



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

To: Commissioners
From: Jonathan Wayne, Executive Director
Date: October 7, 2013
Re: Introductory Memo on Investigation into the Lewiston Casino PACs

This memo conveys the materials relating to the Ethics Commission staff's investigation of the 2011 Lewiston casino initiative. Immediately after this introductory memo is a "Reply Memo" with the staff's analysis of information received in the last few weeks and our revised recommendations.

False financial reporting by PACs. In November 2011, the people of Maine voted whether or not to approve a casino in downtown Lewiston. The proponents were a group of Lewiston-Auburn investors led by Stavros Mendros. Mr. Mendros formed two political action committees (PACs) to promote the initiative to the people of Maine. In the weeks leading up to the election, the PACs reported that a Georgia company named GT Source Corporation (GT Source) had provided *all* of the out-of-state funding for the initiative (more than \$400,000). GT Source supplies slot machines to the gambling industry.

In fact, the PACs' financial reports were false. The money for the political campaign came from others in the gambling industry. GT Source provided *no* funding for the political campaign. This is proven conclusively by the bank records obtained by the Commission staff during this investigation, as well as statements from two of the out-of-state developers who cooperated with the investigation.

In this case, Maine voters in 2011 deserved an opportunity to vet the commercial interests that were trying to persuade them to accept a casino in Lewiston. Whether intentional or

not, the misreporting by the PACs had the effect of hiding the actual funders from the voters during the closing weeks of the 2011 campaign.

Status of investigation. In June 2013, the Commission staff concluded that the PAC reports were false, based on bank documents and interview responses from out-of-state developers. On July 1, 2013, the staff summarized its analysis, tentative conclusions and recommendations with regard to violations and penalties. The matter was scheduled for a July 29, 2013 meeting of the Commission.

Soon after, Mark L. Walker, the attorney for the PACs and Mr. Mendros, made the first of two requests that this matter be continued for a later meeting of the Commission to allow Peter Robinson time to obtain separate legal counsel. This matter was scheduled for your October 16 meeting. Two weeks ago, the Commission received

- a September 24, 2013 letter-response from attorney Walker, who continues to represent Stavros Mendros and the PACs; and
- a September 23, 2013 legal memo from Mr. Robinson's new attorney, Elizabeth A. Germani.

New Information and Credibility Issues.

Throughout this enforcement action, Mr. Robinson has claimed that he relied on statements from others that the money for the political campaign came from GT Source, but he has never provided more specific information about those statements. In his September 23, 2013 response – one year and eight months after the investigation started – Mr. Robinson submitted three e-mails dated Oct. 28, 2011, purportedly from out-of-state developer Scott Nash. In one of the e-mails, Mr. Nash appears to state that GT Source made three payments to Dome Messaging (\$140k, \$160k, and \$90k) on three specific dates in the previous two weeks.¹ Also, on page 6 of his response, Mr. Robinson describes a specific conversation that took place on September 22, 2011 in which Mr. Nash allegedly said that money for a \$121,000 wire transfer came from GT Source. Although these are

¹ Dome Messaging did receive three payments on those dates, but from a different entity and in much smaller amounts.

the communications on which Mr. Robinson claims to have relied, he did not submit them or describe them with specificity to the Commission staff despite having ample time and opportunity to do so. It was not until the staff informed him that this matter would be on the agenda for the October 16 meeting of the Commission that he provided this information.

The Commission staff re-contacted the out-of-state developers who had cooperated with the Commission's investigation in May 2013. In an interview with Commission staff on October 1, Mr. Nash stated that he believes that *he did not send* the e-mail communications submitted by Mr. Robinson to the Commission. He also denied that the September 22 conversation took place. In light of Mr. Nash's statements, you may wish to consider whether the authenticity of these e-mails is in dispute. We are investigating whether Mr. Nash and his business partner, Ryan Hill, would be available to discuss this matter with you by telephone at the October 16 meeting.

Options for the Commission

The staff believes that the evidence obtained during the investigation is sufficient for the Commission to conclude that the PACs' reports did not substantially conform to the reporting requirements in violation of campaign finance law due to the misreporting of the actual source of the campaign funds. The Commission staff sees two options for you:

1. Make a final determination on October 16. In our October 7 reply memo (attached), the Commission staff offers our revised recommendations. We withdraw the recommendations contained in our July 1 memo. With the expectation that you may wish to conclude this matter on October 16, we are arranging to have Stavros Mendros and Peter Robinson attend the meeting in person in case you wish to hear from them directly (under oath or not) and to have Ryan Hill and Scott Nash available by phone.
2. Conduct further investigation. You could take further measures to obtain better evidence concerning who knew the reporting was false, such as:

- scheduling a separate hearing to receive sworn testimony from the individuals involved, including by videoconference; or
- requesting consent from some of the individuals involved for the Commission to obtain their e-mail communications from their e-mail providers, which could result in more complete and relevant information to aid the Commission in reaching a determination.

Attached Materials

- October 7, 2013 reply memo from the Commission staff
- July 1, 2013 memo from the Commission staff
- September 24, 2013 response from counsel for Stavros Mendros
- September 23, 2013 response from counsel for Peter Robinson
- Public documents supporting the July 1, 2013 memo
- Bank records marked confidential, pursuant to 21-A M.R.S.A. § 1003(3-A)(A)