

# Massachusetts Office of Campaign and Political Finance

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## Schools organization & OCPF resolve charter school ballot question funding source issue

A New York-based social welfare organization that supported a 2016 state ballot question to increase the cap on charter schools – Question 2 – paid more than \$425,000 to the Massachusetts general fund as part of a legal settlement with the Office of Campaign and Political Finance.

The payment by Families for Excellent Schools – Advocacy (FESA) is the largest civil forfeiture negotiated by OCPF in the agency’s 44-year history. The previous record payment was \$185,000 from a 2016 disposition agreement.

The actual total, \$426,466, represents the cash on hand for FESA and Families for Excellent Schools, a closely related charitable organization, as of Aug. 21, 2017.

According to the disposition agreement, OCPF concluded that FESA violated the campaign finance law by receiving contributions from individuals and then contributing those funds to the Great Schools Massachusetts Ballot Question Committee in a manner intended to disguise the true source of the money.

“Massachusetts voters deserve to know the identity of those who attempt to influence them before Election Day,” said OCPF Director Michael J. Sullivan. “Complete and accurate disclosure of campaign activity is the goal of OCPF and the cornerstone of the campaign finance law.”

Between July, 2016, when the ballot question qualified for the ballot, and the state election on Nov. 8, the Great Schools Massachusetts Ballot Question Committee reported receiving more than \$15 million from FESA – 70 percent of the \$21.7 million in receipts reported by the committee.

Because the majority of funds received by the Great Schools Massachusetts Ballot Question Committee was originally reported by the committee as coming from FESA, OCPF began a review to determine if FESA solicited or received funds to support the question. OCPF was concerned that FESA should have organized as a ballot question committee and disclosed the original source of the funds given to the committee.

A review of bank records showed that FESA's transfers to the ballot question committee closely followed FESA's receipts from individuals. For example, during one typical period in August, 2016, individuals contributed \$2.5 million to FESA. Within one week of receiving those donations, FESA made five separate wire transfers to the ballot question committee totaling \$2.5 million.

Additionally, the money received by FESA significantly increased during the four months before the Nov. 8 election, and then dropped significantly afterward, further suggesting that FESA solicited or received contributions with the intent to give the money to the ballot question committee.

OCPF reached three conclusions, according to the agreement:

- FESA was actually a ballot question committee and was required to organize and disclose its donors.
- FESA did not disclose its campaign finance activity in a timely or accurate manner.
- FESA provided funds to the Great Schools Massachusetts Ballot Question Committee in a manner intended to disguise the true source of contributions.

To resolve the issues, FESA filed a statement of organization as a ballot question committee with OCPF, and then e-filed a campaign finance report disclosing all contributions and expenditures from July 1 to Dec. 31, 2016. [Click here](#) for a link to the disclosure report.

FESA also agreed to dissolve as a 501 (C) (4) social welfare organization registered with the IRS.

Families for Excellent Schools (FES), a 501 (C) (3) tax exempt organization, agreed not to fundraise or solicit in Massachusetts, or engage in any election-related activity in the state for four years.

The agreement, [available here](#), was signed by OCPF Director Michael J. Sullivan and the Families for Excellent Schools Advocacy Committee (the ballot question committee that was formed by FESA as part of the agreement).

A disposition agreement is a voluntary written agreement entered into between the subject of a review and OCPF, in which the subject agrees to take certain specific actions.