

**STATE OF MINNESOTA  
CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**

.....  
**April 22, 2014**

**Room G-31  
Minnesota Judicial Center**

.....

**MINUTES**

The meeting was called to order by Chair Wiener.

Members present: Beck, Oliver, Peterson, Sande, Stafsholt, Wiener

Others present: Goldsmith, Sigurdson, Larson, Fisher, Pope, staff; Hartshorn, counsel

**MINUTES** (April 1, 2014)

Member Sande noted that he believed that the draft minutes reported only part of his motion regarding the Board's legislative agenda. Member Sande said that he believed that his motion actually had been to reaffirm the Board's legislative recommendations and to accept the language in Senate File 2402.

Member Oliver's motion:	To approve the April 1, 2014, minutes as corrected by Member Sande.
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Vote on motion:	Unanimously passed.
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**Executive Director's note:** Staff reviewed the recording of the April 1, 2014, meeting and discovered that neither the Board's discussion nor Member's Sande's formal motion included taking a position on Senate File 2402. Based on this review, the Executive Director directed staff to remove the April 1, 2014 minutes from the Board's website and the Executive Director placed the minutes on the agenda for the June 3, 2014 meeting.

**CHAIR'S REPORT**

**Board member confirmations**

Chair Wiener reported that the confirmations of Members Stafsholt, Sande, and Oliver were progressing through the legislature.

**Board meeting schedule**

The next Board meeting is scheduled for Tuesday, June 3, 2014.

## **EXECUTIVE DIRECTOR TOPICS**

### **Status of office operations**

Executive Director Goldsmith told members that the Board's spending for the fiscal year was on target with its budget. Mr. Goldsmith presented members with a chart showing actual and budgeted spending which is attached to and made a part of these minutes. Members had questions about what was included in each budget category. Mr. Goldsmith explained that the budget used the standard state spending categories and that he would provide members with the explanation sheet for these categories at the next meeting.

### **Hiring new staff**

Executive Director Goldsmith reported that someone had been hired to fill the full-time programs assistant position but that this person was coming from a very small board and could not start until May 21<sup>st</sup>. Mr. Goldsmith said he now would begin the search for the .5 FTE clerical position.

### **Reconciliation of board data**

Assistant Director Sigurdson presented members with a memorandum on this topic that is attached to and made a part of these minutes. Mr. Sigurdson reported that total unreconciled transactions for 2012 had declined by 35% to \$24,573. Most of this decline occurred because contributions reported as being made late in 2012 were reported as being received on 2013 reports. Mr. Sigurdson said that although staff was still working to reconcile 2012, the returns from that effort were diminishing. Mr. Sigurdson stated that unless the Board objected, staff would now focus on reconciling the years 2009, 2010, and 2011. No objections were made.

Mr. Sigurdson also reported that 2013 was the first year for which staff had metrics on the number and amount of unreconciled transactions originally filed with the Board. Mr. Sigurdson said that these metrics showed that \$441,497, (10.1%) of the contributions made between registered committees in 2013 did not reconcile. In the past, a staff member would review the reports with unreconciled transactions to determine whether a visual inspection would identify the discrepancy. Staff then would correct the discrepancy and issue change letters to the affected committees that explained the staff action.

Mr. Sigurdson asked the Board to approve a new procedure for 2013. Under this procedure, staff would generate letters to each committee potentially affected by a reconciliation issue. The letter would ask the treasurer to examine the committee's transactions, to make any necessary changes, and to file an amended report with the Board. Mr. Sigurdson stated that this new procedure would ensure that treasurers made the changes to committee records and that those changes were reflected in the Board's databases. Board members agreed that this new procedure would be more efficient and would produce better records but asked that the letter explain that this was a change from past practice.

### **Website Redevelopment**

Mr. Goldsmith informed members that he was trying to schedule a meeting with MN.IT Services to start planning the new website but had not yet been successful. Mr. Goldsmith hoped that a formal arrangement with MN-IT would be in place by the June meeting.

### **Legislative report**

Mr. Goldsmith stated that the legislature had been in recess for a week and that there was no change in the status of the Board's legislative initiatives. Mr. Goldsmith said that he expected the Board's technical bill to start moving soon but he was not sure about the disclosure bill.

### **Rulemaking**

Mr. Goldsmith reported that the Senate version of the Board's technical bill requires the Board to adopt rules governing audit and investigation procedures using the expedited rulemaking process. Mr. Goldsmith said that he expected these provisions to be included in the final bill passed by the legislature. Mr. Goldsmith stated that to meet the completion deadline in the bill, the Board needed to start drafting rules immediately. Mr. Goldsmith presented the Board with a rule timeline, which is attached to and made a part of these minutes. Chair Wiener appointed Members Beck, Sande, and Stafsholt to a rules committee. The committee plans to meet in public session twice and, if time permits, to hold a listening session where members of the public could comment on the proposed rules.

### **BOARD MEMBER TOPICS**

#### **Use of social media**

Member Sande presented members with a memorandum on this issue, which is attached to and made a part of these minutes. Member Sande stated that social media could be used effectively by the Board to reach out to Minnesotans who are not Board clients and to make them more aware of the Board's work. Member Sande, however, noted that there currently were other more urgent projects on the Board's agenda and recommended that the social media issue be revisited at the July or August meeting. Members asked Member Sande to thank Nick Frandsen for preparing the social media memorandum.

### **ENFORCEMENT REPORT**

#### **Consent Items**

##### **A. Confirmation of the administrative termination for the following lobbyists at the request of the lobbyist association:**

Tamela Walhof, director for the Lutheran Coalition for Public Policy, requested that the

lobbyist registration for Mark Peters be terminated as of May 31, 2013. Mr. Peters left employment in May 2013. Mr. Peters filed a report covering January 1 through May 31, 2013. She states there was no other lobbying activity after May 2013.

**B. Authorization for staff to administratively terminate a principal campaign committee:**

Steve Smith Volunteer Committee. Former Representative Steve Smith has passed away. Staff will continue to work with the Attorney General's office to try to finalize the transfer of any remaining funds in the campaign account.

Member Beck's motion: To approve the consent items.

Vote on motion: Unanimously approved.

**Discussion Items**

**Waiver Requests**

<u>Name of Candidate or Committee</u>	<u>Reason for Fine</u>	<u>Late Fee Amount</u>	<u>Civil Penalty Amount</u>	<u>Factors for waiver</u>	<u>Board Member's Motion</u>	<u>Motion</u>	<u>Vote on Motion</u>
Grassroots for Ryan Sibinski	2012 and 2013 Year-end Reports	\$69.58 \$1,000	\$0	Ryan Sibinski had a balance of \$105.42 as of 12/31/2012. The committee incurred a \$175 late fee for the 2012 report. He paid the balance of \$105.42 toward the late fee. The committee filed the 2013 report late and incurred a \$1,000 late fee. The committee has terminated.	Peterson	To waive the late fee.	Unanimous
Rebecca Peichel for House	2013 Year-end Report	\$250	\$0	The treasurer uses the software and filed a 2012 no change report on 1/31/14. A 2013 no change report was received on Feb. 15.	Peterson	To waive the late fee.	Unanimous
9 <sup>th</sup> Senate District DFL	2013 Year-end Report	\$125	\$0	The treasurer brought 2 reports to be faxed to a business. One of the reports was faxed twice on Jan 31, 2014.	Peterson	To waive the late fee.	Unanimous
Defending the Blue Line	2013 Principal Report	\$25	\$0	Small non-profit organization.	No motion.		
Health East	2013 Principal Report	\$75	\$0	The Board's notice was sent to the name on file with the Board. A new person took over the responsibility.	No motion.		
Coalition for Sensible Siting	2013 Principal Report	\$75	\$0	The contact person responsible for filing the report was dealing with personal issues. The association had one lobbyist that has terminated in May 2013.	Beck	To waive the late fee.	Unanimous

edX	2013 Principal Report	\$75	\$0	New lobbyist association in 2013. One lobbyist registered in 2013 and has terminated 12/31/13.	No motion.		
Karen Organization of Minn	2013 Principal Report	\$75	\$0	New lobbyist association not familiar with the process	No motion.		
Creative Apparel Concepts	2013 Principal Report	\$75	\$0	New association. One lobbyist registered and terminated in May 2013.	No motion.		
Sodexo	2013 Principal Report	\$200	\$0	The lobbyist registered in September and terminated registration in December. The contact person states she was unaware of the requirement.	No motion.		
American Assn of Advertising Agencies	2013 Principal Report	\$175	\$0	The contact person changed jobs and the notice was sent to his former work address. The lobbyists have terminated.	No motion.		
MN DAK Farmers Coop	2013 Principal Report	\$100	\$0	The contact person for the association missed the notification of the requirement to file.	No motion.		
MN Professional Fire Fighters	2013 Principal Report	\$150	\$0	New officer of the association not familiar with the filing requirement.	No motion.		
MN Organization of Leaders in Nursing	2013 Principal Report	\$125	\$0	New lobbyist association in 2013 and the individual responsible for the filing was not familiar with the filing requirement.	No motion.		
Timberland Transportation Inc. dba Priority Courier	2013 Principal Report	\$125	\$0	Mark Cossack states he did not receive the notice of the required filing.	No motion.		
MN Transmission Owners	2013 Principal Report	\$125	\$0	The notice was addressed to a lobbyist who had terminated and left the firm who was handling the association's filings.	No motion.		
Salvation Army	2013 Principal Report	\$75	\$0	Betty Vogler requests the late fee be waived as it was the first time the headquarters filed the report and needed time to prepare the filing.	No motion.		
John Herman, lobbyist	2013 Lobbyist Report	\$425	\$0	Mr. Herman is the reporting lobbyist for Unimin Corp. Mr. Herman was out of the country from January 3 – 20, 2014. The report was filed on February 10.	No motion.		

