

Agenda

Item #5



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

MEMORANDUM

To: Interested Persons
From: Jonathan Wayne, Executive Director
Date: July 19, 2013
Subject: Audits of 2012 Maine Clean Election Act Candidates

The Commission's auditor has completed seventeen audits since the Commission's last meeting, which concludes the 2012 program of auditing Maine Clean Election Act candidates. Most of the audits found no violations. In two instances, we found minor documentation errors that are noted by the auditor. No action by you is recommended for the minor documentation errors.

Actions Recommended by Commission Staff

In keeping with prior practice, we recommend you take the following actions arising out of the audits:

Jody M. James. We recommend that you find that Jody M. James violated 21-A M.R.S.A. § 1125(12-A)(B) &(C) by not keeping (1) an invoice or receipt from Staples in the amount of \$132.26 stating the goods or services purchased; (2) a document from his bank proving that he paid \$132.26 to Staples, and (3) invoices for payments to the U.S. Postal Service and Antonia's Pizza. We recommend assessing a penalty of \$50 pursuant to 21-A M.R.S.A. § 1127(1) for the record-keeping violations. We make this recommendation to underscore the importance that Maine Clean Election Act candidates keep documents for all expenditures over \$50 or more. If candidates do not keep these documents, the State essentially must take the word of candidates that purchases were made and were related to the election.

Christopher Kessler. We recommend that you find that Christopher Kessler violated 21-A M.R.S.A. § 1125(7-A) for failing to deposit \$51.10 of his seed money contributions into a separate bank account. No penalty is recommended for this violation.

Hon. Arthur C. Verow. We recommend that you find that Rep. Arthur Verow violated 21-A M.R.S.A. § 1125(2-A)(C) by misreporting his expenditures in his seed money report. As a result, the Commission overpaid Mr. Verow for the primary election by \$200. The Commission staff accepts that the misreporting was unintentional, and we have no reason to doubt Rep. Verow's explanation that the misreporting resulted from a factual misunderstanding by his treasurer that an invoice had been paid. Accordingly, no penalty is recommended for this violation. Nevertheless, the Commission staff recommends that you request that Rep. Verow repay the \$200 to the Maine Clean Election Fund.

Glenn Curry. We recommend that you find that Glenn E. Curry violated 21-A M.R.S.A. § 1125(7-A) by commingling \$100 of his personal funds with Maine Clean Election Act funds. These funds remained in the campaign bank account throughout the campaign and were not spent to promote his election. Accordingly, no penalty is recommended for the violation.

Thank you for your consideration of the audit reports.



STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
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135 STATE HOUSE STATION
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04333-0135

Memorandum

TO: Members of the Commission
FROM: Vincent W. Dinan, Auditor
DATE: 7/19/2013
SUBJECT: Audit Report Transmittal

The Commission staff has completed the 2012 general election campaign audits for the candidates listed below.

<u>Candidate</u>	<u>Contest</u>	<u>Status</u>
Burnell Bailey	House 146	No exceptions
Roxanne V. Frenette*	House 132	Minor documentation error
Jody M. James*	House 106	Two violations
Christopher J. Kessler*	House 122	Single violation
Timothy J. Lajoie	House 74	No exceptions
Thomas R. MacMillan	House 118	No exceptions
Rep. Jeffrey M. McCabe*	House 85	Minor documentation error
Rep. Michael Nadeau	House 1	No exceptions
Rep. Helen Rankin	House 97	No exceptions
Jonathan J. Roy	House 2	No exceptions
Rep. Diane M. Russell	House 120	No exceptions
Bettyann W. Sheats	House 68	No exceptions
Raymond A. Soule	House 53	No exceptions
Rep. Arthur C. Verow*	House 21	Single violation
Katherine E. Ver Sluis	House 75	No exceptions
Glenn E. Curry*	Senate 23	Single violation
Sen. David E. Dutremble*	Senate 4	No exceptions

*Audits attached



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April 17, 2013
Audit Report No. 2012-HR034
Candidate: Roxanne V. Frenette
House District 132

Background

Roxanne V. Frenette was a candidate for election to the Maine House of Representatives, District 132, in the 2012 general election. Ms. Frenette was certified for Maine Clean Election Act (MCEA) funding on March 6, 2012. Under the terms of the Act, MCEA candidates are required to submit reports of contributions received, campaign expenditures, equipment purchases and dispositions, and outstanding campaign debt for specified periods during the election cycle.

