

DISPOSITION AGREEMENT

This disposition agreement ("Agreement") is entered into as of April 17th, 2014, by and between the Office of Campaign and Political Finance ("OCPF"), the Committee to Elect Martha Coakley ("the Committee") and Martha Coakley ("the Candidate" or "Coakley"), in which the parties mutually agree, for the purposes of this Agreement only, as follows:

I. Introduction

1. The Committee, at all relevant times to this Agreement, was a duly organized political committee subject to the provisions of M.G.L. c. 55, the Massachusetts campaign finance law.

2. The Committee was organized to promote the nomination and election of the Candidate to public office.

3. 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.

4. 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. On October 18, 1996, Coakley organized the Committee to Elect Martha Coakley (the "State Committee") with OCPF.

2. On September 8, 2009, Coakley organized the Martha Coakley for Senate Committee (the "Federal Committee") with the Federal Election Commission (the "FEC"). The State Committee continued its existence with OCPF.

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3. OCPF received a complaint alleging campaign finance violations by the Candidate and/or the State Committee. The complaint alleged that Coakley, while an active candidate for state office, used her Federal Committee account to make expenditures to NGP VAN, Anne Gentile (the Treasurer of both the State and Federal Committees) and to attend the Democratic State and National Conventions in 2012. Such expenditures, it was alleged, involved the use of funds from a federal campaign account for a state campaign in violation of Section 7 of the campaign finance law.

4. Accordingly, OCPF initiated a review of the State Committee's financial activity and requested records from the Committees and NGP VAN, including correspondence, invoices, receipts, and contracts. OCPF also interviewed officers and staff of the Committees and NGP VAN staff. The Committee fully cooperated and provided in a timely fashion all materials requested.

A. NGP VAN

1. NGP VAN, a company with offices in Boston and Washington, D.C., is a technology provider to political campaigns and organizations, offering their clients a platform for fundraising, compliance, field-organizing, news media, and social networking products.
2. The State Committee signed a contract with NGP VAN in 2007 to provide services to the Candidate in connection with her campaign for Attorney General. The contract required a \$250 monthly payment for NGP VAN's services.
3. The Federal Committee signed a contract with NGP VAN in August 2009. At that time, Coakley was the Massachusetts Attorney General and was running for United States Senate. In accordance with the new contract, NGP VAN changed the structure to bill both the Federal and State Committees simultaneously. When Coakley added the new Federal Committee account, NGP VAN billed the Federal Committee at a monthly rate of \$750. NGP VAN also billed the State Committee an "additional registration" fee for Attorney General, of \$100 per month, reduced from the \$250 it had been charged when it was the primary account.

4. NGP VAN's policy is that if a candidate has two Committees, the primary (i.e., more active) account pays the higher rate. The secondary account is considered an additional registration and pays less. This policy was not included in any contract with the Federal or State Committee.
5. Any additional fees, such as "Contribution Web Package", "Personal Fundraising Pages" and "Broadcast Email" charges, were paid by the Federal Committee through the 2010 Senate election. Such fees were subsequently paid by the State Committee, since that account was now the more active registration.
6. In 2010, Coakley announced that she would run for re-election as Attorney General. While Coakley was on the ballot in Massachusetts for her Attorney General re-election bid, the NGP VAN billing remained the same -- the Federal Committee continued to pay \$750 per month and the State Committee continued to pay \$100 per month until September 2013, when Coakley announced she was running for Governor.
7. NGP VAN has informed OCPF that after the Senate election in 2010 their sales team should have notified the Committees that the State Committee should pay the primary account rate for Attorney General, \$600 per month.¹ The State Committee was the more active account and, therefore, the Federal Committee should have been billed the lower "additional" rate, \$100 per month, to maintain the account. The Committees have stated to OCPF that they were never made aware of the NGP VAN policy allowing them to switch the primary account.
8. NGP VAN has further informed OCPF that during the State off-election years of 2011 and 2012, when there is less Committee activity, the rate could have dropped to \$250 per month. In 2013, the NGP VAN rate increased to \$650 per month for the State Committee account, as the State Committee prepared for the 2014 election cycle. In late 2013, the State Committee informed NGP VAN that Coakley intended to run for Governor and they executed a new contract.

¹ During 2013, the NGP VAN rate for Attorney General increased to \$650 per month.

9. Based upon OCPF's review of documents provided by NGP VAN, campaign finance reports by the Committees and interviews conducted by OCPF, OCPF determined that the Federal Committee's payments during February 2010-September 2013, resulted in an approximate total of \$14,050 being paid by the Federal Committee, which should have been paid for by the State Committee. At no time did either Committee ask to pay State expenses from the Federal Committee nor did NGP VAN offer to allow the Committee to do so.

