

DISPOSITION AGREEMENT

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This Disposition Agreement (the "Agreement") is entered into on November 17, 2016, by and between the Office of Campaign and Political Finance ("OCPF"), Brian Bairos ("Bairos"), Colorado Ave., LLC (the "Company"), and Ashley Arruda ("Ashley Arruda") (collectively referred to as the "Respondents"), in which the parties mutually agree as follows:

I. INTRODUCTION

1. Brian Bairos is the Manager of the Company. At all times relevant to this Agreement, the Company was a domestic limited liability company, duly-registered with the Rhode Island Secretary of State's Office, with its address of record in Warwick, RI.
2. Ashley Arruda is the bookkeeper for McIsaac and Bairos New England Distribution, LLC, with its principal place of business in Avon, Massachusetts. At all times relevant to this Agreement, Bairos was a managing member of this LLC.
3. The political contributions and other activities noted in this Agreement are controlled by the provisions of M.G.L. c. 55 and the regulations issued by OCPF in accordance with M.G.L. c. 55.
4. At all times relevant to this Agreement, the following committees were political committees duly organized with OCPF, subject to the provisions of M.G.L. c. 55, the Massachusetts campaign finance law:
 - Committee to Elect Thomas Koch (the "Koch Committee")
 - Committee to Elect Martin Walsh (the "Walsh Committee")
 - Committee to Elect Maura Healey (the "Healey Committee")
5. OCPF has the power and authority to review and investigate the legality, validity, completeness, and accuracy of all reports required to be filed and all actions required to be taken by political committees, candidates, treasurers, and any other person pursuant to M.G.L. c. 55 or any other laws of the Commonwealth relative to campaign contributions and expenditures.



II. FACTS

Without admitting the “facts” in this Section II of the Disposition Agreement, the Respondents acknowledge OCPF’s conclusions with respect to these “facts” and the parties accept these “facts” for purposes of resolution only.

1. In the fall of 2015, Bairos asked Ashley Arruda to make campaign contributions to various candidates. In response to Bairos’s request, Arruda used her own funds to make two campaign contributions on or about October 16, 2015: a contribution to the Koch Committee in the amount of \$1,000, and a contribution to the Committee to Elect Mike Brady in the amount of \$500.

A. Reimbursements by Ashley Arruda¹

2. On or about October 16, 2015, Ashley Arruda’s mother, Maria Arruda, also made a contribution to the Koch Committee in the amount of \$1,000. Ashley Arruda asked her mother to make a contribution to the Koch Committee as a result of Bairos’ earlier request that Ashley Arruda make certain campaign contributions. On or about October 17, 2015, Ashley Arruda gave Maria Arruda \$1,000 in cash to reimburse Maria for the contribution she made to the Koch Committee. Ashley used her own funds to reimburse her mother, and did not receive any funds from Bairos for the contributions made to the Koch Committee on or about October 16, 2015.

3. On or about November 23, 2015, Maria Arruda and her husband, Raul De Arruda, each made \$1,000 contributions to the Healey Committee at the request of Ashley Arruda, in the total amount of \$2,000. Ashley asked her parents to make contributions to the Healey Committee as a result of Bairos’ earlier request that Ashley Arruda make certain campaign contributions. On or about November 28, 2015, Ashley Arruda gave Maria Arruda and Raul De Arruda \$2,000 in cash to reimburse them for contributions they made to the Healey Committee. Ashley used her own funds to reimburse her parents, and did not receive any funds from Bairos for the contributions made to the Healey Committee on or about November 23, 2015.

¹ See Exhibit 1.



4. Ashley Arruda used her personal funds, in the aggregate amount of \$3,000, to reimburse her parents for campaign contributions they made to the Koch Committee in October 2015 and the Healey Committee in November 2015.

