

FEDERAL ELECTION COMMISSION

In the matter of:

American Future Fund
Americans for Job Security
60 Plus Association
Center to Protect Patient Rights/American Encore
Sandy Greiner
Stephen DeMaura
Amy Frederick
Sean Noble

MUR No.

6816

OFFICE OF GENERAL
COUNSEL

2014 MAY -7 PM 3:38

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FEDERAL ELECTION
COMMISSION

COMPLAINT

1. Citizens for Responsibility and Ethics in Washington ("CREW") and Melanie Sloan bring this amended complaint before the Federal Election Commission ("FEC") seeking an immediate investigation and enforcement action against the American Future Fund ("AFF"), Americans for Job Security ("AJS"), the 60 Plus Association ("60 Plus"), the Center to Protect Patient Rights ("CPPR") (now known as American Encore), Sandy Greiner, Stephen DeMaura, Amy Frederick, and Sean Noble for direct and serious violations of the Federal Election Campaign Act ("FECA").

2. A recent news report based on interviews with Mr. Noble asserts CPPR made contributions to AFF, AJS, and 60 Plus earmarked to pay for air time to broadcast specific television advertisements in House races in 2010. In dozens of independent expenditure and electioneering communications reports filed in 2010, however, AFF, AJS, and 60 Plus failed to disclose CPPR or any other contributors who paid for the reported campaign spending, as required by the FECA and FEC regulations. These omissions have denied the public important information about who paid for the advertisements broadcast by AFF, AJS, and 60 Plus, and appear to violate the FECA and FEC regulations.

Complainants

3. Complainant CREW is a non-profit corporation, organized under section 501(c)(3) of the Internal Revenue Code. CREW is committed to protecting the right of citizens to be informed about the activities of government officials and to ensuring the integrity of government officials. CREW seeks to empower citizens to have an influential voice in government decisions and in the governmental decision-making process. CREW uses a combination of research, litigation, and advocacy to advance its mission.

4. In furtherance of its mission, CREW seeks to expose unethical and illegal conduct of those involved in government. One way CREW does this is by educating citizens regarding the integrity of the electoral process and our system of government. Toward this end, CREW monitors the campaign finance activities of those who run for federal office and those who make expenditures to influence federal elections, and publicizes those who violate federal campaign finance laws through its website, press releases, and other methods of distribution. CREW also files complaints with the FEC when it discovers violations of the FECA. Publicizing campaign finance violations and filing complaints with the FEC serve CREW's mission of keeping the public informed about individuals and entities that violate campaign finance laws and deterring future violations of those laws.

5. In order to assess whether an individual or entity is complying with federal campaign finance law, CREW needs the information contained in independent expenditure and electioneering communications disclosure reports that must be filed pursuant to the FECA, 2 U.S.C. §§ 434(c), (f), (g); 11 C.F.R. §§ 104.20, 109.10(b)-(e). CREW is hindered in its programmatic activity when an individual or entity fails to disclose campaign finance information in reports required by the FECA.

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6. CREW relies on the FEC's proper administration of the FECA's reporting requirements because the FECA-mandated disclosure reports are the only source of information CREW can use to determine if an individual or entity is complying with the FECA. The proper administration of the FECA's reporting requirements includes mandating that all disclosure reports required by the FECA are properly and timely filed with the FEC. CREW is hindered in its programmatic activity when the FEC fails to properly administer the FECA's reporting requirements.

7. Complainant Melanie Sloan is the executive director of Citizens for Responsibility and Ethics in Washington, a citizen of the United States, and a registered voter and resident of the District of Columbia. As a registered voter, Ms. Sloan is entitled to receive information contained in disclosure reports required by the FECA, 2 U.S.C. § 434; 11 C.F.R. §§ 104.1, 104.20, 109.10. Ms. Sloan is harmed when an individual, candidate, political committee or other entity fails to report campaign finance activity as required by the FECA. *See FEC v. Akins*, 524 U.S. 11, 19 (1998), *quoting Buckley v. Valeo*, 424 U.S. 1, 66-67 (1976) (political committees must disclose contributors and disbursements to help voters understand who provides which candidates with financial support). Ms. Sloan is further harmed when the FEC fails to properly administer the FECA's reporting requirements, limiting its ability to review campaign finance information.

Respondents

8. The American Future Fund is a tax-exempt organization established in 2007, organized under section 501(c)(4) of the Internal Revenue Code, and based in Des Moines, Iowa.

9. Sandy Greiner was president of AFF at all times relevant to this complaint, and signed independent expenditure and electioneering communications disclosure forms on behalf of AFF.

10. Americans for Job Security is a tax-exempt organization established in 1998, organized under section 501(c)(6) of the Internal Revenue Code, and based in Alexandria, Virginia.

11. Stephen DeMaura was president of AJS at all times relevant to this complaint, and signed independent expenditure and electioneering communications disclosure forms on behalf of AJS.

12. The 60 Plus Association is a tax-exempt organization established in 1992, organized under section 501(c)(4) of the Internal Revenue Code, and based in Alexandria, Virginia.

13. Amy Frederick was president of 60 Plus at all times relevant to this complaint, and signed independent expenditure and electioneering communications disclosure forms on behalf of 60 Plus.

14. The Center to Protect Patient Rights ("CPPR"), now know as American Encore, is a tax-exempt organization established in 2009, organized under section 501(c)(4) of the Internal Revenue Code, and based in Phoenix, Arizona.

15. Sean Noble was president of CPPR at all times relevant to this complaint.

Legal Framework

16. An "independent expenditure" is an expenditure by a person for a communication "expressly advocating the election or defeat of a clearly identified candidate" that is not coordinated with a candidate or a political party. 2 U.S.C. § 431(17); 11 C.F.R. § 100.16(a).

17. The FECA requires every person (other than a political committee) who expends more than \$250 in independent expenditures during a calendar year to file reports with the FEC identifying each person (other than a political committee) who makes contributions totaling more than \$200 in a calendar year to the person making the independent expenditure. 2 U.S.C. § 434(c)(1) (referencing 2 U.S.C. § 434(b)(3)(A)). The term "person" includes an individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons. 2 U.S.C. § 431(11).

18. The FECA further requires reports filed under these provisions identify each person who made a contribution in excess of \$200 to the person filing the report "which was made for the purpose of furthering an independent expenditure." 2 U.S.C. § 434(c)(2)(C).

19. FEC regulations interpret these provisions to require the reports identify each person who made a contribution in excess of \$200 to the person filing the report that "was made for the purpose of furthering the reported independent expenditure." 11 C.F.R. § 109.10(e)(1)(vi).¹

20. The FECA and FEC regulations require every person who is not a political committee who makes independent expenditures totaling more than \$250 in a calendar year to file quarterly reports regarding the expenditures. 2 U.S.C. § 434(c)(1); 11 C.F.R. § 109.10(b). The FECA and FEC regulations also require a person who makes independent expenditures totaling \$10,000 or more on a given election in a calendar year up to the 20th day before the date of the election to file a report regarding the expenditures with the FEC within 48 hours. 2 U.S.C. §

¹ The FEC's interpretation of the statute fails to give full effect to these provisions. At a minimum, the statute requires identification of persons who made contributions "for the purpose of furthering an independent expenditure," 2 U.S.C. § 434(c)(2)(C) (emphasis added), but the regulation only requires identification of persons who made contributions "for the purpose of furthering the reported independent expenditure," 11 C.F.R. § 109.10(e)(1)(vi) (emphasis added).

434(g)(2)(A); 11 C.F.R. § 109.10(c). The FECA and FEC regulations further require a person who makes independent expenditures totaling \$1,000 or more on a given election after the 20th day before an election, but more than 24 hours before the day of the election, to file a report describing the expenditures with the FEC within 24 hours. 2 U.S.C. § 434(g)(1)(A); 11 C.F.R. § 109.10(d).

21. An "electioneering communication" is any broadcast, cable, or satellite communication that: (1) refers to a clearly identified candidate for Federal office; (2) is publicly distributed within 60 days before a general election (or 30 days before a primary election) for the office sought by the candidate; and (3) is targeted to the relevant electorate, in the case of a candidate for the House of Representatives. 2 U.S.C. § 434(f)(3)(A); 11 C.F.R. § 100.29(a).

22. The FECA requires a person who makes electioneering communications aggregating \$10,000 or more during a calendar year to file a statement describing the disbursement within 48 hours. 2 U.S.C. § 434(f)(1).

23. The FECA requires electioneering communications statements to disclose "the names and addresses of all contributors who contributed an aggregate amount of \$1,000 or more" to the organization making the electioneering communication. 2 U.S.C. § 434(f)(2).

24. For disbursements made by a corporation or labor union, FEC regulations require the reports to identify "the name and address of each person who made a donation aggregating \$1,000 or more to the corporation or labor organization, aggregating since the first day of the preceding calendar year, which was made for the purpose of furthering electioneering communications." 11 C.F.R. § 104.20(c)(9). Three FEC commissioners have interpreted this regulation to require the report identify only "donations . . . made for the purpose of furthering the electioneering communication that is the subject of the report." Statement of Reasons of Chairman Matthew S.

Petersen and Commissioners Caroline C. Hunter and Donald F. McGahn, MUR 6002 ("MUR 6002 Statement of Reasons"), at 5.²

25. Any person who knowingly and willingly violates any provision of the FECA involving the making, receiving, or reporting of any contribution aggregating more than \$25,000 in a calendar year is subject to up to five years in prison and fines. 2 U.S.C. § 437g(d)(1)(A)(i). Any person who knowingly and willingly violates any provision of the FECA involving the making, receiving, or reporting of any contribution aggregating more than \$2,000 in a calendar year (but less than \$25,000) is subject to up to one year in prison and fines. 2 U.S.C. § 437g(d)(1)(A)(ii).

26. If two or more persons conspire to commit any offense against the United States, or defraud any agency of the United States, they are subject to up to five years in prison and fines. 18 U.S.C. § 371.

Factual allegations

27. News reports closely link CPPR with Charles and David Koch, and was described as a "major cash turnstile for groups on the right during the past two election cycles." Matea Gold, A Koch-Tied Labyrinth of Political Spending, *Washington Post*, January 6, 2014 (attached as Exhibit A). Mr. Noble personally served as a political consultant to the Koch brothers, and frequently attended meetings the pair convened at which money was raised for groups engaged in political activities. Kim Barker and Theodoric Meyer, The Dark Money Man: How Sean Noble Moved the Kochs' Cash Into Politics and Made Millions, *ProPublica*, February 14, 2014 (attached as Exhibit B).

² The FEC's interpretation of the statute fails to give full effect to these provisions and is the subject of a current court challenge. *Van Hollen v. FEC*, 851 F. Supp. 2d 69 (D.D.C.), *reversed, remanded, and vacated sub nom*, *Center for Individual Freedom v. Van Hollen*, 694 F.3d 108 (D.C. Cir. 2012).

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28. A recently published news report describes CPPR's activities during 2010. Eliana Johnson, Inside the Koch-Funded Ads Giving Dems Fits, *National Review Online*, March 31, 2014 (attached as Exhibit C). The report is based in large part on interviews with Mr. Noble, who is quoted throughout, frequently revealing internal CPPR activities and strategies not otherwise public. The report does not cite or appear to rely on any anonymous sources, and only quotes two other interviews. As a result, even where Mr. Noble is not quoted directly, he was almost certainly the source of the information about CPPR's activities.

29. As described by Mr. Noble, in 2010 CPPR engaged in extensive political campaign activities in opposition to Democrats running for the House. These activities included researching and producing campaign advertisements and making contributions to other organizations, including AFF, AJS, and 60 Plus, earmarked for broadcasting the ads.

30. Mr. Noble and CPPR "produced dozens of ads that targeted hundreds of Democratic congressmen in the 2010 midterm elections," bringing in "GOP pollster and wordsmith Frank Luntz and ad guru Larry McCarthy" to create and produce the ads. *Id.*

31. Mr. Noble and CPPR carefully selected the political races in which the ads would be broadcast. According to Mr. Noble, he and CPPR decided to focus on House races: "'We made a deliberate recommendation that you gotta focus on the House, Obamacare clearly was the watershed moment that provided the juice to deliver the majority back to the Republicans in the House.'" *Id.* To achieve this goal, Mr. Noble and CPPR relied on a spreadsheet listing vulnerable Democratic House members ranked "in order of the likelihood of their defeat." *Id.* Each House district identified on the spreadsheet was assigned a "'win potential' between 1 and 5 and a score between 1 and 40 based on the voting record of each member and the composition of the district,

among other things.” Johnson, *National Review Online*, Mar. 31, 2014. The spreadsheet evolved as the political landscape changed. It listed 64 Democratic members on June 8, 2010, but expanded to 88 members later in June and 105 in August. *Id.*

32. CPPR did not directly pay for the air time to broadcast the advertisements. Rather, CPPR earmarked contributions to other groups to pay for broadcasting them. As the news report recounted: “Noble coordinated the disbursement of over \$50 million to several other groups that paid to put the ads on the air: Americans for Prosperity, the 60 Plus Association, Americans for Job Security, Americans for Limited Government, and the American Future Fund.” *Id.* (emphasis added).

