

February 16, 2018

Office of General Counsel  
Federal Election Commission  
999 E Street, NW  
Washington, DC 20463

MUR # 7332

Re: Complaint under 52 U.S.C. § 30109

Enclosed for immediate filing are an original and three copies of a complaint filed on behalf of Free Speech For People and Shanna M. Cleveland against Donald J. Trump For President, Inc. and American Media, Inc., for violations of 52 U.S.C. §§ 30104(b)(3)(A), 30104(b)(5)(A), 30118(a) and 30116(a)(1)(A).

Respectfully submitted,

*Shanna Cleveland*

Shanna M. Cleveland  
Free Speech For People  
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2018 FEB 27 AM 9:51  
OFFICE OF  
GENERAL COUNSEL

**BEFORE THE FEDERAL ELECTION COMMISSION**

FREE SPEECH FOR PEOPLE  
1340 Centre Street, Suite 209  
Newton, MA 02459

SHANNA M. CLEVELAND  
1340 Centre Street, Suite 209  
Newton, MA 02459

v.

MUR No. 7332

DONALD J. TRUMP FOR PRESIDENT, INC.  
725 Fifth Avenue  
New York, NY 10022

AMERICAN MEDIA, INC.  
1000 American Media Way  
Boca Raton, FL 33464-1000

2018 FEB 27 AM 9:51  
OFFICE OF  
GENERAL COUNSEL

**COMPLAINT**

1. This complaint is filed pursuant to 52 U.S.C. § 30109(a)(1) and is based on information providing reason to believe that Donald J. Trump’s campaign committee, Donald J. Trump for President, Inc. (FEC I.D. #C00580100) and American Media, Inc. acting through David Pecker, Dylan Howard, and/or others violated the reporting requirements and contribution limits and restrictions of the Federal Election Campaign Act (FECA), 52 U.S.C. § 30101, *et seq.* and Commission regulations.
2. Specifically, based upon publicly available data and published reports, complainants have reason to believe that a payment of \$150,000 from American Media Inc. to Ms. Karen McDougal was an unreported in-kind contribution to President Trump’s 2016 presidential campaign committee, Donald J. Trump for President, Inc., and an unreported expenditure

by the committee—because the funds were paid to Ms. McDougal for the purpose of influencing the 2016 presidential general election. *See* 52 U.S.C. §§ 30101(8)(A) (defining “contribution”) and 30101(9)(A) (defining “expenditure”); *see also* 52 U.S.C. § 30104(b) (requiring reporting of “contributions” and “expenditures” by political committees).

3. Complainants have reason to believe that Donald J. Trump for President, Inc. failed to report its receipt of the \$150,000 in-kind contribution and failed to report its \$150,000 expenditure to Ms. Karen McDougal in violation of 52 U.S.C. § 30104(b).
4. Complainants have reason to believe that American Media, Inc. made and Donald J. Trump for President, Inc. received, a corporate contribution in violation of 52 U.S.C. § 30118(a).
5. Complainants have reason to believe that American Media, Inc. made, and Donald J. Trump for President, Inc. received, an excessive in-kind contribution in violation of 52 U.S.C. § 30116(a)(1)(A).
6. “If the Commission, upon receiving a complaint. . . has reason to believe that a person has committed, or is about to commit, a violation of [the FECA]... [t]he Commission shall make an investigation of such alleged violation . . . .” 52 U.S.C. § 30109(a)(2); *see also* 11 C.F.R. § 111.4(a).
7. “A ‘reason to believe’ finding followed by an investigation would be appropriate when a complaint credibly alleges that a significant violation may have occurred, but further investigation is required to determine whether a violation in fact occurred and, if so, its exact scope.” FEC, Statement of Policy Regarding Commission Action in Matters at the Initial Stage in the Enforcement Process, 72 Fed. Reg. 12545 (March 16, 2007).

## FACTS

8. On February 16, 2018 the New Yorker reported that Dylan Howard, an executive at American Media, Inc., arranged for American Media, Inc. to pay \$150,000 to former Playboy playmate Karen McDougal and feature her on the cover of The National Enquirer and as a columnist.<sup>1</sup>
9. The President of American Media, Inc., David Pecker, admitted that American Media, Inc.'s payment to McDougal and the agreement to feature her in The National Enquirer was conditioned on not "bashing Trump and American Media."<sup>2</sup>
10. According to the Wall Street Journal, Ms. McDougal had been in talks with producers at ABC News to discuss her relationship with Mr. Trump, but she ultimately agreed to the deal with American Media, Inc.<sup>3</sup>
11. The New Yorker reports that American Media Inc. initially offered \$10,000 for the story in June 2016; however, after Trump won the Republican nomination, American Media, Inc. increased its offer.<sup>4</sup>
12. American Media, Inc. negotiated and executed an agreement on or about August 5, 2016 granting American Media, Inc. exclusive ownership of Karen McDougal's account of her relationship with Donald Trump.<sup>5</sup>

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<sup>1</sup> Ronan Farrow, "Donald Trump, A Playboy Model, and A System for Concealing Infidelity," THE NEW YORKER, February 16, 2018, available at <https://www.newyorker.com/news/news-desk/donald-trump-a-playboy-model-and-a-system-for-concealing-infidelity-national-enquirer-karen-mcdougal>.

