



November 20, 2020

William Hoffman
Special Agent in Charge
FBI Cincinnati Field Office
2012 Ronald Reagan Drive
Cincinnati, OH 45236

David M. DeVillers
U.S. Attorney, Southern District of Ohio
U.S. Department of Justice
303 Marconi boulevard, Suite 200
Columbus, OH 43215

Re: Information Related to the Investigation of Former Ohio House Speaker Larry Householder and Others

Dear Special Agent in Charge Hoffman and U.S. Attorney DeVillers:

Citizens for Responsibility and Ethics in Washington (“CREW”) writes to provide the Federal Bureau of Investigation (“FBI”) and the Department of Justice (“DOJ”) with information related to potential public corruption that may be relevant to the investigation of former Ohio House Speaker Larry Householder and his associates.¹ Specifically, on behalf of its clients, CREW recently filed a complaint with the Federal Election Commission (“FEC”) against a nonprofit organization that, among other political expenditures, funded advertisements benefiting Mr. Householder in his 2018 election.

In addition, with respect to U.S. Attorney DeVillers’ statements that “dark money is a breeding ground for corruption” and that “[a]nyone contemplating using a 501(C)(4) to funnel dark money should read” the Householder indictment “very carefully,”² CREW writes to notify you of additional complaints CREW previously filed with the FEC and the IRS against nonprofit organizations that, like the Householder enterprise, sought to influence Ohio legislative elections in 2018 by funneling anonymously-sourced contributions to federally-registered super PACs that subsequently spent money on attack ads in the state.

¹ Department of Justice, U.S. Attorney’s Office, Southern District of Ohio, Federal grand jury indicts Ohio House Speaker enterprise in federal public corruption racketeering conspiracy involving \$60 million, July 30, 2020, <https://bit.ly/31moyZL>.

² See David DeVillers (@USAttyDeVillers), Twitter (July 30, 2020), <https://bit.ly/33rJTnj>; US Attorney S. Ohio (@SDOHnews), Twitter (July 30, 2020), <https://bit.ly/2PrRZ79>.

Information Potentially Relevant to the Householder Investigation

FEC Complaint Against Citizens for a Working America Inc.

On November 20, CREW filed a complaint with the FEC against Citizens for a Working America Inc. (“CWA”), a nonprofit organization exempt from taxation pursuant to section 501(c)(4) of the Internal Revenue Code (“Code”), requesting an investigation into whether CWA failed to register and report as a political committee despite spending the majority of its money on political activity.³

CWA is a nonprofit corporation established in 2009 in Delaware.⁴ Though incorporated in Delaware and currently based in Washington, DC, CWA has significant connections to Ohio. When it formed, CWA was based in Dayton, OH and its treasurer was Norman Cummings, who managed former Ohio Secretary of State Ken Blackwell’s 2006 gubernatorial campaign.⁵ Since October 2014, the organization’s president has been Joel Riter, a government affairs consultant for Ohio Concrete who previously worked for former Ohio Treasurer Josh Mandel.⁶

As explained in greater detail in CREW’s FEC complaint, political campaign activity appears to have been CWA’s primary activity during its 2017 tax year. On its 2017 tax return, covering October 1, 2017 through September 30, 2018, CWA reported spending a total of \$8,208,425 during the year.⁷ CWA also disclosed spending \$6,394,500 on political activity, which consisted of funds it contributed to seven organizations for section 527 exempt function activities.⁸ As a result, political activity accounted for 77.9% of CWA’s total spending. CWA thus appears to have violated its tax-exempt status.⁹

³ In the Matter of Citizens for a Working America Inc., Complaint (Nov. 20, 2020), <https://bit.ly/3fjQBzO>, (“CWA Complaint”).

⁴ Citizens for a Working America, Inc, 2017 Form 990, at 1, <https://bit.ly/2QjPWU2>. CWA’s incorporation paperwork in Delaware indicates that it was formed on August 10, 2010. Citizens for a Working America, Inc, Entity Details, Delaware Department of State, Division of Corporations, <https://bit.ly/3prp3Ny>. The organization’s initial tax return, filed with the IRS in August 2011 and covering October 1, 2009 to September 30, 2010, states that CWA was formed in 2009 and that it originally used a different name. Citizens for a Working America, Inc, 2009 Form 990, at 1, <https://bit.ly/2M8wbfo>. The organization’s Employer Identification Number is 27-0585219 and its most recent mailing address reported to the IRS is 1030 15th Street NW, Washington, DC 20005. Citizens for a Working America, Inc, 2017 Form 990, at 1.

