

Agenda

Item #3



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

To: Commission Members

From: Jonathan Wayne, Executive Director

Date: August 28, 2009

Re: Update on Maine Leads' Investigation for September 8, 2009 Meeting

This memo is to update you regarding the investigation of Maine Leads for purposes of your September 8, 2009 meeting at which you will hear sworn testimony of Maine Leads' Executive Director, Roy Lenardson.

INVESTIGATION TO DATE

Initiation of this Matter

Deborah Hutton and her counsel, Benjamin K. Grant, submitted three letters to the Ethics Commission dated April 24, May 20 and 22, 2009 requesting that the Commission investigate whether Maine Leads qualifies as a political action committee (PAC) based on its financial activity in 2007 and 2008 to promote three citizen initiatives. Two of these initiatives will be on the November 3, 2009 statewide ballot: An Act to Provide Tax Relief (TABOR II) and An Act to Decrease the Automobile Excise Tax and Promote Energy Efficiency. The third question (An Act to Expand Affordable Health Insurance Choices in Maine) will not be on the ballot, because its proponents did not obtain sufficient signatures on petitions. Maine Leads is a public policy advocacy organization based in Maine. (Correspondence sent to the Commission before your May 28, 2009

meeting from the attorneys for Ms. Hutton and Maine Leads are attached to this memo as pages 43-64.)

Ms. Hutton states that Maine Leads qualifies as a PAC because it provided most of the funding for the gathering of signatures for petitions in support of the three citizen initiatives. Without this funding, she contends, none of the citizen initiatives would be on the ballot this November. She argues that, by not registering and reporting as a PAC, Maine Leads has concealed from the public the true source of the initiation of these ballot questions. She argues that this would be a bad precedent for campaign finance reporting in Maine.

Although it was not raised by Ms. Hutton, the Commission staff believes it is advisable for the Commission to consider an additional compliance question: if Maine Leads does not qualify as a PAC due to its major purpose, was it required to file campaign finance reports with the Commission as a ballot question committee under 21-A M.R.S.A. § 1056-B? This is a different filer status for organizations which do not have as their major purpose influencing elections, but which spend money to initiate, promote, or defeat a ballot question.

Investigation

At your meeting on May 28, 2009, you directed the Commission staff to begin an investigation regarding whether Maine Leads has violated Maine campaign finance laws by operating as an unregistered political action committee (PAC) or by not filing

campaign finance reports as a ballot question committee. Following your May 28th meeting, the investigation has included the following:

- On June 19, 2009, the Commission staff mailed to Maine Leads' attorney, Daniel I. Billings, a letter requesting information under oath from Maine Leads. [pages 65-77] The Commission staff enclosed a subpoena for records with the letter. Mr. Billings accepted service of the subpoena on behalf of Maine Leads.
- On June 30, 2009, Mr. Billings sent a letter objecting to the scope of the subpoena and requesting a modification to limit its scope. On July 2, 2009, however, after reviewing the documents in Maine Leads' possession, Mr. Billings sent another letter stating that he did not believe it was necessary for the Commission to consider Maine Leads' objections to the subpoena, because Maine Leads wished to voluntarily produce all documents covered by the subpoena. [pages 79-81]
- On July 24, 2009, Mr. Billings provided a cover letter and unsigned affidavit from Roy Lenardson, who, I believe, was out of state and unavailable to sign the affidavit. [pages 82-89] Attached to the affidavit were three documents: the initial funding proposal that Maine Leads made to the National Tax Committee in fall 2007, a summary of Maine Leads' activities since the organization's formation, and a copy of Maine Leads' tax return (Form 990-EZ). [pages 90-110] According to Mr. Billings, the Form 990-EZ covers the period of October 1, 2007 to December 31, 2008. Mr. Lenardson came to the Commission's office on

July 29, 2009 to sign the affidavit, so it will be referred to below as the 7/29/2009 Affidavit.

- On August 5, 2009, the Commission staff mailed to Maine Leads a request for additional information, along with a request for legal briefing and testimony from Roy Lenardson. [pages 111-13] The following day, the Commission requested information from Pioneer Group (the company that gathered petition signatures) through its owner, Trevor Bragdon. [pages 120-21]
- On August 18, 2009, Roy Lenardson hand-delivered a second affidavit to the Commission containing his responses to my August 5 letter. [pages 116-19] That same day, Mr. Bragdon provided an affidavit. [pages 120-21]

Maine Leads has been cooperative in responding to the requests of the Commission staff, even with respect to information that would not normally be disclosed to the public within campaign finance reports (*e.g.*, a description of non-electoral activities, information about the organization's budget and 2007 fundraising).

September 8, 2009 Meeting

With regard to the testimony of Roy Lenardson at your September 8 meeting, the Commission staff proposes that the topics for testimony would include (but not be limited to):

- the major purpose and activities of Maine Leads,

- did Maine Leads solicit contributions in the fall of 2007 for the purpose of initiating or promoting ballot questions?
- what expenditures has Maine Leads made to initiate or promote citizen initiatives?

After consulting with the Commission Chair, the staff tentatively proposes that the Commission's Counsel and I would conduct the primary examination of Mr. Lenardson, and Commissioners would ask questions if they want to pursue certain lines of inquiry themselves or if they wanted to follow up with their own questions. We are happy to proceed in any other way that you think appropriate.

Under the Commission's rules, the members of the Commission control any investigation. (Ch. 1, § 5(2)) On September 8, 2009, the Commission staff would be pleased to receive any further direction you would like to make regarding the completion of the investigation. Absent any contrary direction from you, the Commission staff would recommend the following process for the investigation after the September 8, 2009 meeting:

- the Commission staff would quickly complete a memorandum summarizing factual information gathered to date and providing a legal analysis and staff recommendation to the Commissioners;
- Maine Leads and Deborah Hutton would be permitted to submit any final legal argument by a deadline during the week of September 14, 2009 (it may be fair to have staggered deadlines so that Maine Leads can respond to any final argument by Ms. Hutton); and
- at your meeting on October 1, you would make a final determination on whether Maine Leads qualified as a political action committee or was required to file campaign finance reports under § 1056-B.

RELEVANT LAW

Although not stated explicitly in statute, the apparent purpose of Maine's campaign finance law pertaining to PACs (Title 21-A, Chapter 13, Subchapter IV) is to provide the public with an understanding of (1) how organizations are spending money to initiate, promote, or defeat candidate elections and ballot question elections in Maine, and (2) who is funding those organizations' electoral activities. With respect to ballot questions, there are two types of filers which may be required to submit campaign finance reports to the Commission: PACs and ballot question committees.

The information reported by PACs and ballot question committees is very similar. As an example, I have attached some selected pages from a campaign finance report filed in July 2009 by the Stand for Marriage Maine PAC, so that you can understand the type of information that is included in a campaign finance report. [pages 21-24]

Requirement to Register and File Reports as a PAC

Ms. Hutton contends in her counsel's May 20 letter that Maine Leads qualifies as a PAC under the definition of that term (21-A M.R.S.A. § 1052(5)(A)(4)) that was applicable on November 15, 2007 when Maine Leads made \$75,000 in contributions to three PACs for purposes of funding the collection of signatures on petitions. The PAC definition that applied at that time (21-A M.R.S.A. § 1052(5)) contained four subparagraphs (A)(1) -

(4). An organization could qualify as a PAC under one or more of those subparagraphs.¹

In my opinion, two of those subparagraphs are most relevant to the facts of this case:

§ 1052(5)(A)(3) (<i>applied before 6/30/08</i>)	§ 1052(5)(A)(4) (<i>applied before 6/30/08</i>)
<p>The organization has as its major purpose advocating the passage or defeat of a ballot question, <u>and</u></p> <p>That makes expenditures other than by contribution to a PAC, for the initiation, promotion or defeat of any question</p>	<p>The organization has as its major purpose advocating the passage or defeat of a ballot question, <u>and</u></p> <p>solicits funds from members or nonmembers to initiate or promote an initiated petition, including the collection of signatures, <u>and</u></p> <p>spends more than \$1,500 to initiate or promote an initiated petition, including the collection of signatures</p>

During the 2008 session, the Maine Legislature amended and simplified the PAC definition (21-A M.R.S.A. § 1052(5)(A)). The amended definition took effect on June 30, 2008.² I have attached both versions of the provision (labeled “before 6/30/08” and “current law”). The staff tentatively recommends applying the law that applied *prior to June 30, 2008* because that is when most of the relevant financial activity occurred. For purposes of this memo, however, we have not conferred with the Commission’s Counsel regarding this recommendation.

¹ As described below, during the investigation Maine Leads has disclosed that it paid \$160,500 *directly to Pioneer Group* for collection of signatures on petitions for the citizen initiatives. Since it appears Maine Leads has made expenditures to initiate citizen initiatives other than by contribution to a PAC, it may now be Ms. Hutton’s current contention that Maine Leads *also* qualifies as a PAC under paragraph 5(A)(3). A third paragraph (5(A)(2)) could be relevant, but it contains an undefined term “funding and transfer mechanism.” Because of the vagueness of this definition, the staff recommends against relying on it for purposes of determining whether Maine Leads was a PAC.

² In case you believe it is relevant, I have attached Chapter 477 of the Public Laws of 2007, which made the amendments.

Alternative Reporting Requirement – Ballot Question Committees

In 2000, the Legislature created an alternative reporting requirement for organizations *other than PACs* that raised or spent more than \$1,500 to initiate, promote, defeat or influence in any way a ballot question. (21-A M.R.S.A. § 1056-B) Thus, if the major purpose of an organization is *not* influencing ballot questions, it may still be required to file campaign finance reports under Section 1056-B if it received contributions or made expenditures (other than by contribution to a PAC) aggregating more than \$1,500 for the purpose of initiating or promoting a ballot question.

<i>§ 1056-B (applied before 6/30/08)</i>
The organization
Solicits and receives contributions in excess of \$1,500 for the purpose of initiating or promoting a ballot question,
<u>or</u>
Makes expenditures in excess of \$1,500 – other than by contribution to a PAC – for the purpose of initiating or promoting a ballot question

If the Commission determines that the major purpose of Maine Leads was *not* to initiate or promote a ballot question, it may be worth considering whether Maine Leads is required to file campaign finance reports under Section 1056-B.

In 2008, this reporting requirement was amended by Chapter 477 (P.L. 2007) to increase the reporting threshold to \$5,000 and to introduce a new term for this type of campaign finance filer (“ballot question committee”). For purposes of convenience, the staff will

refer to organizations required to file these reports as ballot question committees, even though the term was introduced into the statute in June 30, 2008.

FACTUAL BACKGROUND

Maine Leads' Purpose and Activities

One principal factual question before the Commission is whether the “major purpose” of Maine Leads was to initiate or promote the three ballot questions. In my view, this question is largely determinative of whether Maine Leads is a PAC.

Maine Leads was formed as a corporation in Maine on October 18, 2007. It is a tax-exempt charitable organization under Section 501(c)(4) of the Internal Revenue Code.

The Maine Leads website lists three individuals as its staff, although it appears that they were not full-time employees at all times during late 2007 and 2008:

- Roy Lenardson, Executive Director
- Trevor Bragdon, Grassroots Director
- Chris Cinquemani, Communications Director.

Maine Leads' Purpose – as described by the organization. In my June 19, 2009 request for information, I asked Maine Leads to provide any mission statement(s) for the organization. The response was: “The purpose of Maine Leads is to achieve future prosperity. We empower citizens to fight for lower taxes, government transparency, and economic freedom.” (Lenardson 7/29/09 Affidavit, Answer # 2) [page 84]

In a separate question, I also asked Maine Leads to state the purpose for which the organization was formed. The response referred the Commission staff to the initial funding proposal “that describes the purpose for which Maine Leads was formed.” (Lenardson 7/29/09 Affidavit, Answer # 1) [page 84] Although the initial funding proposal does not explicitly identify a single purpose for the organization, the following text seems close to a statement of purpose for the organization:

Maine Leads is a bold new organization actively promoting responsible fiscal policies, government accountability, and effective citizen activism. The goal of Maine Leads is simple; empower citizens and pressure government to finally create tax relief and future prosperity for Maine. [page 90]

In Mr. Billings’ August 25 letter [pages 127-33], he addresses the question of major purpose by referring to the Commission’s December 20, 2006 decision that the Maine Heritage Policy Center was not a PAC:

[A] majority of the Commission agreed that a determination of an organization’s major pupose should be made by looking at why an organization was formed and why the organization continues to exist. In describing an organization’s major purpose, Commissioner Friedman described major purpose as “the underlying reason for [the] entity to be in existence” or “the overriding purpose for its being.” Maine Ethics Commission, In the Matter of: Maine Heritage Policy Center, December 20, 2006 at pp. 226-27. . . .

Whether Maine Leads qualifies as a PAC under either definition is ultimately a mixed question of fact and law. Maine Leads has presented affidavits and supporting documents which support the conclusion that the organization’s major purpose was not “advocating the passage or defeat of a ballot question.” Roy Lenardson will be present at the Commission’s September 2, 2009 meeting and will be prepared to answer additional questions regarding the organization’s major purpose. In my opinion, the best evidence available to determine Maine Leads’ major purpose is the initial funding proposal for Maine Leads that was prepared in 2007 This proposal is significant because it was not prepared as a result of this investigation and specifically describes the reasons advanced for funding the organization [Billings 8/25/09 Letter, at 2-3, pages 128-29]

Deborah Hutton's argument regarding the major purpose of Maine Leads [pages 122-26] is summarized below in this memo.

Maine Leads' Activities – as described by the organization

In request # 3 of my June 19, 2009 letter, I asked Maine Leads to describe the organization's most significant activities for the period of October 1, 2007 through December 31, 2008. Maine Leads responded by attaching a document entitled "Maine Leads Activities." [pages 96-101] The summary consists of bullet-point descriptions of the organization's accomplishments within eight categories of activities: Health Care; Transparency/Accountability; Economy/Taxes; Energy; Candidate/Activist Training; Testimony/Lobbying; Coalition Building and Outreach; and Miscellaneous. Presumably, citizen initiatives would be a ninth category of activity. In addition, Maine Leads lists 22 news articles and press releases that relate to its activities.

In request #5 of my June 19, 2009 letter, I asked Maine Leads to provide a percentage breakdown of expenditures and staff time for the organization's major activities. Maine Leads stated that it could not provide a breakdown of expenditures, because its "accounting was not set up to track expenditures in such a manner" Lenardson 7/29/09 Affidavit, Answer #5A. [page 85]

In its answer to request 5B, Maine Leads did provide a chart that included a breakdown of *staff time* by activity. [page 85] The organization states that the largest category of staff time was Transparency/Accountability at 25%. The next three largest categories

(15% each) were Economy/Taxes; Candidate Training; and Coalition Building and Outreach. Maine Leads states that the category of “Initiative Related” amounted to 4% of staff time.

Expenditures by Maine Leads to Initiate or Promote the Three Ballot Questions

In request #7 of my June 19, 2009 letter, I asked Maine Leads to state whether it had made any expenditures to initiate or promote a citizen initiative during the period of October 1, 2007 to December 31, 2008. Maine Leads responded:

- it made three contributions of \$25,000 each to the three PACs that supported signature gathering for the citizen initiatives,
- *in addition*, it paid \$160,500 directly to Pioneer Group for the collection of signatures on the three initiative petitions, and
- it paid staff wages and benefits for initiative-related activities totaling \$4,948.96.

Maine Leads' Contributions to PACs

Three PACs were formed in August and September 2007 to promote the three citizen initiatives. (shown on the chart on the next page). On November 15, 2007 (roughly one month after it incorporated), Maine Leads made three \$25,000 contributions to the PACs, for a total of \$75,000. These contributions were reported by the PACs, so the public and political activists following this issue were aware of this financial activity.

Each of the PACs then paid roughly \$25,000 - \$30,000 to Pioneer Group, Inc., which is the consulting firm solely owned by Trevor Bragdon. The total received by Pioneer Group from the PACs was \$81,704.

Name of Original PAC	Ballot question Supported	Total Contributions received by the Original PAC	% of Contributions to Original PAC Provided by Maine Leads	Name of Successor PAC
Citizens for a Prosperous Maine PAC	An Act to Provide Tax Relief (TABOR II)	\$41,554	60.2%	TABOR Now PAC
Road to a Cleaner Maine PAC	An Act to Decrease the Automobile Excise Tax and Promote Energy Efficiency	\$25,072	99.7%	More Green Now PAC
Affordable Health Care Choices for Maine PAC	An Act to Expand Affordable Health Insurance Choices in Maine	\$33,305	75.3%	Health Care Choices NOW PAC

I have attached a chart to this memo showing the flow of money from Maine Leads through the three PACs. As indicated in the flow chart, the three staff members of the Maine Leads (Roy Lenardson, Trevor Bragdon, and Chris Cinquemani) were the principal decision-makers or fundraisers for two of the three PACs.

On November 3 and 6, 2008, the PACs submitted the initiative petitions to the Secretary of State. That office determined that the petitions for the excise tax initiative and TABOR II had sufficient signatures.

Maine Leads' Direct Payments Pioneer Group (Unreported)

Roy Lenardson disclosed in his July 29 Affidavit that Maine Leads paid Pioneer Group \$160,500 directly for the collection of signatures on the three initiative petitions. These payments were *in addition* to the \$75,000 that Maine Leads contributed to the PACs.

Thus, the total funding that Pioneer Group received from Maine Leads (both directly and indirectly through the PACs) was \$235,500.

These \$160,500 in payments to Pioneer Groups are expenditures made for the purpose of initiating or promoting ballot questions. Regrettably, these payments of \$160,500 have never appeared on any campaign finance report submitted to the Commission. If it were not for Ms. Hutton's request for an investigation, the public would not have been aware of these expenditures made to enact very significant legislation.

In his August 18, 2009 response, Mr. Lenardson provided an itemization of the dates and amounts of the payments totaling \$160,000. [page 118] The first payment to Pioneer Group was made on November 5, 2007 in the amount of \$65,000. (This was 10 days before the three PACs reported receiving contributions of \$25,000 each.) Maine Leads has not volunteered why these funds were not contributed to the three PACs, which had been established for the purpose of initiating or promoting the three citizen initiatives. Most of these \$160,500 in payments were made before June 30, 2008, the date when the amended PAC definition and § 1056-B statute took effect.

Other Expenditures on Staff Time

Mr. Lenardson reports that during the period of October 1, 2007 - December 31, 2008, Maine Leads paid a total of \$4,948 for staff wages and benefits that was spent on initiative-related activities. [page 86] This was 4% of the organization's total staff expenses of \$123,724 which were reported on the organization's Form 990-EZ (line 12). [page 102]

Overall Budget of Maine Leads

Maine Leads states that its total revenue for the period of October 1, 2007 - December 31, 2008 was \$421,187. (Lenardson 7/29/09 Affidavit, ¶ and Form 990-EZ, line 1) [page 102] In addition, the organization received a loan of \$28,550 from Mr. Lenardson or his company Strategic Advocacy. Maine Leads states that its total expenditures were \$445,526. (Lenardson 7/29/09 Affidavit, ¶ and Form 990-EZ, line 1). [page 102] The Form 990 contains a breakdown of expenses in certain categories:

Grants (contributions to the three PACs)	\$75,000
Salaries and benefits	\$123,724
Payments to independent contractors (mostly to Pioneer Group)	\$160,710
Occupancy, rent, utilities, and maintenance	\$24,291
Printing, publications, postage, and shipping	\$23,407
Other expenses (broken down in supporting statement)	\$38,394

[page 102]

Funding for Maine Leads

Maine Leads has described its fundraising activities in its Answers #8 and #9 of the 7/29/09 Lenardson Affidavit and Answer #12 of the 8/16/09 Affidavit. [pages 86-87;

116-17] He states that during the period of October 1, 2007 - December 31, 2008, Maine Leads received revenues totaling \$421,197. Of this amount, 93% was received from three national non-profit organizations as a result of an initial funding proposal that was attached to Mr. Lenardson's July 29 Affidavit. Another 4% of contributions (\$12,000) came from donations from two corporations. Another 3% of revenue came from individuals. Mr. Lenardson states that the donations from corporations and individuals came from direct personal solicitations from him or other individuals involved with Maine Leads.

With respect to the three nonprofit organizations that provided funding to Maine Leads, Mr. Lenardson explains

The organizations received the same initial funding proposal. The proposal came about as a result of ongoing discussions with one of the funders that was in 2007 interested in helping established state level organizations to create capacity to further the ends of lower taxes, government transparency, and economic freedom. The initial funding proposal was prepared at the suggestion of the funder and the first funder facilitated the proposal being prepared at the suggestion of the funder and the first funder facilitated the proposal being presented to the other organizations that ultimately agreed to help fund Maine Leads.

The initial discussions were held with the first funder during the summer of 2007. The funding proposal was prepared and submitted in the fall of 2007. There were additional follow-up discussions into early 2008. The first grant funding was received on October 31, 2007. The next grant was received on January 15, 2008 and the last grant was received on March 13, 2008.

[page 117]

AUGUST 25, 2009 ARGUMENTS FROM COUNSEL

Argument from Counsel for Deborah Hutton

In response to an invitation from the Commission staff, Benjamin Grant, counsel for Deborah Hutton, submitted an August 25, 2009 letter analyzing the information provided by Maine Leads. [pages 122-26] The approach urged by Mr. Grant is to focus on the nine-month period of October 1, 2007 - June 30, 2008, when the amended PAC definition took effect. He examines Maine Leads' budget and activities during this nine-month period and argues that initiating or promoting the citizen initiatives should be viewed as the major purpose of the organization.

Mr. Grant notes that during the period of October 1, 2007 - December 31, 2008 Maine Leads spent a total of \$240,448 for the purpose of influencing the citizen initiatives. He calculates that is 54% of Maine Leads' expenditures for that 15-month period. He further points out that some portion of payroll, overhead, and "other" expenditures should be attributed to the period of July 1 - December 31, 2008. If that is subtracted from total expenditures, his calculation is that 68% of Maine Leads' expenditures for the nine-month period from October 1, 2007 - June 30, 2008 were in support of the initiatives. He submits that any activity comprising 54% - 68% of an organization's expenditures must be deemed that organization's major purpose.

In the letter, Mr. Grant also examines each category of Maine Leads activities, and contends that Maine Leads conducted minimal activity other than citizen initiatives before June 30, 2008:

In sum, an appraisal of Maine Leads' activities limited to October 1, 2007 to June 30, 2008 reveals only a modicum of activity outside the direct initiative process. This activity fails to outweigh the substantial monetary expenditures related above in an assessment of "major purpose." Maine Leads testified only *once* at the Legislature, generated pressure on *one* Legislator on *one* issue, targeted *one* town's selectmen, trained *some* Legislative candidates and ghost-wrote a *few* op-ed pieces. The Commission should conclude that these activities do not rise individually or collectively to the level of a "major purpose" when weighed against Maine Leads' direct initiative expenditures.

[page 125]

Argument by Counsel for Maine Leads

On August 25, 2009, counsel for Maine Leads also provided a letter arguing that Maine Leads was not a PAC and was not required to file campaign finance reports as a ballot question committee. [pages 127-33] As quoted above, Mr. Billings denies that the major purpose of Maine Leads was advocating the passage of a ballot question. He urges the Commission not to focus on the percentage of an organization's resources that are used for referendum-related purposes during any one period of time.

Mr. Billings also denies that the PAC definitions applied to Maine Leads in 2007 or 2008, because the Secretary of State did not finalize the ballot questions concerning the initiatives until August 6, 2009. He argues that the purpose of a petition drive for a citizen initiative is to put an initiated bill before the Legislature, and that a ballot question only comes about if the Legislature does not pass the initiated bill. Accordingly, he argues that "there was [no] ballot question for Maine Leads to advocate the passage or defeat of during 2007 and 2008." (Billings August 25, 2009 Letter, at 3) [page 129] Similarly, Mr. Billings argues that Maine Leads was not required to file campaign

finance reports as a ballot question committee in 2007 and 2008, because the ballot questions had not been finalized.

The Commission staff disagrees with Mr. Billings' legal argument. We believe recent amendments to the PAC law make it clear that the intent of the Legislature has been to require campaign finance reporting for financial activity by proponents of a citizen initiative during the signature-gathering phase. The Commission should not interpret the PAC definition in a way that is contrary to the intention of the Legislature and that would reduce public disclosure. After conferring more with the Commission's Counsel, we will provide a rebuttal of Mr. Billings' argument in the staff memo we will provide for your October 1, 2009 meeting.

Thank you for your consideration of this memo.

STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES
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**POLITICAL ACTION COMMITTEE
 CAMPAIGN FINANCE REPORT 2009**

<i>Political Action Committee Name</i> STANDFORMMARRIAGEMAINE.COM		<i>Acronym</i>
<i>Street Address (official headquarters of PAC)</i> P.O. BOX 15322		
<i>City, State, Zip Code</i> PORTLAND, ME, 04112		<i>Telephone Number</i> (207)772-4800
<i>Treasurer Name</i> KEANEY, JOSEPH A		
<i>Mailing Address</i> ONE MONUMENT WAY - 2ND FLOOR		<i>City, State, Zip Code</i> PORTLAND, ME, 04101
<i>Telephone Number</i> (207)772-4800		
<i>E-mail Address</i> joe@joekeaneycpa.com		

<u>Type of Report:</u> QUARTERLY - JULY	<u>Due Date:</u> 7/15/2009	<u>Reporting Period:</u> 4/1/2009 - 7/5/2009
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- () Other (specify) :
- () Amendment to :
- () **No Change Report** : If your committee received no contributions and made no expenditures during this period, provide the current cash balance : \$ _____ , and sign below.

I CERTIFY THAT THE INFORMATION IN THIS REPORT IS TRUE, CORRECT AND COMPLETE.

