

February 3, 2012

Mr. Jonathan Wayne, Executive Director
State of Maine, Commission on Governmental Ethics and Election Practices
135 State House Station
Augusta, ME 04333-0135

Dear Mr. Wayne:

Please accept this letter as my response to the complaint filed with the Commission by the Maine Democratic Party, dated January 18, 2012 (the "Complaint"). As noted in your letter to me dated January 20, 2012, the Maine Democratic Party has requested that the Commission look into whether I disclosed the sources of my income on the 2010 Statement of Sources of Income (the "Statement") filed with the Commission in February 2011.

It is my understanding that a primary purpose of the Statement is to ensure that any source of income for an executive employee of Maine state government does not create a conflict of interest for the employee in his/her position as an executive employee of the State of Maine. It is also my understanding that the Statement is intended to further ensure that an executive employee is not engaged in any regular business, profession, or other activity that compromises the employee's ability to give full attention and fidelity to his/her position and responsibilities as an executive employee of the State of Maine.

I am confident that, based on the information provided herewith, the Commission will recognize that it was my intent to comply fully with both the letter and spirit of the income disclosure requirements, and that my sources of income in 2010 created no conflict of interest and did not in any way compromise my ability to give my full attention and fidelity to my duties as Maine State Treasurer.

In your letter to me dated January 20, transmitting the Complaint by the Maine Democratic Party, you ask that I answer a number of specific questions. I respond below, first, to those questions. Then, I address the additional issues pertaining to my Statement.

Questions Posed by Your Letter, and My Answers:

Question 1: Please explain whether Popham Beach Club is owned by you directly or by a separate entity. If it is owned by a separate entity, please identify the entity and your relationship or position with the entity. When the club receives revenue from membership dues or events, who receives that income?

Answer 1: I own the Popham Beach Club. It is not owned by a separate entity. The real estate on which the club is located in Phippsburg has been owned by my family for 45 years. I

acquired the property from my parents a number of years ago. Any revenues, expenses and income, if any, of the Popham Beach Club are attributed to me personally.

Question 2: In 2010, did you receive income exceeding \$1,000 from the Popham Beach Club?

In 2010, the Popham Beach Club had gross receipts of \$9,750 from membership dues, which were more than offset by expenses incurred by that real estate investment, resulting in a net loss for the year. Because of this net loss in 2010, I did not believe that the Popham Beach Club should be listed as a source of income to me.

Question 3: Are you a member of Dirigo Holdings, LLC?

Answer 3: Yes. I am the sole member of Dirigo Holdings, LLC.

Question 4: In 2010, did you receive any distribution or income from Dirigo Holdings, LLC, which exceeded \$1,000?

Answer 4: No. In 2010, I did not receive any distribution or income from Dirigo Holdings, LLC.

Question 5: In 2010, did you receive any income through self-employment? For purposes of this disclosure requirement (5 M.R.S.A. § 19(1)(J)), the Maine Legislature has defined “self-employed” to mean “that the person qualifies as an independent contractor under [the Workers Compensation Law] Title 39-A, section 102, subsection 13.” In that provision, “independent contractor” is defined to mean “a person who performs services for another under contract, but who is not under the essential control or superintendence of the other person while performing those services.”

Answer 5: No.

Question 6: In 2010, did you hold “[a]ny offices, trusteeships, directorships or positions of any nature,” with Dirigo Holdings, LLC, or the Popham Beach Club, or “with any [other] for-profit or non-profit firm, corporation, association, partnership or business”?

Answer 6: As stated above, I am the sole member and the registered agent of Dirigo Holdings, LLC, which holds my real estate investment in the Popham Woods Condominium. I am the president of the non-profit Popham Woods Condominium Unit Owners’ Association. I am the owner of the Popham Beach Club, but do not hold any such offices in connection with the Popham Beach Club.

I am a limited partner in Zweig-DiMenna Partners, LP, a New York investment management limited partnership; C.K. Capital, LP, a Delaware investment management limited partnership; and Marshall Mall Associates, a Pennsylvania real estate limited partnership. I hold no officer or director position in these partnership investments. I am not engaged in any way in the operation or management of these entities.

Complaint by Maine Democratic Party re My 2010 Income Disclosure Statement:

With the information and context provided by my answers to your specific questions above, perhaps the most effective way to address the Maine Democratic Party's Complaint is to review the pertinent sections of my Income Disclosure Statement.

PART 1: INCOME DERIVED FROM EMPLOYMENT BY ANOTHER. List the name and address of each employer from whom you received compensation of \$1,000 or more. Specify the principal type of economic activity of each employer.

This section of my Statement was left blank because I did not have any such income.

PART 2: INCOME DERIVED FROM SELF-EMPLOYMENT OR LAW PRACTICE.

A. List the name and address of your business or law firm, if any, and list the major areas of economic activity or practice from which you derived income. If associated with a partnership, firm, professional association, or similar business entity, list the major areas of economic activity or practice of that entity.

I am not engaged in the practice of law or associated with any law firm. I am not self-employed in any capacity. I am not an "independent contractor" as that term is defined by 39-A M.R.S.A. § 102(13), and I had no income from any such activity. Accordingly, I left blank this section of my Statement.

