

MUR # 6696

FEDERAL ELECTION COMMISSION

In the matter of:

Crossroads Grassroots Policy Strategies
Steven Law
Karl Rove
Haley Barbour
Caleb Crosby

MUR No. _____

OFFICE OF FEDERAL
ELECTION COMMISSION
2012 NOV 15 PM 12:26

COMPLAINT

1. Citizens for Responsibility and Ethics in Washington ("CREW"), Melanie Sloan, and Jessica Markley bring this complaint before the Federal Election Commission ("FEC") seeking an immediate investigation and enforcement action against Crossroads Grassroots Policy Strategies ("Crossroads GPS") 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 those who make expenditures to influence federal elections, and publicizes those who violate federal campaign finance laws

through its website, press releases and other methods of distribution. CREW also files complaints with the FEC when it discovers violations of the FECA. Publicizing campaign finance violations 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 entity is complying with federal campaign finance law, CREW needs the information contained in independent expenditure disclosure reports that must be filed pursuant to the FECA, 2 U.S.C. §§ 434(c), (g); 11 C.F.R. §§ 109.10(b)-(e). CREW is hindered in its programmatic activity when an individual or 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 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; 11 C.F.R. §§ 104.1, 109.10. Ms. Sloan is harmed when an individual, candidate, political committee or other 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.

7. Complainant Jessica Markley is a citizen of the United States, and a registered voter and resident of the State of Ohio. As a registered voter, Ms. Markley is entitled to receive information contained in disclosure reports required by the FECA, 2 U.S.C. § 434; 11 C.F.R. §§ 104.1, 109.10. Ms. Markley is harmed when an individual, candidate, political committee or other entity fails to report campaign finance activity as required by the FECA, denying her information that would assist her in making an informed choice among candidates. *See FEC v. Akins*, 524 U.S. at 19, *quoting Buckley v. Valeo*, 424 U.S. at 66-67; *CREW v. FEC*, 475 F.3d 337, 340 (D.C. Cir. 2007). Ms. Markley is further harmed when the FEC fails to properly administer the FECA's reporting requirements, limiting its ability to review campaign finance information.

Respondents

8. Crossroads GPS is a tax-exempt organization established in June 2010, organized under section 501(c)(4) of the Internal Revenue Code, and based in Washington, D.C.

9. Steven Law is President and Chief Executive Officer of Crossroads GPS.

10. Karl Rove helped found Crossroads GPS, and raises funds for the organization. *See* Press Release, Crossroads GPS and American Crossroads, Governor Haley Barbour to Join Crossroads Fundraising Effort; Groups Double 2012 Fundraising Goal, Sept. 8, 2011 (attached as Exhibit A).

11. Haley Barbour raises funds for Crossroads GPS. *Id.*
12. Caleb Crosby is an employee or agent of Crossroads GPS, and signed independent expenditure disclosure forms on behalf of Crossroads GPS.

Legal Framework

13. 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).

14. The FECA requires every person (other than a political committee) who makes more than \$250 in independent expenditures during a calendar year to file reports with the FEC identifying each person (other than a political committee) who makes contributions totaling more than \$200 in a calendar year to the person making the independent expenditure. 2 U.S.C. § 434(c)(1) (referencing 2 U.S.C. § 434(b)(3)(A)). The term “person” includes an individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons. 2 U.S.C. § 431(11).

15. The FECA further requires reports filed under these provisions to identify each person who made a contribution in excess of \$200 to the person filing the report “which was made for the purpose of furthering an independent expenditure.” 2 U.S.C. § 434(c)(2)(C).

16. FEC regulations interpret these provisions to require the reports to identify each person who made a contribution in excess of \$200 to the person filing the report which “was made for the purpose of furthering the reported independent expenditure.” 11 C.F.R. § 109.10(e)(1)(vi).¹

¹ The FEC’s interpretation of the statute fails to give full effect to these provisions. At a minimum, the statute requires identification of persons who made contributions “for the purpose of furthering an independent expenditure,” but the regulation only requires identification of persons who made

17. The FECA and FEC regulations require every person that is not a political committee who makes independent expenditures totaling more than \$250 in a calendar year to file quarterly reports regarding the expenditures. 2 U.S.C. § 434(c)(1); 11 C.F.R. § 109.10(b). The FECA and FEC regulations also require a person who makes independent expenditures totaling \$10,000 or more on a given election in a calendar year up to the 20th day before the date of the election to file a report regarding the expenditure with the FEC within 48 hours. 2 U.S.C. § 434(g)(2)(A); 11 C.F.R. § 109.10(c). The FECA and FEC regulations further require a person who makes independent expenditures totaling \$1,000 or more on a given election after the 20th day before an election but more than 24 hours before the day of the election to file a report describing the expenditure with the FEC within 24 hours. 2 U.S.C. § 434(g)(1)(A); 11 C.F.R. § 109.10(d).

18. Any person who knowingly and willingly violates any provision of the FECA involving the making, receiving, or reporting of any contribution aggregating more than \$25,000 in a calendar year is subject to up to five years in prison and fines. 2 U.S.C. § 437g(d)(1).

19. If two or more persons conspire to commit any offense against the United States, or defraud any agency of the United States, they are subject to up to five years in prison and fines. 18 U.S.C. § 371.

Factual allegations

20. On August 30, 2012, Crossroads GPS held a fundraiser at the Tampa Club in Tampa, Florida. Sheelah Kolhatkar, Exclusive: Inside Karl Rove's Billionaire Fundraiser, *Bloomberg Businessweek*, August 31, 2012 (attached as Exhibit B). The fundraiser was held in conjunction

contributions "for the purpose of furthering *the* reported independent expenditure" (emphasis added).

with American Crossroads, an independent expenditure-only committee closely associated with Crossroads GPS. American Crossroads, Statement of Organization, August 9, 2010; Interview with Sheelah Kolhatkar, *Democracy Now*, September 5, 2012 (disc containing the interview is attached as Exhibit C, and is available at: <http://www.youtube.com/watch?v=RZsudD4O3j8>). Separate forms were handed out to attendees at the fundraiser for making donations to both Crossroads GPS and American Crossroads, with instructions on how to wire money to each organization. *Id.* at 6:02.

21. Approximately 70 high-earning and powerful donors, including hedge fund billionaires and investors, attended the fundraiser. Kolhatkar, *Bloomberg Businessweek*, Aug. 31, 2012.

22. During the fundraiser, Mr. Rove briefed the attendees on 15 active Senate races. Sheelah Kolhatkar, Exclusive: How Karl Rove's Super PAC Plays the Senate, *Bloomberg Businessweek*, September 4, 2012 (attached as Exhibit D). One of the elections Mr. Rove analyzed was the Ohio Senate race between Sen. Sherrod Brown (D-OH) and his Republican challenger, Ohio State Treasurer Josh Mandel. *Id.*

23. Mr. Rove stated he received a call from an unnamed out-of-state donor regarding the race. *Id.* According to Mr. Rove:

[the donor] told him, 'I really like Josh Mandel.' The donor, Rove said, had asked him what his budget was in the state; Rove told him \$6 million. 'I'll give ya \$3 million, matching challenge,' Rove said the donor told him. Bob Castellini, owner of the Cincinnati Reds, is helping raise the other \$3 million for that one.

Id.; see also Interview with Sheelah Kolhatkar, *Democracy Now*, Sept. 5, 2012, at 11:41.

24. Crossroads GPS reported spending \$6,363,711 in independent expenditures opposing Sen. Brown. Crossroads GPS, FEC Form 5, Reports of Independent Expenditures Made and

Contributions Received, October 30, 2012; Open Secrets, Crossroads GPS Targeted Candidates (attached as Exhibit E).

