

Agenda Item #2



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

July 6, 2007

Hon. Philip A. Cressey
PO Box 183
Cornish, ME 04020

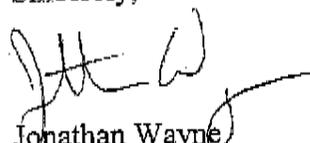
Dear Representative Cressey:

This is to notify you of the next meeting of the Maine Commission on Governmental Ethics and Election Practices at 9 a.m., Monday, July 16, 2007, at the Commission office.

At our May 14 meeting, the Commission asked you to obtain a detailed explanation regarding your expense in the amount of \$517.63 to Staples. In March, I telephoned the manager at Staples in North Windham, Michele Hardin. This was a departure from our usual procedures, but I made the inquiry to try to resolve the issue. Ms. Hardin ran a search for the payment in her computer system and could not verify it. Also, she could not explain why a ream of card stock and the photocopying job would add up to \$517.63. That explanation would assist the Commission in verifying that the expenditure was for campaign-related purposes. Kindly attend the July 16 meeting with an oral or written explanation. I will put your matter first on the agenda so that you can complete your business with the Commission as quickly as possible.

If you have any questions, please call me at 287-4179.

Sincerely,



Jonathan Wayne
Executive Director

cp



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AUGUSTA, MAINE
04333-0135

May 15, 2007

Hon. Philip A. Cressey
PO Box 183
Cornish, ME 04020

Dear Representative Cressey:

At its meeting yesterday, the Maine Ethics Commission tabled its consideration of the findings in your audit report.

If you would kindly contact Staples to obtain a receipt or other explanation of your expenditure in the amount of \$571.63, this matter will be heard again at the next meeting of the Commission to be scheduled in June.

Please feel free to call me at 287-4179 should you have any questions regarding this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Wayne".

Jonathan Wayne
Executive Director

cp



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March 30, 2007

Hon. Philip A. Cressey
PO Box 183
Cornish, ME 04020

Dear Representative Cressey:

This is to ask you for a little more information to assist the Ethics Commission in resolving the audit finding regarding your June 28, 2006 payment of \$517.63 to Staples. Please understand that we are simply trying to confirm that the payment was made for campaign-related purposes as required by statute and to confirm that Staples received a payment in this amount.

You explained in your January 18, 2007 letter that you had a receipt for the payment, but cannot locate it now. In your letter you also stated that the \$517.63 payment was for

printing of 2000 copies of my flyer handed out at the four parades and three fairs during the summer months, on yellow card stock and printed on both sides. Plus a ream of 125 card stock blank yellow paper.

In addition, you stated that "Staples can verify this expense." Following up on your suggestion, I faxed the attached letter today to managers at the Staples in North Windham hoping to verify the expense. I received a telephone response from Michele Hardin, a manager at the store, who said:

- She ran various searches for payments her store received and could not find the payment. In particular, she ran a search for payments her store received in the range of \$450 - \$550 within the dates of June 1 - July 25, 2006. She could not find a purchase within those ranges for printing and cardstock.
- A ream of card stock would cost \$4.34. Photocopying with one color only (black) costs eight cents per page. So, a copying job of 2,000 pages with both sides (4,000 sheets) would cost only \$320. A print job with more than one color costs thirty-nine cents per sheet. Without more information, she was unable to confirm that the purchase you described would cost \$517.63.

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WEBSITE: WWW.MAINE.GOV/ETHICS

Hon. Philip A. Cressey

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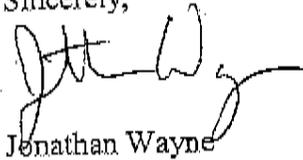
March 30, 2007

If you could provide the following information at the April 5, 2007 meeting, I believe it could help the Commission resolve the audit finding.

1. Please provide the Commission with information about the printing job at Staples, including whether more than one color was printed on the flyers and how many sheets were involved in the printing. In other words, can you give the Commission some idea of why the card stock and printing job cost \$517.63?
2. Please bring a copy of the flyer with you to the meeting.
3. In order to assist the Commission in confirming that Staples received a payment of Maine Clean Election Act funds in the amount of \$517.63, please explain how it is that you wrote check #108 to yourself in that amount. For example, did you go to Staples to determine that the exact price of the print job and card stock, later cash check #108 at TD Banknorth in the amount of \$517.63, and then return to Staples to make a cash payment in the amount of \$517.63?

