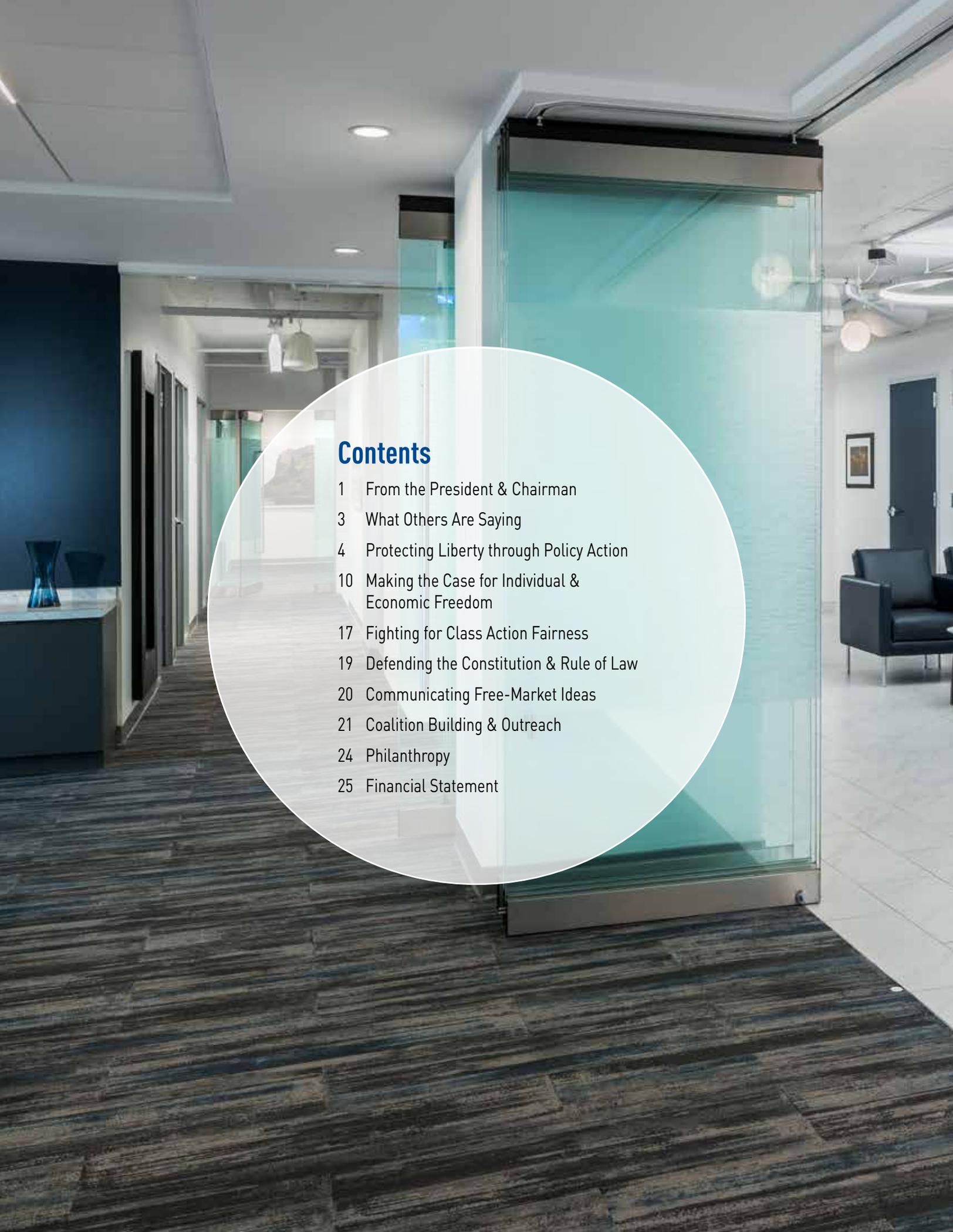


EXPANDING *the boundaries of* FREEDOM



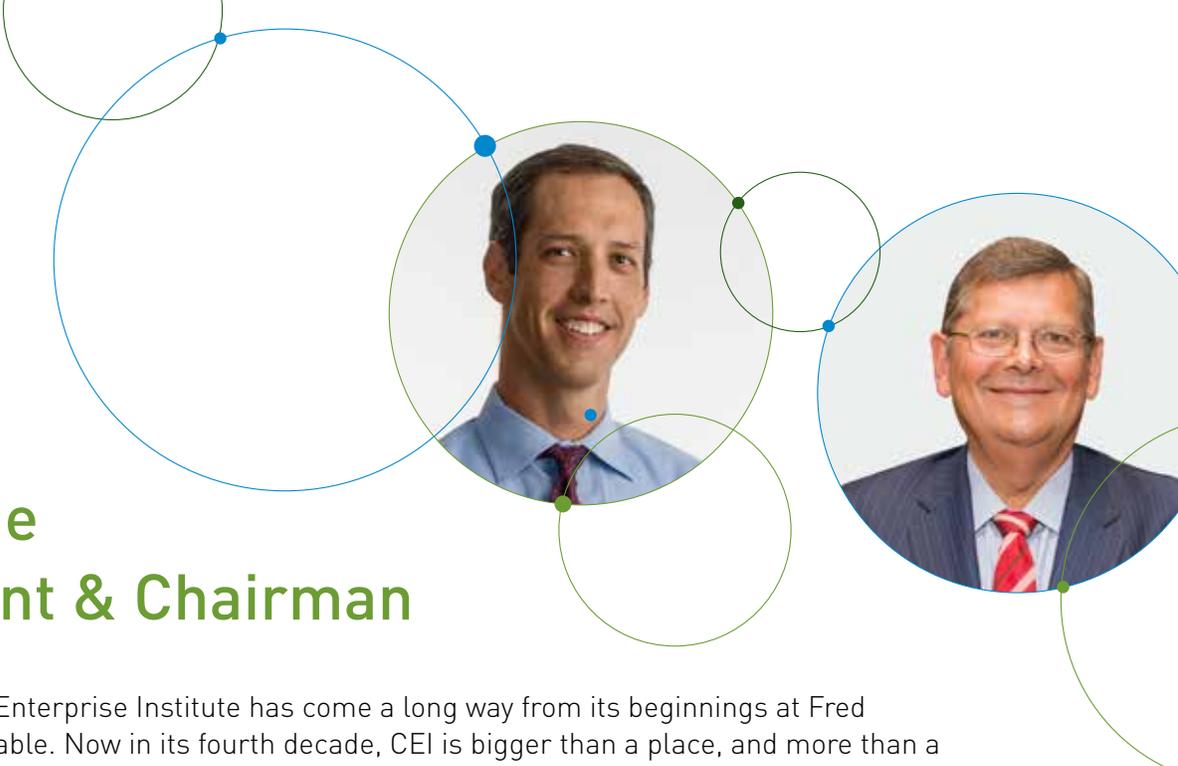
COMPETITIVE
ENTERPRISE
INSTITUTE

Fiscal Years 2015 & 2016
Annual Report



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From the President & Chairman

The Competitive Enterprise Institute has come a long way from its beginnings at Fred Smith's kitchen table. Now in its fourth decade, CEI is bigger than a place, and more than a group of people who come together to fight for economic freedom.

Over the years, we have built an impressive record of advocacy and policy change. From early partnerships with odd bedfellows like Ralph Nader to challenge corporate welfare to recent success staring down a cadre of attorneys general who sought to harass, intimidate, and punish CEI and like-minded organizations for our views on a critical policy question, it is an understatement to say that our approach is lively, imaginative, and feisty. You can count on CEI to show up with economic analysis and keen insight into the law, along with cheerful optimism and an unwillingness to back away from principle.

In the past several years, CEI has turbocharged its litigation program, integrating it with our aggressive and innovative communications strategies—married to strong analysis—that policy makers have come to expect. In 2013, CEI brought the key case, *King v. Burwell*, to challenge the Affordable Care Act. Our case went all the way to the Supreme Court and despite an adverse outcome, there is a silver lining. *King* created the first meaningful limits on judicial deference to agency prerogatives when the agency has no meaningful expertise relating to the matter at hand. Thanks to this high-profile case, we learned valuable lessons about the importance of effective communications and coalition-building strategies.

In late 2015, we merged with the hard-charging litigators at the Center for Class Action Fairness. As a result, CEI is lowering the economic payout for trial attorneys who use the judicial process as an ATM machine. And in that process, we create precedent requiring courts to look at what consumers are actually receiving under class action settlements – beyond the illusion of relief the attorneys paint for the court. We see a path to bring reform to *cy pres* abuses in class action cases, and ultimately, that path and CEI's other challenges to class action abuse will lead us back to the U.S. Supreme Court.

In addition, CEI is at the center of key battles for economic freedom and regulatory restraint. We are involved in two challenges to the Consumer Financial Protection Bureau, an unaccountable federal agency created by the 2010 Dodd-Frank financial law, as well in cases involving transportation and telecommunications, and in litigation that led to the court stay of the EPA's Clean Power Plan. We are also involved in several First Amendment cases aimed at preserving open debate on the issue of global warming.