25. Crossroads GPS filed nine reports disclosing these independent expenditures. Crossroads GPS, FEC Form 5, 2012 October Quarterly Report, October 15, 2012; Crossroads GPS, FEC Form 5, Reports of Independent Expenditures Made and Contributions Received, July-October 2012. None of those reports disclosed the name of the donor who, according to Mr. Rove, gave \$3 million in contributions for the Ohio Senate race, or the names of any of the donors who contributed the “matching” \$3 million for the election. *Id.*

26. American Crossroads did not report spending any money on the Ohio Senate race. American Crossroads, FEC Form 3X, Reports of Receipts and Disbursements for Other Than an Authorized Committee, 2011-2012; American Crossroads, FEC Schedule E, 24/48 Hour Notice of Independent Expenditures, 2011-2012; Open Secrets, American Crossroads Targeted Candidates (attached as Exhibit F).

27. During the Tampa fundraiser, Crossroads GPS showed 14 television ads to the attendees. Kolhatkar, *Bloomberg Businessweek*, Aug. 31, 2012. They included ads “targeting Democratic Senate candidates in Virginia, Ohio, Montana, Florida, Massachusetts, and Nevada.” *Id.* Several of the ads were produced by Crossroads GPS, and several were produced by American Crossroads. *Id.*

28. Immediately after the ads were shown, “the fundraising began in earnest.” Kolhatkar, *Bloomberg Businessweek*, Sept. 4, 2012. Crossroads GPS officials solicited the attendees for additional contributions, apparently to pay to broadcast the advertisements the potential donors just viewed or to broadcast other ads in those races. Kolhatkar, *Bloomberg*

Businessweek, Aug. 31, 2012. Notably, Mr. Law thanked the attendees for their prior generosity, but said even more money might be needed, in part because advertising rates were going up. *Id.*

29. Mr. Barbour “made the final pitch” for money. *Id.* ““You all give so unbelievably generously,” Mr. Barbour said. ““But you know what, I don’t have any compunction about looking you in the eye and asking for more.”” Kolhatkar, *Bloomberg Businessweek*, Aug. 31, 2012.

30. While Mr. Law and Mr. Barbour apparently used the name “American Crossroads” in their fundraising pitches, *id.*, they evidently used it to mean both American Crossroads and Crossroads GPS. Mr. Law told the attendees “American Crossroads” was two-thirds of the way to reaching its \$300 million fundraising goal, *id.*, but the spokesman for both Crossroads GPS and American Crossroads acknowledged the \$300 million goal was the combined budgets for both groups. Paul Blumenthal, Karl Rove-Backed Groups Are Largest Single Outside Force In 2012 Election, *Huffington Post*, November 4, 2012 (attached as Exhibit G). In addition, several of the ads shown to the attendees before they were solicited were produced by Crossroads GPS, and it made independent expenditures in five of the six races for which ads were shown. *See Open Secrets, Crossroads GPS Targeted Candidates* (reporting independent expenditures for Senate races in Ohio, Virginia, Montana, Massachusetts, and Nevada). In the sixth race, in Florida, Crossroads GPS broadcast an “issue ad” just before the fundraiser that was not reported to the FEC. *See Press Release, Crossroads GPS, Crossroads GPS Launches \$4.2 Million Issue Advocacy Push in Four States*, August 23, 2012 (attached as Exhibit H).

31. In addition to the nine reports disclosing independent expenditures in the Ohio race, Crossroads GPS filed 31 reports disclosing independent expenditures in the Virginia, Montana, and Nevada Senate races subsequent to the fundraiser, and reported spending \$17,442,965 on

independent expenditures related to broadcasting advertisements in those races. Crossroads GPS, FEC Form 5, 2012 October Quarterly Report, October 15, 2012; Crossroads GPS, FEC Form 5, Reports of Independent Expenditures Made and Contributions Received, July-November 2012; Open Secrets, Crossroads GPS Targeted Candidates. None of the reports disclosed the names of any of the donors who made contributions for the purpose of broadcasting the advertisements shown to attendees at the fundraiser or broadcasting other ads in those races. *Id.*

32. Crossroads GPS is aware of its obligations under the FECA and FEC regulations to disclose the names of its donors who made contributions for the purpose of broadcasting specific advertisements. On June 14, 2011, the FEC sent Crossroads GPS two Requests for Additional Information regarding Crossroads GPS's 2010 October Quarterly and Year End reports. *See* Letters from Christopher Whyrick to Crossroads Grassroots Policy Strategies, June 14, 2011 (attached as Exhibit I). The letters said Crossroads GPS had not itemized any contributions used to fund the independent expenditures disclosed in the referenced reports, noted FEC regulations required Crossroads GPS to disclose identifying information for each individual who made a donation used to fund the independent expenditures, and requested Crossroads GPS amend the reports. *Id.*

33. Crossroads GPS responded with a letter from its legal counsel, Thomas J. Josefiak, a former FEC chairman, and Michael Bayes, a former counsel and executive assistant to an FEC commissioner. *See* Letter from Thomas J. Josefiak and Michael Bayes to Christopher Whyrick, July 19, 2011 (attached as Exhibit J). Contending the FEC's description of its regulations was a "misstatement of the applicable requirement," Crossroads GPS quoted 11 C.F.R. § 109.10(e)(1)(vi) and said the relevant question is "whether the donor's contribution was given 'for the purpose of furthering the reported independent expenditure.'" *Id.* Crossroads GPS then said no contributions it

accepted were solicited or received for the purpose of furthering independent expenditures it reported, and accordingly no contributions were required to be reported under the regulations. *Id.*

34. Crossroads GPS explained "Crossroads Grassroots Policy Strategies understands the applicable reporting regulations," and added it would report "any contributions that are required to be reported pursuant to 11 C.F.R. § 109.10(e)(1)(vi)." *Id.* Crossroads GPS concluded by saying the "omission of contributor information on future reports should not be assumed to be an oversight." *Id.*

35. Mr. Josefiak attended the August 30, 2012 fundraiser, and was introduced by Mr. Law to the attendees as "the guy who keeps us from ever having to wear orange jumpsuits." Kolhatkar, *Bloomberg Businessweek*, Aug. 31, 2012.

36. On October 25, 2012, the FEC sent Crossroads GPS a Request for Additional Information regarding Crossroads GPS's 2012 October Quarterly report. *See* Letter from Christopher Whyrick to Crossroads Grassroots Policy Strategies, October 25, 2012 (attached as Exhibit K). The letter said Crossroads GPS had not disclosed any contributions in the report, noted Crossroads GPS must identify each contributor who made a donation in excess of \$200 used to fund the independent expenditures, and requested Crossroads GPS amend the report. *Id.* As of November 14, Crossroads GPS had not responded to the letter or amended its reports.

Count I

37. Crossroads GPS knowingly and willfully failed to identify the person who made \$3 million in contributions for the purpose of furthering the independent expenditures Crossroads GPS made in the Ohio Senate race.

38. An unnamed donor told Mr. Rove he was giving Crossroads GPS \$3 million to spend on the Ohio Senate election between Sen. Brown and Mr. Mandel. The donor further said the contribution was a "matching challenge" to meet Crossroads GPS's \$6 million budget for the state.

39. On information and belief, Crossroads GPS received \$3 million from the unnamed donor who contributed the money with the intent it be spent on the Ohio Senate race.

40. Crossroads GPS spent \$6,363,711 on independent expenditures opposing Sen. Brown in the Ohio Senate race.

41. Crossroads GPS filed nine reports disclosing its independent expenditures in Ohio. None of the reports identified the person who made \$3 million in contributions for the purpose of furthering those independent expenditures. By failing to identify this person in each of those nine reports, Crossroads GPS violated 2 U.S.C. § 434 and 11 C.F.R. §§ 109.10(b)-(e) nine separate times.

42. Crossroads GPS'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). As Crossroads GPS made clear in its July 19, 2011 letter to the FEC, the organization fully understood its reporting obligations and insisted it would report all contributions as required by law. Despite an acknowledged familiarity with the reporting laws and the clear understanding Crossroads GPS had received \$3 million in contributions from the unnamed donor for the purpose of furthering the reported independent expenditures in the Ohio Senate race, Crossroads GPS failed to identify the donor on each of the nine reports.

