

DISPOSITION AGREEMENT

This Disposition Agreement ("Agreement") is entered into voluntarily on this 29th day of August, 2013 by and between the Office of the Attorney General ("Attorney General"); the Office of Campaign and Political Finance ("OCPF"); the Citizens Committee to Elect Tim Murray ("the Committee"), a political committee duly organized on behalf of Timothy P. Murray; and Timothy P. Murray ("the Candidate") (collectively, "the Parties") in settlement of allegations referred by OCPF to the Attorney General by letter dated September 19, 2012.

I. INTRODUCTION

- 1) The Candidate was the Lieutenant Governor of the Commonwealth of Massachusetts from January 4, 2007 to June 2, 2013.
- 2) The Committee is a duly organized "candidate's committee" established for the purpose of raising and spending money in support of the Candidate, and is subject to the provisions of G.L. c. 55, the Massachusetts campaign finance law.
- 3) OCPF has the power and authority to review and investigate the legality, validity, completeness and accuracy of all reports required to be filed and all actions required to be taken by political committees, candidates, campaign treasurers and any other person pursuant to G.L. c. 55, or any other laws of the Commonwealth relative to campaign contributions and expenditures.
- 4) The Attorney General has the power and the authority to review and investigate any and all alleged violations of G.L. c. 55, as well as other laws of the Commonwealth, upon its own initiative, or upon the receipt of any evidence of violations of such laws.

- 5) For the purposes of reaching a negotiated disposition of the Attorney General's investigation into the campaign finance violations described herein, the Parties hereby mutually enter into a civil resolution of this matter pursuant to the AGREED-UPON FACTS AND LAW summarized below, and the TERMS OF SETTLEMENT and other conditions set forth herein.

II. AGREED-UPON FACTS AND LAW

- 6) In January 2012, a series of media reports alleged that Michael McLaughlin ("McLaughlin"), the Executive Director of the Chelsea Housing Authority ("CHA"), had engaged in illegal fundraising efforts for the benefit of the Committee. On January 23, 2012, the Candidate wrote to OCPF requesting that it investigate the allegations, and offered the full cooperation of the Committee. On September 19, 2012, OCPF referred allegations of violations of G.L. c. 55, the campaign finance laws of the Commonwealth, to the AGO, which subsequently undertook its own investigation. Since the commencement of the AGO investigation the Candidate and the Committee have cooperated with the AGO and its representatives.

A. THE COMMITTEE RECEIVED CONTRIBUTIONS RESULTING FROM ILLEGAL FUNDRAISING BY A PUBLIC EMPLOYEE IN CONNECTION WITH THREE FUNDRAISING EVENTS HELD IN THE MERRIMACK VALLEY AREA

- 7) G.L. c. 55 does not bar public employees from supporting or providing services to a political committee that do not involve fundraising activities. However, G.L. c. 55, § 13 prohibits non-elected compensated public employees from directly or indirectly soliciting or receiving "any gift, payment, contribution, assessment, subscription or promise of money or other thing of value for the political campaign purposes of any candidate for public office..." .

- 8) OCPF Interpretive Bulletin IB-92-01 provides that “political committees . . . should exercise reasonable care to assure that a public employee’s participation in an activity is not used directly or indirectly to solicit funds for political purposes.” Bulletin IB-92-01 was in effect for the time period covering the events described herein.
- 9) In connection with running for Lieutenant Governor in 2006, the Candidate affirmatively sought-out McLaughlin’s political support in the Merrimack Valley. Following conversations between the Candidate, the Committee and McLaughlin, McLaughlin became a field representative and liaison for the Candidate and the Committee in the Merrimack Valley area.
- 10) Beginning in 2006, the Candidate and the Committee legitimately utilized McLaughlin as a resource for various field events, voter participation efforts, and as a source of information on political issues in the Merrimack Valley area.
- 11) The Candidate and the Committee knew or should have known as early as 2006 that McLaughlin, as Executive Director of the CHA, was a compensated public employee barred from fundraising activities by G.L. c. 55, § 13.
- 12) Between 2008 and the end of 2010, the Committee organized and held hundreds of fundraising events throughout the Commonwealth of Massachusetts.
- 13) On April 7, 2008, June 22, 2009 and June 21, 2010, the Committee held three fundraisers in the Merrimack Valley area at restaurants in Methuen, MA (“Methuen Events”).
- 14) In consultation and coordination with the Committee, McLaughlin chose the restaurant location for these fundraisers, and managed logistical and food and beverage arrangements with a representative of the restaurant. McLaughlin received invitations produced by the Committee, and McLaughlin directly and indirectly solicited donors to attend the events and donate to the Committee.

- 15) The Committee produced event invitations and sent direct mailings to potential Democratic contributors to solicit donations and to promote the Methuen Events. The invitation to the event held on April 7, 2008 named a number of elected officials as the event sponsors. McLaughlin instructed the Committee on the distribution of invitations prepared for the event, and arranged for another individual to assist in the collection and processing of contributions at the April 7, 2008 event.
- 16) In connection with all three Methuen Events, the AGO has determined that McLaughlin directed the distribution of invitations among employees of the CHA, and unlawfully solicited and received contributions for the benefit of the Committee from numerous employees of the CHA and other individuals. These actions were done without the authority of the Committee.
- 17) McLaughlin attended each of the Methuen Events in person, formally introduced the event hosts and the Candidate to attendees, and informally escorted the Candidate around to meet a number of attendees.
- 18) The Committee received \$49,695 dollars as a result of the Methuen Events. A portion of these proceeds constituted illegal fundraising by McLaughlin, combined with other contributions legitimately obtained through the efforts of the Committee and other political supporters of the Candidate.
- 19) In light of the facts detailed above, the Candidate and the Committee failed to exercise reasonable care to ensure that contributions received by the Committee in connection with the Methuen Events were not unlawfully solicited or received by McLaughlin, in violation of G.L. c. 55, § 13.

