

OCPF Reports



From the Director

Mike Sullivan

The 2016 Election

OCPF made a big push this election cycle to help legislative candidates e-file their campaign finance reports by the pre-primary and pre-election deadlines.

For the pre-election, 93.8 percent of 337 legislative candidates filed by the deadline. The pre-primary was just a bit lower at 93.5 percent.

We are very pleased with those percentages. In part, we credit the e-mail notices — one was sent a few weeks before the due date, followed by at least two reminders.

I'm grateful to everyone who filed on time and worked with our office to do so.

To close out the 2016 campaign finance reporting cycle, all **legislative candidates** on the 2016 ballot will file a year-end report by Jan. 20, covering activity from Oct. 22 to Dec. 31. Legislative candidates who were not on the ballot, but have open OCPF accounts, also file the year-end report.

For **depository candidates, IEPACs and PACs**, you'll also file year-end reports. Please call if you have questions.

As for the four **state ballot questions**, OCPF will do a study in the coming months about spending levels by committees. One thing is certain — all spending records were broken in 2016.

Again, thank you for working with us this election cycle.

Mike Sullivan

OCPF has resolved 11 'straw donor' cases since 2013

\$566,000 in negotiated settlement payments

OCPF has resolved 11 "straw donor" cases since 2013, including four so far this year, with total civil forfeiture payments of \$566,000.

The recent uptick is likely due to audit procedures and an increased public awareness, which drives complaints and investigations.

"It's a problem we'd like to resolve through education, not by opening more cases," said OCPF Director Michael Sullivan. "We urge candidates to ask questions if they receive several employee contributions from one company. Before deposit-

ing, ask the question, 'are these funds really from the individuals signing the checks?'"

The campaign finance law prohibits disguising the true source of contributions, and bans most business contributions to candidates, PACs or party committees that are made directly or indirectly.

In each case reviewed by OCPF since 2013, indi-

viduals or their businesses gave money to employees, friends, or family, and those

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"Straw donors" are individuals who funnel contributions to candidates or committees using funds that were given to them by another person or entity for that purpose

Civil Forfeiture Payments Made Since 2013 Related to True Source Investigations

2016: Canton-based contractor: \$185,000
 2016: Cambridge real estate businessman: \$16,000
 2016: Realty and property management companies: \$10,000
 2016: Rhode Island LLC and Avon distributor: \$10,000
 2015: Bridgewater excavating contractor: \$3,500
 2015: Auto dealerships: \$60,000
 2015: Drywall contractor: \$81,500
 2015: Worcester law firm owners: \$10,000
 2015: Waste services company: \$120,000
 2014: Roofing contractor: \$45,000
 2013: Grocery store owners: \$25,000

TOTAL PAYMENTS: \$566,000

2016 Independent Spending

Super PACs exceed \$1 million for the fall election

Super PACs, also known as Independent Expenditure PACs (IEPACs), reported more than \$1 million in expenditures to support or oppose candidates in the 2016 state election.

In addition, groups and traditional PACs reported more than \$450,000 in independent expenditures to support or oppose candidates.

The total amount spent by Super PACs and other groups and committees for the 2016 election was approximately \$1.5 million.

In 2012, the last state election year during which statewide candidates were not on the ballot, Super PACs reported spending \$200,923, and unions and associations spent \$782,052, for a total of \$982,975.

Independent expenditures are expenditures made to expressly advocate for or against candidates, and are made without coordinating with a candidate's campaign.

IEPACs are committees organized to make independent expenditures. IEPAC spending reports are available by [clicking here](#).

Independent expenditures by groups and traditional PACs are available by [clicking here](#).

