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BEFORE THE FEDERAL ELECTION COMMISSION

COMMON CAUSE

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PAUL S. RYAN

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v.

MUR No. 7364

PRESIDENT DONALD J. TRUMP

The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

DONALD J. TRUMP FOR PRESIDENT, INC.

725 Fifth Avenue
New York, NY 10022

AMERICAN MEDIA, INC.

4 New York Plaza
New York, NY 10004

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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 President Donald J. Trump, Donald J. Trump's campaign committee, Donald J. Trump for President, Inc. (FEC I.D.#C00580100), and American Media, Inc. violated reporting requirements and the corporate contribution prohibition of the Federal Election Campaign Act (FECA), 52 U.S.C. § 30101, *et seq.* and Commission regulations.



2. Specifically, based on published reports, complainants have reason to believe that a \$30,000 payment made in or around December 2015 by American Media, Inc. to Mr. Dino Sajudin was for the purpose of influencing the 2016 presidential election (*i.e.*, an “expenditure” under FECA), was coordinated with an agent of President Donald J. Trump (*i.e.*, Michael Cohen), and therefore constituted an in-kind contribution from American Media, Inc. to President Donald J. Trump and Donald J. Trump for President, Inc. See 52 U.S.C. §§ 30101(9)(A) (defining “expenditure”), 30116(a)(7)(B)(i) (treating coordinated “expenditure” as “contribution”), 30101(8)(A) (defining “contribution”).
3. Based on published reports, 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).
4. Based on publicly available data and published reports, complainants have reason to believe Donald J. Trump for President, Inc. failed to report its receipt of the \$30,000 in-kind contribution from American Media, Inc. and failed to report its \$30,000 expenditure to Mr. Dino Sajudin in violation of 52 U.S.C. § 30104(b).
5. “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) (emphasis added); see *also* 11 C.F.R. § 111.4(a).
6. “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

7. President Donald J. Trump was a candidate for election to the office of President in the 2016 election.¹
8. Donald J. Trump for President, Inc. is the principal campaign committee of candidate Donald J. Trump.²
9. Michael D. Cohen worked as “top attorney” at the Trump Organization “from 2007 until after the election,” serves as Donald J. Trump’s personal attorney, and referred to himself in a January 2017 interview as the “fix-it guy.”³ Mr. Cohen was an agent of Mr. Trump in 2015-16.
10. American Media, Inc. (AMI) is a corporation that “owns and operates the leading celebrity and health & fitness media brands in the country.” Its “magazines have a combined total circulation of 2.3+ million and reach 41+ million men and women each month” and its “digital properties reach a total of 61+ million unique visitors and 579+ million page views monthly.”

¹ Donald J. Trump, FEC Form 2 Statement of Candidacy, filed June 22, 2015, *available at* <http://docquery.fec.gov/pdf/291/15031432291/15031432291.pdf>.

² Donald J. Trump for President, Inc., FEC Form 1 Statement of Organization, filed June 29, 2015, *available at* <http://docquery.fec.gov/pdf/501/201506299000000501/201506299000000501.pdf>.

³ Michael Rothfeld and Joe Palazzolo, “Trump Lawyer Arranged \$130,000 Payment for Adult-Film Star’s Silence,” THE WALL STREET JOURNAL, January 12, 2018, *available at* <https://www.wsj.com/articles/trump-lawyer-arranged-130-000-payment-for-adult-film-stars-silence-1515787678>.



AMI's publications include *National Enquirer*, *US Weekly*, *Star*, *Globe* and others. David J. Pecker is Chairman, President and Chief Executive Officer of AMI.⁴

11. On April 12, 2018, the *Associated Press* reported that, eight months before AMI made a \$150,000 payment to former Playboy Playmate Karen McDougal to “catch and kill” her story of an affair with Donald Trump,⁵ AMI “made a \$30,000 payment to a less famous individual: a former doorman at one of the real estate mogul’s New York City buildings” for “signing over the rights, ‘in perpetuity,’ to a rumor he’d heard about Trump’s sex life—that the president had fathered an illegitimate child with an employee at Trump World Tower, a skyscraper he owns near the United Nations.”⁶ According to the *Associate Press*, the “contract subjected Sajudin to a \$1 million penalty if he disclosed either the rumor or the terms of the deal to anyone.”⁷
12. The *Associated Press* based its reporting on “a review of a confidential contract and interviews with dozens of current and former employees of the *Enquirer* and its parent company, American Media Inc.”⁸
13. Michael Cohen “acknowledged to the [*Associated Press*] that he had discussed Sajudin’s story

⁴ American Media, Inc., “About Us,” available at <https://www.americanmediainc.com/about-us/overview>.

