

STATE OF CONNECTICUT
STATE ELECTIONS ENFORCEMENT COMMISSION

In the Matter of a Complaint by
Frank DeJesus, Hartford

File No. 2006-194
August 14, 2007

FINDINGS AND CONCLUSIONS

Complainant filed this complaint pursuant to Connecticut General Statutes § 9-7b and alleged that the transfer of surplus funds between committees sponsoring the candidacies of Guillermina "Minnie" Gonzalez and Democrats for Change, 3rd District violated campaign finance laws.

After the investigation of the complaint, the Commission makes the following findings and conclusions:

1. Minnie Gonzalez was a successful candidate for the office of State Representative for the Third Assembly District in 2000, 2002 and 2004. In connection with such campaigns she registered three separate candidate committees. The first, the Committee to Reelect Minnie Gonzalez ("CRMG 2000") was registered on May 5, 2000 with Ramon Arroyo designated as treasurer. The second, the Committee to Reelect Minnie Gonzalez ("CRMG 2002") was registered on May 23, 2002 with James Quint designated as treasurer. The third, the Committee to Reelect Minnie Gonzalez ("CRMG 2004") was registered on October 6, 2003 with Arroyo designated as treasurer.
2. On January 1, 1998, a political committee named Democrats for Change, 3rd District ("Democrats for Change") was registered as an ongoing General Assembly District Committee with Arroyo designated as chairperson and Quint as treasurer. Arroyo has remained the chairperson of that committee since the committee's inception. Quint filed all disclosure statements as the committee's treasurer from 2000 to 2006.
3. On January 25, 2006, a committee named "Third District 2006" was registered as the funding vehicle for a slate of twelve candidates who were running for membership on Hartford's Democratic Town Committee. In her Certificate of Exemption from forming a Candidate Committee, Representative Gonzalez indicated that she was a candidate for Democratic Town Committee and that Third District 2006 was sponsoring her candidacy. Representative Gonzalez and Arroyo were designated as chairperson and treasurer of Third District 2006, respectively.
4. In December of 2000, CRMG 2000 was left with surplus funds totaling \$9,091.12. On December 22, 2000, that surplus was distributed in full to Democrats for Change.
5. In 2003, CRMG 2002 was also left with surplus funds totaling \$10,479.36. On January 23, 2003, it distributed those funds to Democrats for Change.

6. In 2005, CRMG 2004 was left with a surplus of \$7,529.59, which was distributed in total to Democrats for Change on January 7, 2005.
7. Connecticut General Statutes § 9-333j (e) provided the following, in relevant part:

[I]n the event of a surplus the campaign treasurer of a candidate committee . . . shall distribute or expend such surplus . . . in the following manner:

(A) Such committees may distribute **their surplus to a . . . political committee organized for ongoing political activities . . . provided no candidate committee may distribute such surplus to a committee which has been established to finance future political campaigns of the candidate.** . . . (Emphasis added.)
8. The Commission has concluded that General Statutes § 9-333j (e) applies to political committees that have been *established* in whole or *in part* to finance future political campaigns of the candidate distributing surplus. See, e.g., *In the Matter of "Citizens for Better Government, File No. 1992-211"*; *In the Matter of a Complaint by Robert Callahan, Waterbury, CT, File No. 1996-139*.
9. Prior to this case, however, the Commission has not specifically interpreted what the phrase "*established to finance future political campaigns of the candidate*" means for the purposes of General Statutes § 9-333j (e). However, in prior cases, the Commission has looked to the financial activities of a political committee after its organization date as evidence of whether that committee was "*established to finance future political campaigns of the candidate*" from whom it received a surplus distribution. See, *Id.*
10. In doing so, the Commission compared the total expenditures of the political committee that received a surplus distribution from a candidate committee to the amount of expenditures that political committee made to political campaigns of that candidate. The Commission has concluded that, by its actions, a political committee was "established, in part, to finance future political campaigns of the candidate" where 26% of that committee's expenditures went to that candidate's future campaigns. See *In the Matter of "Citizens for Better Government, File No. 1992-211"*. See also, *In the Matter of a Complaint by Robert Callahan, Waterbury, CT, File No. 1996-139* (political committee found to be established in part to finance future political campaigns of candidate where 57% of political committee's expenditures went to candidate's future campaigns.) In these cases, the surplus distributions in question occurred close in time to the political committees' future expenditures to the candidate.
11. Given the circumstances of the present case, including the timing of the organization of Democrats for Change, the surplus distributions in question and the filing of the complaint, the Commission finds it necessary to look to actions of Democrats for Change between January 2000 and December of 2006 to determine whether that political committee was established to finance Representative Gonzalez's future campaigns. As a practical matter, campaign finance records need

only be maintained for five years, and review prior to 2000 was impossible due to the absence of the relevant records.

12. During that time period, Democrats for Change made expenditures totaling approximately \$54,380.73. Of those expenditures, \$1,583.33 went to committees that sponsored Representative Gonzalez's future campaigns. Four specific contributions were made: a \$500 contribution to CRMG 2000 on May 9, 2000; another \$500 contribution to CRMG 2002 on June 21, 2002; a \$3000 contribution to Third District 2006 on January 25, 2006; and a \$4000 contribution to Third District 2006 on February 28, 2006.
13. Since Representative Gonzalez was one of twelve candidates sponsored by the Third District 2006 slate committee, the Commission prorated the above contributions. As such, only \$583.33 of the \$7,000 in contributions to Third District 2006 is attributable to financing a campaign of Representative Gonzalez.
14. Accordingly, it is found that over the six year period that is relevant to the present matter, only 2.9% of Democrats for Changes total expenditures went to committees that sponsored Representative Gonzalez's campaigns. In fact, no such contributions or expenditures were made between 2002 and 2006.
15. Notably, the complaint in this matter was not filed until June 29, 2006, over six years after CRMG 2000 distributed its surplus. Had this complaint been filed in 2002, the above analysis would look significantly different.
16. The passage of time can and will change the percentages of any committee's expenditures, and the Commission has cautiously advised candidate committees against receiving contributions from any political committee to whom it has distributed surplus. Nevertheless, from a practical standpoint, it would be unfair, many years later to recharacterize an act as illegal, and candidates and treasurers are entitled to some assurance that actions will not be recast years later.
17. The Commission seeks to establish a standard to aid both in enforcement of the law and provide guidance to candidate committees who wish to comply with the law. The Commission concludes that a political committee will be deemed for the purposes of § 9-333j (e), now § 9-608, to have been "established to finance future political campaigns" of a candidate when that political committee's expenditures to that candidate's future political campaigns exceed 10% of that political committee's total expenditures from the inception of that political committee through the two year period following the surplus distribution of the candidate committee sponsoring a candidate for an office with a two year term, and a four year period for candidates for offices with a four year term.
18. Under the facts and circumstances of this case, the Commission cannot conclude that Democrats for Change was established to finance Representative Gonzalez's future political campaigns.
19. However, if Democrats for Change continues to make contributions to Representative Gonzalez's future campaigns, the actions of Democrats for Change may demonstrate that it was established to finance Representative Gonzalez's future

campaigns. As such, future surplus distributions from Representative Gonzalez's candidate committees to Democrats for Change could be found to violate General Statutes § 9-333j (re-codified at §9-608 in 2007) and, thus, should only be made with caution and considering the principle articulated above.

The following Order is recommended on the basis of the aforementioned findings:

That the complaint be dismissed.

Adopted this 15 th day of Aug., 200 at Hartford, Connecticut.



Stephen F. Cashman

Chairman

By Order of the Commission