Spending by Super PACs

Mass. Teachers Association: \$386,348

Democrats for Education Reform: \$201,031

Mass. Realtor: \$181,607

Rise up Together: \$153,402

Jobs First: \$104,171

Environmental League of MA: \$19,189

Mass Values: \$8,154

Retired Public Employees: \$2,026

Continued: Straw Donor Cases

straw donors gave to candidates. The subjects of the reviews settled with OCPF and paid civil forfeiture payments to the state's general fund (in one case, money was also paid to municipalities). OCPF had no reason to believe that any candidates knew they were receiving contributions from straw donors.

One of the most recent settlement payments, \$185,000, was the largest in OCPF's history and is described in detail on the next page of this newsletter.

If OCPF decides not to settle a case, or cannot, the individuals involved can be referred to the Attorney General's office, resulting in possible criminal charges.

[Click here](#) for the statute concerning the true source of contributions (MGL Chapter 55, Section 10).

Business owner, two companies make \$185,000 payment to resolve campaign finance issues

OCPF entered into a disposition agreement with Canton-based businessman Vincent Barletta to resolve a complaint that corporate funds were contributed to Massachusetts candidates in another person's name.

According to the agreement, on at least 60 occasions between 2010 and 2015, business entities controlled by Barletta provided \$35,500 to employees who then used those funds to make contributions to candidates.

The campaign finance law prohibits corporate contributions to candidates, and prohibits a person from disguising the true source of a contribution.

To resolve the issue, Barletta and two Barletta-controlled businesses, First Fidelity Corp. and Puma Corp., made a \$185,000 payment to the state's general fund. In addition, Barletta and all Barletta-controlled businesses agreed not to make any contributions to influence Massachusetts elections for five years. Barletta paid \$17,500 personally, First Fidelity Corp. paid \$155,000, and Puma Corp. paid \$12,500.

OCPF's analysis of bank records and other information revealed that several employees of Barletta-controlled entities deposited funds received from the entities into their personal checking accounts, either shortly before or shortly after they made contributions to candidates. Funds were contributed to a total of 10 candidates.

The candidate committees that received funds, and are still active, have voluntarily disgorged or will disgorge the prohibited funds by Dec. 31, 2016. Disgorgements are made according to the "residual funds clause" in Section 18 of campaign finance law – to the state, a municipality, charity or scholarship fund.

The candidates and their committees were not aware that the contributions they received were made with corporate funds provided by another until they were notified by OCPF. The 10 candidates ran for statewide, legislative and municipal offices, and are

listed in the disposition agreement [here](#).

In addition to the \$185,000 payment, Barletta agreed to provide OCPF with an annual affidavit through 2021 certifying that he and his businesses did not provide funds to any person for the purpose of making contributions to candidates.

According to the agreement, OCPF acknowledges that Barletta, Barletta Engineering, and the other named Barletta-controlled entities appear to be presently responsible with respect to the Massachusetts campaign finance law.

Barletta has also contacted the Federal Election Commission regarding alleged corporate reimbursements provided to employees for contributions those employees may have made to federal candidates and committees since 2010.

The agreement was signed by OCPF Director Michael J. Sullivan and Barletta, as well as representatives from businesses controlled by Barletta.

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.

AGENCY
ACTIONS ARE
POSTED TO THE
OCPF WEBSITE
[HERE](#)

259 traditional PACs in Massachusetts reported \$4.6 million in expenditures for the 2016 election

Traditional political action committees in Massachusetts reported spending more than \$4.5 million from Jan. 1, 2016, until Nov. 15, 2016.

PACs also reported more than \$4.1 million in receipts for the same period.

Of 259 total PACs, 188 spent at least \$1,000, and eight PACs spent \$100,000 or more.

A PAC can make contributions to candidates of \$500 per calendar year, and make expenditures to enhance the purpose for which it was organized.

For the full list of PACs and their expenditure totals, [click here](#).