⁵ CWA 2009 Form 990, <https://bit.ly/30yMTwf>; Carrie Levine, [Meet the ‘Dark Money’ Phantom](https://bit.ly/3igYN3T), *Center for Public Integrity*, May 26, 2015, <https://bit.ly/3igYN3T>. Mr. Blackwell was once described in a biography as CWA’s chair and previously told the *Center for Public Integrity* that he had done “some speaking for Citizens for Working America ... on issues associated with getting the economy moving again.” *Id.*

⁶ CWA 2017 Form 990; CWA 2013 Form 990, <https://bit.ly/2Ps8EHm>; CWA 2014 Form 990, <https://bit.ly/38nrGau>; CWA 2015 Form 990, <https://bit.ly/38qZseS>; CWA 2016 Form 990, <https://bit.ly/319Pg7B>; Ohio Concrete, [Meet The Ohio Concrete Regulatory Consultants](https://bit.ly/2YI891B), <https://bit.ly/2YI891B>; Stephen Koff, [Former Josh Mandel aid, now a Super PAC guru, is setting up new, secretive groups](https://bit.ly/2C3cKTx), *Cleveland.com*, Oct. 8, 2014, <https://bit.ly/2C3cKTx>.

⁷ CWA 2017 Form 990.

⁸ *Id.*, Schedule C.

⁹ See Internal Revenue Service, Social Welfare Organizations (“[A] section 501(c)(4) social welfare organization may engage in some political activities, so long as that is not its primary activity.”), <https://bit.ly/2FX456I>.

Except for the Republican Attorneys General Association, all of the organizations that CWA reported contributing to for section 527 exempt function activities were independent expenditure-only committees, commonly known as super PACs, registered with the FEC. Together, CWA gave \$5,464,500 to these super PACs, meaning that gifts or deposits to federally-registered super PACs accounted for 66.5% of CWA's total spending.¹⁰ As a result, federal campaign activity was CWA's major purpose during its 2017 tax year, and its failure to register as a political committee and disclose its donors appears to have violated the Federal Election Campaign Act ("FECA").¹¹

One of CWA's super PAC contributions during the 2018 election appears particularly relevant to the Householder investigation. On April 25, 2018, CWA transferred \$535,000 to Hardworking Americans Committee, a super PAC based in Fenton, MI.¹² Four days later, on April 29, 2018, Hardworking Americans Committee paid \$404,000 to New Day Media, LLC for "non-federal: advertising against Ohio House candidate Kevin Black," and \$14,412 to Axiom Strategies for "non-federal: palm card for Ohio state House candidate Larry Householder."¹³ Less than a week later, Hardworking Americans paid an additional \$49,500 to New Day Media, LLC, an additional \$49,580 to Axiom Strategies, and \$4,000 to Remington Research Group for "non-federal: surveys for Ohio state House Candidate Larry Householder."¹⁴ An ad posted to a Hardworking Americans Committee website, with the notable URL www.larryhouseholderfightsforus.com, extensively praises Mr. Householder before closing with an endorsement of "Larry Householder for State Representative."¹⁵

According to *The Daily Beast*, New Day Media is referred to as "Media Placement Company 2" in the affidavit filed in support of the initial criminal complaint against Mr. Householder and his allies.¹⁶ The affidavit states that "Dark Money Group 1," which has been identified by the press as Hardworking Ohioans, Inc., paid "Media Placement Company 2" more than \$1.438 million, and that Federal Communications Commission records show that the company "purchased more than \$1.3 million worth of advertisements for Dark Money Group 1 in the ten days before" the general election, mostly in districts of candidates backed by Mr. Householder.¹⁷

Hardworking Americans Committee's pro-Householder expenditures are further connected to the Householder enterprise by the other contributors that gave to the super PAC

¹⁰ CWA Complaint.

¹¹ CWA Complaint.

