## Campaign Finance Complaint Form Michigan Department of State

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This complaint form may be used to file a complaint alleging that someone violated the <u>Michigan Campaign Finance Act</u> (the MCFA, 1976 PA 388, as amended; MCL 169.201 et seq.) All information on the form must be provided along with an original signature and evidence.

| llege that the MCFA was violated as follo<br>ections. Complainant                                  | 同时的"在今 <b>1</b> 99号号      |                          |  |
|--|---------------------------|--------------------------|--|
| Our Name<br>Debra A. Freid   |                           | Daytime Telephone Number |  |
| Debra A, Freid<br>Tailing Address  |                           | 989 754 041              | <u> </u>                                 |
| 604 S. Jefferson Ave   |                           |                          |  |
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| vidence that supports those allegations (attach copies of pert                                     | 2.54                      |                          |  |

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I certify that to the best of my knowledge, information, and belief, formed after a reasonable inquiry under the circumstances, each factual contention of this complaint is supported by evidence.

Х

Signature of Complainant

<u>ly 13, 2018</u>

Section 5. Certification without Evidence (Supplemental to Section 4)

Section 15(6) of the MCFA (MCL 169.215) requires that the signed certification found in section 4 of this form be included in every complaint. However, if, after a reasonable inquiry under the circumstances, you are unable to certify that certain factual contentions are supported by evidence, you may also make the following certification:

I certify that to the best of my knowledge, information, or belief, there are grounds to conclude that the following specifically identified factual contentions are likely to be supported by evidence after a reasonable opportunity for further inquiry. Those specific contentions are:

Section 15(8) of the MCFA provides that a person who files a complaint with a false certification is responsible for a civil violation of the MCFA. The person may be required to pay a civil fine of up to \$1,000.00 and some or all of the expenses incurred by the Michigan Department of State and the alleged violator as a direct result of the filing of the complaint.

Mail or deliver the completed complaint form with an original signature and evidence to the following address:

Michigan Department of State Bureau of Elections Richard H. Austin Building – 1st Floor 430 West Allegan Street Lansing, Michigan 48918

Revised: 01/16

#### Attachment 1

Detroiters for Change c/o The Corporation Company 40600 Ann Arbor Road, Suite 201 Plymouth, MI 48170

Adam J. Hollier Committee (candidate committee for Adam Hollier for State Senate) 31 Arden Park Detroit, MI 48202

Friends to Elect Marshall Bullock (candidate committee for Marshall Bullock for State Senate) PO Box 211118 Detroit, MI 48221

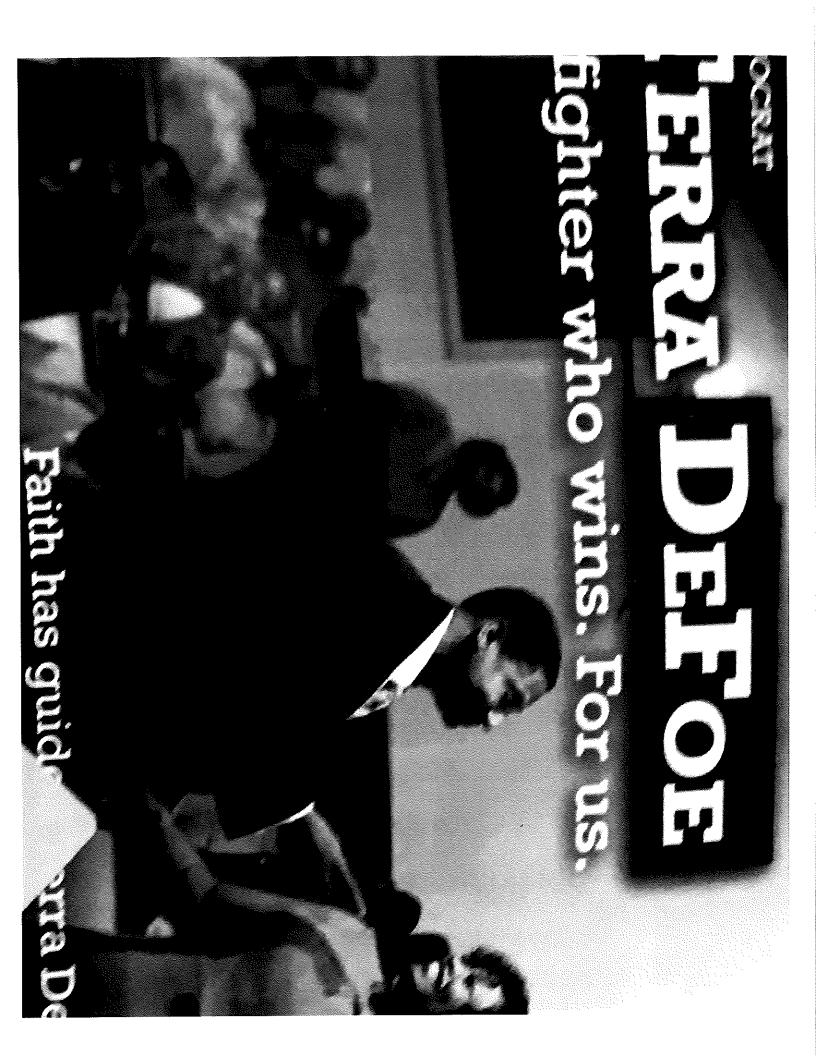
Friends to Elect Terra DeFoe (candidate committee for Terra DeFoe for State House) PO Box 43014 Detroit, MI 48243