Audit Scope

The auditor examined selected contributions made to the campaign, and certain expenditures made during the following reporting periods:

- Seed Money
- 11 Day Pre-Primary
- 42 Day Post-Primary
- 42 Day Pre-General
- 11 Day Pre-General
- 42 Day Post-General

The transactions examined were recorded in the campaign's accounting and banking records. The audit's purpose was to determine if the identified contributions and expenditures (1) were properly approved by the candidate or her authorized representative; (2) were adequately documented as evidenced by original vendor invoices and cancelled checks or other acceptable third party disbursement documentation; (3) were properly reported to the Commission; and (4) complied in all material respects with the requirements of the Maine Clean Election Act and the Commission's rules.

Audit Findings and Recommendations

No significant errors were noted during the auditor's examination. In one instance, however, the candidate was unable to provide a vendor-generated document supporting a payment of \$360.00 to the U. S. Postal Service. A cancelled check payable to the USPS in the reported amount was supplied by the Frenette campaign. In that (1) the amount was reasonable and legitimate campaign expenditure, and (2) all other transactions examined by the auditor were in full compliance with the MCEA, the auditor has concluded that the documentation error does not rise to the level of a formal violation, and recommends that the Commission not assess a penalty for this oversight.

Respectfully submitted to the Commission,

Approved:

Vincent W. Dinan, Auditor

Jonathan Wayne, Executive Director



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May 10, 2013
Audit Report No. 2012-HR035
Candidate: Jody M. James
House District 106

Background

Jody M. James was a replacement candidate for election to the Maine House of Representatives, District 106, in the 2012 general election. Mr. James was certified for Maine Clean Election Act (MCEA) funding on September 4, 2012. Under the terms of the Act, MCEA candidates are required to submit reports of contributions received, campaign expenditures, equipment purchases and dispositions, and outstanding campaign debt for specified periods during the election cycle.

Audit Scope

The auditor examined selected contributions made to the campaign, and certain expenditures made during the following reporting periods:

- 42 Day Pre-General
- 11 Day Pre-General
- 42 Day Post-General

The transactions examined were recorded in the campaign's accounting and banking records. The audit's purpose was to determine if the identified contributions and expenditures (1) were properly approved by the candidate or his authorized representative; (2) were adequately documented as evidenced by original vendor invoices and cancelled checks or other acceptable third party disbursement documentation; (3) were properly reported to the Commission; and (4) complied in all material respects with the requirements of the Maine Clean Election Act and the Commission's rules.

Audit Findings and Recommendations

Finding No. 1 – Missing Vendor Documentation

The James campaign was unable to provide copies of vendor invoices for three expenditures reported to the Commission, as follows:

- USPS on 8/28/2012 for \$378.00.
- Staples on 10/16/2012 for \$132.26.
- Antonia's Pizza, on 11/2/2012 for \$99.63.

Mr. James informed the auditor that he and his family had recently changed residences, and in the process of moving, he must have lost the documents. Payments to two of the vendors – USPS and Antonia's Pizza – were supported by debit card entries on the campaign bank statements. There was no record of the payment to Staples (see below).

Standard - 21A M.R.S.A. §1125 (12-A) (B) states in part that "The treasurer shall obtain and keep ... a vendor invoice stating the particular goods or services purchased for every expenditure of \$50 or more
....."

Recommendations – The Commission staff recommends that the Commission find the candidate in violation of the cited provision of the MCEA for the missing records of the USPS and Antonia's Pizza expenditures. In that payments in the reported amounts were documented, and appeared to be reasonable campaign expenditures; the staff recommends that the Commission assess no penalty. The staff further recommends that the missing documentation related to the Staples purchase be considered in concert with finding no. 2.