To make this possible, CEI has made investments in technology and personnel. We are now 44 people strong. CEI stalwarts like Wayne Crews and Iain Murray are pioneering the study and explanation of the threat from “regulatory dark matter” and providing a concrete plan on what the United Kingdom should do after Brexit. Initial work from our recently formed Center for Advancing Capitalism has also been well received.

From contributing to the book that won the prestigious Antony Fisher Award to regular national media appearances like National Public Radio, *USA Today*, and *The Wall Street Journal*, our fellows are sought after on Capitol Hill and by experts on regulatory law.

Equally important, our policy team is joined by a significantly larger communications team pushing CEI to new heights through earned media, digital marketing, and coalition-building. We have tripled the number of people who see our work on Facebook in a typical month and doubled site traffic to CEI.org.

In late 2016, we moved into a larger space to accommodate future growth and a stronger, more aggressive attack on the stifling hand of overregulation. In the coming months and years, CEI will continue to scale its operations to meet the evolving challenges of policies that suffocate economic freedom and block economic growth. We will experiment with new ways to build and maintain strong relationships with longtime supporters. As we continue to work closely with a wide array of coalition partners, we will integrate all aspects of our work into focused issue campaigns.

We have tremendous institutional momentum and we are looking ahead. With work focused on energy and environment, finance, transportation, technology and telecommunications, labor and employment policies, food and drug laws, and comprehensive regulatory reform, CEI has married strategic litigation, timely policy analysis, aggressive communications, and strong coalitions to challenge the overreach of the modern administrative state.

We know that many friends, ever mindful of political fortunes, despair of the contemporary tumult in America’s civic life. But we chart a different path, with an eye toward a horizon where free people flourish under minimal intrusion from the state.

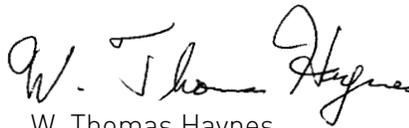
With the right blend of tactics and long-term strategies, and a continuous injection of CEI’s feisty attitude, it is possible to reset the trajectory of regulation and government interference in American life.

And like Thomas Jefferson, we believe “a wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement.”

That’s a vision worth fighting for.



Kent Lassman
President and CEO



W. Thomas Haynes
Chairman of the Board

What Others Are Saying

"Julian Simon fanned the coals of freedom just as CEI has done since 1984, when Fred and Fran [Smith] and Sam Kazman unfurled their flag up on Pennsylvania Avenue... That was the beginning of something wonderful."

– Bruce Yandle, 2016 Julian L. Simon Memorial Award Recipient

"CEI has played a critical role in preventing the worst of the left's utopian nightmares from becoming reality, and in undoing some of the damage those policies have created."

