

DISPOSITION AGREEMENT

2014 APR 30 P 1:21

This Disposition Agreement ("Agreement") is entered into on April 30, 2014 by and between the Office of Campaign and Political Finance ("OCPF"), the Committee to Elect Michael Mangan (the "Committee"), and Michael Mangan (the "Candidate" or "Mangan"), 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.

II. FACTS

1. In 2001, prior to running for the office of City Councilor in the city of Everett, Massachusetts, Michael Mangan organized the Committee with the Everett City Clerk. On November 8, 2005, Mangan won a seat as the Ward 1 Common Councilor. Mangan went on to hold elected office in Everett from 2005 to 2013.
2. On January 18, 2013, Mangan filed with OCPF to transfer his Committee from the local level to OCPF to promote his candidacy for State Representative in the 28th Middlesex District. Mangan was unsuccessful in the special primary held on March 5, 2013.
3. On October 4, 2013 Mangan filed with OCPF to transfer his Committee back to the local level. On November 5, 2013, Mangan was defeated in an election for the office of Alderman. The Candidate currently holds no elected office.

4. Since 2001, the Committee has accepted contributions and made expenditures to promote Mangan's candidacy for elected office, on both the state and local level.

5. As a result of a routine audit, OCPF initiated a review of the Committee's financial activity for the period 2011-2014. As a result of this review, OCPF identified the following issues:

a. Recordkeeping. The Committee was unable to produce receipts or records for numerous expenditures, including ATM and teller withdrawals completed by the Candidate. The Candidate admits that the Committee did not keep complete and accurate records of the Committee's financial activity from 2011 to 2014, especially with respect to Committee expenditures.

b. Expenditures for Personal Use. In 2011-2014, the Candidate made numerous cash withdrawals from the Committee account, totaling approximately \$3,400. In addition, on ten occasions, the Candidate transferred funds from the Committee account to his personal account, in the approximate aggregate amount of \$2,300. Several of the transfers to the Candidate's personal account immediately preceded bill payments made from the Candidate's personal account, including rental payments for the Candidate's home, for which the Candidate otherwise had insufficient funds. On one occasion, the Candidate also paid his rent and personal cable bill directly out of the campaign account, in the approximate aggregate amount of \$1,100.

Therefore, OCPF has determined that the Committee made expenditures for personal use in 2011-2014, as outlined above, in the approximate aggregate amount of \$6,800.

c. Commingling of Funds. OCPF has determined that, on multiple occasions, the Candidate transferred Committee funds into his personal account.

d. Non-Disclosure. The Committee failed to file several reports, including:

- i. 2011 pre-election report (city of Everett);
- ii. 2011 year-end report (city of Everett);
- iii. 2012 year-end report (city of Everett);
- iv. 2013 pre-election report (city of Everett);
- v. 2013 year-end report (city of Everett and OCPF).

In failing to file the above reports, the Candidate failed to disclose substantial campaign finance activity. For example, in 2011, bank records show

that the Committee deposited nearly \$4,100 and spent roughly the same amount. In addition, from June 30, 2013 (the ending date of the last report filed by the Committee) through the end of 2013, the Committee raised almost \$2,000 and spent the same. No reports were filed, with either OCPF or the City of Everett, to disclose that activity.¹

Furthermore, the reports filed with OCPF in 2013 failed to accurately disclose the Committee's financial activity. The Committee's pre-primary, pre-election, and 30-day after reports disclosed a total of \$10,879.13 in unitemized receipts of \$50 or less. Bank records for that same period, however, show that the Committee received \$14,693.13; of that total, the Committee received 75 contributions in excess of \$50, totaling nearly \$14,000, all of which should have been itemized. Similarly, in 2013, the Committee's reports filed with OCPF disclosed \$10,720.24 in unitemized expenditures of \$50 or less. Bank records reveal the Committee actually spent \$14,379.13; of that total, the Committee made 43 expenditures in excess of \$50, totaling nearly \$13,900, each of which should have been itemized.

e. Candidate as Treasurer. The Committee's reports filed with the Everett City Clerk from November 2005 through August 2011 identify the Committee's treasurer as Kayla Gould-Nowell. OCPF has determined, and the Candidate has acknowledged, however, that Ms. Gould-Nowell did not serve as treasurer of the Committee during that time and that the Candidate acted as treasurer of the Committee from 2005 through at least 2011.

