

The Center for Media and Democracy

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November 7, 2011

Via U.S. Mail and e-mail

The Honorable Douglas Shulman
Commissioner, Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, DC 20224

Re. Request for Investigation of Prosperity USA, Inc., and Mark J. Block

Dear Commissioner Shulman:

On behalf of the Center for Media and Democracy, we request that the Internal Revenue Service investigate “Prosperity USA, Inc.,” a charity organized under Section 501(c)(3) of the Code, for what appears to be financial support or loans to a candidate’s political campaign, in violation of the prohibition against participating in or intervening in a campaign for office.

The Center asks the Service to determine whether Prosperity USA’s tax-exempt status should be revoked if it determines the charity violated federal law and whether excise taxes should be imposed on the organization and its managers. We believe it should.

We also ask the Service to examine the activities of the founder of Prosperity USA, Mark J. Block, to determine if he impermissibly directed or encouraged the expenditures of any tax-exempt charity to provide financial support or loans to a candidate for office or other intervention or participation in any candidate’s campaign in the past two years.

The Organization

Prosperity USA is a Wisconsin nonprofit corporation whose articles of incorporation provide that it is to be “operated as a public interest, not-for-profit organization for charitable and educational purposes as provided by § 501(c)(3)” of the Internal Revenue Code (IRC). (See Exhibit 1.) The articles it filed further provide that the corporation “shall not participate in . . . any political campaign on behalf of . . . any candidate for public office . . .” and that the corporation’s “funds shall not inure to the benefit of, or be distributable to, its directors, officers, members, or other private persons.” (Id.)

It was incorporated on April 9, 2010 and, at that time, it was known by the name “America’s Prosperity Network, Inc.” (Id.) Upon incorporation, “Mark J. Block” was listed as the corporation’s registered agent, and “Michael D. Dean” of Waukesha, Wisconsin, was listed as the incorporator. (Id.)

On July 31, 2010, the corporation filed an amendment with the state to change its name to “Prosperity USA, Inc.” (See Exhibit 2.) At that time, “Mark. J. Block” was listed as the president of the corporation.

Most of Prosperity USA’s expenditures for travel and meetings in pursuit of its stated charitable purpose in 2010 and 2011 were not widely known. On October 30, 2011, an investigation by Dan Bice of the *Milwaukee Journal Sentinel* made public¹ the charity’s financial statements. (See Exhibit 3.) The reporter authenticated the documents by two separate individuals close to the firm.

As of February 2011, these documents listed--as an “asset”--a debt of over \$37,000 due from “FOH,” which stands for “Friends of Herman Cain, Inc.,” a political action committee (PAC), for which Mr. Block works as the treasurer. Details of the suspect financial expenditures by Prosperity USA and related matters are described below. At the time, Mr. Block was also serving as the Chief of Staff to the Cain political campaign, a position he accepted in December 2011 and that he continues to hold today.

The candidate himself has denied² any knowledge that Prosperity USA was footing the bill for various activities related to his campaign. (See Exhibit 4.) (The political candidate’s identity is noted herein only for factual clarity; the IRS rules apply whether the candidate is seeking to be elected to the highest office or the lowest post, but his identity other than his candidacy is irrelevant to the consideration of the permissible activities of a regulated charity, like Prosperity USA.)

The Roles of Mark J. Block

Prosperity USA registered as a nonprofit charity with the State of Wisconsin on April 12, 2010, and its latest filing from July 31, 2010 shows Mr. Block to be president of the organization. He is currently listed as its registered agent on the State of Wisconsin Department of Financial Institutions website. (See Exhibits 1 and 2.)

