

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

**Special Report on 2018 Maine Clean Election Act Campaigns
for the House of Representatives, Senate, and Governor**

December 6, 2019

MAINE COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES
Special Report
2018 Maine Clean Election Act Campaigns

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Commissioners
Maine Ethics Commission:

We have performed the procedures noted below, which were agreed to by the Maine Commission on Governmental Ethics and Election Practices (Maine Ethics Commission), solely to assist the Commissioners and its staff in ensuring that the 2018 Maine Clean Election Act (MCEA) candidates for the House of Representatives, Senate, and Governor complied with the reporting requirements of the MCEA and the Candidate's Guide to the MCEA published by the Commission. The period covered by our procedures is for the entire 2018 election cycle. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Candidates were chosen from a list of certified State Senate and House of Representative candidates for the November 6, 2018 general election that participated in the MCEA program. From the list of candidates, we eliminated candidates that were audited in 2014 and 2016 and that had no substantial violations. From the remaining candidates, we then selected a sample utilizing a statistical random number generating formula to select 20% of the aforementioned candidates (33 from the House of Representatives and 11 from the Senate). In addition, we added one House of Representative candidate and one Senate candidate that were selected by the Commission for special purpose (cause). The special purpose reviews were undertaken at the request of the Commission staff based on concerns regarding additional irregularities in candidates' campaign finance reporting. Of the original candidates selected, one candidate was removed from the selections as he passed away in 2019.

All of the clean election gubernatorial candidates were included in the review process.

Once we obtained the selected documentation from the candidates, we performed the procedures noted below in determining the compliance of the candidates:

- Reviewed all campaign bank statements for the 2018 election cycle and ensured that the campaign finance reports submitted during the 2018 election cycle included all transactions and that all transactions were reported correctly (e.g., correct payment amount, obligation date).
- Reviewed all selected disbursements and ensured there was proof of payment.

- Judgmentally selected disbursements from those reported in the campaign finance reports, which in the aggregate represented at least fifty percent of the candidate's disbursements. Reviewed the selected disbursement transactions and ensured that they were substantiated by supporting, third party documentation and were for allowable expenditures under the MCEA. In addition, ensured that mileage logs supported selected reimbursements for mileage and that the total mileage and dollar amount on the mileage logs recalculated based on the individual trips and the applicable reimbursement rate.
- Reviewed purchases reported on the campaign finance reports to identify any equipment purchased with MCEA funds and ensure that the equipment was sold at fair market value and that sale proceeds were returned to the Maine Ethics Commission in a timely manner.
- Reviewed all of the campaign bank statements from the 2018 election cycle and identified all deposits that were not for MCEA funds. Ensured that the amounts were reported as seed money contributions. Reviewed supporting documentation and ensured that seed money contributions were from individuals and did not exceed the threshold of \$100 per donor. In addition, ensured that no additional contributions were received after the candidate's certification.
- Reviewed supporting documentation to determine that the balance of MCEA funds not spent were returned to the Maine Ethics Commission and were returned promptly (within forty-two days of the election).

Of the procedures performed above, there were 29 candidates who had exceptions and 6 that had findings (significant exceptions to the guidance or violations of the MCEA).

The table below summarizes the various types of exceptions and findings and the nature of such:

Summary	House (32)	Senate (11)	Special Purpose (2)	Gubernatorial (3)	Total Candidates
Candidates with no exceptions/ findings	16	3	-	-	19
Findings:					
Candidate used MCEA funds to reimburse mileage from the seed money reporting period	1	-	-	1	2
Candidate used MCEA funds to reimburse expenditures from the seed money reporting period	-	-	-	1	1
Candidate used personal funds to pay for campaign expenditures	2	-	-	-	2
MCEA funds used to purchase money orders for qualifying contributions were not re-deposited in the campaign bank account (large amounts)	-	-	1	-	1
Candidate collected seed money contributions after certification as a clean election candidate	1	-	-	-	1
Seed money contributions from an individual exceeded the maximum allowed	-	-	-	1	1
Exceptions:					
Incorrect vendor name on report	4	2	-	1	7
Transaction on incorrect campaign finance report	4	2	1	1	8
Transaction lacked supporting documentation	3	-	1	2	6
Transaction amount reported incorrectly	3	2	-	1	6
Unable to verify expenditures were paid with MCEA funds	-	-	-	2	2
Expenditure not reimbursed to candidate or campaign worker	1	-	1	-	2
Transaction not reported on campaign finance report	3	1	1	2	7
Obligation not reported as unpaid debt on campaign finance report	7	5	1	3	16
MCEA funds used to purchase money orders for qualifying contributions were not re-deposited in the campaign bank account (small amounts)	-	1	1	-	2
Seed money contributions lacked supporting documentation	-	1	-	-	1
Seed money contributions reported incorrectly	2	-	1	-	3
Unspent MCEA funds returned more than 42 days after the election	2	-	-	-	2

