



FACT

FOUNDATION FOR
ACCOUNTABILITY
AND CIVIC TRUST

August 12, 2025

Commissioner
Internal Revenue Service
1500 Pennsylvania Ave. NW
Washington, D.C. 20229

RE: Fair Fight Action, Inc.

Dear Commissioner,

The Foundation for Accountability and Civic Trust (FACT) is a nonprofit organization dedicated to promoting accountability, ethics, and transparency in government and civic arenas. We request the IRS investigate Fair Fight Action, Inc., an organization that claims tax-exempt status as a social welfare organization under Internal Revenue Code section 501(c)(4). Fair Fight Action was founded by former gubernatorial candidate Stacey Abrams. After she lost her first election for governor of Georgia in 2018, Fair Fight Action engaged in what appeared to be political activity and brought a lawsuit challenging Abrams' election loss. Additionally, from 2019 to 2023, Fair Fight Action paid over \$20 million for legal fees to a lawyer who is a close personal friend of Abrams.¹

Facts. Stacey Abrams ran unsuccessfully for governor of Georgia in 2018 and 2022. After her loss in 2018, Abrams, who was then the Chief Executive Officer and Chief Financial Officer of Fair Fight Action, essentially described the organization as the successor to her political campaign.² Crucially, it also acted as such—paying for Abrams' statewide 'thank-you tour', advertisements promoting Abrams, and watch-parties for Abrams' supporters when she delivered the response to the State of the Union address in 2019.³ Fair Fight Action then filed a

¹ Paul Sperry, *Friends With Benefits: Stacey Abrams Funneled \$20 Million to Her Lawyer*, Real Clear Investigations, Jun. 5, 2025, available at: https://www.realclearinvestigations.com/articles/2025/06/05/friends_with_benefits_stacey_abrams_funneled_millions_to_her_lawyer_1114621.html

² Savannah Smith, *Stacey Abrams' Voting Rights Ads to Air During Super Bowl*, NBC News (Jan. 31, 2019), <https://www.nbcnews.com/politics/politics-news/stacey-abrams-voting-rights-ad-air-during-super-bowl-n965406>.

³ Brian Slodysko, *Stacey Abrams' nonprofit Fair Fight Action's political spending looms as problem*, The Washington Times, March 20, 2019, available at: <https://www.washingtontimes.com/news/2019/mar/20/stacey-abrams-nonprofit-fair-fight-actions-politic/>.

lawsuit against Abrams' opponent to whom she lost the election, then governor Brian Kemp.⁴ In 2022, a federal court found all of Fair Fight Action's claims were without merit.⁵

Evidently as the result of its unsuccessful lawsuit, Fair Fight Action paid over \$20 million in legal fees from 2019 to 2023.⁶ Abrams' nonprofit was represented by her close, long-time personal friend and attorney Allegra Lawrence-Hardy through her law firm Lawrence-Bundy LLC.⁷ Abrams and Lawrence-Hardy have a close friendship dating back to the 1990s, which is evidenced in Abrams' 2022 book specifically acknowledging Lawrence-Hardy's support for her business ventures.⁸ Abrams was reportedly both involved in retaining Lawrence-Hardy and then fundraising for the lawsuit until December 2021, at which time she stepped down from Fair Fight's board to announce her second bid for governor.⁹ In addition to representing Abrams, Lawrence-Hardy also chaired Abrams gubernatorial campaigns in 2018 and 2022, which means she was **both** litigating the case and chairing Abrams' second gubernatorial campaign at the same time.¹⁰

The staggering legal expenses paid by Fair Fight Action for its failed lawsuit were paid over five years: \$3,062,292 in 2019, \$6,363,615 in 2020, \$4,441,206 in 2021, \$5,034,464 in 2022, and \$1,300,280 in 2023.¹¹ These legal fees were debilitating to the organization, causing it to lay off most of its staff and scale back the entire organization.¹² Comparatively, the State of Georgia only spent a total of approximately \$6 million on legal fees for the lawsuit.¹³

⁴ Paul Sperry, *Friends With Benefits: Stacey Abrams Funneled \$20 Million to Her Lawyer*, Real Clear Investigations, Jun. 5, 2025, available at: https://www.realclearinvestigations.com/articles/2025/06/05/friends_with_benefits_stacey_abrams_funneled_millions_to_her_lawyer_1114621.html