– Steve Forbes, 2016 CEI Dinner Keynote

"CEI is a true asset to the freedom movement, on issues from global warming to financial regulation, I can always count on CEI to effectively make a principled case for liberty."

– Hon. Ron Paul

"While many on the right are lying low while the free market implodes, the Competitive Enterprise Institute isn't backing down, fighting on fronts from the bailout to green energy."

– Fortune

"[O]ver 20 years, I have seen them have a tremendous effect."

– Former Vice President Al Gore, lamenting CEI's effectiveness

"*Ten Thousand Commandments* has been an outstanding contribution to understanding the need for a regulatory budget."

– Sen. Mike Lee

Protecting Liberty through Policy Action

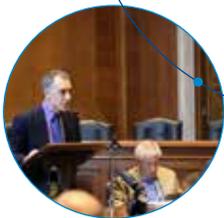
Reducing Burdens on Affordable Energy

For decades, the Competitive Enterprise Institute has led the charge to promote access to fossil fuels, the most affordable and reliable sources of energy. Yet, some politicians and their environmentalist allies are attempting to regulate fossil fuels out of existence, while promoting policies to subsidize expensive and unproven “alternative” energy technologies.

Over the past two years, CEI led the fight against the Obama administration’s new regulations for electric power generation. The rules, designed to eliminate coal and natural gas and substitute them with renewable energy sources, exceed the Environmental Protection Agency’s (EPA) legal authority and illegally seize control of electricity regulation from state

governments. Because of the rules’ dubious legality, the Obama administration tried to enshrine them as a binding American obligation under the Paris Climate Agreement, circumventing congressional review or approval.

In 2015 and 2016, CEI scholars worked with state legislators and more than a dozen state-based think tanks to resist this regulatory takeover. CEI experts helped policy makers and organizations file public interest comments explaining the rules’ economic and social costs, as well as their unconstitutionality. Those comments laid the groundwork for a legal challenge. CEI was among a coalition of plaintiffs that sued the EPA to overturn the rules, which violate the plain language of the Clean Air Act and other statutes. Our coalition won an important Supreme Court ruling in February 2016 that postpones the rules’ implementation. And we worked with members of the U.S. Senate to prevent ratification and implementation of the Paris Climate Agreement’s burdensome energy regulations.





Fighting Unaccountable Banking Regulators in Court

CEI does more than challenge bad legislative and regulatory policies. Unique among free-market think tanks, we regularly take our fight against overregulation to court. Although our 2015 legal challenge to Obamacare fell short after reaching the U.S. Supreme Court, CEI's legal team has had a string of successes over the past two years, including a Supreme Court decision that restricts the Environmental Protection Agency's discretion to reinterpret parts of the Clean Air Act. We have also won lower court victories against the Transportation Security Administration, the White House's Office of Science and Technology Policy, and other federal agencies.

One of our most important wins was a federal appeals court decision confirming our standing to challenge the constitutionality of the Consumer Financial Protection Bureau (CFPB), an independent agency created by the Dodd-Frank financial

reform law that has sweeping powers to regulate banks, credit unions, and other lenders. It routinely exceeds even the vast authority it enjoys under the statute.

Worse, the CFPB is totally unaccountable, because it is not subject to either executive branch supervision or congressional control of its budget—a clear violation of the legislature's constitutional power of the purse. We collaborated with a small community bank in Texas and 11 state governments to challenge this unconstitutional structure. In July 2015, the D.C. Circuit Court of Appeals dismissed the states' claims, but concluded that CEI and our litigation partner, the State National Bank of Big Spring, had standing to sue. Our constitutional claims, which rely on legal precedent that CEI established in a 2010 Supreme Court victory, are now being considered by the D.C. Circuit. And because this case builds on a prior CEI Supreme Court decision, we expect to prevail.

Lifting the Crushing Burden of Federal Regulation

CEI has long been recognized as a leader in analyzing the cost of government regulation. Our annual study, *Ten Thousand Commandments: An Annual Snapshot of the Federal Regulatory State*, has been described by *The Wall Street Journal* as “the best overall measure of regulatory burden.” The most recent editions were cited by presidential candidates during the 2016 primary season—including former governors Rick Perry and Jeb Bush—and by members of Congress, including Sens. Orrin Hatch, Charles Grassley, and John Barrasso, House Speaker Paul Ryan, and Reps. Tom Price and Virginia Foxx. The study’s cost estimates are also featured frequently on national and local television programs, radio shows, and in newspapers across the country.

CEI has gone further, investigating the informal methods federal bureaucrats often use to avoid public scrutiny—the so-called “regulatory dark matter” of guidance documents, agency memos, and other material issued outside the administrative rulemaking process. CEI’s efforts are bringing this issue to the attention of congressional leaders and free-market allies. We are working to advance legislation to ensure all agency actions that carry the force of law are subject to the same scrutiny as official rules.



CEI scholars contributed to the congressional Task Force on Reducing Regulatory Burdens, whose final report, issued in June 2016, was a key component of House Speaker Paul Ryan’s “A Better Way” reform agenda. CEI’s Wayne Crews was invited to testify before multiple congressional committees on the issue, and is participating in a working group organized by the Senate and House Budget Committees to develop regulatory reform proposals.

More than half a dozen bills based on CEI’s ideas for regulatory reform were introduced during the 114th Congress. One such bill, the Regulations from the Executive in Need of Scrutiny (REINS) Act, would require regulatory agencies to get an affirmative vote from Congress before finalizing any regulation exceeding \$100 million in estimated annual costs. The REINS Act passed the U.S. House twice and has prominent sponsors in the Senate, including Sens. Ted Cruz and Rand Paul.



Protecting the Internet from New Taxes

CEI has a longstanding record in fighting government micromanagement of new and emerging technologies. Government regulations impose a heavy burden on established businesses, but entrepreneurs working with new technologies are especially vulnerable to having their work hobbled before they have a chance to change the world.