33. Mr. Noble’s statements in the news report confirm CPPR’s control of the spending. Mr. Noble repeatedly attributed the advertisements to CPPR, not the organizations that broadcast them. Discussing the content of the ads broadcast against Democratic House members, Mr. Noble asserted CPPR made the decision to focus on then-House Speaker Nancy Pelosi (D-CA), rather than President Obama or Senate Majority Leader Harry Reid (D-NV): “‘When we tied [Democratic House members] to Pelosi, swing voters were more likely to vote against them 65 percent of the time,’ Noble says.” *Id.*

34. Mr. Noble similarly claimed he and CPPR decided in which races to broadcast the advertisements. The 105 Democratic candidates listed on the spreadsheet were divided into three tiers based on the likelihood of a Republican win, “and resources were allotted accordingly.” Johnson, *National Review Online*, Mar. 31, 2014. As the election neared: “The political climate was so hostile to Democrats that Noble wound up running ads against Democrats who fell into tier

3, incumbents he'd determined it would be difficult to pick off. 'There was some interesting stretching of the field that no one thought was possible,' he says." *Id.*

35. Mr. Noble further asserted he and CPPR decided when to broadcast certain ads. According to Mr. Noble, Americans for Prosperity ran an advertisement against Rep. Betsy Markey (D-CO) in June and August that drove her approval rating so low, "Noble says, 'we did not spend another dime in that race from August until Election Day.'" *Id.* Although this advertisement was not reported to the FEC as an independent expenditure or electioneering communication, Mr. Noble's comments demonstrate his and CPPR's control over the timing of spending on political advertisements.

36. The news report identifies several advertisements "CPPR and the constellation of groups to which it disbursed millions of dollars" broadcast against Democratic candidates using earmarked contributions. *Id.* An ad ostensibly paid for by 60 Plus criticized Reps. Alan Grayson (D-FL) and Suzanne Kosmas (D-FL), and concluded, "this November, we'll remember." See <https://www.youtube.com/watch?v=bXyFTCzWiQI>. Another 60 Plus ad urged voters to "vote against" Rep. James Oberstar (D-MN). See https://www.youtube.com/watch?v=v_ICySd_RKQ. An ad funneled through AFF urged voters to "take the right path" and "vote against" Rep. Stephanie Herseth Sandlin (D-SD), see <https://www.youtube.com/watch?v=GLqziI2dCmY>, and one broadcast in the name of AJS exhorted voters to "vote against" Rep. Robert Etheridge (D-NC). See https://www.youtube.com/watch?v=unYzX_quvbc.

37. It is not clear precisely which other advertisements were paid for by contributions CPPR gave to other organizations. However, CPPR made \$25,503,000 in grants to AFF, AJS, and 60 Plus in 2010, and those three organizations spent approximately \$20,185,538 on House races

that year. Specifically, AJS received a \$4,828,000 grant from CPPR in 2010 and spent approximately \$5,007,447 on House races, 60 Plus received a \$8,990,000 grant and spent approximately \$6,678,813 on House races, and AFF received a \$11,685,000 grant and spent approximately \$8,499,278 on House races. See CPPR 2010 Form 990 (amended), Schedule I, Part II (excerpts attached as Exhibit D); Open Secrets, American Future Fund, Targeted Candidates, 2010, available at <http://www.opensecrets.org/outsidespending/recips.php?cmte=American+Future+Fund&cycle=2010>; Open Secrets, Americans for Job Security, Targeted Candidates, 2010, available at <http://www.opensecrets.org/outsidespending/recips.php?cmte=Americans+for+Job+Security&cycle=2010>; Open Secrets, 60 Plus Association, Targeted Candidates, 2010, available at <http://www.opensecrets.org/outsidespending/recips.php?cmte=60+Plus+Assn&cycle=2010>.

38. AFF filed 26 reports with the FEC disclosing independent expenditures made in 2010 to place campaign advertisements on television in House races: 21 48-hour reports, four 24-hour reports, the AFF 2010 October Quarterly Report, and the AFF 2010 Year-End Report. See AFF Independent Expenditure Reports, available at <http://docquery.fec.gov/cgi-bin/fecimg/?C90011677>. None of these reports identified any person who made a contribution to AFF for the purpose of furthering these independent expenditures.

39. AFF also filed seven reports (two initial reports and five amendments) with the FEC disclosing electioneering communications in 2010 in which money was spent to place campaign advertisements on television in House races. See AFF Electioneering Communications Reports, available at <http://docquery.fec.gov/cgi-bin/fecimg/?C30001028>. None of these reports identified any contributor or person who made a contribution or donation to AFF for the purpose of furthering these electioneering communications.

40. AJS filed four reports with the FEC disclosing independent expenditures made in 2010 to place campaign advertisements on television in House races: three 48-hour reports and the AJS 2010 October Quarterly Report. *See AJS Independent Expenditure Reports, available at <http://docquery.fec.gov/cgi-bin/fecimg/?C90011669>*. None of these reports identified any person who made a contribution to AJS for the purpose of furthering these independent expenditures.

41. AJS also filed one report with the FEC disclosing electioneering communications in 2010 in which money was spent to place campaign advertisements on television in House races. *See AJS Electioneering Communications Reports, available at <http://docquery.fec.gov/cgi-bin/fecimg/?C30001135>*. This report does not identify any contributor or person who made a contribution or donation to AJS for the purpose of furthering these electioneering communications.

42. 60 Plus filed 22 reports with the FEC disclosing independent expenditures made in 2010 to place campaign advertisements on television in House races: 15 48-hour reports, four 24-hour reports, the 60 Plus 2010 October Quarterly Report, and one initial and one amended 60 Plus 2010 Year-End Report. *See 60 Plus Independent Expenditure Reports, available at <http://docquery.fec.gov/cgi-bin/fecimg/?C90011685>*. None of these reports identified any person who made a contribution to AJS for the purpose of furthering these independent expenditures.

43. 60 Plus also filed one report with the FEC disclosing electioneering communications in 2010 in which money was spent to place campaign advertisements on television in House races. *See 60 Plus Electioneering Communications Reports, available at <http://docquery.fec.gov/cgi-bin/fecimg/?C30001671>*. This report does not identify any contributor or person who made a contribution or donation to AJS for the purpose of furthering these electioneering communications.

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44. AFF was and is aware of its obligations under the FECA and FEC regulations to disclose the names of its donors who made contributions for the purpose of broadcasting specific advertisements. On September 30, 2013, the FEC sent AFF a Request for Additional Information regarding AFF's 2012 October Quarterly report. *See* Letter from FEC Senior Campaign Finance and Reviewing Analyst Kendra Hannan to the AFF, September 30, 2013 (attached as Exhibit E). The letter informed AFF it had failed to identify any contributions used to fund the independent expenditures disclosed in the report, noted FEC regulations require AFF to disclose identifying information for each individual who made a donation used to fund the independent expenditures, and requested AFF amend its report. *Id.*

45. In response, AFF quoted the applicable regulation, and said no contributions it accepted were solicited or received for the purpose of furthering the reported independent expenditures, and, accordingly, no contributions were required to be reported under the regulations. *See* Letter from Jason Torchinsky and Chris Winkelman, Counsel to AFF, to FEC, October 9, 2013 (attached as Exhibit F). Although this letter was sent after AFF filed its 2010 independent expenditure and electioneering communications reports, it strongly suggests AFF was aware of its obligations under the FECA and FEC regulations.

46. AJS was and is aware of its obligations under the FECA and FEC regulations to disclose the names of its donors who made contributions for the purpose of broadcasting specific advertisements. On November 8, 2012, the FEC sent AJS a Request for Additional Information regarding AJS's 2012 October Quarterly report. *See* Letter from FEC Senior Campaign Finance Analyst Christopher Whyrick to AJS, November 8, 2012 (attached as Exhibit G). The letter informed AJS it had failed to identify any contributions used to fund the independent expenditures

disclosed in the report, noted FEC regulations require AJS to disclose identifying information for each individual who made a donation used to fund the independent expenditures, and requested AJS amend its report. *Id.*

47. In response, AJS discussed the applicable regulation in detail, asserting it focuses on "whether the donor made the contribution with 'for the purpose of furthering the reported independent expenditure.'" See Miscellaneous Report to FEC from AJS, December 10, 2012 (attached as Exhibit H). AJS claimed no contributions accepted were solicited or received for the purpose of furthering the reported independent expenditures, and, accordingly, no contributions were required to be reported under the regulations. *Id.* Although this letter was sent after AJS filed its 2010 independent expenditure and electioneering communications reports, it strongly suggests AJS was aware of its obligations under the FECA and FEC regulations.

48. 60 Plus was and is aware of its obligations under the FECA and FEC regulations to disclose the names of its donors who made contributions for the purpose of broadcasting specific advertisements. On November 9, 2012, the FEC sent 60 Plus a Request for Additional Information regarding 60 Plus's 2012 July Quarterly report. See Letter from FEC Senior Campaign Finance Analyst Bradley Matheson to the 60 Plus, November 9, 2012 (attached as Exhibit I). The letter informed 60 Plus it had failed to identify any contributions used to fund the independent expenditures disclosed in the referenced report, noted FEC regulations require 60 Plus to disclose identifying information for each individual who made a donation used to fund the independent expenditures, and requested 60 Plus amend its report. *Id.*

49. In its response, 60 Plus discussed the applicable regulation in detail, asserting it focuses on "whether the donor made the contribution with 'for the purpose of furthering the

reported independent expenditure.” See Miscellaneous Report to FEC from 60 Plus, December 7, 2012 (attached as Exhibit J). 60 Plus claimed no contributions accepted were solicited or received for the purpose of furthering the reported independent expenditures, and accordingly no contributions were required to be reported under the regulations. *Id.* Although this letter was sent after 60 Plus filed its 2010 independent expenditure and electioneering communications reports, it strongly suggests 60 Plus was aware of its obligations under the FECA and FEC regulations.

Count I

50. AFF knowingly and willfully failed to identify CPPR and any other persons who made contributions for the purpose of furthering the independent expenditures and electioneering communications AFF made in House races in 2010.

51. As described in the news report, CPPR researched and created television advertisements to be broadcast in House races in 2010, selected which races to run the ads in, and contributed money to AFF “that paid to put the ads on the air.” The news report specifically described these activities, and was based on interviews with Mr. Noble, not anonymous sources. Compare MUR 6002 Statement of Reasons, at 6 (disregarding news report that did not contain specific facts alleging the costs of an advertisement were paid by a specific donor, and based in part on anonymous sources).

52. On information and belief, AFF received funds from CPPR for the purpose of furthering AFF’s reported independent expenditures and electioneering communications in House races in 2010, including but not limited to the advertisement that told voters to “take the right path” and “vote against” Rep. Herseth Sandlin.

53. AFF filed 33 reports disclosing independent expenditures and electioneering communication in House races in 2010. None of the reports identified CPPR or any other person who made contributions for the purpose of furthering those independent expenditures and electioneering communications. By failing to identify CPPR or any other person in each of those reports, AFF violated 2 U.S.C. § 434 and 11 C.F.R. §§ 104.20(c)(9), 109.10(b)-(e).

54. AFF's violations were knowing and willful, and thus subject to criminal penalties and referral to the Department of Justice. 2 U.S.C. §§ 437g(a)(5)(C), 437g(d)(1). As AFF made clear in its October 9, 2013 letter to the FEC, AFF was and is aware of its obligations under the FECA and FEC regulations.

Count II.

55. AJS knowingly and willfully failed to identify CPPR and any other persons who made contributions for the purpose of furthering the independent expenditures and electioneering communications AJS made in House races in 2010.

56. As described in the news report, CPPR researched and created television advertisements to be broadcast in House races in 2010, selected which races to run the ads in, and contributed money to AJS "that paid to put the ads on the air." The news report specifically described these activities, and was based on interviews with Mr. Noble, not anonymous sources.

57. On information and belief, AJS received funds from CPPR for the purpose of furthering AJS's reported independent expenditures and electioneering communications in House races in 2010, including but not limited to the advertisement that urged voters to "vote against" Rep. Etheridge.

58. AJS filed five reports disclosing independent expenditures and electioneering communication in House races in 2010. None of the reports identified CPPR or any other person who made contributions for the purpose of furthering those independent expenditures and electioneering communications. By failing to identify CPPR or any other person in each of those reports, AJS violated 2 U.S.C. § 434 and 11 C.F.R. §§ 104.20(c)(9), 109.10(b)-(e).

59. AJS's violations were knowing and willful, and thus subject to criminal penalties and referral to the Department of Justice. 2 U.S.C. §§ 437g(a)(5)(C), 437g(d)(1). As AJS made clear in its December 10, 2012 communication to the FEC, AJS was and is aware of its obligations under the FECA and FEC regulations.

Count III

60. 60 Plus knowingly and willfully failed to identify CPPR and any other persons who made contributions for the purpose of furthering the independent expenditures and electioneering communications 60 Plus made in House races in 2010.

61. As described in the news report, CPPR researched and created television advertisements to be broadcast in House races in 2010, selected which races to run the ads in, and contributed money to 60 Plus "that paid to put the ads on the air." The news report specifically described these activities, and was based on interviews with Mr. Noble, not anonymous sources.

62. On information and belief, 60 Plus received funds from CPPR for the purpose of furthering 60 Plus's reported independent expenditures and electioneering communications in House races in 2010, including but not limited to the advertisements that criticized Reps. Grayson and Kosmas, and concluded, "this November, we'll remember," as well as the advertisement that urged voters to "vote against" Rep. Oberstar.