Finding No. 2 – Undocumented Campaign Expenditure

The James campaign reported a payment to Staples on 10/16/2012 in the amount of \$132.26. The audit disclosed there was no vendor invoice or receipt on file, and no record of payment. Although the candidate did not have a vendor invoice or receipt from Staples in the amount of \$132.26, he did have an itemization of an order for printing by Staples dated 10/15/2012 that he had printed from a website. The job was for Staples to print a banner at a cost of \$98.99.

Mr. James informed the auditor that he had paid cash to the vendor and later reimbursed himself by withdrawing cash from the campaign bank account. The reimbursement amount was for \$200.00, and was related to two purchases paid by the candidate in cash: \$132.26 (Staples) and \$67.74 (Home Depot). Mr. James was able to provide a receipt for the Home Depot purchase. The auditor was able to verify a withdrawal of \$200.00 from the campaign bank account on 10/25/2012. Mr. James was briefly interviewed by the Commission's Executive Director for preparation of the draft audit report. The candidate stated that the purchase of \$132.26 was for the printing of the banner, and also for some paper, envelopes, and labels, which was consistent with the remarks for the purchase when the expense was reported.

Standard – 21A M.R.S.A. §§1125 (12-A) (B) & (C) states on part that "The treasurer shall obtain and keep... A vendor invoice stating the particular goods or services purchased for every expenditure of \$50 or more ..." and "A record proving that a vendor received payment for every expenditure of \$50 or more in the form of a cancelled check, receipt from the vendor or bank or credit card statement identifying the vendor as the payee".

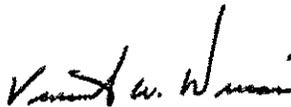
Recommendations – the Commission staff recommends that the Commission find that Mr. James violated 21-A M.R.S.A. §§1125 (12-A) (B) & (C) by not keeping an invoice or receipt from Staples in the amount of \$132.26 stating all of the goods or services purchased and by not keeping some document proving that he paid \$132.26 to Staples. The requirement for MCEA candidates to keep these documents is important, because it allows the State of Maine to verify that MCEA funds were spent for genuine campaign purposes. If candidates do not keep these documents, the State essentially must take the word of candidates that purchases were, in fact, made, and that they were campaign-related.

In this case, Mr. James has partially documented the goods and services he purchased from Staples (through the print order itemization in the amount of \$98.99), but he does not have a receipt for the entire purchase and does not have proof that he paid Staples. Because both documents are missing, the staff recommends a penalty of \$50 to underscore the importance of the requirement to keep documentation of expenditures.

Candidate's Comments on the Report's Findings and Recommendations

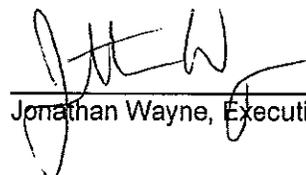
Mr. James declined to comment on the report.

Respectfully submitted to the Commission,



Vincent W. Dinan, Auditor

Approved:



Jonathan Wayne, Executive Director



STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
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135 STATE HOUSE STATION
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04333-0135

April 3, 2013
Audit Report No. 2012-HR014
Candidate: Christopher J. Kessler
House District 122

Background

Christopher J. Kessler was a candidate for election to the Maine House of Representatives, District 122, in the 2012 general election. Mr. Kessler was certified for Maine Clean Election Act (MCEA) funding on April 27, 2012. Under the terms of the Act, MCEA candidates are required to submit reports of contributions received, campaign expenditures, equipment purchases and dispositions, and outstanding campaign debt for specified periods during the election cycle.

