

STATE OF CONNECTICUT  
STATE ELECTIONS ENFORCEMENT COMMISSION

In the Matter of a Complaint by Mathew Sorokin, Hartford, and Referral from Audit Unit

RESPONDENTS:

File No. 2010-114

Angel Morales  
49 Margarita Drive  
Hartford, Connecticut

Jason Lopez  
197 Britt Road  
East Hartford, Connecticut

May 19, 2015

**Final Decision**

This matter was a contested case heard on November 20, 2014 pursuant to Chapter 54 of the Connecticut General Statutes, § 9-7b of the Connecticut General Statutes and § 9-7b-35 of the Regulations of Connecticut State Agencies, at which time appeared Attorney James M. Talbert-Slagle for the State of Connecticut, Respondent Jason Lopez, Pro Se, and Attorney John B. Kennelly on behalf of Respondent Angel Morales, who did not appear. Documentary and testimonial evidence was presented. This matter comes before the Commission from a complaint filed by the above named Complainant<sup>1</sup> and by way of a referral from the Audit Unit of the State Elections Enforcement Commission.

After careful consideration of the entire record, the Commission finds the following:

1. Michael J. Ajello was designated as Hearing Officer for the hearing on November 20, 2013, at a regular meeting of the State Elections Enforcement Commission (hereinafter "Commission").
2. Respondent Angel Morales (hereinafter "Respondent Morales") formed a candidate committee, *Angel Morales for State Representative*, on March 25, 2010, and was a candidate in the August 10, 2010 primary for the Democratic Party nomination for the 4<sup>th</sup> General Assembly District seat.
3. Respondent Morales named Respondent Jason Lopez (hereinafter "Respondent Lopez") as the treasurer for his candidate committee.
4. On or about July 9, 2010, Respondent Morales and Respondent Lopez each executed the SEEC Form CEP 10, signifying their intent to abide by the voluntary expenditure limits and other program restrictions that apply to participants in the Citizens' Election Program (hereinafter "CEP"). Such form contains sworn certifications signed by the candidate and treasurer. Among the certifications made is the following by the candidate: "I understand that I am personally liable and must repay to the Citizens'

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<sup>1</sup> In his September 21, 2010 complaint, the Complainant asserted, *inter alia*, that the Respondents misspent campaign funds. These allegations are subsumed by the findings of the Audit Unit, as described herein.

Election Fund any moneys that are not expended in accordance with the provisions of Conn. Gen. Stat. § 9-607 (g), as amended, and with any regulations adopted by the SEEC under Conn. Gen. Stat. § 9-706 (e).”

5. On or about July 16, 2010, Respondent Morales and Respondent Lopez each executed SEEC Form CEP 15 when the candidate committee applied for the grant from the Citizens’ Election Fund. That form contains sworn certifications signed by the candidate and treasurer. In particular, pursuant to General Statutes § 9-706 (b), it includes “a written certification that. . . [t]he campaign treasurer of the candidate committee will expend all moneys received from the fund in accordance with the provisions of subsection (g) of section 9-607 and regulations adopted by the State Elections Enforcement Commission under subsection (e) of this section . . .”
6. On July 21, 2010, the Commission approved a grant totaling \$26,000.00 from the Citizens Election Fund for the candidate committee *Angel Morales for State Representative*, for the 2010 Democratic primary.
7. On or about January 11, 2011 Respondent Lopez was sent a Notice of Audit from Dianna Kulmacz, Director of Campaign Disclosure and Audit for the Commission. Said Notice requested a copy of all documents related to the Committee’s expenditures since the inception of the *Angel Morales for State Representative* candidate committee. All requested documentation was to be received by February 1, 2011.
8. On or about March 16, 2011, a second written notice was sent to Respondent Lopez by Accounts Examiner Paul Boutin stating that the Commission had repeatedly contacted the *Angel Morales for State Representative* campaign requesting documentation and no documentation was received. The notice requested the documentation by no later than April 8, 2011.
9. On or about June 28, 2011, the Commission received Webster Bank statements for the period of April 2010 through September 2010 from the *Angel Morales for State Representative* campaign.
10. On or about November 7, 2011, a Draft Examination was forwarded by the Commission to the *Angel Morales for State Representative* campaign which outlined the Commission’s numerous findings and gave the Respondents an opportunity to respond by providing the information sought or clarifying issues raised in the Draft Examination.
11. At its December 14, 2011 regular meeting, based on the draft audit report, the Commission voted to initiate an investigation into the *Angel Morales for State Representative* candidate committee.
12. On or about August 16, 2013, approximately 2 years and 8 months after the initial Notice of Audit, the Commission received additional documentation regarding the election expenditures. Although the documents did contain some receipts previously not presented, the majority of the disclosures consisted of copies of Webster Bank checks previously disclosed with the added notation on each check that “Angel has paperwork”. The packet also contained several handwritten receipts.

