Complaint of
Campaign Legal Center, Common Cause, and Sunlight Foundation
Against
ABC Owned Television Stations, owner and operator of WLS-TV, Chicago, IL
For Violations of the Communications Act §317 and FCC Rule 47 CFR §73.1212
To: Media Bureau

COMPLAINT

The Campaign Legal Center, Common Cause, and Sunlight Foundation file this complaint regarding violations of the Communications Act and the Federal Communications Commission’s (“FCC”) regulations by WLS-TV. WLS is an ABC broadcast television station in Chicago, IL. It is owned by ABC Owned Television Stations, a subsidiary of The Walt Disney Company.

In October and November 2014, WLS aired political advertisements identified as paid for by Independence USA PAC (“Independence”). On October 24, 2014, Complainants provided evidence directly to WLS establishing that Independence USA PAC was not the ad’s true sponsor.¹ Specifically, Complainants provided evidence that Michael Bloomberg has provided 100 per cent of Independence’s funding since its inception. Despite being furnished with such evidence, WLS did not identify Michael Bloomberg as the true sponsor of the ad on-air. Instead,

¹ A copy of the letter sent to WLS is attached in Exhibit A.
it identified only Independence USA PAC. Thus, the station has not “fully and fairly disclose[d] the true identity” of the ad’s sponsor on-air, and has not exercised reasonable diligence as required by Section 317 of the Communications Act and Section 73.1212 of the FCC’s regulations.

I. On-air disclosure requirements.

Section 317 of the Communications Act requires that broadcast licensees determine the identity of the sponsor of any advertisement for which money is directly or indirectly paid and disclose this information at the time the ad is broadcast. The law requires broadcasters to use “reasonable diligence to obtain from its employees, and from other persons with whom it deals directly in connection with [the ad], information to enable” the broadcaster to make the on-air disclosure. The statute requires broadcasters, at a minimum, to determine the identity of the sponsor by asking its employees or employees of the advertising agency.

The FCC has implemented Section 317 with rules specifying that broadcasters must disclose when an ad is directly or indirectly paid for and “by whom . . . such consideration was supplied.” Under the FCC’s rules, broadcasters “shall exercise reasonable diligence” to “fully and fairly disclose the true identity of the person or persons, or corporation, committee, association or other unincorporated group, or other entity” paying for the ad.

The FCC has been particularly concerned with identification of political ad sponsors and has a long history of directing stations to pierce the veil of a nominal sponsor. As early as the

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3 47 USC §317(c) (emphasis added).
4 47 CFR §73.1212(a) (2014).
5 47 CFR §73.1212(e) (emphasis added).
6 A broadcaster that runs political material or material that involves “the discussion of a controversial issue of public importance” has special obligations to place identifying information (list of chief executives or board of directors) in its public file. 47 CFR §73.1212(e); Announcement of Sponsored Programs, 9 Fed. Reg. 14734 (Dec. 12, 1944).
1940s, the FCC received numerous complaints that “some [radio] stations [were] broadcasting spot announcements [o]n behalf of various political candidates without disclosing the persons or organizations behind them.”

The FCC responded by emphasizing that Section 317 applies to such political advertisements and that the statute requires a “full and fair disclosure of the identity of the person furnishing consideration for the broadcast.” In 1958, the FCC told a broadcaster that “[o]f particular significance is the requirement of accurate and complete identification of the person or group paying for or furnishing [the] material in connection with the discussion of political matters.” Further, it said the duty to investigate the true source of the funding requires the “highest degree of diligence” for political matter. To comply with the FCC’s rules, broadcasters must investigate the source of funds to disclose accurate and complete identification of the sponsor.

The purpose of requiring public disclosure of the identity of political message sponsors is that “listeners are entitled to know by whom they are being persuaded.” Listeners should also be “clearly informed that [they are] hearing and viewing matter which has been paid for” and should be informed of the identity of the sponsor. Efforts to obscure the true funding of political messages have recently proliferated as individuals increasingly turn to political action committees with opaque or misleading names to hide funders’ identities.