⁵ Heather Timmons, Stacey Abrams' Concession Speech Is A Powerful Critique Of US Civil Rights, *Quartz*, July 20, 2022, available at: <https://qz.com/1468560/read-stacey-abrams-full-concession-speech>

⁶ Paul Sperry, *Friends With Benefits: Stacey Abrams Funneled \$20 Million to Her Lawyer*, Real Clear Investigations, Jun. 5, 2025, available at: https://www.realclearinvestigations.com/articles/2025/06/05/friends_with_benefits_stacey_abrams_funneled_millions_to_her_lawyer_1114621.html

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ Fair Fight Action Inc., Form 990's available at: <https://projects.propublica.org/nonprofits/organizations/471427359>

¹² Chris Cameron, *Major Layoffs At Fair Fight, Voting Rights Group Founded By Stacey Abrams*, *The New York Times*, Jan. 30, 2024.

¹³ Paul Sperry, *Friends With Benefits: Stacey Abrams Funneled \$20 Million to Her Lawyer*, Real Clear Investigations, Jun. 5, 2025, available at: https://www.realclearinvestigations.com/articles/2025/06/05/friends_with_benefits_stacey_abrams_funneled_millions_to_her_lawyer_1114621.html

Law. A 501(c)(4) organization must operate consistently with its charitable purpose otherwise it loses its tax-exempt status. Under federal law, section 501(c)(4) provides tax-exempt status to “[c]ivic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.”¹⁴ In order to be tax-exempt under section 501(c)(4), an organization must be “operated exclusively for the promotion of social welfare,” which means “it is primarily engaged in promoting in some way the common good and general welfare of the people of the community.”¹⁵ A 501(c)(4) organization must be “a community movement designed to accomplish community ends.”¹⁶

A section 501(c)(4) organization cannot be operated for a “private benefit.” Thus, it must be operated such that “no part of the net earnings of such entity inures to the benefit of any private shareholder or individual.”¹⁷ A “private benefit” is a “nonincidental benefit[] conferred on disinterested persons [that] serve[s] private interests.”¹⁸ “When an organization operates for the benefit of private interests...the organization by definition does not operate exclusively for exempt purposes.”¹⁹ An IRS publication explains that “[o]rganizations that promote social welfare should primarily promote the common good and general welfare of the people of the community as a whole” and “[a]n organization that primarily benefits a private group of citizens cannot qualify for IRC 501(c)(4) exempt status.”²⁰

When determining whether an entity confers a “private benefit”, the court applies an “operational test” examining the “**actual** purpose for the organization’s activities and not the nature of the activities or the organization’s statement of purpose.”²¹ “In testing compliance with the operational test, we look beyond the four corners of the organization’s charter to discover ‘the actual objects motivating the organization and the subsequent conduct of the organization.’”²² For example in cases where entities trained political candidates or political

¹⁴ 26 U.S.C. §§ 501(a) and 501(c)(4).

¹⁵ 26 C.F.R. §§ 1.501(c)(4)-1(a)(1) and 1.501(c)(4)-1(a)(2)(i).

¹⁶ *Erie Endowment v. United States*, 316 F.2d 155, 156 (3d Cir. 1963); *see also U.S. v. Pickwick Electric Membership Corp.*, 158 F.2d 272, 276 (6th Cir. 1946) (“civic league or organization embodies the idea of citizens of a community cooperating to promote the common good and general welfare of people of the community”).

¹⁷ 26 U.S.C. §501(c)(4)(B).

¹⁸ *American Campaign Academy v. Commissioner*, 92 T.C. 1043, 1069 (1989).

¹⁹ *Id.* at 1065.

²⁰ J.F. Reilly, C. Hull & B. Allen, *IRC 501(c)(4) Organizations I-3* (IRS Exempt Organizations— Technical Instruction Program for FY 2003) (2003), available at <http://www.irs.gov/pub/irs-tege/eotopici03.pdf>.

²¹ *American Campaign Academy v. Commissioner of Internal Revenue*, 92 T.C. No. 66, 92 T.C. 1053, 1063-64 (1989).