**B. THE COMMITTEE RECEIVED CONTRIBUTIONS RESULTING FROM
ILLEGAL FUNDRAISING BY A PUBLIC EMPLOYEE IN CONNECTION
WITH THREE FUNDRAISING EVENTS HELD IN THE WORCESTER AREA**

- 20) On May 8, 2008, May 14, 2009 and May 27, 2010 the Committee held three fundraisers in Worcester, MA ("Worcester Events").
- 21) Committee records indicate that a Worcester County resident ("WCR") acted as a fundraiser for the Committee and the Candidate for the Worcester Events. WCR's father is a supervisory employee of the Massachusetts Department of Transportation ("DOT"), and thus is barred from soliciting or receiving political contributions under G.L. c. 55, § 13.
- 22) The Candidate and the Committee knew or should have known in 2008, that as a supervisor at the DOT, WCR's father was a compensated public employee barred from fundraising activities by G.L. c. 55, § 13.
- 23) The Committee produced event invitations in connection with the Worcester Events to solicit donations and promote those events. Prior to each of the May 14, 2009 and the May 27, 2010 events, agents of the Committee sent a Federal Express box of invitations promoting these events to this DOT supervisor at his residential address.
- 24) This DOT supervisor directly and indirectly solicited numerous persons for contributions and received contributions in connection with the Worcester Events. Those persons included numerous DOT employees as well as other individuals.
- 25) The May 8, 2008 event produced a total of 60 donors, of which 8 were active DOT employees at the time of that event. The May 14, 2009 event produced a total of 74 donors, of which 26 were active DOT employees at the time of that event. The May 27, 2010 event produced a total of 78 donors, of which 31 were active employees of the DOT at the time of

event. Additionally, several spouses and relatives of active DOT employees also made contributions to the Committee in connection with all of the Worcester Events.

- 26) The Committee received \$42,915 dollars as a result of the Worcester Events. A portion of these proceeds constituted illegal fundraising involving DOT employees, combined with other contributions legitimately obtained through the efforts of the Committee and other political supporters of the Candidate.
- 27) In light of the facts detailed above, the Candidate and the Committee failed to exercise reasonable care to ensure that contributions received by the Committee in connection with the Worcester Events were not unlawfully solicited or received by a public employee in violation of G.L. c. 55, § 13.
- 28) In January 2013 the Candidate announced publicly that he would not be a candidate for public office in the upcoming election cycle. The Candidate and the Committee ceased fundraising activities at that time with the intention of dissolving the Committee, subject to OCPF audit procedures and schedule.

III. TERMS OF SETTLEMENT

- 29) The Committee shall make payment to the Commonwealth in the amount of \$50,000 as the approximate amount of disgorgement of contributions received by the Committee which constituted illegal public employee fundraising in connection with the Methuen and Worcester Events described above.
- 30) The Committee and the Candidate shall make payment to the Commonwealth in the amount of \$30,000 as a civil penalty for the illegal public employee fundraising in connection with the Methuen and Worcester Events described above. Of the total civil penalty due, the Committee shall pay \$20,000 and the Candidate shall pay \$10,000 from his personal funds.

- 31) The total amount of \$80,000 to be paid under this Agreement to the Commonwealth by the Candidate and the Committee shall be paid within fourteen days of the execution of this Agreement.
- 32) In accordance with OCPF regulations, the Committee shall file a dissolution report by February 28, 2014, unless otherwise required by OCPF for the proper dissolution of the Committee.
- 33) The Candidate agrees that he shall not serve as an officer or other formal fundraising-related employee of any political committee, as defined under G.L. c. 55, § 1, for a period of two years from the date of this Agreement.

IV. ENFORCEMENT OF AGREEMENT

- 34) The Parties agree that any obligations imposed on the Candidate and/or the Committee by this Agreement shall control and be enforceable, even if they exceed or modify those obligations imposed by statute or regulations.
- 35) The Parties agree that the Candidate and the Committee's obligation to make the payment specified above shall be enforceable by a separate action in Suffolk Superior Court.
- 36) The Attorney General may, at any time, review compliance with this Agreement. If it has been violated, the Attorney General may take immediate remedial action by seeking specific performance against the Candidate and/or the Committee in Suffolk Superior Court. The parties agree that compliance with the notice, hearing, or timing provisions of G.L. c. 55, § 3 are not necessary in an action for compliance under this Agreement

V. ADDITIONAL TERMS OF AGREEMENT

- 37) The Attorney General releases the Candidate and the Committee from any further liability based upon the specific conduct described in the section entitled "AGREED-UPON FACTS AND LAW." This release does not bind any private or government entity other than the Attorney General and OCPF.
- 38) This Agreement shall be binding upon the Parties, and their agents, employees, and successors.
- 39) The Parties have entered into this Agreement knowingly and voluntarily.
- 40) This Agreement constitutes the full and complete agreement between the Parties with respect to the subject matters set forth herein, and supersedes any and all other written or oral communications or agreements related hereto.
- 41) This Agreement is a public record under G.L. c. 4, § 7, and shall be subject to public inspection as required by G.L. c. 66, § 10.
- 42) This Agreement shall be final and binding only upon a signing by each respective party hereto, and shall be effective on the date it is signed.
- 43) Each person who signs this Agreement in a representative capacity warrants that (s)he is duly authorized to do so.

MARTHA COAKLEY
ATTORNEY GENERAL



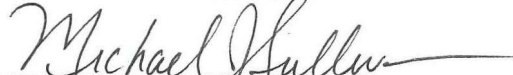
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Date: August 29, 2013