

FEDERAL ELECTION COMMISSION

In the matter of:

Friends of Herman Cain, Inc.  
Mark J. Block, personally and as Treasurer Prosperity USA, Inc.  
(a/k/a America's Prosperity Network, Inc.)

MUR No. \_\_\_\_\_

COMPLAINT

1. Citizens for Responsibility and Ethics in Washington ("CREW") and Melanie Sloan bring this complaint before the Federal Election Commission ("FEC") seeking an immediate investigation and enforcement action against Friends of Herman Cain, Mark J. Block, both personally and as treasurer of Friends of Herman Cain, and Prosperity USA, Inc. (a/k/a America's Prosperity Network, Inc.) for direct and serious violations of the Federal Election Campaign Act ("FECA").

Complainants

2. 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 is dedicated to empowering 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.

3. 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 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 violators and filing complaints with the FEC serves CREW's mission of keeping the public informed about individuals and entities that violate campaign finance laws and deterring future violations of campaign finance law.

4. In order to assess whether an individual, candidate, political committee or other regulated entity is complying with federal campaign finance law, CREW needs the information contained in receipts and disbursements reports that political committees must file pursuant to the FECA, 2 U.S.C. § 434(a)(2); 11 C.F.R. § 104.1. CREW is hindered in its programmatic activity when an individual, candidate, political committee or other regulated entity fails to disclose campaign finance information in reports of receipts and disbursements required by the FECA.

5. CREW relies on the FEC's proper administration of the FECA's reporting requirements because the FECA-mandated reports of receipts and disbursements are the only source of information CREW can use to determine if a candidate, political committee, or other regulated entity is complying with the FECA. The proper administration of the FECA's reporting requirements includes mandating that all reports of receipts and disbursements 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.

6. 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 reports of receipts and disbursements required by the FECA, 2 U.S.C.

§ 434(a)(2); 11 C.F.R. § 104.1. Ms. Sloan is harmed when a candidate, political committee or other regulated 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 her ability to review campaign finance information.

#### Respondents

7. Friends of Herman Cain, Inc. is the principal campaign committee of Herman Cain, a candidate for the Republican nomination to be President of the United States.

8. Mark J. Block is the treasurer of Friends of Herman Cain, Inc. At all times relevant to this complaint, Mark J. Block was also the president of Prosperity USA, Inc.

9. Prosperity USA, Inc. is a Wisconsin non-stock, not-for-profit corporation. Prosperity USA, Inc. was incorporated in Wisconsin by Mark J. Block on April 12, 2010 under the name America's Prosperity Network, Inc. *See* Articles of Incorporation attached hereto as Exhibit 1. Mark J. Block changed the name of the corporation to Prosperity USA, Inc. on August 30, 2010. *See* Articles of Amendment attached hereto as Exhibit 2.

#### Factual Allegations

10. On October 30, 2011, the *Milwaukee Journal Sentinel* reported that the internal financial records of Prosperity USA, Inc. reflected a debt of approximately \$40,000 owed to Prosperity USA, Inc. by Friends of Herman Cain for services provided to the campaign in February and March 2011. *See* Daniel Bice, State Firm's Cash to Herman Cain May Breach Federal Campaign, Tax Laws, *Milwaukee Journal Sentinel* (Oct. 30, 2011) (attached hereto as

Exhibit 3). The internal financial records indicate Prosperity USA, Inc. paid for, among other things, campaign travel to Iowa, Los Angeles, Las Vegas, Houston and Dallas as well as campaign iPads. *See* Prosperity USA, Inc. internal financial documents attached here to as Exhibit 4. The internal financial records also indicate these campaign expenditures were authorized and incurred by Mark J. Block, who was simultaneously president of Prosperity USA, Inc. and treasurer of Friends of Herman Cain. *Id.*

11. The 2011 July 15th Quarterly Report and the 2011 October 15th Quarterly Report filed by Mark J. Block in his capacity as treasurer of Friends of Herman Cain do not reflect any debts owed by Friends of Herman Cain to Prosperity USA, Inc.

#### COUNT I

12. FECA and FEC regulations prohibit corporations from making contributions in connection with any federal election. 2 U.S.C. § 441b(a) and 11 C.F.R. § 114.2(a).

13. By using corporate funds to pay for campaign expenses of Friends of Herman Cain, Prosperity USA, Inc. and Mark J. Block, as president of Prosperity USA, Inc., knowingly and willingly violated both 2 U.S.C. § 441b(a) and 11 C.F.R. § 114.2(a).

#### COUNT II

14. FEC regulations prohibit corporate officers from facilitating the making of contributions to candidates for federal office. 11 C.F.R. § 114.2(f).

15. By authorizing the use of corporate funds to pay for campaign expenses of Friends of Herman Cain, Mark J. Block, as president of Prosperity USA, Inc., knowingly and willingly violated 11 C.F.R. § 114.2(f).

### COUNT III

16. FECA and FEC regulations prohibit the principal campaign committee of a candidate for federal office from knowingly accepting a contribution from a corporation. 2 U.S.C. § 441b(a) and 11 C.F.R. § 103.3(b).

17. By accepting the payment of campaign expenses by Prosperity USA, Inc., Friends of Herman Cain and Mark J. Block, as treasurer of Friends of Herman Cain, knowingly and willingly violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 103.3(b).

### COUNT IV

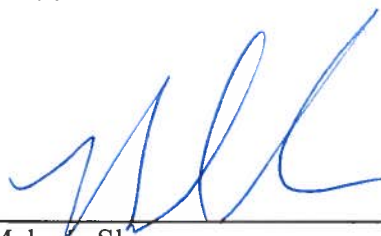
18. FECA and FEC regulations require the principal campaign committee of a candidate for federal office to report the amount and nature of any outstanding debts owed by the committee. 2 U.S.C. § 434(b)(8) and 11 C.F.R. § 104.11.

19. By failing to report an outstanding debt of approximately \$40,000 owed by Friends of Herman Cain to Prosperity USA, Inc., Friends of Herman Cain and Mark J. Block, as treasurer of Friends of Herman Cain, knowingly and willfully violated both 2 U.S.C. § 434(b)(8) and 11 C.F.R. § 104.11.

### CONCLUSION

WHEREFORE, Citizens for Responsibility and Ethics in Washington and Melanie Sloan request that the Federal Election Commission conduct an investigation into these allegations, declare the respondents to have violated the Federal Election Campaign Act and applicable FEC regulations, and impose sanctions appropriate to these violations and take such further action as

may be appropriate, including referring this case to the Justice Department for criminal prosecution of any violations of 2 U.S.C. § 441b(a).



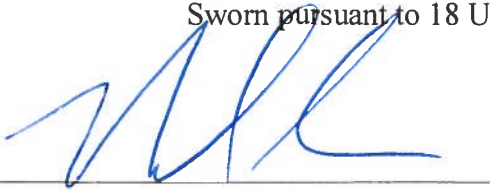
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**Verification**


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 3rd day of November, 2011.

  
Notary Public

**Lisa Drew**  
**District of Columbia, Notary Public**  
**My Commission Expires**  
**July 31, 2014**

