



# FACT

FOUNDATION FOR  
ACCOUNTABILITY  
AND CIVIC TRUST

October 23, 2018

Ms. Lisa J. Stevenson  
Acting General Counsel  
Office of the General Counsel  
Federal Election Commission  
1050 First Street, NE  
Washington, D.C. 20463

## **COMPLAINT BEFORE THE FEDERAL ELECTION COMMISSION**

**RE: News for Democracy failing to register with the FEC and file routine reports despite spending between \$1.2 million and \$4.6 million on federal elections.**

Dear Ms. Stevenson,

The Foundation for Accountability and Civic Trust (FACT) is a nonprofit organization dedicated to promoting accountability, ethics, and transparency in government and civic arenas. We achieve this mission by hanging a lantern over public officials who put their own interests over the interests of the public good. FACT files this complaint seeking an immediate investigation into News for Democracy for failing to comply with the basic filing and reporting requirements of federal campaign finance law.<sup>1</sup>

Public information shows, and an investigation will confirm, that News for Democracy has spent between \$1.2 million and \$4.6 million to influence federal elections without registering as a political committee, disclosing the sources and amounts of contributions, and disclosing its disbursements. Not only does this violate the transparency in political advertising required by the Federal Election Campaign Act, but this secret organization's willingness to completely disregard the laws requires a full investigation into the source of its contributions and every single disbursement. There has been bipartisan agreement this exact platform Facebook was used for improper political advertising in 2016, and it will happen again if urgent action is taken. The Commission must immediately investigate and enforce the law.<sup>2</sup>

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<sup>1</sup> This complaint is filed pursuant to 52 U.S.C. § 30109(a)(1).

<sup>2</sup> "If the Commission, upon receiving a complaint . . . has reason to believe that a person has committed, or is about to commit, a violation of [Act] . . . [t]he Commission shall make an investigation of such alleged violation." 52 U.S.C. § 30109(a)(2); *see also* 11 C.F.R. § 111.4(a).

*News for Democracy is a political committee according to 11 CFR § 100.5(a) and has failed to register as a committee pursuant to 11 CFR § 101.2(d).*

11 CFR section 101.2(d) plainly requires political committees to file a Statement of Organization (Form 1) within 10 days of becoming a political committee.<sup>3</sup> According to the U.S. Code of Federal Regulations, “any committee, club, association, or other group of persons which receives contributions aggregating in excess of \$1,000 or which makes expenditures aggregating in excess of \$1,000 during a calendar year is a political committee.”<sup>4</sup>

News for Democracy is a secretive organization that has spent millions of dollars on political advertising.<sup>5</sup> Its Facebook ad buys have created, “at a minimum, 45 million impressions through more than 2,600 ads.”<sup>6</sup> In fact, over a two-week span in September, News for Democracy was “second-largest political ad buy[er] on Facebook . . . trailing only Beto O’Rourke’s Texas Senate campaign.”<sup>7</sup> Its ads identify candidates or issues designed to influence elections for federal office.<sup>8</sup> As press reports have shown, “News for Democracy has become a player in the online political-ad market on par with any other organization in the country, including all super pacs, candidates, and other known political entities.”<sup>9</sup> Yet, despite becoming one of the most influential organizations in political advertising, the organization has no website, contact page, or email address.<sup>10</sup>

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<sup>3</sup> 11 CFR § 101.2(d) (“All other committees shall file a Statement of Organization no later than 10 days after becoming a political committee within the meaning of 11 CFR 100.5.”).

<sup>4</sup> 11 CFR § 100.5(a); *see also* 52 U.S.C. § 30101(9)(A)(i) (“The term ‘expenditure’ includes any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for Federal office.”).

<sup>5</sup> Alexis C. Madrigal, *The Secretive Organization Quietly Spending Millions on Facebook Political Ads*, The Atlantic, Oct. 17, 2018 (attached as Exhibit B); Facebook Ad Archive, available at [https://www.facebook.com/ads/archive/?active\\_status=all&ad\\_type=political\\_and\\_issue\\_ads&country=US&q=news%20for%20democracy](https://www.facebook.com/ads/archive/?active_status=all&ad_type=political_and_issue_ads&country=US&q=news%20for%20democracy) (accessed Oct. 22, 2018).

