

Form **13909**
(August 2007)**Tax-Exempt Organization Complaint (Referral) Form**1. NAME OF REFERRED ORGANIZATION: Wisconsin Club for GrowthStreet Address: 1223 W. Main St., #304City/State/Zip Code: Sun Prairie, WI 53590Date of Referral: Sept. 20, 20162. ORGANIZATION'S EMPLOYER IDENTIFICATION NUMBER (EIN): 452318439

3. NATURE OF VIOLATION:

- Directors/officers/persons are using income/assets for personal gain
- Organization is engaged in commercial, for-profit business activities
- Income/assets are being used to support illegal or terrorist activities
- Organization is involved in a political campaign
- Organization is engaged in excessive lobbying activities
- Organization refused to disclose or provide a copy of Form 990
- Organization failed to report employment, income, or excise tax liability properly
- Organization failed to file required federal tax returns and forms
- Organization engaged in deceptive or improper fundraising practices
- Other (describe): This organization engaged in political campaign activities as its primary activity in 2011 and 2012.

4. DETAILS OF VIOLATION:

Name(s) of Person(s) Involved: R.J. Johnson, Scott WalkerOrganizational Title(s): Johnson was the de facto head of Wisconsin Club for Growth. Walker is the governor of Wisconsin.Date(s): 2011-2012Dollar Amount(s) (if known): \$12 millionDescription of activities: See attached.

5. SUBMITTER INFORMATION:

Name: Matt RothschildOccupation or Business: Wisconsin Democracy CampaignStreet Address: 203 S. Paterson St., Suite 100City/State/Zip Code: Madison, WI 53703Telephone: 608-255-4260 I am concerned that I might face retaliation or retribution if my identity is disclosed.6. SUBMISSION AND DOCUMENTATION: The completed form, along with any supporting documentation, may be mailed to IRS EO Classification, Mail Code 4910DAL, 1100 Commerce Street Dallas, TX 75242-1198, faxed to 214-413-5415 or emailed to eoclass@irs.gov.

Form 13909

IRS Complaint Against Wisconsin Club for Growth

Filed by the Wisconsin Democracy Campaign

September 20, 2106

Summary of Complaint:

Wisconsin Club for Growth, a 501(c)(4) organization, violated its IRS designation by engaging in deceptive and improper fundraising practices and by engaging in political campaigns as its “primary activity” in 2011 and 2012.

I. Deceptive and Improper Fundraising Practices

(Note: The material outlined here can be found in The Guardian’s article of Sept. 14, 2016, and to the documents linked therein.

<https://www.theguardian.com/us-news/ng-interactive/2016/sep/14/john-doe-files-scott-walker-corporate-cash-american-politics>)

Through most of 2011 and 2012, Wisconsin Club for Growth served as an adjunct of the Friends of Scott Walker campaign committee and as a funnel for funds raised by Gov. Scott Walker to influence the outcome of a state supreme court race in 2011, state senate recalls in 2011, Walker’s own recall election in 2012, and elections for state legislature in Nov. 2012.

Walker personally met with millionaires and billionaires and steered them to give--not directly to his own campaign committee and not directly to the state senate campaign committees--but instead to Wisconsin Club for Growth. That was the first deceptive and improper fundraising act.

As Kate Doner, one of his fundraisers, wrote in an email on April 28, 2011: “As the Governor discussed with Mr. Pickens, he wants all the issue advocacy efforts to run thru one group to ensure correct messaging....The Governor is encouraging all to invest in the Wisconsin Club for Growth. Wisconsin Club for Growth can accept Corporate and Personal donations without limitations and no donor disclosure.”

One donor, G. Frederick Kasten Jr., wrote in the memo line of his check to Wisconsin Club for Growth: "Because Scott Walker asked."

Walker's longtime aide and campaign strategist, R. J. Johnson, was simultaneously working for Walker and running Wisconsin Club for Growth. "We own CFG," Johnson said in an email dated November 4, 2010. That is a telling admission.

With the money Scott Walker raised for Wisconsin Club for Growth, the group, in coordination with the Walker campaign, then funneled money to other groups and coordinated the content of the political ads these groups then ran.

For instance, Wisconsin Club for Growth sent four checks totaling \$2.5 million to Wisconsin Manufacturers and Commerce in April and May of 2012. Wisconsin Club for Growth also sent four checks to Citizens for a Strong America in the first half of 2012 totaling \$1,520,000. And Wisconsin Club for Growth sent two checks totaling \$550,000 to the American Federation for Children in May of 2012. These groups then used this money to run electioneering ads in accordance with the wishes of Scott Walker's campaign.

An email from Scott Walker's campaign manager, Keith Gilkes, to Walker, dated August 18, 2011, spells the relationship out: "Our efforts were run by Wisconsin Club for Growth and operatives RJ Johnson and Deb Jordahl, who coordinated spending through 12 different groups. Most spending by other groups was directly funded by grants from the Club."