TOP TEN PACs BY EXPENDITURES

MA & Northern NE Laborers' District Council:	\$919,476
1199 SEIU:	\$679,747
Retired Public Employees:	\$351,390
Committee for a Democratic House:	\$250,108
International Brotherhood of Electrical Workers:	\$169,415
Pipefitters Local #537:	\$147,378
Committee for a Democratic Senate:	\$124,930
Boston Police Patrolmen's Association:	\$101,152
Painters District Council #35:	\$93,960
Chapter 25 Associated (Teamsters):	\$83,238

OCPF IS ON FACEBOOK
[CLICK HERE](#) TO LIKE AND FOLLOW



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. Disposition agreements are matters of public record once cases are concluded.

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.

Disposition Agreements

Real estate businessman to make \$16,000 payment to resolve campaign finance issues

10/17/2016: Richard McKinnon, a Cambridge-based real estate businessman, agreed to make a \$16,000 civil forfeiture to the state's general fund to resolve a complaint regarding the true source of campaign contributions, according to a disposition agreement between McKinnon and OCPF.

According to OCPF's review, McKinnon gave his personal funds to two employees, who deposited the funds in their personal bank accounts shortly before or shortly after making contributions to Cambridge candidates.

The employees contributed a total of \$6,450 to eight candidates with funds provided by McKinnon, according to the agreement.

The campaign finance law prohibits a person from disguising the true source of a contribution, and limits how much a person can contribute to a candidate in a calendar year. The current limit is \$1,000 per calendar year, and was \$500 prior to 2015.

The candidates who received the contributions will disgorge the prohibited funds by Dec. 31, 2016. Disgorgements are made according to the "residual funds clause" in Section 18 of the campaign finance law – to the state, a municipality, charity or scholarship fund.

The candidates had no knowledge that the contributions by McKinnon's employees were made using funds provided by McKinnon.

The \$16,000 payment by McKinnon will be made in three installments – \$5,000 upon execution of the disposition agreement, \$5,000 due on or before March 17, 2017, and \$6,000 due on or before Dec. 29, 2017.

In addition to the payment, McKinnon agreed not to make contributions to Massachusetts candidates for three years.

The agreement, [available here](#), was signed by OCPF Director Michael J. Sullivan and McKinnon.

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.

Massachusetts corporations make \$10,000 payment to resolve campaign finance issue

11/7/2016: Corporations owned by two Allston-based businessmen have made a \$10,000 civil forfeiture payment to the state's general fund to resolve a complaint regarding the true source of campaign contributions, according to a disposition agreement between the businessmen and OCPF.

Alex Matov and Adrian Shapiro are the principal officers and/or managing partners in several businesses, including Hancock Q. Plaza, LLC; Nova Suites, LLC; 5460 Lexington Business Center, LLC; Partner's Properties, LLC; 1505 Commonwealth Avenue Realty Trust; and CV Consulting, LLC, to candidates.

According to OCPF's review, Matov and Shapiro provided funds from their business entities to an employee, who deposited the money shortly after she made contributions to three Massachusetts candidates in 2015 and 2016. In total, \$3,000 was contributed by the employee.

The campaign finance law prohibits a person or entity from disguising the true source of a contribution, and prohibits contributions from corporations, including LLCs.

OCPF has no reason to believe that the candidates who received the contributions, Mayor Thomas Koch of Quincy (\$1,500), Mayor Martin Walsh of Boston (\$500), and Attorney General Maura Healey (\$1,000), knew that the funds contributed by the employee were made with money provided by another source.

The candidates have voluntarily disgorged, or will disgorge, the prohibited funds by Dec. 31, 2016. Disgorgements are made according to the "residual funds clause" in Section 18

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of the campaign finance law – to the state, a municipality, charity or scholarship fund.

The agreement, [available here](#), was signed by OCPF Director Michael J. Sullivan, Matov and Shapiro.

Avon-based businessman and his bookkeeper agree to \$10,000 in civil forfeiture payments

11/21/2016: An Avon-based businessman and his bookkeeper have agreed to pay \$7,500 and \$2,500 respectively to resolve an OCPF review regarding the true source of campaign contributions and corporate contributions to candidates, according to a disposition agreement between OCPF and the individuals.