<sup>6</sup> *Id.*

<sup>7</sup> Alexis C. Madrigal, *The Secretive Organization Quietly Spending Millions on Facebook Political Ads*, The Atlantic, Oct. 17, 2018.

<sup>8</sup> *Id.*; Lachlan Markay, *The Mystery Firms Behind the Liberal Facebook Dubbing a Hawaii Rep a ‘CWILF’*, The Daily Beast, Sept. 20, 2018 (attached as Exhibit C) (“[S]ome [ads] go explicitly after Republicans facing tough electoral fights in November.”). *See e.g.*, Exhibit A (Facebook Ad Archive).

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

Moreover, News for Democracy has purchased ads using page names that are “made to sound like news organizations,” in an attempt to obscure the source of their ads.<sup>11</sup>

Although only the operators of News for Democracy know how long it has operated, incorporation records filed by the law firm Tierney Lawrence make clear that News for Democracy has been in existence since at least August, just in time to influence the midterm elections.<sup>12</sup>

As of October 22, 2018, News for Democracy has not registered as a political committee with the FEC.<sup>13</sup> The Commission’s website shows that News for Democracy has failed to file the required Statement of Organization (Form 1) and has failed to disclose the sources and amounts of its contributions and spending.<sup>14</sup> Despite having spent millions of dollars in political advertising, News for Democracy has failed to share *any* information about its political activities with the Commission. Given that the Commission requires a committee to register within 10 days of spending \$1,000, News for Democracy remains in flagrant violation of Federal law.

Lastly, given the secrecy of the contributors funding News for Democracy LLC, it is essential that the Commission ensure that foreign nationals have not been influencing our election through the organization. 52 USC section 30121 and 11 CFR section 110.20 prohibit foreign nationals from engaging in any activity to influence federal elections in the United States. As such, it is imperative for the Commission to investigate how much of the millions of dollars raised and spent by News for Democracy came from foreign nationals.

Therefore, on the basis of the foregoing, FACT respectfully requests the FEC:

- (1) Conduct an expedited investigation of the above to determine whether News for Democracy LLC is in compliance with federal campaign finance law;
- (2) Impose any and all penalties grounded in violations alleged in this complaint, or as otherwise deemed necessary by the Commission.

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<sup>11</sup> Lachlan Markay, *The Mystery Firms Behind the Liberal Facebook Dubbing a Hawaii Rep a ‘CWILF’*, The Daily Beast, Sept. 20, 2018.

<sup>12</sup> Lachlan Markay, *The Mystery Firms Behind the Liberal Facebook Dubbing a Hawaii Rep a ‘CWILF’*, The Daily Beast, Sept. 20, 2018; News for Democracy LLC, Articles of Organization, Colorado Secretary of State, filed Aug. 28, 2018, *available at* <https://www.sos.state.co.us/biz/ViewImage.do?masterFileId=20181682441&fileId=20181682441> (accessed Oct. 22, 2018).

<sup>13</sup> Federal Election Commission, *available at* <https://www.fec.gov/search/?type=candidates&type=committees&type=site&query=News+for+Democracy> (accessed Oct. 22, 2018).

<sup>14</sup> *Id.*



# Exhibit A

● Active  
Started running on Oct 22, 2018

Paid for by **News For Democracy**

 **Sounds Like Tennessee**  
Sponsored • Paid for by News For Democracy



[See Ad Performance](#)

● Active  
Started running on Oct 22, 2018

Paid for by **News For Democracy**

 **That's Just North Dakota**  
Sponsored • Paid for by News For Democracy



[See Ad Performance](#)

● Active

Started running on Oct 22, 2018

Paid for by **News For Democracy**



**Corazon Coqui**

Sponsored • Paid for by News For Democracy

Después de desperdiciar millones de dólares que hubiese bajado gastos de salud, Rick Scott quiere un puesto en el Senado, donde ha dicho que apoyará la agenda de Donald Trump, y terminará de destruir protecciones para condiciones preexistentes.