Count II

43. Crossroads GPS knowingly and willfully failed to identify the persons who made \$3 million in "matching" contributions for the purpose of furthering the independent expenditures Crossroads GPS made in the Ohio Senate race.

44. The unnamed donor who told Mr. Rove he was giving Crossroads GPS \$3 million to spend on the Ohio Senate election between Sen. Brown and Mr. Mandel said the contribution was a "matching challenge" to meet Crossroads GPS's \$6 million budget for the state. As of August 30, 2012, Crossroads GPS was in the process of soliciting "the other" \$3 million in contributions for spending in the Ohio Senate election.

45. On information and belief, as part of the "matching challenge," Crossroads GPS solicited and received \$3 million in contributions from donors given with the intention that the money be spent on the Ohio Senate race.

46. Crossroads GPS spent \$6,363,711 on independent expenditures opposing Sen. Brown in the Ohio Senate race.

47. Crossroads GPS filed nine reports disclosing these independent expenditures. None of the reports identified any of the persons who made \$3 million in contributions as part of the "matching challenge" for the purpose of furthering those independent expenditures. By failing to identify these persons in each of those nine reports, Crossroads GPS violated 2 U.S.C. § 434 and 11 C.F.R. §§ 109.10(b)-(e) at least nine separate times.

48. Crossroads GPS'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). As Crossroads GPS made clear in its July 19, 2011 letter to the FEC, the organization fully understood

its reporting obligations and insisted it would report all contributions as required by law. Despite an acknowledged familiarity with the reporting laws and the clear understanding Crossroads GPS had received \$3 million in contributions as part of the “matching challenge” from donors for the purpose of furthering the reported independent expenditures in the Ohio Senate race, Crossroads GPS failed to identify any of these donors on each of the nine reports.

Count III

49. In violation of 18 U.S.C. § 371, Mr. Rove, Mr. Law, and Mr. Crosby unlawfully conspired to violate the FECA and defraud the FEC by knowingly and willfully failing to identify the person who made \$3 million in contributions for the purpose of furthering the independent expenditures Crossroads GPS made in the Ohio Senate race, and by knowingly and willfully failing to identify the persons who made \$3 million in “matching” contributions for the purpose of furthering those independent expenditures.

50. Mr. Rove, Mr. Law, and Mr. Crosby knowingly entered into an unlawful agreement to intentionally violate 2 U.S.C. § 434 and 11 C.F.R. §§ 109.10(b)-(e) and to defraud the FEC by failing to identify the person who made \$3 million in contributions for the purpose of furthering the independent expenditures Crossroads GPS made in the Ohio Senate race, and by failing to identify the persons who made \$3 million in “matching” contributions for the purpose of furthering those independent expenditures.

51. By signing and filing nine reports that failed to identify the person who made \$3 million in contributions for the purpose of furthering the independent expenditures Crossroads GPS made in the Ohio Senate race, and by signing and filing nine reports that failed to identify the persons who made \$3 million in “matching” contributions for the purpose of furthering those

independent expenditures, Mr. Crosby committed overt acts to effect the object of the conspiracy in violation of 18 U.S.C. § 371.

52. By authorizing Mr. Crosby to file the nine false reports, Mr. Law committed and caused others to commit overt acts to effect the object of the conspiracy in violation of 18 U.S.C. § 371.

53. By soliciting both the \$3 million in contributions from the individual donor and the \$3 million in "matching" contributions, Mr. Rove committed and caused others to commit overt acts to effect the object of the conspiracy in violation of 18 U.S.C. § 371.

Count IV

54. Crossroads GPS knowingly and willfully failed to identify the persons who made contributions for the purpose of broadcasting the advertisements shown at the August 30, 2012 fundraiser or broadcasting other ads in those races.

55. Crossroads GPS showed attendees of the August 30, 2012 fundraiser advertisements targeting Democratic Senate candidates in Ohio, Virginia, Montana, Florida, Massachusetts, and Nevada. Several of the ads were produced by Crossroads GPS. Immediately after the ads were shown, Crossroads GPS solicited contributions from the attendees. Among other things, Mr. Law noted more money was needed because advertising rates had increased.

56. On information and belief, Crossroads GPS received contributions given with the intention that the money be spent on independent expenditures broadcasting the advertisements shown at the fundraiser or broadcasting other ads in the Ohio, Virginia, Montana, and Nevada Senate races.

57. In addition to the nine reports disclosing independent expenditures in the Ohio Senate race, Crossroads GPS filed 31 reports disclosing independent expenditures broadcasting advertisements in the Virginia, Montana, and Nevada Senate elections after August 30, 2012. None of the reports identified any of the persons who made contributions for the purpose of broadcasting the advertisements. By failing to identify these persons in each of those 31 reports, Crossroads GPS violated 2 U.S.C. § 434 and 11 C.F.R. §§ 109.10(b)-(e) at least 31 separate times.

58. Crossroads GPS'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). As Crossroads GPS made clear in its July 19, 2011 letter to the FEC, the organization fully understood its reporting obligations and insisted it would report all contributions as required by law. Despite an acknowledged familiarity with the reporting laws and the clear understanding Crossroads GPS had solicited and received contributions for the purpose of broadcasting the advertisements shown at the fundraiser or broadcasting other ads in those races, Crossroads GPS failed to identify any of these donors on each of the 31 reports.

Count V

59. In violation of 18 U.S.C. § 371, Mr. Barbour, Mr. Law, and Mr. Crosby conspired to violate 2 U.S.C. § 434 and 11 C.F.R. §§ 109.10(b)-(e) and defraud the FEC by knowingly and willfully failing to identify the persons who made contributions for the purpose of broadcasting the advertisements shown at the August 30, 2012 fundraiser or broadcasting other ads in those races.

60. Upon information and belief, Mr. Barbour, Mr. Law, and Mr. Crosby knowingly entered into an unlawful agreement to intentionally violate 2 U.S.C. § 434 and 11 C.F.R. §§ 109.10(b)-(e) and defraud the FEC by failing to identify the persons who made contributions for the

purpose of broadcasting the advertisements shown at the August 30, 2012 fundraiser or broadcasting other ads in those races.

61. By signing and filing 31 reports that failed to identify the persons who made contributions for the purpose of broadcasting the advertisements shown at the August 30, 2012 fundraiser or broadcasting other ads in those races, Mr. Crosby committed overt acts to effect the purpose of the conspiracy in violation of 18 U.S.C. § 371.

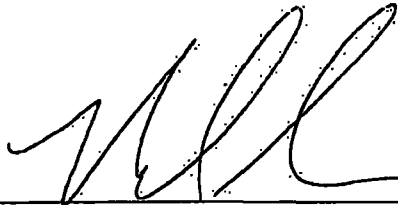
62. By authorizing Mr. Crosby to file the 31 reports, Mr. Law committed and caused others to commit overt acts to effect the purpose of the conspiracy in violation of 18 U.S.C. § 371.

63. In addition, by soliciting contributions for the purpose of broadcasting the advertisements shown at the August 30, 2012 fundraiser or broadcasting other ads in those races, Mr. Law committed and caused others to commit overt acts to effect the purpose of the conspiracy in violation of 18 U.S.C. § 371.

64. By soliciting contributions for the purpose of broadcasting the advertisements shown at the August 30, 2012 fundraiser or broadcasting other ads in those races, Mr. Barbour committed and caused others to commit overt acts to effect the purpose of the conspiracy in violation of 18 U.S.C. § 371.

Conclusion

WHEREFORE, Citizens for Responsibility and Ethics in Washington, Melanie Sloan, and Jessica Markley request that the FEC conduct an investigation into these allegations, declare the respondents 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.