In recent years, activists and state officials have sought to extend state sales taxes to online commerce. In 2014, some members of Congress appeared ready to support the misnamed Marketplace Fairness Act (MFA), which would violate the principle of no taxation without representation by empowering state governments to tax Internet transactions outside of their own borders. To counter this, CEI experts engaged with key congressional staff to educate them on the harmful consequences of the MFA's approach, armed with research

from leading legal scholar and longtime CEI board member Michael Greve. We worked closely with House Judiciary Committee Chairman Bob Goodlatte and encouraged him to draft a superior alternative bill that attracted interest from many of his colleagues. As public attention on the issue increased, we continued to expand our educational efforts on the MFA's potential for economic damage and constitutional mischief and helped steer members of Congress toward more constructive approaches.

CEI scholars met with congressional staff, wrote op-eds and columns for key audiences, and appeared on radio and television programs to take our message to the public. CEI staff have also presented at coalition meetings and conferences, while working closely with other research, advocacy, and trade groups to advance the best possible policy on the issue. Together with our allies, we succeeded in defeating the MFA, at least for now, and helped secure enactment of a bill that forbids state and local governments from taxing Internet access. While the question of sales taxes is far from settled, CEI is proud to have helped fend off one of the biggest proposed expansions of state taxing power in America's history.



Protecting Access to the Financial System

Operation Choke Point, an Obama administration initiative to pressure large banks into not doing business with politically unpopular companies and industries, such as payday lenders, gun stores, and “sin” industries, has been in retreat since CEI began to fight it. Initiated by the Department of Justice (DOJ) and the Federal Deposit Insurance Corporation (FDIC), Operation Choke Point sought to effectively “choke off” what regulators deemed to be “high risk” businesses by denying them access to the financial system.

CEI assembled a coalition of think tanks, industry associations, and members of Congress that brought public attention to the issue, forcing DOJ and FDIC to back away from their most aggressive bullying. And in February 2016, the House of Representatives passed Rep. Blaine Luetkemeyer’s Financial Institution

Consumer Protection Act, which included recommendations from CEI’s Iain Murray to reform the laws DOJ and FDIC regulators were abusing as part of Operation Choke Point.

Due to public and congressional pressure from the CEI-led coalition and others, the FDIC revoked its list of “high risk” industries in October 2014. However, the underlying guidance about high-risk industries remains intact, and banks are likely to fall in line with the government’s direction. CEI will continue to serve as the acknowledged intellectual leader on this topic, with others using our analysis and messages in their own advocacy efforts. Our aim is to end Operation Choke Point once and for all, while also promoting legislative efforts to rein in similar overreach by other agencies, including the Consumer Financial Protection Bureau.



Ending Government Union Subsidies

CEI brought public attention to a little-known practice that provides a significant subsidy to government employee unions. Known as “official time,” the practice allows unionized public employees to do union work while being paid by taxpayers. In addition to the obvious waste, this poses a problem for reining in the growth of government, because public employee unions have a vested interest in that growth—and therefore constitute a permanent lobby for bigger government. Subsidizing interest group lobbying like this is the last place taxpayer dollars should be going.

Over the past few years, CEI has assembled a coalition of think tanks, businesses, and members of Congress to combat official time. Our experts worked with Rep. Jody Hice, who introduced the Federal Employee Accountability Act, a bill that would eliminate the practice. We have also urged members of Congress to include provisions eliminating official time in appropriations bills for several cabinet departments, including Transportation, Veterans Affairs, and Interior.

CEI’s labor policy scorecard kept Congress on notice on important votes. In May 2015, Rep. Todd Young voted in favor of maintaining prevailing wage mandates under the New Deal-era Davis-Bacon Act. Upon seeing media coverage of CEI’s scorecard alert of that vote, Rep. Young’s

staff issued a statement walking back that vote, claiming “confusion” about which amendment was being voted on.

At the state level, CEI policy analyst Trey Kovacs has worked with policy makers and local think tanks in several states to bring attention to this practice and develop proposals to eliminate it. In one prominent case, Kovacs highlighted Missouri unions’ use of official time to pay government employees to protest against proposed right-to-work law in that state—during work hours. He worked with Missouri state activists to raise awareness of this abuse, spoke at the Missouri state capitol and at a rally in support of right to work, and briefed several state legislators on the practice of “release time,” as it is called in Missouri and in some other states.

Kovacs calculated the cost of official time in various states, using state government data. Through a series of published papers, he has brought to state policy makers’ attention a little-known mechanism that can help end this abusive practice. Forty-seven state constitutions have provisions known as “gift clauses” that prohibit granting government favors to private entities—including unions. This increased attention on state gift clauses helped boost state reform efforts in Connecticut, Kentucky, Texas, and other states.

Making the Case for Individual & Economic Freedom

October 2014

- After filing regulatory comments about how a Securities and Exchange Commission crowdfunding rule would hurt entrepreneurs and the economy by locking ordinary investors out of startup opportunities, CEI Senior Fellow **John Berlau** speaks at the Crowdfund Global Expo in San Francisco. He publishes “Declaration of Crowdfunding Independence” about the benefits of crowdfunding the following month.

November 2014

- On November 7, 2014, the U.S. Supreme Court announces it will hear CEI’s challenge to the constitutionality of subsidies provided on Obamacare’s insurance exchanges.
- In **King v. Burwell**, CEI argues that the IRS subsidy rule is an illegal attempt by an agency to rewrite the law that Congress enacted governing the Obamacare exchanges.

December 2014

- CEI Senior Fellows **William Yeatman** and **Marlo Lewis** join a coalition of free-market organizations to file regulatory comments against the EPA’s so-called Clean Power Plan. They argue the plan is unlawful, illegitimate, and an abuse of executive authority that will raise electricity prices and reliability concerns across the country.

