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February 25, 2013

VIA EMAIL AND HAND DELIVERY

Anthony Herman, Esq.
General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

OFFICE OF THE
2013 FEB 25 PM 1:59
1000 14th St NW
Washington DC 20004

RE: MUR 6711 – Specialty Investments Group Inc., Kingston Pike
Development LLC, William S. Rose, Jr., et al.

Dear Mr. Herman:

This law firm represents Mr. William S. Rose, Jr., Specialty Investments Group Inc. ("SIG"),¹ and Kingston Pike Development LLC ("KPD").

We write in response to the letter from the Federal Election Commission ("FEC" or "Commission"), dated January 2, 2013, notifying Mr. Rose, SIG, and KPD of a complaint (the "Complaint") filed by Campaign Legal Center and Democracy 21 ("Complainants").

The Complaint, designated as MUR 6711, alleges that Mr. Rose, SIG, KPD, and other person(s) who created and operated such companies may have violated provisions of the Federal Election Campaign Act of 1971, as amended ("FECA") by:

¹ SIG was originally incorporated as "Specialty Group, Inc." The name was changed by Articles of Amendment dated November 26, 2012.

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- (a) Making contributions to an independent expenditure-only political committee in the "name of another person," an alleged violation of 2 U.S.C. § 441f; and
- (b) Failing to organize SIG and KPD as "political committees" and/or to register and report them as such allegedly in violation of 2 U.S.C. §§ 432-434.

The Complaint is without factual or legal basis and should be dismissed with a finding of no reason to believe a violation of FECA has occurred.

Factual Background

Mr. Rose has been involved in real estate matters – as an attorney, developer, investor, broker, and consultant – for over thirty years. As a bankruptcy attorney, he has represented clients as buyers and sellers in bankruptcy courts around the country. He has extensive experience and expertise in all facets of the real estate business.

In September 2012, Mr. Rose caused two real estate companies to be formed in his home State of Tennessee – SIG and its wholly owned subsidiary, KPD.² Mr. Rose serves as the Chairman of the Board, President, and CEO of SIG, the sole manager of KPD, and the General Counsel of both SIG and KPD.

SIG and KPD were formed for the purpose of engaging in the real estate business in the broadest sense of the term. More specifically, SIG and its subsidiaries, including KPD, have been formed to:

- (a) Acquire residential and commercial land, office buildings, apartment buildings, condominiums, apartments, single-family homes, rental mountain cabins, secured promissory notes, and real estate securities, with an emphasis on distressed properties and "real estate owned" ("REO") by banks and other lenders after foreclosure;
- (b) Develop, renovate, lease, and/or manage the acquired properties; and
- (c) Hold, flip, sell, and/or trade the acquired properties for a profit.

² Additional subsidiaries of SIG were formed during 2012 and 2013, namely: Highway 66 Investments, LLC; Specialty Equities Group, LLC; Specialty Acquisitions Group, LLC; Mulberry Grove, LLC; RoseCrest Land Company, LLC; Poland Creek, LLC; and Choto Ridge Farm, LLC.

Since its formation, SIG has received private capital and made investments in properties and projects, many of which Mr. Rose has worked on for several years.³ Since SIG's formation, Mr. Rose consolidated several on-going real estate properties or projects into SIG or a subsidiary, including one property and the underlying re-zoning and development project owned by his family since the early 1960's.

Since SIG's formation, Mr. Rose, acting on behalf of SIG or one of its subsidiaries, has purchased, offered to purchase, and/or negotiated real estate investments valued at over \$50 million. A summary of real estate activities of SIG and its subsidiaries is attached as Appendix A.

Mr. Rose made contributions on behalf of SIG and KPD to FreedomWorks for America ("FWA"), an independent expenditure-only political committee, in the amount of \$10,575,000 and \$1,500,000 respectively ("the Contributions").

Legal Analysis

The Contributions were legally permissible and lawful contributions to an independent expenditure-only political committee. See *SpeechNow.org Federal Election Commission*, 599 F.3d 686, 692-96 (D.C. Cir. 2010); see also *Citizens United v. Federal Election Commission*, 130 S.Ct. 876, 909-10 (2010).

The Complainants allege that the Contributions violated FECA's prohibition against "contributions in the name of another person" under 2 U.S.C. § 441f. However, SIG and KPD were formed and capitalized with private capital to engage in the real estate business. SIG and KPD made the Contributions and, in conformity with the law, disclosed their names as the business entities that made the Contributions. The Contributions were lawful.

The Complainants further allege that SIG and KPD were required to register and report as a "political committee" pursuant to 2 U.S.C. §§ 432-434. Neither business entity was required to register and report, however, because neither business entity meets FECA's definition of "political committee." This is so for the following reasons:

- (a) The "major purpose" of SIG and KPD was – and is – to engage in real estate investments, not to secure the election or nomination of any federal candidate;
- (b) Neither business entity is under the control of any candidate for public office; and

³ In early October 2012, Mr. Rose began negotiations, on behalf of SIG, to lease approximately 2,500 square feet of Class A office space in Farragut, Tennessee. SIG signed a lease with Tennessee State Bank, the landlord, and the space is currently under construction. The least term is five years, with five one-year options.

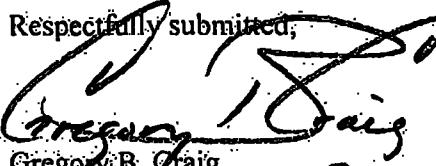
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(c) Neither business entity accepted contributions within the meaning of 2 U.S.C. § 431(8)(A).

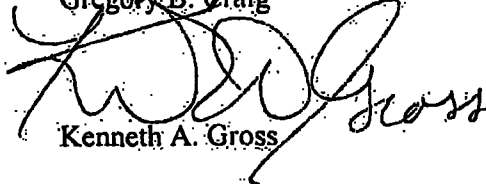
Conclusion

For the reasons set forth above, the Commission should dismiss this Complaint and find no reason to believe that William S. Rose, Jr., Specialty Investments Group, Inc. or Kingston Pike Development, LLC violated any provision of FECA.

Respectfully submitted;



Gregory B. Craig



Kenneth A. Gross

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Specialty Investments Group, Inc.
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