

September 24, 2013

Via E-mail and Regular U. S. Mail

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

**RE: Response from Stavros Mendros, Green Jobs for Maine and People of Lewiston and Auburn Committee to Staff Findings against them**

Dear Director Wayne;

This shall serve as Stavros Mendros's response to the Commission's Recommended Findings against him, Peter Robinson and the two PACs. You have received a separate response from Attorney Elizabeth Germani on behalf of Peter Robinson.

The Commission's lengthy report is long on words, but short on substance that shows any sort of violation of the PAC reporting statutes. While the Commission Findings claim Mendros, Robinson and the PACs filed late and made multiple material false statements, in reality Mendros, Robinson and the PACs made every effort to file both timely and accurately; used resources from the City of Lewiston and an outside attorney to verify the corporate entities (M-Five and Wild West Gaming) were shell corporations; called Commission staff where they learned the proper party to name was the "original source of funds"; and then relied on statements made by two parties (Scott Nash and Duane Graham) that GT Source and/or Duane Graham was the source of the funding. If true, then they were the correct party named in the report so that the reports were both timely and accurate – no misrepresentation. And if not true – my client Stavros Mendros and Mr. Robinson and the PACs did not know, had no reason to know, and ultimately had no statutory duty to investigate beyond what they were told, repeatedly, by Nash and Graham. Indeed, the Commission used subpoena powers not available to my clients to trace funds through multiple states and multiple banks. As such my client respectfully requests the Commission Staff and ultimately the

Commission conclude there were no reporting violations, and/or NOT impose fines to Mr. Mendros, Mr. Robinson nor the PACs for reporting violations.

### **DEFENSES AGAINST ETHICS COMMISSION CHARGES**

- Mr. Mendros nor Mr. Robinson knew the source of funding was other than GT Source. Mr. Robinson was told that the funding was from Graham or his company GT Source. Nash, sitting in person with Mr. Robinson, called Graham and asked him “what was the source of the funds” and was told GT Source. Nash asked Graham the address to use for Maine’s PAC report, and when given that address he in turn provided that address to Mr. Robinson. Mr. Robinson in turn used that address on the PAC Report.
- Two days later, Mr. Graham was quoted in the Lewiston Sun Journal (as stated by the Commission’s Staff Findings) that he would invest in the Lewiston Casino effort. There is NO additional statutory burden for Mr. Mendros, Mr. Robinson or the PACs to research and verify the funding was NOT from GT Source?
- Both Mr. Mendros and Mr. Robinson DID cooperate with the Commission. Each attended different meetings with the Commission and staff; they wrote multiple responses to the Commission’s letters; they provided materials. During the October 2012 meeting with Director Wayne and Assistant Director Lavin (at which I was representing Mr. Robinson and was present) Mr. Robinson brought his laptop computer in order to show staff the emails he had sent in order to gather information needed to complete and file the PAC report. He also had the email responses he received from Scott Nash which stated the source of the contributions was GT Source. See emails attached. Again, there is no statutory burden for Mr. Mendros, Mr. Robinson nor the PACs to research and verify the funding was NOT from GT Source. There is evidence that Robinson justifiably relied on information provided by Mr. Nash.
- There is tension between Maine laws for entities holding gaming licenses and Maine PAC reporting law. There was clearly confusion as to the role of M-Five, Wild West Gaming and GT Sources. At more than one in-person meeting with Commission staff, Mr. Robinson and Mr. Mendros stated that M-Five was to

be created upon successful passage of the referendum because a Maine company must hold the gaming license. Before passage of the referendum and because M-Five was basically a shell company, they rightfully believed the proper party to name in the report was Duane Graham/GT Source. This conclusion was supported by their own conversations with your Commission staff member Cindy Sullivan. *And, wouldn't naming M-Five in a report prior to its legal existence be a greater disservice to the public?*

