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Christian Josi

March 13, 2001

The Honorable Danny McDonald, Chairman
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

RE: Rev. Jesse Jackson, Citizenship Education Fund, Inc.,
Rainbow/PUSH Coalition, Inc., People United, Democratic National
Committee, and Gore/Lieberman, Inc.; Keep Hope Alive PAC, a non-
connected political action committee, Katharine R. Boyce, Assistant
Treasurer.

Dear Chairman McDonald:

Pursuant to 2 U.S.C. § 437g(a)(1) and 11 C.F.R. § 111.4, the American Conservative Union hereby files this Complaint against Rev. Jesse Jackson, an individual ("Jackson"), Citizenship Education Fund, Inc. ("CEF"), a 501(c)(3) not for profit corporation located in Chicago, Illinois, the Rainbow/PUSH Coalition, Inc. a not-for-profit corporation located in Chicago, Illinois, People United, a religious corporation, and any other corporation, whether for profit or not-for-profit, affiliated with Jackson and/or CEF and/or Rainbow/PUSH Coalition and/or People United (hereafter "Corporate Respondents"); the Democratic National Committee, Gore/Lieberman, Inc. and the principal authorized campaign committees of any federal candidates which were the recipients of the illegal corporate in-kind contributions complained of herein; Keep Hope Alive PAC, a non-connected political action committee, Katharine R. Boyce, Assistant Treasurer ("Political Committee Respondents") (collectively, "Respondents").

Complainant herein is the American Conservative Union ("ACU"), a non-profit corporation, the nation's oldest conservative lobbying organization.

This Complaint is filed against Respondents for violations of the Federal Election Campaign Act of 1971, as amended (2 U.S.C. § 431 *et seq*), specifically, violations of 2 U.S.C. § 441b which prohibits corporate contributions to federal candidates and/or political parties for use in connection with a federal campaign, 2 U.S.C. § 434 for failure to report expenditures as contributions and for violation of numerous provisions of 26 U.S.C. § 9001 *et seq.*, the Presidential Election Campaign Fund Act.

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FACTS UPON WHICH COMPLAINT IS BASED

Upon information and belief and based upon published news reports and documents published by the Corporate Respondents and Jackson, copies of which are attached to this Complaint, the following facts are presented to the Commission:

1. According to the Corporate Respondents' 'Financial Report to Donors', dated February 26, 2001 and prepared by the Chief Financial Officer of Corporate Respondents (Exhibit 1), Jackson is employed by People United, a non-profit religious corporation. According to Note # , Exhibit 1, and other published reports, ninety-percent (90%) of Jackson's annual salary of \$120,000 is paid by and apportioned between / among the Corporate Respondents. There is no indication that at any time period during 1999 or 2000 Jackson took or was considered to be on unpaid leave of absence from his employment by and with the Corporate Respondents. **Exhibit 1**

2. The Corporate Respondents paid for travel for Jackson in the amount of \$1,025,275 during 1999 and 2000. **Page # 4, Exhibit 1.**

3. Travel was not paid for by Jackson and was/is paid for by third party(s) because Jackson has stated publicly he does not have a checking account or credit card. **Exhibit 2.**

4. According to published reports, Jackson traveled extensively for political campaign purposes in 1999 and 2000 which was paid for by one or more of the Corporate Respondents and reimbursed by the Democratic National Committee in the amount of \$450,000. **Exhibits 3, 4 and 5.**

5. Jackson made numerous campaign appearances with and for the Democratic Party and the Gore / Lieberman 2000 presidential campaign during the months preceding the general election on November 7, 2000, including but not limited to participation in and a nationally televised speech to the Democratic National Convention. **Exhibits 6 through 13.**

6. Published news reports provide evidence that Jackson traveled and made public speaking appearances to the general public specifically related to, on behalf of and at the specific request of the Gore/Lieberman campaign. The travel was extensive and included trips to more than 150 cities and locations, including but not limited to:

- Boston

Exhibit 14

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• West Virginia and Kentucky	Exhibit 15
• Florida	Exhibits 16 through 22
• Michigan	Exhibits 23 through 29
• Pennsylvania	Exhibits 30 through 43
• Wisconsin	Exhibits 44 through 52
• St. Louis	Exhibits 53 through 55
• Chicago	Exhibits 56 and 57
• Minnesota	Exhibits 58 through 62
• Atlanta	Exhibit 63
• Seattle	Exhibits 64 and 65
• Oregon	Exhibits 66 and 67
• Ohio	Exhibits 68 and 9
• Los Angeles	Exhibit 70

At each appearance, Jackson expressly advocated to the general public the election of Al Gore for President and Joe Lieberman for Vice-President in the 2000 General Election and the defeat of George W. Bush, Republican presidential candidate. **Exhibits 14 through 70.**

