

Agenda

Item #7



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: January 9, 2013
Re: January 17, 2013 Hearing on Complaint by Karl S. Norberg

This memo is to provide you with an overview regarding the hearing that will be held, beginning at 1:00 p.m. on January 17, on the complaint by Karl S. Norberg against the gubernatorial campaign of his step-daughter, Rosa W. Scarcelli. A more complete discussion is included in the staff memorandum that was provided for your July 25, 2012 meeting (see attached).

Complaint by Karl S. Norberg (Compliance Issue #1)

Rosa Scarcelli was a candidate for the Democratic nomination for Governor in the 2010 primary election. When Ms. Scarcelli filed her first campaign finance report for her 2010 primary election campaign, she reported receiving two contributions of \$750 dated December 29, 2009 from Karl Norberg and his son, Hillman Norberg. She also reported receiving a contribution of \$750 on the same date from her mother, Pamela Gleichman. (See attached pages from campaign finance report.)

In April 2012, the Ethics Commission received the attached complaint from Ms. Scarcelli's step-father, Karl S. Norberg, alleging that Rosa Scarcelli's campaign had erroneously reported receiving two contributions of \$750 in December 2009 from Karl Norberg and his son, Hillman Norberg. Mr. Norberg denies that he and his son made the contributions and contends that Ms. Scarcelli transferred the funds from a family business (Gleichman and Company, Inc.) to make contributions in his name without his knowledge or authorization. It is a violation to make, or to accept, a contribution by one person in the name of another person. See 21-A M.R.S. § 1004(3)(A) & (C) (copy attached).

Summary of Responses by Rosa W. Scarcelli

Ms. Scarcelli submitted responses to the complaint on May 22 and June 4, 2012 (copies attached), contending that Karl Norberg and Hillman Norberg supported her campaign and clearly indicated their agreement to make contributions during the Christmas holidays in 2009. She says that her mother, Pamela Gleichman, specifically authorized the transfer of money from a bank account of a family business regularly used for personal expenses. She submitted documents showing that the campaign received three electronic payments of \$850 from Gleichman and Company, Inc., which were initiated on Dec. 29, 2009. (*See* attached electronic checks and check requests) The company is owned entirely by Pam Gleichman. Ms. Scarcelli suggests that the complaint by Mr. Norberg is in retaliation for litigation arising out of a family business dispute, in which she is alleging wrongful conduct by Karl Norberg and her mother.

Commission's Decision to Hold Hearing

At your July 25, 2012 meeting, you considered Mr. Norberg's complaint and the responses from Ms. Scarcelli. In addition to the question of the Norbergs' intentions to contribute, the Commission staff identified two additional compliance issues outlined below as compliance issues #2 and #3. At the July 25, 2012 meeting, the Commission voted to hold an evidentiary hearing to receive sworn testimony concerning these issues. Commissioner Healy has recused himself from these proceedings for reasons stated on the record at that meeting. After the July 25th meeting, the Chair conducted a pre-hearing conference by telephone at which all interested parties participated – Karl Norberg, Pamela Gleichman and Russell Pierce as counsel for Rosa Scarcelli and her campaign – along with the Commission staff and counsel. The results of that conference are reflected in the notice of hearing. The hearing was originally scheduled for August 22 but was postponed at the request of Pam Gleichman for business reasons. It was continued to October 22, and was again postponed until January 17, 2013 to avoid a conflict with mediation of the family business dispute.

Compliance Issue #2: Was an Additional \$100 Provided for each donor by Gleichman and Company, Inc. Exempt under the “House Party” Exception for Volunteers?

Under the law in effect for the 2010 gubernatorial elections, each donor could contribute up to \$750 in cash or goods or services to a campaign. The Scarcelli campaign received three electronic payments of \$850 from Gleichman and Company, Inc., which it attributed to Karl Norberg, Hillman Norberg, and Pam Gleichman. These payments exceeded the contribution limit by \$100. Ms. Scarcelli’s lawyer explains that the \$100 amounts were added to the \$750 contributions to reimburse the campaign for expenses associated with a 2009 fundraising event in Chicago attended by associates of Pam Gleichman and Karl Norberg. Under an exception to the definition of “contribution,” an individual may pay up to \$100 per election toward the cost of invitations, food and beverages when rendering voluntary campaign-related services to a candidate – without that payment being considered a contribution to the candidate. *See* 21-A M.R.S. § 1012(2)(B)(2) (copy attached). This is sometimes referred to as the “house party” exception, although it is not limited to events held in homes.

The compliance issue is that this exception is for people who are volunteering services to a candidate. In interviews with the Commission staff, Karl Norberg and Ms. Gleichman denied that Karl and Hillman Norberg volunteered at the Chicago event. Karl Norberg was categorical that he did nothing for that event and did not even attend it. If that is true, the house party exception would not apply to the \$850 payments for Karl and Hillman Norberg, and the payments would exceed the contribution limit by \$100.

The day before the contributions were made, one of the Commission’s Candidate Registrars explained the requirements for the house party exception to the Scarcelli campaign. We retained a memo documenting the conversation (attached), which indicates that the Candidate Registrar explicitly told the campaign that the exception could be used only by individuals who were directly involved in the event. Reimbursements by others, we advised, could be considered contributions.

Compliance Issue #3: Use of Mother's Business Funds for Hillman Norberg's Contribution

A third compliance issue concerns whether it is acceptable for money from a business account (Gleichman and Company, Inc.) to be paid directly to a campaign in the name of Hillman Norberg. He does not appear to have any property interest in the company. Hillman Norberg was 20 or 21 years old at the time of the contributions, and was financially dependent on his parents. His parents may have routinely used the company's funds for his personal needs, but money in the business account was not *his* money.

Potential Witnesses

As indicated in the attached notice of hearing (revised most recently on December 20, 2012), the following witnesses have been asked to testify at the January 17, 2013 hearing. Before the hearing, we will obtain an update from Ms. Scarcelli's attorney and will communicate that to the Commission Chair.

- Karl S. Norberg
- Pamela Gleichman
- Rosa W. Scarcelli
- Richard Day (potentially), President and Chief Financial Officer of Stanford Management (one of the family companies) and treasurer of Rosa for Maine
- Emily Mellencamp Smith, Finance Director of the Rosa for Maine
- Thom Rhoads, husband of Rosa Scarcelli

The Commission Counsel and staff will conduct the direct examination of the first four witnesses, and counsel for Ms. Scarcelli will have an opportunity to cross-examine them. As of this date, however, we are still uncertain whether Mr. Norberg or Ms. Gleichman will appear for this hearing. Mr. Norberg has failed to respond to numerous communications from our office asking him to confirm whether they will attend.¹ The remaining witnesses were proposed by Ms. Scarcelli's attorney. He will be conducting the direct examination of those witnesses.

¹ These include a notice of hearing mailed on December 10, 2012, a revised notice of hearing (with the new start time) mailed on December 20, 2012, a voicemail message left on January 8, 2013, and an email communication sent on January 8, 2013.

Previously, the Commission requested the attendance and testimony of Hillman Norberg at the August 22, 2012 hearing. He has been made aware of the Commission's request through his parents. He will not be attending because he is not in Maine and has begun new employment.

The hearing will be conducted in accordance with Chapter 2 of the Commission's Rules and the Maine Administrative Procedure Act, 5 M.R.S. §§ 8001 et seq.

Issues to be addressed at the Hearing

The notice of hearing identifies the following topics or issues to be addressed at the hearing, all of which are encompassed in the three compliance issues described above:

- whether Karl Norberg and Hillman Norberg authorized contributions to be made on their behalf;
- whether any person (Rosa Scarcelli, Pamela Gleichman, or Gleichman & Company, Inc.) made a contribution in the name of another person;
- whether the Rosa for Maine campaign accepted a contribution made by one person in the name of another person;
- whether any person made contributions totaling more than \$750 to support Rosa Scarcelli in the 2010 Democratic gubernatorial primary election and whether Ms. Scarcelli accepted contributions from any source totaling more than \$750; and
- whether Karl Norberg and Hillman Norberg provided voluntary personal services to Rosa Scarcelli in connection with an October 2009 fundraising event in Chicago, and whether any money provided on behalf of Karl Norberg and Hillman Norberg as reimbursement for the event was exempt from being considered a contribution.

Exhibits for the January 17, 2013 Hearing

All of the documents that the Commission Counsel and staff intend to use in examining witnesses on January 17, 2013 have been numbered as exhibits and will be offered into the record at the hearing. Almost all of these exhibits were part of the packet for the Commission's July 25, 2012 meeting, and are already available to the public at www.maine.gov/ethics/meetings. Ms. Scarcelli's attorney has stated his intention to

introduce a small number of additional exhibits. The staff will have all of the expected exhibits for you in a notebook at the January 17 hearing.

Timing of Final Determination

In addition to hearing evidence at the January 17, 2013 meeting, the Commission has the option of requesting legal argument concerning whether any person committed a violation of law. You may reach a final determination at the January 17th meeting, following the hearing, but the Commission could choose to close the hearing and decide the matters at issue at a subsequent meeting.

Thank you for your consideration of this agenda item.



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: July 17, 2012

Re: Complaint by Karl S. Norberg against Rosa W. Scarcelli

Summary

This memo offers the preliminary view by the Ethics Commission staff of a complaint by Karl S. Norberg alleging a campaign finance violation by his step-daughter Rosa W. Scarcelli. She was a candidate for the Democratic nomination for Governor in the 2010 primary election. The issue is whether Ms. Scarcelli correctly reported receiving two contributions of \$750 in December 2009 from Karl Norberg and his son, Hillman Norberg. Mr. Norberg denies that he and his son made the contributions and contends that Ms. Scarcelli transferred the funds from a family business to make contributions in his name without his knowledge or authorization.

Ms. Scarcelli responds that Karl Norberg and Hillman Norberg supported her campaign and clearly indicated their agreement to make contributions during the Christmas holidays in 2009. She says that her mother, Pamela Gleichman, specifically authorized the transfer of money from a bank account of a family business regularly used for personal expenses. She suggests that the complaint by Mr. Norberg is in retaliation for

litigation arising out of a family business dispute, in which she is alleging wrongful conduct by Karl Norberg and her mother.

The staff of the Commission has received two detailed written responses from Ms. Scarcelli through her attorney (attached) and has had telephone interviews with Karl Norberg and Pamela Gleichman. Both Mr. Norberg's and Ms. Gleichman's accounts regarding the contributions directly contradict Ms. Scarcelli's. In order to determine whether a violation has or has not occurred, we suggest that the Commissioners receive direct testimony from Rosa Scarcelli, Pam Gleichman, and Karl Norberg. We do not wish to add to a very difficult family situation, but direct testimony at a public meeting may be necessary for the Commission to perform its statutory mandate of determining whether or not a violation occurred. The staff would be pleased to undertake any other investigation directed by the Commission.

Standard for Conducting an Investigation based on a Complaint

Under the Commission's statute, "a person may apply in writing to the commission requesting an investigation" concerning "contributions ... to and expenditures by a ... candidate" (21-A M.R.S.A. § 1003) Under the Commission's rules, all decisions to conduct an investigation are made by the members of the Commission at a public meeting. (Chapter 1, Section 5(1)) The Commission is required by the statute to conduct an investigation "if the reasons stated for the request show sufficient grounds for believing that a violation may have occurred." (21-A M.R.S.A. § 1003(2))

Contribution Limits for 2010 Candidates for Governor

Candidates for Governor in the 2010 election were permitted to accept donations of up to \$750 per donor.¹ (21-A M.R.S.A. §§ 1015(1) & (2)) The contribution limits apply to all types of contributors (individuals, businesses, associations), except for the candidate and the candidate's spouse or domestic partner. The limits on contributions were clearly made known to all traditionally financed gubernatorial candidates, including Ms. Scarcelli.

