

BEFORE THE FEDERAL ELECTION COMMISSION

2019 OCT 31 PM 1:59

Foundation for Accountability & Civic Trust
 1717 K Street NW, Suite 900
 Washington, D.C. 20006

v.

MUR No. 7658

Maine Democratic Party
 PO Box 5258
 320 Water Street, 3rd Floor
 Augusta, ME 043305

and

Cain for Congress
 PO Box 1523
 Bangor, Maine 04402

GENERAL COUNSEL
 2019 OCT 31 PM 1:59 6107

COMPLAINT

The Foundation for Accountability and Civic Trust is a non-profit organization dedicated to promoting accountability, ethics, and transparency in government and civic arenas. This complaint is filed pursuant to 52 U.S.C. § 30109(a)(1), and is based on information and belief that the Maine Democratic Party and Cain for Congress apparently violated 11 CFR § 103.3(b)(2).

In early August 2019, numerous national and state media outlets reported that Sara Gideon made illegal contributions to the federal account of the Maine Democratic Party and Cain for Congress during 2015 and 2016.¹ When a committee accepts a contribution that appears to be permissible under federal law, but later discovers that the contribution was illegal, the committee

¹ See, e.g., Brent Scher, *Collins Challenger Used PAC to Reimburse Own Contributions*, WASHINGTON FREE BEACON (Aug. 1, 2019), <https://freebeacon.com/politics/collins-challenger-used-pac-to-reimburse-own-contributions/>; see, also, e.g., Mal Leary, *Gideon Admits to Campaign Finance Violation*, MAINE PUBLIC RADIO (Aug. 2, 2019), <https://www.mainepublic.org/post/gideon-admits-campaign-finance-violation>; Michael Shepherd, *Sara Gideon Ran Afoul of Election Law with Political Donations in 2015 and 2016*, BANGOR DAILY NEWS (Aug. 1, 2019), <https://bangordailynews.com/2019/08/01/politics/sara-gideon-ran-afoul-of-federal-election-law-with-political-donations-in-2015-and-2016/>; Lukas Mikelionis, *Dem Rival to Maine's Collins Must Face Probe Over Admitted Campaign Finance Violations, State's GOP Says*, FOX NEWS (Aug. 8, 2019), <https://www.foxnews.com/politics/sen-susan-collins-democrat-challenger-must-be-probed-over-admitted-campaign-finance-violations-maine-gop-says>; *Sara Gideon Could Face Steep Penalties for Four Violation of Federal "Straw Donor" Laws*, MAINE EXAMINER (Aug. 6, 2019), <https://maineexaminer.com/sara-gideon-could-face-steep-penalties-for-four-violations-of-federal-straw-donor-laws/>; Marina Villeneuve, *Records Shows Democrat Disclosed Reimbursement for Donations*, AP (Aug. 1, 2019), <https://apnews.com/f97697c48ae74764822f4fa8363f95d9>.

must refund or disgorge the contribution within thirty days of discovering the illegality.² As such, the Maine Democratic Party and Cain for Congress were required to refund or disgorge Gideon's contributions within thirty days of discovering their illegality.

As the information below demonstrates, it appears the Maine Democratic Party and Cain for Congress failed to refund or disgorge Gideon's illegal contributions within thirty days of discovering their illegality. The Commission must immediately investigate and impose all appropriate sanctions for any such violations.³

(i) The Maine Democratic Party and Cain for Congress accepted illegal contributions made by Sara Gideon.

Contributions Made in the Name of Another

According to state and federal filings, Sara Gideon made four "straw contributions" to the Maine Democratic Party and Cain for Congress, for which she received reimbursement from the Gideon Leadership PAC. Specifically, the Maine Democratic Party's federal account accepted a \$1,000 contribution from Gideon on July 11, 2016.⁴ Two weeks later, on July 25, 2016, Gideon Leadership PAC disbursed \$1,000 to Gideon, the purpose for which was described as "Reimbursement For MDP Contribution."⁵ The Maine Democratic Party's federal account accepted an additional \$500 contribution from Gideon on October 3, 2016.⁶ Nine days later, Gideon Leadership PAC disbursed \$500 to Gideon for "Reimbursement for Contribution."⁷

² See 11 CFR § 103.3(b)(2).

