FEDERAL ELECTION COMMISSION

In the matter of:

The Commission on Hope, Growth and Opportunity

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. All of these advertisements are included on the disc attached as Exhibit A, and are available at [www.citizensforethics.org/CHGO](http://www.citizensforethics.org/CHGO).

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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) Ruppersberger (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

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.

[Signature]

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


[Signature]
Melanie Sloan

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

[Signature]
Notary Public

Lisa Drew
District of Columbia, Notary Public
My Commission Expires
July 31, 2014
EXHIBIT A
See enclosed disc
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). On September 30, 2010, Respondent disseminated broadcast television advertisements attacking Congressman Frank Kratovil, 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.

\[2 \text{ See Exhibits A and B.}
3 \text{ See Exhibit C.}\]
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,

[Signature]
Jon Vogel

SUBSCRIBED AND SWORN to before me this 4th day of October, 2010.

[Signature]
Notary Public

[Stamp: My Commission Expires: 7/31/2012]