#### Attachment 2

Detroiters for Change, a corporation, has leased billboards in Detroit (photos attached) expressly advocating for the election of Adam Hollier to the State Senate ("We need Adam Hollier in Lansing!"), Marshall Bullock for State Senate (same except for name) and Terra DeFoe for State House (same except for name). Detroiters for Change has failed to register as a committee and report these expenditures in violation of MCL 169.224 and 169.226; 2) has used the wrong identifications on the billboards which lack the phrase "with regulated funds" in violation of MCL 169.247; and 3) because there is no disclaimer ("not authorized by any candidate") the expenditures must be in-kind contributions to Hollier, Bullock and DeFoe which are illegal corporate contributions from Detroiters for Change in violation of MCL 169.254.







Paid for by Defroiters for Change PO Box 43206, Defroit, MI 48243





### **ADAM HOLLIER** Ready to Battle Ripoff Rates Supporting Driver's Choice

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U.S. ARM

Adam is a real warrior for social justice. He will stand up for Driver's Choice and a plan that:

- **Guarantees** every driver AT LEAST a 20% rate reduction by allowing them to choose their amount of coverage.
- Saves seniors \$1,000 or more on insurance RIGHT AWAY by ending the rules that FORCE them to buy useless coverage.
- **Ends** the practice of letting doctors and hospitals to charge car accident victims higher **ripoff rates**.

Adam House is a member of the Army Reserve. Use of his military rank, job titles, and bottom hs in uniform does not imply endorsement by the Department of Defense or



Paid for by Detroiters for Change 20 Box 43206. Detroit, MI 48243





## ADAM HOLLIER **Ready to Battle Ripoff Rates Supporting Driver's Choice**

HOLLER

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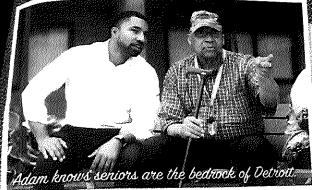
U.S. ARMY

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- AWAY by ending the rules that FORCE them to buy useless coverage.
- **Ends** the practice of letting doctors and hospitals to charge car accident victims higher ripoff rates.

Adam Human is a member of the Army Reserve. Use of his military rank, job titles, and to the provide the second second second second by the Department of Defense or

# ADAM HOLLIER. Serving Our Country. Serving Detroit



When Adam Hollier was just 10, his father Carl-a Detroit firefighter-took him to the Million Man March. That experience lit a fire for service in him.

Detroit Public Schools put Adam on a path to success. He was a standout student leader and natural athlete at Renaissance High School, from

(He later got a master's from the University of Michigan).

When Adam saw the suffering of Katrina, he went to the Gulf and worked rebuilding for months. Then he came back to help rebuild Detroit, helping seniors keep their utilities and leading the creation of the Public Lighting Authority to finally fix our streetlights.

Still on his path of service, he enlisted in the Army, where he currently serves as a First Lieutenant.

Adam has been a warrior his entire life for what's right. Now he's ready to be a warrior by Detroit.





