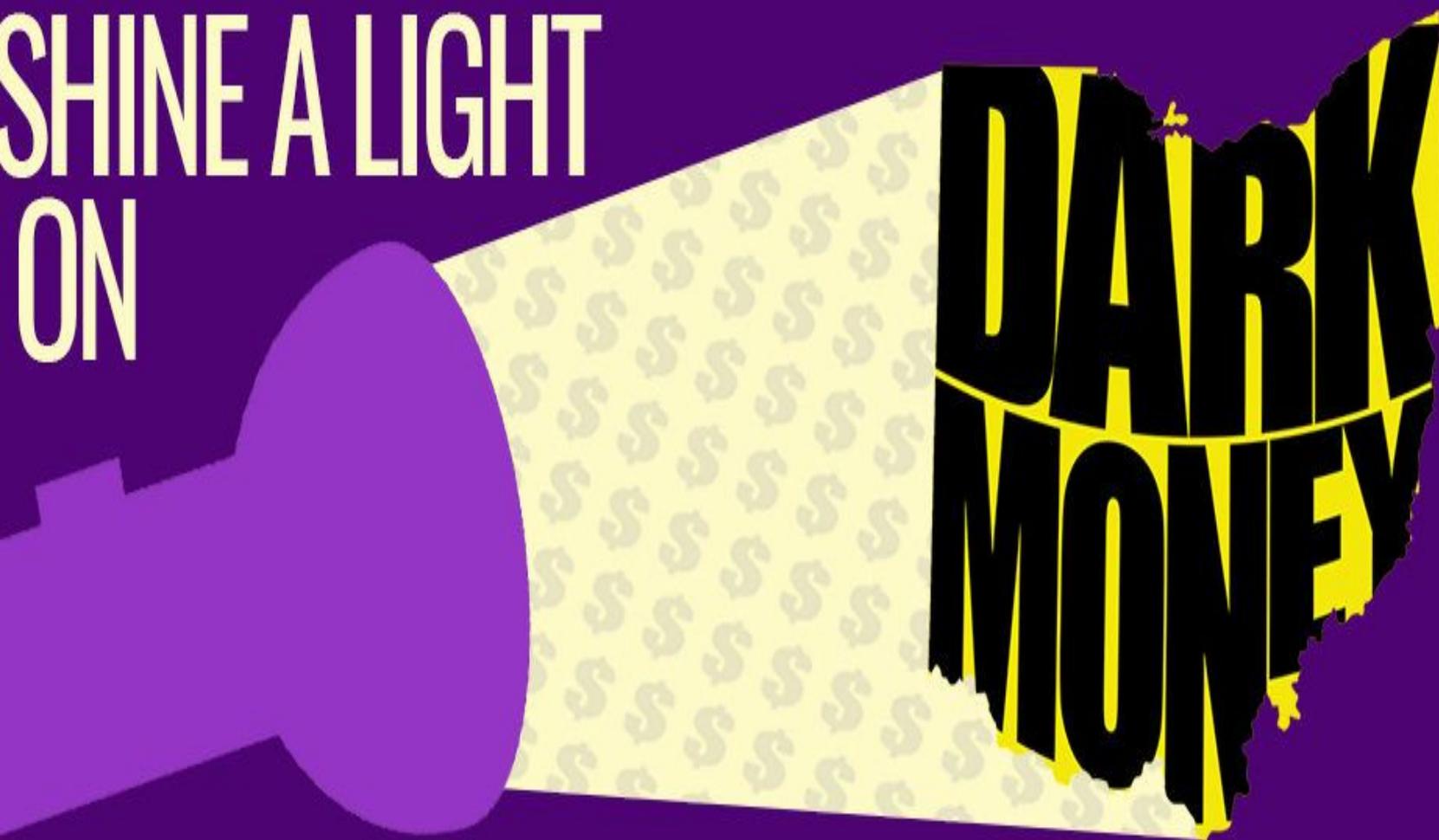


SHINE A LIGHT
ON



**DARK
MONEY**

Demand
better
disclosure
laws in C

A Decade of Dark Money & What We Can Do about It

I. Dark Money in Ohio

- 2010 Project RedMap
- HB 6
- Dark money in judicial elections
- Reform Options

II. Dark Money and Its Impact on Politics & Policy

- Overview & how national secret money impacts
- For the People Act
- Federal Elections Commission
- Corporate campaigns

