



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

To: Commission

From: Emma Burke, Political Committee & Lobbyist Registrar

Date: February 20, 2024

Re: Balance Correct Adjustment Request from the Senate Democratic Campaign Committee

In 2023, Political Committee & Lobbyist Registrar Emma Burke emailed all PAC treasurers and principal officers requesting confirmation of the accuracy of their reported ending cash balance on the January Quarterly Report. When a PAC files a campaign finance report, the eFiling system calculates the cash balance based on the entered transactions, and should correspond to the PAC's actual balance in its bank account.

Background

On January 1, 2023, 21-A M.R.S. §§ 1056-C & 1056-D went into effect, prohibiting Leadership PACs or SSF (separate and segregated fund) PACs from receiving contributions from business entities. "Business entity" was defined as "a firm, partnership, corporation, incorporated association, labor organization or other organization, whether organized as a for-profit or a nonprofit entity." The prohibition included direct contributions from business entities to Leadership and SSF PACs, *and* donations from other PACs and party committees derived from business entity funds received before 2023. Funds accepted by PACs and party committees before 2023 could be donated to Leadership PACs and SSF PACs without the business entity prohibition applying, making it critical all January Quarterly Reports (with a reporting period end date of December 31, 2022) have an accurate ending cash balance. These laws were repealed in June 2023, but Commission staff still found it important for PACs to perform balance checks and adjustments to assure that publicly disclosed reports were accurate.

Previously, the Commission allowed Commission staff to make balance adjustments in eFiling for discrepancies less than \$1,000; discrepancies greater than \$1,000 require Commission approval.

PACs with Inaccurate Balances

On February 7, 2023, Ms. Burke sent a request to PAC treasurers and principal officers seeking confirmation the ending cash balance of their January Quarterly Report was accurate. Of the 110 registered PACs:

- 80 confirmed their reported and campaign account cash balances matched.
- 17 reported a discrepancy of \$1,000 or less between their reported cash balance and the cash balance in their campaign bank account. For those, Ms. Burke entered a balance adjustment transaction in their eFiling account.
- 5 reported a balance discrepancy of more than \$1,000 but found errors in their reporting and made amendments to reports that either made their balances match or reduced the discrepancy to \$1,000 or less so Ms. Burke could enter a balance adjustment transaction.
- 3 reported a balance discrepancy in the range of \$1,000 - \$2,000 and were unable to file amendments to bring the discrepancy to \$1,000 or less. These PACs received permission from Chairman Schneider for Ms. Burke to enter a balance adjustment transaction in their eFiling accounts.
- 5 have reported a balance discrepancy of more than \$1,000.
 - 4 received balance adjustment approvals from the Commission at prior meetings.
 - 1, the Senate Democratic Campaign Committee (SDCC) is discussed in this memo.

Discussion

The principal officer of SDCC is Lillian Herrmann and the treasurer is Barbara Redmond. SDCC first registered as PAC in 2002, and since 2013 has reported \$9,872,600.90 in contributions. Over the last year, Ms. Herrmann, former Finance Director Dameian Bossarte, and current Finance Director Janine Gaspari performed an extensive internal audit, finding dozens of small dollar errors in their reporting. These errors were mostly accidental duplications or omissions, and simple keystroke errors. Through much work with the SDCC and Ms. Burke, the reporting errors were reduced and SDCC's balance increased by \$54,245.72. Ms. Herrmann, in her request, states the majority of the errors existed before she and Mr. Bossarte were involved with the finances of SDCC and many are more than five years old. SDCC has requested a balance adjustment transaction be approved by the Commission for the remaining unsolved balance discrepancy, which was \$19,480.54 as of June 30, 2023.

