

# THE ANNENBERG PUBLIC POLICY CENTER OF THE UNIVERSITY OF PENNSYLVANIA

## High Percent of Presidential Ad Dollars of Top Four 501(c)(4)s Backed Ads Containing Deception, Annenberg Study Finds

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An analysis by the Annenberg Public Policy Center conducted for the Center for Responsive Politics found that from December 1, 2011 through June 1, 2012, 85% of the dollars spent on presidential ads by four top-spending third-party groups known as 501(c)(4)s were spent on ads containing at least one claim ruled deceptive by fact-checkers at FactCheck.org, PolitiFact.com, the Fact Checker at the Washington Post or the Associated Press.

Under IRS rules, a 501(c)(4) operates “only to promote social welfare to benefit the community.” As long as it is organized primarily to promote the community’s general welfare, it may lobby for legislation and participate in political campaigns.

These groups don’t have to disclose their donors.

From December 1, 2011 through June 1, 2012, the four top presidential campaign-spending 501(c)(4)s spent an estimated \$24.9 million<sup>1</sup> (\$24,916,690) of their \$29.3 million (\$29,320,110) presidential ad dollars on ads containing deceptions.

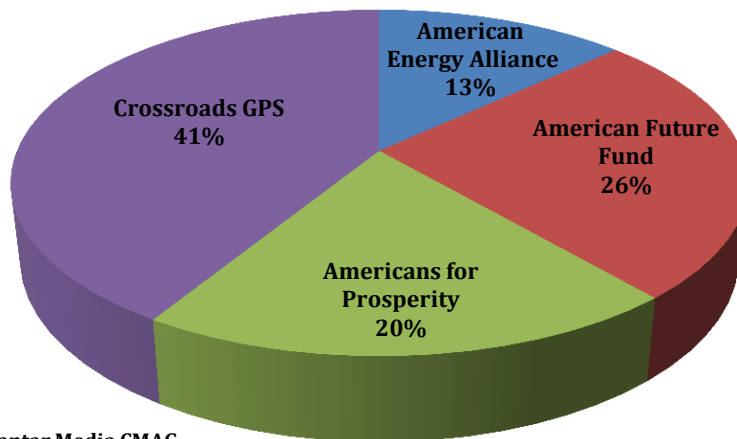
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<sup>1</sup> All monetary figures are estimates provided by Kantar Media CMAG, 12/1/2011 through 6/1/2012

The four top presidential campaign-spending 501(c)(4)s:

- American Energy Alliance, which champions free market energy policies and spent an estimated \$3.3 million (\$3,269,000) on deceptive presidential ads.
- Americans for Prosperity, founded by billionaire businessman and conservative activist David Koch to support lower taxes and limited government spending, spent an estimated \$5 million (\$5,018,000) on presidential ads containing deceptions.
- American Future Fund, a Republican-leaning group founded by longtime Iowa political operative Nick Ryan and headed by state Senator Sandra Greiner, spent an estimated \$6.4 million (\$6,365,930) on deceptive presidential ads.
- Crossroads GPS, a conservative public policy advocacy group advised by former Bush lieutenant Karl Rove and former RNC director Ed Gillespie, spent an estimated \$10.3 million (\$10,263,760) on deceptive presidential ads. The group is a companion organization to the super PAC American Crossroads.

**Presidential Deceptive Dollars by Top 501(c)(4) Group (%)**  
**(12/1/11-6/1/12)**



Source: Kantar Media CMAG

As of June 1st, no Democratic leaning 501(c)(4) had paid for advertising in the presidential race.

The claims<sup>2</sup> ruled deceptive by the fact-checkers included:

- “Obama personally lobbied to kill a pipeline bringing oil from Canada” (Est. \$191,490 spent on claim)--Crossroads GPS
- “Obama opposed exploring for energy in Alaska” (Est. \$1,634,500 spent on claim)--American Energy Alliance
- “The stimulus bill sent tens of millions of dollars to build traffic lights in China” (Est. \$2,509,000 spent on claim)--Americans for Prosperity
- “Obama’s White House is full of Wall Street executives.” (To support this claim, the viewer is shown photos of seven people. But one never worked as an investment banker (Geithner); two have resumes that fall far short of being “Wall Street executives” (Rahm Emanuel and Louis Caldera); and one was not part of the White House (Jon Corzine). While the ad’s narrator focuses on these seven “Wall Street executives,” 27 names scroll up the screen under the header of “Obama’s Wall Street Inner Circle.” [FactCheck.org](http://FactCheck.org) found 14 of those names don’t belong on the list.) (Est. \$2,647,445 spent on claim)--American Future Fund

To see other deceptive claims by these 501(c)(4) groups as well as evaluations of them by the major fact-checking groups, go to the [FlackCheck.org](http://FlackCheck.org) [Deception Log](http://Deception Log).

A [study released by APPC in April](#) found that from the Iowa Caucus through the Wisconsin primary 56.7 percent of the dollars spent by the four top-spending third-party groups (three super PACs and AFSCME) on presidential campaign ads was spent on ads containing at least one deception.

"Across the history of campaign communication, third-party ads have been both more attack-driven and more deceptive than candidate-sponsored ones," noted APPC Director Kathleen Hall Jamieson at the Center for Responsive Politics' "Shadow Money" seminar at the National Press Club today. "Unsurprisingly, our 2012 APPC studies of third-party deception confirm that as the level of donor disclosure drops, the level of duplicity rises. This year, presidential super PAC ads are more deceptive than those sponsored by presidential candidates and C4 presidential ads more duplicitous than super PAC ones."

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<sup>2</sup> Dollars spent per deceptive claim is calculated by dividing the total dollars spent on the ad by the number of deceptive claims in the ad, so when multiple deceptive claims appeared in the same ad, the total spent airing the ad is apportioned by claim