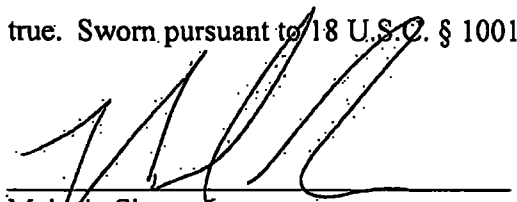


ON BEHALF OF COMPLAINANTS

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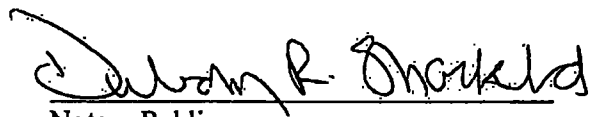
Verification

Citizens for Responsibility and Ethics in Washington, Melanie Sloan, and Jessica Markley 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 14th day of November, 2012.



Notary Public
My Commission Expires 10/14/2013

EXHIBIT A

Join Crossroads GPS:



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Crossroads Grassroots Policy Strategies

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Governor Haley Barbour to Join Crossroads Fundraising Effort; Groups Double 2012 Fundraising Goal

September 9, 2011 By [Crossroads GPS](#)

American Crossroads and Crossroads Grassroots Policy Strategies (Crossroads GPS) double fundraising goal.

WASHINGTON – Today, American Crossroads and Crossroads GPS announced that Mississippi Governor Haley Barbour will join Karl Rove in helping the groups raise funds through 2012. Governor Barbour, who previously served as chairman of the Republican National Committee and the Republican Governors Association, will serve in a volunteer capacity with the organization.

The two groups also announced they would more than double their previous combined fundraising goal for 2012. The two groups had previously announced a collective fundraising goal of \$120 million by the end of 2012, with \$20 million to come in this year. A week ago, the groups announced they had already exceeded this year's goal, raising more than \$24.5 million to date.

“Both Governor Barbour and Karl Rove are prodigious fundraisers and brilliant strategists, and we are honored to have them both engaged with us,” said Steven Law, who serves as president of the two

Crossroads groups. "We are reaching high in our fundraising goals because we believe this is going to be a destiny-shaping election for our country."

American Crossroads and Crossroads GPS were founded in April and June of 2010, respectively, and raised \$71 million over the course of 2010 in both political and issue advocacy efforts.

American Crossroads is a non-profit 527 political organization dedicated to renewing America's commitment to individual liberty, limited government, free enterprise and a strong national defense through informed and effective political action. American Crossroads seeks to educate voters and empower citizens to hold lawmakers and office-seekers accountable for where they stand. Paid for by American Crossroads. Not authorized by any candidate or candidate's committee.
www.americancrossroads.org

Crossroads GPS is a policy and grassroots advocacy organization that is committed to educating, equipping and mobilizing millions of American citizens to take action on the critical economic and legislative issues that will shape our nation's future in the years ahead.

For more information or to arrange an interview, contact Jonathan Collegio at jacollegio@americancrossroads.org or (202) 559-6424.

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Politics & Policy

Exclusive: Inside Karl Rove's Billionaire Fundraiser

By [Sheelah Kolhatkar](#) on August 31, 2012

<http://www.businessweek.com/articles/2012-08-31/exclusive-inside-karl-roves-billionaire-fundraiser>

On the final morning of the Republican National Convention, Karl Rove took the stage at the Tampa Club to provide an exclusive breakfast briefing to about 70 of the Republican Party's highest-earning and most powerful donors. During the more than hour-long session, Rove explained to an audience dotted with hedge fund billionaires and investors—including John Paulson and Wilbur Ross—how his super PAC, American Crossroads, will persuade undecided voters in crucial swing states to vote against Barack Obama. He also detailed plans for Senate and House races, and joked, “We should sink Todd Akin. If he’s found mysteriously murdered, don’t look for my whereabouts!”

Then Rove pleaded with his audience for more money—much more.

This rare look at the mechanics of super-PAC fundraising and electoral strategy was likely not intended for reporters. I was invited as the guest of a financier who is a significant Republican donor. The financier knew that I was a journalist. At no point was I presented with, nor did I agree to, restrictions regarding the information I heard. Upon my arrival at the breakfast, I was not asked if I was a journalist. I gave my name, identified the person who had invited me, was handed a wristband, and ushered into the dining room. American Crossroads disputes this version of events, but a spokesman did not immediately return calls to elaborate.

The morning began with an address about the urgency of defeating Obama by Florida's Republican Senator Marco Rubio. Crossroads Chief Executive Officer Steven Law followed and introduced some of the super PAC's staff, referring to general counsel Tom Josefiak as "the guy who keeps us from ever having to wear orange jumpsuits."

Then came the main event: Rove, joined by former Mississippi Governor Haley Barbour, laid out his strategy for winning the White House. "The people we've got to win in this election, by and large, voted for Barack Obama," Rove said, in a soothing, professorial tone, explaining why the campaign hadn't launched more pointed attacks on the president's character.

Rove explained that Crossroads had conducted extensive focus groups and shared polling and focus group data with "all the major groups that are playing" in the election. "As many of you know, one of the most important things about Crossroads is: We don't try and do this alone. We have partners," he said. "The Kochs—you name it."

What had emerged from that data is an "acute understanding of the nature of those undecided, persuadable" voters. "If you say he's a socialist, they'll go to defend him. If you call him a 'far out left-winger,' they'll say, 'no, no, he's not.'" The proper strategy, Rove declared, was criticizing Obama without really criticizing him—by reminding voters of what the president said that he was going to do and comparing it to what he's actually done. "If you keep it focused on the facts and adopt a respectful tone, then they're gonna agree with you."

In Rove's estimation, things are going well. "Barack Obama unleashed hell on our candidate on May 15," he said. "Between May 15 and July 31st, he spent \$111 million on ads out of his campaign war chest, and there was about another \$17, \$18 million spent by outside groups. The day that this started, the Gallup poll was 45-45. On the 31st of July, it was 46-46."

"We spent—outside groups spent \$110 million and Romney spent \$42 million," Rove continued. "So the bad guys [Democrats] spent \$130 million and the good guys [Republicans] spent \$152 million, and our money didn't go as far as theirs because we couldn't buy at the lowest unit rate. Really, it was sort of roughly equivalent, and we fought it to a draw." And that, Rove pointed out, was after a brutal Republican primary. "We have to keep in mind whose vote we're trying to get—it ain't the delegate from Alaska. It's not the alternate from Alabama. It's some undecided voter in the battleground state who likes the president."

Rove spoke almost exclusively about defeating Barack Obama and retaking control of the White House. There was sparse praise for Mitt Romney—either as a candidate or as a future leader and policy maker.

One of the few Romney mentions was by Haley Barbour, who jumped in to explain how Democrats hoped to define the nominee: "You know, 'Romney is a vulture capitalist who doesn't care about the

likes of you. He doesn't even know people like you—he'll lay you off, cancel your insurance, shit jobs. He's a plutocrat. Married to a known equestrian!"

The room erupted in laughter.

Barbour predicted that the Democrats were going to "get nastier, more negative, more vicious, more personal. We're going to have to put on our big-boy britches and respond with what the American people want to hear: What are we going to do to solve the problems in this country."

Rove's analysis of the Senate races was technical and masterly. The Republicans need four seats to gain a majority, and Rove said he feels "really good" about Nebraska and is optimistic about North Dakota, even though Democrats have a strong candidate in former state Attorney General Heidi Heitkamp. "We're deeply engaged" there, Rove said. In Wisconsin, former Governor Tommy Thompson "has an excellent shot to win—he has a quirky, cross-party appeal." Virginia is going to be tight and will likely mirror the way the state votes in the presidential race. Of those, Rove declared, "we can win three."

In Connecticut, Rove noted that Linda McMahon, the former head of World Wrestling Entertainment, whom he had once written off, was running a "really smart campaign." And the state, he noted, had moved more to the right. "Those affluent, socially liberal, economically conservative people in Fairfield County and the New York suburbs have finally figured out that their pocketbooks matter more than abortion."

