

**DISPOSITION AGREEMENT**

2015 DEC 28 A 12:00

This Disposition Agreement ("Agreement") is entered into on December 29, 2015, by and between the Office of Campaign and Political Finance ("OCPF"), and C. Naughton Corp. (the "Corporation" or "Respondent"), in which the parties mutually agree, for the purposes of this Agreement only, as follows:

**I. INTRODUCTION**

1. Ciaran Naughton ("Naughton") is the owner and president of the Corporation. At all times relevant to this Agreement, the Corporation was a duly-registered corporation with the Massachusetts Secretary of State's Office, with its principal place of business in Bridgewater, Massachusetts. The Corporation and Naughton have fully cooperated with OCPF in this matter.

2. The political contributions, expenditures, 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.

3. At all times relevant to this Agreement, the Committee to Elect Thomas P. Koch Committee (the "Koch Committee") was a political committee duly organized with OCPF, subject to the provisions of M.G.L. c. 55, the Massachusetts campaign finance law.

4. 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**

1. In May 2015, Naughton attended an event at Assembly, a bar and restaurant in Quincy, to benefit the Koch Committee.

2. Prior to the event, which was heavily attended by individuals in the construction industry, Naughton asked some of the Corporation's employees to attend the event. Approximately fifteen employees agreed to do so.

3. Four employees who had agreed to attend the event indicated to Naughton that they could not afford to make a contribution. Naughton offered to reimburse those employees for contributions the employees made to the Koch Committee in connection with the May 2015

event.

4. Each of the four employees referenced in Section II, Paragraph 3 attended the event. Three of those employees made contributions to the Koch Committee of \$250 each, while the fourth employee made a contribution to the Koch Committee of \$100, for total contributions of \$850.

5. Between May 15, 2015 and May 29, 2015, the Corporation, at the direction of Naughton, issued a check to each of the four employees referenced in Section II, Paragraphs 3 and 4. The four checks totaled \$850; three checks were in the amount of \$250, and the fourth check was in the amount of \$100. The memo line of each check stated "Reimbursement."

6. None of the other corporate employees who attended the event were reimbursed for the contributions they made to the Koch Committee.

7. Naughton attended the event and, using personal funds, he and his wife each made contributions of \$500 each, for a total of \$1,000.

8. The Koch Committee had no knowledge that the contributions referenced in Section II, Paragraph 4 were made with funds provided by another until it was so notified during OCPF's review. The contributions were made using checks drawn on the personal checking accounts of the employees. It would have appeared to the recipients of the checks, absent other information, that the contributions were, in fact, from those individuals.

9. The Koch Committee has agreed to disgorge \$850, which represents the contributions made by the contributors as identified in Section II, Paragraph 4 of this Agreement. Said payment shall be made in a manner consistent with the residual funds clause of M.G.L. c. 55, § 18 no later than February 28, 2016.

### III. OCPF'S CONCLUSIONS

Based upon OCPF's review, OCPF has concluded that the Respondent violated sections 8 and 10 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 Corporation, on four separate occasions, made contributions to a Massachusetts candidate by reimbursing Corporate employees a total of \$850 for contributions those employees made to the Koch Committee.

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 Respondent violated this provision by arranging for four employees of the Corporation to make contributions to the Koch Committee in their own names, using Corporate funds to do so, in a manner that disguised the corporate origin of the funds.

**IV. THE RESPONDENT'S POSITION**

Reimbursing employees for expenses they incurred honoring a request made by the corporate president is a fair and reasonable business practice. The reimbursements were not made to disguise the true source of the contributions, but to be fair to the employees who would not have attended but for the president's request.

**V. RESOLUTION**

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

1. The Respondent agrees to pay \$3,500 from Corporate funds to the Commonwealth in the nature of a civil forfeiture. Said payment is due upon the signing of this Agreement.
2. Naughton voluntarily agrees not to solicit contributions for any Massachusetts candidate or political committee through December 31, 2017.
3. Ciaran Naughton further voluntarily agrees not to provide or arrange to provide funds to any third person other than his spouse to enable that person to make a political contribution, whether from corporate funds or any other source.

4. The Respondent agrees not to permit solicitation of contributions for any Massachusetts candidate or political committee on corporate grounds through December 31, 2017.

5. OCPF agrees not to refer the Respondent 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.

6. 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 the Respondent, 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.

7. This Agreement shall be binding upon OCPF, C. Naughton Corp. and its officers, including Naughton.

8. This Agreement constitutes a complete disposition of all matters specifically referenced herein for the referenced period.

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

10. 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.

C. NAUGHTON CORP.

OFFICE OF CAMPAIGN AND  
POLITICAL FINANCE

By: C. Naughton  
Ciaran Naughton, President

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