

April 26, 2018

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

Re: MUR No. 7332

Enclosed for immediate filing are an original and three copies of an amended 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 M. Cleveland
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2018 MAY -9 AM 10:40
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.
4 New York Plaza
New York, NY 10004

OFFICE OF
GENERAL COUNSEL
2018 MAY -9 AM 10:40

AMENDMENT TO THE COMPLAINT

1. On February 16, 2018, Complainants filed a complaint pursuant to 52 U.S.C. § 30109(a)(1) seeking an investigation of potential violations of 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, and docketed as Matter Under Review (MUR) 7332. This amendment to the complaint provides new information which became public after the February 16 filing.
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. (AMI) 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. 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. AMI made and Donald J. Trump for President, Inc. received, a corporate contribution in violation of 52 U.S.C. § 30118(a).
5. AMI 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 (Mar. 16, 2007).

COMPLAINANTS

8. Free Speech For People is a national non-partisan, non-profit 501(c)(3) organization that works to restore republican democracy to the people, including through legal advocacy concerning the law of campaign finance. Free Speech For People's supporters around the country engage in education and non-partisan advocacy to encourage and support effective government of, by, and for the people.
9. Shanna M. Cleveland is a senior counsel at Free Speech For People and a registered voter in Massachusetts.

RESPONDENTS

10. Donald J. Trump for President, Inc. (ID# C00580100), 725 Fifth Avenue, New York, NY 10022, was the duly-designated Presidential campaign committee of President Donald J. Trump for the 2016 election, and now serves as his duly-designated re-election campaign committee.
11. American Media, Inc., 4 New York Plaza, New York, NY 10004, is a Delaware corporation primarily in the business of publishing magazines.
12. David J. Pecker, 4 New York Plaza, New York, NY 10004, is the Chairman, Chief Executive Officer and President of American Media, Inc.

FACTS

13. The following factual statements were made public through Ms. McDougal's Cable News Network (CNN) interview, Ms. McDougal's complaint filed against AMI, and reporting from the New York Times, the New Yorker and the Wall Street Journal.

14. Ms. McDougal is a model and actress who was known for her appearances in *Playboy* during the 1990s.¹
15. On June 12, 2006, Karen McDougal began an intimate relationship with Donald J. Trump.²
16. The relationship lasted approximately 10 months.³
17. After the relationship ended, Ms. McDougal lived in relative privacy for the next decade.⁴
18. On May 7, 2016, during the Republican Primary, Ms. McDougal's former colleague revealed Ms. McDougal and Mr. Trump's past relationship on twitter.⁵
19. Ms. McDougal hired entertainment lawyer Keith Davidson to assist her in telling her story.⁶
20. Mr. Davidson introduced Ms. McDougal to AMI on June 20, 2016. That day, Ms. McDougal was interviewed by Dylan Howard, a senior executive of AMI, about her relationship with Mr. Trump.⁷
21. Later that day, AMI declined to purchase her story.⁸
22. Unbeknownst to Ms. McDougal, both Mr. Davidson and AMI updated Mr. Trump's representatives about Ms. Davidson.⁹

¹ Complaint at 6, Karen MCDUGAL, Plaintiff, v. AMERICAN MEDIA, INC., a Delaware corporation; and Does 1 to 25, Defendant., 2018 WL 1400360 (Cal.Super.).

² Anderson Cooper, KAREN MCDUGAL INTERVIEW (2018). (This interview was broadcast on CNN on March 22, 2018).

³ *Id.*

⁴ McDougal Complaint at 8.

⁵ *Id.* at 9.

⁶ *Id.* at 10.

⁷ *Id.* at 12.

⁸ *Id.*

⁹ Jim Rutenberg, Megan Twohey, Rebecca R. Ruiz, Mike McIntire, and Maggie Haberman, "Tools of Trump's Fixer: Payouts, Intimidation and the Tabloids," THE NEW YORK TIMES, February 18, 2018 available at <https://www.nytimes.com/2018/02/18/us/politics/michael-cohen-trump.html>.