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8 Id.
10 Id. In 1946, the FCC said stations should “take all reasonable measures” to identify sponsors, specifying that “a licensee should make an investigation of the source of the funds to be used for payment.” Albuquerque Broadcasting Co., 40 FCC 1 (1946).
13 Alison Fitzgerald & Jonathan Salant, Hiding the Identities of Mega-Donors, Business Week (Oct. 18, 2012), http://www.businessweek.com/articles/2012-10-18/hiding-the-identities-of-mega-donors. For instance, “Americans for Progressive Action” was a conservative PAC, despite the use of the word “progressive” in its name. Summary of Americans for Progressive
Disclosure also promotes transparency and accountability in political advertising. Indeed, the Supreme Court recently embraced disclosure as “justified based on a governmental interest in provid[ing] the electorate with information about the sources of election-related spending.”\textsuperscript{14} Moreover, the Court has said that in light of “modern technology,” disclosure is “a particularly effective means of arming the voting public with information.”\textsuperscript{15}

\section{Independence USA PAC and its Illinois ads.}

Independence is a Super PAC created in 2012 by Michael Bloomberg, the then-mayor of New York City,\textsuperscript{16} with the stated mission to “support candidates and referenda in local, state and Federal races across the county, with a focus on issues including gun laws, education policy and marriage equality.”\textsuperscript{17} Acting under the name of Independence, Mr. Bloomberg was active in, among other races, the 2014 race for the Illinois 10th Congressional district.\textsuperscript{18}

Between October 19 and November 4, 2014, Independence purchased time to run a political advertisement on WLS that supported Robert Dold, candidate for Illinois’ 10th Congressional seat. The ad praised Mr. Dold’s fiscal conservatism and positions on background checks, abortion rights, and same-sex marriage.\textsuperscript{19} The ad’s on-air disclosure says:

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\textsuperscript{15} Id.


\textsuperscript{17} Independence USA PAC, http://www.independenceusapac.org (last visited Nov. 4, 2014).


The disclosure did not reference Michael Bloomberg and gave no indication that any individual or entity other than Independence was responsible for the ad.

III. WLS has not “fully and fairly disclosed the true identity” of the sponsor of the Independence ad.

A. Michael Bloomberg is the “true identity” of the sponsor of the ad.

A plain language reading of the Communications Act and the FCC’s rules, along with the purpose of the disclosure laws, requires broadcasters to go beyond simply naming the Super PAC that pays for an ad. WLS has failed to “fully and fairly disclose the true identity” of the sponsor of these ads because it disclosed only the name of the Super PAC, “Independence USA PAC,” and failed to disclose Michael Bloomberg as the true identity of the sponsor of the ads.

Mr. Bloomberg announced the formation of Independence on October 17, 2012. When the ad aired, Mr. Bloomberg had donated almost $23 million dollars of his own wealth to the group. According to FEC disclosure reports, Mr. Bloomberg’s contributions account for 100 per cent of Independence’s total receipts (See Figure 1 and Figure 2).
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Figure 1: Independence’s 2013 and 2014 FEC Disclosure Filings
The Independence website describes the group’s political efforts as a “continuation of Mayor Bloomberg’s long history of supporting candidates and referenda that reflect his independent and non-partisan approach to government” (See Figure 3).
When an organization is entirely funded by a single donor, that organization represents the will and opinion of that single donor because that person controls the purse strings and necessarily has editorial control of commercials it may run. In this case, Independence owes its existence to Michael Bloomberg’s contributions. Independence would not be running any ads without Mr. Bloomberg’s money. Mr. Bloomberg remains free to stop supporting Independence if it ran ads contrary to his interests. Independence, in effect, acts as Mr. Bloomberg’s political advertising arm and states as much on its webpage. Therefore, the true identity of the sponsor of the ads is Michael Bloomberg.

Further, the name “Independence USA PAC” does not fully and fairly inform the public about who paid for the ad. Disclosing only “Independence USA PAC” leaves the public clueless that the group is furthering Michael Bloomberg’s political agenda and that he controls the message. It is misleading to claim that Independence is the only relevant name that must be disclosed.