Thank you for being prepared to help the Commission better understand the expenditure when it is considered at the April 5, 2007 meeting. Please feel free to call me or the Commission auditor at 287-4179 if you have any questions.

Sincerely,



Jonathan Wayne
Executive Director

cc: Vincent W. Dinan, Commission Auditor



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March 30, 2006

Faxed to (207) 892-1744

Michele Hardin or Ken Hagan
Staples
770 Roosevelt Trail
North Windham, ME 04062

Dear Sir/Madam:

The Maine Commission on Governmental Ethics and Election Practices has been conducting a routine audit of a candidate for the Maine State Legislature in 2006. This type of audit is strictly routine, and is conducted of 20% of legislative candidates who receive public funds for their election campaigns.

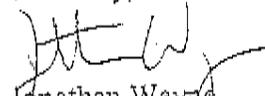
One of the candidates we are auditing is unable to locate a receipt for a purchase made at your store last summer, and he suggested that we attempt to confirm the purchase through your store. We are simply trying to confirm that the purchase took place and that the goods he states he purchased is consistent with the cost. The candidate states that on June 28, 2006, he made a cash purchase in the amount of \$517.63. He states that he bought one ream of 125 card stock yellow paper, and had 2,000 copies of a flyer printed at your store.

You could help us in two ways:

- If there is any way you could confirm a purchase in that amount on that date, we would greatly appreciate it.
- If you can confirm whether or not a ream of card stock paper and the photocopying job described would cost about \$517.63, that would also be very helpful.

Thank you very much for whatever assistance you can provide. My telephone number is 287-4179 if you would like to discuss the request.

Sincerely,


Jonathan Wayne
Executive Director

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To: Commission Members
From: Jonathan Wayne
Date: March 29, 2007
Re: Audit of Rep. Philip A. Cressey

Rep. Philip A. Cressey was a candidate for re-election to the House of Representatives in the 2006 elections. He was selected at random to be one of the 20% of Maine Clean Election Act (MCEA) legislative candidates who were audited. I have attached the final audit report. It includes a January 18, 2007 letter from Rep. Cressey responding to the two findings in the audit report.

Timing of Audit

Rep. Cressey complains that the Ethics Commission's audit of his campaign should not have begun in the last month before the November 7, 2006 election. I agree that in the last four to six weeks before a general election, candidates should not be burdened with responding to audit requests from the Commission. That will be the staff policy in 2008. In fact, in 2008 the staff is leaning toward conducting all audits of candidates after the general election. I disagree, however, with Rep. Cressey's view that the timing of the Commission's audit somehow caused the Representative to lose a receipt.

Record-Keeping Requirements

MCEA candidates are required to keep two documents for expenditures over \$50:

- a receipt or invoice from the vendor which demonstrates that the goods or services purchased were campaign-related;
- a canceled check, bank statement, credit card statement or other document proving that the vendor received a payment from the campaign.

Candidates are not required to submit these records to the Commission unless they are requested, but they are required to keep them for two years after the election. The Commission has found in conducting these audits that a significant number of candidates are unaware of these requirements.

Finding #1: Rep. Cressey's Payment of \$517.63

On June 28, 2006, Rep. Cressey wrote a check in the amount of \$517.63 to himself. He told the Commission auditor that he cashed the check and used the cash to pay Staples for a ream of 125 yellow card stock and for the printing of 2,000 copies of a flyer on yellow card stock that was handed out at four parades and three fairs. Rep. Cressey states that he kept the Staples receipt for the expenditure, but after faxing his receipts to the Commission's auditor he accidentally dropped a file folder and cannot now relocate the receipt.

The Commission's audit discloses that Rep. Cressey does not have written proof that Staples received a payment of \$517.63 or a receipt or invoice from Staples proving what goods or services were purchased. Rep. Cressey notes that he wrote "Staples Printing"

on the personal check which supports his explanation that the amount of the check was intended for Staples.

I recommend that you hear Rep. Cressey explain the goods he purchased. If you find him to be credible that the purchase was for goods that were campaign-related, I recommend that you do not disallow the expenditure which would require him to repay \$517.63.