**Informational Items**

**A. Payment of a late filing fee for January 31, 2014, 2013 year-end report:**

David Arvidson 4MN, \$50  
Campaign for John Bacon, \$175  
Nate Atkins Honey Badger for House, \$25  
Team (Laura) Brod, \$150  
Joe Brothers for State Senate, \$25  
Joanne Dorsher for House of Representative, \$25  
Friends for Eric Franzen, \$150  
Committee to Elect Jeff Hayden, \$25  
Lyle Koenen Senate Campaign, \$150  
Mike Obermueller for Minn, \$25  
Jon Olson for House, \$125  
Branden Peterson for Senate, \$1,000  
Bowling Political Action Committee, \$25  
Independence-Republican Party of Minn, \$125  
Iron Workers Local 512, \$50  
MABC PAC, \$25  
MPA Political Action, \$100  
NAIOP Economic Growth committee, \$125  
Sensible Gun Laws, \$25  
50A House District RPM, \$125

**B. Payment of a late filing fee for January 31, 2013, 2012 year-end report:**

Grassroots for Ryan Sibinski, \$105.42

**C. Payment of a late filing fee and civil penalty for an amended 2012 year-end report:**

Branden Peterson for State Senate, \$100 late fee, \$300 civil penalty

**D. Payment of a late filing fee for March 17, 2014 Annual Report of Lobbyist Principal 2013:**

Arborjet Inc., \$25  
Bicycle Alliance of MN, \$125  
Blue and White Taxi, \$75  
Center Ice LLC, \$75  
CF Industries, \$25  
Connexus Energy, \$150  
First Children's Finance, \$25  
IBEW MN State Council, \$50  
iConstituent LLC, \$25  
Crop Life, \$25  
Institute for Agriculture and Trade Policy, \$75  
Kaplan Professional Schools, \$100  
linq3, \$50  
Medical Transportation Management, \$125

Minneapolis Auto Auction, \$100  
Minnesotans for a Fair Economy, \$100  
MN Association of Soil and Water Conservation Dist, \$50  
MN Brewers Assn, \$50  
MN Coalition for the Homeless, \$75  
MN Rural Counties Caucus, \$50  
MN State College Student Association, \$50  
MN State University Student Association, \$100  
MoneyGram International, \$125  
Natl Audubon Society MN, \$25  
OPUS Holding Co., \$125  
Personal Care Products Council, \$125  
Reach for Resources, \$75  
Retail Services and Systems Inc., \$50  
SNAP Fitness, \$125  
Stark Electronics, \$150  
Surly Brewing Co., \$100  
TKDA, \$25  
TW Telecom of MN LLC, \$100

**E. Payment of a late filing fee for January 15, 2014 lobbyist disbursement report:**

Deanna Gulliford, Goodwill/Easter Seals of MN, \$50  
Jim Niland, We Want to Work for MN, \$25

**F. Payment of a late filing fee for Original Statement of Economic Interest:**

Landon Olson, Roseau SWCD, \$100

**G. Deposit to the General Fund, State Elections Campaign Fund:**

14<sup>th</sup> Senate District RPM, \$35

**LEGAL COUNSEL'S REPORT**

Mr. Goldsmith reported to the Board that the referral of the Steve Smith Volunteer Committee to the Office of the Attorney General had been rescinded because Mr. Smith had passed away. Mr. Goldsmith stated that the Copeland for Senate Committee had been referred to the Office of the Attorney General for collection of late fees and civil penalties.

Mr. Goldsmith said that the solicitor general was defending the Board in the lawsuit Seaton v. Wiener. This lawsuit argues that the large giver component of the special source limit is unconstitutional. The plaintiffs are seeking orders temporarily and permanently enjoining the Board from enforcing this statutory provision.

**EXECUTIVE SESSION**

The Chair recessed the regular session of the meeting and called to order the executive session. Upon completion of the executive session, the regular session of the meeting was called back to order and the following items were reported from the executive session:

**Findings and Order in the Matter of the Complaint of the Republican Party of Minnesota regarding Expenditures made by the Minnesota DFL State Central Committee**

**Findings and Order in the Matter of the Complaint of the Minnesota DFL Party regarding Expenditures made by the Republican Party of Minnesota**

**Reconsideration of the Findings and Order in the Matter of the Acceptance of a Contribution from an Unregistered Association by the Cass County DFL Party Unit**

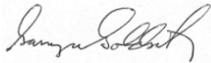
**Findings and Order in the Matter of a Corporate Contribution by Harbor Times, Inc.**

The Chair reported that in its executive session, the Board made findings and issued orders in the above matters. The findings and orders are attached to and made a part of these minutes.

**OTHER BUSINESS**

There being no other business, the meeting was adjourned by the Chair.

Respectfully submitted,



Gary Goldsmith  
Executive Director

Attachments:

Budget chart

April 22, 2014, memorandum regarding reconciliation issues

Rulemaking timeline

Memorandum regarding Board use of social media

Findings and Order in the Matter of the Complaint of the Republican Party of Minnesota regarding Expenditures made by the Minnesota DFL State Central Committee

Findings and Order in the Matter of the Complaint of the Minnesota DFL Party regarding Expenditures made by the Republican Party of Minnesota

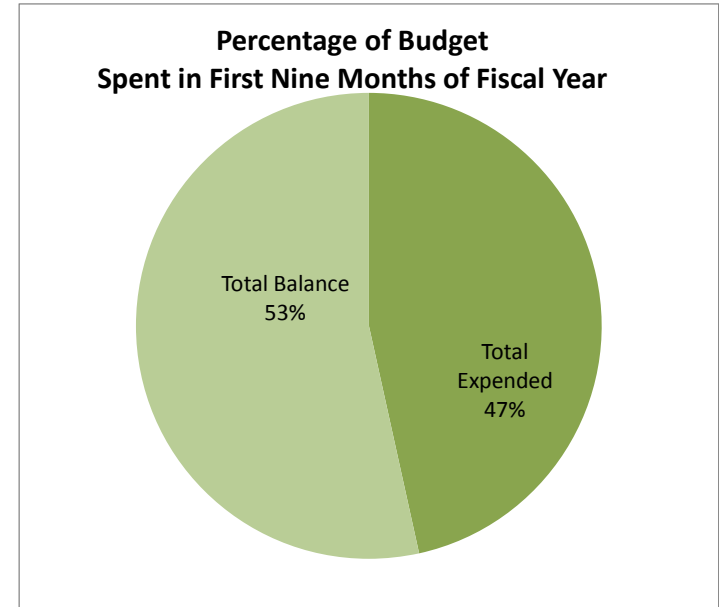
Reconsideration of the Findings and Order in the Matter of the Acceptance of a Contribution from an Unregistered Association by the Cass County DFL Party Unit

Findings and Order in the Matter of a Corporate Contribution by Harbor Times, Inc.

