

EXHIBIT A

17053203318020

Form **1024**
(Rev. September 1998)
Department of the Treasury
Internal Revenue Service

Application for Recognition of Exemption Under Section 501(a)

OMB No. 1545-0057

If exempt status is approved,
this application will be open
for public inspection.

Read the instructions for each Part carefully. **A User Fee must be attached to this application.**

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to the organization.

Complete the Procedural Checklist on page 6 of the instructions.

Part I. Identification of Applicant (Must be completed by all applicants; also complete appropriate schedule.)

Submit only the schedule that applies to your organization. Do not submit blank schedules.

Check the appropriate box below to indicate the section under which the organization is applying:

- a ☐ Section 501(c)(2)—Title holding corporations (Schedule A, page 7)
- b ☒ Section 501(c)(4)—Civic leagues, social welfare organizations (including certain war veterans' organizations), or local associations of employees (Schedule B, page 8)
- c ☐ Section 501(c)(5)—Labor, agricultural, or horticultural organizations (Schedule C, page 9)
- d ☐ Section 501(c)(6)—Business leagues, chambers of commerce, etc. (Schedule C, page 9)
- e ☐ Section 501(c)(7)—Social clubs (Schedule D, page 11)
- f ☐ Section 501(c)(8)—Fraternal beneficiary societies, etc., providing life, sick, accident, or other benefits to members (Schedule E, page 13)
- g ☐ Section 501(c)(9)—Voluntary employees' beneficiary associations (Parts I through IV and Schedule F, page 14)
- h ☐ Section 501(c)(10)—Domestic fraternal societies, orders, etc., not providing life, sick, accident, or other benefits (Schedule E, page 13)
- i ☐ Section 501(c)(12)—Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations (Schedule G, page 15)
- j ☐ Section 501(c)(13)—Cemeteries, crematoria, and like corporations (Schedule H, page 16)
- k ☐ Section 501(c)(15)—Mutual insurance companies or associations, other than life or marine (Schedule I, page 17)
- l ☐ Section 501(c)(17)—Trusts providing for the payment of supplemental unemployment compensation benefits (Parts I through IV and Schedule J, page 18)
- m ☐ Section 501(c)(19)—A post, organization, auxiliary unit, etc., of past or present members of the Armed Forces of the United States (Schedule K, page 19)
- n ☐ Section 501(c)(25)—Title holding corporations or trusts (Schedule A, page 7)

1a Full name of organization (as shown in organizing document) Commission on Hope, Growth and Opportunity		2 Employer identification number (EIN) (if none, see Specific Instructions on page 2) 27 : 1920168
1b c/o Name (if applicable)		3 Name and telephone number of person to be contacted if additional information is needed William B. Canfield (202) 589-2651
1c Address (number and street) 1900 M street, N.W.	Room/Suite Suite 600	
1d City, town or post office, state, and ZIP + 4 If you have a foreign address, see Specific Instructions for Part I, page 2. Washington, D.C. 20036		
1e Web site address N/A	4 Month the annual accounting period ends December	5 Date incorporated or formed March 31, 2010
6 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach an explanation.		
7 Has the organization filed Federal income tax returns or exempt organization information returns? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.		

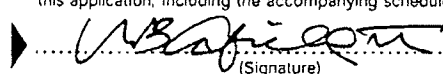
8 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING.

- a ☐ Corporation— Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also attach a copy of the bylaws.
- b ☐ Trust— Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.
- c ☒ Association— Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence that the organization was formed by adoption of the document by more than one person. Also include a copy of the bylaws.

If this is a corporation or an unincorporated association that has not yet adopted bylaws, check here ☐

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization, and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

PLEASE
SIGN
HERE



William B. Canfield

(Type or print name and title or authority of signer)

03/31/10
(Date)

For Paperwork Reduction Act Notice, see page 5 of the instructions.

Cat. No. 12343K

17152010203001

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JUL 19 10
JUL 21 10
SCK

Part II. Activities and Operational Information (Must be completed by all applicants)

- 1 Provide a detailed narrative description of all the activities of the organization—past, present, and planned. Do not merely refer to or repeat the language in the organizational document. List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

The Commission on Hope, Growth and Opportunity (the "Commission") is a public welfare organization created to advance the principle that sustained and expanding economic growth is central to America's economic future and the well-being of all Americans. The Commission believes and intends to inform the American public that economic expansion is necessary to America's economic future and that public policy makers must understand and make a commitment to this principle. The Commission will engage economists and other business experts to inform its understanding of the necessity for sustained economic growth and will bring the fruits of this expertise and research directly to the attention of decision makers at all levels of government. The Commission will communicate its public welfare message on the issue of sustained economic expansion to the public through all forms of mass communication, including, but not limited to, print advertising, cable television and radio messaging, as well as e-mail and direct mail communications. The Commission will share its research and findings with public policy formulators and will encourage its supporters to communicate their views on the issues of consequence to the Commission directly with policy makers at all levels of government. The Commission will seek the commitment of these policy makers to implement statutes, rules and regulations that are consistent with free-market principles and that adhere to economic growth and expansion.

- 2 List the organization's present and future sources of financial support, beginning with the largest source first.

Once operational, the Commission will seek voluntary donations from those American citizens, business entities and labor organizations that support the Commission's commitment to the sustained growth of the American economy. All such donations will be utilized by the Commission to communicate with the public and policy makers and to research the economic consequences of sustained economic growth in the formulation of public policy.

Part II. Activities and Operational Information (continued)**3** Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.	b Annual compensation
Steven Powell (President/Executive Director) 1310 Morning Glory Place, Vista, CA 92084	None
James Warring, CPA (Treasurer- Non Voting) #300, 16528 Emory Lane, Rockville, MD 20853	None
William B. Canfield (General Counsel) #500, 1900 M Street NW, Washington, DC 20036	None

- 4** If the organization is the outgrowth or continuation of any form of predecessor, state the name of each predecessor, the period during which it was in existence, and the reasons for its termination. Submit copies of all papers by which any transfer of assets was effected.
N/A

- 5** If the applicant organization is now, or plans to be, connected in any way with any other organization, describe the other organization and explain the relationship (e.g., financial support on a continuing basis; shared facilities or employees; same officers, directors, or trustees).
N/A

- 6** If the organization has capital stock issued and outstanding, state: (1) class or classes of the stock; (2) number and par value of the shares; (3) consideration for which they were issued; and (4) if any dividends have been paid or whether your organization's creating instrument authorizes dividend payments on any class of capital stock.
N/A

- 7** State the qualifications necessary for membership in the organization; the classes of membership (with the number of members in each class); and the voting rights and privileges received. If any group or class of persons is required to join, describe the requirement and explain the relationship between those members and members who join voluntarily. Submit copies of any membership solicitation material. Attach sample copies of all types of membership certificates issued.
None

- 8** Explain how your organization's assets will be distributed on dissolution.
Upon dissolution, any assets remaining to the organization will either be refunded, pro-rata, to donors or will be donated to a tax-exempt charitable entity recognized by the Internal Revenue Service.

Part II. Activities and Operational Information (continued)

- 9 Has the organization made or does it plan to make any distribution of its property or surplus funds to shareholders or members? ☐ Yes ☒ No
If "Yes," state the full details, including: (1) amounts or value; (2) source of funds or property distributed or to be distributed; and (3) basis of, and authority for, distribution or planned distribution.
- 10 Does, or will, any part of your organization's receipts represent payments for services performed or to be performed? ☐ Yes ☒ No
If "Yes," state in detail the amount received and the character of the services performed or to be performed.
- 11 Has the organization made, or does it plan to make, any payments to members or shareholders for services performed or to be performed? ☐ Yes ☒ No
If "Yes," state in detail the amount paid, the character of the services, and to whom the payments have been, or will be, made.
- 12 Does the organization have any arrangement to provide insurance for members, their dependents, or others (including provisions for the payment of sick or death benefits, pensions, or annuities)? ☐ Yes ☒ No
If "Yes," describe and explain the arrangement's eligibility rules and attach a sample copy of each plan document and each type of policy issued.
- 13 Is the organization under the supervisory jurisdiction of any public regulatory body, such as a social welfare agency, etc.? ☐ Yes ☒ No
If "Yes," submit copies of all administrative opinions or court decisions regarding this supervision, as well as copies of applications or requests for the opinions or decisions.
- 14 Does the organization now lease or does it plan to lease any property? ☐ Yes ☒ No
If "Yes," explain in detail. Include the amount of rent, a description of the property, and any relationship between the applicant organization and the other party. Also, attach a copy of any rental or lease agreement. (If the organization is a party, as a lessor, to multiple leases of rental real property under similar lease agreements, please attach a single representative copy of the leases.)
- 15 Has the organization spent or does it plan to spend any money attempting to influence the selection, nomination, election, or appointment of any person to any Federal, state, or local public office or to an office in a political organization? ☐ Yes ☒ No
If "Yes," explain in detail and list the amounts spent or to be spent in each case.
- 16 Does the organization publish pamphlets, brochures, newsletters, journals, or similar printed material? ☐ Yes ☐ No
If "Yes," attach a recent copy of each.

Part III. Financial Data (Must be completed by all applicants)

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

Revenue	(a) Current Tax Year	3 Prior Tax Years or Proposed Budget for Next 2 Years			(e) Total
	From 3/31/10 To 12/31/10	(b) 2011	(c) 2012	(d)	
1 Gross dues and assessments of members	0	0	0		0
2 Gross contributions, gifts, etc.	5,000,000	7,500,000	10,000,000		22,500,000
3 Gross amounts derived from activities related to the organization's exempt purpose (attach schedule) (Include related cost of sales on line 9.)	0	0	0		0
4 Gross amounts from unrelated business activities (attach schedule)	0	0	0		0
5 Gain from sale of assets, excluding inventory items (attach schedule)	0	0	0		0
6 Investment income (see page 3 of the instructions)	0	0	0		0
7 Other revenue (attach schedule).	0	0	0		0
8 Total revenue (add lines 1 through 7)	5,000,000	7,500,000	10,000,000		22,500,000
Expenses					
9 Expenses attributable to activities related to the organization's exempt purposes.	5,000,000	7,500,000	10,000,000		22,500,000
10 Expenses attributable to unrelated business activities	0	0	0		0
11 Contributions, gifts, grants, and similar amounts paid (attach schedule).	0	0	0		0
12 Disbursements to or for the benefit of members (attach schedule)	0	0	0		0
13 Compensation of officers, directors, and trustees (attach schedule)	0	0	0		0
14 Other salaries and wages.	0	0	0		0
15 Interest	0	0	0		0
16 Occupancy	0	0	0		0
17 Depreciation and depletion	0	0	0		0
18 Other expenses (attach schedule)	0	0	0		0
19 Total expenses (add lines 9 through 18)	5,000,000	7,500,000	10,000,000		22,500,000
20 Excess of revenue over expenses (line 8 minus line 19)	0	0	0		0

B. Balance Sheet (at the end of the period shown)

Assets		Current Tax Year as of 12/10	
		1	2
1 Cash		unknown	0
2 Accounts receivable, net		0	0
3 Inventories		0	0
4 Bonds and notes receivable (attach schedule)		0	0
5 Corporate stocks (attach schedule)		0	0
6 Mortgage loans (attach schedule)		0	0
7 Other investments (attach schedule)		0	0
8 Depreciable and depletable assets (attach schedule)		0	0
9 Land		0	0
10 Other assets (attach schedule)		0	0
11 Total assets		unknown	0
Liabilities			
12 Accounts payable		0	0
13 Contributions, gifts, grants, etc., payable		0	0
14 Mortgages and notes payable (attach schedule)		0	0
15 Other liabilities (attach schedule)		0	0
16 Total liabilities.		0	0
Fund Balances or Net Assets			
17 Total fund balances or net assets		0	0
18 Total liabilities and fund balances or net assets (add line 16 and line 17)		unknown	0

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation. ☐

Schedule B Organizations Described in Section 501(c)(4) (Civic leagues, social welfare organizations (including posts, councils, etc., of veterans' organizations not qualifying or applying for exemption under section 501(c)(19)) or local associations of employees.)

- 1 Has the Internal Revenue Service previously issued a ruling or determination letter recognizing the applicant organization (or any predecessor organization listed in question 4, Part II of the application) to be exempt under section 501(c)(3) and later revoked that recognition of exemption on the basis that the applicant organization (or its predecessor) was carrying on propaganda or otherwise attempting to influence legislation or on the basis that it engaged in political activity? ☐ Yes ☒ No

If "Yes," indicate the earliest tax year for which recognition of exemption under section 501(c)(3) was revoked and the IRS district office that issued the revocation.

- 2 Does the organization perform or plan to perform (for members, shareholders, or others) services, such as maintaining the common areas of a condominium; buying food or other items on a cooperative basis; or providing recreational facilities or transportation services, job placement, or other similar undertakings? ☐ Yes ☒ No

If "Yes," explain the activities in detail, including income realized and expenses incurred. Also, explain in detail the nature of the benefits to the general public from these activities. (If the answer to this question is explained in Part II of the application (pages 2, 3, and 4), enter the page and item number here.)