There are six Republican incumbents Rove identified as in jeopardy, but the biggest risk to Republican hopes of retaking the Senate is Todd Akin in Missouri, following his comments about "legitimate rape." Rove urged every attendee to apply pressure on Akin to convince him to leave the race. "We have five people who are interested" in replacing Akin, Rove said. "We don't care who the nominee is, other than get Akin out."

Just to get the "juices flowing" of the billionaires in the room, Rove shared a little anecdote. Someone he described as a "benefactor" had recently contacted him, offering to donate \$10 million to be deployed in Florida—\$5 million for Republican Congressman Connie Mack's Senate race against incumbent Democrat Bill Nelson and \$5 million for the presidential race. But the donor placed two conditions on the money. One, his donation had to be matched by other donors. And two, former Florida Governor Jeb Bush had to start making phone calls on their behalf. Rove paused for effect and announced: "Jeb's making phone calls for us!" The crowd erupted.

American Crossroads's total budget, Rove said, was \$300 million, with \$200 million of it for the presidential race, \$70 million for the Senate, and \$32 million for the House.

After screening a collection of television ads aimed at such Senate battleground states as Massachusetts, the fundraising began in earnest. CEO Law said that because of the "tremendous generosity" of many of the people in the room, American Crossroads is two-thirds of the way toward reaching its \$300 million goal. But it still needs much more. With advertising rates going up and the necessity of "dealing with the gender-gap issue," they could easily spend more than \$300 million.

Barbour made the final pitch. "You all give so unbelievably generously. But you know what, I don't have any compunction about looking you in the eye and asking for more," he said. He compared the importance of a donation to American Crossroads in this cycle to donations made to "the charity

hospital” or a “big not-for-profit cancer research program that you give to.”

“This is a high-stakes election,” he continued. “The consequences are greater than any election, and I know everybody in here wants their children and grandchildren to inherit the same country we did. I honestly believe those are the stakes.”

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Bloomberg Businessweek

Politics & Policy

Exclusive: How Karl Rove's Super PAC Plays the Senate

By [Sheelah Kolhatkar](#) on September 04, 2012

<http://www.businessweek.com/articles/2012-09-04/exclusive-how-karl-roves-supcr-pac-plays-the-senate>

On Thursday, Aug. 30, the final day of the Republican National Convention, Karl Rove gave a breakfast briefing to a group of about 70 of the Republican Party's most influential donors. As *Bloomberg Businessweek* [reported](#), Rove described how the super PAC he co-founded, American Crossroads, would help Republicans win back the White House. Rove and his associates then solicited further donations from an audience filled with hedge fund managers and financiers to fuel their electoral efforts.

I had been invited to attend as the guest of a significant Republican donor who knew that I was a journalist. At no point was I presented with, nor did I agree to, restrictions regarding the information I heard. Upon my arrival at the breakfast, I was not asked if I was a journalist. I gave my name, identified the person who had invited me, received a wristband, and was ushered into the dining room. American Crossroads disputes this version of events but declined to comment further.

If the briefing on the presidential campaign was the main event, Rove's evaluation of 15 Senate races was a close second. American Crossroads has become crucial to Republican hopes of taking back the Senate, and, to illustrate the point, the presentation began with a talk by Florida Senator Marco Rubio, the rising GOP star who would [introduce](#) Mitt Romney at the convention later that night. "I really want to start by thanking you for what you're doing, just for even creating this organization," Rubio began, addressing Rove and American Crossroads Chief Executive Officer Steven Law. "It really has made a

difference.”

“I remember early on, Karl Rove sent me a check—it was big news, the fact that someone of his stature would actually take a bet on someone who was such a long shot,” Rubio said of his 2009 Senate campaign. “But he did that, and many of you in this room were helpful to us as well.” While it’s important for a candidate to have enthusiasm around him, Rubio said, resources are crucial to get a message across.

“That’s where Crossroads GPS was helpful,” he continued, referring to American Crossroads’s sister 501(c)(4) nonprofit “social welfare” organization, which may receive unlimited personal and corporate contributions from anonymous donors. “Obviously, for legal reasons, we never knew they were doing this, but you would turn on the TV and there were ads that created a clear distinction, and did so in ways that were meaningful.” Rubio added: “What I’ve been pleasantly blown away by is this organization’s ability to both pick the right message and pick the right place to deliver that message.”

“The by-product effect to all of this is very real,” Rubio continued. “The press will try to shame you. You read all these articles—it makes it sound as if this is some sort of, you know, dirty endeavor, or wrongful thing to do. This is a patriotic endeavor.”

Rubio closed with a joke: “Did I break any laws, in that speech?” he asked, to applause.

CEO Law offered words of praise for Rove and fellow Crossroads adviser Haley Barbour—“who really are doing this out of the goodness of their hearts—they don’t get paid anything”—before turning the presentation over to his political experts.

Barbour offered a brief assessment of the Republican National Convention. “While I would love for [Chris] Christie to put a hot poker to Obama’s butt,” said Barbour of the RNC keynote speaker, “I thought he did what he was supposed to do.”

Rove handled the Senate math. Republicans need four seats to gain a majority, and Rove said he’s hopeful the party can pick up three from Nebraska, North Dakota, Wisconsin, and Virginia. Between New Mexico, Hawaii, and Connecticut, he added, “we’ve got a shot to take at least one.”

Rove listed five people interested in taking embattled Missouri Senate candidate Todd Akin’s place should Akin leave the race: Missouri congressional candidate Ann Wagner; state auditor Thomas Schweich; Jo Ann Emerson, representative from Missouri’s 8th district; and two candidates who competed with Akin in the Republican primary. Then he added a surprising sixth name. “The rumor is that Jack Danforth is interested, which would be astonishing,” Rove said of the former Missouri senator who turns 76 on Sept. 5. “And interestingly enough, the reason they’ve gotten interested in it is Romney’s pick of Paul Ryan. He said, ‘Romney’s serious about entitlement reform, and I’d like to be there for that battle.’”

If Missouri doesn’t work out, Rove identified Montana, where Republican Representative Denny Rehberg is attempting to unseat Senator Jon Tester, as “our best other shot,” and Florida, where Representative Connie Mack is trying to push out longtime Democratic incumbent Bill Nelson, as “a good shot.”

As for the closely watched race in Ohio, one of the states that has generated the most political spending

by outside groups like American Crossroads, Rove said that he'd had a call from an unnamed out-of-state donor who told him, "I really like Josh Mandel," referring to the Ohio treasurer attempting to unseat Democrat Sherrod Brown. The donor, Rove said, had asked him what his budget was in the state; Rove told him \$6 million. "I'll give ya \$3 million, matching challenge," Rove said the donor told him. "Bob Castellini, owner of the Cincinnati Reds, is helping raise the other \$3 million for that one."

An exception to Rove's Senate optimism is Maine. Retiring Republican Senator Olympia Snowe is "still sitting on \$3 million in hard money," Rove said. "She's going to use the money, her husband told me, for charitable and philanthropic efforts." He looked around the room. "So if any of you gave her money, I would call and ask for your money back. If you do, give it to Charlie Summers, our Republican candidate."

Summers, Rove continued, is a "remarkable" human being. He was elected to a traditionally Democratic seat in the state Senate from Portland—"Portland, Maine, is sort of like Portland, Oregon, only they're somewhat nicer and don't smoke as much dope"—while on active duty in Iraq in Gulf War I, and is now Maine's secretary of state. "This is a guy who loves to campaign," Rove said.

"But we're gonna lose, either [Summers] or Scott Brown—we can't afford to lose both," Rove said ominously. "If we win both, we're in great shape. If we lose one, it starts to get a little bit edgy. If we lose two, we're in real difficulty."