Other proof comes in an email August 18, 2011, to Scott Walker and R. J. Johnson from fundraiser Kate Doner, who is prepping Walker for a conference call he is to lead with donors. It included such topics as "How was your money spent," and it had the notation: "WICFG carried the bulk of the investments at \$12m."

Sometimes there was confusion as to which of the "pass through" groups would be taking responsibility for what ads. For instance, on June 16, 2011, one of the ad people, Donna Limon, sent an email to R.J. Johnson with the subject line: "another tag???" It read: "Hi RJ. Comeau just mentioned to me that the RADIO spot he's just finishin up has 2 separate tags! As assigned for WFA/1601 the tag says: Wisconsin Family Action but, the other tag says: Citizens for a Strong America."

R. J. Johnson, on behalf of Friends of Scott Walker, not only decided which groups would get credit for running which ads; he also oversaw the content of the ads, which the groups ran with the money raised by Walker earmarked for Wisconsin Club for Growth.

For instance, Matt Seaholm of Americans for Prosperity sent R. J. Johnson an email on March 7, 2011, which said: “Do you think this is the right message and delivery? We don’t want something to go up that might hurt Walker by missing the mark.”

That night, Johnson responded: “Thanks.”

Then, a week later, on March 14, Johnson sent an email to Seaholm, with the subject line: “Ballpark...how much statewide radio buy be for 2 weeks?” In that email, Johnson wrote: “Can we collaborate on message? Really important.”

Johnson signed off on the ads, and focused even on the smallest points. In an email on Sept. 5, 2012, from Johnson to his assistant Deb Jordahl, as well as to Brian Pleva and Scott Jensen of American Federation for Children, Johnson said of the American Federation for Children ad: “I think the alternative in the middle part with no picture works well. Once we have a font resolution we can move.”

Walker bragged about the role R.J. Johnson and the Wisconsin Club for Growth played. In an email to Karl Rove on May 4, 2011, Walker wrote: “Club for Growth-Wisconsin was the key to retaining Justice Prosser.” He added: “R.J. was the chief adviser to my campaign (I always called him my Karl Rove).” And he made clear that the effort needed to continue through the recall elections of several state senators. "Bottom Line: RJ helps keeps in place a team that is wildly successful in Wisconsin. We are running 9 recall elections and it would be like 9 congressional markets in every market in the state and twin cities."

So, in essence, Wisconsin Club for Growth was deceptively and improperly acting not just as a fundraising drop box and not just as a “pass through” but as the director of a sophisticated secret ad campaign for Friends of Scott Walker. It was raising money not for itself and its own independent efforts, but for a dozen other groups, which were all part of Walker’s coordinated effort.

II. Wisconsin Club for Growth’s “primary activity” in 2011 and 2012 was engaging in political campaigns.

Given the intricate, elaborate, and time-consuming work that Wisconsin Club for Growth was doing in 2011 and 2012 to run this secret and coordinated fundraising, strategizing, and advertising campaign, it is abundantly clear from the emails

released in The Guardian story that engaging in political campaign activity was the primary activity of Wisconsin Club for Growth, in violation of the IRS regulations.

The e-mails released by the Guardian about the involvement of R. J. Johnson and Wisconsin Club for Growth just in the advertising side of the political campaign activity begin on February 21, 2011, and go through October 29, 2012. Here are the list of dates (and on some of these dates, there were multiple emails on political campaign activity):

For 2011—Advertising Political Activity

Feb 21

Feb 22

Feb 23

Feb 24

March 3

March 4

March 7

March 8

March 14

March 15

March 24

March 25

March 29

May 11

June 14

June 16

July 13

Juy 19

July 25

July 27
August 2
August 3
August 5
Dec. 22
Dec. 30

For 2012

Feb. 23
March 9
March 25
March 29
March 30
April 6
April 9
April 10
April 15
April 21
April 25
May 7
May 11
May 18
Aug. 28
Sept. 5
Oct. 2

Oct. 11

Oct. 19

Oct. 22

Oct. 23

Oct. 29

The Guardian documents also list at least 32 additional dates where there were emails concerning Wisconsin Club for Growth's strategizing and fundraising efforts in this period to further its political campaign activities and those of Friends of Scott Walker, which were one and the same.

Given the number of these emails and the complexity of all this wheeling and dealing and the tiny staff (mostly R.J. Johnson, Deb Jordahl, and Eric O'Keefe, all of whom were working on political campaign activities), it is abundantly clear that the primary activity of Wisconsin Club for Growth during this period was to participate in and intervene in political campaigns.

For these reasons, the Wisconsin Democracy Campaign asks that the IRS investigate the tax-exempt status of Wisconsin Club for Growth.