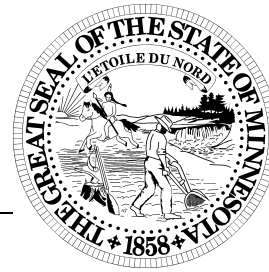


**Fiscal Year 2014**  
**Third Quarter Report - July 1, 2013 through March 31, 2014**

	Board Spending Plan	Adjusted Budget	Change in Budget Item	Expended	Percentage Expended	Balance
<b>Full time salaries</b>	\$708,000.00	\$690,000.00	-\$18,000.00	\$358,868.12	52.01%	\$331,131.88
<b>Part time salaries</b>	\$65,000.00	\$65,000.00		\$36,956.00	56.86%	\$28,044.00
<b>Space Rental</b>	\$39,966.00	\$39,966.00		\$29,808.28	74.58%	\$10,157.72
<b>Other Benefits</b>	\$5,000.00	\$5,000.00		\$2,252.00	45.04%	\$2,748.00
<b>Repairs</b>	\$500.00	\$500.00		\$0.00	0.00%	\$500.00
<b>Printing</b>	\$4,200.00	\$4,200.00		\$514.75	12.26%	\$3,685.25
<b>Professional Legal Services</b>	\$10,000.00	\$10,000.00		\$1,771.84	17.72%	\$8,228.16
<b>IT Professional Technical Services</b>	\$116,500.00	\$116,500.00		\$3,437.50	2.95%	\$113,062.50
<b>MNIT Provided IT Services</b>	\$20,500.00	\$20,500.00		\$4,712.90	22.99%	\$15,787.10
<b>Postage</b>	\$7,700.00	\$7,700.00		\$1,855.32	24.10%	\$5,844.68
<b>Travel - In State</b>	\$1,400.00	\$2,400.00	\$1,000.00	\$2,012.03	83.83%	\$387.97
<b>Travel - Out of state</b>	\$5,400.00	\$5,400.00		\$3,269.41	60.54%	\$2,130.59
<b>Supplies</b>	\$4,804.00	\$4,804.00		\$1,751.72	36.46%	\$3,052.28
<b>Equipment Rental (Copier)</b>	\$2,700.00	\$2,700.00		\$1,265.30	46.86%	\$1,434.70
<b>Maintenance Contract</b>	\$1,200.00	\$1,200.00		\$361.45	30.12%	\$838.55
<b>Equipment</b>	\$0.00	\$2,000.00	\$2,000.00	\$1,544.46	77.22%	\$455.54
<b>Software License</b>	\$0.00	\$15,000.00	\$15,000.00	\$13,000.29	86.67%	\$1,999.71
<b>Employee Training</b>	\$1,700.00	\$1,700.00		\$1,595.00	93.82%	\$105.00
<b>OAH Rule Services</b>	\$4,500.00	\$4,500.00		\$0.00	0.00%	\$4,500.00
<b>Other Operating Costs</b>	\$930.00	\$930.00		\$370.00	39.78%	\$560.00
<b>Total</b>	<b>\$1,000,000.00</b>	<b>\$1,000,000.00</b>		<b>\$465,346.37</b>	<b>46.53%</b>	<b>\$534,653.63</b>



# Campaign Finance and Public Disclosure Board



190 Centennial Building . 658 Cedar Street . St. Paul, MN 55155-1603

**DATE:** April 22, 2014

**TO:** Board Members

**FROM:** Jeff Sigurdson  
Assistant Director

**TELEPHONE:** 651-539-1189

**SUBJECT: Update on Reconciliation of Contributions between Registered Committees**

## Reconciliation of Contributions - 2000 through 2012.

As directed staff has been concentrating on finishing 2012 before moving on to reconciling contributions in prior years. There has been some movement in reducing the unreconciled contributions in 2012; \$35,862 in February to the current \$24,573 (32% reduction). The contributions that were resolved primarily came through identifying contributions that were reported as made in 2012 but which were not reported as received until 2013.

Staff is still working with a few committees to file amended reports, but it appears that the return for working on the 2012 reconciliation is diminishing. To the extent that staff resources are available during an election year I believe it would be worthwhile to move on to 2009 through 2011. That does not mean that the 2012 reconciliation will be abandoned, but that the potential for significant reductions in the backlog of unreconciled contributions is now greater in years prior to 2012.

November 2, 2013			February 4, 2014			April 21, 2014		
Year	Not Reconciled Difference Over \$100		Year	Not Reconciled Difference Over \$100		Year	Not Reconciled Difference Over \$100	
2000	\$2,842,098		2000	\$2,795,078		2000	\$2,795,078	
2001	\$470,640		2001	\$373,140		2001	\$373,140	
2002	\$6,241,753		2002	\$1,856,315		2002	\$1,856,315	
2003	\$372,648		2003	\$351,598		2003	\$351,598	
2004	\$2,335,382		2004	\$2,305,950		2004	\$2,305,950	
2005	\$248,193		2005	\$185,817		2005	\$185,817	
2006	\$483,346		2006	\$416,821		2006	\$416,821	
2007	\$615,574		2007	\$512,529		2007	\$512,529	
2008	\$2,686,354		2008	\$2,675,880		2008	\$2,675,880	
2009	\$351,235		2009	\$284,354		2009	\$284,354	
2010	\$4,791,084		2010	\$496,043		2010	\$496,043	
2011	\$500,960		2011	\$374,026		2011	\$374,026	
2012	\$4,326,600		2012	\$35,862		2012	\$24,573	
<b>Total</b>	<b>\$26,265,867</b>		<b>Total</b>	<b>\$12,663,413</b>		<b>Total</b>	<b>\$12,652,124</b>	

## **Reconciliation of 2013 Year-End Report**

The receipts and expenditures reported on the 2013 year-end report that was due on January 31, 2014, have been entered into the Board's databases. In total 743 political committees, political funds, and party units filed a report. Of that number 140 reports (19%) were filed on paper. Additionally, 695 candidate committee reports were filed, of which 162 (24%) were on paper.

The 2013 year-end reports are the first reports for which itemized expenditures were entered into a Board database. This report will also be the start of a new set of in-depth metrics on the amount of data, and the accuracy of data, filed with the Board. For example:

- In 2013 a total of \$4,372,390 in contributions was disclosed between registered committees. Of that amount \$441,497 (10.1%) does not currently reconcile.
- 269 of the 743 political committee and fund reports (36%) have at least one contribution to or from another registered committee that fails to reconcile.
- 156 of the 695 candidate committee reports (22%) have at least one contribution to or from another registered committee that fails to reconcile.
- Political party units and political committees and funds disclosed 14,233 itemized expenditures.
- Candidate committees disclosed 7,003 itemized expenditures.

Past practice has been for staff to review the list of reconciliation problems against the reports filed to see if a visual inspection could identify the contribution in the schedules of expenditures or miscellaneous income. This is extremely time consuming, both to identify misreported contributions and then to generate change letters that explain the problem and the action taken by staff to correct the report. Given the other demands on staff time during an election year it will take approximately a month to go through this process.

Staff would like the Board's approval to forgo the internal review and instead generate and mail reconciliation letters to each of the committees that potentially has a reporting error. This will place the initial burden of looking at the details of the report back on the treasurer. But, with the 1st quarter report for 2014 already filed, and with the second 2014 report due in June, staff recommends this approach so that we do not fall too far behind in processing the most current election year reports.

## **2014 - 1<sup>st</sup> Quarter Report of Receipts and Expenditures**

The 1<sup>st</sup> Quarter Report of Receipts and Expenditures was due on April 14, 2014. Not all committees were required to file this report. Only candidates running for an office that is voted on statewide (45 committees) the state central committees of political parties and the party units organized for the legislative caucuses (9 party units), all political committees ( 237 committees), and all political funds that had activity during the reporting period (reports were sent to 224 political funds, of that number 177 filed a report). In total there are 66 paper reports to enter into the databases. Staff has not started the manual data entry, but given the number of reports that should be completed by the next Board meeting.

<b>Expedited Rule Timeline</b>	
<b>Date</b>	<b>Task</b>
Start immediately	Develop rules and list of people to be notified of rules (staff and Board subcommittee)
May 27, 2014	Draft rules published for June Board meeting
June 3, 2014	Board approves draft rules
June 3, 2014	Send to Governor for preliminary review - (Governor can veto rules so agencies seek review periodically during process)
June 9, 2014	Send notice and draft rules to State Register (rules must be in revisor format, revisor gives legislative work priority over rule drafting)
Week of 6/16	Send notice and draft rules to interested parties
June 23, 2014	30 day comment period begins
July 23, 2014	30 day comment period ends
7/24 to 8/25	Respond to comments, make changes to draft rules, get changes in revisor format
August 26, 2014	Publish draft rules for September Board meeting
September 2, 2014	Board adopts rules
September 8, 2014	Get adopted rules from revisor in revisor format
September 9, 2014	Send rules to Governor for final review (in expedited rulemakings, rules can be sent to Governor and OAH simultaneously)
September 9, 2014	Send adopted rules to OAH for approval (rules must be in revisor format)
September 23, 2014	Decision required from OAH (If approved, move to next step. If not approved, make changes suggested by OAH and resubmit to OAH and Governor - add 1 Board meeting to approve changes and 3 weeks for new OAH/Gov review)
September 25, 2014	Secretary of State sends adopted rules to Governor
October 9, 2014	Two-week Governor veto period ends (2 weeks from receipt of rules from SOS)
October 13, 2014	Send adopted rules to State Register (in revisor format)
October 27, 2014	Rules effective (expedited rules effective when published in State Register)

## MEMORANDUM

**TO:** Campaign Finance & Public Disclosure Board Members  
Gary Goldsmith, Executive Director

**FROM:** Christian Sande

**DATE:** April 14, 2014

**RE:** Social Media

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Dear Chair Wiener, Vice Chair Beck, Board Members and Mr. Goldsmith:

As we discussed at our last meeting, I am interested in the Campaign Finance Board improving public access and creating a social media presence. I asked a student who has done some work for me to write a report giving some background on social media usage by government. He did such a nice job that I am circulating his report herewith to each of you.

I would not make a habit of asking members of the public to prepare information for Board consideration, but social media is a different animal for most of us and I started this process to educate myself on the issue. It just turned out that this student (a product of Eden Prairie public schools) wrote an informative report that can help all of us.

