



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: July 18, 2023

Re: Additional Memorandum on the House Democratic Campaign Committee's Balance Discrepancy

On Friday July 14th, Sean Smith provided additional information regarding the House Democratic Campaign Committee's (HDCC) balance discrepancy. In an email, he stated himself, HDCC treasurer Steve Von Vogt, and finance and marketing director Amy Bouchard had undertaken a review of the PAC's finances and had found a reason for most of the discrepancy. The PAC's 2016 42-Day Post-Primary Report included 17 contributions previously reported on the 2016 11-Day Pre-Primary Report, thus duplicating \$54,712 in donations.

Although a large amount of reporting inaccuracies have been resolved, HDCC's discrepancy is now approximately \$14,000, which Mr. Smith refers to as "relatively small and not unexpected" considering the millions of dollars of HDCC has raised and spent.

Staff Recommendations

The Commission staff appreciate the work of the committee in solving its balance issue and recommend a balance adjustment be approved for the remaining discrepancy of approximately \$14,000. The Commission staff will assist HDCC in filing amendments to remove the duplicated contributions in 2016. However, the Commission staff would like to express the following concerns:

- The lack of awareness to such a substantially inaccurate cash balance when filing the 2016 42-Day Post-Primary Report;
- The quick response of Mr. Von Vogt to Ms. Burke, communicating HDCC's balance was accurate when it was more than \$60,000 off; and
- HDCC's balance inaccuracy as identified was due to their own misreporting, and not the eFiling system that they initially identified as the culprit.

After hearing remarks from the HDCC at the July 24th meeting, the Commission may wish to consider whether the 2016 42-Day Post-Primary Report was substantially nonconforming, and therefore late, considering all but around \$2,000 in contributions were misreported, and the ending cash balance was off by more than 50%. If so, Commission staff suggests considering this issue at the Commission's August 23rd meeting. Based on presently available information, it appears the preliminary penalty would be the statutory maximum of \$54,712. 21-A M.R.S § 1062-A(4).

Burke, Emma

From: Sean Smith <seanchristophersmith@gmail.com>
Sent: Friday, July 14, 2023 9:36 AM
To: Wayne, Jonathan; Currier, Martha; Burke, Emma
Cc: Stephen Von Vogt; Amy Bouchard
Subject: HDCC PAC Discrepancy
Attachments: HDCC Balance Discrepancy for Ethics.pdf; 2016 April Quarterly.pdf; HDCC 11-Day Pre-Primary.pdf; HDCC 42-Day Post-Primary.pdf

EXTERNAL: This email originated from outside of the State of Maine Mail System. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Jonathan, Martha and Emma,

We are writing to you re: the House Democratic Campaign Committee's balance discrepancy.

I'm copying our treasurer, Steve Von Vogt, and our director of finance and marketing, Amy Bouchard. Both Steve and Amy have access to our bank accounts, all of our records, and have been involved in the internal audit that we have been conducting over the last several weeks. Amy was not involved in Ethics filings prior to 2023, so having fresh eyes on all of our work was particularly helpful.

In order to investigate this discrepancy, we developed a process and conducted an internal audit of our bank records and Ethics finance reports going back to 2016. We looked closely for any errors we could find between our bank account and the finance reports. Because the Ethics website is reporting that the HDCC has more money than is actually in the bank account, we especially looked for under-reported expenditures and over-reported revenue.

Taking Jonathan's advice, we began looking at our records beginning in July of 2018, around the time the most recent Ethics software and reporting platform took effect. But we immediately noticed that the discrepancy between our bank account and the finance reports already existed in July of 2018 and was very close to the discrepancy that is now being reported. So, although it was clear to us that the discrepancy occurred sometime prior to July 2018 and involved one of the old reporting systems, we decided to continue with our audit process and look at all of our records from 2018 through the end of 2022. Unsurprisingly, we did not find anything significant.

