



STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
AND ELECTION PRACTICES
135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

To: Commissioners

From: Jonathan Wayne, Executive Director

Date: April 29, 2014, 1:51 p.m.

Re: Proposed Consent Agreement/Lewiston Casino PACs

For your consideration, I have attached a proposed consent agreement as an alternative to continuing the Dec. 5, 2013 hearing and engaging in potential collection litigation. Under the agreement:

- The Commission would conclude that three campaign finance reports filed by Green Jobs for ME and People for Lewiston Auburn Committee were not timely filed, because they misstated the sources of more than \$400,000 in funding for 2011 campaign.
- The PAC officers and decision-makers, and the individuals named in the agreement, are not admitting any fault or wrongdoing.
- The Commission would receive penalty payments totaling \$15,000. The respondents privately agreed on a division of the total penalties.

The staff proposes the consent agreement as a procedure to reach a legal conclusion and collect a penalty that is cost-effective for the Commission and for the respondents. I have requested that the PACs provide faxed or e-mailed copies of page 8 with signatures by tomorrow morning, but that may not be feasible.

If you can accept the proposed agreement at tomorrow's meeting, please signal that acceptance through a motion and vote. My proposal is that, once the original signatures and payments are received by the Commission staff, I would contact the Chair for his signature. If the agreement is unacceptable to you, I recommend scheduling a continued hearing for June or early July.

If you have any questions, the Commission's Counsel and I would be happy to address them at the meeting tomorrow.

**STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES**

In Re:)	
People of Lewiston and)	ADMINISTRATIVE
Auburn PAC)	CONSENT AGREEMENT
Green Jobs for ME PAC)	

The Maine Commission on Governmental Ethics and Election Practices (hereinafter “the Commission”), Green Jobs for ME PAC (hereinafter “Green Jobs”) and People for Lewiston Auburn Committee (hereinafter “PLAC”) enter into the following consent agreement to resolve, without further administrative proceedings, alleged violations of statutes regarding the campaign finance reporting obligations of Green Jobs and PLAC (collectively “the PACs”). The Commission and the PACs (the “Parties”) hereby agree as follows:

FACTS

1. In 2010, a group of investors from the Lewiston-Auburn area of Maine led by Stavros Mendros decided to pursue the development of a casino in downtown Lewiston, Maine. They formed a limited liability company named Great Falls Recreation & Redevelopment, LLC, of which Mr. Mendros was named manager, and organized a petition drive for a citizen’s initiative to gain legal approval for the casino.

2. Pursuant to 21-A M.R.S. § 1053, Green Jobs registered as a political action committee with the Commission on May 19, 2010 in support of the citizen initiative. Stavros Mendros was identified as the PAC’s principal officer and manager and Peter Robinson as its treasurer. Those two individuals and no others were identified on the registration form as the PAC’s primary fundraisers and decision-makers.

3. The petition drive was successful, and the citizen initiative qualified to appear on the ballot for a vote by the people of Maine at a referendum election on November 8, 2011.

4. In September 2011, Scott Nash and Ryan Hill, residents of Maryland, and Dwayne Graham of Georgia, formed a Maine corporation, known as M Five, Inc., for purposes of developing the casino. As part of a September 2011 business agreement with Great Falls Recreation & Redevelopment, LLC, M Five promised to provide financing for the political campaign in support of the citizen initiative.

5. During 2010-2011, Green Jobs filed campaign finance reports with the Commission, in accordance with the schedule set forth in 21-A M.R.S. § 1059. On October 5, 2011, Green Jobs filed its final report, the October 2011 quarterly campaign finance report.

6. Pursuant to 21-A M.R.S. § 1053, PLAC registered as a political action committee with the Commission on October 17, 2011, in support of the citizen initiative. Mr. Mendros, Mr. Robinson, and five other individuals were listed as the primary fundraisers and decision-makers for the new PAC. William Welch of Lewiston was listed as the treasurer as well as a principal officer, primary fundraiser and decision-maker of the PAC.

7. Mr. Robinson was not the treasurer for PLAC, but as the deadline for the 11-day pre-election report approached (October 28, 2011), Mr. Robinson undertook to assist the treasurer with the reporting of the PAC's contributions and expenditures.