When Mr. Block founded the charity called Prosperity USA, he was also working as the Director of the Wisconsin arm of “Americans for Prosperity,” a group chaired and funded by David Koch. (Mr. Block began this position in 2005 shortly after completing a three-year ban on working in the state as a political consultant in electoral campaigns, in the wake of an investigation by the Wisconsin election board. In that case, Mr. Block settled allegations that as the manager of a judicial candidate his campaign had coordinated with a so-called independent group that spent \$200,000 on ads to influence the election. In addition to the extraordinary penalty of that three-year ban, Mr. Block agreed to a fine of \$15,000.)

¹ Also available at <http://www.jsonline.com/watchdog/noquarter/state-firms-cash-to-herman-cain-may-breach-federal-campaign-tax-laws-132898423.html>

² Also available at <HTTP://WWW.JSONLINE.COM/WATCHDOG/NOQUARTER/CAIN-CAMPAIGN-LAUNCHES-INTERNAL-INVESTIGATION-133046088.HTML>

On December 7, 2010, Mr. Block announced that he was resigning from Americans for Prosperity, as of December 31, 2010, to join Mr. Cain's campaign and be his Chief of Staff. (See Exhibit 5.) A story in the *American Spectator* from December 27, 2010 noted that Mr. Cain had assigned the leadership of his presidential election bid to Mr. Block and Mr. Scott Toomey of Wisconsin. Mr. Toomey, who is also mentioned in the Prosperity USA financial documents, served as the treasurer of the "Hermanator PAC," which was created in 2010 and is the predecessor of the candidate's "Friends of Herman" PAC.³

Mr. Block is the treasurer of Friends of Herman (FOH), the campaign's official PAC, which was registered with the Federal Election Commission on May 3, 2011.

He has played a key role in other groups that have some personnel in common with the campaign. For example, Prosperity101, which Mr. Block helped launch, has deployed Mr. Cain as a speaker in pursuit of its stated mission "to educate employees about basic American history, civic involvement, the political process, free market economics, and public policy. . . without the entanglement of political partisanship." Linda Hansen, who works as Mr. Block's Deputy Chief of Staff on the candidate's campaign, is listed as the "creator" of Prosperity 101 and is also a featured speaker. Ms. Hansen is also closely associated with the Wisconsin Prosperity Network, which Mr. Block launched, and whose financial documents were also discussed in the *Milwaukee Journal Sentinel's* investigation. Prosperity101 shares the same address as Prosperity USA, and the Wisconsin Prosperity Network has shared the same points of contact.

A complete list of charities, PACs, or groups that Mr. Block has been closely connected to since Prosperity USA was created in 2010—such as Americans for Prosperity, the Wisconsin Prosperity Network, Prosperity101, the Prosperity USA Coalition, the Wisconsin Prosperity Coalition, the Wisconsin Center for Economic Prosperity, the First Freedoms Foundation, and other groups—is not known. The relationship between these groups is not clear.

The Law

An organization can qualify for tax exemption under the Internal Revenue Code section 501(c)(3) only if "it does not participate in" or "intervene in" "any political campaign on behalf of" "any candidate for political office." The bar against a "(c)(3)" like Prosperity USA contributing funds or fronting expenses for a partisan political campaign is black letter law.

The Service has expressly addressed the question of whether a (c)(3) can make a contribution to a political candidate or PAC by stating that this is impermissible under the Code and it "may result in denial or revocation of an organization's tax-exempt status."⁴

³ See Chris Frates, *Cain: 'We are not broke,'* Politico, May 22, 2011 (describing how the Hermanator PAC was shut down when the Friends of Herman Cain PAC started).

⁴ See <http://www.irs.gov/charities/charitable/article/0,,id=207338,00.html>.

The Service has also stated “[n]or may such an organization establish and maintain a separate segregated fund under section 527,” such as a candidate committee, party committee or PAC.⁵

Additionally, according to Treasury Department regulations, “The term candidate for public office means an individual who offers himself, or is proposed by others, as a contestant for an elective public office, whether such office be national, State, or local.” See Treas. Reg. § 1-501(c)(3)-1 (iii).

