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23. Pfizer
24. State Farm Insurance Companies
25. United States Chamber of Commerce

Expert Report of Thomas A. Myers

*Mark Hale, Todd Shadle, Laurie Loger and Mark Covington, on behalf
of themselves and all others similarly situated, Plaintiffs,*

v.

*State Farm Mutual Automobile Insurance Company, Ed Murnane and
William G. Shepherd, Defendants*

United States District Court of the Southern District of Illinois

No. 3:12-cv-00660-DRH-SCW

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Introduction

I have been asked by counsel for the Plaintiffs to provide an expert opinion in *Mark Hale, Todd Shadle, Laurie Loger and Mark Covington, on behalf of themselves and all others similarly situated, Plaintiffs, v. State Farm Mutual Automobile Insurance Company, Ed Murnane and William G. Shepherd, Defendants*, United States District Court of the Southern District of Illinois, No. 3:12-cv-00660-DRH-SCW. Mark Hale, Todd Shadle, Laurie Loger and Mark Covington (“Plaintiffs”) allege in their First Amended Class Action Complaint (“Complaint”) that from 2003 to the present, State Farm Mutual Automobile Insurance Company (“State Farm”), Ed Murnane (“Murnane”), and William G. Shepherd (“Shepherd”) (collectively, “Defendants”) created and perpetrated a RICO enterprise to enable State Farm to evade payment of a \$1.05 billion judgment (“the Avery Judgment”) in an action brought on behalf of approximately 4.5 million State Farm policyholders (“the Avery Action”), which had been affirmed by the Illinois Appellate Court.¹

I have been asked to examine the existing evidence and form an expert opinion on the extent of State Farm's activities with respect to the election of Illinois Supreme Court Justice Karmeier (“Justice Karmeier”), and the pattern of any concealment that State Farm may have employed to disguise its involvement. I have also been asked to form an opinion with respect to whether the evidence relating to the actions of State Farm in supporting the Karmeier campaign through a series of disguised transfers, and of concealing and misrepresenting its support, are common to all members of the proposed class. In addition, I have also been asked to calculate damages sustained by the Plaintiff class-members.

I am qualified to testify as an expert by virtue of my experience in matters pertaining to the analysis of complex financial transactions in business and financial accounting matters. Specifically, over the past three decades, I have lectured on numerous occasions to national regulatory, law enforcement, and industry authoritative bodies regarding complex schemes that have employed disguised financial transactions to achieve unlawful objectives. Such law

¹ Complaint at ¶ 1-2.

enforcement bodies include the U.S. Justice Department, the Federal Bureau of Investigation, and the United States Secret Service, as well as numerous other local and regional authorities.

I have also lectured on numerous occasions regarding disguised financial transactions at the Advanced White-Collar Crime School sponsored by the Federal Financial Institutions Examination Council ("FFIEC") in Washington DC, to representatives of all of the major banking regulatory agencies, including the Office of Comptroller of Currency, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration, and on behalf of the Board of Governors of the Federal Reserve. I was awarded the Certificate of Appreciation for distinguished service by the FFIEC, where I have also lectured on financial fraud, corruption, patterns of racketeering activity, international money laundering and other aspects of complex financial fraud, among other subjects. I have frequently lectured to the federal banking regulators, various law enforcement authorities, and others on the reporting of suspicious financial activities, identification of red flags for detecting fraud in financial transactions, and following the trail of disguised financial transactions that are utilized to achieve unlawful results.

Internationally, as senior advisor to the International Institute for Sustainable Development in Geneva, Switzerland, and Senior Advisor to the Institute of Regional Studies, University of International Business and Economics, Beijing, China I have written and lectured on financial fraud and disguised financial transactions in the global financial system.

As an expert witness and forensic accountant, I have been engaged in the United States and internationally to investigate disguised financial transactions, including money-laundering activities and other complex commercial fraud centered in the United States, as well as globally. With my firm T.A. Myers & Co., I have undertaken complex, comprehensive investigations that have included, among other things, analyses of elaborate money-laundering schemes involving numerous layered transactions, multiple bogus accounts, wire transfers to tax haven jurisdictions, transactions with no apparent business purpose, and so-called "low high low" activity.

In the course of my professional practice, as an expert, I have performed detailed analyses of U.S. anti-money laundering legislation and bank regulatory guidelines, including analyses of the Bank Secrecy Act; insured depository institution compliance requirements; "Know Your Customer" guidelines and relevant pronouncements by the Federal Reserve relating to these principles; and appropriate procedures for preparing "Suspicious Activity Reports" in connection with suspected fraudulent activity. Please see the curriculum vitae of Thomas A. Myers, attached as Appendix A, for a more thorough discussion of my professional qualifications.

I have also testified widely as an expert on false and misleading disclosures relating to complex financial transactions, particularly in the context of securities fraud. I was the only expert used by the Securities and Exchange Commission in the landmark *In the Matter of Bank Boston*, dealing with false and misleading disclosures in the "management, discussion and analysis" section of the Form 10-Q quarterly report required by the Securities and Exchange Commission to be filed by publicly traded corporations. I also testified in an important case of first impression against a prominent investment banker, which became the first investment banking firm to be held liable in a securitization for the fraud of the issuer. I have provided extensive input on technical financial and accounting and forensic issues relating to the drafting of various complex commercial and securities fraud, as well as shareholder derivative litigation matters. A list of cases in which I have testified is set forth in the attached Appendix B.

My opinions as contained in this report are based on my examination of various documents and information provided by Plaintiffs' counsel in this litigation, as well as my expertise and experience in related matters as described above and in my curriculum vitae. A list of the documents that I have reviewed in this matter is attached as Appendix C.

In connection with my work in this matter, I have reviewed materials produced in discovery. In addition, I have obtained various documents from the internet, including certain IRS Forms 990, "Return of Organization Exempt from Income Tax," filed during the relevant time period by alleged members of the State Farm affiliated organization program ("Affiliated Organization Program"), and State of Illinois "D-2, Reports of Campaign Contributions and Expenditures," which were filed pursuant to the campaign disclosure requirements of the State Board of

Elections, State of Illinois. I reserve the right to amend or supplement my opinions, as appropriate, as witnesses are deposed under oath and as additional materials are provided through the discovery process.

Scope of the Report

I have been asked by counsel for the Plaintiffs to form opinions, based on my expertise, experience, and examination of the existing record, regarding whether:

- 1) The evidence as to State Farm's support of Justice Karmeier's campaign is common to all members of the proposed class;
- 2) The evidence as to the money trail of transactions that took place among State Farm and various other organizations resulting in support for Justice Karmeier's campaign is common to all members of the proposed class;
- 3) The evidence as to State Farm's false or misleading statements, concealment, and/or omissions regarding its support of Justice Karmeier's campaign is common to all members of the proposed class;
- 4) State Farm utilized a number of affiliated organizations ("Affiliated Organizations") to effectuate State Farm's goal to disguise its role in supporting, both financially and otherwise, the campaign to elect Justice Karmeier to the Illinois Supreme Court;
- 5) State Farm provided the Illinois Supreme Court with materially false information, misrepresentations, and omissions of material fact regarding State Farm's support of Supreme Court Justice Karmeier's campaign; and to
- 6) Calculate the damages to the class.

My report has been organized to first set forth the background of this litigation, followed by an analysis of whether State Farm, in supporting the election of Illinois Supreme Court Justice

Karmeier, fully disclosed its role, and the roles of those working with it, in orchestrating and financing Justice Karmeier's election. Next, I will examine State Farm's efforts to utilize other organizations that would facilitate State Farm's objective to support the election of Justice Karmeier, while at the same time providing "cover" to obscure and conceal the critical role that State Farm, and those working with it, played in supporting the election of Justice Karmeier.

I will provide a detailed description of the disguised financial transactions that State Farm undertook with each of the organizations (based on information discovered to date) with respect to the money trail initiated by State Farm that led to the election of Justice Karmeier. I will examine certain of the representations made by State Farm to the Illinois Supreme Court in its 2005 and 2011 filings in order to form an opinion regarding whether State Farm fully disclosed, or whether it misrepresented, concealed or omitted material information in its filings with the Court. I will also calculate the damages sustained by the Plaintiff class. Finally, I will summarize my opinions in this matter.

Background of Litigation

Plaintiffs were members of a class of more than 4 million State Farm automobile policyholders in *Avery v. State Farm Mutual Automobile Insurance Company*. The class was awarded damages of \$1.18 billion.² State Farm appealed the lower court's decision, and the Illinois Appellate Court upheld \$1.05 billion of the original judgment.³ State Farm appealed to the Illinois Supreme Court, which heard oral arguments in 2003, but did not render a decision until 2005.^{4,5}

Plaintiffs allege that Defendants, in an effort to evade the \$1.05 billion Avery Judgment, orchestrated and financed the election of Justice Karmeier. Plaintiffs allege that State Farm engineered a series of disguised financial transactions that funneled money through a network of organizations within its influence, in order to surreptitiously contribute at least \$3.52 million to

² Complaint at ¶ 3.

³ Complaint at ¶ 4.

⁴ Complaint at ¶ 5.

⁵ The length of time taken by the Illinois Supreme Court from the date of oral argument until the date of decision was extraordinary. See Appendix E.

elect Justice Karmeier,⁶ accounting for more than 74% of the \$4.72 million that the Karmeier campaign raised.⁷

State Farm Concealed Its Support of the Karmeier Campaign

My examination of the record indicates that State Farm, while committed to the election of Justice Karmeier as its preferred candidate, actively sought to conceal its actions and financial support of Justice Karmeier from all but the Affiliated Organizations.

For example, the record of communications between State Farm, the U.S. Chamber of Commerce (“U.S. Chamber” or “the Chamber”), and the Chamber’s own Institute for Legal Reform (“ILR”) demonstrate that State Farm concealed its efforts to elect Justice Karmeier to the Illinois Supreme Court. As I will discuss in detail in the Money Trail section below, the Chamber instituted a program in 1997 to dramatically increase its contributions and influence by providing a means for its biggest donors to make large contributions to political campaigns and causes *without disclosing their identities*.⁸ The Chamber’s secret donation program has been well-documented in the media by reputable news organizations, including the New York Times and the Wall Street Journal.

According to the Wall Street Journal, the Chamber’s Tom Donohue instituted a “striking innovation”⁹ when he took over as President and CEO in 1997.¹⁰ The Chamber’s biggest donors, who are some of the country’s largest corporations, wanted to influence elections without disclosing their identities. Donohue rapidly expanded the financial resources and power of the Chamber by partnering with major campaign donors to keep their campaign finance activities a secret. The Chamber, which is not required by law to disclose its donors, began to act as a pass-through organization for campaign contributions made by its media shy contributors. According

⁶ See the Money Trail section of this report, *infra* at pg. 18.

⁷ Citizens for Karmeier Forms D-2 for 2004.

⁸ See the U.S. Chamber of Commerce section of this report, *infra* at pg. 20.

⁹ Business Lobby Recovers Its Clout By Dispensing Favors for Members, by Jim VandeHei, The Wall Street Journal, September 11, 2001.

¹⁰ United States Chamber of Commerce website, <https://www.uschamber.com/thomas-j-donohue>, accessed May 1, 2015.

to the Wall Street Journal, the Chamber offered major corporations “the chance to use the chamber as a means of anonymously pursuing their own political ends.”¹¹ The Wall Street Journal revealed the plan to cloak corporate campaign contributions in secrecy after reviewing internal Chamber documents providing that:

(T)he organization has created several special accounts to take in money for projects on behalf of individual companies or groups of companies with a common policy goal. In some cases, the money is spent just days after it comes in the door. The chamber, like many nonprofit organizations, isn't required to report the sources of its funding, which makes it an attractive vehicle for those...who sometimes like to operate under the radar.¹² [Emphasis added]

The Washington Monthly reported on the Chamber's efforts to circumvent campaign finance disclosure laws, reporting that:

...a large part of what the Chamber sells is political cover. For multibillion-dollar insurers, drug-makers, and medical device manufacturers who are too smart and image conscious to make public attacks of their own, the Chamber of Commerce is a friend who will do the dirty work.¹³

Donohue acknowledged to the Washington Monthly that the Chamber partnered with major corporations to finance campaigns in secret: “I want to give them all the deniability they need,” he said.¹⁴ Such deniability would facilitate a major corporation, having passed money to a candidate through the Chamber, to represent to the public and to the courts that it had made no donation at all, as State Farm did when it told the Illinois Supreme Court that “State Farm itself made no contribution to the [Karmeier] campaign.”¹⁵

State Farm dramatically increased its donations to the Chamber after the program was put in place, and while the Avery Action and appeal were pending. Prior to the Chamber's initiative to funnel contributions from its biggest donors to political campaigns and causes, State Farm had

¹¹ *Business Lobby Recovers Its Clout By Dispensing Favors for Members*, by Jim VandeHei, The Wall Street Journal, September 11, 2001.

¹² *Business Lobby Recovers Its Clout By Dispensing Favors for Members*, by Jim VandeHei, The Wall Street Journal, September 11, 2001.

¹³ *Show Him the Money*, by James Verini, Washington Monthly, July/August 2010.

¹⁴ *Show Him the Money*, by James Verini, Washington Monthly, July/August 2010.

¹⁵ State Farm's Response in Opposition to Petition to Recall Mandate and Vacate August 18, 2005 Judgment: Page 3, Paragraph 5.

never contributed more than \$26,000 per year to the Chamber.¹⁶ Beginning in 1997, the year that Donohue took over as president and CEO of the Chamber (and the year that the Avery Action was filed), Ed Rust Jr. (“Rust”), State Farm CEO, and Donohue began meeting to discuss civil justice reform and State Farm’s contribution amounts.¹⁷ Internal memoranda prepared for Donohue by Agnes Warfield, the Chamber’s Senior Vice President of Finance and Development, reveal that Donohue and Rust discussed “civil justice reform” at their first meeting, as well as membership in the Chamber’s elite President’s Advisory Group (“PAG”), which was available only to corporations contributing \$100,000 or more (and which appears to provide the Chamber’s biggest donors with the opportunity to directly access and advise Chamber President Donohue).¹⁸ After the 1997 meeting, State Farm increased its contributions to the Chamber to \$100,000 to join PAG.¹⁹

During the course of the Avery litigation and appeal, State Farm continued to increase its contributions to the Chamber and its litigation-related projects. By 2001, State Farm was contributing over \$1 million per year and assisting the Chamber in raising money for legal reform.^{20,21} In 2002, State Farm expedited its \$1 million payment to the ILR to allow it to make commitments for the election cycle.²² Donohue assured Rust that the Chamber was moving forward with “the staffing and strategic issues” discussed between Donohue and Rust,²³ and that State Farm’s \$1 million annual contribution would be put to good use.²⁴ State Farm was amply rewarded for its contributions. Among other things, the Chamber’s National Chamber Litigation Center filed briefs in support of State Farm in the Avery Litigation and other lawsuits,²⁵ and the Chamber appointed Rust to the Board of Directors of the ILR, where he would have influence over the ILR’s pass-through contributions to various campaigns and races, including the

¹⁶ USCC-004332.

¹⁷ USCC-003205-10, USCC-004331-34, USCC-004423-35.

¹⁸ USCC-004332.

¹⁹ USCC-003207.

²⁰ Specific contributions are provided in the Money Trail—U.S. Chamber section of this report.

²¹ USCC-003205-08, USCC-004331-32, USCC-004423-35.

²² USCC-003056

²³ USCC0003056.

²⁴ USCC-003363.

²⁵ USCC-004424-26

Karmeier campaign.²⁶ David Hill, State Farm's Vice President, was appointed to the ILR elections task force to (1) provide recommendations as to important judicial races to be funded by the ILR, (2) review and approve proposed expenditures, as well as (3) provide advice and counsel to the ILRs election efforts.²⁷ Kim Brunner, State Farm's then Executive Vice President and general counsel, was appointed as one of three ILR audit committee members with the responsibility of providing oversight of annual ILR budgets and fundraising programs.²⁸

Shortly after the election of Justice Karmeier, Ed Rust agreed to Donohue's request for a significant contribution.²⁹ After the Avery decision was reversed on appeal by the Illinois Supreme Court, with Justice Karmeier participating, Rust committed to a \$5 million capital contribution, on behalf of State Farm to the Chamber.³⁰

The record supports that State Farm participated in the Chamber's contribution funneling program in order to disguise State Farm's role as a primary supporter of Justice Karmeier's campaign. This program enabled State Farm to disingenuously represent to the Illinois Supreme Court that "State Farm itself made no contribution to the [Karmeier] campaign."^{31,32}

The record in this case also supports that the U.S. Chamber acted as a pass-through donor for others contributing to the Karmeier campaign, shielding the true donors from publicity. In October 2004, Murnane sent a draft of a Karmeier campaign fundraising appeal to Rob Engstrom, the senior vice president of Political and State Affairs for the Chamber's Institute for Legal Reform, which had targeted the Illinois Supreme Court race for strategic and financial support. The draft appeal stated that other corporations were supporting the Karmeier campaign

²⁶ USCC-005837-38.

²⁷ HALEM00020543PROD, USCC-5290-98, USCC-5407-08

²⁸ USCC-5407-08.

²⁹ USCC-3354-55

³⁰ USCC-003420

³¹ State Farm's Response in Opposition to Petition to Recall Mandate and Vacate August 18, 2005 Judgment: Page 3, Paragraph 5.

³² Even this statement has been contradicted by documents produced to date, which reveal at least one in-kind contribution paid for by State Farm and one contribution made to ATRA that was designated for JUSTPAC to be used in the Karmeier campaign. See discussion of Sequoyah invoice beginning at pg. 58 and footnote 150 in the American Tort Reform Association section discussing State Farm contributions made to ATRA, but designated to JUSTPAC.

by making donations “through the U.S. Chamber or through ATRA [the American Tort Reform Association].”³³ Clearly sensitive to the importance of the secrecy and deniability that the Chamber was providing to big political donors, Engstrom sought to ensure that the use of the Chamber and ILR as opaque conduits for donations earmarked for the Karameier campaign would remain confidential. He instructed Murnane, the President of the ICJL, to “(p)lease delete any reference to our name. We really are not comfortable with that.”³⁴

Another email dated May 13, 2004 confirms the role of the U.S. Chamber in keeping large corporate donations a secret. Murnane advised a representative of Intel that the Karameier campaign had limited contributions from corporations to \$10,000 to “dispel accusations that Judge Karameier is beholden to ‘big business, big insurance, etc. etc.’”³⁵ The campaign was apparently still willing to accept corporate donations above the \$10,000 limit, so long as they were made in secret. To maintain such secrecy, Murnane advised Intel to pass the donation through the Chamber: “there are some other options for contributions in Illinois and I know you have had some discussions with the U.S. Chamber and they certainly are being helpful to us in the overall cause.”³⁶

Murnane informed other potential donors that the Karameier campaign contributor list was not complete because some insurers, *State Farm particularly*, had contributed big through the U.S. Chamber and not directly to the Karameier campaign.³⁷

Based on my review of the record of State Farm’s relationship with the U.S. Chamber, it appears that State Farm was strongly motivated to ensure that its support of the Karameier campaign remained a secret. It also appears that State Farm’s need and desire to maintain anonymity with respect to campaign contributions also extended to its financial transactions with other organizations, in addition to the Chamber. There is considerable evidence that other organizations, to whom State Farm made large contributions, were similarly in the business of

³³ MURNANE000068-69.

³⁴ MURNANE003917.

³⁵ Murnane007201.

³⁶ Murnane007201.

³⁷ Murnane006831.

maintaining the secrecy of campaign donors. In an email dated May 4, 2004, Ed Murnane advised an employee of the American Tort Reform Association (“ATRA”) that if ATRA members wanted to contribute to the Karmeier campaign but were “nervous about contributing to a judicial race” and “might not want to be too visible,” they had “two other options: contribution to JUSTPAC (disclosed) or to the ICJL (not disclosed).”³⁸

An email from Murnane to Rob Engstrom at the U.S. Chamber provided that:

I am attaching a spread sheet showing my calculations of where JUSTPAC is right now, what we are virtually certain to received [*sic*] (minimally) between now and September 30, and what the US Chamber would be able to contribute and stay under the 1/3 “sponsoring entity” requirement.

The yellow highlighted section shows major sources of funding we are anticipating. You’ll note that there are several from ATRA; they are funds coming from various sources to ATRA which we expect to be passed on to JUSTPAC. Similarly, Illinois State Medical Society is making two separate contributions (one may be from the ISMS Insurance Exchange). The Illinois Chamber contributions are from sources that are being paid to the Illinois Chamber for the purpose of forwarding them to JUSTPAC. Same situation is true with the Illinois Jobs Coalition.³⁹ [Emphasis added]

Murnane was actively involved in assisting campaign donors to maintain their anonymity by funneling contributions through other organizations. State Farm, as detailed in the Money Trail section of this report, made large contributions to the U.S. Chamber of Commerce, the American Tort Reform Association, the Illinois Coalition for Jobs, Growth and Prosperity, the Civil Justice Reform Group, and less significant contributions to the Illinois Civil Justice League. Like the U.S. Chamber, the American Tort Reform Association, the Civil Justice Reform Group, the Illinois Coalition for Jobs, Growth and Prosperity, JUSTPAC and the Illinois Civil Justice League appear to have been integrally involved in obfuscating the sources of Karmeier campaign contributions.

³⁸ ATRA0000056.

³⁹ Murnane000937

In my opinion, State Farm's interactions with other organizations in supporting the Karmeier campaign is consistent with, and supportive of, Plaintiffs' allegation that State Farm actively sought to conceal its involvement. Indeed, my examination of the record reflects that Defendants engaged in a pattern of activity to utilize ostensibly neutral nonprofit organizations to conceal its over-arching involvement with the Karmeier campaign. Moreover, Defendants' pattern of using 501(c) entities to obscure State Farm's involvement in the Karmeier campaign is consistent with the Plaintiff's allegation in this litigation that State Farm misrepresented and failed to fully disclose its substantive role supporting in the Karmeier campaign to the Illinois Supreme Court.

The State Farm Affiliated Organization Program

It is my expert opinion, based on my review of the current evidentiary record, that while the Illinois Supreme Court's ruling was pending, Defendants recruited, financed, and worked to elect an Illinois Supreme Court Justice. Although there was no guarantee that Defendants' scheme to elect its preferred candidate would be successful, or that the Illinois Supreme Court would not rule on the pending action prior to the 2004 election, the amount that State Farm would spend, albeit more than several million dollars, represented a relatively small risk when compared to the \$1.05 billion that State Farm would save if the Avery verdict were overturned.

A critical aspect of the State Farm plan involved concealing State Farm's funding of the Karmeier campaign. To achieve the secrecy that was essential to State Farm's plan, State Farm needed to avoid making large contributions for the benefit of its preferred candidate *directly* to the campaign itself. Contributions made directly to judicial campaign committees are subject to campaign disclosure requirements. The Illinois State Board of Elections' "A Guide to Campaign Disclosure" explains which entities are required to disclose political contributions and/or expenditures under the Illinois Campaign Disclosure Act:

The Illinois Campaign Disclosure Act applies to candidates, individuals, groups of persons or any organizations, political or otherwise, who: (1) have accepted contributions or made expenditures or independent expenditures in excess of \$5,000 within a 12-month period in support of or in opposition to a candidate or candidates for public office, or any question of public policy to be submitted to voters; (2) have received or made expenditures in excess of \$5,000 within a 12-month period for electioneering communication – defined essentially as any

broadcast, cable or satellite communication, including radio, TV or internet communications, that makes an appeal to vote for or against a clearly identified candidate, political party, or question of public policy made within the 60 days before a general or consolidated election or 30 days before a primary election...; or (3) have made independent expenditures in excess of \$5,000 within a 12-month period. Independent expenditures are defined essentially as any payment or expenditure made for electioneering communications or expressly advocating for or against a candidate, provided the spending is not made in coordination with a candidate or their committee.⁴⁰ [Emphasis added]

Pursuant to the above requirements, if State Farm had contributed funds directly to the Karmeier campaign, then Citizens for Karmeier would have been required to disclose State Farm's contributions in its 2004 Forms D-2.⁴¹

As 501(c) tax-exempt organizations, these intermediary donors could make political contributions without disclosing the identities of their own contributors. The intermediary donors provided layers of obfuscation that enabled State Farm to anonymously contribute at least \$3.52 million⁴² to its Affiliated Organizations, who would then pass the money on to the Karmeier campaign. This is equivalent to more than 74% of the campaign's total funding.⁴³

Affiliated People and Organizations

State Farm utilized a network of Affiliated Organizations to recruit and vet potential candidates, assist in managing the campaign, and obfuscate State Farm's financing of the Karmeier campaign. State Farm utilized these Affiliated Organizations to conceal State Farm's pivotal role in the Karmeier campaign.

The following organizations and individuals, among others, played active roles in the election of Justice Karmeier:

- Ed Rust, Jr., the CEO of State Farm.

⁴⁰ Illinois State Board of Elections, A Guide to Campaign Disclosure, "Who is Covered by the Act," page 3.

⁴¹ "Political Committee Report Filing Forms." Illinois State Board of Elections. Accessed January 23, 2015.

<http://www.elections.state.il.us/campaigndisclosure/politicalcommittee.aspx>.

⁴² See the Money Trail section of this report, *infra* at pg. 18.

⁴³ Citizens for Karmeier reported raised \$4.72 million according to its Forms D-2 for 2004.

- Tom Donohue, President and CEO of the U.S. Chamber of Commerce.
- Ed Murnane, president of the Illinois Civil Justice League (“ICJL”)⁴⁴ and treasurer of JUSTPAC.⁴⁵ Through the ICJL, Murnane recruited Justice Karmeier and ran the Karmeier campaign.⁴⁶
- William G. Shepherd, lawyer and lobbyist for State Farm.⁴⁷ Shepherd was a member of the ICJL’s Executive Committee,⁴⁸ which was responsible for the ICJL governance.⁴⁹
- Kim Brunner (“Brunner”), Executive Vice President and General Counsel for State Farm.⁵⁰
- The Illinois Chamber of Commerce and its political action committee (“IL Chamber”).
- The U.S. Chamber and the U.S. Chamber-affiliated Institute for Legal Reform (“ILR”).
- The Illinois Coalition for Jobs, Growth and Prosperity (“Illinois Jobs Coalition” or “IJC”)
- The American Tort Reform Association (“ATRA”)
- The Illinois Republican Party (“IRP”)
- The Civil Justice Reform Group (“CJRG”)
- The Illinois Civil Justice League and its political action committee, JUSTPAC
- The Illinois Business Roundtable (“IBRT”)

State Farm’s contributions were funneled through these organizations, which used the funds for the benefit of the Karmeier campaign. These organizations were not required to disclose the names of donors or contributors. JUSTPAC and Citizens for Karmeier were required to disclose

⁴⁴ Illinois Civil Justice League 2004 IRS Form 990, Part V; Murnane066645

⁴⁵ Murnane066645

⁴⁶ Murnane007805, Murnane003165

⁴⁷ CASEMANAGEMENT00000053, pg. 3; HALEM00000812PROD

⁴⁸ HALEM00007621PROD

⁴⁹ ICJL001031

⁵⁰ HALEM00001350PROD

the names of the intermediary donors, but not the source of the original funds that were contributed by State Farm and to those intermediary donors.

Rust and other high-ranking State Farm executives were closely affiliated with the individuals and organizations to which State Farm contributed money. Here is a snapshot of some of the intertwining relationships in 2004:

- Rust was an ILR board member.^{51,52}
- Rust was a member of the Executive Committee and Chairman Emeritus of the Illinois Business Roundtable.⁵³ The IBRT co-founded two intermediary donors--the Illinois Jobs Coalition and the ICJL.⁵⁴ The IBRT even shared office space with the ICJL in order to work together on class action lawsuit reform.⁵⁵ According to an IBRT Meeting Agenda dated September 14, 2006, the IBRT claimed to have been one of the Karmeier Campaign's "most significant participants."⁵⁶
- Rust was chair of a coalition of corporate CEO's that included the Business Roundtable and the U.S. Chamber, and which lobbied for class action reform.⁵⁷
- Kim Brunner, State Farm Executive VP and General Counsel, was co-chair of the Civil Justice Reform Group Steering Committee and a member of the ILR audit committee.⁵⁸ State Farm contributed \$150,000 to the CJRG in 2004.⁵⁹ The CJRG contributed \$100,000 to the ICJL in 2004.⁶⁰
- Dave Hill, State Farm VP and Counsel, was on the Board of Directors of ATRA.⁶¹ Hill was also a member of the ILR Elections Task Force,⁶² which provided recommendations to the ILR regarding which elections it should attempt

⁵¹ 2004 Institute for Legal Reform IRS Form 990.

⁵² Rust's close relationship with the Chamber continued. In 2012 the Chamber's Board of Directors elected Rust to serve a one year term. As of the writing of this report, Rust was prominently featured on the Chamber's website as "Chairman of the Executive Committee, U.S. Chamber of Commerce Board of the Directors, Chairman and Chief Executive Officer State Farm Mutual." The briefing/conference center of the U.S. Chamber is named after Ed Rust, the Rust Briefing Center. [USCC-003306.]

⁵³ HALEM00010780PROD, HALEM00017886PROD.

⁵⁴ Murnane002093-94, HALEM20539PROD.

⁵⁵ The Illinois Business Roundtable's 2001 Annual Chairman's Report by Ed Rust.

⁵⁶ HALEM20539PROD.

⁵⁷ HALEM00001883PROD.

⁵⁸ HALEM00001349PROD-50PROD; USCC-5407-08

⁵⁹ HALEM00015558PROD.

⁶⁰ Murnane005424

⁶¹ 2004 American Tort Reform Association IRS Form 990.

⁶² HALEM00020543PROD; USCC-005408

to influence, to review and approve proposed expenditures, and provide advice and counsel to the ILR's election efforts.⁶³

- Peggy Echols ("Echols"), State Farm VP, was on the Board of Directors of the Illinois Chamber of Commerce.⁶⁴
- Shepherd was an important member of the ICJL's Executive Committee⁶⁵ and worked on campaign issues with the ICJL President Murnane.⁶⁶

Although ostensibly employed by the ICJL, the record supports the allegation that Murnane essentially ran the day-to-day operations of the campaign and sent emails regarding donations and contributors to various recipients within the campaign, including Justice Karmeier himself.⁶⁷ In addition, Murnane was on the boards of ATRA and the Illinois Jobs Coalition.⁶⁸ After Justice Karmeier was identified as the chosen candidate, Murnane sent an email to Justice Karmeier notifying him that he had "passed all the tryouts we need."⁶⁹

Karmeier Wins Election

The Defendants' efforts to elect Justice Karmeier were successful. Justice Karmeier won election in November 2004 and took his seat on the Illinois Supreme Court. On January 26, 2005, Plaintiffs filed a Conditional Motion for Non-Participation asking Justice Karmeier to recuse himself.⁷⁰

State Farm filed its response on January 31, 2005, wherein it represented to the Illinois Supreme Court that its contributions to the Karmeier campaign were "quite modest" and denied that it had "engineered contributions" to the campaign "for the purpose of impacting the outcome of the case."⁷¹ State Farm withheld information from the Illinois Supreme Court about its substantial

⁶³ USCC-005407

⁶⁴ ISCC000169, ISCC001306.

