

Commonwealth of Massachusetts
Office of Campaign and Political Finance

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OCPF, Rappaport sign disposition agreement concerning expenditures by candidate

The Office of Campaign and Political Finance announced today that it has entered into a disposition agreement with James W. Rappaport of Concord regarding expenditures made to further his candidacy for lieutenant governor in 2002.

In the agreement, OCPF concluded that \$225,895.20 was spent outside of the Rappaport Committee's depository account, through which a statewide candidate must disclose all campaign finance activity, in the form of payments made directly to vendors from Rappaport's personal funds. The expenditures, which were primarily for media purchases, occurred in the spring and summer of 2002 but were not publicly disclosed by the Committee for several months.

OCPF was informed of one such payment by the Committee in July 2002. The office advised the Committee that such an arrangement did not comply with the campaign finance law, which requires that all expenditures of over \$50 be by committee depository check or, in the case of media purchases, by either depository check or wire transfer. In either case, the transaction must be conducted through the committee's depository account in order to provide public financial disclosure.

The Committee was instructed by OCPF to cease making purchases from Rappaport's personal funds and to submit a letter setting forth the details of the transaction noted by the committee. Despite repeated attempts by OCPF, however, the Committee did not forward the information until Oct. 9, when it provided documents detailing the expenditure that was discussed with OCPF, as well as four others that had not previously been made known.

Four of the expenditures from various Rappaport personal accounts were wire transfers for media buys: \$50,000 on May 7, \$25,295.20 on May 29, and \$120,000 and \$15,300 on July 2.

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The Committee also disclosed a personal payment of \$15,000 by Rappaport to American Express for campaign expenditures.

Because approximately three months passed before the Committee provided the required disclosure of the transactions, OCPF concluded that the public and OCPF did not have knowledge of five significant campaign expenditures until after the relevant election.

In addition to the delayed disclosure, OCPF found violations by the Committee in the following respects:

- ? Activity outside of the depository account: Depository candidates and committees are required to pay for goods and services costing more than \$50 with funds that have previously been received into their depository accounts. OCPF concluded that Rappaport, individually and as a candidate, violated M.G.L. c. 55, §§ 7 and 19(c) in each of the five instances where he used funds from his personal accounts to pay for campaign expenditures without utilizing funds on deposit in the Committee's depository account.
- ? Purchases Not Covered by Depository Funds: OCPF also determined that in some cases, the Committee did not have enough funds in its depository account to cover three of the expenditures (May 7, May 29, and the \$120,000 expenditure on July 2). The Committee therefore violated M.G.L. c. 55, § 19(d), which prohibits the authorization of an expenditure unless there are sufficient funds in the depository account to cover it.

To resolve the matter, Rappaport agreed to pay a total of \$10,000: \$5,000 to the Commonwealth in the nature of a civil forfeiture and \$5,000 in a contribution to Children's Hospital in Boston. The Committee has augmented its paper and electronic campaign finance reports to reflect the additional expenditures. Rappaport and the Committee also stated that no other expenditures have been made outside the depository account and that complete and accurate financial disclosure of all expenditures in connection with his 2002 campaign for Lieutenant Governor has now been made.

OCPF agreed not to refer the matter to the Attorney General for further action.

The agreement was signed by OCPF Director Michael J. Sullivan, Rappaport and David A. Guerra, the committee treasurer.

A copy of the agreement, as well as all reports filed by the Rappaport Committee, are available at OCPF's office at One Ashburton Place, Room 411, Boston. The reports may also be viewed online on OCPF's electronic filing system at www.mass.gov/ocpf.

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