I am sympathetic to the view that in order to educate candidates about the requirement to keep records of expenditures and to encourage compliance it could be helpful to impose some sanction against candidates that do not keep the required records. In this case, however, if the Commission is convinced that Rep. Cressey used the \$517.63 to buy campaign-related goods and services, I do not favor as a remedy disallowing the expenditure and requiring Rep. Cressey to return the funds.

Requirement to Sell Goods that Could be Converted to Personal Use

Candidates who use MCEA funds to buy goods that could be converted to personal use (e.g., computers, software, cell phones, printers) are required by the Commission's rule to sell them at fair market value and return the proceeds to the Commission. This is to prevent candidates from using the MCEA in order to buy goods that they will use personally after the election. Few candidates buy electronics equipment with that intention and I do not believe that was the intention of Representative Cressey.

Finding #2: Purchase of Flash Drive for \$62.50

Rep. Cressey states that he designed three mailers and one palm card, and was unable to send them by e-mail to his printer in New Hampshire. Because his computer does not let him copy files on to compact discs, the printer advised him to buy a "flash drive". A flash drive is a small piece of equipment (about the size of one's thumb) that can be plugged into a computer to save a large amount of data. Rep. Cressey states that he hadn't heard of flash drives previously, but bought one for \$62.50 at Staples. He copied the material onto the flash drive and mailed it to the printer.

Rep. Cressey states that he did not understand that the flash drive could be reused, and he thought it was a disposable item similar to a compact disc (CD). Initially he told the auditor that he had kept the flash drive, but later realized he threw it away.

In my view, Rep. Cressey did not comply with the Commission's rule, which is explained in the Commission's expenditure guidelines. Because the item cost \$62.50, it would have been preferable if he had considered whether the item was something that could have some personal value to him or someone else after the campaign.

I would urge you to hear from Rep. Cressey at the April 5 meeting. If you find his explanation credible, I would suggest finding him in violation of the Commission's rule but not asking him to reimburse the Commission for the device. He states that he no longer has it, so he is unable to make use of it himself or to find a buyer. Thank you for your consideration of these points.

Title 21-A, §1125, Terms of participation

12-A. Required records. The treasurer shall obtain and keep:

A. Bank or other account statements for the campaign account covering the duration of the campaign; [2005, c. 542, §5 (new).]

* B. A vendor invoice stating the particular goods or services purchased for every expenditure of \$50 or more; and [2005, c. 542, §5 (new).]

C. A record proving that a vendor received payment for every expenditure of \$50 or more in the form of a cancelled check, receipt from the vendor or bank or credit card statement identifying the vendor as the payee. [2005, c. 542, §5 (new).]

The treasurer shall preserve the records for 2 years following the candidate's final campaign finance report for the election cycle. The candidate and treasurer shall submit photocopies of the records to the commission upon its request. [2005, c. 542, §5 (new).]

13. Distributions not to exceed amount in fund. The commission may not distribute revenues to certified candidates in excess of the total amount of money deposited in the fund as set forth in section 1124. Notwithstanding any other provisions of this chapter, if the commission determines that the revenues in the fund are insufficient to meet distributions under subsections 8 or 9, the commission may permit certified candidates to accept and spend contributions, reduced by any seed money contributions, aggregating no more than \$500 per donor per election for gubernatorial candidates and \$250 per donor per election for State Senate and State House candidates, up to the applicable amounts set forth in subsections 8 and 9 according to rules adopted by the commission. [IB 1995, c. 1, §17 (new).]

14. Appeals. A candidate who has been denied certification as a Maine Clean Election Act candidate, the opponent of a candidate who has been granted certification as a Maine Clean Election Act candidate or other interested persons may challenge a certification decision by the commission as follows.

A. A challenger may appeal to the full commission within 7 days of the certification decision. The appeal must be in writing and must set forth the reasons for the appeal. [2005, c. 301, §32 (amd).]

B. Within 5 days after an appeal is properly made and after notice is given to the challenger and any opponent, the commission shall hold a hearing. The appellant has the burden of providing evidence to demonstrate that the commission decision was improper. The commission must rule on the appeal within 3 days after the completion of the hearing. [IB 1995, c. 1, §17 (new).]