³ "If the Commission, upon receiving a complaint . . . has reason to believe a person has committed, or is about to commit, a violation of the [Act] . . . [t]he Commission shall make an investigation of such alleged violation." 52 U.S.C. § 30109(a)(2); 11 CFR § 111.4(a).

⁴ Brent Scher, *Collins Challenger Used PAC to Reimburse Own Contributions*, WASHINGTON FREE BEACON (Aug. 1, 2019), <https://freebeacon.com/politics/collins-challenger-used-pac-to-reimburse-own-contributions/> (citing Maine Democratic State Committee (FEC ID: COO179408), *Reports of Receipts and Disbursements, Monthly Report*, Federal Election Commission, Aug. 19, 2016 (available at <https://docquery.fec.gov/cgi-bin/fecimg/?201608199022641516>)).

⁵ *Id.* (citing Gideon Leadership PAC, *October Quarterly Report*, Maine Commission on Govt. Ethics and Election Practices, Oct. 5, 2016 (available at <https://mainecampaignfinance.com/ReportOutputFiles/02/FS129547.pdf>)).

⁶ *Id.* (citing Maine Democratic State Committee, *Reports of Receipts and Disbursements, 12-Day Pre-Election Report for the General*, Federal Election Commission, Oct. 27, 2016 (available at <https://docquery.fec.gov/cgi-bin/fecimg/?201610279036990779>)).

⁷ *Id.* (citing Gideon Leadership PAC, *11-Day Pre-General Report*, Maine Commission on Govt. Ethics and Election Practices, Oct. 28, 2016 (available at <https://mainecampaignfinance.com/ReportOutputFiles/02/FS129548.pdf>)).

The authorized campaign committee of Emily Cain, Cain for Congress, accepted a \$1,000 contribution from Gideon on September 30, 2015.⁸ On October 28, 2015, Gideon Leadership PAC disbursed \$1,000 to Gideon for “Reimbursement for Federal Contribution.”⁹ On June 13, 2016, Cain for Congress received an additional \$250 contribution from Gideon.¹⁰ That same month, Gideon Leadership PAC disbursed \$250 to Gideon for “Contribution - Reimbursement to Sara Gideon.”¹¹

According to 52 U.S.C. § 30122, “No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution.” In addition, it is illegal for someone to make a contribution using funds provided by another person without disclosing the source of money at the time the contribution is made.¹²

Corporate Contributions

Corporations are prohibited from contributing to a federal political committee.¹³ Campaign finance regulations require that a committee participating in both state and federal elections (i.e., making contributions to federal candidates) establish a segregated account for federally permissible funds so that the account does not comingle federally permissible funds with funds from prohibited sources such as those from corporations.¹⁴

During the time period covering Gideon’s reimbursement scheme, Gideon Leadership PAC accepted \$64,950 in contributions from various corporations.¹⁵ Gideon Leadership PAC also accepted \$22,250 from other state political action committees that could accept unlimited

⁸ *Id.* (citing Cain for Congress (FEC ID: C00546077), *Report of Receipts and Disbursements, Oct. 15 Quarterly Report*, Federal Election Commission, Oct. 15, 2015 (available at: <https://docquery.fec.gov/cgi-bin/fecimg/?201510159003026179>)).

⁹ *Id.* (citing Gideon Leadership PAC, *January Quarterly*, Maine Commission on Govt. Ethics and Eleciton Practices, Jan. 15, 2016 (available at <https://mainecampaignfinance.com/ReportOutputFiles/02/FS123981.pdf>)).

