

OFFICE OF
GENERAL COUNSEL

Office of the General Counsel
 Office of Complaints Examination
 and Legal Administration
 Attn: Christal Dennis, Paralegal
 Federal Election Commission
 1050 First Street, NE
 Washington, DC 20463

May 1, 2019

2019 MAY -6 PM 12: 49

Additional Information on Complaint **MUR 7585**
 Re. Potential Campaign Finance Improprieties
 Trahan Campaign, 2018 Democratic Primary
Third Congressional District, Massachusetts

Amendment

Dear Ms. Dennis:

I am filing additional information relevant to my complaint **MUR7585**. This letter has been notarized in accordance with FEC procedures.

The **additional information** includes public reporting since my complaint was filed, statements by Ms. Trahan, and information regarding her campaign finance filings.

A second Complaint on this matter was filed with your office, as reported in the Boston Globe on March 30, 2019 [<https://www2.bostonglobe.com/metro/2019/03/30/watchdog-group-calls-for-investigation-rep-lori-trahan-campaign-funds/BFmzZCy0uYut7yB07iRjPl/story.html>]. It's not my intent here to 'pile on' with information before you in the other Complaint. Please accept my apologies if I do so. I am not party to that Complaint and know nothing about it, other than public reporting.

1.0 From Boston Globe reporting [cited above] includes this statement: *"The Campaign Legal Center said Trahan changed her campaign and personal finance reports at least seven times after the election to try to show that she had sufficient personal funds to make \$371,000 in loans to her campaign."*

In Sec. 5.0 of my original Complaint, the reported amendments to Ms. Trahan's filings totaled four. The **additional information** on her amendments is: For 2017, she filed a disclosure on March 26, 2018 and amended it 4 times: Jun 4, 2018; Nov 16, 2018; Feb 19, 2019 and Mar 21, 2019. For 2018, she filed a disclosure on May 21, 2018 and amended it on Nov 16, 2018; Feb 19, 2019; and Mar 21, 2019. Each disclosure is available on the website of the Office of the Clerk.

In a recent OpEd published by many media outlets in the Third Congressional District, including the Lowell Sun [http://www.lowellsun.com/opinion/ci_32566612/proud-represent-3rd-district-while-refusing-be-distracted#ixzz5mbo0Mnfw], Ms. Trahan addresses her desire to move beyond the campaign finance issue. But over the course of 10 paragraphs, she doesn't mention these 7 amendments which warrant clarification. She claims: *"I've complied with all FEC and House Committee on Ethics regulations regarding my campaign finances and personal financial disclosures."*

This is not the case, as addressed immediately below and in Sec. 4.0.

Six of the seven amendments occurred after the general election was over! It's not okay to get the forms right whenever it suits the candidate. The forms are to be completed accurately at the time of submittal, which is well before the election, so as to achieve campaign finance transparency for which the Federal Election Commission and its rules were established. Changes made after the general election benefit no voter, are suspicious, and don't comply with FEC rules. What's the point of completing the forms at all if a candidate can modify them whenever they like?

Ms. Trahan may say that, in the heat of the campaign, she didn't take time to check the forms and ensure completeness and accuracy. But additional information below shows that Ms. Trahan, by her admission, had plenty of time in the heat of the campaign to perform consulting services, resulting in 2018 earnings of \$265,360 as reported in Sec. 7.0 of my original Complaint.

Ms. Trahan is a Georgetown U. graduate, CEO of her own company (albeit a company of one employee - her), and well-educated. She's filled out many financial forms or hired a competent accountant to do so. Her inability to accurately complete the forms on time has earned her this scrutiny.

2.0 In the OpEd, Ms. Trahan says: "*When I filed my form in May of 2018, it was a snapshot of account balances and income earned in the first 5 months of that year. That form did not reflect much of the income I received as CEO of Concire after that report was filed. Nor did it reflect the full value of the joint accounts three months later when the loan was processed.*"

Here is ***new information***. The FEC forms do not advise candidates to merely provide a snapshot of their financial information. Ms. Trahan may have adopted that response to explain the many changes later made to her initial filings.

From her work at Concire she earned \$287K, \$258K, and \$361K in 2015, 2016 and 2017, respectively, as reported by her accountant and noted in Sec. 7.0 of my original Complaint. Where are the savings from these earnings? Apparently they totaled just \$15,000 per her original FEC filing. In the OpEd, she claims that the May-August 2018 Concire earnings helped finance late campaign expenses including the critical August ad blitz that swung the election her way. So from 2015-2017 earnings of \$906,000, she saved \$15,000 after debts, taxes and expenses. But her May-August 2018 earnings of perhaps \$150,000-\$200,000, generated while simultaneously campaigning, were all "savings" with no allowance for debts, taxes or expenses? That claim makes no sense at all.