[See Ad Performance](#)

● Active

Started running on Oct 22, 2018

Paid for by **News For Democracy**



**Women For Civility**

Sponsored • Paid for by News For Democracy



● Active

Started running on Oct 22, 2018

Paid for by **News For Democracy**



**Corazon Coqui**

Sponsored • Paid for by News For Democracy

Rick Scott fue multado \$1.7B por fraude de Medicare, y después bajo juramento, invocó la quinta enmienda 75 veces.



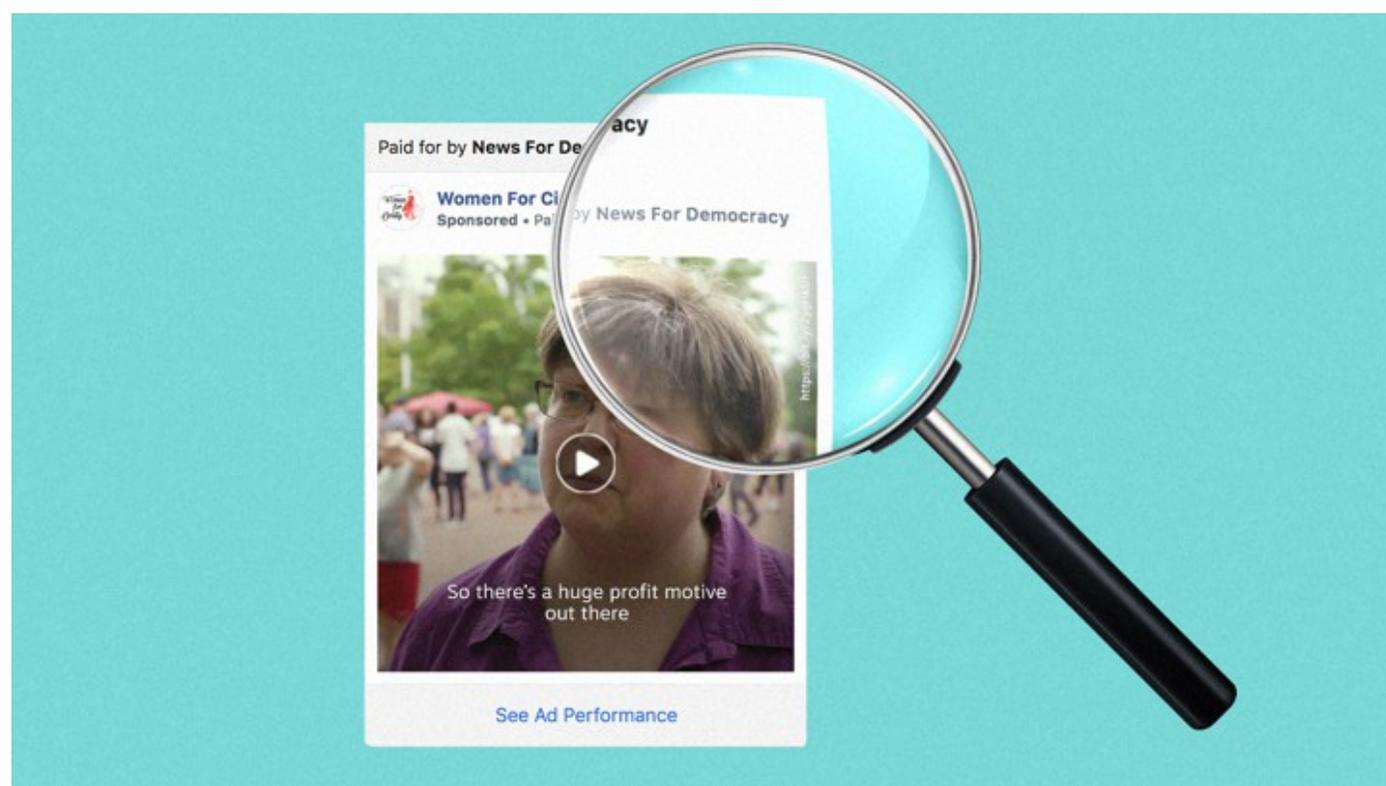
**Exhibit B**

# The Secretive Organization Quietly Spending Millions on Facebook Political Ads

Meet the liberal group that's running a new breed of digital campaign.

