

DISPOSITION AGREEMENT

This Disposition Agreement ("Agreement") is entered into on June 20th, 2019 by and between the Office of Campaign and Political Finance ("OCPF"), the Committee to Elect Sean Garballey ("the Committee") and Sean Garballey ("the Candidate" or "Garballey"), in which the parties mutually agree, for the purposes of this Agreement only, as follows:

I. INTRODUCTION

1. The Committee, at all times relevant 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 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, campaign 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.
4. The political contributions, expenditures, and other activities noted in this Agreement are subject to the provisions of M.G.L. c. 55 and the regulations issued by this office in accordance with M.G.L. c. 55.
5. Throughout the entirety of the review, the Candidate has cooperated fully with OCPF's review into the matters described herein.

II. FACTS

1. On March 3, 2008, Garballey organized the Committee to Elect Sean Garballey with OCPF. The Committee promoted Garballey's candidacy for State Representative in the 23rd Middlesex District. The Candidate was on the ballot and elected to this office in 2008, 2010, 2012, 2014, and 2016.
2. On April 27, 2017 the Committee filed a Change of Purpose Form with OCPF to seek the 4th Middlesex State Senate seat in a special election. The Candidate was unsuccessful in the June 27, 2017 primary election.
3. Garballey was re-elected to the 23rd Middlesex State Representative seat at the November 6, 2018 general election.
4. During OCPF's standard audit of the Committee's activity, OCPF learned that the Committee's actual bank balance as of December 31, 2017 did not accurately reflect the ending balance on the Committee's 2017 Year End report. The bank balance, as of December 31, 2017, was \$1,473.78, while the Committee reported an ending balance of \$6,354.86 on its 2017 Year End report. In

an attempt to resolve this discrepancy, OCPF initiated a comprehensive review of the Committee's financial activity for the two year period of January 1, 2017 through December 31, 2018.

5. OCPF's review included an analysis of bank records and a reconciliation of campaign finance reports to the Committee's bank statements. As a result of this review, OCPF identified several issues.

III. SPECIFIC ISSUES

1. Disclosure

a. Contributions and Expenditures not Disclosed

OCPF concluded, based on its review, that the Committee did not accurately disclose receipts and expenditures for the referenced period. Specifically, the Committee did not disclose, on its campaign finance reports, a total of \$16,985 in contributions that were deposited into the campaign account. Of these contributions, the Committee received 22 checks totaling \$2,735, 102 credit card contributions via Act Blue totaling \$8,150, and 2 credit card contributions via PayPal totaling \$1,100. A \$5,000 cash deposit from the Candidate was also not reported.

The Committee also reported receiving contributions totaling \$6,780 that were not deposited into the campaign account. OCPF determined that many of these items were duplicate entries made by the Committee.

Additionally, the Committee did not disclose \$14,074 in expenditures that cleared the Committee's campaign account. Five expenditures, totaling \$12,437, represented the majority of undisclosed activity. The largest single unreported expenditure was a \$4,605 payment to Connolly Printing for a "campaign mailing."

The Committee also reported nine expenditures totaling \$1,622 that did not clear the campaign account.

b. Misattributed Contributions

OCPF determined that the Committee did not accurately disclose the source of nine contributions totaling \$900. The Committee received and deposited checks from the campaign accounts of other candidates' committees, who are also registered with OCPF. However, the Committee reported the contributions as if they were from the candidates personally. Candidates may not, through their committees, contribute more than \$100 during any calendar year to another candidate's committee. None of the nine committees contributed more than \$100 to the Garballey Committee during 2017 or 2018.

c. Excess Cash Contributions

The Candidate made a total of \$14,000 in cash contributions to the Committee in 2017, in the form of candidate loans. Garballey confirmed to OCPF that he was the source of those cash contributions into the campaign account on July 6, 2017 (\$5,000), on August 10, 2017 (\$6,000), and on August 11, 2017 (\$3,000).

2. Transportation to and from the State House

The Committee's reports reflected a total of \$851 in expenditures made to Uber in 2018 for the Candidate's transportation to and from the State House. During this time, however, the Candidate was also compensated by the Commonwealth for these travel costs, pursuant to the provisions of M.G.L. c. 3, §9C. After OCPF raised this issue with Garballey, he personally reimbursed the Committee \$851 on May 28, 2019.

3. Recordkeeping

OCPF's review of the bank records and campaign finance reports illustrates that the Committee's recordkeeping was not accurate, which Garballey and the Committee have acknowledged. Additionally, the Candidate acknowledged that different members of the Committee each participated in the recordkeeping and data entry responsibilities. OCPF found that this contributed to the errors noted in the campaign finance reports.

Garballey has stated that the recordkeeping and reporting requirements are now designated to the Committee's new treasurer, Dean Carman, who formally assumed the role of treasurer on May 29, 2019.

IV. OCPF CONCLUSIONS

1. FAILURE TO ACCURATELY DISCLOSE CAMPAIGN FINANCE ACTIVITY – M.G.L. c. 55, § 18

Section 18 requires the Committee to file accurate campaign finance reports of contributions and expenditures with OCPF. The Committee filed seven campaign finance reports between January 1, 2017 and December 31, 2018, which failed to accurately reflect contributions received and expenditures made as described above in this agreement.

2. FAILURE TO KEEP DETAILED RECORDS – M.G.L. c. 55, §§ 2 AND 5

Sections 2 and 5 of the campaign finance law state that candidates and treasurers of political committees must keep and preserve detailed accounts, vouchers, and receipts. Part of this requirement includes keeping bills, receipts, and other vendor information received in connection with any expenditure made or liability incurred. 970 CMR 1.10(2).