Audit Scope

The auditor examined selected contributions made to the campaign, and certain expenditures made during the following reporting periods:

- Seed Money
- 11 Day Pre-Primary
- 42 Day Post-Primary
- 42 Day Pre-General
- 11 Day Pre-General
- 42 Day Post-General

The transactions examined were recorded in the campaign's accounting and banking records. The audit's purpose was to determine if the identified contributions and expenditures (1) were properly approved by the candidate or his authorized representative; (2) were adequately documented as evidenced by original vendor invoices and cancelled checks or other acceptable third party disbursement documentation; (3) were properly reported to the Commission; and (4) complied in all material respects with the requirements of the Maine Clean Election Act and the Commission's rules.

Audit Findings and Recommendations

Finding – Failure to deposit seed money into the campaign bank account

Christopher Kessler reported total seed money contributions of \$146.10 on his Seed Money Report filed with the Commission at the end of the qualifying period. The auditor's review of deposits to the campaign bank account disclosed total credits of \$95. Mr. Kessler informed the auditor that \$51.10 of contributions "... did not make it into the bank account" By not depositing all campaign funds into the campaign bank account, Mr. Kessler violated a provision of the MCEA; moreover, he risked commingling personal and campaign funds and may have compromised his ability to properly account for his campaign contributions.

Standard - 21A M.R.S.A. §1125 (7-A) states that "The candidate or committee authorized pursuant to section 1013-A, subsection 1, shall deposit all revenues from the fund and all seed money contributions in a campaign account with a bank or other financial institution. The campaign funds must be segregated from, and may not be commingled with, any other funds."

Recommendation - Mr. Kessler was a first-time candidate for the legislature, and made well-documented efforts to comply with the election law and the Commission's rules. Accordingly, the Commission staff recommends that the Commission find the candidate in violation of the cited provision of the MCEA by failing to deposit \$51.10 of his seed money contributions into a separate bank account. The staff further recommends no penalty assessment.

Candidate's Comments on Audit Findings and Recommendations

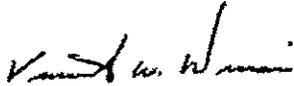
Vincent,

Thanks for the message. I reviewed the report, and as you correctly stated, I did co-mingle seed money donations with personal cash in those initial days. I appreciate the fact that you commended my effort at keeping accurate records and recommend that no penalty be issued. It is my hope that your recommendation is followed, as I am ready to be done with my campaign for State Representative!

I am curious - how has my audit compared to other Clean Elections candidates?

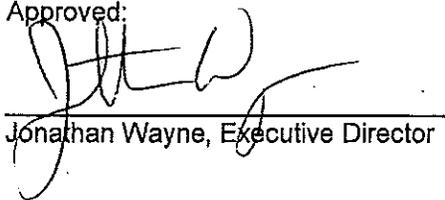
Chris

Respectfully submitted,



Vincent W. Dinan, Auditor

Approved:



Jonathan Wayne, Executive Director



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135 STATE HOUSE STATION
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April 3, 2013
Audit Report No. 2012-HR019
Candidate: Representative Jeffrey M. McCabe
House District 85

Background

Representative Jeffrey M. McCabe was a candidate for election to the Maine House of Representatives, District 85, in the 2012 general election. Rep. McCabe was certified for Maine Clean Election Act (MCEA) funding on April 23, 2012. Under the terms of the Act, MCEA candidates are required to submit reports of contributions received, campaign expenditures, equipment purchases and dispositions, and outstanding campaign debt for specified periods during the election cycle.

Audit Scope

The auditor examined selected contributions made to the campaign, and certain expenditures made during the following reporting periods:

- Seed Money
- 11 Day Pre-Primary
- 42 Day Post-Primary
- 42 Day Pre-General
- 11 Day Pre-General
- 42 Day Post-General

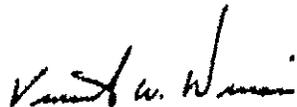
The transactions examined were recorded in the campaign's accounting and banking records. The audit's purpose was to determine if the identified contributions and expenditures (1) were properly approved by the candidate or his authorized representative; (2) were adequately documented as evidenced by original vendor invoices and cancelled checks or other acceptable third party disbursement documentation; (3) were properly reported to the Commission; and (4) complied in all material respects with the requirements of the Maine Clean Election Act and the Commission's rules.

