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May 30, 2019

Mr. Jeff S. Jordan
Federal Election Commission
Office of Complaints Examination and Legal Administration
Attn: Christal Dennis, Paralegal
1050 First Street, NE
Washington, D.C. 20463

Re: Matter Under Review 7593 (Fox News Network, LLC)

Dear Mr. Jordan:

On April 15, 2019, the Federal Election Commission ("FEC" or "Commission") notified our client, Fox News Network, LLC ("Fox News"), of a complaint filed by Michael Edelman of Palm Beach Gardens, Florida. The complaint's central allegation is that Fox News violated the Federal Election Campaign Act of 1971, as amended ("FECA"), by making an in-kind contribution to Missouri Senate candidate Josh Hawley. According to the complaint, Fox News made a prohibited contribution when two commentators – Sean Hannity and Jeanine Pirro – briefly appeared on-stage at a Hawley campaign event after covering the event for Fox News.

As explained in this submission, the allegations in the complaint find no support in fact or law. Mr. Hannity's and Ms. Pirro's brief appearances were not at the direction or on behalf of Fox News. In fact, Mr. Hannity's and Ms. Pirro's professional obligations to Fox News ceased once they completed their coverage of the event. Their subsequent appearances on-stage were personal volunteer activity conducted on their own time. Like all other Americans who volunteer their time to political causes of their choosing, Mr. Hannity's and Ms. Pirro's passing participation in this campaign event were exempt from regulation pursuant to the FECA's "Volunteer Exemption."

Furthermore, Mr. Hannity and Ms. Pirro are authors and commentators who appear across television, radio, and other media. Though their participation in the event was not on behalf of Fox News, it was nonetheless exempt from regulation pursuant to the FECA's "Press Exemption" which applies individually to both Mr. Hannity and Ms. Pirro as media personalities.

Under either the Volunteer Exemption or the Press Exemption, the appearances by Mr. Hannity and Ms. Pirro at the Hawley campaign event did not constitute a prohibited contribution by Fox News. Accordingly, the Commission should find no reason to believe that Fox News violated the FECA and dismiss this matter.

COUNSEL COUNSEL

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FACTUAL BACKGROUND

I. Fox News, Sean Hannity, and Jeanine Pirro

Fox News is "a 24-hour all-encompassing news service delivering breaking news as well as political and business news." Fox News, *Corporate Information*. In operation since 1996, Fox News is now available in nearly 90 million homes and has been the most watched television news channel for seventeen consecutive years. *See id.* Fox News is a subsidiary of FOX Corporation. *See id.*

Sean Hannity is a well-known media personality who currently hosts Fox News' *Hannity* program, which airs weeknights for one hour beginning at 9:00 P.M. Eastern (8:00 P.M. Central). *See* Fox News, *Sean Hannity*. Mr. Hannity has worked at Fox News since 1996 where he has provided commentary and interviewed numerous newsmakers and political figures including President Donald Trump, Vice President Mike Pence, Prime Minister Benjamin Netanyahu, then-President George W. Bush, and then-Vice President Dick Cheney. *See id.*

In addition to his television responsibilities for Fox News, Mr. Hannity is the host of Premiere Radio Networks' *The Sean Hannity Show*, which is syndicated to more than 500 stations, heard in all of the top 50 radio markets, and reaches 13.5 million listeners. *See id.* Mr. Hannity is currently second in the Top 100 Talk Host in America rankings compiled by Talker Magazine, and he has authored three *New York Times* bestselling books. *See id.*

Jeanine Pirro is the current host of *Justice with Judge Jeanine*, a program that airs Saturday nights at 9:00 P.M. Eastern on Fox News. Fox News, *Judge Jeanine Pirro*. Ms. Pirro began with Fox News in 2006. *See id.* In addition to her regularly scheduled show, she serves as a Fox News legal analyst "where she provides legal insight across the network's programming." *Id.* In 2018, Ms. Pirro authored a book about the Trump presidency entitled "Liars, Leakers, and Liberals: The Case against the Anti-Trump Conspiracy." Jennifer Harper, *Jeanine Pirro's Book 'Liars, Leakers, and Liberals' Hits No. 1 at Amazon*, Washington Times (July 21, 2018). Ms. Pirro also appears as a guest on various radio shows to discuss current events and issues. *See, e.g.*, The Hamilton Corner, *Judge Janine Pirro Steps into "The Corner,"* American Family Radio (June 28, 2018). 5

¹ http://press.foxnews.com/.

https://www.foxnews.com/person/h/sean-hannity.