OCPF has concluded that M.G.L. c. 55, §§ 2 and 5 were violated by the Committee's failure to maintain the required records between January 1, 2017 and December 31, 2018.

3. EXPENDITURES MADE FOR PERSONAL USE – M.G.L. c. 55, § 6

M.G.L. c. 55, §6 prohibits the use of campaign funds “for the candidate’s or any other person’s personal use.” Therefore, since Committee funds were used to pay for the Candidate’s transportation costs to and from the State House, such expenditures did not comply with Section 6 because the Commonwealth compensated the Candidate for those travel expenses, pursuant to M.G.L. c. 3, §9C.¹

4. EXCESS CASH CONTRIBUTIONS RECEIVED – M.G.L. c. 55, § 9

Section 9 prohibits cash contributions in excess of \$50 in the aggregate from any contributor in a calendar year. OCPF’s review determined that the Committee received at least three cash contributions from the Candidate, in the aggregate amount of \$14,000; each of these cash contributions exceeded \$50. Section 9 requires that all contributions, including contributions from a candidate to his or her own committee, in excess of \$50 (with the exception of money orders, which are limited to \$100), must be made using a check or credit card.

V. THE COMMITTEE’S POSITION

I want to thank the Massachusetts Office of Campaign and Political Finance and Director Sullivan for their professionalism and thoroughness in this matter. I very much regret that during a very busy campaign there was not a single point of contact for the campaign processing expenses and donations received through different platforms. This was and is my responsibility. These mistakes will not reoccur in the future. I have nothing but respect and complete support for transparency in our campaign finance system and am pleased that working with OCPF we have been able to better reconcile the contributions and expenditures that were made in this campaign.

VI. 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. The Candidate has agreed to forgive \$10,000 in liabilities owed to him by the Committee.
2. The Candidate will personally pay \$2,000 to the Commonwealth of Massachusetts in the

¹ See M-97-02.

nature of a civil forfeiture. The payments will be made according to the following schedule:

- a. \$500 due upon execution of this Agreement;
 - b. \$500 due December 31, 2019;
 - c. \$500 due April 30, 2020; and
 - d. \$500 due August 31, 2020.
3. The Committee has filed amendments to its campaign finance reports to, as accurately as possible, reflect its activity between January 1, 2017 and December 31, 2018.
4. The Candidate agrees to cease making expenditures with Committee funds for transportation to and from the State House.
5. The Candidate and the Committee's newly appointed treasurer will attend an OCPF educational seminar within (30) days of executing this Agreement.
6. To ensure accurate and complete disclosure, the Candidate and Committee agree to the following enhanced reporting schedule for the period beginning July 1, 2019 through December 31, 2020:

<u>Filing Period</u>	<u>Type of Report</u>	<u>Due Date</u>
1/1/19 – 6/30/19	Electronic Report (Mid-Year)	7/22/2019
7/1/19 – 9/30/19	Paper Report	10/21/2019
7/1/19 – 12/31/19	Electronic Report (Year-End)	1/21/2020
1/1/20 – 3/31/20	Paper Report	4/20/2020
4/1/20 – 6/30/20	Paper Report	7/20/2020
1/1/20 – To Be Determined	Electronic Report (Pre-Primary)	To Be Determined
To Be Determined	Electronic Report (Pre-Election)	To Be Determined
To Be Determined - 12/31/20	Electronic Report (Year-End)	1/20/2021

In addition to the enhanced reporting above, the Committee will provide OCPF with copies of its bank statements, expenditure checks, deposit tickets and all contributor checks received and deposited with each report. The Committee will also provide any further documents requested by OCPF within 10 business days of the request.

7. OCPF agrees that if the Candidate and the Committee comply with this Agreement, it will not refer the Candidate or the Committee to any other law enforcement agency, including, without limitation, the Office of the Attorney General, for the violations referenced in this Agreement.

8. OCPF may, at any time, review compliance with this Agreement. If it believes that the provisions of this Agreement has been violated, after notice to the Candidate and Committee, 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.

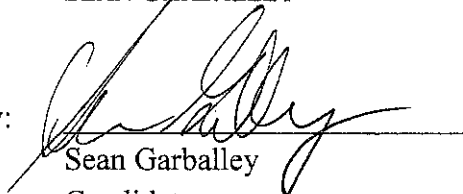
9. This Agreement shall be binding upon OCPF, the Candidate, and the Committee.

10. The parties have entered into this Agreement, knowingly and voluntarily, in an effort to resolve all matters set forth in the Agreement.

11. 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.

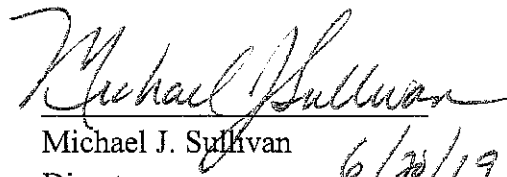
THE COMMITTEE TO ELECT
SEAN GARBALLEY

By:

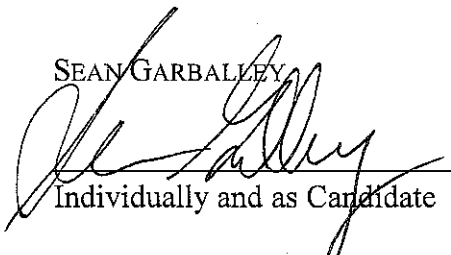

Sean Garballey
Candidate

OFFICE OF CAMPAIGN AND
POLITICAL FINANCE

By:


Michael J. Sullivan
Director 6/20/19

SEAN GARBALLEY


Individually and as Candidate