Project REDMAP, project of the Republican State Leadership Committee

128th General Assembly (2009-2010)

Ohio House: 53 Democrats - 46 Republicans

Ohio Senate: 21 Republicans - 12 Democrats

129th General Assembly (2011-2012)

Ohio House: 59 Republicans - 40 Democrats

Ohio Senate: 23 Republicans - 10 Democrats



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**IN THE COMING WEEKS, DON'T GIVE THE CHINESE
GOVERNMENT YOUR PERSONAL INFORMATION, EMAIL, CELL
PHONE, ADDRESS OR SIGN YOUR NAME ON THEIR PETITION.**

**CHINA IS QUIETLY INVADING OUR ENERGY GRID AND COMING
FOR OUR OHIO JOBS.**

**DON'T SIGN THEIR PETITION
ALLOWING CHINA CONTROL OVER OHIO**

**WARNING! DON'T GIVE YOUR PERSONAL
INFORMATION TO THE CHINESE GOVERNMENT.**

DON'T SIGN THEIR PETITION ATTACKING HOUSE BILL 6!

- House Bill 6 protects over 4,000 good-paying energy jobs and saves the state tens of millions of dollars that nuclear plants pay in state and local taxes.
- Ohio's nuclear power plants are carbon-free and create no air pollution. House Bill 6 saves those power plants, helping to preserve our environment.
- House Bill 6 helps Ohio become energy independent by implementing an "all of the above" energy strategy with a combination of natural gas, coal, nuclear, solar and wind power for its energy needs.

DECLINE TO SIGN! SAVE OUR JOBS!

**IF YOU SEE A CIRCULATOR,
REPORT THEM TO OUR HOTLINE:**

**CALL: 888-308-2606 | TEXT: 614-591-4141
VISIT: OHIOANSFORENERGYSECURITY.COM**

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF OHIO

UNITED STATES

V.

LARRY HOUSEHOLDER,
JEFFREY LONGSTRETH,
NEIL CLARK,
MATTHEW BORGES,
JUAN CESPEDES, and
GENERATION NOW

Case No. 1:20-MJ-00526

Filed Under Seal

AFFIDAVIT IN SUPPORT OF A CRIMINAL COMPLAINT

I, Blane J. Wetzel, being first duly sworn, hereby depose and state as follows:

1. I make this affidavit in support of a criminal complaint against defendants **LARRY HOUSEHOLDER, JEFFREY LONGSTRETH, NEIL CLARK, MATTHEW BORGES, JUAN CESPEDES, and GENERATION NOW.**

2. I am a Special Agent with the Federal Bureau of Investigation, and have been since August 21, 2016. I am assigned to the Public Corruption Squad of the Cincinnati Division

Larry Householder, State Representative (R- Glenford)

- Speaker of the Ohio House: 2001-2004 (Householder Memo)
- Speaker of the Ohio House: 2019-July 2020 (Householder Enterprise)

“He's an excellent judge of talent; personally very charming; very, very keen political instincts.”
- State Rep. Bill Seitz (R- Cincinnati) in 2019



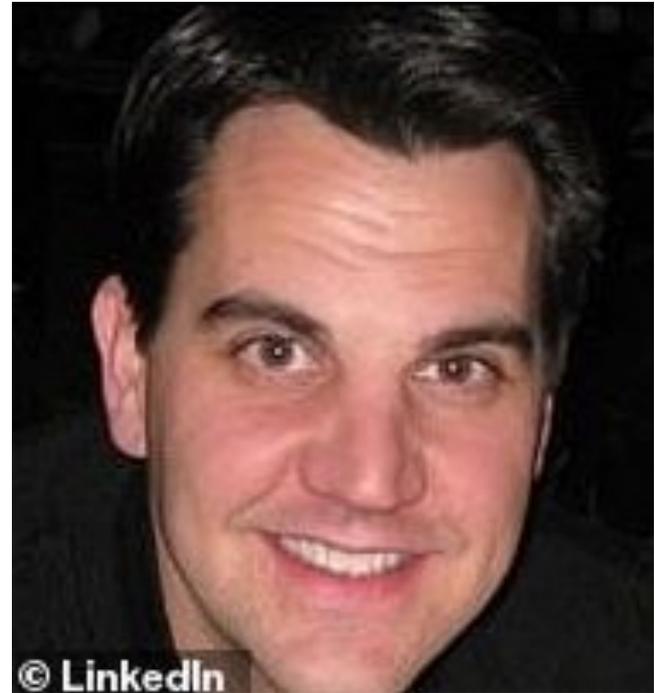
Juan P. Cespedes, Oxley Group -- Pleaded Guilty