One important tool in enforcing contribution limits is to require candidates to itemize their contributions. Candidates for the Office of Governor of Maine file financial reports with the Commission under 21-A. M.R.S.A. § 1017(2). In Maine, candidates for state office are required to disclose the name of any donor who gives more than \$50 during the period of time covered by a campaign finance report. (21-A M.R.S.A. § 1017(5))

Nationwide, wealthy individuals and associations have found various creative means for circumventing contribution limits. One common mechanism is "straw donations": when money from one source is provided to the campaign through a number of donors (*e.g.*, friends, family, businesses). In other instances, the sources of money are intentionally misreported by a campaign (*i.e.*, money is actually donated by X, but is reported to be donated by Y).

¹ Maine voters enacted an even lower contribution limit of \$500 per election in 1996, which was increased to \$750 in 2009 by the Maine Legislature. (P.L. 2009, Chapter 286) In 2011, the Legislature increased the limit again to \$1,500 per election. (P.L. 2011, Chapter 382)

Jurisdictions have adopted various means for combating circumvention of the contribution limits, including by adopting civil or criminal penalties for donating funds in the name of another and accepting campaign funds in the name of someone other than the true donor. In Maine, the violation of making or accepting a contribution in the name of another may result in a civil penalty:

The commission may assess the following penalties in addition to the other monetary sanctions authorized in this chapter. ...

3. Contribution in name of another person. A person that makes a contribution in the name of another person, or that knowingly accepts a contribution made by one person in the name of another person, may be assessed a penalty not to exceed \$5,000.

(21-A M.R.S.A. § 1004-A(3)) Within the Campaign Reports and Finances Law, there is a similar criminal violation, although to my knowledge no one has been prosecuted under the statute:

The violation of any of the following subsections is a Class E crime: ...

- 3. Contributions in another's name.** A person may not knowingly:
- A. Make a contribution in the name of another person;
 - B. Permit the person's name to be used to accomplish a contribution in violation of paragraph A; or
 - C. Accept a contribution made by one person in the name of another person.

(21-A M.R.S.A. § 1004(3))

Complaint by Karl S. Norberg

Karl Norberg married Pamela Gleichman, Ms. Scarcelli's mother, around 31 years ago. Hillman Norberg is the son of Karl Norberg and Ms. Gleichman. He is Ms. Scarcelli's half-brother. Hillman was just over 21 years old in December 2009, at the time of the

contributions at issue. At that time, he did not have an independent source of income and was financially dependent on his parents.

In her first campaign finance report (which covered all financial activity of the campaign through the end of December 2009), Rosa Scarcelli reported receiving three contributions of \$750 from Pam Gleichman, Karl Norberg, and Hillman Norberg on December 29, 2012 (two days before the end-date for the report). The pages from that report are attached.

In his April 2012 complaint, Karl Norberg states that he and Hillman Norberg did not make a contribution from their personal funds and did not authorize contributions to be made in their names from any source of funds. He says that the contributions “were made from a company that has no association with Hillman Norberg or Karl Norberg.” In an e-mail I received on April 25, Mr. Norberg specified the firm as Gleichman & Company, Inc.

Responses from Rosa W. Scarcelli

Ms. Scarcelli has provided two detailed responses to the complaint and to some additional questions I posed (referred to below as May 22, 2012 and June 4, 2012 letters). She states that the two contributions at issue were made with the “express and unequivocal authorization of Karl Norberg ... and Hillman Norberg” (May 22, 2012 letter, at 1) She asks the Commission to dismiss the complaint.

Ms. Scarcelli explained in her May 22 response that her relationship with her stepfather “has dramatically deteriorated over the past year and a half.” (May 22, 2012 letter, at 5) She says, however, that in 2009, “Karl had ... been unequivocally supporting the campaign” (June 4, 2012 letter, at 2)

According to Rosa Scarcelli’s May 22, 2012 letter, Pamela Gleichman and Karl Norberg are often not in Maine, but they were in the state for the Christmas 2009 holidays. So was Hillman Norberg and other relatives. During that visit, “there was often discussion about Rosa’s campaign, and each family member supported her unconditionally.” (May 22, 2012 letter, at 2) There were “open conversations that included Karl Norberg and Hillman Norberg during the family Christmas holidays just days prior to the contributions at year-end in 2009.” (May 22, 2012 letter, at 1)

When asked for more specifics, Ms. Scarcelli replied in her June 4, 2012 letter that there was a discussion at the Christmas dinner table in which Pamela Gleichman stated that she, Karl Norberg, and Hillman Norberg would all make contributions to the campaign. Karl Norberg “clearly indicated his assent” to a contribution (June 4, 2012 letter, at 2). Hillman Norberg was present and indicated assent to a contribution (June 4, 2012 letter, at 4). She says there was “likely” another conversation while gathered in the kitchen when Hillman was present and indicated his assent. (June 4, 2012 letter, at 4)

In addition, Ms. Scarcelli states that “There were several other conversations leading up to the Christmas dinner in which contributions from all three family members in issue

were discussed, and there was never any indication from Karl, or from Pamela, that Karl did not agree to support the campaign with a maximum contribution in his name.” (June 4, 2012 letter, at 3)

Rosa Scarcelli states that following the Christmas holiday, she had a telephone conversation with her mother “about the year-end deadline for campaign contributions.” (May 22, 2012 letter, at 4) During that call, “Pam authorized Rosa to make distributions to Pam from Gleichman & Company so that Pam could make her contribution as well as Karl’s and Hillman’s contributions.” (May 22, 2012 letter, at 4)

Rosa Scarcelli has also provided an e-mailed statement from the finance director for the campaign, Emily Mellencamp Smith, who states that she heard Ms. Scarcelli speaking to her mother on the telephone concerning the three contributions. From hearing Ms. Scarcelli’s side of the conversation, Ms. Smith states it seemed that Ms. Gleichman authorized Ms. Scarcelli to use Gleichman & Company funds to make the contributions. (Attachment to May 22, 2012 letter)

Ms. Scarcelli provided documentation of the payments with her attorney’s May 22 letter. The three contributions were made by electronic transfer from the bank account of Gleichman & Co, Inc. at Bank of America. The firm is a C corporation, which is owned entirely by Pam Gleichman. (June 4, 2012 letter, at 1) The payments were made directly to the Rosa for Maine campaign, even though Pamela Gleichman authorized Rosa Scarcelli to make the payments *to Ms. Gleichman* (according to Ms. Scarcelli’s letters).

The amounts of the checks were in the amount of \$850, because the campaign believed that the three individuals were eligible to reimburse the campaign for an additional \$100 toward the cost of a fundraising event in Chicago for Ms. Scarcelli. (The \$850 amount raises a secondary compliance issue that is discussed below in the staff recommendation section of this memo.)

Ms. Scarcelli states that both Karl Norberg and Pam Gleichman regularly requested distributions or transfers of money from this account for their personal expenses. In her June 4, 2012 letter (at 1), she states that Pamela Gleichman did not have a personal checking account.²

Ms. Scarcelli's attorney describes the payment procedures as follows "When Rosa received the authorization from Pamela to make the distributions from the Gleichman & Company account to Pamela for purposes of these individual contributions, Rosa instructed Rick Day (officer/agent of the family businesses and campaign treasurer for Rosa for Maine) to effectuate the distributions as is done in the ordinary course of business for any distributions; Rick, in turn, asked corporate accountant, Kyle Solebello, to actually fill out the paperwork for the request forms."³

² In our July 6, 2012 interview, Karl Norberg said that he and Pam Gleichman share a joint checking account.

³ According to Ms. Scarcelli, Pamela Gleichman authorized the transfer of money from Gleichman & Company, Inc. to her personally, but the payments were made directly to the Rosa for Maine campaign. No explanation is offered. One possible explanation is that the campaign wished to receive them prior to the end-date of the reporting period, but it is unknown.

Ms. Scarcelli urges the Commission to consider Mr. Norberg's complaint in the context of the family's business dispute. She contends it is deceptive for him to claim in his complaint that he has "no association" with the business because Karl Norberg regularly and customarily used the Gleichman & Co. account for his personal expenses. She also claims that during mediation in early January 2011, "Karl Norberg began to first raise these unsubstantiated threats of 'campaign violations.'" She refers to a specific e-mail dated January 10, 2011 which she says indicates that "Karl and Pam were specifically contemplating raising this issue of a campaign contribution claim in retaliation to Rosa's having raised corporate malfeasance against Karl and Pam." (May 22, 2012 letter, at 6) She urges the Commission to be skeptical of Karl Norberg's claim that he "discovered the two contributions completely by accident." (Complaint, second page)

Interview of Karl Norberg

In an interview on July 6, 2012, Karl Norberg told Assistant Director Paul Lavin and me the following:

- Karl Norberg has had no relationship with Rosa Scarcelli in years. They have been estranged since before her gubernatorial campaign.
- He was "against her campaign." He never would have contributed to her campaign.
- His wife, Pam Gleichman, did not authorize contributions to be made to the Scarcelli campaign from Gleichman & Company.
- He does not remember if he was in Maine for Christmas in 2009.
- If he was in Maine for Christmas in 2009, there were no conversations concerning him contributing to Rosa Scarcelli's campaign. The Christmas dinner table conversation described in the letters from Ms. Scarcelli's attorney is a "complete lie."

- Pamela Gleichman is Rosa Scarcelli's mother. Mr. Norberg raised Rosa Scarcelli since she was 7 or 8 years old. Pamela Gleichman supported Rosa Scarcelli's campaign so that Rosa would get out of the family business and move onto something else.
- Pamela Gleichman did assist in organizing a fundraiser in Chicago, with the Scarcelli campaign.
- Mr. Norberg did not have anything to do with the Chicago fundraiser. He did not volunteer at the event or in connection with the event. His name was not involved with the event. Hillman Norberg was not involved in the event.
- Hillman Norberg saw Rosa Scarcelli at a meeting recently. That was the first time that Hillman saw his sister in at least three years.
- Pam Gleichman owns 60-70 apartment complexes and income from those businesses goes into the bank account for Gleichman & Co.
- Pam Gleichman and Karl Norberg have a joint checking account, which receives distributions of money from Gleichman & Co. The description in the attorney letter is "misleading."
- The response from Rosa Scarcelli's attorneys is a fabrication.
- Mr. Norberg was on a website of the Huffington Post, and saw a contribution listed in his name. He did not make a contribution. So, he complained to the Commission. He does not have an agenda where it could lead.

Interview of Pamela Gleichman

On July 13, 2012, Assistant Director Paul Lavin and I interviewed Pamela Gleichman by telephone. She said:

- Ms. Gleichman supported Ms. Scarcelli's bid for governor and made a contribution to the campaign. However, she does not remember how the contribution was made.
- Karl Norberg did not support Ms. Scarcelli's gubernatorial campaign. His attitude toward the campaign was "negative."
- Karl thought "it would be better for the business if she got elected and left us alone."

- Ms. Gleichman said that she may have asked Mr. Norberg if he would make a contribution, but she is not sure.
- Mr. Norberg did not agree to make a contribution.
- Karl Norberg was “adamant that he would not contribute.”
- Ms. Gleichman was “100% sure that he [Karl] was not going to give money. He said that over and over.”
- Ms. Scarcelli was “very aware” that Karl Norberg was not going to make a contribution.
- The discussions Pamela Gleichman had with Ms. Scarcelli had to do with Ms. Gleichman’s contribution, not Mr. Norberg’s.
- “I asked him (Mr. Norberg) if he wanted to participate in the event and he said absolutely not.”
- Karl Norberg did not attend the fundraising event in Chicago (“absolutely not at the event”) and did not participate in any way in the event.
- Mr. Norberg’s name was not on an invitation. She was not sure what the invitation said and wasn’t even sure if her name was on the invitation.
- She provided a list of names of people to invite to the event and made a few calls to invite people to the event.
- Hillman Norberg did not have anything to do with the event (“not at all”).
- Ms. Gleichman’s recollection of the Christmas 2009 dinner was that she had to “force” everyone to be at dinner so that she could be with her grandchildren.
- She remembers that things were “tense.”
- Regarding the Christmas dinner conversation concerning contributions, she said, “I can’t imagine any conversation like that at all.” Ms. Scarcelli’s description of what was discussed at that dinner was “not factual at all.”
- She said that Mr. Norberg’s and Hillman Norberg’s state of mind was that they didn’t want to make any contribution or give any money.
- Hillman Norberg did not have any money.

