



PO BOX 9576  
Washington, D.C. 20016  
October 25, 2010

Attorney General Eric Holder  
Department of Justice  
1201 Pennsylvania Ave., NW  
Washington, DC 20004

Re: Appointment of a Special Prosecutor To Investigate Groups Misusing 501c(4) and 501c(6) Tax Provisions

Dear Mr. Holder:

I am writing on behalf of Protect Our Elections, a national campaign of grassroots organizations dedicated to clean, honest and transparent elections, to request that you appoint a special prosecutor to investigate the misuse of tax laws by various groups involved in the 2010 mid-term elections. Specifically, we are asking that you focus on groups that are hiding behind a wall of non-disclosure and opacity and using tax exempt status to maintain secrecy for partisan purposes.

On October 13, 2010, we wrote to your office asking for an immediate investigation into American Crossroads and American Future Fund for misusing 501c(4) public welfare status while acting as a political action committee. See attached. We have also filed formal complaints with the FEC against both groups, attached, and requested an advisory opinion from the FEC as to whether American Crossroads is acting illegally by acting as a "shadow RNC" without complying with the laws governing political parties. See attached.

Now, in light of the gross abuses that are being reported with each new day, we are asking that you quickly announce the appointment of a special prosecutor to investigate groups that have abused their tax exempt status, under both 501c(4) and 501c(6), to attempt to influence the 2010 elections.

It appears that many of these groups, such as American Crossroads, are using 501c(4) to attract hundreds of millions in secret donations by a small number of billionaires and millionaires to dominate the airwaves with ads, many of which contain false information and cross the line of partisan activity by specifically telling voters who to vote for or against. This constitutes a violation of 501c(4) public welfare tax status as we make clear in our filings with the FEC. In fact, although these groups are in fact operating as political action committees, they are not complying with the strict disclosure and spending laws that govern such committees.

In addition, press reports indicate that these same 501c(4) organizations are not advising their donors that their donations are taxable as a “federal gift tax” at a rate of 35%, thereby both misleading the donors and depriving the federal government of potentially hundreds of millions in tax revenue.

<http://www.msk.com/news/pub.cfm?id=1200&type=Alert>

In addition, it appears from press reports, leaks, NGO complaints and other information that the US Chamber of Commerce is abusing its 501c(6) tax status by (1) using foreign money to influence elections, (2) allowing corporations to earmark donations to use for political lobbying and advertising, (3) excessively and improperly compensating its CEO Tom Donohue, (4) funneling money into political campaigns, (5) acting as a political action committee for one party, and (5) improperly commingling funds. See articles and other data compiled at [www.StopTheChamber.com](http://www.StopTheChamber.com).

Over the past few weeks, President Obama has called the activities of these 501c groups a “threat to democracy,” and many other political leaders, including Senators Baucus, Durbin and Franken, and House leaders Pelosi and DeFazio, have called for investigations into their activities. The New York Times has called this the most “secretive election since Watergate,” and DNC Chair called this issue, “the biggest scandal since Watergate.”

Clearly, this issue has reached critical mass and there is a great deal of information and evidence in the public domain that provides a sufficient basis for appointing a special prosecutor to investigate these groups, their activities, their donors, their promises, and any quid pro quos by any parties involved. Your office has an obligation to act to protect the public, the treasury, confidence in our elections and the rule of law.

Any further delay will cause further harm and may well result in documents and records in the possession of these companies being lost or destroyed. Many of the groups violating the law were created simply to influence this election and will shut their doors and move on leaving nothing more than an abandoned post office box. We therefore ask that you immediately issue document hold letters to each of the organizations you identify requiring them to maintain all records, including those related to income and expenditures, donations, emails, letters, phone records, ads, and any other related information.

If we can be of further assistance, please do not hesitate to call me.

Sincerely,  
  
Kevin Zeese  
Attorney at Law  
[301-996-6582](tel:301-996-6582)