⁶⁵ ICJL001031; HALEM00007621PROD

⁶⁶ Murnane002829, Murnane002963, HALEM00000812PROD, Murnane007026

⁶⁷ Murnane040292, Murnane068671, Murnane044924, Murnane003162-67

⁶⁸ Murnane000923, Murnane040105; Illinois Coalition for Jobs, Growth and Prosperity 2004 IRS Form 990; American Tort Reform Association 2004 IRS Form 990.

⁶⁹ Email from Murnane to Justice Karmeier apparently sent on Sunday, January 25, 2004.

⁷⁰ Complaint at ¶ 6.

⁷¹ Opposition to Plaintiff-Appellees' Conditional Motion for Non-Participation at pp. 10-18.

actions taken to conceal millions of dollars in contributions paid through intermediary donors, and to conceal the roles of Shepherd and Murnane in substantively recruiting Justice Karmeier and running his campaign.⁷² State Farm explicitly represented to the Illinois Supreme Court that Murnane had not run the Karmeier campaign.⁷³

The Illinois Supreme Court ruled that Justice Karmeier should determine for himself whether or not recusal was appropriate.⁷⁴ Justice Karmeier did not recuse himself and, on August 18, 2005, voted to overturn the \$1.05 billion judgment against State Farm.⁷⁵

The Money Trail

I have organized the following discussion to provide insight into the various channels (both direct and indirect) that State Farm utilized to funnel campaign financing to Justice Karmeier during his 2004 Illinois Supreme Court campaign. I will examine the means through which Defendants engaged in their pattern of disguised financial transactions, in detail, identifying each intermediary donor and analyzing its role in facilitating the ultimate goal of the Affiliated Organization Program, while citing documentation to support the detailed narrative.

I will examine the State Farm Affiliated Organization Program from two different perspectives: 1) a “macro” viewpoint, designed to illustrate the overall effect of the disguised transactions; and 2) a “micro” viewpoint, following specific transfers from State Farm, through other organizations, to the ultimate recipient, Citizens for Karmeier and the Karmeier campaign.

Throughout the report, I will provide graphical representations of the particular transfers for reference.⁷⁶ An overview of the examined cash flows, which can be found on the following page, illustrates the flow of funds that were funneled through disguised financial transactions into

⁷² Opposition to Plaintiff-Appellees’ Conditional Motion for Non-Participation at pp. 10-18.

⁷³ Opposition to Plaintiff-Appellees’ Conditional Motion for Non-Participation at pp. 10-18.

⁷⁴ Complaint at ¶ 54.

⁷⁵ Mackey, Brian. "Supreme Tort: The Campaign to Fire Justice Lloyd Karmeier." WUIS.org. N.p., 1 Feb. 2015. Web. 22 Apr. 2015. Also see Complaint at ¶ 56.

⁷⁶ Full source documents appear in the Appendices.

various organizations, which were then transferred to Justice Karmeier's campaign directly, or used for the benefit of the Karmeier campaign. See Figure 1 on the following page.

Key:
 501(c) Organization
 Political Action Committee
 Corporation
 Election Campaign
 Political Party

Karmeier Campaign Contributions
 Data taken from CY2004 records, unless otherwise noted.

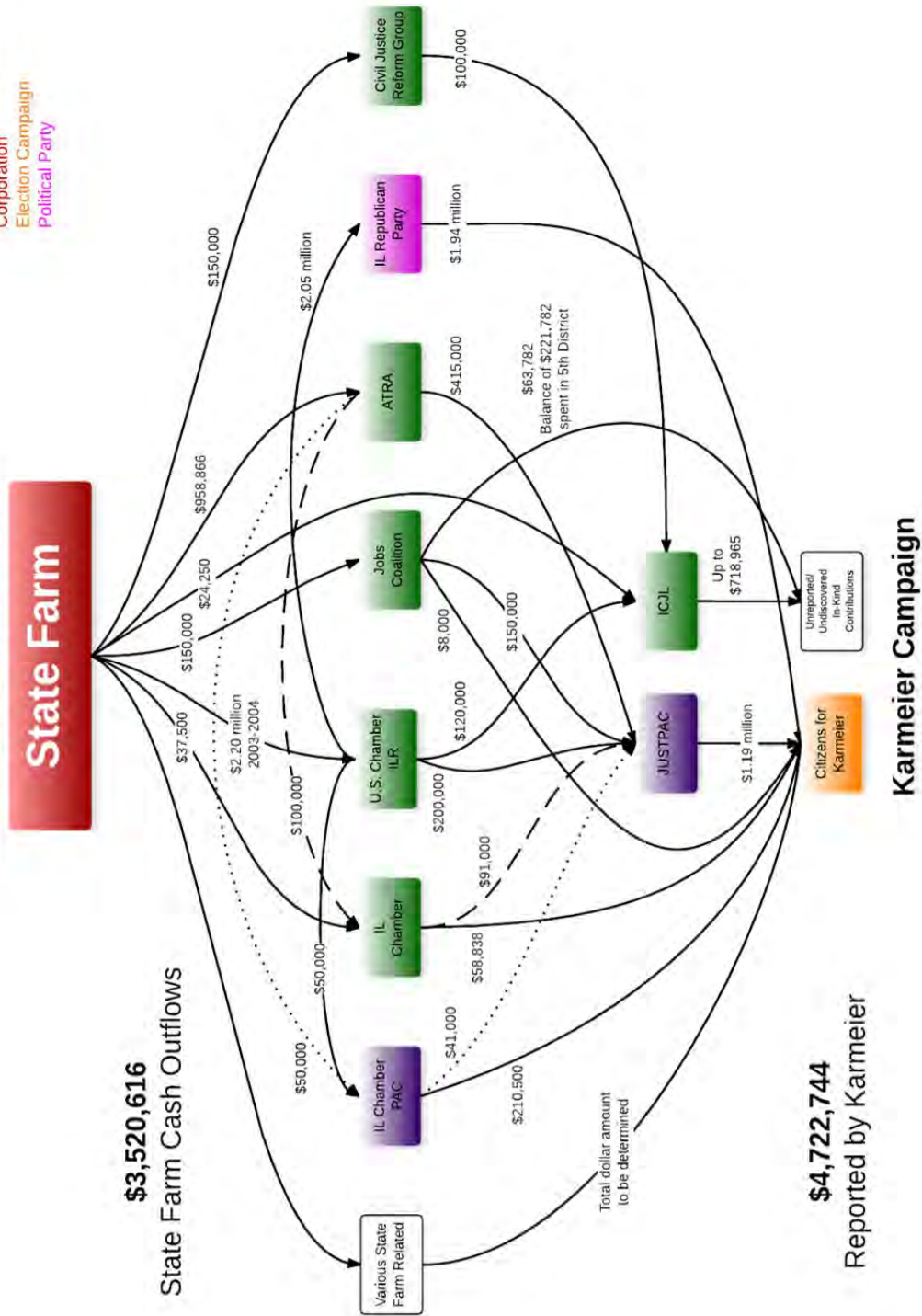


Figure 1

The U.S. Chamber of Commerce

State Farm has denied the allegation that it had any influence within the U.S. Chamber of Commerce to see that its donations to the Chamber passed through to the Karmeier campaign. State Farm described the connection between State Farm and the Chamber as “remote” and “tenuous.”⁷⁷

By way of background, the Rust family and State Farm have long-standing ties to the U.S. Chamber, and Rust continued State Farm’s long association with the Chamber when he took the helm at State Farm in 1985.⁷⁸ State Farm dramatically increased its contributions to the U.S. Chamber while the Avery litigation was pending. In so doing, State Farm used a plan put in place by Donohue, whereby the Chamber would act as a conduit for members wanting to influence elections anonymously. As discussed below, Donohue admitted to the media that he dramatically increased donations to the Chamber by offering its biggest donors the ability to contribute large quantities of money to elections and political causes *in secrecy*. It was understood that this service was available only to the Chamber’s highest paying members and, as discussed below, State Farm’s significant contributions in the years prior to 2004 would put them in a position to utilize the Chamber to fund the Karmeier campaign.

Donohue was hired by the Chamber as a veritable “fix-it man” in 1997.⁷⁹ An advocate of big business dating back to the Taft administration, the Chamber had fallen on hard times. According to reputable media accounts, the Chamber had taken positions that had angered its members, and many were in active revolt.⁸⁰ Rapidly losing influence, the Chamber brought Donohue on board in the hope that he could turn the ship around, which he did. Donohue doubled the Chamber’s

⁷⁷ Response in Opposition to Petition to Recall Mandate and Vacate August 18, 2005 Judgment filed by State Farm on August 18, 2005 at ¶ 43.

⁷⁸ State Farm has been a member of the Chamber since 1944. During that time, both Rust’s father and grandfather were CEOs of State Farm. Rust’s father, Ed Rust Sr., was Chairman of the Chamber in the mid-1970s.

⁷⁹ *Pugnacious Builder of the Business Lobby*, by Sheryl Gay Stolberg, the New York Times, June 1, 2013.

⁸⁰ *Clinton Finds a Friendlier Chamber of Commerce*, by Richard L. Berke, The New York Times, April 14, 1993; *Pugnacious Builder of the Business Lobby*, by Sheryl Gay Stolberg, the New York Times, June 1, 2013.

fundraising in only 4 years, and rapidly rebuilt the Chamber's relationship with its biggest contributors by lavishing the proceeds on their political causes and candidates.⁸¹

As discussed above, the Wall Street Journal reported that Donohue's "most striking innovation" was offering individual companies "the chance to use the chamber as a means of anonymously pursuing their own political ends."^{82,83} According to the Journal, it reviewed internal Chamber documents revealing that:

(T)he organization has created several special accounts to take in money for projects on behalf of individual companies or groups of companies with a common policy goal. In some cases, the money is spent just days after it comes in the door. The chamber, like many nonprofit organizations, isn't required to report the sources of its funding, which makes it an attractive vehicle for those...who sometimes like to operate under the radar.⁸⁴ [Emphasis added]

The Washington Monthly conducted an interview with Donohue, and reported on the Chamber's efforts to fight healthcare reform:

...a large part of what the Chamber sells is political cover. For multibillion-dollar insurers, drug-makers, and medical device manufacturers who are too smart and image conscious to make public attacks of their own, the Chamber of Commerce is a friend who will do the dirty work. "I want to give them all the deniability they need," says Donohue.⁸⁵

Donohue acknowledged that the Chamber was selling political cover to companies wanting to influence elections behind the scenes and in secret. But the Chamber's favors apparently do not come cheap. According to a corporate executive cited anonymously by the New York Times, businesses must contribute \$250,000 to \$500,000 a year, or the Chamber won't "pay any

⁸¹ *Business Lobby Recovers Its Clout By Dispensing Favors for Members*, by Jim VandeHei, The Wall Street Journal, September 11, 2001.

⁸² *Business Lobby Recovers Its Clout By Dispensing Favors for Members*, by Jim VandeHei, The Wall Street Journal, September 11, 2001.

⁸³ Donohue apparently passed this Wall Street Journal on to Rust, explaining, "...you might enjoy seeing the enclosed copy of last week's *Wall Street Journal* article which suggests that the Chamber is very active in assisting its biggest supporters within the context of what is best for the business community." (USCC-003358-59)

⁸⁴ *Business Lobby Recovers Its Clout By Dispensing Favors for Members*, by Jim VandeHei, The Wall Street Journal, September 11, 2001.

⁸⁵ *Show Him the Money*, by James Verini, Washington Monthly, July/August 2010.

attention to you at all.”⁸⁶ The Wall Street Journal marveled in 2001 that companies like Wal-Mart and the American Council of Life Insurers contributed \$1 million each to a Chamber effort to elect sympathetic judges “without disclosing their identities.”⁸⁷

Prior to the Avery Action, State Farm had never contributed more than \$26,000 per year to the Chamber.⁸⁸ Beginning in 1997, when Donohue began his tenure at the Chamber, State Farm dramatically increased its contributions to the Chamber to the level apparently afforded “political cover” and “deniability.” Rust and Donohue met to discuss “civil justice reform and PAG membership at the \$100,000 level,”⁸⁹ and State Farm subsequently increased its dues to \$100,000 per year to be admitted to the Chamber’s elite President’s Advisory Group (“PAG”).⁹⁰ State Farm continued to open its wallet for the Chamber, paying \$150,000 in 1998 and \$100,000 in 1999.⁹¹ Then, in October 1999, the trial court issued a \$1.18 billion judgment in Avery, and State Farm appealed.

In 2000, Rust met with Donohue again. State Farm subsequently contributed to finance the Institute for Legal Reform, an organization founded by the Chamber to advocate for “tort reform” by targeting judicial campaigns.^{92,93} The purpose of the ILR is described in a U.S. Chamber memo:

The U.S. Chamber Institute for Legal Reform is adopting new governance procedures, which will include reorganizing the Board of Directors. Our objective is to create a board of Chief Executive Officers of corporate donors (or their proxies) and select trade associations that support ILR initiatives.

⁸⁶ *Top Corporations Aid U.S. Chamber of Commerce Campaign*, by Eric Lipton, Mike McIntire and Don Van Natta Jr., The New York Times, October 21, 2010.

⁸⁷ *Business Lobby Recovers Its Clout By Dispensing Favors for Members*, by Jim VandeHei, The Wall Street Journal, September 11, 2001.

⁸⁸ USCC-004332

⁸⁹ USCC-004332

⁹⁰ USCC-004332.

⁹¹ USCC-003207.

⁹² USCC-004424-27

⁹³ A contribution to ILR is a contribution to the Chamber, as the two organizations share a bank account. See Voters Education Committee v. Washington State Public Disclosure Commission, superior Court of Washington for King County, Deposition of Stanton Anderson on January 12, 2005, at pg. 90, 144-146.

The board's primary responsibility, in addition to providing advice and counsel, will be to review and approve ILR's annual budget, program for work, and fundraising activities.⁹⁴ [Emphasis added]

According to a report by the Center for Political Accountability, the Chamber used the ILR to “reshape the judiciary” by “(r)aising and channeling secret political money.”⁹⁵ In 2000, State Farm contributed \$500,000 to the ILR, in addition to the \$100,000 it was already giving annually to the Chamber for PAG.⁹⁶

State Farm anteed up again in 2001, subsequent to the Appellate Court upholding the Avery Judgment. After Rust had dinner with Donohue,⁹⁷ State Farm doubled its contributions to the ILR to \$1 million per year, while continuing to contribute \$100,000 per year to the Chamber for PAG.⁹⁸ In a correspondence from Donohue to Rust dated September 19, 2001, Donohue thanked Rust for State Farm's \$100,000 contribution,⁹⁹ and added “I also appreciate your efforts in getting some of the legal reform money moving in this direction.”¹⁰⁰ A letter from Donohue to Rust on May 28, 2002 shows that Rust had a say in the destination of State Farm's annual contribution:

Special thanks for your thoughtful advice and reaction to the decisions we're making at the Institute for Legal Reform on the best allocation of our time and assets. It was also helpful to have a little coaching on the best way to approach some of our constituents... You and your colleagues at State Farm have been very helpful on the grassroots side of the class action effort... Count on us to be very helpful in Illinois in the 2002 judicial elections. I'll keep you informed of our progress in that regard.¹⁰¹ [Emphasis added]

⁹⁴ USCC-004294

⁹⁵ *Hidden Rivers: How Trade Associations Conceal Political Spending, Its Threat to Companies, and What Shareholders Can Do*, by Bruce F. Freed and Jamie Carroll, Center for Political Accountability at pg. 15.

⁹⁶ USCC3206-07.

⁹⁷ USCC-004331.

⁹⁸ USCC-003206-07

⁹⁹ USCC-003358

¹⁰⁰ USCC-003358

¹⁰¹ USCC-003363

In early 2003, three months after the Illinois Supreme Court accepted State Farm's appeal in Avery, Rust began serving on the board of the ILR.¹⁰² In 2003, the ILR changed its board membership requirements to favor CEOs whose companies contributed \$1 million annually.¹⁰³ In addition, State Farm VP and Counsel David L. Hill was a member of an ILR Task Force that provided recommendations regarding which elections the ILR should attempt to influence, approved and proposed related expenditures, and provided advice and counsel to the ILR's election efforts.¹⁰⁴ Kim Brunner, State Farm's then executive VP and general counsel, was also appointed to the ILR Audit Committee, where he was one of three members with the responsibility of providing oversight of annual ILR budgets and fundraising programs. The Chamber later reported that 2003 was the year that the ILR began working to reform the Illinois legal system.¹⁰⁵

The ILR Elections Task Force conducted six conference calls between January 2003 and the October 2003 ILR board meeting.¹⁰⁶ In May 2003, the U.S. Chamber/ILR appears to have created the Madison County Coalition (which included State Farm) to involve itself in the composition of the Illinois Supreme Court.¹⁰⁷ State Farm contributed \$1 million to the ILR on May 30, 2003.¹⁰⁸ The ILR announced the Madison County Coalition at a press conference in southern Illinois on June 5, 2003.¹⁰⁹ The day after the ILR press conference, the ILR sent \$20,000 to the ICJL.¹¹⁰ On June 17, 2003, the Chamber invoiced State Farm for \$100,000.¹¹¹ On June 27, 2003, State Farm funded \$100,000 to the U.S. chamber.¹¹²

On July 26, Murnane told Justice Karmeier that the U.S. Chamber was "prepared to make a substantial financial effort to help Illinois in 2004."¹¹³ Murnane told Justice Karmeier he hoped

¹⁰² USCC-004294-96; USCC-005405

¹⁰³ USCC005290-97 at 95.

¹⁰⁴ HALEM00020543PROD.

¹⁰⁵ USCC-003367-3411 at 369.

¹⁰⁶ USCC5290-5398; 5408

¹⁰⁷ USCC1995-1996; 1997-2000

¹⁰⁸ HALEM00005015-5016; USCC-004411-12

¹⁰⁹ USCC3936-3968

¹¹⁰ USCC5871-5872

¹¹¹ HALEM00005027-28

¹¹² HALEM00005027-28

¹¹³ Murnane6075-6076

to get a \$2 million commitment the following week from the U.S. Chamber.¹¹⁴ The ILR made a presentation to the Business Roundtable (Ed Rust, Chairman) on August 26, 2003, which included an ILR 2004 preview describing the 2004 Illinois Supreme Court race as a Tier I election.¹¹⁵ This was included in a handout to use if donors or potential donors asked.

At the September 29, 2003 ILR Board Meeting, the Illinois Supreme Court race was identified as a donor priority.¹¹⁶ The ILR board formally approved spending \$1.8-\$2 million on the Illinois Supreme Court election for Justice Karmeier.¹¹⁷

Under the influence of Rust and Hill, the ILR channeled more than \$2 million to the Karmeier campaign.¹¹⁸ In a 2003 memo, State Farm's Alan Maness explained:

From our standpoint, probably the most interesting new development at ILR is its intention to mount major efforts in certain problem states. In September, the ILR's board approved spending between \$1.8 and \$2 million in 2004 to try to improve the litigation climate in Illinois. This effort will include close to \$1 million in paid advertising, significant earned media efforts and an extensive grassroots effort which will be coordinated with the Illinois Civil Justice League.¹¹⁹ [Emphasis added]

The Illinois Business Roundtable's 2004 Annual Report indicated that the Chamber contributed more than \$2 million to the Karmeier campaign:

The US Chamber of Commerce also played a major role, contributing more than \$2 million, most of it contributed through the Illinois Republican Party for use in the Karmeier campaign.¹²⁰

In a series of emails, Murnane sent a draft of a fundraising appeal to Rob Engstrom of the U.S. Chamber and the ILR, which stated that many corporations were making donations intended for

¹¹⁴ Murnane6075-6076

¹¹⁵ USCC6229-6236

¹¹⁶ USCC4617-4791

¹¹⁷ HALEM822-824

¹¹⁸ See below checks and transfers.

¹¹⁹ HALEM00000823PROD

¹²⁰ IBR099

the Karmeier campaign “through the U.S. Chamber or through ATRA.”¹²¹ Engstrom ensured that the use of the Chamber and the ILR as conduits for donations to the campaign remained a secret. He instructed Murnane to “(p)lease delete any reference to our name. We really are not comfortable with that.”¹²² Regardless of its efforts at secrecy, there is no doubt that the U.S. Chamber and State Farm were critically involved in Justice Karmeier’s election. In fact, a U.S. Chamber document contains a “Madison County Working Group List” with the names and contact information for Herm Brandau at State Farm, Murnane at the ICJL, Doug Whitley at the IL Chamber, and “Tiger” Joyce from ATRA, among others.¹²³ Additionally, as previously discussed, the U.S. Chamber/ILR appears to have organized the Madison County Coalition, which included the U.S. Chamber, ATRA, the ICJL, the ILR, the IL Chamber, the Illinois Business Roundtable and State Farm, among others, in an effort to influence Illinois’ 5th district.¹²⁴

In another email, Murnane advised Intel that Justice Karmeier had limited corporate contributions to \$10,000 to “dispel the accusations that Judge Karmeier is beholden to ‘big business, big insurance, etc. etc.’”¹²⁵ The \$10,000 limit was just for show. Murnane went on to inform Intel of how to circumvent the \$10,000 limit: “there are some other options for contributions in Illinois and I know you have had some discussions with the U.S. Chamber and they certainly are being helpful to us in the overall cause.”¹²⁶

In June of 2004, in the heat of the Karmeier campaign, Donohue chose Rust to receive a Chamber award for leadership in “legal reform and the ILR.”¹²⁷ Years after Justice Karmeier’s victory over opponent Justice Gordon Maag, the Chamber stated that the ILR’s work in Illinois had achieved the: “(d)efeath of trial lawyer-backed state supreme court candidate Gordon Maag

¹²¹ MURNANE000068-69.

¹²² MURNANE003917.

¹²³ USCC-001995-96

¹²⁴ USCC-002000

¹²⁵ MURNANE007201.

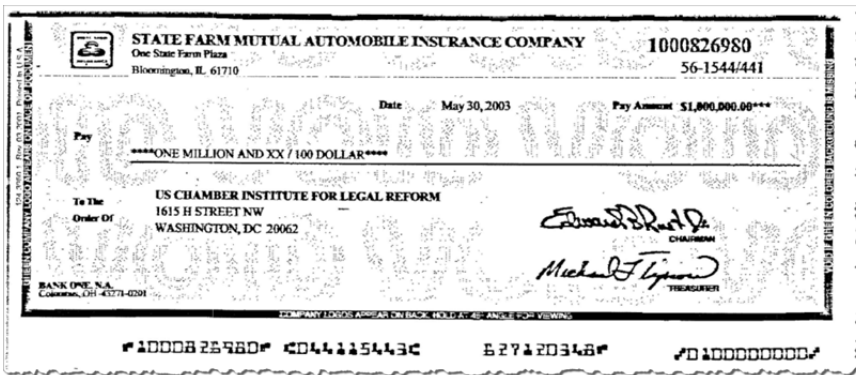
¹²⁶ MURNANE007201.

¹²⁷ USCC-001015. Donohue also stated that Rust was the “1st guy to step up” when Donohue came to the Chamber, as well as “one of the first people” that Donohue went to see as Chamber President.

[and] shifted [the] court balance to 4-2-1 in our favor,” resulting in “(t)hree landmark pro-business state supreme court decisions,” one of which included the Avery Litigation.¹²⁸

State Farm increased its contributions during the course of the Avery Litigation to become one of the Chambers largest donors. State Farm representatives had been placed on the ILR Elections Task Force and audit committees, giving them responsibility and influence over recommendations regarding targeted elections, review and approval of expenditures for the targeted elections, advice and counsel for ILR involvement in targeted elections, and oversight to annual ILR budgets and fundraising programs.¹²⁹

State Farm passed \$2.2 million through the U.S. Chamber’s Institute for Legal Reform in the form of four checks: two for \$1 million each, dated May 30, 2003¹³⁰ and May 17, 2004¹³¹, and two for \$100,000, dated June 21, 2004¹³² and June 27, 2003¹³³, as shown below.



¹²⁸ USCC-003367-69 at 69.

¹²⁹ HALEM00020543PROD; USCC-5290-98; USCC-005407-08

¹³⁰ HALEM00005016PROD.

¹³¹ HALEM00005020PROD.

¹³² HALEM00015618PROD.

¹³³ HALEM00015498PROD.

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY 1000860625
 One State Farm Plaza 56-1544/441
 Bloomington, IL 61710

Date June 27, 2003 Pay Amount \$100,000.00***

Pay ****ONE HUNDRED THOUSAND AND XX / 100 DOLLAR****

To The Order Of **CHAMBER OF COMMERCE**
 1615 H ST NW
 WASHINGTON, DC 20062-2001

Edward B. Runt Jr. CHAIRMAN
Michael J. Lypson TREASURER

BANK ONE, N.A.
 Columbus, OH 43271-0201

⑆ 1000860625⑆ ⑆ 044115443⑆ ⑆ 271203⑆ ⑆ 001000000⑆

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY 1001205504
 One State Farm Plaza 56-1544/441
 Bloomington, IL 61710

Date May 17, 2004 Pay Amount \$1,000,000.00***

Pay ****ONE MILLION AND XX / 100 DOLLAR****

To The Order Of **US CHAMBER INSTITUTE FOR LEGAL REFORM**
 1615 H STREET NW
 WASHINGTON, DC 20062

Edward B. Runt Jr. CHAIRMAN
Michael J. Lypson TREASURER

BANK ONE, N.A.
 Columbus, OH 43271-0201

⑆ 1001205504⑆ ⑆ 044115443⑆ ⑆ 171204⑆ ⑆ 001000000⑆

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY 1001239701
 One State Farm Plaza 56-1544/441
 Bloomington, IL 61710

Date June 21, 2004 Pay Amount \$100,000.00***

Pay ****ONE HUNDRED THOUSAND AND XX / 100 DOLLAR****

To The Order Of **CHAMBER OF COMMERCE**
 1615 H ST NW
 WASHINGTON, DC 20062-2001

Edward B. Runt Jr. CHAIRMAN
Michael J. Lypson TREASURER

BANK ONE, N.A.
 Columbus, OH 43271-0201

⑆ 1001239701⑆ ⑆ 044115443⑆ ⑆ 211204⑆ ⑆ 001000000⑆

The U.S. Chamber and the ILR subsequently made three direct contributions/transfers to the Illinois Republican Party.¹³⁴ These three contributions, in the amounts of \$950,000, \$750,000 and \$350,000, appear in the IRP’s Form D-2, filed with the Illinois State Board of Elections.

¹³⁴ The ILR and the U.S. Chamber of Commerce commingled funds in a shared account. See Voters Education Committee v. Washington State Public Disclosure Commission, Superior Court of Washington for King County, Deposition of Stanton Anderson, January 12, 2005, p. 146. Additionally, the ILR stated that the “[5th District Judicial Campaign] race is their highest priority,” (HALEM00013785PROD) yet, JUSTPAC and Citizens for Karmeier only recorded contributions from the U.S. Chamber and not the ILR. This indicates to me that the two largely acted in concert.

NAME OF POLITICAL COMMITTEE Illinois Republican Party	REPORTING PERIOD 7/1/2004 thru 12/31/2004	FILED 4/15/2005 3:41:06PM	FOR OFFICE USE ONLY IDENTIFICATION NO. 292
SCHEDULE A			
PART 1: INDIVIDUAL CONTRIBUTIONS			
ITEMIZED RECEIPTS FULL NAME, MAILING ADDRESS, AND ZIPCODE	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGRAGATE AMOUNT FOR THIS REPORTING PERIOD
US Chamber of Commerce, 1815 H St. NW Washington, DC 20062-2000	10/20/2004	\$950,000.00	\$950,000.00
	9/24/2004	\$750,000.00	\$1,700,000.00
NAME OF POLITICAL COMMITTEE Illinois Republican Party			
REPORTING PERIOD 7/1/2004 thru 12/31/2004		FILED 4/15/2005 3:41:06PM	FOR OFFICE USE ONLY IDENTIFICATION NO. 292
SCHEDULE A			
PART 2: TRANSFERS IN			
ITEMIZED RECEIPTS FULL NAME, MAILING ADDRESS, AND ZIPCODE	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGRAGATE AMOUNT FOR THIS REPORTING PERIOD
US Chamber of Commerce, 1815 H St. NW Washington, DC 20062-2000	10/22/2004	\$350,000.00	\$350,000.00

The three contributions from the U.S. Chamber to the Illinois Republican Party amount to \$2,050,000, and were made within thirty days of each other (Sep. 24 – Oct. 22) in the fall of 2004, as the Karmeier campaign was in full swing.

State Farm's contributions appear to have been intended to benefit the Karmeier campaign through the purchase of mail, radio, and TV advertisements, as evidenced by the amounts of subsequent transfers.¹³⁵ The amounts transferred in to each cooperating organization are roughly equivalent to the amounts subsequently transferred out, i.e. State Farm transferred \$2.2 million to the Chamber/ILR, the Chamber transferred \$2.05 million to the IRP, and the IRP spent \$1.94 million to benefit the Karmeier campaign, as illustrated in Figure 2 below.

The in-kind contributions were disclosed on Citizens for Justice Karmeier's D-2 for the second half of 2004 as coming from the IRP, with no mention of State Farm as the original source of the funds.

¹³⁵ Citizens for Karmeier Schedule I, In-Kind Contributions, Reporting Period 7/1/2004-12/31/2004.

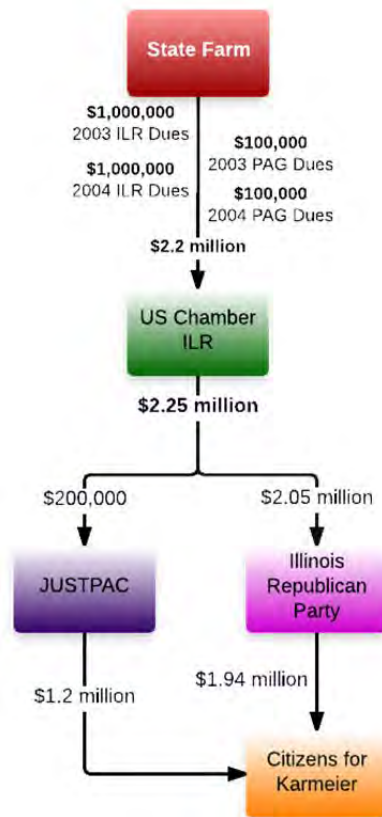


Figure 2

It is notable that the expenses incurred by the IRP on behalf of the Karmeier campaign moved in lockstep with the contributions received from the U.S. Chamber. For example, the U.S. Chamber transferred \$750,000 to the IRP on September 24, 2004, after which the IRP incurred \$743,665.61 of in-kind expenses. The U.S. Chamber subsequently made two transfers to the IRP totaling \$1.3 million, while incurring roughly \$1.2 million in in-kind expenses benefiting Citizens for Justice Karmeier.¹³⁶, ¹³⁷ It seems apparent that the funds transferred to the IRP were specifically used for the purpose of electing Justice Karmeier. Figure 2 above illustrates how funds from State Farm flowed through intermediary donors to secretly bankroll the Citizens for Karmeier committee. Figure 3 below shows the transfer/expense relationship between the U.S. Chamber and the IRP.

¹³⁶ Contribution, transfer, and in-kind expense data taken from Form D-2 of Citizens for Karmeier and Illinois Republican Party for the period: September 24, 2004 through November 2, 2004.

¹³⁷ The U.S. Chamber also contributed \$120,000 to the ICJL in 2004 (Murnane005424).