- He has not spoken with Ms. Scarcelli for three years.
- “He absolutely would not give [Ms. Scarcelli] any money.”
- Hillman Norberg was “not supportive at all of Ms. Scarcelli’s campaign.”
- He was not happy with how Ms. Scarcelli was behaving. He has no respect for Ms. Scarcelli.
- There was no discussion with Ms. Scarcelli that family money or Gleichman & Co. money would be used to make a contribution on Hillman’s behalf.
- Ms. Gleichman said that Mr. Norberg discovered that his name was mentioned in the Huffington Post that he made a contribution to the Scarcelli campaign.
- She said that she remembers Mr. Norberg telling her this, but she does not remember when it happened.
- Ms. Gleichman does recall meeting Rosa Scarcelli’s finance director, Emily Mellencamp Smith.
- Ms. Gleichman said that was no basis for Ms. Smith’s statement that the contributions from Hillman and Karl Norberg and Ms. Gleichman were considered to be pledged.

Staff Recommendation

This complaint requires the Commission to consider sharply contradictory factual accounts from people who have personal knowledge of a campaign finance event. The witnesses with relevant knowledge also have personal and business motivations which could color the information that they have provided to the Commission.

Applying the standard in 21-A M.R.S.A. § 1003(2), the staff of the Commission believes that Karl Norberg has provided sufficient grounds for believing that a violation may have occurred. Under this statutory standard, we therefore believe some investigation by the Commission is appropriate, even though the investigation could suggest or prove that

there was no violation.⁴ A determination whether a violation has occurred will necessarily turn on whether Commissioners find testimony to be wholly or partially credible.

The staff suggests an investigation that would primarily consist of the Commissioners receiving testimony from Karl Norberg, Rosa Scarcelli, and Pamela Gleichman. We suggest that you receive this testimony at your August 22, 2012 meeting. This will allow you to view the demeanor of the witnesses, to judge their credibility, and to ask any follow-up questions that you would like. You may wish to take the testimony under oath, in order to encourage the receipt of reliable information. If you decide to take sworn testimony, I would suggest consulting further with the Commission's Counsel.

The staff makes this recommendation with some reluctance because we do not wish to contribute to a very difficult family situation, but it seems the best mechanism for the Commission to perform its statutory mandate of determining whether a violation occurred. With respect to Hillman Norberg, the primary issue is whether he assented to having a contribution made in his name with his parents' funds. The Commission staff suggests considering whether you can rely on an affidavit from Hillman Norberg, who lives in New York City and recently began a new job. Based on her attorney's letters, Ms. Scarcelli may be interested in proposing other witnesses if you are open to it.

⁴ It is premature to discuss what specific violations may have occurred, but they potentially could include false reporting, violations of the contribution limit, or people accepting or donating funds in the name of another.

We note that – in addition to the factual dispute – this situation may also raise legal questions of how to apply the campaign finance law. Setting aside the dispute of whether the contributions were authorized by the purported donors, there is also the issue of whether it is acceptable for money from a business account to be paid directly to a campaign in the name of three individual contributors because those business funds are regularly used for the personal expenses of the donors. The preliminary view of the Commission staff is that (based on the unique circumstances of this case) if Pamela Gleichman and Karl Norberg regularly used the Gleichman & Company bank account for personal expenses and if they intended to make a contribution to the Scarcelli campaign (this point is disputed by Karl Norberg) – we would tend not to recommend a finding of violation merely because the funds did not flow through a personal bank account of Karl Norberg and Pam Gleichman.

The Commission may wish to view the use of Gleichman & Company funds for Hillman Norberg's contribution differently. His parents may have routinely used the company's funds for his personal needs, but they were not *his* money. This raises an issue that has come up occasionally of whether a parent may use *his or her own money* to make a contribution for a child who depends financially on the parent. The Commission may wish to use this opportunity to provide guidance for future candidates whether this is acceptable. (A few years ago the Commission staff proposed a rule on this topic, but after receiving public comment the Commission was not prepared to adopt it.)

There may be a secondary compliance issue involved, as well, which is the fact that the payments received by the Scarcelli campaign for Karl and Hillman Norberg exceeded the contribution limit by \$100. *When rendering voluntary campaign-related services to a candidate*, an individual may pay up to \$100 per election toward the cost of invitations, food and beverages – without that payment being considered a contribution to the candidate. This is sometimes referred to as the “house party” exception. (21-A M.R.S.A. § 1012(2)(B)(2)) The drafting of the exception in statute suggests that it is for volunteers.

In their interviews, Karl Norberg and Ms. Gleichman categorically stated that Karl and Hillman Norberg did not volunteer for the Chicago fundraising event and did not even attend the event. If that is the case, no portion of the money received by the campaign in the name of Karl and Hillman Norberg would be exempt under the house party exception. Thus, the \$850 payments may exceed the \$750 contribution limit applicable in 2009. The day before the contributions were made (December 28), one of the Commission’s Candidate Registrars, Gavin O’Brien, explained the requirements for the house party exception to Charles Hely, compliance officer for the Scarcelli campaign. Gavin’s memo of the conversation (attached) indicates that he explicitly told the campaign that the exception could be used only by individuals who were directly involved in the event. Reimbursements by others, Gavin advised, could be considered contributions.

The staff would be pleased to conduct any other investigation you direct. Thank you for your consideration of this memo.



2010 CAMPAIGN FINANCE REPORT
FOR PRIVATELY FINANCED CANDIDATES

CANDIDATE		
ROSA W. SCARCELLI 71 BOWDOIN STREET PORTLAND, ME 04102 OFFICE SOUGHT: GOVERNOR		TEL: (207)773-2541 FAX: (207)772-8990 E-MAIL: rosa@rosaformaine.com
TREASURER		
RICHARD W. DAY 146 PIGEON BROOK RD. WEST BALDWIN, ME 04091		TEL: (207)625-3276 FAX: E-MAIL:
TYPE OF REPORT	DUE DATE	REPORTING PERIOD
JAN 2010 PRE-ELECTION SEMIANNUAL	01/19/2010	11/5/2008 - 12/31/2009
NO FINANCIAL ACTIVITY IN THIS REPORTING PERIOD FOR SCHEDULES A1, D		
CERTIFICATION		
<p>I, ROSA WALTON SCARCELLI, CERTIFY THAT THE INFORMATION CONTAINED IN THIS REPORT IS TRUE, ACCURATE AN COMPLETE TO THE BEST OF MY KNOWLEDGE.</p> <p>REPORT FILED BY: ROSA WALTON SCARCELLI ON BEHALF OF RICHARD DAY, TREASURER REPORT FILED ON: 1/27/2010</p> <p>IF THIS REPORT IS FILED BY AN AUTHORIZED AGENT OF THE CANDIDATE, THE CANDIDATE, TREASURER AND AGENT ARE LIABLE FOR ANY VIOLATIONS OF MAINE CAMPAIGN FINANCE LAW (21-A M.R.S.A. CHAPTER 13) AND THE COMMISSION'S RULES THAT MAY RESULT FROM THE FILING OF A FALSE OR INACCURATE REPORT.</p>		

UNSWORN FALSIFICATION IS A CLASS D CRIME (17-A M.R.S.A. § 453).

10/27/2009	J. B. B. PRITZKER 1603 ORRINGTON AVE EVANSTON, IL 60201-5064	CHAIRMAN AND FOUNDER THE PRIZKER GROUP	2	Primary	\$750.00
07/15/2009	PR RESTAURANTS, LLC 109 OAK ST NEWTON UPPER FALLS, MA 02464-1492		3	Primary	\$500.00
12/31/2009	PR RESTAURANTS, LLC 109 OAK ST NEWTON UPPER FALLS, MA 02464-1492		3	Primary	\$250.00
07/09/2009	RICHARD FARRELL 167 MALBOROUGH ST, #2 BOSTON, MA 2116	PRESIDENT FULLARMOR CORP.	2	Primary	\$500.00
09/24/2009	RICHARD FARRELL 167 MALBOROUGH ST, #2 BOSTON, MA 2116	PRESIDENT FULLARMOR CORP.	2	Primary	\$250.00
10/12/2009	CATHERINE A. LANE 1516 CERTOSA AVE. CORAL GABLES, FL 33146	REAL ESTATE ASSOCIATE AVATAR REAL ESTATE	2	Primary	\$250.00
12/30/2009	PHYLLIS TRUESDELL 287 PENNELLVILLE RD. BRUNSWICK, ME 4011	OWNER MIDDLE BAY FARM BED AND	2	Primary	\$100.00
12/29/2009	HILLMAN NORBERG 223 WESTERN PROMENADE PORTLAND, ME 4601	STUDENT N/A	2	Primary	\$750.00
12/10/2009	ELAINE SAGER 151 TREMONT ST 21P BOSTON, MA 2111	HOMEMAKER N/A	2	Primary	\$750.00
12/04/2009	FRUZSINA HARSANYI 8007 ASHBORO COURT CHEVY CHASE, MD 20815	PUBLIC AFFAIRS CONSULTANT SELF	2	Primary	\$250.00
08/03/2009	JILL ROBERTS 245 WOODWARD ST WABAN, MA 02468-2028	HOMEMAKER N/A	2	Primary	\$500.00
12/01/2009	JILL ROBERTS 245 WOODWARD ST WABAN, MA 02468-2028	HOMEMAKER N/A	2	Primary	\$250.00
12/04/2009	NATHANIEL TURNBULL 36 CUMMINGS RD BRIGHTON, MA 02135-7344	WHITE HOUSE LIASON DEPARTMENT OF	2	Primary	\$500.00
12/01/2009	CHARLES E. CRAIG 77 SANDERSON ROAD CUMBERLAND FORESIDE, ME 4110	PARTNER THE DUNHAM GROUP	2	Primary	\$100.00
12/21/2009	DAVID L. HERZER JR. 7 LEIGHTON FARM RD. CAPE ELIZABETH, ME 4107	ATTORNEY NORMAN HANSON & DETROY LLC	2	Primary	\$500.00
10/31/2009	LYNNE SILKMAN 15 KING ST SCARBOROUGH, ME 04074-9217	HOMEMAKER N/A	2	Primary	\$250.00
12/28/2009	BRANDY THOMBS 147 PIGEON BROOK RD WEST BALDWIN, ME 04091-3138	NONE N/A	2	Primary	\$750.00