¹⁰ *Id.* (citing Cain for Congress (FEC ID: C00546077), *Report of Receipts and Disbursements, July 15 Quarterly Report*, Federal Election Commission, July 15, 2016 (available at: <https://docquery.fec.gov/cgi-bin/fecimg/?201607159020602262>)).

¹¹ *Id.* (citing Gideon Leadership PAC, *42-Day Post-Primary Report*, Maine Commission on Govt. Ethics and Eleciton Practices, July 26, 2016 (available at <https://mainecampaignfinance.com/ReportOutputFiles/02/FS129546.pdf>)).

¹² See 11 CFR § 110.4(b)(2)(i).

¹³ See 52 U.S.C. § 30118.

¹⁴ See 11 CFR § 102.5.

¹⁵ See Gideon Leadership PAC, 2015 and 2016 Elections, PAC Contributions from Commercial Sources, Maine Ethics Commission, available at: <https://www.mainecampaignfinance.com/#/exploreCommitteeDetail/4851>.

corporate contributions.¹⁶ Gideon Leadership PAC did not register a separately segregated account for federal involvement with the FEC during this time period. As such, it appears that the Maine Democratic Party and Cain for Congress accepted contributions from an account that comingled impermissible corporate funds.

Acceptance of Illegal Contributions

The public filings and press reports make clear that Gideon's contributions to the Maine Democratic Party and Cain for Congress were impermissible under federal law. When this reimbursement scheme came to light, Gideon "admitted to a campaign finance violation."¹⁷ Indeed, Gideon sent a check to the U.S. Treasury in the amount that she had been reimbursed by Gideon Leadership PAC and claimed she had relied on "incorrect guidance."¹⁸ Accordingly, the Maine Democratic Party and Cain for Congress accepted illegal contributions made by Sara Gideon.

(ii) The Maine Democratic Party and Cain for Congress have likely been aware of Gideon's illegal contributions for more than thirty days.

Demonstrated Ties to Sara Gideon

Nearly three months ago, numerous media outlets reported on the illegality of Gideon's contributions to the Maine Democratic Party, Cain for Congress, and other state political committees. Both the Maine Democratic Party and Cain for Congress were specifically identified as organizations receiving illegal contributions.¹⁹ It is unlikely the committees were unaware of media reports directly naming their organizations and Gideon, especially given the committees' demonstrated ties to Gideon.

The Maine Democratic Party has active and ongoing ties to Gideon. It maintains a biographical profile of Gideon on their website related to her role as Maine Speaker of the House.²⁰ It is also actively invested in the 2020 Maine Senate race, in which Gideon is "the

¹⁶ See Gideon Leadership PAC, 2015 and 2016 Elections, PAC Contributions from Political Action Committees, Available at: <https://www.mainecampaignfinance.com/#/exploreCommitteeDetail/4851>.

¹⁷ Mal Leary, *Gideon Admits to Campaign Finance Violation*, MAINE PUBLIC RADIO (Aug. 2, 2019), <https://www.mainepublic.org/post/gideon-admits-campaign-finance-violation>.

¹⁸ Michael Shepherd, *Sara Gideon Ran Afoul of Election Law with Political Donations in 2015 and 2016*, BANGOR DAILY NEWS (Aug. 1, 2019), <https://bangordailynews.com/2019/08/01/politics/sara-gideon-ran-afoul-of-federal-election-law-with-political-donations-in-2015-and-2016/>.

¹⁹ See, e.g., Brent Scher, *Collins Challenger Used PAC to Reimburse Own Contributions*, WASHINGTON FREE BEACON (Aug. 1, 2019), <https://freebeacon.com/politics/collins-challenger-used-pac-to-reimburse-own-contributions/>.