³ https://www.foxnews.com/person/p/jeanine-pirro.

⁴ https://www.washingtontimes.com/news/2018/jul/21/judge-jeanine-pirros-book-liars-leakers-and-libera/.

⁵ https://afr.net/podcasts/the-hamilton-corner/2018/june/judge-jeanine-pirro-steps-into-the-corner/.

II. The November 5, 2018 Josh Hawley Campaign Event

In late 2018, President Trump was participating in numerous campaign events for Republican congressional candidates prior to their 2018 mid-term elections. *See, e.g.,* Annie Karni and Christopher Cadelago, *Trump Tests His Stamina with Intense Midterm Rally Schedule*, Politico (Nov. 2, 2018).⁶ The last of these events took place in Cape Girardeau, Missouri for then-Senate candidate Josh Hawley. *See* Robert Schroeder, *Hawley Ahead in Pair of Polls as Trump Goes to Missouri*, Marketwatch.com (Nov. 5, 2018).⁷

These events generated significant media coverage from many outlets, especially in the final days of the election cycle. *See, e.g.*, John Bennett, *Live Blog: Updates from Trump's Final Day on Campaign Trail,* Roll Call (Nov. 5, 2018);⁸ CBSNews, *Trump Holds His Final Midterm Rally in Missouri*, YouTube.com (Nov. 5, 2018);⁹ Chris Cilliza, *The 31 Most Over-the-Top Lines from Donald Trump's Final 2018 Campaign Rally*, CNN.com (Nov. 6, 2018);¹⁰ Amy Davidson Sorkin, *Donald Trump's Final, Bitter Midterm Rallies*, The New Yorker (Nov. 6, 2018); Aaron Rupar, *Trump's Final Preelection Speeches Featured Vicious Attacks on Kavanaugh Accusers*, Vox.com (Nov. 6, 2018).¹¹

Mr. Hannity joined the media coverage and announced on Twitter that he would "be doing a live show from Cape Girardeau and interviewing President Trump before the rally." Aidan McLaughlin, Fox News Responds to Hannity at Trump Rally: We Do 'Not Condone' This 'Unfortunate Distraction', Mediaite (Nov. 6, 2018) ("Fox News Responds"). Mr. Hannity further explained: "I am covering the final rally for my show. Something I have done in every election in the past." Id.

Ms. Pirro also travelled to Missouri to participate in Mr. Hannity's show:

⁶ https://www.politico.com/story/2018/11/02/trump-2018-elections-schedule-stamina-959363.

https://www.marketwatch.com/story/hawley-ahead-in-pair-of-polls-as-trump-goes-to-missouri-2018-11-05.

⁸ https://www.rollcall.com/news/politics/live-blog-updates-trumps-final-day-campaign-trail.

https://www.youtube.com/watch?v=fwc4z7YS1Oc.

¹⁰ https://www.cnn.com/2018/11/06/politics/donald-trump-missouri/index.html.

 $[\]frac{11}{\text{https://www.vox.com/midterm-elections/2018/11/6/18066958/trump-attacks-kavanaugh-accusers-indianamissouri-midterm-elections}.$

¹² https://www.mediaite.com/tv/fox-news-responds-hannity-at-trump-rally-we-do-not-condone-this-unfortunate-distraction/.



