

POLICY TALK

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THE PROPOSAL TO USE 501© 4 ORGANIZATION TO RAISE FUNDS FOR NPP-USA POLITICAL ACTIVITIES.

During campaigns, candidates make promises and advance ideas that are sometimes half-baked. Here is an example:

Using a 501(c)(4) "social welfare" organization to fund political party activities—especially for a diaspora branch like NPP-USA—presents a complex web of legal challenges. While these organizations are a popular tool for political engagement, they are strictly regulated to prevent them from becoming mere "pass-throughs" for partisan funding.

U.S. Legal & Tax Challenges (IRS/FEC)

In the United States, the primary risks involve the Internal Revenue Service (IRS) and the Federal Election Commission (FEC).

- **The "Primary Purpose" Test:** A 501(c)(4) must be

operated **primarily** for the promotion of social welfare.

- While it can engage in political activity, that activity cannot be its primary purpose (generally interpreted as **under 50%** of its total activities and budget).
- **Tax-Exempt Status Revocation:** If the IRS determines that the organization's *major* purpose is intervening in political campaigns rather than social welfare, it can revoke the tax-exempt status and impose back taxes and penalties.
- **Foreign National Prohibitions:** Under FEC rules, it is **strictly illegal** for foreign nationals to contribute money to influence U.S. elections. While a 501(c)(4) can receive foreign funds, using those specific funds for U.S. political spending can trigger severe criminal and civil liabilities.
- **"Honest Services Fraud":** If the organization's activities directly benefit a public official (like a candidate or party leader) in exchange for specific government actions, it can be prosecuted under federal mail and wire fraud statutes, even without an express *quid pro quo*.

Ghanaian Legal Challenges

The legal environment in Ghana regarding foreign political funding is even more restrictive.

- **Political Parties Act (Act 574):** This act explicitly **prohibits foreign nationals or companies** from contributing directly or indirectly to a Ghanaian political party. Using a U.S.-based 501(c)(4) to channel funds to the mother party in Ghana could be interpreted as a violation of this sovereignty-based law.
- **Transparency & Enforcement:** Ghanaian law requires political parties to disclose their funding sources. Using an "opaque" U.S. nonprofit to hide the original donors ("dark money") could lead to legal challenges or deregistration of the party back home if the funding is traced.

Risk Mitigation Strategies

To protect the organization and its leadership, the following safeguards are essential:

- **Activity Allocation:** Ensure that most of the budget is spent on **non-partisan** social welfare, such as community education, humanitarian aid, or policy research.

- **Donor Disclosure Policies:** In some U.S. states (like New York or Connecticut), 501(c)(4)s must publicly disclose donors if they spend above a certain threshold on political activities.
- **Separation of Funds:** Maintain a clear "Chinese Wall" between funds used for diaspora community welfare and any funds used for political advocacy to prevent the appearance of illegal conduit spending.
- **Avoid "Coordination":** To remain legal as an independent spender, the 501(c)(4) must avoid direct coordination with the party or candidate on specific spending decisions.

Key Warning: Using a 501(c)(4) primarily to avoid donor disclosure while funding a foreign political party is a high-risk strategy that invites investigation from both the Department of Justice and the Ghana Electoral Commission.

As we promise away, let's protect NPP-USA from unnecessary, potential legal scrutiny and avoid the wrath of the United States Government!

I'm Dr. Kwasi Afrifa, please visit my campaign website www.drkwasiafrifa.com for more ideas and policies for NPP-USA. *##dr.kwasiafrifa.com 2026##: April 18, 2026*