Transfers/Contributions from the US Chamber to the Illinois Republican Party Used to Benefit the Karmeier Campaign

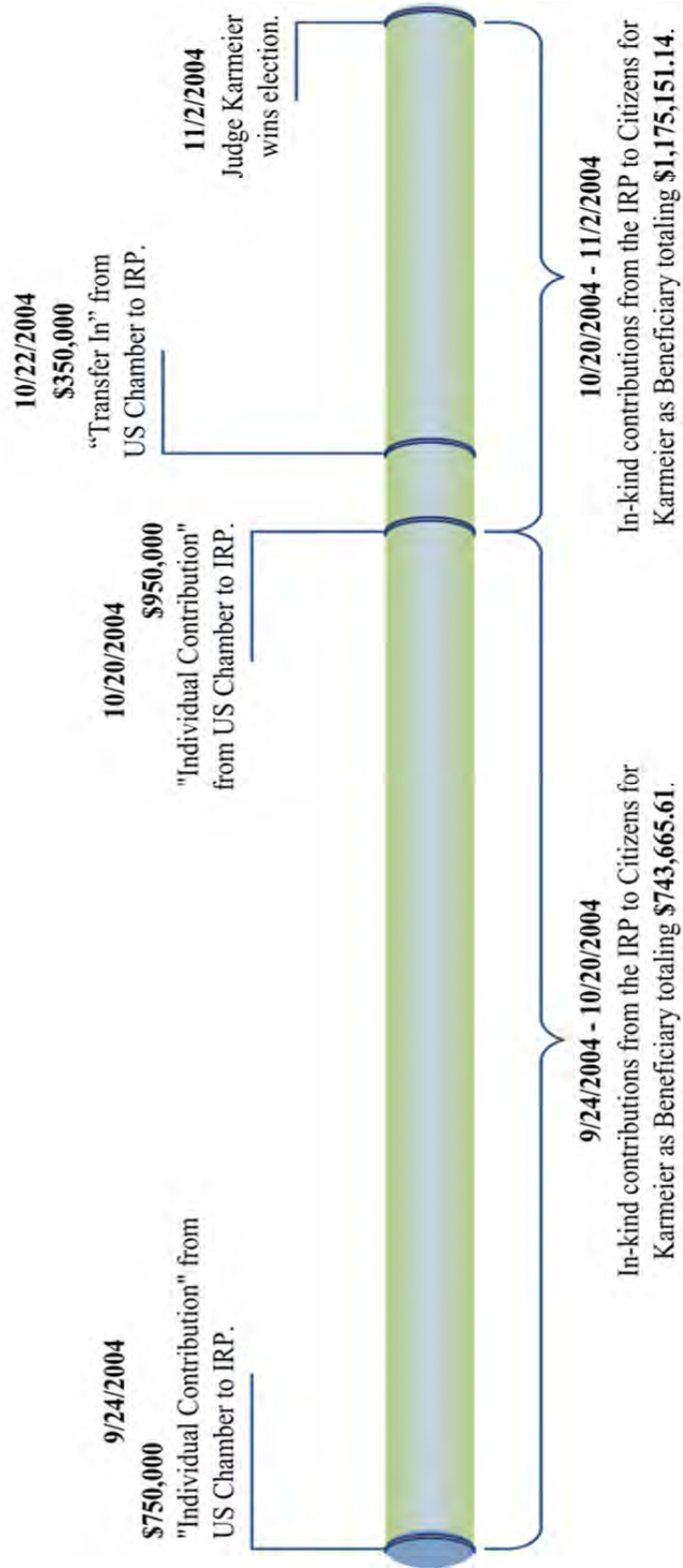


Figure 3

American Tort Reform Association

State Farm and Murnane also appear to have exploited their relationships with the American Tort Reform Association, in order to further conceal their pattern of initiating disguised financial contributions to the Karmeier campaign through financial intermediaries.

ATRA is another 501(c) organization with a close relationship to State Farm. ATRA's members include Koch Industries, Inc., Shell Oil Company, Coca-Cola, Caterpillar and notably, State Farm.¹³⁸ David Hill, a high-level VP at State Farm, was on the ATRA Board of Directors in 2004¹³⁹ and Murnane rejoined the ATRA Board of Directors¹⁴⁰ in early 2004, as the Karmeier campaign was gearing up.¹⁴¹

State Farm contributed almost \$1 million to ATRA in late 2003 (for 2004 membership and programs) and in 2004. ATRA contributed \$415,000 to JUSTPAC in 2004. The majority of State Farm's total contribution to ATRA originated from a \$643,866 check to ATRA's ironically named "2004 Grassroots programs."¹⁴² This contribution was invoiced by ATRA to David Hill at State Farm on November 7, 2003¹⁴³ and paid by State Farm check dated December 3, 2003.¹⁴⁴

¹³⁸ <http://www.atra.org/about/sample-members> as of February 9, 2015.

¹³⁹ American Tort Reform Association IRS 2004 Form 990, Part V – List of Officers, Directors, Trustees and Key Employees

¹⁴⁰ American Tort Reform Association IRS 2004 Form 990, Part V – List of Officers, Directors, Trustees and Key Employees

¹⁴¹ Murnane000923.

¹⁴² HALEM00004903PROD

¹⁴³ HALEM00004903PROD. Although not specifically allocated to any particular program, on the invoice or remittance by State Farm, a subsequent internal memorandum indicates these funds were allocated for California, Texas, West Virginia and Maryland. [ATRA02-16]

¹⁴⁴ HALEM00004904PROD.

ATRA
American Tort Reform Association
 1101 Connecticut Avenue, NW ■ Suite 400 ■ Washington, DC 20036
 Tel (202) 682-1163 Fax (202) 682-1022

INVOICE
 DATE
 7-Nov-03

Bill To:
 Mr. David L. Hill
 State Farm Insurance Companies
 One State Farm Plaza
 Bloomington, IL 61710

Date	Description	Amount
7-Nov-03	2004 Grassroots programs	\$643,866.00

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY 1001032330
 One State Farm Plaza 56-1544/441
 Bloomington, IL 61710

Date December 3, 2003 Pay Amount \$643,866.00***

Pay
 SIX HUNDRED FORTY-THREE THOUSAND EIGHT HUNDRED SIXTY-SIX AND XX / 100 DOLLAR

To The Order Of
 AMERICAN TORT REFORM ASSOCIATION
 1101 CONNECTICUT AVE NW STE 400
 WASHINGTON, DC 20036

Edward J. Rusk, Jr.
 CHAIRMAN

Michael J. Lipson
 TREASURER

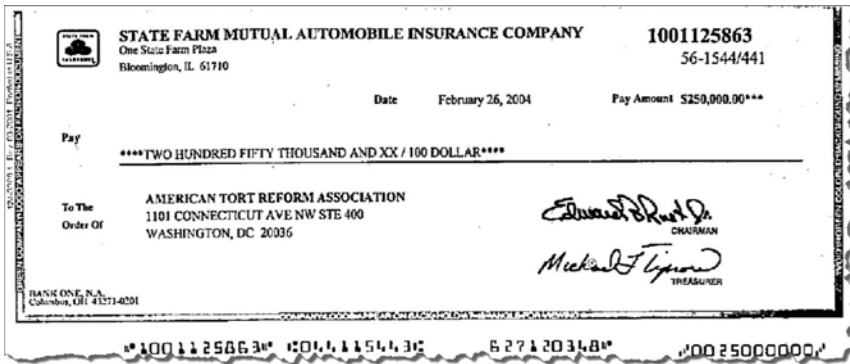
BANK ONE, N.A.
 Columbus, OH 43271-0281

⑈ 1001032330 ⑆ ⑆ 041115113 ⑆ 627120318 ⑆ ⑆ 0064386600 ⑆

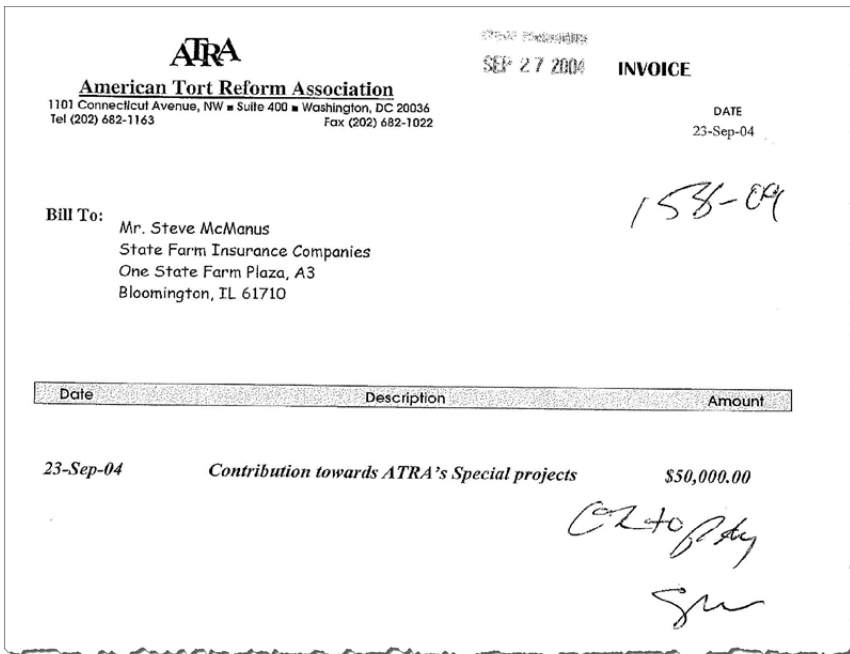
State Farm contributed another \$15,000 to ATRA by check dated December 26, 2003,¹⁴⁵ for 2004 dues invoiced by ATRA on December 12, 2003.¹⁴⁶

Further, on February 26, 2004, State Farm contributed \$250,000 to ATRA, as shown below:¹⁴⁷

¹⁴⁷ The ATRA invoice to State Farm represents that the \$250,000 was for a California Political Education Program (HALEM00001204PROD-05PROD).



Finally, State Farm contributed \$50,000 to “ATRA’s Special Projects.” The donation was invoiced by ATRA on September 23, 2004¹⁴⁸ and paid by State Farm check dated October 1, 2004.^{149,150}



¹⁴⁸ HALEM00004924PROD.

¹⁴⁹ HALEM00004925PROD.

¹⁵⁰ A document that appears to be a spreadsheet listing members of the ICJL in 2004 indicates with respect to Edward B. Rust Jr. and State Farm, “\$1000 personal contribution to JUSTPAC; \$50,000 corporate contribution en-route to JUSTPAC” (Murnane005940). JUSTPAC’s Form D-2 for the relevant time period shows no contribution from State Farm. It does, however, show a \$50,000 contribution from ATRA, revealing that ATRA was merely a conduit for State Farm contributions earmarked for JUSTPAC. [Illinois State Board of Elections, Citizens for Karmeier 2004(a) and 2004 (b) Form D-2].

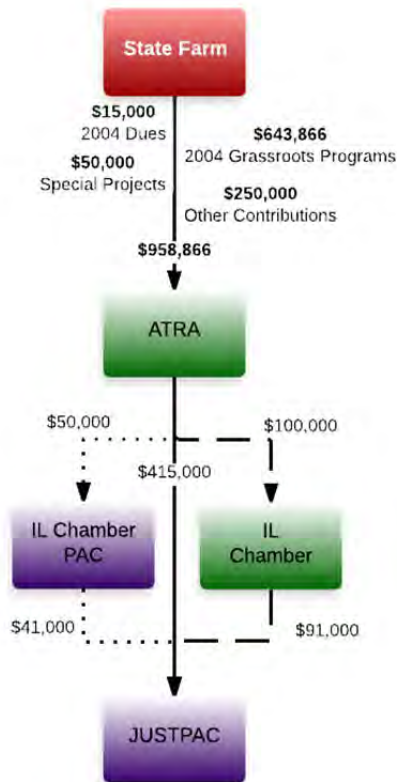
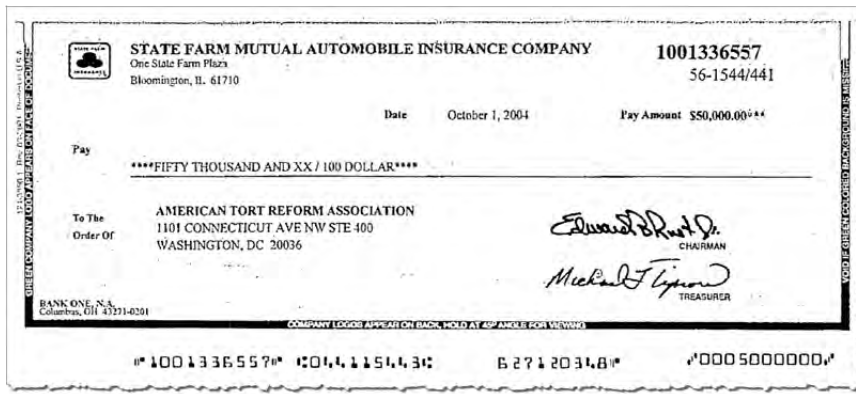


Figure 4

Having received some \$958,866 from State Farm, ATRA channeled \$415,000 to JUSTPAC, the political action committee for the Illinois Civil Justice League.¹⁵¹ According to JUSTPAC's 2004 Forms D-2s (a) and (b), shown above, ATRA contributed:

- \$30,000 on June 30, 2004
- \$150,000 on September 22, 2004
- \$75,000 on September 30, 2004
- \$50,000 on October 7, 2004
- \$100,000 on October 21, 2004 and
- \$10,000 on October 25, 2004

JUSTPAC combined these ATRA contributions, totaling \$415,000, with those of other State Farm influenced groups, and ultimately contributed \$1,186,453 to Citizens for

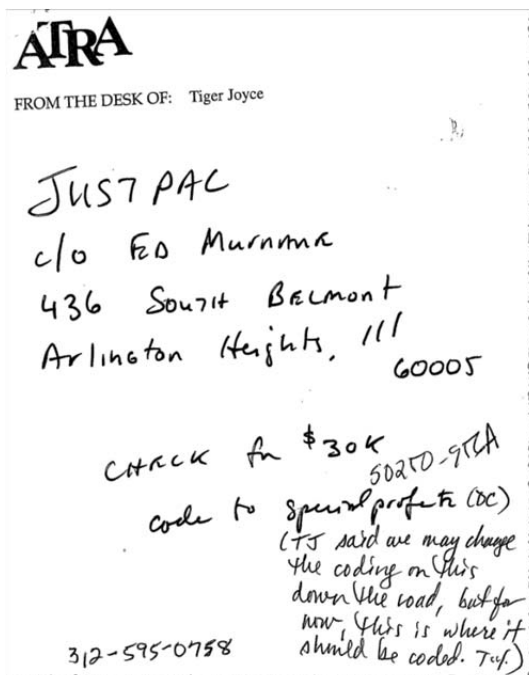
Karmeier.

¹⁵¹ As noted, the ICJL was headed by Murnane, who worked closely with the ICJL Executive Committee, which included Shepherd. Murnane essentially ran the Karmeier campaign and sat on ATRA's Board of Directors. See American Tort Reform Association IRS 2004 Form 990, Part V – List of Officers, Directors, Trustees and Key Employees.

From the documents I have reviewed, it appears that ATRA, during the relevant time period, may have utilized a coding system with its transfers involving the Karmeier campaign. While the exact nature and meaning of the ATRA code cannot be discerned without further discovery, it is evident that a system was utilized to classify various contributions and transfers to JUSTPAC.

Funds coming to ATRA were expected to be passed on to JUSTPAC.¹⁵² The contributions from ATRA to other organizations, as shown above, have hand-written codes that appear to earmark them for the Karmeier campaign. Coded invoices documenting transfers from ATRA to various other organizations including JUSTPAC, the IL Chamber, the IL Chamber PAC, and the ICJL illustrate the apparent pattern.

For example, the following hand-written note references \$30,000 sent from ATRA to



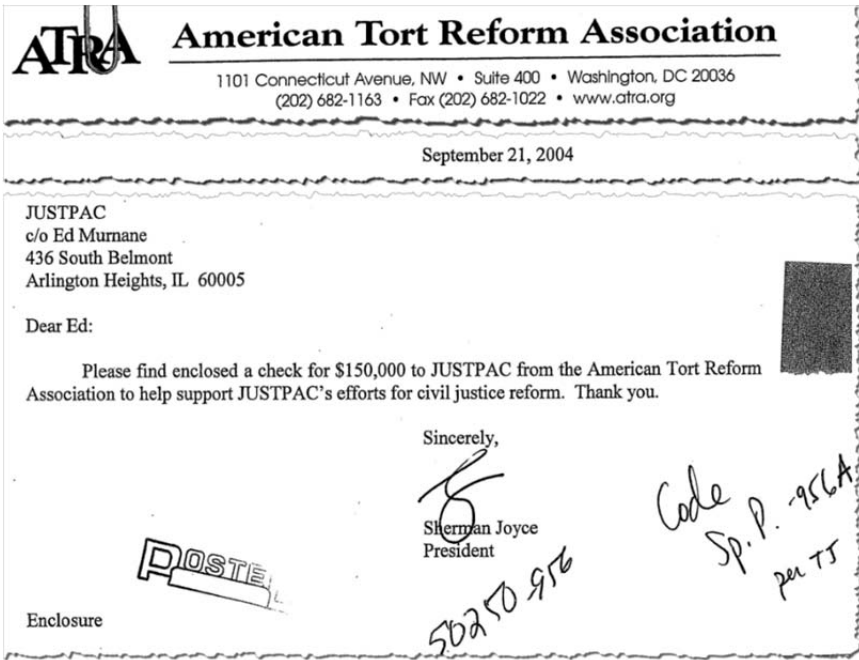
JUSTPAC.¹⁵³

¹⁵² Murnane000937-38; Murnane006870.

¹⁵³ ATRA0000010, page 2. This \$30,000 payment can be confirmed in JUSTPAC's 2004 Forms D-2 filed with the Illinois State Board of Elections and by bates ATRA0000010, page 1.

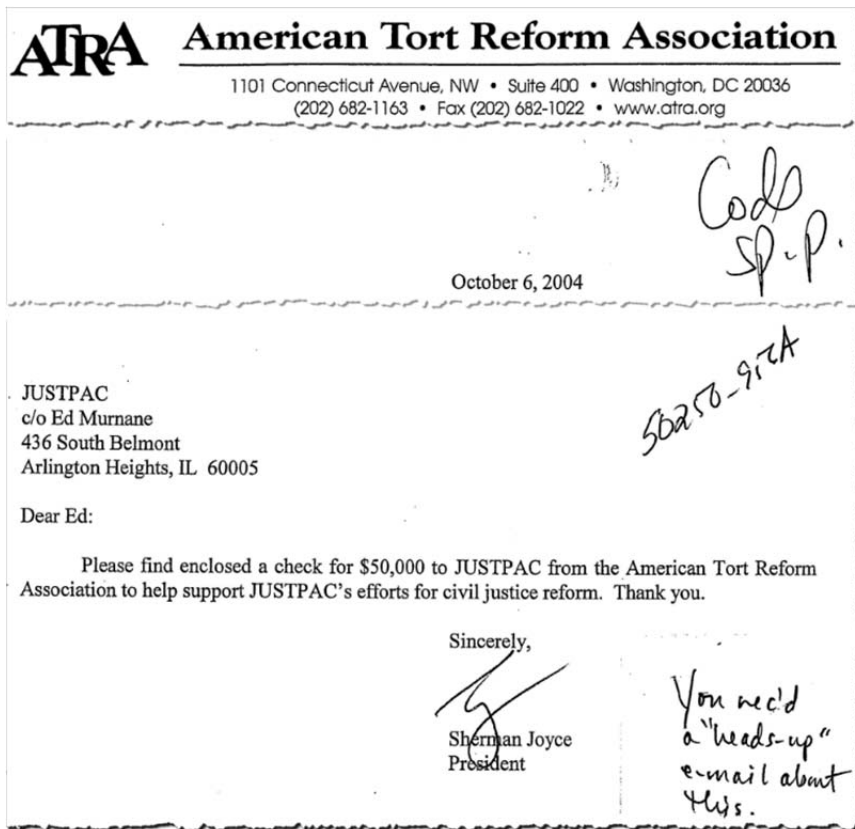
The handwritten code ending in “-956A,” shown above, appears repeatedly on paperwork referencing transfers to ATRA from Affiliated Organizations, and seems to correspond to the Karmeier campaign. Similarly, the instruction to “code to special projects (DC)” also appears on other hand-written ATRA notes regarding contributions to the Karmeier campaign. The sample I reviewed seems to indicate that the “special projects” coding refers to the Karmeier campaign.

In another example, a \$150,000 contribution from ATRA to JUSTPAC¹⁵⁴ bears both the special projects (“SP. P”) and the “-956A” coding shown in the prior example:



¹⁵⁴ ATRA0000010, page 3

The special projects (“SP. P”) and “-956A” coding appears again in a \$50,000 transfer from ATRA to JUSTPAC.¹⁵⁵



This note references a previous “heads-up” email to Ed Murnane, indicating an earlier communication about the funds.

Other transfers for \$75,000,¹⁵⁶ and \$10,000¹⁵⁷ show both the “SP. P” and “-956A” coding, and a \$100,000 transfer to JUSTPAC shows the “-956A” code.¹⁵⁸

ATRA apparently used this same system to channel significant funds to the IL Chamber and its PAC. The following invoice for \$100,000 to the Illinois Chamber of Commerce again shows the “SP. P.” and “-956A” coding.¹⁵⁹

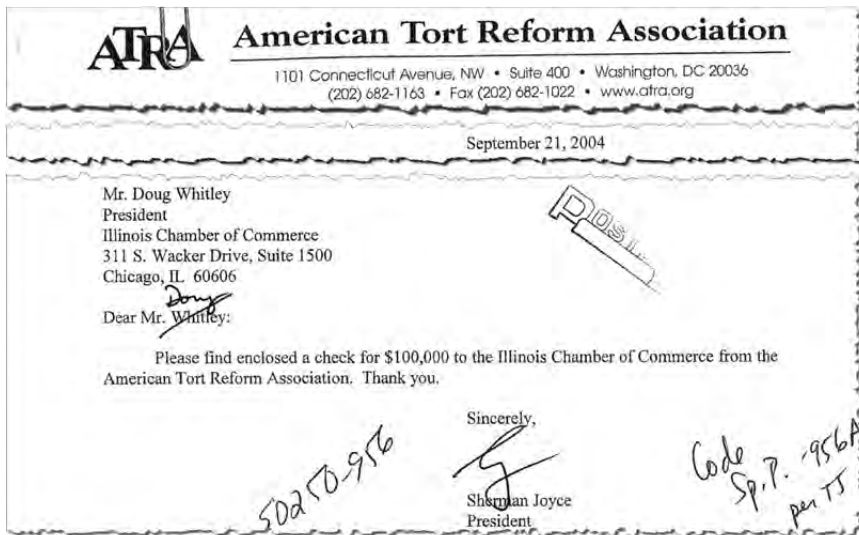
¹⁵⁵ ATRA0000010, page 7

¹⁵⁶ ATRA0000010, page 8

¹⁵⁷ ATRA0000010, page 11

¹⁵⁸ ATRA0000010, page 10

¹⁵⁹ ATRA0000009, page 1



This invoice is particularly insightful, as we know from other source documents that the IL Chamber transferred the funds to JUSTPAC.¹⁶⁰ Invoices labeled with “-956” or “-956A” accompanied funds to be sent to JUSTPAC, for use in the Karmeier campaign, and are confirmed by these transfers, which passed through the IL Chamber, but ended up at JUSTPAC. The “-956A” coding indicates that the Defendants knew the final destination of the funds.

The practice was repeated with the IL Chamber’s PAC, where the “-956” coding appears again in a \$50,000 contribution to the Chamber’s PAC from ATRA:¹⁶¹

¹⁶⁰ ISCC 000237

¹⁶¹ ATRA0000009, page 7



American Tort Reform Association

1101 Connecticut Avenue, NW • Suite 400 • Washington, DC 20036
(202) 682-1163 • Fax (202) 682-1022 • www.atra.org

September 21, 2004

Mr. Michael Ayers
Executive Vice President
and Chief Operating Officer
Illinois Chamber PAC
215 East Adams
Springfield, IL 62701

POSTED

Dear Mr. Ayers:

Please find enclosed a check for \$50,000 to the Illinois Chamber PAC from the American Tort Reform Association. Thank you.

Sincerely,


Sherman Joyce
President

SD250-916 Code
SP.P. -951
PUTJ

This is supported by the IL Chamber’s transfer, on the same day, September 21, 2004, of \$41,000 to JUSTPAC.¹⁶² As discussed at greater length elsewhere in this report, there are instances of ATRA transferring money to the IL Chamber (or its PAC) for the purpose of subsequent transfer to JUSTPAC, out of which the IL Chamber retained \$9,000.¹⁶³

Finally, ATRA sent \$10,000 to the ICJL using the same coding in late 2003:¹⁶⁴

¹⁶² Illinois Chamber of Commerce PAC 2004(b) Form D-2, page 19.

¹⁶³ See discussion at p. 53.

¹⁶⁴ ATRA0000008, page 1

AMERICAN TORT REFORM ASSN. 101 CONNECTICUT AVE NW STE 400 WASHINGTON, DC 20008		799
DATE <u>Sept. 9, 2003</u>		15-120/540 DC 0213
PAY TO THE ORDER OF: <u>Illinois Civil Justice League</u>	\$ <u>10,000.00</u>	
<u>Ten thousand and xx/100</u>	DOLLARS	
Bank of America		
ACH RIT 054001204		
FOR		
⑈000799⑈ ⑆05400⑆204⑆ 0000027004366⑈		

50250-916

PAID
Code DC Special Project

The coding observed in the above ATRA documents seem to represent a pattern of specifically earmarking funds for the Karmeier campaign, while transferring money to hypothetically independent organizations such as the IL Chamber. Moreover, the coding “-956” for the \$50,000 payment by State Farm to ATRA (as discussed above) indicates the \$50,000 payment by State Farm to ATRA on October 1, 2004 was, at all times, intended to be funneled through JUSTPAC for the benefit of the Karmeier campaign.

The Illinois Coalition for Jobs, Growth and Prosperity

The IJC was created for the express purpose of influencing the 2004 elections, by the ICJL and the Illinois Chamber, as well as the Illinois Business Roundtable (for which Rust was Co-Chairman and a member of the Executive Committee).¹⁶⁵ According to an internal Illinois Chamber document, the IJC was formed to “participate in a meaningful way in the 2004 elections.”¹⁶⁶ Two of the IJC’s primary objectives were to: “engage in a direct voter education and outreach activity prior to 2004 election” and to “make the supreme court election in the fifth judicial district a high priority.”¹⁶⁷

¹⁶⁵ Murnane000417-418; Murnane000937-38; Murnane006870

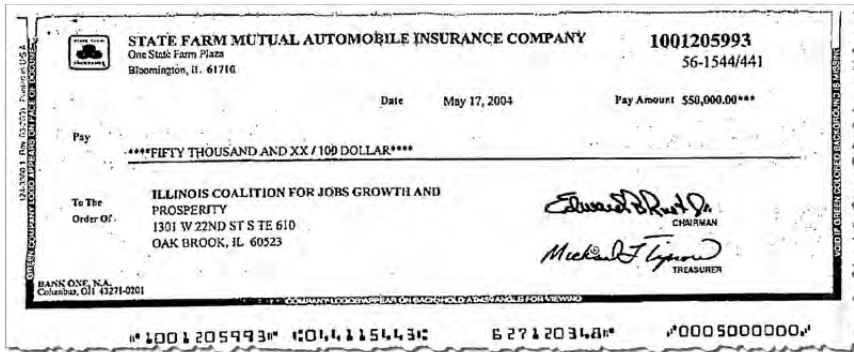
¹⁶⁶ ISCC 000152-54.

¹⁶⁷ ISCC 000152-54.

Murnane was actively involved in the management of the Karmeier campaign,¹⁶⁸ was president of the ICJL, and was on the board of directors for the IJC.¹⁶⁹ As members of the IJC, the ICJL and Murnane met with other IJC members prior to the election and had a say in the use of coalition funds, specifically with regard to the Karmeier campaign.¹⁷⁰

State Farm paid \$150,000 to the Illinois Jobs Coalition by way of three \$50,000 transfers, all made during the peak of the Karmeier campaign. The contributions are far from routine. On the contrary, they were approved and handled by top-level State Farm executives.

The three transfers, made on May 17, 2004, September 14, 2004, and September 29, 2004,¹⁷¹ were each invoiced to Ed Rust, approved by David Hill, and made reference to William Shepherd. See portions of each check below.



¹⁶⁸ Murnane007805, Murnane003165, Murnane005977, Murnane023658, Murnane006075

¹⁶⁹ Illinois Coalition for Jobs, Growth and Prosperity, 2004 IRS Form 990, pg. 4, 8

¹⁷⁰ Murnane003486

¹⁷¹ HALEM00005004PROD, HALEM00008644PROD, HALEM00005012PROD

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY 1001334607
 One State Farm Plaza 56-1544/441
 Bloomington, IL 61710

Date September 29, 2004 Pay Amount \$50,000.00***

Pay ****FIFTY THOUSAND AND XX / 100 DOLLAR****

To The Order Of ILLINOIS COALITION FOR JOBS GROWTH AND PROSPERITY
 1301 W 22ND ST STE 610
 OAK BROOK, IL 60523

Edward R. Root Jr. CHAIRMAN
Michael J. Lyons TREASURER

BANK ONE, N.A. Columbus, OH 43271-4201

⑆1001334607⑆ ⑆0441154441⑆ ⑆27120348⑆ ⑆000500000⑆

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY 1001319014
 One State Farm Plaza 56-1544/441
 Bloomington, IL 61710

Date September 14, 2004 Pay Amount \$50,000.00***

Pay ****FIFTY THOUSAND AND XX / 100 DOLLAR****

To The Order Of ILLINOIS COALITION FOR JOBS GROWTH AND PROSPERITY
 1301 W 22ND ST STE 610
 OAK BROOK, IL 60523

Edward R. Root Jr. CHAIRMAN
Michael J. Lyons TREASURER

BANK ONE, N.A. Columbus, OH 43271-4201

⑆1001319014⑆ ⑆0441154441⑆ ⑆27120348⑆ ⑆000500000⑆

State Farm's final contribution was accompanied by a letter from William Shepherd stating that the contribution could not be used for political purposes.¹⁷² However, the contribution appears to have been made for the sole purpose of benefiting the Karmeier campaign. On the same day that State Farm wrote its final \$50,000 check, for a total of \$150,000 to the IJC, the IJC transferred \$150,000 to JUSTPAC.¹⁷³

NAME OF POLITICAL COMMITTEE JUSTPAC, the Political Action Committee of the Ill	REPORTING PERIOD 7/1/2004 thru 12/31/2004	FILED 1/28/2005 3:11:32PM	FOR OFFICE USE ONLY IDENTIFICATION NO. 17024
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SCHEDULE A

PART 1: INDIVIDUAL CONTRIBUTIONS

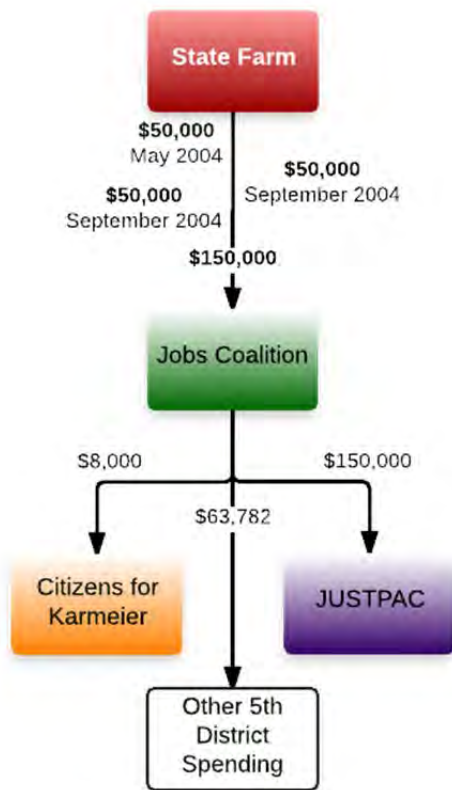
ITEMIZED RECEIPTS FULL NAME, MAILING ADDRESS, AND ZIP CODE	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGREGATE AMOUNT FOR THIS REPORTING PERIOD
Illinois Jobs Coalition, 1301 West 22nd Street, Oak Brook, IL 60523	9/29/2004	\$150,000.00	\$150,000.00

¹⁷² HALEM00008633PROD

¹⁷³ Illinois State Board of Elections, JUSTPAC 2004 (b) Form D-2, pg. 4.

