

STATE OF CONNECTICUT
STATE ELECTIONS ENFORCEMENT COMMISSION

*In re. Audit Report for The Committee To Re-Elect
State Senator Eric D. Coleman*

File No. 2014-056

AGREEMENT CONTAINING A CONSENT ORDER

This Agreement by and between Eric D. Coleman, City of Bloomfield, State of Connecticut, hereinafter referred to as Respondent Coleman, and Martin John, Town of Windsor, State of Connecticut, hereinafter referred to as Respondent John, and the undersigned authorized representative of the State Elections Enforcement Commission, is entered into in accordance with Connecticut General Statutes § 4-177 (c) and Regulations of Connecticut State Agencies § 9-7b-54. In accordance herewith, the parties agree that:

1. The Commission initiated an investigation into whether Respondent Coleman, a candidate seeking to represent the 2nd district in the Connecticut State Senate, and/or his candidate committee treasurer, Respondent John, violated Connecticut's campaign finance statutes, and regulations or requirements related to the Citizens' Election Program based upon information discovered during the audit of Respondent Coleman's candidate committee.
2. The Commission performed an in-depth review of the documentation supporting expenditures of *The Committee to Re-Elect State Senator Eric D. Coleman* after the committee's selection in the random audit lottery conducted following the 2012 election cycle. Respondent Coleman established the committee in 2012 to support his nomination for election as a senator to represent the 2nd state senate district.¹ The committee opted to participate in the Citizens' Elections Program.² The Commission approved a grant from the Citizens Election Fund totaling \$91,290, which was received by the committee on October 22, 2012.³
3. The Commission's audit identified several problems with documentation that the committee should have collected and retained to justify expenditures it made. The audit

¹ See SEEC Form 1 – Registration of Candidate Committee (*The Committee to Re-Elect State Senator Eric D. Coleman*, May 14, 2012) (reflecting establishment of candidate committee by Eric D. Coleman and appointment of Martin John as treasurer).

² See SEEC Form CEP 10 – Affidavit of Intent to Abide by Expenditure Limits and Other Citizens' Election Program Requirements (*The Committee to Re-Elect State Senator Eric D. Coleman*, May 14, 2012) (reflecting intent of candidate and treasurer to participate in Citizens' Election Program and follow voluntary program rules and restrictions).

³ See SEEC Form 30 – Itemized Campaign Finance Disclosure Statement: Third Weekly Supplemental Filing before General Election (*The Committee to Re-Elect State Senator Eric D. Coleman*, Filed November 21, 2012) (reporting grant received from Citizens' Election Fund on October 22, 2012).

report cited 29 instances where the candidate committee failed to keep relevant documentation to support expenditures that it made for services. The documents that the committee had failed to retain included: pre-performance contracts with vendors and campaign workers; itemized invoices to support payments; timesheets reflecting actual hours worked by campaign employees; or both contracts and invoices/timesheets to support individual payments.

4. After the initiation of this enforcement action, Respondent Coleman provided documents to support many of the expenditures identified in the audit, but twenty of the documents, notably timesheets for campaign workers, remained missing from the documentation that the candidate committee had to justify expenditures that it made.
5. Treasurers have the obligation to maintain documents to support all transactions entered on candidate committees' financial disclosure forms.⁴ Upon request, campaign treasurers must also provide any and all supporting documentation to the Commission.⁵ The candidate, however, may opt to keep the documents, thereby relieving the campaign treasurer of that duty to maintain records.⁶
6. Treasurers who serve committees participating in the Citizens' Election Program must comply with regulations that limit the use of monies they may receive from the Citizens' Election Fund. Specifically, Regulation 9-706-1 restricts expenditures that qualified candidate committees make to those that "directly further the participating candidate's nomination for election or election . . ."⁷
7. Section 9-607 (f) lists numerous forms of documentation that treasurers must keep in order to comply with their obligation to retain a committee's documentation and make it available for inspection to the Commission.⁸ Regulations provide additional guidance as to specific documents that a campaign treasurer must maintain as related to professional or consulting services for which the committee has paid, stating that in addition to a written agreement laying out the nature and scope of work, appropriate documentation includes "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

⁴ See General Statutes § 9-606 (a) (1) (requiring campaign treasurers to keep all supporting documentation for four years from date that entries were made in financial disclosure documentation).

