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OCT 13 2011

PRE-COMPLAINT DISPOSITION AGREEMENT
STATE ETHICS COMMISSION

This Agreement, made this 13 day of October, 2011, by and between James Kellam, University of Maryland Eastern Shore, and William J. Colquhoun, Esq., Staff Counsel to the State Ethics Commission (hereinafter "Staff Counsel").

The State Ethics Commission ("the Commission") is the executive agency of the State of Maryland established by Chapter 513, Acts 1979 for the purpose of enforcing the Maryland Public Ethics Law (State of Government Article, Title 15, Annotated Code of Maryland) including the provisions of Subtitle 5, Conflicts of Interest.

AGREED STATEMENT OF FACTS

1. James Kellam was at all times relevant to this matter employed by the University of Maryland Eastern Shore ("UMES"), an executive agency of the State of Maryland, and an employee subject to the conflict of interest provisions of the Public Ethics Law.

2. Mr. Kellam is employed as the Director of the Office of Financial Aid at UMES. His duties involve overseeing daily operations of the Office of Financial Aid, including supervising the financial aid counselors and support staff, updating regulations and the resulting policy and awarding financial aid packages. In pertinent part, Mr. Kellam has final authority to award discretionary University Grants.

3. In August 2011, the Office of Legislative Audits ("OLA") issued an Audit Report that alleged that a UMES employee had participated in awarding financial aid to a relative. In response to the recommendation of the OLA, UMES referred the matter to the State Ethics Commission for its review. Staff Counsel and other Commission staff spent numerous hours interviewing witnesses and reviewing documents in this inquiry. During the inquiry of this matter, the Legislative Auditor and his staff cooperated and provided assistance to Commission staff.

4. Section 15-501(a)(1) of the Public Ethics Law prohibits a State employee or official from participating in a matter if the employee or official, or a qualifying relative of the employee or official, has an interest in the matter and the employee or official knows of the interest. Section 15-102(gg) of the Public Ethics Law defines "qualifying relative" as a spouse, parent, child, brother or sister.

5. Mr. Kellam's spouse is a student at UMES. In 2009 and 2010, Mr. Kellam's spouse applied for, and received, financial aid assistance through the Office of Financial Aid. Mr. Kellam participated in the awarding of two discretionary University Grants to his spouse, totaling \$2,870.00. In both 2009 and 2010, Mr. Kellam requested that a Financial Aid Counselor independently verify the accuracy of his spouse's financial documents and sought, and verbally received, the approval of his direct supervisor to award the University Grants to his spouse.

6. Mr. Kellam is voluntarily entering into this agreement to admit certain violations of the Public Ethics Law, to accept certain sanctions, and to resolve the matter now pending against him without the issuance of a complaint and a hearing before the Commission.

NOW THEREFORE, in consideration of the agreed facts contained herein, and effective on the date of the Commission's acceptance of the terms of this Agreement, James Kellam and William J. Colquhoun, Staff Counsel, agree as follows:

A. That Mr. Kellam stipulates that his participation in matters relating to the award of University Grants to his wife in 2009 and 2010 violated Section 15-501(a)(1) of the Public Ethics Law.

B. That Mr. Kellam understands that violations of the conflict of interest provisions of the Public Ethics Law may result in civil fines pursuant to Section 15-902 of the Public Ethics Law. Mr. Kellam further agrees to pay, in lieu of potential fines, the sum of \$2,870 for the above admitted violation of the law and that said sum will be paid by check to UMES on or before October 27, 2011.

C. That Mr. Kellam will take the two hour State Employees Conflict of Interest Training on or before October 27, 2011. Mr. Kellam will educate the employees he supervises on how to access the State Employees Conflict of Interest Training so that they are better informed of their responsibilities under the Public Ethics Law.

D. That the Commission will issue a reprimand to Mr. Kellam effective the date of the Commission's acceptance of the Agreement.