13. Although the August 16, 2013 disclosure resolved some issues, there was, and remains, missing documentation for \$19,381.85 in expenditures.
14. At the hearing on this matter, Respondent Jason Lopez appeared on his own behalf and Respondent Angel Morales appeared through counsel, however Angel Morales himself chose not to attend the hearing.
15. Respondent Lopez and Respondent Morales, through counsel, signed a Stipulation of Facts admitting and acknowledging that there is missing documentation for \$19,381.85 in expenditures.
16. Respondent Lopez testified, without rebuttal, that Respondent Morales, the candidate, kept most of the missing documentation, and insisted upon doing so. He also testified that Respondent Morales was uncooperative in producing the documentation.
17. Although both Respondents were given approximately four (4) years to produce the requested documentation for these expenditures, none was ever produced.
18. Pursuant to Connecticut General Statutes § 9-606 (a), campaign treasurers have the obligation to maintain records to support all transactions entered on the candidate committees' financial disclosure forms.
19. Pursuant to Connecticut General Statutes § 9-607 (f), campaign treasurers have the obligation to "preserve all internal records of transactions required to be entered in reports filed pursuant to section 9-608 for four years from the date of the report in which the transactions were entered. Internal records required to be maintained in order for any permissible expenditure to be paid from committee funds *include, but are not limited to, contemporaneous invoices, receipts, bills, statements, itineraries, or other written or documentary evidence showing the campaign or other lawful purpose of the expenditure. . . .*" (Emphasis added.)
20. Pursuant to Connecticut General Statutes § 9-607 (f), "[i]n the case of a candidate committee, the treasurer *or the candidate, if the candidate so requests, shall preserve all internal records*, cancelled checks, debit cards slips and bank statements for four years from the date of the last report required to be filed under subsection (a) of section 9-608." (Emphasis added.)
21. Section 9-607-1 (a) of Regulations of Connecticut State Agencies, regarding a candidate's use of campaign funds, provides, in relevant part, as follows:

Pursuant to the requirements described in sections 9-607 (f), 9-607 (g), 9-706 (e) of the Connecticut General Statutes, and any regulations adopted thereto, in order to substantiate any payment for services of campaign or committee staff, or campaign or committee services of attorneys, accountants, consultants, or other professional persons for campaign activities, the campaign treasurer shall maintain internal records, including but not limited to:

1. a written agreement, signed before any work or services for which payment in excess of \$100 is sought is performed, which sets forth (i) the nature and duration of the fee arrangement and (ii) a description of the scope of the work to be performed or services to be rendered; and
  2. contemporaneous records and/or invoices created by the close of the reporting period but in no event later than the date of the primary or election to which the expenditure relates, which set forth the nature and detail of the work performed or services rendered.
22. Pursuant to General Statutes § 9-7b (a) (5), upon request, the campaign treasurer must provide any and all supporting documentation to the Commission for inspection or audit. Here, the records were requested repeatedly over a period of years, and none, except for bank statements, were provided for the expenditures in question.
  23. Section 9-706-1 (b) of Regulations of Connecticut State Agencies, regarding a CEP candidate's use of campaign funds, provides that "[t]he absence of contemporaneous detailed documentation indicating that an expenditure was made to directly further the participating candidate's nomination for election or election shall mean that the expenditure was not made to directly further the participating candidate's nomination for election or election, and thus was *an impermissible expenditure.*" (Emphasis added.) Here, no contemporaneous, detailed documentation was provided for \$19,381.85 worth of expenditures.<sup>2</sup>
  24. Pursuant to Connecticut General Statutes § 9-703 (a), regarding candidates applying for grants under the CEP, "[e]ach candidate . . . shall file an affidavit with the State Elections Enforcement Commission. . . . The affidavit shall also include written certifications (1) that the treasurer of the candidate committee for said candidate shall expend any moneys received from the Citizens' Election Fund in accordance with the provisions of subsection (g) of section 9-607 and regulations adopted by the State Elections Enforcement Commission under subsection (e) of section 9-706, (2) *that the candidate shall repay to the fund any such moneys that are not expended in accordance with subsection (g) of section 9-607 and said regulations.*" (Emphasis added.)
  25. Based upon the Stipulation of Facts, evidence and testimony presented at the hearing, it is found that both Respondents have failed and refused to preserve and submit legally adequate documentation for expenditures in the amount of \$19,381.85. As result, the expenditures all must be considered impermissible.
  26. The Commission finds that Respondent Lopez violated General Statutes § 9-606 (a) and § 607 (f) and Section 9-607-1 (a) of Regulations of Connecticut State Agencies.