Staff Recommendations

The Commission staff recommend the Commission approve a balance adjustment transaction for SDCC. Ms. Herrmann, Mr. Bossarte, and Ms. Gaspari have put in a significant amount of time finding many of the causes for their discrepancy and it is clear the remaining balance is unlikely to be found, considering the number of amendments the PAC made to change amounts by a few cents. It is likely the discrepancy developed over many years, and quite possibly caused or compounded by eFiling data conversions (2013 and 2018) and technological bugs in calculating totals during 2018-2019 that have since been fixed. The PAC is 22 years old and attempting to find errors from that long ago would be a near impossible task. Therefore, the Commission staff suggest the most logical way to correct SDCC's discrepancy is by making a balance adjustment in eFiling.



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August 15, 2023

Maine Ethics Commission
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To whom it may concern,

In February of 2023, the Senate Democratic Campaign Committee was tasked with confirming our end-of-year cash balance for 2022. This was required due to a newly enacted law affecting any money raised after January 1, 2023. Since this guidance was issued, the Legislature repealed this law under LD 726.

Upon being tasked with this project, our former Finance Director, Dameian Bossarte, and I conducted a thorough internal audit of SDCC's transactions and expenses from June 2017 through December 2022. Throughout this process, we consistently communicated with Ms. Emma Burke, Political Committee and Lobbyist Registrar, for guidance to ensure that our audit aligned with the Commission's expectations for reconciling cash-on-hand imbalances.

To ensure we were capturing all of our financial activity to most accurately report our cash-on-hand balance, we requested all of our bank records dating beyond the required four-year benchmark for record-keeping purposes. These records included physical copies of monthly bank statements and photocopies of all checks received and disbursed. We individually digitized each bank statement into a spreadsheet and cross-referenced the bank records with our own revenue and expenditures records, including photocopies of checks, receipts, and more. After compiling all the data, we separated our audit by revenue and expenditures, keeping a particularly close eye on discrepancies resulting in the SDCC over-reporting expenditures and under-reporting income.

In the category of over-reported expenditures, we found that over five and a half years, the SDCC inadvertently over-reported 55 disbursements totaling \$6,070.72. We've included these findings in Table A. All of these over-reported expenditures are operational expenses, meaning that none of them were Independent Expenditures or expenditures designed to influence the election of a candidate. It would appear to us that the vast majority of these errors were minor accounting errors, such as accidentally over-reporting online fundraising fees or minor typos while inputting amounts into the system, such as reporting \$86.97 instead of \$86.87.

In the category of under-reported contributions, we found that over five and a half years, the SDCC inadvertently under-reported 55 contributions totaling \$48,175.00. We've included these findings in Table B. Most of these errors occurred before Dameian and I began working with the SDCC's finances, but to the best of our understanding by looking through our records, these

appear to be simple mistakes. For example, there was an instance in which one contribution was input into NGP VAN (the accounting software the SDCC uses to help generate reports for the Ethics Commission) with the correct month and day but the incorrect year. Thus, the SDCC inputted the contribution into our own accounting software, but the typo in the year prevented the contribution from being reported on the Commission's platform.

Upon completing this line-by-line audit of our finances beginning in June 2017, we once again consulted Ms. Burke for guidance on the next steps to ensure that we transparently report newly discovered errors. Ms. Burke advised us to amend each affected report to rectify any mistakes. Our first attempt at making these amendments was unsuccessful, as we could not amend any reports from before 2018. Ms. Burke worked with the IT department to allow us to go back as far as we needed. We completed inputting the amendments in July.

After inputting all of the amendments, we noticed that our cash-on-hand calculations in the Commission's platform still did not match our own internal cash-on-hand calculations. Our amendments should have resulted in a \$54,245.72 increase in the SDCC's cash-on-hand. However, the system displayed a cash-on-hand balance of \$69,751.79, which was a \$2,846.35 decrease from the pre-amended version of the report. After consulting with Ms. Burke again, she proceeded to "reset" the platform for the SDCC by unfiled and refiled every SDCC report. Upon completing this task, the Commission's platform now displays a cash-on-hand balance of \$127,002.24 as of June 30, 2023. We believe that this cash-on-hand balance accurately reflects the amendments we made in July 2023, dating back to June 2017.