- He worked in the Ohio Treasurer's office at the same time as Matt Borges.
- Text messages released show a conversation between Cespedes and co-defendant Jeffrey Longstreth discussing Company A's approval of \$15 million to advance HB 6.
- The affidavit alleges that Cespedes received \$600,000 from a bank account funded exclusively by Generation Now and an additional \$227,000 from the company believed to be FirstEnergy in 2019.



Jeff Longstreth, JPL & Associates -- Pleaded Guilty

- Larry Householder's chief political aide.
- Described in the complaint as central to the political strategy.
- Alleged to have accepted more than \$5 million in bribes from FirstEnergy in exchange for his efforts on behalf of House Bill 6.
- Alleged to have transferred more than \$10.5 million from Generation Now to his firm, JPL & Associates, as well as another \$4.4 million through indirect means..
- The complaint says that Longstreth used the money to further Householder's and FirstEnergy's political interests, and to pay personal benefits to Enterprise members and associates.



Matt Borges, 17 Consulting

- In 2004, Borges pleaded guilty to giving preferential treatment to some investment brokers seeking business with the state treasurer under Republican Joe Deters. His record has been expunged.
- Chair of the Ohio Republican Party from April 2013 to January 2017.
- Censured in June 2020 by the Ohio Republican Party because of his support of Joe Biden and for the Right Side PAC.
- Alleged to be a key middleman in the attempt to thwart the referendum.



Neil Clark, Grant Street Consulting

- Hired-gun lobbyist who represented dozens of clients.
- FBI said that Clark referred to himself as the Speaker's "hit man."
- Alleged to have spent \$450,000 in a single day to hire 15 signature collection firms so they could not collect signatures.
- Died by suicide on March 15, 2021.