⁵ See General Statutes § 9-7b (a) (15).

⁶ See General Statutes § 9-606.

⁷ Regs., Conn. State Agencies, § 9-706-1 (a) (specifying restrictions on use of qualified candidate committee's funds).

⁸ See General Statute § 9-607 (f).

expenditure relates, which set forth the nature and detail of the work performed or services rendered.”⁹

8. The campaign treasurer has the obligation to maintain under General Statutes §§ 9-606 (a) and 9-607 (f) these documents including timesheets showing time that individuals worked on behalf of the campaign.
9. The Commission has the authority under General Statutes § 9-7b (2) to impose a civil penalty of as much as \$2,000 “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.”¹⁰ John, the campaign treasurer for the Coleman candidate committee, failed to maintain backup documentation to support expenditures made by the candidate committee.
10. The Commission’s audit also identified five payments made by the candidate committee that likely were made for the personal use of the candidate. Checks issued by the candidate committee went to pay for new tires for the candidate’s vehicle, totaling \$635.97; satisfied a monthly car payment for the candidate, totaling \$356.48; and appeared to pay for three personal phone bills of the candidate, totaling \$357.89. Those five payments, which the candidate believed were justified because the vehicle and his personal cellphone were being used to benefit his campaign, totaled \$1,350.34.
11. None of the funds raised by a candidate committee may be used for the “personal use” of the candidate. General Statutes § 9-607 (g) (4) prohibits a candidate committee from using any of the funds in the candidate committee’s banking account may be used for the personal use of any candidate. The subdivision defines personal use as expenditures that “defray the normal living expenses” of or personally benefit the candidate without having any relationship to the lawful purposes of the committee.¹¹
12. Regulations applicable to candidate committees that have received grants from the Citizens’ Election Fund prohibit payments for the “personal use” of a candidate as defined in General Statutes § 9-607 (g) (4) and also specifically prohibit the use of qualified candidate committee funds to “purchase . . . a vehicle.”¹²

⁹ Regs., Conn. State Agencies, § 9-607-1 (setting forth recordkeeping requirements for service contracts entered into by committees regulated under Chapter 155).

¹⁰ See General Statutes § 9-7b (2).

¹¹ General Statutes § 9-607 (g)(4) (prohibiting payments for “personal use” of anyone related to campaign).

¹² Regs., Conn. State Agencies, §§ 9-607-2 (b) (1) (prohibiting use of qualified candidate committee funds for anything deemed for “personal use” of candidate); 9-706-2 (b) (9) (prohibiting use of qualified candidate committee funds for “purchase of a vehicle”).

13. Candidates agree upon declaring that they will participate in the Citizens' Election Program that they will reimburse the Citizens' Election Fund for any impermissible expenditure made by their candidate committee.¹³ The candidate bears the sole liability to repay any impermissible payments made by his candidate committee.¹⁴ The Commission has the authority to seek reimbursement from the candidate of the total amount of payments that his candidate committee made for his personal use, which would total \$1,350.34.
14. The campaign treasurer of each committee, or, in his absence, a duly authorized deputy treasurer, bears responsibility for authorizing all financial activity of the committee, reporting the same to the appropriate document repository, and maintaining all documents related to any expenditures. General Statutes § 9-606 states that "the campaign treasurer of each committee shall be responsible for . . . making and reporting expenditures." General Statutes § 9-607 states repeatedly that the campaign treasurer alone has the power to authorize expenditures.¹⁵ A candidate may not act as his own treasurer.¹⁶
15. During the course of this investigation, Respondent Coleman acknowledged that he had used several committee checks that Respondent John had pre-signed to make expenditures on behalf of the committee.
16. By failing to authorize all expenditures made by the committee, Respondent John failed to exercise proper controls over the finances of the committee as he was obligated to do as the appointed treasurer of the committee, and thereby violated General Statutes §§ 9-606 and 9-607.

