

DISPOSITION AGREEMENTCAMPAIGN & POLITICAL
FINANCE

This disposition agreement ("Agreement") is entered into as of June 23 2009, by and between the Office of Campaign and Political Finance ("OCPF") and the United Food and Commercial Workers International Union ("UFCW"). The parties mutually agree, for the purposes of this Agreement only, as follows:

I. Introduction

1. UFCW has organized a Massachusetts political action committee that is registered with OCPF, which is called the United Food and Commercial Workers Active Ballot Club Political Action Committee ("the state PAC"). The state PAC is subject to the provisions of the Massachusetts campaign finance law, M.G.L. c. 55.
2. In addition to sponsoring a political action committee organized in Massachusetts, UFCW sponsors a separate political action committee that is registered with the Federal Election Commission, which is called the United Food and Commercial Workers International Union Active Ballot Club ("the federal PAC").
3. UFCW also makes political expenditures to support and oppose state and local candidates from a separate nonfederal account created under Section 527 of the Internal Revenue Code called the UFCW Active Ballot Club Education Fund ("the nonfederal account"). This account is funded solely through the use of dues payments from UFCW members received by UFCW's general treasury.
4. OCPF has the power and authority to review and investigate the legality, validity, completeness and accuracy of all reports and actions required to be filed or taken by candidates, treasurers, political committees, and any other person or entity pursuant to M.G.L. c. 55 or any other laws of the Commonwealth relative to campaign contributions and expenditures.
5. The political contributions, expenditures and other activities noted herein, to the extent

made to influence Massachusetts state, county or municipal elections, are subject to the provisions of M.G.L. c. 55 and the regulations promulgated thereunder.

II. Facts

1. During the course of an OCPF-initiated review of the state PAC's campaign finance reports filed for 2006 to 2008, OCPF determined that the state PAC reported making several contributions to state candidates and the Massachusetts Democratic State Committee ("MDSC") that were substantially in excess of the annual limit on such contributions (\$500 to candidates and \$5,000 to state party committees) if not subject to the incidental threshold discussed in OCPF Interpretive Bulletin IB-88-01. During the course of its review, OCPF learned from UFCW that the questioned contributions were, in fact, made by the federal PAC, and not by the state PAC as disclosed. Upon discussion with UFCW, OCPF also learned that the state PAC does not raise and spend money from a separate account, as required by Sections 2 and 5 of the campaign finance law.

2. UFCW members voluntarily contribute to the federal PAC in almost all cases by signing a payroll deduction authorization form in which contributors acknowledge that the amount they select as an additional deduction from their weekly paycheck, such as 25 cents, 50 cents or \$1.00 each week, will be used to support candidates for federal, state and local offices. During the period January 1, 2006 to December 31, 2008 ("the relevant period"), the funds contributed by members using the authorization form were always deposited into the federal PAC's account.

3. The federal PAC contributed \$35,500 to Massachusetts candidates and the state account of the MDSC during the relevant period. Specifically, the federal PAC made the following contributions:

Recipient	Date	Amount
Patrick Victory Fund ¹	May 31, 2006	\$5,000
Massachusetts Democratic State Committee State Account	October 13, 2006	\$15,000
Donnelly Committee	November 5, 2007	\$5,000
Belanger Committee	March 14, 2008	\$500
Belanger Committee	August 14, 2008	\$10,000

4. All of the referenced contributions made by the federal PAC were disclosed in campaign finance reports filed with the Federal Election Commission by the federal PAC, and were also disclosed in campaign finance reports filed with OCPF by the state PAC. In addition, the state PAC, in its campaign finance reports filed with OCPF, disclosed other disbursements made in connection with Massachusetts elections and other Massachusetts activities by the federal PAC, and the nonfederal account and the UFCW general fund. Specifically, the state PAC disclosed contributions made to the federal account of the Massachusetts Democratic Party, payments to lobbying and public policy organizations, and payments made to distribute issue advocacy. Neither the state PAC, UFCW nor any other UFCW PAC was required to disclose such payments to OCPF because they were not expenditures regulated by the Massachusetts campaign finance law, and the funds used to make these disbursements came from the federal PAC or the UFCW general fund account.

5. When the contributions from the federal PAC were received by Massachusetts political committees, these committees were not notified by UFCW that they were, in fact, receiving funds from a prohibited source. None of the federal PAC checks specified that they were drawn on a federal (or state) political action committee account. The checks used by the federal PAC did not state the formal name of the federal PAC, stating instead the "Active Ballot Club General Fund."

¹ The Patrick Victory Fund was a special committee established pursuant to 970 CMR 2.12 to conduct joint fundraising activities for the Deval Patrick Committee and the MDSC. In accordance with 970 CMR 2.12, \$500 was disbursed to the Patrick Committee and \$4,500 to the MDSC.

Checks from the nonfederal PAC account were printed in a manner that reflected their source as being "Active Ballot Club Education/Political Fund."

6. OCPF regulations state that all Massachusetts political action committees should print their OCPF ID number on the face of their checks. See 970 CMR 2.07(10)(b). One of the five checks listed above contained an OCPF ID number. In fact, the federal PAC does not and could not have an OCPF ID number.

7. UFCW fully cooperated with OCPF's review of the state PAC's campaign finance reports filed for 2006 to 2008. The state PAC's financing and reporting for those years were undertaken due to a misunderstanding by UFCW about the requirements of the Massachusetts campaign finance law and under a mistaken belief that UFCW was acting in compliance with that law. UFCW at all times during OCPF's review has stated its desire to bring its Massachusetts political spending into compliance with the Commonwealth's campaign finance law.

