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CK. NO. 413 \$100.-
1/4/2016

KENTUCKY REGISTRY OF ELECTION FINANCE
CASE NO. 2015-114

**In re: Campaign Fund of Charles Lovett for Kentucky Secretary of State,
Charles Lovett, Candidate/Treasurer**

CONCILIATION AGREEMENT

This Conciliation Agreement, entered by and between the **Kentucky Registry of Election Finance** (Registry) and Respondent **Charles Lovett** (Lovett), Candidate for Kentucky Secretary of State and Treasurer of the **Campaign Fund of Charles Lovett for Kentucky Secretary of State** (Lovett Campaign Fund), arises as a result of audit findings following a statutorily mandated audit of the Lovett Campaign Fund for the 2015 primary election. See KRS 121.120(4)(k). The Registry's auditor discovered possible campaign finance violations in the normal course of performing his duties and notified the Registry's General Counsel.

Lovett, in his capacity as Candidate for Kentucky Secretary of State and Treasurer of the Lovett Campaign Fund, was notified of the audit findings pursuant to KRS 121.140 and 32 KAR 2:030, Section 5, and given an opportunity to respond. Following a response filed by Lovett on September 22, 2015, the Registry's General Counsel issued a Supplemental Staff Report and Recommendations on September 24, 2015, which was read into the record of the Registry's September 24, 2015 regular meeting. At the meeting, the Registry concluded there was probable cause to believe that Lovett, acting for and on behalf of the Lovett Campaign Fund, violated KRS 121.120(6)(h), by failing to electronically report campaign finances during the 2015 primary; and KRS 121.220(1) and (2) by failing to designate a primary campaign depository in connection with his campaign for Kentucky Secretary of State.

NOW, THEREFORE, the Registry and Lovett, acting for and on behalf of the Lovett Campaign Fund, having duly entered into conciliation pursuant to KRS 121.140(2), do hereby agree as follows:

1. The Registry has jurisdiction over Lovett and the subject matter of this administrative action.
2. Lovett received a reasonable opportunity to demonstrate that no action should be taken in this matter and waives the right to further hearings.
3. For and on behalf of the Lovett Campaign Fund, Lovett enters voluntarily, with full knowledge and understanding, into this Conciliation Agreement with the Registry.
4. The pertinent facts and law in this matter are as follows:
 - a. Lovett notified the Registry of his candidacy for the Democratic nomination for Kentucky Secretary of State on January 26, 2015, naming himself as Treasurer of the Lovett Campaign Fund.
 - b. Lovett's sole Election Finance Statement, received by the Registry on June 25, 2015, reflects that the Lovett Campaign Fund terminated its primary election campaign activities on June 22, 2015, after spending \$389.99 in the primary election reporting period.
 - c. Pursuant to KRS 121.120(4)(k), the Registry audited the Lovett Campaign Fund.
 - d. The Registry's audit revealed that the Lovett Campaign Fund had apparently violated KRS 121.120(6)(h), by failing to electronically report campaign finances during the 2015 primary; and KRS 121.220(1) and (2)

by failing to designate a primary campaign depository in connection with Lovett's campaign for Kentucky Secretary of State.

- e. KRS 121.120(6)(h) requires slates of candidates running for statewide office, beginning with elections scheduled in 2015, to electronically report all election finance reports that must be submitted to the registry under KRS Chapter 121.
- f. KRS 121.220(1) and (2) requires a candidate to designate one (1) primary campaign depository to deposit all contributions and disburse all expenditures made in connection with the candidate's campaign.
- g. In response to the Registry's Staff Report regarding the alleged violation of KRS 121.120(6)(h), Lovett claimed that he filed the Election Finance Statement in paper format, because he was not aware until after the election that the Election Finance Statement was required to be filed in an electronic format.
- h. In further response regarding the alleged violations of KRS 121.220(1) and (2), Lovett further stated that he did not open a campaign account because he was using personal funds only, did not seek contributions for his campaign, and was also not aware that a separate campaign account is required by law.
- i. In this case, the record establishes that Lovett did not receive a letter dated February 2, 2015 from the Registry's Auditor, as the letter was held for delivery to Lovett during scheduled candidate training, which never occurred due to conflicts with Lovett's work schedule and a snow storm.

- j. While the record establishes that Lovett did not receive the letter from the Registry dated February 2, 2015, this does not excuse him from complying with all campaign finance requirements as a candidate for statewide office.
- k. At its September 24, 2015 regular meeting, the Registry approved the General Counsel's recommendations, specifically finding that Lovett Campaign Fund, by and through its Candidate/ Treasurer, Charles Lovett, violated KRS 121.120(6)(h), by failing to electronically report campaign finances during the 2015 primary; and KRS 121.220(1) and (2), by failing to designate a primary campaign depository in connection with his campaign for Kentucky Secretary of State.
- l. For purposes of settlement, the Registry finds and Lovett, for and on behalf of the Lovett Campaign Fund, agrees that Lovett's failure to electronically report the campaign finances of the Lovett Campaign Fund constitutes a violation of KRS 121.120(6)(h). Furthermore, Lovett's failure to designate a primary campaign depository in connection with his campaign for Kentucky Secretary of State, constitutes a violation of KRS 121.220(1) and (2).

5. For purposes of settlement, the Registry finds and Lovett, for and on behalf of the Lovett Campaign Fund, agrees the above-referenced violations occurred; however, the violation was not committed knowingly.

6. Pursuant to KRS 121.140(2) and as a result of the above-cited violations, Lovett, for and on behalf of the Lovett Campaign Fund, agrees to remit herewith a civil penalty for the

above-referenced violations in the amount of \$100.00 by check or money order payable to the Kentucky State Treasurer.

7. The Registry reserves the right to review compliance with this Conciliation Agreement. If the Registry believes that Lovett has not complied with the terms and/or conditions of this Conciliation Agreement, the Registry may institute a civil action in Franklin Circuit Court to enforce this Conciliation Agreement pursuant to KRS 121.140(3).

8. Upon execution of this Conciliation Agreement by the parties herein, payment of the assessed civil penalty, and approval of the Conciliation Agreement by the Registry, this Conciliation Agreement shall become effective and this complaint will be dismissed with prejudice.

9. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

10. It is agreed and understood that the specific terms of this Conciliation Agreement are deemed confidential until executed by the parties hereto. Upon execution of this Conciliation Agreement by all parties hereto, this Conciliation Agreement shall become a matter of public record and the statutory requirement of confidentiality shall no longer apply to this Conciliation Agreement in accordance with 32 KAR 2:050 § 2.

FOR THE KENTUCKY REGISTRY OF ELECTION FINANCE:



John R. Steffen, Executive Director,

3/23/16

Date




Emily Dennis, General Counsel

3/23/16

Date

FOR THE LOVETT CAMPAIGN FUND:



Charles Lovett, Candidate for Secretary of State

12/28/2015
Date