E. That the Commission will transmit a copy of the Agreement to the Governor and the President of UMES.

F. That Mr. Kellam will not participate in any UMES matter in which a qualifying relative has an interest. The Commission, through its published opinions, has defined "participate" as "participating as a State officer or employee in any proceeding, disapproval, decision, recommendation, the rendering of advice, investigation or otherwise" and "matter" as "any proceeding, application, submission, request for ruling or other determination, contract, claim, case or other such particular matter" (Opinion No. 80-17). Section 15-102(t) of the Public Ethics Law defines an "interest" as "a legal or equitable economic interest that is owned or held wholly or partly, jointly or severally, or directly or indirectly, whether or not the economic interest is subject to an encumbrance or condition."

G. That Mr. Kellam waives any formal proceedings and hearing in this matter if the Commission accepts the Agreement and agrees that acceptance of this

Agreement by the Commission constitutes a final action and finding of violation by the Commission.

H. Mr. Kellam further agrees that the Agreement and materials related to this matter are not subject to the confidentiality provisions of the Public Ethics Law and will be public information unless otherwise protected.

I. That upon execution of this Agreement by Mr. Kellam, Staff Counsel will recommend that the Commission suspends any further proceedings against Mr. Kellam. Should Mr. Kellam fail to comply with the terms of the Agreement, and after written notice is issued to him, the Commission reserves the right to open an investigation and issue a Complaint for violation of Sections 15-501 of the Public Ethics Law.

J. That in the event the Commission declines to accept the Agreement, both Mr. Kellam and Staff Counsel are relieved of their respective obligations hereunder, and neither this Agreement, nor any admission it may contain, shall be admissible in any subsequent proceeding by the Commission.

K. That Mr. Kellam and Staff Counsel are entering into this agreement for the sole purpose of resolving the matters involved in the Commission's Preliminary Inquiry matter and for no other purpose.

IN WITNESS WHEREOF, James Kellam and William J. Colquhoun, Staff Counsel, State Ethics Commission, have hereunto set their hands.

(SIGNATURE APPEARS ON ORIGINAL
AGREEMENT)

William J. Colquhoun, Staff Counsel
State Ethics Commission
45 Calvert Street, 3rd Floor
Annapolis, Maryland 21401
(410) 260-7770

(SIGNATURE APPEARS ON ORIGINAL
AGREEMENT)

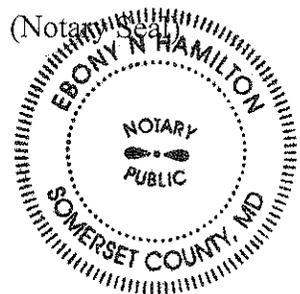
James Kellam

State of Maryland
County of: Somerset, to wit:

Before me, the undersigned, a Notary Public in and for the State and County aforesaid, personally appeared James Kellam, who made oath in due form of law on this day of Oct 12, 2011 that the matters and facts hereinabove set forth in the Pre-Complaint Disposition Agreement are true to the best of his knowledge, information and belief, it is his voluntary act and that he executed this document for the purpose set forth herein.

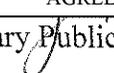
(SIGNATURE APPEARS ON ORIGINAL AGREEMENT)
Notary Public 

My Commission Expires: 9/8/12

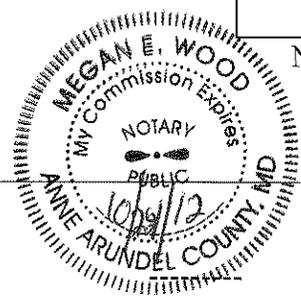


State of Maryland,
County of: Anne Arundel, to wit:

Before me, the undersigned, a Notary Public in and for the State and County aforesaid, personally appeared William J. Colquhoun, Staff Counsel to the State Ethics Commission, who made oath on this 13 day of October, 2011 in due form of law that he executed this agreement for the purposes therein contained.

(SIGNATURE APPEARS ON ORIGINAL AGREEMENT)
Notary Public 

My Commission Expires: _____



(Notary Seal)

Accepted by the Commission 
(SIGNATURE APPEARS ON ORIGINAL AGREEMENT)
Robert F. Scholz, Chair
for the Commission

Date: 10/27/11, 2011