

# Agenda

## Item #5



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

July 31, 2007

**Audit Report No. 2006-GV003**

**Candidate: Senator Chandler E. Woodcock  
2006 Republican Candidate for Governor**

**Background**

Senator Chandler E. Woodcock was the Republican candidate for Governor in the 2006 general election. Sen. Woodcock was certified by the Commission as a Maine Clean Election Act (MCEA) candidate on April 12, 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 during the following campaign reporting periods:

- January 2006 Semiannual
- Seed Money
- 42 Day Pre-Primary
- Six Day Pre-Primary
- 42 Day Post-Primary
- 42 Day Pre-General
- Six Day Pre-General
- 42 Day Post-General

Transactions subject to review were those recorded in the candidate's accounting records and reported to the Commission. The audit's purpose was to determine if the identified receipts and payments (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 Commission distributed a total of \$ 1,303,727 to the Woodcock campaign during the primary and general election periods. Of this amount, \$599,999 was paid to the candidate for initial payments in the primary and general elections and \$703,728 was paid in matching funds for the general election.

**Audit Findings and Recommendations**

**Finding No. 1 – Uncontrolled Money Order Expenditures During the Qualifying Period:** The Woodcock campaign purchased 739 five dollar money orders to use as qualifying contributions in lieu of cash from contributors. The audit disclosed that the campaign properly accounted for 649 money orders (\$3,245). However, 90 money orders were unaccounted for. In addition, the campaign treasurer reported that of the 90 (\$450), \$48 was spent on campaign expenses other than qualifying contributions. The auditor believes that it is unclear whether a violation occurred here. The 90 money

**Gubernatorial Campaign Audit**  
**Candidate: Sen. Chandler Woodcock**  
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orders may in fact be lost or may have been liquidated by campaign workers and the funds used for other seed money expenditures. Also, it could not be determined if the \$48 was included in any of the reported expenses or was in fact unreported. The campaign was unable to offer any additional information to resolve the issue.

*Criteria:* 21-A M.R.S.A. § 1016(3) (C): "A treasurer shall keep a detailed and exact account of: ...All expenditures made by or on behalf of the ...candidate...."

*Recommendation:* the Commission staff is concerned about the campaign's lack of accountability for the missing money orders and the uncontrolled expenditure of \$48. However, the staff does not believe there is a solid basis for a finding of violation, and therefore recommends no further action by the Commission on this matter.

**Finding No. 2 – Unreported Seed Money Expenditures; Seed Money Expenditures in Excess of the Maximum Allowable:** The audit disclosed that the Woodcock campaign purchased 739 money orders during the qualifying period, and 506 were submitted to the Commission as qualifying contributions. The campaign reported total money order fees of \$140 on their January Semiannual and Seed Money reports. Using a pro-rated unit price of \$.60 (see Exhibit I), the auditor determined that total money order fees should have been about \$443, which suggests that more than \$300 of such fees went unreported. The unreported purchases caused total seed money expenditures to exceed the amount of seed money contributions and were therefore unallowable. In addition, since reported seed money contributions were accounted for by the campaign, the unallowable purchases may have been made with impermissible in-kind contributions, also unallowable. The campaign was unable to document these questioned transactions.

*Criteria:* 21-A M.R.S.A. § 1016(3)(C): "A treasurer shall keep a detailed and exact account of: ...All expenditures made by or on behalf of the...candidate...." 21-A M.R.S.A. § 1125: "Any money order fees paid by a participating candidate must be paid for with seed money and reported in accordance with commission rules." Commission Rules, Chapter 3, Section 2(4)(C)(3): "This provision does not prohibit a candidate from using seed money to pay the fee for a money order provided the qualifying contributor pays the \$5 amount reflected on the money order as permitted by 21-A M.R.S.A. § 1125(3)."

*Recommendations:* The Commission staff recommends that the Commission find the candidate and the campaign treasurer in violation of the cited provisions of the Maine Clean Election Act. The staff found the Woodcock campaign's financial records to be generally well maintained, and the violation is relatively insignificant when compared to the level of MCEA funding distributed to the candidate. Nonetheless, this violation had implications for qualification as an MCEA candidate, and for that reason the staff believes a penalty is appropriate. Accordingly, the staff recommends the Commission assess the Woodcock campaign with a penalty of \$100.