B. WLS failed to use reasonable diligence to disclose sponsorship information.

WLS possessed credible, unrefuted evidence that Independence acts at the direction of Michael Bloomberg. On October 24, 2014, Complainants contacted WLS General Manager John Idler directly by email and letter to inform the station of its on-air sponsor identification requirement obligations and requested that the station identify Mr. Bloomberg during future ad runs. In the letter, Complainants showed that Mr. Bloomberg is the sole source of funding of Independence and controls the group’s efforts. However, WLS continued to run the

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20 Even if members of the public went to the online political file to research the group, the WLS Independence NAB form does not disclose Michael Bloomberg: https://stations.fcc.gov/collect/files/73226/Political%20File/2014/Non-Candidate%20Issue%20Ads/Independence%20USA%20PAC/NAB%20Indep%20USA%20PAC%202010.19-10.26.14%20%28140786749285%29.pdf.
Independence ads as scheduled without identifying on-air that Michael Bloomberg was the true sponsor.\textsuperscript{21}

WLS employees also knew that Michael Bloomberg is the true identity of Independence ads prior to being contacted by the Complainants. On February 20, 2013, WLS itself reported that the “commercials are financed by New York City Mayor Michael Bloomberg” and called Independence advertisements “Bloomberg Super-Pac Ads.”\textsuperscript{22} The exercise of reasonable diligence to consult with employees to discover the true identity of a political ad’s sponsor would have necessarily revealed this information.\textsuperscript{23}

Further, WLS should have known that Mr. Bloomberg is the sole donor to Independence. Station employees should have looked at the Independence website included in the ad. That website makes no effort to hide that the group advances Mr. Bloomberg’s political agenda. WLS employees should have also looked at Independence's FEC filings, which are freely available online, to see that Michael Bloomberg is the sole donor. Failing that, a simple Google search for information regarding Independence would have produced numerous articles stating that Independence is funded by Michael Bloomberg dating back to 2012.\textsuperscript{24}“Reasonable diligence”

\textsuperscript{21} Digital video recordings of Independence USA ads aired by WLS on file with the Institute for Public Representation.
\textsuperscript{23} If confusion somehow persisted regarding the true identity of the sponsor of Independence's ads after such an inquiry, WLS employees should have consulted with "other persons with whom it deals directly in connection with" the ad by asking the group or the buyer's representative to obtain the information to make the correct disclosure. 47 USC §317(c).
must require a broadcaster, at a minimum, to make a simple routine inquiry about the source of funds from every customer. In this case, it appears that WLS undertook no investigation whatsoever and furthermore ignored this sponsorship information when it was directly provided to the station.

In sum, WLS failed to exercise reasonable diligence to determine and disclose the true identity of ads purchased by Independence. As a result, WLS failed to fully and fairly disclose the true identity of the sponsor of the ad in violation of Section 317 of the Communications Act and Section 73.1212 of the FCC’s rules.

**Conclusion**

The Communications Act and FCC rules are intended to inform the public about the true source of funding when broadcast stations air paid politics programming. Complainants provided this information to WLS directly, yet the station failed to make the necessary disclosure. Thus, the Campaign Legal Center, Common Cause, and the Sunlight Foundation respectfully request that the FCC declare that WLS was not in compliance with the Communications Act and the FCC’s rules and to require WLS to comply in the future. We further request that the FCC take other measures, such as assessing forfeitures and issuing a Public Notice reminding broadcast stations of their obligations, to ensure that this and other broadcast stations fully and fairly identify on-air the source of funding for political advertisements, and make all the legally required disclosures in the future.
Of counsel:

Keir Lamont
Georgetown Law Student

Dated: November 12, 2014

Respectfully submitted,

______________________________
Eric G. Null
Angela J. Campbell
Andrew Jay Schwartzman
Institute for Public Representation
Georgetown University Law Center
600 New Jersey Avenue, NW
Suite 312
Washington, DC 20001
(202) 662-9535

Counsel for Campaign Legal Center, Common Cause, Sunlight Foundation
Exhibit A
October 24, 2014

VIA EMAIL

John Idler
General Manager
WLS-TV
190 North State Street
Chicago, Illinois 60601
John.H.Idler@ABC.com

Re: WLS-TV’s obligation under Section 317 of the Communications Act and Section 73.1212(e) of the FCC’s regulations to disclose the true identity of sponsored ads.