07/20/2009	JEREMY SCLAR PO BOX 69 PORTLAND, ME 04112-0069	PRESIDENT JORDAN BAY INVESTMENTS CORP	2	Primary	\$500.00
07/30/2009	JAMES STANLEY 253 QUAKER MEETING HOUSE RD DURHAM, ME 04222-5424	EXECUTIVE LIBERTY MANAGEMENT	2	Primary	\$500.00
12/29/2009	JAMES STANLEY 253 QUAKER MEETING HOUSE RD DURHAM, ME 04222-5424	EXECUTIVE LIBERTY MANAGEMENT	2	Primary	\$250.00
12/29/2009	* PAMELA GLEICHMAN 1906 NORTH BURLING CHICAGO, IL 60614	FOUNDER LANDMARKAMERICA	2	Primary	\$750.00
11/19/2009	MO FATHELBAB 707 N. FAYETTE ST. ALEXANDRIA, VA 22314	PRESIDENT FORUM RESOURCES NETWORK	2	Primary	\$250.00
07/15/2009	BRET MORRISON 9 GREENWAY RD WINDHAM, NH 03087-1564	CEO ONVIO LLC	2	Primary	\$500.00
12/31/2009	JOHN HATCHER 126 PINE STREET PORTLAND, ME 4102	REALTOR SELF	2	Primary	\$250.00
10/24/2009	SARAH G. SMITH PO BOX 366 EAST BOOTHBAY, ME 04544-0366	NONE N/A	2	Primary	\$100.00
12/28/2009	SIMON FALIC 801 ARTHUR GODFREY RD MIAMI BEACH, FL 33140-3323	CHAIRMAN DUTY FREE AMERICAS	2	Primary	\$700.00
10/15/2009	MICHELLE BOGGS 111 FRANKLIN ST ALEXANDRIA, VA 22314-3840	PRESIDENT MCKINLEY MARKETING	2	Primary	\$750.00
12/10/2009	AMATO DRIVE, LLC ONE CANAL PLAZA PORTLAND, ME 4101		3	Primary	\$750.00
12/31/2009	ANITA ANTENUCCI 1832 KALORAMA RD NW WASHINGTON, DC 20009-5187	MANAGING DIRECTOR HOULIHAN LOKEY	2	Primary	\$750.00
12/11/2009	CARLISLE DEVELOPMENT GROUP, LLC 2950 SW 27TH AVE MIAMI, FL 33133-3765		3	Primary	\$750.00
09/14/2009	BANGOR ABATEMENT, INC. PO BOX 248 HAMPDEN, ME 4444		3	Primary	\$500.00
12/31/2009	BANGOR ABATEMENT, INC. PO BOX 248 HAMPDEN, ME 4444		3	Primary	\$250.00
08/04/2009	ELMINGTON FINANCIAL SERVICES, LLC 71 BOWDOIN ST PORTLAND, ME 04102-3632		3	Primary	\$500.00
09/14/2009	ELMINGTON FINANCIAL SERVICES, LLC 71 BOWDOIN ST PORTLAND, ME 04102-3632		3	Primary	\$250.00

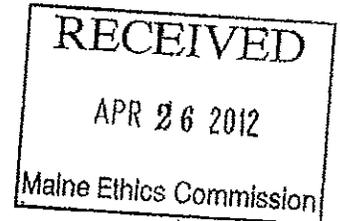
08/25/2009	SUSAN FALK 1040 PARK AVE NEW YORK, NY 10028-1032	NONE N/A	2	Primary	\$250.00
07/14/2009	TARA ABRAHAM 8133 HIGHFIELD DR LEWIS CENTER, OH 43035-9673	CHIEF EXECUTIVE OFFICER ACCEL INC.	2	Primary	\$500.00
08/25/2009	HAMILTON DAVISON 33 HAZARD AVE PROVIDENCE, RI 02906-3325	CONSULTANT SELF	2	Primary	\$250.00
10/26/2009	MARSHA CARLSON 1837 W PATTERSON AVE CHICAGO, IL 60613-3558	INFORMATION REQUESTED INFORMATION REQUESTED	2	Primary	\$750.00
10/26/2009	WILLIAM H. CROWN 100 LA SANDRA WAY PORTOLA VALLEY, CA 94028-7312	VICE PRESIDENT HENRY CROWN AND COMPANY	2	Primary	\$750.00
12/16/2009	TOLLEY GROUP, INC. 565 CONGRESS ST PORTLAND, ME 04101-3308		3	Primary	\$250.00
08/31/2009	STEPHEN TURGEON 11 S ORLEANS ST MEMPHIS, TN 38103-3320	REAL ESTATE SELF	2	Primary	\$250.00
12/16/2009	EDWARD S. HOWELLS 59 CHADWICK STREET PORTLAND, ME 4102	PHOTOGRAPHER SELF	2	Primary	\$100.00
10/26/2009	ERIC A. REEVES 1341A S. INDIANA AVE. CHICAGO, IL 60605	VICE PRESIDENT, GENERAL DUCHOSSOIS GROUP, THE	2	Primary	\$750.00
12/18/2009	NEVILLE H. VERE NICOLL 2310 SPOTSWOOD PL BOULDER, CO 80304-0998	PRESIDENT CORNERSTONE EQUITIES	2	Primary	\$100.00
10/26/2009	REBECCA E. CROWN 17 WOODLEY RD WINNETKA, IL 60093-3738	NONE N/A	2	Primary	\$750.00
08/31/2009	LANDMARC CONSTRUCTION SERVICES CORP 415 CONGRESS ST. PORTLAND, ME 4112		3	Primary	\$500.00
09/11/2009	DAVID WINSTON 415 WARREN ST BROOKLINE, MA 02445-5920	OWNER WINSTON FLOWERS	2	Primary	\$500.00
10/26/2009	JAMES S. CROWN 222 N LA SALLE ST CHICAGO, IL 60601-1109	PRESIDENT HENRY CROWN AND COMPANY	2	Primary	\$750.00
12/31/2009	KIM SWAN PO BOX 46 BAR HARBOR, ME 4609	REALTOR THE SWAN AGENCY SOTHEBY'S	2	Primary	\$100.00
11/13/2009	MICHAEL HARTH 1033 SAINT ALBANS DR ENCINITAS, CA 92024-2219	PARKING ATTENDANT LAZ PARKING	2	Primary	\$250.00
12/29/2009	KARL NORBERG 223 WESTERN PROMENADE PORTLAND, ME 04102-3407	REAL ESTATE SELF	2	Primary	\$750.00



**KARL SWAN NORBERG
2245 SOUTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60616**

emailed 4-25

April 24, 2012



Walter F. McKee, Chair
Maine Commission on Governmental Ethics and Election Practices
135 State House Station
Augusta, ME 04333

Dear Mr. McKee:

On Friday April 13, 2012 I made an e-mail inquiry on two campaign contributions that were made to the campaign of Rosa Scarcelli for Governor. On April 17, 2012 I received an e-mail response from Jonathan Wayne on how to proceed with my complaint.

The 2010 Campaign Finance Report filed by Rosa W. Scarcelli lists a \$750.00 contribution in my name dated 12/29/2009 and a \$750.00 contribution in my son's name, Hillman Norberg, dated on 12/29/2009. Neither Hillman Norberg nor I authorized, approved, or made the contributions listed in the report.

1. Hillman Norberg and Karl Norberg did not make a contribution from our personal funds.
2. Hillman Norberg and Karl Norberg did not authorize a contribution to be made in our name from any source of funds.
3. The contributions were made from a company that has no association with Hillman Norberg or Karl Norberg.
4. I believe that my attorney, George Marcus, has a copy of the checks and I will see if I can secure a copy and forward to you under separate cover.

I can be reached by e-mail at karl@oldprairiepartners.com or my cell phone at 312-304-1005. My son is a student in New York. All of his personal funds come from me. Hillman does not have any independent income and does not write checks.

Thank you for looking into this matter. I discovered the two contributions completely by accident and hope that you are able to resolve this situation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Karl Swan Norberg', with a long horizontal flourish extending to the right.

Karl Swan Norberg

**NORMAN
HANSON
DETROY**

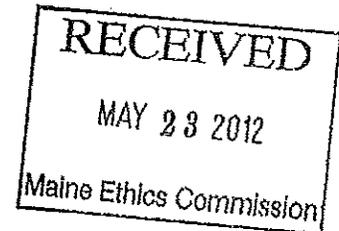
Norman Hanson & DeTroy, LLC
Attorneys at Law
415 Congress Street
P.O. Box 4600
Portland, ME 04112-4600

T 207.774.7
F 207.775.0
www.nhdlaw.com
rpierce@nhdlaw.com



Russell B. Pierce, Jr., Esq.
Direct 207.553.4621

May 22, 2012



Jonathan Wayne
Executive Director
Commission on Governmental Ethics and Election Practices
135 State House Station
Augusta, Maine 04333-0135

RE: Complaint by Karl S. Norberg

Dear Jonathan:

On behalf of Rosa W. Scarcelli, this letter is in response to your correspondence of April 27, 2012.

Your letter brought to our attention the recent complaint of Karl S. Norberg, pertaining to the campaign contributions of \$750 each by Karl Norberg and by his son, Hillman Norberg. Karl Norberg complains that two year-end 2009 contributions were not authorized to be accepted in the names of him or his son, and he purports to have no prior knowledge of the contributions or their authorization; further, he claims to have recently discovered the contributions in his and his son's names "by accident." He also suggests that he has no knowledge of or connection to the source of the contribution, which was his wife's account in her company, Gleichman & Company, and to which he had constant and customary access for personal funds.

We trust that after review all of the facts and circumstances relating to these two authorized contributions, the Commission will dismiss Karl Norberg's complaint. The campaign contributions were made with the express and unequivocal authorization of Karl Norberg, who is Rosa Scarcelli's stepfather of 31 years, and Hillman Norberg, who is Rosa Scarcelli's 23-year-old half brother.

These two contributions were understood by Rosa Scarcelli's campaign ("Rosa for Maine") to have been authorized contributions, made in the name of Karl Norberg and Hillman Norberg. That understanding derived directly from family relationships, from months upon months of family members pledging their support for the campaign, and from open conversations that included Karl Norberg and Hillman Norberg during the family Christmas holidays just days prior to the contributions at year-end in 2009. The understanding was based upon direct conversations confirming authorization with Pamela Gleichman (Rosa Scarcelli's mother, and

May 22, 2012

Page 2

Karl Norberg's current spouse of 31 years). This personal understanding, based on family relationships and family conversations, was confirmed by the professionals hired by the campaign to monitor contributions and compliance: Emily Mellencamp Smith (finance director) and Richard Day (treasurer of Rosa for Maine, and officer/agent of the relevant family businesses). In addition, the campaign compliance officer, Charlie Hely – an experienced campaign officer who was hired at the beginning of the campaign and employed for the entire campaign to oversee campaign compliance with election laws and rules – received and reviewed the checks. He confirms that after review they were to the best of his knowledge authorized and in compliance with campaign finance law and regulations. All of these individuals reviewed and approved the acceptance of the contributions as fully authorized in the names of Karl Norberg and Rosa Scarcelli's half-brother, Hillman.¹

It is also with some dismay that we are behooved to comment at the outset on the motivations underlying Karl Norberg's complaint. His complaint cannot be viewed in isolation, and must be assessed as part of an unfortunate intra-family dispute which has sadly culminated in unavoidable litigation against Karl Norberg for his corporate malfeasance and alleged fraud relating to his conduct involving various family businesses and family trusts. The relevance of these details are addressed further, below, but we make this point at the outset of this response in order to explain why it was clear – at the time of the contributions in issue in December of 2009 – to Rosa Scarcelli and her campaign that the contributions made at that time in the name of her stepfather and half-brother were indeed authorized and made with their unconditional support.

A. Background & Family Relationships

As stated above, in order to understand why the two contributions in issue were understood by Rosa Scarcelli's campaign as authorized contributions, made in the name of Karl Norberg and Hillman Norberg, and how that understanding was confirmed by those working for Rosa for Maine, one must begin with the basic family relationships.

Pamela Gleichman ("Pam") is Rosa Scarcelli's mother. She is the owner of Gleichman & Company. She has owned and operated that business for many years. Her husband, and Rosa's stepfather of 31 years, is Karl Norberg. Hillman Norberg is Pam and Karl's son. He is 23 years old, currently a student in New York, and grew up with Rosa, in Pam and Karl's household, as Rosa's younger half brother.

Rosa spent Christmas 2009 with Pam, Karl, and Hillman (and others in the family), just 4 days before these checks were issued for the campaign. As would be expected, during that Christmas holiday there was often discussion about Rosa's campaign, and each family member supported her unconditionally. Certainly, Rosa was given no indication at that time that all three

¹ Although we fully address that portion of Karl Norberg's complaint which is made apparently on behalf of his majority-age son, we note nonetheless that Hillman Norberg has not himself made a complaint. Neither does Karl Norberg indicate that his son has knowledge of this complaint.