So we started looking at our records prior to July 2018, and immediately found a major discrepancy on the 2016 42-Day Post Primary report for the period of June 1, 2016 through July 19, 2016. We have no idea how this happened, but nearly all contributions reported on that report (17 out of 19) were already reported on the two previous reports (the April Quarterly report for the period of January 1, 2016 to March 31, 2016 and the 11-Day Pre-Primary Report for the period of April 1, 2016 to May 31, 2016). In total, the duplicate contributions amounted to \$54,712.00, providing an explanation for the vast majority (nearly 80%) of the current discrepancy.

Just to restate, these 17 contributions were reported accurately on either the 2016 April Quarterly report or the 2016 11-Day Pre-Primary report, and then accidentally re-reported on the 2016 42-Day Post-Primary report.

Here is a list of those duplicate contributions (please see attached spreadsheet for more details):

Contributor	Duplicate Amount
Telephone Association of Maine	\$500.00

Clean Power PAC	\$500.00
Maine Bankers Association PAC	\$1,000.00
McCable Leadership PAC	\$4,240.70
Maine Association of Realtors PAC	\$2,500.00
Bernstein Shur	\$1,000.00
Maine Truck PAC	\$2,000.00
Daniel Crewe	\$5,000.00
Robert Monks	\$2,000.00
For the Win PAC	\$622.12
Daniel Hildreth	\$5,000.00
Cyrus Hagge	\$10,000.00
Time Warner Cable PAC	\$7,500.00
Daniel Amory	\$2,500.00
Lee Auto Malls	\$2,500.00
Bangor Leadership PAC	\$7,599.18
Empowering Maine Leadership PAC	\$250.00
Total	\$54,712.00

Again, we have no idea how this happened – this error occurred seven years ago. Our internal records match the bank records exactly. Somehow, these 17 contributions just made it on to an extra report. If the new system allows us to go back and amend the 2016 reports, we are happy to do that. We will gladly take your advice on how to handle that.

We are sorry that we did not report this balance discrepancy sooner. We should have, and we apologize for not doing that. It was something we should have paid more attention to during the hustle and bustle of the campaign, and it was just something that we fell short on. Honestly, our PAC balance has been off for a very long time and we admitted that to many different Ethics staff over the years going back to Paul Lavin and even back to Ben Dyer seven to eight years ago. It was kind of a running joke that between all the new reporting systems that there could easily be errors that were not our fault, and that many of the PAC balances across the state were off during all of those years. We have always been incredibly diligent about reporting exactly what comes in and out of our bank account, and we used the bank record as the ultimate north star.

Due to the increased attention recently on cash on hand totals and matching bank balances, we have tweaked our internal process of how we file reports and we will make sure that our reports (and subsequently reported COH) exactly match our bank account going forward, and will self-report any discovered discrepancies.

Also, we think it is very important to note that we are left with a relatively small and not unexpected discrepancy considering the volume and amount of transactions that we have had since we last reset our balance with Ethics. The last time we reset our balance was in 2013 with the implementation of that year's new reporting system. Since that time through 2022, we have had \$11.4M of transactions (half reported as revenue and half reported as expenditures). The remaining \$14,121.13 discrepancy over those 10 years is .12% of the \$11.4M that we have entered by hand into three different Ethics reporting systems over 10 years. That is 1/10 of one percent. To put that in context, if a PAC with \$1M dollars of transactions was granted a \$1,000 adjustment, the \$1,000 discrepancy out of \$1M of transactions would equal the same incredibly small 1/10 of one percent. Our reporting over the years has been very, very accurate and attentive.

Thanks for your advice on helping us handle this situation. We are glad we found the discrepancy on the 2016 report, but it took a lot of effort. After a grueling few weeks of working on this, we are going back to doing our normal day jobs and working on the campaign!

Thanks, and please reach out anytime with any questions.

