

DISPOSITION AGREEMENT

2015 JUN 30 A 10: 15

This disposition agreement (“Agreement”) is entered into as of June 30, 2015, by and between the Office of Campaign and Political Finance (“OCPF”), Michael Merullo (“Merullo”) and Joseph Ricupero (“Ricupero”), who are the owners of Capitol Waste Services, Inc. (“Capitol”), and EZ Disposal and Recycling, LLC, among other entities. As used herein, Capitol means all the entities controlled by Merullo and/or Ricupero.¹ The parties mutually agree to this Disposition Agreement, as follows:

I. Introduction

1. Ricupero is president of Capitol Waste Services, Inc. and Merullo is its treasurer. Its principal place of business is in East Boston, Massachusetts. Merullo and Ricupero have cooperated with the investigation, but dispute certain of OCPF’s characterizations and conclusions and reserve their rights and positions with respect to this matter.

2. The fundraising activities of Capitol, Merullo and Ricupero on behalf of candidates, as described in this Agreement, are subject to the provisions of M.G.L. c. 55, the Massachusetts campaign finance law.

3. The following Committees, at all times relevant to this Agreement, were duly organized political committees subject to the provisions of M.G.L. c. 55:

Rob Consalvo Committee (“Consalvo Committee”)
Carlo DeMaria, Jr. Committee (“DeMaria Committee”)
Sue Kay Committee (“Kay Committee”)
Salvatore LaMattina Committee (“LaMattina Committee”)
Adrian Madaro Committee (“Madaro Committee”)
Thomas Menino Committee (“Menino Committee”)
Daniel Rizzo Committee (“Rizzo Committee”)
Joseph Ruggiero, III Committee (“Ruggiero Committee”)
Daniel Ryan Committee (“Ryan Committee”)

¹ The contributors in this Agreement may also be identified as employees of Easy Disposal, Inc., Capital Waste, EZ Disposal, and/or EZ Disposal & Recycling.

Robert Van Campen Committee ("Van Campen Committee")

4. OCPF has the power and authority to review and investigate the legality, validity, completeness and accuracy of all reports and actions required to be filed or taken by candidates, treasurers, political committees, and any other person or entity pursuant to M.G.L. c. 55 or any other laws of the Commonwealth, relative to campaign contributions and expenditures.

5. The political contributions, expenditures and other activities noted herein are subject to the provisions of M.G.L. c. 55 and the regulations promulgated thereunder.

II. Facts

1. Based upon OCPF's review, OCPF determined that Merullo and Ricupero requested that Capitol employees support candidates in communities serviced by Capitol. To support these candidates, Merullo or Ricupero provided cash to certain employees, which was in some instances further distributed by those employees to family members and friends who intended to make campaign contributions to such candidates, as requested by Merullo and Ricupero. The employees, family members and friends are sometimes referred to herein as "named contributors." The cash that Merullo and Ricupero provided was obtained in the manner described in Paragraph 2 below.

2. During the time period covered by OCPF's investigation, Capitol Waste Services, Inc. had contracts with Boston, Braintree, Weymouth, Quincy, Winthrop, Waltham, Revere and Haverhill. Other Capitol entities serviced private businesses. During Capitol's trash collection activities, Capitol's trucks often picked up scrap metal. That scrap metal was often assembled and sold as salvage. Payment for the scrap metal was typically in cash. The scrap proceeds were kept at the offices of Capitol.

3. After an initial review of the campaign reports filed by the Committees referenced above in Section I, Paragraph 3, OCPF began an investigation to determine whether the contributions listed in the reports were actually made by the named contributors using their own funds.

4. Based upon review of bank records and other information obtained by OCPF, OCPF learned that the named contributors deposited funds received from Merullo or Ricupero or from Capitol employees into their personal checking accounts either shortly before or shortly after the contributions were made. The contributions were made by eleven individuals, six of whom were employed by Capitol, using scrap metal funds provided for that purpose. The other five individuals are either related to or friends of Capitol employees. Each of those five individuals received funds from a Capitol employee and then contributed them as requested to candidates.

5. Both Merullo and Ricupero have been involved in fundraising for various candidates and their committees. In each of the years cited in this Agreement, Merullo and Ricupero have provided funds to their employees and through them to others to make contributions to candidates. The funds originated from the cash proceeds obtained by salvaging scrap metal.