As a result of the procedures performed, several trends came to light during the review of the 2018 MCEA campaigns. In particular, we noted the following:

1. Some of the candidates were under the impression that obligations of MCEA funds were not required to be reported on the campaign finance reports until either a payment was made or services were rendered by the vendor. However, under the Commission's rules (Chapter 1, Section 7(C)(B)), placing an order for goods or services with a vendor that obligates a candidate to pay the vendor at a future time is an action that must be reported as a debt.
2. Two candidates were not aware that MCEA funds may not be used to reimburse the candidates for mileage or other expenditures incurred prior to certification as a clean election candidate. According to M.R.S.A. Title 21-A, candidates may not use MCEA funds to pay for goods or services received prior to qualifying for MCEA funding (certification).
3. Two gubernatorial candidates were unable to verify whether expenditures reported on the campaign finance reports were actually paid from the campaign bank accounts. Several of these expenditures related to reimbursements to campaign workers or to the candidates and were reported under several different vendors, different expenditure dates, and sometimes on different campaign finance reports.
4. Some of the candidates reported expenditures on the campaign finance reports as made to individuals when the transactions were actually reimbursements to those individuals for disbursements made to vendors. According to the 2018 MCEA Candidate Guide, "If a campaign makes a reimbursement to a candidate or supporter for a purchase, the reimbursement must be reported correctly."

In response to the aforementioned trends, we therefore make the following recommendations:

1. Reporting of obligations – The Commission should consider including a reminder preceding the expenditure section of the campaign finance report that any unpaid obligations (including orders already placed or unpaid invoice balances) should be included in the unpaid debt section.
2. Proper use of MCEA funds for reimbursements, reconciliation of reported reimbursements, and proper reporting of reimbursements – The Commission should consider providing additional training to candidates to help them identify which expenditures could be reimbursed out of MCEA funds and the correct way to reconcile and report reimbursements.

Commissioners
Maine Ethics Commission
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We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion, on the specific elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commissioners and staff of the Maine Ethics Commission and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Ryan Hudson Ouellette". The signature is written in a cursive style with a large initial 'R'.

