

**STATE OF CONNECTICUT
STATE ELECTIONS ENFORCEMENT COMMISSION**

File No. 2013-094

In re: SEEC Initiated Investigation of the Working Families Campaign Committee, et al.

AGREEMENT CONTAINING A CONSENT ORDER

The parties, the Working Families Campaign Committee (the "WFCC") and the Working Families Party (the "WFP"), hereinafter referred to collectively as the Respondents, and the undersigned authorized representative of the State Elections Enforcement Commission (the "Commission") enter into this agreement as authorized by Connecticut General Statutes § 4-177 (c) and Regulations of Connecticut State Agencies § 9-7b-54. In accordance with those provisions, the parties agree that:

Identification of Parties and General Terms and Definitions

1. The Commission's present investigation concerning the financial activities and record keeping of the WFCC arose out of evidence obtained in relation to SEEC File No. 2011-082. Through their counsel, the WFCC and WFP have received a copy of the Commission's Findings and Conclusions in such matter. To address such issues and to actively and cooperatively work in the interest of transparency and disclosure, the parties have entered into the instant Consent Order (the "Consent Order").
2. The Consent Order is binding upon the WFP, a political party registered with the Office of the Secretary of the State, as well as any successor organization, including any political party utilizing the same ballot access rights specifically obtained under the title Working Families.
3. The Consent Order is binding upon the WFCC, the state central committee registered with the Commission, as well as any other potential successor state central committee established or maintained by the WFP or any WFP successor organization described above. Through the person of the WFCC, or any successor state central committee as described above, the Consent Order shall be binding upon all officers and agents of the WFCC or any successor state central committee. Such officers shall include, but are not limited to chairpersons, treasurers, and deputy treasurers.

4. The WFCC and WFP have been represented by counsel throughout the Commission's instant investigation and in connection with the Consent Order.
5. The Working Families Organization ("WFO") is a non-stock New York corporation registered with the Office of the Secretary of the State to do business in the State of Connecticut with the business ID # 1020761. According to such registration, its business address is 2-4 Nevins Street, 3rd Floor, Brooklyn, NY 11217 and its mailing address is 30 Arbor Street, Suite 210, Hartford, CT 06106.
6. Grassroots Strategies, Inc. ("GSI") is a non-stock domestic corporation registered with the Office of the Secretary of the State to do business in the State of Connecticut with the business ID # 1007550. According to such registration, its business address and mailing address is 30 Arbor Street, Suite 210, Hartford, CT 06106.
7. Community-Labor Administrative Services, Inc. ("CLASI") is a Delaware corporation registered with the Office of the Secretary of the State to do business in Connecticut business # 1006376. According to such registration, its business and mailing is 2 Nevins Street, 3rd Floor, Brooklyn, NY 11217.
8. For purposes of the Consent Order, "payroll services provider" is defined as "a company that is an 'employer of record' for the WFCC or persons providing services to the WFCC. In general, in addition to processing paychecks, a payroll services provider is responsible for making payments on all payroll taxes, and unemployment and workers' compensation insurance. The terms specifically include CLASI and other companies providing substantially similar services."
9. For purposes of the Consent Order, any cited provision of the Connecticut General Statutes or regulations adopted thereunder shall be inclusive of any subsequent amendments thereto, and any recodification of such statutes or regulations.

Select Applicable Statutes

10. General Statutes § 9-602, requires the appointment and registration of a treasurer with the Commission for a state central committee to legally receive contributions or make expenditures.

11. General Statutes § 9-607 (f), sets forth certain record keeping requirements for committee treasurers:

The campaign treasurer shall 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. If a committee incurs expenses by credit card, the campaign treasurer shall preserve all credit card statements and receipts for four years from the date of the report in which the transaction was required to be entered. If any checks are issued pursuant to subsection (e) of this section, the campaign treasurer who issues them shall preserve all cancelled checks and bank statements for four years from the date on which they are issued. If debit card payments are made pursuant to subsection (e) of this section, the campaign treasurer who makes said payments shall preserve all debit card slips and bank statements for four years from the date on which the payments are made. In the case of a candidate committee, the campaign 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.

12. Section 9-607-1 (a) of the Regulations of Connecticut State Agencies requires that:

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.

13. General Statutes § 9-608 (c) (1) (B), governing the content of reports filed by committee treasurers, provides that they shall include:

[A]n itemized accounting of each expenditure, if any, *including the full name and complete address of each payee, including secondary payees whenever the primary or principal payee is known to include charges which the primary payee has already paid or will pay directly to another person, vendor or entity*, the amount and the purpose of the expenditure, the candidate supported or opposed by the expenditure, whether the expenditure is made independently of the candidate supported or is an in-kind contribution to the candidate, and a statement of the balance on hand or deficit, as the case may be; [Emphasis added]....