_____ SIGNATURE ON FILE	_____ 7/15/2009
TREASURER'S SIGNATURE	DATE

Name of PAC

SCHEDULE A**CASH CONTRIBUTIONS TO PAC**

List the names and mailing addresses of contributors who have given more than \$50 during this reporting period. For all aggregate contributions of \$50 or less, enter the combined total in line 3. Do not include in-kind contributions or loans on this schedule.

Date Received	Contributor's name, mailing address, zip code (Contributions in excess of \$50)	Occupation & Employer	Amount
6/3/2009	NATIONAL ORGANIZATION FOR MARRIAGE 20 NASSAU STREET, SUITE 242 PRINCETON NJ 08542		60,000.00
6/9/2009	ROMAN CATHOLIC DIOCESE OF PORTLAND 510 OCEAN AVENUE PORTLAND ME 04103		100,000.00
6/9/2009	WILLIAM B GLENDINNING PO BOX 44 SOUTH BRISTOL ME 04568	RETIRED	100.00
6/9/2009	JAMES E MILAN 13 ADAMS CIRCLE BUXTON ME 04093	ENGINEER IDEXX LABORATORIES	100.00
6/15/2009	CATHOLIC CHARITIES, DIOCESE OF EVANSVILLE 123 NW FOURTH STREET EVANSVILLE IN 47708		1,000.00
6/22/2009	FOCUS ON THE FAMILY MAINE MARRIAGE COMMITTEE 8605 EXPLORER DRIVE COLORADO SPRINGS CO 80920		10,000.00
6/22/2009	NATIONAL ORGANIZATION FOR MARRIAGE 20 NASSAU STREET, SUITE 242 PRINCETON NJ 08542		100,000.00
6/24/2009	JOHN L BERNARD 95 DORSET STREET PORTLAND ME 04102	RETIRED	100.00
6/9/2009	BRIAN E SOUCHET 15 TARRATINE DRIVE BRUNSWICK ME 04011	RETIRED	100.00
6/26/2009	KNIGHTS OF COLUMBUS 601 PENNSYLVANIA AVE NW WASHINGTON DC 20004		50,000.00
7/3/2009	FOCUS ON THE FAMILY MAINE MARRIAGE COMMITTEE 8605 EXPLORER DRIVE COLORADO SPRINGS CO 80920		21,000.00

Name of PAC

SCHEDULE B

**EXPENDITURES
TO SUPPORT OR OPPOSE CANDIDATES OR COMMITTEES**

List the payee's name with the specific amount benefiting each candidate.
Do not include in-kind or operational expenditures on this schedule.

Expenditure Types Requiring NO Remark		Expenditure Types REQUIRING Remark	
CON	contribution	CNS	campaign consultants
EQP	equipment	OTH	other
FND	fundraising events	PRO	professional services
FOD	food for campaign events, volunteers		
LIT	campaign literature (printing and graphics)		
MHS	mail house (all services purchased)		
OFF	office rent and utilities		
POL	polling and survey research		
PHO	phone banks, automated telephones calls		
POS	postage for U.S.Mail		
PRT	print media ads		
RAD	radio ads, production costs		
TRV	travel (fuel, mileage, lodging, etc.)		
TVN	TV or cable ads, production costs		
WEB	Internet and e-mail		

For every expenditure, list the appropriate code.

If a remark is required, list additional information such as type of consulting (media, messaging, campaign, etc.) or professional service provided.

Date Of Payment	Payee name	Candidate, Committee, or Party Supported		Amount contributed to or spent on behalf of each candidate, committee, or party
	Payee's complete mailing address	Code	Remarks	
6/3/2009	NATIONAL PETITION MANAGEMENT, INC.	Peoples Veto of PL 2009.c.82		45,000.00
	5281 RIVER RIDGE DRIVE , BRIGHTON , MI , 48116	PRO	Support of Peoples Veto of PL 2009.c.82	
6/9/2009	NATIONAL PETITION MANAGEMENT, INC.	People's Veto of PL 2009.c.82		85,915.01
	5281 RIVER RIDGE DRIVE , BRIGHTON , MI , 48116	PRO	Support of People's Veto PL 2009.c.82	
6/23/2009	NATIONAL PETITION MANAGEMENT, INC.	People's Veto of PL 2009.c.82		62,714.17
	5281 RIVER RIDGE DRIVE , BRIGHTON , MI , 48116	PRO	Support of People's Veto of PL 2009.c.82	
Total contributions this reporting period				193,629.18

SCHEDULE F

SUMMARY SECTION

RECEIPTS

TOTAL FOR THIS PERIOD

TOTAL FOR THIS YEAR

- 1. Contributions Received (Schedule A, Line 3)
- 2. Other Receipts (interest income, etc.)
- 3. Loans Received (Schedule D)
- 4. TOTAL RECEIPTS (Lines 1 + 2 + 3)

343,689.50	343,689.50
0.00	0.00
0.00	0.00
343,689.50	343,689.50

EXPENDITURES

- 5. Contributions to or on behalf of others (Schedule B)
- 6. Operating Expenses (Schedule B-1)
- 7. Loan Repayments (Schedule D)
- 8. TOTAL EXPENDITURES (Lines 5 + 6 + 7)

193,629.18	193,629.18
99,601.88	99,601.88
0.00	0.00
293,231.06	293,231.06

OTHER ACTIVITY

- 9. Total In-Kind Contributions (Schedule C)
- 10. Total In-Kind Expenditures (Schedule C)
- 11. Forgiven Loans (Schedule D; included in Line 1 above)
- 12. Total Unpaid Obligations (Schedule E)

22,500.78	22,500.78
0.00	0.00
0.00	0.00
144,855.69	

CASH BALANCE

- 13. Account Balance from last reporting period (Line 16 of previous report)
- 14. *Plus* total receipts this period (Line 4 above)
- 15. *Less* total expenditures this period (Line 8 above)
- 16. **TOTAL funds on hand at close of reporting period**
(This should equal your bank account balance(s) plus your petty cash balance)

0.00
343,689.50
293,231.06
50,458.44

- (5) Any unreimbursed travel expenses incurred and paid for by a political action committee that volunteers personal services to a candidate, if the cumulative amount of these expenses does not exceed \$100 with respect to any election; and
- (6) Any communication by any political action committee member that is not made for the purpose of influencing the nomination for election, or election, of any person to state or county office.

5. Political action committee. The term "political action committee:"

A. Includes:

- (1) Any separate or segregated fund established by any corporation, membership organization, cooperative or labor organization whose purpose is to influence the outcome of an election, including a candidate or question;
- (2) Any person who serves as a funding and transfer mechanism and spends money to initiate, advance, promote, defeat or influence in any way a candidate, campaign, political party, referendum or initiated petition in this State;
- (3) Any organization, including any corporation or association, that has as its major purpose advocating the passage or defeat of a ballot question and that makes expenditures other than by contribution to a political action committee, for the purpose of the initiation, promotion or defeat of any question; and
- (4) Any organization, including any corporation or association, that has as its major purpose advocating the passage or defeat of a ballot question and that solicits funds from members or nonmembers and spends more than \$1,500 in a calendar year to initiate, advance, promote, defeat or influence in any way a candidate, campaign, political party, referendum or initiated petition, including the collection of signatures for a direct initiative, in this State; and

B. Does not include:

- (1) A candidate or a candidate's treasurer under section 1013-A, subsection 1;
- (2) A candidate's authorized political committee under section 1013-A, subsection 2; or
- (3) A party committee under section 1013-A, subsection 3.

21A § 1053. Registration

Every political action committee that accepts contributions, incurs obligations or makes expenditures in the aggregate in excess of \$1,500 in any single calendar year to initiate, support, defeat or influence in any way a campaign, referendum, initiated petition, including the collection of signatures for a direct initiative, candidate, political committee or another political action committee must register with the Commission, within 7 days of accepting those contributions, incurring those obligations or making those expenditures, on forms prescribed by the Commission. These forms must include the following information and any additional information reasonably required by the Commission to monitor the activities of political action committees in this State under this subchapter:

1. Identification of committee. The names and mailing addresses of the committee, its treasurer, its principal officers, the names of any candidates and Legislators who have a significant role in fund raising or decision-making for the committee and all individuals who are the primary fund-raisers and decision makers for the committee;

2. Form of organization. The form or structure of organization, including cooperatives, corporations, voluntary associations, partnerships or any other structure by which the committee functions. The date of origin or incorporation must also be specified; and

3. Statement of support or opposition. A statement indicating the positions of the committee, support or opposition, with respect to a candidate, political committee, referendum, initiated petition or campaign, if known at the time of registration. If a committee has no position on a candidate, campaign or issue at the time of registration, the committee must inform the Commission as soon as the committee knows this information.

Every change in information required by this section must be included in an amended registration form submitted to the Commission within 10 days of the date of the change. The committee must file an updated registration form every 2 years between January 1st and March 1st of an election year. The commission may waive the updated registration requirement for newly registered political action committees or other registered political action committees if it determines that the requirement would cause an administrative burden disproportionate to the public benefit of updated information.

At the time of registration, the political action committee shall file an initial campaign finance report disclosing all information required by section 1060.

21A § 1054. Appointment of treasurer

Any political action committee required to register under section 1053 must appoint a treasurer before registering with the commission. The treasurer shall retain, for a minimum of 4 years, all receipts, including cancelled checks, of expenditures made in support of or in opposition to a campaign, political committee, political action committee, referendum or initiated petition in this State.

21A § 1055. Publication or distribution of political communications

A political action committee that makes an expenditure to finance a communication expressly advocating the election or defeat of a candidate or that names or depicts a clearly identified candidate is subject to the requirements of section 1014.

21A § 1056. Expenditure limitations

Any committee required to register under this chapter shall comply with the following expenditure limitations.

1. Aggregate expenditures. A committee may not make contributions in support of the candidacy of one person aggregating more than \$500 in any election for a gubernatorial candidate, or \$250 in any election for any other candidate.

2. Prohibited expenditures. No committee may make any expenditure for liquor to be distributed to or consumed by voters while the polls are open on election day.

21A § 1056-A. Expenditures by political action committees

A political action committee shall report all expenditures in cash or in kind made by the committee.

21A § 1056-B. Reports of contributions and expenditures by persons

Any person not defined as a political committee who solicits and receives contributions or makes expenditures, other than by contribution to a political action committee, aggregating in excess of \$1,500 for the purpose of initiating, promoting, defeating or influencing in any way a ballot question must file a report with the Commission. In the case of a municipal election, a copy of the same information must be filed with the clerk of that municipality.

1. Filing requirements. A report required by this section must be filed with the Commission according to a reporting schedule that the Commission shall establish that takes into consideration existing campaign finance reporting schedule requirements in section 1059.

2. Content. A report must contain an itemized account of each contribution received and expenditure made aggregating in excess of \$100 in any election; the date of each contribution; the date and purpose of each expenditure; and the name of each contributor, payee or creditor. Total contributions or expenditures of less than \$500 in any election need not be itemized. The report must state whether the purpose for receiving contributions and making expenditures is in support of or in opposition to the ballot question.

3. Forms. A report required by this section must be on a form prescribed and prepared by the Commission. A person filing this report may use additional pages if necessary, but the pages must be the same size as the pages of the form.

21A § 1057. Records

Any political action committee that makes expenditures which aggregate in excess of \$50 to any one or more candidates, committees or campaigns in this State shall keep records as provided in this section. Records required to be kept under subsections 1, 2 and 3 shall be retained by the political action committee until 10 days after the next election following the election to which the records pertain.

1. Details of records. The treasurer of a political action committee must record a detailed account of:

- A. All expenditures made to or in behalf of a candidate, campaign or committee;
- B. The identity and address of each candidate, campaign or committee;

C. The office sought by a candidate and the district he seeks to represent, for candidates which a political action committee has made an expenditure to or in behalf of; and

D. The date of each expenditure.

2. Receipts. The treasurer of a political action committee must retain a vendor invoice or receipt stating the particular goods or services purchased for every expenditure in excess of \$50.

3. Record of contributions. The treasurer of a political action committee must keep a record of all contributions to the committee, by name and mailing address, of each donor and the amount and date of the contribution. This provision does not apply to aggregate contributions from a single donor of \$50 or less for an election or referendum campaign. When any donor's contributions to a political action committee exceed \$50, the record must include the aggregate amount of all contributions from that donor.

21A § 1058. Reports; qualifications for filing

A political action committee that is registered with the Commission or that accepts contributions or makes expenditures and incurs obligations in an aggregate amount in excess of \$1,500 on any one or more campaigns for the office of Governor, for state or county office or for the support or defeat of a referendum or initiated petition shall file a report on its activities in that campaign with the Commission on forms as prescribed by the Commission. A political action committee organized in this State required under this section to file a report shall file the report for each filing period under section 1059. A political action committee organized outside this State shall file with the Commission on Governmental Ethics and Election Practices of this State a copy of the report that the political action committee is required to file in the state in which the political action committee is organized. The political action committee shall file the copy only if it has expended funds or received contributions or made expenditures in this State. The copy of the report must be filed in accordance with the schedule of filing in the state where it is organized. If contributions or expenditures are made relating to a municipal office or referendum, the report must be filed with the clerk in the subject municipality.

21A § 1059. Report; filing requirements

Committees required to register under section 1053 shall file reports in compliance with this section. All reports must be filed by 11:59 p.m. on the filing deadline.

1. Contents; quarterly reports and election year reports. (REPEALED)

2. Reporting schedule. Committees shall file reports according to the following schedule.

A. Quarterly reports must be filed:

- (1) On January 15th and must be complete as of January 5th;
- (2) On April 10th and must be complete as of March 31st;

- (3) On July 15th and must be complete as of July 5th; and
- (4) On October 10th and must be complete as of September 30th.

B. General and primary election reports must be filed:

- (1) On the 11th day before the date on which the election is held and must be complete as of the 14th day before that date; and
- (2) On the 42nd day after the date on which the election is held and must be complete as of the 35th day after that date.

C. Reports of spending to influence special elections, referenda, initiatives, bond issues or constitutional amendments must be filed:

- (1) On the 11th day before the date on which the election is held and must be complete as of the 14th day before that date; and
- (2) On the 42nd day after the date on which the election is held and must be complete as of the 35th day after that date.

D. A committee that files an election report under paragraph B or C is not required to file a quarterly report when the deadline for that quarterly report falls within 10 days of the filing deadline established in paragraph B or C.

E. A committee shall report any expenditure of \$500 or more made after the 14th day before the election and more than 24 hours before 5:00 p.m. on the day of the election within 24 hours of that expenditure.

3. Report of expenditures made after the 11th day and more than 48 hours before any election. (REPEALED)

4. Special election reports. (REPEALED)

5. Electronic filing. Committees shall file each report required by this section through an electronic filing system developed by the Commission. The Commission may make an exception to this electronic filing requirement if a committee submits a written request that states that the committee lacks access to the technology or the technological ability to file reports electronically. The request for an exception must be submitted within 30 days of the registration of the committee. The Commission shall grant all reasonable requests for exceptions.

21A § 1060. Content of reports

The reports must contain the following information and any additional information required by the Commission to monitor the activities of political action committees:

1. Identification of candidates. The names of and offices sought by all candidates whom the committee supports, intends to support or seeks to defeat;

2. Identification of committees; parties. The names of all political committees or party committees supported in any way by the committee;

3. Identification of referendum or initiated petition. The referenda or initiated petitions that the committee supports or opposes;

4. Itemized expenditures. An itemization of each expenditure made on behalf of any candidate, campaign, political committee, political action committee and party committee or to support or oppose a referendum or initiated petition, including the date, payee and purpose of the expenditure; the name of each candidate, campaign, political committee, political action committee or party committee on whose behalf the expenditure was made; and each referendum or initiated petition supported or opposed by the expenditure. If expenditures were made to a person described in section 1012, subsection 3, paragraph A, subparagraph (4), the report must contain the name of the person; the amount spent by that person on behalf of the candidate, campaign, political committee, political action committee, party committee, referendum or initiated petition, including, but not limited to, expenditures made during the signature-gathering phase; the reason for the expenditure; and the date of the expenditure. The Commission may specify the categories of expenditures that are to be reported to enable the Commission to closely monitor the activities of political action committees;

5. Aggregate expenditures. An aggregation of expenditures and cumulative aggregation of expenditures to a candidate, campaign, political committee, political action committee, party committee, referendum or initiated petition;

6. Identification of contributions. Names, occupations, places of business and mailing addresses of contributors who have given more than \$50 to the political action committee in the reporting period and the amount and date of each contribution; and

7. Other expenditures. Operational expenses and other expenditures in cash or in kind that are not made on behalf of a candidate, committee or campaign.

21A § 1061. Dissolution of committees

Whenever any political action committee determines that it will no longer solicit or accept any contributions, incur any obligations, make any expenditures to or on behalf of any candidate, political committee, party committee or political action committee to initiate, support, defeat or influence in any way the outcome of a referendum, initiated petition or election and the committee has no outstanding loans, debts or other obligations, the committee shall file a termination report that includes all financial activity from the end date of the previous reporting period through the date of termination with the commission. If a termination report is not filed, the committee shall continue to file periodic reports as required in this chapter.

21A § 1062. Failure to file on time (REPEALED)

21A § 1062-A. Failure to file on time

1. Registration. A political action committee required to register under section 1053 that fails to do so in accordance with section 1053 or that fails to provide the information required by the Commission for registration may be assessed a forfeiture of \$250.

(6) Any communication by any political action committee member that is not made for the purpose of influencing the nomination for election, or election, of any person to state or county office.

5. Political action committee. The term "political action committee:"

A. Includes:

(1) Any separate or segregated fund established by any corporation, membership organization, cooperative or labor or other organization whose purpose is to influence the outcome of an election, including a candidate election or ballot question;

(2) **(REPEALED)**

(3) **(REPEALED)**

(4) Any organization, including any corporation or association, that has as its major purpose initiating, promoting, defeating or influencing a candidate election, campaign or ballot question and that spends more than \$1,500 in a calendar year for that purpose, including for the collection of signatures for a direct initiative or referendum in this State; and

(5) Any organization that does not have as its major purpose promoting, defeating or influencing candidate elections but that spends more than \$5,000 in a calendar year for the purpose of promoting, defeating or influencing in any way the nomination or election of any candidate to political office.

B. Does not include:

(1) A candidate or a candidate's treasurer under section 1013-A, subsection 1;

(2) A candidate's authorized political committee under section 1013-A, subsection 2; or

(3) A party committee under section 1013-A, subsection 3.

21A § 1053. Registration

Every political action committee, as defined under section 1052, subsection 5, paragraph A, subparagraph (1) or (4) that makes expenditures in the aggregate in excess of \$1,500 and every political action committee, as defined under section 1052, subsection 5, paragraph A, subparagraph (5), that makes expenditures in the aggregate in excess of \$5,000 must register with the Commission within 7 days of exceeding the applicable amount on forms prescribed by the Commission. These forms must include the following information and any additional information reasonably required by the Commission to monitor the activities of political action committees in this State under this subchapter:

1. Identification of committee. The names and mailing addresses of the committee, its treasurer, its principal officers, the names of any candidates and Legislators who have a significant role in fund raising or decision-making for the committee and all individuals who are the primary fund-raisers and decision makers for the committee;

2. Form of organization. The form or structure of organization, including cooperatives, corporations, voluntary associations, partnerships or any other structure by which the committee functions. The date of origin or incorporation must also be specified; and

3. Statement of support or opposition. A statement indicating the positions of the committee, support or opposition, with respect to a candidate, political committee, referendum, initiated petition or campaign, if known at the time of registration. If a committee has no position on a candidate, campaign or issue at the time of registration, the committee must inform the Commission as soon as the committee knows this information.

Every change in information required by this section must be included in an amended registration form submitted to the Commission within ten (10) days of the date of the change. The committee must file an updated registration form every two (2) years between January 1st and March 1st of an election year. The commission may waive the updated registration requirement for newly registered political action committees or other registered political action committees if it determines that the requirement would cause an administrative burden disproportionate to the public benefit of updated information.

At the time of registration, the political action committee shall file an initial campaign finance report disclosing all information required by section 1060.

21A § 1054. Appointment of treasurer

Any political action committee required to register under section 1053 must appoint a treasurer before registering with the commission. The treasurer shall retain, for a minimum of four (4) years, all receipts, including cancelled checks, of expenditures made in support of or in opposition to a campaign, political committee, political action committee, referendum or initiated petition in this State.

21A § 1055. Publication or distribution of political communications

A political action committee that makes an expenditure to finance a communication expressly advocating the election or defeat of a candidate or that names or depicts a clearly identified candidate is subject to the requirements of section 1014.

21A § 1056. Expenditure limitations

Any committee required to register under this chapter shall comply with the following expenditure limitations.

1. Aggregate expenditures. A committee may not make contributions in support of the candidacy of one person aggregating more than \$500 in any election for a gubernatorial candidate, or \$250 in any election for any other candidate.

2. Prohibited expenditures. No committee may make any expenditure for liquor to be distributed to or consumed by voters while the polls are open on election day.

21A § 1056-A. Expenditures by political action committees

A political action committee shall report all expenditures in cash or in kind made by the committee.

21A § 1056-B. Ballot question committees

Any person not defined as a political action committee who solicits and receives contributions or makes expenditures, other than by contribution to a political action committee, aggregating in excess of \$5,000 for the purpose of initiating, promoting, defeating or influencing in any way a ballot question must file a report with the Commission. In the case of a municipal election, a copy of the same information must be filed with the clerk of that municipality. Within seven days of receiving contributions or making expenditures that exceed \$5,000, the person shall register with the Commission as a ballot question committee. For the purposes of this section, expenditures include paid staff time spent for the purpose of influencing in any way a ballot question. The Commission must prescribe forms for the registration, and the forms must include specification of a treasurer for the committee, any other principal officers and all individuals who are the primary fund-raisers and decision makers for the committee.

1. Filing requirements. A report required by this section must be filed with the Commission according to a reporting schedule that the Commission shall establish that takes into consideration existing campaign finance reporting schedule requirements in section 1059.

2. Content. A report must contain an itemized account of each expenditure made to and contribution received from a single source aggregating in excess of \$100 in any election; the date of each contribution; the date and purpose of each expenditure; and the name and address of each contributor, payee or creditor. The filer is required to report only those contributions made to the filer for the purpose of initiating, promoting, defeating or influencing in any way a ballot question and only those expenditures made for those purposes. The definitions of "contribution" and "expenditure" in section 1052, subsections 3 and 4, respectively, apply to persons required to file ballot question reports.

2.A. Contributions. For the purposes of this section, "contribution" includes, but is not limited to:

- A. Funds that the contributor specified were given in connection with a ballot question;
- B. Funds provided in response to a solicitation that would lead the contributor to believe that the funds would be used specifically for the purpose of initiating, promoting, defeating or influencing in any way a ballot question;
- C. Funds that can reasonably be determined to have been provided by the contributor for the purpose of initiating, promoting, defeating or influencing in any way a ballot question when viewed in the context of the contribution and the recipient's activities regarding a ballot question; and
- D. Funds or transfers from the general treasury of an organization filing a ballot question report.

3. Forms. A report required by this section must be on a form prescribed and prepared by the Commission. A person filing this report may use additional pages if necessary, but the pages must be the same size as the pages of the form.

4. Records. A person filing a report required by this section shall keep records as required by this subsection for one year following the election to which the records pertain.

A. The filer shall keep a detailed account of all contributions made to the filer for the purpose of initiating, promoting, defeating or influencing in any way a ballot question and all expenditures made for those purposes.

B. The filer shall retain a vendor invoice or receipt stating the particular goods or services purchased for every expenditure in excess of \$50.

21A § 1057. Records

Any political action committee that makes expenditures which aggregate in excess of \$50 to any one or more candidates, committees or campaigns in this State shall keep records as provided in this section. Records required to be kept under subsections 1, 2 and 3 shall be retained by the political action committee until ten (10) days after the next election following the election to which the records pertain.

1. Details of records. The treasurer of a political action committee must record a detailed account of:

- A. All expenditures made to or in behalf of a candidate, campaign or committee;
- B. The identity and address of each candidate, campaign or committee;
- C. The office sought by a candidate and the district he seeks to represent, for candidates which a political action committee has made an expenditure to or in behalf of; and
- D. The date of each expenditure.

2. Receipts. The treasurer of a political action committee must retain a vendor invoice or receipt stating the particular goods or services purchased for every expenditure in excess of \$50.

3. Record of contributions. The treasurer of a political action committee must keep a record of all contributions to the committee, by name and mailing address, of each donor and the amount and date of the contribution. This provision does not apply to aggregate contributions from a single donor of \$50 or less for an election or referendum campaign. When any donor's contributions to a political action committee exceed \$50, the record must include the aggregate amount of all contributions from that donor.

21A § 1058. Reports; qualifications for filing

A political action committee that is required to register with the Commission shall file a report on its activities in that campaign with the Commission on forms as prescribed by the Commission. A political action committee organized in this State required under this section to file a report shall file the report for each filing period under section 1059. A political action committee organized outside this State shall file with the Commission on Governmental Ethics and Election Practices of this State a copy of the report that the political action committee is required to file in the state in which the political action committee is organized. The political action committee shall file the copy only if it has expended funds or received contributions or made expenditures in this State. The copy of the report must be filed in accordance with the schedule of filing in the state where it is organized. If contributions or expenditures are made relating to a municipal office or referendum, the report must be filed with the clerk in the subject municipality.

21A § 1059. Report; filing requirements

Committees required to register under section 1053 shall file reports in compliance with this section. All reports must be filed by 11:59 p.m. on the filing deadline, except that reports submitted to a municipal clerk must be filed by the close of business on the filing deadline.

1. Contents; quarterly reports and election year reports. (REPEALED)

2. Reporting schedule. Committees shall file reports according to the following schedule.

A. Quarterly reports must be filed:

- (1) On January 15th and must be complete as of January 5th;
- (2) On April 10th and must be complete as of March 31st;
- (3) On July 15th and must be complete as of July 5th; and
- (4) On October 10th and must be complete as of September 30th.

