

# OCPF Reports



## From the Director

Mike Sullivan

I'd like to take a moment to identify some of the issues that we tend to see on a regular basis when the OCPF audit department conducts its reviews.

Recently, we have received numerous calls about what types of contributions may be accepted and deposited. First, let me clarify that **money orders** are treated just as cash contributions would be. Money orders are capped at \$50 per person, per year. Any contribution over \$50 per year should be written on a personal check or by credit card.

Second, **checks from businesses** are severely limited. Committees may accept and deposit a check from a sole proprietorship only. Businesses that are incorporated, LLC's, partnerships, etc. may not give to your campaign. If candidates are unsure whether they can accept a check, call the contributor before depositing it and ask if they are a sole proprietor. If they are not, the committee should return the check.

Third, **who is the contribution really from?** It's deemed to be from the person who signed the check. If a campaign receives a check for \$1,000 and there are

**Continued on Page 2**

## PACs report contributions of \$2.6 million to state and county candidates in 2011-12

The 2011-12 state election cycle saw typical political action committee activity in Massachusetts, even with the addition of independent expenditure PACs, according to a study published by OCPF that examines campaign finance activity by PACs.

PACs reported making \$2,637,514 in direct contributions to state and county candidates in 2011-12, a period that did not include an election for statewide candidates. The record is \$2,744,437, set in 2009-10, a statewide election cycle.

The number of PACs registered with OCPF has hovered at just over 300 in recent years. At the end of 2012, 305 PACs were organized with OCPF, including traditional PACs, people's committees and independent expenditure PACs.

OCPF has published PAC studies biannually since 1982, but this is the first study to include independent expenditure PACs, a political

committee designation created in 2010 as a result of the Supreme Court's Citizens United vs. Federal Election Commission decision. IEPACs are commonly known as "super PACs" at the federal level.

An independent expenditure is an expenditure made to expressly advocate for the election or defeat of a candidate, without coordinating with any candidate's committee. An IEPAC only makes independent expenditures and does not make direct contributions to candidates.

Compared to other PACs, IEPACs reported little activity.

The Stand for Children IEPAC reported \$124,733 in expenditures. Of that total, the IEPAC reported spending \$119,293 to support Democrats. The Massachusetts Values IEPAC reported \$118,673 in expenditures.

**Continued on Page 2**

## OCPF continues to move paper files to the Web

Audit correspondence between OCPF and candidates and committees, which was previously stored in paper public files, is now posted to our website as part of the office's goal to become a "paperless office."

Correspondence from the start of 2013 will be posted.

The process of switching from paper to electronic files started in 2002 with the creation of the Electronic Filing System, which allows candidates and committees to file disclosure reports online (prior to 2002, all reports were filed on paper).

OCPF has gradually added paper records to the website since 2002, including agency actions and organizational statements.

Committees will continue to receive letters by mail from OCPF, but no paper record will be stored at the agency.

OCPF is posting correspondence for three reasons — easier access to public documents, better utilization of staff time and paper conservation.

Documents can be found at this link: "[Browse registered filers & reports.](#)"

**From Page One: From the Director**

two signatures on the check, the committee can accept the check and list each contribution as \$500, provided that the committee knows that the contribution represents the funds of both individuals and both are signatories on the account. If there’s only one signature on the \$1,000 check, don’t deposit the check without further confirmation (such as a note in the memo portion of the check) that the contribution represents the funds of two individuals and that both individuals are signatories on the account. This is a very common error that is discovered in the audit process.

We encourage all candidates and committees to communicate with their OCPF auditor when issues come up. They can be reached at 617-979-8300.

Mike Sullivan

**From Page 1: PAC Study**

Of that total, \$85,919 was spent to oppose Republicans.

Traditionally, most PACs and people’s committees raise money to make direct contributions to candidates.

In 2012, a state election year, 455 state and county candidates received at least one PAC contribution (from traditional PACs or people’s committees). The average total amount of PAC contributions made to a state or county candidate in 2012 was \$3,266.

The state’s eight people’s committees reported a total of \$271,010 in contributions to candidates.

In total, all PACs reported \$6.7 million in expenditures for the 2011-12 election cycle. The expenditure total is higher than the contribution total because PACs also spend money on such things as administrative and fundraising costs, and independent expenditures supporting or opposing candidates.

The PAC study is available on the “[OCPF Publications](#)” page at the agency website.

**Everett and Peabody House candidates spend nearly \$200K**

The 11 candidates running to fill two House seats in Everett and Peabody in an April 2 special election reported spending a total of \$198,653 between Jan. 1 and April 22.

The 28th Middlesex race to fill a vacant seat in Everett had seven candidates who reported spending \$101,235, an average of \$14,462. The winner, Democrat Wayne Matewsky, reported the highest expenditure total, \$29,724.

In the 12th Essex race to fill a vacancy in Peabody, four candidates reported spending nearly \$100,000, an average of \$24,354. The winner, Republican Leah Cole, reported spending \$34,635. David Gravel, an unenrolled candidate, reported the highest expenditure total, \$39,248.

