

BEFORE THE  
FEDERAL ELECTION COMMISSION  
OF THE  
UNITED STATES OF AMERICA

In the Matter of:	)	
	)	
Alfred C. Sharpton	)	
Rev. Al Sharpton Presidential Exploratory Committee	)	MUR:
(a/k/a Sharpton 2004)	)	
Mr. and Mrs. LaVan Hawkins	)	
National Action Network	)	
Respondents	)	
	)	
	)	

AMENDED COMPLAINT

NATIONAL LEGAL AND POLICY CENTER, a corporation organized and existing under the District of Columbia Non-profit Corporation Act and having its offices and principal place of business at 107 Park Washington Court, Falls Church, VA 22046, files this Complaint with the Federal Election Commission in accordance with the provisions of 2 U.S.C. §437g(a)(1) in the belief that Respondents violated provisions of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. §§431, *et seq.*

The primary purpose of the National Legal and Policy Center, a charitable and educational organization described in section 501(c)(3) of the Internal Revenue Code, is to foster and promote ethics in government. In furtherance of that purpose, National legal and Policy Center educates the public about the "Code of Ethics for Government Service," as adopted by a Joint Resolution of Congress on July 11, 1958. It endeavors to ensure compliance by people in public life with provisions of the Code and the laws of the United States. The apparent violations alleged herein represent a serious lack of compliance with the law by a federal candidate and his campaign committee.

RESPONDENTS

ALFRED C. SHARPTON, (hereinafter "Sharpton"), 1001 6th Avenue, Suite 1211, New York, NY 10018 has been raising funds since August 2002 for a campaign for the Democratic Party nomination for President for the 2004 election.

REV. AL SHARPTON PRESIDENTIAL EXPLORATORY COMMITTEE (a/k/a Sharpton 2004) (hereinafter "the Committee"), 1001 6th Avenue, Suite 1211, New York, NY 10018 is the designated fund raising committee for Sharpton's presidential campaign.

MR. AND MRS. LAVAN HAWKINS, 10 Valley Road, Atlanta, GA 30305 are major contributors to Sharpton's Committee. Mr. Hawkins is CEO of the Hawkins Food Group, L.L.C. and Mrs. Hawkins serves as Treasurer of that company. Sharpton received \$25,000 in "consulting" fees from Hawkins Food Group. Hawkins' support of Sharpton's campaign also

included private jet travel, a fund raising dinner featuring Cristal champagne costing \$200 a bottle and a dinner prepared by Hawkins personal chef who was flown in by private jet for the event.

NATIONAL ACTION NETWORK, c/o Michael A. Hardy, Esq., 1133 Bedford Avenue, Brooklyn, NY 11216 (hereinafter "NAN") is a New York state not for profit corporation founded by Al Sharpton which subsidized Sharpton travels and other expenses during a period of time in which Sharpton was seeking federal office.

### FACTS

The facts supporting this complaint are found in press accounts regarding Sharpton's campaign as well as the Sharpton Committee's own FEC filings and are fully cited below.

This Complaint amends the Complaint filed by the National Legal and Policy Center regarding the activities of Sharpton, the Sharpton Committee and Mr. LaVan Hawkins filed with the Federal Election Commission on February 2, 2004. The Amended Complaint adds the National Action Network as a Respondent and provides numerous additional details supporting the earlier Complaint's allegation that Sharpton ran an off-the-books campaign in which campaign expenses were paid by parties without the proper disclosure to the Federal Election Commission and at times in apparent violation of campaign contribution limits and the legal restriction against corporate contributions.

The Complaint filed on February 2, 2004 as well as this Amended Complaint raise serious doubts on whether the Sharpton Committee is entitled to matching funds from the federal government because of a pattern of questionable subsidies. The Sharpton campaign has applied for matching funds. [See "The 2004 Campaign: The Minister; Sharpton's Bid Renews Queries Over Finances," by Michael Slackman, *The New York Times*, January 10, 2004, Page 1]

A richly-detailed account of financial irregularities in the Sharpton campaign written by Wayne Barrett has just been published by the *Village Voice*. [See "Sleeping With the GOP," *Village Voice* by Wayne Barrett, additional research by Andrew Burtless, Cristi Hegranes, Brian O'Connor, Abigail Roberts, Catherine Shu, and Jennifer Suh; February 5, 2004; online at <http://www.villagevoice.com/issues/0405/barrett.php>] With respect to how tenuous Sharpton's effort to obtain matching funds was, the article states:

**Sharpton was the last candidate to meet the December 31 deadline and is immediately seeking more than \$150,000 in federal funding. If the FEC, which has been reviewing his application for a month, determines that he meets the threshold, Sharpton will be eligible for more.**

**But he only submitted 21 states, and at least one, Illinois, is unlikely to be certified, since it came in at \$5,100 and contains two \$250 contributions from the same individual. Only single contributions of up to \$250 can count toward the threshold. That means Sharpton's funding - against which he has already taken a \$150,00 bank loan - is the lifeblood of the campaign. Stone and Halloran allies, including staffers Johnson and Ruffin, kicked in at least four \$250 contributions in D.C., all on December 30 and 31, that gave Sharpton a perilous \$5,332 total.**

The *Village Voice* article not only raises questions as to whether Sharpton's campaign

qualifies for federal matching funds, it sheds a great deal of light from many different sources on how Sharpton's off-the-books campaign financing operated. While the article focuses on the role of political consultant Roger Stone (described as "the longtime Republican dirty-tricks operative" [*Village Voice* at page 1]) in the Sharpton campaign, the financial vehicle which is repeatedly cited as helping the campaign is NAN.

The role Stone played is summarized as follows [*Village Voice* at page 1]:

**Stone played a pivotal role in putting together Sharpton's pending application for federal matching funds, getting dollars in critical states from family members and political allies at odds with everything Sharpton represents. He's also helped stack the campaign with a half-dozen incongruous top aides who've worked for him in prior years. He's even boasted about engineering six-figure loans to Sharpton's National Action Network (NAN) and allowing Sharpton to use his credit card to cover thousands in NAN costs neither of which he could legally do for the campaign.**

For the record, NAN is listed in New York Department of State records as a domestic not for profit corporation with an incorporation date of April 4, 1994, Corporation #1809235. Sharpton is on record as the founder and driving force behind NAN.

Stone's involvement in the campaign began with a lunch at a New York steakhouse in early March 2003. [*Village Voice* at pages 3 and 4] At the time, Sharpton had been a candidate for President at least since October 2002 according to the Conciliation Agreement the FEC signed with Sharpton following an earlier complaint by the National Legal and Policy Center. [See Conciliation Agreement for MUR 5363, at numbered paragraph 10, "Sharpton became a candidate no later than October 2002, when he made statements in his book referring to himself as a candidate for President (see 11 C.F.R. §§ 100.72(b)(3) and 100.131(b)(3)), given that his Committee had already raised and spent more than \$5,000 by that time."]

The article describes how Charles Halloran, a political consultant close to Stone, came to be Sharpton's campaign manager in the Fall of 2003. According to the article:

**Halloran had also managed a Stone-run campaign in New York in 2002, spending nearly \$65 million of billionaire Tom Golisano's money and getting the Independence Party candidate a mere 14 percent of the vote in the gubernatorial race. [*Village Voice* at page 4]**

**...he [Halloran] stays at Stone's 40 Central Park South apartment when he's in New York working for Sharpton. [*Village Voice* at page 4]**

**...the two operatives [Halloran and Stone] talk virtually every day. By his own account, Halloran made so much money in the Golisano and Bermuda campaigns, he has so far worked for Sharpton since September 4 without receiving a single cent in pay. [*Village Voice* at page 4]**

Neither Stone nor Sharpton disputed Stone's involvement in helping the campaign with matching funds and staffing. The article states that in an interview with the *Voice* Stone "confirmed his matching funds and staffing roles." [*Village Voice* at pages 1-2] And the article cites Sharpton

on the subject:

**He did not dispute that Stone had helped generate matching contributions and staff the campaign. [Village Voice at page 2]**

Stone's major involvement with the Sharpton campaign is most relevant to Federal Election Campaign Act issues because of the numerous and close ties between Sharpton and his National Action Network even as he runs for President.

Perhaps most controversial are allegations that Stone was bankrolling NAN as he was overseeing the Sharpton campaign. The allegations come from several named sources.

