

March 22, 2006

Lawrence H. Norton
General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: Complaint against Matt Brown for US Senate, Democratic Party of Hawaii,
Maine Democratic State Committee, and Massachusetts Democratic State
Committee - Federal Fund

Dear Mr. Norton:

This Complaint is filed pursuant to 2 U.S.C. § 437g(a)(1) and 11 C.F.R. § 111.4 by the Republican State Parties of Hawaii, Massachusetts, and Rhode Island (collectively "Republican State Parties") against Matt Brown for US Senate ("Brown Campaign"), the Democratic Party of Hawaii, Maine Democratic State Committee, and Massachusetts Democratic State Committee - Federal Fund. The information contained in this Complaint is based upon recent newspaper articles and information and belief. The newspaper articles are attached as Exhibit A.

Introduction

Matt Brown for US Senate is the principal campaign committee of Matthew A Brown, a candidate for the Democratic nomination for US Senate from the State of Rhode Island. (See Exhibit B.) Richard Pelletier is the current field director for the Brown Campaign and the former Executive Director of the Maine Democratic Party. (See Exhibit A.)

The Democratic Party of Hawaii ("HDP") is the state party committee for the Democratic Party in the State of Hawaii. (See Exhibit C.) The Maine Democratic Party Committee ("ME Party") is the state party committee for the Democratic Party in the State of Maine. (See Exhibit D.) The Massachusetts Democratic State Committee - Federal Fund ("MA Party") is the state party committee for the Democratic Party in the Commonwealth of Massachusetts. (See Exhibit E.)

The Republican State Parties hereby request that the Federal Election Commission ("Commission") initiate an immediate investigation into allegations concerning a purported contribution-funneling scheme by the Brown Campaign to launder earmarked contributions to the campaign through the Democratic state parties named above. If the Commission determines that the alleged scheme described below violates the Federal Election Campaign Act of 1971, as amended, and Commission regulations, it should hold those accountable by imposing the maximum penalties under law.

Legal Analysis

Federal law limits the amount an individual may contribute to a federal campaign committee to \$2,100 per election. 2 U.S.C. § 441a(a)(1); 11 C.F.R. 110.1(b). Federal law also provides that all contributions made by an individual to a federal campaign committee, including contributions that are earmarked or otherwise directed to the candidate through an intermediary, are considered contributions from the original individual contributor to the candidate. 2 U.S.C. § 441a(a)(8); 11 C.F.R. § 110.6. "Earmarked" is defined as a designation or instruction, whether direct or indirect, express or implied, oral or written, which results in all or any part of a contribution being made to a federal candidate's campaign committee. 11 C.F.R. § 110.6(b)(1). An "intermediary" is defined as any person, including a state party committee, who receives and forwards an earmarked contribution to a candidate's committee. *Id.* § 110.6(b)(2). The intermediary and the recipient campaign committee must satisfy unique reporting requirements for disclosing earmarked contributions. See 2 U.S.C. § 441a(a)(8); 11 C.F.R. § 110.6(c).

Even if the contributions were not earmarked for the Brown Campaign, the contributions may still count against the original contributor's contribution limits to the federal candidate. Federal law provides that if a contributor knows that a substantial portion of his or her contribution will be contributed by another person -- including a state party committee -- to a candidate and the contributor retains control over the funds, the aggregate amount of the moneys contributed to the candidate count against the contributor's contribution limits. See 11 C.F.R. § 110.1(h). If the aggregate amount of the donor's direct and indirect contributions to the campaign exceeds the federal limits, the contributions constitute excessive contributions in violation of federal law.

As the attached newspaper articles demonstrate, there is reason to believe that the contributions from the Hawaii, Maine and Massachusetts Democratic state parties to the Brown Campaign may have been earmarked contributions that caused some of the Brown Campaign donors to exceed the federal contributions limits to the campaign. Federal law prohibits campaign committees from earmarking contributions from maxed out donors through state party committees in an effort to evade the contribution limits. According to recent media reports, Brown Campaign and Democratic state party officials have indicated that such a scheme may have been set in motion. See M.L. Johnson, Hawaii Democrat Says Party Traded Money with Brown, Associated Press, March 1, 2006 ("In one case, his [Brown's Campaign] struck a deal in which the Hawaii Democratic Party would give a \$5,000 donation to Brown and in exchange, the party would receive money from Brown supporters, Jane Sugimura, the party's treasurer told the AP. 'That's what my understanding was,' Sugimura said in a phone interview."); *id.* ("Pat Colwell, chairman of the Maine Democratic Party, issued a statement saying the party donated to Brown at Pelletier's request, but would only donate to other state parties in the future."); *id.* ("Cindi Roy, spokeswoman for the Massachusetts Democratic Party, said a Brown staffer solicited to the donation.").