III. Specific Transactions

1. On or about March 23, 2012, Merullo and Ricupero each made a \$500 contribution to the DeMaria Committee. At approximately the same time, the following individuals each made a \$500 contribution to the DeMaria Committee from their personal checking accounts, using business funds provided to Capitol employees by Merullo or Ricupero for that purpose:

<u>Name</u>	<u>Position at Capitol/Relationship to a Capitol Employee</u>
Marcia Brown	Administrative Assistant
Deborah McNeff	Administrative Assistant
Brian Coughlin	Supervisor
Rowland Flynn	Operations Manager
Linda Scannelli	Secretary
Debra Govostes	Marcia Brown's friend
Joseph Scannelli	Linda Scannelli's husband
Deborah Flynn	Rowland Flynn's wife

2. On or about July 30, 2012, Merullo and Ricupero each made a \$500 contribution to the Rizzo Committee. At approximately the same time, the following individuals each made a \$500 contribution to the Rizzo Committee from their personal checking accounts, using business funds

provided to Capitol employees by Merullo or Ricupero for that purpose:

<u>Name</u>	<u>Position at Capitol/Relationship to a Capitol Employee</u>
Marcia Brown	Administrative Assistant
Deborah McNeff	Administrative Assistant
Brian Coughlin	Supervisor
Rowland Flynn	Operations Manager
Linda Scannelli	Secretary
Joseph Scannelli	Linda Scannelli's husband
Marc Scannelli	Linda Scannelli's son
Debra Govostes	Marcia Brown's friend

3. On or about November 19, 2012, Merullo and Ricupero each made a \$500 contribution to the Menino Committee. At approximately the same time, the following individuals each made a \$500 contribution to the Menino Committee from their personal checking accounts, using business funds provided to Capitol employees by Merullo or Ricupero for that purpose:

<u>Name</u>	<u>Position at Capitol/Relationship to a Capitol Employee</u>
Marcia Brown	Administrative Assistant
Deborah McNeff	Administrative Assistant
Brian Coughlin	Supervisor
Rowland Flynn	Operations Manager
Linda Scannelli	Secretary
John Pizzarella	Laborer
Joseph Scannelli	Linda Scannelli's husband
Marc Scannelli	Linda Scannelli's son
Debra Govostes	Marcia Brown's friend
Deborah Flynn	Rowland Flynn's wife
Tammy Pizzarella	John Pizzarella's wife

4. On or about March 1, 2013, Merullo and Ricupero each made a \$500 contribution to the Rizzo Committee. At approximately the same time, the following individuals each made a \$500 contribution to the Rizzo Committee on their personal checking accounts, using business funds provided to Capitol employees by Merullo or Ricupero for that purpose:

<u>Name</u>	<u>Position at Capitol/Relationship to a Capitol Employee</u>
Marcia Brown	Administrative Assistant
Deborah McNeff	Administrative Assistant
Brian Coughlin	Supervisor
Rowland Flynn	Operations Manager

Linda Scannelli	Secretary
Joseph Scannelli	Linda Scannelli's husband
Marc Scannelli	Linda Scannelli's son
Debra Govostes	Marcia Brown's friend

5. On or about June 19, 2013, Merullo and Ricupero each made a \$500 contribution to the LaMattina Committee. At approximately the same time, the following individuals each made a \$500 contribution to the LaMattina Committee on their personal checking accounts, using business funds provided to Capitol employees by Merullo or Ricupero for that purpose:

<u>Name</u>	<u>Position at Capitol/Relationship to a Capitol Employee</u>
Deborah McNeff	Administrative Assistant
Brian Coughlin	Supervisor
Rowland Flynn	Operations Manager
Linda Scannelli	Secretary
Joseph Scannelli	Linda Scannelli's husband

6. On or about November 5, 2013, Merullo and Ricupero each made a \$500 contribution to the Van Campen Committee. At approximately the same time, the following two employees of Capitol each made a \$500 contribution to the Van Campen Committee from their personal checking accounts, using business funds provided to Capitol employees by Merullo or Ricupero for that purpose:

<u>Name</u>	<u>Position at Capitol</u>
Marcia Brown	Administrative Assistant
Linda Scannelli	Secretary

7. On or about January 24, 2014, Merullo and Ricupero each made a \$500 contribution to the Consalvo Committee. At approximately the same time, the following individuals each made a \$500 contribution to the Consalvo Committee from their personal checking accounts, using business funds provided to Capitol employees by Merullo or Ricupero for that purpose:

<u>Name</u>	<u>Position at Capitol/Relationship to a Capitol Employee</u>
Marcia Brown	Administrative Assistant
Deborah McNeff	Administrative Assistant
Rowland Flynn	Operations Manager
Linda Scannelli	Secretary
Joseph Scannelli	Linda Scannelli's husband

Marc Scannelli
Deborah Flynn

Linda Scannelli's son
Rowland Flynn's wife

8. On or about February 25, 2014, Merullo and Ricupero each made a \$500 contribution to the Ryan Committee. At approximately the same time, the following individuals each made a \$500 contribution to the Ryan Committee from their personal checking accounts, using business funds provided to Capitol employees by Merullo or Ricupero for that purpose:

<u>Name</u>	<u>Position at Capitol/Relationship to a Capitol Employee</u>
Brian Coughlin	Supervisor
Linda Scannelli	Secretary
Rowland Flynn	Operations Manager
Joseph Scannelli	Linda Scannelli's husband

9. On or about April 11, 2014, Merullo and Ricupero each made a \$500 contribution to the Rizzo Committee. At approximately the same time, the following individuals each made a \$500 contribution to the Rizzo Committee from their personal checking accounts, using business funds provided to Capitol employees by Merullo or Ricupero for that purpose:

<u>Name</u>	<u>Position at Capitol/Relationship to a Capitol Employee</u>
Marcia Brown	Administrative Assistant
Deborah McNeff	Administrative Assistant
Brian Coughlin	Supervisor
Linda Scannelli	Secretary
Rowland Flynn	Operations Manager
Joseph Scannelli	Linda Scannelli's husband
Marc Scannelli	Linda Scannelli's son
Debra Govostes	Marcia Brown's friend

10. On or about June 4, 2014, Merullo and Ricupero each made a \$500 contribution to the DeMaria Committee. At approximately the same time, the following two employees of Capitol each made a \$500 contribution to the DeMaria Committee from their personal checking accounts, using business funds provided to Capitol employees by Merullo or Ricupero for that purpose:

<u>Name</u>	<u>Position at Capitol</u>
Deborah McNeff	Administrative Assistant
Rowland Flynn	Operations Manager

11. On or about December 20, 2014, Merullo and Ricupero each made a \$500

contribution to the Kay Committee. At approximately the same time, the following individuals each made a \$500 contribution to the Kay Committee from their personal checking accounts, using business funds provided to Capitol employees by Merullo or Ricupero for that purpose:

<u>Name</u>	<u>Position at Capitol/Relationship to a Capitol Employee</u>
Marcia Brown	Administrative Assistant
Deborah McNeff	Administrative Assistant
Linda Scannelli	Secretary
Rowland Flynn	Operations Manager
Joseph Scannelli	Linda Scannelli's husband
Marc Scannelli	Linda Scannelli's son

12. On or about December 30, 2014, Merullo and Ricupero each made a \$500 contribution to the Ruggiero Committee. At approximately the same time, the following individuals each made a \$500 contribution to the Ruggiero Committee from their personal checking accounts, using business funds provided to Capitol employees by Merullo or Ricupero for that purpose:

<u>Name</u>	<u>Position at Capitol/Relationship to a Capitol Employee</u>
Marcia Brown	Administrative Assistant
Deborah McNeff	Administrative Assistant
Linda Scannelli	Secretary
Joseph Scannelli	Linda Scannelli's husband

13. On or about March 20, 2015, Merullo and Ricupero each made a \$500 contribution to the Madaro Committee. At approximately the same time, the following individuals each made a \$500 contribution to the Madaro Committee on their personal checking accounts, using business funds provided to Capitol employees by Merullo or Ricupero for that purpose:

<u>Name</u>	<u>Position at Capitol/Relationship to a Capitol Employee</u>
Linda Scannelli	Secretary
Rowland Flynn	Operations Manager
Joseph Scannelli	Linda Scannelli's husband

14. The \$38,000 in contributions (\$13,500 in 2012, \$7,500 in 2013, \$15,500 in 2014 and \$1,500 in 2015) made by individuals other than Merullo and Ricupero listed above in paragraphs 1 through 13 were made using scrap metal salvage proceeds, as described earlier.

15. Neither the candidates nor their respective Committees had any knowledge that the contributions were made with corporate funds provided by another until they were so notified during OCPF's review. The contributions were made using checks drawn on the individual checking accounts of the named contributors. It would have appeared to the recipients of the checks, absent other information, that the contributions were, in fact, from those individuals. OCPF has no reason to believe that the relevant candidates or Committees had knowledge that the named contributors did not in fact make the contributions, until they were so notified.