The Service has also made clear that “Individuals who have publicly announced their intention to seek election to public office have clearly offered themselves as contestants for the office and are candidates within the meaning of IRC 501(c)(3).” See FY 2002 IRS Exempt Organizations Technical Instruction Program at 342, Judith E. Kindell and John Francis Reilly (emphasis added).⁶

Even if an individual has not publicly announced his or her intention to seek election to public office, that person may nonetheless be considered a “candidate” for purposes of the Code’s 501(c)(3) prohibition on political campaign activity by tax-exempt charities--if others create a well-publicized “Draft (the individual) Committee.” (Id.)

Prosperity USA Appears to Have Financially Participated in and/or Intervened in a Campaign for Office

Prosperity USA’s financial statements demonstrate the Wisconsin charity’s seemingly impermissible participation and/or intervention in Mr. Cain’s political campaign. The charity Mr. Block founded and led covered initial campaign expenses for the political candidate whose campaign Mr. Block leads as Chief of Staff, with the expectation that those expenses would be reimbursed by the candidate’s FOH PAC, which Mr. Block helmed as treasurer. As will be discussed in the following section, these expenditures were made during the period that Mr. Cain was a candidate for purposes of the federal law’s prohibition on political campaign activity by a charity under Section 501(c)(3).

Prosperity USA’s February 10, 2011 financial report enumerates \$41,336.37 in expenditures that were made for the campaign and that are listed on the report as accounts receivable expressly “Due from FOH” (Friends of Herman Cain), specifically:

- \$14,779 for an invoice related to the candidate’s travel to “Atlanta”
- \$16,669 for “Hill Aircraft”
- \$ 5,900 for travel to Iowa, Louisiana, Nevada, and Texas
- \$ 3,764 for Apple computer “iPads”

Another \$252 is specified as due from Mr. Block for his travel expenses. (See Exhibit 6.)

⁵ Id.

⁶ Available at <http://www.irs.gov/pub/irs-utl/topici02.pdf>

All of the spending above is marked in Prosperity USA's financials as due from the FOH PAC. This basically declares that Prosperity USA picked up a political candidate's campaign expenses with its tax-exempt donations with the expectation these disbursements would be reimbursed out of political campaign donations. Even if these expenditures were made as a loan to the candidate, the political campaign, or the PAC, they appear to be a violation of the long-standing prohibition on charitable participation or intervention in candidates' campaigns for public office.

Additionally, during this same period Prosperity USA spent \$15,400 on other travel by Mr. Cain to attend events associated with Americans for Prosperity (AFP), apparently with the expectation those expenses would be reimbursed by that non-profit group (for which Mr. Block had worked for five years). (See Exhibit 6.) Under Accounts Receivable, the financial statement says "From AFP – H. Cain travel – Hill Aircraft" (a private jet service), with the following trips and expenses enumerated:

- \$3,200 listed for Norther MI Liberty Alliance
- \$3,700 for Florida AFP
- \$3,500 for Arkansas
- \$5,000 for RightNation
- \$291.80 for AFP Oklahoma

These expenses were described as the "Toomey invoices." As noted above, Mr. Toomey has been involved in the candidate's campaign with Mr. Block (since December 2010, according to press reports), and was the treasurer of the candidate's previous PAC, the Hermanator. Given the connections between Mr. Toomey and Mr. Block and the campaign, we also ask that these expenses be thoroughly examined by the Service.