Then, on October 12, 2004, ignoring William Shepherd’s warning, JUSTPAC transferred State Farm’s \$150,000 to Citizens for Karmeier.

NAME OF POLITICAL COMMITTEE Citizens for Karmeier	REPORTING PERIOD 7/1/2004 thru 12/31/2004	FILED 2/2/2005 2:11:12PM	FOR OFFICE USE ONLY IDENTIFICATION NO. 17680
SCHEDULE A			
PART 2: TRANSFERS IN			
ITEMIZED RECEIPTS FULL NAME, MAILING ADDRESS, AND ZIPCODE	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGRAGATE AMOUNT FOR THIS REPORTING PERIOD
JUSTPAC, 436 South Belmont Avenue Arlington Heights, IL 60005	10/20/2004	\$150,000.00	\$150,000.00
	7/17/2004	\$150.00	\$150,150.00
	9/18/2004	\$6,000.00	\$156,150.00
	10/5/2004	\$35,000.00	\$191,150.00
	10/12/2004	\$150,000.00	\$341,150.00



For a timeline of each transaction, please see Figure 6 at the conclusion of this section.

In addition to the State Farm-originated funds, the IJC made other contributions to the Karmeier campaign. The IJC contributed \$8,000 to Citizens for Karmeier on October 20, 2004.¹⁷⁴ As well, source documents indicate that the IJC spent a total of \$221,782 in the 5th Judicial District,¹⁷⁵ leaving \$63,782 unaccounted contributions from the IJC to the Karmeier campaign.¹⁷⁶

Figure 5 illustrates how contributions from State Farm to the Illinois Jobs Coalition were funneled through to JUSTPAC and Citizens for Karmeier.

Figure 5

¹⁷⁴ Illinois State Board of Elections, Citizens for Karmeier 2004(b) Form D-2, pg. 72

¹⁷⁵ HALEM00000306PROD

¹⁷⁶ Of the \$221,782 spent in the District, \$150,000 was sent to JUSTPAC and \$8,000 to Citizens for Karmeier.

Transfers/Contributions from State Farm to the Illinois Jobs Coalition, to JUSTPAC, to Citizens for Karmeier

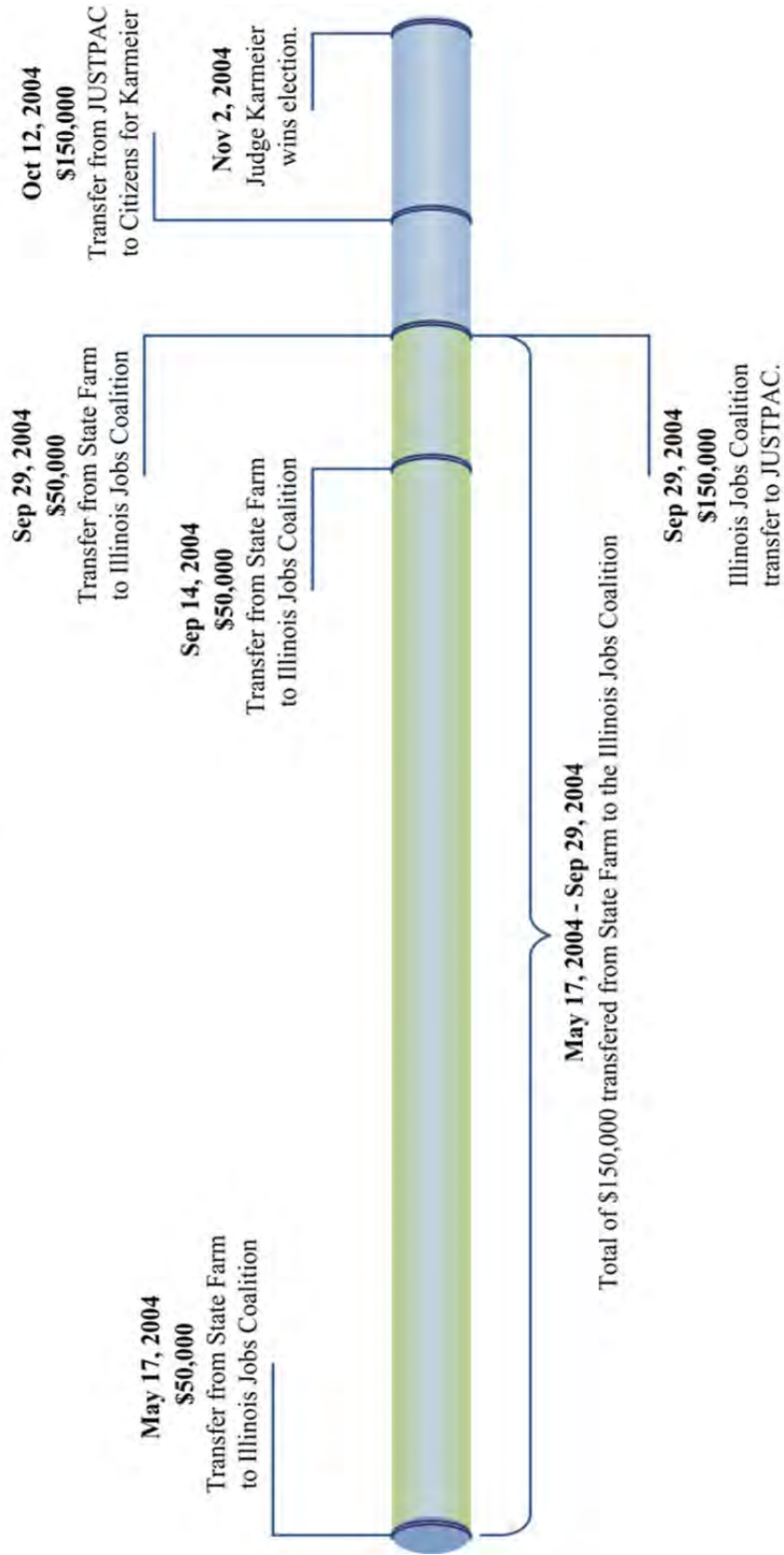


Figure 6

The Civil Justice Reform Group

The CJRG is comprised of representatives from many of the largest corporations in the world. A quote from the American Association for Justice expounds on the CJRG's member companies and its organizational mission:

[Members] include Aetna, AT&T, BP, Bristol-Myers Squibb, Caterpillar, Chevron, Chrysler, Citibank, DuPont, Exxon, Ford, General Electric, General Motors, GlaxoSmithKline, Johnson & Johnson, Koch Cos., Merck & Co., Pfizer, PricewaterhouseCoopers, Procter & Gamble, State Farm, Texaco, and W.R. Grace.

Each of these companies is responsible for at least one product or service that has harmed or killed Americans, and many knew of the dangers, yet continued to sell the products and services to unsuspecting consumers...they share the common goal of making it harder for injured plaintiffs to hold them accountable for their actions. Their combined resources and coordination make the CJRG one of the most powerful tort "reform" groups.¹⁷⁷ [Emphasis added]

The CJRG attempts to utilize resources from corporate partners to influence issues on a national scale. It accomplishes this primarily by funneling funds to strategic partners, while maintaining a low profile. Victor Schwartz, General Counsel for ATRA, praised the CJRG as "a very significant source for funding for some of the initiatives that have gone forward. They do things in a quiet and effective way, without fanfare."¹⁷⁸ Despite the fact that many of the largest companies in the world count themselves as members, the CJRG is no household name. In fact, in its own "Operating Guidelines," the CJRG explains as follows:

In its efforts to promote civil justice reform, the Civil Justice Reform Group ("CJRG") intends to engage in various activities including direct lobbying of officeholders, disseminating issue advocacy communications, and contributing funds to like-minded organizations.

As a not-for-profit organization under section 501(c)(6) of the Internal Revenue Code, CJRG is required to file a Form 990 annual return with the Internal

¹⁷⁷ "The Web of Tort 'reform'" Trial Magazine 48.12 (2012): n. pag. American Association for Justice. Web. 09 Feb. 2015.

¹⁷⁸ *The Prospects for Civil Justice Reform – An Overview*, The Metropolitan Corporate Counsel, February 2005.

Revenue Service. CJRG would like, however, to minimize any additional regulation or reporting obligations that may arise from its above-described activities. The following general operating guidelines describe permitted activities and their legal contexts to help us accomplish the objectives noted above.¹⁷⁹
[Emphasis added]

Kim Brunner, then Executive Vice President and General Counsel at State Farm, served as the Co-Chair of the CJRG Steering Committee.¹⁸⁰ In this capacity, he frequently sent out materials on behalf of the organization,¹⁸¹ and was involved in regular discussions about the Karmeier campaign.¹⁸² Brunner was also a part of the Institute for Legal Reform’s three-person “Audit Committee” task force, whose function is to “[p]rovide oversight of annual ILR budget and fundraising programs.”¹⁸³ This illustrates that not only did State Farm contribute \$2 million to the ILR from 2003-2004, but it also had a high-level executive with direct oversight over the ILR’s budget. Further, as a member of the Civil Justice Reform Group,¹⁸⁴ State Farm used the CJRG as yet another intermediary donor to secretly funnel State Farm’s contributions to the ICJL and on to the Karmeier campaign. In 2004 (as well as in 2003), State Farm contributed \$150,000 to the CJRG in the form of “Steering Committee Membership Dues.”¹⁸⁵

The CJRG’s strategic relationship with State Farm and the other Affiliated Organizations cannot be considered coincidental and uncalculated. In an internal white paper, the CJRG expounded on this:

The CJRG has been particularly effective in leveraging its resources and working collaboratively with other groups because of the leadership roles its individual members play in state law reform coalitions and in major national organizations; e.g., our members serve on the ATRA board (including two recent past-Chairman); several are members of the LCJ [Lawyers for Civil Justice] Executive Committee; a number are actively engaged in the U.S. Chamber’s Institute for Legal Reform (“ILR”) and serve on the ILR’s Board; many actively participate in

¹⁷⁹ CJRG-000151

¹⁸⁰ HALEM00000859PROD

¹⁸¹ HALEM00000859PROD

¹⁸² HALEM00013785PROD. Murnane005506 also indicates that Justice Karmeier visited the CJRG during the campaign.

¹⁸³ USCC-005407-08

¹⁸⁴ HALEM00002097PROD-98PROD

¹⁸⁵ HALEM00004940PROD-41PROD

the BRT's [Business Roundtable] Civil Justice Reform Coordinating Committee...¹⁸⁶ [Emphasis added]

The CJRG, with the corporate partners listed earlier, appears to have members strategically placed to “leverage its resources” with other Affiliated Organizations including ATRA and the ILR. The same document also refers to “major initiatives requiring ‘mass coordination’” efforts with the U.S. Chamber and ILR, specifically with regard to the “judicial and AG elections.”¹⁸⁷ It should also be noted that the CJRG had two classes of membership: “Steering Committee” (required \$150,000 annual commitment) and “General” (required \$50,000 annual commitment).¹⁸⁸ State Farm was a “Steering Committee” member as evidenced by the below invoice and check for \$150,000. The CJRG explains:

Only Steering Committee members may vote on issues impacting the group, including the final budget. Greater weight is given to Steering Committee members’ budget and priority ranking recommendations. Steering Committee members also participate in bi-monthly Steering Committee calls.¹⁸⁹

From the activity of the CJRG, including involvement with ATRA and the ILR, as well as its subsequent contributions to the Illinois Civil Justice League, it appears that State Farm was able to take full advantage of their “Steering Committee” membership level. Despite this level of involvement, and the CJRG’s contributions to the ICJL, there was no mention of State Farm’s \$150,000 contribution to the CJRG in 2004, as shown below.

¹⁸⁶ HALEM00014113PROD

¹⁸⁷ HALEM00014115PROD

¹⁸⁸ HALEM00014116PROD

¹⁸⁹ HALEM00014116PROD

Civil Justice Reform Group

Invoice

DATE	INVOICE NO.
11/10/2003	535

BILL TO
 State Farm Insurance Companies
 Alan Maness
 Federal Affairs Director & Counsel
 1710 Rhode Island Ave., N.W., Suite 700
 Washington, DC 20036

DUE DATE
 11/10/2003

ITEM	DESCRIPTION	AMOUNT
Steering Dues	2004 Steering Committee Membership Dues	150,000.00

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY **1001069039**
 One State Farm Plaza 56-1544/441
 Bloomington, IL 61710

Date January 6, 2004 Pay Amount \$150,000.00***

Pay
 ****ONE HUNDRED FIFTY THOUSAND AND XX / 100 DOLLAR****

To The Order Of
 CIVIL JUSTICE REFORM GROUP
 THE HARTFORD
 HARTFORD PLZ HO ONE 11
 HARTFORD, CT 06115

Edward D. Root Jr. CHAIRMAN
Michael J. Lyons TREASURER

BANK ONE, N.A.
 Columbia, OH 43271-0201

⑆ 1001069039⑆ ⑆ 041115443⑆ ⑆ 27120318⑆ ⑆ 0015000000⑆

Shortly after State Farm’s annual dues were paid, the CJRG in-turn contributed \$100,000 to the ICJL.¹⁹⁰ According to the CJRG’s 2004 General Ledger, the CJRG’s \$100,000 contribution to the ICJL was made in the form of two \$50,000 checks, dated January 22, 2004¹⁹¹ and July 2, 2004,¹⁹² as follows:

3:24 PM
 11/07/14
 Accrual Basis

CIVIL JUSTICE REFORM GROUP
 General Ledger
 As of December 31, 2004

Type	Date	Num	Name	Memo	Split	Amount	Balance
Bill Pmt -Check	1/22/2004	1625	Illinois Civil Justic...	2004 Contr...	Accounts P...	-50,000.00	

¹⁹⁰ Murnane005424
¹⁹¹ CJRG-000037
¹⁹² CJRG-000038

CIVIL JUSTICE REFORM GROUP								
General Ledger								
As of December 31, 2004								
Type	Date	Num	Name	Memo	Split	Amount	Balance	
Bill Pmt-Check	7/2/2004	1694	Illinois Civil Justic...	2004 Contr...	Accounts P...	-50,000.00		

State Farm's contribution of \$150,000 to the Civil Justice Reform Group, followed by CJRG's subsequent transfer of \$100,000 to the Illinois Civil Justice League, illustrates a pattern that is now familiar: State Farm avoided campaign disclosure requirements by channeling money through a 501(c) organization that was not required to disclose its contributors.

The ICJL used funds gathered from State Farm, among others, to benefit the Karmeier campaign. A discussion of such expenditures is addressed below, on page 56.

The Illinois Chamber of Commerce

State Farm maintained a close relationship with the Illinois Chamber of Commerce and appears to have used the Illinois Chamber to funnel money to the Karmeier campaign. State Farm had personnel in place at the Illinois Chamber to influence its priorities and spending during the Karmeier campaign. Peggy Echols, State Farm's Vice President of Public Affairs, was a member of the Illinois Chamber's Board of Directors in 2003 and 2004, and actively pursued leadership of the Illinois Chamber's "Legal and Judicial Review Committee" prior to the election of Justice Karmeier in 2004.¹⁹³ Further, Echols participated in the IL Chamber's "Special Board Meeting" on April 21, 2004, when Justice Karmeier was officially endorsed by the Illinois Chamber for the 5th District seat on the Illinois Supreme Court.¹⁹⁴

In addition to Peggy Echols' influence on the IL Chamber's board, State Farm was a member of the IL Chamber¹⁹⁵ and contributed at least \$37,500 to the IL Chamber in 2004.¹⁹⁶ On February 2,

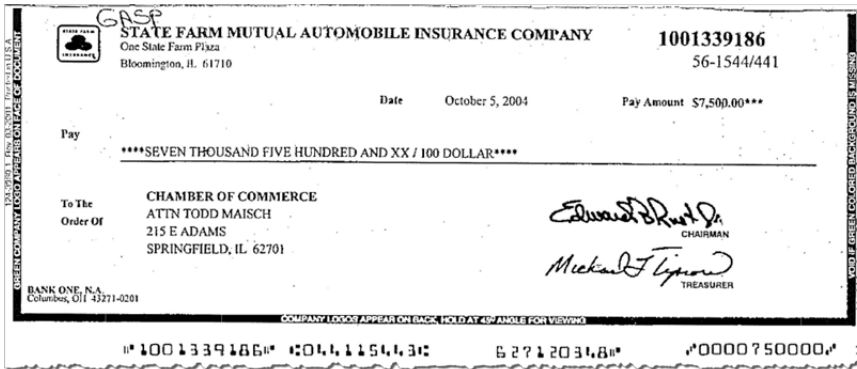
¹⁹³ ISCC000158, ISCC 000164, ISCC 001218

¹⁹⁴ ISCC 000173-180

¹⁹⁵ HALEM00004971PROD-72PROD

¹⁹⁶ HALEM00004980PROD, HALEM00004972PROD.

the IL Chamber.²⁰⁰ The funds were said to be used to “expand our outreach” and “will be combined with those from other members and will provide us the resources we need to be an even more effective advocate on your behalf.”²⁰¹ The invoice balance was paid on October 5, 2004.²⁰²



In addition to financial support for the campaign, the IL Chamber also coordinated with other organizations in 2004. The following excerpt from an Illinois Chamber staff retreat in August 2005 illustrates the relationship between the ICJL, the U.S. Chamber, the Illinois Chamber, and State Farm:

We heightened our issue visibility in the state by spending almost \$1 million on ads focused on medical liability reform. Shortly we will be undertaking another intensive ad campaign entitled "More to be done." This is again a venture with the Illinois Civil Justice League, the U.S. Chamber and the Illinois Chamber. The impacts of our ad campaign and good election work are already showing marked impacts through the recent Ford Motor Company and State Farm class action suit dispositions-they were dismissed.²⁰³ [Emphasis added]

The Illinois Chamber and its PAC contributed generously to the Karmeier campaign, and acted as an intermediary donor for the contributions of other donors, transferring at least \$401,338 to JUSTPAC and Citizens for Karmeier.²⁰⁴ In one example, ATRA funneled \$91,000 through the

²⁰⁰ HALEM00004979PROD-80PROD

²⁰¹ HALEM00004979PROD

²⁰² HALEM00004980PROD

²⁰³ ISCC 000325

²⁰⁴ ISCC 001340; 2004 Form D-2 of the IL Chamber PAC, JUSTPAC, and Citizens for Karmeier.

Illinois Chamber and on to the Karmeier campaign. The following spreadsheet was attached to an email sent to Michael Ayers, Executive VP and COO for the Illinois Chamber. It illustrates how large donations were sent to the Illinois Chamber for the express purpose of being subsequently funneled to JUSTPAC:²⁰⁵

Monies for Candidates 2004					
Date	Payee	Amount	Payor	Amount	Chamber
9/24/2004	American Tort Reform	\$100,000.00	JUSTPAC	\$91,000.00	\$9,000.00

Although the spreadsheet refers to ATRA as the “Payee” and JUSTPAC as the “Payor,” JUSTPAC’s Form D-2, below, shows that JUSTPAC was the payee, receiving \$91,000 from the IL Chamber on September 25th, a day after the Illinois Chamber received \$100,000 from ATRA.²⁰⁶ Apparently, the Illinois Chamber retained \$9,000 for its own use.

NAME OF POLITICAL COMMITTEE JUSTPAC, the Political Action Committee of the IL	REPORTING PERIOD 7/1/2004 thru 12/31/2004	FILED 1/28/2005 3:11:32PM	FOR OFFICE USE ONLY IDENTIFICATION NO. 17024
SCHEDULE A			
PART 1: INDIVIDUAL CONTRIBUTIONS			
Illinois Chamber of Commerce, 215 East Adams Street Springfield, IL 62701		9/25/2004	\$91,000.00
			\$91,000.00

These roundabout transactions circumvented campaign disclosure requirements, ensuring that the names of the corporations who were actually funding the Karmeier campaign would remain anonymous. In addition to the IL Chamber’s \$91,000 transfer to JUSPAC,²⁰⁷ the IL Chamber also contributed \$58,838 in the form of in-kind contributions to the Citizens for Karmeier committee.²⁰⁸ The IL Chamber PAC was also active in the election, transferring \$41,000 to JUSTPAC²⁰⁹ and contributing \$210,500 to Citizens for Karmeier.²¹⁰

²⁰⁵ ISCC 000236-37
²⁰⁶ JUSTPAC Form D-2, 2004(b), pg. 4
²⁰⁷ As discussed, the funds were originally from the American Tort Reform Association.
²⁰⁸ Citizens for Karmeier 2004(a) Form D-2, pg. 36 and 2004(b) Form D-2, pg. 84-86
²⁰⁹ JUSTPAC 2004(b) Form D-2, pg. 7
²¹⁰ Citizens for Karmeier 2004(a) Form D-2, pg. 32 and 2004(b) Form D-2, pg. 75. Note here that there appears to be a discrepancy between the Forms D-2 filed by Citizens for Karmeier and the IL Chamber PAC. I believe this arrives

JUSTPAC

The political action committee of the Illinois Civil Justice League, JUSTPAC, was the single largest intermediary donor to the Karmeier campaign. It contributed \$1.19 million to Citizens for Karmeier in the weeks and months leading up to the November election. The IJC, ATRA, the IRP, the U.S. Chamber, and the IL Chamber passed contributions they had received from other donors on to JUSTPAC, as a contribution aggregator for the Karmeier campaign. Murnane confirmed this in an email to Rob Enstrom of the U.S. Chamber and ILR, wherein he stated that:

I am attaching a spread sheet showing my calculations of where JUSTPAC is right now, what we are virtually certain to receive (minimally) between now and September 30, and what the US Chamber would be able to contribute and stay under the 1/3 “sponsoring entity” requirement.

The yellow highlighted section shows major sources of funding we are anticipating. You’ll note that there are several from ATRA; they are funds coming from various sources to ATRA which we expect to be passed on to JUSTPAC. Similarly, Illinois State Medical Society is making two separate contributions (one may be from the ISMS Insurance Exchange). The Illinois Chamber contributions are from sources that are being paid to the Illinois Chamber for the purpose of forwarding them to JUSTPAC. Same situation is true with the Illinois Jobs Coalition.²¹¹

As a result, JUSTPAC’s name was recorded on the Citizens for Karmeier’ Form D-2, while the name of Karmeier's most substantial, de facto donor, State Farm, was not disclosed.

In the 2004 election, JUSTPAC served as a pass-through entity to the Karmeier campaign. Of JUSTPAC’s \$1.41 million “expenditures”²¹² in 2004,²¹³ roughly \$1.19 million (84%) went directly to Citizens for Karmeier.²¹⁴ With few exceptions, contributions to JUSTPAC in 2004

from the IL Chamber PAC listing “Karmeier, Lloyd” rather than Citizens for Karmeier as the vendor for some of the PAC’s contributions. The Citizens for Karmeier data, which appears to be more accurate, was given greater weight in my analysis.

²¹¹ Murnane000937.

²¹² Note that these are political expenditures disclosed to the Illinois State Board of Elections and includes itemized and non-itemized “Transfers Out” and “Expenditures.”

²¹³ JUSTPAC 2004(a) and 2004(b) D-2 filed with the Illinois State Board of Elections.

²¹⁴ Citizens for Karmeier, 2004(a) and 2004(b) D-2 filed with the Illinois State Board of Elections.

were funneled to Citizens for Karmeier.²¹⁵ The following is a portion of an email from Ed Murnane to Matt Fullenbaum at ATRA in May of 2004:

We're not discouraging contributions to Citizens for Karmeier but there are some other options for donors who might not want to be too visible.

JUSTPAC already is the largest contributor to Citizens for Karmeier (\$43,000 so far) and I suspect we will continue to be so contributors can rest assured that their contribution will get where they want it.²¹⁶

Murnane's own words confirm that a contribution to JUSTPAC was essentially a contribution to the Citizens for Karmeier committee. It is also notable that JUSTPAC's \$1.19 million in contributions to Citizens for Karmeier in 2004 was far more than the PAC had ever spent on a single candidate, as Murnane expressed in an October 2004 email: "JUSTPAC...has never raised more than \$80,000 in a year."²¹⁷

While JUSTPAC's contributions made significant impact on the Karmeier campaign, the PAC's role seemed to reach beyond only monetary gifts. An ICJL document states that:

JUSTPAC played a major role – perhaps THE major role -- in the 2004 election of Justice Lloyd Karmeier to the Illinois Supreme Court in Southern Illinois. This was the election that turned the tables on the trial lawyers in Madison County and elsewhere in Southern Illinois. JUSTPAC was the largest contributor to the Karmeier campaign and played an integral role in campaign strategy and management.²¹⁸

From the evidence I have reviewed, it appears that similar statements were made by JUSTPAC's 501(c) affiliate, the ICJL, which will be discussed in the following section.

²¹⁵ In Murnane003004, Ed Murnane explains, "...most of [JUSTPAC's] financial support is being used on behalf of the Karmeier campaign." JUSTPAC's Forms D-2 in 2004 also supports this.

²¹⁶ ATRA0000056

²¹⁷ Murnane003800

²¹⁸ ICJL000983

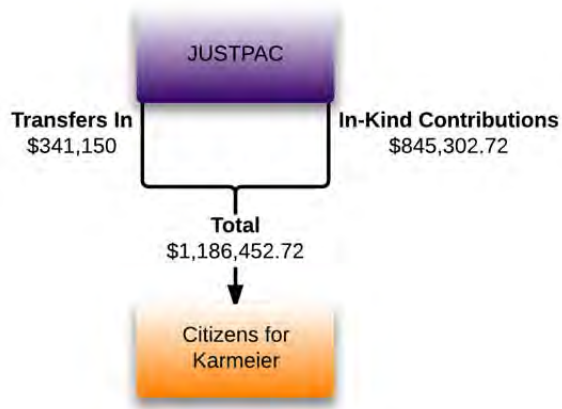


Figure 7 illustrates the flow of contributions, both transfers and in-kind, that were contributed to Citizens for Karmeier by JUSTPAC.

Figure 7

The Illinois Civil Justice League

The ICJL was an important intermediary donor for State Farm and Murnane in their efforts to fund the Karmeier campaign without disclosure. As discussed elsewhere in this report, the ICJL has a close relationship with State Farm. State Farm helped create ICJL in 1992, and State Farm's William Shepherd was a member of the ICJL's Executive Committee.²¹⁹

Shepherd's role as a member of the Executive Committee was important and ongoing during the relevant time period.²²⁰ In an ICJL memo, Ed Murnane describes the role of the Executive Committee:

Our Executive Committee, which had the overall responsibility for governing, was assembled to represent the various diverse interests of tort reform supporters, and also entities that could be helpful in recruitment, financing and participation in legislative battles.²²¹

That is to say, the ICJL's Executive Committee was formed to represent the interests of member organizations. As member of this committee, William Shepherd would have been expected to

²¹⁹ USCC-004423, Murnane002094, Murnane003221

²²⁰ Source documents indicate that Shepherd received advance copies of campaign advertisements (Murnane004179, Murnane006292, and Murnane000405), participated in conference calls with other Executive Committee members (Murnane003221 and Murnane007011), and received weekly ICJL updates (Murnane000203). Shepherd was also individually provided with the "criminal law review" of Justice Gordon Maag, which was commissioned by the ICJL, but appears to have been paid by State Farm (see Murnane004415).

²²¹ ICJL001031

represent State Farm's interests, and was partly responsible for the governance of the ICJL (which, as I have observed, was dedicated to the Karmeier campaign in 2004). Further, when discussing the ICJL's largest corporate sponsors in an ICJL memo, Murnane noted that "(t)he major corporation involvement (and support) has clearly been from State Farm, CNA, and Caterpillar."²²² It should be noted that State Farm does not show up as a major contributor to the ICJL or JUSTPAC because State Farm was a big contributor through the U.S. Chamber and less directly to the ICJL, JUSTPAC or the Karmeier campaign.²²³ Illustrating the ICJL's connection with other organizations, Murnane said that "CJRG and ILR have been major and very valuable financial supporters and the relationship we have had with ATRA has been very valuable and productive."²²⁴

While the aggregate cash flows from State Farm to the ICJL are relatively small in comparison to other intermediary transactions, they represent instances in which State Farm was most transparent, contributing directly to an organization whose political action committee, JUSTPAC, was one of the largest supporters of Justice Karmeier.²²⁵ Additionally, Ed Murnane and the ICJL took on an important role for the Karmeier campaign with respect to campaign financing and management.²²⁶ In fact, in a separate ICJL document, the organization explains that the election was "our highest priority ever."²²⁷ In addition to helping recruit Justice Karmeier,²²⁸ Murnane stated early in the campaign that he expected the ICJL's role in the Fifth District campaign to "primarily be in raising and *funneling* money..."²²⁹ This coordination by Murnane and the ICJL is also apparent in the following quote from an ICJL memo:

I [Murnane] have estimated that it will take between \$3 and \$5 million for this campaign, with \$1 million raised by Citizens for Karmeier (primarily in the district or elsewhere in Illinois); \$1 million raised by JUSTPAC and ICJL; and \$1 million coming from out-of-state sources (US Chamber, etc.), with much of that

²²² ICJL001031. It should also be noted that Ed Rust, Jr. has sat on Caterpillar's Board since 2003. This may be a reason for the company's notable support of the ICJL. Source: Caterpillar website, accessed April 21, 2015.

²²³ Murnane006831.

²²⁴ ICJL001031.

²²⁵ Murnane003440, Murnane003162, Murnane005977; Citizens for Karmeier 2004 Forms D-2

²²⁶ Murnane007805, Murnane003165, Murnane023658

²²⁷ Murnane004924

²²⁸ Murnane005688, ICJL001027, ISCC 000097, Murnane004581

²²⁹ Murnane005987

In addition to its \$10,000 annual contribution, State Farm paid half of a \$28,500 study of Illinois judicial decisions that was commissioned by the ICJL from Sequoyah Information Systems, Inc. (“Sequoyah”).^{233,234} The report featured opposition research on criminal convictions that were overturned by Justice Karmeier’s opponent in the election, Justice Gordon Maag.²³⁵ Murnane sent the completed report to Shepherd when he received it from Sequoyah.²³⁶

SEQUOYAH INFORMATION SYSTEMS, LTD.
P.O. BOX 6934
EDMOND, OKLAHOMA 73083-6934
TELEPHONE: (405) 752-1092
TELEFAX: (405) 751-3426

May 31, 2004

MR. ED MURNANE
ILLINOIS CIVIL JUSTICE LEAGUE
330 N. WABASH AVE.
SUITE 2800
CHICAGO, IL 60611

RE: ILLINOIS COURT OF APPEALS -
STUDY OF JUDICIAL DECISIONS

Fee for Study of Judicial Decisions	\$28,500.00
Less retainer	<u>(14,250.00)</u>
BALANCE DUE	<u>\$14,250.00</u>


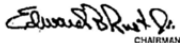
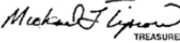
OK WS

²³³ HALEM00004995PROD.