Commission Jurisprudence Regarding Market Value and Arm's Length Transactions

14. The Respondents and WFCC treasurers and deputy treasurers acknowledge that they have been placed on notice regarding the Commission's interpretation of Connecticut's campaign finance statutes as related to issues of market value and arm's length transactions including: Advisory Opinion No. 15, *Leasing Facilities to Candidate At a Discount* (1974); Advisory Opinion No 1988-1, *Propriety of Endorsement By a State Party Committee of a Credit Card Plan for Party Members Sponsored by a Bank*; Advisory Opinion No. 1991-2, *Propriety of Fundraising by a Town Committee by Operating a Food Concession at an Amusement Park*; Advisory Opinion No. 2010-02, *Propriety of Placing Campaign Banners or Signs on Commercial Property without Charge*.
15. Additionally, the Commission has adopted a standard for applying valuation of benefits, including in-kind contributions, shared between committees and which assumes an arms-

length transaction. In general, in this context the Commission has not disputed a committee's determination of its proportionate share of a joint expenditure unless the Commission found the allocation to be "clearly erroneous." See Declaratory Ruling No. 2011-03 and Advisory Opinion No. 2010-07. The Respondents and WFCC treasurers and deputy treasurers acknowledge that they have been placed on notice regarding the Commission's interpretation that the "clearly erroneous" standard applies only to direct committee to committee transactions between and among registered committees. The Commission will not apply any deferential standard to the valuation of potential benefits when there is an indication that there was not an arms-length transaction between the parties or if such services are not provided in the same manner to non-political entities.

Articulation of "Record Keeping Rules" and Related Terms and Definitions

16. For purposes of the Consent Order, General Statutes § 9-607, and § 9-607-1 of the Regulations of Connecticut State Agencies shall be inclusive of any subsequent amendments thereto, any recodification of such statutes or regulations, and any section of Connecticut Campaign Finance Statutes governing record keeping by a state central committee or its treasurers. Such provisions, which are further articulated in the Consent Order, are hereinafter collectively referred to as the "Record Keeping Rules."
17. The WFCC agrees and understands that its failure to maintain such records according to the Record Keeping Rules shall constitute a violation of such rules for which the person of the WFCC agrees to be personally liable under a cause of action brought by the Commission or enforcement of the Consent Order in the Courts for such violation.
18. Any WFCC treasurers shall not be relieved of their individual responsibilities and liabilities under the Record Keeping Rules. Nevertheless, the Parties agree that such individual treasurers may maintain and preserve such records at a location controlled by the WFCC. Such location shall include, at least, the WFCC's address of record reflected on the WFCC's registration with the Commission.
19. Any alleged inability of WFCC treasurers to obtain records at a location controlled by the WFCC shall not constitute a defense by such treasurers.
20. All contracts or agreements required by the Record Keeping Rules shall be signed by each party to the contract or their legal representative. Any signatures on all such contracts or agreements shall be dated. All such signatures shall be accompanied by a printed version of such signatory's names.

21. Any requirements upon contracts or agreements maintained under Record Keeping Rules or the Consent Order shall be applicable to any extension, amendment or modification of the terms of such contracts or agreements.
22. The WFCC agrees that, for purposes of the Consent Order, the term "committee staff" includes both employees and independent consultants performing services for WFCC or WFP, whether hired directly by the WFCC or by a payroll services provider.

Record Keeping Rules Specifically In Relation to CLASI and Other Payroll Services Providers

23. The WFCC agrees that any payments for services governed by the Record Keeping Rules that are conducted through a payroll services provider shall, among other things, be supported by records that do the following: (1) identify the name and address of all individuals being paid; (2) identify with reasonable specificity the nature of the services employees performed; (3) specify the number of hours, or in the case of canvassers, total shifts, worked by the employee(s); (4) identify whether the charges are based on either a specified hourly rate or shift charge or flat rate, as the case may be, for the services to be provided by each such employee or type of employee under the contract; (5) specify the dollar amount of such hourly, shift or flat rate; and (6) be based upon regular timekeeping by such individuals and recorded on no less frequently than biweekly in the form of standardized timesheets. Any records required under this paragraph shall be preserved by the WFCC and applicable WFCC treasurer as records required under the Record Keeping Rules.
24. WFCC and WFP agree that its arrangements with CLASI or any payroll provider shall be pursuant to a written contract. Further, to the extent that the provider is not a publically traded entity, the WFCC and WFP shall maintain records that identify the managers and directors of such provider to the extent those individual are known or reasonable discoverable by WFCC and WFP. For purposes of this paragraph, "managers and directors" means those individuals having direct, extensive or substantive responsibilities with respect to the negotiation or execution of the contract with WFCC and not merely peripheral, clerical and ministerial responsibilities. For purposes of this paragraph, all information required to be identified, specified or otherwise disclosed shall be articulated in writing in the applicable contracts or agreements with WFCC. Any records required under this paragraph shall be preserved by the WFCC and applicable WFCC treasurer as records required under the Record Keeping Rules.