[Alexis C. Madrigal](#) is a staff writer at The Atlantic. He's the author of [Powering the Dream: The History and Promise of Green Technology](#).

Oct 17, 2018



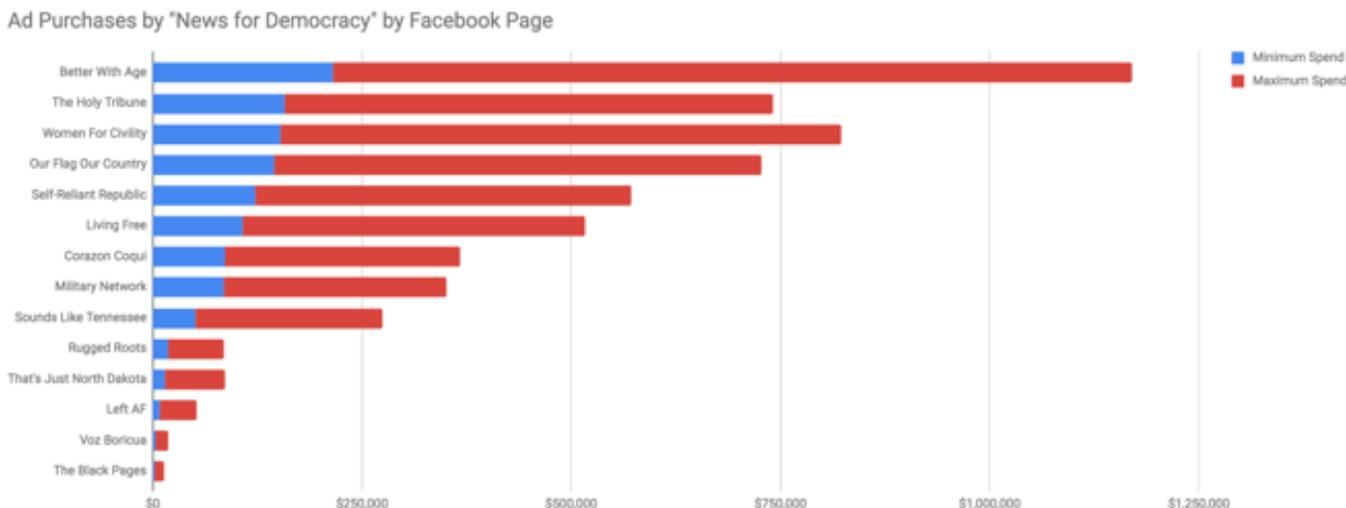
Facebook Political Ad Archive / Shutterstock / Katie Martin / The Atlantic

Over just two weeks in September, a limited-liability company calling itself News for Democracy spent almost \$400,000 on more than 16 million impressions for a network of 14 Facebook pages that hadn't existed until

August. This represented the second-largest political ad buy on Facebook for the period, trailing only Beto O'Rourke's Texas Senate campaign and substantially overshadowing the third-place spender, the National Republican Congressional Committee, [according to an analysis](#) by a team at New York University's Tandon School of Engineering, led by Damon McCoy.

From May 7 to October 16—the period that Facebook's [newly created archive of political advertising](#) covers—News for Democracy paid from \$1.2 million to \$4.6 million to create, at a minimum, 45 million impressions through more than 2,600 ads. (Facebook's data offer ranges, rather than precise amounts, of dollars spent or impressions generated. In calculating how many people were shown ads, McCoy's team took the low number of the range, so the number of people who saw these ads is certainly higher, and possibly much higher.)