¹² Hardworking Americans Committee, FEC Form 3X, 2018 July Quarterly Report, Amended, Sept. 26, 2018, <https://bit.ly/34a2bpP>.

¹³ Hardworking Americans Committee, Receipts, 2017-2018, Federal Election Commission, <https://bit.ly/38OIEQm>; Hardworking Americans Committee, FEC Form 3X, 2018 July Quarterly Report, Amended, Sept. 26, 2018.

¹⁴ *Id.*

¹⁵ See <http://larryhouseholderfightsforus.com/>.

¹⁶ Lachlan Markay, 'Fucking Cold-Blooded' GOP Operatives Accused of Running Ohio's Largest Ever Bribery Scheme, *The Daily Beast*, July 23, 2020, <https://bit.ly/3kjfEoz>.

¹⁷ Affidavit In Support Of A Criminal Complaint, Case No. 1:20-MJ-00526, July 17, 2020, <https://bit.ly/33vxoal> ("Complaint Affidavit"); Jackie Borchardt and Randy Ludlow, Ohio coal giant Murray Energy is \$100k dark money donor 'Company B' in federal probe, *Cincinnati Enquirer* and *Columbus Dispatch*, July 31, 2020, <https://bit.ly/3gDuF28>.

around the same time as CWA. On April 24, 2018, the day before CWA's contribution, Hardworking Americans Committee reported receiving \$50,000 from Murray Political Action Committee, the political action committee of Murray Energy.¹⁸ According to the *Cincinnati Enquirer* and the *Columbus Dispatch*, Murray Energy is referred to in the Householder complaint affidavit as "Company B," which gave \$100,000 to "Dark Money Group 1."¹⁹ The affidavit describes "Company B" as "an energy company with interests aligned with Company A," the utility company that provided millions to Mr. Householder's nonprofit organization, Generation Now, as part of the alleged bribery scheme.²⁰

The third and final contributor to Hardworking Americans Committee during the time period of the super PAC's pro-Householder spending also has ties to Mr. Householder and Generation Now. According to Hardworking Americans Committee's FEC report, Political Education Patterns, which is affiliated with the Operating Engineers Local 18 in Cleveland that represents road-construction workers, gave the super PAC \$50,000 on May 2, 2018.²¹ Political Education Patterns was an early supporter of Mr. Householder's 2018 campaign, giving \$10,000 to his campaign in January 2017 and an additional \$15,400 before Mr. Householder's election.²² Political Education Patterns also reported giving Generation Now \$250,000 during the 2018 election and \$145,000 during the 2020 election.²³

Neither the affidavit accompanying the criminal complaint nor the grand jury indictment appear to make reference to the money that was directed through Hardworking Americans Committee to support Mr. Householder's 2018 election. But given the corruption alleged in those documents and the centrality of secret money flows to the scheme, the fact that the vast majority of money backing Mr. Householder through the super PAC was first funneled through a non-disclosing entity like CWA certainly calls for close scrutiny, if it has not already been applied by the Department of Justice.

As CREW's FEC complaint against CWA lays out in detail, the organization's efforts to inject large sums of money into American elections while avoiding disclosure is not limited to Mr. Householder's race in 2018. In fact, CWA is a part of a network of nonprofits, tied together

¹⁸ Hardworking Americans Committee, FEC Form 3X, 2018 July Quarterly Report, Amended, Sept. 26, 2018; Murray Energy Corporation Political Action Committee, FEC Form 3X, 2018 July Quarterly Report, July 13, 2018, <https://bit.ly/3fvFRwp>. Though Hardworking Americans Committee reported receiving \$50,000 from the Murray political action committee, Murray reported to the FEC that it only contributed \$20,000. Bankruptcy filings filed by Murray Energy show that the company also directly contributed \$30,000 to Hardworking Americans Committee on April 18, 2018. See <https://bit.ly/33UZ2hd>.

¹⁹ Borhardt and Ludlow, *Cincinnati Enquirer* and *Columbus Dispatch*, July 31, 2020.

²⁰ Complaint Affidavit.