**Finding No. 3 – Questioned "Fair Market Value" for Sales of Campaign Equipment:** The Woodcock campaign purchased ten equipment items during the campaign at a total cost of \$3,616. After the election, the campaign sold the items for \$900 or about 25 percent of the purchase price. In the auditor's opinion, most of the items were not sold at fair market value as required by the election law. Questioned sales and/or dispositions include:

- Two desktop computers with monitors were sold for \$100 each or about 17 percent of their purchase price after a little over five months of use.

**Gubernatorial Campaign Audit**  
**Candidate: Sen. Chandler Woodcock**  
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- Two Microsoft Access software packages originally purchased for \$231 each were apparently included in the computer sales at no additional cost.
- A Microsoft Office software package originally purchased for \$157 was apparently included in one computer sale at no additional cost.
- A wireless router originally costing \$121 was included in one computer sale at no additional cost.
- A telephone purchased for \$62 remained unsold at the time of the audit.
- A printer/copier/fax/scanner machine that originally cost \$472 was sold for \$150 or about 32 percent of the purchase price after about five months of use.

The details of the sales and/or dispositions are summarized in Exhibit II to this report.

*Discussion:* The Commission staff acknowledges that selling used campaign equipment is problematical. In addition, the concept of "fair market value" (FMV) is highly subjective. In the Commission's rules, fair market value is defined as "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 but acceptable evidence of value." (Commission's Rules, Chapter 3, Section 7(2) (C) (2)) Another widely used definition considers FMV derived when a willing seller offers an item at a price that a willing buyer accepts. The Commission staff analyzed all equipment purchases by publicly funded legislative and gubernatorial candidates in the 2006 election (see Exhibit III), and determined that overall, such items were sold for 40 percent of their purchase price. In addition, the "market" for these items was essentially the candidates, their family members, and their campaign workers. This conclusion is affirmed when one considers the list of buyers of the Woodcock campaign's equipment.

At the same time, the staff does not want to underestimate the difficulty of simply locating a market for used campaign equipment (primarily computers, computer accessories and peripherals). Exhibit IV is a letter from Chris Jackson, the Woodcock campaign manager, who outlines the significant efforts that he made to (1) establish FMV for the items, and (2) to find buyers for them.

The Commission staff has also conducted significant online research to identify resources for establishing FMV. We have found that such resources do exist, frequently on a "fee for service" basis. However, in order to extract the information needed to determine FMV, the user must input precise equipment specifications, e.g., model numbers, disk storage capacity, operating speed, accessories and peripheral equipment, and related information. Current Commission rules do not require candidates to report equipment acquisitions at that level of detail.

*Criteria:* 21-A M.R.S.A. §1126: "The commission shall adopt rules to ensure effective administration of this chapter. These rules must include but not be limited to procedures for ... disposition of equipment purchased with clean election funds and compliance with the Maine Clean Election Act..." Commission Rules, Chapter 3, Section 7(2) (C): "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...."

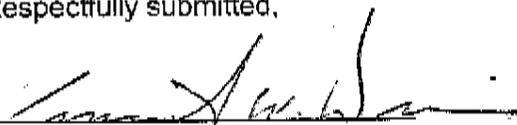
**Gubernatorial Campaign Audit**  
**Candidate: Sen. Chandler Woodcock**  
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*Recommendations:* It is difficult for the Commission staff to accept that the Woodcock campaign could not have sold its campaign equipment – none of which was more than six months old – for more than 25 percent of its purchase value, as they did. At the same time, the staff understands the extreme difficulty of meeting the subjective standard of “fair market value”, and we credit the campaign for the efforts it made to do so. The Commission staff recommends that the Commission consider whether to accept the amount generated by the Woodcock campaign’s sales of equipment items as meeting the FMV requirement, or alternatively, consider requiring the campaign to pay an additional amount more in line with the overall sales results of 40 percent of the purchase price referred to above. In the present case, that would require the Woodcock campaign to remit an additional \$546 to the Commission. Regardless of the Commission’s decision, the Commission staff will continue its attempt to find a more workable solution to guiding candidates toward establishing “fair market value.”

Candidate's Comments

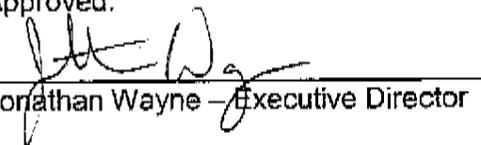
The comments of Attorney Daniel Billings, Counsel to the Woodcock Campaign, are attached.

