

OCPF Reports



From the Director

Mike Sullivan

The start of 2015 will be anything but typical for OCPF as approximately 300 political action committees and more than 100 candidates transfer into what is called the depository reporting system.

The transition is happening due to changes in the campaign finance law that go into effect Jan. 1.

In addition to PACs, mayoral, city council and alderman candidates in New Bedford, Brockton, Quincy, Lynn, Fall River, Newton, Lawrence and Somerville will move into the system — which requires a committee's bank to file reports twice monthly.

To prepare candidates and committees, we've conducted training in each city and have held three seminars for PACs. An additional PAC seminar is on Dec. 16 in Boston. See page 5 for details.

Please call our office if you need assistance with the transition.

State Election

Of 394 legislative candidates, 91 percent filed their pre-election reports on time. The state's 298 PACs also had a 91 percent on-time rate.

Thank you for making efforts to file your reports on time. Year-end reports are due Jan. 20, 2015.

Have a happy holiday season.



Spending by candidates and outside groups for gubernatorial final tops \$25.3 million

Baker and Coakley reported a total of \$8.4 million in expenditures

Spending by outside groups and Independent Expenditure "Super" PACs to support or oppose gubernatorial party finalists was twice the total spent by the candidates themselves.

Outside groups reported making \$16.9 million in independent expenditures to support or oppose the finalists, Charles Baker and Martha Coakley. The candidates reported \$8,406,864 in expenditures during the election cycle (Jan. 1, 2013 - Nov. 15, 2014).

Combined, spending by outside groups and the campaigns totaled \$25.3 million, and does not include in-kind contributions by state party committees, which will be disclosed by candidates in January.

Independent expenditures are made by Super PACs and other groups to support or oppose a candidate, but without coordinating with candidates and their campaigns.

Super PACs accounted for \$9.9 million in spending to support Baker, a Republican, or to oppose Coakley, a Democrat. Super PACs

and other groups reported spending \$6.9 million to support Coakley and oppose Baker.

Most IEPAC spending was done by two committees – Commonwealth Future, which benefited Baker, and Mass IEPAC, which benefited Coakley.

Commonwealth Future reported the highest spending total, \$9.3 million to support Baker and oppose Coakley. The committee was funded primarily by the Republican Governors Association, which contributed \$9,400,000.

Mass IEPAC reported \$6.3 million in expenditures to support Coakley and oppose Baker. The primary donors to the committee were the Massachusetts Teachers Association IEPAC (\$2,539,355), the Democratic Governors Association (\$1,394,000), and WOMEN VOTE! (\$1,150,000).

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IEPAC Spending: Gubernatorial Finalists

Independent Expenditure Super PAC	Reported Expenditures
Commonwealth Future IEPAC	\$9,300,000 to benefit Baker
Mass IEPAC	\$6,253,003 to benefit Coakley
American Comeback Committee MA IEPAC	\$596,216 to benefit Baker
Mass. WOMEN VOTE IEPAC	\$144,255 to benefit Coakley
NAGE IEPAC	\$125,000 to benefit Coakley

From Page One: Statewide Spending

Baker led all gubernatorial candidates in spending with \$4,575,157, followed by Coakley at \$3,831,707. Three other unenrolled candidates appeared on the ballot — Evan Falchuk (\$2.4 million); Jeffrey McCormick (\$1.5 million); and Scott Lively (\$29,491).

that are made to influence candidate elections cannot be limited, because doing so would not be consistent with the First Amendment. The second court decision, SpeechNow.org vs. FEC, held that individuals, corporations, and other groups can provide funds without limit to independent expenditure-only committees (Super PACs). This decision was made by the U.S. Court of Appeals in D.C.