25. To the extent applicable, any contracts or agreements for services directly between the WFCC and employees or independent contractors shall include the same information.
26. To the extent that WFCC or WFP shares staff with any other entity, the WFCC or WFP as applicable shall maintain timesheets detailing the specific hours committee staff spent in performance of the work for WFCC or WFP, which shall be recorded contemporaneously on not less than a biweekly basis or by the end of next reporting period under General Statutes § 9-608, whichever is earlier.
27. Any contracts or other records between a payroll services provider and other persons required in the above paragraphs shall be maintained by the WFCC and the WFCC treasurer as a record required under General Statutes § 9-607 (f).

Record Keeping Rules Applicable In Relation to GSI and Other WFCC Vendors

28. For purposes of this Consent Order, for any contracts or agreements governed by § 9-607-1 and between the WFCC and other party providing campaign related services (a "vendor") shall require the parties to the contract to, among other things, do the following: (1) identify with reasonable specificity the nature of the services employees will perform; (2) specify the estimated number of hours, or in the case of canvassers, total shifts, expected to be worked by the employee(s); (3) identify whether the charges are based on either a specified hourly rate or shift charge or flat rate, as the case may be, for the services to be provided by each such employee or type of employee under the contract; (4) specify the dollar amount of such hourly, shift or flat rate; (5) contain a requirement for regular timekeeping by such individuals and recorded on no less frequently than biweekly in the form of standardized timesheets; (6) if the vendor is obtaining services through a payroll services provider, require that the vendor have a written contract between the vendor and the payroll services provider specifying each of the above; (7) require a report due to the WFCC on no less than a monthly basis which set forth the nature and detail of the work performed or services actually rendered, including the identities of the specific individuals performing services under such contract; (8) require that such report shall include timesheets detailing the specific hours spent in performance of the contract and recorded contemporaneously on not less than a biweekly basis or by the end of next reporting period under General Statutes § 9-608, whichever is earlier; and (9) any contract for services that include "organization expenses," as that term is defined in § 9-601 (25), shall be specifically itemized in any such contract or agreement and the work performed for such services shall be separately recorded and reported from ordinary "expenses" as that term is defined in General Statutes § 9-601b. For purposes of this paragraph, all information

required to be identified, specified or otherwise disclosed shall be articulated in writing in the applicable contracts or agreements between the WFCC and the vendor or the vendor and another party. Neither a payroll services provider, nor an information technology services provider, shall be considered a vendor under this paragraph. Recording rules applying to the former are set forth in the paragraph above. Recording rules applying to the latter are governed by the usual laws, regulations, and rulings of the Commission. For purposes of this paragraph an "information technology services provider" shall be limited to persons who perform solely the development, implementation, and maintenance of computer hardware and software systems and applications (e.g., website maintenance and hardware support) and no other campaign services. Any records required under this paragraph shall be preserved by the WFCC and WFCC treasurer as records required under the Record Keeping Rules.

29. Any contracts or other records required to be furnished to the WFCC in the above paragraphs shall be maintained by the WFCC as a record required under General Statutes § 9-607.

WFCC Confirmation of Independent Governance Structures

30. The WFCC shall maintain an independent governance structure from any person with which it directly or indirectly enters into for a contract or agreement for campaign services. For purposes of this Consent Order, in determining an independent governance structure, managers and directors of such vendors shall not be considered "independent" unless, for a period of at least two years prior to appointment, they have not themselves been directly or indirectly employed by, an affiliate of the WFCC, WFP or WFO. In addition, a vendor in order to have an independent governance structure must have entirely separate and distinct individuals performing as "managers and directors" of the vendor as opposed to "managers and directors" of WFCC, WFP, or WFO. For purposes of this Consent Order "managers and directors" means those individuals having direct, extensive or substantive responsibilities with respect to policies, strategies or goals of the relevant entity and not merely peripheral, clerical and ministerial responsibilities with respect to the policies, strategies or goals of the relevant entity. Notwithstanding anything else in this paragraph, the participation of a WFCC or WFP or WFO manager or director as a manager or director of a payroll services provider, but not other vendors for campaign services, shall not be inconsistent with independent governance structure provided that the services provided by such payroll provider under carried out under a contract which are structured to assure that there can be no contribution by such provider to the WFP or WFCC. The parties agree that

contracts substantially similar to the attached agreement between WFP and CLASI meet this requirement. See SEEC File No. 2013-094 Attachment B.