The biggest of News for Democracy's ad buys went to pages with names like Women for Civility (8 million impressions), Better With Age (7.2 million), Our Flag Our Country (5.7 million), Living Free (5.4 million), and The Holy Tribune (4.2 million). Most of the ads consisted of one-minute videos, done in that Facebook style with text sliding around over footage making a single point. The ads were shown to two very specific groups of people: women ages 55 to 64 in Arkansas and mostly male Kansans under the age of 44.



This chart shows the range of amounts that "News for Democracy" made for various Facebook pages in its network, based on data from Damon McCoy's team at New York University's Tandon School of Engineering.

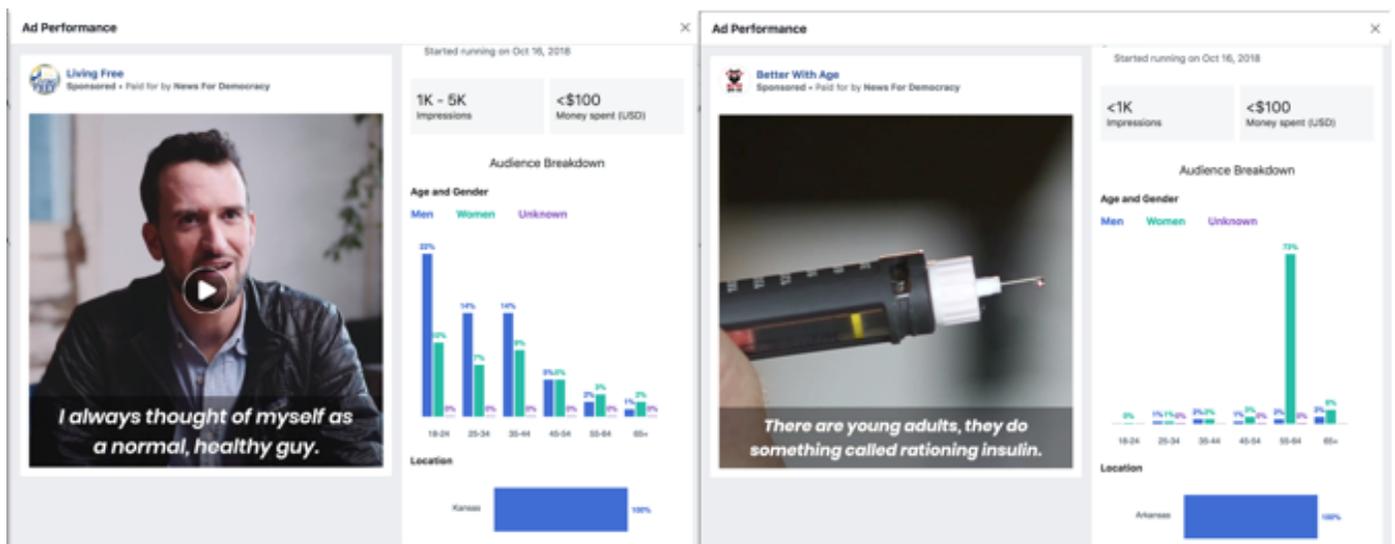
Despite the God-and-country nature of the page names, the actual content was left-leaning. A series of ads running on Tuesday showed different people describing their health challenges and how their health insurance was helping them. In one ad, an older woman describes her daughter's struggles with diabetes. In another, a young father talks about his autoimmune diseases. Their message is the same: Republicans want to take away protections for people with preexisting medical conditions, and that would hurt the nice, relatable people in the videos.

## More Stories





The videos are testimonials, in essence, for protecting one of the key provisions of the [Patient Protection and Affordable Care Act](#), which would have been weakened if the failed Republican attempt to “repeal and replace” the act had succeeded. During the midterm season, this has [been a tough issue for Republicans](#).



Ads paid for by "News for Democracy" on Facebook, targeted to different audiences (Facebook Political Ad

Archive).

If you were shown one of these ads and took the initiative to try to learn about the page running the advertising (say, Better With Age), you'd find precisely nothing in any page's "About" section except that it was self-described as a "Media/News" organization. Moreover, Facebook offers no information about News for Democracy or any "ad sponsor." News for Democracy has no website, no contact page, no email.