Baker’s spending total was less than all other successful gubernatorial candidates since 1998:

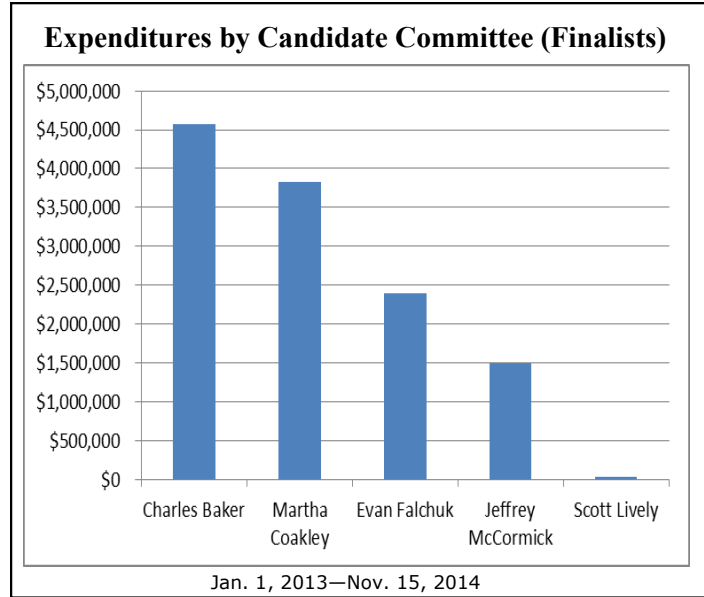
- 2010 Deval Patrick \$5.4 million
- 2006 Deval Patrick \$8.9 million
- 2002 Mitt Romney \$9.4 million
- 1998 Paul Cellucci \$7 million

Former Gov. William Weld spent \$4 million in 1994.

History of Super PACs in Massachusetts

Super PACs and other groups also made expenditures to support or oppose other statewide and legislative candidates. Complete studies on independent spending and statewide candidate activity will be issued by OCPF at future dates.

Super PACs originated in 2010 after two court decisions. In the Supreme Court’s Citizens United vs. FEC decision, the court ruled that independent expenditures by corporations



Independent Spending: Gubernatorial Party Finalists

Expenditure Type	Coakley Support	Baker Opposed	Coakley Opposed	Baker Support
Independent Expenditure PACs	\$132,233	\$6,390,024	\$6,040,467	\$3,858,750
Independent Expenditures	\$414,244	\$11,579	0	\$10,000
Totals	\$546,477	\$6,401,603	\$6,040,467	\$3,868,750

Total spent to benefit Coakley: \$6,948,080

Total spent to benefit Baker: \$9,909,217

\$16,857,297

Recent Cases & Rulings

OCPF audits all campaign finance reports and reviews all complaints alleging violations of the campaign finance law. These audits and reviews may result in enforcement actions or rulings (below). OCPF does not comment on any matter under review, nor does the office confirm or deny that it has received a specific complaint. The identity of any complainant is kept confidential. PRLs and disposition agreements are matters of public record once cases are concluded.

Public Resolution Letters

A public resolution letter may be issued in instances where the office found “no reason to believe” a violation occurred; where “no further action” or investigation is warranted; or where a subject “did not comply” with the law but, in OCPF’s view, the case is able to be settled in an informal fashion with an educational letter or a requirement that some corrective action be taken. A public resolution letter does not necessarily imply a wrongdoing on the part of a subject and does not require agreement by a subject.

CPF-14-34: Anthony Soto, Holyoke. Did not comply (public employee) 7/8/2014. Soto, a Holyoke city councilor, is also an appointed state employee. On May 2, 2014, he sent an invitation to several people inviting them to a fundraiser benefiting his campaign committee. The invitation also included the name of a public employee as host of the event. The campaign finance law prohibits public employees from soliciting political contributions. To resolve the matter, the Soto Committee made two charitable contributions totaling \$1,000. In addition, Soto made a personal payment of \$200 to the state’s general fund.

CPF-14-14: Daniel Allie, Westfield. Did not comply (personal use); 7/9/2014. The Allie Committee made expenditures for chiropractor services for the candidate and to purchase clothing. Allie, a candidate for state representative, reimbursed the committee for the expenditures and amended his campaign finance report.

CPF-14-19: Jean-Claude Sanon, Mattapan. Did not comply (business contributions, disclosure); 7/15/2014. The Sanon Committee received \$3,123 in prohibited business contributions, did not disclose in a timely manner \$1,211 in contributions, did not disclose occupation and employer information for two contributions and did not disclose the purpose of seven expenditures totaling \$5,619. To resolve the issues, the committee refunded the business contributions and amended its reports. It also made a payment to the state for \$500.