⁵ See Complaint, *Common Cause v. President Donald J. Trump et al.*, February 20, 2018, FEC MUR 7324, available at <http://www.commoncause.org/press/press-releases/common-cause-v-trump-fec.pdf>.

⁶ Jake Pearson and Jeff Horwitz, “\$30,000 rumor? Tabloid paid for, spiked, salacious Trump tip,” ASSOCIATED PRESS, April 12, 2018, available at <https://www.apnews.com/f37ecfc4710b468db6a103a245146172>; see also Joe Palazzolo, Michael Rothfeld and Lukas I. 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> (detailing AMI payment to Karen McDougal in August 2016).

⁷ Jake Pearson and Jeff Horwitz, “\$30,000 rumor? Tabloid paid for, spiked, salacious Trump tip,” ASSOCIATED PRESS, April 12, 2018, available at <https://www.apnews.com/f37ecfc4710b468db6a103a245146172>.

⁸ *Id.*



with the [AMI magazine National Enquirer] when the tabloid was working on it. He said he was acting as a Trump spokesman when he did so”⁹

14. The *Associated Press* reported that AMI executive and top editor of the National Enquirer, Dylan Howard, “said he made the payment to secure the former Trump doorman’s exclusive cooperation because the tip, if true, would have sold ‘hundreds of thousands’ of magazines” but that Howard concluded that Sadujin’s story “lacked any credibility” and “spiked the story on those merits.”¹⁰ However, the *Associated Press* reported, “four longtime Enquirer staffers directly familiar with the episode challenged Howard’s version of events. They said they were ordered by top editors to stop pursuing the story before completing potentially promising reporting threads” and that the “publication didn’t pursue standard Enquirer reporting practices, such as exhaustive stake-outs or tabloid tactics designed to prove paternity.”¹¹

The Enquirer staffers, all with years of experience negotiating source contracts, said the abrupt end to reporting combined with a binding, seven-figure penalty to stop the tipster from talking to anyone led them to conclude that this was a so-called “catch and kill”—a tabloid practice in which a publication pays for a story to never run, either as a favor to the celebrity subject of the tip or as leverage over that person.

One former Enquirer reporter, who was not involved in the Sajudin reporting effort, expressed skepticism that the company would pay for the tip and not publish.

“AMI doesn’t go around cutting checks for \$30,000 and then not using the information,” said Jerry George, a reporter and senior editor for nearly three decades at AMI before his layoff in 2013.

....

George, the longtime former reporter and editor, said the \$1 million penalty in Sajudin’s

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*



agreement was larger than anything he had seen in his Enquirer career.

“If your intent is to get a story from the source, there’s no upside to paying upfront,” said George, who sometimes handled catch-and-kill contracts related to other celebrities. Paying upfront was not the Enquirer’s usual practice because it would have been costly and endangered the source’s incentive to cooperate, he said.¹²

15. According to the *Associated Press*, Sajudin had called the National Enquirer’s tip line and then “signed a boilerplate contract with the Enquirer, agreeing to be an anonymous source and be paid upon publication.”¹³ The Enquirer then dispatched reporters to pursue the story and sent a polygraph expert to administer a lie detection test to Sajudin.¹⁴

Sajudin passed the polygraph, which tested how he learned of the rumor. One week later, Sajudin signed an amended agreement, this one paying him \$30,000 immediately and subjecting him to the \$1 million penalty if he shopped around his information.

The Enquirer immediately then stopped reporting, said the former staffers.¹⁵

16. Also on April 12, 2018, *The New Yorker* reported details of AMI’s payment to Dino Sajudin, confirming the details reported by the *Associated Press* and providing additional details.¹⁶ *The New Yorker* reported that late in 2015 Sajudin signed a contract with AMI “agreeing to become a source and to accept thirty thousand dollars for exclusive rights to information he had been told: that Donald Trump, who had launched his Presidential campaign five months earlier, may have fathered a child with a former employee in the late nineteen-eighties.”¹⁷ *The New Yorker*,

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ Ronan Farrow, “The National Enquirer, A Trump Rumor, and Another Secret Payment to Buy Silence,” *THE NEW YORKER*, April 12, 2018, available at <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>.