- 3 If the organization is claiming exemption as a homeowners' association, is access to any property or facilities it owns or maintains restricted in any way? ☐ Yes ☒ No

If "Yes," explain.

- 4 If the organization is claiming exemption as a local association of employees, state the name and address of each employer whose employees are eligible for membership in the association. If employees of more than one plant or office of the same employer are eligible for membership, give the address of each plant or office.

User Fee for Exempt Organization Determination Letter Request

▶ Attach this form to determination letter application.
(Form 8718 is NOT a determination letter application.)

For
IRS
Use
Only

OMB No. 1545-1798

Control number

Amount paid
User fee screener

1 Name of organization

Commission on Hope, Growth and Opportunity

2 Employer Identification Number

27 1920168

Caution. Do not attach Form 8718 to an application for a pension plan determination letter. Use Form 8717 instead.

3 Type of request

Fee

- a ☐ Initial request for a determination letter for:
- An exempt organization that has had annual gross receipts averaging not more than \$10,000 during the preceding 4 years or
 - A new organization that anticipates gross receipts averaging not more than \$10,000 during its first 4 years ▶ \$400
- Note. If you checked box 3a, you must complete the Certification below.

Certification

I certify that the annual gross receipts of
name of organization
have averaged (or are expected to average) not more than \$10,000 during the preceding 4 (or the first 4) years of operation.

Signature ▶

Title ▶

- b ☒ Initial request for a determination letter for:
- An exempt organization that has had annual gross receipts averaging more than \$10,000 during the preceding 4 years or
 - A new organization that anticipates gross receipts averaging more than \$10,000 during its first 4 years ▶ \$650
- c ☐ Group exemption letters ▶ \$3,000

Instructions

The law requires payment of a user fee with each application for a determination letter. The user fees are listed on line 3 above. For more information, see Rev. Proc. 2009-8; 2009-1 I.R.B. 229, or latest annual update.

Check the box or boxes on line 3 for the type of application you are submitting. If you check box 3a, you must complete and sign the certification statement that appears under line 3a.

Attach to Form 8718 a check or money order payable to the "United States Treasury" for the full amount of the user fee. If you do not include the full amount, your application will be returned. Attach Form 8718 to your determination letter application.

Generally, the user fee will be refunded only if the Internal Revenue Service declines to issue a determination.

Where To File

Send the determination letter application and Form 8718 to:

Internal Revenue Service
P.O. Box 12192
Covington, KY 41012-0192

Who Should File

Organizations applying for federal income tax exemption, other than Form 1023 filers. Organizations submitting Form 1023 should refer to the instructions in that application package.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. If you want your organization to be recognized as tax-exempt by the IRS, you are required to give us this information. We need it to determine whether the organization meets the legal requirements for tax-exempt status.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating

to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. The rules governing the confidentiality of Form 8718 are covered in section 6104.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is 5 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send this form to this address. Instead, see *Where To File* above.



COMMISSION ON HOPE, GROWTH AND OPPORTUNITY

ARTICLES OF ASSOCIATION

ARTICLE I

Name and Organization:

The name of this association is the Commission on Hope, Growth and Opportunity (the "Commission"). The Commission is designated an unincorporated nonprofit association created under the laws of the District of Columbia.

ARTICLE II

Intent and Purpose:

It is the intent of the Commission to become a public advocate for the continuing education of all American citizens concerning the importance of continued economic growth to America's economic future. The Commission consists of two or more individuals joined by mutual consent for the common, nonprofit purposes of educating the public on the necessity of sustained economic growth to the future well-being of the United States. The Commission may engage in any and all other public welfare activities permitted to an organization exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code of 1986, amended, or corresponding future provisions of the federal tax law. To these ends, the Commission may do and engage in any and all lawful activities that may be incidental or reasonably necessary to any of these purposes, including but not limited to, the creation and utilization of a commercial bank account at a financial institution, and it shall have and may exercise all other powers and authority now or hereafter conferred upon unincorporated, nonprofit associations in the District of Columbia.

ARTICLE III

Office and Duration:

1. The office of the Commission shall be located at the address at which the Treasurer or General Counsel (or alternate title) has official residence; or at such place as the Commission may from time to time determine, or as the business of the Commission may require.
2. The duration of the Commission shall be perpetual.

3. The death, removal, or resignation of any officer, member or supporter of the Commission shall not result in the dissolution of the Commission.

ARTICLE IV

Structure and Membership:

The Commission's membership consists of individuals and groups dedicated to the sustainment, promotion and advancement of growth in the American economy, through public education and information development. Membership is open to anyone wishing to render support, guidance and encouragement to individuals wishing to learn about and advance the role of economic growth in the economy of the United States and in furthering a robust public policy debate and policy formulation regarding economic growth.

The Commission is a purely voluntary organization, and no membership fee or annual dues are required for membership.

The Commission does not discriminate on the basis of race, color, sex, age, religious affiliation, handicap, national origin, or other personal factor.

ARTICLE V

Association Leadership:

The Commission shall be governed by at least three (3) officers to be determined by the association. The name and total number of officer positions will be determined as the association requires, changeable as circumstances necessitate. One person will be designated as Chairman/ Executive Director, one person shall be designated as the Treasurer and one person shall be designated as the General Counsel. The Treasurer's position shall be a non-management position and the Treasurer will NOT be a voting member of the board of the organization. Two-thirds of the then-existing membership will constitute a quorum for the conduct of all Commission business. Officers may be elected annually by nomination and a majority vote of at least a quorum of the association

ARTICLE VI

Accounting and Records:

The fiscal year of the Coalition shall be January 1 through December 31 of each year.

All minute books, correspondence, and other records of the Commission shall be preserved by the Treasurer or his designee. Records that have ceased to be of use for

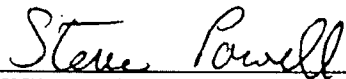
the conduct of the affairs of the Commission may be turned over for preservation to a depository designated by the Commission, or discarded.

ARTICLE VII

Dissolution:

In the event of the dissolution of the Commission, its property, funds, and other assets may be transferred to whatever organization or organizations operated exclusively for charitable, educational, and/or scientific purposes as the Commission may determine, provided such organization or organizations qualify as tax-exempt under the Internal Revenue Code of the United States.

IN WITNESS WHEREOF, the undersigned have executed these Articles of Association on this 31st day of March, 2010.


STEVE POWELL 3/31/10

President/Executive Director

ATTEST:


WILLIAM B. CANFIELD III 3/31/10

General Counsel
Suite 600
1900 M Street, N.W.
Washington, D.C. 20036



Department of the Treasury
Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Notice Date: Jul 29, 2010
Notice Number: CP 5100

Employer Identification Number: 27-1920168
Tax Form: 1024
Document Locator Number:
17053-203-31802-0

For assistance, call: 1-877-829-5500



COMMISSION ON HOPE GROWTH AND
OPPORTUNITY
1900 M ST NW STE 600
WASHINGTON, DC 20036

Acknowledgement Notice

Information about the Application Process

We received your application for exemption from Federal income tax and your user fee payment.

During the initial review process, applications for exemption are separated into three groups:

1. Those that can be processed immediately based on information submitted,
2. Those that need minor additional information to be resolved, and
3. Those that require additional development.

If your application falls in the first group or second group, you will receive your determination letter stating that you are exempt from Federal income tax or a request for information via phone, fax, or letter. If your application falls within the third group, you will be contacted when your application has been assigned to an Exempt Organizations specialist for technical review. You can expect to be contacted within approximately 60 days from the date of this notice.

IRS does not issue "tax exempt numbers" or "tax exempt certificates" for state or local sales or income taxes. If you need exemption from these taxes, contact your state or local tax offices.

How to Get Additional Information

General information about the application process and tax-exemption can be found by visiting our website, www.irs.gov/eo. If you are unable to locate the information needed, you may call our toll free number shown above Monday through Friday. When communicating with us, please refer to the employer identification number and document locator number shown above.

Sign up for Exempt Organizations' EO Update, a regular e-mail newsletter that highlights new information posted on the Charities pages of irs.gov. To subscribe, go to www.irs.gov/eo and click on "EO Newsletter."

For general information on how to apply for an exemption, visit www.irs.gov.

EXHIBIT B

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **AUG 16 2010**

COMMISSION ON HOPE GROWTH AND
OPPORTUNITY
1900 M ST NW STE 600
WASHINGTON, DC 20036

Employer Identification Number:
27-1920168
DLN:
17053203318020
Contact Person:
ROGER W VANCE ID# 31173
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Form 990 Required:
Yes
Effective Date of Exemption:
March 31, 2010
Contribution Deductibility:
No

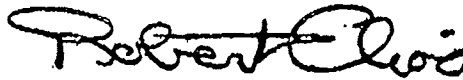
Dear Applicant:

We are pleased to inform you that upon review of your application for tax-exempt status we have determined that you are exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Please see enclosed Publication 4221-NC, Compliance Guide for Tax-Exempt Organizations (Other than 501(c)(3) Public Charities and Private Foundations), for some helpful information about your responsibilities as an exempt organization.

Contributions to you are not deductible by donors under section 170(c)(2) of the Code.

Sincerely,



Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosure: Publication 4221-NC

Letter 948 (DO/CG)

EXHIBIT C

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THE WALL STREET JOURNAL.
WSJ.com

POLITICS | OCTOBER 13, 2010

GOP Groups Launch Massive Ad Blitz

Alliance Spends \$50 Million on Competitive House Races Where Democrats Have More Money Now

By BRODY MULLINS And DANNY YADRON

An alliance of Republican groups is launching a \$50 million advertising blitz this week in a final push to help the GOP win a majority in the House, representing the biggest spending blitz ever by such groups in a congressional election campaign.



Associated Press

A group backed by Karl Rove is working on the 'House surge strategy.'

The coordinated effort, which the groups have dubbed the "House surge strategy," tops what the official Republican House election committee expects to spend on television ads for the entire contest. It is aimed at the few dozen competitive races where Democratic candidates have significantly more money in the bank than their Republican opponents, eating into one of the Democrats' last financial advantages.

Democratic candidates, notably incumbents, have raised more cash than many of their Republican rivals in this year's most competitive House races, according to a Wall Street Journal tally of Federal Election Commission data. In the 40 races deemed toss-ups by the Cook Political Report, a political handicapper, Democratic candidates had a combined \$39.3

million of cash on hand as of June 30, the most-recent filing deadline. Republican candidates had \$16.5 million in the bank.

Steven Law, who runs two of the Republican organizations, American Crossroads and its affiliate Crossroads GPS, said the effort was "aimed at putting Republicans over the top by evening out the financial disparities and dramatically expanding the field of battle."

American Crossroads was set up with the help of former Republican White House advisers Karl Rove and Edward Gillespie.

The other two groups are the American Action Network, run by former Republican Sen. Norm Coleman of Minnesota, and the Commission on Hope, Growth and Opportunity, a relative newcomer to the scene founded by Republican campaign consultant Scott Reed.

In the Denver suburbs, a \$1.5 million ad purchase by the American Action Network will level the playing field for Republican Ryan Frazier, who is taking on two-term Democratic Rep. Ed Perlmutter. Mr. Frazier had only \$252,000 on hand as of July 21, while Mr. Perlmutter had a war chest of \$1.3 million,

"Conventional wisdom was that Democrats would have a sizable financial advantage in the 2010 elections—that will not be the case," said Rob Collins, president of the American Action Network.

The spending campaign underscores a phenomenon that emerged with force in the 2010 elections: Outside political groups, most of which don't have to disclose their donors, are rivaling the traditional dominance of political parties' official campaign committees. Many of these groups, including those launching the ad blitz, are less than a year old.

"The scales have tipped from the political party to the outside political organizations," said former Rep. Bill Paxon of New York, who once led the National Republican Congressional Committee, the party's House campaign arm.

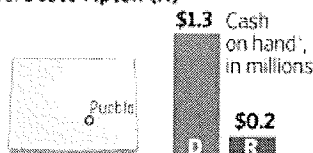
Evan Tracey, head of Campaign Media Analysis Group, which tracks campaign-ad spending, called the combination of ad outlays by the groups "historic" in its size, an assessment echoed by other campaign-finance experts and officials.