16. The candidate committees that are still active have voluntarily disgorged or will voluntarily disgorge amounts equivalent to the contributions made by the named contributors by payments to be made in a manner consistent with the residual funds provision in M.G.L. c. 55, § 18 in the aggregate amounts of: \$3,500 (by Consalvo), \$5,000 (by DeMaria), \$3,000 (by Kay), \$2,500 (by LaMattina), \$1,500 (by Madaro), \$12,000 (by Rizzo), \$2,000 (by Ruggiero), and \$2,000 (by Ryan), and \$1,000 (by Van Campen). The funds will be disgorged by September 30, 2015.

IV. Conclusions

Based upon OCPF's review, OCPF has concluded that Capitol, Merullo and Ricupero have violated the following Sections of Chapter 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 officers or agents acting on behalf of a corporation may not make such contributions using corporate money. OCPF concludes that Capitol provided its corporate funds to persons affiliated with it who subsequently each contributed \$500 to a candidate. Therefore, OCPF concluded that Section 8 was violated.

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 . . .”
Merullo and Ricupero violated this provision by arranging for persons associated with Capitol to make multiple contributions of \$500 each using Capitol funds in a manner that disguised the true origin of the funds.

V. Position of Merullo and Ricupero

Metal that is scrapped belongs to nobody. The salvaging of scrap involved in this matter involved many individuals working for different entities. The salvaged proceeds are not properly characterized as corporate or business funds of Capitol. Allocating portions of the money recovered by the collective salvaging effort to individuals who in turn made voluntary contributions to political candidates in municipalities serviced by those entities violated none of the state’s campaign finance laws. There has been no knowing violation of any of those statutes, including Sections 8 or 10 of Chapter 55.

VI. Resolution

In order to resolve the matters now before OCPF and preserving their respective positions and conclusions, the parties agree, pursuant to 970 CMR 3.07(1) and M.G.L. c. 55, § 3, for the purposes of this Agreement only, as follows:

1. Upon execution of this Agreement, unless otherwise noted:
 - (a) Merullo and Ricupero jointly and severally will make a payment totaling \$44,000 to the Commonwealth of Massachusetts in the nature of a civil forfeiture. Said payments are to be made by them individually and not with corporate funds.
 - (b) Merullo and Ricupero agree not to solicit contributions for any Massachusetts candidate or political committee from any employee of Capitol for a period of three years.

(c) Merullo and Ricupero further agree not to provide or arrange to provide funds to any third person to enable that person to make a political contribution, whether from scrap metal salvage proceeds or any other source.

(d) Capitol will make payments to each of the four communities in which the above-referenced candidates sought elected office. Said payments shall be two times the amount contributed to each candidate by the named contributors in this Agreement. Accordingly, Capitol will make payments of \$12,000 to the City of Everett, \$24,000 to the City of Revere, \$6,000 to the City known as the Town of Weymouth, and \$34,000 to the City of Boston. Said payments will be made by December 31, 2015. Upon making these referenced payments, Capitol will provide OCPF with a copy of the cancelled checks. If any of the above named cities decline or are unable to accept such payments, Capitol will instead make a payment to the Commonwealth in that amount.

2. OCPF agrees not to refer Capitol, Merullo, or Ricupero 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.

3. OCPF may, at any time, review compliance with this Agreement. If it believes that the provisions of this Agreement have been violated, after notice to Capitol, Merullo and Ricupero, 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.

4. This Agreement shall be binding upon OCPF, Capitol, Merullo, and Ricupero and, to the extent it deals with payments by Capitol under Section VI, Paragraph 1(d) above, to its owners, and their successors.

5. This Agreement constitutes a complete disposition of all matters specifically

referenced herein for the referenced period.

6. The parties have entered into this Agreement, knowingly and voluntarily, in an effort to resolve all matters set forth in the Agreement. Neither party has made any admissions with respect to the facts and conclusions set forth herein and this Agreement shall not be admissible in any other proceeding except one to enforce its terms.

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

OFFICE OF CAMPAIGN AND
POLITICAL FINANCE

By: Michael Merullo
Michael Merullo

By: Joseph Ricupero
Joseph Ricupero

By: Michael J. Sullivan
Michael J. Sullivan, Director