²³⁴ HALEM00004996PROD.

²³⁵ Murnane004426.

²³⁶ Murnane004415. Note Shepherd’s hand-written “WS” initials at the bottom of the invoice.

 STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY One State Farm Plaza Bloomington, IL 61710		1001289776 56-1544/441
Date	August 12, 2004	Pay Amount \$14,250.00***
Pay	***FOURTEEN THOUSAND TWO HUNDRED FIFTY AND XX / 100 DOLLAR***	
To The Order Of	ILLINOIS CIVIL JUSTICE LEAGUE 330 N WABASH AVE STE 2800 CHICAGO, IL 60611	 CHAIRMAN  TREASURER
BANK ONE, N.A. Columbus, OH 43271-0201		
1001289776 *04115443* 627120348* *0001425000*		

From the source documents above, it appears that the ICJL received the invoice from Sequoyah, and subsequently passed it directly on to State Farm, who paid the \$14,250 due.

In total, it appears that State Farm contributed at least \$24,250 directly to the ICJL in 2004, at a time when virtually all of the ICJL's expenditures are believed to be for the benefit of the Karmeier campaign.²³⁷ The \$24,250 from State Farm to the ICJL was made up of a \$10,000 annual contribution, as well as \$14,250 in payment for at least a portion of the "Study of Judicial Decisions" report completed by Sequoyah.²³⁸

The ICJL also raised funds from other corporate donors and funneled them to the Karmeier campaign. Murnane explained in a fundraising email that: "[b]ecause there is some sensitivity to directly contributing to a judicial election by some, we are suggesting as an alternative contributions to JUSTPAC, the political action committee of the Illinois Civil Justice League, or to the ICJL itself. Contributions to the PAC are 'hard dollars' and are fully disclosed, contributions to the ICJL are 'soft dollars' and are NOT disclosed."²³⁹ The emphasis on "NOT" appears in the original document and underscores that Murnane and the ICJL featured non-disclosure and concealment as an option for contributors seeking anonymity. A 501(c) 6

²³⁷ Most of JUSTPAC's (the ICJL's PAC) financial support was used on behalf of Karmeier (Murnane003004). Murnane also stresses that the ICJL's involvement in the race "has been substantial" (Murnane004581-82). Murnane also explained in an ICJL memorandum that "(w)e expect to spend much of our time and resources in the early months...to conduct necessary research and to work to convince voters throughout the Fifth District that judicial reform is necessary" (Murnane003162).

²³⁸ I have also observed from State Farm's First Supplemental Response to Plaintiff's First Set of Interrogatories, p. 3, that State Farm has acknowledged \$39,250 in total contributions to the ICJL in 2004. This figure includes \$15,000 that is unaccounted for and for which I have not yet located source documents.

²³⁹ Murnane003572.

organization like the ICJL may make political expenditures, in-kind or otherwise, provided that they are issue-based rather than candidate-specific in nature and that taxes are paid on the contribution amount.²⁴⁰ Despite this limitation, it is clear that the ICJL allocated a significant amount of resources in 2004 to assist with the election of Justice Karmeier to the Illinois Supreme Court. In Murnane's own words, "I should stress that our involvement in this effort has been substantial thus far, and will continue to be so."²⁴¹ Murnane and Rust were so connected to Justice Karmeier and the Avery decision that on the morning of the announcement of the reversal of Avery by the Illinois Supreme Court, Rust sent Murnane an email and asked: "Ed, anything happening today? Ed."²⁴² Murnane's efforts in electing Justice Karmeier were rewarded, as he was awarded a bonus by the ICJL executive committee (which includes Shepherd) "after the Karmeier election."²⁴³

The ICJL's expenditures in 2004, totaling \$718,965, are believed to have been largely made in support of Justice Karmeier.²⁴⁴ \$146,865 was paid as salary to ICJL President Ed Murnane,²⁴⁵ who was actively involved in the Karmeier campaign. The aggregated expenditures of the ICJL in 2004 are shown on its Form 990, reproduced below. Part II of the ICJL's tax return, detailing the categories of organizational expenses, can be found in Appendix K. The specific expenses shown such as media, advertising, and fundraising are commensurate with typical campaign expenditures.

²⁴⁰ United States. Internal Revenue Service. *Political Campaign and Lobbying Activities of IRC 501(c)(4), (c)(5), and (c)(6) Organizations*. By John F. Reilly and Barbara A. Braig Allen. N.p.: n.p., n.d. 2003. Web. 03 Mar. 2015. <<http://www.irs.gov/pub/irs-tege/eotopic103.pdf>>.

²⁴¹ Murnane004581. Additionally, in Murnane003165, Murnane describes the ICJL's role in the Karmeier campaign as "active."

²⁴² HALEM00000284PROD.

²⁴³ ICJL001032. Arguably, the disbursement of Murnane's bonus would come under the purview of the Executive Committee's governing responsibilities.

²⁴⁴ Most of JUSTPAC's (the ICJL's PAC) financial support was used on behalf of Karmeier (Murnane003004). Murnane also stresses that the ICJL's involvement in the race "has been substantial" (Murnane004581-82). Murnane also explained in an ICJL memorandum that "(w)e expect to spend much of our time and resources in the early months...to conduct necessary research and to work to convince voters throughout the Fifth District that judicial reform is necessary" (Murnane003162).

²⁴⁵ Illinois Civil Justice League, 2004 IRS Form 990: Return of Organization Exempt From Income Tax.

CIVILJUSTICE 04/25/2005 2:28 PM		Form 990		OMB No. 1545-0047																					
Return of Organization Exempt From Income Tax				2004																					
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)				Open to Public Inspection																					
Department of the Treasury Internal Revenue Service																									
The organization may have to use a copy of this return to satisfy state reporting requirements.																									
A For the 2004 calendar year, or tax year beginning and ending																									
B Check if applicable:		C Name of organization		D Employer identification no.																					
<input type="checkbox"/> Address change		ILLINOIS CIVIL JUSTICE LEAGUE		36-3857949																					
<input type="checkbox"/> Name change		Number and street (or P.O. box if mail is not delivered to street address)		E Telephone number																					
<input type="checkbox"/> Initial return		330 NORTH WABASH		312-595-0758																					
<input type="checkbox"/> Final return		Room/suite		F Accounting method: <input type="checkbox"/> Cash																					
<input type="checkbox"/> Amended return		City or town, state or country, and ZIP + 4		<input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)																					
<input type="checkbox"/> Application pending		CHICAGO IL 60611																							
<table border="1"> <tr> <td>E</td> <td>13</td> <td>Program services (from line 44, column (B))</td> <td>346,897</td> </tr> <tr> <td>X</td> <td>14</td> <td>Management and general (from line 44, column (C))</td> <td>104,343</td> </tr> <tr> <td>P</td> <td>15</td> <td>Fundraising (from line 44, column (D))</td> <td>267,725</td> </tr> <tr> <td>D</td> <td>16</td> <td>Payments to affiliates (attach schedule)</td> <td></td> </tr> <tr> <td>O</td> <td>17</td> <td>Total expenses (add lines 16 and 44, column (A))</td> <td>718,965</td> </tr> </table>						E	13	Program services (from line 44, column (B))	346,897	X	14	Management and general (from line 44, column (C))	104,343	P	15	Fundraising (from line 44, column (D))	267,725	D	16	Payments to affiliates (attach schedule)		O	17	Total expenses (add lines 16 and 44, column (A))	718,965
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D	16	Payments to affiliates (attach schedule)																							
O	17	Total expenses (add lines 16 and 44, column (A))	718,965																						

State Farm's Written Misrepresentations to the Illinois Supreme Court

I have been asked by Plaintiffs' counsel to form an opinion, based on the research and analysis reflected in this report, regarding the accuracy, and/or credibility of certain statements made by the Defendant, State Farm, in two filings that were conveyed by U.S. mail, to the Illinois Supreme Court.²⁴⁶ The first filing was made by State Farm on or around January 31, 2005, and was captioned: "Opposition of Defendant-Appellant State Farm Mutual Automobile Insurance Company to Plaintiffs-Appellees' Conditional Motion for Non-Participation." ("January 31, 2005 Opposition to Disqualification," or "First State Farm Filing"). The second filing upon which I have been asked to form an opinion was made by State Farm on or around September 19, 2011, and was captioned: "Response in Opposition to Petition to Recall Mandate and Vacate August 18, 2005 Judgment." ("September 19, 2011 Opposition to Vacate Judgment," or "Second State Farm Filing").

I have determined from the filings that State Farm has made at least the following misstatements:

- (1) State Farm itself made no contribution to the campaign.²⁴⁷

²⁴⁶ For reference, please see First Amended Class Action Complaint, at page 4, ¶ 13.

²⁴⁷ State Farm's Response in Opposition to Petition to Recall Mandate and Vacate August 18, 2005 Judgment: Page 3, Paragraph 5.

(2) According to [the Avery] Plaintiffs, State Farm somehow picked Justice Karmeier as a candidate, managed his campaign, and made massive contributions to his campaign. The picture [the Avery] Plaintiffs attempt to paint has no relationship to reality.²⁴⁸

(3) Contrary to [the Avery] Plaintiffs' contentions, State Farm does not control the United States Chamber of Commerce.²⁴⁹

(4) [The Avery] Plaintiffs' other allegations, attempting inter alia to attribute to State Farm contributions made by the ICJL, are similarly meritless and improper and are not new.²⁵⁰

(5) Here, [the Avery] Plaintiffs rely not on actual contributions by State Farm or its employees, but on tenuous and conclusory allegations that the campaign contributions of others should be attributed to State Farm.²⁵¹

(6) (T)here was no "funnel[ing]" of money from State Farm through JUSTPAC to Justice Karmeier.²⁵²

(7) Plaintiffs have concocted a contention that State Farm somehow engineered contributions to Justice Karmeier's campaign for the purpose of impacting the outcome of this case. This is not only unsupported by any facts, but is contrary to basic common sense.²⁵³

(8) Equally lacking is any plausible basis or factual support for Plaintiffs' contention that State Farm was somehow the moving force behind every contribution made by any civic or

²⁴⁸ State Farm's Response in Opposition to Petition to Recall Mandate and Vacate August 18, 2005 Judgment: Page 3, Paragraph 7.

²⁴⁹ State Farm's Response in Opposition to Petition to Recall Mandate and Vacate August 18, 2005 Judgment: Page 3, Paragraph 7.

²⁵⁰ State Farm's Response in Opposition to Petition to Recall Mandate and Vacate August 18, 2005 Judgment: Page 3, Paragraph 7.

²⁵¹ State Farm's Response in Opposition to Petition to Recall Mandate and Vacate August 18, 2005 Judgment: Page 3, Paragraph 8.

²⁵² State Farm's Response in Opposition to Petition to Recall Mandate and Vacate August 18, 2005 Judgment: Page 24, Paragraph 49.

²⁵³ State Farm's Opposition of Defendant-Appellant State Farm Mutual Automobile Insurance Company to Plaintiffs-Appellees' Conditional Motion for Non-Participation. Page A-60, paragraph 17.

business organization to which State Farm has any connection whatsoever. See Pl. Mem. at 16-20. Plaintiffs have presented no evidence that this was actually the case, but merely point to such matters as State Farm's membership in organizations that contributed to Justice Karmeier's campaign or to the membership of State Farm's employees in such organizations.²⁵⁴

(9) These organizations have numerous members, and Plaintiffs present no evidence whatsoever to back up their baseless assertions that these civic and business organizations are "front groups" for State Farm. (*id.* at 17) or that the contributions were meant to influence Justice Karmeier in this case would be perceived by anybody as influencing him.²⁵⁵

(10) As an example of Plaintiffs' counsel's tactics, Plaintiffs attempt to draw together into some sort of improper relationship State Farm, the American Tort Reform Association and the Illinois Civil Justice League because "State Farm is a member of The American Tort Reform (ATRA) and Ed Murnane of the ICJL has sat on the ATRA Board of Directors since 1997." Pl. Mem. at 20. These facts, contrary to Plaintiffs' contentions (see *id.*), do not evidence a 'tight' relationship.²⁵⁶

(11) Although Plaintiffs attempt to link large sums in contributions by a variety of persons and organizations to Justice Karmeier's campaign to State Farm, their moving papers and supporting documentation in fact reveal that a limited number of State Farm officers and employees made quite modest contributions to Justice Karmeier's campaign.²⁵⁷

Based on my review, State Farm failed to fully disclose, gave incomplete and misleading statements, and made half-truths and material misrepresentations regarding the role that it played in the election of Justice Karmeier.

²⁵⁴State Farm's Opposition of Defendant-Appellant State Farm Mutual Automobile Insurance Company to Plaintiffs-Appellees' Conditional Motion for Non-Participation. Page A-60, paragraph 18.

²⁵⁵State Farm's Opposition of Defendant-Appellant State Farm Mutual Automobile Insurance Company to Plaintiffs-Appellees' Conditional Motion for Non-Participation. Page A-60, paragraph 18.

²⁵⁶State Farm's Opposition of Defendant-Appellant State Farm Mutual Automobile Insurance Company to Plaintiffs-Appellees' Conditional Motion for Non-Participation. Page A-61, paragraph 19.

²⁵⁷State Farm's Opposition of Defendant-Appellant State Farm Mutual Automobile Insurance Company to Plaintiffs-Appellees' Conditional Motion for Non-Participation. Page A-63, paragraph 21.

Damages

I have been asked to ascertain the amount of damages that were suffered by the class in this case. I have performed a calculation by taking the amount of the judgment of \$1,056,636,180, after remitter by the Illinois Appellate Court, added statutory post-judgment simple interest from the date of the underlying judgment at the trial court, continuing through May 1, 2015, at the statutory rate of 9%, and trebled the total amount for RICO to arrive at a total damages amount of \$7,612,643,917. The dates and numbers used in this calculation, or any subsequent calculation using different interest rates or dates, are common to the class.

Conclusion

As a forensic expert, I have been asked to examine the State Farm pattern of activity relating to the election of Justice Karameier, to assess the extent of such activity, and to determine whether State Farm's actions or omissions in the Karameier election were consistent with a concerted effort to conceal conduct taken on behalf of the candidate. I was also asked to opine on whether State Farm's written representations in its 2005 and 2011 filings with the Illinois Supreme Court accurately reflect the *actual* role that State Farm played in the Karameier campaign. Further, I was asked to analyze and evaluate whether the evidence regarding State Farm's support for Justice Karameier's campaign, the money trail of transactions between State Farm and other organizations supporting the Karameier campaign, and State Farm's concealment and misleading statements regarding its support for the Karameier campaign is common to all members of the proposed class. Finally, I was asked to calculate the damages to the class.

The results of my research and analysis in this matter overwhelmingly support the allegation that Defendants played a critical, albeit clandestine, part in nearly every facet of Justice Karameier's Campaign. There is considerable factual material to indicate that State Farm performed a major role in selecting Justice Karameier as a candidate, managing his campaign, and providing it with robust financial support. Despite this, State Farm was so confident that it had hidden its extensive involvement in the Karameier campaign that it brazenly remonstrated to the Illinois Supreme Court, "State Farm, itself, made no contribution to the campaign."

My analysis of the record strongly supports the Plaintiffs' allegation that State Farm solicited cooperation from the Affiliated Organizations in order to accomplish its objective. The evidence strongly indicates that such participants took State Farm's undisclosed contributions and converted them into campaign dollars for Justice Karmeier. It does not appear to be a coincidence that State Farm enlisted the Affiliated Organizations because they could convert ostensibly random dues and contributions from State Farm into solid campaign dollars for Justice Karmeier, without disclosing State Farm's involvement.

My review of the record establishes that the relevant evidence regarding State Farm's support for Justice Karmeier's campaign, the money trail of transactions between State Farm and other organizations supporting the Karmeier campaign, and State Farm's concealment and misleading statements regarding its support for the Karmeier campaign, is in fact common to all members of the proposed class.

Even though State Farm was heavily invested in maintaining a low profile in the election campaign of Justice Karmeier, its pattern of activity and robust interaction with the Affiliated Organizations supports the assertion that State Farm was a prime contributor and supporter in electing Justice Karmeier to the Illinois Supreme Court bench. Based on my examination of the record, and as discussed herein, State Farm dramatically understated its involvement with the Karmeier campaign, and concealed material information in the representations it made to the Illinois Supreme Court through its 2005 and 2011 filings.

The results of my analysis, as presented in this report, also affirm my opinion that Defendants enlisted the Affiliated Organizations in order to disguise their role in supporting, both financially and otherwise, the campaign to elect Justice Karmeier to the Illinois Supreme Court.

The opinions stated in this report are subject to ongoing discovery and I reserve the right to modify or supplement them, as appropriate, when additional relevant information is provided.

Thomas A. Myers

Thomas A. Myers

May 4, 2015

Date

Appendices

Appendix A: CV of Thomas. A. Myers

THOMAS A. MYERS, CPA
President and Chairman

T.A. MYERS & CO.
Aspen Business Park
5400 Ward Road, Bldg. 3, Suite 150
Arvada, Colorado 80002 303 / 403-0200

BACKGROUND AND FORMAL EDUCATION

Thomas A. Myers, CPA, is the founder, president and chairman of T.A. Myers & Co., a Denver-based firm of certified public accountants and other professionals that specializes in providing forensic consulting, investigatory services, litigation support and training to numerous clients, including government agencies, financial regulators, law firms, lending institutions and other business entities. Mr. Myers is a prolific author, frequent lecturer, and an accomplished expert witness. He has testified at the request of Congress on the subjects of professional liability, fraud in business and financial accounting matters and has worked extensively with government agencies as well as business entities throughout the United States and internationally. As an expert witness, he has testified in numerous cases regarding, among other things, securities fraud, complex money-laundering schemes, patterns of racketeering activity, financial statement fraud and directors' and officers' liability. Mr. Myers holds a Bachelor of Science degree in mathematics from the New Mexico School of Mines and a Bachelor's degree in accounting from the University of Northern Colorado.

TRAINING FOR FEDERAL REGULATORS AND OTHER LAW ENFORCEMENT AGENCIES

Mr. Myers was awarded the Certificate of Appreciation by the Federal Financial Institutions Examination Council in Washington DC where for two decades he was a regular speaker at the Advanced White-Collar Crime School where he lectured, among other things, on

financial fraud, corruption, patterns of racketeering activity, international money laundering, and other aspects of complex financial fraud. Attendees at this school included representatives from all of the major federal banking regulatory agencies including the Office of Comptroller of Currency, Federal Reserve Banks, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision and the National Credit Union Administration. Mr. Myers has also lectured and provided training on behalf of the United States Secret Service, the Federal Bureau of investigation and the U.S. Attorney General's Office, on complex financial fraud matters. Mr. Myers has developed and, on numerous occasions, presented a seminar on "Public Company Fraud" dealing with, among other things, financial statement manipulation, accounting irregularities, and the omission of material facts by corporate insiders, to representatives of all the federal banking regulatory agencies. In connection with the development of the seminar, Mr. Myers researched literally hundreds of SEC cases (including banks and nonbanks) involving accounting irregularities and other 10b-5 omissions. Jack Newton, Ph.D., the director of the Federal Financial Institutions Examination Council wrote as follows: "You were the lead designer and developer of the *Syndicated Loan Seminar*, as well as the primary lecturer. Your ideas have had a broad impact on the development of the Advanced White Collar Crime Conference, and your presentation on '*Public Company Fraud*' was groundbreaking. Attendees have always recognized your timely content, excellent organization, and fascinating presentations by granting ratings that place you among our very highest rated speakers."

Mr. Myers has extensive experience in training the following law enforcement agencies in matters pertaining to fraud in complex financial transactions:

- Federal Bureau of Investigation,
- United States Secret Service
- United States Attorney's Office

Mr. Myers was selected by the Federal Financial Institutions Examination Council to develop and present a series of seminars on "Loan Syndications" for selected examiners from all of the federal banking regulatory agencies dealing with loans ranging from \$20 million to in excess of \$1 billion in size. These presentations were attended by some of the top regulatory personnel in the country.

Mr. Myers has written two authoritative texts on problem loan identification and management: "The Problem Loan Action Plan: a Uniform Methodology for Dealing with Problem Assets"; and "Real Estate Problem Loans," both published by Dow Jones Irwin. In addition he has authored "The Income Property Construction Lending Manual" published by the American Bankers Association (the largest trade group for American bankers) and has authored numerous articles on the subject of lending and problem loans.

Mr. Myers has been the chairperson for more than a dozen national conferences on problem asset management, in addition to three national conferences chaired for the federal regulators on the same subject. He authored and taught a week long course for the Office of Thrift Supervision on the subject of problem assets. This highly rated course was presented on numerous different occasions over several years. Completion of a weeklong course developed and presented by Mr. Myers called "Loan Analysis" was required by the Office of Thrift Supervision for its examiners to obtain the "Certified Thrift Examiner" status.

Mr. Myers was identified as a key person by the Office of Thrift Supervision ("OTS") to assist in developing their program of training for examiners dealing with problem asset classification. He was retained to provide case studies and written materials for a program on problem asset classification administered by the OTS to its examiners on a nationwide basis. He was also engaged to train OTS examiners and made more than 40 presentations nationally on the subject of problem asset classification. On various occasions the Federal Home Loan Bank System hired Mr. Myers to consult regarding problem asset classifications and to assist individual savings institutions with developing policies regarding problem asset administration.

Mr. Myers has trained representatives from all of the federal banking regulatory agencies including the Office of Comptroller of Currency, the Federal Deposit Insurance Corporation and various Federal Reserve Banks on issues relating to reasonable and prudent lending practices, complex financial transaction fraud and problem asset identification and analysis.

Mr. Myers was the one of seven industry experts invited by the chairman of the House of

Representatives Banking Committee to appear before the committee and critique President H. W. Bush's proposal for revising the federal banking regulations. Included in the seven were the Chairman of the AICPA, the President of the AICPA, the Chairman of a "Big Eight" accounting firm, and the former Chief Accountant of the Federal Home Loan Bank Board. Mr. Myers' presentation to the Committee, which included, among other things, a discussion of complex financial fraud and problem lending was described by Committee Chairman, Henry Gonzalez, on the congressional record, as "very eloquent."

In addition to lecturing, writing and consulting to the industry, Mr. Myers is also sought for his opinion in litigation regarding lending and/or complex financial fraud matters. He has testified as an expert in both federal and state courts throughout the United States and Puerto Rico regarding, among other things, directors and officers liability, fraud in banking, reasonable and prudent lending practices, securities fraud, money laundering, complex financial transaction disputes and regulatory compliance.

CONGRESSIONAL REPORT

At the request of Congressman LaFalce, Mr. Myers prepared a comprehensive report dealing with the liability of professionals from various disciplines for losses to lending institutions resulting from fraud and/or negligent acts. This paper addressed the actions of officers and directors, legal counsel, independent auditors, appraisers, mortgage brokers, real estate brokers and others.

FINANCIAL CRISIS EXPERIENCE

Mr. Myers has extensive experience in testifying, analyzing, and investigating numerous aspects germane to the subprime lending arena including, predatory mortgage lending practices, the securitization of subprime mortgages, both cash and synthetic collateralized debt obligations, credit default swaps, credit linked notes, liability of the securitization underwriter, fair market valuation of level 3 (illiquid) assets, off-balance-sheet treatment of variable interest entities, and other relevant topics including GAAP accounting for complex structured finance products. He

has prepared training materials for, and lectured to, federal regulators in Washington, D.C. on various aspects of predatory lending and structured finance abuse. Subsequent to the financial crisis, T. A. Myers & Co. was engaged by the Federal Reserve Board of Governors to provide comprehensive training for regulatory capital markets specialists on the critique and valuation of complex subprime structured finance products including credit default swaps, asset backed securitizations and collateralized debt obligations. Mr. Myers has testified in a number of high profile litigation matters dealing with the financial crisis and related securities fraud.

SEC TESTIMONY AND PUBLIC COMPANY FRAUD

Mr. Myers was the only expert used by the Securities and Exchange Commission in the landmark *In the Matter of Bank of Boston* dealing with false and misleading disclosures in the “management, discussion and analysis” section of the Form 10-Q. Mr. Myers also testified in an important case of first impression against Lehman Brothers, which became the first investment banking firm to be held liable in a securitization for the fraud of the issuer. T.A. Myers & Co. has also provided extensive input on technical financial and accounting issues relating to the drafting of various complex securities fraud and shareholder derivative legal arguments and pleadings.

OTHER TRAINING

Mr. Myers has been a frequent lecturer in Washington, D.C. at the Income Property Lending School and at the Advanced White Collar Crime School presented by the Federal Financial Institutions Examination Council. He has provided extensive lending and related training for representatives from every major lending industry trade group and regulatory agency in the country, including:

- Office of the Comptroller of the Currency
- Federal Deposit Insurance Corporation
- Numerous Federal Reserve District Banks
- Office of Thrift Supervision
- National Credit Union Administration

- Federal Bureau of Investigation (fraud)
- United States Secret Service (fraud)
- U.S. Attorney General's Office (fraud)
- American Bankers Association
- U.S. League of Savings Institutions
- Resolution Trust Corporation
- Bank Administration Institute

COURSES DEVELOPED FOR UNITED STATES AGENCIES AND INDUSTRY TRADE GROUPS

(The majority of these courses were/are part of an ongoing curriculum and have been presented by Mr. Myers on numerous occasions.)

Office of Thrift Supervision

- Asset Classification (3 days)
- Problem Loan Workouts (5 days)
- Loan Analysis (5 days)
- Real Estate Lending (5 days)

Federal Financial Institutions Examinations Council

- Complex Public Company Fraud and Stock Manipulation (1 day)
- Broadly Syndicated Loans and Derivative Structures (3 days)
- Income Property Lending (1 day)
- White Collar Crime and Fraud (1 day)
- Accounting for Problem Loans (½ day) Federal Bureau of Investigation
- Commercial Lending Fraud (3 hours) United States Secret Service
- Savings and Loan Industry Fraud (3 hours)
- U.S. League of Savings Institutions (1 day)
- Problem Loan Workouts (1 day)

American Bankers Association

- Construction Lending (1 day)
- Construction Lending (1 day)

Resolution Trust Corporation

- Supervising the Asset Management Contractor (2 days)

U.S. Department of Justice

- Bank Fraud (1 day)

National Credit Union Administration

- Advanced Commercial Lending (2 days)

PUBLICATIONS

Mr. Myers has authored:

- *Real Estate Problem Loans; Workout Strategies and Procedures*, published by Dow Jones-Irwin, Inc.
- *The Problem Loan Action Plan; A Uniform System for Managing Problem Assets*, published by Dow Jones-Irwin, Inc.
- *Income Property Construction Lending Manual*, published by the American Bankers Association
- "A Regulatory Examination Guideline for Commercial Real Estate and Development," a chapter in *FHLBS Regulatory Handbook: Service Corporations*, prepared on behalf of the Office of Regulatory Affairs
- A six-part series on problem assets and loan workouts published by the *National Thrift News*
- "Acquisition, Development and Construction Lending," an article for *The Examiner*, official publication of the Society of Financial Examiners
- "Asset Classification Regulation," a management treatise on problem asset classification prepared on behalf of the U.S. League of Savings Institutions.
- *The Foreign Investment in Real Property Tax Act*, published by the Canadian Institute of Chartered Accountants.
- *U.S. Tax Update*, published by the Canadian Institute of Chartered Accountants.
- *Tax Planning for Canadian Investment in the United States*, published by the Canadian Institute of Chartered Accountants.

VIDEOS, RECORDINGS, AND CONGRESSIONAL TESTIMONY

- Video produced by the *National Thrift News* on problem loan workouts.
- Video produced by the Federal Reserve Bank of Kansas City on "Fraud in the Lending Industry."
- Video produced by the U.S. Attorney General's Office on "Fraud in the Thrift Industry."
- Expert testimony, at the request of the Chairman of the United States House of Representatives Banking Committee, on issues relating to lending industry problems.

PERSONAL INFORMATION

Mr. Myers has been listed as a biographical subject in Who's Who of Emerging Business Leaders, Who's Who in Finance and Industry, Who's Who in America and Who's Who in the World. He has received the Certificate of Appreciation awarded by the Federal Financial Institutions Examination Counsel (FFIEC) "for significant contributions in meeting the overall objectives of the Federal Financial Institutions Examination Counsel." The FFIEC is a quasi-governmental organization mandated by Congress to provide professional education for all of the federal banking regulatory agencies.

Mr. Myers has lectured to such organizations as the University of Colorado at Denver and the Colorado Free University on the subject of "Success with Integrity." His firm, T.A. Myers & Co., also authored and sponsored the widely acknowledged Imagine Program on Alternatives to Violence which has been disseminated without charge in school districts throughout the country. He served as an unpaid Executive Board member for Qualife, a large cancer support group organization. He is married and has three children. His hobbies include surfing, mountain biking and mixed martial arts. In the past, he has won both the prestigious Winter Park and Thunder Valley Mountain Bike Racing Series in his age group category and come in second at the Colorado State Mountain Biking Championships. He has also competed at the World Masters Mountain Biking Championships held in Quebec, Canada and the U.S. National Cycling Championships in Park City, Utah.

**SUMMARY OF EDUCATIONAL MATERIALS, SPEECHES AND PRESENTATIONS BY THOMAS A.
MYERS**

Mr. Myers has provided educational material to representatives from the following organizations and delivered over 250 instructional seminars and/or chaired conferences on the following topics.