Mr. Tracey said outside Democratic groups were running ads in nine

Where the Money Is Going

Republican groups are directing ad dollars to close races where Democrats enjoy a cash advantage. Some of the targets:

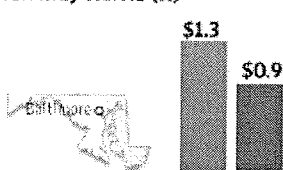
Colorado 3rd District
Rep. John Salazar (D)
vs. Scott Tipton (R)



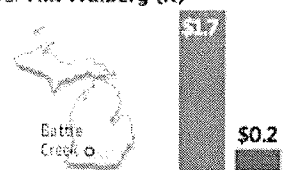
Florida 2nd District
Rep. Allen Boyd (D)
vs. Steve Southerland (R)



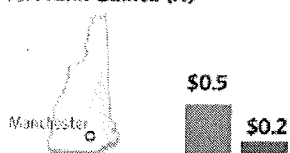
Maryland 1st District
Rep. Frank Kratovil (D)
vs. Andy Harris (R)



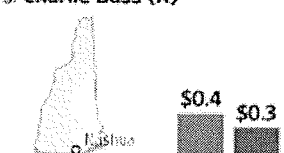
Michigan 7th District
Rep. Mark Schauer (D)
vs. Tim Walberg (R)



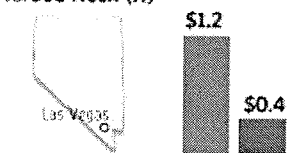
New Hampshire 1st District
Rep. Carol Shea-Porter (D)
vs. Frank Guinta (R)



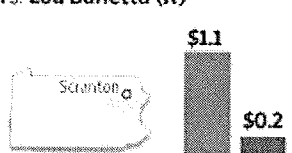
New Hampshire 2nd District
Rep. Ann McLane Kuster (D)
vs. Charlie Bass (R)



Nevada 3rd District
Rep. Dina Titus (D)
vs. Joe Heck (R)



Pennsylvania 11th District
Rep. Paul Kanjorski (D)
vs. Lou Barletta (R)



*Based on most recent data available

Source: Federal Election Commission

House campaigns while Republican groups are advertising in 70.

The record fund-raising and spending was made possible in part by a Supreme Court decision that allowed companies and unions to donate unlimited funds to such groups. The decision also allowed ads by such groups directly supporting or opposing candidates to run in the weeks before the election, which had previously been off-limits.

Spending by outside groups thus far has focused on Senate races. The new Republican effort marks the beginning of an effort to defeat House Democrats.

In southern New York, Democratic Rep. Maurice Hinchey has raised and spent more than his rival, Republican George Phillips. Mr. Hinchey had \$267,106 left in his campaign account as of Aug. 25 and Mr. Phillips had \$34,727, FEC records show.

American Crossroads plans to drop \$300,000 in anti-Democratic ad buys on the race, giving Mr. Phillips more money to play with than his incumbent opponent, who is currently favored to win.

In South Bend, Ind., GOP groups are launching a coordinated effort on behalf of Republican state House leader Jackie Walorski, who has \$700,000 less in the bank than her rival, two-term Democratic Rep. Joe Donnelly, who has \$1 million.

The American Action Network will spend \$240,000 on broadcast TV ads in South

Bend, while American Crossroads and its affiliate will buy \$150,000 of ads on Chicago-area cable, which shares

its media market with northwest Indiana.

The spending is coordinated to avoid overlap. "It's fair to say that the targets are coordinated so that we are all not tripping over each other," said a Republican involved with the effort.

Meanwhile, Democrats have received \$482 million, or 53%, of the \$911 million donated to all congressional candidates and political parties from corporate political-action committees or individuals who work for companies, according to the nonpartisan Center for Responsive Politics. Democrats have also collected 93% of the \$49 million donated by labor unions.

Write to Brody Mullins at brody.mullins@wsj.com and Danny Yadron at danny.yadron@wsj.com

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EXHIBIT D



Published on *iWatch News* (<http://www.iwatchnews.org>)

[Home](#) > Independent GOP fundraising picks up steam

Politics ^[1]

Independent GOP fundraising picks up steam ^[2]

By **Peter H. Stone** ^[3] September 3, 2010

Another big name GOP veteran in Washington, lobbyist and operative Scott Reed, is jumping into the crowded field of independent groups raising tens of millions of dollars to help Republican congressional candidates win on Election Day.

Reed told the Center that he's raised about half of the \$25 million he's hoping to spend to influence a few Senate and twenty House contests mostly by running ads in selected districts. Reed's group, which is set up as a 501(c)(4) under the IRS code, intends to start airing commercials in mid- September.

"I have a great deal of interest from people around the country," Reed said, including some donors in New York and California.

The new group, which Reed declined to name at this time, will run a mix of issue ads touting the stances of candidates and others that explicitly tell viewers to vote for a specific candidate. The ads will "promote economic conservative positions" such as growth and job creation, Reed said.

Other outside groups have started running direct advocacy ads since the Supreme Court ruled in January in *Citizens United v. Federal Election Commission* that corporations and unions can now spend unlimited sums on ads calling for the defeat or election of specific candidates.

Reed is the latest of a cadre of heavy hitting Republican veterans, such as ex-RNC chairman Ed Gillespie, GOP political guru Karl Rove and former Senator Norm Coleman, R-Minn., who are raising money for, or leading newly created conservative, pro-GOP groups. These outfits have already poured millions of dollars into issue or direct advocacy ads in such states as Nevada, Ohio and Washington in support of GOP Senate candidates.

A former executive director at the Republican National Committee in the 1994 when the GOP regained control of Congress, Reed also managed then Senate Majority Leader Bob Dole's 1996 unsuccessful presidential campaign. Reed runs his own firm lobbying firm, Chesapeake Enterprises, which has worked for a mix of clients including casino-owning Indian tribes, financial service and information technology companies. In recent years, Reed

has also been an outside consultant to the U.S. Chamber of Commerce and has been a close ally of Sen. John McCain, R-Ariz.

Source URL: <http://www.iwatchnews.org/2010/09/03/2540/independent-gop-fundraising-picks-steam>

EXHIBIT E



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[Home](#) > Campaign cash: The independent fundraising gold rush since 'Citizens United' ruling

Campaign Cash ^[1]

Campaign cash: The independent fundraising gold rush since 'Citizens United' ruling ^[2]

By **Peter H. Stone** ^[3] October 4, 2010

For many powerful GOP operatives and allied fundraisers, the luncheon last April felt like one part reunion and one part strategy summit for the fall. In reality, the get-together at Karl Rove's house and office on Weaver Terrace in Washington, D.C., was a bit of both.

The crowd of about two dozen had assembled at the behest of Rove and former Republican National Committee chairman Ed Gillespie. The powerful pair had teamed up earlier in the year to help launch American Crossroads, a non-profit group with separate political advocacy and grassroots lobbying arms that together plan to spend \$52 million this year to help a few dozen GOP Senate and House candidates with television ads and get-out-the-vote drives.

Gillespie's invitation to the April 21 luncheon had a casual tone, asking old political comrades to attend an "informal discussion of the 2010 political landscape."

But as the crew of old GOP friends munched on chicken pot pies, Rove and Gillespie had another, larger agenda: expanding cooperation. And they found an altogether receptive audience. Among those in attendance: Bill Miller, the political director of the U.S. Chamber of Commerce ^[4] which has announced a record election budget of \$75 million; former Sen. Norm Coleman of Minnesota, the CEO of the American Action Network ^[5], a fledgling group that's hoping to spend about \$25 million to help Senate and House candidates; Steven Law, a former general counsel at the Chamber and the president of American Crossroads ^[6]; and Greg Casey, the president of the Business Industry Political Action Committee ^[7] which aims to spend \$6 million this year to boost the pro-business vote.

Altogether, the groups represented at the lunch — and a few others, some of whom have attended subsequent sessions — plan to pour some \$300 million into ads and get out the vote efforts to help scores of GOP Congressional candidates in battleground states such as Colorado, Nevada, Ohio, and Pennsylvania. Some have likened their effort to a shadow GOP.

For Gillespie, Rove and other attendees the rationale to expand their coordination was

simple: Democratic allied groups in recent elections had considerable success using cooperative tactics and GOP strategists wanted to match and even one up them. "I'm glad we're taking a page out of their playbook," Gillespie told the Center.

Former RNC chairman Gillespie has been running a fundraising marathon for much of the year, having raised millions of dollars to jumpstart the fledgling 527 American Crossroads and its 501(c)(4) affiliate, Crossroads GPS.

These independent GOP allies represent the leading edge of the new world of campaign finance, 2010 edition. Sensing a possible takeover on Capitol Hill, they have aggressively tapped a network of angry corporate and conservative donors, a task made easier by the Supreme Court's famously controversial January ruling in *Citizens United v. Federal Election Commission*. That decision overturned decades of campaign finance law and gave the green light to corporations and unions to spend unlimited amounts on ads and other campaign activities that can urge voters to directly oppose or support individual candidates. Some companies in sectors hit hard by new regulations — including financial, energy and health care interests — are grabbing for their checkbooks, and they are actively seeking the anonymity provided by new and older independent groups in the post- *Citizens United* world.

The tens of millions being plowed into these groups are also partly attributable to another phenomenon: management and fundraising problems at the Republican National Committee under Chairman Michael Steele. Those woes have given major donors and fundraisers heartburn and prompted many to put their political and financial chips elsewhere.

And now Democratic constituencies are responding. Jittery about a potential avalanche of corporate money flowing to GOP allies, several unions, led by the American Federation of State, County and Municipal Employees, the AFL-CIO, and the Service Employees International Union, have begun plotting a counter-strategy — hiking their budgets, polishing their famous "ground game" tactics, and expanding cooperative efforts of their own to avoid a debacle in November.

Notwithstanding labor's defensive efforts, based on budget and spending projections from many big groups on both sides it's expected that GOP-allied entities are likely to outspend their Democratic foes by a three to two margin and perhaps even two to one.

In recent weeks, GOP allies have built a huge lead of almost five to one in ad spending compared to their Democratic counterparts, according to the Campaign Media Analysis Group. CMAG data says that GOP-affiliated groups spent \$24.8 million on Senate and House ads from Aug. 1 to Sept. 20 while their Democratic rivals spent just \$4.9 million in the same period.

What this amounts to, say veteran money and politics watchers, is a virtual Wild West, with fewer rules and more cash than ever. Republicans and Democrats each now boast ten or so deep-pocketed independent groups with plans to spend \$10 million plus helping Senate and House candidates by running expensive ads and/or conducting get out the vote efforts. And they're on track to spend, collectively, some \$500 million dollars or more. With little oversight.

"The financial flows into this election cycle," says Marcus Owens, a partner at Caplin &

Drysdale and a former IRS director of exempt organizations, “are beyond regulation and beyond the existing mechanisms of the Federal Election Commission and the IRS,”

The *Citizens United* decision: A game changer

The high court’s ruling, which initial polls showed was opposed by 80 percent of the public, has helped to open the floodgates for potentially record spending by outside groups this year while creating a new fundraising landscape.

A sharply split Supreme Court in its 5 to 4 *Citizens United* decision overruled two key precedents about the free-speech rights of corporations and affirmed on First Amendment grounds the idea that the government should not regulate political speech.

Justice Anthony Kennedy, writing for the majority, said that “If the First Amendment has any force, it prohibits Congress from fining or jailing citizens, or associations of citizens, for simply engaging in political speech.”

President Obama

attacked the decision as “a major victory for big oil, Wall Street banks, health insurance companies, and the other powerful interests that marshal their power every day in Washington to drown out the voices of everyday Americans.”

While the decision didn’t directly address labor unions, the ruling also gives them new freedom to spend without limit certain funds on campaign ads and other election activities.

The case itself arose from an unusual venue: It centered on a ninety-minute documentary, *Hillary: The Movie* — a biting look at Hillary Rodham Clinton — that was the handiwork of a conservative nonprofit group: Citizens United.

Longtime campaign finance watchdogs reacted angrily to the decision. “The 2010 Congressional elections are being flooded by influence-buying spending as a result of *Citizens United*,” said Fred Wertheimer, the president of campaign finance reform advocacy group Democracy 21 ^[8]. “I think the 2010 spending will be dwarfed by what will come.”

Most leaders of the GOP’s allied groups disagreed about the decision’s influence, but a few acknowledged its potential to change the fundraising game.

“*Citizens United* opened the door for the unparalleled participation by corporations at the financial level,” says veteran GOP operative Scott Reed, who this summer launched a group called the Commission on Hope, Growth and Opportunity ^[9] with an eye to raising \$25 million to help about two dozen GOP candidates. “But it took the combination of the RNC being inept and the Obama administration’s political agenda to bring it all together.”

Corporations flying under the radar with millions in donations

A look at both the older and newer GOP-leaning groups that are planning the most expensive drives this year makes this much clear: Many corporations seem inclined to give to groups that are allowed by tax laws to keep their donations anonymous.

The desire for anonymity is attributable to several factors, say campaign finance lawyers and fundraisers, but arguably the most important is that the Supreme Court decision was controversial and unpopular. Some experts say the situation has prompted companies to fear reprisals from liberal groups for making large donations publicly.

Most of the independent groups raking in big bucks are set up under IRS rules as so-called 501(c) organizations, named after a section of the tax code that covers a range of non-profit tax exempt organizations. They can accept unlimited donations and are not required to make their donors' names public.

Quite a few of the new GOP-allied groups this year have obtained 501(c)(4) social welfare status, providing their donors anonymity but requiring them to spend more than half their funds on nonpolitical activities such as legislative matters, a rule that still allows them wiggle room since the IRS regulations are often vague. For instance, some outfits are running issue ads attacking the stands of incumbents on legislative matters such as health care reform. "These advertisements clearly have a political edge, but they also have a grassroots lobbying message," said Marcus Owens, the former IRS official. Further, business trade groups such as the Chamber of Commerce have long enjoyed IRS status as 501(c)(6) operations, which also are not required to disclose their donors' names.

