

STATE OF CONNECTICUT
STATE ELECTIONS ENFORCEMENT COMMISSION

In the Matter of a Complaint by Lucy von Brachel
Greenwich

File No. 2021-031

AGREEMENT CONTAINING CONSENT ORDER

This agreement by and between Maxwell Hawkins of the Town of Greenwich, County of Fairfield, State of Connecticut (hereinafter "Respondent") and the authorized representative of the State Elections Enforcement Commission is entered into in accordance with § 9-7b-54 of the Regulations of Connecticut State Agencies and § 4-177(c) of the General Statutes of Connecticut. In accordance herewith, the parties agree that:

1. Complainant Lucy von Brachel made several allegations against the 2020 special election candidate committee of Henry Arora as well as his 2020 regular election candidate committee. The primary allegations made against the Arora candidate committees involved payments to a business owned by his wife, Nisha, as well as the candidate committee's use of office space that was owned by the candidate.
2. The *Harry for 151* candidate committee¹ participated in the Citizens' Election Program² and qualified for a grant from the Citizens' Election Fund during a special election that occurred in January 2020.³ The candidate committee received a grant from the from the Citizens' Election Fund totaling \$21,112.50 on December 31, 2019.⁴
3. Arora ran a second time in 2020, vying for the 151st seat in the November election. Arora established the *Harry Arora 2020* candidate committee on June 1, 2020, naming Maxwell S. Hawkins as the committee's treasurer.⁵ The committee participated in the Citizens'

¹ See SEEC Form I – Registration by Candidate (*Harry for 151*, December 16, 2019) (establishing candidate committee for Harry S. Arora of Greenwich seeking 151st district General Assembly seat in January 2020 special election and naming John B. Salib as treasurer).

² See SEEC Form CEP 10 – Affidavit of Intent to Abide by Expenditure Limits and Other Citizens' Election Program Requirements (*Harry for 151*, December 20, 2019) (evincing candidate's, treasurer's, and deputy treasurer's acceptance of voluntary limitations as participants in Citizens' Election Program).

³ See SEEC Form 30 – Itemized Campaign Finance Disclosure Statement: 7th Day Preceding Special Election – Original (*Harry for 151*, January 14, 2020) (reflecting receipt of \$21,112.50 grant from Citizens' Election Fund on December 31, 2019).

⁴ *Id.*

⁵ See SEEC Form I – Registration by Candidate (*Harry Arora 2020*, June 1, 2020) (establishing candidate committee for Harry S. Arora of Greenwich seeking 151st district General Assembly seat in November regular election and naming Maxwell S. Hawkins as treasurer).

Election Program⁶ and received a grant totaling \$30,575 from the Citizens' Election Fund on August 24, 2020.⁷

4. Complainant alleged that during the 2020 regular election cycle the *Harry Arora 2020* candidate committee paid RedStrat, LLC, for services provided to the campaign. In its filings to the Commission, the candidate committee indicated that it had paid RedStrat, LLC, a total \$12,182.03. In its October 22, 2020 report to the Commission, the candidate committee reported it had paid RedStrat, LLC, \$4,871.70 for "Mailers" on October 16, 2020. There were no secondary payees related to that expenditure listed in that filing.⁸
5. An amended filing, submitted to the Commission on March 11, 2021, clarified the description of the expenditure to RedStrat LLC as "Reimbursement for mailers, polls, and digital ads."⁹ This amended filing reflected that the payments to RedStrat LLC were reimbursements for payments made on October 2, 2020 to Postcard Mania for \$1,272; on October 2, 2020 to Postcard Mania for \$129.29; on October 13, 2020 to MoreMargin for \$167.21 for polling; on October 14, 2020 to Postcard Mania for \$2,303.20 for postage; and on October 16, 2020 to Google, Inc., for \$1,000 for advertisements.¹⁰
6. Similarly, payments to RedStrat, LLC, on October 25 and November 11, 2020 for \$2,500 and \$4,810.33, respectively that initially appeared as payments to a business owned by a member of the candidate's family, were actually reimbursements to that business for payments made to vendors on behalf of the candidate committee.¹¹ A payment made to Nisha Arora, the candidate's wife, on October 16, 2020, also did not have secondary payee information when it was first reported. On

⁶ See SEEC Form CEP 10 – Affidavit of Intent to Abide by Expenditure Limits and Other Citizens' Election Program Requirements (*Harry Arora 2020*, June 29, 2020) (evincing candidate's, treasurer's, and deputy treasurer's acceptance of voluntary limitations as participants in Citizens' Election Program).

⁷ See SEEC Form 30 – Itemized Campaign Finance Disclosure Statement: October 10th Filing – Original (*Harry Arora 2020*, October 2, 2020) (reflecting receipt of \$30,575 grant from Citizens' Election Fund on August 24, 2020).