B. Reimbursements by Colorado Ave., LLC²

5. On or about December 7, 2015, Ashley Arruda and her boyfriend, Adam Moniz, each made \$1,000 contributions to the Healey Committee, in the total amount of \$2,000. These contributions to the Healey Committee were made at Bairos' request.

6. On or about December 10, 2015, Ashley Arruda and her boyfriend, Adam Moniz, each made \$1,000 contributions to the Walsh Committee, in the total amount of \$2,000. These contributions to the Walsh Committee were also made at Bairos' request.

7. Also on or about December 10, 2015, Ashley's mother, Maria Arruda, and her husband, Raul De Arruda, each made \$1,000 contributions to the Walsh Committee, for a total of \$2,000. Ashley Arruda asked her parents to make contributions to the Walsh Committee because Bairos had asked her to make certain campaign contributions.

8. After Arruda, Moniz, and Arruda's parents made campaign contributions totaling \$6,000 in December 2015, Bairos felt uncomfortable that Arruda and her family members made such large expenditures prior to Christmas at his request. Accordingly, Bairos wrote a check, drawn on the Company's account, to Ashley Arruda in the amount of \$6,000. Ashley Arruda deposited that check into her account on December 18, 2015.

9. On or about December 21, 2015, Ashley Arruda transferred funds she received from the Company from her checking account to her parents' checking account, in the total amount of \$2,000, to reimburse them for contributions they made to the Walsh Committee on or about December 10, 2015.

² See Exhibit 2.

10. OCPF has no reason to believe that the recipient committees knew or had reason to know that the contributions referenced in this Agreement were reimbursed by another until they were so notified during OCPF's review. The contributions were made with checks drawn on the personal checking accounts of the named contributors, or with credit cards in the names of the named contributors. It would have appeared to the recipients of the contributions, absent other information, that the contributions were, in fact, from those individuals.

11. The candidates or Committees that received the illegal contributions as described in Section II, Paragraphs 2-7 of this Agreement have voluntarily disgorged or will voluntarily disgorge amounts equivalent to the contributions made by making payments to entities in a manner consistent with the residual funds clause in M.G.L. c. 55, § 18 in the following aggregate amounts: \$4,000 (by the Healey Committee); \$4,000 (by the Walsh Committee); and \$1,000 (by the Koch Committee). The funds will be disgorged by December 31, 2016.

III. THE RESPONDENTS' POSITION

Persons with common business interests, political leanings, and familial or employment relationships often support the same political candidates, both by voting for them and contributing to their campaigns. Financial transactions between or among such persons, before or after campaign fundraisers or surrounding elections, are common occurrences. The Respondents did not knowingly violate any law by associating with one another in supporting political candidates or one another in their business and personal lives.

IV. CONCLUSIONS

Based upon OCPF's review, OCPF has concluded that the Respondents have violated the following sections of M.G.L. c. 55:

1. Corporate Contributions – M.G.L. c. 55, § 8

Section 8 states that business corporations may not "directly or indirectly" contribute to a candidate. The statute also provides that officers or agents acting on behalf of a corporation may

not make such contributions using corporate money. OCPF concludes that the Company made contributions to Massachusetts candidates by reimbursing individuals for contributions those individuals made to the Healey and Walsh Committees in the aggregate amount of \$6,000.

2. Contributions Made in a Manner Intended to Disguise the True Source of the Contributions – M.G.L. c. 55, § 10

Section 10 states that no person may “make a campaign contribution in any name except his own, or in any manner for the purpose of disguising the true origin of the contribution...”. The Respondents violated this provision by arranging for multiple individuals to make contributions to the Koch, Healey, and Walsh Committees in their own names, in the aggregate amount of \$9,000, using funds provided by another and in a manner that disguised the true origin of the funds.