In Missouri yesterday with the @FoxNews team watching stage prep for the TRUMP RALLY. #hannity



7:31 AM - 6 Nov 2018

Tweet of @JudgeJeanine (Nov. 6, 2018 at 7:31 A.M.). 13

Hannity began airing from Cape Girardeau at its regularly scheduled time, 8:00 P.M. Central.¹⁴ Mr. Hannity opened the program with extensive commentary on the importance of the mid-term elections, an analysis of the key races, and a discussion of the implications of the elections on Trump's presidency:

¹³ https://twitter.com/JudgeJeanine/status/1059830759190654976.

¹⁴ A thumb drive containing a recording of the November 5, 2018 *Hannity* program is included with this submission.



As the show continued, Mr. Hannity incorporated several guest commentators – including Ms. Pirro and author David Limbaugh – into different segments of the program:





Mr. Hannity then conducted an exclusive interview of President Trump before the President was scheduled to take the stage for the Hawley campaign event:





At the end of the interview, Mr. Hannity concluded the show by introducing Laura Ingraham and *The Ingraham Angle*, the show that immediately follows *Hannity*:



Once *Hannity* ended, staff members began breaking down the set and preparing to depart while Mr. Hannity and Ms. Pirro mingled back-stage with attendees at the Hawley campaign event. *See Trump Holds Campaign Rally in Missouri*, Washington Post (Nov. 5, 2018) ("Rally Footage") (at 1:47 to 1:52 and 17:35 to 17:47) (noting discussions "back-stage"). After President Trump took the stage at the event and made some introductory remarks, he invited

¹⁵ https://www.youtube.com/watch?v=8 PoP-q26K8.

several individuals who had been back-stage to briefly join him at the podium. President Trump first introduced Mr. Hannity and gestured for him to approach the podium to speak:



When Mr. Hannity arrived at the microphone, he spoke to the audience for less than a minute. The full text of his remarks follow:

By the way all those people in the back are "fake news" . . . Mr. President, I did an opening monologue today – and I had no idea you were going to invite me up here – and the one thing that has made and defined your presidency more than anything else: "promises made, promises kept." Four-and-a-half million new American jobs, four-point-three million Americans off food stamps, four million Americans out of poverty, and we're not dropping cash loads or cargo planes of cash to Iranian mullahs that chant "Death to America." Mr. President, thank you.

Id. (at 19:20 to 20:15).

After Mr. Hannity left the stage, President Trump recognized Ms. Pirro and invited her to the stage. When she arrived, the President guided her to the podium and directed her to "Say something." Ms. Pirro responded: "You want me to say something?" President Trump, while adjusting the microphone downward, responded "Yeah, say something." *Id.* (at 21:58-22:01)



Following the President's suggestion, Ms. Pirro spoke for approximately fifty seconds and said the following:

Thank you. Do you like the fact that we are now in the longest, strongest economic growth streak in American history? Do you like the fact that this man is the tip of the spear who goes out there every day and fights for us? If you like the America that he is making now, you've gotta make sure you get out there tomorrow if you haven't voted yet. Everyone you know: your grandmother, your cousin, your kids, even your next-door neighbor if you don't like them, get 'em out to vote for Donald Trump and all the people who are running for the Republican Party.

Id. (at 22:05-22:55).

Neither individual came to the stage with prepared written remarks. Ms. Pirro noted that fact when she asked the President: "You want me to say something?" Mr. Hannity similarly stated "I had no idea you were going to invite me up here" and appeared on stage holding his glasses and his cell phone, seemingly unexpecting the President's invitation to speak. Following the event, Mr. Hannity explained on Twitter that "[w]hen the POTUS invited me on stage to give a few remarks last night, I was surprised, yet honored by the president's request. This was NOT planned." Aidan McLaughlin, Fox News Responds.

In addition, when both Mr. Hannity and Ms. Pirro spoke, neither noted, nor otherwise represented, that they were appearing on behalf of Fox News. In fact, Fox News did not televise their brief remarks. To the contrary, Fox News subsequently issued a statement explaining that it:

does not condone any talent participating in campaign events. We have an extraordinary team of journalists helming our coverage tonight and we are extremely proud of their work. This was an unfortunate distraction and has been addressed.