B. General and primary election reports must be filed:

- (1) On the 11th day before the date on which the election is held and must be complete as of the 14th day before that date; and
- (2) On the 42nd day after the date on which the election is held and must be complete as of the 35th day after that date.

C. Reports of spending to influence special elections, referenda, initiatives, bond issues or constitutional amendments must be filed:

- (1) On the 11th day before the date on which the election is held and must be complete as of the 14th day before that date; and
- (2) On the 42nd day after the date on which the election is held and must be complete as of the 35th day after that date.

D. A committee that files an election report under paragraph B or C is not required to file a quarterly report when the deadline for that quarterly report falls within ten (10) days of the filing deadline established in paragraph B or C.

E. A committee shall report any expenditure of \$500 or more made after the 14th day before the election and more than 24 hours before 5:00 p.m. on the day of the election within 24 hours of that expenditure.

3. Report of expenditures made after the 11th day and more than 48 hours before any election. (REPEALED)

4. Special election reports. (REPEALED)

5. Electronic filing. Committees shall file each report required by this section through an electronic filing system developed by the Commission. The Commission may make an exception to this electronic filing requirement if a committee submits a written request that states that the committee lacks access to the technology or the technological ability to file reports electronically. The request for an exception must be submitted within 30 days of the registration of the committee. The Commission shall grant all reasonable requests for exceptions.

21A § 1060. Content of reports

The reports must contain the following information and any additional information required by the Commission to monitor the activities of political action committees:

1. Identification of candidates. The names of and offices sought by all candidates whom the committee supports, intends to support or seeks to defeat;

2. Identification of committees; parties. The names of all political committees or party committees supported in any way by the committee;

3. Identification of referendum or initiated petition. The referenda or initiated petitions that the committee supports or opposes;

4. Itemized expenditures. An itemization of each expenditure made on behalf of any candidate, campaign, political committee, political action committee and party committee or to support or oppose a referendum or initiated petition, including the date, payee and purpose of the expenditure; the name of each candidate, campaign, political committee, political action committee or party committee on whose behalf the expenditure was made; and each referendum or initiated petition supported or opposed by the expenditure. If expenditures were made to a person described in section 1012, subsection 3, paragraph A, subparagraph (4), the report must contain the name of the person; the amount spent by that person on behalf of the candidate, campaign, political committee, political action committee, party committee, referendum or initiated petition, including, but not limited to, expenditures made during the signature-gathering phase; the reason for the expenditure; and the date of the expenditure. The Commission may specify the categories of expenditures that are to be reported to enable the Commission to closely monitor the activities of political action committees;

5. Aggregate expenditures. An aggregation of expenditures and cumulative aggregation of expenditures to a candidate, campaign, political committee, political action committee, party committee, referendum or initiated petition;

6. Identification of contributions. Names, occupations, places of business and mailing addresses of contributors who have given more than \$50 to the political action committee in the reporting period and the amount and date of each contribution, except that an organization qualifying as a political action committee under section 1052, subsection 5, paragraph A, subparagraph (5) is required to report only those contributions made to the organization for the purpose of promoting, defeating or influencing a ballot question or the nomination or election of a candidate to political office and all transfers to or funds used to support the political action committee from the general treasury of the organization; and

7. Other expenditures. Operational expenses and other expenditures in cash or in kind that are not made on behalf of a candidate, committee or campaign, except that an organization qualifying as a political action committee under section 1052, subsection 5, paragraph A, subparagraph (5) is required to report only those expenditures made for the purpose of promoting, defeating or influencing a ballot question or the nomination or election of a candidate to political office.

21A § 1061. Dissolution of committees

Whenever any political action committee determines that it will no longer solicit or accept any contributions, incur any obligations, make any expenditures to or on behalf of any candidate, political committee, party committee or political action committee to initiate, support, defeat or influence in any way the outcome of a referendum, initiated petition or election and the committee has no outstanding loans, debts or other obligations, the committee shall file a termination report that includes all financial activity from the end date of the previous reporting period through the date of termination with the commission. If a termination report is not filed, the committee shall continue to file periodic reports as required in this chapter.

21A § 1062. Failure to file on time (REPEALED)

21A § 1062-A. Failure to file on time

1. Registration. A political action committee required to register under section 1053 that fails to do so in accordance with section 1053 or that fails to provide the information required by the Commission for registration may be assessed a forfeiture of \$250.

2. Campaign finance reports. A campaign finance report is not timely filed unless a properly signed or electronically submitted copy of the report, substantially conforming to the disclosure requirements of this subchapter, is received by the Commission by 11:59 p.m. on the date it is due. Except as provided in subsection 6, the Commission shall determine whether a required report satisfies the requirements for timely filing. The Commission may waive a penalty if it is disproportionate to the level of experience of the person filing the

PLEASE NOTE: The Office of the Revisor of Statutes *cannot* perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

Public Law
123rd Legislature
Second Regular Session
Chapter 477
S.P. 482 - L.D. 1394

An Act Regarding Campaign Finance Disclosure by Political Action Committees

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 21-A MRSA §1051, first ¶, as amended by PL 2007, c. 443, Pt. A, §26, is further amended to read:

This subchapter applies to the activities of political action committees organized in and outside this State that accept contributions, incur obligations or make expenditures ~~in an aggregate amount in excess of \$1,500 in any one calendar year~~ for the election of state, county or municipal officers, or for the support or defeat of any campaign, as defined in this subchapter.

Sec. 2. 21-A MRSA §1052, sub-§5, ¶A, as amended by PL 2005, c. 575, §5, is further amended to read:

A. Includes:

(1) Any separate or segregated fund established by any corporation, membership organization, cooperative or labor or other organization whose purpose is to influence the outcome of an election, including a candidate election or ballot question;

~~(2) Any person who serves as a funding and transfer mechanism and spends money to initiate, advance, promote, defeat or influence in any way a candidate, campaign, political party, referendum or initiated petition in this State;~~

~~(3) Any organization, including any corporation or association, that has as its major purpose advocating the passage or defeat of a ballot question and that makes expenditures other than by contribution to a political action committee, for the purpose of the initiation, promotion or defeat of any question; and~~

(4) Any organization, including any corporation or association, that has as its major purpose advocating the passage or defeat of a ballot question and that solicits funds from members or nonmembers initiating, promoting, defeating or influencing a candidate election, campaign or

ballot question and that spends more than \$1,500 in a calendar year to initiate, advance, promote, defeat or influence in any way a candidate, campaign, political party, referendum or initiated petition for that purpose, including for the collection of signatures for a direct initiative, or referendum in this State; and

(5) Any organization that does not have as its major purpose promoting, defeating or influencing candidate elections but that spends more than \$5,000 in a calendar year for the purpose of promoting, defeating or influencing in any way the nomination or election of any candidate to political office; and

Sec. 3. 21-A MRSA §1053, first ¶, as amended by PL 2005, c. 575, §6, is further amended to read:

Every political action committee, as defined under section 1052, subsection 5, paragraph A, subparagraph (1) or (4), that accepts contributions, incurs obligations or makes expenditures in the aggregate in excess of \$1,500 in any single calendar year to initiate, support, defeat or influence in any way a campaign, referendum, initiated petition, including the collection of signatures for a direct initiative, candidate, political committee or another political action committee and every political action committee, as defined under section 1052, subsection 5, paragraph A, subparagraph (5), that makes expenditures in the aggregate in excess of \$5,000 must register with the commission, within 7 days of accepting those contributions, incurring those obligations or making those expenditures, exceeding the applicable amount on forms prescribed by the commission. These forms must include the following information and any additional information reasonably required by the commission to monitor the activities of political action committees in this State under this subchapter:

Sec. 4. 21-A MRSA §1056-B, as enacted by PL 1999, c. 729, §8, is amended to read:

§ 1056-B. Ballot question committees

Any person not defined as a political action committee who solicits and receives contributions or makes expenditures, other than by contribution to a political action committee, aggregating in excess of \$1,500 \$5,000 for the purpose of initiating, promoting, defeating or influencing in any way a ballot question must file a report with the commission. In the case of a municipal election, a copy of the same information must be filed with the clerk of that municipality. Within 7 days of receiving contributions or making expenditures that exceed \$5,000, the person shall register with the commission as a ballot question committee. For the purposes of this section, expenditures include paid staff time spent for the purpose of influencing in any way a ballot question. The commission must prescribe forms for the registration, and the forms must include specification of a treasurer for the committee, any other principal officers and all individuals who are the primary fund-raisers and decision makers for the committee.

1. Filing requirements. A report required by this section must be filed with the commission according to a reporting schedule that the commission shall establish that takes into consideration existing campaign finance reporting schedule requirements in section 1059.

2. Content. A report must contain an itemized account of each expenditure made to and contribution received and expenditure made from a single source aggregating in excess of \$100 in any election; the date of each contribution; the date and purpose of each expenditure; and the name and

address of each contributor, payee or creditor. Total contributions or expenditures of less than \$500 in any election need not be itemized. The report must state whether the purpose for receiving contributions and making expenditures is in support of or in opposition to the ballot question. The filer is required to report only those contributions made to the filer for the purpose of initiating, promoting, defeating or influencing in any way a ballot question and only those expenditures made for those purposes. The definitions of "contribution" and "expenditure" in section 1052, subsections 3 and 4, respectively, apply to persons required to file ballot question reports.

2-A. Contributions. For the purposes of this section, "contribution" includes, but is not limited to:

- A. Funds that the contributor specified were given in connection with a ballot question;
- B. Funds provided in response to a solicitation that would lead the contributor to believe that the funds would be used specifically for the purpose of initiating, promoting, defeating or influencing in any way a ballot question;
- C. Funds that can reasonably be determined to have been provided by the contributor for the purpose of initiating, promoting, defeating or influencing in any way a ballot question when viewed in the context of the contribution and the recipient's activities regarding a ballot question; and
- D. Funds or transfers from the general treasury of an organization filing a ballot question report.

3. Forms. A report required by this section must be on a form prescribed and prepared by the commission. A person filing this report may use additional pages if necessary, but the pages must be the same size as the pages of the form.

4. Records. A person filing a report required by this section shall keep records as required by this subsection for one year following the election to which the records pertain.

- A. The filer shall keep a detailed account of all contributions made to the filer for the purpose of initiating, promoting, defeating or influencing in any way a ballot question and all expenditures made for those purposes.
- B. The filer shall retain a vendor invoice or receipt stating the particular goods or services purchased for every expenditure in excess of \$50.

Sec. 5. 21-A MRSA §1058, as amended by PL 2007, c. 443, Pt. A, §34, is further amended to read:

§ 1058. Reports; qualifications for filing

A political action committee that is ~~registered~~required to register with the commission ~~or that accepts contributions or makes expenditures and incurs obligations in an aggregate amount in excess of \$1,500 on any one or more campaigns for the office of Governor, for state or county office or for the support or defeat of a referendum or initiated petition~~ shall file a report on its activities in that campaign with the commission on forms as prescribed by the commission. A political action committee organized in this State required under this section to file a report shall file the report for each filing period under section 1059. A political action committee organized outside this State shall file with the Commission on Governmental Ethics and Election Practices of this State a copy of the report that the

political action committee is required to file in the state in which the political action committee is organized. The political action committee shall file the copy only if it has expended funds or received contributions or made expenditures in this State. The copy of the report must be filed in accordance with the schedule of filing in the state where it is organized. If contributions or expenditures are made relating to a municipal office or referendum, the report must be filed with the clerk in the subject municipality.

Sec. 6. 21-A MRSA §1060, sub-§6, as amended by PL 2007, c. 443, Pt. A, §36, is further amended to read:

6. Identification of contributions. Names, occupations, places of business and mailing addresses of contributors who have given more than \$50 to the political action committee in the reporting period and the amount and date of each contribution, except that an organization qualifying as a political action committee under section 1052, subsection 5, paragraph A, subparagraph (5) is required to report only those contributions made to the organization for the purpose of promoting, defeating or influencing a ballot question or the nomination or election of a candidate to political office and all transfers to or funds used to support the political action committee from the general treasury of the organization; and

Sec. 7. 21-A MRSA §1060, sub-§7, as enacted by PL 1991, c. 839, §31 and affected by §33, is amended to read:

7. Other expenditures. Operational expenses and other expenditures in cash or in kind that are not made on behalf of a candidate, committee or campaign, except that an organization qualifying as a political action committee under section 1052, subsection 5, paragraph A, subparagraph (5) is required to report only those expenditures made for the purpose of promoting, defeating or influencing a ballot question or the nomination or election of a candidate to political office.

Effective June 30, 2008

Original sources



Maine Leads
(Incorporated 10/18/07)
Staff is
Roy Lenardson (Executive Director)
Trevor Bragdon (Grassroots Director)
Chris Cinquemani (Communications Director)

Contributed \$25,000

Contributed \$25,000

Contributed \$25,000

TABOR NOW PAC
(formerly Citizens for a
Prosperous Maine PAC)
Reported principal officer and
treasurer are:
David Crocker
David Wiegleb

Health Care Choices NOW PAC
(formerly Affordable Health Care
Choices for Maine PAC)
Reported primary decision-makers
and fundraisers are:
Trevor Bragdon
Chris Cinquemani
Joel Allumbaugh

More Green Now PAC
(formerly The Road to a Cleaner Maine PAC)
Reported primary decision-makers
and fundraisers are:
Roy Lenardson
Chris Cinquemani
Trevor Bragdon

Paid \$26,230 for signatures

Paid \$30,296 for signatures,
campaign management

Paid \$22,649 for signatures

Pioneer Group, Inc.
Trevor Bragdon's consulting firm

APR 24 2009

MAINE ETHICS COMMISSION

Dear Members of the Maine Ethics Commission,

I am writing today to request that the Ethics Commission conduct an investigation of the campaign activities conducted by the several overlapping groups spearheading three of the referendum questions due to appear on the November 2009 ballot.

Specifically, Maine Heritage Policy Center, Maine Leads, The Road to a Cleaner Maine PAC, Citizens for a Prosperous Maine PAC, Affordable Health Care Choices PAC, TABOR Now PAC, and More Green Now PAC have created a web of donations and personnel that violate the letter of Maine's campaign finance laws.

These are the facts that are available upon public inspection:

- 1) Maine Heritage Policy Center is a 501(c)3 organization. It's Board of Directors includes Michael Duddy and Neal Freeman. It's Board of Adjunct Fellows includes Roy Lenardson. It's Executive Director is Tarren Bragdon.
- 2) Maine Leads is a 501(c)4 organization, and is able to conduct direct advocacy. Its Board of Directors includes Michael Duddy, Neal Freeman and Roy Lenardson. Its staff includes Chris Cinquemani and Trevor Bragdon.
- 3) The Road to a Cleaner Maine PAC paid for the gathering of the signatures for the excise tax repeal referendum. It was terminated on 2/23/09. It listed no officers, and its treasurer was Anna Bragdon, wife of Tarren Bragdon.
- 4) The Road to a Cleaner Maine PAC generated \$25,072 in contributions for the effort. \$25,000 from Maine Leads and \$72.00 from Tarren Bragdon.
- 5) On the same day, 2/23/2009, More Green Now PAC was registered. It's purpose is to support the excise tax repeal legislation that The Road to a Cleaner Maine PAC got on the ballot. Its decision makers are Roy Lenardson, Chris Cinquemani, and Trevor Bragdon. Its treasurer is Anna Bragdon.
- 6) Citizens for a Prosperous Maine PAC paid for the gathering of the signatures for the TABOR II referendum. It was terminated on 2/25/2009. Its officer was David Crocker and its treasurer was Fred Wiegleb.
- 7) Citizens for a Prosperous Maine PAC generated \$42,554 in contributions. Again, \$25,000 came from Maine Leads.
- 8) On 2/18/2009, TABOR Now PAC was registered. Its purpose is to support the TABOR II legislation that Citizens for a Prosperous Maine PAC got on the ballot. Its officer is David Crocker and its treasurer is Fred Wiegleb. Its first contribution was \$222.29 from Citizens for a Prosperous Maine PAC.

9) Affordable Health Care Choices for Maine PAC paid for the gathering of signatures for the health care referendum question. It is still active and its treasurer is Chris Cinquemani and an officer is Joel Allumbaugh.

10) Affordable Health Care Choices for Maine PAC generated \$33,305 in contributions. Again, \$25,000 came from Maine Leads. \$60.00 came from Chris Cinquemani.

11) On 2/11/2009, Health Care Choices Now PAC was registered. Its purpose is to support the health care referendum question that Affordable Health Care Choices for Maine PAC got on the ballot. Its officers are Joel Allunbaugh, Chris Cinquemani and Trevor Bragdon.

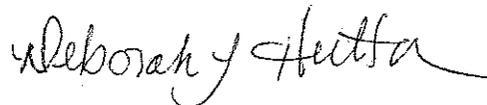
12) So far in 2009 Maine Leads has been distributing leaflets and calculators at town meetings to support the TABOR and Excise Tax Referendums.

The conclusions to be drawn are obvious: a small group of people erected a web of organizations designed to gather money through charitable and other non-profit organizations, and funnel those funds to pay for signature gathering and other advocacy with the sole purpose of getting referendum questions on the ballot. The purpose is to hide the source of that money, and therefore the true interests behind these questions. Setting aside the way in which this undermines the purported "citizen's initiative" process, this scheme clearly violates Maine's campaign finance rules. Maine Leads has created three dummy PACs designed only to pass its contribution through the system without having to report the origins. The same people are in control of all of these entities. This is nothing more than a shell game designed by those at Maine Heritage Policy Center and Maine Leads to disguise political activity.

Our suggestion is that the Ethics Commission rule that by these activities, Maine Leads has qualified itself as a PAC under 21-A M.R.S.A. §1052(5), and, therefore, should have filed the required reports. Because they did not, they should be reprimanded and fined. To do otherwise would be to condone and ratify such a brazen scheme to circumvent the rigorous disclosure requirements under Maine law.

These actions are nothing short of a fraud on the system and on the citizens of Maine.

Sincerely,



Deborah Hutton
31 Carding Machine Rd.
Bowdoinham, ME
04008

MORE GREEN NOW

CLEAN AIR. LOWER TAXES.

PO BOX 403, AUGUSTA, ME 04332
WWW.MOREGREENNOW.COM

An Act to
*Decrease the
Automobile Excise Tax
and Promote Energy
Efficiency*

- ENCOURAGES A STATEWIDE CONVERSATION ABOUT THE FAIRNESS OF MAINE'S EXCISE TAX
- REDUCES AUTO EXCISE TAXES BY 50 PERCENT
- SAVES MAINE TAXPAYERS \$80 MILLION EACH YEAR
- ELIMINATES THE SALES TAX ON NEW ENERGY EFFICIENT VEHICLES
- ELIMINATES THE FIRST THREE YEARS OF EXCISE TAX ON NEW ENERGY EFFICIENT VEHICLES
- PROMOTES CLEANER AIR AND GREATER FUEL EFFICIENCY

YOU CAN MAKE A DIFFERENCE

YOUR GIFT GOES A LONG WAY

- \$25** MORE GREEN NOW can print and distribute **50 bumper stickers**
- \$50** MORE GREEN NOW can order **25 lawn signs and wires**
- \$100** MORE GREEN NOW can make **2,000 phone calls** to voters across the State
- \$250** MORE GREEN NOW can air **5 radio spots** in the Portland or Bangor markets
- \$500** MORE GREEN NOW can print and insert **10,000 fliers** into a weekly newspaper
- \$1000** MORE GREEN NOW can air **20 ads** on cable TV

LOWER TAXES

YEAR	CURRENT EXCISE TAX	PROPOSED EXCISE TAX RATE	PERCENT DECREASE
1	2.40%	1.20%	50% ↓
2	1.75%	0.80%	54% ↓
3	1.35%	0.40%	70% ↓
4	1.00%	0.40%	60% ↓
5	0.65%	0.40%	39% ↓
6	0.40%	0.40%	NO CHANGE

CLEAN AIR, FUEL SAVINGS

Hybrid and Energy Efficient Vehicles

- Reduce carbon emissions by **90 percent**
- Among the **most popular cars** on the market
- Earn an average of **44 miles per gallon**
- Average **savings of \$430** in fuel costs for every 15,000 miles (@ \$2.00/gallon)

TABOR NOW

LOWER TAXES. MORE JOBS.

An Act to
Provide Tax Relief

✓ **YOU DECIDE** WHETHER POLITICIANS
CAN PASS A NEW TAX OR TAX INCREASE

✓ **YOU DECIDE** IF STATE SPENDING
SHOULD BALLOON ABOVE INFLATION
PLUS POPULATION GROWTH

✓ **YOU DECIDE** IF THE GASOLINE TAX
SHOULD INCREASE EVERY YEAR

✓ **YOU DECIDE** WHETHER YOUR
PROPERTY TAXES SHOULD GROW
FASTER THAN YOUR PAYCHECK

✓ **YOU CAN SEE** HOW YOUR TOWN OR
CITY SPENDS YOUR TAX DOLLARS
AND COMPARE YOUR TOWN'S
SPENDING TO OTHER MAINE TOWNS

YOU CAN MAKE A DIFFERENCE

<i>YOUR GIFT</i>	<i>GOES A LONG WAY</i>
\$25	TABOR NOW can print and distribute 50 bumper stickers
\$50	TABOR NOW can order 25 lawn signs and wires
\$100	TABOR NOW can make 2,000 phone calls to voters across the State
\$250	TABOR NOW can air 5 radio spots in the Portland or Bangor markets
\$500	TABOR NOW can print and insert 10,000 fliers into a weekly newspaper
\$1000	TABOR NOW can air 20 ads on cable TV

Why TABOR NOW?

- **4th highest tax burden** in the nation
- State taxes increased by over **\$220 million** since 2006
- State spending spiked **6.9%** between 2006 and 2007, erasing a **\$71.4 million surplus**
- **3rd highest property taxes** in the nation
- **Ranked 47th for business climate** in the nation (Forbes Magazine)

TABOR NOW

PO Box 464, AUGUSTA, ME 04332

WWW.TABORNOW.COM

Tax Relief is Just One Election Away!

Vote YES on November 3rd

**MARDEN, DUBORD,
BERNIER & STEVENS**

ATTORNEYS AT LAW

Daniel I. Billings, Esq.
dbillings@mardendubord.com

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WATERVILLE, ME 04903-0708
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PHONE (207) 873-0186
FAX (207) 873-2245

May 11, 2009

RECEIVED

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

MAY 12 2009

MAINE ETHICS COMMISSION

RE: Hutton complaint against Maine Leads

Dear Mr. Wayne:

I am writing in response to your letter of April 27, 2009 concerning the request for an investigation of Maine Leads made by Deborah Hutton. For the reasons stated below, your request for information is premature and you have failed to comply with the laws and rules that govern the Commission's activities.

The Commission must consider Ms. Hutton's request before an investigation is begun

While your letter quotes numerous statutes that could apply to Ms. Hutton's allegations, you have failed to consider the statutes which govern the Commission's own activities, including 21-A M.R.S.A. §1003 which governs the Commission's consideration of requests for investigations:

A person may apply in writing to the commission requesting an investigation concerning the registration of a candidate, treasurer, political committee or political action committee and contributions by or to and expenditures by a person, candidate, treasurer, political committee or political action committee. 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.

By your letter, it is apparent that you have begun an investigation before the Commission has even considered whether Ms. Hutton's request shows sufficient grounds to believe that a violation may have occurred. This is inappropriate and contrary to law. An agency such as the Commission -- which demands compliance from others -- should comply with the laws that govern its own activities.

The statute requires that, as a preliminary matter, the Commission make a qualitative assessment of the request for an investigation. More than a mere allegation or potential for a

violation is required before an investigation is ordered. The Commission should only begin an investigation if the person requesting an investigation has come forward with sufficient grounds to convince the Commission that a violation may have occurred.

This determination, required by the statute, is important to protect parties from the burdens imposed by unnecessary investigations. It is also a protection from someone using the Commission to harass their political opponents¹.

I also object to the approach to the complaint that you have taken in your letter. Ms. Hutton offers no facts in her letter which, if true, would constitute a violation of Maine law. She makes unfounded allegations which your letter asks be rebutted and, in doing so, you ask for information that the Commission would not be entitled to even if Maine Leads was a political action committee. You have effectively demanded that Maine Leads prove it is not a political action committee. This turns the burden of proof on its head. Our system does not require that the accused prove their innocence – it is the burden of the one making an allegation to prove it. This is supported by the statute quoted above that requires that a person requesting an investigation come forward with information that, if true, “would show sufficient grounds for believing that a violation may have occurred.” Ms. Hutton has alleged that Maine Leads is a political action committee that has not filed with the Commission as required by Maine law. What facts has she alleged that show sufficient grounds to believe that such a violation may have occurred?

Ms. Hutton’s Request Fails to comply with Commission rules

Ms. Hutton’s request also fails to comply with Commission rules concerning requests for Commission investigations. 94-270 Chapter 1 Section 4(2)(C) requires that statements contained in requests for a Commission investigation “be made upon personal knowledge” and that statements not made upon personal knowledge must identify the source of the information which is the basis for the request so that respondents and Commission staff may adequately respond to the request. Ms. Hutton’s letter fails to meet this requirement. For example, she alleges that “in 2009 Maine Leads has been distributing leaflets and calculators at town meetings to support TABOR and Excise Tax Referendums.” Ms. Hutton does not state at what town meetings Maine Leads has made the alleged distributions or what the source is for this information upon which her allegation is based². Because Ms. Hutton’s

¹ Central to Ms. Hutton allegations are that “a small group of people erected a web of organizations” intended to circumvent Maine law. Her complaint is primarily based on guilt by association and the personal and professional relationships between various people involved in the named organizations. In considering that claim it is relevant to consider the web of associations involving Ms. Hutton: she is a former Democrat state legislator; her husband, Tim Belcher, is Executive Director of the Maine State Employee Association, an organization which is opposed to the two referendums at issue in Ms. Hutton’s complaint; and, during 2008, Ms. Hutton was a paid consultant for the Berry for Maine PAC, the leadership PAC of Rep. Seth Berry, now the House Majority Whip.