Respectfully submitted,



Vincent W. Dinan - Staff Auditor

Approved:



Jonathan Wayne - Executive Director

**EXHIBIT I****CHANDLER WOODCOCK CAMPAIGN****Determination of Pro-rated Unit Price Per Money Order and Approximate Total Money Order Fees**

| <b>VENDOR</b> | <b>UNIT PRICE</b> | <b>NO. OF MONEY ORDERS SUBMITTED</b> | <b>TOTAL AMOUNT</b> | <b>PRO-RATED UNIT PRICE</b> |
|---------------|-------------------|--------------------------------------|---------------------|-----------------------------|
| WalMart       | \$0.46            | 154                                  | \$70.84             | \$0.15                      |
| Western Union | \$0.59            | 250                                  | \$147.50            | \$0.32                      |
| USPS          | \$0.95            | 63                                   | \$59.85             | \$0.13                      |
| All Others    |                   | 39                                   |                     |                             |
| Totals        |                   | 506                                  |                     | \$0.60                      |

|                              |                 |
|------------------------------|-----------------|
| Total Money Orders Purchased | 739             |
| Pro-rated unit price         | \$0.60          |
| Approximate total fees       | <u>\$443.40</u> |

**CHANDLER WOODCOCK CAMPAIGN**  
 Analysis of Equipment/Property Sales

| DATE OF PURCHASE | DATE OF SALE | DESCRIPTION OF PROPERTY    | PURCHASE PRICE | SALES PRICE | SALES/PURCHASE | COMMENTS                       |
|------------------|--------------|----------------------------|----------------|-------------|----------------|--------------------------------|
| 6/30/2006        | 12/12/2006   | Computer with monitor      | \$577.49       | \$100.00    | 17.32%         | Sold with software included    |
| 6/30/2006        | 12/12/2006   | Computer with monitor      | \$577.49       | \$100.00    | 17.32%         | Sold with software included    |
| 6/30/2006        | 12/12/2006   | Printer/copier/fax/scanner | \$472.49       | \$150.00    | 31.75%         |                                |
| 8/7/2006         | 12/12/2006   | MS ACCESS Software         | \$230.99       | \$0.00      | 0.00%          | Included in sale of computer   |
| 9/15/2006        | 12/12/2006   | MS ACCESS Software         | \$230.99       | \$0.00      | 0.00%          | Included in sale of computer   |
| 6/30/2006        | 12/12/2006   | MS OFFICE Software         | \$157.49       | \$0.00      | 0.00%          | Included in sale of computer   |
| 6/30/2006        | 12/12/2006   | Router                     | \$120.74       | \$0.00      | 0.00%          | Included in sale of computer   |
| 6/30/2006        | Unsold       | Telephone                  | \$62.49        | \$0.00      | 0.00%          | Not sold at the date of audit  |
| 7/16/2006        | 12/12/2006   | Digital Camera             | \$556.20       | \$200.00    | 35.96%         | Heavy usage - diminished value |
| 6/30/2006        | 12/12/2006   | Laptop Computer            | \$629.99       | \$350.00    | 55.56%         |                                |
| Totals           |              |                            | \$3,616.36     | \$930.00    |                |                                |