²¹ Hardworking Americans Committee, FEC Form 3X, 2018 July Quarterly Report, Amended, Sept. 26, 2018. Political Education Patterns reported making the contribution on April 30, 2018. Political Education Patterns, Political Arm Intl Union Operating Eng Local 18, FEC Form 3X, 2018 July Quarterly Report, July 11, 2018, <https://bit.ly/2DHYJLo>; Andrew J. Tobias, Dark money groups spent millions on Ohio legislative races, *Cleveland.com*, July 18, 2018, <https://bit.ly/2C5Fn2t>.

²² Political Education Patterns, Political Arm Intl Union Operating Eng Local 18, "Householder," Disbursements, 2017-2018, <https://bit.ly/3gA7fuP>.

²³ Political Education Patterns, Political Arm Intl Union Operating Eng Local 18, "Generation Now," Disbursements, 2017-2018, <https://bit.ly/2XAAt3yE>; Political Education Patterns, Political Arm Intl Union Operating Eng Local 18, "Generation Now," Disbursements, 2019-2020, <https://bit.ly/33G9I8u>.

by personnel and financial connections, responsible for what CREW estimates as more than \$36 million in secret spending in elections since 2011, including more than \$5 million spent in Ohio elections in 2018 on both the state and federal level.²⁴ Though CWA's contribution to Hardworking Americans Committee supported Mr. Householder, other nonprofits with ties to the network funded super PACs that spent against him and candidates he supported in 2018. As with CWA, their political activity also raised legal questions that were the subject of CREW complaint.

Additional Information Regarding Dark Money in Ohio Elections

In addition to the allegations potentially related to advertisements benefiting Mr. Householder, CREW has in recent years filed complaints against other entities engaged in potentially unlawful activity related to political campaigns in Ohio. Several of those entities engaged in political activity opposing Mr. Householder or candidates aligned with him.

FEC Complaint against LZP, LLC, Independence and Freedom Network, and Honor and Principles PAC

On August 8, 2018, CREW filed a complaint with the FEC against LZP, LLC and Honor and Principles PAC, requesting an investigation into whether LZP, LLC served as a passthrough for a contribution in the name of another to Honor and Principles PAC.²⁵ The complaint focused on a remarkable four-day period in late March 2018 in which a conduit contribution scheme that violated the FECA seemingly took place.

Those four days started on March 26, 2018 with the formation of Honor and Principles PAC, a federal super PAC, followed the next day by the establishment in Ohio of LZP, LLC, a nonprofit limited liability company.²⁶ The day after that, LZP, LLC made a \$175,000 contribution to Honor and Principles PAC, even though it had no known business activity and it is virtually impossible that it generated sufficient income to pay for the contribution in just one day.²⁷ Completing the cycle, the day after Honor and Principles PAC received the money (the only contribution it had ever reported), it spent \$163,838 on an independent expenditure advertisement criticizing Mr. Householder and endorsing his primary opponent, Kevin Black.²⁸

LZP LLC gave an additional \$60,000 to Honor and Principles PAC in April 2018. The super PAC used the additional funds from LZP, LLC to pay for voter calls, direct mail, and a media buy.²⁹ LZP LLC, which was Honor and Principles PAC only-ever contributor, gave

²⁴ Matt Corley, CREW Complaints Target Network Responsible for At Least \$36 Million in Dark Money, *Citizens for Responsibility and Ethics in Washington*, Nov. 20, 2020, <https://bit.ly/3fdmUjA>.

²⁵ In the Matter of LZP, LLC, et al., Complaint (Apr. 20, 2018), <https://bit.ly/30DdnN3>.

²⁶ Honor and Principles PAC, FEC Form 1, Statement of Organization, Mar. 26, 2018, <https://bit.ly/3ch2R1p>; LZP, LLC, Articles of Organization for a Domestic Limited Liability Company, <https://bit.ly/2lxB7fq>.

²⁷ Honor and Principles PAC, FEC Form 3X, 2018 April Quarterly Report, Apr. 15, 2018, <https://bit.ly/2yDPh9T>.

²⁸ *Id.*; Twitter, Medium Buying, Apr. 1, 2018, <https://bit.ly/2qwXSUD>; Jeremy Pelzer, A \$1 million ad war is being waged in Rep. Larry Householder's primary race, *Cleveland.com*, May 3, 2018, <https://bit.ly/3fEiAZa>.