31. All contracts required under the Record Keeping Rules shall require WFCC vendors to: “Establish and maintain management, administrative, and employment structures that are independent of and not controlled by the Working Families Campaign Committee , Working Families Party or Working Families Organization.” Additionally, such contracts shall require such vendors to, “maintain a separate payroll system, finance record keeping, IT services, and administrative staff to conduct a review to ensure that they are independent of and not controlled by the Working Families Campaign Committee, Working Families Party or Working Families Organization.” Such contracts shall require the party to such contract to conduct and conclude such a review within thirty days of the execution of such contract with a written response provided to the WFCC to be maintained in as a record required under General Statutes § 9-607 (f). The WFCC shall cooperate in good faith with such review by providing relevant information to the vendors including, but not limited to, identifying any managers and directors of the WFCC, WFP and WFO to the extent they are known or reasonably discoverable by the WFCC or WFP. Such information shall be provided by the WFCC to the vendor in writing no later than the initiation of the review required under this paragraph and such communication shall be maintained as record required under the Record Keeping Rules.
32. When and if such a review has been unable to confirm that such vendors are independent of the WFCC, WFP or WFO, such contract will require the vendor, at the vendor’s expense and not later than thirty days after the conclusion of such review, to hire a certified public accounting firm, different from any such firm that has provided or is providing such services to the WFCC, WFP or WFO, to review its books and records, and then issue opinions regarding financials each year. Such an review shall include, but not be limited to: (1) written analysis of the vendor’s own costs of providing the services on a piecework basis; (2) analysis of actual comparable market rates offered or charged by similar firms for similar services; and (3) expert opinions on prevailing costs and/or market rates if the auditor finds no comparable market rates are available.
33. Such contracts shall require any such report to be filed by the certified public accountant both with the WFCC chairperson, the WFCC treasurer, and the Commission and to be so filed no later than 120 days after the execution of the contract with such certified public accountant.

34. When and if such a review has been unable to confirm that such vendors are independent of the WFCC, WFP or WFO, such contract will require the vendor, at the vendor's expense and not later than thirty days after the conclusion of such review, to hire a law firm, to ensure the vendor's compliance with all applicable state and local campaign finance laws. The contract shall require such law firm to be different from any firm that has provided or is providing services to the WFCC, WFP or WFO.

Reporting of Secondary Payees

35. The WFCC agrees and understands that, for purposes of the reporting requirements of General Statutes § 9-608 (c) (1) (B), known secondary payees shall include, but not be limited to: (1) any and all persons who provide services to the WFCC directly or through a payroll services provider; (2) any and all persons otherwise identified in any records required under the Record Keeping Rules, including contracts between the WFCC and vendors under the Consent Order as providing services to the WFP or WFCC through a third party entity; (3) any and all persons known or that should be known by WFCC officers or agents to be secondary payees; (4) any managers or directors identified under the record keeping rules receiving payments; and (5) any employees or independent contractors providing services either directly or indirectly to the WFCC.
36. The WFCC agrees and understands that, for purposes of the reporting requirements of General Statutes § 9-608 (c) (1) (B), reporting information concerning known secondary payees shall include, but not be limited to, a specific dollar amount paid by the secondary payor to each such person for the reporting period at issue for any services rendered under the applicable contract or agreement.

Future Audits and Inspections

37. The WFCC agrees and understands that, in order to facilitate compliance with both the Record Keeping Rules and compliance with the Consent Order, the Commission intends to conduct an audit of WFCC records.
38. The WFCC agrees and understands that General Statutes § 9-7b (a) (5) (A), provides the Commission with a clear right, "[t]o inspect or audit at any reasonable time and upon reasonable notice the accounts or records of any campaign treasurer or principal campaign treasurer, as required by chapter 155 or 157."

39. The WFCC agrees and understands that the Consent Order provides any required “reasonable notice.”
40. The WFCC agrees and understands that the “reasonable time” for inspection for compliance with the Record Keeping Rules and compliance with the Consent Order shall be any time between 9 a.m. and 5 p.m. on a weekday other than a State holiday on or after July 1, 2014. The WFCC shall make all records under the Record Keeping Rules available for inspection and review of the Commission or its agents in the manner described below.
41. The WFCC agrees to furnish copies of all records necessary for such inspection or audit and bear cost of copying and distributing of such records. Copies of all records required under the Record Keeping Rules and the Consent Order shall be provided by hand delivery or regular mail to the Commission at its office within ten business days of the Commission’s written request for such records. If the Commission does not receive such records within twenty business days of such a request, the records shall be deemed to not have been preserved and maintained in accordance with the Record Keeping Rules and the Consent Order.
42. Such written production to the Commission’s office shall not preclude the Commission’s right for an on sight inspection of such records maintained by either WFCC or the WFCC treasurer upon reasonable notice. In no instance shall such reasonable notice require more than five business days after the Commission’s issuance of written notice of such intent to the WFCC’s and WFCC treasurer’s address of record appearing in the WFCC registration form on file with the Commission.
43. The Parties agree that any costs incurred by WFCC necessary to comply with the Consent Order regarding such inspection or audit and any penalties imposed upon the persons of the WFCC or WFP under the Consent Order may be legally made out of WFCC funds as a “continuing operating costs of the party” as permissible expenditure of a state central committee funds pursuant to General Statutes § 9-607 (g) (1) (A).