2006 PRIMARY AND GENERAL ELECTIONS  
Acquisition and Sale of Campaign Equipment  
MCEA-Funded Candidates  
June 1, 2007

| Candidate           | Purchase Date | Equipment                          | Purchase Price | Date Sold  | Sold To              | Sale Price |
|---------------------|---------------|------------------------------------|----------------|------------|----------------------|------------|
| J. Chipman Beckwith | 6/19/2006     | Microsoft Front Page Software      | \$95.94        | 12/10/2006 | Candidate            | \$50.00    |
| Patricia Blanchette | 8/14/2006     | car cell phone charger             | \$20.99        | 12/14/2006 | Candidate            | \$20.99    |
| Bruce Bryant        | 10/8/2006     | screw gun                          | \$73.49        | 11/13/2006 | Candidate            | \$40.00    |
| Harvey Devane       | 3/8/2006      | Motorola V190 cell phone           | \$120.00       | 7/6/2006   | Candidate            | \$50.00    |
| Christopher Duperry | 4/17/2006     | HP printer                         | \$136.48       | 12/12/2006 | Candidate            | \$85.00    |
| Peter Edgecomb      | 9/14/2006     | computer and monitor               | \$1,058.40     | 12/12/2006 | Candidate            | \$400.00   |
| Chester Garrison    | 8/30/2006     | Microcassette recorder             | \$31.49        | 12/12/2006 | Candidate            | \$12.00    |
| Deborah Gibbs       | 7/25/2006     | printer                            | \$141.74       | 12/14/2006 | Ronald Fraser        | \$45.00    |
| Leonard Greaney     | 11/6/2006     | Black & Decker 14v cordless drill  | \$68.57        | 12/12/2006 | Candidate            | \$15.00    |
| Darren Hall         | 9/18/2006     | sledge hammer                      | \$20.99        | 11/22/2006 | Candidate            | \$25.00    |
| Ryan Harnden        | 7/28/2006     | printer                            | \$71.99        | 12/10/2006 | Candidate            | \$94.07    |
| Richard Holden      | 9/15/2006     | printer                            | \$235.18       | 12/12/2006 | Candidate            | \$1,500.00 |
| Dana Kadey          | 6/17/2006     | Dell computer                      | \$2,928.26     | 11/29/2006 | Lynn Ross            | \$79.79    |
| John Kasten         | 6/17/2006     | Dell all-in-one printer            | \$158.45       | 12/12/2006 | Candidate            | \$70.69    |
|                     | 6/17/2006     | Photoshop Elements & software      | \$138.50       | 12/12/2006 | Candidate            | \$42.96    |
|                     | 10/27/2006    | stamps                             | \$42.96        | 11/6/2006  | M. Kasten            | \$6.27     |
|                     | 10/27/2006    | paintbrush                         | \$6.27         | 11/6/2006  | M. Kasten            | \$80.00    |
| Robert Learnard     | 10/19/2006    | copier                             | \$144.85       | 12/12/2006 | Madawaska Dem. Party | \$100.00   |
| Patricia LaMarche   | 6/5/2006      | Cannon digital camera              | \$183.91       | 11/15/2006 | Blair Bobier         |            |
|                     | 6/8/2006      | 4-Sony Ericsson Go-phones          | \$335.96       | NOT SOLD   |                      |            |
|                     | 7/6/2006      | Motorola Voice Terminal            | \$100.00       | NOT SOLD   |                      |            |
|                     | 6/13/2006     | Gateway Notebook Computer          | \$1,089.97     | 12/14/2006 | Candidate            | \$330.00   |
|                     | 6/13/2006     | Cannon Inkjet printer              | \$49.99        | 12/14/2006 | Candidate            | \$300.00   |
|                     | 7/5/2006      | Laptop Computer                    | \$1,195.54     | 12/14/2006 | Candidate            | \$100.00   |
|                     | 9/5/2006      | cell phone & accessories           | \$188.96       | 12/4/2006  | Candidate            | \$1.00     |
|                     | 4/19/2006     | web page software                  | \$104.09       | 11/30/2006 | Candidate            | \$30.00    |
|                     | 10/2/2006     | Microsoft Office                   | \$149.00       | 12/2/2006  | Dick Dyer            | \$40.00    |
|                     | 9/28/2006     | Office Chair                       | \$94.48        | 12/12/2006 | Candidate            | \$20.00    |
|                     | 10/24/2006    | 6-foot table                       | \$47.08        | 12/2/2006  | Jim Webster          | \$10.00    |
|                     | 9/28/2006     | White Board                        | \$41.99        | 12/12/2006 | Candidate            | \$7.00     |
|                     | 9/29/2006     | 2- erasable wall calendars         | \$40.70        | 12/12/2006 | Beryl Leach          | \$5.00     |
|                     | 9/29/2006     | Desk lamp                          | \$13.64        | 12/12/2006 | Candidate            | \$5.00     |
|                     | 9/29/2006     | Bulletin board                     | \$15.74        | 12/12/2006 | Candidate            | \$5.00     |
|                     | 9/29/2006     | 7- outlet power strip              | \$15.75        | 12/12/2006 | Candidate            | \$5.00     |
|                     | 9/28/2006     | Logitech mouse                     | \$20.98        | 12/12/2006 | Beryl Leach          | \$5.00     |
|                     | 9/28/2006     | PC keyboard                        | \$16.79        | 12/12/2006 | Beryl Leach          | \$5.00     |
|                     | 10/26/2006    | Headphone for Nokia cell phone     | \$20.99        | 12/12/2006 | Beryl Leach          | \$3.00     |
|                     | 10/26/2006    | LCD cell charger                   | \$18.89        | 12/12/2006 | Beryl Leach          | \$5.00     |
|                     | 10/30/2006    | AT&T cell earphone                 | \$41.98        | 12/12/2006 | Beryl Leach          | \$20.00    |
|                     | 10/30/2006    | USB Parallel port cable            | \$93.16        | 12/2/2006  | Jim Webster          | \$40.00    |
|                     | 5/29/2006     | Display canopy                     | \$293.99       | 12/3/2006  | Jim Webster          | \$100.00   |
|                     | 6/17/2006     | Microsoft Office Pro 2003 software | \$83.99        | 12/12/2006 | Dick Dyer            | \$30.00    |
|                     | 6/23/2006     | L-shaped desk                      | \$141.73       | 12/12/2006 | Candidate            | \$35.00    |
|                     | 6/23/2006     | HP computer monitor                | \$359.09       | 12/12/2006 | Candidate            | \$180.00   |
|                     | 6/23/2006     | Compag CPU                         | \$52.48        | 12/12/2006 | Candidate            | \$25.00    |
|                     | 6/23/2006     | 8 port ethernet                    | \$419.98       | 12/3/2006  | Jim Webster          | \$200.00   |
|                     | 6/20/2006     | HP all-in-one fax/copy/printer     | \$104.98       | 12/12/2006 | Candidate            | \$50.00    |
|                     | 12/1/2006     | Meigear Rangemax                   |                |            |                      |            |