Sean, Stephen and Amy

Sean Smith
Campaign Director
Maine House Democratic Campaign Committee
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seanchristophersmith@gmail.com
mainehousedemocrats.com



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2016 CAMPAIGN FINANCE REPORT

FOR POLITICAL ACTION COMMITTEES

COMMITTEE		TREASURER	
HOUSE DEMOCRATIC CAMPAIGN COMMITTEE P.O. BOX 2021 AUGUSTA, ME 04338 PHONE: (207) 590-0759 EMAIL: SEANCHRISTOPHERSMITH@GMAIL.COM		STEVE VON VOGT PO BOX 15087 PORTLAND, ME 04112 EMAIL: SVONVOGT@MAINEMARINECOMPOSITES.COM	
REPORT	DUE DATE	REPORTING PERIOD	
42-DAY POST-PRIMARY REPORT	07/26/2016	06/01/2016 - 07/19/2016	

FINANCIAL ACTIVITY SUMMARY

RECEIPTS	TOTAL FOR PERIOD	TOTAL FOR YEAR
1. CASH CONTRIBUTIONS (SCHEDULE A)	\$56,212.00	\$193,749.00
2. OTHER CASH RECEIPTS (INTEREST, ETC.)	\$8.54	\$25.53
3. LOANS (SCHEDULE C)	\$0.00	\$0.00
4. TOTAL RECEIPTS (LINE 1 + 2 + 3)	\$56,220.54	\$193,774.53
EXPENDITURES		
5. EXPENDITURES TO SUPPORT OR OPPOSE (SCHEDULE B)	\$0.00	\$0.00
6. OPERATING EXPENDITURES (SCHEDULE B-1)	\$87,726.54	\$211,708.50
7. LOAN REPAYMENTS (SCHEDULE C)	\$0.00	\$0.00
8. TOTAL PAYMENTS (LINE 5 + 6 + 7)	\$87,726.54	\$211,708.50
CASH SUMMARY		
9. CASH BALANCE AT BEGINNING OF PERIOD	\$128,651.35	
10. PLUS TOTAL RECEIPTS THIS PERIOD (LINE 4)	\$56,220.54	
11. MINUS TOTAL PAYMENTS THIS PERIOD (LINE 8)	\$87,726.54	
12. CASH BALANCE AT END OF PERIOD	\$97,145.35	
OTHER ACTIVITY		
13. IN-KIND CONTRIBUTIONS (SCHEDULE A-1)	\$0.00	\$0.00
14. TOTAL LOAN BALANCE AT END OF PERIOD (SCHEDULE C)	\$0.00	
15. TOTAL UNPAID DEBTS AT END OF PERIOD (SCHEDULE D)	\$450.00	

I, STEVE VON VOGT, CERTIFY THAT THE INFORMATION CONTAINED IN THIS REPORT IS TRUE, ACCURATE, AND COMPLETE TO THE BEST OF MY KNOWLEDGE.

REPORT FILED BY: STEVE VON VOGT
REPORT FILED ON: 07/26/2016
LAST MODIFIED: 07/26/2016
PRINTED: 06/29/2018
COMMITTEE ID: 638

SCHEDULE A CASH CONTRIBUTIONS

- For contributors who gave more than \$50, the names, address, occupation, and employer must be reported. If "information requested" is listed instead of occupation and employer, the candidate is waiting to receive that information.
- Cash contributions of \$50 or less can be added together and reported as a lump sum.
- Contributor Types

- | | |
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| 1 = Individual | 9 = Candidate / Candidate Committee |
| 2 = Candidate/ Spouse/ Domestic Partner | 10 = General Treasury Transfer |
| 3 = Commercial Source | 11 = Transfer from Previous Campaign |
| 4 = Nonprofit Organization | 12 = Contributors giving \$50 or less |
| 5 = Political Action Committee | 13 = Contributors giving \$100 or less |
| 6 = Political Party Committee | 14 = Contributors giving \$200 or less |
| 7 = Ballot Question Committee | 15 = MCEA Payment |
| 8 = Other Candidate/ Candidate Committee | 16 = Financial Institution |