#### STATE OF MICHIGAN RUTH JOHNSON, SECRETARY OF STATE DEPARTMENT OF STATE LANSING

July 16, 2018

Detroiters for Change 40600 Ann Arbor Road, Suite 201 Plymouth, Michigan 48170

Adam J. Hollier Committee 31 Arden Park Detroit, Michigan 48202

Friends to Elect Marshall Bullock PO Box 211118 Detroit, Michigan 48221

Friends to Elect Terra DeFoe PO Box 43014 Detroit, Michigan 48243

Dear Detroiters for Change, Mr. Hollier, Mr. Bullock and Ms. DeFoe :

The Department of State (Department) received a formal complaint filed by Debra Freid against you, alleging that you violated the Michigan Campaign Finance Act (MCFA or Act), 1976 PA 388, MCL 169.201 *et seq*. The investigation and resolution of this complaint is governed by section 15 of the Act and the corresponding administrative rules, R 169.51 *et seq*. A copy of the complaint and supporting documentation is enclosed with this letter.

The MCFA prohibits a corporation from making a contribution or expenditure that are excluded from the definition of "contribution." MCL 169.254. Under the MCFA, a contribution is defined as "a payment, gift, subscription, assessment, expenditure, contract, payment for services, dues, advance, forbearance, loan, or donation of money or anything of ascertainable monetary value, or a transfer of anything of ascertainable monetary value to a person, made for the purpose of influencing the nomination or election of a candidate, for the qualification, passage, or defeat of a ballot question, or for the qualification of a new political party." MCL 169.204(1). A contribution is not an independent expenditure. MCL 169.204(3)(e). A knowing violation of this section is a felony, punishable by a fine of not more than \$10,000 or imprisonment. MCL 169.254(5).

The MCFA also requires certain identification statements or disclaimers on campaign related materials. Billboards having reference to an election, a candidate, or a ballot question must contain an identification. If the billboard is an independent expenditure, it must contain the disclaimer: "Not authorized by any candidate committee." MCL 169.247(1). Except for

Detroiters for Change, et al July 16, 2018 Page 2

communications that are exempted from the act or a candidate committee's printed matter, the identification statement shall also indicate that the printed matter is paid for "with regulated funds." MCL 169.247(4)

Ms. Freid alleges that Detroiters for change has leased billboards advocating for the three candidates named in this complaint, has failed to register as a committee and report these expenditures. Ms. Freid also alleges that the billboards lack the proper identification and illegal corporate contributions.

The purpose of this letter is to inform you of the Department's examination of these matters and your right to respond to the allegations before the Department proceeds further. It is important to understand that the Department is neither making this complaint nor accepting the allegations as true.

If you wish to file a written response to this complaint, you are required to do so within 15 business days of the date of this letter. Your response may include any written statement or additional documentary evidence you wish to submit. Should you elect to file a response, please address the allegations and specifically explain whether these billboards constitute express advocacy as defined by the MCFA.

All materials must be sent to the Department of State, Bureau of Elections, Richard H. Austin Building, 1<sup>st</sup> Floor, 430 West Allegan Street, Lansing, Michigan 48918. If you fail to submit a response, the Department will render a decision based on the evidence furnished by the complainant.

A copy of your answer will be provided to Ms. Freid, who will have an opportunity to submit a rebuttal statement to the Department. After reviewing all of the statements and materials provided by the parties, the Department will determine whether "there may be reason to believe that a violation of [the MCFA] has occurred [.]" MCL 169.215(10). Note that the Department's enforcement powers include the possibility of entering a conciliation agreement, conducting an administrative hearing, or referring this matter to the Attorney General for enforcement of the criminal penalties provided in section 54 of the Act.

Sincerely,

Malan Adam L.S. Fracassi

Adam L.S. Fracassi Bureau of Elections Michigan Department of State

c: Debra Freid

RECEIVED/FILED MICHIGAN DEPT OF STATE 2018 AUG - 3 AM 10: 50 FLECTIONS/GREAT SEAL Detroiters for Change P.O. Box 43206 Detroit, MI 48243

August 3, 2018

Michigan Department of State Bureau of Elections Richard H. Austin Building - First Floor 430 W. Allegan Lansing, MI 48918

Re: July 16, 2018 Complaint Against Detroiters for Change

Dear Mr. Fracassi:

This is in response to your letter dated July 16, 2018 regarding a complaint filed against Detroiters for Change by Debra A. Freid alleging certain violations of the Michigan Campaign Finance Act (the "Act") (MCL 169.201, et seq). Please let this correspondence serve as an official request by Detroiters for Change for an extension of time to file a response to the above-referenced complaint.

Detroiters for Change respectfully requests an extension of fifteen (15) business days pursuant to Section 15(5) of the Act. Good cause exists for filing this request for extension. The complaint was filed on July 14, 2018. The Secretary of State's notice to Detroiters for Change was dated July 16, 2016 and postmarked July 20, 2018. It was not received by Detroiters for Change until July 24, 2018. The requested extension will allow Detroiters for Change the necessary time to compile its response to the allegations contained in the complaint.