C. A challenger may appeal the decision of the commission in paragraph B by commencing an action in Superior Court according to the procedure set forth in section 356, subsection 2, paragraphs D and E. [IB 1995, c. 1, §17 (new).]

D. A candidate whose certification by the commission as a Maine Clean Election Act candidate is revoked on appeal must return to the commission any unspent revenues distributed from the fund. If the commission or court find that an appeal was made frivolously or to cause delay or hardship, the commission or court may require the moving party to pay costs of the commission, court and opposing parties, if any. [IB 1995, c. 1, §17 (new).]

[2005, c. 301, §32 (amd).]

IB 1995, Ch. 1, §17 (NEW).

PL 2001, Ch. 465, §4-6 (AMD).

PL 2003, Ch. 270, §1,2 (AMD).

PL 2003, Ch. 448, §5 (AMD).

PL 2003, Ch. 453, §1,2 (AMD).

PL 2003, Ch. 688, §A21,22 (AMD).

PL 2005, Ch. 301, §29-32 (AMD).

PL 2005, Ch. 542, §3-5 (AMD).

- (2) Actual Expenses. Actual expenses include the pro rata, campaign-related share of vehicle depreciation or lease payments, maintenance and repairs, gasoline (including gasoline taxes), oil, insurance, and vehicle registration fees, etc. For reimbursement using this method, the candidate must maintain detailed records reflecting use of the vehicle for campaign-related purposes. The records must include the dates the vehicle was used for campaign-related purposes, the total mileage the vehicle was used for campaign-related purposes, the total mileage the vehicle was used for all purposes during the period for which reimbursement is made, and the percentage of total vehicle usage that the vehicle was used for campaign-related purposes.

2. Reporting by Participating and Certified Candidates.

- A. General. Participating and certified candidates must comply with applicable reporting requirements set forth in Title 21-A, chapter 13, subchapter II [§ 1017].
- B. Return of Matching Fund Advances and Unspent Fund Revenues. Matching Fund advance revenues that have not been authorized for spending and unspent Fund revenues shall be returned to the Fund as follows:
 - (1) Unauthorized Matching Funds. Candidates must return all Matching Fund advance revenues for which no spending authorization was issued prior to an election to the Commission by check or money order payable to the Fund within 2 weeks following the date of the election.
 - (2) Unspent Fund Revenues for Unsuccessful Primary Election Candidates. Upon the filing of the 42-day post-primary election report for a primary election in which a certified candidate was defeated, that candidate must return all unspent Fund revenues to the Commission by check or money order payable to the Fund.
 - (3) Unspent Fund Revenues for All General and Special Election Candidates. Upon the filing of the 42-day post-election report for a general or special election, all candidates must return all unspent Fund revenues to the Commission by check or money order payable to the Fund.
- C. Liquidation of Property and Equipment. Property and equipment that is not exclusive to use in a campaign (e.g., computers and associated equipment, etc.) that has been purchased with Maine Clean Election Act funds loses its campaign-related purpose following the election. Such property and equipment must be liquidated at its fair market value and the proceeds thereof reimbursed to the Maine Clean Election Fund as unspent fund revenues in accordance with the schedule in paragraph B above.
 - (1) The liquidation of campaign property and equipment may be done by sale to another person or purchase by the candidate.
 - (2) Liquidation must be at the fair market value of the property or equipment at the time of disposition. Fair market value is determined by what is fair,

economic, just, equitable, and reasonable under normal market conditions based upon the value of items of similar description, age, and condition as determined by acceptable evidence of value.