**2008 PRIMARY AND GENERAL ELECTIONS**  
**Acquisition and Sale of Campaign Equipment**  
**MCEA-Funded Candidates**  
**June 1, 2007**

| Candidate           | Purchase Date | Equipment                  | Purchase Price     | Date Sold          | Sold To          | Sale Price        |
|---------------------|---------------|----------------------------|--------------------|--------------------|------------------|-------------------|
|                     | 6/20/2006     | RCA 4-line phone           | \$104.98           | 12/12/2006         | Candidate        | \$40.00           |
|                     | 6/20/2006     | AT&T 2-line phone          | \$262.49           | 12/12/2006         | Candidate        | \$100.00          |
|                     | 7/18/2006     | Avertec laptop computer    | \$892.48           | 12/12/2006         | Candidate        | \$450.00          |
|                     | 7/18/2006     | 2 port adaptor             | \$62.98            | 12/12/2006         | Candidate        | \$20.00           |
|                     | 6/23/2006     | VOIP 2 port adaptor        | \$41.98            | 12/12/2006         | Candidate        | \$10.00           |
|                     | 6/23/2006     | Uniden phone               | \$28.34            | 12/12/2006         | Candidate        | \$10.00           |
|                     | 6/23/2006     | USB jump drive             | \$31.48            | 12/12/2006         | Candidate        | \$10.00           |
|                     | 6/23/2006     | USB jump drive             | \$34.18            | 12/12/2006         | Candidate        | \$10.00           |
|                     | 6/25/2006     | 2 poster frames            | \$49.58            | 12/12/2006         | Candidate        | \$20.00           |
|                     | 7/18/2006     | 7-outlet power strip       | \$15.74            | 12/12/2006         | Candidate        | \$5.00            |
|                     | 7/18/2006     | White Board                | \$41.99            | 12/12/2006         | Candidate        | \$10.00           |
|                     | 7/18/2006     | Uniden phone               | \$41.98            | 12/12/2006         | Candidate        | \$15.00           |
|                     | 10/18/2006    | Cordless phone             | \$148.97           | 12/12/2006         | Candidate        | \$75.00           |
| John Nutting        | 8/18/2006     | HP photosmart printer      | \$185.82           | 12/12/2006         | Candidate        | \$125.00          |
| David Partridge     | 9/8/2006      | screw gun                  | \$129.59           | 12/12/2006         | Candidate        | \$65.00           |
| John Patrick        | 6/28/2006     | printer                    | \$149.99           | 12/12/2006         | Candidate        | \$75.00           |
| Joseph Perry        | 7/21/2006     | Laptop computer            | \$503.99           | 12/12/2006         | Candidate        | \$300.00          |
|                     | 9/5/2006      | cordless keyboard & mouse  | \$69.99            | 12/12/2006         | Candidate        | \$35.00           |
| Joyce Perry         | 3/19/2006     | Hand held voice recorder   | \$69.80            | 7/18/2006          | Courtney Lewigne | \$40.00           |
| Larry Poulin        | 9/16/2006     | Software                   | \$89.99            | 12/12/2006         | Candidate        | \$30.00           |
|                     | 10/28/2006    | Dill                       | \$41.97            | 12/12/2006         | Candidate        | \$40.00           |
|                     | 6/16/2006     | tax machine                | \$36.35            | 12/12/2006         | Candidate        | \$36.35           |
| Brian Rinas         | 6/16/2006     | stapler                    | \$21.00            | 12/12/2006         | Candidate        | \$21.00           |
|                     | 2/13/2006     | copier                     | \$299.98           | 12/10/2006         | Candidate        | \$185.00          |
| Elizabeth Schneider | 9/29/2006     | desk stapler               | \$22.97            | 11/24/2006         | Candidate        | \$22.97           |
| Donald Shepley      | 1/11/2006     | stamps                     | \$163.00           | 12/12/2006         | MCEA             | \$168.00          |
| Ruth-Marie Spellman | 3/31/2006     | cell phone                 | \$169.27           | 12/12/2006         | Candidate        | \$45.00           |
| Charles Theriault   | 5/25/2006     | Computer Monitor           | \$199.00           | 6/25/2006          | Candidate        | \$90.00           |
| Joanne Twomey       | 7/16/2006     | digital camera             | \$556.20           | 12/12/2006         | Chris Jackson    | \$200.00          |
| Chandler Woodcock   | 6/30/2006     | computer with monitor      | \$577.49           | 12/12/2006         | Bob Emrich       | \$100.00          |
|                     | 6/30/2006     | Laptop computer            | \$629.98           | 12/12/2006         | Trevor Bragdon   | \$350.00          |
|                     | 6/30/2006     | Router                     | \$120.74           | NOT SOLD           |                  |                   |
|                     | 6/30/2006     | printer/copier/fax/scanner | \$472.49           | 12/12/2006         | Bob Emrich       | \$150.00          |
|                     | 6/30/2006     | computer with monitor      | \$57.49            | 12/12/2006         | Bob Emrich       | \$100.00          |
|                     | 6/30/2006     | computer software          | \$157.49           | SOLD WITH COMPUTER |                  |                   |
|                     | 6/30/2006     | telephone                  | \$62.49            | NOT SOLD           |                  |                   |
|                     | 8/7/2006      | computer software          | \$230.99           | SOLD WITH COMPUTER |                  |                   |
|                     | 9/15/2006     | computer software          | \$230.99           | SOLD WITH COMPUTER |                  |                   |
|                     |               |                            | <u>\$18,369.13</u> |                    |                  | <u>\$7,331.09</u> |
|                     |               |                            |                    | Sales Price/Cost   |                  | 40%               |