Barbour took the microphone to discuss the importance of voter turnout efforts. "Democrats have an interesting turnout program, they call it 'Knock and Drag,'" Barbour said. "You go to certain neighborhoods, you knock on the door, and you drag every adult there out, put 'em on a bus, and take 'em to vote." Because of the prevalence of early voting in many states, this was easier than ever, Barbour said. "If this is going to be a really, really close election, we're gonna have to perform nationwide like we did in Wisconsin," he said, referring to the recall election for Governor Scott Walker.

"Carl Forti is putting together a mail and phone program that really is very front-loaded in a lot of states," interjected Law, referring to American Crossroads's political director, "because we've got to start getting messages and driving them to final decisions at a point well before Election Day, which is only the final day of the sale."

The group then screened 14 television advertisements, ranging from anti-Obama ads to spots targeting Democratic Senate candidates in Virginia, Ohio, Montana, Florida, Massachusetts, and Nevada. Some were produced by American Crossroads, others by Crossroads GPS.

The last ad was a 60-second spot that imagined the prospect of a second Obama term. Over spooky music a voice asks: "Obama has already signaled higher taxes for you and your family. ... What about threats from Russia and Iran? ... If Obama's second term simply matches his first, nearly 750,000 more Americans will be out of a job ... And America's debt will explode to \$20 trillion—an 88 percent increase under Obama. ... You already know the present, *this* is the Obama future."

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Crossroads GPS Recipients, 2012

Select cycle: 2012

Outside Spending: Independent Expenditures, Electioneering Communication & Communication Costs by Targeted Candidate as of November 11, 2012:

Grand Total: \$70,776,993
 Total For Democrats: \$0
 Total Against Democrats: \$62,672,988
 Total For Republicans: \$7,089,910
 Total Against Republicans: \$0

[Why don't the numbers add up?](#)

Candidate	Party	State	Office	Total	For	Against	Results	Ads
Obama, Barack	D		President	\$15,344,531	\$0	\$15,344,531	Winner	<input type="checkbox"/>
Kaine, Tim	D	VA	Senate	\$10,559,258	\$0	\$10,559,258	Winner	<input type="checkbox"/>
Romney, Mitt	R		President	\$6,801,816	\$6,801,816	\$0	Lost	
Berkley, Shelley	D	NV	Senate	\$6,653,555	\$0	\$6,653,555	Lost	<input type="checkbox"/>
Brown, Sherrod	D	OH	Senate	\$6,363,714	\$0	\$6,363,714	Winner	<input type="checkbox"/>
Baldwin, Tammy	D	WI	Senate	\$4,717,106	\$0	\$4,717,106	Winner	
Donnelly, Joe	D	IN	Senate	\$3,327,339	\$0	\$3,327,339	Winner	
Tester, Jon	D	MT	Senate	\$3,261,728	\$0	\$3,261,728	Winner	<input type="checkbox"/>
Heitkamp, Heidi	D	ND	Senate	\$1,546,244	\$0	\$1,546,244	Winner	
Horsford, Steven	D	NV	House	\$1,487,310	\$0	\$1,487,310	Winner	
Bustos, Cheri	D	IL	House	\$1,373,094	\$0	\$1,373,094	Winner	
Slaughter, Louise M	D	NY	House	\$1,227,058	\$0	\$1,227,058	Winner	
Boswell, Leonard L	D	IA	House	\$1,079,312	\$0	\$1,079,312	Lost	
King, Angus	I	ME	Senate	\$1,014,095	\$0	\$1,014,095	Winner	
Bishop, Timothy H	D	NY	House	\$858,066	\$0	\$858,066	Winner	
Warren, Elizabeth	D	MA	Senate	\$637,049	\$0	\$637,049	Winner	
Heinrich, Martin	D	NM	Senate	\$623,167	\$0	\$623,167	Winner	
Hernandez, John	D	CA	House	\$592,027	\$0	\$592,027	Lost	
Enyart, William	D	IL	House	\$586,103	\$0	\$586,103	Winner	
Mullen, Brendan	D	IN	House	\$564,168	\$0	\$564,168	Lost	
McDowell, Gary J	D	MI	House	\$498,198	\$0	\$498,198	Lost	
Schreibman, Julian D	D	NY	House	\$438,880	\$0	\$438,880	Lost	
Vilsack, Christie	D	IA	House	\$358,689	\$0	\$358,689	Lost	
Ruiz, Raul	D	CA	House	\$312,338	\$0	\$312,338	too close to call	
Berg, Rick	R	ND	Senate	\$280,267	\$280,267	\$0	Lost	
Maloney, Sean Patrick	D	NY	House	\$264,054	\$0	\$264,054	Winner	
Wilson, Heather A	R	NM	Senate	\$7,827	\$7,827	\$0	Lost	

Independent Expenditures Made within the Last 2 Weeks:

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(e.g. Donors, Politicians, Corporations and more)



American Crossroads Recipients, 2012

Select cycle: 2012

Outside Spending: Independent Expenditures, Electioneering Communication & Communication Costs by Targeted Candidate as of November 11, 2012:

Grand Total: \$104,744,444
 Total For Democrats: \$33,084
 Total Against Democrats: \$82,310,871
 Total For Republicans: \$8,331,822
 Total Against Republicans: \$375,216

[Why don't the numbers add up?](#)

Candidate	Party	State	Office	Total	For	Against	Results	Ads
Obama, Barack	D		President	\$84,633,502	\$0	\$84,633,502	Winner	<input type="checkbox"/>
Romney, Mitt	R		President	\$6,515,940	\$6,515,940	\$0	Lost	
Nelson, Bill	D	FL	Senate	\$4,022,607	\$0	\$4,022,607	Winner	
Tester, Jon	D	MT	Senate	\$1,784,923	\$0	\$1,784,923	Winner	
Donnelly, Joe	D	IN	Senate	\$1,386,787	\$0	\$1,386,787	Winner	
Baldwin, Tammy	D	WI	Senate	\$1,345,315	\$0	\$1,345,315	Winner	
Thompson, Tommy G	R	WI	Senate	\$1,345,194	\$1,345,194	\$0	Lost	
Kerrey, Bob	D	NE	Senate	\$992,170	\$0	\$992,170	Lost	
Kaine, Tim	D	VA	Senate	\$728,650	\$0	\$728,650	Winner	
Wilson, Heather A	R	NM	Senate	\$427,939	\$427,939	\$0	Lost	
Davis, Jack	R	NY	House	\$375,216	\$0	\$375,216		
Berkley, Shelley	D	NV	Senate	\$346,581	\$0	\$346,581	Lost	
Hochul, Kathleen	D	NY	House	\$313,449	\$0	\$313,449	Lost	
Marshall, Kate	D	NV	House	\$174,839	\$0	\$174,839		
Barber, Ron	D	AZ	House	\$132,336	\$33,084	\$99,252	too close to call	
Amodi, Mark	R	NV	House	\$87,031	\$87,031	\$0	Winner	
Kelly, Jesse	R	AZ	House	\$66,168	\$66,168	\$0		
McCaskill, Claire	D	MO	Senate	\$64,097	\$0	\$64,097	Winner	
Corwin, Jane	R	NY	House	\$1,700	\$1,700	\$0		

Independent Expenditures Made within the Last 2 Weeks:

Candidate	Race	Total	Payee	Supported? Opposed?	Date	Note
Romney, Mitt (R)	Presidential	\$600	MCCARTHY HENNINGS MEDIA INC	Supported	11/03/12	TV / MEDIA PRODUCTION
Obama, Barack (D)	Presidential	\$5,357	UPGRADE FILMS	Opposed	11/03/12	TV / MEDIA PRODUCTION
Romney, Mitt (R)	Presidential	\$224,001	CROSSROADS MEDIA LLC	Supported	11/03/12	TV / MEDIA PLACEMENT
Obama, Barack (D)	Presidential	\$376,424	CROSSROADS MEDIA LLC	Opposed	11/03/12	TV / MEDIA PLACEMENT
Obama, Barack (D)	Presidential	\$2,100,000	CROSSROADS MEDIA LLC	Opposed	11/03/12	TV / MEDIA PLACEMENT
Obama, Barack (D)	Presidential	\$2,400,250	CROSSROADS MEDIA LLC	Opposed	11/03/12	TV / MEDIA PLACEMENT

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November 13, 2012

HUFF
POST POLITICS

Karl Rove-Backed Groups Are Largest Single Outside Force In 2012 Election

Posted: 11/04/2012 2:59 pm EST Updated: 11/04/2012 11:50 pm EST

WASHINGTON -- The independent group American Crossroads, a super PAC, and Crossroads GPS, a social welfare non-profit, set a goal to raise and spend \$300 million on the 2012 election. When all is said and done on Nov. 6, they will, in all likelihood, have reached or come incredibly close to that once unbelievable goal.