In addition to making sure that the SDCC held itself to the highest standards of transparently and accurately reporting income and expenditures, the primary goal of this internal audit was to resolve discrepancies in the cash-on-hand balance displayed on the Commission's website and the cash-on-hand balance reflected in our bank account. We believe we achieved these goals to the best of our ability and are now calculating a discrepancy of \$19,480.54 as of June 30, 2023.

Unfortunately, we do not think we can resolve this discrepancy for several reasons. One, we suspect that most of these discrepancies are well over six years old. In March 2017, the SDCC changed banks to our current financial institution. As such, we are unable to acquire copies of records from the previous account. The majority of our remaining cash-on-hand discrepancy likely occurred before March 2017. Two, we believe this discrepancy was possibly compounded by eFiling data system conversions, which occurred in 2013 and 2018 and which we would be unable to resolve on our end.

We also want to provide context on how Maine PACs regularly carry cash-on-hand discrepancies between their regular e-Filing reports and bank accounts. Ethics guidelines require us to report certain information even if that information is not equivalent to information on bank statements. For example, contributions are reported on the date received, and expenditures are reported on the date pledged or completed. This means PACs may report a received contribution without having yet deposited it into their bank account, thereby showing a higher cash-on-hand on the Ethics e-filing system than in their bank account. Inversely, a PAC may mail a check and report it as a completed expenditure before the payee cashes the check, thereby showing a lower

cash-on-hand on the Ethics e-filing system than in their bank account. For these reasons, it is not unusual for any PAC, but especially large PACs like the SDCC, to display different cash-on-hand balances between the e-Filing system and their bank account upon submission of a report.

We respectfully request that the Ethics Commission approve a balance adjustment of \$19,480.54. This adjustment is warranted for several reasons. The SDCC PAC was established on April 24, 2002, making the PAC over 21 years old. Because we cannot audit records from the bank account that existed before 2017, reconciling this gap would be close to impossible. As previously mentioned, our PAC was also subject to several eFiling data conversions in 2013 and 2018.

Since 2002, the SDCC has operated with a lifetime total of \$19,354,387.88 in transactions. The balance adjustment we are requesting is 0.10% of our total transactions. Such an adjustment would align with adjustments other PACs have received. For example, the Maine Optometric Association PAC received a balance adjustment of 2.30% of its total transactions; the Maine Senate Republican Majority PAC received a balance adjustment of 0.10% of its total transactions; the House Democratic Campaign Committee PAC received a balance adjustment of 0.12% of its overall total transactions.

We thank the Ethics Commission staff for their support during this extensive internal audit. Upon completion of this audit, we have adopted several new internal reporting mechanisms that will allow us to better cross-reference our bank statements with our accounting software and the Commission's reporting platform. We are confident that these improvements to our accounting protocol will allow us to catch unresolved discrepancies much sooner, and we will continue to self-report errors via amendments in consultation with the Ethics Commission staff.