The charity founded by Mr. Block, Prosperity USA, appears to have continued to have a close relationship with the Wisconsin arm of Americans for Prosperity, which he officially led until December 31, 2010. As noted above, Prosperity USA incurred significant private jet travel expenses on behalf of Mr. Cain with the expectation that this financial outlay would be reimbursed. Americans for Prosperity has stated that it will conduct an "independent" investigation of its relationship with Prosperity USA and the Wisconsin Prosperity Network.⁷

Both Americans for Prosperity and Prosperity USA appear to coordinate closely on other efforts, where the veil between the two groups seems to be thin. For example, Americans for Prosperity promoted a bus tour this spring to counter Wisconsin labor protests with the slogan "Stand with Walker," which directed supporters to the website <http://fightbackwisconsin.com>. That site says it is a "project of Americans for Prosperity." However, Mr. Block is the administrative contact for this website, as of November 5, 2011. (See Exhibit 7.) And, the site is registered to Mr. Block's America's

⁷ See Peter H. Stone, *Koch-Related Group is Reviewing Financial Transactions With Cain Aide's Charity*, Center for Public Integrity (Nov. 3, 2011), available at <http://www.iwatchnews.org/2011/11/03/7279/koch-related-group-reviewing-financial-transactions-cain-aides-charity>

Prosperity Network, which is legally “Prosperity USA.”⁸ Additionally, Americans for Prosperity has used the site to register guests for its annual “American Dream Summit” in Wisconsin.

Beyond the travel payments described above, there are other expenses listed in Prosperity USA’s filings that are not expressly connected to the candidate, which may prove problematic upon further examination of the relationships involved.

As of March 9, 2011, Prosperity USA’s financial report indicates that the debt from Americans for Prosperity for the “H. Cain travel” expenses is no longer listed as due, but the expenses due from Friends of Herman Cain had not been reimbursed as of that date. (See Exhibit 8.) There are no publicly available and authenticated documents regarding Prosperity USA’s expenses or income for the past nine months.

Elsewhere in the financial documents, the Prosperity USA balance sheet lists over \$37,000 as an asset based on the debt owed by “FOH,” or in other words a debt incurred by the campaign, as of February 2. (See Exhibit 9.) Therefore, it seems that most of the candidate travel publicly known to have been incurred by Prosperity USA occurred prior to that date.

The Status of the Candidate

All of the currently known Prosperity USA expenditures relating to the candidate’s campaign travel were made during the period in which Mr. Cain could (and should) be considered to be a “candidate.”

As noted above, Treasury regulations provide that “The term candidate for public office means an individual who offers himself, or is proposed by others, as a contestant for an elective public office, whether such office be national, State, or local.” See Treas. Reg. § 1-501(c)(3)-1 (iii). An individual can be considered a “candidate” if he has announced an intention to be a contestant for office, or if others create a “Draft (the individual) Committee.” See FY 2002 IRS Exempt Organizations Technical Instruction Program at 342.

In April 2010, Mr. Cain bounded on to the stage at the Southern Republican Leadership Conference to suggest that he would be a “dark horse candidate” for the 2012 presidential election, eliciting applause from the crowd.⁹ Others understood this to mean Mr. Cain would be seeking the office.¹⁰ Mr. Cain’s “Hermanator PAC” registered with the Federal Elections Commission in May 2010, with Mr. Toomey as treasurer; according to its filings, it accepted donations and made travel-related expenditures.

⁸ See <http://www.websitelooker.com/www/fightbackwisconsin.com>.

⁹ See <http://www.youtube.com/watch?v=SxXg1gbxJYs&feature=related>; see also McCain, *Run Herman Run*, *American Spectator* (Dec. 27, 2010).

¹⁰ See McCain, *Run Herman Run*, *American Spectator* (Dec. 27, 2010); see also Bill Steiden, *Looking Beyond Nov. 2*, *The Atlanta Journal-Constitution* (Oct. 10, 2010).

By October 10, 2010, news reports were identifying Cain as a real contender for the White House and noted that a “Draft Herman Cain” website had been established.¹¹

As of December 7, 2010, news reports stated that Mr. Block would be leaving Americans for Prosperity’s Wisconsin arm to lead the candidate’s campaign.¹² (See Exhibit 5.) About a week later, the candidate admitted that he planned to form a presidential exploratory committee.¹³

Mr. Block stepped down from Americans for Prosperity on December 31, 2010, to lead the candidate’s campaign.¹⁴ On January 12, 2011, the candidate had a press conference to announce his plans for a presidential exploratory committee,¹⁵ and he had reportedly begun accepting donations on January 1, 2011.¹⁶

After campaigning in key primary states throughout the first four months of 2011, the candidate formally announced his presidential candidacy on May 3, 2011, and registered the FOH PAC, with Mr. Block as treasurer.