May 22, 2012

Page 3

of her family members were unsupportive of her or her campaign. It was a topic of discussion and Rosa's mother, Pam, told Rosa on more than one occasion – then and for months previously – that she was proud of Rosa and Rosa's decision to run.

B. The Relevant Family Businesses: Pam and Karl's Regular and Customary Use of the Gleichman & Company Account

For years, Pam Gleichman and Karl Norberg used the account of Pam's company, Gleichman & Company, for all of their personal expenses. Indeed, it was a known fact to their daughter, Rosa, that in December of 2009 Pam herself had no other personal checking account. She and Karl would use the Gleichman & Company account to fund personal needs and expenses, by authorizing distributions to Pam from the Gleichman & Company account. Not only was it customary for Pam to request that payments be made on Pam's behalf from Gleichman & Company, but it was also customary for funds to be wired from Gleichman & Company directly to Karl Norberg's checking account, since he and Pam share all sources of income.

Rosa is an officer of Gleichman & Company (Vice President), and was an officer at the time in 2009. She has signatory rights on the Gleichman & Company account. Furthermore, Karl Norberg is the trustee of the Norberg-Scarcelli trust, which in turn owns a minority interest in Rosa's company, Stanford Management. Funds were regularly transferred from Stanford Management to Karl Norberg for the joint benefit of Pam and Karl.

Also, funds were regularly transferred from Gleichman & Company to Karl Norberg for the joint benefit of Pam and Karl. We have documentation showing wire transfers between January of 2009 and the end of January 2010, from the Gleichman & Company account directly to the account of Karl Norberg – in aggregate amount exceeding \$129,000.

Rosa also knew that her half brother, Hillman, as a college student at the time, did not have his own personal checking account, and that he was financially dependent upon his parents, Pam and Karl. They would pay expenses for him and pay for his needs in this same fashion as their own – by issuing distributions from the Gleichman & Company account to Pam or by direct wire to Karl's account.

Hence, it is fundamentally disingenuous and deceptive for Karl Norberg to represent to this Commission that Gleichman & Company did not and does not as a practical matter function as his own personal source of funds, by virtue of marriage, or for him to represent that Gleichman & Company is "a company that has no association with Hillman Norberg or Karl Norberg." In light of Karl's direct use of the Gleichman & Company account, for both him and his son, his disavowal of any knowledge, use, or association with Gleichman & Company is at least deceptive or misleading, and at most an outright misrepresentation to this Commission.

C. The Campaign Contributions of Pam, Karl, and Hillman

Following the positive conversations between the family members over the Christmas holiday, Pam and Rosa spoke again after the holiday about the year-end deadline for campaign contributions. Pam authorized Rosa to make distributions to Pam from Gleichman & Company so that Pam could make her contribution as well as Karl's and Hillman's contributions. Rosa had no reason to believe at that time that Karl and Hillman were not supporters of the campaign, and no reason to question her mother's words that Rosa's stepfather of nearly 30 years and half-brother whom she had known all his life, were not fully authorizing the contributions in their names. In fact, her mother and she specifically spoke about how it would be odd not to have all the family listed as donors. This specifically underscored the impression that Karl and Hillman, as well as Pam, were each making these contributions in their own names.

Richard Day ("Rick") – who at the time of the contributions was acting President of Stanford Management, as well as Treasurer of Rosa for Maine – shared Rosa's knowledge and experiential use of the Gleichman & Company account as the source of direct personal funds for Pam and Karl. As was usual and customary when Pam and Karl required personal funds to be distributed from Gleichman & Company, Rick ensured that a check request for the distribution was issued, often with a notation memorializing the purpose of the distribution. Copies of those distributions to Pam, corresponding to each contribution in issue, are attached.² (See enclosed checks and check requests). Rick was also aware of the conversations with Pam regarding the family's support for Rosa for Maine. He was aware of Pam's authorization of the Gleichman & Company distributions to Pam, in order for Pam, Karl, and Hillman to make their personal campaign contributions.

Emily Mellencamp Smith, who was the Rosa for Maine finance director, was also aware of these individual contributions from Rosa's family members. Emily was involved in every solicitation call Rosa made. She was aware of the conversations Rosa had had with her mother. As Finance Director for Rosa for Maine, she had access to all information involving contributions made to the campaign, frequent conversations about the status of pending contributions, and was present for the solicitation of nearly all campaign contributions. Most of the solicited contributions came through candidate "call time" in which Rosa Scarcelli sat at her desk and reached out to donors directly by telephone. Emily's best recollection of the events surrounding the contributions made by Pam Gleichman, and Karl and Hillman Norberg, was that there was a lot of conversation back and forth between Pam and Rosa over five or six months.

In her attached statement, Emily states: "We saw Pam several times over those months in Portland, Bar Harbor, Miami (Rosa went to a conference with her there), and in Chicago where she [Pam] organized and hosted an event to support the campaign. Based on the conversations, the money from all three was considered pledged to the campaign by

² At Pam's direction, Gleichman & Company also made one corporate donation, which was reversed and not accepted by the campaign, in order to ensure compliance with corporation contribution limits.

May 22, 2012

Page 5

the year-end deadline for the Maine Ethics Commission.” (See attached statement of Emily Mellancamp Smith) (bold emphasis added). Emily explains further:

In November of 2009, Pam had offered to host an event at her home on the Western Promenade in Portland and we had thought that the event would be the collection point for the contributions. However, that event didn't come together after trying to make several dates work. As the month of December went on, Rosa reached out to Pam several times regarding the three contributions. On these calls I could only hear one side of the conversations, but it seemed clear that Pam authorized the contributions to be made out of Gleichman and Company over the phone to Rosa in the last couple days of December and that the contributions were made on the morning following that conversation.

There is no question, then, that Pam, Karl, and Hillman supported Rosa's campaign, and that these contributions were authorized by Karl and Hillman. Certainly it cannot be said that Rosa for Maine knowingly accepted an unauthorized individual campaign contribution under these circumstances.

Rosa for Maine also had retained an experienced staff compliance director, Charlie Hely. All contributions were carefully monitored and verified for compliance. The campaign was careful to verify all contributions directly and did not take contributions above the limit from any individual or corporate entity.

In summary, Pam, Karl, and Hillman, had all just been with Rosa and the rest of her family for Christmas. The campaign was receiving the family's express and unconditional support. It was customary for Pam and Karl to transfer funds to Karl Norberg or write Gleichman & Company checks on behalf of Pam (since she did not have a personal checking account). And there were several witnessed conversations with Pam to verify these three individual contributions sufficiently for compliance, both before and leading up to the immediate time the contributions were in fact made.

D. Karl Norberg's Current Retaliatory Motivations

Unfortunately, the relationship between Rosa and Karl (her stepfather) since the campaign has dramatically deteriorated over the past year and a half. Without going over too many details, Rosa has been forced to try to address a number of issues involving fraud and misfeasance by Karl Norberg. As one example, Rosa discovered that her mother and Karl had stolen Rosa's identity in order to use Rosa's American Express Card during an expensive trip to Sweden, in essence "posing" as Rosa and a companion during that stay. In general it became abundantly clear that Pam and Karl were facing increasingly dire personal financial straits.

Rosa made genuine and serious attempts in early 2011 to privately mediate the range of intra-family disputes, through counsel and a professional mediator. Eventually Rosa was

May 22, 2012

Page 6

compelled to turn to the courts for resolution. But during the process of mediation in early January of 2011, Karl Norberg began to first raise these unsubstantiated threats of "campaign violations." Rosa has specific firsthand knowledge from an email on January 10, 2011 on the Stanford Management server that Karl and Pam were specifically contemplating raising this issue of a campaign contribution claim in retaliation to Rosa's having raised corporate malfeasance against Karl and Pam. Rosa confronted them on this issue in mediation in early 2011 and provided to their prior counsel the documentation of the Gleichman & Company distributions to Pam for Pam's, Karl's, and Hillman's contributions, clearly demonstrating that there was no merit to Karl's retaliatory claims.

Whether Karl raised the claims in early 2011 in retaliation or to gain leverage during the mediation process or otherwise, is not necessarily the issue. The point is that he had specifically contemplated and in fact raised these accusations of campaign non-compliance in at least January of 2011, but he now tells this Commission that he discovered the issue "by accident" and he implies by that statement that he only just discovered the issue recently. With all due respect, what Karl Norberg has "discovered" recently is his own new version of events related to his previous support of Rosa and her campaign, and he has latched on to this unfounded method to attack her as part of his ulterior motives in litigation which raises serious but unrelated fraud and misfeasance issues against him.

E. Specific Additional Responses to Commission Questions

Jonathan, you asked us to address particular questions in our response to the Commission. We believe all of your questions should be covered by the above response, but for the sake of completeness we address each individually here to ensure that you have complete responses.

i. How did the campaign solicit contributions from Karl and Hillman?

As explained above, Rosa spoke with them during the Christmas holiday in December of 2009, just prior to the contributions. In the months prior to this, and then again during the Christmas holiday, and again at the time of the contributions distribution to Pam, Pam Gleichman (Karl's wife and Hillman's mother), also spoke about the three individual family member contributions. Pam instructed Rosa to make distributions to Pam personally from Gleichman & Company for Pam's contribution, as well as Karl's and Hillman's. Emily Mellencamp Smith, the campaign finance director, was present for the conversation (and also privy to the previous months of support, pledge of support by Rosa's family, and conversations involving Pam and the campaign). Richard Day was instructed by Rosa to follow their normal procedure for making distributions to Pam.

ii. What was the source of funds for the contributions?

Distributions from Gleichman & Company to Pam personally, as explained in more detail herein. It was common practice to make payments to either Karl or Pam from Gleichman & Company. Karl Norberg used the Gleichman & Company account as a personal source of funds for him and Pam, as evidenced by the Gleichman & Company direct wires to Karl Norberg's account of over \$129,000, in the period of January of 2009 to January of 2010 alone.

iii. Did Karl and Hillman authorize you or another person to make contributions to your campaign? If so, how and to whom was the authorization made.

Yes. As explained fully herein, the authorization was made to Rosa personally by Pam Gleichman, Karls' wife and Hillman's mother. Rosa had no reason to believe that Pam had not received authorization from Karl or Hillman, who had both previously expressed and pledged their ongoing support for the campaign. It was common practice to make payments to either Karl or Pam from Gleichman & Company.

iv. If your campaign had knowledge that the contributions were not from the personal funds of Karl and Hillman Norberg or authorized by them, what was the basis for attributing the contributions to them in the campaign finance report?

Under the circumstances explained above, the campaign had no knowledge that the funds being distributed to Pam Gleichman personally from Gleichman & Company were not the personal funds of Karl and of Hillman. There was no knowledge or indication that the funds were not authorized to be contributed to the campaign on behalf of Karl Norberg or Hillman Norberg. See the full explanation herein.

v. Was Gleichman & Company the original source of funds for any contribution made to your 2010 gubernatorial campaign? If so, please identify the contributions.

Yes. Gleichman & Company is owned by Pam Gleichman. She authorized payment by Gleichman & Company and requested distributions be made to her personally from Gleichman & Company, in order to pledge to the campaign contributions for her personally, for Karl Norberg, and for Hillman Norberg. Gleichman & Company was not the source of any other funds for any other contributions (one additional corporate contribution from Gleichman & Company was reversed and not accepted by the campaign).

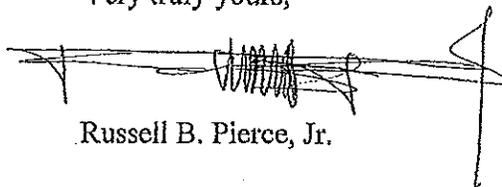
May 22, 2012

Page 8

Conclusion

We ask that the Commission dismiss Karl Norberg's complaint. Please do not hesitate to let me know if there is any additional information we might provide to you to assist in your review and recommendation to the Commission, and we thank you for your time and attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Russell B. Pierce, Jr.", with a long horizontal stroke extending to the right.