Dan McCarthy, Governor DeWine's Director of Legislative Affairs

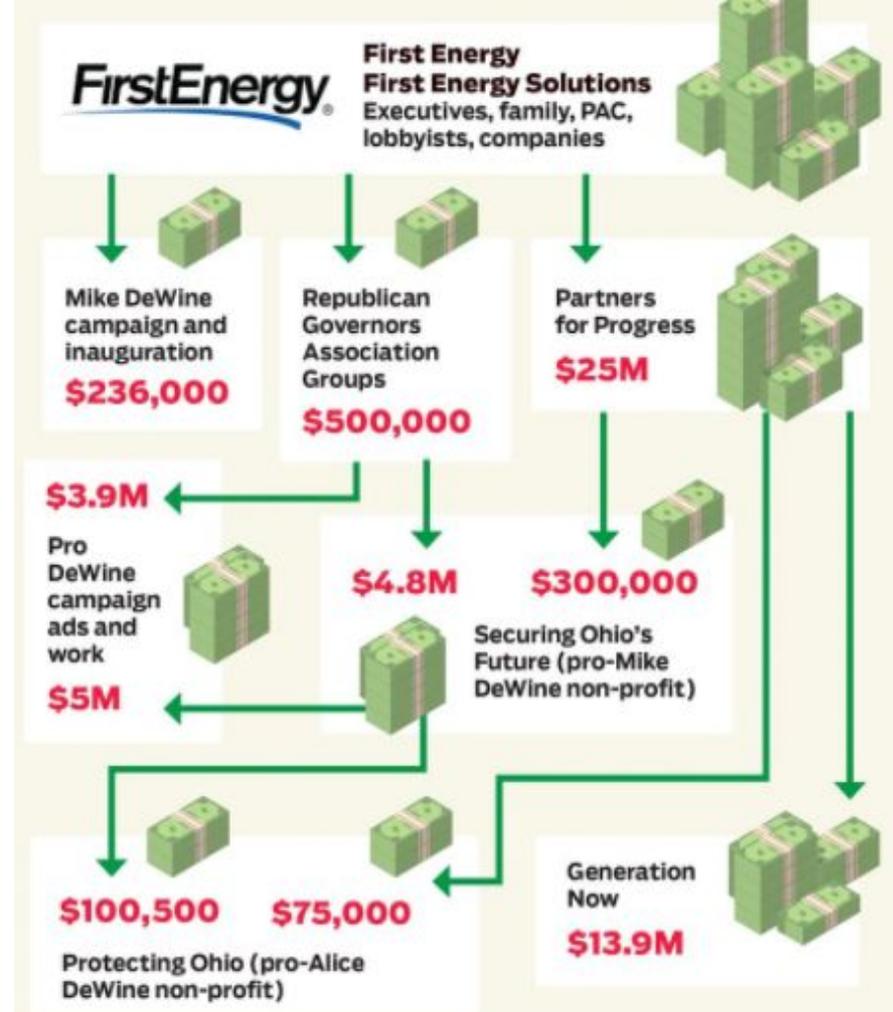
- Between 2017 and late 2018, McCarthy was the president of Partners for Progress, a 501(c)(4) nonprofit that engaged in “advocacy in support of nuclear power and the power generation in general” according to tax forms.
- Partners for Progress Inc. was formed on February 8, 2017 – the same date listed for “Energy Pass-through” in the federal complaint.
- Payments from the “Energy Pass-Through” to Generation Now alleged in the complaint match sums that Partners for Progress paid to Generation Now on the nonprofit's 2018 tax form.



Governor Mike DeWine

According to the *Cincinnati Enquirer*, in December 2020, Gov. DeWine's spokesman Dan Tierney admitted that the governor asked FirstEnergy to support his daughter Alice's campaign.

Tierney said Gov. DeWine has made "this type of ask" for "numerous groups" over the years.



Republican State Leadership Committee ad in 2020

RSLC spent \$295,110 on these ads according to the Brennan Center for Justice at NYU.

Top Donors in 2019 IRS Filing

| | |
|-------------------------|-------------|
| Judicial Crisis Network | \$3,010,000 |
| US Chamber of Commerce | \$2,035,379 |
| Altria Group | \$1,227,297 |



Disclosure Laws Should Apply to Political Spending

- State law should require donor disclosure for all political expenditures.
- Expenditures targeting an election should trigger the requirement even if the ads don't explicitly call for a vote.

Outside Spending (Independent Expenditures) Shouldn't Be Coordinated with Candidates

- An outside group that is run by a candidate's close associates and choreographs its activity with the candidate isn't really an outside group. Contributions to it should be deemed contributions to the candidate.
- Need Bright line criteria for anti-coordination.

Disclosure laws should actually inform voters.

- Disclosure should come before the election on a regular schedule.
- “Paid for by” disclaimers should appear in all political ads. To keep funders from hiding behind bland organization names, top funders should be in the disclaimer as well.
- Groups spending on politics should have to register with an individual who has control over the entity.

TRANSPARENCY IS THE KEY

TO AN **ETHICAL GOVERNMENT** THAT IS
ACCOUNTABLE TO VOTERS

NEEDS of OHIOANS



OVER

**SPECIAL INTERESTS
OR
WEALTHY
DONORS**

NEEDED REFORMS:

★ **JIM SIEGEL
DISCLOSURE BILL**

**END THE OPEN
RECORDS EXEMPTION FOR THE
LEGISLATIVE SERVICE
COMMISSION
SO WE CAN BETTER
UNDERSTAND THE
STATE LEGISLATIVE
PROCESS**