¹⁷ *Id.*



relying on information from six current and former AMI employees who spoke on the condition of anonymity for fear of legal retaliation by AMI, explained that reporters at AMI spent weeks investigating the allegations and then later in December 2015 Sajudin met an AMI reporter at a McDonald's in Pennsylvania "to sign an amendment finalizing the transaction and adding a million-dollar penalty if the ex-doorman were to disclose the information without A.M.I.'s permission."¹⁸ *The New Yorker* reviewed an unexecuted copy of the contract and reported:

Shortly after the company paid Sajudin, the chairman and C.E.O. of A.M.I., David Pecker, who has spoken publicly about his friendship with Trump, ordered the A.M.I. reporters to stop investigating, the sources told me. One of the employees involved said, "There's no question it was done as a favor to continue to protect Trump from these potential secrets. That's black-and-white."¹⁹

17. *The New Yorker* reported that "[t]wo of the former A.M.I. employees said they believed that Cohen was in close contact with A.M.I. executives while the company's reporters were looking into Sajudin's story, as Cohen had been during other investigations related to Trump."²⁰ One source told *The New Yorker* that "Cohen was kept up to date on a regular basis[.]"²¹
18. *The New Yorker's* sources explained the "catch and kill" purpose of AMI's payment to Sajudin in detail.

Although many of the A.M.I. sources I spoke with expressed skepticism about Sajudin's claims, all six agreed that A.M.I. made a concerted effort to shut down the story. Several said that they believed the coverup, rather than the story itself, was of public importance. One told me that, after the polygraph came back positive, "*the decision was made at a high level to pay this source those funds and to put this thing to rest without an investigation taking place.*" A.M.I.'s decision was unusual even in the context of the company's other efforts to purchase stories in order to bury them, a practice

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

known as “catch and kill.” *Another source, who believed that A.M.I. suppressed the story to help Trump, said of Sajudin, “It’s unheard of to give a guy who calls A.M.I.’s tip line big bucks for information he is passing on secondhand. We didn’t pay thousands of dollars for non-stories, let alone tens of thousands. It was a highly curious and questionable situation.”*²²

19. *The New Yorker* reported that two of its AMI “sources said they believed that the catch-and-kill operations had cemented a partnership between Pecker and Trump, and that people close to the President had subsequently introduced Pecker to potential sources of funding” for AMI at a time when AMI was experiencing financial difficulty due to declining circulation.²³

SUMMARY OF THE LAW

20. The term “expenditure” is defined in FECA to mean “any purchase, payment, distribution, loan, advance, deposit, or gift or 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) (emphasis added); see also 11 C.F.R. §§ 100.110–100.114.
21. FECA provides that “expenditures made by any person in cooperation, consultation, or concert, with, or at the request or suggestion of, a candidate, his authorized political committees, or their agents, shall be considered to be a contribution to such candidate.” 52 U.S.C. § 30116(a)(7)(B)(i). See also 11 C.F.R. § 109.20(a).
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. 11 C.F.R. § 109.20(b).

²² *Id.* (emphasis added).

²³ *Id.*

23. 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.
24. 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).
25. FECA’s so-called “press exemption” provides that the term “expenditure” does not include “any news story, commentary, or editorial *distributed* through the facilities of any broadcasting station, newspaper, magazine, or other periodical publication” 52 U.S.C. § 30101(9)(B)(i) (emphasis added) (so-called “press exemption” for news stories *distributed* by media entities).
26. The Commission provides by regulation that “[a]ny cost incurred in *covering or carrying* a news story, commentary, or editorial by any . . . newspaper, magazine, or other periodical publication, including any Internet or electronic publication, is not” a contribution or expenditure. 11 C.F.R. §§ 100.73 and 100.132 (emphasis added).
27. The Commission conducts a two-step analysis to determine whether the “press exemption” applies to a specific expenditure. *First*, the Commission asks whether the entity engaging in the activity is a press entity. See, e.g., AO 2010-08 at 4 (Citizens United). *Second*, the Commission applies the two-part analysis presented in *Reader’s Digest Ass’n v. FEC*, 509 F.

Supp. 1210, 1215 (S.D.N.Y. 1981): (1) Whether the press entity is owned or controlled by a political party, political committee or candidate; and (2) Whether the press entity is *acting as a press entity* in conducting the activity at issue (*i.e.*, whether the entity is *acting in its "legitimate press function"*). See, e.g., AO 2010-08 at 5 (citing *FEC v. Phillips Publ'g*, 517 F.

Supp. 1308, 1312-13 (D.D.C. 1981). Regarding the "legitimate press function" requirement, the district court in *Readers Digest Association* explained:

The press exemption has certain limitations. First, in exempting the "distribut(ion)" of news or commentary "through the facilities of any broadcasting station, newspaper, magazine or other periodical publication . . .", the *statute would seem to exempt only those kinds of distribution that fall broadly within the press entity's legitimate press function*. It would not seem to exempt any dissemination or distribution using the press entity's personnel or equipment, no matter how unrelated to its press function. If, for example, on Election Day a partisan newspaper hired an army of incognito propaganda distributors to stand on street corners denouncing allegedly illegal acts of a candidate and sent sound trucks through the streets blaring the same denunciations, all in a manner unrelated to the sale of its newspapers, this activity would not come within the press exemption even though it might comply with a technical reading of the statutory exemption, being a "news story . . . distributed through the facilities of . . . (a) newspaper."

