

Flagstaff Needs a Raise
PO Box 612
Flagstaff, AZ 86002
info@flagstaffneedsaraise.com

Stacy Salzburg, City Clerk
Sterling Solomon, City Attorney
City of Flagstaff
211 W Aspen Avenue
Flagstaff, AZ 86001

RE: Campaign Finance Complaint Against America Revived

Dear Ms. Salzburg and Mr. Solomon:

We represent Flagstaff Needs a Raise Against Initiative IN2017-01. We write to file a campaign finance complaint against America Revived. Upon information and belief, America Revived has been making independent ballot measure expenditures in support of Proposition 418 (“Prop. 418”) since at least July 17, 2018¹ without filing campaign finance reports, as required by A.R.S. § 16-926(H). Moreover, we believe that America Revived may also be operating as an unregistered political action committee in violation of A.R.S. § 16-905 and, as such, has failed to file the financial disclosures required from political action committees.

Arizona’s campaign finance laws are designed to provide a minimum measure of transparency regarding which individuals or groups contribute money to policy proposals impacting our communities. The residents of the City of Flagstaff should be able to determine who is contributing to and driving the campaign behind Prop. 418. We therefore respectfully request that your office investigate the issues outlined in this complaint and carry out the necessary enforcement proceedings.

Background

In November 2018, the City of Flagstaff will include Prop. 418 in its election ballot. Entitled the “Initiative for Sustainable Wages Act,” this ballot initiative seeks to amend the Flagstaff City Code Title 15, Chapter 15-01, which governs minimum wage laws. The amendment would eliminate an increase in tipped wages altogether. *Id.*

Prop. 418 appears to have received (and continues to receive) significant support from America Revived. America Revived paid for the main website devoted to Prop. 418 (<https://yeson418.com>). The website includes a note on every page stating: “PAID FOR BY AMERICA REVIVED NOT AUTHORIZED BY ANY CANDIDATE OR CANDIDATE’S COMMITTEE.”²

America Revived operates, at least with regards to some activities, as a 501(c)(4). Under the “Donate” tab, the website explains that “Campaign contributions are deposited directly to a 501(c)(4) account

¹ See Exhibit E

² See Exhibit A.

which protects the contributors [sic] identity. Please mail checks out to America Revived.”³ The mailing address provided for donations in the form of a check is a P.O. Box in Flagstaff.⁴ The only organization under the name “America Revived” listed on the Internal Revenue Service’s website is a 501(c)(4) organization registered in Warrenton, VA.⁵ An organization by the name America Revived is also registered with the Federal Election Commission as a political action committee with an address in Temp, AZ.⁶ This group’s “Custodian of Records,” according to the group’s Statement of Organization filed in 2016, is Donna Smith with an address in Warrenton, VA.⁷

No organization by the name America Revived has registered as a political action committee with the City of Flagstaff according to records available on the City of Flagstaff’s website.⁸ Moreover, no financial disclosures appear to have been filed with the City of Flagstaff by any organization operating under the name America Revived.⁹

Campaign Finance Violations

We believe that the facts outlined in the Background section above give rise to at least the following two violations of Arizona’s campaign finance laws.

1) America Revived Has Violated A.R.S. § 16-926(H).

Upon information and belief, America Revived has made significant expenditures over \$1,000 in support of Prop. 418 in violation of A.R.S. § 16-926(H) through its operation of the Yeson418.com website and the group’s administration of donations.

A.R.S. § 16-926(H) states:

H. An entity that makes independent expenditures or ballot measure expenditures in excess of one thousand dollars during a reporting period shall file an expenditure report with the filing officer for the applicable reporting period. Expenditure reports shall identify the candidate or ballot measure supported or opposed, office sought by the candidate, if any, election date, mode of advertising and first date of publication, display, delivery or broadcast of the advertisement.

As noted in the Background section above, America Revived does not appear to have filed any type of financial disclosure document with the City of Flagstaff.

³ See Exhibit B.

⁴ See Exhibit B.

⁵ Internal Revenue Service, America Revived, <https://apps.irs.gov/app/eos/displayAll.do?dispatchMethod=displayAllInfo&id=681343&ein=464797428&country=US&deductibility=all&dispatchMethod=searchAll&isDescending=false&city=&ein1=&postDateFrom=&exemptTypeCode=al&submitName=Search&sortColumn=orgName&totalResults=2&names=america+revived&resultsPerPage=25&indexOfFirstRow=0&postDateTo=&state=All+States> (last viewed Sept. 26, 2018).

⁶ Federal Election Commission, America Revived PAC, <http://docquery.fec.gov/cgi-bin/fecimg/?C00620641> (last viewed Sept. 26, 2018).

⁷ See Exhibit C (also available at *supra* note 5).

⁸ A search for Campaign Finance Reports filed between 2016–2018 did not show any reports or registration materials for America Revived. See City of Flagstaff, Campaign Finance Reports, <https://www.flagstaff.az.gov/2849/Campaign-Finance-Reports> (last viewed Sept. 17, 2018).

⁹ Id.

2) America Revived Violated A.R.S. § 16-905.

Upon information and belief, America Revived appears to be operating as an unregistered entity created for the purposes of influencing the results of an election and has accepted contributions or made expenditures of at least \$1,000. Consequently, the entity has violated A.R.S. § 16-905(C) by failing to register as a political action committee. A.R.S. § 16-905(C) states:

C. An entity shall register as a political action committee if both of the following apply:

1. The entity is organized for the primary purpose of influencing the result of an election.
2. The entity knowingly receives contributions or makes expenditures, in any combination, of at least one thousand dollars in connection with any election during a calendar year.

