

Commonwealth of Massachusetts
Office of Campaign and Political Finance

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OCPF, SEIU 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 three units of the Service Employees International Union for violations of the campaign finance law in 2005.

Among the violations cited in the agreement with 1199 SEIU United Healthcare Workers East, its Massachusetts PAC and the union's New York Political Action Fund are the PAC receiving funds from an out of state, unregistered political committee and 1199 SEIU making excess contributions to the PAC for expenditures on behalf of Massachusetts candidates and committees.

From August through December 2005, the PAC received a total of \$400,000 from the other two units: \$250,000 from the 1199 SEIU treasury and another \$150,000 from the New York fund. The PAC subsequently made contributions to, and independent expenditures on behalf of, Massachusetts candidates and ballot question committees, including \$72,879 in independent expenditures to support the re-election of Boston Mayor Thomas Menino; \$35,000 in contributions to two state ballot question committees: \$25,000 to Mass. Affordable Care Today and \$10,000 to Mass. Ballot Freedom Committee; and \$9,500 in \$500 contributions to 19 Massachusetts candidates. In addition, 1199 SEIU itself contributed a total of \$14,800 to the Massachusetts Democratic State Committee.

OCPF concluded that the PAC violated the campaign finance law by receiving \$50,000 from the New York fund on Aug. 24, a week before the PAC organized with OCPF. In addition, accepting money from the New York fund did not comply with the law prohibiting contributions from committees not registered according to Massachusetts law.

While the PAC subsequently refunded the \$150,000 it received from the New York fund, the refund was made possible by money provided by 1199 SEIU. Contributions from 1199 SEIU to the PAC were excess contributions in violation of the "incidental threshold" for political contributions by groups that are not political committees.

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An organization making expenditures for a political purpose, such as contributions to PACs, candidates or parties, is not required to organize a political committee, such as a PAC, if it does not solicit or receive funds for a political purpose. However, if an organization's political expenditures in Massachusetts become "more than incidental," it becomes subject to the contribution limitations and reporting requirements that apply to political action committees. Expenditures are considered "more than incidental" if they exceed, in the aggregate, in a calendar year, either \$15,000 or 10 percent of such organization's gross revenues for the previous calendar year, whichever is less. Once an organization's expenditures exceed the incidental threshold, the organization is subject to the contribution limits that apply to a PAC, with limits on how much it can contribute to candidates and committees for as long as the total expenditures exceed the threshold.

The first \$100,000 contributed by 1199 SEIU to the PAC on Oct. 7, 2005, put 1199 SEIU well over the threshold of \$15,000, even before the additional \$150,000 contribution on Oct. 31. Once the threshold was reached, 1199 SEIU, in order to comply with the limits on PAC contributions established by Section 6, could contribute no more than an additional \$500 to the PAC during 2005. In addition, once the threshold was reached, 1199 SEIU could contribute no more than \$5,000 in the aggregate to any Massachusetts political party committee during 2005. By contributing \$14,800 to the Democratic State Committee, the 1199 SEIU treasury exceeded the limit on what it could contribute to the Massachusetts Democratic State Committee in 2005.

To resolve the matter, the PAC agreed to make a payment of \$15,000 to the Commonwealth and 1199 SEIU agreed to make a payment of \$7,500, also to the Commonwealth. To remedy the excess contribution to the Democratic State Committee, 1199 SEIU agreed not to make contributions to the committee from its general treasury in 2006, 2007 and 2008. Pursuant to the incidental threshold guidelines, 1199 SEIU also agreed to observe the contribution limits that are placed on PACs until the year in which it no longer makes expenditures in excess of the incidental threshold.

OCPF agreed not to refer any of the SEIU units to the Attorney General for further action.

The agreement, which is a public record, was signed by OCPF Director Michael Sullivan and Jennifer Cunningham, executive vice president of politics and legislation for 1199 SEIU.

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