Alex Thomas, Fox News Calls Sean Hannity's Campaign Appearance with Trump "an Unfortunate Distraction", Independent Journal Review (Nov. 6, 2018). When other media outlets began inquiring about Mr. Hannity's participation in the event and whether it was sanctioned by Fox News, Fox News referred them to its statement and to Mr. Hannity's tweet underscoring that the event was not planned. See id.

THE LAW

The FECA prohibits corporations from making a "contribution" to a federal candidate. See 52 U.S.C. § 30118(a). The term "contribution" includes "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." *Id.* § 30101(8)(A). The term also includes "any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value . . . to any candidate . . . in connection with any election to [federal office]." 11 C.F.R. § 114.1(a)(1).

The FECA and its implementing regulations exempt certain activities, *inter alia*, from regulation as a contribution. *First*, "the value of services provided without compensation by any individual who volunteers on behalf of a candidate" are not a contribution to the candidate. 52 U.S.C. § 30101(8)(i); see also 11 C.F.R. § 100.74. This allowance is often referred to as the "Volunteer Exemption."

Second, the costs incurred by press for news and commentary are exempt from the definition of contribution:

Any 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 unless the facility is owned or controlled by any political party, political committee, or candidate.

11 C.F.R. § 100.73; see also 52 U.S.C. § 30101(9)(B)(i); 11 C.F.R. § 100.132. This so-called "Press Exemption" ensures that the FECA does not "limit or burden in any way the first amendment

¹⁶ https://ijr.com/fox-news-sean-hannity-trump-campaign/.

freedoms of the press and of association." H.R. Rep. No. 93-1239, at 4 (1974) (discussing the statutory provision upon which the regulatory exemption is based).

THE COMPLAINT

The complaint in this matter erroneously alleges the following "FACTS":

- Mr. Hannity and Ms. Pirro travelled to the Hawley campaign event "not necessarily [as] part of a daily or weekly opinion show."
- Both Mr. Hannity and Ms. Pirro appeared on-stage at the event in their capacities "as a Fox News Corporate agent" regardless "of whether or not Fox News gave prior approval to the appearance."
- Both Mr. Hannity's and Ms. Pirro's appearances were "on behalf of" Fox News.

Compl. at 1-2. Therefore, according to the complaint, the FEC should "deem the campaign appearances by both Sean Hannity and Jeanine Pirro acting as agents having apparent authority to bind Fox News Corporation [as] illegal in kind corporate contributions by Fox News." *Id.* at 2. As explained below, this conclusion is not supported by the facts or the law.

DISCUSSION

I. Sean Hannity and Jeanine Pirro Appeared On-Stage in Their Capacity as Individual Volunteers, Not on Behalf of Fox News.

The Commission has long held that "uncompensated volunteer services [are] specifically exempt from the [FECA's] definition of contribution" pursuant to the Volunteer Exemption. FEC Adv. Op. 2004-26 (Aug. 20, 2004) (Weller); see also FEC Adv. Ops. 2007-22 (Hurysz), 1987-25 (Otaola), 1982-04 (Apodaca), 1980-42 (Hart). Specifically, when individuals are "volunteers . . . on their own time and without compensation, rather than as a condition of their employment, their activities [do not] constitute in-kind contributions." Factual and Legal Analysis, Matter Under Review ("MUR") 5802 at 7 (Rahm Emanuel) (June 14, 2007); see also Factual and Legal Analysis, MUR 6575 at 5 (Lisa Buescher) (Dec. 17, 2012) (finding no contribution where individual volunteered her time to speak at candidate event). Indeed, in MURs 5987, 5995, and 6015, the Commission permitted Elton John to perform an entire concert on-stage under the Volunteer Exemption without a prohibited contribution resulting. Factual and Legal Analysis at 2-6 (Feb. 20, 2009).