²⁹ Honor and Principles PAC, FEC Form 3X, 2018 July Quarterly Report, July 14, 2018, <https://bit.ly/2VoLMwV>.

another \$35,000 in October 2018, bringing its total to \$270,000.³⁰ The final contribution was used to pay for legal work and compliance consulting.³¹

In May 2020, CREW amended its complaint against LZP LLC and Honor and Principles PAC, adding Independence and Freedom Network as a respondent.³² Independence and Freedom Network is a section 501(c)(4) nonprofit organization.³³ When Independence and Freedom Network filed its tax return covering calendar year 2018, it revealed that LZP, LLC was a disregarded entity that Independence and Freedom Network directly controlled.³⁴ A disregarded entity is “[a]n entity wholly owned by the organization that is generally not treated as a separate entity for federal tax purposes.”³⁵

On its tax return, Independence and Freedom Network reported that LZP, LLC’s “total income” in 2018 was \$271,000, meaning that all but \$1,000 of the money LZP, LLC took in was transferred to Honor and Principles PAC.³⁶ One of the contributors listed on Independence and Freedom Network’s Schedule of Contributors, which reports contributions totaling \$5,000 or more from any one contributor without disclosing identifying information, gave \$271,000, suggesting that the money LZP, LLC received and passed on may have come from a single source.³⁷

Independence and Freedom Network also inserted anonymously-sourced money into an Ohio election in 2018 under its own name. As CREW detailed in a complaint filed with the IRS in June 2019, when Independence and Freedom Network initially filed a short form tax return known as a 990-N for the period covering May 1, 2017 through April 30, 2018, it failed to disclose \$850,000 it contributed to Onward Ohio, a federal super PAC that supported then-Ohio Lt. Gov. Mary Taylor in the Republican gubernatorial primary.³⁸ Independence and Freedom Network subsequently disclosed the super PAC contribution when it filed a tax return covering all of calendar year 2018.³⁹

The 2018 tax return also revealed ties to the same dark money network that includes CWA.⁴⁰ For instance, the same Grove City, Ohio-based tax preparer that prepared CWA’s 2017

³⁰ Honor and Principles PAC, Receipts, 2017-2018, <https://bit.ly/2PoMkPC>; Honor and Principles PAC, FEC Form 3X, 2018 Post-General Report, Dec. 6, 2018, <https://bit.ly/382LgYn>.

³¹ *Id.*

³² In the Matter of LZP, LLC, et al., Amended Complaint (May 28, 2020), <https://bit.ly/3gEymoq>.

³³ Independence and Freedom Network, 2018 Form 990, <https://bit.ly/2DvFtkH>.

³⁴ *Id.*

³⁵ IRS, 2019 Instructions for Form 990 Return of Organization Exempt From Income Tax, Glossary, <https://www.irs.gov/pub/irs-pdf/i990.pdf>.

³⁶ Independence and Freedom Network, 2018 Form 990.

³⁷ *Id.*

³⁸ Complaint against Independence and Freedom Network Inc, June 25, 2019, <https://bit.ly/2PxqHfw>; Onward Ohio, FEC Form 3X, 2018 April Quarterly Report, Apr. 15, 2018, <https://bit.ly/2ThW3X8>; Onward Ohio, Disbursements, 2017-2018, <https://bit.ly/2HuaJAT>.

³⁹ Independence and Freedom Network, 2018 Form 990.

⁴⁰ Matt Corley, Russian Doll Approach to Dark Money Revealed in Ohio Group’s Tax Return, *Citizens for Responsibility and Ethics in Washington*, May 29, 2020, <https://bit.ly/2Pzj8VQ>; Matt Corley, Who Filed a False Report? A Super PAC or the Dark Money Group that Funded It?, *Citizens for Responsibility and Ethics in Washington*, Mar. 1, 2017, <https://bit.ly/3krdB1F>.

tax return also prepared Independence and Freedom Network's 2018 tax return.⁴¹ In addition, Independence and Freedom Network also contributed more than \$1 million to another entity overseen by CWA's president, Mr. Riter. Specifically, Independence and Freedom Network reported giving \$1.1 million to Security is Strength, LLC.⁴² Like LZP, LLC, Security is Strength, LLC is a nonprofit limited liability company established in Ohio.⁴³ In fact, it was incorporated December 12, 2018 by the same lawyer who had earlier both incorporated LZP, LLC and Independence and Freedom Network.⁴⁴ On its 2018 tax return, another section 501(c)(4) organization called the Government Integrity Fund listed Security is Strength, LLC as a disregarded entity it directly controls.⁴⁵ Mr. Riter is the chairman of the Government Integrity Fund and the signatory on its tax return.⁴⁶