<sup>2</sup> Jeffrey Toobin, "The National Enquirer's Fervor For Trump," THE NEW YORKER, July 3, 2017, available at <https://www.newyorker.com/magazine/2017/07/03/the-national-enquirers-fervor-for-trump>.

<sup>3</sup> Joe Palazzolo, Michael Rothfeld and Lukas Alpert, "National Enquirer Shielded Donald Trump From Playboy Model's Affair Allegation," THE WALL STREET JOURNAL, November 4, 2016 available at <https://www.wsj.com/articles/national-enquirer-shielded-donald-trump-from-playboy-models-affair-allegation-1478309380>.

<sup>4</sup> Farrow, *supra* note 1.

<sup>5</sup> *Id.*

13. The payment of \$150,000 to Ms. McDougal was part of an agreement by which Ms. McDougal would be precluded from publicly discussing her account of any romantic, personal, or physical relationship with Donald Trump.<sup>6</sup>
14. According to the published reports, this arrangement was part of a strategy known as “catch and kill,” the practice of purchasing a story in order to bury it.<sup>7</sup>
15. Although the alleged affair took place in 2006 and 2007, the agreement with American Media, Inc. was reached less than three months before the 2016 Presidential election.
16. In addition, American Media, Inc.’s Dylan Howard and the company’s general counsel spoke with Ms. McDougal and a law firm representing her on the day of the 2016 Presidential election while voters were still going to the polls.<sup>8</sup>
17. American Media, Inc. has continued to direct Ms. McDougal’s communications with the press since the Presidential election, reportedly hiring a publicist in May 2017 to draft responses for her to an inquiry from the New Yorker regarding her relationships with American Media, Inc. and Trump and seeking to renew and amend the original agreement.<sup>9</sup>

#### **SUMMARY OF THE LAW**

18. The term “contribution” is defined in FECA to mean “any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal Office.” 52 U.S.C. § 30101(8)(A)(i) (emphasis added); see also 11 C.F.R. §§ 100.51-100.56.

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<sup>6</sup> Palazzolo, *supra* note 3.

<sup>7</sup> *Id.*; see also, Farrow, *supra* note 1.

<sup>8</sup> Farrow, *supra* note 1.

<sup>9</sup> *Id.*

19. As used in the definition of “contribution,” the phrase “anything of value” includes “all in-kind contributions.” The “provision of any goods or services without charge or at a charge that is less than the usual and normal charge for such goods or services is a contribution.” 11 C.F.R. § 100.52(d)(1).
20. The term “expenditure” is defined in FECA to mean “any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for Federal office.” 52 U.S.C. § 30101(9)(A)(i); *see also* 11 C.F.R. §§ 100.110-100-114.
21. As used in the definition of “expenditure,” the phrase “anything of value” includes “all in-kind contributions.” The “provision of any goods or services without charge or at a charge that is less than the usual and normal charge for such goods or services is an expenditure.” 11 C.F.R. § 100.111(e)(1).
22. Any expenditure that is “coordinated” with a candidate is an in-kind contribution to the candidate and must be reported as a contribution to and expenditure by that candidate’s authorized committee. “Coordinated” means made in cooperation, consultation or concert with, or at the request or suggestion of, a candidate, a candidate’s authorized committee or an agent thereof. 11 C.F.R. § 109.20.
23. Commission regulations provide that “agent” means “any person who has actual authority, either express or implied,” to engage in campaign spending and other specified campaign-related activities. *See* 11 C.F.R. §§ 109.3 and 300.2(b).
24. The authorized committee of a candidate for federal office must report to the Commission the identification of each person who makes a contribution to the committee

with an aggregate value in excess of \$200 within an election cycle. 52 U.S.C. § 30104(b)(3)(A).

25. The authorized committee of a candidate for federal office must report to the Commission the name and address of each person to whom an expenditure in an aggregate amount in excess of \$200 within the calendar year is made by the committee. 52 U.S.C. § 30104(b)(5)(A).
26. Corporations and labor organizations may not make contributions to federal candidates, and federal candidates may not accept contributions from corporations or labor organizations. 52 U.S.C. § 30118(a).
27. No individual may make contributions to federal candidates that, in the aggregate, exceed \$2,700 per election. 52 U.S.C. § 30116(a)(1)(A).

#### **ALLEGATIONS**

28. Based on published reports, in August 2016, American Media, Inc. paid Ms. Karen McDougal \$150,000 as consideration for her account of the alleged affair with Donald Trump and as part of a contractual agreement that prevented Ms. McDougal from disclosing her story to any other news media.
29. Based on published reports, there is reason to believe that American Media, Inc.'s payment of \$150,000 and agreement with Ms. McDougal as consideration for her account of the alleged affair with Donald Trump was for the purpose of influencing the 2016 presidential election and, therefore, constituted an in-kind "contribution" to and an "expenditure" by Mr. Trump's authorized campaign committee, Donald J. Trump for President, Inc.