- Neither Mr. Mendros nor Mr. Robinson had ever heard the name of Chase Burns until this Commission Finding. Mr. Mendros dealt directly with Scott Nash, had conversations and meetings with Duane Graham, but never was told about a Chase Burns. Again, there is no statutory requirement that Mr. Mendros MUST investigate and verify that the people they are dealing are who they say they are.
- The Commission subpoenaed the PAC bank accounts. Mr. Mendros, Mr. Robinson and myself were waiting for follow up questions and inquiries, and did not hear from the Commission for more than 8 months (November to the report release date in July) – even thinking this investigation was dropped! Why wouldn't the Commission seek explanations or other information from my clients after they subpoenaed their accounts?
- From the Staff Report, it seems that the Commission is “punishing” the PACs, Mr. Robinson and Mr. Mendros for Mr. Graham's refusal to cooperate. Letters were sent to Graham both by the Commission and earlier, from my clients. He told both “he wanted nothing more to do with this” and refused to discuss it with them. (He said he had lost over \$400,000 funding this failed effort.) Yet it was Graham (at times with Nash), that dealt directly with my clients. They were told and they believed it was Graham and/or one or more of his companies that were funding the campaign. Even if this belief was incorrect, it is NOT illegal under current law.
- For business purposes, Great Falls' attorney Norm Rattey researched Wild West Gaming, and concluded it was a shell company with no assets. Based on the advice given by Commission staff member Cindy Sullivan, Mr. Mendros and Mr. Robinson concluded this firm could not be listed as the original source of the funds. Lewiston Economic Development adviser Link Jeffers also

researched Wild West Gaming and concluded it was a start-up company with no assets, and ‘not to list them’ on the report. This same argument applies to M-Five, as it also was a start-up company with no assets. My client concluded, based on two conversations with Ms. Sullivan, neither Wild West Gaming nor M-Five were acceptable entities to report as sources of funds for the PAC reports. The statute requires, and Commission staff repeatedly informed Mendros, Robinson and the PACs that the report should show “original sources of funds.” As stated above, they were told these funds were from Duane Graham and/or GT Source and also as stated above, there is no statutory requirement they investigate further. **Please note – the research into Wild West Gaming was conducted primarily for business purposes. Great Falls wanted to make sure they would have recourse should the sale of their business fall through.**

- The Commission’s report and findings were very critical of Mr. Mendros in that he “even discouraged others from providing information or cooperating with the staff, claiming that the Commission lacked jurisdiction and was on a fishing expedition.” Staff Report, Page 2. Mr. Mendros strongly denies he discouraged others from providing information to the Commission. However, he does admit that he told Mr. Nash “he should be careful about what he tells the Commission, because there may be a leak that will make whatever you say public.”

This entire investigation commenced from a complaint filed by Dennis Bailey, who worked for CasinosNo, an advocacy group formed to oppose any casino initiative in Maine. The primary basis for Mr. Bailey’s complaint was a contract he obtained between M-Five and Great Falls. It was a contract that was not valid as it had not been signed by both parties. It was also a contract that had the expectation of privacy! Somehow, Mr. Bailey obtained a copy of this agreement, and then asked the Commission to investigate. There is no evidence that the Commission ever asked Mr. Bailey about this contract, where he found it and how he obtained it! This was a contract creating a Maine-based company to operate a casino that Mr. Bailey opposed. It should be a privileged communication between the principals of the contract and their attorneys. From day one of this investigation my client, Mr. Mendros, expressed concern about this fact – why was the Commission relying on this document, never properly executed, that was obtained by Bailey? If it were

never signed, does that not imply there may have been a subsequent contract with different terms, that may have led to the belief that GT Source was the appropriate party up until the date of the passage of the referendum?

The lack of Commission investigation into the means Bailey obtained this contract, and the validity of the contract begs many questions. But there is another example of a leak within the Commission. Within 24 hours after a Commission staff meeting with Mr. Mendros and myself, lobbyist Peter Martin who represents Oxford Casino, knew that Dome Messaging was involved, knew who they were, and approached others involved with this matter about their involvement. My clients believed there was a connection between Oxford and Dennis Bailey – could Oxford have funded CasinoNo and Mainers Against a Rotten Deal (another anti-casino effort) in order to defeat passage of the Lewiston Casino effort, maintaining their regional monopoly?

At this time Mr. Mendros believed there may be a leak within Commission staff or Commissioners, and hence the warning to Scott Nash that he needed to be careful in what was said to them – as it could become public! He NEVER implied or urged Nash or Hill not to cooperate or answer questions, only suggested caution about the privacy of those communications.

In Conclusion, My client Stavros Mendros disagrees with the Findings of Violation in the report of the Commission staff. There may be need for strengthening or clarifying reporting requirements in Maine law, but that does not allow for Commission staff to re-write existing laws, laws that my client has complied with.

Respectfully submitted,

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