The 11 candidates in both cities reported raising a total of \$209,677.

In the 2012 state election, 274 candidates for state representative reported spending \$26,791 on average. Average expenditures for winning candidates was \$33,583.

Total fundraising and spending figures for other special state representative elections are incomplete as of the publication date of this newsletter because the reporting periods have not ended.

**Special Election Activity**

Candidate	Receipts	Expenditures
<b>Everett</b>		
Wayne Matewsky ( <i>winner</i> )	\$29,825	\$29,724
John Hanlon	\$25,024	\$24,181
Joseph McGonagle	\$23,174	\$22,896
Michael Mangan*	\$10,879	\$10,720
Rosa DiFlorio	\$8,565	\$5,430
Dennis Gianatassio	\$5,151	\$4,842
Sergio Cornelio	\$4,555	\$3,439
<b>Totals</b>	<b>\$107,174</b>	<b>\$101,235</b>
<b>Peabody</b>		
David Gravel	\$40,297	\$39,248
Leah Cole ( <i>winner</i> )	\$37,094	\$34,635
Beverley Dunne	\$15,091	\$13,964
Gregory Bunn	\$10,021	\$9,570
<b>Totals</b>	<b>\$102,503</b>	<b>\$97,418</b>

\*Did not file a post-election report

## Special Senate election candidates report \$490,932 in spending

Four candidates in the 1st Suffolk Senate special election reported expenditures of \$490,932 from Jan. 1 through June 17.

The winner, former state Rep. Linda Dorcena Forry, D-Boston, reported the highest expenditures, \$256,462, followed by Rep. Nicholas Collins, D-Boston, at \$191,972.

Maureen Dahill, D-Boston, reported \$40,989 in expenditures, and Joseph Anthony Ureneck, R-Boston, reported \$1,509 in expenditures.

The final election was held on May 28 to replace former Sen. Jack Hart, who resigned.

### Special Election Activity

Candidate	Receipts	Expenditures
L. Forry (D) (Winner)	\$199,424	\$256,462
N. Collins (D)	\$185,847	\$191,972
M. Dahill (D)	\$41,640	\$40,989
J. Ureneck (R)	\$2,007	\$1,509

## Upcoming Municipal Candidate Seminars

**Brockton**, Aug. 7, 6 p.m., City Hall, GAR Room, 45 School St.

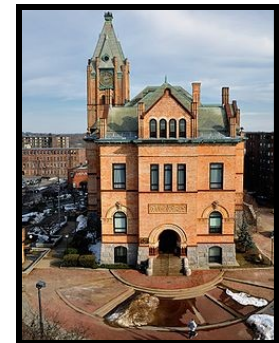
**New Bedford**, Aug. 12, 6:30 p.m., City Hall, 133 William St.

*Each seminar lasts about one hour & covers campaign finance reporting & recordkeeping regulations, with time for questions & answers.*

*Seminars are open to all municipal candidates in the cities above & from surrounding communities.*



New Bedford City Hall



Brockton City Hall

## Public financing tips for statewide candidates

OCPF has developed several tips on how to make sure qualifying contributions count toward a statewide candidate's eligibility for the voluntary matching public funds program.

Candidates must identify each contribution submitted for public financing — the first \$250 donated by individuals to statewide candidates in 2013 and 2014 are eligible for matching public funds. To qualify for matching funds, a candidate must receive a minimum amount of eligible funds (the thresholds vary by office).

These public financing tips are important for qualifying for the program:

- Candidates must file, on or before June 3, 2014, a statement, Form CPFA 20, agreeing or not agreeing to limit spending. Candidates who do not agree to limit spending (the limit is set by statute) must file a statement establishing a self-imposed spending limit.

- Candidates will submit a photocopy of each contribution check to OCPF when requesting matching funds in 2014. Candidates should make two copies of each check they receive, one for the candidate's records and one for submission to OCPF.
- To be eligible as a qualifying contribution, contributions by credit card of \$50 or less must be reported on Form CPFA1, signed by the contributor and submitted to OCPF.
- Each contribution, even those of \$50 or less, must be itemized on deposit reports to be eligible.

All statewide candidates who plan on participating in the public finance system can contact Greg Birne or Tricia Jacobson at 617-979-8300 with questions.

In 2010, more than \$1.4 million was distributed to seven candidates running for statewide office.

# A summary of recent campaign finance regulation changes

After a period of public comment, OCPF issued new regulations, which are now in effect. A summary of the most significant regulation changes is below. The full regulations are available at the OCPF website by [clicking here](#).