SECTION 8. RECOUNTS, VACANCIES, WRITE-IN CANDIDATES, SPECIAL ELECTIONS

1. Recounts. After a primary election, if there is a recount governed by Title 21 - A, chapter 9, subchapter III, article III [§ 737-A], and either the leading candidate or the 2nd-place candidate is a certified candidate, the following provisions will apply:
 - A. If the margin between the leading candidate and the 2nd-place candidate is less than 1% of the total number of votes cast in that race and a recount is presumed necessary, the certified candidate immediately must halt the expenditure of revenues disbursed to the candidate from the Fund upon receiving notice of the recount until the recount is complete.
 - B. If the recount results in a changed winner, the certified candidate who originally received the disbursement must return any unspent distributions from the Fund to the Commission, payable to the Fund. If the new winner is a certified candidate, the Commission will distribute the applicable disbursement amount to the candidate.
 - C. If the margin between the leading candidate and 2nd-place candidate is 1% or greater of the total number of votes cast in that race and the 2nd-place candidate requests a recount, the leading candidate, if a certified candidate, is not required to freeze expenditures of the disbursement.
 - D. If the recount results in a changed winner, the certified candidate must return any unspent distributions from the Fund to the Commission, payable to the Fund. If the new winner is a certified candidate, the Commission will distribute the applicable disbursement amount to the candidate.
2. Death, Withdrawal, or Disqualification of a Candidate During Campaign.
 - A. Death, Withdrawal, or Disqualification Before Primary Election. If a candidate dies, withdraws, or is disqualified before the primary election, the Commission will establish a qualifying period during which any replacement candidate may become a participating candidate, collect qualifying contributions, and apply to become a certified candidate.
 - B. Death, Withdrawal, or Disqualification After the Primary Election and before 5:00 p.m. on the 2nd Monday in July Preceding the General Election. If a candidate dies, withdraws, or is disqualified before 5:00 p.m. on the 2nd Monday in July preceding the general election, any replacement candidate will have a qualifying period from the time of the candidate's nomination until 30 days after the 4th Monday in July as a participating candidate to collect qualifying contributions and request certification.
 - C. Death, Withdrawal, or Disqualification after 5:00 p.m. on the 2nd Monday in July Preceding the General Election. If a candidate dies, withdraws, or is



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February 2, 2007

The Honorable Philip A. Cressey
P. O. Box 183
Cornish, ME 04020

Dear Rep. Cressey:

Enclosed please find a copy of the final audit report concerning our examination of contributions and expenditures listed in your Seed Money, Six Day Pre-Primary and 42 Day Post-Primary campaign finance reports.

As you know, the report contains two findings of non-compliance and related recommendations. We anticipate submitting the report to the Members of the Commission at their March, 2007 meeting. At that time, you will be afforded the opportunity to appear before the Commission and comment on the issues identified in the audit. Jonathan Wayne, Executive Director, will contact you in advance of the meeting to schedule your appearance.

Thank you for your cooperation and assistance during the audit process. Please call me at (207) 287-4727 if you have any questions or concerns regarding the report.

Sincerely,

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

Vincent W. Dinan
Commission Auditor

Enclosure

Cc: Pretrea Cressey, Campaign Treasurer
Jonathan Wayne
Paul Lavin
Sandy Thompson



STATE OF MAINE
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AUGUSTA, MAINE
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February 2, 2007

Audit Report No. 2006-HR019

**Candidate: Representative Philip A. Cressey
House District 99**

Background

Representative Philip A. Cressey was a candidate for re-election to the Maine House of Representatives, District 99, and successfully retained his seat in the 2006 general election. Rep. Cressey was certified by the Commission as an MCEA candidate on April 19, 2006. MCEA candidates are required under the Act to submit reports of their receipts, expenditures, outstanding campaign debt, and equipment purchases and dispositions for specified periods during the election cycle.

Audit Scope

Examination of selected candidate contribution and expenditure transactions occurring in the qualifying period, and between April 19 – June 1, 2006 (Six Day Pre-Primary Report), and June 2 – July 18, 2006 (42 Day Post-Primary Report), as recorded in the candidate's accounting records, and as reported to the Commission, to determine if the identified transactions (1) were properly approved by the candidate or his authorized representative; (2) were adequately documented as evidenced by original vendor invoices and cancelled checks or other acceptable disbursement documentation; and (3) complied in all material respects with the requirements of the Maine Clean Election Act and the Commission's rules.

The auditors examined documentation supporting 91 percent of expenditures on his "Six Day" report, and 89 percent of the expenditures listed on his "42 Day" report. The candidate reported no contributions or expenditures for the "Seed Money" period.

Audit Findings and Recommendations

Finding No. 1 - Rep. Cressey reported an expenditure of \$517.63 with Staples for LIT materials on 6/28/2006, during the 42 Day Post-Primary reporting period. Campaign records included a cancelled check dated 6/28/2006 payable to "Philip Cressey" in the amount of \$517.63 with the notation "Staples (second word unreadable)". Rep. Cressey informed us that he cashed the check and paid cash to Staples for the purchase. He was unable to provide a receipt from the vendor or proof of payment. Without proof of purchase or proof of payment the auditor was not able to verify that the expenditure was campaign-related.