January 2015

- CEI releases *Free to Prosper: A Pro-Growth Agenda for the 114th Congress*, advocating for regulatory reform policies that expand jobs, opportunities, and economic growth. The following month, **CEI hosts a Capitol Hill reception for more than 60 congressional staffers** to discuss these policy recommendations.



February 2015

- CEI Senior Fellow **Marc Scribner** authors a CNN op-ed arguing the Department of Transportation does not have authority to ban electronic cigarettes on airplanes. Scribner's work leads **CEI to file a lawsuit against the Federal Aviation Administration's e-cigarette rule**, in order to defend consumer choice and the rule of law.
- CEI Senior Fellow **Ryan Radia** authors an MSNBC op-ed on net neutrality warning that the Federal Communication Commission's effort will harm the consumers it is trying to protect.

March 2015

- On March 4, the **U.S. Supreme Court hears oral argument in *King v. Burwell***, CEI's legal challenge to Obamacare and the IRS' attempt to rewrite the law. Although the court would eventually rule against us, CEI's **Sam Kazman** and the *King* case are cited more than 2,500 times by the media, including in *The New York Times*, *The Wall Street Journal*, *USA Today*, and by every major television network.

April 2015

- CEI Policy Analyst **Trey Kovacs** addresses Missouri state legislators about the state's pending right-to-work legislation and "release time" practice. As a result, Missouri legislators introduce a bill to ban release time, which allows government employees to engage in union activities on the taxpayers' dime.
- CEI Senior Fellow **Angela Logomasini** publishes "Beepocalypse Not," a report busting myths about the connection between pesticides and honeybee hive health.

May 2015

- *The Wall Street Journal*, Fox Business, and *U.S. News & World Report* cover CEI Vice President for Policy **Wayne Crews' *Ten Thousand Commandments***, his annual report on the cost of federal regulations. Crews briefs members of Congress and his work is cited by **Sens. Charles Grassley, John Barrasso, and Dan Sullivan, Rep. Todd Young**, members of the **House Judiciary Committee**, and GOP presidential candidate **Jeb Bush**.





June 2015

- **Hundreds of CEI supporters gather to celebrate CEI's policy wins at the 2015 Annual Dinner and Reception.** Presidential candidate **Carly Fiorina** keynotes the event and **Nobel laureate Dr. Vernon Smith** receives the Julian L. Simon Memorial Award for his groundbreaking work in experimental economics.

July 2015

- Five years after the passage of the Dodd Frank Act, new analysis from CEI's **John Berlau** shows how competition can help protect consumers and taxpayers by **offering a solution to the too-big-to-fail problem**. He recommends Congress support new bank formation and innovative banking arrangements.

August 2015

- MSNBC publishes an op-ed by CEI's **Marc Scribner** about the Transportation Security Administration's accountability problems, highlighting **CEI's lawsuit challenging the TSA's body scanner policy**. The following month, Scribner briefs congressional staffers on this issue, and the TSA eventually publishes its body scanner rule in response to CEI's lawsuit.

September 2015

- Following the United Nations' release of its Agenda for Sustainable Development, CEI Vice President for Strategy **Iain Murray** publishes a study highlighting major flaws in the U.N.'s approach to global development and outlines five ways to help the world's most vulnerable people rise out of poverty.



October 2015

- **CEI merges with Ted Frank’s Center for Class Action Fairness (CCAF).** CCAF attorneys represent class members pro bono against unfair class action procedures and settlements. **CCAF has won millions of dollars for consumers and shareholders,** and set landmark precedents that safeguard investors, courts, and the general public.

November 2015

- The Atlas Network recognizes CEI’s **Wayne Crews with the 2015 Sir Antony Fisher International Memorial Award** for his contribution to a book on the decline of economic freedom. The following month, Crews **publishes his first study on “regulatory dark matter,”** coining the phrase that refers to agency activity that circumvents Congress and the law.

December 2015

- CEI’s **Myron Ebell and Chris Horner** attend the United Nations climate change conference in Paris. They are welcomed with “Wanted” posters labeling the two as “climate criminals,” demonstrating CEI’s strong reputation for fighting climate change alarmism and EPA regulations that harm all Americans by making energy more expensive.
- **CEI Warren Brookes Journalism Fellow Bill Frezza** hosts the RealClear Radio Hour’s 100th episode, discussing the “Miracle of New Zealand.” **Frezza later wins the Foundation for Economic Education’s 2016 Beth Hoffman prize** for his monograph on the topic.

January 2016

- The U.S. Court of Appeals for the D.C. Circuit hears **CEI’s Freedom of Information Act (FOIA) case against White House science advisor John Holdren** regarding his use of a private email account for work-related correspondence. Later this year, the D.C. Circuit grants CEI a victory, ruling that Holdren’s private account is subject to FOIA.

February 2016

- CEI's **Trey Kovacs** hosts a **Capitol Hill briefing to educate staffers on the regulatory threats** to flexible work arrangements, including the Obama administration's joint employer rule, overtime rule, and worker classification policies.

March 2016

- CEI's Center for Advancing Capitalism, led by **Fred Smith**, co-hosts the New Intellectual Forum with the University of Maryland Robert H. Smith School of Business, **bringing together leaders from the business and academic worlds to promote capitalism's contributions to human well-being.**
- CEI joins a Supreme Court rally to support Rebecca Friedrichs' challenge against California teachers' unions and their ability to extract compulsory dues from teachers. **Trey Kovacs and Iain Murray** are cited in *The New York Times*, *The Guardian*, and *The Los Angeles Times*.

April 2016

- On **CEI President Kent Lassman's** second day on the job, CEI is subpoenaed by a coalition of state attorneys general, as part of an intimidation campaign to stifle the debate on climate change. **CEI fought back against this abusive attack on our First Amendment rights**, and the offenders withdrew the unlawful subpoenas a few months later.

May 2016

- CEI Fellow **Michelle Minton** publishes a study **on gambling in the digital age**, making the case to keep Washington out of online gambling and instead allow consumers and state governments decide what approach will work best.



