclosure requirements applicable to CSPF in the future;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good, valuable, and reasonable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **No Monetary Settlement.**

Neither Party shall pay any money to the other Party in compromise of the District Court Case or Appellate Case (collectively, the “Litigation”). Each Party agrees to bear its own costs and legal fees related to the Litigation and any ancillary or related proceedings, including but not limited to the negotiation of this Agreement.

2. Dismissal of Litigation by CSPF and Release by the COPP.

COPP agrees that this agreement constitutes final resolution regarding the COPP's Sufficiency Decision issued by Commissioner Mangan in the matter of *Dailey v. Convention of States Political Fund* on June 16, 2022. CSPF has taken all actions necessary to dismiss its appeal and all underlying litigation, and agrees to the preclusion of future litigation, related to the COPP's Sufficiency Decision. Each party will bear its own costs and fees.

COPP agrees it will not bring any future action against CSPF relating to any legal or factual allegation addressed in the COPP's Sufficiency Decision.

This agreement does not supersede any future statutory or regulatory changes or the Parties' obligation to be governed by any future changes.

3. CSPF's Future Reporting Obligations.

CSPF and the COPP agree that, for any future reportable expenditures CSPF, its agents, or anyone acting on its behalf makes as a nonresident committee in Montana, CSPF will be considered to be in compliance with Mont. Code Ann. 13-37-227 (pertaining to committees headquartered outside the state of Montana, also known as nonresident committees) and Admin. R. Mont. 44.11.305 (the implementing rule for Mont. Code Ann. 13-37-227) if CSPF takes the following steps:

- a. CSPF will file finance reports with COPP, pursuant to Montana's statutory reporting calendar for political committees, set forth in Mont. Code Ann. 13-37-201(2)(b) and 226(2). CSPF will file the finance reports for the Montana reporting periods in which CSPF, its agents, or anyone acting on its behalf makes reportable expenditures in Montana. Reports must be on Montana's reporting schedule regardless of whether they are reports filed with a state officer in CSPF's home state under Admin. R. Mont. 44.11.305(2)(a), or Montana reports filed under Admin R. Mont. 44.11.305(2)(b).
- b. All finance reports must fully disclose the source and disposition of all expenditures and contributions used in elections in Montana. These reports must include, or be accompanied by an attachment containing, all reporting and disclosure information set forth in Mont. Code Ann. 13-37-229(1) and (2), with independent expenditures also containing all information required under Admin. R. Mont. 44.11.502(6).

- c. Each report must cover, or be accompanied by an attachment covering, the relevant reporting period specified under Mont. Code Ann. 13-37-228.
- d. CSPF must provide COPP with any amended copies of its home state Statement of Organization or equivalent statement at the time the amendment is filed in CSPF's home state.
- e. Nothing herein prohibits CSPF its agents, or anyone acting on its behalf from requesting more specific guidance as to compliance with Montana reporting requirements from COPP. Nothing herein prohibits COPP from making future amendments to Admin. R. Mon. 44.11.305 or changing its guidance should rule changes be implemented impacting nonresident committee reporting requirements. COPP must provide notice for any rule changes in compliance with Montana law.

4. No Admission of Liability or Wrongdoing.

Nothing in this Agreement is or should be construed as an admission by CSPF or the COPP of any liability, wrongdoing, or violation of any applicable law or otherwise relating to the matters released, and CSPF and the COPP both and each hereby deny any and all liability relating to the matters released.

5. Additional Terms.

(i) Recitals. The above Recitals are incorporated into this Agreement by reference.

(ii) Expenses. Except as otherwise expressly provided herein, all costs and expenses, including without limitation fees and expenses of legal counsel, financial advisors, experts, and accountants incurred in connection with this Agreement and the transactions contemplated hereby, shall be paid by and are the full responsibility of the Party incurring such costs and expenses.

(iii) Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the


transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

(iv) Entire Agreement. This Agreement constitutes the sole and entire agreement of the Parties to this Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter, including the agreement signed by the parties on February 13, 2023.


(v) Amendment and Modification. This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each Party hereto.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date indicated by each signature. By their respective signatures, the Parties indicate that they have read and agree with the terms and conditions of this Agreement and that each signatory has full authority on behalf of the entity to bind the entity to this Agreement.

**CONVENTION OF STATES
POLITICAL FUND**

By: 
Its: Treasurer
Dated March 9, 2023

**MONTANA COMMISSIONER OF
POLITICAL PRACTICES**

By: 
Its: Deputy Commissioner
Dated March 9, 2023