Ariz. Rev. Stat. Ann. § 16-905(C).

We believe that America Revived is operating for the “primary purpose” of ensuring the success of Prop. 418. An online search for mention of America Revived in another campaign or context did not yield any results. The design and operation of the Yeson418.com website and the Yeson418 social media channels, the print material distributed in the community¹⁰, and the engagement of Lincoln Strategy Group¹¹ in managing the campaign’s operations, along with the donations solicited, would also indicate that America Revived has either received or expended at least \$1,000 with regards to Prop. 418.

Conclusion

Based on the above, America Revived has contributed and continues to contribute significant resources to advance Prop. 418 without complying with Arizona’s and the City of Flagstaff’s laws concerning campaign finance. We ask the City to notify us by September 28, 2018 about the legal steps it intends to take to correct the integrity of the local election process. The damage to our election process can be irreparable if no action is taken immediately. As residents and voters, we are prepared to take any necessary legal action to ensure that the City of Flagstaff exercises its jurisdiction to require the necessary transparency in campaign expenditures and preserve the integrity of our local democratic process.

Sincerely,

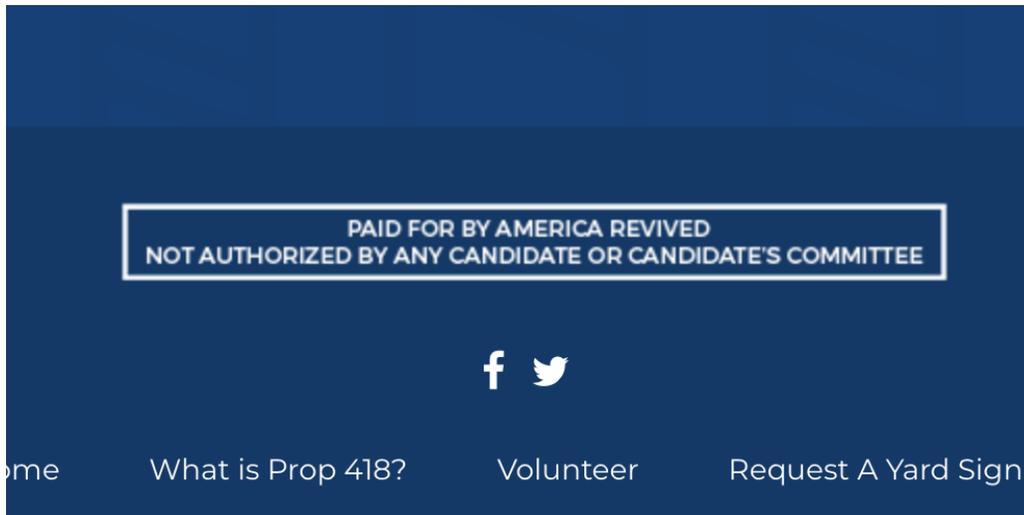
Jim Taylor, Chair and Joe Bader, Treasurer

¹⁰ See Exhibit C

¹¹ See Exhibit D

Exhibits:

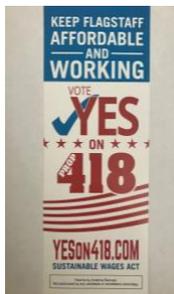
A. Screenshot from Yeson418.com taken on 9/26/2018



B. Screenshot from Yeson418.com on 9/26/2018

Campaign contributions are deposited directly to a 501(c)(4) account which protects the contributors identity. Please make checks out to America Revived.

C. Image of the Yeson418 printed material taken on 9/26/2018



D. Copy of an email sent to Flagstaff residents on September 20, 2018 linking to the Lincoln Strategy Group emails

Good Morning,

My name is Blake Gober and I am the Campaign Manager for Yes on Prop 418, Keep Flagstaff Working. Let me start off by saying that this is NOT a fundraising email. I am sending you this email to tell you a about Prop 418 and you can get involved. If you already know all about the campaign and want to be involved, please let me know [here](#).

In 2016, our city passed an act that forces small business owners to pay their workers more and more every year. This law has already begun seriously jeopardizing Flagstaff's economy, businesses, senior citizens and families with young children. The amount business owners are required to pay workers is significantly higher than the amount the State of Arizona requires – putting our economy at a major disadvantage to other cities and towns who are now more attractive to small businesses than Flagstaff. The facts don't lie, in JUST ONE YEAR, business permits are DOWN over 13% – proving that people are deciding to start their small business elsewhere...which means less jobs here in Flagstaff.

The goal of Prop 418 is to FIX the mistake before it gets worse. Prop 418 would keep the requirement the same as the statewide level, but in a few years will have it increase to 50 cents higher than statewide level. Voting YES will help us make our city competitive with others and begin to attract small businesses once again. And not only will Prop 418 bring more jobs to our city, but it will also keep the costs our small business owners lower so they don't have to raise their prices of the items we buy every day.

We are now entering the final weeks of this campaign and we need YOUR HELP to help us win! So can we count on your support?

[YES! I WOULD LIKE TO HELP](#)

If you have more questions about the proposition, the need for it, or the campaign; please send me an [email](#).

Thank you so much for your support and for your time.

Let's Win,

Blake Gober
Campaign Manager- Yes for Prop 418, Keep Flagstaff Working

E. Screenshot of the first post on Yeson418 Facebook page indicating the date of the activity.