"The major impact [of the decision] is that more money is going to 501(c)(4) groups, trade groups and others that don't disclose their donors," former FEC counsel and election lawyer Larry Noble told the Center. "Those groups that don't disclose are getting more money and getting more aggressive with their ads."

The "501cs are the keys to the political kingdom," says lobbyist Scott Reed, "because they allow anonymity."

The increasing popularity of under-the-radar 501(c) groups is underscored by contrasting this year's public disclosures with past election seasons. A recent study from Public Citizen ^[10] shows that in 2004 and 2006, the large majority of outside groups revealed their donors. By contrast in 2008 only about half disclosed their donors and this year, to date, a scant 32 percent have made such disclosures.

Many of the GOP groups have aggressively tapped into what looks like a growing corporate backlash among financial service, energy, and health insurance companies against the Obama administration and Congress for expanding government regulation and taxation of some business sectors.

The Chamber of Commerce

The Chamber of Commerce is expected to have the deepest pockets of the independent conservative and business groups when this year's fundraising marathon concludes.

Bill Miller, the national political director of the Chamber, told the Center that its political program is "an outgrowth of the frustrations of the business community." Miller said the "continued assault on industry by the policies put forth in this Congress has caused a recognition that the composition of this Congress has to change." Although the Chamber bills itself as bipartisan, historically, the lion's share of its issue ads and contributions has

benefited GOP candidates.

Miller said corporate frustration is especially acute over four big issues that “have had, could have, or will have very negative consequences for the business community.” They are: financial services reform, health care reform, and the specter of both cap and trade and “card check” legislation that would make it easier for unions to organize. One mega-corporate donor has been identified: News Corp., whose CEO is billionaire Rupert Murdoch, reportedly has given \$1 million to the Chamber for its political drive

Early this summer, the Chamber’s feisty chieftain, silver-haired Tom Donohue, told a gathering of about 100 trade group leaders at a posh resort in Rancho Palos Verdes, Calif., that the organization was going to spend \$75 million on its election program — more than double the \$36 million it spent on the 2008 campaign.

As of mid-September, the Chamber had spent about \$20 million on issue ads other political activities including mail and phone with many millions more to come, Miller says. Further, the business lobby group is also planning to pour millions of dollars into online voter mobilization and other activities this year using an assembled list of six million “Friends of the Chamber.”

The organization will be active in nine or

ten Senate races and about three dozen House races in such key states as California, Florida, New Hampshire, Ohio, and Pennsylvania. The strategy, Miller says, is to focus on “cluster states” where there are multiple Senate and House contests that the Chamber wants to sway.

Additionally, the Chamber will also pour millions of dollars into online advertising and other media activities focusing on its key economic issues — job creation and regulation — through a separate but complementary Chamber program called the Campaign for Free Enterprise, a multi-year \$100 million effort that launched last year.

Rove and Gillespie lead money charge for American Crossroads

An affiliate group of American Crossroads is perhaps the most prominent and aggressive of the new organizations that can take in anonymous donations. American Crossroads opened its doors in March as a section 527 group. Under IRS rules the group can accept unlimited donations and can spend all its monies on political advocacy, but must disclose its large donations and donors monthly.

In early June — about the time that reports showed it had banked less than \$1.3 million through May — a second money front was opened with the founding of Crossroads GPS, a 501(c)(4) which can also accept unlimited donations but doesn’t have to disclose its donors at all.

Steven Law, the president of both groups and a former chief of staff to Senate Minority Leader Mitch McConnell, said that as of Sept. 20 the two had pulled in just over \$32 million. That cash has been corralled with lots of help from Rove and Gillespie, whom the group calls “informal advisers.” Early this year the duo made a successful fundraising foray into Texas and this summer they also scored big with Wall Street donors.

Two companies in which Dallas-based billionaire Harold Simmons boasts major holdings — Southwest Louisiana Land LLC and Dixie Rice Agricultural Corp. — have plowed a total of almost \$2 million into the 527. That makes the veteran conservative donors' firms, one of the three biggest financial angels with Texas ties. Two other Lone Star moguls, Trevor Rees-Jones, who runs Dallas-based Chief Oil and Gas, and Robert Rowling, together with his company TRT Holdings, which owns Omni Hotels and Gold's Gym, have each given \$2 million to the group (and to a recently formed successor PAC).

Paul Singer, the New York-based founder and CEO of the \$17 billion hedge fund Elliott Management Corp. has also written a seven-figure check to Crossroads GPS, say sources familiar with the group. Singer has also been a hefty donor and fundraiser for several GOP candidates and campaign committees this election season.

Dallas billionaire Simmons wrote checks for \$1 million apiece to the newly founded group American Crossroads, among the first checks the fledgling 527 group received.

Both entities combined have will have spent close to \$13 million by the end of September on hard hitting ads with a major focus on Senate contests in Colorado, Missouri, Nevada, and Ohio, Law says. Further, both groups will also run ads to assist a dozen to two dozen House races this fall, and will focus partly on states where there are multiple candidates to their liking, he adds. At least one of the group's ads in Nevada attacking Senate Majority Leader Harry Reid has been criticized on factual grounds by nonpartisan ad watchers.

American Crossroads has run a few direct advocacy ads in support of candidates, including one for former Rep. Rob Portman, who is making a bid for the Senate in Ohio, and it "will be doing more express advocacy going forward," says Law, who besides his Hill background was deputy secretary at the Labor Department under McConnell's wife, Labor Secretary Elaine Chao. Looking further ahead, Law and other leaders of the two groups stress that they expect to stay very active with issue advocacy and grassroots lobbying post-November and will also be a force in the 2012 elections.

Other new conservative groups are pulling in big money

While most of the big spending so far has been on Senate contests, Americans for Prosperity ^[11] — which has announced plans to spend \$45 million this year — has concentrated on helping House candidates. The organization was the largest spender on House races in a one-month period during late summer, according to CMAG.

AFP is a 501(c)(4) that's closely linked to David Koch, the co-chairman of the Kansas-based energy giant Koch Industries. David Koch, who earlier this year gave a \$1 million check to the Republican Governors Association and is a long time backer of conservative causes, heads the board of Americans for Prosperity Foundation, a sister 501(c)(3) group.

Other groups are stepping up to help House candidates too and tapping donors in sectors hit hard by new regulations.

Lobbyist Reed's fledgling Commission on Hope, Growth and Opportunity is seeking to raise \$25 million (and he says had pulled in about half of that in mid-September) to run ads in 20 House districts and a few Senate contests. In late September, the group ran its first ads

boosting some House candidates in New York and South Carolina.

Where's all that dough coming from? "The big three stepping into the batter's box are the financial services industry, the energy industry, and the health insurance industry," Reed said.

Other older groups that can protect donors' identities, such as the American Future Fund and BIPAC, also have seen spikes in their funding this year. Nick Ryan, an Iowa based lawyer who founded AFF, a 501(c)(4), says that he expects his group will spend close to \$25 million on ads this year, or more than triple the \$8 million it poured into issue ads in the 2008 elections.

The fundraising landscape "is the best I've ever seen on the conservative GOP side," says Ryan, a former top aide to ex-Iowa Rep. Jim Nussle.

The fund spent almost \$1 million early in the year to help elect Republican Scott Brown Senator in Massachusetts and more recently has been pouring big money into states

such as California and New Hampshire in some primary contests.

Looking ahead, Ryan says his group is going to be doing more House races and plans to do a "blend of issue ads and direct advocacy."

The Washington-based Business Industry Political Action Committee, or BIPAC, doesn't have as much cash as its allies, but still plans to almost double its spending this cycle to \$6 million, says its president Greg Casey. BIPAC, a business group that tilts heavily to the GOP, uses a sophisticated computerized database to track voting records of candidates which it provides to its 400 or so corporate members to help them educate their workers. The goal is simple: spur employees to pull the right levers at the polls.

Sources familiar with BIPAC tell the Center it has long depended heavily on large energy interests such as the American Petroleum Institute, ExxonMobil, and mining and gas companies for a hefty chunk of its election budget. For the last several election cycles, API was the leading donor to the group, pumping in about \$400,000 every two years, say sources familiar with the outfit's fundraising.

BIPAC's board boasts several heavy hitting Washington lobbyists such as ex-Rep. Steve Bartlett of Texas, who runs the Financial Services Roundtable, a group comprised of some 100 leading integrated financial firms, and Rick Shelby, the top lobbyist with the American Gas Association.

GOP groups mimic liberals by expanding cooperation

The money and the energy on the GOP side have been spurred by a new spirit of cooperation and coordination among allied groups. There are more cooperative fundraising initiatives, shared offices, regular meetings of key leaders like the April 21 session at Rove's, and a division of labor in terms of which states and races different groups are spearheading. Coordination among independent groups is legal under campaign finance laws, but the organizations are strictly barred from conducting any joint activities with party committees or

the candidates themselves.

GOP politicians say that their new approach has been inspired by what Democratic groups have accomplished in recent campaigns. "The left has been very successful," at this kind of cooperation, ex-Sen Coleman, the CEO of the American Action Network told the Center

One example of the new cooperation: the shared office suites on the 12th floor of an office building on New York Avenue in Washington, which are home to both American Crossroads and the American Action Network. And Coleman's office is just down the hall from Law's.

The two organizations have also "done a few joint fundraising events," Coleman says, "We're all going after folks who care about government-run health care, higher taxes and more government stifling economic growth." Coleman's network boasts two separate arms one of which is a 501(c)(4) that conducts a mix of political and legislative advocacy.

Early on, the network received some fundraising help from Gillespie and Rove, Coleman says. On March 8, Gillespie went to New York on a joint fundraising mission with Coleman and Fred Malek, a veteran GOP fundraiser who founded the American Action Network. The trio met with potential Wall Street donors.

Fred Malek Early this year, Malek founded the American Action Network, which has a 501(c)(4) advocacy arm that is trying to raise \$20 million to \$25 million to help elect dozens of GOP Senate and House candidates in such key states as New Hampshire, Washington, and Wisconsin.

"Minimum duplication of effort makes donors happy," Coleman says. The Network, for instance, through its 501(c)(4) arm has run big ad drives attacking Democratic incumbents in states such as Washington and Wisconsin, places where Law's group has not been active.

Miller of the Chamber notes that "having an understanding of other people's priorities allows us to make smarter and more informed decisions about what we do."

Law adds that a recently launched \$10 million get-out-the-vote drive by American Crossroads that's focused on eight key states including Colorado, Florida and Kentucky will be conducted in tandem with several other conservative groups and the Republican Governors Association. Conservative donors "are increasingly interested in getting out the vote this year," Law says. One reason for that: the financial woes of the RNC have made it less able to take the lead on get-out-the-vote efforts.

Big unions, liberal groups play defense

Karen Ackerman Democrats worried about an enthusiasm and money gap are looking to their traditional union allies for help — and they'll get it. But unions are worried about the influx of corporate monies this year to GOP boosters in the wake of *Citizens United*. "We'll see how it plays out in the next six weeks," says Karen Ackerman, the political director of the AFL-CIO, "and we may not know the full impact for a few elections."

For now, unions say they expect to be outspent heavily on the ad wars — and in fact they already have been, according to the Campaign Media Analysis Group. A CMAG analysis

says GOP-allied independent groups spent \$18.1 million on Senate ads from Aug. 1 to Sept. 20, while their Democratic counterparts spent \$2.6 million in the same period. On House races, GOP groups spent \$6.7 million compared to \$2.3 million doled out by Democratic groups.

The big advantage that labor banks on is its ability to mount a heftier and more aggressive get-out-the vote drive — the so-called ground game. Some unions have responded by boosting their spending and trying to do more in concert as well.

In late August, the AFL-CIO announced it would mount a joint national political operation this year with the SEIU and the United Food and Commercial Workers ^[12]. The three union giants, who for the last couple of election cycles have worked separately, have plans for a combined political drive that could cost at least \$94 million with each organization

Of that total, the SEIU is slated to spend \$44 million, a jump of about 25 percent from what it spent in 2006. AFL-CIO sources that its budget this year will be roughly equal to the \$50 million it

spent in the last elections.

“The stakes are enormous for working families, which is driving the unions to seek a high level of cooperation and coordination,” Ackerman said.

The collaboration will focus on 26 states, among them Illinois, Ohio, Pennsylvania and Nevada, and will be aimed at reaching more than 17 million voters including active union members, their families and union retirees.

One veteran liberal activist stresses that having the AFL-CIO and SEIU mount joint operations will “promote greater efficiency and a common strategy that’s especially important in mega states such as California and Illinois,” where there are many union members. Other unions are boosting their budgets, as well.

AFSCME capitalizing on *Citizens United*

AFSCME president McEntee’s 1.6 million member union has boosted its spending by 25 percent from 2006, to a hefty \$50 million this time around.

Gerry McEntee, the long time president of AFSCME — which belongs to the AFL-CIO — told the Center that his union will spend at least \$50 million, a 25 percent jump over the 2006 cycle. And McEntee says that AFSCME will do direct advocacy ads now that the Supreme Court has given the green light in *Citizens United* .