In addition, the Brown Campaign has acknowledged publicly that they steered donors to the Hawaii, Maine, and Massachusetts Democratic state parties. Lauren W. Whittington,

Party Donor Had Maxed Out to Brown, Roll Call, March 2, 2006 ("A Brown spokesman acknowledged earlier this week that the Brown Campaign suggested to a few donors that they give money to the state parties that had been helpful to Brown."); Lauren W. Whittington, Three State Parties Donated to Brown, Roll Call, March 1, 2006 ("Brown spokesman Matt Burgess acknowledged that the campaign had asked a few of its donors to contribute to these state parties, where Brown campaign staffers had previous ties.").

In one case, it appears that at least one donor who had maxed out to the Brown Campaign contributed to the Massachusetts Party. See Lauren W. Whittington, Party Donor Had Maxed Out To Brown, Roll Call, March 2, 2006. FEC disclosure reports reveal that on March 30, 2005, Mr. Richard Bready contributed \$2,100 to the Brown Campaign's primary election account, and another \$2,100 to its general election account – the maximum allowed under federal law. (See Exhibit F.) On June 30, 2005, John M. Connors contributed \$1,900 to the Brown Campaign's primary election account, and another \$2,100 to its general election account. (See Exhibit G.)

The Brown Campaign contributors then sent money to the Massachusetts party. On November 16, 2005, John Connors contributed \$10,000 to the MA Party. (See Exhibit H.) On January 5, 2006, Richard Bready contributed \$5,000 to the MA Party. (See Exhibit I.)

Finally, on December 29, 2005, the Massachusetts Party contributed \$5,000 to the Brown Campaign's primary election account and another \$5,000 to its general election account. (See Exhibit J.) The Massachusetts Party has apparently asked for a \$5,000 refund from the Brown Campaign. See Lauren W. Whittington, Three State Parties Donated to Brown, Roll Call, March 1, 2006. However, even if the Brown Campaign complies with this request, the \$5,000 contribution may still violate law if it constitutes an earmarked contribution from maxed out Brown Campaign donors.

The 2005 Year-End Reports for the Hawaii and Maine Parties did not disclose contributions from the Brown Campaign donors listed above. However, the treasurer for the Hawaii Party has stated that there was a deal whereby the Brown Campaign would steer donors to the Hawaii Party in exchange for support for the campaign – although she now denies confirming the quid pro quo arrangement. Compare M.L. Johnson, Hawaii Democrat Says Party Traded Money with Brown, Associated Press, March 1, 2006 ("In one case, his [Brown's Campaign] struck a deal in which the Hawaii Democratic Party would give a \$5,000 donation to Brown and in exchange, the party would receive money from Brown supporters, Jane Sugimura, the party's treasurer told the AP. 'That's what my understanding was,' Sugimura said in a phone interview."), with Mark Niese, Dems to Return Alleged Tit-For-Tat Donation, Honolulu Star Bulletin, March 3, 2006 ("However, Sugimura said yesterday that she did not confirm a tit-for-tat arrangement."). Newspaper articles disclose the identity of the Brown Campaign donor to the Democratic State Parties as Richard Bready, a maxed out Brown Campaign donor. See Journal Staff, Brown Backer Gave in 3 States, The Providence Journal, March 9, 2006 ("The previously unknown donor who gave money to the Democratic parties in Hawaii and Maine after they sent donations to Secretary of State Matt Brown was Richard Bready, a member of

Brown's campaign committee for the U.S. Senate, and a Brown donor who had already reached the lawful limit."). The Hawaii, Maine and Massachusetts Democratic State Parties have reportedly asked the Brown Campaign for a refund of its donation. See Mark Niese, Dems to Return Alleged Tit-For-Tat Donation, Honolulu Star Bulletin, March 3, 2006 ("Seeking to fix a 'mistake,' the Hawaii Democratic Party will reverse a series of transactions that channeled \$5,000 to a Rhode Island candidate for U.S. Senate, the state party chairman said yesterday."); Mark Arsenault, Brown Will Return Questioned Donations, The Providence Journal, March 4, 2006 ("Secretary of State Matt Brown will refund the full \$25,000 his US Senate campaign solicited from Democratic state parties in Massachusetts, Hawaii and Maine, because the contributions have raised too many questions.").

Conclusion

For all the foregoing reasons, there is reason to believe that the Brown Campaign devised an alleged contribution laundering scheme whereby it steered donors to the Hawaii, Maine and Massachusetts Democratic state parties with the explicit or implicit agreement that the state parties would in turn contribute to the Brown Campaign. Accordingly, the Republican State Parties hereby requests that the Commission undertake an immediate investigation into this matter and, if the alleged scheme violates the Act and Commission regulations, impose the maximum penalties under law.

Respectfully submitted,



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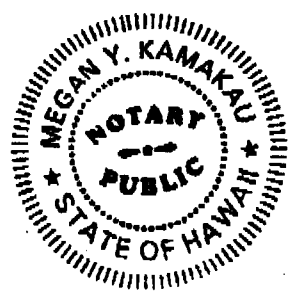
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State of Hawaii
City and County of Honolulu
Attachments

SWORN TO AND SUBSCRIBED before me this 22 day of March, 2006.



Megan Y. Kamakau
Notary Public

My Commission Expires: **MEGAN Y. KAMAKAU**
My Commission Expires: **12-5-2008**