Brian Bairos is the owner and president of Colorado Ave., LLC, in Rhode Island, and McIsaac and Bairos New England Distribution, LLC, in Avon. Ashley Arruda is the bookkeeper for the Avon distribution company.

According to the disposition agreement, Bairos' company, and Arruda personally, made contributions to three candidates in 2015 by arranging for multiple individuals to make contributions in their own names, totaling \$9,000.

The campaign finance law prohibits contributions made in a manner to disguise the true source of the funds, and prohibits corporations from contributing to candidates directly or indirectly. This is the 11th "true source" case resolved by OCPF since 2013, resulting in a total of \$566,000 in civil forfeiture payments. All disposition agreements are posted on the OCPF website [here](#).

According to the disposition agreement with Bairos and Arruda, Arruda's parents made contributions to candidates in October and November 2015 totaling \$3,000. Arruda used her personal funds to reimburse her parents for those contributions. Subsequently, Bairos used \$6,000 in corporate funds to fully reimburse Arruda in December 2015 for contributions she, her boyfriend and her parents made to candidates.

Three candidates received prohibited funds – Attorney General Maura Healey (\$4,000); Boston Mayor Martin Walsh (\$4,000); and Quincy Mayor Thomas Koch (\$1,000).

There is no reason to believe that the candidates knew they received prohibited funds. The candidates have voluntarily disgorged, or will disgorge, the prohibited funds by Dec. 31, 2016. Disgorgements are made according to the "residual

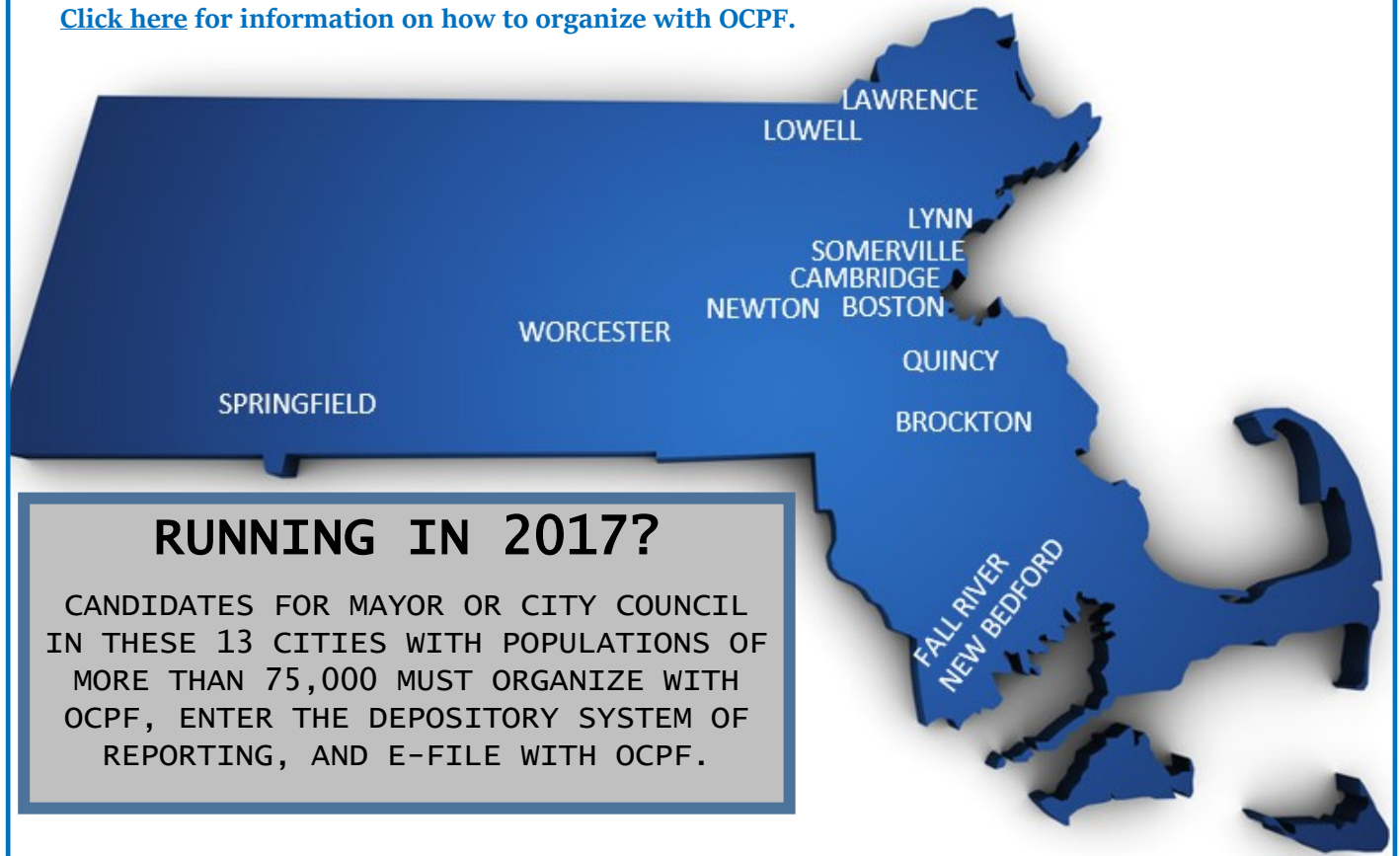
funds clause" in Section 18 of the campaign finance law – to the state, a municipality, charity or scholarship fund.