Here, both Mr. Hannity and Ms. Pirro traveled to Missouri for press-related reasons – i.e., to cover the pre-event activities for *Hannity* during the 8:00-9:00 P.M. Central Fox News

time slot. Following Ms. Pirro's segments on the show and Mr. Hannity's interview of the President, Mr. Hannity concluded the show and Fox News began televising *The Ingraham Angle*. At that point, Mr. Hannity's and Ms. Pirro's work for Fox News was finished, and they were free to do what they wished with their personal time.

When Mr. Hannity and Ms. Pirro subsequently appeared on stage at the Hawley campaign event, they did so as two "volunteers . . . on their own time and without compensation, rather than as a condition of their employment." Factual and Legal Analysis, MUR 5802 at 7. Therefore, the Volunteer Exemption applied and their appearances did not constitute a contribution by Fox News. As former-FEC General Counsel Dan Petalas stated in a related context, Mr. "Hannity is entitled to volunteer and provide input" for the benefit of political campaigns. Callum Borchers, Why Campaign Finance Laws Probably Won't Stop Hannity and Lewandokski from Helping Trump, Wash. Post (Sept. 21, 2016).

This straightforward conclusion is reinforced by a number of additional facts. First, the appearances by Mr. Hannity and Ms. Pirro on-stage with President Trump were "NOT planned" as part of the Fox News programming. See supra at 9 (quoting Mr. Hannity's tweet). Indeed, when President Trump asked Mr. Hannity and Ms. Pirro to come on stage, both arrived unprepared. President Trump had to encourage them to approach the microphone and speak, which neither did for more than 55 seconds.¹⁸

Second, Fox News did not televise Mr. Hannity's and Ms. Pirro's appearances at the Hawley campaign event. Had these appearances been on behalf of Fox News, Fox News would have certainly included them in its programming. To the contrary, Fox News immediately and publicly disavowed its "talent participating in campaign events" like the Hawley event.

Third, neither Mr. Hannity nor Ms. Pirro mentioned their Fox News affiliation while onstage. That, at a minimum, would have been necessary to support the complaint's theory that Mr. Hannity and Ms. Pirro were acting with the "apparent authority" of Fox News. The fact that President Trump introduced Ms. Pirro by referring to her show – though not mentioning it or Fox News by name – is irrelevant. The Commission has long-recognized that individuals may participate in campaign activities notwithstanding their professional associations. For example, in Advisory Opinion 1978-77 (Aspin), the Commission found that the Volunteer Exemption permitted an officer of American Motors Corporation to spend "several minutes" recording a

¹⁷ There is no dispute that the Press Exemption applied to these activities.

¹⁸ It is noteworthy that President Trump spoke for nearly an hour-and-a-half by himself. In other words, Mr. Hannity and Ms. Pirro each spoke for approximately 1% of the event's duration. While these minimal speaking roles are clearly exempt under the Volunteer Exemption for the reasons described above, the short duration of Mr. Hannity's and Ms. Pirro's remarks also warrants the Commission dismissing the complaint as a matter of prosecutorial discretion.

campaign radio commercial – even though the commercial would identify him by his name and corporate title. Similarly, in Advisory Opinion 1984-43 (Brunswick Corp.), the Commission concluded that a corporation's general manager could volunteer his time to appear in a television advertisement supporting an incumbent Member of Congress and could discuss his employer without a prohibited corporate contribution resulting.

Contrary to the allegations in the complaint, the facts clearly demonstrate that Mr. Hannity and Ms. Pirro were acting in their personal capacities – and not on behalf of Fox News – when they briefly appeared on-stage at the Hawley campaign event. Those activities, therefore, qualify for the FECA's Volunteer Exemption and do not result in a prohibited contribution by Fox News.

II. Sean Hannity's and Jeanine Pirro's Post-Hannity Activities Were Exempt from Regulation Pursuant to the Press Exemption.

Though Mr. Hannity and Ms. Pirro did not appear at the Hawley campaign event on behalf of Fox News, their activities were nevertheless protected by the Press Exemption. The journalistic profession requires reporters and commentators to develop relationships with sources and to build a strong audience following and brand identity. Mr. Hannity's and Ms. Pirro's participation in the Hawley campaign event furthered these journalistic functions and was, therefore, exempt from regulation pursuant to the Press Exemption.