CPF-14-40: Oliver Cipollini, Marstons Mills. Did not comply (government buildings); 7/28/2014. The committee sent “gofundme.com” e-mails soliciting contributions, a percentage of which were sent to government e-mail addresses. The campaign finance law prohibits the solicitation of campaign contributions in buildings used for governmental purposes.

CPF-14-45: Hassan Smith, Boston. Did not comply (excess contribution); 7/31/2014. The candidate received a \$1,500 cashier’s check marked “loan” from Amber Wilson, payable to the candidate personally. On the same day, the candidate’s campaign committee reported a receipt from him for \$1,500. Based on the timing of the transactions, OCPF concluded that Wilson’s loan to the candidate was meant to be a loan to the committee, and an excess contribution of \$1,000 (the annual contribution limit is \$500). The committee returned the money to Wilson.

CPF14-35: Wong Family Benevolent Association, Boston. Did not comply (true source); 8/19/2014. Rick Wong of Peabody made a \$500 contribution to the Suzanne Lee Committee and was reimbursed by the Wong Family Benevolent Association. The reimbursement resulted in a contribution of \$500 to the Lee Committee by the association in a manner that disguised the true source of funds. The association made a \$500 payment to the state’s general fund.

CPF-14-57: Pioneer Valley Regional School District, Northfield. Did not comply (public resources); 11/3/2014. The district distributed three e-mails and one robocall to parents concerning a ballot question. The campaign finance law prohibits the use of public resources for political campaign purposes.

Continued on Page 5

Laborers' PAC resolves case with OCPF

The Massachusetts and Northern New England Laborers' District Council Political Action Committee agreed to make a \$22,500 payment to the state's general fund to resolve several issues, including non-disclosure, according to a disposition agreement between the PAC and OCPF.

According to a review of committee records by OCPF, the PAC did not disclose approximately \$178,000 in expenditures in 2013. The vast majority of the undisclosed expenditures were legally permissible transfers made by the PAC to the committee's affiliated federal PAC.

OCPF also determined that the committee originally disclosed expenditures totaling approximately \$9,550 in contributions to candidates, but the candidate committees never deposited the checks. The PAC did not amend its reports to reflect this,

further exacerbating its balance discrepancy.

To resolve the matter, the committee agreed to make the \$22,500 payment. The committee, which collects its funds via paycheck deductions from union members, also amended their reports to accurately disclose all committee activity.

The disposition agreement was signed by OCPF Director Michael J. Sullivan and Michael A. Tranghese, the PAC treasurer.

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. The full agreement is available on the OCPF website, www.ocpf.us, under "[agency actions](#)."

OCPF resolves independent expenditure disclosure issue in Boston mayoral race

Two entities – an independent expenditure PAC (IEPAC) and a non-profit organization – agreed to make a \$30,000 payment to the state's general fund to resolve issues involving independent expenditures during the 2013 Boston mayoral election, according to a disposition agreement between OCPF and the organizations.

The issues addressed in the agreement involved transfers of \$400,000 and \$100,000 in October, 2013, from the American Federation of Teachers (AFT) to a non-profit organization called One New Jersey. One New Jersey then transferred \$500,000 on Oct. 23 to the One Boston Independent Expenditure PAC (One Boston), a political committee organized with OCPF. One New Jersey was not organized as an IEPAC with OCPF.

A day later, on Oct. 24, \$480,000 was transferred from One Boston to a media company for an ad buy to support Boston mayoral candidate Martin Walsh.

On Jan. 7, 2014, One Boston filed a disclosure report disclosing a single contribution of \$500,000 from One New Jersey and all relevant expenditures.

Because One New Jersey requested and received money from the AFT for the purpose of influencing the Boston mayoral race, One New Jersey was acting as a political committee but did not organize as a political committee with OCPF, as required.

In addition, One Boston violated the campaign finance law by accepting and disclosing a contribution from One New Jersey that it knew originated with the AFT. State law prohibits disguising the true source of contributions.

To resolve the matter, One New Jersey agreed to organize with OCPF as an independent expenditure PAC and file a report disclosing the contribution it received from the AFT and the expenditure it made to One Boston. One Boston has filed all required reports.