TOPICS

Credit Default Swaps and Synthetic CDOs
Complex Money-Laundering Schemes
Accounting for Structured Finance
Collateralized Debt Obligations
Variable Interest Entity Accounting
Off-Balance-Sheet Subprime Conduits
Accounting for Asset Backed Securities
Fraud in Securitizations
Merger and Acquisition Financing
Collateralized Loan Obligations
Lead Agent Due Diligence
Syndicated Lending
Problems with EBITDA
Fraud in Leveraged Buyouts
Financial Statement Manipulation
Fraud Investigation Techniques
Stock Manipulation and Insider Trading
Check Fraud
Fraud in Banking
Directors' and Officers' Liability for Bank Operations
Consumer Lending Fraud
Mortgage Force Placed Insurance
Truth in Lending Violations
RESPA Issues
Document Preparation Fee Scam
Unfair and Deceptive Acts and Practices
Mortgage Lending Fraud
Problem Loan Issues
Thrift Fraud
Thrift Accounting Issues
Liability in the Thrift Industry
Shared National Credits
Automobile Yield Spread Premiums
Auto Collateral Protection Insurance
Loan Syndications
Debtor/Creditor Workouts
Public Company Fraud
Equity Skimming
New Developments in Lender Liability
Case Studies in Lender Liability
Professional Fraud
Borrower Fraud Analysis
Real Estate Case Studies
Problem Loan Workout Seminar
Commercial Loan Analysis Seminar
Advanced Commercial Loan Analysis
Commercial Real Estate Lending Fraud
Real Estate Fraud
Income Property Lending
Current Accounting Issues
Analyzing Developer's Financial Wherewithal
Construction Lending

Fraud in Commercial Lending
Real Estate Lending Seminar
Problem Asset Analysis and Administration
Problem Hotel Workshop
Asset Classification Seminar
Real Estate Lending Seminar
Fraud in Commercial Lending
Possible Recovery of Funds Relating to Failure of Federally Insured Depository Institutions
Role of Independent Auditor in Preventing Failure of Thrift Institutions
Problem Asset Disposition
Problem Assets
Money Desk Management
Accounting for Problem Loans
Loan Participation Issues
Real Estate Asset Classification
Forbearance for Problem Loan Institutions
R-41C Appraisal Methodology
Distressed Real Estate Conference

ORGANIZATIONS

Nat'l Association of Consumer Advocates
House of Representatives' Committee on Banking
United States Secret Service Agency
Federal Savings and Loan Insurance Corp.
Federal Deposit Insurance Corporation
Federal Bureau of Investigation
Resolution Trust Corporation
U.S. Attorney's Office
National Association of Attorneys General
Federal Home Loan Bank System
Department of Justice
National Credit Union Association
Pacific Southwest Bank
Office of Thrift Supervision
Federal Financial Institutions Examination Council
California Savings and Loan League
Attorney General's Office, Kern Cty., CA
Federal Home Loan Bank of Topeka
Federal Home Loan Bank Office of Education
Kansas League of Savings Institutions
Federal Home Loan Bank of San Francisco
Society of Financial Examiners
National Association of State S&L Supervisors
Federal Home Loan Bank of New York
New York City Dept of Consumer Affairs
New York State Banking Commission
Federal Home Loan Bank of Cincinnati
Office of Attorney General, Columbus, OH
Arkansas League of Savings Institutions
Office of the Comptroller of the Currency
Federal Reserve Board
U.S. League of Savings Institutions
Office of Regulatory Policy, Oversight & Supervision
University of California-Irvine
Consumer Affairs, Jacksonville, FL
Consumer Protection, Dade County, FL
Missouri League of Savings Institutions
Houston League of Savings Institutions
Texas Savings and Loan League
American Bankers Association
University of Denver Graduate Program

Arizona Bankers Association
Attorney General's Office, Apache Cty,
AZ Attorney General's Office, Navajo Cty, AZ
American Bankers Assoc. National School
Texas Society of Certified Public Accountants
Attorney General's Office, Edinburg, TX
Institute of Financial Education
REO Managers Association
Colorado Dept. of Interstate Commerce
Lodging Unlimited
REO Managers Clinic
California State Savings and Loan
Federal Reserve Bank of Kansas City
Carteret Savings Bank
Washington Savings League
Attorney General's Office, Vancouver, WA
Prosecutor's Office, King County, WA
North Carolina Savings & Loan League
Turnaround Management Association
American Institute of Certified Public Accountants
Consumer Credit Counseling, Warwick, RI
Consumer Affairs, Mercer County, NJ National Consumer Law Center
Governor's Office of Citizens Assistance, Springfield, IL
Consumer Affairs, Palm Beach County, FL
Consumer Credit, Oklahoma City, OK
District Attorney's Office, Philadelphia, PA
Telecommunications & Consumer Service, Fairfax, VA
Attorney General's Office, Cheyenne, WY

Appendix B: Previous Testimony**Thomas A. Myers, Testimony Provided****1996-Present****(Given either at trial or in depositions.)**

1. Jefferson Plaza II Limited Partnership, et al v. First American Bank of Maryland, et al, Circuit Court, Montgomery County, Maryland, Case No. 82434 (Consolidated with Case No. 76526).
2. Cabana Limited Partnership v. Greyhound Real Estate Finance Company, et al, United States District Court, District of South Carolina, Columbia Division, Civil Action No. 3:90-644-16.
3. Public Hearing; Re: Bank of Boston Corporation, Securities and Exchange Commission, Division of Enforcement, Washington, D.C., A.P. File No. 3-8270.
4. Resolution Trust Corporation v. Clement H. Hall, et al., United States District Court, District of Kansas, Case No. 92-2085-V.
5. Fourwinds Development, Inc. et al. v. First Community Bank, Inc. et al., Circuit Court of Mercer County, West Virginia, Civil Action No. 92-CV-1696-K.
6. Commerce Bank, N.A. v. Kenneth McIlvaine et al., Chancery Division, Gloucester County, Superior Court of New Jersey, Civil Action Docket No. F-6117-93.
7. Resolution Trust Corporation v. Jones Boat Yard, Inc. et al., Circuit Court, 11th Judicial Circuit, Dade County, Florida, Consolidated Cases No. 92-15122-CA(27) and 92-15337-CA(27).

8. William L. McLaughlin et al. v. The Community Bank, et al., District Court, Dickinson County, Kansas, Case No. 92-C-66.
9. United States of America v. Richard L. Burns, et al., United States District Court, Southern District of California, Criminal Case No. 931446.
10. Michael W. Walker et al. v. First Commercial Bank et al., Chancery Court, Second Division, Pulaski County, Arkansas, Civil Action No. 90-56.
11. Union National Bank of Pittsburgh v. Mobile Diagnostech, Inc., et al., Court of Common Pleas of Allegheny County, Pennsylvania, Case No. G.D. 89-16967.
12. William Appleton, Trustee for First Ohio Securities Company v. First National Bank of Ohio, et al., United States District Court, Northern District of Ohio, Case No. 5:91CV609.
13. Arthur Alan Wolk v. Jefferson Bank, et al., United States District Court, Eastern District of Pennsylvania, Case No. 94-CV-5096.
14. Club 93, Inc. v. 1st Security Bank of Idaho, N.A., United States District Court for the District of Nevada, Case No. CV-N-94-00787-HDM.
15. Banca del Sempione v. Provident Bank of Maryland, et al., United States District Court of Maryland, Civil Action No. B-91-3179.
16. National Westminster Bank, USA v. Amper, Politziner and Mattia, et al., United States District Court for the District of New Jersey, Civil Action No. 92-3441
17. Encore International, et al. v. Draper Bank and Trust, et al., Third Judicial District Court, Salt Lake County, UT, Civil Action No. 930903394CV.

18. First Savings Bank of Hegewisch f/k/a First Federal Savings of Hegewisch v. Deloitte & Touche f/k/a Deloitte Haskins & Sells v. Vincent Ginalski, et al., Circuit Court of the Eighteenth Judicial District, DuPage County, Wheaton, Illinois, Case No. 93 L 0025.
19. James Ralston v. Chrysler Credit Corporation and Chrysler Insurance Company, Case No. 90-3433, Common Pleas Court of Lucas County, Ohio.
20. Menola Baymon v. General Motors Acceptance Corporation, Circuit Court for the County of Humphries, Mississippi, Civil Action No. 95-0072.
21. Excel Communications, Inc., et al. v. Linden Wood, et al., American Arbitration Association, No. 711810016896.
22. Alexander, et al. v. Fidelity Financial Services, et al., Circuit Court of Clairborne County, Mississippi, Civil Action No. 97-0190.
23. Foothill Capital Corporation v. Dimeling, Schreiber & Park, et al., United States District Court for the Western District of Texas, Austin Division, Civil Action No. 97-CA-146.
24. Thomas Pearson, et al. v. Component Technology Corporation, United States District Court for the Western District of Pennsylvania, Civil Action No. 94-293 ERIE.
25. Jonray A Hilton, et al. v. Bank of America, et al., United States District Court, Third Judicial District, Henderson County, TX, Case No. 97-28.
26. Rolling Brook Associates, L.P. et al. v. Commerce Bank N.A. et al., Civil Action Docket Number L- 1820-92, Law Division, Gloucester County, in the Superior Court of New Jersey.
27. Brooks K. Hanson and Ed's Army Navy Supply Store v. First Security Bank of Utah, Civil No. 950906078 CN, Third Judicial District Court of Salt Lake County, Utah.

28. Jayne A. Briseno, et al. v. American Savings Bank, Case No. 774773, Superior Court of California, Orange County.
29. James E. Oliver, et al. v. Fidelity Financial Services, et al., Case No. 98-0104, Circuit Court of Jefferson County, Mississippi.
30. Roy McCardell, et al. and Paula Haasl v. Citicorp Savings, et al., Case No. 753549-7, Superior Court of California, Alameda County.
31. Anthony Zugich, et al. v. Wells Fargo Bank, Case No. 990622, Superior Court of the State of California, San Francisco County.
32. Hawkeye Steel Products, Inc. v. Pilot Grove Savings Bank, Case No. Lala 04138, Iowa District Court for North Lee County.
33. Tonya L. Krause, et al. v. The Huntington National Bank, Case No. 98-00750-CP, State of Michigan Circuit Court for Kent County.
34. Kristine Cowles, et al. v. Bank West, Case No. 98-06859-CP, State of Michigan Circuit Court for Kent County.
35. Boyer, et al. v. Sears Roebuck & Co., Civil Action No. 97_CIV_3411, United States District Court for the Eastern District of Pennsylvania.
36. Mary E. Peterson, et al. v. PNC Mortgage Corporation of America, Case No. 97-915-CIV-J-20A, United States District Court for the Middle District of Florida, Jacksonville Division.
37. Harry Gibson, et al. v. World Savings and Loan Association, Case No. 762321, California Superior Court, Orange County.

38. Eugene Borman, et al. v. First Union/First Fidelity Bank, N.A., Civil Action No. L-8897-96, Superior Court of New Jersey, Camden County.
39. Maxson Automatic Machinery v. The Washington Trust Company, Civil Action No. WC97-046, Rhode Island Superior Court.
40. Roxane Afanador v. H&R Block Tax Services, Case No. CV767677, Superior Court of California, Santa Clara County.
41. Gary Jeffrey and Caroline Leasing v. W.B. Swope and McDowell County National Bank, Civil Action No. 1:95-1015, United States District Court for the Southern District of West Virginia at Bluefield.
42. Tri-G, Inc. v. Burke, Bosselman & Weaver and Kenneth E. North, Circuit Court of the Nineteenth Judicial Circuit, McHenry County, Illinois, Civil Action No. 95LA369.
43. Susan K. Geller v. Onyx Acceptance Corporation, Superior Court of the State of California, County of San Diego, Case No. 728614.
44. Wells Fargo Business Credit, Inc. v. Winternitz, Inc., civil case No. 99- C-1340, in the United States District Court Eastern District of Wisconsin.
45. Geoffrey Boehm Chocolates, Inc. v. Allegheny Valley Bank of Pittsburgh, Case No. 97-20734 MBM, in the United States Bankruptcy Court for the Western District of Pennsylvania.
46. Danny Ford, et al. v. GMAC, Civil No. 4-00CV00887WRW, United States District Court for the Eastern District of Arkansas, Western Division.

47. First Federal Bank v. Dovenmuehle Mortgage, Inc., Case Number CV-00-C-1420-W, United States District Court for the Northern District of Alabama Western Division.
48. In Re BankAmerica Corp. Securities Litigation, MDL No. 1264, United States District Court Eastern District of Missouri Eastern Division.
49. Beaudreau v. General Motors Acceptance Corporation, Civil No. 2000-186-IV, Circuit Court of Sevier County, Tennessee at Sevierville.
50. Kimberly Keeton Spence v. RJ & RJ, Inc., Civil Action No. 01-01468-CA, Circuit Court, Fourth Judicial Circuit for Duval County, Florida.
51. Tri-G, Inc. v. Burke, Bosselman & Weaver, No. 95LA369, Circuit Court of the Nineteenth Judicial Circuit, McHenry County, IL.
52. United States of America v. Lorenzo Muñoz Franco, Criminal No. 95-386-DRD, United States District Court for the District of Puerto Rico.
53. Michael and Barbara Austin v. Lehman Brothers, Inc., et al. Case No. SA CV 01-971, United States Bankruptcy Court, Central District of California, Santa Ana Division.
54. Austern Trust Dated 7/11/94, Barry M. Austern and Susan L. Austern, Trustees, on behalf of DPL, Inc. v. Peter H. Forster, et al., Case No. A0207067, Court of Common Pleas, Hamilton County, Ohio.
55. Adkins v. Washington Mutual Bank FA, Case No. GIC 819546, Superior Court of California, County of San Diego.
56. Thomas Levitan, et al. vs. John B. McCoy, et al., Case No. 00-C-5096, In the United States District Court for the Northern District of Illinois Eastern Division.

57. Charles F. Comstock, et al. vs. Washington Mutual Bank, et al., Case No. GIC 820803, in the Superior Court of the State of California for the County of San Diego.
58. In Re Metris Companies, Inc. Securities Litigation, Civil Action No. 02-CV-3677 , in the United States District Court for the District of Minnesota.
59. Surgical Services, Inc., et al. v. Judith E. Cremeans, fka Judith E. Backos, et al., Case No. 483677, In the Court of Common Pleas for Cuyahoga County, Ohio.
60. Tony Jensen and Karen Jensen v. Hinshaw & Culbertson, et al., Case No. 01-26693-CA-32, In the Circuit Court of the 11th Judicial Circuit In and For Miami-Dade County, Florida.
61. F&A Federal Credit Union v. DM Federal Credit Union, et al., Case No. C20042896, In the Superior Court of the State of Arizona In and For the County of Pima.
62. Jill Bound and Lawrence M. Bound, et al. v. Guaranty Bank and Trust Company and Martin Moore, Case No. 2005cv4400, in the District Court for the City and County of Denver, Colorado.
63. In the Matter of David K. Rippey and Holly M. Rippey, Case No. DN 134857, California Superior Court, County of San Diego North Division.
64. Stephen G. Lingis, et al. v. Motorola, Inc., et al., Case 03C5044, United States District Court, Northern District of Illinois Eastern Division
65. In re Computer Sciences Corp. ERISA Litigation, in the United States District Court Central District of California Western Division, Master File No. CV08-02398 SJO (JWJx).

66. First National Bank v. Elsa State Bank and Trust Company, In the United States District Court, Southern District of Texas, McAllen Division, Civil Action No. M_06_102.
67. Calixto Garcia-Velez, et al. v. Doral Financial Corporation, Case No. 50-116-T-00513-08, American Arbitration Association.
68. First National Bank and Arnie Gonzalez (versus Clayton Brashear, et al), American Arbitration Association, Case No. 70 115 Y 00502 09.
69. Reid Rosenthal and Canyons Debeque Ranch, LLC v. Tony Schoonen, Jackie Corr and John Does Nos. 1_50, Case No.: 2008CV3426, District Court, City and County of Denver, Colorado.
70. In Re Cay Clubs, Case No. A55137, District Court, Clark County, Nevada.
71. Pursuit Partners and Pursuit Investment Management v. UBS, et al, Docket No. X05-CV-08-4013452-S, Superior Court, Judicial District of Stamford-Norwalk at Stamford.
72. Spanish Peaks Lodge, et al v. Keybank National Association, et al., United States District Court for the Western District of Pennsylvania, Case No. 10_453.
73. In the Matter of CitiMortgage v. Just Mortgage, United States District Court for the Eastern District of Missouri Eastern Division, Case No. 4:09_CV_1909_DDN.
74. In the Matter of State of New Jersey, Department of Treasury, Division of Investment, on behalf of Common Pension Fund A, Plaintiff, v. Merrill Lynch & Co., Inc., and Bank of America Corporation, Defendants, Superior Court Of New Jersey, 3 Law Division Hudson County, 4 No. L_3855/09
75. William T. Wuliger, Receiver v. Star Bank, N.A. et al., U.S. District Court for the Northern District of Ohio, Eastern District, Case No. 1:02CV1513.
76. In the matter of the Arbitration between First National Bank v. NAFTA Holdings, LLC. et al., Brownsville, TX, Case No. AAA No. 50 148 T 00119 11.

77. SSFCU v. First American Mortgage Funding, et al., U.S. District Court for the District of Colorado, Case No. 08_CV_00955_WYD_CBS.
78. Kiblinger vs. GC Perry Construction Group, Inc., et al., Circuit Court of Raleigh County, West Virginia, Civil Action No. 09-C-383(B).

Appendix C: Documents Reviewed

List of Documents Provided by Counsel, or obtained by T.A. Myers & Co., for review in Hale, et al. v. State Farm Mutual Automotive Insurance Company, et al., Case No. 3:12-cv-00660-DRH-SCW in the United States District Court, Southern District of Illinois.

Case Pleadings

- First Amended Class Action Complaint.
- Exhibit 3 of the First Amended Complaint, "Opposition of Defendant-Appellant State Farm Mutual Automobile Insurance Company to Plaintiffs-Appellees' Conditional Motion for Non-Participation."
- Document 67: Memorandum and Order.
- State Farm's Response in Opposition to Petition to Recall Mandate and Vacate August 18, 2005 Judgment.
- Opposition to Plaintiff-Appellees' Conditional Motion for Non-Participation.
- First Supplemental Response to Plaintiff's First Set of Interrogatories.
- State Farm's Opposition of Defendant-Appellant State Farm Mutual Automobile Insurance Company to Plaintiffs-Appellees' Conditional Motion for Non-Participation.
- Exhibit 4 of the First Amended Complaint, Forbes Article

Research Obtained from Relativity Database

1. Documents relevant to contributions for the Civil Justice Reform Group:
 - CJRG-000151, HALEM00000859PROD, HALEM00013785PROD, Murnane005506, HALEM00002097PROD, HALEM00002098PROD, HALEM00004940PROD, HALEM00004941PROD, CJRG-000037, CJRG-000038, HALEM00004935PROD, HALEM00004939PROD.
2. Documents relevant to contributions for the Illinois Civil Justice League (ICJL):
 - MURNANE003917, ICJL001031, HALEM00001350PROD, HALEM00010780PROD, HALEM00017886PROD, HALEM20539PROD, HALEM0001883PROD, HALEM00001349PROD-50PROD, HALEM00015558PROD, HALEM00020543PROD, ICJL001031, Murnane002829, Murnane002963, HALEM00000812PROD, Murnane007026, Murnane040292, Murnane068671, Murnane044924, HALEM00004925PROD, Murnane005940, Murnane003440, Murnane003162, Murnane000923, Murnane040105, Murnane003800, ICJL000983, Murnane002094, Murnane003221, Murnane004179, Murnane006292, Murnane000405, Murnane007011, HALEM00004991PROD, HALEM00004992PROD, Murnane000203, Murnane004415, Murnane023658, Murnane005688, ICJL001027, ISCC 000097, Murnane0

04581, Murnane005987, Murnane003166, HALEM00004995PROD, HALEM00004996PROD, Murnane004416-31, Murnane003572, HALEM00000284PROD, ICJL001032, Murnane002573.

3. Documents relevant to contributions for the American Tort Reform Association:

- MURNANE000068-69, ATRA0000056, Murnane002093-94, HALEM20539PROD, HALEM00005020PROD, HALEM00015618PROD, HALEM00015498PROD, HALEM00004903PROD, HALEM00004904PROD, HALEM1205, ATRA0000008, ATRA0000009, ATRA0000010, HALEM049780001200PROD, HALEM00015464PROD, HALEM00015482PROD, HALEM00012042PROD, HALEM00015514PROD, HALEM00015546PROD, HALEM00015556PROD, HALEM00015570PROD, HALEM00015576PROD, HALEM00015636PROD, HALEM00015646PROD, HALEM00015654PROD.

4. Documents relevant to contributions from the Illinois Republican Party:

- USCC-5290-98, USCC-5407-08, USCC-003367-3411, USCC5290-5398; USCC5290-5408; USCC1995-1996; 1997-2000; HALEM5015-5016; USCC-004411-4412; USCC3936-3968; USCC5871-5872; USCC5027-5028; HALEM00000823PROD.

5. Documents relevant to contributions from the Illinois Chamber of Commerce:

- Murnane000937-938, MUR417-418, MUR6870, ISCC00169, ISCC001306, Murnane6075-6076, USCC6229-6236, ISCC 000237, ISCC000158, ISCC 000164, ISCC 001218, ISCC 000173 - ISCC 000180, HALEM00004971PROD, HALEM00004972PROD, HALEM00004979PROD, HALEM00004980PROD, ISCC 001340 through 001343, ISCC 000236, ISCC 000237, ISCC 000021-000022, ISCC 000322-0000325, ISCC 000164, ISCC 00179-000180, ISCC 000202, ISCC 000236-000238, ISCC 000290, ISCC 000294, ISCC 000307, ISCC 000096-000097, ISCC 000134, ISCC 000186, ISCC 000354, ISCC 000386, ISCC 000393, ISCC 001164, ISCC 001170, ISCC 001171, ISCC 001171, ISCC 001177.

6. Documents relevant to contributions from the United States Chamber of Commerce:

- USCC-004332, USCC-003205-10, USCC-004331-34, USCC-004423-35, USCC-004332, USCC-003207, USCC-003394. USCC-003205-08, USCC-004331-32, USCC-003056, USCC-3363, USCC-004424-26, USCC-005837-38, USCC-5407-08, USCC-3354-55, USCC-003420, Murnane007201, MUR6831, Murnane007805, Murnane003165, Murnane02365, CASEMANAGEMENT00000053, USCC-5407-08, Murnane005424, USCC-003359

, USCC-004331-41, USCC-003205-44, USCC-004294, USCC-003358, USCC-005405, USCC4617-4791, HALEM822-824, USCC-001015, ISCC00152-54, Murnane005977, Murnane003486, HALEM00005004PROD, HALEM00008644PROD, HALEM00005012PROD, HALEM00008633PROD, HALEM00000306PROD, Murnane007152, Murnane000936, Murnane000948, Murnane004132.

7. Documents relevant to contributions through the Illinois Jobs Coalition:
 - HALEM00004981PROD, HALEM00004990PROD, HALEM00004993PROD, HALEM00004972PROD, HALEM00004965PROD, HALEM00004969PROD.
8. Documents relevant to contributions through the Institute for Legal Reform:
 - HALEM00015558PROD, HALEM00015560PROD, HALEM00015562PROD, HALEM00015564PROD, HALEM00015570PROD, HALEM00015578PROD, HALEM00015596PROD, HALEM00015608PROD, HALEM00015608PROD, HALEM00015618PROD, HALEM00015624PROD, HALEM00015625PROD, HALEM00015498PROD, HALEM00015550PROD, HALEM00020368PROD, HALEM00020394PROD, HALEM00015630PROD, HALEM00015648PROD, HALEM00017886PROD, HALEM00017934PROD.
9. Source documents from *Hale, et al. v. State Farm Automotive Insurance, et al.* were also provided for my review via a Relativity database.

Deposition Transcripts

1. Deposition of Stanton Anderson in *Voters Education v. Washington State* taken January 12, 2005.

Expert Reports or affidavits:

1. Affidavit of Daniel Reece
2. Affidavit of Douglas B. Wojcieszak

Additional Documents:

Criminal RICO: 18 U.S.C. §§ 1961-1968, A Manual for Federal Prosecutors.

Voters Education Committee v. Washington State Public Disclosure Commission, Superior Court of Washington for King County.

United States. Internal Revenue Service. *Political Campaign and Lobbying Activities of IRC 501 (c)(4), (c)(5), and (c)(6) Organizations*. By John F. Reilly and Barbara A. Braig Allen. n.p., n.d. 2003. Web. 03 Mar. 2015.

2004 Institute for Legal Reform IRS Form 990.

2004 American Tort Reform Association IRS Form 990.

Illinois Civil Justice League, 2004 IRS Form 990: Return of Organization Exempt From Income Tax.

IRS Form 990 from the Chamber of Commerce of the United States.

IRS Form 990 from the Institute for Legal Reform.

Illinois Civil Justice League 2004 IRS Form 990.

Illinois Chamber PAC 2004 Form D-2.

Citizens for Karmeier/JUSTPAC Form D-2 for 2004.

Illinois State Board of Elections, A Guide to Campaign Disclosure, "Who is Covered by the Act."

"Political Committee Report Filing Forms," Illinois State Board of Elections web site.

The Illinois Business Roundtable's 2001 Annual Chairman's Report by Ed Rust.

Citizens for Karmeier Schedule I, In-Kind Contributions, Reporting Period 7/1/2004-12/31/2004.

Business Lobby Recovers Its Clout By Dispensing Favors for Members, by Jim VandeHei, The Wall Street Journal, Sept. 11, 2001.

Show Him the Money, by James Verini, Washington Monthly, July/August 2010.

"Supreme Tort: The Campaign to Fire Justice Lloyd Karmeier," Brian Mackey, WUIS.org. N.p., 1 Feb. 2015.

Pugnacious Builder of the Business Lobby, by Sheryl Gay Stolberg, the New York Times, June 1, 2013.

Clinton Finds a Friendlier Chamber of Commerce, by Richard L. Berke, The New York Times, April 14, 1993.

Top Corporations Aid U.S. Chamber of Commerce Campaign, by Eric Lipton, Mike McIntire and Don Van Natta Jr., The New York Times, October 21, 2010.

Hidden River: How Trade Associations Conceal Political Spending, Its Threat to Companies, and What Shareholders Can Do, by Bruce F. Freed and Jamie Carroll, Center for Political Accountability.

"The Web of Tort 'Reform'" Trial Magazine 48.12 (2012): n. pag. American Association for Justice. Web. 09 Feb. 2015.

The Prospects for Civil Justice Reform – An Overview, The Metropolitan Corporate Counsel, February 2005.

"*Buying Justice*" by Robert Lenzner and Matthew Miller, Forbes magazine (attached as exhibit in First Amended Complaint).

Judging for Dollars, by Adam Skaggs, published by New Republic.

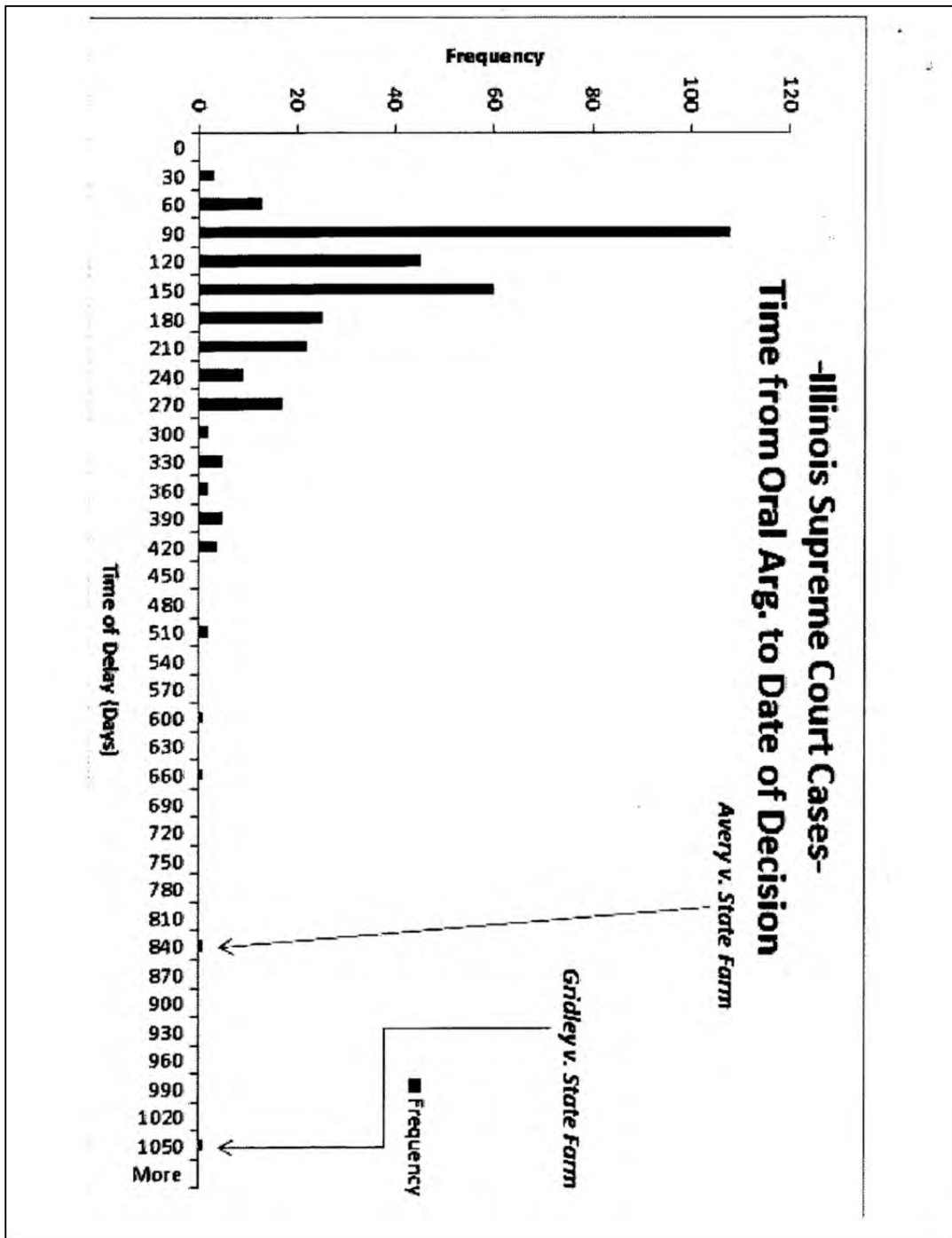
"*Tax-Exempt Groups Shield Political Gifts of Business*," by Mike McIntire and Nicholas Confessore.

Appendix D: Ed Rust, Jr. Affiliations

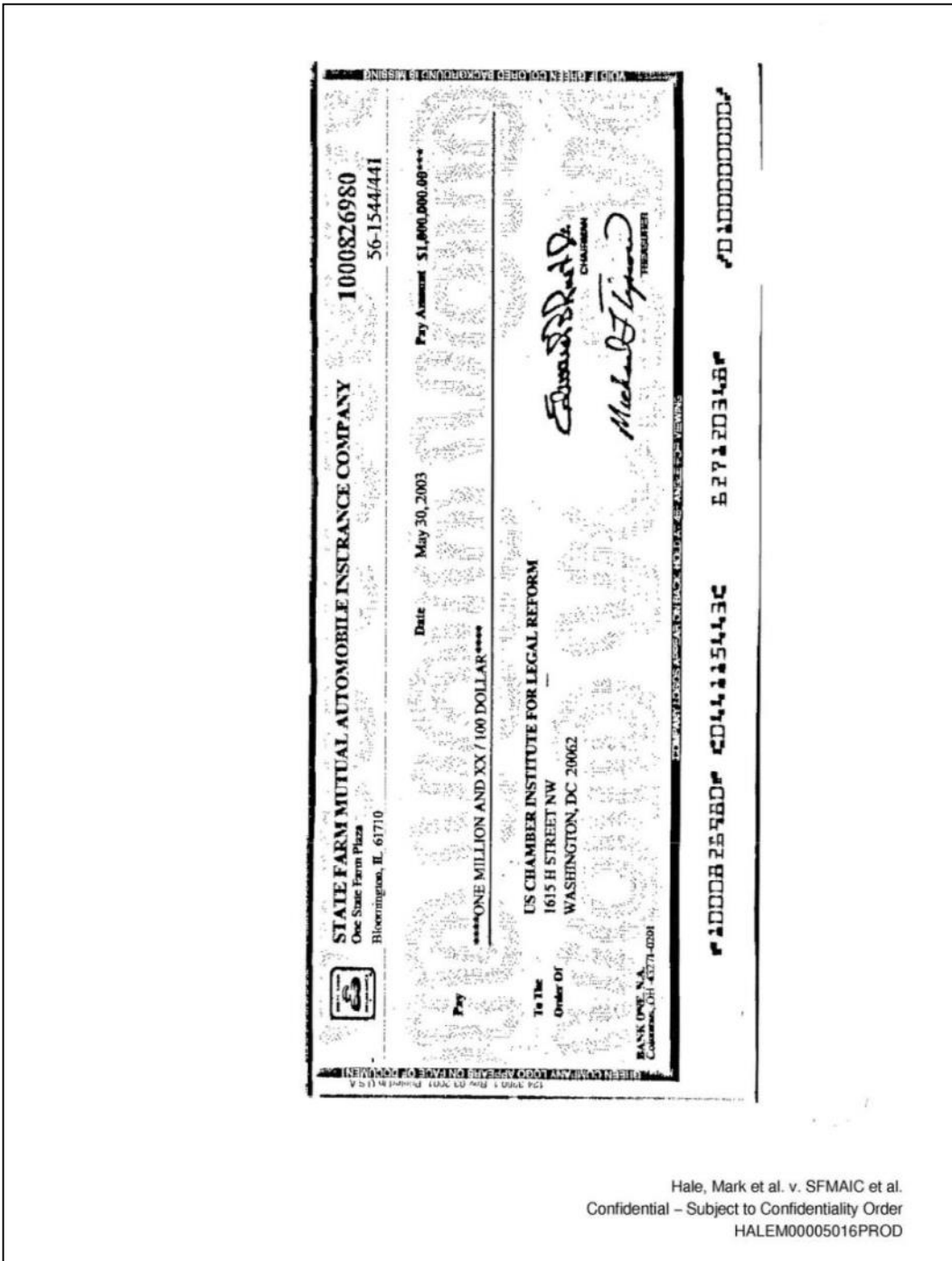
Ed Rust, Jr. Affiliations				
Organization	2003	2004	2005	2006
State Farm	Chairman & CEO	Chairman & CEO	Chairman & CEO	Chairman & CEO
Institute for Legal Reform	Director	Director	Director	Director
Illinois Business Roundtable	Chairman	Chairman Emeritus	Vice Chairman	-
Caterpillar ²⁵⁸	Director	Director	Director	Director
U.S. Chamber of Commerce	-	-	-	Director




²⁵⁸ Caterpillar was a major supporter of the ICJL (ICJL001031). Caterpillar was also a contributor to JUSTPAC in 2004 (2004 JUSTPAC Forms D-2).