I think the Campaign Finance Board should consider a social media presence on the three networks discussed in the attached report: Facebook<sup>®</sup>, LinkedIn<sup>®</sup> and Twitter<sup>®</sup>. For the time being, we could use these networks to distribute the same information that the Board sends to its email subscription list. I do think using these existing networks can help elevate the profile of the Board and help provide information to the public as we develop a new website.

Christian Sande

**ADVANTAGES OF INTEGRATING SOCIAL MEDIA:  
MINNESOTA CAMPAIGN FINANCE BOARD**

7 April 2014

**PREPARED BY:**

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## **Introduction**

Social Media has become an intricate part of modern communication. These websites serve as fundamental sources of information for the millions of Americans who use them on a daily basis. The technology news website Mashable estimates Americans alone spend a collective 12,207,423,487 hours on social networking websites every day. News websites have seen a fifty-seven percent increase in traffic from social media since 2009, proving individuals are using their social media accounts to stay connected and informed. It is important to look at which social networks see the most involvement. Facebook is the most widely used social network. With 955,000,000 users worldwide, forty-two percent of Americans have an active Facebook account. LinkedIn is also a very popular network with 175 million users compared to Twitter's 140 million accounts, and Pinterest's mere twenty million accounts (Mashable). The Minnesota Campaign Finance Board can benefit from social media and use it regularly as a powerful tool to update Minnesotans, campaigns, and media. This report will explore how the board can leverage Facebook, LinkedIn, and Twitter to increase engagement, publish content easily, and keep Minnesotans informed.

## **Approaching Social Media**

When one thinks of social media they may immediately think of how large companies use the platforms. While many commercial brands use their Facebook and Twitter accounts to interact with customers and promote their products, it doesn't take a full-time social media staff, constant interaction, or trending hashtags to build a strong presence on social media. Municipalities like The City of Minneapolis regularly post important updates to citizens on their Facebook and Twitter pages.

Minneapolis has recently posted information about parking in Snow Emergencies, linking to content on the Minneapolis website as well as outside video resources. The Twitter feed @CityMinneapolis has over 32,000 followers and employs the model of posting static updates with the occasional call to action like “Help your neighbors avoid a ticket”.



The Minnesota Department of Commerce also has an active Twitter feed with quick, helpful tips and links.

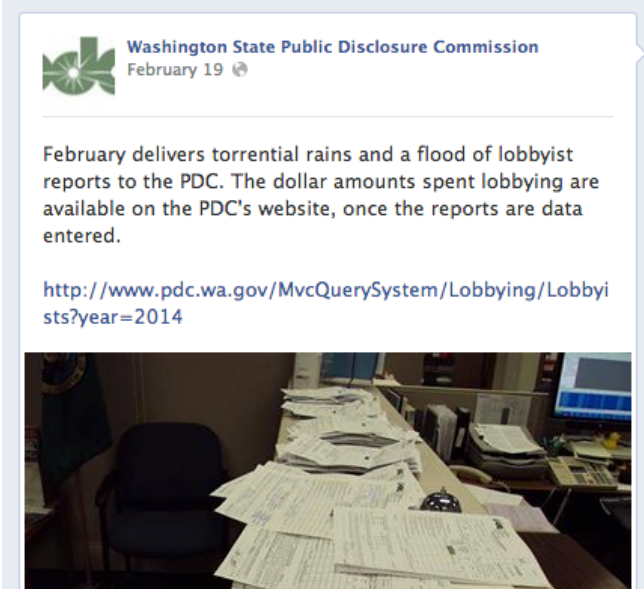


These feeds are a very powerful communications tool for governments because, while individuals may not check websites for updates on a regular basis, they are likely to check their twitter feeds and will see the information that way. Facebook acts the same way. In 2013 the International Data Center released a study reporting that smartphone users, on average, check Facebook fourteen times per day. With numbers like that, those entities posting to the site can expect significant post views and user engagement. LinkedIn’s large number of professional users also offers a unique environment in which updates can be posted.



## Current Examples on Social Media

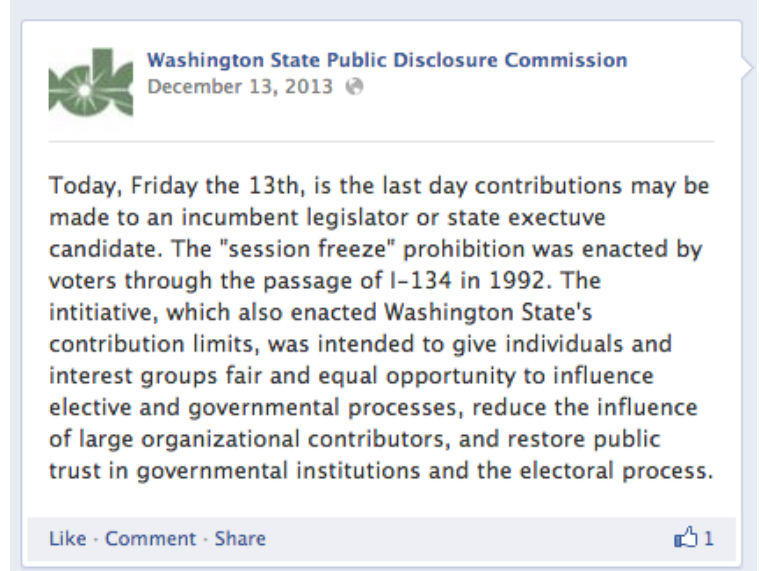
There are several examples of how similar groups and other states are leveraging social media. The Washington State Public Disclosure Commission, which oversees public access to campaign finance records and other information, frequently posts updates like the ones below to their Facebook page.



**Washington State Public Disclosure Commission**  
February 19


February delivers torrential rains and a flood of lobbyist reports to the PDC. The dollar amounts spent lobbying are available on the PDC's website, once the reports are data entered.

<http://www.pdc.wa.gov/MvcQuerySystem/Lobbying/Lobbyists?year=2014>



**Washington State Public Disclosure Commission**  
December 13, 2013

Today, Friday the 13th, is the last day contributions may be made to an incumbent legislator or state executive candidate. The "session freeze" prohibition was enacted by voters through the passage of I-134 in 1992. The initiative, which also enacted Washington State's contribution limits, was intended to give individuals and interest groups fair and equal opportunity to influence elective and governmental processes, reduce the influence of large organizational contributors, and restore public trust in governmental institutions and the electoral process.

Like · Comment · Share  1



**NYC Campaign Finance @NYCCFB** · 5h

While #NYC2013 just ended, candidates can start thinking about #NYC2017! Here are the forms you need: [ow.ly/u2k10](http://ow.ly/u2k10)

Expand Reply Retweet Favorite More

New York City's Campaign Finance board tweets frequently and offers links to important information, including links to the forms needed to form a committee.



**Wisconsin G.A.B.**  
@Wisconsin\_GAB

Wondering how to view January continuing 2014 campaign finance reports? Visit [gab.wi.gov/node/3097](http://gab.wi.gov/node/3097) to learn more.

Reply Retweet Favorite More



**MichCFR**  
@MichCFR

Annual Campaign Statements due tomorrow; Friday 1/31/2014 by 5:00PM. Avoid fees, file on time! Qs: [Disclosure@michigan.gov](mailto:Disclosure@michigan.gov)

Reply Retweet Favorite More

Comparable boards or government organizations in Wisconsin and Michigan also have active twitter accounts. Wisconsin's Government Accountability Board sent out a tweet with a link on how to access 2014 Campaign Finance Reports (Wisconsin G.A.B). Michigan's agency tweeted a reminder that annual campaign statements were due by January 31<sup>st</sup> (MichCFR). These quick updates help bridge the gap between interested individuals and a content-heavy website by driving traffic to the most recent news, reports, and announcements.

### **Establishing a Presence on Social Media**

The three social networks with the largest user bases are Facebook, Twitter, and LinkedIn. When establishing a presence on social media, one might consider starting with accounts on two or three of these networks.

#### **Twitter**

With a Twitter account the Minnesota Campaign Finance Board could post updates, links, and announcements up to 140-characters, similar to the examples shown earlier in this report. Twitter "feed" architecture allows users to see tweets in a timeline format. Individuals, candidates, campaigns, and interested parties like treasurers, may be inclined to follow the Minnesota Campaign Finance Board twitter account to stay up-to-date with the latest news and announcements, while also getting filing tips and reminders to help them avoid missing deadlines or making other mistakes that could result in fines. Media and journalists would be interested in following the board so they can be alerted when online reports have been made available or when the Campaign Finance Board makes announcements (links to press releases may also be appreciated).

## **Facebook**

Facebook's wide, demographically diverse user base can be powerful when attempting to reach a wide audience. 86% of Facebook users are over the age of twenty-four, according to a 2012 study released by OnlineMBA.com and published to Mashable. This older audience may be more inclined to subscribe to updates from the Minnesota Campaign Finance Board so this network may be crucial for the group. On Facebook, one could expect a strong following from interested members of the general public, and similar to Twitter, interest from campaigns, political professionals like treasurers, and media.