"Nor did it reflect the full value of the joint accounts three months later when the loan was processed." Apparently the proceeds from the home equity loan of \$71,000 were added to one or more joint bank accounts. It would be a simple matter for her to provide bank statements, under your rules of confidentiality, confirming dates the accounts were opened, and amounts in the accounts with dates.

3.0 Stepping back from these details, ***new information*** is that Ms. Trahan contends she completely exhausted her retirement savings, personal savings from Concire earnings, all joint savings accounts with her husband, and proceeds from a home equity loan for her campaign. In the OpEd, Ms. Trahan mentions raising two young children. In that context, would a candidate invest every penny of savings? Perhaps the combined earning capacity of the Trahans is such that they could recoup their financial position in short order. But if their resources are that deep, why did they take out a home equity loan?

4.0 The matter of Ms. Trahan's 2018 earnings was raised in Sec. 9.0 of my original Complaint. The ***new information*** is that Ms. Trahan and her counsel have had my Complaint for weeks. She could have offered an explanation in the OpEd as to how she achieved the 2018 earnings while campaigning full-time, because it is the central issue of concern to voters. After all, she wrote the OpEd to address voter concerns, but failed to address the most important one. It is well-known, and proven by the 2nd, 3rd and 4th place finishers in the Primary, that campaigning is a full-time job.

Further, her OpEd remarks indicate that in the heat of the Primary, as things were coming down to the wire and she was campaigning hard, she also had her big earnings period at Concire. Really? Yes, \$265,000 in earnings were reported to her accountant. Yes, money poured into her Concire account. But were those payments for work performed, or donations from entities skirting the FEC rules?

More ***new information*** is that her financial disclosures contain no information on the source of payments to Concire, despite express direction in the Ethics in Government Act and the Office of Congressional Ethics Committee's guide to financial disclosures, stating that the candidate must indicate each client paying her company \$5,000 or more. Yet she says: "*I've complied with all FEC and House Committee on Ethics regulations regarding my campaign finances and personal financial disclosures.*"

Only in March, 2019, did Ms. Trahan amend her disclosures to state that all Concire clients were confidential. This client portrayal contradicts statements Trahan herself made to media [March 4, 2019 Boston Globe report, Sec. 5.0 of my original Complaint], identifying Uber and eBay, among others, as past clients. And in a March 29, 2019 report in the Congressional Roll Call web news service [<https://www.rollcall.com/news/congress/lori-trahan-uber-congress>] by Laura Weiss (@LauraEWeiss16), Ms. Trahan identifies Uber Technologies, Inc. as a former client along with eBay and Ochsner Health System. If these clients weren't confidential, does confidentiality just apply to those she worked for in 2018? This excuse is aimed at obstructing the release of relevant information.

It goes without saying that these earnings are the most likely source of the problem with her financial filings, from two points of view. First, who were the clients, are they the typical clients who seek management consulting-training services, and are they real companies? And second, just how did she earn \$265,000 in the midst of a heavily contested primary campaign? Neither question has been answered. FEC may ask Ms. Trahan to submit:

- (1) names and addresses of her 2018 clients, dates of client service and meetings, and representative work products such as reports, presentation slides or notes from speeches; and
- (2) amounts and dates invoiced and paid to her Concire account.
- (3) her campaign appearance schedule in 2018, at least for the May-August timeframe. Ms. Grosky (Ms. Trahan's campaign manager and spokeswoman) maintained Ms. Trahan's campaign schedule and it would be a simple matter to produce it. FEC may cross-reference her campaign dates and client engagement dates, to see if she was in two places at once.

Items (1) and (2) would also be a simple matter for Ms. Trahan to produce. Ms. Trahan was CEO of a company with one employee and apparently did all consulting, management, scheduling and administrative functions, while maintaining a home office. She has the records at her home. These items could be reviewed under the umbrella of confidentiality that FEC maintains in reviewing Complaints. For these reasons, her claim of client confidentiality is moot.

The Client List is the most important of these items:

- (1) FEC may contact a representative group of 2018 clients to confirm work performed, dates of speeches/meetings, work products such as reports or presentation slides, and amounts invoiced/paid.
- (2) FEC can evaluate the integrity of the client list. Are these real companies, companies that typically seek the unique training she offered, or shells created to channel campaign donations?

5.0 ***New information*** is that Ms. Trahan has claimed that the primary source of her 2018 Concire earnings was speeches delivered to clients. The claim raises several concerns.

Concire, or actually Ms. Trahan herself, performed leadership and management training, employee morale training and consulting. This is typically an immersive activity between the trainer and corporate executives involving multiple days together. This type of mentoring and training is not

effectively delivered in a one-off speech. So the primary means for her earnings do not correlate with the type of work her business performed.

Also, it was well known that Ms. Trahan was campaigning for the Representative seat. So when she arrived at a company to give a speech, who was speaking, the candidate or the consultant? Confusing to participants in the training...or was that a campaign speech?