B. Convention Expenditures

1. On May 1, 2012, the Federal Committee paid \$1,200 for an advertisement in the Massachusetts Democratic Convention booklet. On December 23, 2013, the State Committee, after OCPF initiated its review, refunded \$1,200 to the Federal Committee. The expenditure should have been made by the State Committee's account since it related to the Candidate's campaign for state office.
2. In May 2012, the Federal Committee also paid \$1,000 to the federal account of the Massachusetts Democratic Party to be a host committee at the State Democratic Party Convention. In this case, the transfer of the \$1,000 was permitted because the funds went directly to the Massachusetts Democratic Party's federal account.
3. In October 2012, the Federal Committee made a credit card expenditure of \$3,763, for expenses associated with Coakley's costs to attend the Democratic National Convention held in Charlotte, North Carolina, in September 2012, while she was Attorney General.
4. OCPF determined that the State Committee should have made the expenditures for Coakley to attend the Democratic National Convention. The State Committee, therefore, received an improper benefit when the Federal Committee paid \$3,763 for costs associated with Coakley's attendance at the National Convention.

5. Unlike the \$1,200 referenced above in paragraph B (1), the \$3,763 was not refunded by the State Committee to the Federal Committee.

C. Anne Gentile

1. Gentile became the Treasurer for the State Committee on March 25, 2009. She volunteered her services and was never compensated by the State Committee. Gentile's responsibilities for the State Committee were minimal. They consisted entirely of writing checks and filing the committee's year-end report with OCPF. She has stated that she only worked on State Committee activity approximately 3-4 hours per month.
2. Gentile became the Treasurer for the Federal Committee on September 8, 2009. The Federal Committee paid Gentile for her services as Federal Committee Treasurer.
3. In contrast to Gentile's role as State Committee Treasurer, she had substantial responsibility for the Federal Committee's activity. From the beginning, she was compensated by the Federal Committee and she stated that she worked regularly doing data entry, processing invoices, writing checks and filing reports with the FEC. The FEC disclosure system places substantially more responsibility on the Committee. The Massachusetts disclosure system relies primarily on banks to disclose expenditures by certain candidates.
4. The State Committee paid Vann Snyder approximately \$2,000 per month to handle the fundraising and receipt side of the Committee's financial activity. His duties were much more time consuming and demanding than those undertaken by Gentile for the State Committee.
5. In addition to interviewing Gentile, OCPF conducted interviews with other State and Federal Committee staff members. Their statements confirmed what Gentile told OCPF.

6. OCPF determined that there was no reason to believe that Gentile's receipt of compensation from the Federal Committee was an impermissible expenditure by the Federal Committee on behalf of the State Committee.

III. Conclusion

The campaign finance law provides that "[n]o candidate or candidate's committee shall receive a transfer of funds or assets from a federal political committee." See M.G.L. c. 55, § 7 and IB-82-01. Based upon OCPF's review, OCPF has concluded that the State Committee was not in compliance with Section 7, when the Federal Committee made expenditures that, upon review, should have been made by the State Committee, 1) to NGP VAN during February 2010 – September 2013, during which period Coakley was a candidate for State office, and 2) for Coakley to attend the National Convention in 2012, at which time Coakley was Attorney General.

OCPF has further concluded that there was no reason to believe that the State Committee violated the campaign finance law in relation to Anne Gentile's services performed for the State Committee. See II. C. above. In regard to the \$1,200 initially paid by the Federal Committee for State Convention related expenses) and then subsequently refunded by the State Committee to the Federal Committee, OCPF has determined that the Committee took the appropriate remedial action. See II. B. above.

IV. Response Submitted By the Coakley Committee

The Committees have cooperated willingly and completely with the OCPF review. The State Committee enters into this Agreement out of a genuine desire to correct the bookkeeping errors that led to any mistaken benefit identified in Section III. At no time did any Committee or campaign official request any improper benefit from NGP or from the Federal Committee. No funds were misappropriated, misused or unreported.

Since the discovery of this issue, the Committees have retained an additional full time, professional compliance staff person, have clarified the terms of the contract with NGP, and have closed the Federal Committee.

V. Resolution

In order to resolve the matters now before OCPF 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) The State Committee will make a payment to charity in the amount of \$17,813 and an additional payment to the Commonwealth of Massachusetts in the amount of \$6,000 for the cost of OCPF's review.

2. OCPF agrees not to refer Coakley or the Committee to any governmental agency, for any failure to comply with the provisions of M.G.L. c. 55 during the relevant period 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 Coakley, 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, Coakley and the Committee 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.

COMMITTEE TO ELECT MARTHA
COAKLEY

OFFICE OF CAMPAIGN AND
POLITICAL FINANCE

By: Andrew F. Upton
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