## **LinkedIn**

LinkedIn has a very wide range of professional users from nearly every industry imaginable. Some professionals may be more open to receiving updates from a Minnesota government board on a professional network instead of mixing those updates with their personal Facebook friends or family. Others may not have a Facebook or Twitter account at all. As is discussed later in the report, there are highly efficient ways to post to multiple social media accounts at once, so checking the LinkedIn "box" to post to the network is definitely worthwhile even if only a small portion of their 175 million users are reached. (Mashable).

## **Implementing a Social Media Strategy**

As the Minnesota Campaign Finance Board looks to implement social media, it's important to remember an active presence on social media doesn't require a big block of time, a large budget, or extensive technical expertise. The first step after creating the accounts would be to establish a tentative schedule of posts. This will help ensure an active social media presence, by scheduling when to post, and will also be a

resource for staff by giving them a better idea of the variety of content that might be worth posting to the social media accounts.

The second step for integrating social media into an organization is to create an efficient way to manage social media and post to multiple accounts at the same time. One of the most popular solutions for managing these accounts is a web application called HootSuite. Some of its prominent users include CBS, Sony, and the New York Public Library. The Twitter accounts of the New York Campaign Finance Board, the Minnesota Department of Agriculture, and Minnesota Department of Public Safety also appear to be using HootSuite. This platform not only makes it easy to sync messages across multiple accounts it also gives social media managers the ability to schedule posts and access analytical reports.

The online HootSuite dashboard is secured using SSL encryption. Users login with a username and password that is unique to the password used for the Twitter, Facebook, or LinkedIn accounts so the administrator can more tightly control staff's accessibility to these accounts. In the paid version of the HootSuite platform, users can add additional layers of authentication, similar to the security questions typed on a bank website. It also includes the ability give certain team member's access to certain accounts.

While I believe HootSuite is a safe and more productive way to manage social media accounts, accounts can always be updated individually on their respective websites. Twitter offers a free online dashboard called TweetDeck, which allows users to schedule tweets, see account activity, post new messages, and have conversations. Facebook's built-in Pages dashboard provides good account analytics and also includes the ability to schedule posts.

## **Conclusion**

Currently the Minnesota Campaign Finance Board has no presence on social media. Yet Americans spend a collective 12,207,423,487 hours on social networking websites every day (Mashable). Recognizing social media as a powerful tool and working to implement it could dramatically improve engagement from the community, and the accounts would serve as a resource for individuals, campaigns, campaign professionals, and journalists looking for announcements, content, and assistance. I am confident social media would also play a critical role in bridging the gap between a content heavy Minnesota Campaign Finance Board website and an information seeking public. And it can be implemented on a low budget while only asking for a small commitment from staff. Solutions like an editorial calendar and management software like HootSuite would also aide the busy staff and help them make a successful entrance into social media.

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**STATE OF MINNESOTA  
CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**

**Findings, Order, and Memorandum in the Matter of the Investigation of Expenditures  
Made by the Minnesota DFL State Central Committee**

**Background**

This matter originated with the filing of four complaints on January 21, 2014, by the Republican Party of Minnesota (RPM) alleging that the Minnesota Democratic Farmer Labor State Central Committee (DFL) and four DFL House candidates and their associated principal campaign committees violated Minnesota Statutes Chapter 10A as a result of classifying printed communications as independent expenditures when the communications were not, in fact, independent of the affected candidates. The allegations related to communications advocating the elections of Tom Degree, Laurie Halverson, Tim Faust, and Patti Fritz.

All of the complaints alleged that printed campaign communications paid for by the DFL and identified by the DFL as independent expenditures were made with the "active participation" of the candidates and, therefore, were not independent expenditures. The allegations were based on the photographs used in the mailings. The RPM claimed the photographs were not available on any candidate committee website and could not be found as publicly available images on the internet. Because the photos were not available in the public domain and appeared "staged", the complaints concluded that the images were evidence of cooperation between the candidates and the DFL in producing the communications.

Board staff initially researched the public availability of the images used in the subject independent expenditures. Those images that could be found publicly and were available prior to the alleged mailing of the subject independent expenditures were removed from consideration. However, based on the allegations in the complaints and on the fact that Board staff could not locate public copies of all the images used in the communications, the Executive Director, under authority delegated by the Board, accepted the complaint. The DFL and the candidates named in the complaints were notified of the filing of the complaints in letters dated February 7, 2014. In a letter dated February 21, 2014, the Board requested information to determine the independence of the subject expenditures.

On March 17, 2014, Charles N. Nauen of the law firm of Lockridge Grindal Nauen P.L.L.P. informed the Board that he would be representing the DFL and the candidates and responded to the Board's request for information. Mr. Nauen stated that:

The DFL House Caucus maintained a wall separating its independent expenditures from activities undertaken in conjunction with candidates. The independent-side of the caucus identified the candidates it would support with independent expenditures, retained consultants to prepare the literature, and made all decisions regarding the timing, content, format, and substance of the independent expenditures. Zach Rodvold, the DFL House Caucus Campaign Director was primarily responsible for the caucus's independent expenditure activities.

On April 11, 2014, and at the request of Board staff, Zach Rodvold submitted an affidavit regarding the independence of the subject expenditures. Mr. Rodvold stated:

Staff on the independent-side of the Caucus and the media consultants retained by the Caucus reviewed candidates' websites, social media postings, and other publicly available resources for images that could be used in independent expenditures. Staff on the independent-side of the Caucus also reviewed the candidates' websites, social media postings, and press releases for public events where the Caucus could obtain additional photographs of candidates for use in the independent expenditures.

...

Once an opportunity was identified, the independent side of the caucus arranged for a volunteer to attend the event and take photographs of the candidate. The photographs were never provided to or shared with the campaigns.

...

The public events were arranged by the candidates for campaign-related purposes, were open to the public, and were promoted on the candidates' websites, social media posts, or through press releases. The independent-side of the Caucus did not request or suggest that the candidates schedule the public events.

Regarding Tom Degree, Mr. Rodvold informed the Board that the photos which Board staff could not confirm as publicly available were obtained during a local "Tour of District 39B promoted on Tom DeGree's campaign website with the times Degree would appear at each location." On August 13, 2012, Mr. Degree held the publicly-advertised community event to interact with voters in his district, during which one of the stops was Lake Elmo Elementary where Mr. Degree is a teacher and where Mr. Degree had arranged for students from his fourth grade class from the previous year to attend the event and to appear in photographs taken for his campaign.

The DFL sent a volunteer, Jessica Nyman, to capture photos of Mr. Degree at the various stops on his local tour, and Mr. Rodvold stated that "Nyman did not interact with DeGree or the students or provide any direction regarding the photos. Nyman did not identify herself or state why she was taking the photographs." Mr. Rodvold further asserted that the "Tour of District 39B was not arranged for the purpose of obtaining images for use in independent expenditures by the DFL nor was the tour arranged at the request or suggestion of the independent-side of the Caucus."

Regarding Laurie Halverson, Mr. Rodvold stated that the photos which Board staff could not confirm as publicly available were similarly obtained after "the independent-side of the Caucus identified a schedule of constituent meetings posted on Laurie Halverson's campaign Facebook page." The constituent meetings were held on August 28, 2012, and were advertised publicly in advance.

Mr. Nauen informed the Board that "Halverson recalls that one individual identified herself as being associated with the DFL Party, but there was no discussion regarding why the individual was taking photographs or the use to which the photographs would be put." Mr. Rodvold further stated that the "constituent meetings were not arranged for the purpose of obtaining images for use in independent expenditures by the DFL nor were they arranged at the request or suggestion of the independent-side of the Caucus."

Regarding Tim Faust, Mr. Rodvold stated that "all of the images used in the independent expenditures supporting Tim Faust were obtained prior to the 2012 election cycle and were, in fact, used in independent expenditures supporting Tim Faust in 2010." Although Mr. Rodvold



could not confirm the details regarding the manner in which the images were obtained he nevertheless asserted that, consistent with the caucus' practices, the images would have been obtained from either publicly available sources or at public events. Mr. Rodvold stated that "Faust did not cooperate in connection with the [caucus] obtaining photographs for use in independent expenditures in 2010; nor did he or anyone acting on his behalf cooperate in connection with, or consent to, independent expenditures featuring those same photographs in 2012."

Finally, regarding Patti Fritz, Mr. Rodvold stated that "some of the photographs used in the independent expenditures supporting Patti Fritz, like the images of Tim Faust, were obtained prior to the 2012 election cycle." Although Mr. Rodvold could not confirm the details regarding the manner in which the images were obtained he nevertheless asserted that, consistent with the caucus' practices, the images would have been obtained from either publicly available sources or at public events.

The remaining photos of Patti Fritz which Board staff could not confirm as publicly available were obtained from public events throughout her community and publicly-advertised in advance on her Facebook page. On September 11, 2012, Ms. Fritz held meet-and-greets with constituents at three locations in her community at specified times. Mr. Rodvold stated that "the independent-side of the Caucus arranged for a volunteer, Catherine Thompson, to attend portions of the event to take photographs of Fritz. ... The meet-and-greet events were not arranged for the purpose of obtaining images for use in independent expenditures by the DFL nor were they arranged at the request or suggestion of the independent-side of the Caucus."