63. 60 Plus filed 23 reports disclosing independent expenditures and electioneering communication in House races in 2010. None of the reports identified CPPR or any other person who made contributions for the purpose of furthering those independent expenditures and electioneering communications. By failing to identify CPPR or any other person in each of those reports, 60 Plus violated 2 U.S.C. § 434 and 11 C.F.R. §§ 104.20(c)(9), 109.10(b)-(e).

64. 60 Plus's violations were knowing and willful, and thus subject to criminal penalties and referral to the Department of Justice. 2 U.S.C. §§ 437g(a)(5)(C), 437g(d)(1). As 60 Plus made clear in its December 7, 2012 communication to the FEC, 60 Plus was and is aware of its obligations under the FECA and FEC regulations.

Count IV

65. In violation of 18 U.S.C. § 371, Mr. Noble, Ms. Greiner, Mr. DeMaura, and Ms. Frederick unlawfully conspired to violate the FECA and defraud the FEC by knowingly and willfully failing to identify CPPR as a contributor who made contributions for the purpose of furthering the independent expenditures and electioneering communications AFF, AJS, and 60 Plus made in House races in 2010.

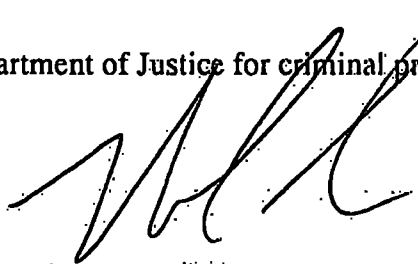
66. Ms. Greiner, Mr. DeMaura, and Ms. Frederick knowingly entered into unlawful agreements with Mr. Noble to intentionally violate 2 U.S.C. § 434 and 11 C.F.R. §§ 104.20(c)(9), 109.10(b)-(e) and to defraud the FEC by failing to identify CPPR as a contributor who made contributions for the purpose of furthering the independent expenditures and electioneering communications AFF, AJS, and 60 Plus made in House races in 2010.

67. By signing and filing independent expenditure and electioneering communications reports that failed to identify CPPR as a contributor who made contributions for the purpose of

furthering the independent expenditures and electioneering communications AFF, AJS, and 60 Plus made in House races in 2010, Ms. Greiner, Mr. DeMaura, and Ms. Frederick committed overt acts to effect the object of the conspiracy in violation of 18 U.S.C. § 371.

Conclusion

WHEREFORE, Citizens for Responsibility and Ethics in Washington and Melanie Sloan request that the FEC conduct an investigation into these allegations, declare the respondents to have violated the FECA and applicable FEC regulations, and order AFF, AJS, and 60 Plus to correct these violations by amending the relevant independent expenditure and electioneering communications disclosure reports to identify and make public CPPR and any other persons who made contributions for the purpose of furthering the reported independent expenditures and electioneering communications. In addition, the complainants request that the FEC impose sanctions appropriate to these violations, and take such further action as may be appropriate, including referring this matter to the Department of Justice for criminal prosecution.

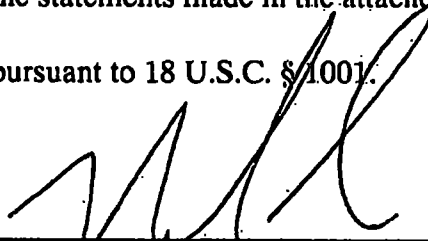


ON BEHALF OF COMPLAINANTS

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Verification

Citizens for Responsibility and Ethics in Washington and Melanie Sloan hereby verify that the statements made in the attached Complaint are, upon information and belief, true. Sworn pursuant to 18 U.S.C. § 1001.



Melanie Sloan

Sworn to and subscribed before me this 6th day of May, 2014.



Notary Public



CARRIE LEVINE
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires February 28, 2018

EXHIBIT A

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HEADLINE: A Koch-tied labyrinth of political spending

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BODY:

The political network spearheaded by conservative billionaires Charles and David Koch has expanded into a far-reaching operation of unrivaled complexity, built around a maze of groups that cloaks its donors, according to an analysis of new tax returns and other documents.

The filings show that the network of politically active nonprofit groups backed by the Kochs and fellow donors in the 2012 elections financially outpaced other independent groups on the right and, on its own, matched the long-established national coalition of labor unions that serves as one of the biggest sources of support for Democrats.

The resources and the breadth of the organization make it singular in American politics: an operation conducted outside the campaign finance system, employing an array of groups aimed at stopping what its financiers view as government overreach. Members of the coalition target different constituencies but together have mounted attacks on the new health-care law, federal spending and environmental regulations.

Key players in the Koch-backed network have already begun engaging in the 2014 midterm elections, hiring new staff members to expand operations and strafing House and Senate Democrats with hard-hitting ads over their support for the Affordable Care Act.

Its funders remain largely unknown; the coalition was carefully constructed with extensive legal barriers to shield its donors.

But they have substantial firepower. Together, the 17 conservative groups that made up the network raised at least \$407 million during the 2012 campaign, according to the analysis of tax returns by The Washington Post and the Center for Responsive Politics, a nonpartisan group that tracks money in politics.

A labyrinth of tax-exempt groups and limited-liability companies helps mask the sources of the money, much of which went to voter mobilization and television ads attacking President Obama and congressional Democrats, according to tax filings and campaign finance reports.

The coalition's revenue surpassed that of the Crossroads organizations, a super PAC and nonprofit group co-founded by GOP strategist Karl Rove that together brought in \$325 million in the last cycle.

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The left has its own financial muscle, of course; unions plowed roughly \$400 million into national, state and local elections in 2012. A network of wealthy liberal donors organized by the group Democracy Alliance mustered about \$100 million for progressive groups and super PACs in the last election cycle, according to a source familiar with the totals.

The donor network organized by the Kochs - along with funding an array of longtime pro-Republican groups such as the U.S. Chamber of Commerce, the National Rifle Association and Americans for Tax Reform - distributed money to a coalition of groups that share the brothers' libertarian, free-market perspective. Each group was charged with a specialized task such as youth outreach, Latino engagement or data crunching.

The system involved roughly a dozen limited-liability companies with cryptic, alphabet-soup names such as SLAH LLC and ORRA LLC, and entities that dissolved and reappeared under different monikers.

Lloyd Hitoshi Mayer, a University of Notre Dame Law School professor who studies the tax issues of politically active nonprofits, said he has never seen a network with a similar design in the tax-exempt world.

"It is a very sophisticated and complicated structure," said Mayer, who examined some of the groups' tax filings. "It's designed to make it opaque as to where the money is coming from and where the money is going. No layperson thought this up. It would only be worth it if you were spending the kind of dollars the Koch brothers are, because this was not cheap."

Tracing the flow of the money is particularly challenging because many of the advocacy groups swapped funds back and forth. The tactic not only provides multiple layers of protection for the original donors but also allows the groups to claim they are spending the money on "social welfare" activities to qualify for 501(c)(4) tax-exempt status.

Such maneuvers could be sharply restricted under new regulations proposed by the Internal Revenue Service in November. The new rules seek to rein in nonprofit groups that have increasingly engaged in elections while avoiding the donor disclosure required of political committees.

The donors

It is unclear how much of the network's funds came directly from the Kochs, who head Koch Industries, one of the largest privately held companies in the country. The brothers, who fund a host of libertarian think tanks and advocacy groups, are heralded on the right and pilloried on the left for their largess.

While "the Koch network" has become a shorthand in political circles, the coalition is financed by a large pool of other conservative donors as well, according to people who participate in the organization.

Through a corporate spokesman, the Kochs declined to comment on what support they give.

"Koch's involvement in political and public policy activities is at the core of fundamental liberties protected by the First Amendment to the United States Constitution," Koch Industries spokesman Robert Tappan said in an e-mailed statement. "This type of activity is undertaken by individual donors and organizations on all ends of the political spectrum - on the left, the middle, and the right. In many situations, the law does not compel disclosure of donors to various causes and organizations."

Tappan added that "Koch has been targeted repeatedly in the past by the Administration and its allies because of our real (or, in some cases, perceived) beliefs and activities concerning public policy and political issues."

In a rare in-person interview with *Forbes* in late 2012, Charles Koch defended the need for venues that allow donors to give money without public disclosure, saying such groups provide protection from the kind of attacks his family and company have weathered.

"We get death threats, threats to blow up our facilities, kill our people. We get Anonymous and other groups trying to crash our IT systems," he said, referring to the computer-hacking collective. "So long as we're in a society like that, where the president attacks us and we get threats from people in Congress, and this is pushed out and becomes part of the culture - that we are evil, so we need to be destroyed, or killed - then why force people to disclose?"

Since 2003, the Kochs have hosted twice-yearly seminars with like-minded donors at which they collect pledges for groups that share their commitment to deregulation and free markets.

Jack Schuler, a Chicago health-care entrepreneur, attended one of the Kochs' donor meetings in Beaver Creek, Colo., several years ago and has contributed about \$100,000 a year to their efforts since then.

"They came across as guys who are putting a lot of their own money into it," Schuler said. "They are pretty soft-spoken, not screamers or screechers. They provide the leadership, the staff - without the framework, I wouldn't do it on my own."

Many donors get involved because they "value the privacy afforded to them by giving to these entities," said Phil Kerpen, president of American Commitment, a nonprofit free-market advocacy group that is part of the network.

"There are hundreds and hundreds of very successful and patriotic Americans that take part in the seminars," Kerpen added. "To suggest that anything that goes through any of these entities is Charles and David Koch is very misleading. There are a significant number of donors involved."

The money

Much of the money that flowed through the network in the last election cycle originated with two nonprofit groups that served as de facto banks, feeding money to groups downstream, according to an analysis by Center for Responsive Politics researcher Robert Maguire, who investigates politically active nonprofits.

The biggest was the Freedom Partners Chamber of Commerce, an Arlington County-based group set up in November 2011 that now functions as the major funding arm of the network, according to people familiar with the operation. The organization, whose board includes current and former Koch Industries officials, brought in nearly \$256 million in its first year, "significantly more revenue than was expected," according to its tax filing.

Nearly \$150 million was in the form of dues paid by more than 200 members of the organization, which is structured as a business league. An additional \$105.8 million came from something called "SA Fund."

James Davis, a spokesman for Freedom Partners, said the organization funds groups "based on whether or not they advance the common business interests of our members in promoting economic opportunity and free-market principles."

Davis said the group has been upfront about its spending and made its tax return available online as soon as it was filed in September.

"Our members are free to disclose their affiliation if they wish," he said. "We leave that decision with them. Unfortunately, recent IRS and other instances of intimidation and harassment of individuals and groups because of their policy beliefs and activities demonstrate why it's important to keep such information confidential."

According to people familiar with the network, Freedom Partners took the place of a now-defunct group based in Alexandria called TC4 Trust, which raised more than \$66 million in three years before it was shuttered in June 2012, according to tax filings.

The same tax preparer - a Kansas City, Mo.-based partner in the accounting firm BKD - did the returns for Freedom Partners and TC4 Trust, as well as for nearly half the other groups in the network and for the nonprofit Charles Koch Institute.

In all, the feeder funds and the groups they financed raised an estimated \$407 million in the last election cycle. That figure is a conservative one, since it does not account for the complete revenue of eight groups that have not yet filed their tax returns for the latter half of 2012.

Of the \$407 million, \$302 million can be traced to Freedom Partners or TC4 Trust.

The sources of the rest of the money remain a mystery, but many donors in the network write checks to the individual groups, according to people familiar with the system. Some of the organizations also have additional funding streams outside the network.

The structure

Freedom Partners and TC4 Trust moved a large share of their funds through an intermediary group, the Phoenix-based Center to Protect Patient Rights, which served as a major cash turnstile for groups on the right during the past two election cycles. It is run by political operative Sean Noble, who served as a Koch consultant in 2012.

Rather than finance CPPR directly, Freedom Partners and TC4 Trust transferred \$129 million to limited-liability companies with changing names that are registered in Delaware, a state that requires corporations to disclose little about

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Buying Your Vote
Dark Money and Big Data

The Dark Money Man: How Sean Noble Moved the Kochs' Cash into Politics and Made Millions



Sean Noble (schmidt.com)

by Kim Barker and Threading Needles
Published Feb 24, 2014 1:00 PM

For a brief, giddy moment, Sean Noble—a little-known former aide to an Arizona congressman—became one of the most important people in American politics.

Plucked from obscurity by libertarian billionaire brothers Charles and David Koch, Noble was tasked with distributing a torrent of political money raised by the Koch network, a complex web of nonprofits nicknamed the Kuchtopus, into conservative causes in the 2010 and 2012 elections.

Noble handed out almost \$137 million in 2012 alone -- all of it so-called dark money from unnamed donors -- from his perch atop the Center to Protect Patient Rights, a group run out of an Arizona post office box.

Much of it was channeled to obvious destinations: Groups supporting Republican presidential candidate Mitt Romney, for example.

But with Noble as ringmaster, Koch money also poured into efforts that didn't surface until long after Election Day: To a political committee backing Wisconsin Gov. Scott Walker against a recall attempt; to a group blaming President Obama for high gas prices; even to a legal challenge to Arizona's redistricting plan.

"I must tell you that Sean Noble from your group has been immensely helpful in our efforts," a California multimillionaire wrote to Charles Koch [1] in October 2012, asking Koch to give several million to support an anti-union initiative in the state. "Thanks for any consideration."