⁸ See SEEC Form 30 – Itemized Campaign Finance Disclosure Statement: First Weekly Supplemental – Original (*Harry Arora 2020*, October 22, 2020) (showing payment to RedStrat, LLC).

⁹ See SEEC Form 30 – Itemized Campaign Finance Disclosure Statement: First Weekly Supplemental – Amended (*Harry Arora 2020*, March 11, 2021) (amending reporting for payment to RedStrat, LLC including secondary payees).

¹⁰ *Id.*

¹¹ See SEEC Form 30 – Itemized Campaign Finance Disclosure Statement: 7th Day Preceding General Election – Amended (*Harry Arora 2020*, March 11, 2021) (amending reporting for payment to RedStrat, LLC including secondary payees and showing payments to Hearst Media Services on October 21, 2020 for \$1,000 and to Google, Inc., on October 25, 2020 for \$1,500); SEEC Form 30 – Itemized Campaign Finance Disclosure Statement: Termination Report – Amended (*Harry Arora 2020*, March 11, 2021) (amending reporting for payment to RedStrat, LLC including secondary payees and showing payments to Text to Survey on October 23, 2020 for \$319.80; to Text to Survey on October 27, 2020 for \$712.50; to Text to Survey on October 28, 2020 for \$331.50; to MoreMargin on November 2, 2020 for \$381.69; to Text to Survey on November 3, 2020 for \$409.70; and to Google, Inc., on November 9, 2020 for \$2,655.14).

March 11, 2021, however, the candidate committee amended its reporting to show that the initial payment of \$2,889.36 was made to reimburse Arora for payments she made to the US Postal Service for postage totaling \$1,889.36 and to Google, Inc. for digital advertisements totaling \$1,000.¹²

7. Respondent states that he is a graduate student, who had not previously served as a campaign treasurer. Upon being notified of the initial omission of secondary payees, he maintains that he immediately filed amended reports. He further maintains that the initial omissions were unintentional, and the amendments were accurate and in good faith.
8. The candidate committee and their counsel cooperated promptly and fully with all requests of Commission staff and worked expeditiously to resolve this matter.
9. General Statutes § 9-607 (g)(2) lists the types of “permissible expenditures” that a candidate committee may make, including at subparagraph (O):

reimbursements to candidates and campaign or committee workers made in accordance with the provisions of this section for campaign-related expenses for which a receipt is received by the treasurer;¹³

10. General Statutes § 9-607 (j) requires a candidate committee to reimburse the candidate or “committee worker” for any expenditures that the candidate or worker may have incurred on behalf of the candidate committee.

A candidate or his committee worker shall be reimbursed by the treasurer for any permissible expenditure which the candidate or committee worker has paid from his own personal funds if (1) the treasurer authorized the expenditure, (2) the candidate or worker provides the treasurer with a written receipt or other documentary evidence from the vendor proving his payment of the expenditure, and (3) in the case of a reimbursement to the candidate, a detailed accounting of the expenditure is included in the report of the treasurer. Internal records required to be maintained in order for any candidate or committee worker to be reimbursed 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 lawful purpose of the expenditure. The treasurer shall preserve all such

¹² See SEEC Form 30 – Itemized Campaign Finance Disclosure Statement: First Weekly Supplemental – Amended (*Harry Arora 2020*, March 11, 2021) (amending reporting for payment to Nisha Arora including secondary payees).

¹³ General Statutes § 9-607(g)(1)(O) (delineating “permissible expenditures” for committees organized under Chapter 155 of General Statutes).

internal records for the same period of time as required in the case of cancelled checks, except that the treasurer of a candidate committee may, upon request of the candidate, give such internal records to the candidate to keep for such period.¹⁴

11. A committee treasurer is required to report all expenditures made on behalf of the committee, including secondary payees. Specifically, according to General Statutes § 9-608(c)(1)(B), the committee's campaign finance reports must include:

an 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;¹⁵

The candidate committee must report those secondary payees in Section R of the SEEC Form 30.

12. The candidate committee treasurer did not initially list secondary payees when it made payments to RedStrat LLC.
13. In addition, the candidate committee was not reimbursing a "committee worker" for the expenses that it had paid on behalf of the committee but rather was paying a business entity owned by the candidate's spouse for payments that it had made on behalf of the candidate committee.
14. Commission concludes that this reimbursement practice raises three issues. First, under General Statutes § 9-607 (j) candidates or committee workers must be reimbursed by the treasurer for any expenditures that the candidate or committee worker paid from their personal funds. There is no specific provision that allows for a business entity to be reimbursed for payments that it made on behalf of a candidate committee.
15. Second, qualifying candidate committees, as stated previously, may not pay a relative of the candidate or a business owned by the candidate or the candidate's relative for services

¹⁴ General Statutes § 9-607 (j) (specifying method for reimbursing "committee workers" for expenses incurred on behalf of candidate committee).

¹⁵ See General Statutes § 9-608 (c)(1)(B).