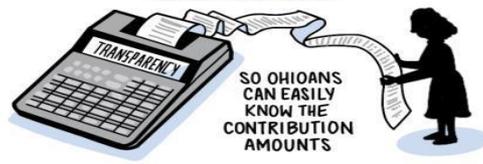


★ **SHINE A LIGHT ON
DARK MONEY**

**KNOW WHO IS
FUNDING POLITICAL
ADVERTISEMENTS**



★ **INCREASE
TRANSPARENCY OF
LOBBYING EFFORTS**
INFORMATION ON LOBBYISTS'
SPENDING SHOULD BE
ACCESSIBLE



SO OHIOANS
CAN EASILY
KNOW THE
CONTRIBUTION
AMOUNTS

★ **GREATER TRANSPARENCY
AT THE PUBLIC UTILITIES
COMMISSION**

**PREVENT CONFLICTS OF
INTEREST BY REQUIRING
DISCLOSURE STATEMENTS FOR
CANDIDATES & COMMISSIONERS**



**CONFLICT
OF INTEREST**

★ **REQUIRE
LEGISLATORS TO DISCLOSE
SOURCES & AMOUNTS
OF OUTSIDE INCOME**

**CHANGE LAWS SO THAT
LEGISLATORS MUST DISCLOSE
THEIR CLIENT LISTS OR
AMOUNTS THEY WERE PAID**



OHIOANS



SHOULD BE ABLE TO



FOLLOW THE MONEY



Dark Money & Election Administration

According to the Brennan Center for Justice election administration legislation tracker, as of April 1, **361 bills** with **restrictive provisions** have been introduced in **47 states**.

“In some cases, we actually draft [the bills] for them, or we have a sentinel on our behalf give them the model legislation so it has that grassroots, from-the-bottom-up type of vibe.”