Noble appears to have lost his central position in the Koch empire, undone by poor election results and a California investigation that shined an unwelcome light on some of the Center's inner workings, insiders say.

But his story shows how the Supreme Court's landmark 2010 Citizens United ruling has given rise to a new breed of power brokers who control a growing pool of money raised in secret and spent to influence politics in ways that voters can't always trace.

Much of Noble's work in 2012 remained invisible to the public until the Center and dozens of other Koch-backed nonprofits released their tax returns late last year.

An examination of those tax returns, along with court records and filings with the Federal Election Commission, shows that the Center to Protect Patient Rights bent state election laws and federal tax rules governing how such groups are supposed to operate.

Millions of dollars the Center told the Internal Revenue Service it gave to other groups only for "tax exempt education and social welfare purposes" were actually spent on election ads and other political activities. Experts on nonprofit law said it's the donor's responsibility to follow up on grants if they were not spent as required.

One of the biggest beneficiaries of the Koch network's money was Sean Noble himself, tax documents show. The Center paid three firms owned by Noble almost \$24 million for consulting and other services in 2012—or more than 61 of every \$6 it spent.

Sheila Krumholz, the executive director of the Center for Responsive Politics, a nonpartisan watchdog group that has written extensively about the Koch [2] network [3], said disclosures from nonprofits come far too late to help voters and regulators.

"What we're ending up with is information which is almost entirely useless to the voters," she said. "Because it's come so far after the election, so far after the fact that voters can barely remember what these organizations were doing and on behalf of which candidates or parties."

There's no indication that Noble or the Center are under scrutiny by authorities for violating tax or election laws.

For this story, ProPublica interviewed dozens of people about Noble, from his high-school science teacher to fellow Republican operatives, most of whom spoke on condition of anonymity, fearing possible backlash from fellow conservatives or the Kochs.

Noble did not respond to questions from ProPublica.

In an email, Rob Tappan, spokesman for Koch Industries [4], did not respond to specific questions from ProPublica about Noble or the Center, but acknowledged Noble "was a consultant for Koch in the past and attended Koch seminars." Tappan likened Noble to Jim Messina, who was Obama's campaign manager, and Paul Begala, a chief strategist for Bill Clinton in his first presidential run. Tappan said Noble was a consultant for "many other groups and issues." (Read his entire response here [5].)

Most who know Noble, 43, saw him as an unlikely candidate to become the Kochs' money man.

"There were plenty of people who had a lot more actual campaign experience," said a Democratic operative who knew Noble in Arizona. "That's a pretty big step up from Triple A to the majors, maybe Double A to the majors."

An affable, handsome man with graying temples who favors jeans and eschews ties, Noble had an aw-shucks demeanor. He liked watching Little League baseball games with his family, leading his local Mormon ward and working tirelessly behind the scenes on campaigns for minor

<http://www.propublica.org/article/the-dark-money-man-how-sean-noble-moved-the-kochs-cash-into-politics-and-ma>

politicians.

Over the last two election cycles, though, Noble's persona evolved. He flew first class [6], accumulated five homes and sat near the 50-yard-line at the Super Bowl [7]. He rubbed elbows with top conservatives, from Sarah Palin [8] to John McCain [9].

Even if Noble's role in the Koch network is over, his story illuminates larger truths about how money changes both politics and the people who handle it.

"I think Sean at the end of the day is an anecdotal story of something that's happening much bigger in the American electorate," said a Republican consultant who knows Noble. "Mr. Noble goes to Washington."

...

Noble was an unusual choice for the Koch brothers. He oversatired. His blog [10], called Noble Thinking, was a bizarre mix of personal revelations ("I was a terrible dater [11]"), bragging about his connections (attending a dinner [12] "with a guest list that was right out of the Who's Who D.C.-New York power corridor") and fears about Obama (particularly, "the march toward socialized health care [13]").

The Kochs are known for valuing discretion and control.

Noble's main credential was working for Arizona Rep. John Shadegg for more than 13 years, eventually becoming his in-state chief of staff. Though hardly a household name, Shadegg was influential in the conservative wing of the Republican Party.

"It's important to understand the influence that John Shadegg had within Republican and conservative circles at the time," a Democratic operative in Arizona told ProPublica. "That was his in."

At some point, Noble met Randy Kendrick, a lawyer by training who was on the board of the Goldwater Institute, [14] a bastion of libertarian thought in the West. Kendrick and her husband, an owner of the Arizona Diamondbacks, were big Shadegg donors. (The Huffington Post wrote [15] about Kendrick and Noble in 2013.)

In spring 2009, when it became clear that Obama was pursuing a national health-care law, Kendrick turned to Noble for help defeating it. Noble had recently left Shadegg's office to launch a consulting firm, Noble Associates, out of his Phoenix home.

"Sean got hooked up with Randy," a prominent Arizona Republican said in an interview. "He became her local guy to manage everything. He became her political consultant."

Kendrick was also close to the Koch brothers. "Randy Kendrick is in the inner circle of the Koch brothers' network," a Republican consultant told ProPublica, adding that she pushed the Kochs to back a new group targeting Obama's health-care plan. As for Noble, "I think they liked the fact that he hadn't been a political consultant before."

Noble was no slick Washington insider. A self-described "hick from Show Low [16]," Ariz., a town of about 11,000, Noble married a woman he had met on his Mormon mission in Indiana and became a devoted father of five. He had tried living in the nation's capital once, moving his family there for two years in the 1990s, only to move back to work in Shadegg's Phoenix district again. He was the type of guy who said "good grief" [17] and meant it [18].

Noble also had the right ideological background: He quoted Barry Goldwater, Ronald Reagan and libertarian icon Ayn Rand. His first political memory [19] was from 1976, when Jimmy Carter was elected president and his mother started to cry, saying, "We're going to be beaten by the Soviets now."

In 1994, when he was 24, Noble attended [20] Rush Limbaugh's freshman orientation in Baltimore [21] for the 73 Republican members of Congress who had gained office in the so-called Republican Revolution. When he was 37, Noble was among the 2,200 mourners [22] at William F. Buckley's funeral at St. Patrick's Cathedral in Manhattan.

For years, Charles and David Koch, two of the richest men in America, had helped form and support a network of conservative think tanks, foundations and social welfare nonprofits that pursued a libertarian agenda. They seeded the ground for the Tea Party, and then cultivated the various groups that sprouted. In the 1980s, the Koch brothers helped form [23] the group that split into two of the most influential conservative nonprofits now operating, Americans for Prosperity and FreedomWorks.

The Kochs raised money for their network in part at secretive semi-annual retreats. The media wasn't invited and attendees weren't supposed to talk about them, a kind of "Fight Club" for like-minded billionaires.

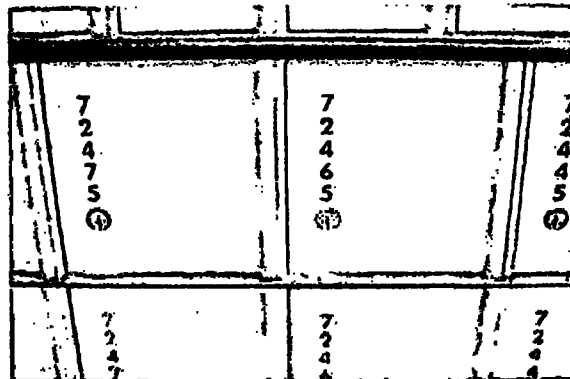
One donor who has attended the retreats told ProPublica in an email that he had only a sketchy idea of how money raised at the events was disbursed. He responded to questions on condition of anonymity, saying he feared backlash from the Obama administration and the IRS and adding that the Kochs resented any information from the events being disclosed.

"The people who attend these events have ultimate respect for the Founding Fathers and the Constitution," he wrote. "The over-riding theme is that nothing worthwhile is achieved without hard work, coupled with integrity and humility. ... And the Kochs are not in this for any personal gain whatsoever as all they seem to get is validation."

By spring 2009, Noble had landed a job within the Koch network. On April 16, the Center to Protect Patient Rights was incorporated by a lawyer in Maryland [24] who went on to work with other groups tied to the Kochs. Noble was its executive director, documents show. According to the group's tax filings, he was paid no salary; his firm received \$30,000 a month, he said in a sworn deposition in 2013.

Noble registered his firm [25] to lobby on the Center's behalf, but otherwise it flew beneath the radar. No one even seemed to know its precise name — the incorporation documents called it the Center to Protect Patient Rights [26]. In lobbying documents, Noble said he was working for the Center to Protect Patients' Rights [27].

Heather Higgins, a longtime Koch ally, was the group's initial secretary [28], and Dr. Eric Novack, who had led the fight for a health-care proposition backed by Kendrick in Arizona in 2008, was the treasurer. Novack acknowledged he didn't know much about the group's activities. "My only involvement was, we were starting something," he said in an interview. "They asked me because I was a body. I had no decision-making power. ... I left very quickly."



The only known address for the Center to Protect Patient Rights is P.O. Box 72465 in Phoenix. The box costs \$22 a year, according to the U.S. Postal Service. Even though the group's lawyer told the Center didn't maintain a regular office, the Center paid \$51,000 in 2012 for "occupancy" — a term usually used to mean rent. (Lower Signall for ProPublica)

The usually voluble Noble, a man who blogged so much that he once blogged about how he hadn't blogged in two days [29], didn't discuss the Center to Protect Patient Rights publicly — ever. In a 2009 story in the Arizona Guardian [30], a political news website, Noble was described only as working on "a national campaign opposed to President Barack Obama's healthcare initiative."

In the 2013 deposition, Noble wouldn't even say who hired him because of confidentiality agreements. "I can't tell you who I do work for," he responded to a lawyer's question.

"Wait a minute," the lawyer said. "I asked how your salary got set, and you're telling me that you had a discussion with some people in 2009 and you're refusing to tell me who?"

"I am," Noble replied.

...

If not for the Supreme Court's ruling on Citizens United, Noble's work for the Koch network might have ended as soon as the fight over the health-care law was decided.

The decision helped to clear the way for corporations and unions to contribute unlimited amounts of money to outside groups — groups that operated independently from candidates' campaigns and parties, but were free to buy direct political ads or pay for a broad spectrum of political activities.

"This is a total game-changer for federal politics," Noble blogged about the decision [31], adding that he believed races later that year would likely be decided by outside interests. "Some will claim that this makes politics more dirty. I don't. Politics has always been pretty messy."

"Seriously, this will change campaigns in a big, big way," he added.

In the Citizens United opinion, Justice Anthony M. Kennedy said the influx of union or corporate cash would not corrupt elections because of laws requiring outside groups to disclose their donors. Voters could give appropriate weight to messages paid for by special interests.

But those laws didn't apply to groups like the Center to Protect Patient Rights. As social welfare nonprofits, they didn't have to name their donors. And they could spend as much as they wanted on politics, as long as, in the IRS's view, social welfare remained their primary purpose.

After the Affordable Care Act became law in March 2010, the Center's lobbying work [32] related to health care ended, [33] leaving Noble free to take on new challenges. As it happened, a key job was open in the Kochs' network. Malt Schlapp, a former political director to President George W. Bush who had led the Kochs' election efforts as vice president of federal affairs for Koch Industries' lobbying arm, had recently left to form his own consulting firm.

Noble stepped in to fill the gap.

"My impression of the environment he found himself in, with the changes in the federal law, it created enormous opportunities," said another Republican consultant who knows Noble. "He was in the right time, right place."

Noble began attending twice-a-month strategy meetings in Washington, as one of the people representing the Koch network alongside other conservative powerbrokers, including top GOP strategist Karl Rove's people, Politico [34] later reported.

One national conservative operative said he heard about Noble and the Center in conversations in early 2010 about who was doing what that year. "They were going to be the primary vehicle for the Koch money, for the Koch network," the operative told ProPublica.

In late June, Noble attended the semi-annual Koch retreat at the St. Regis resort in Aspen, Colo., along with Randy Kendrick and her husband, an event later described in stories by Think Progress [35] and The New York Times [36].

Noble spoke on a panel called "Mobilizing Citizens for November" with Tim Phillips from Americans for Prosperity, Mark Mix from the anti-union nonprofit National Right to Work, and Karl Crow from Themis Trust, a voter database group. Noble was the only panelist of the four listed without an affiliation — there was no mention of his role at the Center to Protect Patient Rights.

By that time, he had no need to advertise. The Center had raised almost \$62 million [37] in 2010, giving out \$44.6 million in grants [38] to 22 like-minded groups, most of which then turned around and spent money on political activities.

The year brought huge gains for Republicans. The GOP recaptured the majority in the House, gaining 63 seats, and added six seats in the Senate. The party's conservative wing did especially well: Almost one-third of Tea Party [39] candidates in the House and half in the Senate won. Conservative dark money groups outspent liberal ones by about 10-to-1, research by the Center for Responsive Politics shows. [40]

Noble predicted the outcome on Twitter [41] days before the election.

"It's official: 2010 will be an historic election for the GOP," he wrote.

"Obama will lose mojo," he added.

...

As the 2012 presidential election approached, the Kochtopus started adding new arms. Noble was a key player in expanding the network's complicated web of nonprofits and limited liability companies [42].

At the top of the network were groups such as the Freedom Partners Chamber of Commerce [43], a trade association formed in late 2011, and the TC4 Trust [44], a social welfare nonprofit that said in a filing to the IRS it would "focus on the advancement of free markets, liberty and individual freedoms." As is typical with such groups, the identities of donors did not need to be disclosed.