McEntee says his union will spend its funds on a mix of ads and get-out-the vote work to help Democrats in some 60 to 65 House races and 18 of the 37 Senate contests. Overall, he estimates that about a quarter of the funds will go for ads and the bulk for voter mobilization efforts.

“We’re in the race of our lives,” McEntee said. And while labor may be outspent, it should have a big advantage in voter mobilization drives. He said earlier this year that AFSCME

knows how to do “boots on the ground,” adding, “I don’t think Karl Rove will be knocking on doors.”

But he acknowledged that the labor movement may be challenged in its efforts by the recession and disappointment on the part of some union members that Congress hasn’t done more to help them, especially on card check legislation. “It’s hard to get your people juiced up,” McEntee added.

Other liberal groups scramble to raise cash

A few other liberal groups which get some labor funding are also trying to ratchet up their political game. Greg Speed, the executive director of America Votes ^[13], a coalition of about 400 groups (including such big names as the SEIU and the AFL-CIO) says that its budget this year will be \$8.5 million. That’s about \$3 million less than what it spent in 2008, primarily because it has cut the number of states it is focusing on, from 14 to 10 this year.

The group’s priority is voter mobilization of the liberal base: that means phone, mail, online communications, and other tools to reach potential allies, Speed says. It will focus on such battleground states as Colorado, Nevada, Ohio, and Pennsylvania. “We’re going for the multiple bang states where mobilizing our voters can have the maximum impact up and down the ballot” — including where redistricting issues hang in the balance.

Late last year, Varoga says that he decided to expand the fundraising and political muscle of the 527 he established, Patriot Majority, by creating an allied PAC, Patriot Majority PAC.

The 527 group Patriot Majority ^[14], which started in 2005, and the newer allied Patriot Majority PAC, are expecting to spend a bit more than \$12 million this year in a handful of key states, a slight drop from the \$14 million spent in the 2008 elections, says founder Craig Varoga. The climate for fundraising “has been significantly harder this year,” he says, citing the poor economy’s impact on donors, the greater number of races in play, and the generally healthy state of the Democratic campaign committees, compared to their GOP counterparts.

The bulk of the Patriot Majority’s efforts have been in Nevada where Patriot Majority and its PAC have spent about \$4.5 million on ads so far: that’s likely to double before the November elections. Senator Harry Reid “is the number one target [of independent groups] in the Senate,” Varoga says, “and we’ve been focused on that since the end of last year.”

Can *Citizens United* impact be muted by Congress?

Almost as soon as the high court ruled in January, campaign finance watchdogs began to push for greater disclosure of the firms that were poised to funnel millions of dollars anonymously to independent groups.

One result of that push: the Disclose Act, which would require corporations, unions and other interest groups to identify themselves explicitly in campaign advertisements that they finance. Large donors funding these ads would also have to be named. The bill passed the House earlier this year with just two Republicans backing it; and has been blocked in the Senate twice on cloture votes with unanimous GOP opposition. The bill’s lead sponsors are

Rep. Chris Van Hollen, D-Md., who chairs his party's House campaign committee, and Democratic Sen. Charles Schumer of New York who formerly chaired the Senate counterpart.

The debate has a familiar ring. Republicans have charged that the bill is politically motivated and prompted by a desire of Democrats to maintain their majorities. President Obama, meanwhile, has repeatedly championed the measure, most recently in his Saturday morning address on Sept. 18. "What's at stake is not just an election," he said. "It's our democracy itself."

Source URL: <http://www.iwatchnews.org/2010/10/04/2470/campaign-cash-independent-fundraising-gold-rush-citizens-united-ruling>

EXHIBIT F

NationalJournal

CENTER FOR PUBLIC INTEGRITY SPECIAL REPORT

Inside The Shadow GOP

A network of independent Republican allies represent the leading edge of the new world of campaign finance.

by Peter H. Stone, Center for Public Integrity

Wednesday, October 27, 2010 | 02:23:04 PM

ADVERTISEMENT

For many powerful GOP operatives and allied fundraisers, the luncheon last April felt like one part reunion and one part strategy summit for the fall. In reality, the get-together at Karl Rove's house and office on Weaver Terrace N.W. was a bit of both.

The crowd of about two dozen had assembled at the behest of Rove and former Republican National Committee chairman Ed Gillespie. The powerful pair had teamed up earlier in the year to help launch American Crossroads, a non-profit group with separate political advocacy and grassroots lobbying arms that together plan to spend \$52 million this year to help a few dozen GOP Senate and House candidates with television ads and get-out-the-vote drives.

But as the crew of old GOP friends munched on chicken pot pies, Rove and Gillespie had another, larger agenda: expanding cooperation. And they found an altogether receptive audience. Among those in attendance: Bill Miller, the political director of the U.S. Chamber of Commerce which has announced a record election budget of \$75 million; former Sen. Norm Coleman, the CEO of the American Action Network, a fledgling group aiming to spend about \$25 million; and Steven Law, a former general counsel at the Chamber and the president of American Crossroads.

Altogether, the groups represented at the lunch -- and a few others some of whom have attended subsequent sessions -- plan to pour some \$300 million into ads and get out the vote efforts to help scores of Republican Congressional candidates win in November, an effort that has been likened to a shadow GOP.

For Gillespie, Rove and other attendees the rationale to expand their coordination was simple: Democratic allied groups in recent elections had considerable success using cooperative tactics and GOP strategists wanted to match and even one up them. "I'm glad we're taking a page out of their playbook," Gillespie told the Center.

These independent GOP allies represent the leading edge of the new world of campaign finance, 2010 edition. Sensing a possible takeover on Capitol Hill, they have aggressively tapped a network of angry corporate and conservative donors, a task made easier by

the Supreme Court's famously controversial January ruling in *Citizens United v. Federal Election Commission*. That decision overturned decades of campaign finance law and gave the green light to corporations and unions to spend unlimited amounts on ads and other campaign activities that urge voters to oppose or support individual candidates. Some companies in sectors hit hard by new regulations -- including financial, energy and health care interests -- are grabbing for their checkbooks, and many are actively seeking the anonymity provided by new and older independent groups in the post-Citizens United world.

The tens of millions being plowed into these groups are also partly attributable to another phenomenon: management and fundraising problems at the Republican National Committee under Chairman Michael Steele, a situation that's prompted many major donors and fundraisers to put their financial chips elsewhere.

And now Democratic constituencies are responding. Jittery about a potential avalanche of corporate money flowing to GOP allies, several unions, led by the American Federation of State, County and Municipal Employees, the AFL-CIO and the Service Employees International Union, have begun plotting a counter-strategy -- hiking their budgets, polishing their famous "ground game" tactics, and expanding cooperative efforts of their own to avoid a debacle in November.

Notwithstanding labor's efforts, GOP allies have built a huge lead of almost five to one in ad spending compared to their Democratic counterparts, according to the Campaign Media Analysis Group. GOP-affiliated groups spent \$24.8 million on Senate and House ads from Aug. 1 to Sept. 20 while their Democratic rivals spent just \$4.9 million in the same period, according to CMAG data.

What this amounts to, say veteran money and politics watchers, is a virtual Wild West, with fewer rules and more cash than ever. Republicans and Democrats each now boast ten or so deep-pocketed independent groups with plans to spend \$10 million plus helping Senate and House candidates by running expensive ads and/or conducting get out the vote efforts. And they're on track to spend, collectively, some \$500 million dollars or more. With little oversight.

"The financial flows into this election cycle," says Marcus Owens, a partner at Caplin & Drysdale and a former IRS director of exempt organizations, "are beyond regulation and beyond the existing mechanisms of the Federal Election Commission and the IRS."

Citizens United: A Game Changer

The high court's ruling, which initial polls showed was opposed by 80 percent of the public, has helped to open the floodgates for potentially record spending by outside groups this year while creating a new fundraising landscape.

A sharply split Supreme Court in its 5 to 4 *Citizens United* decision overruled two key precedents about the free-speech rights of

corporations.

Most leaders of the GOP's allied groups downplay the decision's influence, but a few acknowledged its potential to change the fundraising game.

"Citizens United opened the door for the unparalleled participation by corporations at the financial level," says veteran GOP operative Scott Reed, who this summer launched a group called the Commission on Hope, Growth and Opportunity with an eye to raising \$25 million to help a couple dozen GOP House and Senate candidates. "But it took the combination of the RNC being inept and the Obama administration's political agenda to bring it all together."

Corporations Flying Under The Radar

A look at both the older and newer GOP-leaning groups that are planning the most expensive drives this year makes this much clear: Many corporations seem inclined to give to groups that are allowed by tax laws to keep their donations anonymous.

Most of the independent groups raking in big bucks are set up under IRS rules as so-called 501(c) organizations, named after a section of the tax code that covers a range of non-profit tax exempt organizations.

Quite a few of the new GOP-allied groups this year have obtained 501(c)(4) social welfare status, providing their donors anonymity but requiring them to spend more than half their funds on nonpolitical activities such as legislative advocacy. Further, business trade groups like the Chamber of Commerce have long enjoyed IRS status as 501(c)(6) operations which don't have to disclose their donors.

The Chamber Of Commerce

The Chamber of Commerce is expected to have the deepest pockets of the independent conservative and business groups when this year's fundraising marathon concludes.

Bill Miller, the national political director of the Chamber, told the Center that its political program is "an outgrowth of the frustrations of the business community." Miller said the "continued assault on industry by the policies put forth in this Congress has caused a recognition that the composition of this Congress has to change." The Chamber bills itself as bipartisan, but the lion's share of its issue ads and contributions has typically benefited GOP candidates.

Miller said corporate frustration is especially acute over four big issues that "have had, could have, or will have very negative consequences for the business community." They are: financial services reform, health care reform, and the specter of both cap and trade and "card check" legislation that would make it easier for unions to organize.

One mega corporate donor has been identified: News Corp., whose CEO is billionaire Rupert Murdoch, reportedly has given \$1

million to the Chamber for its political drive.

Early this summer, the Chamber's feisty chieftain, silver-haired Tom Donohue, told a private gathering of about 100 trade group leaders that the Chamber planned to up the ante this year by spending \$75 million on its election program -- more than double the \$36 million it spent on the 2008 campaign.

As of mid-September, the Chamber had spent about \$20 million on issue ads and other political activities, Miller says. The Chamber will focus on nine or ten Senate races and about three dozen House races in such key states as California, Florida, New Hampshire, Ohio and Pennsylvania.

Rove And Gillespie Lead Money Charge

American Crossroads opened its doors in March as a section 527 group. Under IRS rules the group can accept unlimited donations and can spend all its monies on political advocacy, but must disclose its large donations monthly.

In early June a second money front was opened with the founding of Crossroads GPS, a 501(c)(4) which can also accept unlimited donations, but doesn't have to disclose its donors at all.

Steven Law, the president of both groups and a former chief of staff to Senate Minority Leader Mitch McConnell, said that as of Sept. 20 the two had pulled in just over \$32 million, a sum that owed much to money harvesting by Rove and Gillespie both of whom are "informal advisers."

Early this year the duo made a successful fundraising foray into Texas. Two companies in which Dallas-based billionaire Harold Simmons boasts major holdings -- Southwest Louisiana Land LLC and Dixie Rice Agricultural Corp. -- have plowed a total of almost \$2 million into the 527. Simmons is one of three Texans who via their companies or on their own are its top financial angels.

Paul Singer, the New York-based founder and CEO of the \$17 billion hedge fund Elliott Management Corp. has also written a seven-figure check to Crossroads GPS, say sources familiar with the group.

Both entities combined had spent close to \$13 million by the end of September on hard hitting ads with a major focus on Senate contests in Colorado, Missouri, Nevada and Ohio, Law says. And it also has plans to run ads to assist a dozen to two dozen House races.

Other New Groups Pulling in Big Money

Meanwhile, lobbyist Reed's fledgling Commission on Hope, Growth and Opportunity, a 501 (c) (4) raised over half its \$25 million goal to run ads in 20 House districts and a few Senate contests, Reed says. Where's the dough coming from? "The big three stepping into the batter's box are the financial services industry, the energy industry, and the health insurance industry," Reed said.

GOP Groups Mimic Liberals

The money and the energy on the GOP side have been spurred by expanded coordination among allied groups. There are more cooperative fundraising initiatives, regular meetings of key leaders like the April 21 session at Rove's, and a division of labor in terms of which states and races different groups are spearheading. Coordination among independent groups is legal under campaign finance laws, but the outside groups are strictly barred from conducting any joint activities with party committees or the candidates themselves.

One example of the new cooperation: the shared office suites on the 12th floor of an office tower on New York Avenue in Washington, which are home to both American Crossroads and the American Action Network. The network also has two arms one of which is a 501 (c)(4) advocacy group that's been running TV ads in states such as Washington and Wisconsin to knock off Democratic incumbents.

The two organizations have also "done a few joint fundraising events," former Sen. Norm Coleman, the CEO of the Network told the Center, adding that Gillespie and Rove provided some early money harvesting help to his group. "We're all going after folks who care about government-run health care, higher taxes and more government stifling economic growth."