7. Published reports state that travel and voter mobilization activities by Jackson and the Corporate Respondents were at the direct request of and coordinated with the Democratic National Committee and Gore/Lieberman. **Exhibits 30 through 39.**

8. The voter registration and get-out-the vote activities of the Corporate Respondents were partisan in nature and were in connection with the election of clearly identified Democratic candidates for federal office, including but not limited to Gore/Lieberman. Payments from the Democratic National Committee to reimburse Corporate Respondents for Jackson's travel costs are *prima facie* evidence that the voter registration and get-out-the-vote activities were partisan and were coordinated with the Democratic National Committee. **Exhibits 71 through 73**

9. Individuals employed by Rainbow/PUSH Coalition and other Corporate Respondents engaged in communications to the general public for voter registration and get out the vote activities on behalf of the Democratic party, Gore/Lieberman and other federal candidates. **Exhibits 71 through 73**

10. Offices, overhead, staff and other facilities and resources of the Corporate Respondents were used for political campaign activities, endorsements of specific federal candidates and communications to the general public expressly advocating the Democratic party, its candidates and Gore/Lieberman and were coordinated with the Democratic Party and Gore/Lieberman, Inc. **Exhibits 71 through 73**

11. The October 15, 2000 quarterly report of the DNC Services Corp/Democratic National Committee reflects a \$35,000 contribution on August 21, 2000, from the

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DNC's non-federal General Account II to the Keep Hope Alive PAC, located at the address in Chicago which is the same address as that listed for the Rainbow/PUSH office(s) in Chicago, IL. **Exhibit 74**

12. Keep Hope Alive Political Action Committee, located at an address in Washington, D.C., reflects receipt of \$75,000 from the DNC between October 19, 2000 and November 27, 2000, and aggregate contributions to Keep Hope Alive PAC from the DNC of \$110,000 for calendar year 2000. IRS Form 8872, Post-General Election Report **Exhibits 75 through 79**

13. Keep Hope Alive PAC's Post-General Election Report reflects a transfer to its federal political action committee of \$187,994.17, which amount is also reflected on Keep Hope Alive PAC – federal's amended Post-General Election Report filed with the FEC on December 7, 2000. **Exhibit 80**

14. Keep Hope Alive PAC-federal's Post-General Election Report reflects disbursements for travel expenses during the period October 19, 2000 and November 27, 2000 in the amount of \$168,880 which includes \$13,604.21 for travel expenses for Jesse Jackson. The federal share of the total travel expenditures is reported as \$18,142 and \$1,360.42 of Jackson's travel is allocated to federal campaigns by the PAC during the reporting period. All travel is reported to the FEC as related to GOTV (get out the vote) activities. **Exhibit 80 pages 11, 14 and 15**

VIOLATIONS OF FEDERAL LAW

I. Illegal corporate contributions in violation of 2 U.S.C. §441b:

A. Payment of Jackson's Salary by Corporate Respondents During the Time when Jackson was Engaged in Campaign Travel for and on behalf of the Democratic Party, Gore/Lieberman and other Democratic candidates for federal office. Jackson is paid a salary divided between/among two or more corporate entities. See Exhibit 1. Failure by Jackson to remove himself from the payroll of the Corporate Respondents during the time when he was substantially engaged full-time in traveling and speaking on behalf of the Democratic National Committee and Gore/Lieberman, Inc. is a violation of the prohibition against contributions by a corporation to a federal candidate or political party for use in connection with a federal election. 2 U.S.C. § 441b

B. Corporate Expenditures for administration and implementation of partisan voter registration and get-out-the vote programs. The documents and news reports attached hereto as Exhibits clearly demonstrate that Jackson's travel costs and other expenditures by the Corporate Respondents for 'get out the vote' and voter registration were partisan in nature. Additionally, all expenditures by Corporate

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Respondents for personnel (in addition to Jackson) involved in Rainbow/PUSH's or CEF's partisan voter mobilization activities, whether as salary or as other expenses associated with personnel or staff, as well as the administrative overhead and program costs associated with such activities are prohibited by 11 C.F.R. §§114.4(c)(2), (3) and 114.4(d). Reimbursement of \$450,000 in corporate expenditures by the Democratic National Committee is *prima facie* evidence that the voter mobilization activities were partisan in nature. News reports regarding Jackson's appearances demonstrate clearly that the voter registration and mobilization activities by Corporate Respondents were, indeed, partisan, were paid for by Corporate Respondents and were, therefore, illegal.