DATE RECEIVED	CONTRIBUTOR	OCCUPATION AND EMPLOYER	TYPE	AMOUNT
6/18/2016	DANIEL AMORY 188 PINE ST. PORTLAND, ME 04102	DRUMMOND WOODSUM DESCRIPTION: ATTORNEY CONTRIBUTION	1	\$2,500.00
6/18/2016	BANGOR LEADERSHIP PAC P.O. BOX 74 BANGOR, ME 04402		5	\$7,599.18
6/18/2016	BERNSTEIN SHUR 100 MIDDLE STREET PORTLAND, ME 04104		3	\$1,000.00
6/18/2016	CLEAN POWER PAC PO BOX 743 AUGUSTA, ME 04332-0743		5	\$500.00
6/18/2016	DANIEL CREWE 17 JESSIE'S LANE CUMBERLAND CENTER, ME 04021	SELF DESCRIPTION: Unknown CONTRIBUTION	1	\$5,000.00
6/18/2016	EMPOWERING MAINE LEADERSHIP PAC 110 SEWALL STREET AUGUSTA, ME 04330		5	\$250.00
6/18/2016	FOR THE WIN PAC 13 GILMAN STREET WATERVILLE, ME 04901		5	\$622.12
6/18/2016	CYRUS HAGGE 225 COMMERCIAL STREET PORTLAND, ME 04101	SELF DESCRIPTION: DEVELOPER CONTRIBUTION	1	\$10,000.00
6/18/2016	DAN HILDREATH 55 THORNHURST FALMOUTH, ME 04105	DIVERSIFIED COMMUNICATIONS DESCRIPTION: EXECUTIVE CONTRIBUTION	1	\$5,000.00

6/18/2016	Lee Auto Malls 107 Main Street Topsham, ME 04086	DESCRIPTION: Unknown CONTRIBUTION	3	\$2,500.00
6/18/2016	MAINE ASSOCIATION OF REALTORS PAC 19 COMMUNITY DRIVE AUGUSTA, ME 04330		5	\$2,500.00
6/18/2016	MAINE BANKERS ASSOCIATION POLITICAL ACTION COMMITTEE 489 CONGRESS STREET, SUITE 300 PORTLAND, ME 04101		5	\$1,000.00
6/18/2016	MAINE GOVERNMENTAL RELATIONS 77 WATER ST. HALLOWELL, ME 04347	DESCRIPTION: Unknown CONTRIBUTION	3	\$500.00
6/18/2016	MAINE TRUCK PAC PO BOX 857 AUGUSTA, ME 04332		5	\$2,000.00
6/18/2016	McCabe Leadership PAC 13 Olive Street Skowhegan, ME 04976	DESCRIPTION: Unknown CONTRIBUTION	5	\$4,240.70
6/18/2016	ROBERT MONKS ONE CITY CENTER PORTLAND, ME 04101	SELF DESCRIPTION: DEVELOPER CONTRIBUTION	1	\$2,000.00
6/18/2016	TELEPHONE ASSOCIATION OF MAINE P.O. BOX 77 UNITY, ME 04988	DESCRIPTION: Unknown CONTRIBUTION	3	\$500.00
6/18/2016	Denise Tepler 13 Homeplace Topsham, ME 04086	Not Employed DESCRIPTION: Not Employed CONTRIBUTION	1	\$1,000.00
6/18/2016	TIME WARNER CABLE PAC 118 JOHNSON RD. PORTLAND, ME 04102	DESCRIPTION: Unknown CONTRIBUTION	3	\$7,500.00
TOTAL CASH CONTRIBUTIONS				\$56,212.00