Audit Findings and Recommendations

No significant violations were noted during the auditor's examination. In one instance, however, the candidate was unable to provide a vendor-generated document to support a seed money disbursement of \$150 to the U. S. Postal Service. A cancelled check payable to the USPS in the reported amount was provided to us by the McCabe campaign. In that the payment was reasonable and a legitimate campaign expenditure, and that other transactions examined by the

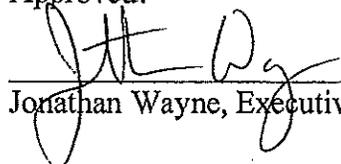
auditor in general complied with the provisions of the MCEA, the auditor has concluded that the documentation error does not rise to the level of a formal violation, and recommends that the Commission not assess a penalty for this oversight.

Respectfully submitted to the Commission,



Vincent W. Dinan, Auditor

Approved:



Jonathan Wayne, Executive Director



April 1, 2013

Vincent W. Dinan
Commission Auditor
Maine Commission on Governmental Ethics and Election Practices
125 State House Station
Augusta, ME 04333

Dear Mr. Dinan:

Thank you for the opportunity to respond to the audit of my 2012 House District 85 campaign. Although I do not dispute the findings of your audit, I dispute the fact that these findings rise to the severity of campaign finance violations.

In response to the first finding regarding the \$150 USPS expenditure, I provided more than adequate documentation verifying the payment details of this expenditure. Surely the misplacement of a small paper receipt, if supplemented with other verifying documentation, should not warrant a violation by the Commission.

In response to the second finding regarding the \$7.78 of personal funds in the campaign account, I provided a very reasonable explanation as to why this money remained in the account. This very small amount of money was left in the account initially to keep the account open, and I kept track of this money throughout the entire campaign process and did not spend it. The fact that I did not withdraw the \$7.78 from the account should not warrant a violation of the Commission.

Due to the minor nature of these findings, and my reasonable explanations for both, I respectfully ask that you not recommend violations for these findings.

Sincerely,

A handwritten signature in black ink, consisting of a stylized 'J' and 'M' followed by a long horizontal line.

Jeff McCabe
Assistant House Majority Leader



STATE OF MAINE
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135 STATE HOUSE STATION
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04333-0135

April 22, 2013
Audit Report No. 2012-HR027
Candidate: Representative Arthur C. Verow
House District 21

Background

Representative Arthur C. Verow was a candidate for election to the Maine House of Representatives, District 21, in the 2012 general election. Rep. Verow was certified for Maine Clean Election Act (MCEA) funding on March 29, 2012. Under the terms of the Act, MCEA candidates are required to submit reports of contributions received, campaign expenditures, equipment purchases and dispositions, and outstanding campaign debt for specified periods during the election cycle.

Audit Scope

The auditor examined selected contributions made to the campaign, and certain expenditures made during the following reporting periods:

- Seed Money
- 11 Day Pre-Primary
- 42 Day Post-Primary
- 42 Day Pre-General
- 11 Day Pre-General
- 42 Day Post-General

The transactions examined were recorded in the campaign's accounting and banking records. The audit's purpose was to determine if the identified contributions and expenditures (1) were properly approved by the candidate or his authorized representative; (2) were adequately documented as evidenced by original vendor invoices and cancelled checks or other acceptable third party disbursement documentation; (3) were properly reported to the Commission; and (4) complied in all material respects with the requirements of the Maine Clean Election Act and the Commission's rules.