Russell B. Pierce, Jr.

RBP/

cc: Rosa W. Scarcelli

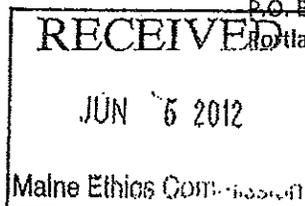
**NORMAN
HANSON
DETROY**

Norman Hanson & DeTroy, LLC
Attorneys at Law
415 Congress Street
P.O. Box 4600
Portland, ME 04112-4600

T 207.774.7
F 207.775.0
www.nhdllaw.com
rpierce@nhdllaw.com



Russell B. Pierce, Jr., Esq.
Direct 207.553.4621



June 4, 2012

VIA EMAIL AND U.S. MAIL

Jonathan Wayne
Executive Director
Commission on Governmental Ethics and Election Practices
135 State House Station
Augusta, Maine 04333-0135

RE: Complaint by Karl S. Norberg

Dear Jonathan:

This will provide a response to your follow-up questions of May 25, 2012 regarding the above-referenced complaint by Karl S. Norberg. I have formatted the responses by repeating your numbered question, followed by our response.

1. On page 1, you explain that the source of the contributions was "his wife's account in her company, Gleichman & Company." Could you please describe the funds in this account? Do the funds in this account belong to Pam Gleichman or to the company?

The funds in the account are profit returns from affordable housing projects, on which Pamela Gleichman, individually, or Gleichman & Company are co-general partners. Gleichman & Company is a C corporation, solely owned by Pamela Gleichman. Therefore, the funds in the account belong to Pamela Gleichman. It is necessary for internal corporate accounting purposes to keep records of all corporate distributions from this Gleichman & Company account to Pamela Gleichman as corporate distributions to the sole shareholder, but for all intents and purposes the funds in this account belong to Pamela Gleichman. Pamela Gleichman did not have a personal checking account, and used this account in this fashion, by distributing money to her and her husband, Karl Norberg.

2. On page 3, you state that Rosa Scarcelli "has signatory rights on the Gleichman & Company account." Is this the same account referred to in question number 1, or a different account?

Yes – this is the same account. Rosa holds a non-ownership officer's position in Gleichman & Company – Vice President. She has signatory rights on this account. This would enable

June 4, 2012

Page 2

Pamela Gleichman and Karl Norberg – who were often not in Maine – to instruct that transfers or distributions from the account be made to them, for whatever purposes they personally had. Rosa knew that that is how they might provide for Hillman's needs as well, since he was a college student who also had no account of his own.

3. The funds received by Rosa for Maine came directly from Gleichman & Company, a Maine corporation. What was the basis for reporting these contributions in the names of the individuals listed in the campaign finance report (Pam Gleichman, Karl Norberg, and Hillman Norberg)?

~~The basis for reporting these contributions in the names of the individuals listed in the campaign finance report was:~~ 1) the express direction of Pamela Gleichman to do so, made in the telephone call that she and Rosa had – witnessed on Rosa's end by Emily Mellencamp Smith, the campaign finance director – on December 28, 2009; and 2) as we explained in our initial response, this telephone call was the follow up to the family discussion a few days previously on Christmas – which discussion included Karl Norberg and Hillman Norberg – that each family member chose to contribute to the campaign, in their individual names, by year end; and 3) as Emily Mellencamp Smith's statement reflects in our initial response, the Christmas conversation followed months upon months of campaign support provided by Pamela Gleichman, Karl Norberg, and Rosa's other siblings, including but not limited to an actual fundraising dinner arranged by and hosted by Pamela and Karl in Chicago. As Emily also stated, there had been another previous campaign event planned for Portland at Karl's and Pamela's house, that did not ultimately come together; it had been anticipated that the family member contributions would be actually collected then. As the year end approached, because that event did not come together, and because the family individual contributions to the campaign were confirmed at Christmas dinner, and because Pamela Gleichman then gave her express direction on December 28, 2009 for the campaign to receive the three individual family member's contributions in their names, the contributions were reported accordingly.

4. On page 1, you refer to "the express and unequivocal authorization of Karl Norberg." Did Rosa Scarcelli take part in any direct conversation with Karl Norberg in which he authorized a contribution to be made from his funds or in his name? Alternatively, did Rosa Scarcelli take part in any conversation with Mr. Norberg and his wife, in which Pam Gleichman stated that she would make a contribution on his behalf, and Mr. Norberg clearly indicated his assent?

Yes. Christmas dinner, around the dinner table, December 25, 2009 (and likely also while gathered in the kitchen as well). Pamela Gleichman stated that she would make a contribution, that Karl Norberg would make a contribution, and that Hillman would make a contribution, and Karl Norberg clearly indicated his assent. Luigi, Rosa's full brother, was at Christmas dinner and also contributed the maximum amount in his own name.

Karl had also been unequivocally supporting the campaign in other ways (see above response), so his assent on Christmas was underscored by this context of ongoing support.

June 4, 2012

Page 3

He and Pamela organized an event in Chicago, and the invitation list to the Chicago event was made up of the joint business contacts of Karl and Pamela. Karl and Pamela's long-standing, close assistant, Gunnar Falk, and his partner, Paul Visinare, made maximum contributions. Rosa's other full brother, Luigi, contributed in full. There were several other conversations leading up to the Christmas dinner in which contributions from all three family members in issue were discussed, and there was never any indication from Karl, or from Pamela, that Karl did not agree to support the campaign with a maximum contribution in his name.

5. Please provide any additional information available that Hillman Norberg, in particular, wished to make a contribution to Rosa for Maine.

Again, the conversations on Christmas – one definite conversation at the dinner table and likely also another conversation while gathered in the kitchen – when Hillman was present and indicated assent to a contribution to the campaign made in his name. As stated above, Hillman's half brother, Luigi, contributed in full. Hillman never made any objection or stated any disagreement when his mother Pamela, confirmed that she would make a contribution in his name, and at all times Hillman indicated agreement with this intention.

6. Who is Kyle Solebello, and why is he listed as the requestor for the checks?

Kyle Solebello is the manager for corporate accounting in the office where Rosa and Rick Day work (Stanford Management). When Rosa received the authorization from Pamela to make the distributions from the Gleichman & Company account to Pamela for the purposes of these individual contributions, Rosa instructed Rick Day to effectuate the distributions as is done in the ordinary course of business for any distributions; Rick, in turn, asked the corporate accountant, Kyle Solebello, to actually fill out the paperwork for the request forms.

7. The checks provided in your response were not signed. Who signed them?

The actual money transfers here were electronic transfers. The images of the checks we provided in our initial response are not copies of "live" checks, but images of checks that are generated internally at the time of the transfer by Gleichman & Company and used for bookkeeping. Therefore there would be no signature on checks.

8. Please explain why the checks were in the amount of \$850, rather than \$750.

The \$850 amount combines the \$750 individual contribution limit, plus \$100 to reimburse the campaign for expenditures from the Chicago event at the club Carnivale, on October 20, 2009. This was the event arranged by Pamela and Karl, sponsored by Pam, Karl, Hillman, and Luigi. See page 7 of Schedule B – Expenditures in 2010 Campaign Finance Report for Rosa for Maine. See 21-A M.R.S. § 1012(2)(B) (excluding \$100 value of event-

June 4, 2012

Page 4

related expenditures such as cost of invitations and catering from definition of "contribution").

9. Did Karl Norberg have the authority to request funds from Gleichman & Company for personal expenses?

Yes, on frequent occasions, Karl would be the person who actually made the request for funds from Gleichman & Company; he usually indicated he was acting jointly with the concurrence of Pamela or with her express authority, by for example "copying" her on an email demand for release of funds. Out of respect for the privacy of Karl Norberg's and Pamela Gleichman's personal business records and their financial records, we have not submitted copies of the documentation exemplifying these types of email requests, or the documentation of the \$129,000 in wire transfers between January of 2009 and January of 2010 alone, from Gleichman & Company directly to Karl Norberg's Bank of America account. If it is necessary to provide this documentation, we would be happy to do so. Suffice it to say that Karl Norberg's initial statement to this Commission in his complaint that he had nothing at all to do with the Gleichman & Company account (and his complete omission of the very relevant fact that it was his wife's company, from which they have always drawn significant funds for personal expenses as a matter of routine) could be taken into consideration when reviewing the overall veracity of his complaint.

10. You stated in footnote #2 that the campaign returned a contribution from Gleichman & Company "to ensure compliance with corporation contribution limits." Could you please expand on why the contribution was returned? Corporations may make contributions to candidates for Maine state office, although in 2010 they are subject to the same \$750 limit as other donors.

When on December 28th Pamela directed that these three individual family member contributions be made to the campaign in each of their names – in accordance with the discussion from Christmas dinner when assent to this intention was given by each family member, including Karl and Hillman – campaign compliance officer Charlie Hely noted that Gleichman & Company had previously made a \$750 corporate contribution a few months prior. With regard to Pamela Gleichman's personal contribution on December 28, 2009, the concern was that 21-A M.R.S. § 1015-A(2) treats a sole proprietorship and its owner as a single entity. While it was not clear whether a sole-shareholder C corporation constitutes a "sole proprietorship" under the statute (the term "sole proprietorship" is apparently undefined in Title 21-A), to be on the safe side and consistent with what seemed to be the intent of this provision, the campaign chose to accept just one maximum contribution from Pamela Gleichman individually, in accordance with her express direction on December 28, 2009, in the amount of \$750. The previous corporate contribution reported in the name of Gleichman & Company was therefore reversed in full, as reflected in the corresponding entry on the 2010 Campaign Finance Report.

June 4, 2012

Page 5

As always, thank you for your time and attention to this matter, and please do not hesitate to contact me should there be any additional questions or concerns.

Very truly yours,



Russell B. Pierce, Jr.

RBP/

cc: Rosa W. Scarcelli



Gleichman & Company CHECK REQUEST

REQUESTOR SECTION: This is to be filled out by the person who is requesting the manual check

Requestor's Name:

Date:

Payable To:

Amount:

Explanation:

Mailing Instructions:

Date Check Is Needed:

Approved By:

PLEASE ATTACH ALL APPROPRIATE DOCUMENTATION AND OBTAIN PROPER APPROVALS BEFORE SUBMITTING TO ACCOUNTS PAYABLE

Is Invoice In the System Yes No

Vendor #	Invoice #	Due Date:	Amount:
			\$860.00

CHECK #:

CHECK DATE:

Gleichman & Company, Inc.
P.O. Box 3879
Portland, ME 04104-3879
207-772-3399

Bank of America
100 Middle Street
Portland, ME 04101

5037

12/29/2009

62-36/112 ME

Eight Hundred Fifty and 00/100*****

**850.00



PAY TO THE ORDER OF: Rosa For Maine
P.O. Box 362
Portland, ME 04112-0362

AUTHORIZED SIGNATURE



Gleichman & Company, Inc.

Date: 12/29/2009 Check #: 5037

Date: 12/29/2009 Type: Bill Reference: CR-12/29/09-K53

Original Amt. 850.00

Balance Due 850.00
Discount
Check Amount

Payment 850.00
850.00

COPY

327 - Bank of America

850.00

Rosa For Maine
Date: 12/29/2009 Type: Bill Reference: CR-12/29/09-K53

Original Amt. 850.00

12/29/2009
Balance Due 850.00
Discount
Check Amount

Payment 850.00
850.00

327 - Bank of America

850.00



Gleichman & Company CHECK REQUEST

REQUESTOR SECTION: This is to be filled out by the person who is requesting the manual check

Requestor's Name:

Date:

Payable To:

Amount:

Explanation:

Mailing Instructions:

Date Check Is Needed:

Approved By:

PLEASE ATTACH ALL APPROPRIATE DOCUMENTATION AND OBTAIN PROPER APPROVALS BEFORE SUBMITTING TO ACCOUNTS PAYABLE

Is Invoice in the System Yes No

Vendor #	Invoice #	Due Date:	Amount:
			\$850.00
General Ledger #			

CHECK #:

CHECK DATE:

Gleichen & Company, Inc.
P.O. Box 3879
Portland, ME 04104-3879
207-772-3399

Bank of America
100 Middle Street
Portland, ME 04101

5036

12/29/2009

52-36/112 ME

Eight Hundred Fifty and 00/100*****

**850.00

PAY
TO THE
ORDER
OF:

Rosa For Maine
P.O. Box 362
Portland, ME 04112-0362

COPY



AUTHORIZED SIGNATURE



Gleichen & Company, Inc.