²⁰ Maine Democratic Party, *Sara Gideon*, <https://www.mainedems.org/people/sara-gideon>.

party's front-runner.”²¹ Examples of the Maine Democratic Party's involvement in the race are immense: Since August 1, 2019, it has issued 21 press releases concerning the U.S. Senate race in Maine.²² In September 2019 alone, it spent nearly \$10,000 in independent expenditures focused on the race.²³ It also has created a website solely devoted to criticizing their party's opponent and made frequent social media posts on the subject.²⁴ Given the substantial resources and focus it has devoted to the Senate race, it would strain credulity to suggest that the Maine Democratic Party was not made aware of any of the numerous national and state press reports critical of the “front-runner” in its primary election.

Cain for Congress is the principal campaign committee for the previous candidacies of Emily Cain. Cain also has a demonstrated interest in the 2020 U.S. Senate race in Maine. She expressed an interest in running against incumbent Senator Susan Collins late last year.²⁵ In June 2019, EMILY's List, where Cain serves as Executive Director, formally endorsed Gideon in her candidacy for the Democratic nomination.²⁶ EMILY's List has served as a conduit for 211 earmarked contributions to Gideon's campaign for Senate, totaling in the tens of thousands of dollars.²⁷ On its website, EMILY's List also lists Gideon as one of only four “Recommended Candidates” for Senate.²⁸ One month after media reports surfaced concerning the illegality of Gideon's contributions, Gideon attended a luncheon hosted by EMILY's List in New York City.²⁹ Given Cain's interest in the race and current ties to Gideon through the organization she leads, it is probable that Cain for Congress was made aware of Gideon's illegal contributions.

²¹ Liam Nee, *Retired Air Force major general enters Maine U.S. Senate race*, NEWS CENTER MAINE, (Sept. 24, 2019), <https://www.newscentermaine.com/article/news/politics/jon-treacy-retired-air-force-major-general-enters-maine-us-senate-race/97-35fe92c3-8e88-4d17-aa04-c19c6a100555>.

²² Maine Democratic Party, Press Releases, <https://www.mainedems.org/media/press?page=0>.

²³ See Maine Democratic Party (FEC ID: COO179408), 2019 – 2020 Cycle Disbursements; Date: Oct. 20, 2019). Text from: *Schedule E: Independent Expenditures*. Available at: <https://docquery.fec.gov/cgi-bin/forms/C00179408/1360308/se>.

²⁴ Maine Democrats, Twitter Account, <https://twitter.com/mainedems>; #DefeatCollins, <https://www.defeatcollins.com/>.

²⁵ James Arkin, *Dems Line Up to Take on Collins After Kavanaugh Vote*, POLITICO (Oct. 9, 2018), <https://www.politico.com/story/2018/10/09/collins-kavanaugh-2020-maine-885938>.

²⁶ Simone Pathe, *EMILY's List Backs Sara Gideon to Take on Maine Sen. Susan Collins*, ROLL CALL (June 25, 2019), <https://www.rollcall.com/news/campaigns/emilys-list-backs-sara-gideon-to-take-on-maine-senator-susan-collins>.

²⁷ See Sara Gideon for Maine, 2019 – 2020 Cycle Receipts (FEC ID: COO709899). Text from: *Receipts*. Available at: https://www.fec.gov/data/receipts/?data_type=processed&committee_id=C00709899&contributor_name=C00193433&two_year_transaction_period=2020.

²⁸ EMILY's List, <https://www.emilyslist.org/candidates/gallery/senate>.

²⁹ See Press Release, EMILY's List, EMILY's List Hosts New York Luncheon (Sept. 16, 2019), <https://emilyslist.org/news/entry/emilys-list-hosts-new-york-luncheon>.