**SCHEDULE B-1
OPERATING EXPENDITURES**

EXPENDITURES TYPES				
CNS	Campaign consultants	POL	Polling and survey research	
CON	Contribution to other candidate, party, committee	POS	Postage for U.S. Mail and mail box fees	
EQP	Equipment (office machines, furniture, cell phones, etc.)	PRO	Other professional services	
FND	Fundraising events	PRT	Print media ads only (newspapers, magazines, etc.)	
FOD	Food for campaign events, volunteers	RAD	Radio ads, production costs	
LIT	Print and graphics (flyers, signs, palmcards, t-shirts, etc.)	SAL	Campaign workers' salaries and personnel costs	
MHS	Mail house (all services purchased)	TRV	Travel (fuel, mileage, lodging, etc.)	
OFF	Office rent, utilities, phone and internet services, supplies	TVN	TV or cable ads, production costs	
OTH	Other	WEB	Website design, registration, hosting, maintenance, etc.	
PHO	Phone banks, automated telephone calls			
DATE OF EXPENDITURE	PAYEE	REMARK	TYPE	AMOUNT
6/1/2016	Sean Smith 18 Kellogg Street, Apt. 1 Portland, ME 04101	TRAVEL REIMBURSEMENT	TRV	\$1,314.14
6/5/2016	Staples 244 Route 1 Falmouth, ME 04105	OFFICE SUPPLIES	OFF	\$58.86
6/13/2016	LOCK, STOCK AND BARREL 369 ST. JOHN STREET PORTLAND, ME 04102	OFFICE EQUIPMENT	EQP	\$52.75
6/13/2016	Sean Smith 18 Kellogg Street, Apt. 1 Portland, ME 04101	TRAVEL REIMBURSEMENT	TRV	\$2,400.00
6/15/2016	MAINE DEMOCRATIC STATE COMMITTEE 320 WATER ST, 3RD FLR P.O. BOX 5258 AUGUSTA, ME 04332	CONTRIBUTION	CON	\$50,000.00
6/16/2016	BENJAMIN FRECH 962 SHORE ROAD CAPE ELIZABETH, ME 04107	TRAVEL REIMBURSEMENT	TRV	\$642.46
6/22/2016	MAINE DEMOCRATIC STATE COMMITTEE 320 WATER ST, 3RD FLR P.O. BOX 5258 AUGUSTA, ME 04332	CONTRIBUTION	CON	\$10,000.00
6/26/2016	DANIEL LORD 9 CATEPILLAR HILL ROAD SARGENTVILLE, ME 04673	TRAVEL REIMBURSEMENT	TRV	\$447.04
6/28/2016	MAINE DEMOCRATIC STATE COMMITTEE 320 WATER ST, 3RD FLR P.O. BOX 5258 AUGUSTA, ME 04332	CONTRIBUTION	CON	\$15,000.00
6/29/2016	MARC MALON 567 POOL STREET BIDDEFORD, ME 04005	TRAVEL REIMBURSEMENT	TRV	\$217.98
6/30/2016	ERIK GUNDERSEN 138 DOUGLASS STREET PORTLAND, ME 04102	TRAVEL REIMBURSEMENT	TRV	\$1,843.03

6/30/2016	JONATHAN HILLIER 7 OLD LEWISTON ROAD MONMOUTH, ME 04249	TRAVEL REIMBURSEMENT	TRV	\$1,233.32
6/30/2016	JOYCE'S RESTAURANT 192 WATER STREET HALLOWELL, ME 04347	FUNDRAISER	FND	\$686.94
6/30/2016	Kenebeck Savings PO Box 50 Augusta, ME 04332	BANK FEES	OTH	\$7.88
6/30/2016	Sean Smith 18 Kellogg Street, Apt. 1 Portland, ME 04101	CONSULTANT FEE	CNS	\$3,822.14
TOTAL OPERATING EXPENDITURES				\$87,726.54

**SCHEDULE D
UNPAID DEBTS AND OBLIGATIONS**

- A debt or obligation is incurred if a committee places an order for a good or service without making a payment; makes a promise or agreement to pay for a good or service; signs a contract for a good or service; or receives delivery of a good or service for which the committee has not paid.
- This schedule is a list of all debts and obligations of the committee as of the end of this reporting period.

DATE OF OBLIGATION	CREDITOR	DESCRIPTION	AMOUNT
3/8/2015	Broadcast Solutions 13806 Goosefoot Terrace Rockville, MD 20850	ROBO CALL	\$150.00
10/30/2015	IAN C. GRADY 125 MORNING STREET, UNIT 5 PORTLAND, ME 04101	WEB ADS	\$150.00
10/30/2015	IAN C. GRADY 125 MORNING STREET, UNIT 5 PORTLAND, ME 04101	WEB ADS	\$150.00
TOTAL UNPAID DEBTS AND OBLIGATIONS			\$450.00