Money flowed from them to the Center, which acted as a sort of clearinghouse, distributing grants to dozens of smaller groups. Many of these nonprofits spent directly on politics, including election ads. Some also made grants to yet another layer of groups. Not all of Freedom Partners and TC4's money flowed through the Center; they also gave some money to smaller groups directly.

For reasons that are not entirely clear, the Kochs then added another level of complexity to this already opaque set-up.

A dozen of the Koch-affiliated nonprofits included limited liability corporations -- LLCs -- called "disregarded entities" that were considered part of the nonprofits for tax purposes. Many of the 20 disregarded entities in the Koch network had strings of letters for names: STN, POFN, SLAH, ORRA. Noble was the first person consulting for the Kochs to create a disregarded entity that was linked to one of the nonprofits. He called it SDN. Eventually, Noble changed the name to Meridian Edition, one of two disregarded entities of the Center to Protect Patient Rights.

This additional layer made it even harder to follow the flow of cash through the Kochtopus, political operatives and tax experts said. When the TC4 Trust, for example, passed money to the disregarded entity of another Koch network group -- say, Americans for Prosperity -- tax records showed the funds going to a company called PRDIST [45], rather than to the much better known Americans for Prosperity.

"I think it's being used to disguise the source of their money," said Marcus Owens, who ran the Exempt Organizations division for the IRS from 1990 to 2000.

The Koch network moved more than \$204 million through disregarded entities in the last half of 2011 and before the 2012 election, according to tax documents filed last year. That included almost \$115 million in grants from Freedom Partners, the trade association, to Corner Table, the Center's second disregarded entity.

Noble helped to dispense this river of cash, sometimes with a knowing wink. The Center gave \$300,000 [45] — all from undisclosed contributors, of course — to a Colorado group called the Ariocho Project. The project's original name? Patefacere [46] — the present infinitive of the Latin verb that means "to disclose."

The tangle of groups made it seem as though Koch money was being diffused broadly, but tax records show it flowed into many smaller groups at a high level of concentration. At least 20 nonprofits across the country received at least half of their revenue from the Center, Freedom Partners or both.

Americans for Responsible Leadership, a group run by a friend of Noble's, got \$24.7 million in grants from the Center [47], or almost 98 percent of its revenue [48].

Noble helped to run or incorporate no less than three groups named American Commitment at one point or another. One of them got almost 97 percent of its \$11.7 million in revenue in 2012 from the Center, Freedom Partners and Americans for Responsible Leadership.

The American Future Fund, which pulled in a whopping \$68 million [49] in 2012, got more than 92 percent of that money from Freedom Partners and the Center.

On their 2012 tax returns, signed under penalty of perjury, the Center and Freedom Partners [50] told the IRS they were not engaged in politics, checking "no" [51] to a question [52] asking if they had spent money to influence elections. Freedom Partners [53] said its grants [54] were "subject to express prohibitions or protections against the use of grant funds for electioneering purposes." The Center said that it gave grants to groups for education and social welfare [55] — not politics.

Yet, in fact, more than \$30 million funneled through these groups ended up paying for political activities. According to tax and FEC records, the American Future Fund poured at least \$19.8 million from the Center and Freedom Partners into elections. Americans for Responsible Leadership spent at least \$9.3 million received from the Center. American Commitment spent at least \$1.1 million of its grants from Freedom Partners and the Center on politics.

No one from Freedom Partners, Americans for Responsible Leadership or the American Future Fund returned calls and emails asking for comment.

Phil Kerpen, the president of American Commitment, told ProPublica that the allegation that American Commitment had spent grant money earmarked for social welfare purposes on politics was "false." He described what the Center and Freedom Partners had said on their tax returns as "general characterizations" of their grants.

"All our political expenditures were out of our organization's general treasury," Kerpen said.

Nonprofit experts said groups like the Center are supposed to make sure their money is used as earmarked.

"The grantor is responsible for how the grants are used because it's the grantor's money," said Lloyd Hiroshi Mayer, a law professor and associate dean at the University of Notre Dame who specializes in nonprofits and campaign finance.

If a grant is improperly administered, the group that gave it could become the subject of an IRS audit.

In some cases, voters had no way to know for more than a year after the election that the Koch network, aided by the Center, was behind particular political initiatives or messages — an outcome that underscored campaign-finance watchdogs' worst fears about the corrosive effects of dark money.

It wasn't until this year, for example, that Citizens for Responsibility and Ethics in Washington, a watchdog group, reported that Noble's Center [56] supplied all of the \$80,000 raised in 2012 by All Votes Matter [57]. During the election, the group had worked to change rules governing Pennsylvania's electoral votes in ways that would benefit Republicans.

The Center also was a major backer of a group that spearheaded an effort to register Americans in Israel to vote in U.S. elections, supplying more than half of its 2012 revenue, [58] ProPublica found. The Koch network's involvement in this initiative did not surface at the time, even though The Times of Israel [59] ran stories [60] spotlighting the group's "I Vote Israel" [61] project and questioning its refusal to disclose its donors.

The Center's involvement in a contentious Arizona redistricting fight was also not known — until now. It provided \$150,000 to a group called FAIR Trust [62] — described as the "Fair AZ Independent Redistrict" on the Center's tax return — which hired lawyers to sue Arizona's redistricting commission in April 2012 to challenge new legislative and congressional districts. The Trust, which also sent lawyers to commission meetings, has repeatedly refused to identify its backers.

"Without knowing who they were representing, you couldn't really fairly evaluate what they were saying," said Linda C. McNulty, a Democratic member of the commission. "They clearly were doing somebody's bidding, but they wouldn't say whose it was."

David Cantelme, one of the lawyers who represents the Trust, said he couldn't talk about who hired him and had no information about the grant from the Center.

Voters in Wisconsin also had no idea the extent to which Koch network money fueled election ads urging them to oppose the recall of Gov. Scott Walker.

Until late 2013, when the Center filed its tax return, voters had no way of knowing that Noble's group supplied [63] virtually all of the \$510,230 raised in 2012 [64] by the Coalition for American Values Action, another social-welfare nonprofit. The Coalition then donated more than three-quarters of that money to the PAC that paid for the ads. The PAC received no contributions other than the Coalition's.

The day of the recall vote, Noble's blog linked to one of the ads [65], calling it "a fascinating approach to a unique situation." "If the good people of Wisconsin think like the folks in this ad, it's going to be Walker by double digits," he wrote.

He didn't mention the Center's role in funding the effort.

...

A hefty chunk of the Koch network money that flowed through the Center in 2012 went to Noble's firms.

Noble's earnings had risen swiftly as his ties to the Koch brothers grew, tax filings and other records show. In 2008, the year before he joined the Center, Noble earned almost \$205,000, according to a later court filing, from consulting and his work for Shadegg.

By 2010, the year of the midterms, he earned almost \$640,000, the filing said. He and his wife bought an investment property a couple miles from their Phoenix home, according to the filing and property records.

At the end of 2010, Noble established a second firm, DC London [66], to do "consulting and governmental affairs," according to incorporation documents. Its name was largely aspirational: on Twitter, Noble noted that he'd never been to London [67]. DC London opened an office in <http://www.propublica.org/article/the-dark-money-man-how-sean-noble-moved-the-kochs-cash-into-politics-and-ma>

downtown Washington and went on to hire almost 30 staff members in a little more than two years.

Noble personally earned almost \$2.3 million in 2011, court records show, impressive for a non-election year. Much of his income seems to have derived from having the Center to Protect Patient Rights hire his firms. The Center paid more than \$6.3 million [68] to DC London and Noble Associates for consulting, management and reimbursement for "consulting expenses paid to consultants without markup." Free Enterprise America, another nonprofit run by Noble [69], paid DC London almost \$400,000 [70] for consulting as well. (Noble did not [71] disclose that he partly owned DC London on that tax return, as required by the IRS.)

Noble Associates bought a condo in Washington, D.C., in 2011 for \$665,000, property records show. The Nobles also bought a half-acre of land in Hurricane, Utah, then built a 9,000-square-foot house on it, a gabled concoction with eight bedrooms, eight bathrooms and five fireplaces.

Then came 2012, a record-setter for spending by dark money groups and Noble's consulting businesses.

The Center paid a whopping \$20.7 million [72] to DC London for "consulting & other services," according to its tax return. Of that, \$15.8 million was for costs "reimbursed to DC London for the Center's program expenses without markup." What costs DC London could have incurred remain a mystery: The Center's work mostly consisted of directing grants to other nonprofits, and it doesn't appear to have offered any programs. (The Center also spent \$50,000 on what its tax return described as "occupancy," a term usually used to mean rent, even though the Center's lawyer told ProPublica in an email [73] that the group had no office.)

In addition, the Center paid consulting and management fees of \$270,000 to Noble Associates and \$2.8 million for "survey and phone programs" to Angler, a company incorporated in October 2011 and run out of DC London's office. Noble was the president.

The Center disclosed its transactions with Noble's firms on its tax returns, as required.

After the disappointing 2012 election results, many questioned how effectively the Koch network and other conservative organizations had deployed their resources. Filings with the FEC showed that conservative dark money groups had outspent liberal ones by at least \$276 million to \$29 million, to little apparent effect.

One Koch donor, who wanted to remain anonymous because he feared possible retribution from the IRS, said he had attended one Koch retreat and had given to the Koch network for several years. He said he remained impressed by the organization's accomplishments in states such as Indiana, Michigan and Wisconsin. He also said he didn't think the Koch brothers would tolerate a consultant steering such a large amount of money to himself.

"My guess is he'd be cut off pretty damn quickly," the donor told ProPublica.

The payments to Noble's firms were unusual, campaign finance experts said.

An analysis of tax returns filed by 100 other politically active nonprofits, including all the groups funded by the Koch network that have made their 2012 tax returns available, showed just 19 hired consulting firms owned by employees or board members.

For those 19 groups, the median payment to an employee-affiliated firm for consulting or other services was \$108,000, a tiny fraction of the millions paid to Noble's firms. For instance, the Republican Jewish Coalition paid \$60,000 for consulting to the firm of then-board member and former White House spokesman Ari Fleischer.

Most social-welfare nonprofits avoid insider transactions and pay their leaders fixed salaries instead. GOP strategist Karl Rove's Crossroads GPS, one of the largest politically active dark money groups, raised almost \$180 million in 2012 and paid its top executive a salary of \$538,000.

Owens, the former IRS official, said social welfare nonprofits are not allowed to pay "excessive" benefits to people who control the organization or to companies they run.

"That's probably an excessive private benefit right there," Owens said, after ProPublica told him how much Noble's firms earned in 2012. "That's a huge amount of contracts for someone in charge to hand out to contractors he controls."

Groups given grants by the Center to Protect Patient Rights also started hiring Noble's companies. The Center gave grants to 25 nonprofits that reported political spending to the FEC or state authorities during the 2012 election cycle. Of those groups, 10 hired Angler, the company that operated from DC London's office. The American Future Fund, for instance, paid Angler \$5.3 million [74], mainly for social media advertisements. It's possible that much of this money went to companies such as Facebook and Twitter, with Angler keeping a smaller commission.

American Commitment—which Noble was a board member of until June 2012—paid Angler \$168,000 in 2012 [75] for "media production." Kerpen, who Noble hired at American Commitment, said he picked the group's vendors based on merit, not because of Noble. "We've actually never received a contribution from any donor that asked for a particular vendor to be used," Kerpen said.

Two groups that received grants from the Center appear to have paid Angler hundreds of thousands of dollars just to use a phone system to make calls to voters. The calls themselves were made by temps hired separately through an agency.

It's not clear how much Noble personally earned in 2012, but his wife, Julie, estimated it was at least \$3 million, according to court filings.

She said Noble received other perks as well. Noble Associates paid for his cell phone and his Washington, D.C., mortgage. He charged most meals in Washington to Noble Associates.

In the 2013 sworn deposition, Noble said the election year was unprecedented.

"The way that 2012 went, we're never going to see anything like that again," he said.

Noble's prime position in the Koch network took a hit at the end of the 2012 campaign, when he and the Center circumvented California election laws in an attempt to influence two state ballot measures.

Noble first met California political strategist Tony Russo in Las Vegas in October 2011 [76], according to a recorded interview Russo later gave to California investigators. Russo wanted Koch money for an effort to fight unions. Noble agreed to help, paying hundreds of thousands [77] of dollars to run focus groups [78], develop ads and reach out to voters, Russo said.

Russo hoped the Koch network would do even more. Russo later said he and Noble spoke more than 18 times [79] in the run-up to the election, meeting once in Washington [80].

Meanwhile, Russo and Jeff Miller, another California consultant, raised \$29 million from about 150 confidential donors to fight a proposition to raise taxes and to support another one limiting unions' political power. They transferred the money to a Virginia-based trade association that had agreed to spend it on ads related to the initiatives. But as Election Day drew closer, the association, Americans for Job Security, balked at buying ads [81], worried that under California law, it would be required to disclose [82] who had donated the funds for them.

Russo said he approached Noble [83] and offered to transfer money from the Virginia group to the Center. In return, he asked Noble to tap connections to help in California. Russo thought he had secured [84] that could help. Russo recalled

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separate resources to help in California [84]. Noble thought the two groups [85] that would help, Russo recalled.

"He said, you know, get me your money," Russo said in his interview.