The agreement, [available here](#), was signed by OCPF Director Michael J. Sullivan, Bairos and Arruda.

Using personal funds, Bairos made a \$2,500 civil forfeiture payment to the state's general fund when the disposition agreement was signed, and has agreed to make \$2,500 payments by Dec. 31, 2016, and March 31, 2017. Arruda made a \$1,250 civil forfeiture payment to the state's general fund when the agreement was signed, and agreed to make another \$1,250 payment by Dec. 31, 2016.

**CLICK HERE FOR OCPF'S
TOP 10 CAMPAIGN
FINANCE RULES**

[Click here](#) for information on how to organize with OCPF.

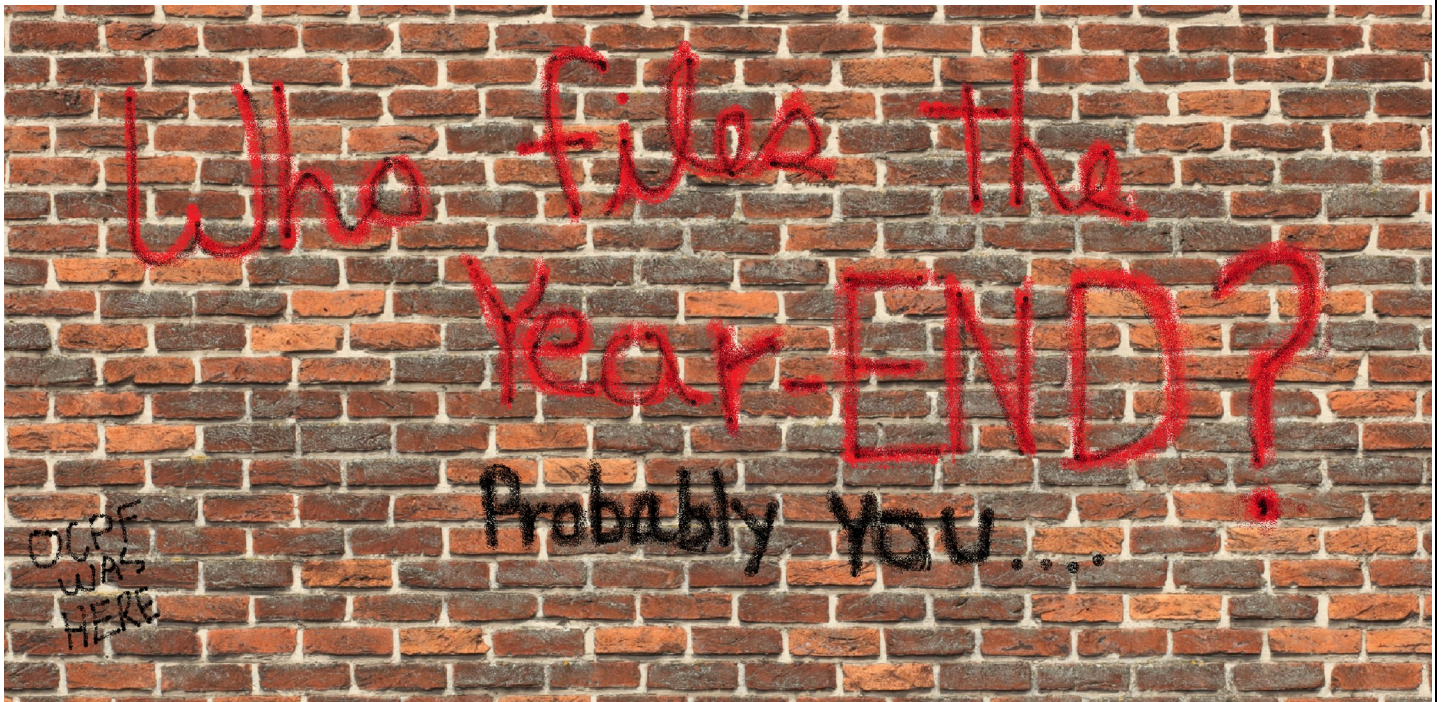


25 cities with populations of 75,000 or less will elect mayors in 2017

All mayoral candidates e-file with OCPF

Agawam	Amesbury	Attleboro
Beverly	Chicopee	Easthampton
Everett	Fitchburg	Gardner
Gloucester	Haverhill	Holyoke
Leominster	Marlborough	Medford
Methuen	Newburyport	North Adams
Northampton	Peabody	Salem
Taunton	Westfield	West Springfield
	Woburn	

[CLICK HERE](#) FOR INFORMATION ON HOW TO ORGANIZE WITH **OCPF** 



THE YEAR-END REPORT IS DUE JAN. 20,