The two groups, founded by Republican political operative Karl Rove and others in 2010, have already spent \$271 million, according to reports filed with the Federal Election Commission and press releases.

Crossroads spokesman Jonathan Collegio told The Huffington Post that the groups will succeed in their \$300 million effort.

"The Crossroads groups will meet their goal of raising \$300m for the 2011-12 cycle because there is a great desire to change the direction of the country and donors see Crossroads as an effective and efficient platform for effecting change," he wrote in an email.

The organizations have emerged from the 2010 Citizens United Supreme Court decision to become the best-financed independent political groups in modern political history. They will surpass the combined spending of all independent groups in the 2010 election and have already put nearly \$100 million more into the election than the liberal groups Americans Coming Together and the Media Fund did in 2004.

This political muscle is mostly deployed through multi-million dollar advertising buys targeting candidates on both television and the Internet. The groups have spent \$260 million on these advertising campaigns, according to FEC reports and press releases. The majority of that -- \$171.5 million -- has gone to ads intended to help defeat President Barack Obama. Another \$66.3 million has been put toward Senate races and \$11.6 million toward House races.

Focus-groups held by the two organizations found that persuadable voters tended to be disillusioned former Obama supporters.

"The people we've got to win in this election, by and large, voted for Barack Obama," Rove said during a fundraising luncheon attended by a BusinessWeek reporter in August, on the last morning of the Republican National Convention. According to BusinessWeek, "The proper strategy, Rove declared, was criticizing Obama without really criticizing him--by reminding voters of what the president said that he was going to do and comparing it to what he's actually done."

During the late spring and summer, Crossroads GPS pumped \$50 million into a television and online advertising campaign with targeted messaging at disillusioned Obama supporters in swing states. The spending helped to fill the gap for Republican candidate Mitt Romney at a time when his campaign spent little on advertising and focused on raising money for the general election.

That spending has shifted in the last days of the campaign toward a strategy of "stretching the battlefield" to "make the Republican presidential candidate competitive in normally Democratic states--Pennsylvania, Michigan and Wisconsin," as a Republican consultant explained in a Wall Street Journal article late last year. American Crossroads and Crossroads GPS have recently placed advertising in the previously uncontested states of Pennsylvania and Michigan as well as in Minnesota. The groups also made a national advertising buy that will put their ads on the air across the country.

Collegio explained in an email how the Crossroads groups were able to help Romney in the television advertising race. "Amazingly, Barack Obama's campaign spent a billion dollars and outspent Romney on TV ads by more than \$150m, yet he never achieved more than 48% support of the Americans he leads. Crossroads relentlessly kept America's attention focused on Obama's failed economic policies and his recovery -- the worst recovery in modern history."

The groups have taken the lead in the first full-fledged attempt by the Republican Party's elite to merge the independent political activities of conservatives into one coordinated effort. This has been accomplished through regular meetings of the Weaver Terrace Group, a collection of independent conservative groups that includes those run by the billionaire Koch brothers, the U.S. Chamber of Commerce and others, in order to set strategy around advertising and get out the vote efforts.

"As many of you know, one of the most important things about Crossroads is: We don't try and do this alone. We have partners ... The Kochs--you name it," Rove noted to fundraiser attendees in August, according to BusinessWeek.

The groups have also provided what it calls "venture capital" to other groups engaged in like-minded political efforts. In 2010, Crossroads GPS gave \$3.7 million to the National Federation of Independent Business, \$4 million to Americans for Tax Reform and \$1.5 million to the Republican State Leadership Committee, according to tax forms filed by Crossroads GPS. Contributions like these made in 2012 will not become public until Crossroads GPS files its tax form in 2013.

A mail and phone operation to get more voters out to the polls on and before election day has also been planned. At the fundraising meeting during the RNC, Crossroads president Steven Law said that Carl Forti, the groups' political director, had "front-loaded [the phone and mail] in a lot of states ... because we've got to start getting messages and driving them to final decisions at a point well before Election Day, which is only the final day of the sale," according to BusinessWeek.

This massive effort has provided Rove with a second political life at the head of a shadow Republican Party and, at the same time, fulfilled the dreams of a virulently anti-union corporate class that has, since the mid-1930s, sought to organize the political power of the rich to counter the political force of organized labor.

Dreams of a political organization for the elite extend back to the anti-New Deal efforts of the du Pont family, which organized the American Liberty League as a political force for, as they said, "propertyholders." Those efforts were funded by the wealthiest Americans at the time, just as the Crossroads organizations are funded almost entirely by today's super rich.

More than 90 percent of the contributions to American Crossroads, the super PAC, have come in the form of donations of \$100,000 or more. Crossroads GPS, the so-called "dark money" non-profit, revealed that more than 95 percent of its 2011 haul came from \$100,000-plus contributions. No information has been released so far on 2012 contributions to the non-profit arm.

These large donations were made possible by the 2010 Citizens United ruling, which allows corporations and unions to spend unlimited amounts of money on independent political activity. American Crossroads was launched soon after a decision based on Citizens United, allowing individuals to give unlimited donations to independent political groups, which ultimately came to be called super PACs. Sensing a market for donors who did not want their names revealed to the public, Crossroads then launched its non-profit arm to collect undisclosed contributions.

The Citizens United decision opened the door for non-profits to spend unlimited sums of money as long as they played by tax laws that required the groups to spend more than 50 percent of their resources on non-electoral endeavors. To get around this requirement, groups like Crossroads GPS have run so-called "issue advertisements" that mention candidates, but do not call for their election or defeat.

This practice led campaign finance watchdogs to file complaints with the Internal Revenue Service to investigate groups like Crossroads for violating their tax-exempt status by spending too much money on political activities.

"These political groups are anything but 'social welfare' organizations and their donors are not 'secret Santas,'" Democracy 21 president Fred Wertheimer said in late 2011, referring to social welfare groups, including Crossroads GPS. "They are 'secret influence-seekers' whose hidden contributions threaten to corrupt government decisions and undermine the integrity of our elections."

Crossroads GPS, which does not have to disclose its donors, accounts for \$160 million out of the \$271 million spent by the two organizations. American Crossroads, which must disclose its donors, has spent the remaining \$111 million.

The IRS has not shown any sign that it will change its enforcement of practices by groups like Crossroads GPS.

This post has been updated with comments from Crossroads spokesman Jonathan Collegio.

PLANNING AND DESIGN

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Crossroads GPS Launches \$4.2 Million Issue Advocacy Push in Four States

August 23, 2012 By [Crossroads GPS](#)

Buys made in Florida, Montana, New Mexico, and Ohio; ads continue to promote New Majority Agenda

WASHINGTON –Crossroads Grassroots Policy Strategies (GPS) today announced four new TV issue ads in Florida, Montana, New Mexico, and Ohio backed by a \$4.2 million total buy. The spots are part of the group's ongoing effort to encourage support of the New Majority Agenda.

The new ads start today on broadcast and cable networks in the four states. They can be viewed using the links below:

- The Florida ad, titled "Suffered," can be viewed [here](#).
- The Montana ad, titled "Get Up," can be viewed [here](#).
- The New Mexico ad, titled "More Martin Spending," can be viewed [here](#).
- The Ohio ad, titled "Channel," can be viewed [here](#).