June 2016

- After the United Kingdom votes to leave the European Union, CEI's **Iain Murray discusses his award-winning roadmap for Brexit with USA Today and CNBC**. His Brexit recommendations are outlined in "Cutting the Gordian Knot," a study co-authored with Rory Broomfield.
- Nearly **900 guests attend CEI's 2016 Annual Dinner and Reception** featuring Steve Forbes and 2016 Julian L. Simon Memorial Award winner **Dr. Bruce Yandle**.

July 2016

- **In CEI's Dodd-Frank case**, the U.S. district court confirms Richard Cordray's recess appointment to head the Consumer Financial Protection Bureau (CFPB) was illegal. We await a full ruling in this **lawsuit challenging the CFPB's constitutionality**.

August 2016

- **The Center for Class Action Fairness wins again!** In a major victory for shareholders, CCAF wins a challenge to the class action settlement deal in **Hays v. Walgreen**. The court agrees the settlement did not benefit the class, and describes strike suits as "no better than a racket" that cost businesses millions.
- In another victory, a district court rejects an egregious settlement in *Allen v. Similasan* after CCAF objected. The following month, **\$2.3 million is returned to class members after CCAF opposed the cy pres distribution in the Wal-Mart Online DVD settlement**.

September 2016

- CEI's **Iain Murray** details in a new study that today's workplace offers greater flexibility, autonomy, and opportunity than ever before, but Obama-era regulations threaten worker opportunities and aspirations.





Fighting for Class Action Fairness

In October 2015, CEI merged with the Center for Class Action Fairness (CCAF). Founded by Ted Frank in 2009, CCAF represents class members pro bono against unfair class action procedures and settlements that favor self-interested lawyers and third parties at the expense of absent class members.

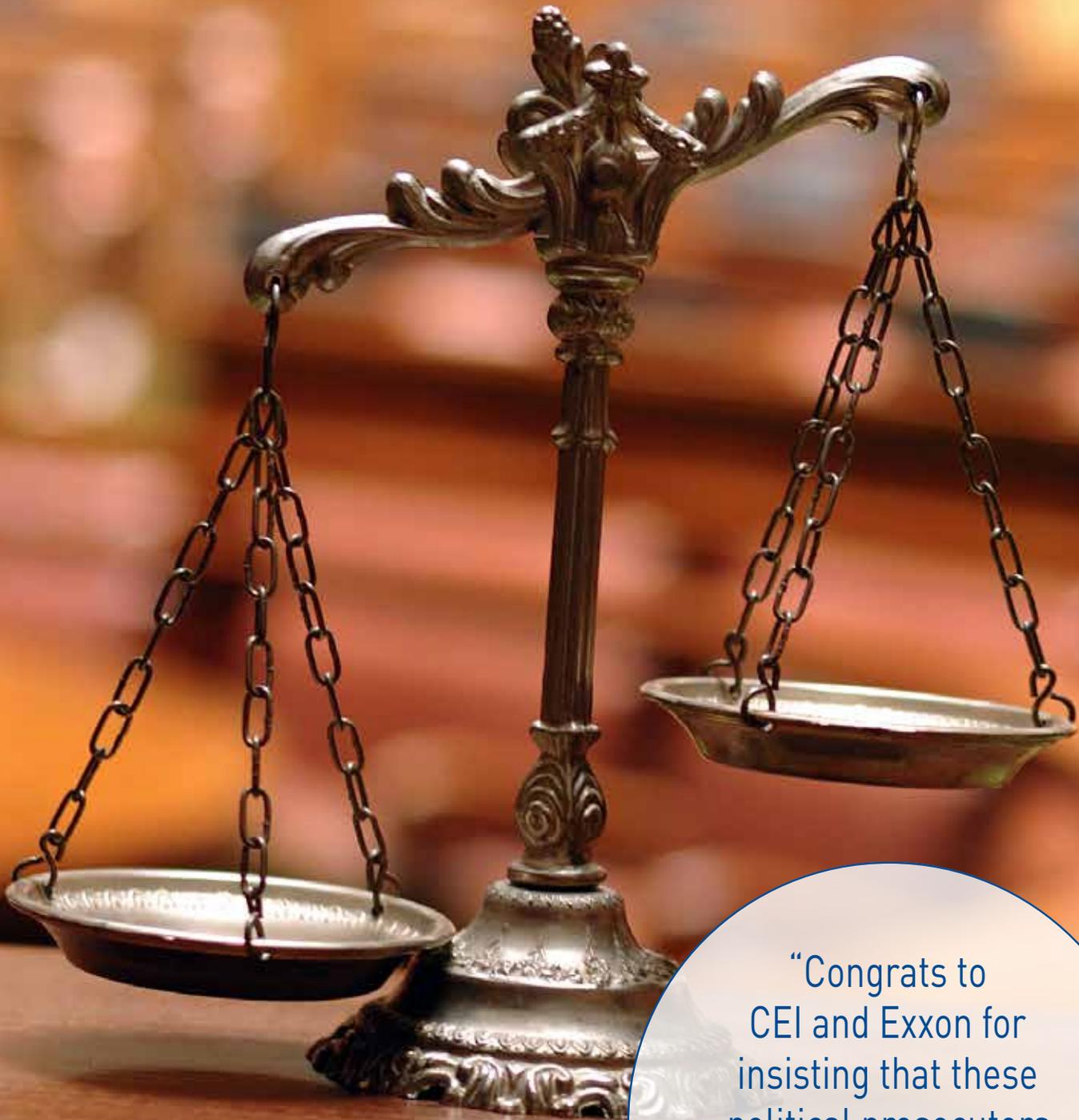
Since then, CCAF has won millions of dollars for consumers and shareholders, while setting landmark precedents that help safeguard investors, courts, and the general public. When CCAF prevails, lawyers get less, class members get more, and the rule of law is strengthened.

