



# CONCERNS ABOUT COMPTROLLER PETER FRANCHOT'S CAMPAIGN FINANCE ACCOUNT

For Board of Elections Meeting 1/10/2019

Presented By Anjali Reed Phukan, CPA

# Summary

- Campaign Finance Entity “Friends Of Peter Franchot” (FPF)
  - Had Unreported Transactions In All 4 Comptroller Campaigns
    - Violating COMAR
  - Has Overcontributions From Individuals & PACs
    - Violating Maryland Annotated Code
  - Several Claimed Donor Entities Do Not Legally Exist As Claimed
- **Yet FPF Was Still Certified So That He Could Be Sworn In**

# Missing Transactions - Overview

Election	Transactions Missing	Minimum Missing
2006	Income	\$6,208.26
2010	Expenses	\$94,213.76
2014	Income	\$6,958.26
2018	Income (Carryforward)	\$6,958.26

- Missing Income Could Be Over  $\$6.2\text{k} + \$94\text{k} + \$6.9\text{k} = \mathbf{\$107,380.28}$
- Could Missing Income Be: Money Laundering Or Over Contributions?
- Could Missing Expenses Be: Bribes Or Other Prohibited Expenditures?

# Missing Transactions - COMAR Review

- 33.13.08.06 – Failure to File
  - Includes income or expenses missing or incorrect
  - The Failure to File MUST be rectified
  - The late filing penalty MUST be paid (or show cause)
- 33.18.01.02 - Failure to Report
  - Expenditures: \$50 - 300 the first time, then \$250- \$500, then \$500 for 3<sup>rd</sup> and future times
  - Contributions: \$50 - 300 the first time, then \$250- \$500, then \$500 for 3<sup>rd</sup> and future times
  - KNOWINGLY AND WILLFULLY WITHHOLDING - \$500 each time
- 33.18.01.02 - Failure to maintain account books and records
  - Expenditures / Contributions: \$100 each first time, then \$250, and \$500 for 3<sup>rd</sup> & future times
- There is no time limit or statue of limitations in COMAR to these violations

# Missing Transactions – 2018 Race

If Account Not Certified, Anjali Reed Phukan Would Have Won

Description	Amount
FPF Bank Account Balance On 1/11/2006	\$ 266,807.81
Incoming Money, From 1/12/2006 – 10/21/2018	\$ 6,116,185.75
Outgoing Money, From 1/12/2006 – 10/21/2018	\$ 5,285,162.24
Expected Balance On 10/21/2018	\$ 1,097,831.32
Balance Reported On 10/21/2018	\$ 1,104,789.58
<b>Money In Bank Account Unaccounted For</b>	<b>\$ (6,958.26)</b>

Note: Money In Account Not Accounted For Is Missing Income

# Missing Transactions – 2014 Race

If Account Not Certified, William Campbell Would Have Won

<b>Description</b>	<b>Amount</b>
FPF Bank Account Balance On 1/11/2006	\$ 266,807.81
Incoming Money, From 1/12/2006 – 11/11/2014	\$ 4,865,010.26
Outgoing Money, From 1/12/2006 – 11/11/2014	\$ 4,180,654.07
Expected Balance On 11/11/2014	\$ 951,164.00
Balance Reported On 11/11/2014	\$ 958,122.26
<b>Money In Bank Account Unaccounted For</b>	<b>\$ (6,958.26)</b>

Note: Money In Account Not Accounted For Is Missing Income

# Missing Transactions – 2010 Race

If Account Not Certified, William Campbell Would Have Won

<b>Description</b>	<b>Amount</b>
FPF Bank Account Balance On 1/11/2006	\$ 266,807.81
Incoming Money, From 1/12/2006 – 11/16/2010	\$ 3,208,142.16
Outgoing Money, From 1/12/2006 – 11/16/2010	\$ 3,090,651.23
Expected Balance On 11/16/2010	\$ 384,298.74
Balance Reported On 11/16/2010	\$ 290,084.98
<b>Money In Bank Account Unaccounted For</b>	<b>\$ 94,213.76</b>

Note: Missing Money Is Missing Expenditures

# Missing Transactions – 2006 Race

If Account Was Not Certified, Anne McCarthy Would Have Won

Description	Amount
FPF Bank Account Balance On 1/11/2006	\$ 266,807.81
Incoming Money, From 1/12/2006 – 11/21/2006	\$ 1,278,986.00
Outgoing Money, From 1/12/2006 – 11/21/2006	\$ 1,544,297.56
Expected Balance On 11/21/2006	\$ 1,496.25
Balance Reported On 11/21/2006	\$ 7,704.51
<b>Money In Bank Account Unaccounted For</b>	<b>\$ (6,208.26)</b>

