



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

Commission Meeting 5/28/2015
Agenda Item #4

To: Commissioners
From: Jonathan Wayne, Executive Director
Date: May 19, 2015
Re: Recommended Findings of Violation and Penalties/Andrew Reddy

Andrew Reddy was a Maine Clean Election Act candidate for the Maine House of Representatives in the 2014 elections. He was not elected to the Legislature.

Mr. Reddy was randomly selected for an audit. The audit disclosed that he made two transfers of Maine Clean Election Act funds totaling more than \$4,600 from his campaign account to his personal checking account. He then made a total of three campaign expenditures from his personal checking account. (*see attached report*)

The audit verified that Mr. Reddy accurately reported his expenditures. The candidate produced the necessary expenditure documentation for the audit. The auditor determined that all MCEA funds were accounted for and there was no evidence of misuse of MCEA funds.

In a May 11, 2015 email (attached to the audit report), Mr. Reddy explains that he transferred the funds to a personal account to facilitate spending them for campaign purposes, and that he used the money for legitimate purposes.

The Commission staff recommends finding that Mr. Reddy violated 21-A M.R.S.A. § 1125(7-A) by commingling MCEA funds with personal funds, and assessing a penalty of \$100. We recommend the penalty in order to underscore the importance of not commingling MCEA funds with personal funds, which can lead to misuse of MCEA funds. A penalty in the amount of \$100 was assessed for similar violations by Hon. Howard McFadden (2010), Hon. Sean Flaherty (2010), Hon. Donald Marean (2010) and Hon. Joan Bryant-Deschenes (2006). Thank you.



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

May 12, 2015

Andrew Reddy
14 Church Street
South Portland, ME 04106

Subject: Final Report – Audit of 2014 Campaign Contributions and Expenditures

Dear Mr. Reddy:

Enclosed please find the final report of the audit by the Commission on Governmental Ethics and Election Practices of your 2014 campaign contributions and expenditures. As you know, the Commission staff will present the report at the May 28th Commission meeting in Augusta. You are invited to join the meeting to discuss the audit findings and recommendations with the members.

Call me at (207) 255-6618 or Jonathan Wayne, Executive Director, at (207) 287-4179 if you have any questions or concerns regarding the processing of the report.

Thank you for your cooperation during the audit and for helping us to achieve the objectives of the Commission's audit program.

Sincerely,

A handwritten signature in black ink, appearing to read 'Vincent W. Dinan'.

Vincent W. Dinan
Commission Auditor

Enclosure

Cc: Jonathan Wayne
Lynda Reddy, Campaign Treasurer



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

May 12, 2015
Audit Report No. 2014-HR032
Candidate: Andrew Reddy
House District 33

Background

Andrew Reddy was a replacement candidate for election to the Maine House of Representatives, District 33, in the 2014 general election. Mr. Reddy was certified for Maine Clean Election Act (MCEA) funding on September 2, 2014. 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
- 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 – Commingling of Funds

The Commission disbursed \$4,561.70 (\$4,724 less \$162.30 Seed Money on hand) in general election funding to the Reddy campaign on September 6, 2014. Subsequently, the candidate made two transfers from the campaign account into his personal checking account: \$4,000 on October 6, 2014, and \$656.20 on December 19, 2014. These transfers constituted a commingling of campaign funds with personal funds, a practice prohibited by the Maine Clean Election Act.

The candidate reported a total of three campaign expenditures, and all three were paid from the candidate's personal checking account after the date of the initial funds transfer. Two expenses were paid by debit card, and the third by cash withdrawn from the account. At the conclusion of the campaign, the candidate returned a total of \$1,197.38 to the Commission, also paid by a check written on his personal

**2014 Campaign Audit
Final Audit Report
Candidate: Andrew Reddy**

account. The audit verified that all campaign funds were accounted for, and that there was no evidence of misuse of the commingled funds.

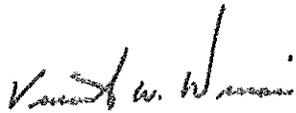
Standard - 21-A M.R.S.A. § 1125(7-A) states that " A candidate or a committee authorized pursuant to section 1013-A, subsection 1 shall deposit all revenues from the fund and all seed money contributions in an account, referred to in this subsection as a "campaign account," with a bank or other financial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

Recommendation – The Commission staff recommends that the Commission find the candidate in violation of 21-A MRSA § 1125(7-A) for commingling MCEA and personal funds, and further recommends a penalty of \$100 for the violation.

Candidate's Comments on the Audit Finding

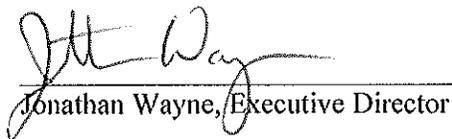
Mr. Reddy's comments on the audit finding are attached to this report.