23. On July 7, 2016, Ms. McDougal began discussions with American Broadcasting Company (ABC) about doing an expose on her relationship with Mr. Trump.¹⁰
24. On July 21, 2016, Mr. Trump officially won the Republican presidential nomination.¹¹
25. Around that time, Ms. McDougal had become concerned about the public scrutiny that would result from sharing her story.¹²
26. Ms. McDougal shared these concerns with Mr. Davidson and, soon after, AMI returned with renewed interest in purchasing her story.¹³
27. Mr. Davidson told Ms. McDougal that AMI intended to purchase her story *not* to publish it because Mr. Pecker was a close friend of Mr. Trump.¹⁴
28. According to a Ronan Farrow article in the New Yorker:
- Jerry George, a former A.M.I. senior editor who worked at the company for more than twenty-five years, told me. George said that Pecker protected Trump. “Pecker really considered him a friend,” George told me. “We never printed a word about Trump without his approval.”¹⁵
29. Mr. Davidson and AMI negotiated and executed an agreement on or about August 5, 2016, granting AMI exclusive ownership of Karen McDougal’s account of her relationship with Donald Trump.¹⁶ Ms. McDougal would be precluded from publicly discussing her account of any romantic, personal, or physical relationship with Donald Trump.¹⁷

¹⁰ 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>.

¹¹ McDougal Complaint at 44.

¹² *Id.* at 46.

¹³ *Id.* at 47.

¹⁴ *Id.*

¹⁵ 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>.

¹⁶ *Id.*

¹⁷ Palazzolo, *supra* note 10.

30. Ms. McDougal's agreement with AMI included (1) the \$150,000 payment for her "Life Story" (i.e. the story of her relationship with "any then-married man"), (2) provisions related to Ms. McDougal (a) appearing on the cover of two health and fitness magazines and (b) authoring more than a hundred "Columns" in American Media, Inc.'s various health and fitness magazines over the course of two years.¹⁸
31. Ms. McDougal would later learn, to her consternation, that the agreement did not obligate AMI to publish her columns and provide cover shoots; rather, it merely granted AMI the right to do so.¹⁹
32. In July 2017, the President of AMI, David Pecker, admitted that AMI's payment to McDougal and the agreement to feature her in AMI's health and wellness magazines was conditioned on not "bashing Trump and American Media."²⁰
33. Soon after Ms. McDougal signed the agreement with AMI, Mr. Davidson, emailed Michael Cohen (Mr. Trump's personal "fixer") asking Mr. Cohen to call him. He then told Mr. Cohen on the phone that the deal was done.²¹
34. Ms. McDougal's agreement with AMI was part of a strategy known as "catch and kill," the practice of purchasing a story in order to bury it.²²
35. Although the alleged affair took place in 2006 and 2007, the agreement with AMI was struck less than three months before the 2016 Presidential election.²³
36. AMI had continued to direct Ms. McDougal's communications with the press since the Presidential election. AMI hired a publicist in May 2017 to draft responses for her to an

¹⁸ McDougal Complaint: Exhibit A.

¹⁹ *Id.* at 59.

²⁰ 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>.

²¹ Rutenberg, *supra* note 9.

²² *Id.*; see also, Farrow, *supra* note 15.

²³ McDougal Complaint at 55.

inquiry from the New Yorker regarding her relationships with AMI and Trump and seeking to renew and amend the original agreement.²⁴

37. On February of 2018 Ronan Farrow from the New Yorker contacted Ms. McDougal.

AMI again directed Ms. McDougal's communications and falsely told Mr. Farrow that

“Karen McDougal came to AMI in June 2016 and wanted to sell her story about an affair she supposedly had with President Donald Trump. She claimed she had been offered more than \$1 million for the story, and was also in negotiations with ABC and Brian Ross. She asked AMI to counter for the rights. AMI met with her, and determined she had no documentary proof supporting her account of the affair. Specifically, despite claiming she had been involved with President Trump for ten months, she had no emails, text messages, receipts, or corroborating witnesses.”²⁵

38. Despite Ms. McDougal complying with AMI's demand that she not discuss her

relationship with Mr. Trump, AMI was furious when the Farrow article was published. In the following weeks, AMI threatened Ms. McDougal with lawsuits and financial ruin if she elected to break her silence.²⁶

39. On March 20, 2018, Ms. McDougal sued AMI. One of her causes of action claims that the agreement between her and AMI is illegal because it constituted an illegal in-kind contribution from AMI to Donald J. Trump for President, Inc.²⁷

40. On March 22, 2018, Ms. McDougal sat for a CNN interview in which she recounted details of her relationship with Mr. Trump.²⁸

41. On April 9, 2018, Federal Bureau of Investigation agents raided the office, apartment and hotel of Mr. Cohen, partially for information related to the payment to Ms. McDougal.²⁹

²⁴ *Id.*

²⁵ Farrow, *supra* note 15.

²⁶ McDougal Complaint at 84.

²⁷ *Id.* at 100.

²⁸ McDougal Interview.