Resolution of Instant Investigation Regarding Associated Persons

44. In consideration of the WFCC’s voluntary cooperation in executing the Consent Order and the prospect of sufficient corrective remedies, the Commission agrees that it shall not notice a hearing regarding any alleged violation by WFCC treasurers or agents for any action

taken prior to July 1, 2011. Further, the Commission agrees that it shall not notice a hearing regarding any alleged violation by WFCC treasurers or agents for any action between July 1, 2011 and the effective date of this decree, providing that the alleged violation is of a nature substantially similar to those alleged violations giving rise to this decree. Excluded from this consideration are any actions taken by WFCC or its agents in relation to the 2013 Bridgeport Board of Education primaries or elections except for liabilities under the Record Keeping Rules or secondary payee reporting requirements under § 9-608 (c) (1) (B). Such consideration shall not prevent the Commission from making a referral to the Chief State's Attorney upon reasonable suspicion of criminal violation related to the laws under its jurisdiction. For purposes of this paragraph, "treasurer" means both treasurers and deputy treasurers. For purposes of this paragraph, "agents" means any WFCC officer, employee, independent contractor or vendor. Such an agreement only extends to activity that was specifically the result of actions taken as an officer or agent on behalf of the WFCC or in direct commercial relationship to the WFCC.

Effective Dates of Consent Order

45. The terms of the Consent Order shall be effective as of February 19, 2014. Any requirements under the Record Keeping Rules shall be immediately applicable to any contracts or agreements in effect on or after such dates even if such contracts or agreements were executed prior to such date. Upon the effective date of the Consent Order, any and all services under any contracts such contract or agreements not in compliance with the Consent Order shall be in violation with the Consent Order. This order shall expire of its own terms ten years following its effective date, provided that any liabilities and causes of action incurred during the pendency of the order shall survive its expiration.

Future Modification of Consent Order by Parties

46. The Parties may agree to a modification of the Consent Order, but any such agreement shall only be effective if memorialized in writing and authorized by a vote of the Commission. Any formal request by the WFCC and WFP to modify the terms of the Consent Order shall only be considered if issued by regular mail and shall be addressed to the attention of the Executive Director and General Counsel of the Commission.

Duties in Relation to Acknowledgments Required under the Consent Order

47. The failure to sign any Acknowledgment required under the Consent Order shall not be a defense for any failure to designate a treasurer or amend the WFCC registration. For Acknowledgment, see SEEC File No. 2013-094 Attachment A.
48. For purposes of the Consent Order, such Acknowledgements shall be maintained by the WFCC treasurer as a record required under General Statutes § 9-607 (f) and any liabilities thereunder.
49. The Respondents agree that WFCC treasurers and deputy treasurers who do not sign an Acknowledgment in the time and manner required by the Consent Order shall be deemed invalid designations of a treasurer or deputy treasurer pursuant to General Statutes § 9-602 (a) and any liabilities thereunder.

Jurisdiction

50. The Respondents admit all jurisdictional facts and agrees that this Agreement and Order shall have the same force and effect as a final decision and order entered into after a full hearing and shall become final when adopted by the Commission.
51. The Respondents consent to jurisdiction and venue in the Connecticut Superior Court, Judicial District of Hartford, in the event that the State of Connecticut seeks to enforce this Agreement and Consent Order. The Respondents recognize that the Connecticut Superior Court has the authority to specifically enforce the provisions of this Agreement and Consent Order, including the authority to award equitable relief.
52. The terms set forth herein are in addition to, and not in lieu of, any other existing or future statutory, regulatory, or other legal obligation that may be applicable to the Respondents.
53. The Respondents waive:
 - a. Any further procedural steps;
 - b. The requirement that the Commission's decision contain a statement of findings of fact and conclusions of law, separately stated; and
 - c. All rights to seek judicial review or otherwise to challenge or contest the validity of the Order entered into pursuant to this Agreement.

54. It is understood and agreed by the parties to this Agreement that the Commission will consider this Agreement at its next available meeting and, if the Commission rejects it, the Agreement will be withdrawn and may not be used as an admission by the Parties in any subsequent hearing, if one becomes necessary.