Note: Money In Account Not Accounted For Is Missing Income



# Contribution Limits - Code Summary

- 4 Year Cycle Limit : \$6,000 Per Person & \$6,000 Per PAC
  - 2015 – 2018
    - See Maryland Annotated Code Election Law § 13-226(b) (2017) For Person Limits
- 4 Year Cycle Limit: \$4,000 Per Person & \$6,000 Per PAC
  - » 2011 – 2014      » 2007 – 2010      » 2003 - 2006
    - MD Annotated Code Election Law § 13-226(b) (2014 - 2005) For Persons
    - MD Annotated Code Election Law § 13-227(c) (2017 - 2005) For Finance Entities

**At Least \$200,000 in Over Contributions**

# Over Contributions - Examples

- Examples General To Protect Entities (Errors May Be FPF Issues)
  - More Exist – Needs More Investigation
  - Some Details Sent To State Prosecutor & Campaign Finance Director

Entity Description	Election Cycle	Contribution	Returned Amount	Over Contribution (Limit Subtracted)
1 Retail Chain With Many Stores	2011-2014	\$94,500	\$34,000	\$56,500
	2007-2010	\$6,000		\$2,000
1 Entertainer With Many Projects	2002-2006	\$41,100	\$54,000	\$-
	2007-2010	\$37,100		\$16,200
	2011-2014	\$28,000		\$22,000
Couple Address Typed Different	2010-2014	\$10,500	\$-	\$2,500

# Questionable Donors - Summary

- Several Claimed Contributors Have Questionable Existence
  - Campaign Finance Entities – PACs, Candidate Committees, Etc.
  - Business Entities – LLCs & Corporations
- To Protect Entities Found (Errors Could Be FPF Issues)
  - General Descriptions Discussed - Actual Names Not Listed Here
  - I Will Send To The State Prosecutor & Campaign Finance Director
- Tested Only Some - May Be More

**At Least \$268,000**

# Questionable Donors - Committees

- Contributor Type: Candidate Committee
  - Example – Claimed Candidate Committee Was Named An Alliance (Not A Candidate)
  - The Alliance Name Was Not Registered As Any Type Of Committee
- Contributor Type: Unregistered Out-of-state Non-federal Committee
  - Only Allowed If Committee Is Properly Registered In Its Own State
  - The Contributor Committee Not Registered In State Claimed
- Contributor Type: PAC Committee
  - Various Labor Organizations Not Registered And Active At Time Of Donations
  - Other Labor Organizations and Contributors Were Listed And Registered Then
- Contributor Type: Registered Out-of-state Non-federal Committee
  - The Biggest Category Of Contributors Not Registered
  - Some Were Registered Later, Before (But Ended Before Donation Claimed), or Never

# Questionable Donors - Businesses

- Several Claimed Donor Businesses (LLC, INC, Co)
  - Claimed Contribution Type: Check
  - Lists Specific State's Physical Addresses
  - Not Registered At The State Dept Of Assessments & Taxation (Not A Legal Entity)
- **Legal Check Name & Address Should Be Where Business Is Legal**
  - **Is This Donor Name And/Or Contribution Type Incorrect?**
- **These Behaviors Can Occur In**
  - **Money Laundering & Prohibited Contributions**
  - **More Over Contributions From Special Interests**

# Concluding Remarks - Requests

- FPF Should Be De-Certified
- FPF Should Be Required To Return Prohibited & Over Contributions
- Franchot Should Not Be Sworn In Until Failures To File Rectified (Law)
  - Missing Transactions & Listing Wrong Donors Are Failures To File
- Knowing And Willful Failures Should Be Investigated
- If FPF Can Not Rectify These Issues In 30 Days
  - I, The 2<sup>nd</sup> Place Winner, Should Be The Official Winner
  - I Am The Only Campaign Finance Law Abiding Candidate
  - Law Should Be Upheld

# Concluding Remarks - Disclaimer, Contact Info, References

- Disclaimer
  - This Is Not An Audit & I Do Not Have An Opinion Of His Financial Reports And Records.
  - Without Review Of Actual Support Documentation This Is Concerns & Only Concerns.
- My Contact Info: [MsComptroller@gmail.Com](mailto:MsComptroller@gmail.Com)
- Some References (More to be in MsComptroller.com January Newsletter)
  - <https://Campaignfinancemd.Us/Public/Viewcommittees>
  - <https://Egov.Maryland.Gov/Businessexpress/Entitysearch>
  - <http://Dsd.State.Md.Us/COMAR/Searchall.aspx>
  - <http://Law.Justia.Com/Codes/Maryland/2017>

**Thank you!**