### **Board Analysis**

An "expenditure" in Minnesota campaign finance law is a "purchase or payment . . . for the purpose of influencing the nomination or election of a candidate . . ." Minn. Stat. § 10A.01, subd. 9.

An independent expenditure is a form of expenditure that is defined in terms of conduct that is not associated with the expenditure. The definition is as follows:

"Independent expenditure" means an expenditure expressly advocating the election or defeat of a clearly identified candidate, if the expenditure is made without the express or implied consent, authorization, or cooperation of, and not in concert with or at the request or suggestion of, any candidate or any candidate's principal campaign committee or agent.

Minn. Stat. § 10A.01, subd. 18

The allegations of the complaints asserting that the subject expenditures were not independent are based on the RPM's inability to find the subject photographs publicly available online and on the RPM's conclusion that the photographs were staged. On that basis, the RPM claims that the subject photographs could be obtained by the DFL only with a level of candidate participation that is prohibited if the resulting communications are to be considered independent of the candidates.

The issue before the Board, therefore, is whether the facts surrounding the means by which the photographs were obtained constitutes cooperation between the DFL and the subject

candidates or otherwise results in some violation of one of the other relationships that are prohibited for independent expenditures.

The evidence supports a conclusion that the candidates scheduled public meetings without input or communication from the DFL independent expenditure staff and that the candidates had no involvement in the creation or distribution of the subject independent expenditures. The candidates did not request that the DFL attend their events to take pictures. Some candidates were unaware of the DFL's attendance and no candidate had knowledge of the proposed use of the subject photographs. Therefore, the subject independent expenditures cannot be considered as being made with the cooperation of any of the candidates. Neither do the facts suggest that there was candidate action that would defeat the independence of the expenditures for any of the other reasons specified in the statute.

The sworn statement provided by the DFL supports a conclusion that the DFL independent expenditure staff acted independently of the candidates when they or their volunteers attended candidates' public events to obtain their own photographs.

**Based on the Board's investigation,  
the Board makes the following:**

**Findings of Fact**

1. During the 2012 elections, the DFL made expenditures that were reported as independent expenditures for the development, production, and mailing of printed literature. Each piece of literature urged voters to vote for the subject candidate or against the candidate's opponent.
2. The cost of these communications was reported as independent expenditures by the DFL.
3. The DFL desired to include images of the candidates in each piece of literature. Where the DFL was able to obtain these images from existing public sources or from prior campaign literature, they did so. Where the DFL was unable to obtain the desired images, they obtained images at public events held by the candidates.
4. In the cases of those candidates where images were obtained at public events, the candidate had no prior knowledge of the DFL's planned attendance or that the pictures would ultimately be used for the subject independent expenditures.
5. The candidates had no involvement in decisions or discussions regarding whether the DFL would make the subject independent expenditures on their behalf. The candidates also did not have any involvement in decisions or discussions regarding the timing, substance, or form of the subject independent expenditures made by the DFL.

**Based on the Findings of Fact and the provisions of Minnesota Statutes Chapter 10A, the  
Board makes the following:**

**Conclusions of Law**

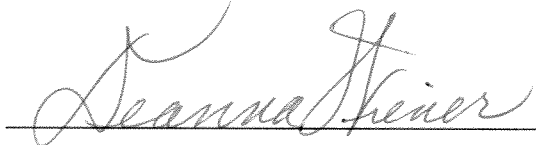
In this matter, the subject independent expenditures were made without the cooperation or involvement of the various candidates and, thus, were properly classified as independent expenditures by the DFL.

**Based on the preceding Findings of Fact and Conclusions of Law,  
the Board issues the following:**

**Order**

The Board investigation of this matter is hereby made a part of the public records of the Board pursuant to Minnesota Statutes section 10A.02, subdivision 11. This matter is concluded.

Dated: April 22, 2014

A handwritten signature in cursive script, reading "Deanna Wiener", is written over a horizontal line.

Deanna Wiener, Chair  
Campaign Finance and Public Disclosure Board

**STATE OF MINNESOTA  
CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**

**Findings, Conclusions, and Order in the Matter of the Complaint by the Minnesota  
Democratic Farmer Labor Party against the Republican Party of Minnesota**

**Background**

On January 27, 2014, the Campaign Finance and Public Disclosure Board (Board) received a complaint from Corey Day, Executive Director of the Minnesota Democratic Farmer Labor Party (DFL), regarding the Republican Party of Minnesota (RPM). The complaint alleges two reporting violations by the RPM related to the disclosure of independent expenditures made during the 2012 election. In describing the first alleged violation Mr. Day states:

The Republican Party sent at least 22 different mailings to voters either attacking DFL candidates for the Minnesota Senate or supporting Republican candidates. Each and every mailing included the disclaimer that "This is an independent expenditure not approved by any candidate or candidate's committee. Paid for by the Republican Party of Minnesota. 525 Park St, Suite 250, St. Paul, MN 55103." However, the Republican Party's 2012 Year-End Report failed to disclose a single independent expenditure against a DFL candidate and identified only six independent expenditures supporting Republican candidates.

In explaining the second alleged reporting violation Mr. Day states:

In addition, even when the Republican Party of Minnesota reported its independent expenditure activity, it concealed more than a hundred thousand dollars of expenses related to those independent expenditures. When reporting its independent expenditures affecting Minnesota House races and supporting six Republican candidates for the Senate, the Republican Party reported only expenses for "Printing and Photocopying – Political Mail." The Republican Party did not report any of the expenses involved in distributing the mailings to Minnesota even though the expenses are an integral part of the independent expenditures.

Instead, it appears that the costs of distributing the mailings may have been reported as general expenditures. The Republican Party's 2012 Year-End Report includes \$157,172.56 of general expenditures for postage with the United States Postal Service. Of these postage-related expenditures, \$144,100 do not correlate with other mailings reported as general expenditures and, instead, appear to relate to the independent expenditures. ...By falsely classifying its postage expenses as general expenditures, the Republican Party concealed \$144,100 of its independent electioneering activities in violation of Minnesota Statutes, Chapter 10A.

In support of the allegations, the DFL supplied copies of 22 different pieces of independent expenditure campaign literature sent during the 2012 election either in support of RPM Senate

candidates or in opposition to DFL Senate candidates as well as copies of the relevant year-end reports. On February 6, 2014, the RPM was notified of the complaint and provided the opportunity to respond.

Staff's review of the complaint and supporting documentation confirmed that each piece of campaign literature listed the RPM as the association that paid for the piece, and that the RPM's year-end Report of Receipts and Expenditures did not appear to disclose expenditures that corresponded to the campaign literature. However, a search of all independent expenditures made by Republican Party units found that the 2012 year-end Report of Receipts and Expenditures filed by the Senate Victory Fund (SVF) did seem to disclose independent expenditures that corresponded to the literature provided with the complaint. The SVF is a Republican party unit formed for the Republican senate caucus. In addition, the SVF also reported eight contributions to the RPM in excess of \$10,000, each of which was then matched dollar-for-dollar to a nearly contemporaneous general expenditure by the RPM for "postage" or "postage for political mailing."

Based on this examination of records the Board notified the RPM and the SVF on February 18, 2014, that the investigation was being expanded to include the SVF and the content of the campaign disclaimer provided on the literature, and asked for documentation of the postage costs to mail the literature.

On Friday, March 14, 2014, Board staff met with Bron Scherer, treasurer of the RPM; Lucas Nesse, staff for the SVF; Reid LeBeau II, legal counsel for the SVF; and Mike Campbell, staff for the SVF. The purpose of the meeting was to review the specifics of the complaint and to establish what information would be needed by the Board to complete the investigation of the complaint.

By letter dated March 24, 2014, Bron Scherer responded to the complaint for the RPM. Also on March 24, 2014, the RPM filed an amended 2012 year-end Report of Receipts and Expenditures. In response to the allegation that 22 pieces of independent expenditure campaign literature were not disclosed by the RPM Mr. Scherer states:

...the Senate Victory Fund ("Victory Fund") designed, developed, and paid for these independent expenditure mailings, and the Victory fund reported these expenditures on its 2012 year-end report. DFL's confusion likely arises from the fact that the Victory Fund used RPM's bulk mail permit to disseminate the mailings and therefore also used RPM's disclaimer. RPM appreciates that the Victory Fund's use of the party's disclaimer – a practice that the DFL and the DFL Senate Caucus Party Unit have also used – created a potential for confusion. In any event, we have prepared the appropriate amendment to the 2012 year-end report to reflect that RPM incurred postage charges as a result of the Victory Fund's use of the party's bulk mil permit and that the Victory Fund subsequently reimbursed the party for these charges.