Date	Type	Reference
12/29/2009	Bill	CR-12/29/09-K52

Original Amt.
850.00

Date: 12/29/2009 Check #: 5036		Payment
Balance Due	Discount	
850.00		850.00
Check Amount		850.00

327 - Bank of Americ

850.00

Rosa For Maine		
Date	Type	Reference
12/29/2009	Bill	CR-12/29/09-K52

Original Amt.
850.00

12/29/2009		Payment
Balance Due	Discount	
850.00		850.00
Check Amount		850.00

327 - Bank of Americ

850.00

Gleichman & Company CHECK REQUEST

REQUESTOR SECTION: This is to be filled out by the person who is requesting the manual check

Requestor's Name:

Date:

Payable To:

Amount:

Explanation:

Mailing Instructions:

Date Check Is Needed:

Approved By:

**PLEASE ATTACH ALL APPROPRIATE DOCUMENTATION AND OBTAIN
PROPER APPROVALS BEFORE SUBMITTING TO ACCOUNTS PAYABLE**

Is Invoice In the System Yes No

Vendor # Invoice #	Due Date: Amount:
General Ledger # 3210002	\$860.00

CHECK #:

CHECK DATE:

Gleichman & Company, Inc.
P.O.Box 3879
Portland, ME 04104-3879
207-772-3399

Bank of America
100 Middle Street
Portland, ME 04101

5035

12/29/2009

62-36/112 ME

Eight Hundred Fifty and 00/100*****

**850.00



PAY TO THE ORDER OF: Rosa For Maine
P.O. Box 362
Portland, ME 04112-0362

AUTHORIZED SIGNATURE

G



Gleichman & Company, Inc.

Date: 12/29/2009 Type: Bill Reference: CR-12/29/09-K51

Original Amt. 850.00

Date: 12/29/2009 Check #: 5035

Balance Due 850.00 Discount Payment 850.00
Check Amount 850.00

COPY

327 - Bank of Americ

850.00

Rosa For Maine
Date: 12/29/2009 Type: Bill Reference: CR-12/29/09-K51

Original Amt. 850.00

12/29/2009
Balance Due 850.00 Discount Payment 850.00
Check Amount 850.00

327 - Bank of Americ

850.00



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



From: Gavin O'Brien

Date: December 29, 2009

Re: Advice to Scarcelli Campaign on House Party Reimbursements

On December 28, I spoke on the phone with Charlie Hely, who works for the Rosa Scarcelli gubernatorial campaign. He wanted to know if the campaign could pay a company to cater a house party event and later get reimbursed \$100 by the host of the event. The \$100 would be reported as a partial reimbursement of the original catering expenditure rather than as a contribution to the campaign.

After consulting with Paul Lavin, I told Mr. Hely that the Commission staff's opinion is that the \$100 reimbursement would fall under the house party exemption. I advised him to report it as a negative expenditure amount on Schedule B of the campaign finance report with the payee name being the name of the catering company. I also said that any reimbursements for house party costs originally paid by the campaign should be limited to party hosts or others with direct involvement in the events. Otherwise those reimbursements could be considered contributions.



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

To: Karl S. Norberg
Pamela Gleichman
Russell B. Pierce, Jr., Attorney for Rosa W. Scarcelli and the Rosa for Maine
campaign

From: Jonathan Wayne, Executive Director

Cc: Walter F. McKee, Commission Chair
Assistant Attorney General Phyllis Gardiner, Commission Counsel

Date: December 20, 2012

**NOTICE OF CHANGE IN TIME FOR HEARING:
JANUARY 17, 2013, 1:00 P.M.**

The Maine Commission on Governmental Ethics and Election Practices has rescheduled the hearing concerning Karl Norberg's complaint against the Rosa for Maine campaign for Thursday, January 17, 2013 at 1:00 p.m. at the Commission's office in Augusta, Maine. I have attached a revised Notice of Hearing.

Please confirm by e-mail or letter whether you will be attending the hearing and (in the case of Mr. Pierce) whether Ms. Scarcelli's witnesses will be present to testify. My e-mail address is Jonathan.Wayne@maine.gov.

Please call me at (207) 287-4179 if you have any questions.

Thank you.

OFFICE LOCATED AT: 45 MEMORIAL CIRCLE, AUGUSTA, MAINE
WEBSITE: WWW.MAINE.GOV/ETHICS

PHONE: (207) 287-4179

FAX: (207) 287-6775



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

By E-Mail and Regular Mail

To: Karl S. Norberg
Pamela Gleichman
Russell B. Pierce, Jr., Attorney for Rosa W. Scarcelli and the Rosa for Maine
campaign

From: Jonathan Wayne, Executive Director

Cc: Walter F. McKee, Commission Chair
Assistant Attorney General Phyllis Gardiner, Commission Counsel

Date: December 20, 2012

**NOTICE OF HEARING ON
JANUARY 17, 2013, 1:00 P.M.**

Hearing Scheduled for January 17, 2013

The Maine Commission on Governmental Ethics and Election Practices has selected a date for the rescheduled hearing concerning Karl Norberg's complaint against the Rosa for Maine campaign.¹ The hearing will be held on Thursday, January 17, 2013 at 1:00 p.m. at the Commission's office at 45 Memorial Circle, 2nd Floor, in Augusta, Maine.

The hearing will be held pursuant to 21-A M.R.S. § 1003(2). Under that provision, the Commission may undertake an investigation to determine the facts concerning contributions received by a candidate and shall do so upon request if the person requesting the investigation has produced sufficient grounds for believing that a violation may have occurred. At its July 25, 2012 meeting, the Commission determined that the information in Mr. Norberg's complaint and response by Ms. Scarcelli was sufficient to warrant conducting a further investigation, including a hearing to receive testimony under oath.

The January 17, 2013 hearing will be conducted in accordance with Chapter 2 of the Commission's rules (available at www.maine.gov/ethics) and the Maine Administrative Procedure Act, 5 M.R.S. §§ 8001 et seq.

¹ Previously, the hearing was scheduled for August 22, 2012 and October 17, 2012.

Witnesses

At the hearing, the Commission expects to receive testimony under oath from the following individuals:

- Karl S. Norberg (called by the Commission)
- Pamela Gleichman (called by the Commission)
- Rosa W. Scarcelli (called by the Commission)
- Richard Day (called by the Commission)
- Thom Rhoads (called by Rosa Scarcelli/Rosa for Maine campaign)
- Emily Mellancamp Smith (called by Rosa Scarcelli/Rosa for Maine campaign)

Issues to be addressed at the Hearing

The topics or issues to be addressed at the hearing will likely include:

- whether Karl Norberg and Hillman Norberg authorized contributions to be made on their behalf;
- whether any person (Rosa Scarcelli, Pamela Gleichman, or Gleichman & Company, Inc.) made a contribution in the name of another person;
- whether the Rosa for Maine campaign accepted a contribution made by one person in the name of another person;
- whether any person made contributions totaling more than \$750 to support Rosa Scarcelli in the 2010 Democratic gubernatorial primary election and whether the Rosa for Maine campaign accepted contributions from any source totaling more than \$750; and
- whether Karl Norberg and Hillman Norberg provided voluntary personal services to Rosa Scarcelli in connection with an October 2009 fundraising event in Chicago, and whether any money provided on behalf of Karl Norberg and Hillman Norberg as reimbursement for the event was exempt from being considered a contribution.

Opportunity for Legal Argument

In addition to presenting evidence, there will likely be an opportunity for you to present legal argument at the January 17th meeting concerning whether any person committed a violation of law.² The Commission may reach a final determination at the January 17th meeting, following the hearing, but it is also possible that the Commission will close the hearing and decide the matters at issue at a subsequent meeting. You will receive notice and have an opportunity to attend any such meeting.

² Mr. Norberg and Ms. Gleichman are not currently represented by an attorney in this proceeding. If that situation changes, please notify the Commission immediately.

Relevant Statutes

The following statutory provisions are relevant to the proceeding:

- 21-A M.R.S. §§ 1004(1), (2) & (3)
- 21-A M.R.S. §§ 1004-A(2), (3) & (5)
- 21-A M.R.S. §§ 1012(2)(A)(1) & (2)(B)(2)
- 21-A M.R.S. §§ 1015(1) & (2)
- 21-A M.R.S. §§ 1017(2)(A) & (5)

Applications to Intervene as a Party

If any person would like to intervene as a party in this proceeding, please submit a letter to the Commission addressed to Walter F. McKee, Chair, at the above address no later than January 4, 2013.

Questions

If you have any questions concerning this notice, please call me at (207) 287-4179 or e-mail me at Jonathan.Wayne@maine.gov.

☆ 21-A §1003. INVESTIGATIONS BY COMMISSION

1. Investigations. The commission may undertake audits and investigations to determine the facts concerning the registration of a candidate, treasurer, party committee, political action committee, ballot question committee or other political committee and contributions by or to and expenditures by a person, candidate, treasurer, party committee, political action committee, ballot question committee or other political committee. For this purpose, the commission may subpoena witnesses and records whether located within or without the State and take evidence under oath. A person or entity that fails to obey the lawful subpoena of the commission or to testify before it under oath must be punished by the Superior Court for contempt upon application by the Attorney General on behalf of the commission.

[2011, c. 389, §3 (AMD) .]

2. Investigations requested. A person may apply in writing to the commission requesting an investigation as described in subsection 1. The commission shall review the application and shall make the investigation if the reasons stated for the request show sufficient grounds for believing that a violation may have occurred.

[2011, c. 389, §4 (AMD) .]

2-A. Confidentiality.

[2001, c. 535, §1 (RP) .]

3. State Auditor. The State Auditor shall assist the commission in making investigations and in other phases of the commission's duties under this chapter, as requested by the commission, and has all necessary powers to carry out these responsibilities.

[1999, c. 426, §31 (AMD) .]

3-A. Confidential records. Investigative working papers of the commission are confidential and may not be disclosed to any person except the members and staff of the commission, the subject of the audit or investigation, other entities as necessary for the conduct of an audit or investigation and law enforcement and other agencies for purposes of reporting, investigating or prosecuting a criminal or civil violation. For purposes of this subsection, "investigative working papers" means documents, records and other printed or electronic information in the following limited categories that are acquired, prepared or maintained by the commission during the conduct of an investigation or audit:

A. Financial information not normally available to the public; [2007, c. 571, §6 (NEW).]

B. Information belonging to a party committee, political action committee, ballot question committee, candidate or candidate's authorized committee that, if disclosed, would reveal sensitive political or campaign information; [2007, c. 571, §6 (NEW).]

C. Information or records subject to a privilege against discovery or use as evidence; and [2007, c. 571, §6 (NEW).]

D. Infra-agency or interagency communications related to an audit or investigation. [2007, c. 571, §6 (NEW).]

The commission may disclose investigative working papers, except for the information or records

subject to a privilege against discovery or use as evidence, in a final audit or investigation report or determination if the information or record is materially relevant to a finding of fact or violation.

[2007, c. 571, §6 (NEW) .]