The FEC performs a two-step analysis to determine whether the Press Exemption applies. First, the FEC asks "whether the entity engaging in the activity is a media entity." First General Counsel's Report, MUR 6320 at 7 (John Gomez). Second, assuming an entity is not owned or controlled by a candidate or party committee, the FEC reviews "whether the media entity is acting in its 'legitimate press function.'" *Id.* at 7-8.

The FEC has already recognized that Mr. Hannity is a media personality distinct from his employers and, therefore, qualifies for the Press Exemption. See id. at 11 (explaining that the Press Exemption applied because "Clear Channel, Premiere, and Sean Hannity were acting within their legitimate media functions") (emphasis added). The basis for this conclusion has not changed. Indeed, both Mr. Hannity and Ms. Pirro are media personalities who have profiles broader than their work for Fox News. See supra at 2 (discussing that both individuals are authors and make appearances in different media).

Both individuals' appearances were also within the scope of their "legitimate press function." Journalists and commentators depend on developing relationships with sources in order to access information that matters to their viewers, listeners, and readers, as well as to enhance their professional profiles with newsmakers and the public. By speaking on-stage at

the President's insistence – as well as mingling with others backstage – Mr. Hannity and Ms. Pirro were developing and cultivating the necessary relationships and raising their profiles as journalists and commentators.

Indeed, reporters routinely give speeches before audiences to further develop their relationships with event hosts and to cultivate new sources. See, e.g., Brent Scher, WaPo Reporter Goes Rouge, Gives Strategy Briefing to Secret Dem Donor Conference, Wash. Free Beacon (Nov. 22, 2017); Council on Gov't Ethics Laws, 39th Annual COGEL Conference Schedule (reflecting that Toronto Star investigative reporter Kevin Donovan was the featured speaker at the conference's plenary luncheon for government ethics and investigative agencies).¹⁹ As the FEC's former general counsel summed up in a related context, "given that [Mr. Hannity] is a pundit, the access he gets by being involved . . . with the Trump campaign presumably benefits his legitimate press function as a pundit. I think there's a very good argument that by doing this . . . , he is participating in his press function." Callum Borchers, Why Campaign Finance Laws Probably Won't Stop Hannity and Lewandokski from Helping Trump. Furthermore, media personalities can enhance their professional brands and increase their public following by demonstrating close ties to high-ranking public officials. See, e.g., Asawin Suebsaeng, Maxwell Tani, and Gideon Resnick, How to Get Donald Trump to Tweet Your Book: A User's Guide, The Daily Beast (June 6, 2018).²⁰ This is especially true for Ms. Pirro. See Antonia Bloomberg, In the Oval Office, Trump Poses With Fox News' Jeanine Pirro — And The Book She's Selling, Huffington Post (July 24, 2018).²¹

At bottom, the Press Exemption applied to both Mr. Hannity's and Ms. Pirro's personal participation in the Hawley campaign event. Accordingly, their activities cannot result in a contribution prohibited by the FECA.

CONCLUSION

When Sean Hannity and Jeanine Pirro appeared on stage at the Hawley campaign event, they did so as volunteers and not on behalf of Fox News. Moreover, their on-stage remarks were consistent with their activities as members of the media. For both these reasons, their appearances were exempt from regulation by the FECA. Therefore, the Commission should find no reason to believe that Mr. Hannity or Ms. Pirro caused Fox News to violate the FECA and should dismiss this matter.

¹⁹ https://cogel.site-ym.com/mpage/2017Schedule.

²⁰ https://www.thedailybeast.com/how-to-get-donald-trump-to-tweet-your-book-a-users-guide.

²¹ https://www.huffpost.com/entry/trump-poses-with-jeanine-pirro-and-the-book-shes-promoting-in-the-oval-office n 5b57a692e4b0de86f4917eaf.

Respectfully Submitted,

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