Elizabeth Burke

Elizabeth Burke, like others on the Sharpton campaign staff, was a veteran of the Stone and Halloran-run Golisano 2002 campaign for New York Governor. She joined the Sharpton campaign, working first at Sharpton's campaign office at the hospital workers union and later at an apartment used by campaign consultants for the Sharpton committee from the Archer Group. Her allegations were:

- Pitts and Coleman [Archer Group consultants working for both NAN and the Sharpton Committee] told her that Stone made "at least two loans in six figures to NAN, totaling well over \$200,000" - and that they were all "stunned to hear about it" because Stone, she said, has to know that he'll never get it back." [Village Voice at page 6]
- "Burke was paid \$1,000 a week, half by NAN and half by the campaign, and says she did "all the logistics" for him across the country, "working with debate organizers and creating campaign events." [Village Voice at page 6]
- "The campaign and NAN, which she calls a 'shell,' were in such disarray that 'the only way we were staying afloat was through other sources that might not be legal, Republican sources.'" [Village Voice at page 6]

Randy Credico

Randy Credico is described as an "anti-Rockefeller-drug-law activist" who was a mutual friend of both Stone and Sharpton. The article further states that he remained in close touch with Stone throughout the Sharpton campaign. Credico is quoted as saying that Stone told him he took a \$270,000 promissory note from Sharpton. Credico also is cited as saying that Stone told him that Sharpton ran up \$18,000 on his credit card in 2003 in order to cover some of the costs of a California trip, including a fundraising dinner organized by NAN. [Village Voice at 6]

When Stone was questioned by the *Village Voice* about the \$270,000 and \$18,000, Stone answered, "Go badger someone else." [Village Voice at page 6]

When Sharpton was asked about the payments, he told the *Village Voice* that they should get NAN's IRS filings "knowing that they do not detail revenue sources and don't have to be filed for months." [Village Voice at page 6]

With respect to the Stone credit card payments, Sharpton responded that the event was an

annual NAN event in California and that any Stone credit card purchases were NAN-related exclusively. The article stated, accurately:

**The NAN loans are a potential illegal end-run around FEC limits, as are his donated services, which are an in-kind contribution to the campaign from a professional consultant.**  
[*Village Voice* at page 6]

Sharpton's assurances regarding Stone's financial dealings with NAN appear to raise more questions than they answer:

**Asked about the Stone loans, he [Sharpton] conceded that he "asked him to help NAN," but attributed the financial aid to his and Stone's joint "fight against the Rockefeller drug laws," adding: "If he let me use his credit card to cover NAN expenses, fine." The finances of NAN and the Sharpton campaign have so merged in recent months that they have shared everything from contractors to consultants to travel expenses, though Sharpton insists that these questionable maneuvers have been done in compliance with Federal Election Commission regulations.** [*Village Voice* at page 2]

#### The Archer Group

The Archer Group, a California consulting firm that had made \$246,000 from the Golisano campaign, sent two of its operatives, Michael Pitts and Ron Coleman, to New York to work for Sharpton in September 2003. According to Sharpton Committee FEC records the company has only been paid \$5,000 by the campaign for "logistics" and was owed \$5,000 for rent for an office/apartment at 50 West 34th Street. The article states that Stone described their role as being recruited by Halloran "to do a national field operation plan."

Interestingly, the Archer Group - according to Michael Pitts - had a contract to get \$20,000 a month from NAN, although that amount was later reduced. Also according to Pitts, they were paid entirely by NAN until December, purportedly to run a voter registration drive,

**But Pitts concedes that all they did was a registration plan, never any registration, and that they began "to focus more on scheduling" for the Rev, saying that many of the events they scheduled across the country were "shared events," part campaign and part NAN.** [*Village Voice* at page 5]

**We knew that some of these things were commingled," he said. We heard from Charles that it had been ruled that our arrangements had gotten a bit too hazy. Was there, he asked, "a hazy thing" about being paid by NAN to do scheduling for the campaign? "Yeah, you get caught up in the middle of it."** [*Village Voice* at page 5]

Elizabeth Burke, the campaign worker previously cited, said that the \$5,000 payment to Archer was "laughable" compared to the amount of work the company did. [*Village Voice* at page 6]

The pattern with consultants linked to Stone and/or the Golisano campaign working for