4. Attorney General. Upon the request of the commission, the Attorney General shall aid in any investigation, provide advice, examine any witnesses before the commission or otherwise assist the commission in the performance of its duties. The commission shall refer any apparent violations of this chapter to the Attorney General for prosecution.

[2001, c. 470, §5 (AMD) .]

SECTION HISTORY

1985, c. 161, §6 (NEW). 1989, c. 504, §§1,31 (AMD). 1991, c. 839, §1 (AMD). 1991, c. 839, §34 (AFF). 1999, c. 426, §31 (AMD). 2001, c. 237, §1 (AMD). 2001, c. 470, §5 (AMD). 2001, c. 535, §1 (AMD). 2005, c. 301, §5 (AMD). 2007, c. 571, §6 (AMD). 2009, c. 524, §4 (AMD). 2011, c. 389, §§3, 4 (AMD).

21-A § 1004. VIOLATIONS

The violation of any of the following subsections is a Class E crime. [1985, c. 161, §6 (NEW).]



1. Contributions and expenditures. A person, candidate, treasurer, political committee or political action committee may not knowingly make or accept any contribution or make any expenditure in violation of this chapter.

[1991, c. 839, §2 (AMD); 1991, c. 839, §34 (AFF) .]



2. False statements. A person, candidate, treasurer or political action committee may not make a false statement in a report required by this chapter.

[2003, c. 447, §36 (AMD) .]



3. Contributions in another's name. A person may not knowingly:

A. Make a contribution in the name of another person; [2003, c. 447, §37 (NEW).]

B. Permit the person's name to be used to accomplish a contribution in violation of paragraph A; or [2003, c. 447, §37 (NEW).]

C. Accept a contribution made by one person in the name of another person. [2003, c. 447, §37 (NEW).]

[2003, c. 447, §37 (RPR) .]

4. Registration; political action committees. A political action committee required to be registered under section 1053 may not operate in this State unless it is so registered.

[2003, c. 447, §38 (AMD) .]

SECTION HISTORY

1985, c. 161, §6 (NEW). 1989, c. 504, §§2,31 (AMD). 1991, c. 839, §2 (AMD). 1991, c. 839, §34 (AFF). 2003, c. 447, §§36-38 (AMD).

21-A §1004-A. PENALTIES

The commission may assess the following penalties in addition to the other monetary sanctions authorized in this chapter. [2003, c. 628, Pt. A, §1 (NEW).]

1. Late campaign finance report. A person that files a late campaign finance report containing no contributions or expenditures may be assessed a penalty of no more than \$100.

[2003, c. 628, Pt. A, §1 (NEW) .]

☆ **2. Contribution in excess of limitations.** A person that accepts or makes a contribution that exceeds the limitations set out in section 1015, subsections 1 and 2 may be assessed a penalty of no more than the amount by which the contribution exceeded the limitation.

[2003, c. 628, Pt. A, §1 (NEW) .]

☆ **3. Contribution in name of another person.** A person that makes a contribution in the name of another person, or that knowingly accepts a contribution made by one person in the name of another person, may be assessed a penalty not to exceed \$5,000.

[2003, c. 628, Pt. A, §1 (NEW) .]

4. Substantial misreporting. A person that files a campaign finance report that substantially misreports contributions, expenditures or other campaign activity may be assessed a penalty not to exceed \$5,000.

[2003, c. 628, Pt. A, §1 (NEW) .]

☆ **5. Material false statements.** A person that makes a material false statement or that makes a statement that includes a material misrepresentation in a document that is required to be submitted to the commission, or that is submitted in response to a request by the commission, may be assessed a penalty not to exceed \$5,000.

[2005, c. 301, §6 (AMD) .]

When the commission has reason to believe that a violation has occurred, the commission shall provide written notice to the candidate, party committee, political action committee, committee treasurer or other respondent and shall afford them an opportunity to appear before the commission before assessing any penalty. In determining any penalty under subsections 3, 4 and 5, the commission shall consider, among other things, the level of intent to mislead, the penalty necessary to deter similar misconduct in the future and the harm suffered by the public from the incorrect disclosure. A final determination by the commission may be appealed to the Superior Court in accordance with Title 5, chapter 375, subchapter 7 and the Maine Rules of Civil Procedure Rule 80C. [2009, c. 302, §1 (AMD).]

Penalties assessed pursuant to this section that have not been paid in full within 30 days after issuance of a notice of the final determination may be enforced in accordance with section 1004-B. [2009, c. 302, §2 (NEW).]

SECTION HISTORY

2003, c. 628, §A1 (NEW). 2005, c. 301, §6 (AMD). 2007, c. 443, Pt. A, §2 (AMD). 2009, c. 302, §§1, 2 (AMD).

21-A §1012. DEFINITIONS

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings. [1985, c. 161, §6 (NEW).]

1. **Clearly identified.** "Clearly identified," with respect to a candidate, means that:

- A. The name of the candidate appears; [1985, c. 161, §6 (NEW).]
- B. A photograph or drawing of the candidate appears; or [1985, c. 161, §6 (NEW).]
- C. The identity of the candidate is apparent by unambiguous reference. [1985, c. 161, §6 (NEW).]

[1985, c. 161, §6 (NEW) .]

2. **Contribution.** The term "contribution:"

A. Includes:

- (1) A gift, subscription, loan, advance or deposit of money or anything of value made for the purpose of influencing the nomination or election of any person to state, county or municipal office or for the purpose of liquidating any campaign deficit of a candidate, except that a loan of money to a candidate by a financial institution in this State made in accordance with applicable banking laws and regulations and in the ordinary course of business is not included;
- (2) A contract, promise or agreement, express or implied, whether or not legally enforceable, to make a contribution for such purposes;
- (3) Funds received by a candidate or a political committee that are transferred to the candidate or committee from another political committee or other source; and
- (4) The payment, by any person other than a candidate or a political committee, of compensation for the personal services of other persons that are provided to the candidate or political committee without charge for any such purpose; and [1995, c. 483, §3 (AMD).]

B. Does not include:

- (1) The value of services provided without compensation by individuals who volunteer a portion or all of their time on behalf of a candidate or political committee;
- ☆ (2) The use of real or personal property and the cost of invitations, food and beverages, voluntarily provided by an individual to a candidate in rendering voluntary personal services for candidate-related activities, if the cumulative value of these activities by the individual on behalf of any candidate does not exceed \$100 with respect to any election;

21-A §1015. LIMITATIONS ON CONTRIBUTIONS AND EXPENDITURES

1. Individuals. An individual may not make contributions to a candidate in support of the candidacy of one person aggregating more than \$750 in any election for a gubernatorial candidate or more than \$350 in any election for any other candidate. This limitation does not apply to contributions in support of a candidate by that candidate or that candidate's spouse or domestic partner. Beginning December 1, 2010, contribution limits in accordance with this subsection are adjusted every 2 years based on the Consumer Price Index as reported by the United States Department of Labor, Bureau of Labor Statistics and rounded to the nearest amount divisible by \$25. The commission shall post the current contribution limit and the amount of the next adjustment and the date that it will become effective on its publicly accessible website and include this information with any publication to be used as a guide for candidates.

[2009, c. 286, §2 (AMD).]

☆ **2. Committees; corporations; associations.** A political committee, political action committee, other committee, firm, partnership, corporation, association or organization may not make contributions to a candidate in support of the candidacy of one person aggregating more than \$750 in any election for a gubernatorial candidate or more than \$350 in any election for any other candidate. Beginning December 1, 2010, contribution limits in accordance with this subsection are adjusted every 2 years based on the Consumer Price Index as reported by the United States Department of Labor, Bureau of Labor Statistics and rounded to the nearest amount divisible by \$25. The commission shall post the current contribution limit and the amount of the next adjustment and the date that it will become effective on its publicly accessible website and include this information with any publication to be used as a guide for candidates.

[2009, c. 286, §3 (AMD).]

...

[Please note section 1015 was amended in 2011. The section printed above was in effect in 2009 and 2010.]

21-A §1017. REPORTS BY CANDIDATES**1. Federal candidates.**

[2007, c. 443, Pt. A, §16 (RP) .]

2. Gubernatorial candidates. A treasurer of a candidate for the office of Governor shall file reports with the commission as follows. Once the first required report has been filed, each subsequent report must cover the period from the end date of the prior report filed.

A. In any calendar year, other than a gubernatorial election year, in which the candidate or the candidate's political committee has received contributions in excess of \$1,000 or made or authorized expenditures in excess of \$1,000, reports must be filed no later than 11:59 p.m. on July 15th of that year and January 15th of the following calendar year. These reports must include all contributions made to and all expenditures made or authorized by or on behalf of the candidate or the candidate's treasurer as of the end of the preceding month, except those covered by a previous report. [2007, c. 443, Pt. A, §16 (AMD).]

B. Reports must be filed no later than 11:59 p.m. on the 42nd day before the date on which an election is held and must be complete as of the 49th day before that date. If a report was not filed under paragraph A, the report required under this paragraph must cover all contributions and expenditures through the 49th day before the election. [2007, c. 443, Pt. A, §16 (AMD).]

C. Reports must be filed no later than 11:59 p.m. on the 11th day before the date on which an election is held and must be complete as of the 14th day before that date. [2007, c. 443, Pt. A, §16 (AMD).]

D. Contributions aggregating \$1,000 or more from any one contributor or single expenditures of \$1,000 or more made after the 14th day before the election and more than 24 hours before 11:59 p.m. on the day of the election must be reported within 24 hours of those contributions or expenditures. [2007, c. 443, Pt. A, §16 (AMD).]

E. Reports must be filed no later than 11:59 p.m. on the 42nd day after the date on which an election is held and must be complete for the filing period as of the 35th day after that date. [2007, c. 443, Pt. A, §16 (AMD).]

F. Unless further reports will be filed in relation to a later election in the same calendar year, the disposition of any surplus or deficit in excess of \$100 shown in the reports described in paragraph E must be reported as provided in this paragraph. The treasurer of a candidate or political committee with a surplus or deficit in excess of \$100 shall file reports semiannually with the commission within 15 days following the end of the 2nd and 4th quarters of the State's fiscal year, complete as of the last day of the quarter, until the surplus is disposed of or the deficit is liquidated. The first report under this paragraph is not required until the 15th day of the period beginning at least 90 days from the date of the election. The reports will be considered timely if filed electronically or in person with the commission on that date or postmarked on that date. The reports must set forth any contributions for the purpose of liquidating the deficit, in the same manner as contributions are set forth in other reports required in this section. [2007, c. 443, Pt. A, §16 (AMD).]

G. Unless otherwise specified in this subsection, reports must be complete back to the end date of the previous report filing period. The reports described in paragraph E, if filed with respect to a primary election, are considered previous reports in relation to reports concerning a general election. [2007, c. 443, Pt. A, §16 (AMD).]

H. Reports with respect to a candidate who seeks nomination by petition for the office of Governor must be filed on the same dates that reports must be filed with respect to a candidate who seeks that nomination by primary election. [1991, c. 839, §14 (AMD); 1991, c. 839, §34 (AFF).]

[2007, c. 443, Pt. A, §16 (AMD) .]

...



5. Content. A report required under this section must contain the itemized accounts of contributions received during that report filing period, including the date a contribution was received, and the name, address, occupation, principal place of business, if any, and the amount of the contribution of each person who has made a contribution or contributions aggregating in excess of \$50. The report must contain the itemized expenditures made or authorized during the report filing period, the date and purpose of each expenditure and the name of each payee and creditor. If the payee is a member of the candidate's household or immediate family, the candidate must disclose the candidate's relationship to the payee in a manner prescribed by the commission. The report must contain a statement of any loan to a candidate by a financial institution in connection with that candidate's candidacy that is made during the period covered by the report, whether or not the loan is defined as a contribution under section 1012, subsection 2, paragraph A. The candidate and the treasurer are jointly and severally responsible for the timely and accurate filing of each required report.

[2009, c. 302, §4 (AMD) .]

...