CCAF has enjoyed a number of major victories in recent months. *The New York Times* says CCAF's Ted Frank is "the leading critic of abusive class action settlements," while Reuters called him a "class action maverick" and "among class action lawyers' most feared objectors."

- **CCAF won a landmark decision in *In re Walgreen Co. Shareholder Litigation*, a so-called strike suit where plaintiffs held up the shareholder vote of a \$17 billion merger based on alleged disclosure violations.** Under the settlement, plaintiffs' attorneys received \$370,000, while shareholders received nothing but worthless supplemental disclosures that had no effect on the shareholder vote. Seventh Circuit Judge Richard Posner said the case was "no better than a racket." **And *The Wall Street Journal* praised CCAF's win as a victory against a "kind of highway robbery."**

- **With eight state attorneys general on our side in *Allen v. Similasan, Inc.*, CCAF successfully objected to an outrageous settlement where the only relief for the class included labeling changes on the packaging of some homeopathic drugs.** Labeling changes for future purchasers provided no benefit to class members who claimed the products would never be effective. Instead, the relief served as a marketing tool for the manufacturer and the attorneys walked away with more than half a million dollars.
- **As a result of CCAF's objection, more than \$2.3 million was distributed to class members instead of unrelated organizations such as the Geena Davis Institute on Gender in Media in the *In re Online DVD Antitrust Litigation* settlement.** The parties had originally requested that these dollars be awarded to organizations unrelated to the litigation, a practice known as *cy pres*. There is rampant abuse of *cy pres* awards in class actions where the interests of attorneys and defendants are prioritized over the class members who were allegedly harmed. CCAF has won numerous landmark decisions in this area and has three appeals pending, challenging abusive *cy pres*.





“Congrats to
CEI and Exxon for
insisting that these
political prosecutors
obey the law.”

-*The Wall Street Journal*,
06/16/2016

Defending the Constitution & Rule of Law

Since 1986, CEI has engaged in strategic litigation on regulatory issues, in areas ranging from free speech and environmental mandates, to healthcare policy and financial regulation. CEI's legal team works to defend the Constitution, protect the rule of law, and bring transparency and accountability to the regulatory state.

Some recent CEI case highlights include:

- **CEI won a precedent-setting ruling forbidding bureaucrats from using private email accounts to evade the Freedom of Information Act in *CEI v. Office of Science and Technology Policy*.** In July 2016, a three-judge appellate panel unanimously ruled that an agency head's private email account was not off-limits to disclosure simply because it was private. This ruling cuts off a major means by which government officials have been avoiding public disclosure.
- **In April 2016, CEI was hit with a subpoena from one of the "State AGs United for Clean Power" gang, which targeted CEI due to its work on climate policy and opposition to global warming alarmism.** After being subpoenaed by the U.S. Virgin Islands attorney general for a decade's worth of records, including private

donor information, we moved quickly to dismiss it in court, arguing that it violated both our First Amendment rights and those of our supporters. Only days after the court hearing in June, the U.S. Virgin Islands AG withdrew the subpoena, and we are now seeking sanctions against him.

- **CEI's constitutional challenge to Dodd-Frank's Consumer Financial Protection Bureau was reinstated by an appellate panel in July 2015.** The panel ruled that State National Bank of Big Spring, Texas, a small but courageous community bank, had standing to challenge the CFPB. The CFPB is not accountable to either the President or Congress and thus constitutes a new type of government body with unprecedented powers.
- **In 2015, CEI's key challenge to Obamacare was heard by the U.S. Supreme Court.** CEI funded and coordinated two parallel challenges to the Obama administration's attempt to rewrite the law regarding states that did not set up Obamacare insurance exchanges. In June 2015, by a 6-3 margin, the Supreme Court ruled against our position in *King v. Burwell*, but it did impose a new limit on judicial deference.



Communicating Free-Market Ideas

The Competitive Enterprise Institute is well-positioned to advance free-market ideas in today's public policy debates. CEI's communications efforts built upon the success of our policy teams during 2015 and 2016. Working strategically with policy makers, opinion leaders, media, and allies inside and outside the Beltway, CEI serves as a go-to resource on regulatory reform.

Combining quality content with strong communications channels, CEI continues to educate government officials and the public about policy solutions that will increase economic and individual freedom, wealth, and prosperity.

- **66:** CEI policy experts and their work were cited in *The Wall Street Journal* editions 66 times. Numerous WSJ editorials discussed CEI's annual cost of regulations report, lauded CEI's Center for Class Action Fairness win in *Hays v. Walgreen*, and defended CEI's position against an illegal subpoena from overzealous state attorneys general.
- **670:** Opinion pages published CEI experts more than 670 times including in *The Washington Post*, *The Wall Street Journal*, *Los Angeles Times*, *USA Today*, *The Hill*, CNN.com, MSNBC.com, and FoxNews.com.

- **1,400:** CEI policy experts and their work were heard on TV and radio programs nearly 1,400 times.
- **17,300:** Over the last two years, CEI doubled the average amount of media coverage our policy work receives each year. That's a total of 17,300 media mentions.
- **651,000:** The number of visitors to CEI.org grew by 28 percent from FY2015-2016 to more than 651,000 total visitors. This means people visited CEI.org more than 1.1 million times in two years.
- **4,000,000:** CEI's Facebook page surpassed 18,000 fans and CEI Facebook content reached more than 4 million unique users in FY2016, doubling the number of users reached in FY2015.



CEI BY THE NUMBERS — 2015

509,545

VISITS TO CEI.ORG

↑ 4.5x

IN FACEBOOK REACH

↑ 3.3x

IN FACEBOOK ENGAGEMENT

8125

PRINT/ONLINE
MEDIA HITS

930

TV AND
RADIO HITS

394

OP-EDs & LTEs

574

CEI BLOG POSTS

30

RESEARCH PAPERS

9

NEW STAFF

1 SUPREME COURT CASE

1 MERGER WITH CENTER FOR CLASS ACTION FAIRNESS

Coalition Building & Outreach

Some of the Competitive Enterprise Institute's most prominent coalition and outreach efforts in FY2015 and FY2016 complemented CEI's legal work to protect the rule of law in a court challenge to Obamacare, defend the First Amendment rights of free-market organizations against a group of overzealous state attorneys general, and fight harmful EPA regulations that threatened access to affordable energy.