Big Unions, Liberal Groups Play Defense

Democrats worried about an enthusiasm and money gap are looking to their traditional union allies for help -- and they'll get it. Unions are banking on their ability to mount a more aggressive get-out-the vote drive. Some unions have responded by boosting their spending and trying to do more in concert as well. In late August, the AFL-CIO announced it would mount a joint national political operation^[1] this year with the SEIU and the United Food and Commercial Workers. The three union giants, who for the last couple of election cycles have worked separately, have plans for a combined political drive in 26 states that could cost close to \$94 million.

AFSCME Capitalizing On Citizens United

Gerry McEntee, the long time president of AFSCME -- which belongs to the AFL-CIO -- told the Center that his union will spend at least \$50 million, a 25 percent jump over the 2006 cycle. McEntee says his union will spend its funds on a mix of ads and get-out-the vote work to help Democrats in some 60 to 65 House races and 18 of the 37 Senate contests.

"We're in the race of our lives," McEntee said. And while labor may be outspent, it should have a big advantage in voter mobilization drives, he said.

But he acknowledged that the labor movement may be challenged in its efforts by the recession and disappointment on the part of some union members that Congress hasn't done more to help them, especially on card check legislation. "It's hard to get your people juiced up," McEntee added.

Peter Stone is a staff writer at the Center for Public Integrity. A longer version of this article and accompanying profiles of AFSCME President Gerry McEntee, Dallas billionaire Harold Simmons, Democratic Party operative Craig Varoga, Washington venture capitalist Fred Malek, and former RNC Chairman Ed Gillespie appear at the Center for Public Integrity website at: <http://www.publicintegrity.org/articles/entry/2462/>

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EXHIBIT G

Question Marks Surround Key Election Advertiser

PETER OVERBY and ANDREA SEABROOK

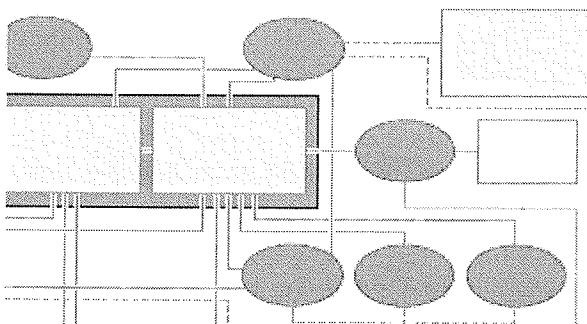
October 27, 2010

text size **A A A**

One of the most hard-fought, expensive midterm election seasons in history is nearing its end.

Mapping The Network

NPR's Peter Overby and Andrea Seabrook lay out the connections between self-styled independent groups operating this election season.



INTERACTIVE: A Web Of GOP Influence

In just the past few weeks, political groups have bought TV airtime worth tens of millions of dollars in dozens of races. NPR is tracking the hidden flow of corporate money in partisan politics this season — the wealthy donors, the torrent of attack ads, the network of supposedly independent groups coordinating their campaigns.

Amid all that, there's one group that's particularly hard to figure out: the Commission on Hope, Growth & Opportunity.

Its name tells you almost nothing. It is not a commission by any normal definition, and who's not for hope, growth and opportunity?

Conservative strategists say the group is one of three important advertisers in the Republican drive to win a big House majority.

But the commission is not a formal political committee. And it doesn't say anything — at least not in public — about promoting GOP candidates.

In fact, in public, it hardly says anything at all.

But it does run some pretty creative ads, including a mock sales pitch for a commemorative coin — "a piece of American history, enshrining forever President Obama increasing our national debt."

"They've probably run some of the more entertaining ads this cycle," says Evan Tracey, who tracks political ads for a living at the Campaign Media Analysis Group. "They don't look like a lot of the ads that are being shown over and over and over, by candidates and the parties and the other groups in a lot of these races."

The "commemorative coin" ad is running against candidates in several states. It follows the Republicans' broad strategy this year of linking the local Democrat to House Speaker Nancy Pelosi and the national debt.

Source: YouTube

Sounds like a political campaign, right?

Well, the commission isn't calling it that. It's organized as a nonprofit, social welfare organization, and it says its mission is to "advance the principle that sustained and expanding economic growth is central to America's economic future."

Read The Document

View The Commission On
Hope, Growth &
Opportunity's IRS Filing

NPR acquired a copy of the group's official IRS filing from March. One question on the form asks if the organization plans to spend any money to influence elections.

It answered no.

William Canfield, the commission's general counsel, filled out and signed that tax form. Canfield is a longtime Republican attorney in Washington.

When reached by phone, Canfield shrugged off a couple of questions about the commission, and then said, "You're not going to get anything out of me, so let's just end this right now." And he hung up.

NPR also tried to reach another Republican veteran associated with the commission. As a party strategist, Scott Reed ran Bob Dole's presidential campaign in 1996. As a lobbyist, his client list includes companies in health insurance, chemicals, technology and manufacturing. He didn't return NPR phone calls to his office over a two-week period.

But there's really no question that the group's ads are political — despite what it reports to the IRS — says Tracey of the Campaign Media Analysis Group.

Funding An Attack Ad: How The Money Flowed In 2008

Two years ago, NPR traced the money going to a pro-Democratic "independent" political group that put out an ad attacking Republican presidential nominee John McCain.

See How The Money
Flowed For That Ad

Independent Group Airs
Anti-McCain Ad
March 6, 2008

"There's not a whole lot of gray area as to whether these are about issues," Tracey says. "They're strictly about politics and elections."

And the Commission on Hope, Growth & Opportunity isn't the only one blurring the line. This fall, an entire network of supposedly independent groups has orchestrated a nationwide campaign for Republicans. There's a lesser effort on the Democratic side. And because these groups are nonprofits, not political committees, they have to disclose to the Federal Election Commission only when they run ads that identify individual candidates.

The Commission on Hope, Growth & Opportunity, however, reports nothing to the FEC.

There's also the Federal Communications Commission, or FCC. When any political advertiser buys airtime on a TV station, the FCC says it has to give the station a report, listing how much it paid for the airtime, when the ads will run and which candidates are identified in the ads.

There, too, the Commission on Hope, Growth & Opportunity withholds critical information. When NPR viewed the commission's filings at two stations in Pittsburgh earlier this month, whole sections were left blank — including one for identifying the targets of its attack ads.

That leaves the IRS as the government agency regulating these hidden-money groups.

But Ofer Lion, a lawyer who is an expert on tax-exempt organizations, says the IRS is just not set up to oversee political groups — and that means they are essentially unregulated.

"They are well aware that the IRS is not very interested in sort of stepping into the shoes, I think, of the Federal Election Commission," Lion says.

At this rate, the election will be long over before anything is known about the Commission on Hope, Growth & Opportunity.

You'll probably see more of its ads, though. The commission says it will communicate its "public welfare message ... through all forms of mass communication."

Related NPR Stories

MESSAGE MACHINE: Fact-Checking The Ads Nov. 4, 2010

EXHIBIT H

FEDERAL ELECTION COMMISSION

In the matter of:

The Commission on Hope, Growth
and Opportunity

MUR No.

COMPLAINT

1. Citizens for Responsibility and Ethics in Washington (“CREW”) and Melanie Sloan bring this complaint before the Federal Election Commission (“FEC or “Commission”) seeking an immediate investigation and enforcement action against the Commission on Hope, Growth and Opportunity for direct and serious violations of the Federal Election Campaign Act (“FECA”).

Complainants

2. Complainant CREW is a non-profit corporation, organized under section 501(c)(3) of the Internal Revenue Code. CREW is committed to protecting the right of citizens to be informed about the activities of government officials and to ensuring the integrity of government officials. CREW is dedicated to empowering citizens to have an influential voice in government decisions and in the governmental decision-making process. CREW uses a combination of research, litigation, and advocacy to advance its mission.

3. In furtherance of its mission, CREW seeks to expose unethical and illegal conduct of those involved in government. One way CREW does this is by educating citizens regarding the integrity of the electoral process and our system of government. Toward this end, CREW monitors the campaign finance activities of those who run for federal office and participate in federal elections, and publicizes those who violate federal campaign finance laws. CREW also

files complaints with the FEC when it discovers violations of the FECA. Publicizing campaign finance violators and filing complaints with the FEC serves CREW's mission of keeping the public informed about individuals and entities that violate campaign finance laws and deterring future violations of campaign finance law.

4. In order to assess whether an individual or regulated entity is complying with federal campaign finance law, CREW needs the information contained in independent expenditure and electioneering communications disclosure reports that must be filed pursuant to the FECA, 2 U.S.C. § 434(c), (f); 11 C.F.R. §§ 104.20(b), 109.10(b)-(d). CREW is hindered in its programmatic activity when an individual or regulated entity fails to disclose campaign finance information in reports required by the FECA.

5. CREW relies on the FEC's proper administration of the FECA's reporting requirements because the FECA-mandated disclosure reports are the only source of information CREW can use to determine if an individual or regulated entity is complying with the FECA. The proper administration of the FECA's reporting requirements includes mandating that all disclosure reports required by the FECA are properly and timely filed with the FEC. CREW is hindered in its programmatic activity when the FEC fails to properly administer the FECA's reporting requirements.

6. Complainant Melanie Sloan is the executive director of Citizens for Responsibility and Ethics in Washington, a citizen of the United States and a registered voter and resident of the District of Columbia. As a registered voter, Ms. Sloan is entitled to receive information contained in disclosure reports required by the FECA, 2 U.S.C. § 434(c), (f); 11 C.F.R. §§ 104.20(b), 109.10(b)-(d). Ms. Sloan is harmed when an individual or regulated entity

fails to report campaign finance activity as required by the FECA. *See FEC v. Akins*, 524 U.S. 11, 19 (1998), *quoting Buckley v. Valeo*, 424 U.S. 1, 66-67 (1976) (political committees must disclose contributors and disbursements to help voters understand who provides which candidates with financial support). Ms. Sloan is further harmed when the FEC fails to properly administer the FECA's reporting requirements, limiting its ability to review campaign finance information.

Respondent

7. The Commission on Hope, Growth and Opportunity ("CHGO") is an unincorporated nonprofit association organized under section 501(c)(4) of the Internal Revenue Code and based in Washington, D.C. CHGO's contact information is as follows:

Commission on Hope, Growth and Opportunity
1900 M Street, N.W.
Suite 600
Washington, D.C. 20036
(202) 530-5332

8. As of May 20, 2011, CHGO was not a registered political committee.

Factual allegations

9. Between September 25 and November 2, 2010, CHGO spent more than \$2.3 million to broadcast television advertisements in 12 elections for seats in the House of Representatives.¹ All of these advertisements are included on the disc attached as Exhibit A, and are available at www.citizensforethics.org/CHGO.

¹ The Campaign Media Analysis Group ("CMAG") tracks political advertisements broadcast on local, national, and cable television. The data collected by CMAG include the date of the advertising, the market in which it was broadcast, the content of the advertising, and the estimated cost of the air time purchased.

10. In 10 of the elections CHGO broadcast advertisements attacking one candidate and supporting the other one.

11. CHGO spent \$438,310 to broadcast two advertisements attacking Rep. John Spratt (D-SC) and supporting his Republican opponent, Mick Mulvaney.

12. Specifically, CHGO spent \$239,480 to broadcast one advertisement titled "Song and Dance" between September 25 and October 3, 2010. Exhibit A, track 1. In this advertisement CHGO stated that even though "it's the worst economy in decades," Spratt, "instead of looking out for us, approved billions in deficit spending without missing a beat." CHGO then encouraged voters to "pull the plug on this song and dance once and for all," and to "join Mick Mulvaney's fight against the big spenders in Washington." On screen at the end of the advertisement appeared the words "Fight back. Join Mick Mulvaney. Stop the big spenders in Congress."

13. CHGO spent \$198,830 to broadcast the second advertisement, titled "Collectible Coin," between October 28 and November 2, 2010. This advertisement ostensibly advertised a collectible coin commemorating President Obama "increasing our national debt to a staggering \$13.4 trillion" and Spratt's votes for the agenda of House Speaker Nancy Pelosi (D-CA). *Id.*, track 2. CHGO then told voters to call Spratt "to order yours today," and said "Mick Mulvaney has a better idea - stop the spending and get America working again." On screen at the end of this advertisement appeared the words "Help Mick Mulvaney. Stop the Spending. Make America Work Again."

14. CHGO spent \$240,690 to broadcast the "Song and Dance" advertisement against Rep. Kathy Dahlkemper (D-PA) and in support of her opponent, Republican Mike Kelly,

between September 29 and October 5, 2010. *Id.*, track 3.

15. CHGO spent \$238,740 to broadcast the “Song and Dance” advertisement against Rep. Frank Kratovil (D-MD) and in support of Republican Andy Harris between September 29 and October 15, 2010. *Id.*, track 4.

16. CHGO spent \$74,240 to broadcast the “Song and Dance” advertisement against Rep. Allen Boyd (D-FL) and in support of Republican Steve Southerland between September 29 and October 5, 2010. *Id.*, track 5.