## **Contributions by Credit or Debit Card**

States that contributions are “received” when the funds are actually received into the committee’s account from a vendor such as PayPal. This is important to committees when determining when the disclosure of contributions is required. (970 CMR 1.09)

## **Legal Defense Funds**

The regulation change clarifies that payments can be made from a legal defense fund for fines or a settlement agreement in a non-personal administrative, civil or criminal matter. (970 CMR 1.20)

## **Guidance for Organizing a Political Committee**

This new section codifies advice regarding political fundraising activity by tax exempt entities and other groups that are not political committees. It states that the determination of whether a group should organize a political committee depends in part on the timing and content of solicitations made by the group. (970 CMR 1.22)

## **Membership Communications**

The regulation changes the definition of “membership organizations” to follow similar federal regulations. The regulation states that to be a “member” of such an organization, a person has to pay dues, have a “significant organizational attachment” to the organization, or have some financial attachment to the organization. (970 CMR 2.02)

## **Legal Expenditures**

States that campaign funds can be used to defend against criminal or civil matters if such actions are “undertaken primarily to protect or further the interests of the political committee.” (970 CMR 2.05/2.06)

## **Joint Campaign Activities and Joint Fundraising Events**

States that party committees and candidate committees

may hold joint fundraising events only if each participating committee pays vendors directly and contributors write checks directly to the participating committees. (970 CMR 2.11/2.12)

## **Independent Expenditures**

Requires political committees making independent expenditures to disclose, on campaign finance reports disclosing the expenditures, the names of candidates promoted or opposed by the expenditures. (970 CMR 2.17)

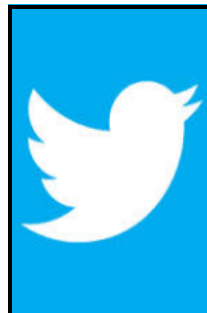
## **Subvendor Reporting**

Specifies that a person or entity that provides an in-kind contribution of \$5,000 or more to a ballot question committee or other committee is a vendor. (970 CMR 2.18)

## **Public Financing for Statewide Candidates**

States that expenditure limit statements filed by statewide candidates will be confidential until all such statements for the same office have been filed, or until the first business day after the statements are due. (970 CMR 4.04)

The regulation also states that the total amount of contributions in the statement of qualifying contributions must equal the amount in the electronic report of deposit. (970 CMR 4.06)



@OCPFReports

OCPF Tweets announcements, newsletters and campaign finance tips.

# Recent Cases & Rulings

*OCPF audits all campaign finance reports and reviews all complaints alleging violations of the campaign finance law. These audits and reviews may result in enforcement actions or rulings (below).*

*OCPF does not comment on any matter under review, nor does the office confirm or deny that it has received a specific complaint. The identity of any complainant is kept confidential.*

*Public resolution letters and disposition agreements are matters of public record once cases are concluded.*

## Public Resolution Letters

*A public resolution letter may be issued in instances where the office found “no reason to believe” a violation occurred; where “no further action” or investigation is warranted; or where a subject “did not comply” with the law but, in OCPF’s view, the case is able to be settled in an informal fashion with an educational letter or a requirement that some corrective action be taken. A public resolution letter does not necessarily imply a wrongdoing on the part of a subject and does not require agreement by a subject.*

**CPF-13-23: Enough is Enough, Hamilton.** Did not comply (dissolution); 5/24/2013. The Enough is Enough ballot question committee, originally organized to defeat a town override, did not dissolve after the election in 2008. After that election, the group was essentially an “issues group.” Ballot question committees must dissolve after the relevant election. To resolve the matter, the committee dissolved and disposed of all residual funds that were in the committee’s account as of the end of 2008 (\$1,557).

**CPF-13-36: John Lysak, Springfield.** Did not comply (committee organization); 6/17/2013. The Lysak Committee reported more than \$6,000 in receipts in 2011 and 2012, a period when no treasurer was listed for the committee. The campaign finance law requires committees to have a treasurer to raise money. The committee appointed a treasurer on May 28, 2013.

**CPF-13-14: Change Fairhaven.** Did not comply (disclosure); 6/28/2013. A group called Change Fairhaven paid for a video, ads and fliers to oppose two candidates in the town’s April election, but did not disclose its financial activity. A political committee that only raises money to make independent expenditures and does not make contributions to candidates is an independent expenditure PAC

and must disclose its activity. The group, after being contacted by OCPF, filed disclosure forms with the town clerk disclosing \$1,401 in expenditures for ads and flyers.

**CPF-13-28: Michael Maloney, Easton.** Did not comply (corporate resources); 6/28/2013. Maloney used his LLC company’s website to advance his candidacy for selectman in Easton. The campaign finance law prohibits LLC businesses from contributing in-kind contributions to candidates.

## Advisory Opinions

*An advisory opinion is a response from OCPF to a specific question asked by an individual, political committee, group, company or organization concerning the campaign finance law.*

**AO-13-03:** A PAC organized to support municipal candidates in up to 15 different cities and towns should organize with OCPF and file campaign finance reports with OCPF.

**AO-13-04:** A candidate’s committee may donate to a scholarship fund named after the candidate’s father. However, the candidate and the officers of the committee cannot be involved in administering the scholarship fund.

**AO-13-05:** A public employee who takes a leave of absence of at least six months before a general election can solicit and receive campaign contributions. This is a change from OCPF’s previous advice, which was that a public employee could solicit or receive campaign contributions if he or she took a leave of absence four months before a preliminary or primary election and six months before a general election. The campaign finance law prohibits public employees from soliciting or receiving campaign contributions, directly or indirectly.