



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

Commission Meeting: September 25, 2019
Agenda Item # 5

To: Commissioners
From: Jonathan Wayne, Executive Director
Date: September 16, 2019
Re: FYI - Proposed Advance Notice to PACs of Compliance Reviews

The Commission staff has prepared a letter to PACs directed or controlled by a Legislator in connection with the planned compliance review in 2020. The letter contains a preliminary outline for the review. If you have any feedback or direction, please let us know. We propose sending the letter in the second week of October, after PACs have filed their next campaign finance report.

Also, I have attached a copy of P.L. 2019, Chapter 21 (enacted earlier this year), which forbids a Legislator from lending PAC funds to his or her business or commingling PAC funds with personal or business funds. The law goes into effect this week.

Thank you.



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October 11, 2019

[PAC Name]
Attn: [PAC Treasurer]
[Address]
[Address]

Re: 2020 Compliance Reviews of PACs

Dear Mr./Ms. [Treasurer Last Name]:

Thank you for your cooperation with PAC-reporting issues. This letter is to provide you with advance notice that next year the Commission will be conducting a compliance review of a selection of PACs that are led by a Legislator (*i.e.*, the Legislator is a principal officer or treasurer of the PAC, or one of the people primarily responsible for making decisions for the PAC). *The Commission staff has not selected the PACs to be reviewed*, but we wanted to make you were aware of this new program so that the PAC is prepared if it is selected. Please see the reverse side of this letter for more details.

Best ways to be prepared. To minimize any issues, the Commission staff recommends:

- Please make sure you are keeping monthly statements for the PAC's bank account, and a receipt or invoice for every expenditure in excess of \$50, as required by 21-A M.R.S. § 1057.
- The October quarterly campaign finance report filed by the PAC indicated that its cash balance as of 9/30/2019 was \$_____. This number is calculated by our electronic filing system based on the contributions and expenditures reported by the PAC. If this *reported* balance is not the same as the PAC's *actual* balance at the end of September, please contact me and we can discuss a plan to address the issue.

If you have any questions, please email me at Michael.Dunn@maine.gov.

Sincerely,

Michael J. Dunn

Michael J. Dunn, Esq.
Political Committee and Lobbyist Registrar

Preliminary Plans – 2020 Compliance Review of Legislator-led PACs

- The program was proposed by the members of the Commission pursuant to 21-A M.R.S.A. § 1003(1) after becoming aware of a few situations in which a Legislator used PAC funds to pay the Legislator or family member for services, or for personal expenses or as a bridge loan to the Legislator's business.
- The compliance review will be conducted by the Commission staff at little or no cost to the State.
- The review will be conducted *after* campaign activity in the fall of 2020. The Commission staff will attempt to keep any impact on legislative activities to a minimum.
- During the compliance review, the Commission staff will request 2020 bank records to look for significant discrepancies, or unreported or self-serving transactions. In some cases, the staff may request an invoice or receipt for expenditures over \$50.
- Later in 2019 or 2020, the Commission will further develop the procedures for selecting the PACs and transactions, and for requesting documentation, by conferring with the professional auditors who conduct audits of Maine Clean Election Act candidates.
- Primarily, the Commission staff's focus will be on significant unreported 2020 transactions or misuse of PAC funds. The staff will work with PACs to address minor bookkeeping errors. Any significant reporting errors or other violations will be handled within the Commission's usual procedures.
- The Commission staff does not include an auditor, and the compliance reviews will not constitute full audits. The Commission staff will not be publishing a separate report for each PAC reviewed. Rather, at the end of the compliance reviews, the staff will provide a general report to the Commissioners with an overview of the results.

STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND NINETEEN

S.P. 68 - L.D. 256

An Act To Ensure Responsible Operation of Political Action Committees**Be it enacted by the People of the State of Maine as follows:**

Sec. 1. 21-A MRSA §1054-B, as enacted by PL 2017, c. 98, §1, is amended to read:

§1054-B. Payments to Legislators by political action committees

If a Legislator is a principal officer or treasurer of a political action committee or is one of the individuals primarily responsible for raising contributions or making decisions for the political action committee, the committee may not compensate the Legislator for services provided to the committee. The committee may not make payments or distribute, loan, advance, deposit or gift money or anything of value to or compensate a business owned or operated by the Legislator. The committee may reimburse the Legislator for expenses incurred in the proper performance of the duties of the Legislator, for purchases made on behalf of the committee and for travel expenses associated with volunteering for the committee. Allowable reimbursement for expenses does not include payments from the committee that are determined by the commission to be for the purpose of personal financial enrichment of the Legislator. The funds of the committee may not be commingled with the personal funds of the Legislator or the funds of a business owned or operated by the Legislator.