ORDER

It is hereby ordered by the Commission and agreed to by the Respondents that:

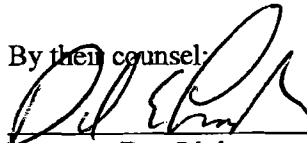
1. The WFCC shall provide the Consent Order with the attached acknowledgement page (the "Acknowledgement") to all present and future WFCC treasurers or deputy treasurers prior to the WFCC or its agents filing signed WFCC registration forms with the Commission. No later than their registration with the Commission, such WFCC officers shall sign a dated Acknowledgment. The WFCC Chairperson and deputy treasurers shall file the Acknowledgment with the WFCC treasurer.
2. The Respondents agree that, in addition to any duties of the WFCC treasurer or deputy treasurer under the statutes, the person of the WFCC itself shall maintain and preserve all records in the manner and extent required under General Statutes § 9-607, and § 9-607-1 of the Regulations of Connecticut State Agencies and as further articulated in this Consent Order as Record Keeping Rules.
3. Any WFCC treasurer or deputy treasurer, as applicable, shall maintain records and report WFCC transactions, including, but not limited, to reporting secondary payees, in the manner and extent required under the Consent Order.

Penalties

4. The WFCC agrees and understands that, pursuant to General Statutes § 9-7b and the terms of the Consent Order, the Commission may impose a civil penalty upon the person of the WFCC of up to \$2,000.00 for each violation of the Consent Order or the Record Keeping Rules.
5. The WFCC agrees and understands, if that enforcement of the Consent Order is required and if the WFCC is found to be in violation of the Consent Order, WFCC shall be responsible for any court costs, state marshal's fees incurred by the state as the court may determine.

For the Working Families Party
Campaign Committee and the
Working Families Party

By their counsel:

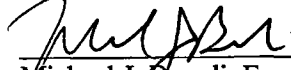


Attorney Dan Livingston
Livingston, Adler, Pulda, Meiklejohn & Kelly PC
557 Prospect Avenue
Hartford, CT 06105

Dated: 2/12/14

For the State of Connecticut

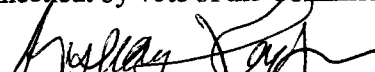
By:



Michael J. Brandi, Esq.
Executive Director and General Counsel
and Authorized Representative of the
State Elections Enforcement Commission
20 Trinity St., Suite 101
Hartford, CT 06106

Dated: 2/11/14

Adopted this 19 day of FEB 2014 at Hartford, Connecticut by vote of the Commission.



Anthony J. Castagno, Chairman
By Order of the Commission

Acknowledgement Form for Receipt of Consent Order in SEEC File No. 2013-094

Certified Acknowledgement of Receipt

I, the undersigned (circle one: Chairperson, Treasurer, or Deputy Treasurer) of the Working Families Campaign Committee hereby acknowledge receipt of the Consent Order in SEEC File No. 2013-094. I agree to abide by the terms and conditions of such consent order and make best efforts to have any agents acting on my behalf or under the color of my authority similarly comply with such order.

I solemnly swear (or affirm) that the above statement is true and accurate to the best of my knowledge and belief.

Signature _____ Print _____ Date _____

Sworn and subscribed before me on this _____ day of _____, 20 _____

Signature of Person Administering the Oath Name of Person Administering the Oath (Please Print)

Title of Person Administering the Oath

MEMORANDUM OF UNDERSTANDING (MOU)
BETWEEN COMMUNITY LABOR ADMINISTRATIVE ASSOCIATES, INC.
AND WORKING FAMILIES CAMPAIGN COMMITTEE

WHEREAS, Community Labor Administrative Associates, Inc. (“Community Labor”) is organized and operated for the purposes of providing administrative services, staffing, and related resources to progressive organizations including nonprofits, political committees, and allied organizations; and

WHEREAS, Community Labor is a non-stock corporation and is not organized or operated for the purpose of making a profit for any shareholder(s); and

WHEREAS, Working Families Campaign Committee (“Client”) is a political party committee organized pursuant to the laws of Connecticut; and

WHEREAS, Client desires to make use of some or all of Community Labor’s expertise and services as described in the Addendum of this MOU, and Community Labor desires to make its expertise and services available to Client upon the terms and conditions provided below;

NOW, THEREFORE, THIS AGREEMENT is made this 1st day of December, 2013 by and between Community Labor and Client for the provision of staffing, administrative services and related goods in accordance with the terms set forth below.

Section 1: Community Labor Services to be provided:

SEE ADDENDUM

Section 2: Payment.