Americans for Job Security transferred about \$4 million to the Center on Sept. 10 [86]. On Sept. 13, American Future Fund gave about \$4 million to a California affiliate, the California Future Fund for Free Markets, which was spending money on the anti-union proposition.

Americans for Job Security sent another \$14 million [87] to the Center on Oct. 11. The Center then gave most [88] of that money to Americans for Responsible Leadership, run by Kirk Adams, a friend and former client of Noble's. On Oct. 15, Americans for Responsible Leadership sent \$11 million to the Small Business Action Committee, a PAC spending on the initiatives.

Within days, a good governance group [89] demanded a state inquiry into the contribution.

Still, Americans for Job Security gave another \$6.5 million to the Center on Oct. 22 [90]. But no additional money from Koch-funded groups flowed back into the California initiatives fight — at Noble's direction, Russo said.

California had launched an investigation.

"The explanation [91] was, your regulatory guys are going crazy and I just don't think we can do it," Russo said.

California's Fair Political Practices Commission sued [92] Americans for Responsible Leadership on Oct. 25, 2012, seeking to force the group to reveal its donors. Six days later, a Sacramento Superior Court judge ordered that the group turn over the records to the state for an audit, saying that voters could suffer "irreparable harm" [93] if they didn't know who was behind the group before the election. Americans for Responsible Leadership appealed. The case made its way to the California Supreme Court, which on Nov. 4 unanimously ordered Americans for Responsible Leadership to turn over its records [94].

The next day, just before the election, Noble and Adams sent letters to the Small Business Action Committee as part of a settlement with regulators, admitting [95] they had funneled money from Americans for Job Security to the Small Business Action Committee.

The state then accused the groups of money laundering [96] based on their efforts to disguise the original source of the \$11 million transferred to the Small Business Action Committee in October.

In his interview with investigators, Russo said he was "shocked" [97] by the admission from Noble, because he believed that the money came from a pool of money unrelated to the funds Americans for Job Security passed to the Center.

Miller said he felt "just completely screwed [98]" by Noble's admission.

"I'm not sure how their network works, to be perfectly frank [99]," Miller later told investigators in a recorded interview. "But when he, when he started to get in the shit storm, he panicked and lied to you all about how it was done to protect his organizations. That's what I think happened. I don't know that, though. That's what I think happened. I think that he panicked and to prevent your agency from opening up his books, he made, he lied."

In total, the Virginia trade association had sent \$24.5 million to the Center. Only \$15 million ended up going to California for the propositions, which conservatives ended up losing by a large margin.

State regulators eventually slapped Americans for Responsible Leadership and the Center with a record fine [100], \$1 million.

Individual donors to the effort were never disclosed, although the redaction was so poor, it was possible to determine that they included

financier Charles Schwab, California philanthropist Eli Broad and Gap Chairman Bob Fisher, but not the Kochs or their companies.

Initially, it appeared that the California Attorney General's office might open a criminal investigation into the donations. But the investigation never moved forward; Noble was never interviewed in the case.

As part of an agreement with the state, Adams and Noble were able to write off the \$11 million transferred through their organizations to the Small Business Action Committee as a simple mistake. The failure to disclose the original source of the funds "was inadvertent, or at worst negligent," their stipulation [101] with California's attorney general and campaign finance regulators said.

Yet Noble and the lawyers he worked with were hardly new to campaign finance. Attorneys at Holtzman Vogel Josefiak, based on the East Coast, were national experts in dark money groups and election law, representing everyone from Crossroads GPS to the American Future Fund.

A lawyer and a paralegal there had helped incorporate two of Noble's consulting firms and several Koch-connected social-welfare nonprofits, as well as handling the Center's application for tax-exempt status to the IRS. Another Holtzman Vogel lawyer had even helped incorporate and dissolve the California Future Fund for Free Markets, the nonprofit that spent money on the anti-union measure.

"I would assume, given the high skill level at Holtzman Vogel, that their lawyers were familiar with California's campaign finance law requirements," said Paul S. Ryan, senior counsel at the Campaign Legal Center [102] in Washington. "They're good lawyers."

...

The California investigation, coupled with poor election results, weakened Noble's influence on the Koch network and shrank the Center's role within it.

"There were growing rumors, frustration, through 2010, 2011 and 2012, that Sean was controlling everything, that it was too insular, that it was all about who Sean liked and knew," a top national conservative operative familiar with the Koch network told ProPublica.

Noble's life was also changing in other ways. No longer was he the Arizona outsider who blogged about serving as the Mormon bishop in his ward [103], who preferred Waffle House [104] to Washington's pricey eateries, and who praised his wife for earning "sainthood for tolerating my work schedule." [105]

In April 2013, Noble filed for divorce. Though his wife of more than 20 years was a homemaker raising their five children, he argued in filings that she deserved no spousal maintenance. After they separated, he bought a condo in Phoenix for himself for \$510,000 and another for his parents for \$181,500.

Noble had become involved with Riisa Scannell, a former scheduler for Shadegg who was his partner at DC London, records filed as part of the divorce case show. Just before the 2012 election, the two flew to see the World Series. According to documents submitted by his wife, Noble spent more than \$7,700 for a vacation for himself and Scannell in the Bahamas over New Year's 2013. That March, he paid more than \$3,600 for a trip for him and Scannell to Hawaii, records show.

Noble's life with Scannell was centered in Washington, D.C., a city he once described as a "cesspool" on his blog [106]. He posted a photograph to Facebook [107] the night after the Jungle Ball in December, of the two of them alongside singer Enrique Iglesias.

The Koch network was changing, too. In 2013, it gave greater prominence to Freedom Partners, which has supplanted the Center as its primary distributor of cash to other groups.

Because Freedom Partners is a trade association, this move also helped the network sidestep IRS proposed limits [108] on political activity, but

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Because Freedom Partners is a 501(c)(3) association, the move also helped the network's director and proposed units (100) in political activity by social welfare nonprofits. Those would define political spending as expenditures reported to the FEC and grants to other tax-exempt groups involved in elections, unless they specifically say the money won't be spent on politics.

The dark money strategies Noble helped pioneer at the Center are likely to play a substantial role in the upcoming midterms. Targeted blasts of spending by outside groups could have far more effect on this year's smaller slate of congressional and local races than they had on 2012's megabuck national and statewide contests, campaign finance experts said.

Months after the 2012 election, Freedom Partners hired a new president, Marc T. Short, a longtime political operative and former Koch employee (109) who tended Ronald Reagan's ranch (110) in California in his 20s. He is 43, the same age as Noble — and some say the most likely heir to Noble's role.

The Kochs convened their first 2014 retreat for big donors at a resort near Palm Springs, Calif., in late January. On the agenda: Centralizing control and creating a more coordinated approach to winning elections, as opposed to the piecemeal one from past years, according to Politico (111). The Kochs plan to back candidates in primaries, to make sure that Republicans that agree with their philosophy make it to the general election.

Noble was not among the consultants listed on a one-page agenda for the meeting obtained by Mother Jones (112). Short and others from Freedom Partners were.

Noble's biggest known client in recent months has been Arizona's largest electric utility, Arizona Public Service, which DC London worked for in a contentious fight over solar energy (113). In a strange twist, the face of the pro-solar side was Barry Goldwater Jr., the son of Noble's idol.

Last September, at a panel (114) for a Republican conference in Michigan (115), Noble, wearing jeans, a light blue button-down shirt and a dark suit jacket, talked about the failures of the 2012 election. He said the Obama campaign won because of having so many people on the ground, knocking on doors and personally talking to people.

In the future, Noble said, conservative candidates needed to work harder to connect with voters, particularly young ones. Candidates also needed to face their critics.

"Ultimately, I think what we have to teach our candidates—and this is why I will never be a candidate—is that you just have to—you have to deal with it, I mean you have to take the arrows, you got to have thick enough skin that you can get in the game, you know, and do that kind of thing," Noble said. "I would never do that because I've watched it up close."

For more on the Koch brothers' influence on politics, read our guide (116). And for more on the influence of money in politics, read the top questions (117) from our Q&A on Dark Money in the 2012 campaign.

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108. <http://www.nytimes.com/1998/05/24/us/keeping-reagan-s-legacy-alive-at-his-old-chauch.html>

109. <http://www.politico.com/story/2014/jul/1/koch-brothers-2014-elections-102555.html>

110. <http://www.motherjones.com/politics/2014/02/koch-brothers-polm-4-refugee-donor-fin>

111. <http://www.hijournal.com/phoenix/blog/energy-4nc/2013/10/arizona-solar-group-wants-ops.html>

112. <http://www.youtube.com/watch?v=1j8NqmWJr80>

113. <https://www.usackinnec.org/about/>

114. <https://www.propublica.org/article/a-reading-guide-on-the-billionaire-koch-brothers>

115. <https://www.propublica.org/government/item/10013-questions-from-your-qa-on-dark-money-in-the-2012-campaign>

116. http://www.propublica.org/form/newsletter_daily_email?utm_campaign=subscribe&utm_source=propublica&utm_medium=article&utm_term=footer

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EXHIBIT C

MARCH 31, 2014 4:00 AM

Inside the Koch-Funded Ads Giving Dems Fits

A years-long campaign is bearing fruit.

By Eliana Johnson

In one of the ads Americans for Prosperity (AFP) has put on the air this year, a thirtysomething actress stands against a white backdrop and looks into the camera. "People don't like political ads," she says plaintively. "I don't like them either. But health care isn't about politics, it's about people, and millions of people have lost their health insurance, millions of people can't see their own doctors, and millions are paying more and getting less." At the close, a narrator urges viewers to "tell Mary Landrieu to stop thinking about politics and start thinking about people." Such ads have also run against Mark Pryor in Arkansas, Mark Udall in Colorado, and incumbent Democratic House members in Arizona, Florida, and New Hampshire.

Ads like the "white ad," as it has become known, are not new to 2014. They are part of a sustained assault against Obamacare mounted with the help of the donor network organized by Charles and David Koch and the array of social-welfare groups it funds.

The ads themselves, which have inflamed Democrats this election season, represent five years of knowledge, accumulated through polls and focus groups, about how to use the health-care issue to pull Americans into the GOP camp. With AFP having spent over \$30 million so far this year to bring down sitting Democratic senators, the ads also symbolize the changing nature of American politics. Since the Supreme Court's 2010 *Citizens United* decision, unlimited outside spending by 501(c)(4) social-welfare groups has finally allowed Republicans to match the political muscle of labor unions, whose spending was also blown open by the decision, but which have long poured money into Democratic coffers.

That newfound equity is one reason why the AFP ads have sent Democrats into a tailspin and led them to make the ads, and two of the people funding them, a major campaign issue of 2014. Senate majority leader Harry Reid devoted much of a news conference and an entire speech on the Senate floor to attacking the Koch brothers, calling their efforts "un-American" and accusing them of trying to rig the political system in their favor. The Democratic Senatorial Campaign Committee has launched a digital campaign around the rallying cry "The GOP is addicted to Koch!"

"The Koch Brothers have already spent \$30 million this year savaging Democratic Senate candidates in an effort buy a U.S. Senate that is good for their family and bad for just about every other family in America," the group said. AFP president Tim Phillips dismisses attacks like this as

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the “villain approach” to politics and says he’s not only skeptical of their efficacy but finds them morally repugnant. “If you google AFP, you’ll find that we’ve never gone after George Soros. It’s the right of every American to be involved in the political process — and frankly, the responsibility.”

The Koch network’s anti-Obamacare assault began in 2009 with Sean Noble, a former chief of staff to Arizona congressman John Shadegg and then an adviser to the Koch brothers, and Randy Kendrick, the wife of Arizona Diamondbacks part-owner Ken Kendrick and a prominent donor to the Kochs’ formidable fundraising network.

Noble had worked with Arizona state legislators in 2008 on Proposition 101, an amendment to the state constitution that would have prohibited employer and individual mandates in health insurance. When it was defeated, Noble says, Kendrick urged him to take the health-care fight national.

“Randy Kendrick said, ‘Who do I have to give money to? What organizations are doing this?’” Noble tells me. When he surveyed the landscape, Noble found only 501(c)(3) groups such as the Galen Institute and the Pacific Research Institute, which, unlike 501(c)(4)s, are prohibited from participating in campaign-related activity. There weren’t any groups operating in the (c)(4) space devoted to putting the brakes on a national health bill.

For Kendrick, events added a sense of urgency to the cause. It was November of 2008: President Obama had won the election, and rumors swirled that he was set to nominate former South Dakota senator Tom Daschle to serve as secretary of the Department of Health and Human Services — a nomination eventually derailed by news that Daschle had for years failed to pay taxes on a car and driver lent to him by a wealthy friend.

Kendrick had read Daschle’s 2008 book Critical: What We Can Do About the Health-Care Crisis and saw it as a blueprint for the legislation the Obama administration would look to enact. She was alarmed. Daschle noted polls and research showing that the political climate in 2008 was more favorable to a fundamental reform of the nation’s health-care system than it was in the early 1990s, when Hillarycare sputtered out. He pointed to growing support for “a so-called individual mandate” and urged readers to help overcome “the mistaken belief that we have the best health care in the world.”

The result of Kendrick and Noble’s efforts was the Center to Protect Patient Rights (CPPR), which was incorporated in April 2009 and funded largely through donations from the Koch network. The two attended a June 2009 Koch donor seminar in Aspen, Colo., where, Noble says, a federal takeover of health care was for the first time introduced to donors as an issue of urgent importance.