Protecting the Rule of Law

In a prominent U.S. Supreme Court case that threatened to take down Obamacare, CEI's team dug in on *King v. Burwell* for eight months, working on legal arguments, supporting plaintiffs, coordinating communication efforts with a coalition of free-market allies, and organizing a rally on the Supreme Court steps. CEI General Counsel Sam Kazman and our legal team were mentioned more than 2,500 times in national media outlets from *The New York Times* and Associated Press to CNBC and National Public Radio.

Defending Free Speech

In April 2016, New York Attorney General Eric Schneiderman's "AGs United for Clean Power" came after CEI with a subpoena aimed at criminalizing speech on the climate policy debate. The subpoena went so far as to demand private donor information.

CEI and our allies worked together to beat back the illegal subpoena with earned media, dozens of opinion pieces by free-market leaders and free speech advocates, events across the country and on Capitol

Hill, a full-page ad in *The New York Times*, and a video advocating that all Americans have the right to support causes they believe in. The subpoena was withdrawn in June 2016.

"The challenge is . . . [the conservative groups'] infrastructure is so remarkable,'
Schneiderman said. Schneiderman said he turned to a veteran of the climate change battles, former vice president Al Gore, after being bombarded in public over his office's actions. 'He started laughing at me' . . ."

— POLITICO, 10/19/2016

Fighting for Affordable Energy

CEI continued its work coordinating the Cooler Heads Coalition and collaborating with free-market allies in states, including the State Policy Network, to educate the public and members of Congress about the harms of the Obama EPA's efforts to reduce access to affordable energy. CEI hosted events on Capitol Hill, testified before state legislatures, and did hundreds of interviews making the case that the EPA's so-called Clean Power Plan and the Paris Climate Agreement are unprecedented power grabs that would have a devastating effect on America's electricity industry, consumers, and economy.



Limited Government



Free Enterprise



Individual Liberty



Philanthropy

Thanks to the generous support of our donors, the Competitive Enterprise Institute is a persistent, successful advocate for freedom, and has been for nearly 35 years. We are grateful for their investment.

CEI's philanthropy team oversees **five giving societies** in order to appropriately recognize the support of donors. We also recognize the importance of our **CEI Friends** – those donors giving \$100 annually – with a complimentary subscription to our quarterly newsletter, the *CEI Planet*.

There is another CEI giving society that is very special. The **Legacy of Liberty Society** recognizes the faithful support of any donor who desires to advance the principles of free enterprise and limited government through his or her will, trust, life income gift, retirement plan, life insurance dedication, or another planned giving instrument.

The foresight and generosity of a planned gift means that anyone, at any age or life stage, can make a significant difference in the world for generations to come. If you would like to join the Legacy of Liberty Society or learn more about the impact you can make through one of CEI's giving societies, please contact CEI's philanthropy team at (202) 331-1010.

CEI Giving Societies

CEI's giving societies include a number of member benefits:

- Access to regional CEI events
- Exclusive policy calls with CEI experts
- Personal invitations to CEI's exclusive policy summits

Founder's Society	\$1,000,000
Presidential Patron	\$100,000
Executive Circle	\$25,000
Benefactor	\$10,000
Advocate	\$1,000

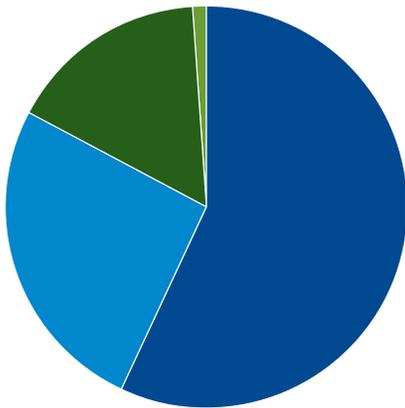
Contributions to the Competitive Enterprise Institute are tax deductible. Consult your tax professional about the limits and conditions regarding charitable deductions and your particular tax situation. We accept gifts via check, credit card, cash, or Bitcoin – as well as stock or other securities and assets. Visit cei.org/donate for more information.

Financial Statement

The total audited revenue and support for the Competitive Enterprise Institute was \$8.4 million in FY2015 and \$8.3 million in FY2016. This was made possible by the generous support provided by more than 3,000 donors from across America and the world. CEI's donor support comes solely from private individuals, foundations, and business donors. We accept no government funding and do not engage in contract work.

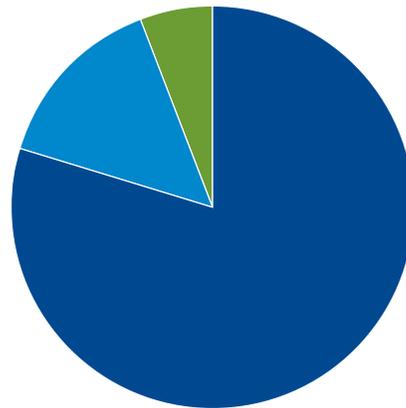
In addition, the CEI Annual Dinner and Reception raises more than \$1 million for CEI's programs each year. The evening celebrates CEI's policy work and is considered one of Washington's premier events. We also host events in cities around the country to stay in touch with our supporters and keep them informed of our progress.

FY2016 Support



- Individual 57%
- Foundation 26%
- Business 16%
- Other 1%

FY2016 Expenses



- Programs 79.9%
- Development 14.3%
- Management & General 5.8%

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The Competitive Enterprise Institute promotes the institutions of liberty and works to remove government-created barriers to economic freedom, innovation, and prosperity through timely analysis, effective advocacy, inclusive coalition-building, and strategic litigation.



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