² Ms. Hutton is a resident of the Town of Bowdoinham. The Bowdoinham Town Meeting will be held on June 10, 2009. As a result, it is unlikely that Ms. Hutton’s allegation is based on her personal knowledge from her own attendance at a town meeting.

request does not comply with the requirements contained in the Commission rules, the appropriate action by Commission staff would be to seek more information from her before placing her request on the Commission's agenda.

You have failed to provide sufficient time to respond to the request for information

Your request for information is dated April 27, 2009 and was received by e-mail after 5:00 p.m. on that date. You requested that a response be provided two weeks later on May 11, 2009. Your request seeks detailed information about Maine Leads' activities and finances over an 18 month period. Your request is burdensome and can't be fully and accurately replied to within two weeks. Even if the request was made after an appropriate preliminary determination by the Commission as discussed above, two weeks is not a sufficient amount of time to properly respond to such a request.

In contrast to the process you have suggested in this matter, those served with a civil complaint are given 20 days before an answer is required to be filed with a court – and all that is required in an answer is that the factual allegations in the complaint be admitted or denied. No detailed factual response is required. Once a lawsuit is underway, parties are allowed 30 days to respond to written interrogatories or requests for documents. The Commission should provide at least 30 days to respond to detailed questions such as those contained in your April 27, 2009 letter.

A response from Maine Leads would require the disclosure of confidential information

Maine Leads is involved in a number of activities that fall outside of the Commission's jurisdiction. Maine Leads understands that consideration of all of the organization's activities may be needed to determine whether or not the organization is a political action committee. However, answering the questions contained in your April 27, 2009 letter would require the disclosure of private financial and strategic information that would not otherwise be available to the public or those, such as Ms. Hutton, who are opposed to Maine Leads' aims.

If the Commission finds that Ms. Hutton's complaint meets the requirements of 21-A M.R.S.A. §1003 and commission rules, Maine Leads requests that its submissions about its finances and non-regulated activities be kept confidential pursuant to 21-A M.R.S.A. §1003(3-A). This statute allows to be kept confidential "financial information not normally available to the public" and "information . . . that, if disclosed, would reveal sensitive political or campaign information." Your request for information about Maine Leads' activities, contributions, and expenditures falls squarely within these provisions. Though Maine Leads is willing to provide the information requested because it believes the information supports the conclusion that Maine Leads is neither a political action committee nor a ballot question committee, Maine Leads should not be required to publicly disclose private financial and operational information to defend itself against a baseless complaint. As a result, if the Commission decides to open an investigation based on Ms. Hutton's complaint, Maine Leads requests that any information provided to the Commission or Commission staff that would not

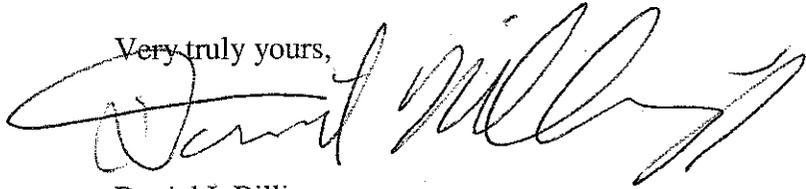
Jonathan Wayne, Executive Director
May 11, 2009
Page 4

be required to be disclosed under the statutes within the Commission's jurisdiction be kept confidential pursuant to 21-A M.R.S.A. §1003.

Conclusion

If it is decided that Ms. Hutton's complaint contains sufficient information to justify its inclusion on the agenda for the Commission's May 28th meeting, I will be in attendance at the meeting along with Roy Lenardson of Maine Leads.

Very truly yours,

A handwritten signature in black ink, appearing to read "Daniel I. Billings", written in a cursive style.

Daniel I. Billings

**MARDEN, DUBORD,
BERNIER & STEVENS**

ATTORNEYS AT LAW

Daniel I. Billings, Esq.
dbillings@mardendubord.com

44 ELM STREET
P.O. BOX 708
WATERVILLE, ME 04903-0708
www.mardendubord.com

PHONE (207) 873-0186
FAX (207) 873-2245

May 20, 2009

RECEIVED

MAY 21 2009

Jonathan Wayne, Executive Director
Maine Commission on Governmental Ethics & Election Practices **MAINE ETHICS COMMISSION**
135 State House Station
Augusta, Maine 04333-0135

RE: Hutton complaint against Maine Leads

Dear Mr. Wayne:

I am in receipt of your letter of May 14, 2009. This letter will confirm that I will be in attendance at the Commission's May 28, 2009 with Roy Lenardson of Maine Leads.

I am concerned that your letter leaves the impression that Maine Leads has not responded to your request for information for merely procedural reasons. In my May 11, 2009 letter, I explained two substantive reasons for not providing responses to your detailed request for information: (1) you did not provide sufficient time to respond completely and accurately and (2) responding to your questions would require the disclosure of confidential information.

As you know, within days of receipt of your April 27, 2009 letter, both Mr. Lenardson and I offered to meet with Commission staff privately to provide answers to the questions you asked. In response to this offer you reasonably replied that you did not believe you had the authority to engage in confidential fact finding without authorization from the Commission. While I understand and accept your response, your refusal to proceed as suggested will reduce the information available to the Commission members on May 28th and could have the effect of prolonging the Commission's consideration of this matter. Due to your negative response to the offer to meet privately, I made the request on behalf of Maine Leads that its submissions about its finances and non-regulated activities be kept confidential pursuant to 21-A M.R.S.A. §1003(3-A).

Also, as you know, one of my other clients has been accused of making materials misrepresentations to the Commission. Due to the possibility of such accusations being made again in the future, it is imperative that those who are asked to respond to complaints be given sufficient time to respond so that research can be completed to ensure that responses are carefully considered and accurate. Though two weeks or less may be enough time to reply to simple questions from Commission staff, it is not enough time to respond to detailed requests like your April 27, 2009 letter.

I am surprised by your suggestion that your letter fully complies with 21-A M.R.S.A. §1003. It appears from the contents of your May 14, 2009 letter that your actual position is that 21-A M.R.S.A. §1003 does not apply to requests such as those contained in your April 27, 2009 letter. While I understand that Commission rules allow for preliminary fact finding by the Executive Director, the requests contained in your April 27, 2009 go beyond what I would consider preliminary fact finding and amount to an investigation.

Your May 14, 2009 letter does not address Ms. Hutton's failure to comply with Commission rules concerning requests for Commission investigations. One of the few factual allegations contained in Ms. Hutton's letter is that "in 2009 Maine Leads has been distributing leaflets and calculators at town meetings (plural) to support the TABOR and Excise Tax Referendums." Commission rules, and fundamental fairness, require that she list what town meetings Maine Leads is alleged to have made such distributions and the source of the information that supports her allegation. No person or entity should be expected to respond to such allegations without being provided such information. I reiterate my request that you ask Ms. Hutton to provide such detail, as required by Commission rules, before the May 28th Commission meeting.

I agree with your position that the statute does not require a person making a complaint to prove that a violation has occurred. Though the wording of the statute should be more clear, it is apparent that some showing beyond a mere allegation is necessary before an investigation is conducted. The statute also requires that the Commission "review the application" for an investigation, which suggests that the burden to make a sufficient showing is on the party requesting an investigation, not on the Commission staff or the party who would be the subject to the investigation. Though the statute is not specific as to what standard must be met, "sufficient grounds" implies that there must be some standard, apart from mere allegation. Generally, in such matters, administrative bodies may rely on such information that a reasonable person in the relevant profession or activity would rely on to base decisions. "Sufficient grounds" implies that the Commission must consider such evidence and determine whether it is more likely than not that a violation has occurred.

As a preliminary matter, I request that the Commission consider what standard is required to be met before an investigation is conducted pursuant to 21-A M.R.S.A. §1003. It is imperative that an agency that regulates activities that fall within fundamental First Amendment protections not subject parties to investigations of their constitutionally protected activities based on mere allegation or speculation. When investigations are begun by the Commission, the reputation of the party being investigated is harmed by the mere fact that an investigation is being conducted; the party being investigated may be required to disclose information that would not otherwise be publicly available; and participating in an investigation imposes costs on the party being investigated. For all these reasons, the Commission should not open an investigation without more of showing than has been made by Ms. Hutton.

In your May 14, 2009 letter, you raise specific issues regarding Trevor Bragdon. Because now more than two weeks have passed since Maine Leads was made aware of Ms.

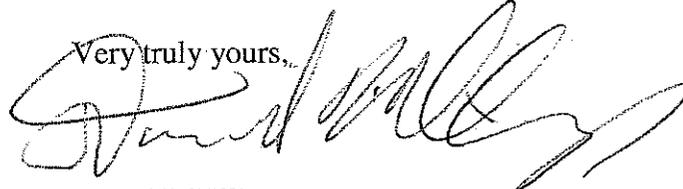
Hutton's complaint, there has been more of opportunity to consider Mr. Bragdon's work for Maine Leads and involvement in the petition gathering process.

If one reviews the filings of the political action committees ("PACs") involved in the signature gathering for the initiatives in questions¹, one will find that the PACs paid Pioneer Group, Inc. for signature collection. A review of the Secretary of State's online database of Maine corporations shows that Pioneer Group, Inc. is a Maine corporation in good standing and that Trevor Bragdon is the clerk/registered agent for the corporation. (Enclosed is a copy of the information summary from that database.) Mr. Bragdon tells me that he is the sole shareholder of the corporation.

Mr. Bragdon was a paid employee of Maine Leads only in February, March, and April of 2008 and again from December 2008 through March 2009². A majority of the signatures for the initiatives were collected in November of 2007 and June of 2008, on and around the elections held in those months³. During the periods of time when the majority of the signatures for the initiatives were collected, Mr. Bragdon was not a paid employee of Maine Leads. His paid involvement in the signature gathering process was through his company, Pioneer Group, Inc. In addition, a search of the Commission's online database reveals that Pioneer Group, Inc. received payments throughout 2008 from the Maine Senate Republican Committee, a political action committee that supported Senate Republican candidates. During most of 2008, Mr. Bragdon worked for Pioneer Group, Inc. as the corporation provided services to its client PACs. Mr. Bragdon has provided me information that indicates that he received significantly more income from Pioneer Group, Inc. than from Maine Leads during 2008⁴.

I request that this letter be provided to the Commission members as part of the information provided to them before the May 28th meeting. Thank you.

Very truly yours,



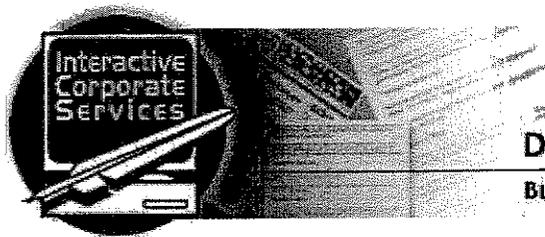
Daniel I. Billing

¹ Preliminary fact gathering by the Commission's Executive Director should include a review of the records on file with the Commission and other available public records that are relevant to the request for an investigation.

² Mr. Bragdon is not currently a paid employee of Maine Leads and has not been since April 1, 2009. It is anticipated that he will not be a paid employee of Maine Leads, because of his work on the referendum campaigns, through the November election.

³ This fact can be confirmed by a review of the petitions on file with the Secretary of State.

⁴ More detailed information concerning Mr. Bragdon's income and sources of income could be provided. Such information is information that should be confidential pursuant to 21-A M.R.S.A. §1003(3-A) and therefore is not being provided now.



MAINE

Department of the Secretary of State
Bureau of Corporations, Elections and Commissions

Corporate Name Search

Information Summary

Subscriber activity report

This record contains information from the CEC database and is accurate as of: Tue May 19 2009 14:10:54. Please print or save for your records.

Legal Name	Charter Number	Filing Type	Status
PIONEER GROUP	20080394 D	BUSINESS CORPORATION	GOOD STANDING

Filing Date	Expiration Date	Jurisdiction
09/18/2007	N/A	MAINE

Other Names (A=Assumed ; F=Former)

NONE

Clerk/Registered Agent

TREVOR BRAGDON
PO BOX 391
AUGUSTA, ME 04332 0391

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List of Filings

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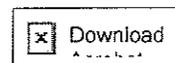
[Certified copy](#)

Certificate of Existence [\(more info\)](#)

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McTEAGUE, HIGBEE, CASE, COHEN, WHITNEY & TOKER, P.A.

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TOPSHAM, MAINE 04086-5000



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MAY 21 2009

MAINE ETHICS COMMISSION

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PATRICK M. KELLY
BENJAMIN K. GRANT

PATRICK N. MCTEAGUE
OF COUNSEL

May 20, 2009

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

RE: Hutton Complaint against Maine Leads

Dear Mr. Wayne:

I am writing in response to the May 11, 2009 letter from Maine Leads and Attorney Dan Billings to the Ethics Commission. Several of Maine Leads' contentions warrant a response at this time, so that the Commission has a clear view of the exact nature of Ms. Hutton's request for an investigation. As a preliminary matter, we support your positions regarding the propriety of your initial requests to Maine Leads and feel your response on the issue comports with the relevant law. Regarding the substantive contentions, please accept the following.

Ms. Hutton's Request Offers Facts Which, If True, Constitute A Violation Of Maine Law

Maine Leads contends that Ms. Hutton's allegations would not amount to a violation of Maine law if proven true. This contention is incorrect. Provided here is a detailed recounting of the actions that violate Maine law.

On October 18, 2007, Roy Lenardson registered Maine Leads as a non-profit corporation with the Secretary of State. On November 15, 2007, Maine Leads made three large financial contributions:

- A) \$25,000 to The Road to a Cleaner Maine PAC;
- B) \$25,000 to Citizens for a Prosperous Maine PAC, and;
- C) \$25,000 to Affordable Health Care Choices for Maine PAC.

These three PACs were formed for the sole purpose of gathering sufficient signatures to force legislative action, and, ultimately, a public vote on three ballot initiatives related to taxes and health care.¹ While PACs must disclose the name and occupation of donors, a "non-profit"

¹ The PACs were terminated upon completion of the signature gathering process and replaced by three new PACs formed, presumably, to facilitate the public campaign for the initiatives' passage. The health care ballot initiative failed to garner enough signatures, but that result is not material to the question at issue here.

Re: Hutton Complaint against Maine Leads
May 20, 2009
Page 2

does not face the same requirements. However, mere legal designation as a non-profit does not automatically exempt the organization from Maine's campaign disclosure laws if the organization's actions bring it under the definition of a political action committee. 21-A M.S.R.A. §1052(5)(A)(4), the law governing the definition of a political action committee on November 15, 2007, includes in the definition of a PAC:

"Any organization . . . that has as its major purpose advocating the passage or defeat of a ballot question and that solicits funds from members or nonmembers and spends more than \$1,500 in a calendar year to initiate, advance, promote, defeat or influence in any way a . . . referendum or initiated petition, including the collection of signatures for a direct initiative[.]"

A further look at the records of the three PACs mentioned above indicates that the PACs' major purpose was to act as a conduit for Maine Leads' \$75,000. The facts are these:

In addition to the \$25,000 from Maine Leads, The Road to a Cleaner Maine PAC generated \$72.00 in contributions from additional sources. Therefore, of \$25,072 in contributions, Maine Leads was responsible for 99.7%.

In addition to the \$25,000 from Maine Leads, Citizens for a Prosperous Maine PAC generated \$16,554 in contributions from additional sources. Therefore, of \$41,554 in contributions, Maine Leads was responsible for 60.2%.

In addition to the \$25,000 from Maine Leads, Affordable Health Care Choices for Maine PAC generated \$8,200 in contributions from additional sources. Therefore, of \$33,200 in contributions, Maine Leads was responsible for 75.3%.

In sum, within one month of formation, Maine Leads contributed \$75,000 of the \$99,826 (75.1%) that ultimately funded the collection of signatures for the ballot initiatives in question. Of that total, at least \$81,704.47 was paid to an entity called "Pioneer Group Inc," for campaign consulting, signature collection and verified signatures. Without Maine Leads, neither of the ballot questions at issue here would be on the ballot this November. As such, and absent any evidence of other activities conducted by the organization, Maine Leads' "major purpose" should be deemed the collection of signatures for the direct initiatives described above.

Therefore, we contend that by the above actions, Maine Leads qualified as a PAC under Maine law. Its major purpose at the time was to collect signatures for the ballot initiatives described above, and the PACs in question appear as mere pass-through organizations created only to provide concealment for Maine Leads contributors and/or allow Maine Leads to maintain its non-profit status. 21-A M.S.R.A. § 1052(5)(A)(4) prevents this kind of pass-through.

The Commission should open an investigation to clarify the following question: Was Maine Leads' "major purpose" to "influence in any way" the collection of signatures for these direct

Re: Hutton Complaint against Maine Leads
May 20, 2009
Page 3

initiatives? Ancillary questions might include: What other activities has Maine Leads engaged in since its formation? What other activities was Maine Leads engaged in during the period in question? The \$75,000 in question was what percent of Maine Leads' overall budget for the period in question?

If it is found that Maine Leads' major purpose was, in fact, collecting signatures for the ballot initiatives at issue here, the Commission should find that Maine Leads was a political action committee and its failure to file the appropriate reports was a violation of Maine law.

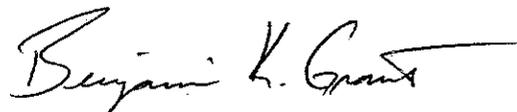
The investigation might also explore the relationship between Maine Leads and Pioneer Group Inc. Trevor Bragdon is listed as a current staff member of Maine Leads, an officer in More Green Now PAC (The Road to a Cleaner Maine PAC's successor), and the President and only listed Director of Pioneer Group Inc. Mr. Bragdon made the only individual contribution to The Road to a Cleaner Maine PAC, and listed The Pioneer Group as his employer. Certainly the nexus between the money raised into Maine Leads, staffed by Mr. Bragdon, and paid to Pioneer Group Inc, operated by Mr. Bragdon, deserves investigation, as it further implies that these organizations were mere "on-paper" distinctions. If this is found to be the case, it further supports the assertion that Maine Leads was, in fact, a political action committee for the time period in question.

Conclusion

The public policy implicated here is vital to the health of our political process. Maine has gone to great lengths to codify rigorous disclosure requirements so that every voter can access information regarding the entities and individuals financing campaigns in this State. Maine Leads has attempted an end-run around those requirements, and the Commission risks creating a blueprint for such evasion in the future if it ratifies the actions outlined above.

1 M.S.R.A. § 1001 establishes the Statement of Purpose for the Ethics Commission. In part, it states, "there is created an independent commission on governmental ethics and election practices to guard against corruption or undue influencing of the election process." Ms. Hutton submits that the actions of Maine Leads are the type of undue influence that the Legislature had in mind.

Very truly yours,



Benjamin K. Grant

BKG:cja

**MARDEN, DUBORD,
BERNIER & STEVENS**

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MAY 22 2009

May 21, 2009

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

MAINE ETHICS COMMISSION

RE: Attorney Grant's Letter of May 20, 2009

Dear Mr. Wayne:

I am in receipt of Attorney Benjamin Grant's letter of May 20, 2009. Mr. Grant is correct that Ms. Hutton has made allegations of violations of law but, as outlined in my previous letters, more than mere allegations are necessary to justify the opening of an investigation. The facts that she has come forward with do not show sufficient grounds for believing that a violation may have occurred. Mr. Grant is asking the Commission to consider the facts in the negative light that Ms. Hutton places them in and to then force Maine Leads to prove that the allegations are false. Such a process turns the burden of proof on its head. Ms. Hutton is asking the Commission to engage in a new form of McCarthyism where instead of being asked by a government panel to prove that one is not a Communist, the accused will be forced to prove it is not a political action committee.

In his letter, Mr. Grant suggests that Maine Leads is a political action committee ("PAC") because it contributed the majority of the funds to three political action committees gathering signatures for three separate initiatives. Making contributions to PACs does not, on its own, turn the contributor into a PAC. It is not unusual for PACs involved in initiative campaigns to receive their funding from a small number of contributors, particularly during the signature gathering process. A good example is the school funding initiative brought forward a few years ago by the Maine Municipal Association. During the signature gathering process, the PAC funding the signature drive received \$182,094.02 in cash and in-kind contributions -- 98.21% of those contributions came from the Maine Municipal Association. In addition, the various gaming referendums in recent years are other examples of referendums where the funding for the PACs behind the referendums came from a small number of sources.

Mr. Grant quotes part of the definition of political action committee that was effect in 2007 and suggests that the three separate contributions by Maine Leads in support of three separate initiatives alone could make Maine Leads a PAC. The plain language of the statute states otherwise.

The statute quoted by Mr. Grant defines a political action committee as “Any organization . . . that has as its major purpose advocating the passage or defeat of a ballot question and that solicits funds from members or nonmembers and spends more than \$1,500 in a calendar year to initiate, advance, promote, defeat or influence in any way a . . . referendum or initiated petition, including the collection of signatures for a direct initiative, in this State.” (Emphasis added.) This definition sets up a three part test that must be passed for an organization to be defined as a political action committee. The organization must (1) have as its major purpose advocating the passage or defeat of a ballot question; (2) it must solicit funds for that purpose; and (3) it must spend more than \$1,500 in a calendar year for that purpose. If any one of three requirements is not present, the organization is not a PAC.

It is not in dispute that Maine Leads made contributions to three political action committees that were collecting signatures for three separate initiatives. Even if one is to assume, for the purpose of argument, that in 2007, the major purpose of Maine Leads was supporting the signature gathering process for the three initiatives, the statute defines as a political action committee an organization that has as its major purpose advocating the passage or defeat of a single ballot question. The statute speaks of a single ballot question and does not include in the definition organizations that have the major purpose advocating the passage or defeat of multiple ballot questions. In addition, no evidence has been presented that Maine Leads solicited funds “to initiate, advance, promote, defeat or influence in any way a . . . referendum or initiated petition, including the collection of signatures for a direct initiative, in this State.” Without evidence of such solicitation, the Commission can not conclude that Maine Leads is a political action committee.

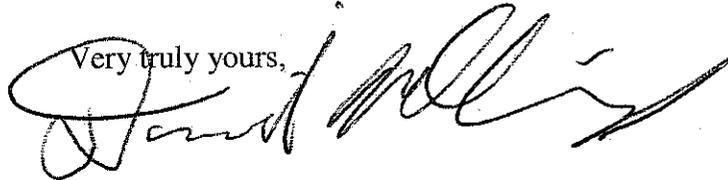
More importantly, in 2007 when the contributions by Maine Leads were made, the PACs to which Maine Leads contributed were engaged in the signature gathering process. At that time, the signature gathering process was at the early stages and there were not yet any ballot questions for which an organization could advocate the passage or defeat. In fact, under the initiative and referendum process, initiated bills go first to the Legislature and it is only if the Legislature rejects the initiative that there will be any ballot question for which any organization may advocate the passage or defeat. If the Legislature enacts the initiated bill, which has been done, there is no ballot question. By the definition cited above, to be a political action committee, an organization must have as its major purpose “advocating the passage or defeat of a ballot question.” An organization with the major purpose of collecting signatures for an initiative is not, by definition, a political action committee.

It is also significant that the definition of political action committees that was in effect in 2007 also defined as a PAC “Any organization, including any corporation or association, that has as its major purpose advocating the passage or defeat of a ballot question and that makes expenditures other than by contribution to a political action committee, for the purpose of the initiation, promotion or defeat of any question.” (Emphasis added.) By this definition, if an organization’s only expenditures related to a ballot question were “by contribution to a political action committee,” the organization would not be a PAC. As a result, the contributions by Maine Leads to the three political action committees should not be considered grounds to believe that Maine Leads is a PAC.

As you know, the definition of political action committee that was in effect in 2007 was amended by the Legislature, in part, because the Commission found the definition difficult to apply and administer. The definition in effect in 2007 was vague and overbroad. Due to the problems with the definitions, to avoid constitutional issues, the Commission must interpret and apply the definition narrowly.

The Commission should also consider whether Ms. Hutton's complaint is timely. The three contributions in question were made by Maine Leads in November 2007 and the contributions were reported by the three PACs in January of 2008. Ms. Hutton's complaint was filed more than 15 months after information about the Maine Leads contributions was available to the public and Commission staff. The timing of the complaint raises the question as to whether the complaint is made in good faith. It seems unlikely that it is coincidence that Ms. Hutton's complaint was filed at the same time that Maine Leads was actively lobbying and publicly campaigning against LD 1353 An Act Regarding Salary Information for Public Employees. LD 1353 was aimed at shutting down a website that includes a database containing salary information for public employees. The bill was a major priority of the Maine State Employees Association, the union of which Ms. Hutton's husband is the Executive Director.

Very truly yours,

A handwritten signature in black ink, appearing to read "Daniel I. Billing". The signature is fluid and cursive, with a large initial "D" and "B".

Daniel I. Billing

McTEAGUE, HIGBEE, CASE, COHEN, WHITNEY & TOKER, P.A.

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MAY 26 2009

MAINE ETHICS COMMISSION

May 22, 2009

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

RE: Response to Attorney Billings' Letter of May 21, 2009

Dear Mr. Wayne:

At the risk of prolonging an already extensive correspondence leading up to next week's Ethics Commission meeting, I am writing to respond to several issues raised by Dan Billings and Maine Leads in their letter of May 21, 2009.

1. Burden of Proof

Mr. Billings continues to insist that we have insisted on an unreasonably high burden of proof from Maine Leads. Sensationalizing our request through comparison to "McCarthyism," however, does not turn our routine, ordinary request into anything more than it is. To reiterate, we have discovered and come forward with facts that, if proven, constitute a violation of Maine law. We do nothing more than relay those facts to the Commission and suggest that the Commission open an investigation and form its own conclusions. That Maine Leads might have to provide further information to the Commission about its activities hardly offends our well-worn standards regarding burdens of proof.