**EXHIBIT IV**  
**Chandler Woodcock Audit**  
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June 15, 2007

Vincent Dinan, Staff Auditor  
Maine Commission on Governmental Ethics & Election Practices  
135 State House Station  
Augusta, Maine 04333

Re: Fair Market Value of Woodcock for Governor Campaign Equipment

Dear Mr. Dinan,

I have been asked, as manager of the Woodcock for Governor Campaign, to provide information regarding "fair market value" of the equipment that was sold when the gubernatorial campaign ended in 2006.

It was my responsibility to sell the equipment we purchased and return the money to the Maine Clean Election Fund. Determining "fair market value" for this equipment is not an exact science, but I made an honest effort to get a reasonable price for it.

For the purposes of the audit, we purchased two EMachine desktop computers, a printer/scanner/fax, a laptop computer and a digital camera, as well as three office telephones.

There were other miscellaneous purchases in conjunction with these items, such as software, routers, cables, etc. I did not consider trying to sell items used. Therefore, most if not all of it was included with the sale of the computers.

The digital camera was purchased for \$556.20. I contacted the Photo Market in Portland to determine a fair price for the camera. I was told \$200. They would give me a more accurate price if I were willing to bring the camera in so they could look at it. The additional service cost \$40, so I declined and purchased the camera myself (for \$200).

The laptop computer was purchased for \$629.99. I took the computer to Capitol Computers in Augusta. They offered to purchase the computer for \$350. I sold it to a colleague instead, for the same price.

The desktop computers were purchased for approximately \$550 each. These EMachines are mass market computers. I asked a colleague to research the resale value of the computers. He visited several businesses, including Computer Renaissance in Bangor, and Capitol Computers in Augusta. We were actually told by at least one party that there was no market for this equipment used. I settled on \$100 for each machine, including software. I also included the router in this transaction, as I deemed any benefit from researching fair market value for a 6-month-old router to be marginal, at best.

**EXHIBIT IV**  
**Chandler Woodcock Audit**  
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A printer/copier/scanner/fax was purchased for approximately \$450. By the time the campaign ended, the machine had a scored drum and was in need of repair. Repairing the drum would have meant an additional expense. Several businesses told us that they had no interest in it. I sold it for \$150, which was more than I could have honestly expected for it.