Respectfully submitted,

Lily Herrmann

Principal Officer

Senate Democratic Campaign Committee

Table A: Over-Reported Expenditures

Date of Transaction	Payee	Original Amount Reported	Actual Amount	Relevant Finance Report	Report Starting Date	Report Ending Date
6/5/2017	First Data Merchant Services	\$14.16	\$0.00	July Quarterly Report	04/01/2017	6/30/2017
6/5/2017	First Data Merchant Services	\$27.51	\$0.00	July Quarterly Report	04/01/2017	6/30/2017
6/5/2017	Key Bank	\$61.50	\$0.00	July Quarterly Report	04/01/2017	6/30/2017
6/5/2017	First Data Merchant Services	\$109.76	\$0.00	July Quarterly Report	04/01/2017	6/30/2017
2/9/2018	Digital Turf, LLC	\$300.00	\$0.00	April Quarterly Report	01/01/2018	3/31/2018
4/27/2018	Maine Democratic State Committee	\$450.00	\$0.00	11-Day Pre-Primary Report	04/01/2018	5/29/2018
7/7/2018	Adelmans's Deli	\$8.64	\$0.00	42-Day Post-Primary Report	05/30/2018	7/17/2018
7/7/2018	Everyday Joes	\$14.77	\$0.00	42-Day Post-Primary Report	05/30/2018	7/17/2018
7/7/2018	Walmart	\$27.30	\$0.00	42-Day Post-Primary Report	05/30/2018	7/17/2018
7/7/2018	Southwest Food Mart	\$28.93	\$0.00	42-Day Post-Primary Report	05/30/2018	7/17/2018
7/7/2018	House Wine	\$36.44	\$0.00	42-Day Post-Primary Report	05/30/2018	7/17/2018
7/11/2018	USPS	\$37.50	\$0.00	42-Day Post-Primary Report	05/30/2018	7/17/2018
7/18/2018	Lincoln Park Strategies	\$2,200.00	\$0.00	October Quarterly Report	7/18/2018	9/30/2018
3/4/2019	First Data Merchant Services	\$8.83	\$8.38	April Quarterly Report	01/01/2019	3/31/2019
3/21/2019	First Data Merchant Services	\$11.60	\$0.00	April Quarterly Report	01/01/2019	3/31/2019
4/23/2019	ActBlue Maine	\$1.99	\$1.98	July Quarterly Report	04/01/2019	6/30/2019
4/23/2019	ActBlue Maine	\$14.68	\$0.00	July Quarterly Report	04/01/2019	6/30/2019
9/10/2019	Shaws	\$23.16	\$0.00	October Quarterly Report	07/01/2019	9/30/2019
9/10/2019	Falmouth Irving Lil Mart	\$27.73	\$0.00	October Quarterly Report	07/01/2019	9/30/2019
9/16/2019	Lincoln Park Strategies	\$1,100.00	\$0.00	October Quarterly Report	07/01/2019	9/30/2019
12/10/2019	Artlist.io	\$199.99	\$199.00	January Quarterly Report	10/01/2019	12/31/2019
2/3/2020	HHRC	\$550.00	\$0.00	April Quarterly Report	1/1/2020	03/31/2020
2/13/2020	Timber	\$115.60	\$0.00	April Quarterly Report	1/1/2020	03/31/2020
3/31/2020	ActBlue Maine	\$393.08	\$299.01	April Quarterly Report	1/1/2020	03/31/2020

8/25/2020	JVA Campaigns	\$634.41	\$0.00	October Quarterly Report	8/19/2020	9/30/2020
6/16/2021	Hannaford	\$87.49	\$0.00	Committee July Quarterly	04/14/2021	06/30/2021
7/27/2021	Staples	\$86.97	\$86.87	Committee October Quarterly	07/01/2021	09/30/2021
9/21/2021	Food Works	\$237.49	\$237.00	Committee October Quarterly	07/01/2021	09/30/2021
12/10/2021	Three of Strong	\$656.60	\$654.60	Committee January Quarterly	10/01/2021	12/31/2021
2/17/2022	Wander Pizza	\$90.88	\$0.00	Committee April Quarterly	01/01/2022	03/31/2022
6/7/2022	Walgreens Co.	\$304.31	\$303.76	42-Day Post-Primary Report	06/01/2022	07/19/2022

