

**BEFORE THE SECRETARY OF STATE
STATE OF COLORADO**

CASE NO.

**IN THE MATTER OF THE COMPLAINT FILED BY COLORADO ETHICS
WATCH REGARDING ALLEGED CAMPAIGN AND POLITICAL FINANCE
VIOLATIONS BY SENATE MAJORITY FUND LLC**

Claimant Colorado Ethics Watch (“Ethics Watch”), by and through undersigned counsel, pursuant to Colo. Const. Art. XXVIII and C.R.S. § 1-45-111.5, *et seq.* asserts this Complaint against Respondent, Senate Majority Fund, LLC (“SMF”) and in support thereof alleges as follows:

FACTUAL ALLEGATIONS

1. Ethics Watch is a nonprofit organization that uses legal actions to hold public officials and organizations accountable for unethical activities that undermine the integrity of state and local government.

2. Ethics Watch is a “person” as that term is defined by Colo. Const. art. XXVIII, § 2(11) and C.R.S. 1-45-103(13) and therefore is authorized to bring a complaint under section Colo. Const. art. XXVIII, § 9(2)(a) and C.R.S. § 1-45-111.5(1.5)(a).

3. SMF is registered and operating pursuant to section 527 of the Internal Revenue Code at 12237 East Amherst Circle, Aurora, Colorado, 80014. See SMF IRS Form 990 (May 14, 2008) (attached as Exhibit A). SMF also registered as a political organization with the Colorado Secretary of State on October 10, 2007. See State of Colorado, Department of State letter dated October 15, 2007 (attached as Exhibit B).

4. SMF is registered with the Colorado Secretary of State as a limited liability company at 12237 East Amherst Circle, Aurora, Colorado, 80014. See SMF Annual Report (September 20, 2007) (attached as Exhibit C). According to its state registration, Scott Shires is its registered agent. Id. SMF’s stated purpose is supporting candidates for the state senate. See Colorado Secretary of State, Election Center, Political Organization Detail, Senate Majority Fund LLC, filed October 10, 2007 (attached as Exhibit D)

5. On or about June 23, 2008, SMF, through its agent Rock Chalk Media, LLC, contracted to purchase television air time from Comcast Spotlight for a television advertisement “educating the public about Libby Szabo,” a candidate for the Colorado State Senate in District 19. See SMF Record of Request for Purchase of Political Time and Agreement to Purchase Political Advertising Availabilities (June 23, 2008) (attached as Exhibit E). The ad announces that Libby Szabo is running for the state senate and that, among other things, she will rise above partisan finger-pointing to get the job done right.

6. According to Comcast records, SMF purchased a total of 1956 television spots for the Szabo ad, which aired from June 25, 2008 to July 13, 2008 and appears to have cost SMF approximately \$63,548.55. See Exhibit E; Comcast Contract Data Report for SMF (June 23, 2008) (attached as Exhibit F); Invoice from Comcast to SMF (June 2008) (attached as Exhibit G).

7. The Comcast records indicate that SMF prepaid at least \$25,647.90 for the television ad and that the ad relates to an election. See Exhibits E and G.

8. According to reports filed by SMF as published on the secretary of state's website, SMF did not report its spending on the Szabo ad in its requisite disclosures. See Colorado Secretary of State, Elections Center, Expenditure/Spending Reports, Senate Majority Fund LLC, report filed July 7, Adjustment filed July 9, Second Adjustment filed July 9, Adjustment filed July 15, report filed July 19 (attached collectively as Exhibit H).

FIRST CLAIM FOR RELIEF
(Violation of C.R.S. § 1-45-108.5(b))

9. Ethics Watch incorporates by reference paragraphs 1 through 8 as if fully set forth herein.

10. According to C.R.S. § 1-45-103(14.5), a “political organization” is defined as: “a political organization defined in section 527 (e) (1) of the federal ‘Internal Revenue Code of 1986’, as amended, that is engaged in influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any state or local public office in the state and that is exempt, or intends to seek any exemption, from taxation pursuant to section 527 of the internal revenue code.”

11. Any political organization shall report to the appropriate officer in accordance with the requirements of C.R.S. §§ 1-45-108 and 1-45-109. C.R.S. § 1-45-108.5(1); see also, 8 CCR 1505-6, § 4.20.

12. As relevant here, political organizations are required to report “[a]ny spending... that exceeds twenty dollars in any one reporting period.” C.R.S. § 1-45-108.5(b).

13. Any person, including a political organization, that commits a violation of the aforementioned reporting requirements shall be subject to sanctions as set forth in Article XXVIII, § 10 of the State Constitution. C.R.S. § 1-45-111.5.

14. SMF is a political organization under Colorado law and therefore bound by the disclosure requirements set forth in C.R.S. §§ 1-45-108, 1-45-108.5 and 1-45-109.

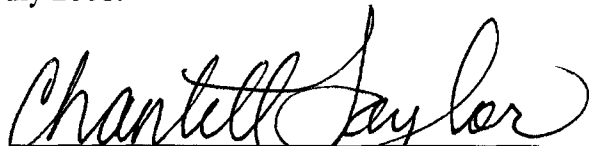
15. On information and belief, SMF spent more than twenty dollars during the May-July reporting period to purchase a television advertisement supporting state senate candidate Libby Szabo. See Exhibits E through G.

16. None of the disclosure reports filed by SMF as published on the secretary of state's website report SMF's spending on the Szabo ad. See Exhibit H.

REQUESTED RELIEF

- A. For its violation of reporting requirements contained in C.R.S. § 1-45-108.5(b), respondent SMF should be fined \$50 per day for each day the information required to be filed is past due pursuant Colo. Const. Art. XXVIII, § 10(2)(a).
- B. The administrative law judge should grant such other relief as s/he deems appropriate.

Respectfully submitted this 31st day of July 2008.

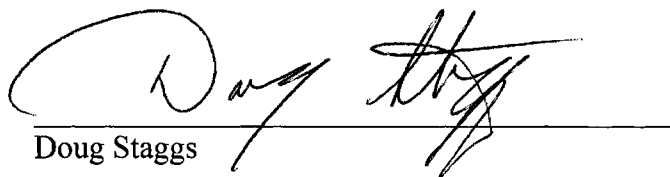


Chantell Taylor, Reg. No. 33059
Luis Toro, Reg. No. 22093
Colorado Ethics Watch
1630 Welton Street, Suite 415
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Certificate of Service

I hereby certify that on this 31st day of July 2008 a true and correct copy of the foregoing complaint was hand delivered to the Secretary of State, Elections Division, and served by placing the same in the U.S. Mail, postage prepaid, to:

Senate Majority Fund LLC
12237 East Amherst Circle
Aurora, Colorado, 80014



Doug Staggs