C. Coordination of endorsements and voter registration and mobilization activities with DNC, Gore/Lieberman and other federal candidates. Expenditures by the Corporate Respondents endorsing Gore/Lieberman and mobilizing voters on behalf of Gore/Lieberman were directed to the general public and were coordinated with Gore/ Lieberman, Inc., the Democratic National Committee or other federal candidates in direct violation of 11 C.F.R. §§114.4(c)(2), 114.4(c)(3), 114.4(c)(6) and 114.4(d). *All* such expenditures constituted illegal corporate contributions from Corporate Respondents to the Democratic National Committee, Gore-Lieberman, Inc. and the principal authorized campaign committee of any other federal candidate on whose behalf such expenditures were made in violation of 2 U.S.C. §441b.

Remedies Sought by ACU. ACU hereby requests that the Commission:

1. Conduct a comprehensive investigation and audit of the expenditures by and receipts to the Corporate Respondents for all travel, staff, overhead and administration related to the voter registration, get out the vote, and candidate endorsement programs of the Corporate Respondents and for all illegal expenditures on behalf of Gore/Lieberman, Inc., the Democratic National Committee or other committee(s) of the Democratic Party and/or any candidates for federal office;
2. Ascertain the total amount(s) of *all* illegal corporate expenditures and contributions from and by the Corporate Respondents to Gore/Lieberman, Inc., the Democratic National Committee and other Political Committee Respondents;
3. Impose the requisite fines and penalties commensurate with the illegal corporate contributions to the various Political Committee Respondents by Jackson and the Corporate Respondents;
4. Take such other remedial measures deemed appropriate by the Commission to insure future compliance with the applicable provisions of the FECA.

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II. Violations of the Presidential Election Campaign Fund Act, 26 U.S.C. § 9001 *et seq.*

A. Jackson's travel and appearances were qualified campaign expenses which could only be paid for by Gore/Lieberman, Inc. and reported as such to the FEC. Jackson's public appearances and travel on behalf of Gore/Lieberman, Inc. constitute qualified campaign expenses as defined in 11 C.F.R. §9007.4. Costs for presidential campaign travel may not be paid for or advanced by any corporation, whether for profit or not for profit, or any individual, except as allowed for media entities as provided by 11 C.F.R. § 9007.3.

B. All expenditures by the Corporate Respondents for Gore/Lieberman were qualified campaign expenses and must be counted against the total allowed for the presidential candidates in the 2000 general election. The amounts spent by the Corporate Respondents for voter registration, get out the vote, voter mobilization, endorsements, travel, staff, salaries, overhead and other expenses associated with the presidential campaign must be counted against the total amounts allowed by law for Gore/Lieberman, Inc. as qualified campaign expenses as defined in 11 C.F.R. § 9002.11 (a)(1) and (2), notwithstanding the fact that the expenditures violate other provisions of the FECA, specifically 2 U.S.C. § 441b.

C. Acceptance by Gore/Lieberman, Inc. of payments by the Corporate Respondents for qualified campaign expenses constitutes a violation of 26 U.S.C. § 9007(b)(3) and necessitates repayment of the amounts of the illegal contributions by Gore/Lieberman, Inc. In its audit of expenditures by Gore/Lieberman, Inc. pursuant to 26 U.S.C. § 9007(a), the Commission should simultaneously conduct an audit of the amounts spent or advanced by Corporate Respondents on behalf of Gore/Lieberman, Inc. in order to determine the total amounts of illegal and excessive expenditures by Corporate Respondents. The Commission should order repayment of such amounts to the U.S. Treasury as provided by 26 U.S.C. § 9007(b)(3). Gore/Lieberman, Inc. has further violated its oath sworn under penalty of perjury pursuant to 26 U.S.C. §9003.2(a)(2) not to accept any contributions during the general election.

D. Solicitation and acceptance of the contributions from Corporate Respondents constitutes a criminal offense pursuant to 26 U.S.C. § 9012(b). It is a criminal offense, subject to criminal penalties, for any qualified presidential candidate or committee receiving funds from the Presidential Election Campaign Fund to knowingly and willfully solicit or accept contributions from or payment of qualified campaign expenses by any person during a general election campaign.

Remedies sought by ACU.

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1. **Audit and repayment.** ACU hereby requests that as part of the Commission's mandatory audit of Gore/Lieberman, Inc. as provided in 11 C.F.R. § 9003.1(b)(6) a specific review and audit of:
 - all amounts paid by Gore/Lieberman to the Corporate Respondents;
 - all receipts and expenditures by Corporate Respondents with respect to Gore/Lieberman, Inc., including but not limited to voter registration, get out the vote, endorsements, travel, voter mobilization, etc. in order to ascertain the amount(s) of the illegal expenditures paid or advanced by them on behalf of Gore/Lieberman, Inc. and the Democratic National Committee.
 - Repayment of all amounts illegally paid by Corporate Respondents
2. **Referral to Department of Justice for prosecution.** ACU requests the Commission make such referrals to the Department of Justice as may be warranted by the audits for criminal prosecution as provided in 26 U.S.C. §9012 for the knowing and willful violation of prohibitions against soliciting or accepting contributions to a presidential candidate receiving funds under the Presidential Election Campaign Fund.