Disposition agreements are voluntary written agreements entered into between the subject of a review and OCPF, in which the subject agrees to take certain specific actions. Disposition agreements are posted at OCPF's website, [here](#).

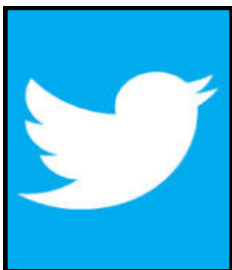
From Page 3: Agency Actions

CPF-14-47: Committee to Elect Brett Vottero, Springfield. Did not comply (business contribution); 11/5/2014. In July 2014, a corporation mailed invitations to an Aug. 6 fundraising event to benefit the committee. Corporations are prohibited from contributing to a candidate's committee. The total cost of printing, mailing and hosting the event totaled \$935. The owners of the corporation reimbursed the business for the in-kind contribution to the committee.

CPF-14-42: Robert Moulton Jr., North Adams. Did not comply (disclosure); 11/5/2014. During the 2013 North Adams mayoral election, the Moulton committee did not completely and accurately disclose all contributions, and it received excess cash contributions. If the candidate runs for office again, he must provide OCPF with copies of bank statements, all deposit tickets and contributor checks for review, according to the public resolution letter.

CPF-14-36: James Cichetti, Agawam. Did not comply (disclosure, business contributions, recordkeeping); 11/7/2014. The Cichetti committee failed to disclose campaign finance activity, did not name a committee treasurer and accepted a corporate contribution. To resolve the issues, the committee filed amended campaign finance reports, named a treasurer and refunded the corporate contribution.

@OCPFreports



Announcements
News
Reporting Tips

PAC SEMINAR

The training explains changes to the law

Dec. 16

2:30 p.m.

Ashburton Café, One
Ashburton Place, Boston

All PACs and People's
Committees must enter
the depository system
in 2015

RSPV to Jason Tait at

jason.tait@state.ma.us

Please call Caroline
Paras or Mike Joyce
with questions about
the depository system

617-979-8300

OCPF

How to Contact OCPF's Auditors

Audit Director

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Candidate Auditors

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OCPF Regulation Changes

Revised regs are in effect to implement new law

The following is a summary of changes to OCPF's regulations that became effective on Aug. 21.

The regulations implement portions of Chapter 210 of the Acts of 2014, which was signed into law on Aug. 1. The changes that became effective in August are available [here](#).

Independent Expenditures: The regulation is revised to define reporting requirements for Independent Expenditure PACs, also known as Super PACs. IEPACs must file seven -day reports and 24-hour reports, as well as year-end reports.

Identifying Funding Sources: The regulation is revised to establish disclosure rules for tracking transfers made by individuals and entities for the purpose of making independent expenditures, electioneering communications and contributions.

Joint Contributions: Contributions made on a joint check may be attributed equally to each individual named on the check, at the discretion of the recipient candidate or committee. Attribution is appropriate if it will not result in an excess contribution.

Disclaimers: The regulation requires the listing of the five "top contributors" giving more than \$5,000 in a year to an entity making independent expenditures, electioneering communications or ballot question expenditures. The regulation also says that the disclaimer should direct viewers of ads to go to OCPF's website, www.ocpf.us, for more information.

Subvendor Reporting: The regulation is revised to specify that subvendor reporting is required by individuals or groups making ballot question expenditures, and also by IEPACs.

Legal Defense Funds: The regulation is revised to say that state party committees may create legal defense funds.

E-Filing: The regulation is revised to require local party committees to e-file if they raise or spend more than \$5,000 in an election cycle.

In addition to the regulation changes above, OCPF plans to issue additional revised regulations to implement the parts of the new legislation that will go into effect on Jan. 1, 2015.

[Click here](#) to review the proposed regulations.



**Switch is
Required**

Steps to Transfer

- Choose a depository bank
- File an initial report with OCPF
- Begin filing deposit reports

**Candidates will transition during the month of
January, 2015**

617 979 8300

Some city candidates must transfer to the depository system

Mayoral, city council and alderman candidates in **Brockton, Fall River, Lawrence, Lynn, New Bedford, Newton, Quincy and Somerville** must enter the depository reporting system in January.



Contact an OCPF auditor with questions about the transition

www.ocpf.us