Mr. Cain was likely a “candidate” for 501(c)(3) purposes in April 2010, when he spoke of a “dark horse” candidacy that many understood as a statement of intent to run for office. By October 2010, Mr. Cain was clearly a “candidate,” based on news reports indicating that a “Draft Herman Cain” website had been established and identifying Mr. Cain as the potential Republican nominee for the 2012 presidential election. (As noted above, an individual can be considered a “candidate” if they have announced an intention to be a contestant for office, or if others create a “Draft (the individual) Committee.” See FY 2002 IRS Exempt Organizations Technical Instruction Program at 342.)

By December 2010, there can be no doubt Mr. Cain was a “candidate” for purposes of the ban on 501(c)(3) participation or intervention in a candidate’s political campaign. That is when he publicly announced a clear intention to run for office by forming an exploratory committee for public office and bringing on campaign staff (such as Mr. Block and Mr. Toomey). (It is unclear who or what entity or entities Mr. Block or Mr. Toomey received income from during the past year; Prosperity USA incurred payroll expenses in 2010 and 2011, but there is no indication of who the recipients were.)

Additionally, when Mr. Block announced he would be joining the campaign as chief of staff, he can be considered to have “proposed” Mr. Cain as a candidate, in accordance

¹¹ Steiden, *Looking Beyond Nov. 2*, The Atlanta Journal-Constitution (Oct. 10, 2010).

¹² James Widgerson, *Cain in 2012, Block to Join Campaign*, Widgerton Library and Pub (Dec. 7, 2011).

¹³ Alex Pappas, *Herman Cain is ‘Definitely’ Forming 2012 Exploratory Committee*, Daily Caller (Dec. 17, 2010) available at <http://dailycaller.com/2010/12/17/herman-cain-is-definitely-forming-2012-exploratory-committee/>.

¹⁴ Robert Stacy McCain, *Run Herman Run*, American Spectator (Dec. 27, 2010), available at <http://spectator.org/archives/2010/12/27/run-herman-run>.

¹⁵ See Jon Terbush, *Herman Cain Launches Presidential Exploratory Committee*, Talking Points Memo (Jan. 12, 2011) available at <http://tpmdc.talkingpointsmemo.com/2011/01/herman-cain-launches-presidential-exploratory-committee.php>.

¹⁶ Presidential exploratory committees are not required to file disclosure reports with the Federal Election Commission (FEC), but they are required to comply with FEC contribution limits and prohibitions.

with language in the Treasury regulations. The fact that Mr. Cain did not formally register his candidacy until May 3, 2011 does not determine when he became a “candidate” for purposes on the bar against charities donated money or fronting campaign expenses. See FY 2002 IRS Exempt Organizations Technical Instruction Program at 343-44.

Prosperity USA’s known spending on Mr. Cain’s campaign expenses appears to occurred in January or February of 2011, well after the period Mr. Cain became a “candidate” within the meaning of Code section 501(c)(3). Even if the charity alleges that the expenditures were made earlier, Mr. Cain appears to have become a candidate to which charitable donations for his campaign were barred in April 2010.

Additionally, the charity’s own documents specify that the money would be reimbursed by a candidate’s specifically-named PAC—the FOH PAC—the campaign’s PAC which named Mr. Block as treasurer when it officially came into existence three months later, in May 2011. We believe this further supports that Mr. Cain be considered a “candidate.”