III. Conclusion

The manner in which UFCW and its affiliated PACs made contributions to Massachusetts political committees did not comply with the Massachusetts campaign finance law. Specifically, the federal PAC did not comply with the Massachusetts campaign finance law by making contributions to Massachusetts party and candidate committees. See M.G.L. c. 55, § 7, which states that no candidate or candidate's committee may receive funds from any federal political committee, and OCPF Interpretive Bulletin IB-82-01 (political groups and committees not registered in accordance with Massachusetts law may not contribute to Massachusetts candidates and political committees other than ballot question committees).

IV. Resolution

In order to resolve the matters now before OCPF the parties agree, for the purposes of this Agreement only, as follows:

1. Following execution of this Agreement, unless otherwise noted:
 - (a) The state PAC will file a dissolution report with OCPF within 10 calendar days.
 - (b) The UFCW general treasury will pay the Commonwealth of Massachusetts \$3,500 within 10 calendar days.
 - (c) UFCW will not make contributions to the MDSC State Account, the Donnelly Committee or the Belanger Committee during 2009. In addition, during 2010, UFCW will not make contributions to the MDSC State Account in excess of \$5,000², or to the Donnelly Committee or the Belanger Committee in excess of \$500 each.³
 - (d) In accordance with the Massachusetts campaign finance law in effect as of the date of this Agreement, if UFCW exceeds the incidental threshold discussed in IB-88-01 in any year, UFCW will not make contributions in excess of the limits placed on state PACs by M.G.L. c. 55, § 6 in every year thereafter until the year after UFCW's treasury no longer makes political expenditures exceeding the incidental expenditure threshold, as stated in OCPF IB-88-01. If these general legal requirements change, then UFCW instead will comply with any such change.

² The Massachusetts legislature is currently considering changing the limit on what may be contributed by a PAC to a state party committee. The legislation, if enacted in the form proposed by the Senate, would reduce the limit on such contributions from \$5,000 to \$500 (S-2052). The effective date would be January 1, 2010. If this legislation is enacted, then UFCW will comply with it, notwithstanding any provision to the contrary in this Agreement.

³ In general, and subject to this Agreement, UFCW may make contributions and expenditures under the Massachusetts campaign finance law using funds in the nonfederal account. We note that in IB-88-01, OCPF stated that "groups that raise money to influence elections in other states or nationwide, ... including 527 organizations," must organize a Massachusetts political committee with a separate, segregated account, prior to making contributions to a Massachusetts candidate, candidate committee, PAC, or party. IB-88-01 does not, however, mean that a union may not establish a separate account funded solely using dues proceeds in the general treasury to make contributions. Such contributions may be made from an account funded by the general treasury without the account being organized as a Massachusetts political committee, notwithstanding the designation of the account as a political fund under Section 527 of the Internal Revenue Code.

(e) UFCW will file Form CPF 111, "Report of association or other group making contributions to or expenditures on behalf of candidates, PACs or party committees," or any successor report established by OCPF, for 2009 and any year in the future in which it exceeds the incidental expenditure threshold in OCPF IB-88-01 for contributions and expenditures to support or oppose Massachusetts candidates and political committees.

(f) If UFCW organizes a Massachusetts political action committee in the future, any authorization card used to raise contributions for that committee will clearly indicate the portion of the amount of each contribution that will be used to fund the Massachusetts PAC. See AO-95-27. In addition, if a Massachusetts PAC is organized, the checks used by that PAC to make contributions will state the full name of the PAC, including a notation that the committee is a Massachusetts PAC, and will include the identification number of the PAC, as required by M.G.L. c. 55, § 5 and 5B, and 970 CMR 2.07(10)(b). If these general legal requirements change, then UFCW instead will comply with any such change.

2. OCPF agrees not to refer UFCW or its affiliated political committees or any present or former officers of UFCW or its committees to the Attorney General for any failure to comply with the provisions of M.G.L. c. 55 during the relevant period that is specifically referenced in this Agreement.

3. OCPF may, at any time, review compliance with this Agreement. If OCPF believes that the provisions of this Agreement have not been complied with, after notice to UFCW, it may proceed with any action consistent with M.G.L. c. 55 or otherwise authorized by law.

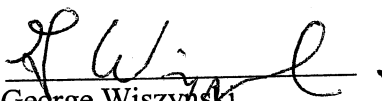
4. This Agreement shall be binding upon OCPF, UFCW and all of their present and future officers and does not in any way limit other investigative or legal action, which might be taken by other agencies consistent with state or federal law.

5. This Agreement constitutes a complete disposition of all matters specifically referenced herein for the referenced period.

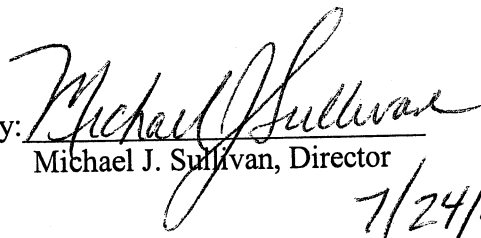
6. The parties have entered into this Agreement, knowingly and voluntarily, in an effort to resolve all matters set forth in the Agreement. By executing this Agreement, neither UFCW, its political committees, nor their officers make any admission for any other purpose whatsoever, and any admission made herein shall not be admissible in any other proceeding except one to enforce the terms of this Agreement.

7. This Agreement is a public record under section 7 of M.G.L. c. 4 and shall be subject to public inspection as required by section 10 of M.G.L. c. 66.

UNITED FOOD AND COMMERCIAL WORKERS
INTERNATIONAL UNION

By: 
George Wiszynski,
Associate General Counsel

OFFICE OF CAMPAIGN AND
POLITICAL FINANCE

By: 
Michael J. Sullivan, Director
7/24/09