²⁹ Maggie Haberman, Matt Apuzzo & Michael S. Schmidt, “Raid on Trump's Lawyer Sought Records on 'Access Hollywood' Tape,” THE NEW YORK TIMES, April 11, 2018,

42. On April 12, 2018, the New Yorker reported that in 2015, in the midst of the Republican presidential primary, AMI paid \$30,000 to purchase a Trump Organization doorman's story that Mr. Trump had allegedly had an affair and fathered an illegitimate child. After purchasing the story, Mr. Pecker instructed AMI reporters to stop investigating the doorman's claims. While the doorman's story seems to have little merit, AMI's actions demonstrate that there is a pattern of AMI suppressing stories to aid Mr. Trump.³⁰
43. On April 18, 2018, AMI entered into a settlement agreement with Ms. McDougal to end her lawsuit in California Superior Court.³¹

SUMMARY OF THE LAW

44. 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.
45. 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).

<https://www.nytimes.com/2018/04/11/us/politics/michael-cohen-trump-access-hollywood.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=first-column-region@ion=top-news&WT.nav=top-news> (last visited April 11, 2018).

³⁰ Ronan Farrow, "The National Enquirer, A Trump Rumor, And Another Secret Payment To Buy Silence," THE NEW YORKER, April 12, 2018, <https://www.newyorker.com/news/news-desk/the-national-enquirer-a-donald-trump-rumor-and-another-secret-payment-to-buy-silence-dino-sajudin-david-pecker>.

³¹ Jim Rutenberg, "Ex-Playboy Model, Freed From Contract, Can Discuss Alleged Trump Affair," THE NEW YORK TIMES, April 18, 2018 <https://www.nytimes.com/2018/04/18/us/politics/karen-mcdougal-american-media-settlement.html?smid=tw-share> (last visited April 18, 2018); Settlement Agreement and General Release, April 18, 2018, <http://strismaher.com/wp-content/uploads/2018/04/2018-04-18-McDougal-AMI-Settlement-Agreement-fully-executed.pdf>.

46. 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.
47. 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).
48. 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.
49. 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).
50. 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).
51. 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).

52. 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).

53. 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

54. 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.

55. 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.

56. The media exception in 52 U.S.C. § 30101(9) § 100.132 11 C.F.R §100.73 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.³²

57. American Media, Inc's release of Ms. McDougal subsequent to the election does not remedy the violations because it secured a benefit for Mr. Trump's campaign by making a payment to Ms. McDougal in order to keep her accounts of an affair with Mr. Trump from surfacing prior to the election.

CAUSES OF ACTION

COUNT I:

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

58. 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).

59. 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).

COUNT II:

DONALD J. TRUMP FOR PRESIDENT, INC. FAILED TO REPORT A \$150,000 EXPENDITURE IN VIOLATION OF THE FEDERAL ELECTION CAMPAIGN ACT

60. 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

³² See Farrow, *supra* note 1; Palazallo, *supra* note 3.

aggregate amount in excess of \$200 within the calendar year is made by the committee.

52 U.S.C. § 30104(5)(A).

61. 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 III:

AMERICAN MEDIA, INC. MADE A CORPORATE CONTRIBUTION IN VIOLATION OF THE FEDERAL ELECTION CAMPAIGN ACT

62. American Media, Inc. is a corporation organized under the laws of Delaware.
63. FECA prohibits corporations from making contributions to federal candidates. 52 U.S.C. § 30118(a).
64. 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 IV:

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

65. American Media, Inc. is a corporation organized under the laws of Delaware.
66. FECA prohibits corporations from making contributions to federal candidates. 52 U.S.C. § 30118(a).

67. 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 V:

AMERICAN MEDIA, INC. MADE AN EXCESSIVE CONTRIBUTION IN VIOLATION OF THE FEDERAL ELECTION CAMPAIGN ACT

68. 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.

69. 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.

COUNT VI:

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

70. 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.

71. 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

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.

April 26, 2018

Respectfully submitted,



Free Speech For People, by
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Shanna M. Cleveland
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* Clinical Law Student

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


Shanna M. Cleveland

Sworn to and subscribed before me this 26 day of April 2018.

Christopher J. Charles
Notary Public



Christopher J. Charles

COMMONWEALTH OF MASSACHUSETTS
Shanna Cleveland
personally appeared before me, the undersigned notary public, and proved to me his /her identity through satisfactory evidence, which were MASS Drivers License and acknowledged he /she signed the forgoing instrument voluntarily for its stated purpose on this 26 day of April 2018
 *Christopher J. Charles*