Respectfully Submitted,



Vincent W. Dinan, Auditor

Approved:



Jonathan Wayne, Executive Director

Attachment

Attachments

Burke, Emma

From: Wayne, Jonathan
Sent: Monday, May 11, 2015 3:42 PM
To: Dinan, Vincent W
Cc: Burke, Emma
Subject: FW: Clean Elections Funds

From: Andrew Reddy [<mailto:areddy@biddefordschooldepartment.org>]
Sent: Monday, May 11, 2015 1:42 PM
To: Wayne, Jonathan
Subject: Clean Elections Funds

Hello. My name is Andrew Reddy. I campaigned and ran for the house seat in district 33 last fall. I received Clean Elections Funds and I ended up co-mingling the funds with a personal account to ease in the dispersal of payments that were made toward my campaign. Being a novice to the experience of running for office, I was unaware that this is against the law. I used the money for legitimate purposes, produced all the necessary documentation of spending, and returned the unused portion to the Ethics Commission. It is my hope that those reviewing my audit will consider clemency when considering my case.

Thank you for your time and attention to this matter.

Sincerely,

Andrew F. Reddy

**Maine Revised Statutes
Title 21-A: ELECTIONS**

**Chapter 14: THE MAINE CLEAN ELECTION ACT HEADING: IB 1995, c. 1,
§17 (new)**

§1125. TERMS OF PARTICIPATION

...

7-A. Deposit into account; release of bank records. A candidate or a committee authorized pursuant to section 1013-A, subsection 1 shall deposit all revenues from the fund and all seed money contributions in an account, referred to in this subsection as 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.

*

A. A participating candidate shall provide to the commission a signed written authorization allowing the bank or other financial institution administering a campaign account to release to the commission all records held by that bank or institution pertaining to the campaign account, including, but not limited to, campaign account statements, records of payments or transfers from the campaign account and deposits of funds to the campaign account. [2011, c. 522, §2 (NEW); 2011, c. 522, §4 (AFF).]

B. The executive director of the commission or its auditor, during an audit or during an investigation authorized by the commission or the chair of the commission of potential noncompliance with the requirements of this chapter, chapter 13 or a rule of the commission, may request that a candidate provide the records of a campaign account. If the candidate fails to comply with the request within 30 days of receiving it, the executive director or auditor may use the authorization obtained pursuant to paragraph A to obtain the records directly from the bank or other financial institution. [2011, c. 522, §2 (NEW); 2011, c. 522, §4 (AFF).]

[2011, c. 522, §4 (AFF); 2011, c. 522, §2 (RPR) .]

Maine Revised Statutes
Title 21-A: ELECTIONS

**Chapter 14: THE MAINE CLEAN ELECTION ACT HEADING: IB 1995, c. 1,
§17 (new)**

§1127. VIOLATIONS

1. **Civil fine.** In addition to any other penalties that may be applicable, a person who violates any provision of this chapter or rules of the commission adopted pursuant to section 1126 is subject to a fine not to exceed \$10,000 per violation payable to the fund. In addition to any fine, for good cause shown, a candidate, treasurer, consultant or other agent of the candidate or the political committee authorized by the candidate pursuant to section 1013-A, subsection 1 found in violation of this chapter or rules of the commission may be required to return to the fund all amounts distributed to the candidate from the fund or any funds not used for campaign-related purposes. If the commission makes a determination that a violation of this chapter or rules of the commission has occurred, the commission shall assess a fine or transmit the finding to the Attorney General for prosecution. A final determination by the commission may be appealed to Superior Court in accordance with Title 5, chapter 375, subchapter 7 and the Maine Rules of Civil Procedure, Rule 80C. Fines assessed or orders for return of funds issued by the commission pursuant to this subsection that are not paid in full within 30 days after issuance of a notice of the final determination may be enforced in accordance with section 1004-B. Fines paid under this section must be deposited in the fund. In determining whether or not a candidate is in violation of the expenditure limits of this chapter, the commission may consider as a mitigating factor any circumstances out of the candidate's control.

[2011, c. 558, §10 (AMD) .]

2. **Class E crime.** A person who willfully or knowingly violates this chapter or rules of the commission or who willfully or knowingly makes a false statement in any report required by this chapter commits a Class E crime and, if certified as a Maine Clean Election Act candidate, must return to the fund all amounts distributed to the candidate.

[1995, c. 1, §17 (NEW) .]

SECTION HISTORY

IB 1995, c. 1, §17 (NEW). 2003, c. 81, §1 (AMD). 2005, c. 301, §33 (AMD). 2005, c. 542, §6 (AMD). 2009, c. 302, §23 (AMD). 2011, c. 558, §10 (AMD).