Appendix E: Time to Decision



Appendix F: U.S. Chamber of Commerce Documents



		STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY One State Farm Plaza Bloomington, IL 61710		1000860625 56-1544/441
Pay	Date	Pay Amount	\$100,000.00***	
ONE HUNDRED THOUSAND AND XX / 100 DOLLAR*				
To The Order Of	CHAMBER OF COMMERCE 1615 H ST NW WASHINGTON, DC 20062-2001			
				
BANK ONE, N.A. Columbus, OH 43271-0201		⑆000000000⑆	⑆27120348⑆	⑆00100000000⑆

Hale, Mark et al. v. SFMAIC et al.
 Confidential – Subject to Confidentiality Order
 HALEM00015498PROD

VOID IN GREEN COLORED BACKGROUND IS MISSING

1001205504
56-1544/441
Pay Amount \$1,000,000.00***

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY
One State Farm Plaza
Bloomington, IL 61710

Date May 17, 2004

Pay

*****ONE MILLION AND XX / 100 DOLLAR****

To The Order Of
US CHAMBER INSTITUTE FOR LEGAL REFORM
1615 H STREET NW
WASHINGTON, DC 20062

Edward R. Rud Jr.
CHAIRMAN

Michael J. Tipton
TREASURER

BANK ONE, N.A.
Columbus, OH 43271-0201

123-79011 Rev. 11-2001 Printed in U.S.A.
GREEN COMPANY LOGO APPEARS ON REVERSE OF DOCUMENT

⑆00⑆205504⑆⑆04⑆⑆54⑆3⑆⑆0⑆1000000000⑆
⑆0⑆20348⑆⑆0⑆1000000000⑆

⑆00⑆205504⑆⑆04⑆⑆54⑆3⑆⑆0⑆1000000000⑆
⑆0⑆20348⑆⑆0⑆1000000000⑆

Hale, Mark et al. v. SFMAIC et al.
Confidential - Subject to Confidentiality Order
HALEM00005020PROD

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY
 One State Farm Plaza
 Bloomington, IL 61710

1001239701
 56-1544/441

Date: June 21, 2004
 Pay Amount: \$100,000.00***

Pay: ****ONE HUNDRED THOUSAND AND XX / 100 DOLLAR****

To The Order Of: CHAMBER OF COMMERCE
 1615 H ST NW
 WASHINGTON, DC 20062-2001

Edward R. Ruck Jr.
 CHAIRMAN

Michael J. Lipson
 TREASURER

1001239701 00141151430 6271203101 0010000000

BANK ONE, N.A.
 Collateral, OH 43771-0391

Hale, Mark et al. v. SFMAIC et al.
 Confidential – Subject to Confidentiality Order
 HALEM00015618PROD

05/29/03 16:13 FAX 308 766 4808	S.F. LAW DEPT. A3	002/002
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U.S. CHAMBER INSTITUTE FOR LEGAL REFORM
 1615 H. Street, N.W.
 Washington, DC 20062-2000
 Phone: 202.463.5724
 Fax: 202.463.5302

INVOICE # 052903
DATE: MAY 28, 2003

Mr. Ed Rust
 Chairman and Chief Executive Officer
 State Farm Insurance Companies
 One State Farm Plaza
 Bloomington, Illinois 61710-0001

RE: U.S. Chamber Institute for Legal Reform

INVOICE AMOUNT: \$1,000,000

Funding for the U.S. Chamber Institute for Legal Reform.

Please remit payment within 30 days to:
 U.S. Chamber Institute for Legal Reform
 Attention: Tom Donohue
 1615 H Street, N.W.
 Washington, DC 20062

Now: The U.S. Chamber Institute for Legal Reform is a non-profit tax-exempt 501(c)(6) organization. Contributions to the Institute are not tax-deductible as a charitable contribution, but a portion is deductible as a business expense. Since the U.S. Chamber Institute for Legal Reform engages in lobbying, under federal law 40% of contributions for 2003 is non-deductible; 60% is deductible.

REVIEWED BY USA TAX DESK

Hale, Mark et al. v. SFMAIC et al.
 Confidential - Subject to Confidentiality Order
 HALEM00005015PROD

05/05/04 16:03 FAX

002

U.S. CHAMBER INSTITUTE FOR LEGAL REFORM

1615 H. Street, N.W.
Washington, DC 20062-2000
Phone: 202.463.5724
Fax: 202.463.5302

Mr. Edward B. Rust, Jr.
Chairman and Chief Executive Officer
State Farm Insurance Companies
One State Farm Plaza
Bloomington, IL 61710

INVOICE AMOUNT: \$1,000,000

Funding for the U.S. Chamber Institute for Legal Reform

Please remit payment within 30 days to:
U.S. Chamber Institute for Legal Reform
Attention: Tom Donohue
1615 H Street, N.W.
Washington, DC 20062

Note: The U.S. Chamber Institute for Legal Reform is a non-profit tax-exempt 501(c)(6) organization. Contributions to the Institute are not tax-deductible as a charitable contribution, but a portion is deductible as a business expense. Since the U.S. Chamber Institute for Legal Reform engages in lobbying, under federal law 65% of contributions for 2004 is non-deductible; 35% is deductible.

Hale, Mark et al. v. SFMAIC et al.
Confidential - Subject to Confidentiality Order
HALEM00005019PROD

NAME OF POLITICAL COMMITTEE Illinois Republican Party	REPORTING PERIOD 7/1/2004 thru 12/31/2004	FILED 4/15/2005 3:41:06PM	FOR OFFICE USE ONLY IDENTIFICATION NO. 292
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SCHEDULE A

PART 1: INDIVIDUAL CONTRIBUTIONS

ITEMIZED RECEIPTS FULL NAME, MAILING ADDRESS, AND ZIPCODE	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGRAGATE AMOUNT FOR THIS REPORTING PERIOD
Schwarz, 8338 Austin Ave. Morton Grove, IL 60053	10/26/2004	\$5,000.00	\$5,000.00
Springfield Consulting Group, 424 N. Fourth St. Ste. 300 Springfield, IL 62702	10/26/2004	\$5,000.00	\$5,000.00
Strategic Marketing and Mailing, P.O. Box 6013 Champaign, IL 61826	9/21/2004	\$1,000.00	\$1,000.00
Success Classics Inc, 200 Wedgewood National Park, AR 71901	7/29/2004	\$250.00	\$250.00
The Travelers Indemnity Company, One Tower Square Hartford, CT 06183	8/11/2004	\$2,500.00	\$2,500.00
United Airlines, P.O. Box 66100 Chicago, IL 60666	11/5/2004	\$2,000.00	\$2,000.00
US Chamber of Commerce, 1615 H St. NW Washington, DC 20062-2000	10/20/2004 9/24/2004	\$950,000.00 \$750,000.00	\$950,000.00 \$1,700,000.00
UST Public Affairs, 100 W. Putnam Ave. Greenwich, CT 06830	11/17/2004	\$1,000.00	\$1,000.00
Verizon Good Government Club - IL, 1312 E. Empire Bloomington, IL 61701	11/1/2004	\$1,000.00	\$1,000.00

5

NAME OF POLITICAL COMMITTEE Illinois Republican Party	REPORTING PERIOD 7/1/2004 thru 12/31/2004	FILED 4/15/2005 3:41:06PM	FOR OFFICE USE ONLY IDENTIFICATION NO 292
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SCHEDULE A

PART 2: TRANSFERS IN

ITEMIZED RECEIPTS FULL NAME, MAILING ADDRESS, AND ZIPCODE	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGRAGATE AMOUNT FOR THIS REPORTING PERIOD
US Chamber of Commerce, 1615 H St. NW Washington, DC 20062-2000	10/22/2004	\$350,000.00	\$350,000.00
TOTAL FOR THIS PART:			\$868,350.00

NAME OF POLITICAL COMMITTEE
Citizens for Karneier

REPORTING PERIOD
1/1/2004 thru 6/30/2004

FILED
8/2/2004
8:05:44PM

FOR OFFICE USE ONLY
IDENTIFICATION NO.
17580

**SCHEDULE I
IN-KIND CONTRIBUTIONS**

FULL NAME, MAILING ADDRESS, AND ZIP CODE VENDOR	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGREGATE FOR REPORTING PERIOD
IL Chamber of Commerce 311 South Wacker Dr. Suite 1500 Chicago, IL 60606 Bolingbrook Golf Club 2001 Rodeo Drive Bolingbrook, IL 60490 Description: Food for fundraiser	8/17/2004	\$836.72	\$836.72
Illinois Republican Party 320 South 4th Street Springfield, IL 62701 Zapata's Mexican Restaurant 8 Eastport Plaza Dr. Collinsville, IL 62234 Description: Food For Fundraiser	5/14/2004	\$1,409.73	\$1,409.73

NAME OF POLITICAL COMMITTEE Citizens for Karmeier	REPORTING PERIOD 7/1/2004 thru 12/31/2004	FILED 2/2/2005 2:11:12PM	FOR OFFICE USE ONLY IDENTIFICATION NO. 17680
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SCHEDULE A

PART 2: TRANSFERS IN

ITEMIZED RECEIPTS FULL NAME, MAILING ADDRESS, AND ZIPCODE	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGRAGATE AMOUNT FOR THIS REPORTING PERIOD
Illinois Medical Anesthesia PAC, 20 N. Michigan Ave. Suite 700 Chicago, IL 60602	10/12/2004	\$3,000.00	\$3,000.00
Illinois Republican Party, 320 South 4th Street P.O. Box 78 Springfield, IL 62701	10/8/2004	\$1,850.00	\$1,850.00
Jefferson Co. Republican Central Comm., 107 Chaney Dr PO Box 97 Belle Rive, IL 62810	10/25/2004	\$250.00	\$250.00
Johnson Co. Republican Central Comm., 430 Oak Tree Lane P.O. Box 10 New Burnside, IL 62967	8/22/2004	\$250.00	\$250.00
JUSTPAC, 436 South Belmont Avenue Arlington Heights, IL 60005	10/20/2004 7/17/2004 9/18/2004 10/5/2004 10/12/2004	\$150,000.00 \$150.00 \$6,000.00 \$35,000.00 \$150,000.00	\$150,000.00 \$150,150.00 \$156,150.00 \$191,150.00 \$341,150.00
Madison County Republican Central Committee, P.O. Box 736 Edwardsville, IL 62025	9/15/2004 9/15/2004 7/12/2004 7/12/2004 8/24/2004 8/24/2004	\$25.00 \$25.00 \$50.00 \$50.00 \$125.00 \$125.00	\$25.00 \$50.00 \$100.00 \$150.00 \$275.00 \$400.00
Manufacturers PAC, 220 E. Adams Street Springfield, IL 62701	9/1/2004 10/25/2004	\$5,000.00 \$30,000.00	\$5,000.00 \$35,000.00

73

NAME OF POLITICAL COMMITTEE		REPORTING PERIOD	FILED	FOR OFFICE USE ONLY
Citizens for Karmeier		7/1/2004 thru 12/31/2004	2/2/2005 2:11:12PM	IDENTIFICATION NO. 17680
SCHEDULE I IN-KIND CONTRIBUTIONS				
FULL NAME, MAILING ADDRESS, AND ZIP CODE		DATE	AMOUNT OF	AGGREGATE
VENDOR		RECEIVED	EACH RECEIPT	FOR REPORTING PERIOD
Illinois Republican Party 320 South 4th Street P.O. Box 78 Springfield, IL 62701				
Alfano Leonardo LLC 680 Pennsylvanis Ave. SE Washington, DC 20003				
Description: Mail Design & Production		10/29/2004	\$19,775.69	\$19,775.69
Graphic Image Corporation 2035 W. Grand Chicago, IL 60612				
Description: Printing		12/14/2004	\$2,550.24	\$22,325.93
Description: Printing		12/14/2004	\$3,921.91	\$26,247.84
Description: Printing		12/14/2004	\$1,785.74	\$28,033.58
Description: Printing		11/16/2004	\$6,864.26	\$34,897.84
Description: Printing		11/16/2004	\$3,146.17	\$38,044.01
Illinois Dept. Of Revenue P.O. Box 19447 Springfield, IL -9447				
Description: Payroll Taxes		10/21/2004	\$63.68	\$38,107.69
Illinois National Bank 322 E. Capitol Ave Springfield, IL 62701				
Description: Wire Fee		10/5/2004	\$12.00	\$38,119.69
Internal Revenue Service P.O. Box 970010 Quincy, IL 62308				
Description: Payroll Taxes		10/21/2004	\$401.99	\$38,521.08
John Pastuovic Communications 117 Oneida St. Elmhurst, IL 60126				
Description: Printing & Postage		10/25/2004	\$106,952.41	\$147,473.49
Description: Printing & Postage		10/22/2004	\$51,220.33	\$198,693.82
Mentzer Media Services Inc. 600 Fairmount Ave. Suite 306 Towson, MD 21286				
Description: Advertisements		10/22/2004	\$911,282.00	\$1,109,975.82
Description: Advertisements		10/21/2004	\$25,012.00	\$1,134,987.82
Description: Advertising		10/22/2004	\$25,012.00	\$1,159,999.82
Mentzler Media Services Inc. 600 Fairmount Ave. Suite 306 Towson, MD 21286				
Description: Television Advertising		10/5/2004	\$700,000.00	\$1,859,999.82
Description: Television Air Time		10/14/2004	\$39,337.00	\$1,899,336.82
Sherril D. Elliott 8459 Lebanon Rd. Troy, IL 62294				
Description: Health Insurance		9/17/2004	\$218.41	\$1,899,555.23
Description: Payroll		9/30/2004	\$1,657.63	\$1,901,212.86

NAME OF POLITICAL COMMITTEE
Citizens for Karneier

REPORTING PERIOD
7/1/2004 thru 12/31/2004

FILED
2/2/2005
2:11:12PM


FOR OFFICE USE ONLY
IDENTIFICATION NO.
17580

**SCHEDULE I
IN-KIND CONTRIBUTIONS**

FULL NAME, MAILING ADDRESS, AND ZIP CODE VENDOR	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGREGATE FOR REPORTING PERIOD
Description: Payroll	9/24/2004	\$344.11	\$1,901,556.97
Description: Payroll	10/16/2004	\$1,657.64	\$1,903,214.61
Sherri Elliott 8459 Lebanon Rd. Troy, IL 62294			
Description: Cell Phone Reimbursement	12/1/2004	\$331.86	\$1,903,546.47
Description: Labor	12/1/2004	\$377.26	\$1,903,923.73
Description: Labor	11/22/2004	\$285.80	\$1,904,209.53
Description: Health Insurance	10/13/2004	\$657.23	\$1,904,866.76
TC Marketing 13636 S. Western Ave Blue Island, IL 60406			
Description: Postage & Set-Up	10/26/2004	\$26,606.76	\$1,931,473.52
The John Grotta Company P.O. Box 490278 Key Biscayne, FL 33149			
Description: QOTV Calls	10/29/2004	\$6,824.88	\$1,938,298.40
Two Petaz Inc. 208 W. Jefferson Effingham, IL 62401			
Description: Radio Advertising	11/22/2004	\$66.00	\$1,938,364.40
Description: Radio Advertising	11/22/2004	\$90.04	\$1,938,454.44

Appendix G: American Tort Reform Association Documents

11/25/03 12:00 FAX 002/002



American Tort Reform Association
 1101 Connecticut Avenue, NW ■ Suite 400 ■ Washington, DC 20036
 Tel (202) 682-1163 Fax (202) 682-1022

INVOICE

DATE
7-Nov-03


Bill To:
 Mr. David L. Hill
 State Farm Insurance Companies
 One State Farm Plaza
 Bloomington, IL 61710

Date	Description	Amount
7-Nov-03	2004 Grassroots programs	\$643,866.00

*Dues paid to the American Tort Reform Association, a legislative advocacy group,
 are 75 percent deductible as business expenses for federal income tax purposes*

Hale, Mark et al. v. SFMAIC et al.
 Confidential – Subject to Confidentiality Order
 HALEM00004903PROD

VOID IF GREEN COLORED BACKGROUND IS MISSING

 <p>STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY One State Farm Plaza Bloomington, IL 61710</p>	<p>1001032330 56-1544/441</p>	<p>Pay Amount \$643,866.00***</p> <p>Date December 3, 2003</p>
<p>***SIX HUNDRED FORTY-THREE THOUSAND EIGHT HUNDRED SIXTY-SIX AND XX / 100 DOLLAR***</p>		
<p>Pay</p>	<p>To The Order Of</p>	<p>AMERICAN TORT REFORM ASSOCIATION 1101 CONNECTICUT AVE NW STE 400 WASHINGTON, DC 20036</p>
<p>121-9981 Rev 6/2001 Printed in USA</p>		
<p>BANK ONE, N.A. Columbus, OH 43271-0001</p>		
<p>EDWARD R. ROBERTS, CHAIRMAN MICHAEL J. FLYNN, TREASURER</p>		
<p>⑆1001032330⑆ ⑆041115113⑆ ⑆27120318⑆ ⑆0064386600⑆</p>		

Hale, Mark et al. v. SFMAIC et al.
Confidential - Subject to Confidentiality Order
HALEM00004904PROD

March 2, 2004

Sherman Joyce
President
American Tort Reform Association
1101 Connecticut Ave., NW, Ste. 400
Washington, DC 20036

Dear Sherman:

Enclosed is our contribution, in the amount of \$250,000.00, in support of California's Political Education Programs. Thank you for your continued good work.

Sincerely,

David L. Hill

DLH:lp
Enclosure

Hale, Mark et al. v. SFMAIC et al.
Confidential – Subject to Confidentiality Order
HALEM00001204PROD

Check Date: February 26, 2004 Check No. 1001125863

Questions? Please call Expense Processing at 1-877-825-1122 between 7 AM - 5 PM CST Mon - Fri

Invoice Number	Invoice Date	Voucher/Report ID	Gross Amount	Discount Available	Paid Amount
10182011072003	Nov 7, 2003	10604756	250,000.00	0.00	250,000.00

The check will be returned to the State Farm associate: CZTX, BARBARA FREDRICK, 309-735-8128, CORPORATE HDQ A-3, ONE STATE FARM PLAZA, BLOOMINGTON, IL, 61710-0001 David Hill - California Political Education Programs

Vendor Number	Vendor Name / Associate Name	Discounts Available
0000101820	AMERICAN TORT REFORM ASSOCIATION	\$0.00

Check Number	Date	Total Amount	Discounts Taken	Total Paid Amount
1001125863	Feb 26, 2004	\$250,000.00	\$0.00	\$250,000.00

124 3890 1 Rev 03-2001 Printed in U.S.A.

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY **1001125863**

One State Farm Plaza 56-1544/441

Bloomington, IL 61710

Date February 26, 2004 Pay Amount \$250,000.00***

Pay **COPY**
****TWO HUNDRED FIFTY THOUSAND AND XX / 100 DOLLAR****

To The Order Of **AMERICAN TORT REFORM ASSOCIATION**
1101 CONNECTICUT AVE NW STE 400
WASHINGTON, DC 20036

Edward R. Hart Jr.
CHAIRMAN
Michael J. Lyman
TREASURER


BANK ONE, N.A. Columbus, OH 43271-0201

COMPANY LOGOS APPEAR ON BACK FOLD AT 45° ANGLE FOR VIEWING

⑈ 1001125863 ⑆ ⑆ 044115443 ⑆ ⑆ 27120348 ⑆

Hale, Mark et al. v. SFMAIC et al.
Confidential - Subject to Confidentiality Order
HALEM00001205PROD

09/28/04 08:30 FAX 002/002



American Tort Reform Association
 1101 Connecticut Avenue, NW • Suite 400 • Washington, DC 20036
 Tel (202) 682-1163 Fax (202) 682-1022

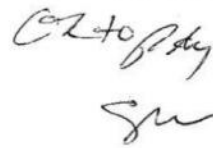
SEP 27 2004 **INVOICE**

DATE
23-Sep-04

Bill To: Mr. Steve McManus
 State Farm Insurance Companies
 One State Farm Plaza, A3
 Bloomington, IL 61710

158-04

Date	Description	Amount
23-Sep-04	Contribution towards ATRA's Special projects	\$50,000.00



*Dues paid to the American Tort Reform Association, a legislative advocacy group,
 are 75 percent deductible as business expenses for federal income tax purposes*

Hale, Mark et al. v. SFMAIC et al.
 Confidential - Subject to Confidentiality Order
 HALEM0004924PROD

VOID IF GREEN COLORED BACKGROUND IS MISSING

GREEN COMPANY LOGO APPEARS ON FACE OF DOCUMENT

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY 1001336557
 One State Farm Plaza 56-1544/441
 Bloomington, IL 61710 Pay Amount \$50,000.00

Pay Date October 1, 2004

*****FIFTY THOUSAND AND XX / 100 DOLLAR****

To The Order Of AMERICAN TORT REFORM ASSOCIATION
 1101 CONNECTICUT AVE NW STE 400
 WASHINGTON, DC 20036

Edward B. Root Jr. CHAIRMAN
 Michael J. Flynn TREASURER

BANK ONE N.A.
 Columbus, OH #3371-0291

COMPANY LOGO APPEARS ON BACK, HOLD AT ADVANCE FOR VALUE

100 1336557 # 10141115143 # 627120318 # #0005000000

Hale, Mark et al. v. SFMAIC et al.
 Confidential - Subject to Confidentiality Order
 HALEM00004925PROD

12/22/03 14:04 FAX 202 486 0733

STATE FARM FED

+ A/P IMAGING

002



American Tort Reform Association

1101 Connecticut Avenue, NW ■ Suite 400 ■ Washington, DC 20036
Tel (202) 682-1163 Fax (202) 682-1022

INVOICE

DATE
12-Dec-03

Bill To: Mr. Alan Maness
Federal Affairs Director & Counsel
State Farm Insurance Companies
1900 M Street, NW - Suite 730
Washington, DC 20036

Date	Description	Amount
Dec. 12, 2003	<i>Dues to support the programs of the American Tort Reform Association for 2004</i>	\$ 15,000.00
	<i>Voluntary supplemental contribution to ATRA contingency fund</i>	\$ 3,000.00

Dues paid to the American Tort Reform Association, a legislative advocacy group, are 75 percent deductible as business expenses for federal income tax purposes

Hale, Mark et al. v. SFMAIC et al.
Confidential - Subject to Confidentiality Order
HALEM00004911PROD

GREEN COMPANY LOGO APPEARS ON BACK OF DOCUMENT

12/09/01 Rev. 03/2001 Printed in USA

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY 1001060613
 One State Farm Plaza 56-1544/441
 Bloomington, IL 61710

Pay Date December 26, 2003 Pay Amount \$15,000.00***

*****FIFTEEN THOUSAND AND XX / 100 DOLLAR****

To The Order Of AMERICAN TORT REFORM ASSOCIATION
 1101 CONNECTICUT AVE NW STE 400
 WASHINGTON, DC 20036

EDWARD D. RUST JR. CHAIRMAN
 MICHAEL J. LYNN TREASURER

BANK ONE, N.A.
 Columbus, OH #3271-0701

⑈ 100 10606 130 ⑈ 04 1 15 4 4 30 ⑈ 0 2 7 1 2 0 1 4 0 ⑈ ⑈ 000 1 500000 ⑈

Hale, Mark et al. v. SFMAIC et al.
 Confidential - Subject to Confidentiality Order
 HALEM00004912PROD

NAME OF POLITICAL COMMITTEE JUSTPAC, the Political Action Committee of the I	REPORTING PERIOD 1/1/2004 thru 6/30/2004	FILED 8/2/2004 4:19 22PM	FOR OFFICE USE ONLY IDENTIFICATION NO 17024
---	---	--------------------------------	---

SCHEDULE A

PART 1: INDIVIDUAL CONTRIBUTIONS

ITEMIZED RECEIPTS FULL NAME, MAILING ADDRESS, AND ZIPCODE	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGRAGATE AMOUNT FOR THIS REPORTING PERIOD
American Tort Reform Association, 1101 Connecticut Avenue Washington, DC 20036	6/30/2004	\$30,000.00	\$30,000.00
Baxter International, One Baxter Parkway Deerfield, IL 60015	2/19/2004	\$5,000.00	\$5,000.00
Callis, Kevin B. 10 Pebblebrook Court Bloomington, IL 61704	4/30/2004	\$250.00	\$250.00
Caterpillar Inc., 100 NE Adams Street Peoria, IL 61629	6/18/2004	\$25,000.00	\$25,000.00
Consolidated Communications, 121 South 17th Street Mattoon, IL 61938	3/22/2004	\$1,500.00	\$1,500.00
Hartford Advocates Fund, Hartford Plaza Hartford, CT 06115	5/28/2004	\$3,500.00	\$3,500.00
Hill, David L. 1110 East Monroe Street Bloomington, IL 61701	4/30/2004 1/28/2004	\$250.00 \$300.00	\$250.00 \$550.00
Knapheide Manufacturing Company, P.O. Box 7140 Quincy, IL 62305	5/4/2004	\$10,000.00	\$10,000.00
Metropolitan Life Insurance Company, 501 Boylston Street Boston, MA 02116	5/4/2004 2/2/2004	\$25,000.00 \$5,000.00	\$25,000.00 \$30,000.00

2

NAME OF POLITICAL COMMITTEE JUSTPAC, the Political Action Committee of the Il	REPORTING PERIOD 7/1/2004 thru 12/31/2004	FILED 1/28/2005 3:11:32PM	FOR OFFICE USE ONLY IDENTIFICATION NO. 17024
--	--	---------------------------------	--

SCHEDULE A

PART 1: INDIVIDUAL CONTRIBUTIONS

ITEMIZED RECEIPTS FULL NAME, MAILING ADDRESS, AND ZIPCODE	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGRAGATE AMOUNT FOR THIS REPORTING PERIOD
Ace American Insurance Company, Two Liberty Place P.O. Box 41484 Philadelphia, PA 10000	9/27/2004	\$10,000.00	\$10,000.00
Allstate Insurance Company, 2775 Sanders Road Northbrook, IL 60062	10/5/2004	\$5,000.00	\$5,000.00
American Insurance Association, 1130 Connecticut Avenue Washington, DC 20036	10/25/2004	\$50,000.00	\$50,000.00
American Tort Reform Association, 1101 Connecticut Avenue Washington, DC 20036	10/7/2004 10/21/2004 10/25/2004 9/22/2004 9/30/2004	\$50,000.00 \$100,000.00 \$10,000.00 \$150,000.00 \$75,000.00	\$50,000.00 \$150,000.00 \$160,000.00 \$310,000.00 \$385,000.00
Boeing Company, 100 North Riverside Chicago, IL 60606	10/27/2004 9/9/2004	\$2,000.00 \$500.00	\$2,000.00 \$2,500.00
Boyden, Brian V. 7 Country Club Place Bloomington, IL 61701	10/14/2004	\$250.00	\$250.00
Brunner, Kim M. 4 Smokey Court Bloomington, IL 61704	7/27/2004	\$500.00	\$500.00
Brunswick Corporation, One North Field Court Lake Forest, IL 60045	9/9/2004	\$5,000.00	\$5,000.00

2

ATRA

FROM THE DESK OF: Tiger Joyce

JUST PAC

c/o Ed Murnane

436 South Belmont

Arlington Heights, IL 60005

check for \$30K
50250-9TLA

code to special prof fee (OC)

(TS said we may change the coding on this down the road, but for now, this is where it should be coded. Tuf.)

312-595-0758

1101 Connecticut Avenue, NW • Suite 400 • Washington, DC 20036
(202) 682-1163 • Fax (202) 682-1022 • sjoyce@atra.org



American Tort Reform Association

1101 Connecticut Avenue, NW • Suite 400 • Washington, DC 20036
(202) 682-1163 • Fax (202) 682-1022 • www.atra.org

September 21, 2004

JUSTPAC
c/o Ed Murnane
436 South Belmont
Arlington Heights, IL 60005

Dear Ed:

Please find enclosed a check for \$150,000 to JUSTPAC from the American Tort Reform Association to help support JUSTPAC's efforts for civil justice reform. Thank you.