Before lunch on the third and final day of the seminar, Noble says, Kendrick delivered an "impassioned speech" on the topic. "People were moved to tears by how invested she was in this," Noble says, and at the lunch that followed her remarks, donors spontaneously pledged \$13 million to the cause. Since then, similar lunches have raised over \$100 million.

With that largesse, CPPR produced dozens of ads that targeted hundreds of Democratic congressmen in the 2010 midterm elections, when Republicans regained 63 seats and recaptured the House majority in the largest midterm romp since 1938. Noble coordinated the disbursement of over \$50 million to several other groups that paid to put the ads on the air: Americans for Prosperity, the 60 Plus Association, Americans for Job Security, Americans for Limited Government, and the American Future Fund. Two years later, California officials levied a \$1 million fine on CPPR when they determined the group failed to disclose the intermediary sources of independent expenditures it made to oppose two ballot propositions in the state.

CPPR funneled money to multiple groups, Noble says, both to protect the anonymity of donors and because IRS regulations prohibit any individual (c)(4) group from spending more than 50 percent of its time on candidate-related political activity.

In 2010, though, the activity of the groups was extraordinarily well-orchestrated, with no two groups airing ads in the same congressional district. Attack ads against Democratic incumbents blanketed the country: The 60 Plus Association spent to air ads in Arizona's 1st congressional district, Florida's 2nd and 24th, Indiana's 2nd, Minnesota's 8th, New York's 20th, Ohio's 16th, Pennsylvania's 3rd, and Wisconsin's 3rd and 8th, for example, while Americans for Job Security put up ads in New York's 24th, North Carolina's 2nd and 8th, Ohio's 18th, and Virginia's 9th. The American Future Fund put up spots in Alabama's 2nd, Colorado's 7th, New Mexico's 1st, and Washington's 2nd.

To craft and produce the ads, Noble brought in GOP pollster and wordsmith Frank Luntz and ad guru Larry McCarthy, the latter famous for producing the 1988 Willie Horton ad that helped to sink Michael Dukakis's presidential campaign.

In a series of focus groups, Luntz concluded that ads with an "ideological" feel to them wouldn't work. "They weren't credible or relevant to people in their day-to-day lives," he says. "There was one political operative who thought rationing was the big issue. That wasn't conceivable to people." Neither was talk of death panels.

Instead, Luntz found that emotional appeals were more effective and that women were considered more credible than men on the issue. "Women are more focused on quality of life and peace of mind," Luntz says. This year, all of AFP's testimonial ads feature middle-class women speaking from their homes: Donna Marzullo and Helen DePrima in New Hampshire, Shannon Wendt and

Julie Boonstra in Michigan, and a woman identified as Wanda in Marion, Ark. (Fact-checkers have called into question the accuracy of the testimonials delivered in some of these ads, as well as Reid's contention that they are "absolutely false" and "made up from whole cloth.")

"What Frank did," Noble says, "is he took political guys like me and like Larry and had to kind of shake us into understanding that we needed to treat this differently than we would a political campaign, that we had to do this not by beating someone over the head but by persuading." Luntz, he says, "took the strengths of our arguments and amplified them."

CPPR's initial efforts were aimed at preventing Obamacare's passage, and one of the first ads Noble and McCarthy produced was a personalized warning about the dangers of nationalized health care. Over Memorial Day weekend in 2009, it went on the air in eight states that were home to crucial members of the Senate Finance Committee — including Republicans Susan Collins and Chuck Grassley — which was responsible for voting the bill that would become the Affordable Care Act out of committee and into the full Senate.

In the ad, "Survivor," paid for by one of AFP's 501(c)(4) arms, PatientsUnitedNow, Ontario native Shona Holmes told viewers about her experience with the Canadian health-care system. "I survived a brain tumor, but if I had relied on my government for health care, I'd be dead," she said. "I am a Canadian citizen, and as my brain tumor got worse, my government health-care system told me I had to wait six months to see a specialist. In six months, I would have died." The ad blanketed the airwaves on Fox News; CNN's Dana Bash flew to Ontario to interview Holmes and tell her story; and Jake Tapper, then of ABC News, took questions about her case to Canadian prime minister Stephen Harper.

Noble and his team at CPPR, which functioned out of the office of his consulting firm, DC London, in Washington, D.C., also worked with Americans for Prosperity and several other groups to turn out voters opposed to the emerging bill at the town-hall forums that senators were hosting in their home states during the 2009 August recess. "We knew we had to make that summer absolute hell," Noble says.

Local AFP chapters activated their networks, and CPPR placed calls to seniors who were considered Republican base voters, people over the age of 65 who had voted consistently in GOP primaries, urging them to come out to the town halls and arming them with talking points. The *Cook Political Report* wondered in September 2009 whether 2010 would prove to be the year "angry white seniors" decided the election in favor of Republicans, much the way "angry white males" were said to have turned the tide in 1994.

"We packed these town halls with people who were just screaming about this thing," Noble recalls. Scenes from those meetings, of constituents blowing up at their elected representatives and of public forums descending into chaos, blanketed the news throughout August.

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At a forum in Philadelphia where Arlen Specter (since deceased) appeared with Health and Human Services secretary Kathleen Sebelius, the crowd, with spectators lining the walls, exploded when Specter admitted that he hadn't personally read the legislation — which ran over 1,000 pages — but instead had assigned it out to his staff. "We expected we could turn out 250 people there," Noble says. "Over 1,000 showed up."

"You have to make judgments very fast," Specter explained as the audience shouted him down. Sebelius didn't make any friends when she jumped to his defense. "The Senate bill isn't written," she said, "so don't boo the senator for not reading a bill that isn't written." The crowd booed her in turn.

CPPR's strategy changed when the House passed the Affordable Care Act and President Obama signed it into law in March 2010. Noble and his team set their sights on returning the House to the GOP.

"We made a deliberate recommendation that you gotta focus on the House," Noble says. "That's where this bill passed. Pelosi broke so many arms of Democrats that had no business voting for that bill. Obamacare clearly was the watershed moment that provided the juice to deliver the majority back to the Republicans in the House."

On June 8, 2010, an Excel spreadsheet listed 64 Democratic congressmen in order of the likelihood of their defeat. The list of targets expanded to 88 in June and to 105 in August. Each of the House districts identified was given a "win potential" between 1 and 5 and a score between 1 and 40 based on the voting record of each member and the composition of the district, among other things. The 105 candidates were ultimately divided into three tiers based on the likelihood of a GOP victory, and resources were allotted accordingly. On Election Day, Republicans snatched 48 of the 50 seats in "tier 1" from Democrats and 61 of the 80 seats in the top two tiers.

Noble and company went up with ads in June 2010, earlier than outside groups had ever gone on the air before. By August, some of the most vulnerable Democrats had been damaged so badly that the ads were no longer needed. That was the case in Colorado's fourth district, where Democratic incumbent Betsy Markey was running for reelection against Republican Cory Gardner. For a week in June and two weeks in August, Americans for Prosperity ran an ad against Markey that featured a series of her constituents, one of whom declared, "Markey betrayed us by voting for a government health-care plan." With Markey's own polling showing her approval rating at 38 percent, Noble says, "we did not spend another dime in that race from August until Election Day."

Between June and November, CPPR and the constellation of groups to which it disbursed millions of dollars in funds sought to tie Democrats not to President Obama, who inspires warm feelings among most Americans, but to House speaker Nancy Pelosi. They used her name like a dirty

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word. The 60 Plus Association told Floridians that "Alan Grayson and Suzanne Kosmas are putting Nancy Pelosi's liberal agenda ahead of seniors." The American Future Fund told South Dakota voters that Stephanie Herseth Sandlin "votes to support Nancy Pelosi's agenda more than 90 percent of the time." Americans for Job Security put constituents from North Carolina's second congressional district on the air to tell voters that their congressman, Bob Etheridge, "voted for Nancy Pelosi's health-care plan."

Luntz's research had demonstrated the need to tie Democratic congressmen to a more national figure. President Obama and Harry Reid proved far less likely than Pelosi to push swing voters into the Republican camp. "When we tied them to Pelosi, swing voters were more likely to vote against them 65 percent of the time," Noble says. "She was absolutely toxic for her conference with swing voters." Surprisingly, she produced a more negative reaction among women than did Reid and Obama.

The political climate was so hostile to Democrats that Noble wound up running ads against Democrats who fell into tier 3, incumbents he'd determined it would be difficult to pick off. "There was some interesting stretching of the field that no one thought was possible," he says.

In late October, the 60 Plus Association dumped \$100,000 into an ad buy in Minnesota's eighth congressional district, where incumbent Jim Oberstar, the chairman of the Transportation Committee, had served for over three decades. His opponent, a young Navy captain and virtually a political unknown, was deeply underfunded. The spot featured a picture of Oberstar with a grinning Pelosi looming in the background. "He votes with his party 97 percent of the time," a narrator said, "for \$500 billion in Medicare cuts, Nancy Pelosi's budgets, and debts future generations can't afford." *Cook Political Report* analyst David Wasserman noted that "even many local Republicans can't get their head around the idea that Navy Captain Chip Cravaack, who in July had \$24,000 in the bank to Oberstar's \$1.1 million and warned that the U.S. was headed towards socialism under President Obama, is a serious threat to the 36-year House veteran and Transportation Committee chair." On Election Day, Cravaack eked out a victory by 1.6 percentage points.

AFP has taken the lead in the ad wars again this year. The Center to Protect Patient Rights, under Noble's leadership, recently rebranded itself as American Encore, a group that will focus on a broader set of issues including the proposed IRS regulations and the free-enterprise system.

AFP's goal is to help recapture the Senate. AFP president Tim Phillips thinks it's possible to do so by pressing the Obamacare issue. "Some say the further you get from the passage of a law, the tougher it gets to move America," he tells me, "but Obamacare is different because the impact is evolving, Americans' experiences with the law are evolving, and most of them are bad." Noble puts it more sharply. "What we warned people was going to happen is now happening," he says,

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100-100000-1000

EXHIBIT D

Form **990****Return of Organization Exempt From Income Tax**

OMB No 1545-0047

2010Open to Public
InspectionDepartment of the Treasury
Internal Revenue ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2010 calendar year, or tax year beginning **2010**, and ending **20**

B Check if applicable:
☐ Address change
☐ Name change
☐ Initial return
☐ Terminated
☒ Amended return
☐ Application pending

C Name of organization **Center To Protect Patient Rights, Inc**
 Doing Business As
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
P.O. Box 72465
 City or town, state or country, and ZIP + 4
Phoenix, AZ 85050

D Employer identification number
26-4683543

E Telephone number
480-252-0772

F Name and address of principal officer
Sean Noble - P.O. Box 72465 Phoenix, AZ 85050

G Gross receipts \$ **60,885,692**

H(a) Is this a group return for affiliates? ☐ Yes ☒ No
H(b) Are all affiliates included? ☐ Yes ☒ No
 If "No," attach a list (see instructions)
H(c) Group exemption number ▶

I Tax-exempt status ☐ 501(c)(3) ☒ 501(c)(4) (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ **None**

K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation **2009** **M** State of legal domicile **MD**

Part I Summary

1 Briefly describe the organization's mission or most significant activities:
 Building a coalition of like-minded organizations and individuals, and educating the public on issues related to health care with an emphasis on patients rights. Engaging in issue advocacy and activities to influence legislation related to health care.

2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.

3 Number of voting members of the governing body (Part VI, line 1a)	3	3
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	2
5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	0
6 Total number of volunteers (estimate if necessary)	6	0
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	0

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	13,656,500	61,838,782
9 Program service revenue (Part VIII, line 2g)	0	0
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	211	2,470
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	0
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	13,656,711	61,841,262
13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	10,783,500	44,599,946
14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0	0
16a Professional fundraising fees (Part IX, column (A), line 11e)	154,927	212,138
b Total fundraising expenses (Part IX, column (D), line 25) ▶ 212,139		
17 Other expenses (Part IX, column (A), lines 11a–11d; 11f–24f)	1,110,525	15,433,307
18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	12,048,952	60,245,391
19 Revenue less expenses. Subtract line 18 from line 12	1,608,260	1,595,871

	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	1,608,260	3,220,364
21 Total liabilities (Part X, line 26)	500	0
22 Net assets or fund balances. Subtract line 21 from line 20	1,607,760	3,220,364

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature of officer **Sean Noble** Date **16 May 2013**
 Type or print name and title **Sean Noble President**

Paid Preparer Use Only Print/Type preparer's name **Howard Skolnik** Preparer's signature **Howard Skolnik** Date **5/13/13** Check ☒ if self-employed PTIN **P01064967**
 Firm's name ▶ **Howard Skolnik CPA** Firm's EIN ▶
 Firm's address ▶ **11846 N. 129th Way, Scottsdale, AZ 85259** Phone no **602-524-0974**

May the IRS discuss this return with the preparer shown above? (see instructions) ☐ Yes ☒ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2010)

5-13-33 ME 24

SCANNED JUN 17 2013

1106741001-174

**SCHEDULE I
(Form 990)**

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.

OMB No. 1545-0047

2010

Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

Center To Protect Patient Rights, Inc.