Audit Findings and Recommendations

Finding – erroneous reporting of Seed Money expenditures

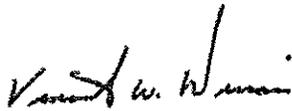
The Verow campaign reported a payment of \$200 to the Bangor Letter Shop (BLS) made during the qualifying period and listed on Schedule B of the candidate's Seed Money report. The audit disclosed, however, that the referenced transaction was an obligation made by the campaign, and no disbursement of Seed Money was made to the vendor. The campaign treasurer informed us that the signs purchased from BLS were actually delivered into the hands of the campaign during the qualifying period, but the vendor did not invoice the campaign until after Rep. Verow was certified for MCEA funding. The campaign paid BLS on May 29, 2012, two months after certification. Total reported Seed Money disbursements were \$342.35, but actual Seed Money payments made by the campaign were \$142.35. As a result of the misreporting, the Commission disbursed \$200 in excess of the Rep. Verow's MCEA entitlement.

Standard – 21A M.R.S.A. §1125 (2-A) (C) states “Upon requesting certification, a participating candidate shall file a report of all seed money contributions and expenditures. If the candidate is certified, any unspent seed money will be deducted from the amount distributed to the candidate as provided in subsection 8-A.”

Recommendation – The Commission staff recommends that the Commission find the candidate in violation of 21A M.R.S.A. §1125 (2-A) (C), and require Rep. Verow to repay the \$200 over-payment to the Commission. The staff further recommends that the Commission not assess a penalty beyond the repayment, as the violation appeared to be a misunderstanding of the Commission’s requirements by the candidate and his treasurer, and the auditor found that the campaign’s record-keeping was otherwise in full accord with the provisions of the election law.

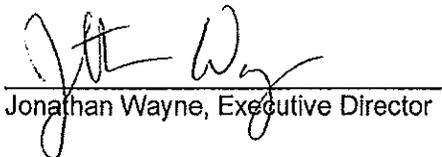
Candidate’s Comments on the Audit findings and Recommendations – Rep. Verow’s comments are attached to the report.

Respectfully submitted,



Vincent W. Dinan, Auditor

Approved:



Jonathan Wayne, Executive Director

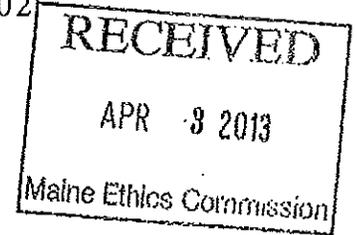


HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002

(207) 287-1400

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Arthur C. Verow

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RepArthur.Verow@legislature.maine.gov

Maine Commission on Governmental Ethics and Election Practices
135 State House Station
Augusta, Maine 04333-0135

April 2, 2013

Dear Commission Members:

I am in receipt of Vincent Dinan's March 25, 2013 letter concerning his audit comments on my election receipts and expenditures.

I have no quarrel with his findings and accept the fact that I made a mistake in reporting my expenditures. The \$200.00 payment to Bangor Letter Shop was made from elections funds rather than seed money. That was an error but an honest mistake on my part.

Mr. Dinan's letter contains a recommendation that I be required to repay the \$200 overpayment. I feel that this is a fair and reasonable recommendation. It is also recommended that I be assessed a penalty of \$100. I respectfully request that the penalty be waived as the mistake that I made was, although careless, an honest mistake. I believe that Mr. Dinan found that all my reports were filed in a timely manner and that there were no other violations

I will be willing to meet before the Commission to answer any questions or offer any additional information on my accounts.

Sincerely,


Rep. Arthur C. Verow

Copy: Vincent Dinan



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COMMISSION ON GOVERNMENTAL ETHICS
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135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

June 18, 2013
Audit Report No. 2012-SEN012
Candidate: Glenn E. Curry
Senate District 23

Background

Glenn E. Curry was a candidate for election to the Maine State Senate, District 23, in the 2012 general election. Mr. Curry was certified for Maine Clean Election Act (MCEA) funding on April 25, 2012. Under the terms of the Act, MCEA candidates are required to submit reports of contributions received, campaign expenditures, equipment purchases and dispositions, and outstanding campaign debt for specified periods during the election cycle.