I have a telephone in storage that has not been sold. The Ethics Commission is welcome to it.

Although it is not an unreasonable expectation for publicly funded campaigns, liquidating this equipment was burdensome. It required a considerable amount of time and energy on my part after the campaign ended, without compensation. As I stated, I made an honest attempt at getting a reasonable amount of money back to the Clean Election Fund from this equipment. I have given this information to the Commission over the phone, via email, in person and now, by letter.

I hope this settles the matter.

Sincerely,

Chris Jackson, Campaign Manager  
Woodcock for Governor

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**MARDEN, DUBORD,  
BERNIER & STEVENS**

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ATTORNEYS AT LAW

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July 30, 2007

Vincent W. Dinan, Commission Auditor  
Maine Commission on Governmental Ethics & Election Practices  
135 State House Station  
Augusta, ME 04333-0135

**RE: Draft Audit Report – Woodcock for Governor**

Dear Mr. Dinan:

I am writing on behalf of Chandler Woodcock and Woodcock for Governor in response to the draft audit report dated July 20, 2007.

The campaign is in agreement with Findings No. 1 and 2 in the report. There were problems with the tracking and reporting of money orders and related seed money expenditures during the qualifying period. At that time, the campaign was being operated entirely by volunteers and there were literally dozens of people involved in the qualifying process. The involvement of so many people at a time that the campaign had no paid staff resulted in the problems noted in the report. However, it is important to note that the accounting problems did not involve any public funds and involved a relatively small amount of money. The Commission should also be aware that the campaign self reported the problem to Commission staff before the start of the audit.

The campaign strongly disagrees with Finding No. 3 of the audit report. In a letter dated June 15, 2007, Chris Jackson, who was Campaign Manager for Woodcock for Governor, detailed his efforts to obtain fair market value for the equipment in question. The campaign purchased inexpensive, mass market items which depreciate quickly. Mr. Jackson went to great lengths to find a market for the equipment and found that there was little or no market for the items in question. The campaign should not be expected to create a market when one does not exist.

Your analysis of the sales of equipment by other campaigns noted that the market for such equipment was essentially the candidates, their families, and their campaign workers. This indicates to me that there was not actually any market for the equipment. The people involved in those campaigns simply paid a price that they thought was reasonable in an attempt to meet their obligations as Clean Elections Act. I do not think you can use those figures as an indication of market value. What Woodcock for Governor did was try to find a market for the items outside of those involved in the campaign and found that no market

**ATTACHMENT**  
**C. Woodcock Campaign Audit**  
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Vincent W. Dinan, Commission Auditor  
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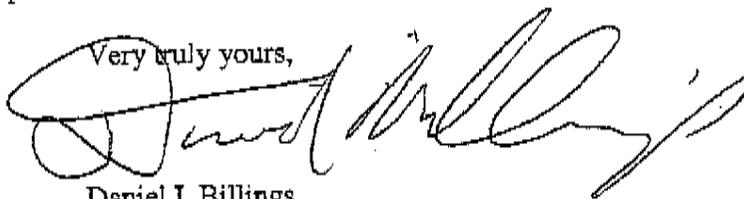
existed. Those involved in the Woodcock for Governor campaign or the candidate should not be expected to pay more simply because that was what was done by other campaigns.

Your report also includes no information related to any of the specific items sold by Woodcock for Governor to indicate what the market value was for any of those items. To conclude that the items sold by Woodcock for Governor were sold for less than fair market value, evidence would need to be presented concerning the actual fair market value of those items.

The Commission should also consider the policy implications of endorsement of the standard you have applied to the sale of equipment by the Woodcock for Governor. If the unreasonable standard you have applied is endorsed by the Commission, the message that will be sent to future candidates using Clean Elections funds will be that they should lease computer equipment instead of buying equipment. If the equipment is leased in a commercial transaction, there will be no basis to question the transaction or to suggest a violation by the campaign. However, the end result will be a greater expense for the campaign and no funds being returned to the Clean Elections Fund from the sale of equipment. That would be an unfortunate result.

Please let me know when the Commission will consider the audit report. Chris Jackson and I would like to be present to address the report.

Very truly yours,



Daniel I. Billings

## Title 21-A, §1125, Terms of participation

**8. Amount of fund distribution.** By July 1, 1999 of the effective date of this Act, and at least every 4 years after that date, the commission shall determine the amount of funds to be distributed to participating candidates based on the type of election and office as follows.