8. In 2010, Mr. Robinson received advice from Commission employee Cindy Sullivan that if a business organization (specifically, a limited liability company such as Great Falls Recreation and Redevelopment) was formed to promote a citizen initiative, the financiers of that business entity should be listed as the contributors to the PAC. In 2011, when completing campaign finance reports for the PACs, Mr. Robinson applied this advice in disclosing the

sources of funds used to support the casino initiative campaign. Mr. Robinson sought in good faith to ascertain the origin of monies used for the political campaign and to report those sources as the contributors to the PACs.

9. On October 28 and December 20, 2011, in accordance with 21-A M.R.S. §§ 1059(2)(C)(1) & (2), PLAC filed its 11-day pre-election and 42-day post-election reports.

10. As the result of the November 8, 2011 referendum election, the casino measure did not pass.

11. In order to complete the campaign finance reports filed on behalf of Green Jobs for ME on October 5, and on behalf of PLAC on October 28 and December 20, 2011, Mr. Robinson sought in good faith to obtain information concerning the campaign expenditures that the PACs were required to disclose and the sources of those funds. He relied on others to provide him with the specifics of these transactions. For example, on October 25, 2011, Peter Robinson sent an e-mail to Stavros Mendros, Ryan Hill, Scott Nash, and the PACs' political consultant seeking this financial information, so that he could include it in the campaign finance reports.

12. In response to these inquiries in September-October 2011, Mr. Robinson received contribution and expenditure information which he relied upon in completing the October 5, October 28, and December 20, 2011 campaign finance reports for Green Jobs and PLAC.

13. In the October 5, October 28, and December 20, 2011 reports, Green Jobs and PLAC reported receiving the following cash contributions from GT Source Corporation, a Georgia company that manufactures video slot machines:

Contributions Reported by PACs from GT Source					
#	Reported Date	Reported Donor Name	Reported Amount	PAC	Report (filed date)
#1	8/12/2011	GTSource	\$5,000.00	Green Jobs	October Quarterly(10/5/2011)
#2	9/1/2011	GT Source	\$2,200.00	Green Jobs	October Quarterly (10/5/2011)
#3	9/22/2011	GT Source	\$26,000.00	Green Jobs	October Quarterly (10/5/2011)
#4	10/13/2011	GT Source	\$25,000.00	PLAC	11-Day Pre-Election (10/28/2011)
#5	10/13/2011	GT Source	\$140,000.00	PLAC	11-Day Pre-Election (10/28/2011)
#6	10/18/2011	GT Source	\$160,000.00	PLAC	11-Day Pre-Election (10/28/2011)
#7	10/26/2011	GT Source	\$53,419.73	PLAC	42-Day Post-Election (12/20/2011)
Total			\$411,619.73		

14. On December 22, 2011, a representative of Casinos*No!*, a group that had opposed the PACs and the casino measure, filed a complaint with the Commission, seeking a formal investigation into the accuracy of campaign finance reporting by the PACs.

15. On January 25, 2012, the Commission initiated a formal investigation into the actions and reporting of the PACs. The investigation included one day of testimony from witnesses on December 5, 2013.

16. Evidence obtained during the investigation revealed that the funds totaling \$411,619.73 listed as contributions by GT Source Corporation in the October 5, October 28 and December 20, 2011 PAC reports were not in fact provided by GT Source Corporation. Those funds were instead provided in the form of expenditures made on behalf of the PACs either directly or indirectly by M Five, Inc., or one of the other companies owned by Scott Nash and Ryan Hill (Wild West Gaming Technologies, Inc. or Incentovation).

APPLICABLE LAW

17. Political action committees are legally required to register with the Commission and to file financial reports. (21-A M.R.S. §§ 1053 & 1058-1060)

18. In their campaign finance reports, PACs are required to report the contributions that they have received, including the “[n]ames, occupations, places of business and mailing addresses of contributors who have given more than \$50 to the political action committee in the reporting period and the amount and date of each contribution” (21-A M.R.S. § 1060(6)). PACs are also required to report the date, payee, purpose, and amount of each expenditure (21-A M.R.S. §§ 1060(4) & (7)).