3. Excess Contributions – M.G.L. c. 55, § 7A

Section 7A limits individual contributions to a total of no more than \$1,000 to any one candidate in a calendar year. In 2015, Ashley Arruda made contributions to certain candidates from her personal funds; at approximately the same time, she also provided her personal funds to her parents to make contributions to certain candidates. Since Ashley Arruda provided her personal funds to her parents to make contributions, those contributions made by her parents with Ashley Arruda’s personal funds are deemed to have been made by Ashley Arruda. Accordingly, of the five total contributions made in 2015 with Ashley Arruda’s personal funds, two of them were excess contributions to the Koch Committee (\$1,000) and to the Healey Committee (\$1,000) in the aggregate amount of \$2,000.

The Respondents deny the conclusions OCPF has drawn, but accept its authority to draw them.

V. RESOLUTION

In order to resolve the matters now before OCPF, the parties agree, pursuant to 970 C.M.R. 3.07(1) and M.G.L. c. 55, § 3, as follows:



1. Bairos, using personal funds, as opposed to Company funds, shall make payments to the Commonwealth in the total amount of \$7,500 in the nature of a civil forfeiture. The payments will be made according to the following schedule:

- a. \$2,500 due upon execution of the Agreement;
- b. \$2,500 due December 31, 2016;
- c. \$2,500 due March 31, 2017.

If any payment or portion thereof is received by OCPF after the due date, or if Bairos fails to make a payment, the remainder of the \$7,500 payment will immediately become due upon notice from OCPF.

2. Ashley Arruda, using personal funds, as opposed to Company funds or those of her employer, shall make payments to the Commonwealth in the amount of \$2,500 in the nature of a civil forfeiture. The payments will be made according to the following schedule:

- a. \$1,250 due upon execution of the Agreement; and
- b. \$1,250 due December 31, 2016.

Arruda has also agreed to a suspended forfeiture in the amount of \$1,000. If Arruda fully complies with the terms of this Agreement and makes all payments due in a timely fashion, Arruda will not be required to pay the \$1,000 suspended forfeiture to the Commonwealth. If any payment or portion thereof is received by OCPF after the due date, or if Arruda fails to make a payment, the remainder of the \$3,500 payment will immediately become due upon notice from OCPF.

3. The Respondents further agree not to provide or arrange to provide funds to any third person to enable that person to make political contributions, or to reimburse such person for a contribution previously made, whether from the Respondents' personal funds or any other source.

4. OCPF agrees not to refer the Respondents to any other governmental agency, including, without limitation, the Office of the Attorney General, for any failure to comply with



the provisions of M.G.L. c. 55 cited herein, with respect to the conduct that is specifically referenced in this Agreement.


5. OCPF may, at any time, review compliance with the Agreement. If it believes that the provisions of the Agreement have been violated, after notice to the Respondents, OCPF may, notwithstanding the provisions of the foregoing paragraph, proceed with any action consistent with M.G.L. c. 55 or otherwise authorized by law.

6. This Agreement shall be binding upon OCPF and the Respondents, and, where applicable, the Respondent's corporate officers, including their successors.

7. This Agreement is a public record under M.G.L. c. 4, § 7 and shall be subject to public inspection as required by M.G.L. c. 66, § 10.


COLORADO AVE., LLC

By:



Brian Bairos, Manager

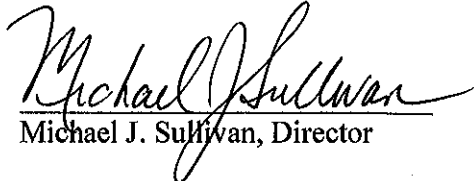
By:



Brian Bairos, Individually

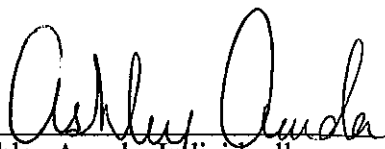
OFFICE OF CAMPAIGN AND
POLITICAL FINANCE

By:



Michael J. Sullivan, Director

By:



Ashley Arruda, Individually

Exhibit 1 – Contributions/Reimbursements by Ashley Arruda

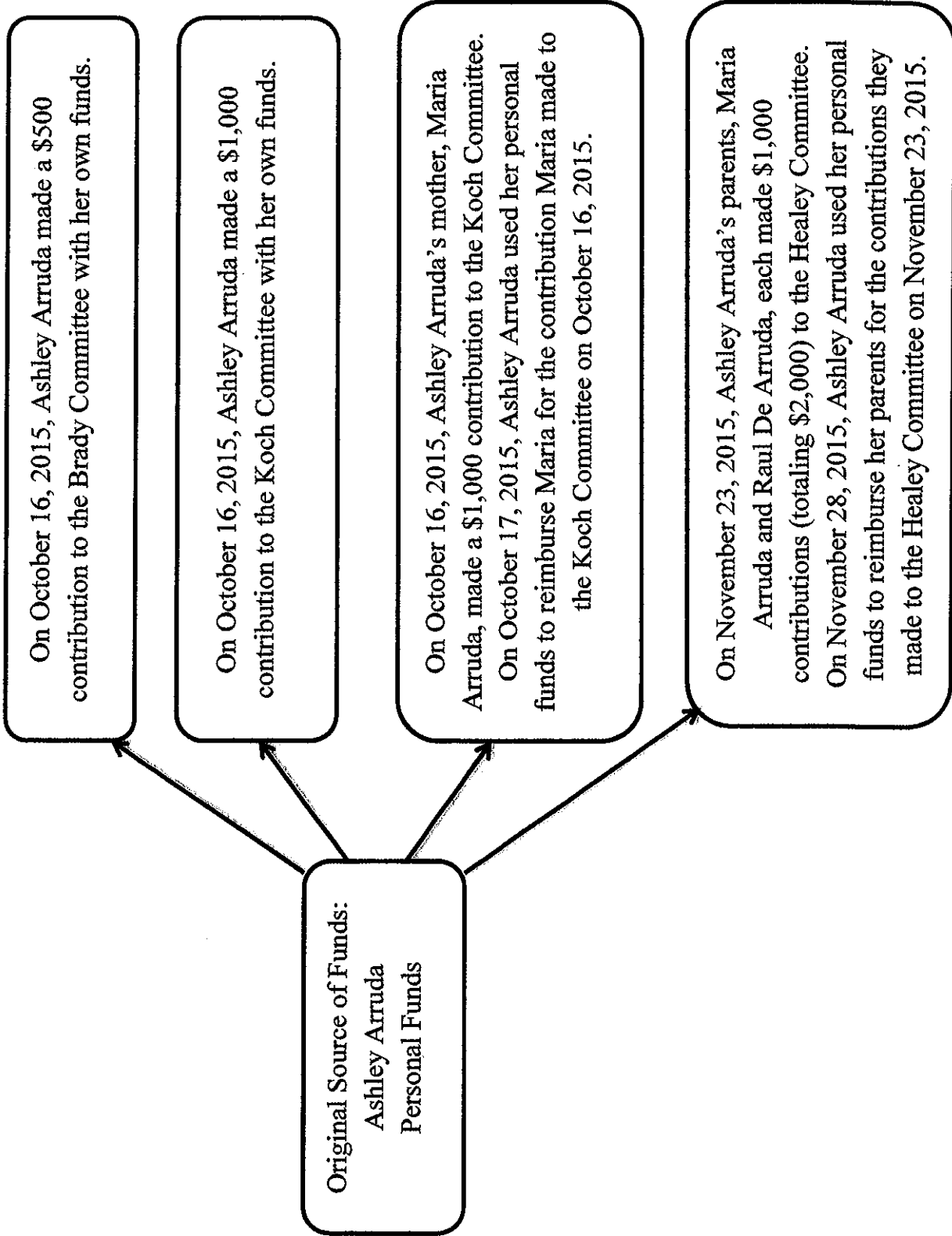


Exhibit 2 – Contributions/Reimbursements by Colorado Ave., LLC