30. The media exception in 52 U.S.C. § 30101(9)(B)(i) and 11 C.F.R. § 100.132 does not apply because according to reports, American Media, Inc. did not purchase the story with the intent of “covering or carrying a news story;” instead, American Media, Inc. purchased the exclusive rights to Ms. McDougal’s story in order to suppress it and prevent her from disclosing it to other news sources.<sup>10</sup>

### CAUSES OF ACTION

#### COUNT I:

#### **DONALD J. TRUMP FOR PRESIDENT, INC. FAILED TO REPORT RECEIPT OF A \$150,000 IN-KIND CONTRIBUTION AS WELL AS A \$150,000 EXPENDITURE IN VIOLATION OF THE FEDERAL ELECTION CAMPAIGN ACT**

31. Under FECA, Donald J. Trump for President, Inc. was required to report to the Commission the identification of each person who makes a contribution to the committee with an aggregate value in excess of \$200 within an election cycle. 52 U.S.C. § 30104(b)(3)(A).
32. Under FECA, Donald J. Trump for President, Inc. was required to report to the Commission the name and address of each person to whom an expenditure in an aggregate amount in excess of \$200 within the calendar year is made by the committee. 52 U.S.C. § 30104(5)(A).
33. Based on published reports and review of FEC records, there is reason to believe that Donald J. Trump for President, Inc. failed to report its receipt of a \$150,000 in-kind contribution from American Media, Inc. in violation of 52 U.S.C. § 30104(b)(3)(A).

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<sup>10</sup> See Farrow, *supra* note 1; Palazallo, *supra* note 3.



34. Based on published reports and review of FEC records, there is reason to believe that Donald J. Trump for President, Inc. failed to report this \$150,000 expenditure in violation of 52 U.S.C. § 30104(b)(5)(A).

**COUNT II:**

**AMERICAN MEDIA, INC. MADE AND DONALD J. TRUMP FOR PRESIDENT, INC. RECEIVED, A CORPORATE CONTRIBUTION IN VIOLATION OF THE FEDERAL ELECTION CAMPAIGN ACT**

35. American Media, Inc. is a corporation organized under the laws of Delaware.
36. FECA prohibits corporations from making contributions to federal candidates. 52 U.S.C. § 30118(a).
37. Based on published reports and review of FEC records, there is reason to believe that American Media, Inc. made, and Donald J. Trump for President, Inc., received, an illegal corporate contribution.

**COUNT III:**

**AMERICAN MEDIA, INC. MADE AND DONALD J. TRUMP FOR PRESIDENT, INC. RECEIVED, AN EXCESSIVE CONTRIBUTION IN VIOLATION OF THE FEDERAL ELECTION CAMPAIGN ACT**

38. FECA prohibits contributions to candidates in excess of \$2,700. 52 U.S.C. § 30116(a)(1)(A), as adjusted pursuant to 11 C.F.R. § 110.1.
39. Based on published reports and review of FEC records, there is reason to believe that American Media, Inc. made, and Donald J. Trump for President, Inc., accepted an excessive contribution of approximately \$150,000.

**PRAYER FOR RELIEF**

40. Wherefore, the Commission should find reason to believe that Donald J. Trump for President, Inc. and American Media, Inc. violated 52 U.S.C. § 30101, et seq. and conduct an immediate investigation under 52 U.S.C. § 30109(a)(2). Further, the Commission should determine and impose appropriate sanctions for any and all violations, should enjoin respondent(s) from any and all violations in the future, and should impose additional remedies as are necessary and appropriate to ensure compliance with the FECA.

February 16, 2018

Respectfully submitted,



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Free Speech For People, by  
Shanna M. Cleveland  
1340 Centre Street, Suite 209  
Newton, MA 02459



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Shanna M. Cleveland  
1340 Centre Street, Suite 209  
Newton, MA 02459

**VERIFICATION**

The complainants listed below hereby verify that the statements made in the attached Complaint are, upon their information and belief, true. Sworn pursuant to 18 U.S.C. § 1001.

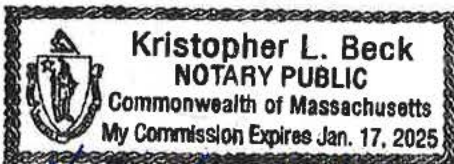
For Complainants Free Speech For People  
and Shanna M. Cleveland

*Shanna Cleveland*


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Shanna M. Cleveland

Sworn to and subscribed before me this 16 day of February 2018.

*Kristopher L. Beck*  
Notary Public



*Kristopher L. Beck*

COMMONWEALTH OF MASSACHUSETTS  
Shanna M. Cleveland  
personally appeared before me, the undersigned notary public, and proved to me his /her identity through satisfactory evidence, which were MA Drivers License and acknowledged he /she signed the forgoing instrument voluntarily for its stated purpose on this 16 day of Feb  
 *Kristopher L. Beck*