On its tax return, the Government Integrity Fund also disclosed contributing \$625,000 to Prosperity Alliance Inc, yet another section 501(c)(4) organization that funded a federally-registered super PAC's expenditures against Ohio legislative candidates aligned with Mr. Householder.⁴⁷ Prosperity Alliance's tax return also raised issues that resulted in a CREW complaint.

IRS Complaint Against Prosperity Alliance Inc.

On September 11, 2019, CREW filed a complaint with the IRS against Prosperity Alliance, requesting an investigation into whether Prosperity Alliance is operated primarily to influence political campaigns in violation of the Code and whether Prosperity Alliance failed to properly disclose its political contributions.⁴⁸ The complaint focused on Prosperity Alliance's contributions to a federal super PAC called Conservative Alliance PAC that spent hundreds of thousands to influence elections in Ohio and Oklahoma during the 2018 election.⁴⁹ Prosperity Alliance was Conservative Alliance PAC's sole funder, giving the super PAC \$1.021 million during the 2018 election.⁵⁰

Between April 2, 2018 and April 24, 2018, Prosperity Alliance made six contributions totaling \$475,000 to Conservative Alliance PAC.⁵¹ The day after Prosperity Alliance made its first contribution, giving \$250,000, the super PAC spent nearly the same amount – \$245,681 – on a media buy and direct mail related to non-federal candidates.⁵² Around the same time,

⁴¹ CWA, 2017 Form 990; Independence and Freedom Network, 2018 Form 990.

⁴² *Id.*

⁴³ Security is Strength, LLC, Articles of Organization for a Domestic Limited Liability Company, <https://bit.ly/3gG4O9T>.

⁴⁴ Matt Corley, Independence and Freedom Network Linked to Other Dark Money Groups by Lawyer, *Citizens for Responsibility and Ethics in Washington*, June 25, 2019, <https://bit.ly/2XEUJ5Q>.

⁴⁵ Government Integrity Fund, 2018 Form 990, <https://bit.ly/2PyJYgL>.

⁴⁶ *Id.*

⁴⁷ *Id.*; Tobias, *Cleveland.com*, July 18, 2018.

⁴⁸ See <https://bit.ly/2DKTuuB>.

⁴⁹ Andrew J. Tobias, Second Ohio legislative candidate sues 'dark money' PAC over primary ads, *Cleveland.com*, July 31, 2018, <https://bit.ly/33KStxB>; Randy Krehbiel, Is bad news for Republican incumbents bad news for the Oklahoma Republican Party?, *Tulsa World*, Aug. 31, 2018, <https://bit.ly/2PHBJ1S>.

⁵⁰ Conservative Alliance PAC, Receipts, 2017-2018, <https://bit.ly/2PCd3YG>.

⁵¹ *Id.*

⁵² Conservative Alliance PAC, FEC Form 3X, 2018 July Quarterly Report, July 12, 2018, <https://bit.ly/2TQtyjL>.

Conservative Alliance PAC ads and mail pieces began appearing in Ohio state House races.⁵³ According to press reports, the Conservative Alliance PAC's expenditures backed the slate of candidates aligned with Mr. Householder's rival for the speakership.⁵⁴ Conservative Alliance PAC may also have a connection to Citizens for a Working America Inc. – the group that contributed to a super PAC that *supported* Mr. Householder. According to *The Daily Beast*, CWA's president, Mr. Riter, was "involved in managing" Conservative Alliance PAC during the 2018 election.⁵⁵

On its 2017 tax return, covering May 1, 2017 to April 30, 2018, Prosperity Alliance reported spending a total of \$605,795 during that time period.⁵⁶ The \$475,000 the group spent on contributions to Conservative Alliance PAC, a super PAC, constituted 78.4% of that amount. Thus, political campaign activity appears to have been Prosperity Alliance's primary purpose during its 2017 tax year, a violation of its tax-exempt status.