III. OCPF CONCLUSIONS

1. 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 C.M.R. 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 for 2011-2014.

¹ The Everett City Clerk referred the Committee to OCPF for enforcement action as a result of the Committee's failure to file the 2013 pre-election and year-end reports.

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

Section 6 of the campaign finance law prohibits the expenditure of campaign funds “for the candidate’s or any other person’s personal use.” OCPF has concluded that the Candidate used campaign funds for personal expenditures, as described in Section II, Paragraph 2(b) of this Agreement.

3. COMMINGLING OF FUNDS – M.G.L. c. 55, § 2

Section 2 of the campaign finance law requires that all campaign funds be kept “separate and distinct” from any other funds or accounts. OCPF has concluded that the Candidate routinely commingled campaign funds and his personal funds in violation of this section.

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

Section 18 of the campaign finance law requires that the Committee file accurate periodic reports of contributions and expenditures with OCPF. The Committee failed to file periodic reports on numerous occasions. In addition, the reports the Committee filed with OCPF in 2013 failed to accurately and completely disclose the Committee’s campaign finance activity, and failed to itemize receipts and expenditures in excess of \$50.

OCPF has concluded that the Committee violated M.G.L. c. 55, §18 when it failed to file accurate campaign finance reports.

5. CANDIDATE AS TREASURER – M.G.L. c. 55, § 5

Section 5 of the campaign finance law prohibits any candidate from serving as treasurer of the political committee organized on his or her behalf. OCPF has concluded that the Candidate served as treasurer of his own Committee for several years, in violation of this section.

IV. THE RESPONDENTS’ POSITION

Candidate Mike Mangan admits that, although he did commingle funds between his campaign account and personal account, he did so because he did not fully understand Massachusetts campaign finance laws with respect to using personal funds for campaign use and how to be reimbursed from the campaign for these expenses.

V. RESOLUTION

In order to resolve the matter 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. The Candidate will personally pay \$8,000 to the Commonwealth of Massachusetts in the nature of a civil forfeiture. The payments will be made according to the following schedule:

- a. \$1,000 due upon execution of the Agreement;
- b. \$1,000 due November 1, 2014;
- c. \$3,000 due March 1, 2015;
- d. \$3,000 due March 1, 2016.

If any payment or portion thereof is received by OCPF after the due date, or if the Candidate fails to make a payment, the remainder of the \$8,000 payment will immediately become due upon notice from OCPF.

2. The Candidate and the Committee agree that the Committee will file a dissolution report no later than May 31, 2014. The Committee has, as a result of this review, filed all outstanding reports and amendments due to both the Everett City Clerk and OCPF. The Committee's reports now disclose, as accurately as possible, all Committee activity for the period 2011-2014.

3. If the Candidate decides to seek elected office at any level prior to December 31, 2017, the Candidate agrees that he will notify OCPF in writing prior to organizing a committee, filing nomination papers, or raising or spending money in relation to that future candidacy.

4. 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.

5. OCPF may, at any time, review compliance with this Agreement. This Agreement is enforceable in the Superior Court for Suffolk County.

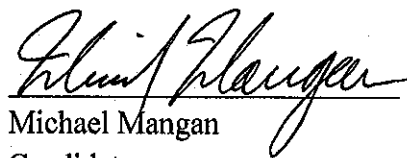
6. This Agreement shall be binding upon OCPF, the Candidate, and the Committee.

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

8. 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.

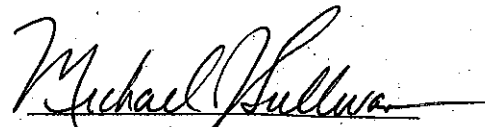
THE COMMITTEE TO ELECT
MICHAEL MANGAN

By:


Michael Mangan
Candidate

OFFICE OF CAMPAIGN AND
POLITICAL FINANCE

By:


Michael J. Sullivan
Director

MICHAEL MANGAN


Individually and as Candidate