So what is "News for Democracy"?

Buried in unrelated Google results, you'd find an item from *The Daily Beast's* Lachlan Markay, which [linked together](#) a series of Denver LLCs that were sponsoring ads on Facebook: Three of these entities share a Denver P.O. box with two other LLCs, one of which, Beautiful Colorado, features a video starring a man named Dan Fletcher. Fletcher, a media-industry veteran, co-founded a company, MotiveAI, with fellow *Vice* alum Kirsten Frisina ([since departed](#)). A Markay source [tied](#) the company to News for Democracy. He also reported that LinkedIn's Reid Hoffman is a backer. The company has [raised \\$10 million in venture capital](#).

[\*Read: Should Facebook ads be regulated like TV commercials?\*](#)

In an interview this week, Fletcher acknowledged to me that MotiveAI, working with outside groups, is behind News for Democracy. He said that his company is trying to reach people who don't trust mainstream media and who find themselves awash in deceptive sources. Using audience, engagement, and polling data, they've tried to find people who might be open to liberal counterpoints pushed into their feeds.

"There's an all-out battle against the truth and facts from both inside and outside of the United States," Fletcher told me. "We know that the battle

against truth isn't going to stop, and interventions like this are important to ensure that many online communities who are prone to misinformation or no longer trust legitimate media sources can be reached with real news and good facts that they may not see otherwise.”

MotiveAI employs video editors as well as Adam Mordecai, a [key early employee](#) at *Upworthy*, and, according to its [HR page](#), works “with a small group of amazing clients to spread ideas that create political change.”

In the past month, News for Democracy has become MotiveAI's primary means of purchasing ads, subsuming the other entities. Meanwhile, News for Democracy has become a player in the online political-ad market on a par with any other organization in the country, including all the super PACs, candidates, and other known political entities.

Three weeks out from the 2018 midterms, we still know very little about the financial backing, operation, or ultimate goals of one of the biggest political-ad purchasers on Facebook in the run-up to the election. It's not perfectly clear what News for Democracy is trying to build. Is it simply pushing individual-issue ads in key states, or is the organization trying to amass information on voters, which it can use in subsequent campaigns?

Anyone who [watches one of these videos for more than 10 seconds](#) can be added to a Facebook “custom audience” and can be targeted with future ads. So if someone wanted to reach older women in Arkansas or younger men in Kansas who respond strongly to health-care messages, News for Democracy's owners could do that now. They can create similar audiences with any number of content-type, age, gender, geography, and interest markers. Then, using the data they've gathered, they can use Facebook's tools to find “[look-alike](#)” audiences that would, nominally, respond similarly.

Cambridge Analytica sought to compile “psychographic” voter profiles using

data it had gotten from Facebook improperly. But an operation like News for Democracy doesn't need to step outside the formal rules because they can accomplish the same targeting goal (minus the [psychographic stuff](#)) by using Facebook's own tools.

Facebook [built its ad archive hastily](#) as the company's central, opaque, and confusing role in the 2016 presidential election was revealed. Facebook had been [played by Russian propagandists and fake-news purveyors](#), who bent a well-meaning system to nefarious political and economic ends.

*[Read: Cambridge Analytica and the dangers of Facebook data harvesting](#)*

News for Democracy highlights both the successes and limitations of Facebook's transparency efforts. The archive is a real and significant attempt to provide a look into what's happening with paid political and issue advertising on Facebook. Facebook's broad definition of political advertising is why we know the startling scale of News for Democracy. Because it primarily advertises for politically tinged causes, and only rarely for or against specific candidates, most of its activity escapes Google's stingier archiving process for ads running on its platform.

On the other hand, News for Democracy doesn't need to post anything publicly about itself in order to run ads on Facebook. None of the individual pages have to divulge their corporate affiliations either. Who is funding the advertising remains completely obscure. (I asked. Fletcher demurred.)