Audit Scope

The auditor examined selected contributions made to the campaign, and certain expenditures made during the following reporting periods:

- Seed Money
- 11 Day Pre-Primary
- 42 Day Post-Primary
- 42 Day Pre-General
- 11 Day Pre-General
- 42 Day Post-General

The transactions examined were recorded in the campaign's accounting and banking records. The audit's purpose was to determine if the identified contributions and expenditures (1) were properly approved by the candidate or his authorized representative; (2) were adequately documented as evidenced by original vendor invoices and cancelled checks or other acceptable third party disbursement documentation; (3) were properly reported to the Commission; and (4) complied in all material respects with the requirements of the Maine Clean Election Act and the Commission's rules.

Audit Findings and Recommendations

Finding – Commingling of Funds

The Curry campaign reported \$1,450 in Seed Money contributions to the Commission. The auditor's review of the campaign bank account disclosed that \$1,550 was deposited into the account during the qualifying period. Mr. Curry informed the auditor that his bank (Camden National Bank) required him to deposit funds in order to open the campaign account. Accordingly he made an initial deposit of personal funds in the amount of \$100; however, Mr. Curry failed to remove his personal funds once Seed Money contributions were received. The initial deposit remained in the account throughout the 2012 election period without being spent, and remained on deposit in 2013 to keep the account open.

By not withdrawing the initial \$100 once campaign funds became available, Mr. Curry in effect commingled his personal and his campaign funds in contravention of the election law.

Standard – 21A M.R.S.A. §1125 (7-A) states that “The candidate or committee authorized pursuant to section 1013-A, subsection 1, shall deposit all revenues from the fund and all seed money contributions in a campaign account with a bank or other financial institution. The campaign funds must be segregated from, and may not be commingled with, any other funds.”

Recommendations – The Commission staff recommends that the Commission find Mr. Curry in violation of the cited statute. It should be noted that, other than the referenced matter, the Curry campaign’s financial activities were well documented and accurately reported. Accordingly, the staff recommends that the Commission not impose a financial penalty on the Curry campaign.

Candidate’s Comments on the Audit finding and Recommendations

Mr. Curry submitted the following comments by e-mail on June 17, 2013:

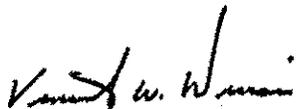
Dear Mr. Dinan

Thank you for your service to Maine and the clean elections system. I do not challenge your findings or recommendation.

Sincerely

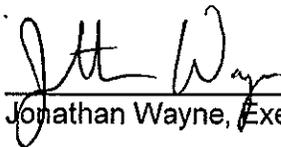
Chip Curry

Respectfully submitted,



Vincent W. Dinan, Auditor

Approved:



Jonathan Wayne, Executive Director



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

May 10, 2013
Audit Report No. 2012-SEN011
Candidate: Senator David E. Dutremble
Senate District 4

Background

Senator David E. Dutremble was a candidate for election to the Maine State Senate, District 4, in the 2012 general election. Sen. Dutremble was certified for Maine Clean Election Act (MCEA) funding on April 21, 2012. Under the terms of the Act, MCEA candidates are required to submit reports of contributions received, campaign expenditures, equipment purchases and dispositions, and outstanding campaign debt for specified periods during the election cycle.

Audit Scope

The auditor examined selected contributions made to the campaign, and certain expenditures made during the following reporting periods:

- Seed Money
- 11 Day Pre-Primary
- 42 Day Post-Primary
- 42 Day Pre-General
- 11 Day Pre-General
- 42 Day Post-General

The transactions examined were recorded in the campaign's accounting and banking records. The audit's purpose was to determine if the identified contributions and expenditures (1) were properly approved by the candidate or his authorized representative; (2) were adequately documented as evidenced by original vendor invoices and cancelled checks or other acceptable third party disbursement documentation; (3) were properly reported to the Commission; and (4) complied in all material respects with the requirements of the Maine Clean Election Act and the Commission's rules.

Audit Findings and Recommendations

No exceptions or reporting deficiencies were noted.

Auditor's Note

Candidates submit periodic campaign finance reports over the course of the primary and general election cycles. After each submittal deadline, Commission staff conducts a "compliance review" of expenditures reported by the candidates in order to identify campaigns that require additional information or assistance to achieve compliance with the provisions of the election law. Problem areas are communicated by the staff to candidates and treasurers on a continuing basis to help campaigns conform to the law and the Commission's rules.