Employer identification number

26-4683543

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Part II can be duplicated if additional space is needed. ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) American Energy Alliance 1100H Street NW, Ste 400 Wash, DC 20005	26-2731617	501C4	250,000.00	0	FMV		General Support
(2) American Future Fund 4225 Fleur Dr #142 Des Moines, IA 50321	26-0620554	501C4	11,685,000.00	0			General Support
(3) Americans for Job Security 107 S. West St PMB 551 Alexandria VA	52-2062978	501C4	4,828,000.00	0			General Support
(4) Americans for Life Govt 9500 Main St Suite 303 Alexandria VA	36-3975580	501C4	5,585,000.00	0			General Support
(5) Americans for Prosperity 2111 Wilson Blvd Arlington VA 22201	75-3148958	501C4	1,924,000.00	0			General Support
(6) Americans for Tax Reform 7200 12th St 4th floor NW Washington DC	52-1403587	501C4	4,189,000.00	0			General Support
(7) Americans United for Life 655 15th St NW Wash, DC 20005	36-3906065	501C3	45,000.00	0			General Support
(8) Americans United for Life Action 655 15th St NW Ste 410 Wash, DC 20005	26-2696809	501C4	559,000.00	0			General Support
(9) Club for Growth 2001 L St NW Suite 600, Washington, DC 20036	20-4681603	501C4	690,000.00	0			General Support
(10) Coalition to Protect Patient Right PO Box 3114 Arlington VA 22203	27-0224057	501C4	205,000.00	0			General Support
(11) Common Sense Issue, Inc. 8190A Beechmont Ave #103 Cnn OH 45255	20-8824036	501C4	10,000.00	0			General Support
(12) Common Sense Issues Coalition P.O. Box 54984 Cnn, OH 45254	20-8824096	501C4	25,000.00	0			General Support
2 Enter total number of section 501(c)(3) and government organizations							0
3 Enter total number of other organizations							0

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat. No 50055P

Schedule I (Form 990) (2010)

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1					
2					
3					
4					
5					
6					
7					
Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.					

The organization carefully considered the mission of each grant recipient organization prior to making the general support grants

SCHEDULE I
(Form 990)

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.

OMB No. 1545-0047

2010

Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

Center To Protect Patient Rights, Inc.

Employer identification number

26-4683543

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Part II can be duplicated if additional space is needed. ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) US Health Freedom Coal. 4715 N 32nd St. Ste 107 Phoenix, AZ 85018	87-0809179	501C4	1,430,000.00	0			General Support
(2) Concerned Wmn 4 America Leg 1015 155L NW, Ste 1100 Wash DC	95-3370744	501C4	4,500.00	0			General Support
(3) Freedom Vote PO Box 882 Dayton, OH 45401	27-3004397	501C4	200,000.00	0			General Support
(4) Hispanic Leadership Fund PO 23162 Alexandria, VA 22304	26-2383617	501C4	47,000.00	0			General Support
(5) The Inst. for Liberty 1250 CT Av NW Ste 200 Washington DC 20036	20-2641983	501C4	457,000.00	0			General Support
(6) Protect Your Vote Inc 610 S. Blvd Tampa, FL 33606	27-3512898	501C4	100,000.00	0			General Support
(7) Revere America 1701 Penn Ave NW, Ste 300 Washington DC 20006	27-2334193	501C4	2,300,000.00	0			General Support
(8) Sixty Plus Assoc 60 King St Ste 315 Alexandria VA 22314	54-1564919	501C4	8,990,000.00	0			General Support
(9) Susan B Anthony List 1701 L St NW, Ste 550 Washington, DC 20036	54-1850126	501C4	1,025,000.00	0			General Support
(10) Tea Party Patriots 1025 Rose Creek Dr Woodstock, GA 30189	27-0470227	501C4	30,000.00	0			General Support
(11)							
(12)							

- 2 Enter total number of section 501(c)(3) and government organizations 0
- 3 Enter total number of other organizations 22

Schedule I (Form 990) 2010

Cat No. 5005SP

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

EXHIBIT E

1000442007-1748



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

September 30, 2013

AMERICAN FUTURE FUND
4225 FLEUR DRIVE #142
DES MOINES, IA 50321

IDENTIFICATION NUMBER: C90011677

Response Due Date

11/04/2013

REFERENCE: OCTOBER QUARTERLY REPORT (07/01/2012 - 09/30/2012)

Dear Filer:

This letter is prompted by the Commission's preliminary review of the Report of Independent Expenditures Made and Contributions Received (FEC Form 5) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** Additional information is needed for the following 1 item(s):

- Line 7 of your FEC Form 5 filing discloses disbursements made for independent expenditure(s). However, no contributions are disclosed on Line 6, "Total Contributions." Each contributor who made a donation in excess of \$200 to further the independent expenditure(s) must be itemized on Schedule 5-A, including their identification information. Please amend your report to provide the missing information. (11 CFR §§ 109.10(e)(1)(vi) and 114.10(f))

Please note, you will not receive an additional notice from the Commission on this matter. Requests for extensions of time in which to respond will not be considered. Failure to comply with the provisions of the Act may result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1171.

1100474100-1170

AMERICAN FUTURE FUND

Page 2 of 2

Sincerely,

Andrea Harman

Kendra Hannan
Sr. Campaign Finance & Reviewing Analyst
Reports Analysis Division

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CONFIDENTIAL

1904/10/01/1/1/1

EXHIBIT F

HOLTZMAN VOGEL JOSEFIK PLLC

Attorneys at Law

10-15

RECEIVED
2013 OCT 7 7:40 PM
FEC MAIL CENTER
45 North Hill Drive
Washington, VA 20186
P/540-341-8808
F/540-341-8809

October 9, 2013

Campaign Finance Analyst
Reports Analysis Division
Federal Election Commission
999 E Street, NW
Washington, DC 20463

C90011277

Dear Campaign Finance Analyst,

We are in receipt of your Request For Additional Information (RAI), dated September 30, 2013, regarding the 2012 October Quarterly Report of American Future Fund.

In paraphrasing 11 C.F.R. § 109.10(e)(1)(vi), you indicate that "Each contributor who made a donation in excess of \$200 to further the independent expenditures must be itemized on Schedule 5-A, including their identification information." No contributions or donations accepted by American Future Fund were solicited or received for the purpose of furthering the reported independent expenditures. Accordingly, no contributions or donations were required to be reported under the regulations cited in the RAI.

With respect to 11 C.F.R. § 114.10(f), that provision applies to "qualified nonprofit corporations." American Future Fund is not a "qualified nonprofit corporation." The cited provision is, therefore, not applicable to American Future Fund.

If the organization receives any contributions that are required to be reported pursuant to 11 C.F.R. § 109.10(e)(1)(vi), those contributions will be reported as required.

Please contact me with any additional concerns.

Sincerely,


Jason Torchinsky

Chris Winkelman

Counsel to American Future Fund

13031133612

100-100000-1000

EXHIBIT G



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

November 8, 2012

AMERICANS FOR JOB SECURITY
107 SOUTH WEST STREET PMB 551
ALEXANDRIA, VA 22314

IDENTIFICATION NUMBER: C90011669

Response Due Date
12/13/2012

REFERENCE: OCTOBER QUARTERLY REPORT (07/01/2012 - 09/30/2012)

Dear Filer:

This letter is prompted by the Commission's preliminary review of the Report of Independent Expenditures Made and Contributions Received (FEC Form 5) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** Additional information is needed for the following 1 item(s):

- Line 7 of your FEC Form 5 filing discloses disbursements made for independent expenditure(s). However, no contributions are disclosed on Line 6, "Total Contributions." Each contributor who made a donation in excess of \$200 used to fund the independent expenditure(s) must be itemized on Schedule 5-A, including their identification information. Please amend your report to provide the missing information. (11 CFR §§ 109.10(e)(1)(vi) and 114.10(f))

Please note, you will not receive an additional notice from the Commission on this matter. Requests for extensions of time in which to respond will not be considered. Failure to comply with the provisions of the Act may result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1161.

AMERICANS FOR JOB SECURITY

Page 2 of 2

Sincerely,



Christopher Whyrick
Senior Campaign Finance Analyst
Reports Analysis Division

480

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14-00000-1100

EXHIBIT H

MISCELLANEOUS TEXT (FEC Form 99)

PAGE 1 / 1

This response pertains to the Reports Analysis Division's ("RAD") Request for Additional Information ("RAI") dated November 8, 2012, requesting that Americans for Job Security ("AJS") amend its October Quarterly Report to include information about its contributors.

The language used in the RAI regarding the requirements of 11 C.F.R. 109.10(e)(1)(vi) misstates that regulation. The RAI asserts that itemization is required for "each contributor who made a donation in excess of \$200 used to fund the independent expenditure(s)." The cited regulation, however, requires the reporting of "[t]he identification of each person who made a contribution in excess of \$200 to the person filing such report, which contribution was made for the purpose of furthering the reported independent expenditure." 11 C.F.R. 109.10(e)(1)(vi). The emphasis is not on how an organization subsequently chooses to use a contribution, but whether the donor made the contribution "for the purpose of furthering the reported independent expenditure."

No contributions accepted by AJS were solicited or received "for the purpose of furthering the reported independent expenditure." Rather, all funds used to further AJS's independent expenditures came from its general treasury funds. Accordingly, no contributions were required to be reported under the regulations cited in the RAI.

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EXHIBIT I

1000444001-1000



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

November 9, 2012

THE 60 PLUS ASSOCIATION
515 KING STREET SUITE 315
ALEXANDRIA, VA 22314

IDENTIFICATION NUMBER: C90011685

Response Due Date
12/14/2012

REFERENCE: JULY QUARTERLY REPORT (04/01/2012 - 06/30/2012)

Dear Filer:

This letter is prompted by the Commission's preliminary review of the Report of Independent Expenditures Made and Contributions Received (FEC Form 5) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** Additional information is needed for the following 1 item(s):

- Line 7 of your FEC Form 5 filing discloses disbursements made for independent expenditure(s). However, no contributions are disclosed on Line 6, "Total Contributions." Each contributor who made a donation in excess of \$200 used to fund the independent expenditure(s) must be itemized on Schedule 5-A, including their identification information. Please amend your report to provide the missing information. (11 CFR §§ 109.10(e)(1)(vi) and 114.10(f))

Please note, you will not receive an additional notice from the Commission on this matter. Requests for extensions of time in which to respond will not be considered. Failure to comply with the provisions of the Act may result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1166.

116854420090109

THE 60 PLUS ASSOCIATION

Page.2 of 2

Sincerely,

A handwritten signature in black ink, reading "Bradley Matheson". The signature is written in a cursive style with a large initial 'B'.

Bradley Matheson
Senior Campaign Finance Analyst
Reports Analysis Division

418

100-410000-100

EXHIBIT J

MISCELLANEOUS TEXT (FEC Form 99)

PAGE 1 / 1

This correspondence is in response to your requests for additional information (RFAI), both dated November 9, 2012. These RFAs concern The 60 Plus Association's July quarterly report filed on July 10, 2012 and a 24 hour notice report filed on September 6, 2012.

First, regarding your request for additional information concerning the 24 hour notice report filed on September 6, 2012, you indicate that the report is deficient because no state was identified, allegedly in violation of 11 C.F.R. 109.10(e)(1).

The independent expenditure at issue here involved mail pieces sent to several states beginning on the second day of the Democratic National Convention. The independent expenditure identified a candidate for President of the United States, was not state specific, and was mailed to residents of several states. In addition, the presidential primary elections were over, but the general election period had not yet begun. Under these circumstances, there is no meaningful or sensible way in which to complete the 'state' field of the report - the expenditure was not made in connection with any state primary election, and the general election period had not begun. A report is only required to be filed because the Commission treats a national nominating convention as a separate 'election' that occurs after the state primary elections have concluded, but before the general election period commences.

The Form 5 instructions that appear on the FEC's website do not address the 'state' field of Form 5 at all. If RAD prefers, we will amend the report to show the 'state' as North Carolina, where the Democratic National Convention was held. Or, we could input any one of the several states into which these mail pieces were sent. We are happy to complete the form as instructed by RAD; please advise us of RAD's preference.

Second, in your letter concerning The 60 Plus Association's July Quarterly Report, covering activity from April 1, 2012 through June 30, 2012, you claim that the report is deficient because '[n]o contributions are disclosed on Line 6'. You indicate the report is therefore in violation of 11 C.F.R. 109.10(e)(1)(vi) and 114.10(f) because contributors who contributed in excess of \$200 used to fund independent expenditures must be disclosed.

The 60 Plus Association understands that approved template language is being used in this request. However, the language currently in use regarding the requirements of 11 CFR 109.10(e)(1)(vi) misstates that regulation. While the language used suggests that itemization is required for 'each contributor who made a donation in excess of \$200 used to fund the independent expenditure(s)' the cited regulation requires the reporting of '[t]he identification of each person who made a contribution in excess of \$200 to the person filing such report, which contribution was made for the purpose of furthering the reported independent expenditure (emphases added).' 11 C.F.R. 109.10(e)(1)(vi). The regulation focuses not on how an organization subsequently chooses to use a contribution, but whether the donor made the contribution 'for the purpose of furthering the reported independent expenditure.'

In the case of the 60 Plus Association, no contributions accepted by The 60 Plus Association were solicited or received 'for the purpose of furthering the reported independent expenditure.' Accordingly, no contributions were required to be reported under the regulations cited in the RFAI.

This response should satisfy the request. Please feel free to contact me if any further information is required. Thank you.