In further response to the complaint Mr. Scherer states:

The second allegation in the DFL's Complaint is that RPM supposedly failed to report the postage component of the independent expenditures reported in the Party's 2012 year-end report. This is untrue. The postage charges were fully reported.

RPM's vendor for these expenditures was Majority Strategies, and Majority Strategies' invoices included postage costs. While the Party's year-end report describes the payments to Majority Strategies as "For: Printing and Photocopying," this is a function of the limited drop-down descriptions available on the reporting form. In retrospect, the Party could have added the words "and Postage" in the available textbox, and it will plan to do so on future reports.

In his letter Mr. Scherer offered to provide invoices from Majority Strategies to confirm that postage was included in the amount reported. Staff requested sample invoices on March 25, 2014. On April 2, 2014, Mr. Scherer provided twelve invoices from Majority Strategies which confirmed that the cost of mailing independent expenditure campaign literature was line itemed on the invoice and included in the overall payment reported by the RPM.

By letter dated March 24, 2014, Senator David Hann, treasurer for the SVF, responded to the complaint. In acknowledgement of responsibility for the 22 pieces of campaign literature provided with the complaint Senator Hann states:

The independent expenditures complained of by the Minnesota DFL were developed and paid for the SVF. The SVF paid the vendor, P2B, directly for the production cost for these expenditures and previously reported these expenditures in its 2012 year-end report. The cost for postage of the various expenditures was initially incurred by the Republican Party of Minnesota ("RPM") and reimbursed by the SVF, in an effort to utilize the RPM's bulk mail rate. The amounts paid to the RPM by the SVF were included on the SVF's 2012 year-end report as "contributions" and totaled \$145,300. The SVF recognizes and admits that the payments to the RPM for the fair market value of postage should have been reported as a vendor expenditure and aggregated into the total cost of the independent expenditures.

To reflect this accurately and efficiently the SVF has added the cost of postage to the cost of production and aggregated the total amount per expenditure in the attached spreadsheet.

Senator Hann's letter and attached spreadsheet were submitted as an amendment to the SVF 2012 year-end Report of Receipts and Expenditures.

## **Board Analysis**

### **Reporting of Independent Expenditures**

The reporting requirements for independent expenditures are found in Minnesota Statutes section 10A.20, subdivision 3(h). This statute provides that the entire cost of preparing and distributing an independent expenditure must be reported by the entity that made the independent expenditure.

The DFL alleges that the independent expenditures made and reported by the RPM did not include the cost of mailing the literature. The invoices provided by the RPM show that this

assertion is incorrect, as the postage costs were included in the payments made and disclosed to the vendor Majority Strategies. The description of the independent expenditures made by the RPM should have indicated that the reported expenditure included postage. However, the Board acknowledges that the Campaign Finance Reporter Software drop down list of expenditures does not include a listing for both production and mailing costs. Instead, the software offers an open text explanation box to provide information about an expenditure not included on the drop down list. The RPM now understands that option in the software and will use it to provide complete disclosure going forward.

Although the DFL allegation that the RPM underreported independent expenditures by failing to include postage costs is not accurate, the allegation is true when applied to the SVF's disclosure of independent expenditures. As acknowledged by Senator Hann the reported independent expenditures did not include the cost of postage. Further, the payments to the RPM for the cost of mailing the independent expenditures prepared by the SVF were misreported as a contribution to the RPM, when the payments were in fact reimbursements to the RPM.

The question for the Board then becomes why the independent expenditures were not properly reported. Reports to the Board are certified by the treasurer as true and complete; a treasurer who deliberately omits information or provides false information on a report is subject to a civil penalty imposed by the Board of up to \$3,000 and is also subject to criminal prosecution for a gross misdemeanor. These penalties do not apply if the report is inaccurate because the treasurer inadvertently left information off of a report, or did not understand one or more of the reporting requirements of Chapter 10A.

Based on the responses to the complaint and the amendments filed by the RPM and the SVF, the Board concludes there is no basis to believe that the costs related to the independent expenditures were deliberately misreported. Instead, the record before the Board points to an attempt to report all of the associated costs that was foiled in part by an incomplete understanding of how to use the Campaign Finance Reporter software to report these transactions and in part by the SVF treasurer's misunderstanding of how to report the postage payments made to the RPM.

Further, as documented above, the costs related to the independent expenditures were reported on either the RPM's or the SVF's 2012 year-end report, albeit in an improperly labeled manner. Thus, there is no evidence that the RPM or the SVF intentionally attempted to hide or obscure the reporting of the independent expenditures made by either party unit.

Unintentional reporting errors that are corrected by amendments to previously filed reports are not penalized under Chapter 10A as long as the amendments are filed promptly after the treasurer becomes aware of an error. In the present case, the RPM and SVF timely filed the amendments needed to correct the 2012 reporting errors explained above.

### **Campaign Literature Disclaimer**

Minnesota Statutes section 211B.04 requires that an association provide on its campaign literature a statement indicating who prepared and paid for the literature. Independent expenditures are a form of campaign literature, therefore, independent expenditures must disclose the entity that prepared and paid for the material.

The disclaimer used on the 22 independent expenditure pieces provided with the complaint should have indicated that the communications were prepared and paid for by the SVF. Instead

the responsible party is identified as the RPM. This misinformation led the DFL to believe that the disclosure for these 22 pieces would be found on the RPM report, when in fact the disclosure was on the SVF report.

Despite this error the Board will make no finding with respect to this issue because at the time of the violation Minnesota Statutes section 211B.04 was not under the Board's jurisdiction. This conclusion is consistent with that taken for similar circumstances in the Board's December 17, 2013, findings regarding the DFL Senate Caucus Party Unit<sup>1</sup>.

The Board understands the advantages of using a bulk mailing rate. However, the use of a bulk mailing rate is not sufficient grounds to inaccurately identify the responsible party in a disclaimer required by Minnesota Statutes section 211B.04.

**Based on the above Review and Analysis and the relevant statutes, the Board makes the following:**

#### **Findings of Fact**

1. The RPM's 2012 year-end Report of Receipts and Expenditures disclosed the total cost for each independent expenditure made by the party unit, although the report did not clearly indicate that the cost included postage.
2. The SVF's 2012 year-end Report of Receipts and Expenditures did not include postage in the total cost of each independent expenditure made by the SVF. The cost of postage was reported separately, and in error, as a contribution to the RPM, without explanation that the transfer was reimbursement for postage provided by the RPM.
3. The reporting errors of the RPM and the SVF were inadvertent and were not done to avoid disclosure of the independent expenditures identified in the complaint. Amended reports have been filed by both the RPM and SVF to correct the reporting errors.

#### **Conclusions of Law**

1. At the time the RPM and the SVF filed their 2012 year-end Reports of Receipts and Expenditures the reports were incomplete, resulting in a violation of the reporting requirements of Minnesota Statutes section 10A.20. The violations were corrected by amending the reports.
2. The omissions on the 2012 year-end reports were not knowingly made within the meaning of Minnesota Statutes section 10A.025, subdivision 2, and therefore no violation of that statute results.

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<sup>1</sup> [www.cfboard.state.mn.us/bdinfo/investigation/12\\_17\\_2013\\_DFL\\_Senate\\_Caucus\\_Findings.pdf](http://www.cfboard.state.mn.us/bdinfo/investigation/12_17_2013_DFL_Senate_Caucus_Findings.pdf) , page 5.

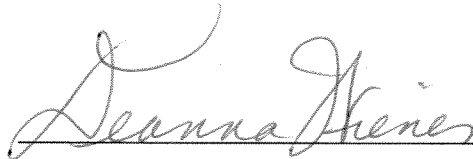


**Based on the above Findings of Fact and Conclusions of Law, the Board  
issues the following:**

**Order**

The Board investigation of this matter is concluded and hereby made a part of the public records of the Board pursuant to Minnesota Statutes section 10A.02, subdivision 11.

Dated: April 22, 2014



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Deanna Wiener, Chair  
Campaign Finance and Public Disclosure Board

**STATE OF MINNESOTA  
CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**

**Findings, Conclusions, and Order in the Matter of the Cass County DFL Committee  
and the Leech Lake Gaming Division**

**Summary of the Facts**

On November 5, 2013, the Board issued findings that the Cass County DFL Committee (Cass County DFL) and the Leech Lake Gaming Division had violated Minnesota Statutes section 10A.27, subdivision 13, which in 2012 required certain disclosures from unregistered associations that contributed more than \$100 to a political party unit registered with the Board.

The November findings arose out of a routine reconciliation audit of the 2012 Report of Receipts and Expenditures that Cass County DFL filed with the Board. On this report, Cass County DFL disclosed receipt of a \$2,500 contribution from the Leech Lake PAC, a registered political committee. The Leech Lake PAC, however, had not reported making this contribution.

In a response to the Board's inquiry, James Morales, gaming director for the Leech Lake Band, called the payment a "contribution" and stated that it was actually made by the Leech Lake Gaming Division "to provide the funding to the Leech Lake Youth Build Program for the Wellstone Action Training." The Leech Lake Gaming Division is not registered with the Board. As an unregistered association, the Leech Lake Gaming Division would be required to provide the appropriate disclosure with any contribution to a party unit in excess of \$100. No disclosure statement was provided with the \$2,500 contribution.