- A. Time of Payment. Client shall make payment to Community Labor of the amounts due under this MOU upon the receipt of invoices from Community Labor. Amounts in arrears for more than thirty (30) days shall earn interest at the rate of 1% per month.
- B. Determination of Charges. The fees and costs charged by Community Labor pursuant to this MOU shall reflect a well-documented, specific and reasonable allocation of expenses as described in the Addendum to this MOU, and Community Labor shall take reasonable steps to ensure that Client does not indirectly subsidize the work of other Community Labor client organizations, that its work is not indirectly subsidized by other client organizations, and that its work is not subsidized by Community Labor itself. Client shall reimburse Community Labor for any expenses incurred by Community Labor in the course of the provision of services under this MOU but not otherwise reflected in the MOU.
- C. Fair Market Value. Community Labor and Client agree that the services and resources provided pursuant to this MOU are provided at the fair market value for such services and resources. In the event that the Internal Revenue Service, another regulatory agency, or a court determines that the amounts paid by Client to Community Labor constitute other than fair market value within the meaning of applicable statute or regulations, then

the entity deriving such unintended benefit shall pay to the other the difference between the amounts paid under the MOU and the fair market value of such services and resources as determined by such regulatory agency or court.

- D. Change in IRS Requirements. It is the intention of Community Labor and Client that the method of calculating Client's share of the expenses incurred by Community Labor on its behalf shall conform in all material respects with generally accepted accounting principles as well as all regulatory and statutory requirements. In the event that either party is advised by counsel or other tax advisor that the method of calculating Client's share of expenses set forth in this MOU no longer conforms with such principles or requirements, the MOU shall be amended to conform with such principles or requirements.

Section 3: Confidentiality.

- A. Community Labor agrees that, absent the express prior written approval by Client, Community Labor shall not, directly or indirectly, at any time during the term of this MOU or thereafter, and without regard to when or for what reason this MOU shall terminate, divulge, furnish, make accessible, or permit to be disclosed to anyone (other than Client or other persons employed or designated by Client) any knowledge or information of any type whatsoever acquired by Community Labor in the course of providing the services contemplated by this MOU that is either identified as confidential or that Community Labor should reasonably understand to be confidential and proprietary information, including (but not limited to) knowledge or information relating to the business or activities of Client, including business and activities relating to the Services rendered under this MOU, whether disclosed orally or visually to Community Labor and whether stored on any tangible medium or memorialized by Community Labor ("Confidential Information").
- B. The term Confidential Information includes all or any portion of originals, recorded and unrecorded copies of such Confidential Information, as well as information derived from it. Such Confidential Information also includes, but is not limited to, all written or audio materials obtained, generated, produced or otherwise in the course of providing the services contemplated by this MOU, including (but not limited to) any notes, charts, lists, computer files, voter data, donor lists, constituent lists, electronic mail messages, phone logs or other memoranda, whether handwritten, typed, or otherwise created. Information shall be Confidential Information even if no legal protection has been obtained or sought for such information under applicable laws and whether or not Community Labor has been notified that such information is Confidential Information.
- C. Community Labor shall not be liable for disclosure of Confidential Information if such disclosure is pursuant to judicial action or other lawfully compelled disclosure, provided that Community Labor notifies Client in writing of the need for such disclosure within one business day after such need becomes known and gives Client a reasonable opportunity to contest such disclosure.

- D. Upon termination of this MOU for whatever reason or upon breach of any of the obligations set forth in this MOU, Community Labor shall return all Confidential Information (as defined above) to Client, regardless of the form in which it appears or is stored (including information stored on tapes, computer discs, compact discs or other media).
- E. The obligations set forth in this section shall survive indefinitely the termination of this MOU.

Section 4: Conflicts of Interest/Independence.

A. Community Labor warrants that:

- 1. Community Labor shall avoid at all times activities in the service of other entities that could present in fact or in appearance a conflict with the interests of Client;
- 2. Community Labor shall not use any Client resources in connection with its work for any other client. To the extent that Community Labor manages financial records and accounts for Client, it shall maintain separate books for Client and shall not cause Client's funds to be commingled with those of other clients.

B. Client warrants that:

- 1. Client shall maintain a Board of Directors sufficiently separate from those of Community Labor and its other clients to ensure that it remains independent of those entities sufficient to satisfy Organization's legal and other objectives; and
- 2. Client shall maintain its own bank accounts separate from those of Community Labor or any of its client; and
- 3. Client's Board of Directors and/or its delegates shall exercise sufficient supervision over staff to ensure that such staff do not need to seek direction in their activities from other Community Labor clients.
- 4. Client understands that Community Labor is not responsible for federal, state and/or local tax filings, regulatory filings including those related to campaign finance or lobbying compliance, managing relationships with vendors, or any other service not described in the addendum to this MOU.

Section 5: Indemnification.

Community Labor and Client shall defend, indemnify and hold harmless the other party and its directors, officers, employees and agents for reasonable expenses (including attorney's fees and costs), actually and necessarily incurred in connection with the defense of any action, suit, proceeding, or investigation directly or indirectly resulting from Services provided under this MOU; provided, however that Client shall be required to indemnify and hold harmless Community Labor under this section only to the extent that such expenses arise as a result of the actions or inactions of the Client's staff or Board members or Community Labor staff acting specifically pursuant to direction from the Board of the Client, with respect to the activity that gives rise to the action, suit, proceeding or investigation. The obligations set forth in this paragraph shall survive indefinitely the termination of this MOU.