Prosperity USA Should Be Held Accountable

In our view, all of Prosperity USA’s political campaign expenditures appear to have been made during the period Mr. Cain was a “candidate,” and thus violated the prohibition on a tax-exempt charity intervening in political campaigns, under section 501(c)(3) of the Code.

Accordingly, the Service could revoke or deny Prosperity USA’s charitable status. Under Section 4955 of the Code, the Service could also impose a 10% tax on each political expenditure, payable by the organization. See I.R.C. § 4955(a)(1). In our view, both actions would be appropriate.

The term "political expenditure" is defined in I.R.C. 4955(d)(1) as "any amount paid or incurred by a section 501(c)(3) organization in any participation in, or intervention in . . . any political campaign on behalf of . . . any candidate for public office."

We believe it is in the public’s interest that the Service construe the bar on financial contributions, and intervention in, political campaigns to apply to Prosperity USA’s activities of fronting money for electoral activities like travel to political campaign speeches, even if that money was intended to be paid back by a political campaign.

To do any less, in our view, would send an unfortunate signal to political operatives that the financial reserves of charities can be exploited like a bank or credit card to serve the financial needs of political campaigns.

Prosperity USA’s Managers Should Be Held Accountable

The facts suggest that Prosperity USA’s leadership knew that expenditures to help the presidential campaign that it made were to benefit a bid for elective office. Mr. Block was the founder and president of Prosperity USA, and the campaign he runs incurred

these expenses that were incurred by the charity. At the time of the expenses appeared on Prosperity's USA's books, there is no doubt that Prosperity USA knew Mr. Block was leading a political campaign. This circumstance demands that he be held accountable for what we believe to be the improper political expenditures of the charity he founded.

Under the Internal Revenue Code, the Service can impose a tax on any manager who approved an expenditure and knew it was political, equal to 2.5% of each political expenditure. *See* I.R.C. § 4955(a)(2). We believe it should do so. If any managers refuse to assent to the correction, they may be taxed equal to 50% of each of the political expenditures. I.R.C. § 4955 (b)(2).

Mr. Block was Prosperity USA's registered agent and served as its president. In this role, he had legal and fiduciary obligations to ensure that this charity was not used to intervene or participate in a candidate's campaign for office, and not to facilitate that campaign.

Mr. Block became the chief of staff for Mr. Cain's campaign in December 2010, well before the expenditures in question were presumably made. It should go without saying that by serving in this role, Mr. Block knew that the designated Prosperity USA expenditures would go towards the campaign he runs. Mr. Block was also the treasurer of the Friends of Herman Cain campaign committee PAC.

Although the PAC Mr. Block helms for the candidate did not register with the FEC until May 3, 2011, the existence of the PAC was anticipated by Prosperity USA as far back as February 2011, when it was referenced in the charity's profit & loss statement. This further suggests that Mr. Block and his colleagues at Prosperity USA knew the expenditures were for a political purpose and aiding the campaign for office of a candidate.

We ask the Service to hold Mr. Block accountable for his actions regarding Prosperity USA.

Charities Connected to Mr. Block Should Be Examined

It is troubling that a single individual seems to have had such significant influence over the designation of spending by a tax-exempt organization, while at the same time serving as a leader in a candidate's effort to get elected and as the treasurer for the campaign's PAC. Additionally, it is worrisome that other individuals playing leadership roles in that political campaign, such as Mr. Toomey, also appear to be involved in directing the expenditures or reimbursement of a charity like Prosperity USA.

It is also troubling for this to arise after Mr. Block was already severely sanctioned as part of a settlement of a prior state investigation into misconduct. It cannot be overlooked that Mr. Block ran afoul of the law previously for inappropriate coordination between a nonprofit and a political campaign.

Accordingly, we ask the Service to conduct a comprehensive audit of Prosperity USA's assets and liabilities, as well as all loans to Prosperity USA and all expenses incurred by the organization or receivable from or to other entities to determine the full extent of any impermissible financial support and intervention in a political campaign.