With a little gumption and some savvy, News for Democracy and MotiveAI easily evaded Facebook's system for making political ads more transparent.

“In these cases, transparency and disclosure—especially when voluntarily and provisioned by private companies—doesn't do much to solve the underlying issue, which is accountability, meaning the public's ability to discern who is

trying to influence the outcome of an election,” Jonathan Albright of the Tow Center for Digital Journalism at Columbia University told me.

While Facebook requires all ad sponsors to send it a government ID so that they can be “verified,” Facebook shares no information about the company that paid for a given ad, aside from the name. Given that LLCs are opaque and can pop into and out of existence, there is no formal mechanism for figuring out who is pushing what agenda. Though Fletcher maintains that his funding comes from Americans, it’s easy to imagine a hypothetical in which it does not. Let’s say MotiveAI had substantial Chinese or European investors. That foreign involvement could very easily be laundered through an American starting an LLC—even better, a thicket of LLCs that would make it more difficult to connect different purchases.

This is not something that Facebook can solve on its own. The strange intermingling of political and business interests on the platform muddy the very idea of what politics is and is not. “Facebook political advertising is incredibly diverse,” NYU’s McCoy told me. “It’s in some sense bizarre because, as you see, there are for-profit companies that are cashing in on political messaging of some kind.”

For example, [from May to July](#), one of the biggest ad purchasers was a company called AAF Inc., which is linked to the Facebook page American AF, which basically sells right-wing-themed T-shirts. It generated at least 18 million impressions, spending at least \$78,000. The product it’s promoting most heavily right now is a Brett Kavanaugh shirt that shows him swearing in, with the text Raise your hand if you still like beer.

*We want to hear what you think about this article. [Submit a letter](#) to the editor or write to [letters@theatlantic.com](mailto:letters@theatlantic.com).*

# Mystery Firms Behind the Liberal Facebook Ads Dubbing a Hawaii Rep a 'CWILF'

*This story originally appeared in The Daily Beast newsletter Pay Dirt. Sign up for that newsletter: [HERE](#).*

A handful of newly incorporated limited liability companies is using a huge network of Facebook pages to mount a series of social-media attacks on Republican Party policies, donors, and political candidates, with some of the ads hitting some conspicuously sexist notes.

A pair of [posts promoted](#) this week on a Facebook page titled The Keg Bros contained two videos, one attacking Republican megadonor Rebekah Mercer and one hailing Democratic Rep. Tulsi Gabbard. “Hawaii’s Tulsi Gabbard makes us want to go Democrat,” reads text in one of the videos, interspersed with footage of Mike Myers’ Austin Powers mouthing “hot hot hot.” It adds, “America’s voted, and she’s the hottest member of Congress on either side of the aisle.”

The ad ends by declaring Gabbard a “certified C.W.I.L.F.,” presumably short for “congresswoman I’d like to fuck.”

The other ad, focusing on Mercer, dubs the wealthy Trump donor “FILTHY rich,” emphasis on filthy. “Her only job was making sex cookies with names like ‘creamy seduction,’” it says, a reference to a [story](#) about a bakery owned by Mercer. “It’s no wonder her husband was desperate to get away from this BEAST,” the video concludes in a shot at Mercer’s [reported](#) divorce proceedings.

Given the content of the videos and the name of the Facebook page posting them, they might appear to be your standard internet bro fare, a la Barstool Sports or the Lad Bible. But the promoted videos are actually part of a sprawling network of Facebook pages running ads paid for by a handful of companies traced to a Democratic law firm in Colorado.

The Keg Bros video ads were paid for by a company called Right Call Media LLC. The same videos popped up in [promoted posts](#) by a similarly named page, The KEG. Those ads were paid for by a company called Smashbutton Media LLC. Right Call and Smashbutton were both incorporated in June by Tierney Lawrence, a self-described “progressive law firm” in Denver that does business with a number of Democratic Party candidates, party organs, and interest groups at the state and federal levels.