During the compliance review, the Commission staff verifies that all expenditures reported by Maine Clean Election Act candidates appear to comply with the Commission's Expenditure Guidelines for Maine Clean Election Act Candidates. Those guidelines include specific guidance on different categories of purchases such as car travel, food, and lodging, and the following general advice:

Expenditures for "campaign-related purposes" are those which are traditionally accepted as necessary to promote the election of a candidate to political office. Candidates using MCEA funds must also take into account the public nature of the funds, the underlying objectives of the MCEA, and the reasonableness of the expenditures under the circumstances.

In 2012, the Commission's compliance review activities played an important role in helping the Dutremble campaign avoid major campaign violations and subsequent penalties. In reviewing Sen. Dutremble's expenditures during the 42 Day Post Primary and 42 Day Pre-General periods, the Commission staff identified a number of large campaign expenditures that exceeded the notion of "reasonableness" in the Commission's Expenditure Guidelines and were not traditionally accepted as necessary to promote Mr. Dutremble for election to the State Senate. Expenditures called into question included:

- Payments of about \$1,800 for food for volunteers and campaign events, including a post-primary election celebration.
- Purchases of equipment in excess of items normally required to support a Senate campaign.
- Large scale purchases of office supplies, again in excess of amounts normally needed to support an election campaign.

Sen. Dutremble and his campaign cooperated with the Commission's compliance review, including by providing information and documents, meeting with the Commission staff, and returning goods to stores which the Commission staff viewed as outside the MCEA Expenditure Guidelines. Discussions between the staff and the candidate disclosed misunderstandings on the part of Sen. Dutremble regarding the allowability of certain costs. For example, he was incorrectly advised that he could spend Maine Clean Election Act funds to purchase office equipment that he could use for carrying out his duties as a State Senator after his election. He over-estimated the amount of food necessary for two campaign events around the primary election, and the campaign subsequently decided to use the food purchased as a stockpile for anticipated future needs during the campaign.

After consultation with, and guidance from the Commission staff, Sen. Dutremble refunded the following amounts to the Commission:

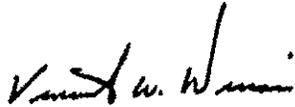
VENDOR	DATE	FOD	EQP	OFF	OTH	TOTALS
42 Day Post-Primary:						
Shaw's	6/10/2012	\$188.28				\$188.28
Shaw's	6/12/2012	\$131.39				\$131.39
Happy Dragon	6/10/2012	\$117.70				\$117.70
Happy Dragon	7/6/2012	\$75.16				\$75.16
Staples	7/17/2012		\$658.13			\$658.13
Dollar Tree	6/12/2012				\$59.28	\$59.28
42 Day Pre-General:						
Staples	7/29/2012				\$49.01	\$49.01
Lowe's	7/21/2012			\$313.46		\$313.46
Staples	9/2/2012			\$659.26		\$659.26
Total Refunds and Returns		\$512.53	\$658.13	\$972.72	\$108.29	\$2,251.67

The anomalies discussed above surfaced because the Commission's candidate registrar vigorously pursued her compliance review responsibilities, a process that is ongoing throughout all election cycles. The Commission's auditor and staff are considering whether to recommend any changes to the Commission's Rules or policies that would discourage similar situations in the future while still allowing candidates the flexibility to communicate with voters and campaign effectively.

Candidate's Comments on the Audit Report

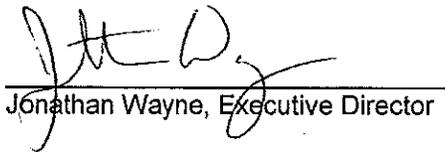
Sen. Dutremble did not offer any comments on the report.

Respectfully submitted to the Commission,



Vincent W. Dinan, Auditor

Approved:



Jonathan Wayne, Executive Director