Despite his protests to the contrary, it is Mr. Billings, in fact, who is asking that a "normal" burden of proof be altered – namely that of a party bringing a complaint. There is simply no proceeding in which the complaining party must prove its case with its very first submission. We have shown sufficient grounds to believe that a violation occurred, but that is not really the core of Mr. Billings' argument. He has suggested that we have not proven that a violation did occur. That, of course, is for the Commission to decide, not a requirement of the complaining party.

2. Contributions to PACs

Mr. Billings believes that contributions to PACs are ordinary transactions and do not, of themselves, qualify the donating entity as a political action committee. He is correct, but this argument fails to

RE: Response to Attorney Billings' Letter of May 21, 2009
May 22, 2009
Page 2

address the relevant standard, or our contention regarding Maine Leads' donations. There is no specific activity listed in the 21-A M.S.R.A. § 1052(5)(A)(4) that proves an entity is, or is not, a PAC. Rather, the threshold question requires that we explore the "major purpose" of the entity in question, and our contention is that if the "major activity" is funding a signature collection campaign, then the entity in question comes under the definition of a PAC.

Mr. Billings' own example demonstrates this point precisely. The Maine Municipal Association (MMA) provided significant funds to the school funding initiative that appeared on the ballot several years ago. Similarly to Maine Leads and the several PACs involved in this dispute, a very high percentage of the PACs' money came from one source. However, a mere cursory investigation of the Maine Municipal Association reveals that the organization engages in many additional activities beyond support or opposition of referendum campaigns. For instance, MMA employs six attorneys and provides legal services to its members, offers a variety of workshops and conferences each year, and provides information about personnel services ranging from recruitment to labor relations. It is not apparent, on the other hand, that Maine Leads has any other major purpose – and that is precisely that point of our request.

3. Single Ballot Question vs. Multiple Ballot Questions

Mr. Billings contends that by contributing to three ballot initiative PACs, Maine Leads did not run afoul of the statute in question because the requirement speaks of a ballot question. This is an interpretation of the statute that would lead to absurd results and contravenes that purpose of Maine's campaign disclosure laws. The underlying purpose of the statutory scheme in question is to provide the public with information about the groups and individuals who support and oppose campaigns in Maine. To say that an entity can conceal its contributors because it supports multiple ballot initiatives, but an entity supporting only one ballot initiative must disclose its contributors is an absurd proposition.

4. Solicitation of Funds

Mr. Billings is correct that one element of the statute in question is the solicitation of funds to influence in any way a ballot initiative. His conclusion, however, demonstrates the very need for the investigation we have requested. That we do not possess evidence of Maine Leads' solicitation efforts is precisely the point. The other evidence indicates that Maine Leads' major activity was collecting signatures for the relevant ballot initiatives. However, because Maine Leads is a non-profit organization (on paper, at least), it does not have to disclose information about its fundraising activity. Disclosure of that information, however, may be necessary to determine whether or not Maine Leads was, in fact, operating as a political action committee.

5. Collecting Signatures

Mr. Billings contends that "[a]n organization with the major purpose of collecting signatures for an initiative is not, by definition, a political action committee" because the definition in question

RE: Response to Attorney Billings' Letter of May 21, 2009
May 22, 2009
Page 3

refers only to "advocating the passage or defeat of a ballot question." This is a classic "distinction without a difference." The entire point of collecting signatures is to qualify a question for the ballot, so to say that this process is not "advocating" for the question's passage is not credible.

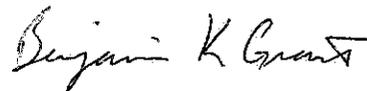
6. 21-A M.S.R.A. §1052(5)(A)(3)

Mr. Billings is correct that the definition of a PAC at the time in question included the provision that he quotes regarding contributions to PACs. However, his reading of the statute is incorrect. Subsection (3) merely covers entities who's activities are not contributions to political action committees. Maine Leads' activities in question were contributions, so the subsection does not apply. Mr. Billings has read this clause to provide an exclusion for contributions, when the language of the statute indicates otherwise. Summarized another way, subsection (3) applies to entities who influence ballot initiatives via contributions other than contributions to PACs. Subsection (4), then, applies when the major activity is monetary contribution.

7. Timeliness

Ms. Hutton's complaint is timely, as the ballot initiatives in question are schedule for appearance on the ballot this fall. The campaign activity has continued, and will increase over the course of this summer and fall. In fact, (and in response to Mr. Billings original objection to our lack of citation for the contention that Maine Leads has conducted advocacy at town meetings), Senate President Elizabeth Mitchell observed Maine Leads distributing "calculators" at a recent town meeting in Sidney, Maine. What is obvious from this fact is that the public still has an interest in being able to access information about Maine Leads, as Maine Leads continues to advocate for the ballot initiatives in question. This is an ongoing campaign, and, therefore, an ongoing problem.

Very truly yours,



Benjamin K. Grant

BKG:cja



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

June 19, 2009

By E-Mail and Regular Mail

Daniel I. Billings, Esq.
Marden, Dubord, Bernier & Stevens
P.O. Box 708
Waterville, ME 04903-0708

REQUEST FOR INFORMATION AND DOCUMENTS

Dear Mr. Billings:

At their meeting on May 28, 2009, the members of the Maine Commission on Governmental Ethics and Election Practices directed the Commission staff to initiate an investigation regarding whether Maine Leads has violated Maine campaign finance laws by operating as an unregistered political action committee (PAC) or by not filing campaign finance reports required as a ballot question committee. This letter, and the attached subpoena, is to request information and documents from Maine Leads in connection with the investigation. The staff may have further requests for information or documents at a later time.

Purpose of Investigation

In the view of the Commission staff, the relevant time period is the October 2007 incorporation of Maine Leads to the present. During this period, the registration and reporting statutes were amended by Chapter 477 of the Public Laws of 2007. The amendments took effect on June 30, 2008.

The purpose of this investigation, as authorized by the Commission, is to determine:

- whether Maine Leads qualified as a PAC under 21-A M.R.S.A. §§ 1052(5)(A)(3) and (4) in effect before June 30, 2008;¹
- whether Maine Leads qualifies as a PAC under § 1052(5)(A)(4) in effect beginning on June 30, 2008;
- whether Maine Leads was required to file campaign finance reports under § 1056(B) in effect before and after June 30, 2008.

¹ All statutory citations in this request refer to provisions in the Maine Election Law (Title 21-A of the Maine Revised Statutes).

Factual Issues to be Considered

In the course of the investigation, the Commission staff is seeking evidence relevant to the following factual issues:

1. Was the major purpose of Maine Leads to initiate or promote a citizen initiative?
2. Has Maine Leads made expenditures, including for paid staff, to initiate or promote a citizen initiative?
3. Did Maine Leads solicit funds to initiate or promote a citizen initiative, including for the collection of petition signatures?
4. Have donors or other funders provided funds to Maine Leads for the purpose of initiating or promoting a citizen initiative, including contributions as defined by § 1056(B)(2-A)

Confidentiality of Investigation

The Maine Election Law authorizes the Commission to keep certain categories of information and records (“investigative working papers”) confidential in the course of conducting an investigation. (§ 1003(3-A)). These categories include financial information not normally available to the public, and information belonging to a political action committee or ballot question committee that, if disclosed, would reveal sensitive political or campaign information. If Maine Leads would like the Commission to keep some of the information or documents in its response confidential under this provision, please designate those items and explain the basis for requesting confidentiality. The Commission will consider your request.

Request for Information

The staff of the Commission requests the following:

1. Please state the purpose for which Maine Leads was formed.
2. Provide any mission statement(s) of the organization.
3. Please describe the most significant activities of Maine Leads during the period of October 1, 2007 to December 31, 2008.
4. Provide the total expenditures of Maine Leads for the period of October 1, 2007 through December 31, 2008.
5. A. Please indicate the percentage breakdown of total expenditures by Maine Leads during this period for each activity identified in response to request #3.

- B. Please provide the percentage of staff time allocated to each activity listed in response to request #3.
6. If you believe it is relevant to the major purpose of the organization, please provide the information requested in #3, #4, and #5 for the period of January 1, 2009 to the present.
7. Please state whether Maine Leads made any expenditures since its inception to initiate or to promote a citizen initiative, including efforts to gather signatures on initiative petitions. If so, please provide the total amount of those expenditures and describe the purposes for which they were made. Please include payments to staff in the form of wages or expense reimbursements as well as any payments to independent contractors for goods or services.
8. Please provide the total revenue received by Maine Leads during the period of October 1, 2007 to December 31, 2008, and describe the nature of the sources of the revenue (e.g., individuals, corporations and other commercial sources, foundations, non-profit organizations, and any other sources).
9. Please describe how Maine Leads raised its revenues during the period of October 1, 2007 to December 31, 2008, including a description of all types of solicitations employed (e.g., personal conversations, electronic mail, letters or other written correspondence, grant applications, or other media).
10. Indicate whether, during the period of October 1, 2007 to December 31, 2008, Maine Leads received funds in the following categories which are set forth in 21-A M.R.S.A. § 1056-B(2-A) and which were included in an advisory memorandum from the Commission staff on § 1056-B reporting dated December 27, 2006:
- A. funds that the contributor specified were given in connection with a citizen initiative;
 - B. funds provided in response to a solicitation that would lead the contributor to believe that the funds would be used specifically for the purpose of initiating, promoting, defeating or influencing in any way a citizen initiative; and
 - C. funds that can reasonably be determined to have been provided by the contributor for the purpose of initiating, promoting, defeating or influencing in any way a citizen initiative when viewed in the context of the contribution and the recipient's activities regarding a citizen initiative.

If Maine Leads has received such contributions, please provide the date and amount of each contribution.

Daniel I. Billings, Esq.
Page 4
June 19, 2009

Form of Response

The Commission staff requests that a representative of Maine Leads respond to each request under oath separately and fully.

Attached Subpoena

I have attached a photocopy of a subpoena for documents that was authorized by the Chair of the Commission in accordance with Chapter 1, Section 5(1) of the Commission's Rules. *Please indicate whether you are willing to accept the subpoena on behalf of Maine Leads, or whether the Commission will need to serve the subpoena on the organization's executive director in person.*

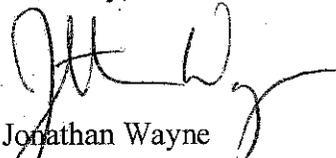
Deadline for Response

The Commission staff requests that Maine Leads provide the requested information and documents no later than 5:00 p.m. on Monday, July 20, 2009.

Objections to Requests

If Maine Leads objects to any of the requests, kindly state the objections and basis for those objections in writing no later than 5:00 p.m. on Wednesday, July 1, 2009. I will request that the Commission hold a special meeting to consider the objections.

Sincerely,



Jonathan Wayne
Executive Director

cp

cc:

By E-Mail and Regular Mail

Phyllis Gardiner, Assistant Attorney General

Benjamin K. Grant, Counsel for Deborah Hutton

STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES

In Re: Maine Leads

**INVESTIGATIVE SUBPOENA
TO PRODUCE RECORDS**

To: Roy Lenardson, Executive Director
Maine Leads
12 Church Street, Suite 2
Augusta, ME 04332

YOU ARE HEREBY ORDERED, in the name of the State of Maine Commission on Governmental Ethics and Election Practices, pursuant to 21-A M.R.S.A. § 1003, to produce and permit inspection and copying of the following designated materials on or before July 20, 2009, at the offices of the Commission on Governmental Ethics and Election Practices for the State of Maine, located on the second floor of 45 Memorial Circle, Augusta, Maine, or by sending photocopies by first class U.S. mail before that date addressed to Jonathan Wayne, Executive Director, Commission on Governmental Ethics and Election Practices, 135 State House Station, Augusta, Maine 04333:

1. All solicitations for donations, grants, or other funding for Maine Leads issued by or on behalf of Maine Leads during the period of October 1, 2007 to December 31, 2008, including electronic mail, letters or other written correspondence, grant applications, or other media.
2. All correspondence sent by Maine Leads to any donor during the period of October 1, 2007 to December 31, 2008, which acknowledges Maine Leads' receipt of funds from the donor or which thanks the donor for providing funds to Maine Leads.
3. All correspondence, by letter or electronic mail, and any other documents exchanged between Maine Leads and donors to Maine Leads during the period of October 1, 2007 to December 31, 2008 in which the purpose or use of the donated funds or grant award is discussed by Maine Leads or the donor.

In responding to this subpoena, Maine Leads may redact the names and addresses of any individuals or organizations that were solicited for funds or donated funds. If solicitations were distributed by means of a form letter or email, providing a single copy of that form will be sufficient.

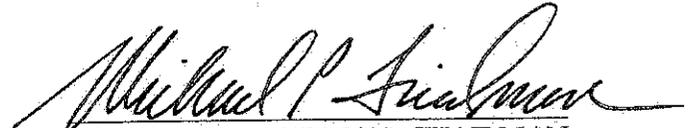
This subpoena is issued on behalf of the Commission on Governmental Ethics and Election Practices, in conjunction with a Commission investigation to determine whether Maine Leads has violated Maine's campaign finance laws by operating as an unregistered political action committee or by not filing campaign finance reports required as a ballot

question committee, pursuant to 21-A M.R.S.A. §1003(1) & (2). The Commission's attorney is Phyllis Gardiner, Assistant Attorney General, Office of the Attorney General, 6 State House Station, Augusta, Maine 04333-0006. She may be contacted at (207) 626-8830.

NOTICE: If you object to the subpoena, you must petition the Commission on Governmental Ethics and Election Practices to vacate or modify the subpoena before July 1, 2009. After such investigation as the Commission considers appropriate, it may grant the petition in whole or in part upon a finding that the testimony or evidence for which production is required does not relate with reasonable directness to any manner in question, or that a subpoena for the production of evidence is unreasonable or oppressive or has not been issued a reasonable period in advance of the time when the evidence is requested.

WARNING: Failure to comply with this subpoena shall be punishable as for contempt of court, pursuant to 5 M.R.S.A. § 9060(1) and Rule 66(c) of the Maine Rules of Civil Procedure.

Dated: June 19, 2009


MICHAEL P. FRIEDMAN, CHAIRMAN
Commission on Governmental Ethics
and Election Practices

Kennebec, ss:

On the _____ day of _____, 2009, I served the above-named Roy Lenardson, by delivering a true copy of this Subpoena in hand.

Signature

Print Name

Agency



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

June 22, 2009

By E-Mail and Regular Mail

Daniel I. Billings, Esq.
Marden, Dubord, Bernier & Stevens
P.O. Box 708
Waterville, ME 04903-0708

Dear Mr. Billings:

In my June 19, 2009 request for information and documents (at 4, second paragraph), I inquired whether you would be willing to accept service of an investigative subpoena on behalf of your client, Maine Leads. Although you indicated you received the request, I do not believe I received a response on the question. Could you please let me know whether you will accept service? Thank you very much.

Sincerely,

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

Jonathan Wayne
Executive Director

cp

cc: Phyllis Gardiner, Assistant Attorney General (by e-mail and inter-office mail)



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

June 23, 2009

Daniel I. Billings, Esq.
Marden, Dubord, Bernier & Stevens
P.O. Box 708
Waterville, ME 04903-0708

Dear Mr. Billings:

Thank you for agreeing to accept service of the attached subpoena on behalf of Maine Leads. I have attached the original subpoena signed by the Commission Chair, an acceptance of service prepared by the Commission's Counsel, and a return envelope. If you would like to discuss the proposed acceptance, please call me at 287-4179. Thank you very much.

Sincerely,

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

Jonathan Wayne
Executive Director

STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES

In Re: Maine Leads

**INVESTIGATIVE SUBPOENA
TO PRODUCE RECORDS**

To: Roy Lenardson, Executive Director
Maine Leads
12 Church Street, Suite 2
Augusta, ME 04332

YOU ARE HEREBY ORDERED, in the name of the State of Maine Commission on Governmental Ethics and Election Practices, pursuant to 21-A M.R.S.A. § 1003, to produce and permit inspection and copying of the following designated materials on or before July 20, 2009, at the offices of the Commission on Governmental Ethics and Election Practices for the State of Maine, located on the second floor of 45 Memorial Circle, Augusta, Maine, or by sending photocopies by first class U.S. mail before that date addressed to Jonathan Wayne, Executive Director, Commission on Governmental Ethics and Election Practices, 135 State House Station, Augusta, Maine 04333:

1. All solicitations for donations, grants, or other funding for Maine Leads issued by or on behalf of Maine Leads during the period of October 1, 2007 to December 31, 2008, including electronic mail, letters or other written correspondence, grant applications, or other media.
2. -All correspondence sent by Maine Leads to any donor during the period of October 1, 2007 to December 31, 2008, which acknowledges Maine Leads' receipt of funds from the donor or which thanks the donor for providing funds to Maine Leads.
3. All correspondence, by letter or electronic mail, and any other documents exchanged between Maine Leads and donors to Maine Leads during the period of October 1, 2007 to December 31, 2008 in which the purpose or use of the donated funds or grant award is discussed by Maine Leads or the donor.

In responding to this subpoena, Maine Leads may redact the names and addresses of any individuals or organizations that were solicited for funds or donated funds. If solicitations were distributed by means of a form letter or email, providing a single copy of that form will be sufficient.

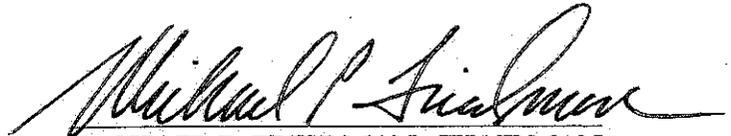
This subpoena is issued on behalf of the Commission on Governmental Ethics and Election Practices, in conjunction with a Commission investigation to determine whether Maine Leads has violated Maine's campaign finance laws by operating as an unregistered political action committee or by not filing campaign finance reports required as a ballot

question committee, pursuant to 21-A M.R.S.A. §1003(1) & (2). The Commission's attorney is Phyllis Gardiner, Assistant Attorney General, Office of the Attorney General, 6 State House Station, Augusta, Maine 04333-0006. She may be contacted at (207) 626-8830.

NOTICE: If you object to the subpoena, you must petition the Commission on Governmental Ethics and Election Practices to vacate or modify the subpoena before July 1, 2009. After such investigation as the Commission considers appropriate, it may grant the petition in whole or in part upon a finding that the testimony or evidence for which production is required does not relate with reasonable directness to any manner in question, or that a subpoena for the production of evidence is unreasonable or oppressive or has not been issued a reasonable period in advance of the time when the evidence is requested.

WARNING: Failure to comply with this subpoena shall be punishable as for contempt of court, pursuant to 5 M.R.S.A. § 9060(1) and Rule 66(c) of the Maine Rules of Civil Procedure.

Dated: June 19, 2009



MICHAEL P. FRIEDMAN, CHAIRMAN
Commission on Governmental Ethics
and Election Practices

Kennebec, ss:

On the _____ day of _____, 2009, I served the above-named Roy Lenardson, by delivering a true copy of this Subpoena in hand.

Signature

Print Name

Agency

On June ____, 2009, I accepted the service by mail/electronic mail of the attached subpoena on behalf of my client, Roy Lenardson as Executive Director of Maine Leads, (and thereby waived service by a deputy sheriff) to produce documents for inspection and copying at the offices of the Commission on Governmental Ethics and Election Practices, at 45 Memorial Circle, Augusta, Maine, on or before July 20, 2009, and do by signing below, acknowledge that my client promises to respond to the subpoena as directed.

Daniel I. Billings, Esq.

STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES

In Re: Maine Leads

**INVESTIGATIVE SUBPOENA
TO PRODUCE RECORDS**

To: Roy Lenardson, Executive Director
Maine Leads
12 Church Street, Suite 2
Augusta, ME 04332

YOU ARE HEREBY ORDERED, in the name of the State of Maine Commission on Governmental Ethics and Election Practices, pursuant to 21-A M.R.S.A. § 1003, to produce and permit inspection and copying of the following designated materials on or before July 20, 2009, at the offices of the Commission on Governmental Ethics and Election Practices for the State of Maine, located on the second floor of 45 Memorial Circle, Augusta, Maine, or by sending photocopies by first class U.S. mail before that date addressed to Jonathan Wayne, Executive Director, Commission on Governmental Ethics and Election Practices, 135 State House Station, Augusta, Maine 04333:

1. All solicitations for donations, grants, or other funding for Maine Leads issued by or on behalf of Maine Leads during the period of October 1, 2007 to December 31, 2008, including electronic mail, letters or other written correspondence, grant applications, or other media.
2. All correspondence sent by Maine Leads to any donor during the period of October 1, 2007 to December 31, 2008, which acknowledges Maine Leads' receipt of funds from the donor or which thanks the donor for providing funds to Maine Leads.
3. All correspondence, by letter or electronic mail, and any other documents exchanged between Maine Leads and donors to Maine Leads during the period of October 1, 2007 to December 31, 2008 in which the purpose or use of the donated funds or grant award is discussed by Maine Leads or the donor.

In responding to this subpoena, Maine Leads may redact the names and addresses of any individuals or organizations that were solicited for funds or donated funds. If solicitations were distributed by means of a form letter or email, providing a single copy of that form will be sufficient.

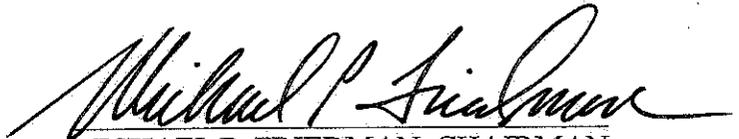
This subpoena is issued on behalf of the Commission on Governmental Ethics and Election Practices, in conjunction with a Commission investigation to determine whether Maine Leads has violated Maine's campaign finance laws by operating as an unregistered political action committee or by not filing campaign finance reports required as a ballot

question committee, pursuant to 21-A M.R.S.A. §1003(1) & (2). The Commission's attorney is Phyllis Gardiner, Assistant Attorney General, Office of the Attorney General, 6 State House Station, Augusta, Maine 04333-0006. She may be contacted at (207) 626-8830.

NOTICE: If you object to the subpoena, you must petition the Commission on Governmental Ethics and Election Practices to vacate or modify the subpoena before July 1, 2009. After such investigation as the Commission considers appropriate, it may grant the petition in whole or in part upon a finding that the testimony or evidence for which production is required does not relate with reasonable directness to any manner in question, or that a subpoena for the production of evidence is unreasonable or oppressive or has not been issued a reasonable period in advance of the time when the evidence is requested.

WARNING: Failure to comply with this subpoena shall be punishable as for contempt of court, pursuant to 5 M.R.S.A. § 9060(1) and Rule 66(c) of the Maine Rules of Civil Procedure.

Dated: June 19, 2009



MICHAEL P. FRIEDMAN, CHAIRMAN
Commission on Governmental Ethics
and Election Practices

Kennebec, ss:

On the _____ day of _____, 2009, I served the above-named Roy Lenardson, by delivering a true copy of this Subpoena in hand.

Signature

Print Name

Agency

On June 26, 2009, I accepted the service by mail/electronic mail of the attached subpoena on behalf of my client, Roy Lenardson as Executive Director of Maine Leads, (and thereby waived service by a deputy sheriff) to produce documents for inspection and copying at the offices of the Commission on Governmental Ethics and Election Practices, at 45 Memorial Circle, Augusta, Maine, on or before July 20, 2009, and do by signing below, acknowledge that my client promises to respond to the subpoena as directed.

A handwritten signature in black ink, appearing to read "Daniel I. Billings", written over a horizontal line.

Daniel I. Billings, Esq.

**MARDEN, DUBORD,
BERNIER & STEVENS**

ATTORNEYS AT LAW

Daniel I. Billings, Esq.
dbillings@mardendubord.com

44 ELM STREET
P.O. BOX 708
WATERVILLE, ME 04903-0708
www.mardendubord.com

PHONE (207) 873-0186
FAX (207) 873-2245

RECEIVED

JUL 02 2009

June 30, 2009

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

MAINE ETHICS COMMISSION

RE: Objection to subpoena issued to Maine Leads

Dear Mr. Wayne:

On behalf of my client, Maine Leads, I object, for the reasons stated below, to the subpoena dated June 19, 2009 and request that the subpoena be modified to limit its scope to communications which reference, directly or indirectly, referendum elections, candidate elections, initiatives, petition drives, or signature gathering.

As stated in the subpoena, the subpoena was issued in conjunction with a Commission investigation to determine whether Maine Leads has violated Maine's campaign finance laws by operating as an unregistered political action committee or by not filing campaign finance reports required of ballot question committees. As a result, the Commission is entitled to seek evidence by subpoena which is related to activities which, if conducted, would have brought Maine Leads into an area which is within the Commission's jurisdiction. Solicitations for donations or other communications with donors that related in any way to a regulated activity is evidence which the Commission may seek through subpoena. However, the subpoena that was issued goes well beyond seeking communications that relate to regulated activity and seeks all solicitation for donations or other communications with donors which would include communications that are in no way related to regulated activities. By issuing such a broad subpoena, the Commission is going beyond its jurisdiction and the subpoena does not therefore relate with reasonable directness to any matter in question. The scope of the subpoena should be modified to narrow its scope to communications which reference, directly or indirectly, referendum elections, candidate elections, initiatives, petition drives, or signature gathering. In doing so, the Commission would ensure that it is limiting the use of its subpoena power to seeking evidence of activities that fall within the Commission's jurisdiction.

Maine Leads may decide, voluntarily, to provide evidence of its activities that fall outside of the Commission's jurisdiction. However, the Commission, given its limited jurisdiction as described by statute, should not be using its subpoena power to compel the production of such evidence.

I will note that the scope of the investigation as described in your June 19, 2009 letter is narrower than the subpoena that accompanied the letter. Maine Leads would have no objection to providing all communications, if any exist, that fall within the scope of information under #10 on page 3 of your letter. The information sought there falls within the scope of the Commission's jurisdiction and Maine Leads does not dispute the Commission has the authority to compel the production of such information by use of a subpoena. If the subpoena is modified to limit its scope to communications as described under #10 on page 3 of your letter, Maine Leads would have no further objection to the subpoena.