17. CHGO spent \$131,830 to broadcast the “Collectible Coin” advertisement against Rep. Suzanne Kosmas (D-FL) and in support of Republican Sandy Adams between October 8 and 14, 2010. *Id.*, track 6.

18. CHGO spent \$101,070 to broadcast the “Collectible Coin” advertisement against Rep. Baron Hill (D-IN) and in support of Republican Todd Young between October 29 and November 1, 2010. *Id.*, track _7.

19. CHGO spent \$76,230 to broadcast the “Collectible Coin” advertisement against Rep. C.A. (Dutch) Ruppberger (D-MD) and in support of Republican Marcelo Cardarelli between October 15 and November 1, 2010. *Id.*, track 8.

20. CHGO spent \$53,580 to broadcast the “Collectible Coin” advertisement against Rep. Paul Kanjorski (D-PA) and in support of Republican Lou Barletta between October 1 and 7, 2010. *Id.*, track 9.

21. CHGO also spent \$263,650 to broadcast an advertisement titled “Make America Work” against Rep. John Salazar (D-CO) and in support of his Republican opponent, Scott Tipton, between October 1 and October 9, 2010. In this advertisement, CHGO first identified

Salazar as a candidate, then stated Salazar “squandered billions on a bogus stimulus bill as unemployment skyrocketed,” and “led the charge with Pelosi for Obamacare, further crippling rural Colorado’s economy.” *Id.*, track 10. CHGO then touted Tipton, saying “he believes Coloradans know best how to create jobs and grow our economy,” and encouraging voters to “help Scott Tipton make America work again.”

22. CHGO spent \$99,160 to broadcast a similar “Make America Work” advertisement against Rep. Dan Maffei (D-NY) and in support of Republican Ann Marie Buerkle between October 25 and November 3, 2010. *Id.*, track 11. CHGO also spent \$65,860 to broadcast the “Collectible Coin” advertisement against Maffei and in support of Buerkle between October 21 and 25, 2010. *Id.*, track 12.

23. CHGO spent \$74,370 to broadcast the “Collectible Coin” advertisement in support of Rep. Walt Minnick (D-ID) between October 13 and 19, 2010 that did not mention his opponent. *Id.*, track 13.

24. CHGO broadcast two additional advertisements close to the election that attacked one candidate and encouraged voters to call the candidate.

25. CHGO spent \$415,270 to broadcast an advertisement against Rep. Carol Shea-Porter (D-NH) between October 8 and 16, 2010. In this advertisement, CHGO noted Shea-Porter’s votes for the stimulus package and the health care bill, and added “it gets worse” because Shea-Porter “voted for the Pelosi House agenda 93%” of the time. *Id.*, track 14. CHGO then encouraged voters to call Shea-Porter and “let her know if what you believe is what she believes” while the words “does she believe what we believe?” appeared on the screen.

26. CHGO also spent \$41,100 to broadcast a second advertisement against Boyd

between October 27 and November 1, 2010. In this advertisement, CHGO asserted Boyd was one of Pelosi's most loyal followers, but after he "voted no on Obamacare, Queen Nancy shouted 'off with his head,' and Allen quickly changed his vote to yes." CHGO then encouraged voters to call Boyd and urge him "to vote no again" and "repeal Obamacare." *Id.*, track 15.

27. On the screen at the end of each advertisement appeared a written disclaimer: "Paid for by the Commission on Hope, Growth and Opportunity, a tax-exempt 501(c)(4) organization and not a federal political committee. This message is not coordinated with any candidate or committee." CHGO's website, www.hopegrowthopportunity.org, appeared at the bottom of the screen.

28. On October 4, 2010, after some of these advertisements had aired, the Democratic Congressional Campaign Committee ("DCCC") filed a complaint with the FEC alleging CHGO failed to file any independent expenditure or electioneering communications reports for advertisements it broadcast as of October 1, 2010. Exhibit B.

Legal background

29. An "independent expenditure" is an expenditure by a person for a communication "expressly advocating the election or defeat of a clearly identified candidate" that is not coordinated with a candidate or a political party. 2 U.S.C. § 431(17); 11 C.F.R. § 100.16(a).

30. The Commission's regulations define "expressly advocating" as any communication that either use phrases such as "Smith for Congress" or "Bill McKay in '94," 11 C.F.R. § 100.22(a), or "[w]hen taken as a whole and with limited reference to external events, such as the proximity to the election, could only be interpreted by a reasonable person as containing advocacy of the election or defeat of one or more clearly identified candidate(s)

because - (1) The electoral portion of the communication is unmistakable, unambiguous, and suggestive of only one meaning; and (2) Reasonable minds could not differ as to whether it encourages actions to elect or defeat one or more clearly identified candidate(s) or encourages some other kind of action,” 11 C.F.R. § 100.22(b).

31. A public communication is “a communication by means of any broadcast, cable or satellite communication, newspaper, magazine, outdoor advertising facility, mass mailing or telephone bank to the general public, or any other form of general public political advertising.” 11 C.F.R. § 100.26.

32. A “clearly identified candidate” is one whose name, nickname, photograph or drawing appears, or whose identity is apparent through unambiguous reference. 11 C.F.R. § 100.17.

33. The FECA requires a person (including a political committee) who makes independent expenditures aggregating \$10,000 or more on a given election in a calendar year up to the 20th day before the date of an election to file a report describing the expenditure with the Commission within 48 hours. 2 U.S.C. § 434(g)(2)(A). Commission regulations specify that the report must be filed not later than “11:59 p.m. Eastern Standard/Daylight Time on the second day following the date on which a communication that constitutes an independent expenditure is publicly distributed or otherwise publicly disseminated.” 11 C.F.R. § 109.10(c).

34. The FECA further requires a person (including a political committee) who makes independent expenditures aggregating \$1,000 or more on a given election after the 20th day before the date of an election but more than 24 hours before the day of the election to file a report describing the expenditure with the Commission within 24 hours. 2 U.S.C. § 434(g)(1)(A).

Commission regulations specify that the report must be filed not later than “11:59 p.m. Eastern Standard/Daylight Time on the day following the date on which a communication is publicly distributed or otherwise publicly disseminated.” 11 C.F.R. § 109.10(d).

35. The FECA and the Commission’s regulations define an “electioneering communication” as any broadcast, cable, or satellite communication that: (1) refers to a clearly identified candidate for Federal office; (2) is publicly distributed within 60 days before a general election for the office sought by the candidate; and (3) is targeted to the relevant electorate, in the case of a candidate for the House of Representatives. 2 U.S.C. § 434(f)(3)(A); 11 C.F.R. § 100.29(a).

36. The FECA requires a person who makes electioneering communications aggregating \$10,000 or more during a calendar year to file a statement describing the disbursement within 48 hours. 2 U.S.C. § 434(f)(1). Commission regulations specify that the report must be filed not later than “11:59 p.m. Eastern Standard/Daylight Time on the day following the disclosure date.” 11 C.F.R. § 104.20(b)

Count I

37. The television advertisements CHGO broadcast were either independent expenditures or electioneering communications, but none of them have been reported to the Commission.

38. Nearly all of CHGO’s advertisements are independent expenditures because they expressly advocated for the election or defeat of one or more clearly identified candidate. All of the advertisements clearly identified by name and by photograph and/or video either both the Republican and Democratic candidates or one of them. By telling voters to “fight back” and

“join” a candidate’s fight, “help” a candidate, or “pull the plug” on a candidate’s “song and dance,” the advertisements could only be reasonably interpreted as containing advocacy of the election or defeat of the candidates.

39. CHGO spent more than \$10,000 in each of the 11 House races in which it broadcast advertisements expressly advocating the election or defeat of candidates.

40. For each of the advertisements broadcast up to 20 days before the date of the election, CHGO should have filed an independent expenditure report with the Commission within 48 hours. For each of the advertisements broadcast within 20 days of the date of the election, CHGO should have filed an independent expenditure report with the Commission within 24 hours.

41. As of May 20, 2011, CHGO had not filed any independent expenditure reports regarding the advertisements.

42. Even if some of these advertisements were not independent expenditures, all of them were electioneering communications because they (1) referred to clearly identified candidate or candidates, (2) were publicly distributed within 60 days of the election, and (3) were targeted to the relevant electorates. For the same reason, the two advertisements in which CHGO clearly identified one candidate and encouraged voters to call the candidate were electioneering communications.

43. CHGO should have filed electioneering communications reports with the Commission for each of the advertisements within 48 hours.

44. As of May 20, 2011, CHGO had not filed any electioneering communications reports regarding the advertisements.

45. By broadcasting advertisements that were either independent expenditures or electioneering communications and failing to report those expenditures to the FEC, CHGO violated 2 U.S.C. § 434(g) and 11 C.F.R. § 109.10(c)-(d), and/or 2 U.S.C. § 434(f)(1) and 11 C.F.R. § 104.20(b).

46. The filing of the DCCC complaint put CHGO on notice that its failure to report its independent expenditures or electioneering communications violated the FECA and relevant regulations. By failing to report its independent expenditures or electioneering communications arising from broadcasting advertisements after the DCCC filed its complaint, CHGO's violations were knowing and willful and thus subject to criminal penalties and referral to the Department of Justice. 2 U.S.C. §§ 437g(a)(5)(C), 437g(d)(1).

Count II

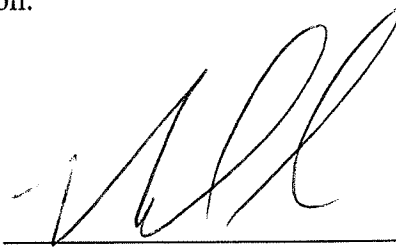
47. An independent expenditure or electioneering communication in the form of a communication transmitted through television must include a disclaimer. 2 U.S.C. § 441d(d)(2); 11 C.F.R. § 110.11(c)(4). The communication must include the audio statement that "[the person paying for the communication] is responsible for the content of this advertising," conveyed by a representative of the person paying for the communication either in an unobscured, full-screen view of the representative or in a voiceover. 2 U.S.C. § 441d(d)(2); 11 C.F.R. § 110.11(c)(4)(i)-(ii). The communication must also include this statement in a "clearly readable manner." 2 U.S.C. § 441d(d)(2); 11 C.F.R. § 110.11(c)(4)(iii).

48. All of the television advertisements paid for by CHGO were independent expenditures or electioneering communications, but none of them included either the audio or written disclaimer stating CHGO is responsible for the content of the advertising. By failing to

include the disclaimer, CHGO violated 2 U.S.C. § 441d(d)(2) and 11 C.F.R. § 110.11(c)(4).

Conclusion

WHEREFORE, Citizens for Responsibility and Ethics in Washington and Melanie Sloan request that the FEC conduct an investigation into these allegations, declare the respondent to have violated the FECA and applicable FEC regulations, impose sanctions appropriate to these violations and take such further action as may be appropriate, including referring this case to the Department of Justice for criminal prosecution.

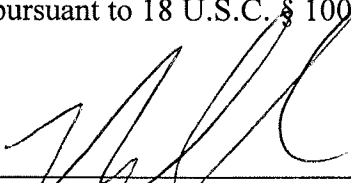
A handwritten signature in black ink, appearing to read 'MS', is written over a horizontal line.

ON BEHALF OF COMPLAINANTS

Melanie Sloan
Executive Director
Citizens for Responsibility and Ethics in
Washington
1400 Eye St., N.W., Suite 450
Washington, D.C. 20005
(202) 408-5565 (phone)
(202) 588-5020 (fax)

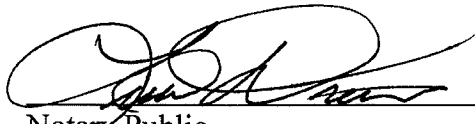
Verification

Citizens for Responsibility and Ethics in Washington and Melanie Sloan hereby verify that the statements made in the attached Complaint are, upon information and belief, true. Sworn pursuant to 18 U.S.C. § 1001.



Melanie Sloan

Sworn to and subscribed before me this ____ day of May, 2011.



Notary Public

Lisa Drew
District of Columbia, Notary Public
My Commission Expires
July 31, 2014

EXHIBIT A

See enclosed disc

EXHIBIT B



HONORABLE CHRIS VAN HOLLEN
CHAIRMAN

**BEFORE THE
FEDERAL ELECTION COMMISSION**

Jon Vogel,
Executive Director
Democratic Congressional Campaign Committee
430 South Capitol St., SE
Washington, DC 20003,

Complainant,

v.

Commission on Hope, Growth & Opportunity
1900 M Street, NW Suite 600
Washington, D.C. 200036
(202) 530-3332

Respondent.

COMPLAINT

Complainant files this complaint under 2 U.S.C. § 437g(a)(1) against the Commission on Hope, Growth & Opportunity ("Respondent") for violations of the Federal Election Campaign Act ("Act"), as described below.

A. FACTS

Respondent is an organization that claims to be "registered under section 501(c)(4) of the IRS."¹ As of October 1, 2010, it was not a registered political committee.

