

Commonwealth of Massachusetts
Office of Campaign and Political Finance

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**OCPF, Rep. Reinstein sign disposition agreement
concerning campaign finance violations**

The Office of Campaign and Political Finance announced today that it has entered into a disposition agreement with state Rep. Kathi-Anne Reinstein of Revere regarding nondisclosure of campaign finance activity and the use of a campaign committee debit card for cash withdrawals.

The agreement states that the Committee to Elect Kathi-Anne Reinstein did not report approximately \$4,000 in receipts and \$17,760 in expenditures from 2001 and 2003, resulting in discrepancies between the committee's actual cash on hand and the balances listed in the Committee's campaign finance reports. Rep. Reinstein also used a committee debit card for ATM cash withdrawals for campaign expenditures, a practice that was inconsistent with OCPF regulations.

In a May 2004 meeting with OCPF staff to resolve outstanding issues stemming from OCPF's 2001 and 2002 legislative audits, Rep. Reinstein disclosed that the Committee had also under-reported expenditures in 2003. She offered to provide OCPF with Committee bank records for the period between January 2001 through December 2003 in order to reconcile discrepancies and determine what amendments, if any, needed to be made to the Committee's reports.

OCPF's review found that in 2001, the Committee's report omitted approximately \$4,000 in receipts and \$2,500 in expenditures. The review also found more significant omissions regarding Committee expenditures for almost six months in 2003: specifically, the Committee did not report any expenditures for the period between May 1, 2003 and October 22, 2003, when it had spent approximately \$15,260. Besides frustrating timely disclosure of actual campaign expenditures, the failure to report such substantial activity resulted in an inflated ending balance on the Committee's 2003 year-end report. The report indicated that the Committee had approximately \$27,833 in its account, when its actual balance was closer to \$11,135.

The agreement also dealt with Rep. Reinstein's use of a debit card to make expenditures from the Committee's account in 2002 and 2003. In January 2002, Rep. Reinstein began using

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the debit card to make cash withdrawals exceeding \$50 from ATMs. Her ATM usage increased over time, with cash withdrawals totaling about \$4,784 in 2002 and about \$6,076 in 2003.

At the time, there was no authority in the Massachusetts campaign finance law or regulations for a candidate or committee to use a debit card to make campaign expenditures. In May 2004 OCPF promulgated a regulation that authorized non-depository (including legislative) candidates to use a debit card linked to a campaign account to pay for expenditures. However, candidates and committees were then, and still are, prohibited from using a debit card to withdraw cash. In lieu of cash withdrawals, a committee may reimburse a candidate or other individual with a committee check for campaign expenses made using personal funds.

Rep. Reinstein's ATM transactions were not reflected as cash withdrawals on the Committee's 2001-2003 campaign finance reports. Instead, the Committee disclosed the underlying expenditures that were made with the cash withdrawn. The Candidate informed OCPF that she frequently withdrew cash to reimburse for expenses incurred to hold regular "office" hours and other meetings with staff and constituents in local establishments, such as coffee shops, that do not generally accept forms of payment other than cash. The nature of the expenditures reflected on the Committee's reports, which seem to represent the cash payments, appear consistent with this explanation. OCPF has no reason to believe that the Candidate or Committee withdrew cash from the Committee's account for personal use.

OCPF has concluded that Rep. Reinstein and the Committee violated M.G.L. c. 55, § 18 by (1) failing to accurately disclose receipts and expenditures in 2001 and 2002; (2) failing to disclose over \$15,000 in expenditures in 2003; and (3) failing to disclose the cash withdrawals made using the Committee's debit card between 2001 and 2003 as reimbursements pursuant to 970 CMR 2.10. OCPF has concluded that the Candidate and the Committee violated M.G.L. c. 55, § 9 each time the Committee's debit card was used to withdraw cash in excess of \$50.

To resolve the issues in the agreement, Rep. Reinstein agreed to make a personal payment of \$2,000 to the Commonwealth in the nature of a civil forfeiture. OCPF has suspended \$1,000 of that amount on the condition that Rep. Reinstein and the Committee substantially comply with all of the requirements of the agreement. Rep. Reinstein also agreed to amend her reports to more accurately reflect the Committee's past activity and to cease using the Committee debit card for cash withdrawals.

The agreement was signed by Rep. Reinstein and OCPF Director Michael J. Sullivan.

Copies of the agreement are available from OCPF.

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