III. Illegal Transfers to Circumvent Contribution Limits; Use of Allocations for Candidate Specific Voter Registration/ GOTV; Filing of False Reports.

A. The DNC transferred funds to Keep Hope Alive PAC, non-federal, in an amount which exceeded the limits for contributions to a federal political action committee. The non-federal PAC in turn transferred funds to the Keep Hope Alive PAC federal account. The federal PAC made expenditures for travel during the period prior to the general election for Jesse Jackson and others and falsely reported to the FEC that 90% of said travel expenses were for non-federal purposes. Said actions violate the following provisions of law: 2 U.S.C. § 441a (1)(c) (contribution limits); 2 U.S.C. § 434(a) (reporting requirements); 11 C.F.R. §106.6 (allocation rules allowing for generic voter registration and GOTV *only* which do not mention any specific candidate); and 11 C.F.R. § 104.10 (allocation of allowable *generic* voter registration and GOTV activities). The DNC's transfer of \$110,000 from August through November, 2000, to Keep Hope Alive PAC exceeded the amount(s) allowed by law for federal non-connected committees and can only be contributed to and disbursed by a non-federal committee for activities not in connection with a federal election. The transfer of \$187,994.19 from Keep Hope Alive PAC - non-federal to Keep Hope Alive PAC - federal was the primary source of funds for payment of all travel and other expenses during the reporting period. The travel occurred at the exact same period as the travel referenced in **Exhibits 14 through 70**, which travel was specifically for the support of Gore/Lieberman and other federal candidates. Keep Hope Alive PAC, both the federal and non-federal committees, have violated 2 U.S.C §434(a) for falsely reporting to the FEC that travel expenditures were primarily for non-federal purposes when, in fact, the travel expenses were for federal campaign purposes.

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Further, Keep Hope Alive PAC, both federal and non-federal, have violated the provisions of the FECA which *only* authorize allocation of funds for generic voter registration and GOTV activities not in connection with a clearly identified federal candidate.

Remedies Sought by ACU. ACU requests the Commission's investigation and audit of Keep Hope Alive PAC and all transfers to/from the committee and its non-federal account to document the actual expenditures reported, and to seek appropriate penalties for non-compliance.

IV. Identification of any other Political Committees Receiving In-Kind Illegal Corporate Contributions from Corporate Respondents. ACU asks the Commission to identify all other Political Committee Respondents who were recipients of the illegal in-kind corporate contributions, the amounts thereof and to impose appropriate penalties, including penalties for violation of 2 U.S.C. § 434 for failure to report said contributions.

CONCLUSION

ACU hereby files this Complaint against the Respondents, all of them, for the violations of law stated herein and requests the Commission's immediate investigation, audits and enforcement of the applicable provisions of 2 U.S.C. § 431 *et seq.* and 26 U.S.C. § 9001 *et seq.* and for appropriate remedial action including referral as appropriate to the Department of Justice for prosecution as warranted.

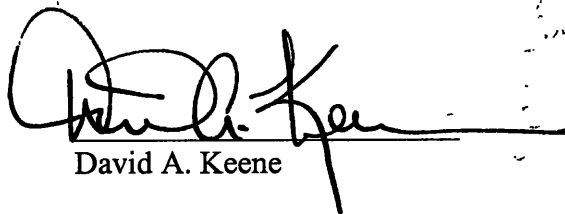
Respectfully submitted,

David A. Keene, Chairman
American Conservative Union

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VERIFICATION

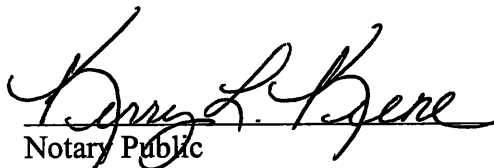
I, David A. Keene, hereby state that the facts in this Complaint are upon information and belief based upon published reports and public statements as contained in the Exhibits attached to the Complaint.


David A. Keene

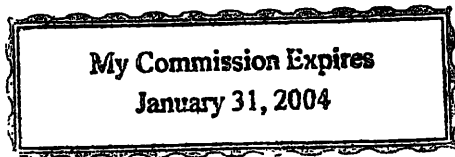
In the District of Columbia:

Before me appeared David A. Keene who on this 20 day of March, 2001, swore to and executed the above and foregoing Complaint.

WASHINGTON,
DISTRICT OF
COLUMBIA


Notary Public

My Commission Expires:



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