Criteria - the MCEA requires participating candidates to report campaign expenditures according to procedures developed by the Commission. (21-A M.R.S.A. §1125 (12) and 21-A M.R.S.A. §1125 (12-A)).

Recommendations - the Commission staff recommends that the Commission take the following actions concerning Finding No. 1:

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WEBSITE: WWW.MAINE.GOV/ETHICS

- Consider Rep. Cressey's explanation in person at the March, 2007 Commission meeting, including whether to disallow the reported expenditure of \$517.63 for LIT materials by the Cressey campaign based on the candidate's failure to maintain acceptable documentation supporting (a) the campaign purpose of the expenditure, and (b) proof of payment. If the expenditure is disallowed, the Commission should direct the Cressey campaign to repay the amount of \$517.63 to the Maine Clean Election Fund.
- Consider whether failure to maintain the required documentation constitutes a violation that requires a penalty under the Act. The MCEA permits the Commission to assess a penalty of up to \$10,000 for any violation of the MCEA.
- Direct Rep. Cressey to amend his 42 Day Post-Primary campaign finance report to reflect the disposition of the audit finding.

Finding No. 2 -- the Cressey campaign purchased a "flash drive" -- an external data storage device that plugs into a computer's USB port -- for \$62.50 during the 42 Day Post-Primary reporting period. Rep. Cressey stated that he purchased the flash drive to facilitate data transfer to Spectrum, the printer of his campaign materials, and that he considered it a disposable item. Accordingly, he did not report the item on Schedule E (Campaign Equipment/Property Inventory) of his campaign finance report, and he did not sell the item at fair market value and remit the proceeds to the Maine Clean Election Fund. The Commission staff believes that under the Commission's rules for treatment of equipment purchases, the flash drive is a reportable equipment item, and should have been sold at the end of the election period.

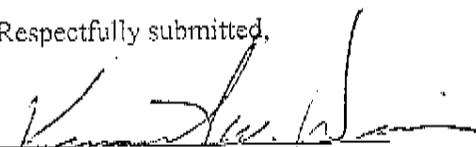
Criteria - the MCEA requires participating candidates to report campaign expenditures according to procedures developed by the Commission. (21-A M.R.S.A. §1125 (12) and 21-A M.R.S.A. §1125 (12-A)).

Recommendation -- Rep. Cressey has reported (see the Attachment) that he discarded the flash drive in October, 2006. The Commission staff recommends that the Commission hear Rep. Cressey's testimony at its March, 2007 meeting, and consider whether to direct Rep. Cressey to reimburse the Maine Clean Election Fund in the amount of \$62.50, the cost of the item in question. Rep. Cressey should also be instructed to amend his 42 Day Post-Primary report to include the equipment item on Schedule E.

Candidate's Comments Regarding the Audit Findings

Rep. Cressey's comments on the audit findings and recommendations are attached.

Respectfully submitted,


Vincent W. Dinan - Staff Auditor

Approved:


Jonathan Wayne - Executive Director

ATTACHMENT
Rep. Philip A. Cressey
Response to Audit Findings
Page 1 of 2

I disagree with the findings of the audit report. It should be noted that although this audit was for the April 19-June 1, 2006 Six-Day Pre-Primary Report and for the June 2-July 18, 2006 42 Day Post-Primary Report both of which were filed prior to August 2006, this audit was conducted four weeks before the election this past November. The audit took time away from my campaign activities, directly interfered with my campaign efforts and the audit did have a negative impact on my campaign for re-election. This audit should have been conducted in August or September or after the election was over, not during the busiest time of the campaign season. This is a very important point because in my haste to provide the documents requested of me, I lost a receipt that I did have in my possession. I was working ten hours a day at my regular job and then would go knocking on doors with the few hours of daylight remaining and go to various meetings in the evenings. On three separate days, I had to postpone all of those events to fulfill the auditors request which did prevent me from campaigning. This audit should have been held earlier or after the election was over. In my haste, I quickly faxed all documents required of me including the receipt of \$517.63 from Staples. This receipt was faxed along with the other Staples receipt which the auditor acknowledged to have received. I then threw all my receipts back into my folder and at that time accidentally dropped the folder and all the paperwork went all over the place. Because I was in a hurry, I quickly picked up the receipts and threw them back in the file folder and rushed out of the house. A week later, I was again asked for the Staples receipt which I did have earlier but was not able to find it due to my haste and pressed for time. For a third time I had to cancel my campaign activities in order to find the receipt that I had but could not find. During this time our family was packing our belongings up to move to another apartment. I still have not been able to find the receipt which I did have the first time I faxed the receipt to the auditor. He said he did not receive it so I think I must have taped the receipt backwards through the fax machine which would explain why it did not show up at his end or the faxing was too light to be seen at the receivers end. I should not have to reimburse the Clean Elections fund of \$517.63 as this was a legitimate expense and further this would force me to violate the contribution portion and paying for literature yet not counting it as expense is a violation of both clean election and ethic standards in campaign financing. The auditor failed to mention that I clearly stated that the memo portion of the reimbursed check states, "Staples Printing" and this was explained all five times the auditor requested information. Furthermore, this legitimate campaign expense was printing of 2000 copies of my flyer handed out at the four parades and three fairs during the summer months, on yellow card stock and printed on both sides. Plus a ream of 125 card stock blank yellow paper. Staples can verify this expense. I have no problem with an audit. However the timing was inappropriate and negatively impacted on the time constraints of my campaign. There was no reason the audit could have been held sooner in September or after the election was over. Because I was in a hurry and very pressed for time, I had the receipt, faxed it to the auditor, lost the receipt as I was rushing out the door, and we were in the process of moving to another apartment. Had the audit taken place sooner or after the election I know for certain the receipt would not have been lost.

On the second charge, again I disagree with the auditors findings. The "flash drive" is a legitimate campaign expense and was not a Campaign Equipment/Property Inventory in my understanding of the rules. This was the first time I ever used a "flash drive". Back in June I had designed all three of my campaign mailers for October and also my palm cards. However, when I tried to upload my pictures, files, and designs via email to the printer, the internet server providers system would shut down and the files would not be transferred on my dial up connection.

ATTACHMENT
Rep. Philip A. Cressey
Response to Audit Findings
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I called Spectrum, the printer, and asked what I could do. They asked if I had a USB port. I did not know what that was and they said it is a plug in for many devices and memory card and I can upload the info to the disk just like a CD. That was good news to me as I did not know anything about that sort of high tech stuff at that time so they suggested I go and purchase a PNY flash memory drive and Staples should have them and to get one with at least 512 MB. I believe I purchased the PNY with more memory than 512MB. Because I did not know what they were talking about as this was all new info to me I asked for a specific item to purchase as I did not yet have a grasp on what the "flash drive" was so the PNY model was suggested and I wrote that down and they suggested Staples because that is where they purchased one as well. I had to ask them to spell this out for me as I had never purchased or used anything like this before. They said it works like a CD on the computer, just load the info into it, mail it to them and they can download all the info as it was too much to send over the dial up internet server I had. My computer is not CD writeable which was the first question they asked and then the USB port was the second question to solve the problem of getting the files and pics to them. My understanding of this "flash drive" device is that it is a disposable item like a CD and would work the same way. I did tell the auditor, in error, that I received the "flash drive" back from Spectrum, which I did. However, I no longer have the device when the auditor asked if I did. I thought I did but remembered I threw it away back in October as I mistakenly thought it could not be "written" over again like a CD and apparently a CD can now be written and copied over again like a tape cassette. I wish I had known this before I threw it away. I now understand a "flash drive" is just like a portable hard drive on a computer and works in a similar fashion. Had I known these facts back in June, I would not have listed this as a campaign expense at all. However, due to my understanding at that time, this would still be a legitimate campaign expense and I should not be required to change any reports or reimburse the Clean Election Fund at all as this was a legitimate expense for the purpose of printing campaign literature which in fact was done. The auditor suggested I sell the "flash drive" but because I threw it away I would be unable to comply with that request. Again, at that time I thought it was like a CD that could not be written over again and that the info on it would be permanent and could not be changed. I now realize that is not the case. Another reason I threw it away as I was not going to run for office again due to term limits and that we were moving and had no need for unnecessary items. The auditor may be able to confirm that I stated to him that I believed this to be a disposable item like a CD and not a permanent piece of equipment. Furthermore, there is no mention in the rules that a "flash drive" is to be considered equipment so this should be made clear in future printings and changes to the rules.