Sincerely,

Marie Munn

Mario Morrow Detroiters for Change



#### STATE OF MICHIGAN RUTH JOHNSON, SECRETARY OF STATE DEPARTMENT OF STATE LANSING

August 3, 2018

Mario Morrow Detroiters for Change 40600 Ann Arbor Road, Suite 201 Plymouth, Michigan 48170

Via USPS & Email: mmorrow@mariomorrow.com

Re: Freid v. Detroiters for Change, et al Campaign Finance Complaint No. 2018-07-35-24

Dear Mr. Morrow:

The Department acknowledges your request for an extension of time to file an answer to the campaign finance complaint filed by Debra Freid against Detroiters for Change. The Department understands that you did not receive the Department's July 16, 2018 notice letter until July 24, 2018, and it finds that there is good cause to grant a 15-business day extension pursuant to MCL 169.215(5). The answer is now due August 27, 2018.

Sincerely,

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Adam L.S. Fracassi Bureau of Elections Michigan Department of State



RECEIVED/FILED PROHIGAN DEPT OF STATE AURAUS 27 PM 2:35

Dykema Gossett PLLC Capitol View 201 Townsend Street, Suite 900 Lansing, MI 48933

WWW.DYKEMA.COM

Tel: (517) 374-9100 Fax: (517) 374-9191

W. Alan Wilk

Direct Dial: (517) 374-9122 Direct Fax: (855) 256-1485 Email: WAWilk@dykema.com

August 27, 2018

Michigan Department of State Bureau of Elections Richard H. Austin Building - First Floor 430 W. Allegan Lansing, MI 48918

Re: July 16, 2018 Complaint Against Detroiters for Change

Dear Mr. Fracassi:

This is in response to your letter dated July 16, 2018, and received on July 24, 2018, regarding a complaint filed against Detroiters for Change ("*Detroiters for Change*") by Debra A. Freid ("*Complainant*") alleging certain violations of the Michigan Campaign Finance Act (the "*Act*") (MCL 169.201, *et seq*). I respectfully request the complaint be dismissed in its entirety for failing to establish that there is reason to believe that a violation of the Act has occurred.

Complainant first alleges that Detroiters for Change has, by leasing certain billboards in the city of Detroit, expressly advocated for three candidates for state legislative office and "failed to register as a committee and report these expenditures in violation of MCL 169.224 and 169.226." Detroiters for Change has not made an "expenditure" as defined by the Act, so it has no registration or reporting requirements thereunder. This is a frivolous complaint with no explanation or analysis, which completely falls apart because there is no evidence of express advocacy.

An entity need only register pursuant to Section 24 of the Act if it meets the statutory definition of "committee" which, in relevant part, is an entity "that receives contributions or makes expenditures" for specific purposes. MCL § 169.203(4). Similarly, an entity can only report an expenditure pursuant to Section 26 of the Act if it has made an expenditure. Complainant assumes (without explaining in any detail) that the billboards are expenditures under the Act. For the following reasons, they are not.

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# Dykema

August 27, 2018 Page 2

If a communication does not expressly advocate for the election or defeat of a candidate for public office, it is not an expenditure and is not subject to the Act. MCL § 169.206(2)(j). Indeed, the Department of State has long held that it "does not believe it has the authority to regulate issue ads. In determining which communications are subject to the [the Act], the department... appl[ies] the express advocacy standard." *See* April 20, 2004 Interpretive Statement to Robert S. LaBrant. The communications of which Complainant writes do not constitute express advocacy under this time-honored standard, which was reinforced by the express advocacy codification under MCL § 169.206(2)(j).

The Act describes the terms affectionately known as the "magic words" constituting express advocacy – "express words of advocacy of election or defeat, such as 'vote for', 'elect', 'support', 'cast your ballot for', 'Smith for governor', 'vote against', 'defeat', or 'reject'." MCL § 169.206(2)(j); see also *Buckley v. Valeo*, 424 U.S. 1, 44 n. 52 (1976). None appear in the subject communications. The billboards do not ask the public to *vote for*, *elect*, *support*, or *cast their ballot* for any person in any election. Nor do they include the words "for state senate" or "for state representative." On their face, the billboards are communications lacking express words of advocacy of election or defeat and so are not expenditures as defined by the Act.