The Commission should not take this letter as an attempt to delay the investigation or as indication that Maine Leads does not intend to cooperate with the investigation. Maine Leads appreciates the 30 days given to respond to your June 19th letter and has already begun to compile the information requested. However, responding to a subpoena issued by a government agency is a serious matter and I would not be serving my client properly if I did not raise the objection stated above.

Very truly yours,

A handwritten signature in black ink, appearing to read "Daniel I. Billings", written in a cursive style.

Daniel I. Billings

**MARDEN, DUBORD,
BERNIER & STEVENS**

ATTORNEYS AT LAW

Daniel I. Billings, Esq.
dbillings@mardendubord.com

44 ELM STREET
P.O. BOX 708
WATERVILLE, ME 04903-0708
www.mardendubord.com

PHONE (207) 873-0186
FAX (207) 873-2245

July 2, 2009

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

RECEIVED

JUL 07 2009

MAINE ETHICS COMMISSION

RE: Objection to subpoena issued to Maine Leads

Dear Mr. Wayne:

Since sending my letter of June 30, 2009, I have had the opportunity to consult in more detail with my client concerning communications that would be covered by the subpoena issued by the Commission. Upon further review, it appears that all communications that would be covered by the subpoena as issued would be documents that Maine Leads would wish to voluntarily produce because they support Maine Leads' position in this matter.

Though I continue to believe that the subpoena, as issued, was too broad, there does not appear to be any communications covered by the subpoena that Maine Leads does not wish to produce. As a result, it does not appear necessary for the Commission to now consider the objection that I previously made on behalf of Maine Leads. However, I would like the opportunity to reassert the objection, if necessary, when Maine Leads makes its submission to the Commission on July 20th.

Very truly yours,



Daniel I. Billings

**MARDEN, DUBORD,
BERNIER & STEVENS**

ATTORNEYS AT LAW

Daniel I. Billings, Esq.
dbillings@mardendubord.com

44 ELM STREET
P.O. BOX 708
WATERVILLE, ME 04903-0708
www.mardendubord.com

RECEIVED

JUL 27 2009

MAINE ETHICS COMMISSION

PHONE (207) 873-0186
FAX (207) 873-2245

July 24, 2009

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

RE: Request for information and documents from Maine Leads

Dear Mr. Wayne:

Enclosed you will find the following documents in response to the Commission's subpoena and request for information from Maine Leads:

1. An affidavit from Roy Lenardson, Executive Director of Maine Leads, answering the questions contained in your June 19, 2009 letter. The enclosed is unsigned because Mr. Lenardson is out of state until Monday. However, the enclosed is a final version of the affidavit. Mr. Lenardson will execute the enclosed affidavit and the original signed affidavit will be provided to you early next week.

2. A copy of a 2007 funding proposal for Maine Leads. This document is the only document that is being provided in response to the subpoena issued by the Commission. Parts of the document are referenced and incorporated by reference in Mr. Lenardson's affidavit. Maine Leads' efforts to comply with the subpoena and the reason there are no other documents are addressed at the end of Mr. Lenardson's affidavit.

3. A summary of Maine Leads activities since the organization's formation. The document is incorporated by reference in Mr. Lenardson's affidavit.

4. A copy of Maine Leads' 990-EZ which covers the period from October 1, 2007 through December 31, 2008. The document is referenced in Mr. Lenardson's affidavit. The revenue and expenditure information contained in the affidavit comes from the 990-EZ.

I believe the enclosed documents fully address the questions and requests made by the Commission. It was the intent to address the requests in a direct and straightforward manner. As we have previously discussed, I wish to have the opportunity to offer legal arguments at the appropriate time before the matter is presented to the Commission. My client and I understand that Commission staff may request additional information as a result of this submission.

Jonathan Wayne, Executive Director

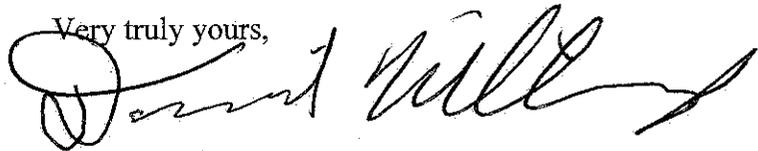
July 24, 2009

Page 2

If you believe it is necessary for the Commission to consider any preliminary issues regarding this investigation at its July 30, 2009 meeting, please let me know as soon as possible. As I have previously indicated, Mr. Lenardson will be unable to attend that meeting. However, I will be in attendance and can address any procedural issues if that is necessary.

Thank you for your consideration in granting an extension to the deadline for making this submission due to my recent injury.

Very truly yours,

A handwritten signature in black ink, appearing to read "Daniel I. Billing". The signature is written in a cursive style with a large initial "D" and a long horizontal stroke extending to the right.

Daniel I. Billing

**AFFIDAVIT OF ROY LENARDSON
IN RESPONSE TO QUESTIONS FROM THE STAFF OF MAINE COMMISSION ON
GOVERNMENTAL ETHICS & ELECTION PRACTICES**

I, Roy Lenardson, Executive Director of Maine Leads, after being duly sworn, do hereby depose and say as follows:

QUESTION No. 1 Please state the purpose for which Maine Leads was formed.

ANSWER: Along with this affidavit, and in response to the subpoena issued by the Commission, I have provided a copy of the initial funding proposal for Maine Leads that describes the purpose for which Maine Leads was formed. I adopt and incorporate by reference into this affidavit the purposes for forming Maine Leads described in that document.

QUESTION No. 2 Provide any mission statement(s) of the organization.

ANSWER: The mission statement for Maine Leads is: *"The purpose of Maine Leads is to achieve future prosperity. We empower citizens to fight for lower taxes, government transparency, and economic freedom."*

QUESTION No. 3 Please describe the most significant activities of Maine Leads for the period of October 1, 2007 through December 31, 2008.

ANSWER: Attached is a summary of Maine Leads activities since the organization's formation. I adopt and incorporate by reference into this affidavit the attached summary.

QUESTION No. 4 Provide the total expenditures for Maine Leads for the period of October 1, 2007 through December 31, 2008.

ANSWER: \$445,526. See attached 990-EZ which covers the period from October 1, 2007 through December 31, 2008.

QUESTION No. 5

A. Please indicate the percentage breakdown of total expenditures by Maine Leads during the period for each activity identified in response to request #3.

ANSWER: Because our accounting was not set up to track expenditures in such a manner and because such a significant portion of the expenditures were for staff and related overhead, I can not swear to the accuracy of any such a breakdown. I refer the Commission staff to the enclosed 990-EZ; the staff breakdown provided below; and other answers provided in this affidavit as the best information by which such an estimate can be made.

B. Please provide the percentage of staff time allocated to each activity listed in response to request #3.

ANSWER: Please see breakdown below. This estimate was prepared in response to the request from Commission staff. I believe it to be accurate based on the best information available to me. However, it was prepared after the fact and therefore may not be completely accurate.

Maine Leads Breakdown of staff time by activity	Percentage of Time
Healthcare	10%
Transparency/Accountability	25%
Economy/Taxes	15%
Energy	5%
Candidate Training	15%
Testimony/Lobbying	5%
Coalition Building and Outreach	15%
Initiative Related	4%
Miscellaneous/Administrative	6%
Total	100%

QUESTION No. 6 If you believe it is relevant to the major purpose of the organization, please provide the information requested in #3, #4, and #5 for the period January 1, 2009 to the present.

ANSWER: Maine Leads activities during 2009 have been similar to the activities described in response to question #3. Most recently, Maine Leads staff has taken the lead in organizing counter-rallies in response to rallies organized in support of the President's healthcare proposals. Maine Leads has filed a 2009 Campaign Finance Report as a Ballot Question Committee that details total expenditures in support of two initiatives of \$8380.00.

QUESTION No. 7 Please state whether Maine Leads made any expenditures since its inception to initiate or to promote a citizen initiative, including efforts to gather signatures on initiative petitions. If so, please provide the total amount of those expenditures and describe the purpose for which they were made. Please include payment to staff in the form of wages of expense reimbursements as well as payments to independent contractors for goods and services.

ANSWER: Maine Leads paid \$160,500 to Pioneer Group, Inc. for the collection of signatures on three initiative petitions. In addition, we estimate that approximately 4% of staff time through December 31, 2008 was spent on initiative related activities. The total expenditures for staff wages and benefits for initiative related activities during that period are \$4948.96. Also, Maine Leads made the three contributions of \$25,000 each to three political action committees that supported signature gathering for citizen initiatives.

QUESTION No. 8 Please provide the total revenue received by Maine Leads during the period of October 1, 2007 to December 31, 2008, and describe the nature of the sources of the revenue (e.g., individuals, corporations and other commercial sources, foundations, non-profit organizations, and any other sources.)

ANSWER: \$421,187. See attached 990-EZ which covers the period from October 1, 2007 through December 31, 2008. 93% of the revenue was from national non-profit organizations as a result of the initial funding proposal in 2007 that has been provided in response to the subpoena issued by the Commission. 4% of the revenue came from donations from corporations. The total of contributions from corporations was \$12,000 and this came in two separate contributions from two different corporations. 3% of the revenue came in donations from individuals. Less than 1% of the revenue was from interest income.

QUESTION No. 9 Please describe how Maine Leads raised its revenue during the period of October 1, 2007 to December 31, 2008, including a description of all types of solicitations employed (e.g., personal conversations, electronic mail, letters or other written correspondence, grant applications, or other media).

ANSWER: 93% of the revenue was from national non-profit organizations as a result of the initial funding proposal in 2007 that has been provided in response to the subpoena issued by the Commission. All of the other contributions were received as a result of direct personal solicitations by me or other individuals involved with Maine Leads.

QUESTION No. 10 Indicate whether, during the period of October 1, 2007 to December 31, 2008, Maine Leads received funds in the following categories which are set forth in 21-A M.R.S.A. § 1056-B(2) and which were included in an advisory memorandum from the Commission staff on § 1056-B reporting dated December 27, 2006:

A. funds that the contributor specified were given in connection with a citizen initiative;

B. funds provided in response to a solicitation that would lead the contributor to believe that the funds would be used specifically for the purpose of initiating, promoting, defeating or influencing in any way a citizen initiative; and

C. funds that can reasonably be determined to have been provided by the contributor for the purpose of initiating, promoting, defeating or influencing in any way a citizen initiative when viewed in the context of the contribution and the recipient's activities regarding a citizen initiative.

If Maine Leads has received such contributions, please provide the date and amount of each contribution.

ANSWER: No contributions were received which would fall within the categories listed.

RESPONSE TO SUBPOENA TO PRODUCE RECORDS

As explained above, 93% of Maine Leads' revenue through December 31, 2008 was as a result of a 2007 funding proposal. A copy of the proposal is enclosed. Other funds were raised as a result of direct contact by me or others involved in the organization to people or corporations with which there was a prior relationship. Maine Leads has not engaged in any direct mail; e-mail; or phone solicitations to the general public. There were thank you notes sent to some of the contributors. I believe all thank you notes were handwritten. However, copies of such notes were not retained by me or the staff of Maine Leads. I remember that one individual contributor was thanked with a gift of some famous quotes in a nice frame. I and the staff of Maine Leads have made a diligent search of our files – both paper and digital – to determine the existence of any documents sought by the subpoena. I believe that the enclosed funding proposal is the only such document.

Dated:

R.W. Lenardson
Roy Lenardson

STATE OF MAINE
COUNTY OF KENNEBEC, ss.

Dated: 7-29-09

Personally appeared the above named Roy Lenardson and swore to the truth of the foregoing.

Before me,

Paul Lavin 6964
NOTARY PUBLIC Attorney-at-law
Printed Name: PAUL LAVIN
My Commission Expires: _____



Restoring Fiscal Sanity in Maine

National Tax Limitation Committee

Funding request Fiscal Year 2008: \$130,000

Maine Leads

PO Box 142

Augusta, Maine 04332

www.meleads.org

Today, the phrase *as Maine goes...* has become a chilling prospect for many folks in this country, as Maine has become an incubator for bad ideas: public funding of elections, government run health care, carbon taxes, and home to one of the nation's highest tax burdens. Our quasi-socialist State government has grown unchecked, extending its big government, high tax philosophy across the country.

It doesn't have to be that way. We have a plan to fight back and stop these damaging policies in their tracks. Maine Leads is a bold new organization actively promoting responsible fiscal policies, government accountability, and effective citizen activism. The goal of Maine Leads is simple; empower citizens and pressure government to finally create tax relief and future prosperity for Maine.

We have FIVE main components for restoring fiscal sanity through the use of a C-4 here in Maine: (See attached for detail description)

- > A SENTRY AT THE STATE HOUSE
- > AN ENGINE FOR CITIZEN ACTIVISM
- > A GOVERNMENT WATCHDOG
- > A FACTORY OF CITIZEN INITIATIVES
- > AN ARSENAL OF INFORMATION

We are ready to fight for fiscal responsibility and government accountability, but we cannot be successful without the support of individuals and organizations who share our principles of limited government. With this support behind us, we can immediately begin implementing our battle plan and holding politicians accountable.

If we work together, Maine Leads can not only build a firewall along our border to keep bad policies from spreading, but simultaneously defeat those policies within our borders to ensure that Maine will not fall victim to big government and high taxes any longer.

Attachments: Maine Leads Team
Maine Leads Plan

Maine Leads

A c-4 Proposal

Maine has become the poster child for what you can accomplish on the left with a well-funded and long-term strategic plan. Leftist groups ranging from move-on.org, the Proteus Fund, ACT Blue and dozens of environmental groups have made Maine a magnet for socialism and socialist ideas. Health care, public financing of elections and draconian environmental rules are the order of the day.

There is hope.

We can fight back. We have local, independent, committed activists who are willing to lead the fight for restoring fiscal sanity here in Maine. We have a great opportunity, as we are rapidly approaching a pendulum moment. That moment when things---having swung so far to the left---can either come back to the middle or remain stuck in the far left – for decades. We believe that with old fashion activism and hard work we can dislodge the pendulum and bring Maine back from the brink of socialism.

That's the good news.

Unfortunately, we lack the cohesion and long-term strategic thinking that can combine this talent, access and influence into a machine that can move Maine away from the brink of blue-state socialism. We have a very weak Republican party, and an almost nonexistent group of elected officials willing to fight for fiscal sanity in Maine.

We have a plan.

We need a better structure – one that will support our current efforts, but also give us the ability to increase our capacity and create a structure that provides a permanent presence in Maine's political landscape. More importantly, we need an independent group not beholden to a party or a politician -- that will focus on and fight for fiscal responsibility for the highest taxed people in the country.

Think tanks think.

We've thought about it, and we would like to move to the next stage by creating a "do tank," better known as a C-4. Limited government advocates often make their case solely through policy papers. The problem with this, however, is the disconnect that exists between forceful scholarship and a well-developed capacity for communicating and applying ideas.

We envision SIX main components for restoring fiscal sanity through the use of a C-4 or non-profit here in Maine:

1. Campaign Training and Recruitment

- a. State candidates
- b. Local candidates
- c. I&R Activists
- d. Grassroots campaign workers

Maine Leads

A c-4 Proposal

2. Grassroots Lobbying and Advocacy

- a. Bill tracking
- b. Testimony at public hearings
- c. Monitor local government activities
- d. Provide ammunition for grassroots
- e. MaineVotes

3. I&R Activism

- a. Ballot initiative development
- b. Signature collection strategy and training
- c. PAC development and organization
- d. Ballot campaign strategy

4. Local Activist Training and Outreach

- a. Grants to new and existing organizations
- b. Regional and state-wide activities to support local groups
- c. Umbrella organization with legal, development and issue advice
- d. Project grants in support of our mission

5. Communications

- a. Website – blogs, Wiki, etc...
- b. Newsletter
- c. Weekly media strategy
- d. Grassroots communication: (op-eds, letters, earned media)
- e. Paid media – issue ads, etc
- f. Mobilizing the grassroots
- g. Resource for media
- h. Clearing house for speakers and experts

6. Reinforcement for C-3 Efforts

STAFFING

- Executive Director
- Administrative Assistant
- Grassroots Director
- Communications Director
- Development Director

Executive Director

The Executive Director is responsible for the group's overall success in meeting the C-4 mission. More specifically, he or she will:

- 1) Communicate with the Board of Directors.
- 2) Hire, fire, train, and monitor staff.
- 3) Represent and explain the group and its mission to philosophical allies in the State.

Maine Leads

A c-4 Proposal

- 4) Develop support and resources for the organization.
- 5) Represent the Liberty mission to the mainstream press.
- 6) Be a registered lobbyist and participate as issues arise.
- 7) Design and implement, with the staff, specific projects that further the mission of the group.
- 8) Ensure that the organization complies with all applicable laws, codes, statutes, and reporting procedures.

Administrative Assistant

The Administrative Assistant is responsible for making sure all operations run efficiently and effectively, providing support to the Executive Director. More specifically, he or she will:

- 1) File forms and documents, and maintain all records.
- 2) Maintain a database of contacts.
- 3) Plan and organize events.
- 4) Record, delegate, and follow-up on tasks.
- 5) Order office supplies.

Grass Roots Director

The Grass Roots Director is responsible for building support for the organization's mission, and for training citizen volunteers to effectively and independently pursue parts of the C-4's overall mission. More specifically, he or she will:

1. Identify philosophically-allied groups in the State—groups of citizens upset about high taxes, encroachments on private property, etc.
- 2) Reach out to these groups by:
 - a. Scheduling appointments with opinion leaders of activist groups.
 - b. Communicating the mission of the group.
 - c. Familiarizing them with specific projects that require broad-based volunteer participation.
 - d. Recruiting volunteers.
- 3) Assemble small groups of active limited government advocates in communities throughout the State and:
 - a. Meet with them.
 - b. Collect contact information to add to state-wide database.
 - c. Offer training sessions in government accountability and transparency activism, such as filing open records requests with public school districts and local governments.
 - d. Arrange for them to be trained in online activism in order to effectively share results.
 - e. Provide information about additional accountability mechanisms.
 - f. Design programs and events that attract activists.

Maine Leads

A c-4 Proposal

g. Mobilize activists for letter to the editor campaigns.

- 4) Identify and assist in the for the formation of Political Action Committees where necessary.

Communications Director

The Communications Director is responsible for coordinating the C-4's messaging with the State think tank (C-3) and for promoting awareness of the C-4 organization, its mission and importance, its specific projects, and its specific findings. More specifically, he or she will:

- 1) Build awareness through the new media by:
 - a. Providing useful, politically interesting, meaningful content to existing bloggers in the State through e-mail blasts or by pitching stories to specific bloggers, etc.
 - b. Booking representatives on radio talk shows in the State.
 - c. Producing e-newsletters containing information about the group and its mission.
 - d. Providing reporters in the mainstream media with "news round-ups" that summarize what the bloggers are saying.
 - e. Providing materials to the mainstream press about big stories and/or specific projects undertaken by the group.
 - f. Establishing and maintaining contacts with mainstream media.
 - g. Finding alternative media outlets.
- 2) Collect and maintain lists of:
 - a. Names and e-mail addresses of the State's active bloggers.
 - b. Local access TV stations and hosts
 - c. The State's radio talk show hosts.
 - d. Names and e-mail addresses of politically-active individuals and groups in the State who communicate politically interesting news with their e-mail lists.
 - e. The State's mainstream media.
 - f. Alternative media outlets (like ethnic news or alternative lifestyle publications).
- 3) Provide media training to activists (i.e. how to blog or engage in other forms of online activism), and mentor and encourage these new online activists (or create a program that does so). Work with Grassroots Director to accomplish those goals.
- 4) Develop public access TV strategy
- 5) Maintain the C-4 website, including:
 - a. Graphic design.
 - b. Content.
 - c. Designing and implementing appropriate Search Engine Optimization techniques to ensure the group's website and other web-based projects rank near the top of Google search results for chosen search terms.
- 6) Coordinate annual state-wide conference

Development Director

The Development Director is responsible for the procurement of financial donations in order for the organization to carry out its goals. More specifically, he or she will:

Maine Leads

A c-4 Proposal

- 1) Develop an annual fundraising plan and timeline.
- 2) Research possible donors and foundations.
- 3) Coordinate fundraising events.
- 4) Solicit donations with telephone calls and personal meetings.
- 5) Craft fundraising proposals.
- 6) Create and manage direct mail campaigns (house and project mailings).
- 7) E-fundraise.
- 8) Create a list of the group's activities, developments, successes, and future plans that correspond to the interests of individual donors.
- 9) Provide training sessions for candidates and PACs on successful Development Efforts

Maine Leads Activities

Divided by Category

Health Care

- Advised and drafted health care policy for several candidates
- Ghost wrote Medicaid op-ed as related to the biennial budget during the 123rd Legislature
- Ghost wrote Dirigo op-ed column
- Oppose the federal government takeover of health care
 - Website development and management
 - Online petition facilitation
 - Draft and edit health care columns, letters to the editor and letters to federal delegation
- Published: *"What you're not hearing in the people's veto campaign"* (PolitickerME.com, 9/24/08)

Transparency/Accountability

- Developed launch plan for MHPC's MaineOpenGov.org website
- Designed fliers and tradeshow booth for national open government conference
- Targeted Southport selectmen for their decision not to hold school budget validation election
 - Wrote script and launched auto calls to all Southport residents
 - Activated our grassroots network to call Southport Selectmen and demand they hold the vote
- Drafted and sent press release to notify media of Southport's noncompliance on budget vote
- Created communication plan for bipartisan opposition to OPEGA funding cuts
- Ghost wrote three op-eds regarding OPEGA funding cuts
- Project management for the creation of MaineVotes.org
 - Managed programmers during development phase and website launch
 - Test and trouble shoot beta version of site
 - Created media and launch plan of site
 - Managed staff that manually populated data on site
 - Edited bill summaries and committee actions
 - Facilitated weekly project conference calls and meetings
 - Completed long term viability and cost study of site for project sponsor
- Provided accountability and transparency policy consulting to candidates and legislators
- Published: *"Revisiting term limits in Maine and beyond"* (PolitickerME.com, 12/2/08)
- Published: *"Clean elections, costly politics"* (PolitickerME.com, 10/23/08)
- Published: *"We've got questions. Do they have answers?"* (PolitickerME.com, 10/7/08)
- Published: *"Your tax dollars paid my salary"* (PolitickerME.com, 10/1/08)

Economy/Taxes

- Activated grassroots network to contact State Senator Bill Diamond regarding tax increase proposals during the 123rd Legislature
- Sent auto calls to all voters in Sen. Diamond's district encouraging him to oppose any new taxes
- Sent auto calls to all voters in Sen. Diamond's district expressing disappointment for his vote to increase taxes
- Consulted on tax policy for the Senate Republican leadership
- Ghost wrote one column on beverage tax increase
- Assisted the Maine tea parties in Bangor, Portland and Augusta

Energy

- Advised and drafted energy policy and strategy for several candidates
- Maine gas tax automatic gas tax increase interviews

Candidate/Activist Training

- Conducted three grassroots training seminars for "A Rising Tide" to more than 75 activists.
- Provided individualized candidate training to 27 candidates for Legislature
- Created district specific candidate handbooks
- Held five, day-long training sessions with approximately five candidates at each session (1/31/08, 3/6/08, 4/22/08, 5/1/08, 5/28/08). Topics which included:
 - Election law compliance
 - Communications and outreach
 - Campaign infrastructure
 - Campaign look and feel
 - Legislative priorities
 - MaineVotes.org training and tutorial
 - Issue policy discussions

Testimony/Lobbying

- LD 2178: "An Act To Increase Public Confidence in Government by Expanding Public Disclosure" (123rd Legislature)
- LD 105: "An Act To Increase the Allowable Contributions to Traditionally Funded Campaigns" (124th Legislature)
- LD 974: "An Act to Decrease the Automobile Excise Tax and Promote Energy Efficiency" (124th Legislature)
- LD 976: "An Act to Provide Tax Relief" (124th Legislature)

- LD 1353: "An Act Regarding Salary Information for Public Employees" (124th Legislature)
- LD 1288: "An Act To Reduce Income Tax Rates" (124th Legislature)
- LD 530: "Resolution, Proposing an Amendment to the Constitution of Maine to Reduce the Number of Signatures Required and Prohibit Payment for Signatures in the Citizen's Initiative Process"
- Created joint letter with Citizens in Charge, Maine Taxpayers United, and Maine Heritage Policy Center to the Legislature opposing LD 530 and LD 28 on constitutional grounds

Coalition Building and Outreach

- Maine Center Right Coalition
- Maine Taxpayers United
- Portland Taxpayers Association
- Maine Tea Party movement
- National participation in:
 - State Policy Network
 - National Taxpayers Union
 - Sam Adams Alliance
 - American Legislative Exchange Council
 - Americans for Tax Reform
 - American for Limited Government
 - Mackinac Center
 - Personal Democracy Forum
 - Heritage Resource Bank
 - American Solutions

Miscellaneous

- Published: "*Ideas for the next chair of the Maine Republican Party*" (*PolitickerME.com*, 11/20/08)
- Published: "*Oxford County casino proposal doesn't pass 'straight face test'*" (*PolitickerME.com*, 9/17/08)

Maine Leads in the News

Bills could strengthen lawmakers' ethics rules -*March 4, 2008*

http://pressherald.maintoday.com/story_pf.php?id=173399&ac=PHnws

GOP convention highlights-*May 7, 2008*

<http://www.politicker.com/maine/11680/convention-highlights>

Several Petitions Awaiting State Voters in Primary-*May 29, 2008*

<http://ellsworthmaine.com/site/index.php/2008052914782/Statehouse-News-Service/Several-Petitions-Awaiting-State-Voters-in-Primary.html>