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<sup>2</sup> The Webster Bank records show that many of the checks were written to individuals, with "Campaign Worker" or a similar phrase written in the memo field. These checks included payments to Respondent Lopez. No contracts, leases, or other written service agreements, were provided to support these payments. More than eighty checks were written without back-up documentation. *State's Exhibit 11.*

27. The Commission finds that Respondent Morales violated General Statutes § 607 (f) and § 9-703 (a).
28. Section 9-7b-48 of Regulations of Connecticut State Agencies provides that “[i]n its determination of the amount of a civil penalty to be imposed, the Commission shall consider, among other mitigating or aggravating circumstances: (1) the gravity of the act or omission; (2) the amount necessary to insure immediate and continued compliance; (3) the previous history of similar acts or omissions; and (4) whether the person has shown good faith in attempting to comply with the applicable provisions of the General Statutes.”<sup>3</sup>
29. The Commission finds the following as aggravating circumstances pursuant to § 9-7b-48 of Regulations of Connecticut State Agencies: 1) documentation requested was originally due on February 1, 2011 and respondents were given almost four (4) years to produce said documentation and failed and/or refused to do so; (2) there was a lack of cooperation on Respondents part in relation to the investigation; (3) the amount of undocumented expenditures was significant, both in relation to total campaign expenditures and in absolute terms; (4) the campaign had accepted and was spending public funds, awarded under the CEP, and (5), with respect to Respondent Morales only, no good faith was exhibited in attempting to ultimately comply with the law.
30. The Commission finds the following as mitigating circumstances pursuant to § 9-7b-48 of Regulations of Connecticut State Agencies: (1) With respect to Respondent Jason Lopez only, Respondent Lopez made a good faith attempt to execute his responsibilities as treasurer however his attempts were frustrated by the candidate, Respondent Morales, who did not maintain records and took over the treasurers’ duty of keeping and preserving records, and failed or refused to provide his treasurer with supporting documentation for expenditures he incurred, and (2) Respondent Lopez had no prior experience as a treasurer and no prior bookkeeping experience.
31. General Statutes § 9-7b (a) (2) (D) authorizes the Commission to impose a penalty not to exceed "two thousand dollars per offense *or twice the amount of any improper payment* or contribution, whichever is greater, against any person the commission finds to be in violation of any provision of chapter 155 or 157." General Statutes § 9-7b (a) (2) (D).
32. In consideration of the factors listed above, the Commission orders the repayment to the Citizens’ Election Fund of \$19,381.85 by Respondent Morales, **and** a civil penalty in the amount of \$10,000.00 against Respondent Morales, and a civil penalty in the amount of \$5,000.00 against Respondent Lopez.

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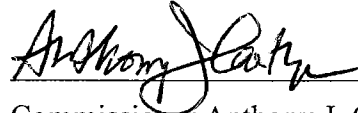
<sup>3</sup> Both respondents filed financial affidavits after the hearing that attested to their income and assets; however, under these set of facts, the Commission is unpersuaded that the respondents’ financial status should mitigate the penalties.

**ORDER**

The following is Ordered on the basis of the record of the above captioned matter:

IT IS HERERY ORDERED THAT Angel Morales repay the Citizens' Election Fund \$19,381.85 and pay a civil penalty in the amount of \$10,000.00; and

IT IS HERERY ORDERED THAT Jason Lopez pay a civil penalty in the amount of \$5,000.00.



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Commissioner Anthony J. Castagno  
As Chair of Commission

I certify the preceding final decision, in file no. 2010-114, was sent to Jason Lopez, 197 Britt Road, East Hartford, CT 06118-3309 and Attorney John B. Kennelly, 196 Trumbull Street, Suite 509, Hartford, CT 06103-2207, by First-Class Mail and certified return receipt mail with delivery confirmation tracking and receipt on May 20, 2015.

  
Sheri-Lyn Laguetux  
Clerk of the Commission