Under the *Buckley* standard, the presence or absence of magic words is determinative, not any inference that viewers of the communication may independently draw. Even so, in this case, not only is any campaign express advocacy lacking from the text of each billboard, but also the subject matter is the issue of reform of the state's auto no-fault laws.

Notably, the communications also lack any context by which a person could infer that the communications expressly advocate for a candidate for public office. The billboards do not reference an election or campaign of any kind. They do not provide the date(s) of any upcoming election. They do not refer to any person as a candidate for public office. They do not include a political party designation.

Complainant's second argument is that Detroiters for Change has "used the wrong identifications on the billboards which lack the phrase 'with regulated funds' in violation of MCL 169.247." This identification language is not required for communications entirely exempted from the Act pursuant to MCL § 169.206(2)(j). *See* MCL § 169.247(4); 169.247(5). Because the billboards do not expressly advocate, they are communications entirely exempted from the Act pursuant to MCL § 169.206(2)(j), so the identification language cited by the Complainant is not required. Detroiters for Change did comply with the identification requirements provided under MCL § 169.247(5)(a).

Complainant finally argues that "because there is no disclaimer ('not authorized by any candidate') the expenditures must be in-kind contributions... which are illegal corporate

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# Dykema

August 27, 2018 Page 3

contributions to them under MCL 169.254." This disclaimer language is not required for communications entirely exempted from the Act pursuant to MCL § 169.206(2)(j). MCL § 169.247(5). Because the billboards do not expressly advocate, they are communications entirely exempted from the Act pursuant to MCL § 169.206(2)(j), so the disclaimer language is not required. Also, it is fundamental that the Act's ban on corporate contributions applies only to "...<u>expenditure[s]</u> made by a corporation..." MCL § 169.254(3) (emphasis supplied). No such expenditure was made.

In a single paragraph, Complainant alleges violations of four sections of the Act, all premised on the assertion that Detroiters for Change expressly advocated for the election of three candidates for the state legislature. The Act is clear as to what constitutes express advocacy, and none is present here. It is respectfully requested that the complaint be dismissed in its entirety as frivolous and that the Department of State require Complainant to pay Detroiters for Change's attorney fees pursuant to MCL § 169.215(16)(b).

Sincerely,

DYKEMA GOSSETT PLLC

):le W. Alan Wilk



#### STATE OF MICHIGAN RUTH JOHNSON, SECRETARY OF STATE DEPARTMENT OF STATE Lansing

August 28, 2018

Debra Freid 604 South Jefferson Avenue Saginaw, Michigan 48607

Re: Freid v. Detroiters for Change, et al Campaign Finance Complaint No. 2018-07-35-24

Dear Ms. Freid:

The Department of State received a response to the complaint you filed against Detroiters for Change, et al, which concerns an alleged violation of the Michigan Campaign Finance Act (MCFA), 1976 P.A. 388, MCL 169.201 *et seq*. A copy of the response is provided as an enclosure with this letter.

If you elect to file a rebuttal statement, you are required to send it <u>within 10 business days</u> of the date of this letter to the Bureau of Elections, Richard H. Austin Building, 1<sup>st</sup> Floor, 430 West Allegan Street, Lansing, Michigan 48918.

Sincerely,

n Lacam

Adam Fracassi Bureau of Elections Michigan Department of State

c: W. Alan Wilk



#### STATE OF MICHIGAN RUTH JOHNSON, SECRETARY OF STATE DEPARTMENT OF STATE LANSING

December 17, 2018

W. Alan Wilk Counsel for Respondents Dykema Gossett PLLC Capitol View 201 Townsend Street, Suite 900 Lansing, Michigan 48933

Dear Mr. Wilk:

The Department of State (Department) has concluded its investigation into the complaint filed by Debra Freid against your clients, alleging violations of the Michigan Campaign Finance Act (MCFA or Act), 1976 PA 388, MCL 169.201 *et seq*. This letter concerns the disposition of the complaint.

Ms. Freid filed her complaint with the Department on July 13, 2018. She alleges that Detroiters for change has leased billboards advocating for the three candidates named in this complaint, has failed to register as a committee and report these expenditures. Ms. Freid also alleges that the billboards lack the proper identification and illegal corporate contributions.<sup>1</sup>

There are three billboards at issue that were purchased by Detroiters for Change. All three billboards were purchased in the metro-Detroit area and contain similar language. The left side of the billboard contains car insurance costs between one city outside of Michigan and the targeted Michigan city. On the right, the billboards say one of the following: "WE NEED MARSHALL BULLOCK IN LANSING!", "WE NEED TERRA DEFOE IN LANSING!", or "WE NEED ADAM HOLLIER IN LANSING!"