Ms. Trahan contends in her OpEd that her high earnings period in 2018 occurred in the heat of the primary campaign, May-August 2018. To try to understand what she claimed (since she's not provided the information), I assumed a \$7,500 honorarium per speech. In her OpEd, she says her big earnings period was after her early May filing. Assuming that she made \$175,000 in May-Aug, she would have prepared/delivered 23 consulting speeches in the heat of the primary. No way.

Ms. Trahan's consulting work was performed for companies, mostly for executive teams. Now what Corporate Counsel wouldn't speak against the idea of their company hiring a management consultant who was also running for public office? The appearance of making an illegal campaign contribution disguised as an honorarium is evident to even a first-year law student. No respectable company would subject itself to audit and a possible large fine for such an obvious conflict of interest.

6.0 **New information** reported by the [Boston Globe](#) on April 24, 2019 stated that a second watchdog group recently filed a complaint with the Office of Congressional Ethics about the handling of Ms. Trahan's finances [<https://www2.bostonglobe.com/metro/2019/04/24/second-watchdog-group-seeks-probe-representative-lori-trahan-campaign-money/tX6j2G9nZGmwsfyRLozjxM/story.html>]. This matter continues to gain traction with concerned voters in the Third Congressional District and metropolitan Boston region, and I hope that fact bears upon your decision to conduct an investigation.

7.0 **New information** also comes from Ms. Trahan's 2018 Campaign Finance Report which showed that her largest disbursement was to The Campaign Group, Inc., Philadelphia, PA, for TV and digital advertising. This company produced the last-minute ad blitz.

[https://www.fec.gov/data/disbursements/?committee_id=C00655647&two_year_transaction_period=2018&data_type=processed&min_date=01%2F01%2F2017&max_date=12%2F31%2F2018]. Nine disbursements were made to The Campaign Group:

10/29/18	TV Advertising	\$ 250,000
10/22/18	TV Advertising	\$ 275,000
10/9/18	Digital Advertising	\$ 35,000
8/29/18	Digital Advertising	\$ 32,000
8/23/18	TV advertising	\$ 331,000
8/16/18	Media & Advertising	\$ 252,000
8/9/18	TV Advertising	\$ 150,000
7/30/18	TV advertising	\$ 75,250
7/2/18	Digital Advertising	\$ 35,000
Total		\$1,435,250

The October payments appear to be for the general election. But these are disbursement dates, not invoicing dates. The Campaign Group could provide its invoice records in a day. FEC's review may find

that some of the 10/22 disbursement applies to the August ad blitz. If so, that would indicate an effort to space out disbursements to avoid giving a clear picture of the cost of the August ad blitz.

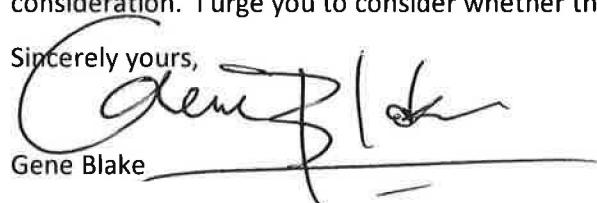
I raise this concern because the schedule of disbursements shows that 39% of the ad dollars were spent on the general election. As reported in Sec. 1.0 of my original Complaint, the strong Democrat demographics in the Third Congressional District mean that Ms. Trahan's primary win guaranteed a victory in the general election. The general election ad expenditures are high, especially considering the "free advertising" Ms. Trahan received during the two week September primary recount.

The August ad blitz involved at least the 8/9, 8/16, 8/23 and 8/29 disbursements, or \$765,000. If some of the 10/22 disbursement is related to the August ad blitz, the number may be closer to \$900,000. FEC may investigate the cash flow in her campaign of (donations + loans) against disbursements to determine if adequate assets were on hand to cover the August advertising debts.

Closing

Ms. Trahan's OpEd says that Perkins Coie was retained to help get her FEC filings in order. This is not being transparent. She could have hired an accountant at a far lower billing rate. Perkins Coie was likely retained to avoid an FEC investigation and negotiate conciliation. If the FEC finds that campaign finance violations occurred, clearly those violations brought about Ms. Trahan's election. Ms. Trahan did not win by 200, 2000, or 20,000 votes. Her 145 vote margin of victory, in a recount, warrants your special consideration. I urge you to consider whether the seat was fairly won and if not, to order it vacated.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Gene Blake". The signature is fluid and cursive, with a large, stylized "G" at the beginning. It is written over a horizontal line.

Gene Blake

Andover, MA 01810

On this day of the 29th of April, 2019, before me, the undersigned notary public, signed and sworn to before me,

Eugene T. Blake

Proved to me through satisfactory evidence of identification, which is his Massachusetts Driver's License.

To be the person whose name is signed on the attached document and acknowledged to me that he signed it voluntarily for its stated purpose.

Angela Jean Selfridge

(printed name)

NOTARY PUBLIC

Angela Jean Selfridge

(signature)