Table B: Under-Reported Contributions						
Date of Transaction	Payee	Original Amount Reported	Actual Amount	Relevant Finance Report	Report Starting Date	Report Ending Date
9/6/2017	Maine Bankers Association PAC	\$0.00	\$3,000.00	October Quarterly Report	07/01/2017	9/30/2017
9/13/2017	FEDEX Corporation PAC	\$0.00	\$2,500.00	October Quarterly Report	07/01/2017	9/30/2017
9/19/2017	Friends of Maine Hospitals	\$0.00	\$1,200.00	October Quarterly Report	07/01/2017	9/30/2017
10/2/2017	Thomas Foley	\$0.00	\$100.00	January Quarterly Report	10/01/2017	12/31/2017
10/2/2017	Roger and Margot Milliken	\$0.00	\$5,000.00	January Quarterly Report	10/01/2017	12/31/2017
11/30/2017	Maine Optometrists PAC	\$0.00	\$200.00	January Quarterly Report	10/01/2017	12/31/2017
12/19/2017	MPA Campaign Vote	\$0.00	\$100.00	January Quarterly Report	10/01/2017	12/31/2017
12/19/2017	Maine Assoc of Nurse Anesthetists	\$0.00	\$1,000.00	January Quarterly Report	10/01/2017	12/31/2017
12/19/2017	United Steelworkers	\$0.00	\$5,000.00	January Quarterly Report	10/01/2017	12/31/2017
6/8/2018	John and Mary Jo Cashman	\$0.00	\$500.00	42-Day Post-Primary Report	05/30/2018	7/17/2018
10/16/2018	Verrill Dana (Maine Street Solutions)	\$200.00	\$250.00	11-Day Pre-General Report	10/01/2018	10/23/2018
8/6/2020	Joan Blaine	\$500.00	\$1,500.00	42-Day Post-Primary Report	07/01/2020	8/18/2020
8/11/2020	Mary Masters	\$0.00	\$100.00	42-Day Post-Primary Report	07/01/2020	8/18/2020

8/26/2020	Rebecca Gratwick	\$0.00	\$125.00	October Quarterly Report	8/19/2020	9/30/2020
10/7/2020	Planned Parenthood	\$0.00	\$10,000.00	11-Day Pre-General Report	10/01/2020	10/20/2020
11/1/2020	William and Mary Massida	\$0.00	\$100.00	42-Day Post-General Report	10/21/2020	12/08/2020
1/21/2021	Maine Credit Union League	\$0.00	\$500.00	11-Day Pre-Special Report	01/01/2021	02/23/2021
1/21/2021	Maine Craft Cannabis Association	\$0.00	\$2,500.00	11-Day Pre-Special Report	01/01/2021	02/23/2021
1/27/2021	Loring Danforth & Margaret Rotundo	\$0.00	\$100.00	11-Day Pre-Special Report	01/01/2021	02/23/2021
1/27/2021	CMP Employee PAC	\$0.00	\$500.00	11-Day Pre-Special Report	01/01/2021	02/23/2021
1/27/2021	Pine State Trading Co	\$0.00	\$500.00	11-Day Pre-Special Report	01/01/2021	02/23/2021
9/3/2021	Robert Howe	\$150.00	\$250.00	Committee October Quarterly	07/01/2021	09/30/2021
10/6/2021	Eastern Retail Brokerage	\$0.00	\$1,000.00	Committee January Quarterly	10/01/2021	12/31/2021
10/6/2021	Robert Gips & Karen Harris	\$0.00	\$2,000.00	Committee January Quarterly	10/01/2021	12/31/2021
06/03/2022	American Chemistry Council	\$0.00	\$500.00	42-Day Post-Primary Report	06/01/2022	07/19/2022
6/21/2022	Otsuka America Pharmaceutical	\$0.00	\$500.00	42-Day Post-Primary Report	06/01/2022	07/19/2022
6/30/2022	Charter Communications	\$0.00	\$4,000.00	42-Day Post-Primary Report	06/01/2022	07/19/2022
7/22/2022	Pierce Atwood	\$0.00	\$5,000.00	Committee October Quarterly	07/20/2022	09/30/2022
11/3/2022	Deloitte PAC	\$0.00	\$1,000.00	42-Day Post-General Report	10/26/2022	12/13/2022