- Jessica Anderson of the Heritage Action for America

ALEC

American
Legislative
Exchange
Council

**MODEL
LEGISLATION**

AWARDS and
HONORARY TITLES

**ACCESS
MEDIATION**
EXPENSES PAID
PARTIES AND TRAVEL

**DONATIONS
and
MEMBERSHIP
DUES**

**ACCESS TO
INDUSTRY LEADERS
and
POTENTIAL
CORPORATE DONORS**

**ACCESS TO
LEGISLATORS**



LEGISLATORS

**CAMPAIGN
CONTRIBUTIONS
and
PRIVATE SECTOR
JOBS**

**PROFITS
FROM LEGISLATION
MADE LAW**



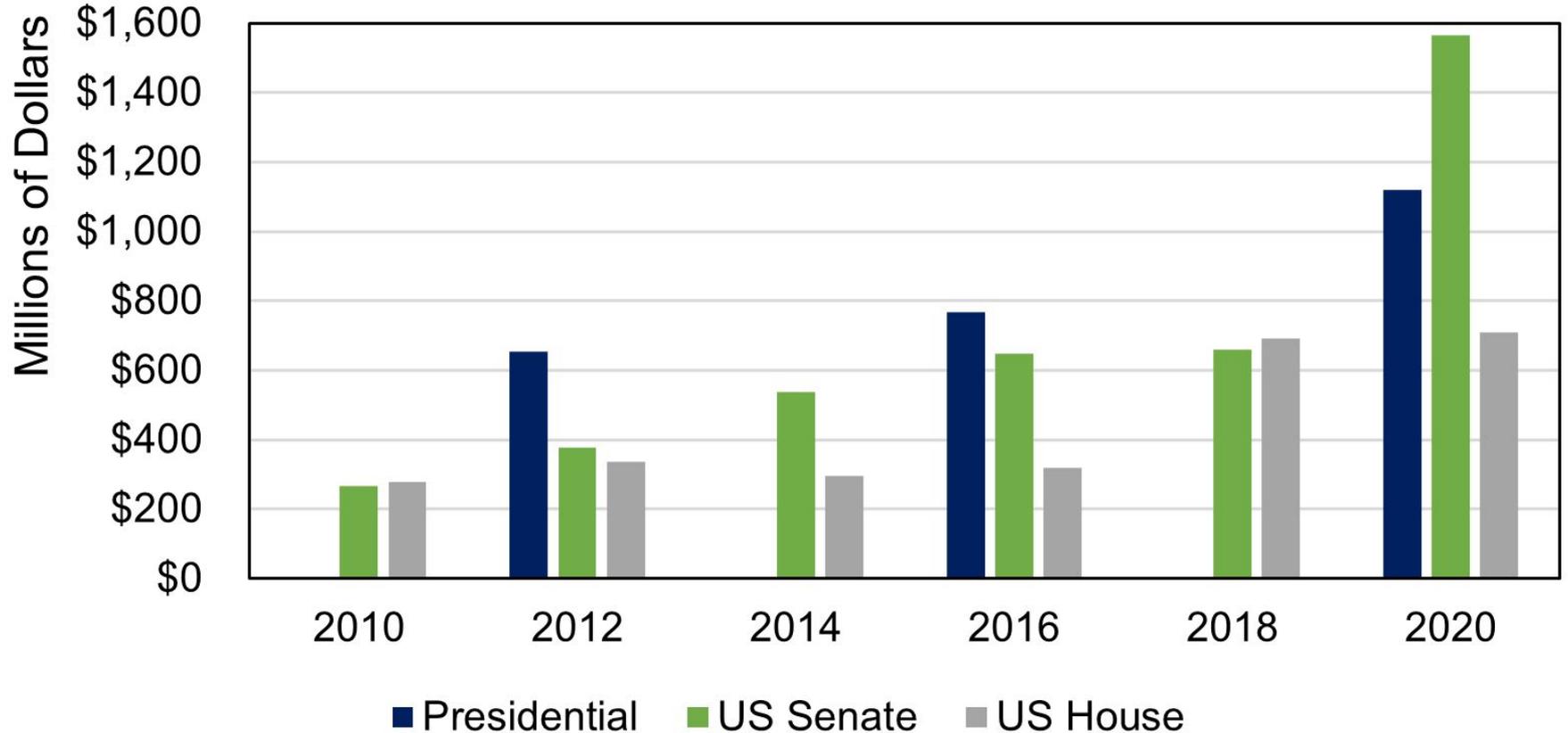
CORPORATE
LOBBYISTS and ATTORNEYS

Corporate campaigns

“Investors have repeatedly requested information on political spending — last year, shareholders voted in favor of greater disclosure 80% of the time that question was on a corporate ballot.”

- SEC Commissioner Caroline Crenshaw

National Outside Spending over the Past Decade



For the People Act (HR1/S1)

1. **Curbs foreign interference in elections** – establishes a DUTY TO REPORT to the FBI and FEC offers of illicit campaign help from foreign governments and their agents. Closes other loopholes that allows foreign governments to spend money in American elections. Includes prohibitions of foreign nationals from spending money on ballot initiatives and referenda. Requires the FEC to notify states if foreign nationals begin disinformation campaigns. Prohibits deep fakes.
2. **DISCLOSE Act** – requires outside spenders (i.e., dark money groups) to disclose contributors of \$10,000 or more, with protections against harassment. Includes **covered transfers** to get to the original source of the money.
3. **Honest Ads Act** – updates online disclaimers and disclosure rules to account for digital advertising for all paid digital campaign advertising.
4. **Stand By Every Ad** – requires outside groups to have their top leaders “stand by their ad” in advertisements, as well as list their top five funders (or top two funders, depending on length of ad).

For the People Act (HR1/S1)

5. Establishes a **public financing program for House elections**. 6:1 match on contributions of \$200 or less; qualifying candidates need to raise \$50k from 1,000 or more donors. Candidates agree not to accept contributions more than \$1,000 (with the first \$200 subject to the match). **Repairs the presidential public financing system**, similar to the Congressional program. **Repairs the presidential public financing system**, similar to the Congressional program.
6. **New disclosure and limits on contributions to inaugural committees.**
7. **Overhauls the FEC** from 6 to 5 commissioners and allows career staff to make initial findings in enforcement investigations. This will reduce gridlock.
8. **Shuts down single-candidate Super PACs** and prohibits candidates from fundraising for Super PACs— includes the Super PAC-Candidate Coordination Act to clarify the treatment of coordinated expenditures as contributions to candidates and clarifies the ban on fundraising for Super PACs by Federal candidates and officeholders.