

Commonwealth of Massachusetts
Office of Campaign and Political Finance

FOR IMMEDIATE RELEASE
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OCPF, NAGE sign disposition agreement

The Office of Campaign and Political Finance announced today that it has entered into a disposition agreement with the National Association of Government Employees (NAGE) and its three Massachusetts political action committees for several violations of the campaign finance law from 1997 through 1999.

In the agreement, OCPF concluded that NAGE and its PACs improperly commingled and disclosed funds received from members, used a “negative check-off” to receive funds from members, and made excess contributions totaling \$69,850.

To resolve the case, the three NAGE PACs agreed to make a payment to the Commonwealth totaling \$30,000, to be split evenly among the three; combine its three PACs into one new PAC; and refrain from contributing to any candidate who received excess contributions from the three affiliated PACs in 1997, 1998 or 1999. The contribution ban ranges over the next four years, varying according to the excess amount that was contributed to a candidate.

NAGE, based in Quincy, is the bargaining agent for many state employees. The three PACs – Unit One State Employees PAC, Unit Six State Employees PAC and NAGE PAC – are based at NAGE headquarters and were organized by individuals associated with the union. NAGE also maintains a PAC at the federal level.

After an investigation that was initiated by requests for information from the NAGE PACs, OCPF found violations in four major categories:

1) Recordkeeping and disclosure

NAGE’s PACs were unable to provide OCPF with contributor records or copies of the weekly payroll deduction forms necessary for an employee check-off. In addition, NAGE employees did not ensure that the amounts deposited in its general

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treasury and then into each PAC corresponded with the amounts raised from members.

Unit One PAC also failed to disclose \$6,200 in contributions made to political committees in 1998.

2) *Segregation of funds*

Funds raised from NAGE members were originally deposited into the union's general treasury, rather than the corresponding PAC for each bargaining unit. The funds were then distributed in an as-needed manner to the NAGE PACs. The failure to properly apportion the funds to the PACs did not comply with the campaign finance law.

3) *Excess contributions*

OCPF concluded that the three state PACs operated as "affiliated" committees, because they shared administrative resources and in numerous instances more than one NAGE PAC made contributions to particular candidates on the same day and in the same amount. The \$500 annual limit on a PAC's total contributions to a candidate also applies to a combination of affiliated PACs.

As affiliated committees, the three state PACs made aggregate contributions to 65 candidates that were over the \$500 annual aggregate limit. These excess contributions totaled \$69,850. There was no indication that any candidates were aware that they were receiving excess contributions from affiliated PACs.

4) *Negative check-off*

NAGE employed a check-off, under which 50 cents was deducted from members' paychecks each week. However, it was a negative check-off, in which money was automatically deducted unless an employee chose not to contribute by notifying his or her payroll office in writing. A negative check-off is not authorized by the campaign finance law; in order for a contribution to be given, the donor must take an affirmative action, such as writing a check or giving consent to a payroll deduction.

NAGE discontinued the negative check-off practice after OCPF initiated its review. It has agreed to continue to require written approval from members before weekly deductions are made.

The new PAC will not make contributions over the next four years to any of the candidates who received excess contributions from the affiliated PACs in 1997, 1998 or 1999, depending on the amount of the excess. For example, if a candidate received an excess contribution of \$500, the NAGE PAC will not contribute to them for one year; for a \$1,000 excess, two years; for \$1,500 excess, three years; and for a \$2,000 excess, four years.

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NAGE also agreed to additional disclosure and verification of future reports by the new unified PAC, including filing bank statements with its reports and certification by an independent certified public accountant.

NAGE also agreed to provide a copy of the disposition agreement to the Federal Election Commission.

The agreement was signed by OCPF Director Michael J. Sullivan and Cheryl M. Cronin, counsel for NAGE.

A copy of the agreement and the PACs' reports are public record and may be viewed at OCPF's office in Room 411 of the John W. McCormack Building, One Ashburton Place, Boston.

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