Dear Mr. Idler:

We are writing on behalf of the Sunlight Foundation, Campaign Legal Center and Common Cause.

Your station has been running broadcast advertisements supporting Robert Dold’s congressional campaign identified as having been paid for by Independence USA PAC (“Independence”). Based on the evidence presented below, Michael Bloomberg is the true sponsor of the ads and should be identified on the air as the sponsor. We therefore call upon WLS-TV to identify Michael Bloomberg on all future broadcasts of ads placed by Independence.

*Admitted to the Washington bar only; DC bar membership pending. Practice supervised by members of the DC bar.
The Communications Act and the FCC’s regulations require broadcast stations to “fully and fairly disclose the true identity” of the sponsor of a political advertisement at the time the ad is aired.¹

The true identity of the sponsor of the Independence ads is Michael Bloomberg. According to Federal Election Commission disclosure reports, 100% of Independence’s contributions have come from Michael Bloomberg (see Attachment A). Furthermore, the Independence website states that Bloomberg is the group’s creator and calls the PAC a “continuation of Mayor Bloomberg’s long history of supporting candidates and referenda that reflect his independent and non-partisan approach to government” (see Attachment B). Because Independence owes its entire existence to Bloomberg’s donations, he is clearly the person controlling the group and the ads in question.

WLS-TV need go no further than its own reporting to know that Bloomberg is the true sponsor of the Independence advertisements. On February 20, 2013, a WLS-TV article called Independence advertisements “Bloomberg Super-Pac Ads” and stated that the “commercials are financed by New York City Mayor Michael Bloomberg.”² Numerous other local media outlets have also reported that Bloomberg founded and funds Independence and controls its operations.³

Accordingly, your station should identify Michael Bloomberg as the true sponsor of the ads during all future broadcasts. Please inform us that your station intends to meet this disclosure requirement within one week from today, i.e., October 31, 2014.

¹ 47 USC § 317; 47 CFR §73.1212(e).
² Charles Thomas, Emanuel Denies Involvement in Bloomberg Super-Pac Ads, ABC 7 Chicago, (Feb. 20, 20130), http://abc7chicago.com/archive/9000212.
Yours Truly,

/s/

Eric G. Null
Andrew Jay Schwartzman
Angela J. Campbell
Institute for Public Representation

cc. John W. Zucker
Susan Fox
### Attachment A

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Independence USA’s FEC Disclosure Filings
Michael R. Bloomberg has created a new major effort to support candidates and referenda in local, state and Federal races across the country, with a focus on issues including gun laws, education policy and marriage equality. The effort will support moderates on both sides of the aisle – as well as independents – who have shown a willingness to work in a bi-partisan fashion. It will also target candidates who support— and oppose— efforts to crack down on illegal guns and reform education policy.

"It’s critically important that we have elected officials in Washington, Albany, and around the nation who are willing to work across party lines to achieve real results," Mayor Bloomberg said. "I’ve always believed in the need for more independent leadership, and this new effort will support candidates and causes that will help protect Americans from the scourge of gun violence, improve our schools, and advance our freedoms."

This effort is a continuation of Mayor Bloomberg’s long history of supporting candidates and referenda that reflect his independent and non-partisan approach to government.
CERTIFICATE OF SERVICE

I, Keir Lamont, hereby certify that copies of the complaint of Campaign Legal Center, Common Cause, and the Sunlight Foundation, through their attorneys, the Institute for Public Representation, have been served by first class mail, this 12th of November, 2014, on the following persons at the addresses shown below.

John W. Zucker  
ABC, Inc.  
77 West 66th Street  
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New York, NY 10023  
john.zucker@abc.com  
Counsel for ABC Owned Television Stations

Susan L. Fox  
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Washington, DC 20024  
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John H. Idler  
WLS-TV  
190 North State Street  
Chicago, IL 60601  
john.h.idler@ABC.com

________________________________________  
Keir Lamont  
Institute for Public Representation