"Crossroads is keeping the pressure on Washington to quit the massive spending and stop the government's disastrous health care takeover," said Nate Hodson, Crossroads GPS Director of State and Regional Media Relations. **"These spots encourage citizens push for the practical solutions found in the New Majority Agenda."**

The ads encourage viewers to support the "New Majority Agenda," which includes planks on reducing the national debt and health care. For more information about the six major policy initiatives detailed in the plan, visit www.newmajorityagenda.org.

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44-38861-100

EXHIBIT I



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-4

June 14, 2011

CROSSROADS GRASSROOTS POLICY
STRATEGIES
1401 NEW YORK AVENUE, NW, SUITE 1200
WASHINGTON, DC 20005

Response Due Date

07/19/2011

IDENTIFICATION NUMBER: C90011719

REFERENCE: YEAR END REPORT (10/1/10 - 12/31/10)

Dear Filer:

This letter is prompted by the Commission's preliminary review of the Report of Independent Expenditures Made and Contributions Received (FEC Form 5) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** Additional information is needed for the following 1 item(s):

- Line 7 of your FEC Form 5 filing discloses disbursements made for an independent expenditure. However, you do not itemize any contributions that were used to fund the independent expenditure. Commission regulations require that you disclose identification information for each individual who made a donation used to fund the independent expenditure. Please amend your report to provide the missing information. (11 CFR §§ 109.10(e)(1)(vi) and 114.10(f))

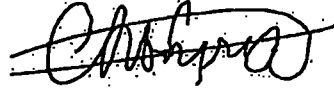
Please note, you will not receive an additional notice from the Commission on this matter. Requests for extensions of time in which to respond will not be considered. Failure to comply with the provisions of the Act may result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division) or my local number (202) 694-1161.

CROSSROADS GRASSROOTS POLICY STRATEGIES

Page 2 of 2

Sincerely,

A handwritten signature in black ink, appearing to read "Christopher Whyrick", written over a horizontal line.

Christopher Whyrick
Senior Campaign Finance Analyst
Reports Analysis Division

480

11/07/2010 10:20:11

EXHIBIT J

EXHIBIT J

HOLTZMAN VOGEL PLLC
Attorneys at Law

RECEIVED
FEC MAIL CENTER
2011 JUL 20 PM 12:19

45 North Hill Drive
Suite 100
Warrenton, VA 20186
p/540-341-8808
f/540-341-8309

July 19, 2011

Christopher Whyrick
Senior Campaign Finance Analyst
Reports Analysis Division
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: *Crossroads Grassroots Policy Strategies; 2010 October Quarterly Report and 2010 Year End Report*

Dear Mr. Whyrick,

This letter is submitted by the undersigned counsel on behalf of Crossroads Grassroots Policy Strategies (C90011719) in response to two Requests For Additional Information dated June 14, 2011, regarding the organization's 2010 October Quarterly and Year End Reports.

Each letter states "you do not itemize any contributions that were used to fund the independent expenditures" disclosed on Line 7 of FEC Form 5. You assert that "Commission regulations require that you disclose identification information for each individual who made a donation used to fund the independent expenditure."

With all due respect, this is a misstatement of the applicable requirement. The regulation cited requires the reporting of "[t]he identification of each person who made a contribution in excess of \$200 to the person filing such report, which contribution was made for the purpose of furthering the reported independent expenditure." 11 C.F.R. § 109.10(e)(1)(vi). The question is *not* how an organization subsequently chooses to use a contribution, but whether the donor's contribution was given "for the purpose of furthering the reported independent expenditure."¹ No contributions accepted by Crossroads Grassroots Policy Strategies were solicited or received "for the purpose of furthering the reported independent expenditure." Accordingly, no

¹ See also Statement of Reasons of Chairman Matthew S. Petersen and Commissioners Caroline C. Hunter and Donald F. McGahn in MUR 6002 (Freedom's Watch, Inc.) at 5 ("In other words, a donation must be itemized on a non-political committee's independent expenditure report only if such donation is made for the purpose of paying for the communication *that is the subject of the report*" (emphasis in original)).

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contributions were required to be reported under the regulations cited in your Requests For Additional Information.

You also cite 11 C.F.R. § 114.10(f), which applies to "qualified nonprofit corporations." Crossroads Grassroots Policy Strategies is not, and has never claimed to be, a "qualified nonprofit corporation." If the cited provision has any relevance whatsoever to the reporting of contributions in connection with independent expenditures, it is, by its own terms, inapplicable to Crossroads Grassroots Policy Strategies.

Crossroads Grassroots Policy Strategies understands the applicable reporting regulations. If it receives any contributions that are required to be reported pursuant to 11 C.F.R. § 109.10(e)(1)(vi), those contributions will be reported as required. The omission of contributor information on future reports should not be assumed to be an oversight.

Sincerely,



Thomas J. Josefiak

Michael Bayes

Counsel to Crossroads Grassroots Policy
Strategies

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1103063312

11/01/2014 10:00:00 AM

EXHIBIT K



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

October 25, 2012

CROSSROADS GRASSROOTS POLICY
STRATEGIES
1401 NEW YORK AVENUE, NW, SUITE 1200
WASHINGTON, DC 20005

Response Due Date
11/29/2012

IDENTIFICATION NUMBER: C90011719

REFERENCE: OCTOBER QUARTERLY REPORT (07/01/2012 - 09/30/2012)

Dear Filer:

This letter is prompted by the Commission's preliminary review of the Report of Independent Expenditures Made and Contributions Received (FEC Form 5) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** Additional information is needed for the following 2 item(s):

1. It appears that 48-hour notices for the attached independent expenditures were filed late. Please be advised that you are required to file 48-hour reports once you 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 the election. The report must be received at the Commission 11:59 p.m. Eastern Standard/Daylight Time by the second day after the communication was publicly distributed or otherwise disseminated. In the report, you must include information for all independent expenditures that have not been previously reported. Each time you make subsequent independent expenditures relating to the same election that aggregate \$10,000 or more, you must file another 48-hour report disclosing these independent expenditures. (11 CFR § 109.10(c) and (e)) Please provide clarification regarding the timeliness of your 48-hour reporting for the independent expenditures in question. Further, if the date disclosed on your Form 5 was the date of payment, rather than the date of public dissemination or distribution, please provide the date of dissemination or distribution.

In addition, please be advised that you are required to disclose these independent expenditures, along with contribution and disbursement information, on Form 5 as a regularly scheduled quarterly report. (11 CFR § 109.10(b) and (e))

11/29/2012 10:00 AM

CROSSROADS GRASSROOTS POLICY STRATEGIES

Page 2 of 2

2. Line 7 of your FEC Form 5 filing discloses disbursements made for independent expenditure(s). However, no contributions are disclosed on Line 6, "Total Contributions." Each contributor who made a donation in excess of \$200 used to fund the independent expenditure(s) must be itemized on Schedule 5-A, including their identification information. Please amend your report to provide the missing information. (11 CFR §§ 109.10(e)(1)(vi) and 114.10(f))

Please note, you will not receive an additional notice from the Commission on this matter. Requests for extensions of time in which to respond will not be considered. Failure to comply with the provisions of the Act may result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1161.

Sincerely,



Christopher Whyrick
Senior Campaign Finance Analyst
Reports Analysis Division

Late Filed 48-Hour Notices
Crossroads Grassroots Policy Strategies (C90011719)

Name	Date	Amount	Purpose	Candidate
Crossroads Media	7/27/2012	\$8,444.80	TV/Media Placement	Shelley Berkley
Crossroads Media	7/27/2012	\$451,181.39	TV/Media Placement	Shelley Berkley
Upgrade Films	7/27/2012	\$12,869.50	TV/Media Production	Shelley Berkley
Crossroads Media	9/12/2012	\$923,130.70	TV/Media Placement	Barack Obama
McCarthy Hennings Media, Inc.	9/12/2012	\$34,331.00	TV/Media Placement	Barack Obama

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