509 F. Supp. at 1214 (emphasis added).

28. Commission regulations provide that "agent" means "any person who has actual authority, either express or implied," to engage in campaign spending and other specified activities. See 11 C.F.R. §§ 109.3 and 300.2(b).
29. 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).

30. 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).
31. 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).

CAUSES OF ACTION

COUNT I:

AMERICAN MEDIA, INC. MADE, AND DONALD J. TRUMP FOR PRESIDENT, INC. RECEIVED, A \$30,000 CORPORATE CONTRIBUTION IN VIOLATION OF FECA

32. Paragraphs 1 through 31 are incorporated herein.
33. In 2016, Michael Cohen was an agent of Donald J. Trump, serving as Mr. Trump's personal lawyer and "fix-it guy."
34. Based on published reports, there is reason to believe that American Media, Inc.'s "catch and kill" payment of \$30,000 to Mr. Dino Sajudin was for the purpose of influencing the 2016 presidential election and, therefore, an "expenditure" under FECA, 52 U.S.C. § 30101(9)(A)(i).
35. Based on published reports, there is reason to believe that American Media, Inc.'s payment of \$30,000 to Mr. Dino Sajudin was *not* for the distribution of any "news story, commentary, or editorial," was *not* for any "legitimate press function," and therefore was *not* covered by the so-called "press exemption" to the definition of "expenditure" established by 52 U.S.C. § 30101(9)(B)(i).

36. Based on published reports, there is reason to believe that American Media, Inc. was in close, regular contact with Michael Cohen during American Media, Inc.'s engagement with Mr. Dino Sajudin and made its payment of \$30,000 to Mr. Dino Sajudin "in cooperation, consultation, or concert, with, or at the request or suggestion of" Mr. Cohen, an agent of Donald J. Trump, therefore rendering American Media, Inc.'s payment a coordinated expenditure and an in-kind contribution to Donald J. Trump and Donald J. Trump for President, Inc. under 52 U.S.C. § 30116(a)(7)(B)(i). *See also* 11 C.F.R. § 109.20(a).
37. Based on published reports, there is reason to believe that American Media, Inc., made and Donald J. Trump for President, Inc. received a \$30,000 in-kind contribution in violation of the FECA prohibition on corporate contributions established by 52 U.S.C. § 30118(a).

COUNT II:

DONALD J. TRUMP FOR PRESIDENT, INC. FAILED TO REPORT RECEIPT OF A \$30,000 IN-KIND CONTRIBUTION AS WELL AS A \$30,000 EXPENDITURE IN VIOLATION OF FECA

38. Paragraphs 1 through 31, and 33 through 37 are incorporated herein.
39. In 2016, Michael Cohen was an agent of Donald J. Trump, serving as Mr. Trump's personal lawyer and "fix-it guy."
40. Based on published reports, there is reason to believe that American Media, Inc.'s "catch and kill" payment of \$30,000 to Mr. Dino Sajudin was for the purpose of influencing the 2016 presidential election and, therefore, an "expenditure" under FECA, 52 U.S.C. § 30101(9)(A)(i).
41. Based on published reports, there is reason to believe that American Media, Inc.'s payment of \$30,000 to Mr. Dino Sajudin was *not* for the distribution of any "news story, commentary, or

editorial,” was *not* for any “legitimate press function,” and therefore was *not* covered by the so-called “press exemption” to the definition of “expenditure” established by 52 U.S.C. § 30101(9)(B)(i).

42. Based on published reports, there is reason to believe that believe that American Media, Inc. made its payment of \$30,000 to Mr. Dino Sajudin “in cooperation, consultation, or concert, with, or at the request or suggestion of” Mr. Cohen, an agent of Donald J. Trump, therefore rendering American Media, Inc.’s payment a coordinated expenditure and an in-kind contribution to Donald J. Trump and Donald J. Trump for President, Inc. under 52 U.S.C. § 30116(a)(7)(B)(i). See *also* 11 C.F.R. § 109.20(a).
43. 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).
44. 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(b)(5)(A).
45. 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 this \$30,000 contribution from American Media, Inc., in violation of 52 U.S.C. § 30104(b)(3)(A).
46. 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 \$30,000 expenditure to Mr. Dino Sajudin in violation of 52 U.S.C. § 30104(b)(5)(A).

PRAYER FOR RELIEF

47. Wherefore, the Commission should find reason to believe that President Donald J. Trump, 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 such additional remedies as are necessary and appropriate to ensure compliance with the FECA.

April 12, 2018

Respectfully submitted,



Common Cause, by
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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 Common Cause and Paul S. Ryan



Paul S. Ryan

Sworn to and subscribed before me this 12th day of April 2018.



Notary Public