Gideon and Gideon Leadership PAC Notified the State Committees Implicated in Her Reimbursement Scheme

According to a letter Gideon and Gideon Leadership PAC sent to the Maine Ethics Commission, when Gideon and Gideon Leadership PAC “were alerted to a potential issue with the contributions, they took prompt remedial action.”³⁰ In the case of the two state political committees implicated in this reimbursement scheme, Gideon and Gideon Leadership PAC notified both committees of the “circumstances surrounding these contributions.”³¹ One of these state committees already amended its filings to reflect that Gideon’s contribution was in fact a contribution made by Gideon Leadership PAC.³² Within this amended report, the Commission notes that this change to its records occurred on August 22, 2019.³³ Thus, it appears that Gideon and Gideon Leadership PAC notified the state committees implicated in this scheme on or before August 22, 2019.

From the filings, it appears Gideon and Gideon Leadership PAC may have decided to promptly notify all committees implicated by her reimbursement scheme. Because they did in fact notify the implicated state committees, it is likely the Maine Democratic Party was also notified. Additionally, it is likely both the Maine Democratic Party and Cain for Congress were aware of media reports directly identifying their organizations as the ones accepting illegal contributions from Gideon.

(iii) As of their most recent campaign finance reports, the Maine Democratic Party and Cain for Congress have failed to refund or disgorge Gideon’s illegal contributions.

The Maine Democratic Party has filed two federal campaign finance reports since the date the press reported on Gideon’s illegal donations and specifically identified the Maine Democratic Party’s involvement in the scheme. According to these campaign finance reports, the Maine Democratic Party has failed to refund or disgorge the illegal contributions made by Gideon.³⁴

³⁰ See <https://www.maine.gov/ethics/sites/main.ehics/files/inline-files/2%20-%20Request%20to%20Investigate%20Contributions%20by%20Gideon%20Leadership%20PAC.pdf> at page 132.

³¹ *Id.*

³² House Democratic Campaign Committee, *October Quarterly Report*, Maine Commission on Governmental Ethics and Election Practices, Oct. 5, 2016, amended Sept. 16, 2019, available at <https://www.mainecampaignfinance.com/ReportOutputFiles/02/2016/a406d7ee-8c7a-4be6-9193-5e5474cf7cc6.pdf>.

³³ *Id.*

³⁴ Maine Democratic Party, *October Monthly Report*, Federal Election Commission, Oct. 20, 2019, available at: <https://docquery.fec.gov/cgi-bin/forms/C00179408/1360308/>; Maine Democratic Party, *September Monthly Report*, Sept. 20, 2019, available at: <https://docquery.fec.gov/cgi-bin/forms/C00179408/1353575/>.

Cain for Congress has filed one campaign finance report since the date the press reported on Gideon's straw donations and directly identified Cain for Congress as accepting the illegal contributions. According to this campaign finance report, Cain for Congress has failed to refund or disgorge the illegal contributions made by Gideon.³⁵

REQUEST FOR RELIEF

Upon information and belief, there is reason to believe that: (i) the Maine Democratic Party and Cain for Congress accepted illegal contributions made by Sara Gideon; (ii) the Maine Democratic Party and Cain for Congress have likely been aware of Gideon's illegal contributions for more than 30 days; and, (iii) within 30 days of learning of the illegal contributions the Maine Democratic Party and Cain for Congress did not refund or disgorge Gideon's illegal contributions and have continued to fail to do so as of the date of their most recent campaign finance reports.

Therefore, the Commission should conduct an immediate investigation into whether the Maine Democratic Party and Cain for Congress violated 11 C.F.R. § 103.3(b)(2) and assess the appropriate penalties and remedial action.

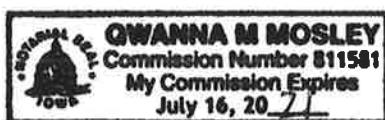
Respectfully submitted,

Karnočka

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STATE OF IOWA)
) ss.
COUNTY OF POLK)

Subscribed and sworn to before me on October 21, 2019.



Notary Public in and for the State of Iowa

³⁵ Cain for Congress, *October Quarterly Report*, Federal Election Commission, Oct. 15, 2019, available at: <https://docquery.fec.gov/cgi-bin/forms/C00546077/1358046/>.