Sincerely,

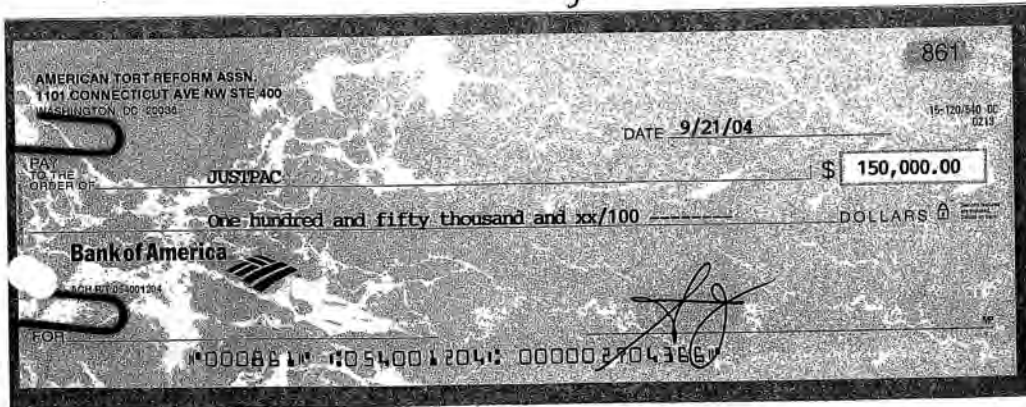

Sherman Joyce
President

Code Sp. P. 956A per TJ

POSTED

Enclosure

50250 956





American Tort Reform Association

1101 Connecticut Avenue, NW • Suite 400 • Washington, DC 20036
(202) 682-1163 • Fax (202) 682-1022 • www.atra.org

*Cod's
SP-P.*

October 6, 2004

50250-912A

JUSTPAC
c/o Ed Murnane
436 South Belmont
Arlington Heights, IL 60005

Dear Ed:

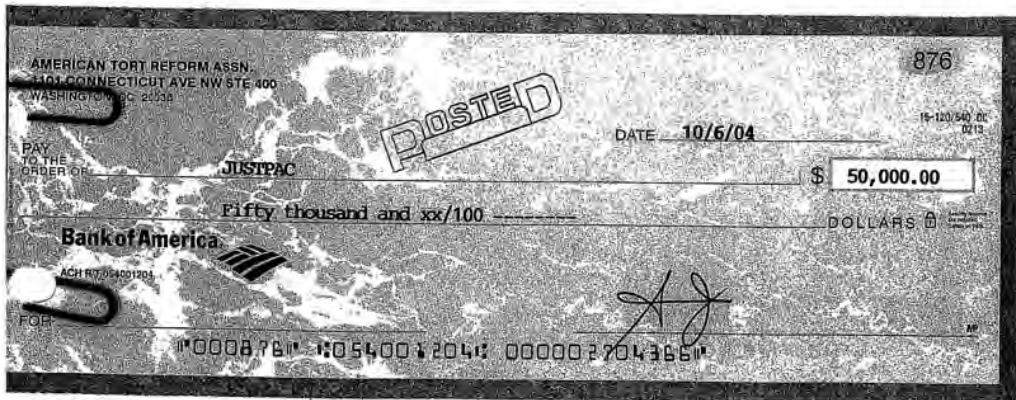
Please find enclosed a check for \$50,000 to JUSTPAC from the American Tort Reform Association to help support JUSTPAC's efforts for civil justice reform. Thank you.

Sincerely,

Sherman Joyce
President

*You rec'd
a "heads-up"
e-mail about
this.*

Enclosure





American Tort Reform Association

1101 Connecticut Avenue, NW • Suite 400 • Washington, DC 20036
(202) 682-1163 • Fax (202) 682-1022 • www.atra.org

September 21, 2004

Mr. Doug Whitley
President
Illinois Chamber of Commerce
311 S. Wacker Drive, Suite 1500
Chicago, IL 60606

Dear Mr. Whitley:

Please find enclosed a check for \$100,000 to the Illinois Chamber of Commerce from the American Tort Reform Association. Thank you.

Sincerely,

Sherman Joyce
President

50270-956

Code SP.P. -956A per TJ

POST

AMERICAN TORT REFORM ASSN.
1101 CONNECTICUT AVE NW STE 400
WASHINGTON, DC 20036

DATE 9/21/04

15-120/540 DC 0213

862

PAY TO THE ORDER OF ILLINOIS CHAMBER OF COMMERCE \$ 100,000.00

One hundred thousand and xx/100 DOLLARS

Bank of America

⑆000062⑆ ⑆054001204⑆ 000002704868⑆



American Tort Reform Association

1101 Connecticut Avenue, NW • Suite 400 • Washington, DC 20036
(202) 682-1163 • Fax (202) 682-1022 • www.atra.org

September 21, 2004

Mr. Michael Ayers
Executive Vice President
and Chief Operating Officer
Illinois Chamber PAC
215 East Adams
Springfield, IL 62701

POSTED

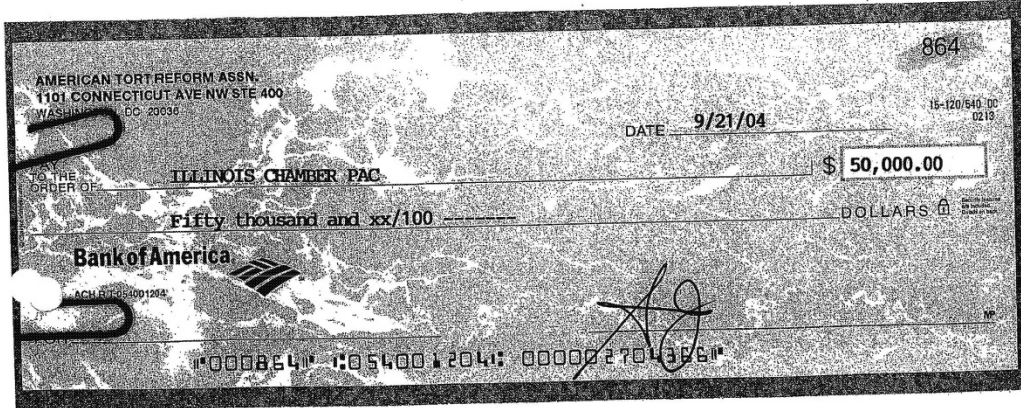
Dear Mr. Ayers:

Please find enclosed a check for \$50,000 to the Illinois Chamber PAC from the American Tort Reform Association. Thank you.

Sincerely,


Sherman Joyce
President

50250-976 Code SP.P. -951 per TS



799

AMERICAN TORT REFORM ASSN.
101 CONNECTICUT AVE NW STE 400
WASHINGTON, DC 20036

DATE Sept. 9, 2003 15-120/540 DC
0213

PAY TO THE ORDER OF Illinois Civil Justice League \$ 10,000.00

Ten thousand and xx/100 DOLLARS

Bank of America

ACH R/T 054001204

FOR _____

⑈000799⑈ ⑆054001204⑆ 000002706366⑈


50250-976

PAID
Code DC Special Project

POSTED

Appendix H: Illinois Jobs Coalition Documents

04/28/04 14:35 FAX 002/002



**Illinois Coalition for
Jobs, Growth & Prosperity**

1301 W. 22nd Street • Suite 610 • Oak Brook, IL 60523 • (630)368-5300 • Fax: (630) 218-7607 • jobsillinois.us

INVOICE

Bill To
State Farm
c/o Mr. Edward Rust OK - *(initials)*

2004-05284

1st Installment

Item	Amount Due
Research, Education & Public Relations Programs	\$50,000

*Make checks payable to the Illinois Coalition for Jobs, Growth & Prosperity.
1301 W. 22nd Street, Suite 610, Oak Brook, IL 60523*

Thank you for your support.

*Debbie
217 522-1257
TAX ID:
02-0715384*

Visit us on the Web → jobsillinois.us

The Illinois Coalition for Jobs, Growth, & Prosperity is an Illinois not-for-profit organization exempt from federal income taxation pursuant to Section 501(c)(4) of the Internal Revenue Code.

Hale, Mark et al. v. SFMAIC et al.
Confidential – Subject to Confidentiality Order
HALEM00005003PROD

08/02/04 12:53 FAX
AUG-02-04 MON 10:39 AM IL MFRS ASSN

FAX NO. 2175222387

002/002
P. 02/02



**Illinois Coalition for
Jobs, Growth & Prosperity**

1301 W. 22nd Street • Suite 610 • Oak Brook, IL 60521 • (630) 350-5200 • Fax (630) 218-7167 • jobsillinois.us

INVOICE

Bill To
State Farm
c/o Mr. Edward Rust

2nd Installment

OK-

Item	Amount Due
Research, Education & Public Relations Programs	\$50,000

*Make checks payable to the Illinois Coalition for Jobs, Growth & Prosperity.
1301 W. 22nd Street, Suite 610, Oak Brook, IL 60523*

Thank you for your support.

Visit us on the Web → jobsillinois.us

The Illinois Coalition for Jobs, Growth, & Prosperity is an Illinois not-for-profit organization exempt from federal income taxation pursuant to Section 501(c)(4) of the Internal Revenue Code.

08/02/2004 MON 10:39 [TX/RX NO 7767]

Hale, Mark et al. v. SFMAIC et al.
Confidential – Subject to Confidentiality Order
HALEM00005007PROD

09/27/04 08:43 FAX
SEP-22-04 WED 03:18 PM IL MFRS ASSN

FAX NO. 2175222367

002/002
P. 02/02



INVOICE

Bill To
State Farm
c/o Mr. Edward Rust

2nd Installment

Item	Amount Due
Research, Education & Public Relations Programs	\$50,000

*Make checks payable to the Illinois Coalition for Jobs, Growth & Prosperity.
1301 W. 22nd Street, Suite 610, Oak Brook, IL 60523*

Thank you for your support.

Visit us on the Web • jobsillinois.us

The Illinois Coalition for Jobs, Growth, & Prosperity is an Illinois not-for-profit organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code.

09/22/04 WED 15:18 [TX/RX NO 5731]

Hale, Mark et al. v. SFMAIC et al.
Confidential – Subject to Confidentiality Order
HALEM00005011PROD

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY 1001205993
 One State Farm Plaza 56-1544/441
 Bloomington, IL 61710

Date May 17, 2004 Pay Amount \$50,000.00***

Pay *****FIFTY THOUSAND AND XX / 100 DOLLAR*****

To The Order Of: **ILLINOIS COALITION FOR JOBS GROWTH AND PROSPERITY**
 1301 W 22ND ST S TE 610
 OAK BROOK, IL 60523

Edward B. Rusk Jr.
 CHAIRMAN
Michael J. Flynn
 TREASURER


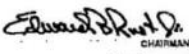
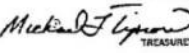
BANK ONE N.A.
 Columbus, OH 43271-0201

VOID IF GREEN CHECKED BACKGROUND IS PRESENT

COMPANY LOGOS APPEAR ON EACH HOLD AT THE BOTTOM FOR VIEWING

⑈1001205993⑈ ⑆044115443⑆ 627120348⑈ ⑆0005000000⑆

Hale, Mark et al. v. SFMAIC et al.
 Confidential – Subject to Confidentiality Order
 HALEM00005004PROD

 STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY One State Farm Plaza Bloomington, IL 61710		1001319014 56-1544/441
Date: September 14, 2004		Pay Amount: \$50,000.00***
Pay:	****FIFTY THOUSAND AND XX / 100 DOLLAR****	
To The Order Of:	ILLINOIS COALITION FOR JOBS GROWTH AND PROSPERITY 1301 W 22ND ST S TE 610 OAK BROOK, IL 60523	 
BANK ONE, N.A. Columbus, OH 43211-0201	COMPANY LOGO APPROXIMATELY 4x4 INCHES IN SIZE	
1001319014 0000500000* 527120318*		

Hale, Mark et al. v. SFMAIC et al.
 Confidential - Subject to Confidentiality Order
 HALEM00005008PROD

	STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY	1001334607
	One State Farm Plaza Bloomington, IL 61710	56-1544/441
	Date September 29, 2001	Pay Amount \$50,000.00***
Pay	***FIFTY THOUSAND AND XX / 100 DOLLAR***	
To The Order Of	ILLINOIS COALITION FOR JOBS GROWTH AND PROSPERITY 1301 W 22ND ST STE 610 OAK BROOK, IL 60523	<i>Edward B. Rust Jr.</i> CHAIRMAN <i>Michael F. Lyman</i> TREASURER
BANK ONE, N.A. Columbus, OH 43271-0201		
⑈ 1001334607 ⑆ ⑆ 044115413 ⑆ ⑆ 27120348 ⑆ ⑆ 000500000 ⑆		

Hale, Mark et al. v. SFMAIC et al.
Confidential - Subject to Confidentiality Order
HALEM00005012PROD

NAME OF POLITICAL COMMITTEE JUSTPAC, the Political Action Committee of the Il		REPORTING PERIOD 7/1/2004 thru 12/31/2004	FILED 1/28/2005 3:11:32PM	FOR OFFICE USE ONLY IDENTIFICATION NO. 17024
SCHEDULE A				
PART 1: INDIVIDUAL CONTRIBUTIONS				
ITEMIZED RECEIPTS FULL NAME, MAILING ADDRESS, AND ZIPCODE		DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGRAGATE AMOUNT FOR THIS REPORTING PERIOD
Hurrana, P.O. Box 1438 Louisville, KY 40201		10/26/2004	\$1,000.00	\$1,000.00
Illinois Chamber of Commerce, 215 East Adams Street Springfield, IL 62701		9/25/2004	\$91,000.00	\$91,000.00
Illinois Jobs Coalition, 1301 West 22nd Street Oak Brook, IL 60523		9/29/2004	\$150,000.00	\$150,000.00
ISMIE, 20 North Michigan Avenue Suite 700 Chicago, IL 60602		10/15/2004	\$50,000.00	\$50,000.00
Kerr-McGee Corporation, Kerr-McGee Center Oklahoma City, OK 73125		10/18/2004	\$1,000.00	\$1,000.00
King, William K. 18333 Kickapoo Lane Hudson, IL 61748		9/3/2004	\$500.00	\$500.00
Lyondell, P.O. Box 3448 Houston, TX 77353		9/27/2004	\$5,000.00	\$5,000.00
Mervis Industries Inc., 3295 East Main Street Danville, IL 61834		8/9/2004	\$5,000.00	\$5,000.00
Metropolitan Life Insurance Company, 501 Boylston Street Boston, MA 02116		10/1/2004	\$25,000.00	\$25,000.00
4				

NAME OF POLITICAL COMMITTEE Citizens for Karmerer	REPORTING PERIOD 7/1/2004 thru 12/31/2004	FILED 2/2/2005 2:11:12PM	FOR OFFICE USE ONLY IDENTIFICATION NO. 17680
--	--	--------------------------------	--

SCHEDULE A

PART 2: TRANSFERS IN

ITEMIZED RECEIPTS FULL NAME, MAILING ADDRESS, AND ZIPCODE	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGRAGATE AMOUNT FOR THIS REPORTING PERIOD
Illinois Medical Anesthesia PAC, 20 N. Michigan Ave Suite 700 Chicago, IL 60602	10/12/2004	\$3,000.00	\$3,000.00
Illinois Republican Party, 320 South 4th Street P.O. Box 7B Springfield, IL 62701	10/8/2004	\$1,850.00	\$1,850.00
Jefferson Co. Republican Central Comm., 107 Chaney Dr PO Box 97 Belle Rive, IL 62810	10/25/2004	\$250.00	\$250.00
Johnson Co. Republican Central Comm., 430 Oak Tree Lane P.O. Box 10 New Burnside, IL 62967	8/22/2004	\$250.00	\$250.00
JUSTPAC, 436 South Belmont Avenue Arlington Heights, IL 60005	10/20/2004 7/17/2004 9/18/2004 10/5/2004 10/12/2004	\$150,000.00 \$150.00 \$6,000.00 \$35,000.00 \$150,000.00	\$150,000.00 \$150,150.00 \$156,150.00 \$191,150.00 \$341,150.00
Madison County Republican Central Committee, P.O. Box 736 Edwardsville, IL 62025	9/15/2004 9/15/2004 7/12/2004 7/12/2004 8/24/2004 8/24/2004	\$25.00 \$25.00 \$50.00 \$50.00 \$125.00 \$125.00	\$25.00 \$50.00 \$100.00 \$150.00 \$275.00 \$400.00
Manufacturers PAC, 220 E. Adams Street Springfield, IL 62701	9/1/2004 10/25/2004	\$5,000.00 \$30,000.00	\$5,000.00 \$35,000.00

73

Appendix I: Civil Justice Reform Group Documents

12/24/03 13:16 FAX 202 496 0733 STATE FARM FED + A/P IMAGING 006/006

11/24/2003 12:10 FAX 860 547 6581 034

Civil Justice Reform Group

Invoice

DATE	INVOICE NO.
11/10/2003	535

BILL TO

State Farm Insurance Companies
 Alan Maness
 Federal Affairs Director & Counsel
 1710 Rhode Island Ave., N.W., Suite 700
 Washington, DC 20036

		DUE DATE
		11/10/2003
ITEM	DESCRIPTION	AMOUNT
Steering Dues	2004 Steering Committee Membership Dues	150,000.00
<p>The Civil Justice Reform Group is a cost-sharing group of individual, non-associated companies. It is not an incorporated entity. The group does not share a taxpayer identification number or other identifying number, since it is not a separate legal entity. Please refer to your company representative identified on this invoice for information regarding the status of this cost-sharing arrangement.</p> <p>Please remit to:</p> <p style="text-align: center;">Civil Justice Reform Group c/o Marsha J. Rabiteau The Hartford Hartford Plaza, HO-1-11 Hartford, CT 06115</p> <p style="text-align: center;">Telephone: (860) 647-6451 Fax: (860) 723-4489 Email: mrabiteau@thehartford.com</p>		
Total		\$150,000.00

11/24/2003 11:08AM

Hale, Mark et al. v. SFMAIC et al.
 Confidential - Subject to Confidentiality Order
 HALEM00004940PROD

VOID GREEN COLORED BACKGROUND MISSING

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY 1001069039
 One State Farm Plaza 56-1544/441
 Bloomington, IL 61710 Pay Amount \$150,000.00***

Date January 6, 2004

Pay ***ONE HUNDRED FIFTY THOUSAND AND XX / 100 DOLLAR***

To The Order Of CIVIL JUSTICE REFORM GROUP
 THE HARTFORD
 HARTFORD PLZ HO ONE 11
 HARTFORD, CT 06115

Edward R. Smith CHAIRMAN
Michael J. Flynn TREASURER

BANK ONE, N.A.
 Columbus, OH 43271-0201

⑆ 1001069039⑆ ⑆ 01,1,154,13⑆ ⑆ 627120318⑆ ⑆ 001500000⑆

GREEN COMPANY LOGO APPEARS ON ALL AGENTS' CHECKS
 1-800-4-A-FARM (1-800-426-3272) 1001069039 56-1544/441 1001069039

Hale, Mark et al. v. SFMAIC et al.
Confidential - Subject to Confidentiality Order
HALEM00004941PROD

3:24 PM
11/07/14
Acronal Basis

CIVIL JUSTICE REFORM GROUP
General Ledger
As of December 31, 2004

Type	Date	Num	Name	Memo	Split	Amount	Balance
Bill Print-Check	1/22/2004	1625	Illinois Civil Justice...	2004 Cert...	Accounts P...	-50,000.00	
Payment	1/22/2004	1001	State Farm Insur...		Unpaid Me...	150,000.00	

CONFIDENTIAL AND SUBJECT TO PROTECTIVE ORDER

CJRG-000037

3:24 PM
11/07/14
Accrual Basis

CIVIL JUSTICE REFORM GROUP
General Ledger
As of December 31, 2004


Type	Date	Num	Name	Memo	Split	Amount	Balance
Bill Print-Check	7/2/2004	1694	Illinois Civil Justice...	2004 Cent...	Accounts P...	-50,000.00	

CONFIDENTIAL AND SUBJECT TO PROTECTIVE ORDER

Page 4

CJRG-000038

Appendix J: Illinois Chamber of Commerce Documents



THE ILLINOIS CHAMBER

FEIN: 36-1254650
Phone: 312 - 983 - 7100
Fax: 312 - 983 - 7101

Membership Dues Invoice

Date: 02/02/2004

TO:

Ms Peggy Echols
Vice President, Public Affairs
State Farm Insurance Companies
One State Farm Plaza - B-4
Bloomington, IL 61710-0001

Member No.: 6172

Remit To:
Illinois State Chamber
P.O. Box 19258
Springfield, IL 62794-9258

YES! Add my voice to the Illinois State Chamber This Year.
Member Since 1943 - Membership Period Beginning April 01, 2004

Invoice #	Due Date	Description	Amount
42250	04/01/2004	Chamber Membership Dues	\$30,000.00
Total Balance			\$30,000.00

Contribute to Your Political Action Committee

Chamber PAC: 10% Recommended Amount \$3,000.00 PAC Contribution: _____

Total Membership and PAC Contribution: \$33,000.00 **TOTAL:** _____

*** Your membership dues include support for and participation in the Tax Institute. Thank you for your help.*

For our records: Illinois Employees: 3,335 Revised Number of Illinois Employees:

Payment Method (Check One)

Check
 American Express
 Visa
 MasterCard

Name On Card _____ Card Number _____

Expiration _____ Signature _____

NOTICE: We are required by federal law to inform you that neither dues nor political contribution portion of your payment is deductible as a charitable expense. The 1993 Federal Revenue Reconciliation Act declares that lobbying expenditures are no longer deductible as a business expense after January 1, 1994. As we continue to be the "Voice of Business" on your behalf in Springfield, 20% of your membership dues (39% for ELC dues) will be nondeductible. However, the balance continues to be deductible as a business expense. If you have made a political contribution, please know that after the initial deposit into the Chamber's corporate account, we transfer contributions to the political action committee account. All political contributions are individually accounted for and are subject to provisions of the Illinois Election Code. A copy of the political action committee's report filed with the State Board of Elections is (or will be) available for purchase from them in Springfield, IL.

010


Please return one copy of invoice with your payment - Thank You

EXC

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VOID IF GREEN COLORED BACKGROUND IS MISSING

124-2509 1 Rev. 03-2011 For Use in U.S.A.
GREEN COMPANY LOGO APPEARS ON FACE OF DOCUMENT



STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY
One Shale Farm Plaza
Bloomington, IL 61710

1001339186
56-1544/441

Pay Amount \$7,500.00***

Date October 5, 2004

Pay ***SEVEN THOUSAND FIVE HUNDRED AND XX / 100 DOLLAR***

To The Order Of

CHAMBER OF COMMERCE
ATTN TODD MAISCH
215 E ADAMS
SPRINGFIELD, IL 62701

Edward R. Rudolph
CHAIRMAN

Michael J. Lipinski
TREASURER

BANK ONE, N.A.
Columbus, OH 43271-0201

COMPANY LOGO APPEARS ON FACE OF DOCUMENT

⑆ 1001339186⑆ ⑆ 04115443⑆ 627120348⑆ ⑆0000750000⑆

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1001150525
56-1544/441

Pay Amount \$30,000.00***

Date March 22, 2004

Payee
STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY
One State Farm Plaza
Bloomington, IL 61710

Payee
ILLINOIS STATE CHAMBER
PO BOX 19258
SPRINGFIELD, IL 62794-9258

Payee
Edward R. Rutledge
CHAIRMAN

Payee
Michael J. Lyons
TREASURER

Payee
BANK ONE, N.A.
Columbus, OH 43271-0201

Payee
*****THIRTY THOUSAND AND XX / 100 DOLLAR****

Payee
6272031811

Payee
10015052511 1014151431

Payee
100030000000

GREEN COMPANY PREPARATION DOCUMENT

Hale, Mark et al. v. SFMAIC et al.
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Monies for Candidates 2004					
<u>Date</u>	<u>Payee</u>	<u>Amount</u>	<u>Payor</u>	<u>Amount</u>	<u>Chamber</u>
9/24/2004	American Tort Reform	\$100,000.00	JUSTPAC	\$91,000.00	\$9,000.00
10/1/2004	Mass Mutual Financial Group	\$80,000.00	Judge Karneier Wire 10/4	\$75,000.00	\$5,000.00
10/15/2004	Pfizer	\$25,000.00	Illinois PAC	\$15,000.00	\$10,000.00 (Litigation Monies)

ISCC 000237

NAME OF POLITICAL COMMITTEE JUSTPAC, the Political Action Committee of the Il	REPORTING PERIOD 7/1/2004 thru 12/31/2004	FILED 1/28/2005 3:11:32PM	FOR OFFICE USE ONLY IDENTIFICATION NO. 17024
SCHEDULE A			
PART 1: INDIVIDUAL CONTRIBUTIONS			
ITEMIZED RECEIPTS FULL NAME, MAILING ADDRESS, AND ZIPCODE	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGRAGATE AMOUNT FOR THIS REPORTING PERIOD
Humana, P.O. Box 1438 Louisville, KY 40201	10/26/2004	\$1,000.00	\$1,000.00
Illinois Chamber of Commerce, 215 East Adams Street Springfield, IL 62701	9/25/2004	\$91,000.00	\$91,000.00
Illinois Jobs Coalition, 1301 West 22nd Street Oak Brook, IL 60523	9/29/2004	\$150,000.00	\$150,000.00
ISMIE, 20 North Michigan Avenue Suite 700 Chicago, IL 60602	10/15/2004	\$50,000.00	\$50,000.00
Kerr-McGee Corporation, Kerr-McGee Center Oklahoma City, OK 73125	10/18/2004	\$1,000.00	\$1,000.00
King, William K. 18333 Kickapoo Lane Hudson, IL 61748	9/3/2004	\$500.00	\$500.00
Lyondell, P.O. Box 3448 Houston, TX 77353	9/27/2004	\$5,000.00	\$5,000.00
Mervis Industries Inc., 3295 East Main Street Danville, IL 61834	9/9/2004	\$5,000.00	\$5,000.00
Metropolitan Life Insurance Company, 501 Boylston Street Boston, MA 02116	10/1/2004	\$25,000.00	\$25,000.00

Appendix K: Illinois Civil Justice League Documents

.04/12/04 15:39 FAX 002/002



Illinois Civil Justice League

330 North Wabash Avenue, Suite 2800 * Chicago, IL 60611 * Phone: 312-595-0758 Fax: 312-467-1138

2004-04686

February 13, 2004

**State Farm Insurance Companies
One State Farm Plaza
Bloomington, Illinois 61710**

ANNUAL CONTRIBUTION REQUEST

2004 Contribution: \$10,000.00

OK [Signature]

(Contribution requests are based on previous contributions.)

(The Illinois Civil Justice League is a voluntary contribution organization; you are encouraged to consider increasing your contribution if possible.)

The ICJL is a 501(c) (6) nonprofit corporation.


Federal Tax Identification Number: 36-3857949

*ICJL lobbying expenses in 2003 were less than 20% of expenditures. Lobbying expenses for 2004 are expected to be approximately 15% of expenditures.
ICJL funds are not used for political purposes; the ICJL has a separate Political Action Committee, JUSTPAC, registered under Illinois State Board of Election law, that oversees political activity.*

Please remit one copy of the invoice with your contribution.

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UNISSITSLONR0000VEF0E0100NEB0-2100

 <p>STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY One State Farm Plaza Bloomington, IL 61710</p>	<p>1001188717 56-1544/441</p>	<p>Pay Amount \$10,000.00***</p>
<p>Pay</p>	<p>Date</p>	<p>April 28, 2004</p>
<p>*****TEN THOUSAND AND XX / 100 DOLLAR****</p>		
<p>To The Order Of</p>	<p>ILLINOIS CIVIL JUSTICE LEAGUE 330 N WABASH AVE STE 2800 CHICAGO, IL 60611</p>	
<p><i>Edward R. Reed Jr.</i> CHAIRMAN</p> <p><i>Michael J. Tipton</i> TREASURER</p>		
<p>BANK ONE N.A. Columbus, OH 43271-0201</p>		


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GREEN COMPANY TO GOVERNORS OF THE STATE OF OHIO

⑈ 100 188717 ⑈ ⑆04415443⑆ ⑈ 627120318⑈ ⑈0001000000⑈

Hale, Mark et al. v. SFMAIC et al.
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 HALEM00004992PROD

VOID IF GREEN COLORED BACKGROUND IS MISSING

 <p>STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY One State Farm Plaza Bloomington, IL 61710</p>	<p>1001289776 56-1544/441</p> <p>Pay Amount \$14,250.00***</p>	<p>Date August 12, 2004</p>
<p>Pay *****FOURTEEN THOUSAND TWO HUNDRED FIFTY AND XX / 100 DOLLAR*****</p>		
<p>Pay To The Order Of</p>	<p>ILLINOIS CIVIL JUSTICE LEAGUE 330 N WABASH AVE STE 2800 CHICAGO, IL 60611</p>	
<p><i>Edward B. Roth Sr.</i> CHAIRMAN</p> <p><i>Michael J. Tipton</i> TREASURER</p>		
<p>BANK ONE N.A. Columbus, OH 43221-0201</p>		
<p>⑆ 100 ⑆ 289776 ⑆ ⑆ 01 ⑆ 1544 ⑆ 3⑆ ⑆ 27 ⑆ 2004 ⑆ ⑆ 000 ⑆ 14 25000 ⑆</p>		

GREEN COMPANIAL EXPT PAYS ON FAS (OR COO) MENT

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Form 990 (2004) **ILLINOIS CIVIL JUSTICE LEAGUE** 36-3857949 Page 2

Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See page 22 of the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ _____ non-cash \$ _____)				
23	Specific assistance to individuals				
24	Benefits paid to or for members				
25	25 Compensation of officers, directors, etc.	146,865	97,813	24,526	24,526
26	26 Other salaries and wages	50,562	33,674	8,444	8,444
27	27 Pension plan contributions				
28	28 Other employee benefits	5,006	3,334	836	836
29	29 Payroll taxes	11,583	7,715	1,934	1,934
30	30 Professional fundraising fees				
31	31 Accounting fees	5,941		5,941	
32	32 Legal fees	5,000	5,000		
33	33 Supplies	1,761		1,761	
34	34 Telephone	11,132	1,392	8,348	1,392
35	35 Postage and shipping	2,165	271	1,623	271
36	36 Occupancy	21,014		21,014	
37	37 Equipment rental and maintenance	6,002	750	4,502	750
38	38 Printing and publications				
39	39 Travel	16,309	16,309		
40	40 Conferences, conventions, and meetings	2,569		2,569	
41	41 Interest				
42	42 Depreciation, depletion, etc. (attach schedule)	2,290	2,290		
43	43 Other expenses not covered above (Itemize): a				
	b See Statement 2	430,766	178,349	22,845	229,572
	c				
	d				
	e				
44	44 Total functional expenses (add lines 22 - 43). Organizations completing columns (B)-(D), carry these totals to lines 13-15	718,965	346,897	104,343	267,725

Joint Costs. Check if you are following SOP 98-2.
Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
If "Yes," enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____; (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____.

Part III Statement of Program Service Accomplishments (See page 25 of the instructions.)
What is the organization's primary exempt purpose?
▶ **TORT REFORM**
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

	Program Service Expenses (Required for 501(c)(3) & (4) orgs.; § 4947(a)(1) trusts, but optional for others.)
a THE ORG. IS A COLLECTION OF CORPS, ASSOC, PROF. SOCIETIES NON PROFIT ORGS AND LOCAL GOVT'S THAT HAVE JOINED TO WORK FOR THE REFORM OF ILLINOIS' TORT LIABILITY SYSTEM. (Grants and allocations \$ _____)	346,897
b _____ (Grants and allocations \$ _____)	
c _____ (Grants and allocations \$ _____)	
d _____ (Grants and allocations \$ _____)	
e Other program services (attach schedule) (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	346,897

DAA Form 990 (2004)

CIVIL JUSTICE ILLINOIS CIVIL JUSTICE LEAGUE

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36-3857949

Federal Statements

FYE: 12/31/2004

Statement 2 - Form 990, Part II, Line 43 - Other Functional Expenses

Description	Total Expenses	Program Service	Mgt & General	Fund-Raising
	\$	\$	\$	\$
Expenses				
CONSULTING	119,321	119,321		
FEEES	1,018		1,018	
INSURANCE	25,954	17,286	4,334	4,334
MEDIA	223,658			223,658
MEDICAL	727	485	121	121
SUBSCRIPTIONS	2,324		2,324	
WEBSITE	11,674	1,459	8,756	1,459
COALITION MEMBERSHIPS	25,000	25,000		
BANK CHARGES	58		58	
RESEARCH	14,798	14,798		
PENALTIES	5,984		5,984	
OFFICE INURANCE	250		250	
Total	\$ 430,766	\$ 178,349	\$ 22,845	\$ 229,572