When completing the Statement, I did not interpret the second sentence of Part 2 (A) to also request the identification of any entity with which I am associated in connection with my investments, wholly apart from any self-employment or law practice involvement of which there is none. Accordingly, I left blank this section of my Statement. I respectfully suggest that this section of the disclosure form is, at best, unclear.

As stated earlier, I am the sole member and the registered agent of Dirigo Holdings, LLC, the entity which holds my real estate investment in Popham Woods Condominium located in Phippsburg. Other than periodically providing funds for payment of expenses and periodically consulting with the manager/bookkeeper, who oversees the operation and management of Dirigo Holdings, LLC and Popham Woods Condominium, I am not engaged in the operations or management of these real estate investments. In 2010, I did not receive any income from these real estate investments.

As stated above, I am a limited partner in Zweig-DiMenna Partners, LP and C.K. Capital, LP, both of which were listed as sources of my income in Part 3, OTHER SOURCES OF INCOME, on my Statement. I am not engaged in any way in the operation or management of these limited partnership investments. I have a small limited partnership interest in Marshall Mall Associates, a real estate investment dating back some 25 years. I am not involved in any way in the management or operation of this partnership. I had approximately \$13,000 in passive, non-cash income from this investment in 2010. I did not recall this non-cash income at the time I

completed my Statement, and so I mistakenly did not list this partnership investment as a source of income in my disclosure form, unlike listing my other sources of income in Part 3 of the Statement.

B. List each source of income derived from self-employment or practice that represents more than 10% of your gross income or \$1,000, whichever is greater, and specify the principal type of economic activity of the entity or person from who you derived such income. If this form of disclosure is prohibited by law, rule, or an established code of professional ethics, specify only the principal type of economic activity of the entity or person from whom the income was derived.

None. See my response to Part 2 (A) above.

PART 3: OTHER SOURCES OF INCOME.

List each source of income of \$1,000 or more not listed in Parts 1 or 2 of this form. Do not include gifts or honoraria. If none, check the box.

As stated above, in 2010, the Popham Beach Club had gross receipts of \$9,750 from membership dues. Because this revenue was more than offset by expenses, thus resulting in a net loss to me, I did not believe that the Popham Beach Club needed to be listed on my Statement as a source of income. With the exception of this misunderstanding and my mistaken omission of the Marshall Mall Associates investment, which is addressed above in Part 2 (A), I fully disclosed my sources of income in Part 3 of my Statement.

PART 9: INCOME RECEIVED BY MEMBERS OF IMMEDIATE FAMILY.

List the type of economic activity representing each source of income of \$1,000 or more received by your spouse or domestic partner or dependent child(ren) during the reporting period and the kind of income represented. If your spouse or domestic partner received \$1,000 or more of income, list his or her name and job title. List only the job title of dependent children who received income of \$1,000 or more. Do not include gifts.

When completing the 2010 Income Disclosure Statement, I overlooked, and did not list on my Statement, the summer income earned by my son during a 10-week internship before his freshman year in college.

PART 10: OFFICER OR DIRECTOR POSITIONS.

List any for-profit or nonprofit corporation, firm, association, partnership or business in which you or a member of your immediate family held any office, trusteeship, directorship or position of any nature. Include whether you or a family held the position and whether the position was compensated. If a family member listed, indicate your relationship and the name of the family member.

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As described above, during 2010, I was the sole member and the registered agent of Dirigo Holdings, LLC, the entity which holds my real estate investment in Popham Woods Condominium, and was the president of the non-profit Popham Woods Condominium Unit Owners' Association.

I was a limited partner in the investment management and real estate limited partnerships discussed above: Zweig-DiMenna Partners, LP; C.K. Capital, LP; and Marshall Mall Associates. To my understanding, owning investments in these entities does not constitute holding an "office, trusteeship, directorship or position of any nature" in these entities, and so I did not list them in this section of my Statement. As stated above, I am not engaged in the operation or management of these financial and real estate investments.

By my submission of the 2010 Income Disclosure Statement in February, 2011, I fully intended to comply with both the letter and spirit of the requirements concerning disclosure of my sources of income. With a better understanding of some of the technical requirements pertaining to this disclosure process and, quite frankly, of the meaning of some parts of the disclosure form itself which I believe to be unclear and confusing, I recognize that it is appropriate to amend my 2010 Income Disclosure Statement. Accordingly, I enclose an amended form herewith for filing with the Commission. With this filing, I respectfully ask for dismissal by the Commission of the Complaint by the Maine Democratic Party, and for rejection of the Maine Democratic Party's request that the Commission impose the \$100 maximum penalty. This request is unwarranted and, quite clearly, politically motivated.

While requesting to have this matter resolved at the earliest possible date, I understand that the Commission has scheduled this matter to be addressed at the February 29 meeting. I look forward to the opportunity to discuss any issues and to answer any questions in person with the members of the Commission regarding my Income Disclosure Statement and the Complaint filed by the Maine Democratic Party.

Sincerely,

Bruce L. Poliquin

Maine State Treasurer