An examination of incorporation records and Facebook ad data shows that Tierney Lawrence is behind a handful of such companies that have bought Facebook ads through at least 42 different pages, all created since July, targeted to various demographics, in efforts undercut Republican political and policy efforts.

Right Call and Smashbutton both share a mailing address—a Denver P.O. Box—with another company involved in the effort, New American Media Group LLC. That firm has purchased ads by way of a Spanish-language page called Corazon Coqui. The only other company to buy ads on that page is a company called News for Democracy LLC.

Tierney Lawrence acts as the registered agent for the companies, [all four of which](#) were formed this summer. Right Call, Smashbutton, and New American Media Group, all three incorporated on the same day in June, list the same Denver mailing address; News for Democracy, formed in late August, lists a P.O. box in Brooklyn. Cara Lawrence, the Tierney Lawrence

partner who filed incorporation records for all four, refused to discuss the Facebook ads, or put us in touch with someone who could.

Together, the four companies have purchased more than 2,000 Facebook ads targeted at groups including—in addition to bros and Spanish-language speakers—women, seniors, military veterans, Christians, and even, in underhanded fashion, Trump supporters.

It's a sophisticated social-media strategy that comes as Democratic political groups in particular begin exploring novel ways to use Facebook and other social media to promote their messaging, often in a manner that conceals their explicitly political objectives. But unlike cases documented by PAY DIRT in the past, this effort is going on without any public indication of who is behind it.

Though many of the network's ads fall short of being overtly political, some go explicitly after Republicans facing tough electoral fights in November. The network has paid for ads attacking North Dakota Senate candidate Kevin Cramer, Florida Senate candidate Rick Scott, and Florida Congressman Mario Diaz-Balart.

Some of the Facebook pages, such as Left Out Loud and Left AF, are explicitly liberal in their outlook. But others, with vaguely patriotic names such as Self-Reliant Republic, My America, and Our Flag Our Country, seem tailored to Facebook users that might be less amenable to ads from a group more upfront about its political leanings. Comments on non-promoted Self-Reliant Republic posts, for instance, are filled with perturbed conservatives. “Why does this bullshit page keep popping up on my timeline, and how the fuck do I block them?!” one asked recently.

Still others appear to be covert attempts to sow discontent among conservative readers. Smashbutton bought a series of ads through the page

Drain The Swamp News in July, after Trump nominated Brett Kavanaugh to the Supreme Court, that sought to stoke conservative suspicions of the judge. “Brett Kavanaugh investigated the death of Vince Foster and cleared the Clintons. What does he know?” some of the ads declared. Others called him “the Clintons’ personal investigator.” One dubbed him “FRIEND OF BUSH. NOT TRUMP.”

Other pages through which the four companies have bought ads are made to sound like news organizations. They include World News Reporter, Pacific Sun Chronicle, Lone Star Tribune, Golden State Observer, Heartland Gazette, Gulf State News, and Mountain West Standard. But all of them are being used to mount digital ad campaigns, often employing the same memes and videos, to boost Democratic policies, candidates, or ideas, or knock down the opposition.

Much of the ad content consists of minute-long videos, all nearly identically stylized, and memes tailored to current events and the pages’ political leanings—Trump’s face superimposed on [Scumbag Steve](#), for instance. Various ads hit Trump and the GOP on policies including immigration, trade, criminal justice, health care, entitlement, and student loans. Some are less concerned with policy, simply dubbing Trump, in the words of one Left AF ad, the “worst. president. ever.”

It’s a sweeping social-media strategy, and one that appears designed to conceal the identities and motives of the people behind it—at least from the Facebook users viewing their ads. Facebook’s new ad-disclosure tool has provided valuable new insights into the individual organizations paying for ads on its platform, but obtaining information about the sponsors themselves remains difficult.

In the meantime, many of the pages this network is using to buy ads have

already shuttered. Though their videos are still available in Facebook's ad archive, The KEG and The Keg Bros themselves are no more.

Get the data:

- [\*List of FB pages in Tierney Lawrence ad network\*](#)
- [\*Facebook political ad disclosure\*](#)
- [\*Colorado incorporation records\*](#)