Prosperity Alliance also appears to have failed to properly disclose its political activity. Despite the contributions to Conservative Alliance PAC, on its 2017 Form 990, Prosperity Alliance asserted the group did not engage in any "direct or indirect political campaign activities on behalf of or in opposition to candidates for public office" and failed to file a Schedule C reporting the amount it spent on political expenditures with its tax return.⁵⁷ The contributions to Conservative Alliance PAC were reported on a Schedule I, which is used to disclose grants to other organizations, and were described as being given to a "[section] 527" organization for "general support."⁵⁸

Conclusion

During a press conference following the arrest of Mr. Householder and his associates, U.S. Attorney DeVillers described the effort by an energy company to obtain a bailout by funding a politically-active nonprofit for Mr. Householder's personal and political benefit as "likely the largest bribery, money-laundering scheme ever perpetrated against the people of the state of Ohio."⁵⁹ U.S. Attorney DeVillers also made clear that the use of Generation Now, a section 501(c)(4) social welfare organization, was "key" to the scheme, noting that "a 501(c)(4)

⁵³ Jim Siegel, Fisticuffs, sexting, lawsuits: Welcome to Ohio House GOP primaries, *Columbus Dispatch*, Apr. 20, 2018, <https://bit.ly/2HQpH19>; Jon Baker, Brett Hillyer, Shane Gunnoe spar over endorsement from Ohio House speaker, *The Times-Reporter*, Apr. 11, 2018, <https://bit.ly/2VcxBSf>; Rory Ryan, Political mailer shows devious side of politics, *Highland County Press*, Apr. 9, 2018, <https://bit.ly/2OG54IP>; See also <https://bit.ly/2HReJf6> and <https://bit.ly/2YEp6Ig>.

⁵⁴ Siegel, *Columbus Dispatch*, Apr. 20, 2018; Robert Wang, Attack-ad mailers go after GOP candidates in 50th, *CantonRep.com*, Apr. 27, 2018, <https://bit.ly/3gJoucY>.

⁵⁵ Lachlan Markay, Exclusive: GOP Candidate Reveals Possibly Illegal Coordination with NRA, *The Daily Beast*, Sept. 13, 2018, <https://bit.ly/2PFJbdZ>. Prosperity Alliance's 2017 tax return was also prepared by the same tax preparer as CWA, Independence and Freedom Network, and the Government Integrity Fund. Prosperity Alliance, Inc., 2017 Form 990; CWA, 2017 Form 990; Independence and Freedom Network, 2018 Form 990; Government Integrity Fund, 2018 Form 990.

⁵⁶ Prosperity Alliance, Inc., 2017 Form 990, <https://bit.ly/2Ys3oel>.

⁵⁷ *Id.*, Part IV, Question 3.

⁵⁸ *Id.*, Schedule I.

⁵⁹ Giulia McDonnell Nieto del Rio, Powerful Ohio Republican Is Arrested in \$60 Million Corruption Scheme, *New York Times*, July 21, 2020, <https://nyti.ms/2PDdT7H>.

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does not have to disclose the donors to this entity, this enterprise, unlike a [political action committee] or a super PAC that always has to disclose the source of their donations to the Federal Elections Commission.”⁶⁰ The case against Mr. Householder and his associates underscores the potential for corruption inherent in the use of non-disclosing nonprofits for political activity that benefits politicians and elected officials who may know the source of the funding while the public remains in the dark.

Since the Supreme Court’s 2010 *Citizens United* ruling unleashed a flood of dark money spending, CREW has worked aggressively to hold accountable nonprofits that abuse their tax-exempt status to flout the campaign finance laws. The complaints described in this letter, which have a nexus to the Householder investigation, are by no means the extent of questionable activity by these types of organizations that deserve scrutiny by watchdogs and law enforcement seeking to combat public corruption.

Thank you for your prompt attention to this matter.

Sincerely,



Noah Bookbinder
Executive Director



Matthew Corley
Chief Investigator

⁶⁰ Jim Provance, [Bribery case shines light on Ohio’s campaign finance laws, nonprofits](https://bit.ly/31wL7uI), *Toledo Blade*, July 25, 2020, <https://bit.ly/31wL7uI>.