Based on information and belief, from September 24, 2010 through September 30, 2010, Respondent disseminated broadcast television advertisements attacking Congressman John

¹ See <http://www.hopegrowthopportunity.com/> (last visited on October 1, 2010).



Spratt (totaling in excess of \$200,000) and Congressman Dan Maffei (totaling in excess of \$100,000).² On September 30, 2010, Respondent disseminated broadcast television advertisements attacking Congressman Frank Kratovil,³ Congresswoman Kathy Dahlkemper, and Congressman Allan Boyd. Based on information and belief, these ads are expected to run through October 5, 2010, and will in excess of \$300,000, \$200,000, and \$100,000 respectively.

As Exhibits A and C demonstrate, the ads attacking Congressmen Spratt and Kratovil refer to both candidates by name and show their images. After attacking the candidates, the ad fades to pictorial images of the candidates' Republican opponents. The narrator then closes the ads by saying, "Join [name of Republican candidate] to fight against the big spenders in Congress," with an on-screen chyron that says, "Fight back. Join [name of Republican candidate]. Stop the big spenders in Congress." Neither ad states that the Respondent "is responsible for the content of this advertising" – either aurally or in writing.

As Exhibit B demonstrates, the ad attacking Congressman Maffei also refers to the candidate by name and shows his image. After attacking Congressman Maffei, the ad shows several images of his Republican opponent, Ann Marie Buerkle, touts her proposals, and then closes with the narrator saying, "Help Ann Marie Buerkle make America work again," with an on-screen chyron that says, "Help Anne [sic] Marie Buerkle Make America Work Again." The ad does not state that the Respondent "is responsible for the content of this advertising" – either aurally or in writing.

² See Exhibits A and B.

³ See Exhibit C.



As of October 1, 2010, Respondent had not reported any of these advertisements to the Federal Election Commission (the "Commission").

B. LEGAL BACKGROUND

Commission regulations define an "independent expenditure" as an "expenditure by a person for a communication expressly advocating the election or defeat of a clearly identified candidate" that is not coordinated with a Federal candidate or political party. 11 C.F.R. § 100.16(a). The term "expressly advocate" means any communication that either uses the so-called "magic words" set forth in 11 C.F.R. § 100.22(a) or "[w]hen taken as a whole and with limited reference to external events, such as the proximity to the election, could only be interpreted by a reasonable person as containing advocacy of the election or defeat of one or more clearly identified candidate(s) because – (1) [t]he electoral portion of the communication is unmistakable, unambiguous, and suggestive of only one meaning; and (2) [r]easonable minds could not differ as to whether it encourages actions to elect or defeat one or more clearly identified candidate(s) or encourages some other kind of action." *Id.*, § 100.22(b)

Commission regulations define an "electioneering communication" as any broadcast, cable, satellite communication that (1) refers to a clearly identified candidate for Federal office, (2) is publicly distributed within 60 days before a general election for the office sought by the candidate, and (3) is targeted to the relevant electorate, in the case of a candidate for the House of Representatives. *See* 11 C.F.R. § 100.29(a).



C. LEGAL ARGUMENT

1. Respondent Failed to File Independent Expenditure or Electioneering Communication Reports

Commission regulations require persons other than political committees that "make[] independent expenditures aggregating \$10,000 or more with respect to a given election any time during the calendar year up to and including the 20th day before an election" to report the independent expenditures by 11:59 p.m. on the second day following the date on which a communication is publicly distributed or otherwise publicly disseminated." 11 C.F.R. § 109.10(c). Likewise, Commission regulations require persons other than political committees that make "an electioneering communication ... aggregating in excess of \$10,000 during any calendar year [to] file a statement with the Commission by 11:59 p.m. on the day following the disclosure date." *Id.* § 104.20(b).

The advertisements publicly disseminated by Respondent were either independent expenditures or electioneering communications. The advertisements expressly advocated for the election of the Republican candidates and the defeat of the Democratic candidates. Even if the Commission concludes that the advertisements did not contain express advocacy, they are clearly "electioneering communications," because they were broadcast, cable, or satellite communications that referred to clearly identified candidates for public office, were publicly distributed within 60 days of the general election, and were targeted to the relevant electorate.

However, as of October 1, 2010, Respondent had failed to file *any* independent expenditure or electioneering communication reports, even though the advertisements clearly



exceeded the \$10,000 threshold and qualified as either independent expenditures or electioneering communications. Therefore, Respondent violated either section 104.20(b) or 109.10(c) of the regulations.

2. Respondent Failed to Include Proper Disclaimers on the Advertisements

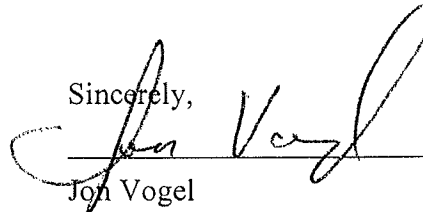
Commission regulations require certain television communications to have disclaimers. A television communication by a person other than a political committee is required to have a disclaimer if it expressly advocates the election or defeat of a clearly identified candidate or qualifies as an electioneering communication. *See id.* § 110.11(a)(2), (4). All such television communications must include the following audio statement: "XXXX is responsible for the content of this advertising," with the blank to be filled in with the name of the person paying for the communication. *See id.* § 110.11(c)(4)(i). The statement must be "spoken clearly" and "conveyed by an unobscured full-screen view of a representative of the ... person making the statement, or by a representative of such ... other person in voice-over." *Id.* § 110.11(c)(4)(ii). Furthermore, such a television communication must also "include a similar statement that must appear in clearly readable writing at the end of the communication." *Id.* § 110.11(c)(4)(iii).

Because they were either independent expenditures or electioneering communications, Respondent's television advertisements were required to include the aural and written "stand by your ad" disclaimer. However, *none* of Respondent's advertisements contained the aural or written "stand by your ad" disclaimer. Therefore, Respondent violated section 110.11(c) of the regulations.



D. REQUESTED ACTION

As we have shown, there is substantial evidence that Respondent has violated the Federal Election Campaign Act. We respectfully request the Commission to investigate these violations. Should the Commission determine that Respondents have violated FECA, we request that Respondents be enjoined from further violations and be fined the maximum amount permitted by law.

Sincerely,

Jon Vogel

SUBSCRIBED AND SWORN to before me this 14 day of October, 2010.


Notary Public

Notary Public, District of Columbia
My Commission Expires 7/31/2012

EXHIBIT I

October 14, 2010

Categories: 2010

What the ad trackers miss

A senior Democrat e-mailed me today that the **new Wesleyan study** (http://www.politico.com/blogs/bensmith/1010/Three_to_two.html?showall) of campaign spending was markedly low when it came to the spending of the organization she's associated with.

The reason: CMAG, which tracks the ads for Wesleyan and for many political organizations, monitors only broadcast and national cable buys, according to its chief operating officer, Evan Tracey.

That excludes local cable networks, where candidates, party committees, and independent groups do a lot of their targeted advertising and a fair amount of spending.

My instinct is that the gap biases the numbers toward high-profile national groups looking to send a message to Washington with national cable buys, and away from stealth buys in local races, though the overall spread between the parties is probably about right.

So if you're seeing anything interesting on local cable, please record it!

UPDATE: A well-informed industry source puts the share of political spending on local cable at about 20%, though it varies greatly by region.

Recommend

Be the first of your friends to recommend this.

Posted by Ben Smith 01:36 PM

EXHIBIT J

See enclosed disc

EXHIBIT K

“Song and Dance” - John Spratt

Narrator: It's the worst economy in decades. And the folks in Washington are living it up, spending our tax dollars like there's no tomorrow. Leading this big song and dance – Obama, of course, and Nancy Pelosi. But there's one face you might not expect to see – our old friend John Spratt. As Budget Committee chairman, Spratt approved billions in deficit spending without missing a beat.

Narrator: Let's pull the plug on this song and dance once and for all. Join Mick Mulvaney's fight against the big spenders in Washington.

Caption: Fight back. Join Mick Mulvaney. Stop the big spenders in Congress.

Disclaimer: PAID FOR BY THE COMMISSION ON HOPE, GROWTH AND OPPORTUNITY, A TAX-EXEMPT 501(C)(4) ORGANIZATION AND NOT A FEDERAL POLITICAL COMMITTEE. THIS MESSAGE IS NOT COORDINATED WITH ANY CANDIDATE OR COMMITTEE. WWW.HOPEGROWTHOPPORTUNITY.ORG

EXHIBIT L


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**HOW WILL YOU INTRODUCE
YOUR SPEAKER?**

Scott Reed

Former Campaign Manager for Bob Dole

Scott W. Reed is the Chairman of Chesapeake Enterprises. Prior to founding Chesapeake Enterprises, Mr. Reed was the Campaign Manager for Bob Dole's 1996 Presidential campaign. He oversaw the national campaign, which included political strategy, policy development, communications and advertising during both the GOP primary and the general election. In addition, he directed preparations for the 1996 Republican National Convention in San Diego and the Vice Presidential selection process of Jack Kemp.

In 1993, Mr. Reed was appointed Executive Director of the Republican National Committee. He served as chief operating officer of the GOP during the historic elections in 1993 and 1994 when the Republicans gained control of both the House and Senate for the first time in over 40 years. In addition, Mr. Reed implemented a state-by-state effort that succeeded in electing 32 Republican Governors.

During the Bush Administration, Mr. Reed served as Chief of Staff to Secretary Jack Kemp at the Department of Housing and Urban Development. He directed personnel, political and policy matters for 12,000 employees in DC and across the country, implementing a long-term empowerment and privatization program.

Mr. Reed has appeared on NBC's *Meet the Press*, CBS's *60 Minutes* and *Face the Nation*, ABC's *World News Tonight*, C-Span's *Washington Journal*, CNN's *Capital Gang*, CNBC's *Capital Report*, National Public Radio and other national broadcast programs. He is quoted extensively on national political trends in *The Washington Post*, *The New York Times*, *USA Today*, *The Wall Street Journal* and *Time Magazine*.

Mr. Reed also advises various Members of Congress, Governors, and Members of the Administration on political and policy issues. He has been a guest lecturer at the John F. Kennedy School of Politics at Harvard University.

Mr. Reed is a native of Wilmington, DE and he received his Bachelor of Arts degree from the St. Lawrence University in New York. He is married and lives with his wife and children in Annapolis, MD.

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EXHIBIT M

The New York Times

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August 27, 1990

Republican Fund Raising Is Attacked in Federal Suit

By PHILIP SHENON, Special to The New York Times

WASHINGTON, Aug. 26— The Federal Election Commission has sued a Republican Party fund-raising organization, charging that in 1986 the group illegally gave Republican senatorial candidates more than \$2 million raised through solicitation letters signed by Vice President George Bush.

The suit, filed Friday in Federal District Court here, centers on the National Republican Senatorial Committee, an affiliate of the Republican National Committee, and a disputed political fund-raising technique known as bundling.

The suit raises this question: Can a political party get around Federal limits on campaign spending by asserting that donations to a candidate are not made by the party, but are instead made by thousands of donors whose individual contributions have been bundled by the party and then sent to a candidate?

In its court papers, the election commission said the answer, at least in this situation, was no.

Committee to Fight Suit

The Republican senatorial committee said today that it would contest the suit, arguing that the matter was closed more than a year ago when it agreed to pay a civil penalty of \$20,000 to settle some charges in the case.

The suit filed last week said the committee violated the ceiling of \$17,500 that a party organization can contribute to an individual candidate by raising nearly \$2.7 million for a dozen Republican Senate candidates.

According to court papers, the money was raised through several versions of a fund-raising letter signed by Mr. Bush. The dozen candidates, who all lost in the general election, were not mentioned by name in the letters.

In 1986, the Republican Party made the maximum contribution to its Senate candidates and then used the letters to raise additional money.

Reported as Individual Gifts

The money collected as a result of the letters was reported to the Government as donations from individual contributors, not from the committee.

"We don't believe that's proper," said Fred S. Eiland, a spokesman for the election commission. "Our argument is that a party that raises money for political purposes and directs where it is going has a legal responsibility to report that money" as its own contribution.

He added that the commission could seek millions of dollars in fines from the senatorial committee.

Days before the November 1986 election, Common Cause, a lobbying group that promotes strict adherence to political fund-raising limits, filed an initial complaint against the Republican senatorial committee. The complaint, filed with the election commission, charged that the Bush letters were a method to circumvent limits on party contributions.

Group Opposed Settlement

The senatorial committee agreed to pay a \$20,000 fine to settle a portion of the charges, and the six-member election commission was unable to agree on how to deal with the remainder of the Common Cause complaint.

Common Cause opposed the partial settlement and went to court to have it overturned. Earlier this year, Judge Gerhard A. Gesell of Federal District Court in Washington sided with Common Cause and ordered the election commission to re-examine the case, prompting the lawsuit filed last week.

William B. Canfield, general counsel for the National Republican Senatorial Committee, said the organization would try to have the suit dismissed, arguing that it was pre-empted by the settlement.

"There is already an agreement in this case," Mr. Canfield said. "We paid a civil penalty of \$20,000, acknowledged certain errors and omissions and thought, quite rightly, that this matter was closed."