We further ask that the IRS examine the charities connected with Mr. Block to determine if he has impermissibly directed the expenditures of any tax-exempt charity to aid any candidate's campaign over the past two years. We believe the Service should ascertain the true nature of the financial and managerial relationships between groups related to Mr. Block during this period.

Here is a partial list of groups that could be examined in addition to Prosperity USA: Americans for Prosperity/Wisconsin, the Wisconsin Prosperity Network, Prosperity101, the Prosperity USA Coalition, the Wisconsin Prosperity Coalition, the Wisconsin Center for Economic Prosperity, and the First Freedoms Foundation. Additionally, here is a partial list of the websites currently registered to Mr. Block, as of November 5, 2011: AmericasProsperityNetwork.org, FightBackIowa.org, FightBackMichigan.org, FightBackMinnesota.org, FightBackMissouri.org, FightBackWisconsin.org, FightBackTexas.org, Prosperity101.org, ProsperityUSA.org, and WisconsinProsperityNetwork.org. (See Exhibit 10.)

None of these other groups themselves are being accused of wrongdoing as entities. The fact is that many of the groups share the same address, common personnel, and other commonalities that raise legitimate questions about how distinct they really are. We believe the Service has the authority to examine whether the groups orchestrated by Mr. Block or his proxies share resources or expenses or direction. The Service has the discretion to satisfy itself that none of these other entities are alter egos and that any coordinated grassroots activity does not constitute impermissibly participating or intervening in a candidate's campaign for office.

Some of these sites, projects, or organizations are also registered to each other and have other noteworthy connections. For example, "Prosperity101.org" was created in December 2009 and was registered by "Mark Block" under the organization named "America's Prosperity Network" (which is now Prosperity USA). Its registration and email resolve to an email account with the name "mjbcain@gmail.com," which includes Mr. Block's initials. The site called "AmericasProsperityNetwork.org" was created on March 29, 2010, with the same registration information and email account as Prosperity101.org. (As noted earlier, Prosperity101 features Mr. Cain and Ms. Hansen.)

"ProsperityUSA.org" remains registered to Mr. Block and the email contact is listed as ssidney@fightbackwisconsin.org. (As noted earlier, Fight Back Wisconsin is described as a project of Americans for Prosperity although it is registered to America's Prosperity Network/Prosperity USA.) Scott Sidney is the Director of Advance Operations for Mr. Cain's campaign PAC, <http://www.p2012.org/candidates/cainorg.html>. He previously worked for Americans for Prosperity (he has also been listed as a representative of Americans for Prosperity-Wisconsin in presentations on organizing "Taxpayer Tea Parties" against health insurance reforms.)

Some of the websites/organizations of Mr. Block overlap in other unusual ways. For example, the Wisconsin Prosperity Network held a fundraiser featuring Mr. Cain on August 19, 2010, saying “register at <http://www.thehermanatorpac.com/EAUCLAIRE>” and asking people to make checks payable to “Wisconsin Prosperity Network,” listing the same address as ProsperityUSA, “PO Box 510626, New Berlin, WI 53151,” which is the same address that has been listed for Prosperity101. The “Wisconsin Prosperity Network” and the “Wisconsin Prosperity Coalition” also sent an alert in favor of Wisconsin “voter ID” legislation in January 2011 that listed that same address. That is the same address in the website domain registration for all six of the state “Fight Back” websites noted above.

Accordingly, the relationship between Mr. Block, ProsperityUSA, and these other entities is not clear. We respectfully suggest that Mr. Block’s role in these groups connected with the charity at issue in this request be examined thoroughly.

Thank you for considering this request for investigation and taking all appropriate steps.

Sincerely,

/s/
Lisa Graves, Executive Director

/s/
Brendan Fischer, Fellow

cc: Lois Lerner, Director of Exempt Organizations Division
Nanette M. Downing, Acting Director, Exempt Organizations Examinations