2017, AND IS FILED BY EVERY
CANDIDATE AND COMMITTEE.

SELECTMEN? YES.

PACs? YES.

MAYORS? YES.

SCHOOL COMMITTEE? YES.

EVERY INCUMBENT, AND EVERY NON-
INCUMBENT WITH A CAMPAIGN BALANCE,
ACTIVITY OR LIABILITIES, WILL FILE THE
YEAR-END REPORT.

PLEASE CALL OCPF WITH QUESTIONS: 617-979-8300

2017 Municipal Elections: R6 can be used by municipal candidates who file locally and is only available by contacting OCPF. To register, candidates and committees should send the M101 organizational form with “R6 Only” written at the top to OCPF. [Click here](#) for a tutorial on how to use R6 to create and print campaign finance reports.
E-Mail: ocpf@cpf.state.ma.us

HOW TO CONTACT YOUR OCPF AUDITOR

EACH CANDIDATE ORGANIZED WITH OUR AGENCY IS ASSIGNED TO AN OCPF AUDITOR BASED ON THE FIRST LETTER OF HIS OR HER LAST NAME.

OCPF AUDITORS ASSIST CANDIDATES AND THEIR COMMITTEES WITH RULES, REGULATIONS AND E-FILING. THEY ALSO REVIEW THE REPORTS FILED BY CANDIDATES AND COMMITTEES.

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A-D	Shane Slater	sslater@cpf.state.ma.us
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