In a letter dated August 28, 2013, Randi Agens, treasurer for Cass County DFL, confirmed that the \$2,500 payment came from the Leech Lake Gaming Division and repeatedly referred to the payment as a contribution. Ms. Agens also said that Cass County DFL had returned the contribution to the Leech Lake Gaming Division to correct the situation.

Based on the letters from James Morales and Randi Agens, the Board found that the Leech Lake Gaming Division, as an unregistered association, had made a \$2,500 contribution to Cass County DFL without providing the required disclosure. The Board imposed civil penalties on both Cass County DFL and the Leech Lake Gaming Division.

After the findings were issued, both the Leech Lake Gaming Division and Cass County DFL asked for reconsideration. Both parties provided additional information about the \$2,500 transaction. The Leech Lake Band stated that the "Cass County DFL hosted [the] Wellstone Action Training" and that the "Band paid \$2,500.00 to the Cass County DFL to allow as many Band members as possible to attend the leadership development and community service training." The letter stated that payment was "for services to allow Leech Lake Band members to attend . . . [the] training. It was not a donation or contribution for political purposes or to influence voters in any manner." The letter also explained that staff turnover had prevented the Band from providing this explanation for the earlier proceeding.

In its reconsideration request, Cass County DFL acknowledged that in the earlier proceedings, it focused on rectifying the situation instead of providing details to the Board about the transaction. Cass County DFL said that as a result, the Board "did not have complete information when it considered this inquiry."

Cass County DFL stated that they “proposed to the [Leech Lake Band] that the two entities host a Wellstone Action training session.” The two associations raised funds for the event and the Leech Lake Band “agreed to sponsor 25 enrolled band members, at a cost of \$100 each, or \$2,500.” Cass County DFL took the lead in setting up the event and handling the logistics, and the Leech Lake Band paid Cass County DFL directly for its portion of the event.

Cass County DFL said that Ms. Agens did not receive or deposit the check in question because a former treasurer had taken these steps. Cass County DFL stated that, having not seen the check, “Ms. Agens assumed the transaction was a ‘contribution’ and relied on the list of registered units matching to ‘Leech Lake . . .’ to select the contributor when submitted the year-end report.”

The Board granted the request for reconsideration and reconsidered this matter at its meeting of April 22, 2014.

**Based on the information outlined in the above Summary of the Facts and the relevant statutes, the Board makes the following:**

#### **Findings**

1. The information provided to the Board by the Cass County DFL Committee and the Leech Lake Band of Ojibwe in response to its initial inquiries in this matter was incomplete and did not fully describe the nature of the \$2,500 transaction between the parties. The Board’s November 5, 2013, Findings and Order in this matter, therefore, were based on an incomplete set of facts.
2. The complete facts in this matter show that the Wellstone Action training was not an event paid for by the Leech Lake Band to benefit the Cass County DFL Committee. Instead it was an event jointly held and paid for by Cass County DFL and the Leech Lake Band.
3. The \$2,500 payment from the Leech Lake Gaming Division to Cass County DFL was reimbursement to the party unit for the Leech Lake Gaming Division’s share of the costs of holding this event. The payment, therefore, was not a contribution to the Cass County DFL Committee.
4. The \$2,500 payment from the Leech Lake Gaming Division should have been reported as miscellaneous income by the Cass County DFL Committee on its 2012 year-end report.

#### **Conclusions**

1. The Cass County DFL Committee did not violate Minnesota Statutes section 10A.27, subdivision 13, when it accepted a payment in excess of \$100 from an unregistered association without receiving the appropriate disclosure with the contribution.
2. The Leech Lake Gaming Division did not violate Minnesota Statutes section 10A.27 subdivision 13 (b), when it made a payment in excess of \$100 to the Cass County DFL Committee without providing the required disclosure with the contribution.

**Based on the above Findings, the Board issues the following:**

#### **ORDER**

1. The Board rescinds the civil penalty of \$2,400 imposed in its November 5, 2013, Order on the Cass County DFL Committee for accepting a contribution from an unregistered association without the disclosure required by Minnesota Statutes section 10A.27, subdivision 13.
2. The Board rescinds the civil penalty of \$1,000 imposed in its November 5, 2013, Order on the Leech Lake Gaming Division for making a contribution in excess of \$100 without providing the disclosure required by Minnesota Statutes section 10A.27, subdivision 13(b).
3. The Cass County DFL Committee is directed to amend its 2012 and 2013 year-end reports within 30 days. The Committee must reclassify the \$2,500 payment from the Leech Lake Gaming Division in 2012 as miscellaneous income and must also reclassify the \$2,500 repayment from the Leech Lake PAC in 2013 as miscellaneous income for the purpose of reimbursing the Cass County DFL for a share of the cost of holding the 2012 Wellstone training.
4. If the Cass County DFL Committee does not comply with the provisions of this order, the Board's Executive Director may request that the Attorney General bring an action for the remedies available under Minnesota Statutes section 10A.34.
5. The Board investigation of this matter is hereby made a part of the public records of the Board pursuant to Minnesota Statutes section 10A.02, subdivision 11, and upon the amendment of the Cass County DFL Committee's year-end reports, this matter is concluded.

Dated: April 22, 2014



Deanna Wiener, Chair  
Campaign Finance and Public Disclosure Board

**STATE OF MINNESOTA  
CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**

**Findings, Conclusions, and Order in the Matter of Harbor Times, Inc.**

**Summary of the Facts**

On January 11, 2014, Sue Rasmussen, treasurer for the 52nd Senate District DFL party unit ("Party Unit"), emailed Board staff for clarification on how to enter certain transactions on the Party Unit's 2013 Year-end Report of Receipts and Expenditures. The Party Unit had held a fundraiser which various individual and associations had sponsored. One of the sponsors of the event was Harbor Times, Inc. ("Harbor Times").

Minnesota Statutes, section 211B.15, subdivision 2, states that:

A corporation may not make a contribution or offer or agree to make a contribution directly or indirectly, of any money, property, free service of its officers, employees, or members, or thing of monetary value to a major political party, organization, committee, or individual to promote or defeat the candidacy of an individual for nomination, election, or appointment to a political office.

The Board has previously determined that sponsoring a political party unit's event is a contribution to the political party unit.

A violation of the prohibition subjects the contributing corporation to a civil penalty of up to ten times the amount of the violation, but not to exceed \$10,000.

The Board received a copy of the sponsorship check from Ms. Rasmussen on February 14, 2014. The check, dated July 22, 2013, was from Harbor Times for \$100 and made out to the "DFL Senate District 52" for a "Comedy Sponsorship." Nancy Breymeier, Chief Executive Officer for Harbor Times, signed the check.

After being informed by Board staff that political party units may not accept corporate contributions, Ms. Rasmussen returned the contribution to Harbor Times on January 18, 2014, and provided the Board with a copy of the check used for the return.

Ms. Breymeier wrote the Board on April 3, 2014, and stated that "...I didn't think a sponsorship would be a donation, I think of sponsorship as advertising." Ms. Breymeier confirmed that the contribution had been returned by Ms. Rasmussen. Further, she explained that "[t]his was an honest mistake, not one that will be done again."

**Based on the above Facts and the relevant statutes, the Board makes the following:**

**Findings**

1. Harbor Times, Inc., d/b/a Amore Coffee, made a corporate contribution to the 52nd Senate District DFL party unit.
2. The 52nd Senate District DFL party unit returned the \$100 corporate contribution on January 18, 2014. However, because the contribution was not returned within 90 days of deposit, as permitted in Minnesota Statutes, section 10A.15, subdivision 3, the contribution was deemed accepted.

## Conclusions

1. Harbor Times unintentionally violated Minnesota Statutes, section 211B.15, subdivision 2, when it made a prohibited corporate contribution to the 52nd Senate District DFL party unit on July 22, 2013, in the amount of \$100.
2. The violation of Minnesota Statutes, section 211B.15, subdivision 2, by Harbor Times was inadvertent, as it was not done with the intent to provide a prohibited contribution.

**Based on the above Findings and Conclusion, the Board issues the following:**

## Order

1. The Board imposes a civil penalty of \$25 on Harbor Times for making a contribution that was prohibited by Minnesota Statutes, section 211B.15, subdivision 2.
2. Harbor Times is directed to forward to the Board payment of the civil penalty by check or money order payable to the State of Minnesota within thirty days of receipt of this order.
3. If Harbor Times does not comply with the provisions of this order, the Board's Executive Director may request that the Attorney General bring an action for the remedies available under Minnesota Statutes, section 10A.34.
4. The Board investigation of this matter is hereby made a part of the public records of the Board pursuant to Minnesota Statutes, section 10A.02, subdivision 11, and upon receipt of payment of the civil penalty imposed herein, this matter is concluded.

Dated: April 22, 2014



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Deanna Wiener, Chair  
Campaign Finance and Public Disclosure Board