You filed your response by letter dated August 27, 2018 arguing that the billboards did not expressly advocate for the election of Adam Hollier, Marshall Bullock and Terra DeFoe. You argued that the billboards did not contain one of the eight "magic words" of express advocacy, and the communication lacked context by which a voter could infer express advocacy since the billboards did not reference the election, any election dates, political party designation, or any

<sup>&</sup>lt;sup>1</sup> Detroiters for Change is registered as a Domestic Nonprofit Corporation originally incorporated in Michigan on September 28, 2017. Its name was changed from Reform Auto No-Fault Now on April 13, 2018. See Dept. of Licensing and Regulatory Affairs corporate filings, available at <u>https://cofs.lara.state.mi.us/CorpWeb/CorpSearch/CorpSummary.aspx?ID=802116297&SEARC</u> <u>H\_TYPE=1</u>

Detroiters for Change, et al November 15, 2018 Page 2

candidates for an office. You further stated that because the billboards do not contain words of express advocacy, you were not required to form a committee, provide the disclaimer, and the expenditures were not improper corporate contributions. Ms. Freid elected not to file a rebuttal.

The MCFA prohibits a corporation from making a contribution or expenditure that are excluded from the definition of "contribution." MCL 169.254. Under the MCFA, a contribution is defined as "a payment, gift, subscription, assessment, expenditure, contract, payment for services, dues, advance, forbearance, loan, or donation of money or anything of ascertainable monetary value, or a transfer of anything of ascertainable monetary value to a person, made for the purpose of influencing the nomination or election of a candidate, for the qualification, passage, or defeat of a ballot question, or for the qualification of a new political party." MCL 169.204(1). A contribution is not an independent expenditure. MCL 169.204(3)(e). A knowing violation of this section is a felony, punishable by a fine of not more than \$10,000 or imprisonment. MCL 169.254(5).

The MCFA also requires certain identification statements or disclaimers on campaign related materials. Billboards having reference to an election, a candidate, or a ballot question must contain an identification. If the billboard is an independent expenditure, it must contain the disclaimer: "Not authorized by any candidate committee." MCL 169.247(1). Except for communications that are exempted from the act or a candidate committee's printed matter, the identification statement shall also indicate that the printed matter is paid for "with regulated funds." MCL 169.247(4)

However, the MCFA excludes any communication from the Act's reach unless it specifically urges voters to "vote yes," "vote no," "elect," "defeat," "support," or "oppose" a candidate, using these or equivalent words and phrases. MCL 169.206(2)(j). While not an exhaustive list, the express advocacy test excludes a communication from the Act's reach unless it specifically urges voters to "vote yes," "vote no," "elect," "defeat," "support," or "oppose" a ballot question or candidate, using these or equivalent words and phrases. The Department may only consider the text of the communication itself and not the broader context in which it was made in determining whether it is subject to MCFA regulation. *Interpretive Statement to Robert LaBrant*, April 20, 2004.

From the outset, the Department must first determine whether the billboards are express advocacy as defined by the Act. If not express advocacy, the communication is entirely exempted from the act other than for purposes of section 47. Based upon the evidence submitted, the Departments concludes that the billboards do not expressly advocate for the election or defeat of a candidate.

First, the billboards do not contain one of the "magic words" or any equivalent phrases. The billboards themselves do not specifically urge voters to "vote yes," "vote no," "elect," "defeat," "support," or "oppose" a candidate, using these or equivalent words and phrases. MCL 169.206(2)(j). While not an exhaustive list, the specific words or similar phrases contained in 169.206(2)(j) must be present to conclude the communication contains express advocacy. The three billboards do not meet this threshold.

Second, the billboards do not contain words of express advocacy because they provide no such words or phrases that suggest express advocacy. For example, the billboards do not contain the

Detroiters for Change, et al November 15, 2018 Page 3

date of any upcoming election, nor do they provide any context on who the individuals named are. Voters reading the billboards do not have – based upon the four corners of the billboard – an idea on who Bullock, DeFoe, or Hollier are, why they are needed in Lansing, or even which elected office they are purported to be seeking.

Therefore, the Department concludes that the billboards do not contain words of express advocacy and are therefore exempt from the Act. Accordingly, the complaint is dismissed, and no further enforcement action will be taken.

Sincerely,

Znacam

Adam L.S. Fracassi Bureau of Elections Michigan Department of State

c: Debra Freid