²² *American Campaign Academy v. Commissioner of Internal Revenue*, 92 T.C. No. 66, 92 T.C. 1053, 1063-64 (1989) (citing *Taxation with Representation v. U.S.*, 585 F.2d 1219, 1222 (4th Cir. 1978), *Samuel Friedland Foundation v. U.S.*, 144 F. Supp. 74, 85 (D.N.J. 1956); *Christian Manner International v. Commissioner*, 71 T.C. 661, 668 (1979)).

campaign professionals, the courts have found those entities were not “operated primarily to promote social welfare” because the groups’ primary activity more than incidentally benefitted one political party and a private group of individuals rather than the community as a whole.²³ An organization that conducts activities with the partisan objective of promoting a particular candidate is operating for the benefit of private interests in violation of the “private benefit” doctrine, and is not entitled to tax-exempt status under section 501(c)(4).

Analysis. In the present case, there can be little doubt that Fair Fight Action was serving a private purpose. The organization has served as an arm of Abrams’ political campaigns, notably funding a lawsuit directly challenging her first campaign loss and serving as a bridge between her two runs for governor. As reported: “Abrams’ Fair Fight Action redirected the tax-exempt donations and government grants to Allegra Lawrence-Hardy, her former campaign chair between 2019 and 2023. Most of the funds covered legal expenses, charged by the boutique law firm Lawrence-Hardy co-founded, for a failed race-bias lawsuit filed against Abram’s Republican opponent, Gov. Brian Kemp, after she lost to him in Georgia’s 2018 gubernatorial election.”²⁴ In fact, the legal fees for a losing case to challenge Abrams’ election loss contributed to Fair Fight Action’s decision to lay off 75% of its employees and significantly scale back its operations. An organization interested in providing a “common good” for the citizenry of Georgia would clearly NEVER decide to sacrifice its existence and efficacy in order to elect a single individual to a single political office.

Recently another nonprofit organization founded by Abrams, the New Georgia Project, was legally found to have engaged in blatant and rampant political campaign activity. Abrams formally left the organization in 2017 to run for governor, and then the New Georgia Project was politically active in her race.²⁵ The Georgia State Ethics Commission found, and New Georgia Project and its Action Fund fully admitted, that they violated numerous state laws relating to their political activity.²⁶ This included that they were an independent committee, because they raised and spent unreported and unregulated funds to influence the election for Abrams and other statewide candidates, and failed to register as such.²⁷ Specifically, they failed to report over \$4 million in campaign contributions and \$3 million in campaign expenditures during the 2018

²³ *American Campaign Academy*, 92 T.C. No. 66, 92 T.C. at 1063; IRS Private Letter Ruling LP 201221025 at pg. 5; see also IRS Private Letter Rulings 201221026, 201221027, 201221028, 201221029.

²⁴ Paul Sperry, *Friends With Benefits: Stacey Abrams Funneled \$20 Million to Her Lawyer*, Real Clear Investigations, Jun. 5, 2025, available at: https://www.realclearinvestigations.com/articles/2025/06/05/friends_with_benefits_stacey_abrams_funneled_millions_to_her_lawyer_1114621.html

²⁵ *In re New Georgia Project, Inc.*, Georgia State Ethics Comm’n, Case No. 2019-0050PC.

²⁶ *Id.*

²⁷ *Id.*

election cycle.²⁸ At a minimum, this sheds light on the existing attitudes and motivations of the people Abrams had selected to operate her groups.²⁹

The facts above certainly indicate that the sole motivation of Fair Fight Action and its conduct has been to benefit a few individuals—not the community as a whole. We respectfully request the IRS investigate this matter fully and, if appropriate, revoke the organization's status as a tax-exempt 501(c)(4) organization and impose financial penalties.

Sincerely,

Kendra Arnold
Executive Director
Foundation for Accountability & Civic Trust
1717 K Street NW, Suite 900,
Washington, D.C., 20006

²⁸ *Id.*

²⁹ Further detail about the New Georgia Projects violative behavior can be found in our February 5, 2025 complaint to the IRS, available at: https://65db7681-e755-4cff-abe7-1d9e373df4db.usrfiles.com/ugd/65db76_6e54e48036634a40902f475a4c3ad9c9.pdf.