19. Title 21-A M.R.S. § 1062-A(2) provides that “[a] campaign finance report is not timely filed unless a properly signed or electronically submitted copy of the report, substantially conforming to the disclosure requirements of this subchapter, is received by the commission by 11:59 p.m. on the date it is due.”

20. Title 21-A M.R.S. § 1062-A(4) provides that the maximum penalty for late filing of PAC reports is \$10,000 except that if the financial activity reported late exceeds \$50,000, the maximum penalty is 1/5 of the amount reported late. The Commission has authority to waive penalties in whole or in part, based on mitigating circumstances or certain considerations of proportionality. (21-A M.R.S. § 1062-A(2))

LEGAL CONCLUSIONS

21. The Commission concludes that the \$411,619.73 in contributions listed in the October 5, October 28 and December 20, 2011 PAC reports did not come from GT Source Corporation, as reported, but from other sources that were not disclosed, and that as a result:

A. The October quarterly report filed by Green Jobs on October 5, 2011, did not substantially conform to the reporting requirements of 21-A M.R.S. §§ 1059 & 1060 and thus was not timely filed pursuant to 21-A M.R.S. § 1062-A; and

B. The 11-day pre-general report filed on October 28, 2011, and the 42-day post-election report filed by PLAC on December 20, 2011, did not substantially conform to the reporting requirements of 21-A M.R.S. §§ 1059 & 1060 and thus were not timely filed pursuant to 21-A M.R.S. § 1062-A.

COVENANTS

22. To resolve this matter without further administrative hearings or litigation, the PACs agree to pay or cause to be paid, and the Commission agrees to accept, civil penalties totaling \$15,000 for the late filing of three campaign finance reports. Specifically, the Commission agrees to waive all penalties for these three late filings, except for \$1,000 for late filing of the October 2011 quarterly report by Green Jobs, \$6,500 for the late filing of the 11-day pre-election report by PLAC, and \$7,500 for the late filing of the 42-day post-election report by PLAC.

23. Payment must be in the form of a check or money order payable to "Treasurer, State of Maine" for deposit in the general fund of the State and delivered to the Commission at the time of returning this signed Agreement.

24. The payment of penalties to the Commission is not an admission of fault or wrongdoing by any of the principal officers or decision-makers of the PACs, or any of the other individuals named in this agreement, but is simply an effort to end costly administrative proceedings and to avoid potential litigation.

25. In consideration of execution of this Consent Agreement and payment of the penalties described in paragraph 22 above by or on behalf of the PACs, the Commission agrees to forego any further investigative or enforcement action against the PACs, the principal officers and decision-makers of the PACs, or any of the other individuals and entities named herein, concerning the reporting of contributions and expenditures as described in this Agreement, or to seek any other civil or administrative sanctions available under Maine campaign finance law, other than those agreed to herein.

26. This Consent Agreement becomes effective upon approval of the Commission by majority vote and the date of the last necessary signature below.

27. This Consent Agreement contains the entire agreement between the parties hereto. It may be modified only by a written agreement executed by all of the parties hereto.

28. This Consent Agreement is not subject to appeal. By entering into the Agreement, the Commission, the PACs and their officers and decision-makers and the other individuals and entities referred to herein, waive any further administrative hearings or appeals regarding the campaign finance compliance issues that are the subject of this Consent Agreement.

29. The individuals who are signing this Agreement for the PACs acknowledge by their signatures hereto that they have each read this Consent Agreement and have had the opportunity to consult with legal counsel before executing it, that they have authority to sign the

Agreement on behalf of the PACs and the principal officers and decision-makers of each PAC, that each of them has executed the Agreement voluntarily, and that they and the other principal officers and decision-makers of both PACs agree to abide by all terms and conditions set forth herein.

In Witness Whereof, the parties have executed this Agreement consisting of eight (8) pages.

GREEN JOBS FOR ME:

Dated: _____

By: _____
Its: _____

PEOPLE OF LEWISTON AUBURN
COMMITTEE:

Dated: _____

By: _____
Its: _____

MAINE COMMISSION ON
GOVERNMENTAL ETHICS
AND ELECTION PRACTICES:

Dated: _____

By: _____
Its: _____