A. For contested legislative primary elections, the amount of revenues to be distributed is the average amount of campaign expenditures made by each candidate during all contested primary election races for the immediately preceding 2 primary elections, as reported in the initial filing period subsequent to the primary election, for the respective offices of State Senate and State House of Representatives. [2003, c. 453, §1 (amd).]

B. For uncontested legislative primary elections, the amount of revenues distributed is the average amount of campaign expenditures made by each candidate during all uncontested primary election races for the immediately preceding 2 primary elections, as reported in the initial filing period subsequent to the primary election, for the respective offices of State Senate and State House of Representatives. [2003, c. 453, §1 (amd).]

C. For contested legislative general elections, the amount of revenues distributed is the average amount of campaign expenditures made by each candidate during all contested general election races for the immediately preceding 2 general elections, as reported in the initial filing period subsequent to the general election, for the respective offices of State Senate and State House of Representatives. [2003, c. 688, Pt. A, §21 (amd).]

D. For uncontested legislative general elections, the amount of revenues to be distributed from the fund is 40% of the amount distributed to a participating candidate in a contested general election. [2003, c. 453, §1 (amd).]

E. For gubernatorial primary elections, the amount of revenues distributed is \$200,000 per candidate in the primary election. [2003, c. 453, §1 (new).]

F. For gubernatorial general elections, the amount of revenues distributed is \$400,000 per candidate in the general election. [2003, c. 453, §1 (new).]

If the immediately preceding election cycles do not contain sufficient electoral data, the commission shall use information from the most recent applicable elections.

[2003, c. 688, Pt. A, §21 (amd).]

**9. Matching funds.** When any campaign, finance or election report shows that the sum of a candidate's expenditures or obligations, or funds raised or borrowed, whichever is greater, alone or in conjunction with independent expenditures reported under section 1019-B, exceeds the distribution amount under subsection 8, the commission shall issue immediately to any opposing Maine Clean Election Act candidate an additional amount equivalent to the reported excess. Matching funds are limited to 2 times the amount originally distributed under subsection 8, paragraph A, C, E or F, whichever is applicable. [2003, c. 688, Pt. A, §22 (rpr).]

**10. Candidate not enrolled in a party.** An unenrolled candidate certified by April 15th preceding the primary election is eligible for revenues from the fund in the same amounts and at the same time as an uncontested primary election candidate and a general election candidate as specified in subsections 7 and 8. For an unenrolled candidate not certified by April 15th at 5:00 p.m. the deadline for filing qualifying contributions is 5:00 p.m. on June 2nd preceding the general election. An unenrolled candidate certified after April 15th at 5:00 p.m. is eligible for revenues from the fund in the same amounts as a general election candidate, as specified in subsections 7 and 8. [2001, c. 465, §6 (amd).]

**11. Other procedures.** The commission shall establish by rule procedures for qualification, certification, disbursement of fund revenues and return of unspent fund revenues for races involving special elections, recounts, vacancies, withdrawals or replacement candidates. [IB 1995, c. 1, §17 (new).]

**12. Reporting; unspent revenue.** Notwithstanding any other provision of law, participating and certified candidates shall report any money collected, all campaign expenditures, obligations and related activities to the commission according to procedures developed by the commission. Upon the filing of a final report for any primary election in which the candidate was defeated and for all general elections that candidate shall return all unspent fund revenues to the commission. In developing these procedures, the commission shall utilize existing campaign reporting procedures whenever practicable. The commission shall ensure timely public access to campaign finance data and may utilize electronic means of reporting and storing information. [IB 1995, c. 1, §17 (new).]

## Title 21-A, §1126, Commission to adopt rules

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### §1126. Commission to adopt rules

\* The commission shall adopt rules to ensure effective administration of this chapter. These rules must include but must not be limited to procedures for obtaining qualifying contributions, certification as a Maine Clean Election Act candidate, circumstances involving special elections, vacancies, recounts, withdrawals or replacements, collection of revenues for the fund, distribution of fund revenue to certified candidates, return of unspent fund disbursements, disposition of equipment purchased with clean election funds and compliance with the Maine Clean Election Act. Rules of the commission required by this section are major substantive rules as defined in Title 5, chapter 375, subchapter II-A. [2001, c. 465, §7 (amd).]

IB 1995, Ch. 1, §17 (NEW).

PL 2001, Ch. 465, §7 (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