Maine high court ruling to change petition process-*August 8, 2008*

<http://morningsentinel.mainetoday.com/news/local/5290415.html>

Activists turn in Maine initiative petitions-*November 3, 2008*

<http://www.seacoastonline.com/articles/20081103-NEWS-81103018>

Maine Leads, The Maine Heritage Policy Center Advance Three New Citizen Initiatives to Promote Economic Freedom in Maine-*November 3, 2008*

[http://www.magic-city-news.com/State 18/Maine Leads The Maine Heritage Policy Center Advance Three New Citizen Initiatives to Promote Economic Freedom in Maine10985.shtml](http://www.magic-city-news.com/State%2018/Maine%20Leads%20The%20Maine%20Heritage%20Policy%20Center%20Advance%20Three%20New%20Citizen%20Initiatives%20to%20Promote%20Economic%20Freedom%20in%20Maine10985.shtml)

'09 ballot initiatives already on the table-*November 4, 2008*

<http://www.mainebiz.biz/news43694.html>

Battle simmers over auto tax-*January 24, 2009*

http://www.sunjournal.com/story/300753-3/Business/Battle_simmers_over_auto_tax/

Audio Archive on WGAN 560AM - Chris Cinquemani discusses the excise tax repeal effort-*January 24, 2009*

http://www.wgan.com/play_window.php?audioType=Episode&audioid=3373399

Maine officials OK ballot questions for taxes, public school, medical pot- *February 25, 2009*

<http://www.seacoastonline.com/articles/20090225-NEWS-902250368>

Legislators, Mainers again seek tax reform-*March 1, 2009*

<http://pressherald.mainetoday.com/story.php?id=242190&ac=PHnws>

RELEASE: Maine Leads Executive Director to Tax Committee: "Your efforts have largely failed."-*March 26, 2009*

STATEHOUSE: Vehicle taxes debated again-*March 27, 2009*

<http://morningsentinel.mainetoday.com/news/local/6121003.html>

Panel rejects car tax cut; November ballot likely-*April 8, 2009*

<http://kennebecjournal.mainetoday.com/news/local/6172257.html>

RELEASE: Bill to Hide Public Information Would Advance Agenda of Secrecy-*April 9, 2009*

Legislature to consider bill to keep employee salaries secret- *April 10, 2009*

<http://waldo.villagesoup.com/Government/story.cfm?storyID=153776>

RELEASE: Assistant Senate Democratic Leader: Government transparency "voyeuristic, sleazy"-*April 14, 2009*

Auburn Senator Shows Hypocrisy with Co-Sponsorship of Bill to Hide Public Information-*April 28, 2009*

Exception Magazine

TABOR NOW Hearing Tomorrow- *April 15, 2009*

<http://exceptionmag.com/politics/government/000686/tabor-now-hearing-tomorrow>

Bangor 'Tea Party' protest draws hundreds- *April 16, 2009*

<http://brewer.maineville.com/detail/103855.html>

RELEASE: Maine Leads Testifies in Support of TABOR NOW at Public Hearing-*April 16, 2009*

A government in shadows- *April 26, 2009*

http://www.sunjournal.com/story/314419-3/Columnist/A_government_in_shadows/

Short Form Return of Organization Exempt From Income Tax

2008

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)
▶ Sponsoring organizations of donor advised funds and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$1,000,000 and total assets less than \$2,500,000 at the end of the year may use this form.
▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2008 calendar year, or tax year beginning , 2008, and ending , 20

<p>B Check if applicable:</p> <p><input type="checkbox"/> Address change</p> <p><input type="checkbox"/> Name change</p> <p><input checked="" type="checkbox"/> Initial return</p> <p><input type="checkbox"/> Termination</p> <p><input type="checkbox"/> Amended return</p> <p><input type="checkbox"/> Application pending</p>	<p>Please use IRS label or print or type. See Specific Instructions.</p>	<p>C Name of organization MAINE LEADS INC</p> <p>Number and street (or P.O. box, if mail is not delivered to street address) Room/suite 12 CHURCH STREET SUITE 2</p> <p>City or town, state or county, and ZIP + 4 AUGUSTA, ME 04332</p>	<p>D Employer identification number 26-1247258</p> <p>E Telephone number (207) 512-5378</p> <p>F Group Exemption Number ---</p>
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▶ Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

G Accounting method: Cash Accrual
Other (specify) ▶

I Website: ▶

J Organization type (check only one) - 501(c)(4) (insert no.) 4947(a)(1) or 527

H Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

K Check if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts; if \$1,000,000 or more, file Form 990 instead of Form 990-EZ ▶ **421,187**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions for Part I.)

	1 Contributions, gifts, grants, and similar amounts received		419,676
	2 Program service revenue including government fees and contracts		
	3 Membership dues and assessments		
	4 Investment income		1,511
Revenue	5a Gross amount from sale of assets other than inventory	5a	
	b Less: cost or other basis and sales expenses	5b	
	c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a) (attach schedule)	5c	
	6 Special events and activities (complete applicable parts of Schedule G). If any amount is from gaming, check here <input type="checkbox"/>		
	a Gross revenue (not including \$ of contributions reported on line 1)	6a	
	b Less: direct expenses other than fundraising expenses	6b	
	c Net income or (loss) from special events and activities (Subtract line 6b from line 6a)	6c	
	7a Gross sales of inventory, less returns and allowances	7a	
	b Less: cost of goods sold	7b	
	c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c	
	8 Other revenue (describe ▶)	8	
	9 Total revenue. Add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8	9	421,187
Expenses	10 Grants and similar amounts paid (attach schedule)	STM122	75,000
	11 Benefits paid to or for members	11	
	12 Salaries, other compensation, and employee benefits	12	123,724
	13 Professional fees and other payments to independent contractors	13	160,710
	14 Occupancy, rent, utilities, and maintenance	14	24,291
	15 Printing, publications, postage, and shipping	15	23,407
	16 Other expenses (describe ▶ STM130)	16	38,394
	17 Total expenses. Add lines 10 through 16	17	445,526
Assets	18 Excess or (deficit) for the year (Subtract line 17 from line 9)	18	(24,339)
	19 Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	
	20 Other changes in net assets or fund balances (attach explanation)	20	
	21 Net assets or fund balances at end of year. Combine lines 18 through 20	21	(24,339)

Part II Balance Sheets. If Total assets on line 25, column (B) are \$2,500,000 or more, file Form 990 instead of Form 990-EZ.

(See the instructions for Part II.)

	(A) Beginning of year	(B) End of year
22 Cash, savings, and investments	22	100
23 Land and buildings	23	10,007
24 Other assets (describe ▶ STM131)	24	1,600
25 Total assets	25	11,707
26 Total liabilities (describe ▶ STM132)	26	36,046
27 Net assets or fund balances (line 27 of column (B) must agree with line 21)	27	(24,339)

Part V Other Information (Note the statement requirements in the instructions for Part VI.)

		Yes	No
33	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		X
34	Were any changes made to the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes		X
35	If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, attach a statement explaining your reason for not reporting the income on Form 990-T.		
35a	a Did the organization have unrelated business gross income of \$1,000 or more or section 6033(e) notice, reporting, and proxy tax requirements?		X
35b	b If "Yes," has it filed a tax return on Form 990-T for this year?		
36	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," complete applicable parts of Schedule N		X
37a	a Enter amount of political expenditures, direct or indirect, as described in the instructions		
37b	b Did the organization file Form 1120-POL for this year?		X
38a	a Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still unpaid at the start of the period covered by this return?	X	
38b	b If "Yes," complete Schedule L, Part II and enter the total amount involved		28,550
39a	a 501(c)(7) organizations. Enter: Initiation fees and capital contributions included on line 9		
39b	b Gross receipts, included on line 9, for public use of club facilities		
40a	a Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911; section 4912; section 4955		
40b	b Section 501(c)(3) and (4) organizations: Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," complete Schedule L, Part I		X
40c	c Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		
40d	d Enter amount of tax on line 40c reimbursed by the organization		
40e	e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T		X
41	List the states with which a copy of this return is filed.		
42a	a The books are in care of <u>ROY LENARDSON</u> Telephone no. <u>207-512-5378</u> Located at <u>201 US ROUTE 1 BOX 185 SCARBOROUGH, ME</u> ZIP + 4 <u>04074</u>		
42b	b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country: See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		X
42c	c At any time during the calendar year, did the organization maintain an office outside of the U.S.? If "Yes," enter the name of the foreign country:		X
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041-Check here and enter the amount of tax-exempt interest received or accrued during the tax year		
44	Did the organization maintain any donor advised funds? If "Yes," Form 990 must be completed instead of Form 990-EZ		X
45	Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)? If "Yes," Form 990 must be completed instead of Form 990-EZ		X

Part VI Section 501(c)(3) organizations only. All section 501(c)(3) organizations must answer questions 46-49 and complete the tables for lines 50 and 51.

- 46 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office?
47 Did the organization engage in lobbying activities?
48 Is the organization operating a school as described in section 170(b)(1)(A)(ii)?
49 a Did the organization make any transfers to an exempt non-charitable related organization?
b If "Yes," was the related organization(s) a section 527 organization?
50 Complete this table for the five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization.

Table with 5 columns: (a) Name and address of each employee paid more than \$100,000; (b) Title and average hours per week devoted to position; (c) Compensation; (d) Contributions to employee benefit plans & deferred compensation; (e) Expense account and other allowances.

Total number of other employees paid over \$100,000

- 51 Complete this table for the five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization.

Table with 3 columns: (a) Name and address of each independent contractor paid more than \$100,000; (b) Type of service; (c) Compensation.

Total number of other independent contractors each receiving over \$100,000

Sign Here: Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge. Signature of officer: Roy Lenderson, Director / Executive Director. Date: 7/10/09.

Paid Preparer's Use Only: Preparer's signature, Date, Check if self-employed, Preparer's Identifying No., Firm's name (or yours if self-employed), address, and ZIP + 4, EIN, Phone no.

May the IRS discuss this return with the preparer shown above? See instructions. Yes No

SCHEDULE L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Attach to Form 990 or Form 990-EZ.
▶ To be completed by organizations that answered
"Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c,
or Form 990-EZ, Part V, line 38b or 40b.

OMB No. 1545-0047

2008

Open to Public Inspection

Name of the organization
MAINE LEADS INC

Employer identification number
26-1247258

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ▶ \$ _____

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$ _____

Part II Loans to and/or From interested Persons.

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
ROY LENARDSON STRATEGIC ADVO		X	28,550	28,550		X	X		X	
Total				▶ \$	28,550					

Part III Grants or Assistance Benefiting Interested Persons.

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule L (Form 990, or 990-EZ) 2008

Depreciation and Amortization (Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

2008
Attachment
Sequence No. 67

Name(s) shown on return

Business or activity to which this form relates

Identifying number

MAINE LEADS INC

FORM 990 - 1

26-1247258

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
<hr/>			
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6			
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2007 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2009. Add lines 9 and 10, less line 12	▶ 13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2008	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	▶ <input type="checkbox"/>	

Section B - Assets Placed in Service During 2008 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only; see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property		341	3	HY	200 DB	114
b 5-year property STATEMENT # 50						479
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property STATEMENT # 51			39 yrs.	MM	S/L	142
				MM	S/L	

Section C - Assets Placed in Service During 2008 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year		12 yrs.		S/L	
c	40-year		40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	735
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	▶ 23	

Federal Supporting Statements

2008

Name(s) as shown on return

FEIN

FORM 990EZ, PART I, LINE 10
GRANTS AND SIMILAR AMOUNTS PAID SCHEDULE

STATEMENT #122

		<u>AMOUNT</u>	<u>RELATIONSHIP</u>
ACTIVITY	POLITICAL ACTION COMMITTEE	25,000	
GRANTEE	MORE GREEN NOW PAC		
ADDRESS	PO BOX 403		
	AUGUSTA ME 043320403		
ACTIVITY	POLITICAL ACTION COMMITTEE	25,000	
GRANTEE	TABOR NOW PAC		
ADDRESS	PO BOX 464		
	AUGUSTA ME 043320464		
ACTIVITY	POLITICAL ACTION COMMITTEE	25,000	
GRANTEE	HEALTH CARE CHOICES NOW PAC		
ADDRESS	PO BOX 512		
	AUGUSTA ME 043320512		
	TOTAL	<u>75,000</u>	

FORM 990EZ, PART I, LINE 16
OTHER EXPENSES SCHEDULE 2

<u>DESCRIPTION</u>	<u>AMOUNT</u>
BANK SERVICE CHARGES	398
CONVENTION EXPENSE	471
DEPRECIATION EXPENSE	735
EDUCATION EXPENSE	325
INSURANCE EXPENSE	844
OFFICE EXPENSE	9,937
MISCELLANEOUS EXPENSE	2,088
GRASSROOTS ACTIVISM EXPENSE	6,799
PROMOTIONAL AND WEB SITE EXPENSE	9,580
TRAVEL AND MEETINGS EXPENSE	<u>7,217</u>
TOTAL	<u>38,394</u>

Federal Supporting Statements

2008

Name(s) as shown on return

FEIN

FORM 990EZ, PART II, LINE 24
OTHER ASSETS SCHEDULE 3

<u>DESCRIPTION</u>	<u>BEGINNING OF YEAR</u>	<u>END OF YEAR</u>
RENT SECURITY DEPOSIT		1,600
TOTAL		1,600

FORM 990EZ, PART II, LINE 26
OTHER LIABILITIES SCHEDULE 3

<u>DESCRIPTION</u>	<u>BEGINNING OF YEAR</u>	<u>END OF YEAR</u>
PAYROLL TAXES PAYABLE		7,496
LOAN PAYABLE STRATEGIC ADVOCAC		28,550
TOTAL		36,046

FORM 4562 - LINE 19B

PG01
 STATEMENT #50

<u>BASIS</u>	<u>RP</u>	<u>CV</u>	<u>METHOD</u>	<u>DEDUCTION</u>
1,047	5	HY	200 DB	209
1,350	5	HY	200 DB	270
TOTALS				479

Federal Supporting Statements

2008 PG01

Name(s) as shown on return

FEIN

MAINE LEADS INC

26-1247258

FORM 4562 - LINE 19I

STATEMENT #51

<u>DATE</u>	<u>COST</u>	<u>DEDUCTION</u>
012008	3,750	92
072008	4,254	50
TOTALS		<u>142</u>



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

August 5, 2009

By E-Mail and Regular Mail

Daniel I. Billings, Esq.
Marden, Dubord, Bernier & Stevens
P.O. Box 708
Waterville, ME 04903-0708

Dear Mr. Billings:

Thank you for the information which Maine Leads provided through its Executive Director in response to requests #1 to #10 in my July 19 letter. This letter is to request further information, legal argument, and an opportunity to receive testimony from Maine Leads' Executive Director at the next meeting of the Commission.

Request for Information

The Commission staff additionally requests the following information:

11. Please describe how Maine Leads calculated the breakdown of staff time which Maine Leads provided in response to request #5(B). What information, records, or documents did Maine Leads rely on in calculating the breakdown?
12.
 - A. Please state the number of national nonprofit organizations which provided the 93% of 2007-2008 revenue referred to in Maine Leads' response to request #8.
 - B. Did these organizations receive the same initial funding proposal that was submitted to the National Tax Limitation Committee? If not, please provide copies of all funding proposals submitted to the organizations which eventually funded Maine Leads during 2007-2008. Information that may identify the funder may be redacted for the present purposes of this investigation.
 - C. Please state when those solicitations were made and the dates on which Maine Leads received grant funds from the funders.
 - D. In addition to the funding proposals, did Maine Leads make any other communications to those organizations (e.g., in face-to-face or telephone presentations) which would lead the organizations to believe that Maine Leads would use the funds received specifically to initiate or promote a citizen initiative?

13. Please itemize by date and amount the payments totaling \$160,500 which Maine Leads made directly to Pioneer Group for collection of petition signatures.

The Commission staff requests that a representative of Maine Leads respond to each request under oath separately and fully no later than 5:00 p.m. on Wednesday, August 19, 2009. If Maine Leads objects to any of the requests, kindly state the objections and basis for those objections in the response.

Request for Legal Argument

The staff of the Commission requests that Maine Leads provide legal argument no later than Tuesday, August 25, 2009 regarding the following questions:

- whether Maine Leads qualified as a PAC under 21-A M.R.S.A. §§ 1052(5)(A)(3) and (4) in effect before June 30, 2008;¹
- whether Maine Leads qualifies as a PAC under § 1052(5)(A)(4) in effect beginning on June 30, 2008;
- whether Maine Leads was required to file campaign finance reports under § 1056(B) in effect before and after June 30, 2008; and
- whether any donations received by Maine Leads would be reportable if Maine Leads is required to file a § 1056-B report.

Counsel for Deborah Hutton is invited to provide legal argument on these topics by August 25 as well.

Request for Roy Lenardson to Provide Testimony

This is also to request (in lieu of a subpoena) that Roy Lenardson, as Executive Director of Maine Leads, attend the next Commission meeting to provide sworn testimony in response to questions from staff and Commission members concerning the issues under investigation as outlined in my letter of June 19, 2009. The meeting will be held at 9:00 a.m. on September 3, 2009 in Room 208 of the Burton M. Cross Office Building, 111 Sewall Street in Augusta. In the alternative, this meeting could be scheduled for September 8, 2009 if that were preferable for the witness. The meeting date is also contingent on the schedules of the Commission's new member and counsel.

¹ All statutory citations in this request refer to provisions in the Maine Election Law (Title 21-A of the Maine Revised Statutes).

Daniel I. Billings, Esq.

Page 3

August 5, 2009

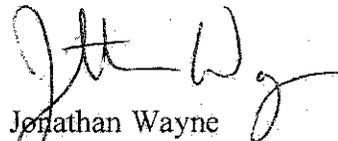
Subsequent Steps

The Commission staff will recommend to the Commissioners the following process for the investigation after the September 3, 2009 meeting:

- the Commission staff would quickly complete a memorandum summarizing factual information gathered to date and providing a legal analysis and staff recommendation to the Commissioners;
- Maine Leads and Deborah Hutton would be permitted to submit any final legal argument, including a response to the staff recommendation; and
- the Commission members would meet on October 1 or 2 to make a final determination on whether Maine Leads qualified as a political action committee or was required to file campaign finance reports under § 1056-B.

If you have questions about this request, please call me at 287-4179.

Sincerely,



Jonathan Wayne
Executive Director

cp

cc:

By E-Mail and Regular Mail

Phyllis Gardiner, Esq., Assistant Attorney General

Benjamin K. Grant, Esq., Counsel for Deborah Hutton



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

August 6, 2009

By E-Mail and Regular Mail

Trevor Bragdon
 Pioneer Group, Inc.
 P.O. Box 391
 Augusta, Maine 04332

REQUEST FOR INFORMATION

Dear Mr. Bragdon:

At their meeting on May 28, 2009, the members of the Maine Commission on Governmental Ethics and Election Practices directed the Commission staff to initiate an investigation regarding whether Maine Leads has violated Maine campaign finance laws by operating as an unregistered political action committee (PAC) or by not filing campaign finance reports required as a ballot question committee. This letter is to request information from Pioneer Group, Inc. in connection with the investigation.

Information Previously Received by the Commission

Payments to Pioneer Group Disclosed by PACs. In campaign finance reports filed with the Commission, three PACs disclosed payments to Pioneer Group in connection with An Act to Provide Tax Relief, An Act to Decrease the Automobile Excise Tax and Promote Energy Efficiency, and An Act to Expand Affordable Health Insurance Choices in Maine (referred to below as the “three citizen initiatives”):

The Road to a Cleaner Maine PAC		
12/28/2007	Payment for verified signatures	\$14,607.25
2/19/2008	Payment for verified signatures	\$5,741.75
6/9/2008	Payment for verified signatures	\$2,300.00
Affordable Health Care Choices for Maine PAC		
12/30/2007	Payment for verified signatures	\$17,730.15
6/9/2008	Signature collection	\$8,500.00
Citizens for a Prosperous Maine PAC		
11/1/2007	Campaign management	\$3,000.00
12/31/2007	Payment for verified signatures	\$17,325.55
6/8/2008	Signature collection	\$6,700.00
8/8/2008	Signature collection	\$3,900.00

Payments to Pioneer Group Disclosed by Maine Leads. In addition, in an affidavit dated July 29, 2009, Roy Lenardson disclosed that Maine Leads paid a total of \$160,500 to Pioneer Group for the collection of signatures on the three citizen initiatives. These payments have not been disclosed in campaign finance reports submitted to the Commission.

Request for Information

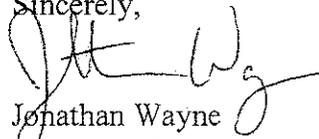
The staff of the Commission requests the following information from Pioneer Group:

1. A. Please confirm whether the disclosure of the payments by the three PACs and by Mr. Lenardson referred to above accurately states all payments which Pioneer Group received from Maine Leads and from the three PACs for purposes of gathering signatures or otherwise initiating or promoting the three citizen initiatives.
- B. If the payments disclosed are not accurate or complete, please provide an itemization of all payments which Pioneer Group received from the three PACs and from Maine Leads. Please include the payer, date, amount, and purpose for each payment.
2. Other than Maine Leads and the three PACs, did Pioneer Group receive payments from any other source aggregating in excess of \$1,500 for the purpose of gathering signatures or otherwise initiating or promoting the three citizen initiatives? If so, please identify the person or organization making the payments, and the date, amount, and purpose of each payment.

The Commission staff requests that you respond to each request under oath separately and fully no later than 5:00 p.m. on Thursday, August 20, 2009. If you or Maine Leads objects to any of the requests, kindly state the objections and basis for those objections in the response.

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

Sincerely,


Jonathan Wayne
Executive Director

cp
cc:

By E-Mail and Regular Mail

Phyllis Gardiner, Esq., Assistant Attorney General
Daniel I. Billings, Esq., Counsel for Maine Leads
Benjamin K. Grant, Esq., Counsel for Deborah Hutton

**AFFIDAVIT OF ROY LENARDSON
IN RESPONSE TO QUESTIONS FROM THE STAFF OF MAINE COMMISSION ON
GOVERNMENTAL ETHICS & ELECTION PRACTICES**

I, Roy Lenardson, Executive Director of Maine Leads, after being duly sworn, do hereby depose and say as follows:

QUESTION No. 11 Please describe how Maine Leads calculated the breakdown of staff time which Maine Leads provided in response to request #5(B). What information, records, or documents did Maine Leads rely on in calculating the breakdown?

ANSWER: The breakdown was compiled based on a variety of information. For certain projects, there were records available detailing the amount of staff time invested in the project. For most activities, the breakdown was based on discussions with Maine Leads staff concerning the amount of time devoted to certain tasks and activities. We also reviewed deliverables prepared for certain activities and were able to estimate the time spent to complete the projects. As noted in my original answer, the estimates provided were prepared in response to the request from Commission staff. Though I believe the estimates to be accurate, the summary was prepared after the fact. Maine Leads staff did not generally keep calendars or time cards that broke down their time based on certain activities or projects. For the purposes of this investigation, I am comfortable with the estimate provided for initiative related activities. Trevor Bragdon, who was overseeing the signature gathering process, was not on the Maine Leads payroll at the times when most of the signatures were collected for the three initiatives. The work related to signature gathering was conducted by contractors and/or employees of Pioneer Group, Inc. A substantial amount of work was done by people working for Pioneer Group, Inc. to collect, mail, and sort petitions. Those collecting signatures also worked for Pioneer Group, Inc., not Maine Leads.

QUESTION No. 12

A. Please state the number of national nonprofit organizations which provided the 93% of 2007-2008 revenue referred to in Maine Leads response to request #8.

ANSWER: Three.

B. Did the organizations receive the same initial funding proposal that was submitted to the National Tax Limitations Committee? If not, please provide copies of all funding proposals submitted to the organizations which eventually funded Maine Leads during 2007-2008. Information that may identify the funder may be redacted for the present purposes of this investigation.

ANSWER: The organizations received the same initial funding proposal. The proposal came about as a result of ongoing discussions with one of the funders that was in 2007 interested in helping established state level organizations to create capacity to further the ends of lower taxes, government transparency, and economic freedom. The initial funding proposal was prepared at the suggestion of the funder and the first funder facilitated the proposal being presented to the other organizations that ultimately agreed to help fund Maine Leads.

C. Please state when the solicitations were made and the dates on which Maine Leads received grant funds from the funders.

ANSWER: The initial discussions were held with the first funder during the summer of 2007. The funding proposal was prepared and submitted in the fall of 2007. There were additional follow-up discussions into early 2008. The first grant funding was received on October 31, 2007. The next grant was received on January 15, 2008 and the last grant was received on March 13, 2008.

D. In addition to the funding proposals, did Maine Leads make any other communications to those organizations (e.g., in face-to-face or telephone presentations) which would lead the organizations to believe that Maine Leads would use the funds received specifically to initiate or promote a citizen initiative?

ANSWER: No.

QUESTION No. 13 Please itemize by date and amount the payments totaling \$160,500 which Maine Leads made directly to Pioneer Group for collection of petition signatures.

ANSWER: The date and amounts of the payments by Maine Leads to Pioneer Group are listed below:

11/05/2007	\$65,000.00
12/17/2007	\$12,000.00
12/27/2007	\$5,000.00
12/31/2007	\$10,000.00
01/10/2008	\$7,500.00
01/11/2008	\$3,000.00
01/17/2008	\$3,500.00
01/17/2008	\$20,000.00
03/05/2008	\$6,000.00
03/26/2008	\$6,500.00
04/11/2008	\$4,500.00
05/29/2008	\$5,000.00
06/23/2008	\$3,000.00
07/16/2008	\$2,000.00
08/05/2008	\$3,600.00
08/29/2008	\$3,900.00

Dated:



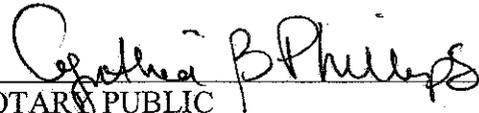
Roy Lenardson

STATE OF MAINE
COUNTY OF Kennebec, ss.