¹³ See SEEC Form CEP 10 – Affidavit of Intent to Abide by Expenditure Limits and Other Citizens' Election Program Requirements (*The Committee to Re-Elect State Senator Eric D. Coleman*, May 14, 2012) (showing Candidate Coleman's certification that he understood that he would be "personally liable and must repay to the Citizens' 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).")

¹⁴ General Statutes § 9-703 (a) (2) (requiring candidate to repay any funds that were not expended in accordance with General Statutes § 9-607 (g) and regulations adopted by Commission related to expenditures for qualified candidate committees).

¹⁵ See General Statutes §§ 9-607 (a) ("No financial obligation shall be incurred by a committee unless authorized by the campaign treasurer, except that certain expenditures of a candidate's personal funds may be reimbursed as provided in subsection (k) of this section."); 9-607 (b) ("No candidate, campaign treasurer, or committee shall be liable for any debt incurred in aid of or in opposition to any political party, referendum question or the candidacy of any person or persons for said offices or positions unless such debt was incurred pursuant to an authorization issued under subsection (a) of this section."); and 9-607 (d) ("[N]o payment in satisfaction of any financial obligation incurred by a committee shall be made by or accepted from any person other than the campaign treasurer and then only according to the tenor of an authorization issued pursuant to subsection (a) of this section.")

¹⁶ See General Statutes § 9-606 (d) ("A candidate shall not serve as the candidate's own treasurer . . .").

17. By completing checks previously signed by the treasurer, Respondent Coleman incurred financial obligations for the committee, a duty that is the sole province of the treasurer. By acting as his own treasurer in this manner, Respondent Coleman violated General Statutes § 9-606.
18. 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.
19. 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.
20. Upon the Respondents' agreement to comply with the Order hereinafter stated, the Commission shall not initiate any further proceedings against them concerning this matter or any other findings that appear in the Final Audit Report for the 2012 *Committee to Re-Elect State Senator Eric D. Coleman* candidate committee.
21. It is understood and agreed that this Agreement will be submitted to the Commission for consideration at its next meeting and, if the Commission does not accept it, it is withdrawn and may not be used as an admission by the Respondents in any subsequent hearing, if the same becomes necessary.

ORDER

IT IS HEREBY ORDERED THAT the Respondent Eric D. Coleman shall reimburse the State of Connecticut Citizens' Election Fund for the one-thousand dollars three-hundred fifty dollars and thirty-four cents (\$1,350.34) that was paid for his personal use during the 2012 election cycle. Respondent Coleman shall also pay a civil penalty of four hundred dollars (\$400) for violating General Statutes § 9-606.

The Respondent

For the State of Connecticut

By:



Eric D. Coleman
77 Wintonbury Avenue
Bloomfield, CT 06002

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: May 22, 2017

Dated: 5/23/17

Adopted this 21 day of June 2017 at Hartford, Connecticut by vote of the Commission.



Anthony J. Castagno, Chairman
By Order of the Commission

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ENFORCEMENT COMMISSION

ORDER

IT IS HEREBY ORDERED THAT the Respondent Martin John shall pay a civil penalty of ~~three~~^{two} thousand dollars (\$2,500) for violating General Statutes §§ 9-606 and 9-607.
thousand five hundred dollars

The Respondent

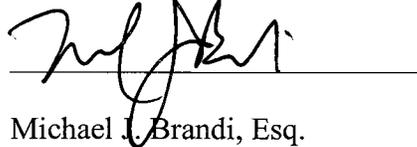
For the State of Connecticut

By:



Martin John
8 Plumridge St
Windsor, CT 06095

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:

5/27/2017

Dated:

5/31/17

Adopted this 21 day of June, 2017 at Hartford, Connecticut by vote of the Commission.



Anthony J. Castagno, Chairman
By Order of the Commission

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