December 6, 2019
South Portland, Maine

MCEA 2018 CAMPAIGNS
SUMMARY OF RESULTS

		Findings							Exceptions					
		MCEA Funds												
		MCEA Funds Reimbursed Mileage from Seed Money	MCEA Funds Reimbursed Expenditures From Seed Money	Expenditures Paid With Personal Funds		MCEA Funds Used to Purchase Qualifying Contributions Were Not Re-Deposited	Seed Money Contributions Collected After Reporting Period	Contributions from Individual Exceeded the Maximum Allowed	Incorrect Vendor Name on Report	Transaction on Incorrect Campaign Report	Transaction Lacked Supporting Documentation	Transaction Amount Reported Incorrectly	Could Not Verify Expenditure Paid With MCEA Funds	
Candidate's Name	Type	District	No Exceptions	Period	Money Period	Personal Funds	Reporting Period	Allowed	on Report	Report	Documentation	Incorrectly	MCEA Funds	
1	Hayes	Teresea	G	N/A					X		X	X	X	
2	Mason	Garrett	G	N/A										
3	Sweet	Elizabeth	G	N/A	X	X		X		X	X		X	
4	Alley	Robert	H	138										
5	Arruda	Nathalie	H	131	X									
6	Ball	Stephen	H	80		X								
7	Barter	Janice Carney	H	68	X									
8	Black	Russell	S	17								X		
9	Blier	Mark	H	22	X									
10	Bragdon	Kylie	H	136						X				
11	Bryant	Mark	H	24	X									
12	Chipman	Benjamin	S	27										
13	Clark	John	H	105			X			X				
14	Corey	Patrick	H	25	X									
15	Craven	Margaret	H	59					X	X				
16	Davis	Paul	S	4	X									
17	Denk	Diane	H	9	X				X					
18	Devin	Michael	H	90							X			
19	Dow	Dana	S	13					X					
20	Evangelos	Jeffrey	H	91						X				
21	Evans	Richard	H	120	X									
22	Farnsworth	Richard	H	145	X									
23	Fortman	Laura	S	13										
24	Giles	Jayne Crosby	S	11					X	X				
25	Griffin	Abigail	H	102										
26	Herbig	Erin	S	11	X									
27	Hiatt	Joshua	H	126	X									
28	Higgins	Norman	H	120					X		X			
29	Hobbs	Daniel	H	7					X					
30	Jackson	Troy	S	1								X		
31	Keim	Lisa	S	18						X	X			
32	Kornfield	Victoria	H	125										
33	Lauzon	Daniel	H	20			X							
34	Lippincott	William	S	10										
35	Lynch	Joseph	H	15	X									
36	McCollister	Benjamin	H	116	X									
37	McNamara	Kelcy Frye	H	21								X		
38	Mele	Jeremy	H	19								X		
39	Meyer	Michelle	H	2		X					X			
40	Millett	Rebecca	S	29	X									
41	Morales	Victoria	H	33	X									
42	Richardson	Warren	H	70			X					X		
43	Rowden	Aaron	H	108										
44	Samp	Frederick	H	14	X									
45	Saucier	Robert	H	147	X									
46	Stone	Matthew	S	14						X				
47	Tucker	Ralph	H	50	X									
48	Tyler	Thomas	H	24	X									

MCEA 2018 CAMPAIGNS
SUMMARY OF RESULTS

		Exceptions								
		Expenditure Not Reimbursed To Candidate/ Campaign Worker	Transaction Not Reported	Obligations Not Reported As Unpaid Debt	MCEA Funds Used to Purchase Qualifying Contributions Were Not Re-Deposited	Seed Money Contributions Lacked Documentation	Seed Money Contributions Reported Incorrectly	Unspent Funds Returned More Than 42 Days After Election		
Candidate's Name	Type									
1	Hayes	Teresea	G	X	X					
2	Mason	Garrett	G		X					
3	Sweet	Elizabeth	G	X	X					
4	Alley	Robert	H							X
5	Arruda	Nathalie	H							
6	Ball	Stephen	H		X					
7	Barter	Janice Carney	H							
8	Black	Russell	S		X					
9	Blier	Mark	H							
10	Bragdon	Kylie	H							
11	Bryant	Mark	H							
12	Chipman	Benjamin	S		X		X			
13	Clark	John	H							
14	Corey	Patrick	H							
15	Craven	Margaret	H	X						
16	Davis	Paul	S							
17	Denk	Diane	H							
18	Devin	Michael	H							
19	Dow	Dana	S							
20	Evangelos	Jeffrey	H		X					
21	Evans	Richard	H							
22	Farnsworth	Richard	H							
23	Fortman	Laura	S		X					
24	Giles	Jayne Crosby	S							
25	Griffin	Abigail	H	X				X		
26	Herbig	Erin	S							
27	Hiatt	Joshua	H							
28	Higgins	Norman	H		X					
29	Hobbs	Daniel	H							
30	Jackson	Troy	S	X		X				
31	Keim	Lisa	S							
32	Kornfield	Victoria	H		X					
33	Lauzon	Daniel	H	X	X	X		X		
34	Lippincott	William	S		X					
35	Lynch	Joseph	H							
36	McCollister	Benjamin	H							
37	McNamara	Kelcy Frye	H	X	X					
38	Mele	Jeremy	H							
39	Meyer	Michelle	H		X					
40	Millett	Rebecca	S		X					
41	Morales	Victoria	H							
42	Richardson	Warren	H	X	X			X		
43	Rowden	Aaron	H							X
44	Samp	Frederick	H							
45	Saucier	Robert	H							
46	Stone	Matthew	S		X					
47	Tucker	Ralph	H							
48	Tyler	Thomas	H							