Dated: August 18, 2009

Personally appeared the above named Roy Lenardson and swore to the truth of the foregoing.

Before me,



NOTARY PUBLIC
Printed Name: CYNTHIA B. PHILLIPS
My Commission Expires: Notary Public, Maine
My Commission Expires October 7, 2011

**AFFIDAVIT OF TREVOR BRAGDON
IN RESPONSE TO QUESTIONS FROM THE STAFF OF MAINE COMMISSION ON
GOVERNMENTAL ETHICS & ELECTION PRACTICES**

I, Trevor Bragdon, of Pioneer Group, Inc., after being duly sworn, do hereby depose and say as follows:

QUESTION No. 1

A. Please confirm whether the disclosure of the payments by the three PACs and by Mr. Lenardson referred to above accurately states all payments which Pioneer Group received from Maine Leads and from the three PACs for the purposes of gathering signatures of otherwise initiating or promoting the three citizen initiatives.

ANSWER: The payments disclosed by the three PACs and by Roy Lenardson are accurate. In addition, More Green Now and TABOR Now have been billed by Pioneer Group for the final signature collection efforts. More Green Now was billed \$12,500 on March 24, 2009. More Green Now paid \$1,200 towards that bill on March 24, 2009. A balance of \$11,300 remains due and has been reported by the PAC on its campaign finance reports. TABOR Now was billed for \$13,500 on March 24, 2009. TABOR NOW paid \$2,500 on April 16, 2009. A balance of \$11,000 remains due and has been reported by the PAC on its campaign finance reports. Pioneer Group is also now being paid by TABOR NOW for campaign management. \$1500 has been paid for campaign management in June and \$2000 has been paid for campaign management for July. \$3500 has been billed for August but has not yet been paid.

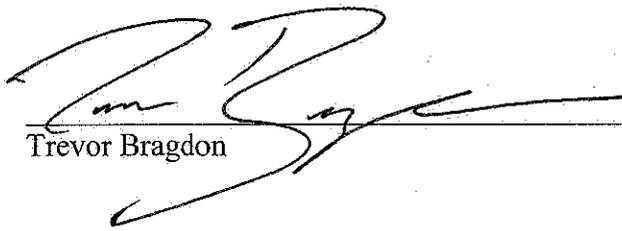
B. If the payments disclosed are not accurate or complete, please provide an itemization of all payments which Pioneer Group received from the three PACs and Maine Leads. Please include the payer, date, amount, and purpose of each payment.

ANSWER: There were no additional payments.

QUESTION No. 2 Other than Maine Leads and the three PACs, did Pioneer Group receive payments from any other source aggregating in excess of \$1,500 for the purpose of gathering signatures or otherwise initiating or promoting the three citizen initiatives? If so, please identify the person or organization making the payments, and the date, amount, and purpose of each payment.

ANSWER: Pioneer Group received no other payments from any other source related to the three citizen initiatives that are the subject of the investigation. Pioneer Group has received payments from other sources for services provided related to other citizen initiatives.

Dated:

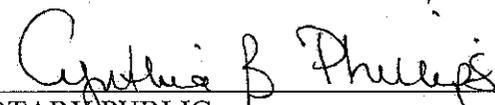

Trevor Bragdon

STATE OF MAINE
COUNTY OF Kennebec, ss.

Dated: August 18, 2009

Personally appeared the above named Trevor Bragdon and swore to the truth of the foregoing.

Before me,


NOTARY PUBLIC
Printed Name: **CYNTHIA B. PHILLIPS**
My Commission Expires: Notary Public, Maine
My Commission Expires October 7, 2011

McTEAGUE, HIGBEE, CASE, COHEN, WHITNEY & TOKER, P.A.

ATTORNEYS AT LAW
FOUR UNION PARK
P.O. BOX 5000
TOPSHAM, MAINE 04086-5000

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SUZANNE L. JOHNSON
KAREN M. BILODEAU
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PATRICK N. MCTEAGUE
OF COUNSEL

TOPSHAM
207-725-5581

PORTLAND
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FAX
207-725-1090

WWW.ME-LAW.COM

RECEIVED

AUG 26 2009

MAINE ETHICS COMMISSION

August 25, 2009

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

Re: Maine Leads Investigation

Dear Mr. Wayne:

Thank you for the opportunity to submit a letter in response to Maine Leads' recent submissions.

With this information in hand, at least one suspicion we brought to the attention of the Ethics Commission is confirmed, namely that Maine Leads operated as a PAC under the definition that existed from October 1, 2007 to June 30, 2008. Whether Maine Leads ran afoul of the successor statute that applied after June 30, 2008 is a closer question.

The information provided by Maine Leads that leads to these conclusions is as follows:

1) Solicitation

Paragraph #2 of Mr. Billings' introductory letter to Maine Leads' July 24, 2009 letter indicates that the included 2007 funding proposal is the only document that Maine Leads is providing in response to the subpoena. Later, in Answer #9, Roy Lenardson states that 93% of Maine Leads' revenue for the time period in question resulted from this original funding proposal.

The funding proposal itself states on the introductory (unnumbered) page that there are "FIVE main components" of the proposed C-4 organization. One of the five components is "A Factory of Citizen Initiatives." Later in the same document, six additional components are

described that appear to comprise the actual proposed activities. Among them is "I&R Activism," which includes: a) ballot initiative development, b) signature collection strategy and training, c) PAC development and organization, and d) ballot campaign strategy.

The Commission then asked in Question #10(B) if any funds in the relevant time period were "provided in response to a solicitation that would lead the contributor to believe that the funds would be used specifically for the purpose of initiating, promoting, defeating or influencing in any way a citizen initiative." Shockingly, Mr. Lenardson answered that "no contributions were received which would fall within [this category]."

In sum, Maine Leads admits that nearly all of its revenue was generated from the one written proposal discussed here – and that proposal articulates an obvious, specific plan to engage in the initiative process – yet also maintains that no contributions were received from a contributor that was led to believe the donation would be used to influence a direct initiative. This notion defies belief. By any standard, it must be concluded that a contributor would believe that his or her funds would then be used in such a manner, since this sole solicitation was so explicit regarding Maine Leads' intention to engage in this type of activity.

Of course, the solicitation by itself contains arguably equal treatment of the five "components," so assessing actual Maine Leads activity is essential to forming a complete conclusion.

2) Total Expenditures

As discussed at length in prior submissions, the question before the Commission regarding the pre-6/30/08 period largely turns on the "major purpose test" found in 21-A M.R.S.A. § 1052(A)(4). One measure of "major purpose" is monetary expenditures. In its most recent letter, Mr. Lenardson admits in Answer #4 to \$445,526 in total Maine Leads expenditures from October 1, 2007 through December 31, 2008. Later, Mr. Lenardson admits in Answer #7 to Maine Leads paying:

- A) Pioneer Group, Inc. \$160,500 for signature collection
- B) staff and estimated \$4,948.96 for related activities during that period,
and
- C) \$75,000 to the three PACs that "supported" the signature
gathering

In sum, Maine Leads admits to \$240,448.96 in expenditures that are unquestionably for the sole purpose of influencing the direct initiative process. This results in a minimum of 54% of its expenditures on this one activity, even granting the fiction that *all* expenditures occurred pre-6/30/08.¹ Obviously, Maine Leads continued to make expenditures after this date, and our back-of-the-napkin calculation, assuming ½ of the payroll, overhead, and "other" expenditures

¹ Maine Leads was not asked to break down total expenditures into segments representing the pre-6/20/08 period and the post-6/20/08 period.

occurred post-6/30/08, results in the percentage devoted to direct initiatives rising to 68% for the pre-6/30/08 time period.

We submit that any activity comprising 54%-68% of an organization's expenditures must be deemed that group's "major purpose."²

3) Maine Leads' Self-Identified Activities

Another measure of "major purpose" is the constellation of activities engaged in by the organization. Maine Leads provided a three page summary of purportedly diverse activities, divided by category. A close examination of this list, however, only serves to confirm that Maine Leads' "major purpose" during the pre-6/30/08 time period was, in fact, supporting the direct initiative campaigns at issue here. The post-6/30/08 period is a closer question.

In the "Health Care" category, Maine Leads lists five activities. Two of these activities, however, necessarily occurred post-6/30/08: "opposed federal government takeover of health care" (hyperbole aside, this presumably refers to the Obama health care initiative, first proposed this year), and published an article on 9/24/08. Two other activities occurred on undetermined dates, and one certainly occurred pre-6/30/08 (op-ed related to 123rd Legislature).

In the "Transparency/Accountability" category, Maine Leads list twelve activities. Five of these activities, however, necessarily occurred post-6/30/08: the four dated articles and the launch of MaineOpenGov.org (released 9/08 according to newspaper reports). The rest of the activities are undated.

In the "Economy/Taxes" category, Maine Leads lists six activities. One of these activities necessarily occurred post-6/30/08: the so-called "tea-parties," a contrived grass-roots phenomenon that originated earlier in 2009 to oppose President Obama. Three activities occurred pre-6/30/08 (those related to Sen. Diamond) and two activities are undated.

In the "Energy" category, Maine lists two undated activities.

In the "Candidate/Activist Training" category, Maine Leads lists 4 activities - four undated and one that occurred pre-6/30/08 (training sessions).

In the "Testimony/Lobbying" category, Maine Leads lists eight activities. Seven of these activities, however, necessarily occurred post-6/30/08 (124th Legislature), and only one (123rd Legislature) occurred pre-6/30/08.

² Without further information regarding the paid staff time devoted to the direct initiatives since June 30, 2008, it is not possible to answer with such certitude the question of violation of the new (and current) ballot question committee statutes.

In the “Coalition Building and Outreach” category, Maine Leads lists five groups. The actual “activities” are not listed or dated, though one necessarily occurred post-6/30/08 (Tea Party “movement” support).

In the “Miscellaneous” category, Maine Leads lists two articles published post-6/30/08.

In sum, an appraisal of Maine Leads’ activities limited to October 1, 2007 to June 30, 2008 reveals only a modicum of activity outside of the direct initiative process. This activity fails to outweigh the substantial monetary expenditures related above in an assessment of “major purpose.” Maine Leads testified only *once* at the Legislature, generated pressure on *one* Legislator regarding *one* issue, targeted *one* town’s selectmen, trained *some* Legislative candidates and ghost-wrote a *few* op-ed pieces. The Commission should conclude that these activities do not rise individually or collectively to the level of a “major purpose” when weighed against Maine Leads’ direct initiative expenditures.

4) Maine Leads in the News

Another possible measure of “major purpose” is review of what the public can learn about an organization through its public statements and appearances in news stories. To this end, Maine Leads provided a three page list of appearances by Maine Leads or its operatives in the Maine press. A close examination of this list, however, only serves to confirm that Maine Leads’ “major purpose” during the pre-6/30/08 time period was, in fact, supporting the direct initiative campaigns at issue here. Again, the post-6/30/08 period is a closer question.

Maine Leads lists twenty-two articles of press releases. Of these twenty-two articles, only three occurred pre-6/30/08, and one of those was about the direct initiative process (“Several petitions Awaiting State Voters...”). Nineteen of the articles occurred post-6/30/08 – and ten of these still regarded the direct initiatives.

Thus, throughout Maine Leads’ existence, it has been closely associated in the press with the direct initiative movement, both before and after Maine Leads spearheaded the signature gathering, and both before and after the reporting laws changed in 2008.

Conclusion

The story that emerges from this potpourri of information is nothing more than the unsurprising growing pains of a newly formed organization. Maine Leads submitted an ambitious proposal to national conservative funding organizations and described five ambitious components to achieve its mission:

- A Sentry at the State House
- An Engine for Citizen Activism
- A Government Watchdog
- A Factory of Citizen Initiatives

Jonathan Wayne, Executive Director
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- An Arsenal of Information

As of today Maine Leads has probably taken steps to making each of these five goals a reality. However, from October 1, 2007 to June 20, 2008, it had taken very limited steps on four of these items, and a gigantic step on the fifth. Unfortunately for Maine Leads, becoming a "Factory for Citizen Initiatives" does not merely exist as a clever description on a mission statement – it, alone among the list of proposals, implicates State election law. At minimum, by deploying approximately 68% of its expenditures on the direct initiatives at issue here, Maine Leads qualified itself as a PAC between October 1, 2007 and June 30, 2008, and should have field as such for this time period.

Very truly yours,



Benjamin K. Grant

BKG:bkg

AUG 27 2009

MAINE ETHICS COMMISSION

**MARDEN, DUBORD,
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August 25, 2009

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

RE: Maine Leads Investigation – Legal Argument offered on behalf of Maine Leads

Dear Mr. Wayne:

Please accept this letter as legal argument offered on behalf of Maine Leads as requested in your letter dated August 5, 2009.

As a preliminary matter, I would like to thank you for the manner that the investigation has been conducted since the Commission's May meeting. Though I took issue, on behalf of my client, with the initial request for information and the limited time provided to respond, the process used since the May meeting has been excellent. My client and I very much appreciate the specific and focused requests for information and the time allowed to provide appropriate responses. Though I am sure there will be disagreements regarding the conclusions that should be reached from the information provided, I believe those involved in this proceeding and the public have been well served by the process moving forward in a careful and deliberate manner.

Each of the legal questions raised in your August 5, 2009 are addressed below.

- 1. Did Maine Leads qualify as a political action committee ("PAC") under 21-M.R.S.A. §§ 1052(5)(A)(3) and (4) in effect before June 30, 2008?**

For the reasons stated below, Maine Leads did not qualify as a PAC under the statutory definition in effect before June 30, 2008.

The applicable definition of PAC in effect before June 30, 2008 is copied below:

Political action committee. The term "political action committee:"

A. Includes:

(3) Any organization, including any corporation or association, that has as its major purpose advocating the passage or defeat of a ballot question and that makes expenditures other than by contribution to a political action committee, for the purpose of the initiation, promotion or defeat of any question; and

(4) Any organization, including any corporation or association, that has as its major purpose advocating the passage or defeat of a ballot question and that solicits funds from members or nonmembers and spends more than \$1,500 in a calendar year to initiate, advance, promote, defeat or influence in any way a candidate, campaign, political party, referendum or initiated petition, including the collection of signatures for a direct initiative, in this State;

Both of these definitions focus on the "major purpose" of an organization. Though the statute does not specifically state at what point in time an organization's "major purpose" is to be judged, in the only case of which I am aware where the Commission analyzed this issue, a majority of the Commission agreed that a determination of an organization's major purpose should be made by looking at why the organization was formed and why the organization continues to exist. In describing an organization's major purpose, Commissioner Friedman described major purpose as "the underlying reason for [the] entity to be in existence" or "the overriding purpose for its being." Maine Ethics Commission, In the Matter of: Maine Heritage Policy Center, December 20, 2006 at pp. 226-227.

Though the prior interpretation of the statute is not binding on the Commission, the ~~rational for the 2006~~ interpretation remains sound. Following the Commission's prior precedent will maintain stability and continuity in the regulation of campaign finance in Maine and respect the expectations of those who are regulated by the Commission. Another factor to consider is that the Legislature amended the PAC definition since 2006 but made no changes to the law which can be taken to indicate any disagreement with the Commission's 2006 interpretation of the statute.

Whether Maine Leads qualified as a PAC under either definition is ultimately a mixed question of fact and law. Maine Leads has presented affidavits and supporting documents which support the conclusion that the organization's major purpose was not "advocating the passage or defeat of a ballot question." Roy Lenardson will be present at the Commission's September 2, 2009 meeting and will be prepared to answer additional questions regarding the organization's major purpose. In my opinion, the best evidence available to determine Maine Leads major purpose is the initial funding proposal for Maine Leads that was prepared in

2007 and resulted in 93% of the funding that the organization received through December 30, 2008. This proposal is significant because it was not prepared as a result of this investigation and specifically describes the reasons advanced for funding the organization which were made to the entities which ultimately provided the vast majority of the funds received by Maine Leads during the period of time at issue in this investigation. The position that Maine Leads' major purpose is not "advocating the passage or defeat of a ballot question" is also supported by the many varied issues and activities that the organization has been involved in since its formation.

In analyzing an organization's major purpose, one should not focus on the percentage of an organization's resources that are used for referendum related activities during any one period of time. Such an analysis would result in many organizations being deemed PACs at certain periods of time. An emphasis should also not be put on the fact that Maine Leads expended funds for signature collection early in its existence. Placing any significance on this fact would show a bias towards existing organizations and place constitutionally questionable limitations on the ability of new organizations to become involved in referendum related activities.

Both of the definitions quoted above refer only to organizations which have the major purpose of "advocating the passage or defeat of a ballot question." For this definition to apply there must be a ballot question. Through June 29, 2008, the three initiatives at issue in this investigation were not ballot questions. Under Maine's initiative process, a successful petition drive simply puts an initiated bill before the Legislature¹. A ballot question only comes about if the Legislature does not pass the initiated bill. Under Maine law, the Secretary of State does not draft the ballot question concerning an initiative until after the Legislature adjourns. 21-A M.R.S.A. § 905-A. Secretary of State Dunlap did not finalize the ballot questions concerning the initiatives to be voted on by Maine voters in November until August 6, 2009². Because in 2007 and 2008, there existed no ballot questions concerning the three initiatives in question, "advocating the passage or defeat" of such ballot questions could not have been Maine Leads' primary purpose.

The definition contained in subsection 4 sets up a three part test under which each part of the test must be passed for an organization to be defined as a PAC: The organization must (1) have as its major purpose advocating the passage or defeat of a ballot question; (2) it must solicit funds for that purpose; and (3) it must spend more than \$1,500 in a calendar year for that purpose. If any one of three requirements is not present, the organization is not a PAC under the definition. For the reasons previously discussed, there was not ballot question for Maine Leads to advocate the passage or defeat of during 2007 and 2008. In addition, no evidence has been presented that Maine Leads solicited funds "to initiate, advance, promote, defeat or influence in any way a . . . referendum or initiated petition, including the collection

¹ Three times in the last 20 years, the Legislature has passed and the Governor signed bills initiated by petition without the bills in question ever becoming the subject of a "ballot question."

² A copy of the Secretary of State's August 6, 2009 press release announcing the final wording of the ballot questions is enclosed.

of signatures for a direct initiative, in this State.” Without evidence of such solicitation, the Commission can not conclude that Maine Leads was a political action committee under the definition contained in subsection 4.

It has been suggested that in adopting the definitions quoted above the Legislature intended to require greater reporting of expenditures related to signature gathering. While this may be true, it is the Commission’s role to enforce the law as enacted – not to read into it what some may believe was intended. For an organization to be defined as a PAC under the definitions quoted above, its major purpose must be advocating the passage or defeat of a ballot question. If there is no ballot question, by the plain language of the statute, the definition can not apply. If there is a ballot question, the third part of subsection 4 establishes that money spent to collect signatures counts towards the \$1500 threshold. The language “including the collection of signatures for a direct initiative” was not made part of the major purpose test. It was only made part of the reporting threshold that applies to those entities whose major purpose is advocating the passage or defeat of a ballot question. The language is plain and unambiguous.

2. Does Maine Leads qualify as a political action committee (“PAC”) under 21-M.R.S.A. § 1052(5)(A)(4) in effect beginning June 30, 2008?

The applicable definition of PAC in effect beginning June 30, 2008 is copied below:

Political action committee. The term “political action committee:”

A. Includes:

...

(4) Any organization, including any corporation or association, that has as its major purpose initiating, promoting, defeating or influencing a candidate election, campaign or ballot question and that spends more than \$1,500 in a calendar year for that purpose, including for the collection of signatures for a direct initiative or referendum in this State;

This definition is considerably broader than the prior definition discussed above. The definition is no longer limited to organizations whose major purpose is “advocating the passage or defeat of a ballot question.” The definition now includes initiating, promoting, defeating, or influencing a candidate election, campaign, or ballot question. The definition of campaign contained in 21-A M.R.S.A. § 1052(1) specifically includes the initiative and referendum process. As a result, an organization whose major purpose is collecting signatures for an initiative would now be a PAC.

Despite the broader definition of PAC now in effect, the major purpose of Maine Leads should be determined by considering why the organization was formed and continues to exist. For the reasons stated above, the evidence before the Commission supports the

conclusion that the major purpose for Maine Leads' existence is not any campaign or ballot question.

In applying this broader definition, the Commission should also consider that the vast majority of Maine Leads' referendum related expenditures occurred before this broader definition became law. All evidence is that Maine Leads' referendum related expenditures since June 30, 2008 have been small. The majority of the signatures for the initiatives in question were collected before June 30, 2008 and the signature gathering process was completed in November 2008. Trevor Bragdon, the person who organized the signature gathering, was not on the Maine Leads payroll between June 30, 2008 and the date that signatures were turned in to the Secretary of State. This is supported by reports on file with the Commission that establish that Mr. Bragdon's company – Pioneer Group Inc. – was paid significant sums by a candidate PAC during 2008.

3. Was Maine Leads required to file campaign finance reports under § 1056(B) in effect before and after June 30, 2008?

Though changes have been made to § 1056(B), the portions of the law that are significant to the analysis of Maine Leads' activities have remained the same throughout the period of time at issue in this investigation and are copied below:

Any person not defined as a political action committee who solicits and receives contributions or makes expenditures, other than by contribution to a political action committee, . . . for the purpose of initiating, promoting, defeating or influencing in any way a ballot question must file a report with the commission.

This section requires reporting by non-PACs of their contributions and expenditures related to ballot questions. For reporting under the statute to be required, there must be a ballot question³. This conclusion is required by the plain language of the statute. As discussed above, during the period of time that signatures are gathered on initiative petitions, there is no ballot question. A ballot question only comes into existence if an initiated bill is rejected by the Legislature. Because there was no ballot question related to the three initiatives in 2007 or 2008, no reporting was required under § 1056(B)⁴.

³ Since June 30, 2008, § 1056(B) has been entitled "Ballot question committees." This reinforces the intent of the Legislature to only require reporting under this statute when there is a ballot question.

⁴ Maine Leads filed a ballot question campaign finance report on July 15, 2009. This was done pragmatically to avoid further complaints. Maine Leads believes that no filing was required until after the Secretary of State had finalized the actual ballot questions.

4. Were there any donations received by Maine Leads that would be reportable if Maine Leads is required to file a § 1056(B) report?

No. Maine Leads received no contributions “for the purpose of initiating, promoting, defeating or influencing in any way a ballot question.” This position is supported by the affidavits and supporting information submitted by Maine Leads.

Conclusion

For these reasons, Maine Leads believes that it was not required to file any reports with the Commission related to its activities before August 6, 2009. However, through its responses to the requests for information during this investigation, Maine Leads has effectively disclosed all the information that is required to be included in a report filed pursuant to § 1056(B). As a result, Maine Leads will not object if the Commission determines that it should file reports pursuant to § 1056(B). However, Maine Leads does object to, and will contest, a determination that it is a PAC or the imposition of any financial penalty.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Daniel I. Billings".

Daniel I. Billings

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FOR IMMEDIATE RELEASE August 6, 2009 CONTACT: Matt Dunlap (207)626-8400				
<h3>Maine Secretary of State Matt Dunlap Releases Final Referendum Questions</h3>				
<p>AUGUSTA, Maine—After a statutory public comment period, Secretary of State Matt Dunlap finalized four referendum questions today that will appear on the ballot for voters to decide on the November 3, 2009 referendum ballot.</p> <p>The four citizen initiatives were certified by Dunlap in February after staff at the State Division of Elections within the Bureau of Corporations, Elections and Commissions determined that each had met the constitutional requirement of presenting not fewer than 55,087 signatures of registered Maine voters in order to present a proposed new law to the Legislature for consideration. A fifth initiative fell short of the requirements.</p> <p>With the Legislature having declined to adopt the proposals, the next step in the constitutional process is to subject them to a statewide vote in the next election, which will be held in November. The Secretary of State is charged with drafting the questions to be posed to the voters on the ballot. Maine law (Title 21-A MRSA Section 905-A) stipulates that before a ballot question is finalized the Secretary must "provide a 30-day public comment period for the purpose of receiving comments on the content and form of proposed questions to be placed on the ballot for any pending initiatives."</p> <p>"We received about 65 comments from individuals and organizations. Some supported all the questions as written, and many made technical suggestions for clarification, which was very enlightening and helpful," Dunlap said. "The intent of the law was to engage the public and get their input to help us write the best possible questions, and I believe we've done just that."</p> <p>Dunlap noted that several of the proposals are technically complex, and that makes the crafting of simple, easy-to-understand questions difficult. "We spent several hours on the first drafts with volunteers on the ballot clarity advisory board, the Attorney General's office, and others. The feedback from the public has led to more changes, which we hope will more closely capture the essence of the proposals and convey clearly to the voter what it will mean to vote either yes or no on these questions."</p> <p>The titles of the initiated bills are listed below accompanied by the questions that will appear on the ballot:</p> <p><i>An Act to Decrease the Automobile Excise Tax and Promote Energy Efficiency</i></p> <p>"Do you want to cut the rate of the municipal excise tax by an average of 55% on motor vehicles less than six years old and exempt hybrid and other alternative-energy and highly fuel-efficient motor vehicles from sales tax and three years of excise tax?"</p> <p><i>An Act to Provide Tax Relief</i></p> <p>"Do you want to change the existing formulas that limit state and local government spending and require voter approval by referendum for spending over those limits and for increases in state taxes?"</p> <p><i>An Act to Repeal the School District Consolidation Laws</i></p> <p>"Do you want to repeal the 2007 law on school district consolidation and restore the laws previously in effect?"</p> <p><i>An Act to Establish the Maine Medical Marijuana Act</i></p> <p>"Do you want to change the medical marijuana laws to allow treatment of more medical conditions and to create a regulated system of distribution?"</p> <p>Dunlap noted that the actual order in which the questions will appear on the ballot is not yet determined, as certification is underway on a People's Veto petition and another veto petition is currently circulating. The ballot order will be determined by drawing later this summer.</p>				
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