Respectfully Submitted via email,
Philip A Cressey Jr
January 18, 2007
philcressey@verizon.net



Banknorth, N.A.

Maine

STATEMENT OF ACCOUNT

PHILIP CRESSEY
CRESSY FOR LEGISLATURE

HA 94

Page: 4 of 4
Statement Period: Jun 19 2006-Jul 18 2006
Cust Ref #: 241903047-711-I-***
Primary Account #: 24-1903047

PHILIP A. CRESSEY
DBA CRESSY FOR LEGISLATURE
P.O. BOX 103 PH 00943-0103
CORNHURST, ME 04002

DATE: June 15, 2006

PAID TO THE ORDER OF: Philip G. Good \$ 572.00

FROM: Banknorth

MEMO: System Withdrawal

ACCOUNT NO: 02112744501 02419030477 0103 #0000051800

#101 6/19 \$512.00

PHILIP A. CRESSEY
DBA CRESSY FOR LEGISLATURE
P.O. BOX 103 PH 00943-0103
CORNHURST, ME 04002

DATE: June 17, 2006

PAID TO THE ORDER OF: Philip G. Good \$ 339.94

FROM: Banknorth

MEMO: Withdrawal

ACCOUNT NO: 02112744501 02419030477 0103 #0000051800

#102 6/20 \$39.94

PHILIP A. CRESSEY
DBA CRESSY FOR LEGISLATURE
P.O. BOX 103 PH 00943-0103
CORNHURST, ME 04002

DATE: June 19, 2006

PAID TO THE ORDER OF: Philip G. Good \$ 86.91

FROM: Banknorth

MEMO: Withdrawal

ACCOUNT NO: 02112744501 02419030477 0103 #0000051800

#103 6/21 \$86.91

PHILIP A. CRESSEY
DBA CRESSY FOR LEGISLATURE
P.O. BOX 103 PH 00943-0103
CORNHURST, ME 04002

DATE: June 17, 2006

PAID TO THE ORDER OF: Philip G. Good \$ 117.00

FROM: Banknorth

MEMO: Withdrawal

ACCOUNT NO: 02112744501 02419030477 0103 #0000051800

#104 6/19 \$117.00

PHILIP A. CRESSEY
DBA CRESSY FOR LEGISLATURE
P.O. BOX 103 PH 00943-0103
CORNHURST, ME 04002

DATE: June 22, 2006

PAID TO THE ORDER OF: Philip G. Good \$ 1,839.00

FROM: Banknorth

MEMO: Withdrawal

ACCOUNT NO: 02112744501 02419030477 0103 #0000051800

#105 6/22 \$1,839.00

PHILIP A. CRESSEY
DBA CRESSY FOR LEGISLATURE
P.O. BOX 103 PH 00943-0103
CORNHURST, ME 04002

DATE: June 28, 2006

PAID TO THE ORDER OF: Philip G. Good \$ 517.63

FROM: Banknorth

MEMO: Withdrawal

ACCOUNT NO: 02112744501 02419030477 0103 #0000051800

#106 6/28 \$517.63

PHILIP A. CRESSEY
DBA CRESSY FOR LEGISLATURE
P.O. BOX 103 PH 00943-0103
CORNHURST, ME 04002

DATE: July 5, 2006

PAID TO THE ORDER OF: Philip G. Good \$ 95.26

FROM: Banknorth

MEMO: Withdrawal

ACCOUNT NO: 02112744501 02419030477 0103 #0000051800

#107 7/05 \$95.26

PHILIP A. CRESSEY
DBA CRESSY FOR LEGISLATURE
P.O. BOX 103 PH 00943-0103
CORNHURST, ME 04002

DATE: July 5, 2006

PAID TO THE ORDER OF: Philip G. Good \$ 185.43

FROM: Banknorth

MEMO: Withdrawal

ACCOUNT NO: 02112744501 02419030477 0103 #0000051800

#108 7/06 \$185.43