Section 6: Compliance and Recordkeeping.

- A. Recordkeeping. Community Labor staff performing services for Client shall keep records adequate to support reporting for a Connecticut Political Party, as directed by Client.
- B. Review. Upon reasonable notice, Community Labor shall make all books, ledgers, accounts, files, computer records, and personnel involved in performing functions under this MOU available to Client and/or its auditors to facilitate an independent review.
- C. Assistance With Government Inquiry. Each party shall provide, in a timely manner, all documents and services, including personal services, necessary to assist the other party in connection with any audit, inquiry or investigation of the other party by the Internal Revenue Service or any other government agency or in connection with any matter relating to compliance by the other party with federal or state laws relating to Services under this MOU.

Section 7: Miscellaneous.

- A. Termination. This MOU may be terminated by either party at any time, upon provision of thirty (30) days' notice in writing to the other party. Once the termination becomes effective, Community Labor shall submit an invoice to Client for all outstanding costs incurred. This final invoice shall be payable within seven days of receipt by Client.
- B. Integration; Modification. This MOU sets forth the entire agreement between the parties, and replaces and supersedes all other contracts, agreements and understandings, written or oral, relating to the subject matter hereof. The MOU may not be changed or modified except by written instrument executed by both parties.
- C. Governing Law. The MOU shall be construed and interpreted in accordance with the laws of New York State.
- D. Subcontracting. Community Labor may subcontract any part of this MOU upon notice to Client consistent with the requirements of Section G below.
- E. Assignment. Except as provided herein, this MOU is not assignable by either party.
- F. Effective Date. This Agreement shall be effective as of December 1, 2013.
- G. Notices. Any notice or other communication required or permitted under this MOU shall be in writing and shall be deemed effective when delivered in person or, if mailed, on the second business day following the date of deposit in the mail, postage prepaid, return receipt requested, to the other party at the address set forth below or to such other address as either party may designate by like notice, or by fax or e-mail the date received by the party to whom notice is being given, but in no event later than one business day after the date of the notice. Notices should be directed to:

Katarina Kozuchowska Duplessy
Executive Director
Community Labor Administrative Services, Inc.
2 Nevins Street, 3rd Floor
Brooklyn, NY 11217

Timothy Sullivan
Treasurer
Working Families Campaign
Committee
28 Robin Drive
Barkhamsted, CT 06063

H. Counterparts. This MOU may be executed in counterparts, each of which when so executed and delivered shall be an original. A facsimile transmitted copy of an individual's signature shall be considered an original for purposes of enforcement of this MOU.

IN WITNESS WHEREOF, the parties hereto have signed their names on the day and year indicated below.

COMMUNITY LABOR
ADMINISTRATIVE SERVICES, INC.

WORKING FAMILIES CAMPAIGN
COMMITTEE

By: 

By: Timothy Sullivan

Date: February 12, 2014

Date: February 11, 2014

**ADDENDUM:
Services, Costs and Billing**

Staff

Goods and Services:

- Full-time, part-time and shared staff, including program, communications, development, and field employees.
- Staff will operate subject to the supervision of Client's Board of Directors.

Costs and Billing:

- Clients pay their pro-rata share of salaries and fringe costs (payroll taxes, medical, dental, vision, life, disability, pension, workers' compensation and payroll fees) of the staff they utilize;
- Allocation of personnel costs for staff is based on regular employee time sheets reflecting, where applicable, the portions of each employee's time in a given period spent working for Community Labor's various clients;
- Bills for personnel costs will be based on projected time in the current period with adjustments made for the difference between projected and actual time in the previous period.

OFAHR:

Goods and Services:

8-person OFAHR staff to handle finance (including accounting and auditing), human resources, information technology (including web and database management), operations and governance support.

Costs and Billing:

- All clients share the costs of OFAHR staff salaries and fringe (payroll taxes, medical, dental, vision, life, disability, pension, workers' compensation and payroll fees).
- Costs are shared by every client based on the client's share of the overall Community Labor staff payroll (see above) as determined by staff time records.

Phone Canvass

Goods and services:

- Staff of professional phone canvassers;
- Predictive dialer.

Costs and Billing:

- Clients who utilize the phone canvass share the costs of phone canvasser salaries and fringe (payroll taxes, medical, dental, vision, life, disability, pension, workers' compensation and payroll fees) as well as predictive dialer licenses;
- Costs are shared only by clients who utilize the phone canvass;
- Phone canvass costs are shared only by clients who make use of the phone canvass;

- Costs are based on the client's share of the overall phone canvass payroll as determined by phone canvass time records.