

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

.....
**December 4, 2019
St Croix Room
Centennial Office Building**
.....

MINUTES

The meeting was called to order by Chair Leppik.

Members present: Flynn, Haugen, Leppik, Moilanen, Rosen (arrived during chair's report), Swanson

Others present: Sigurdson, Engelhardt, Olson, Pope, staff; Hartshorn, counsel

MINUTES (November 6, 2019)

After discussion, the following motion was made:

Member Moilanen's motion:	To approve the November 6, 2019, minutes as drafted.
---------------------------	------------------------------------------------------

Vote on motion:	Unanimously passed (Rosen absent).
-----------------	------------------------------------

CHAIR'S REPORT

A. 2019 Meeting schedule

The next Board meeting is scheduled for 10:30 a.m. on Friday, January 3, 2020.

B. Verbal report from nomination committee

C. Vote for 2020 Board officers

Chair Leppik reported that the nomination committee, consisting of herself and Member Flynn, had met. Member Flynn said that the committee recommended that for 2020, Member Moilanen be named as chair of the Board and Member Haugen be named as vice-chair.

After discussion, the following motion was made:

Member Leppik's motion:	To approve the nomination committee's recommendation that for 2020, Member Moilanen be named as chair of the Board and Member Haugen be named as vice-chair.
-------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------

Vote on motion:	Unanimously passed.
-----------------	---------------------

EXECUTIVE DIRECTOR REPORT

Mr. Sigurdson told members that special elections had been scheduled in early 2020 to fill two vacant house seats. Mr. Sigurdson said that staff would be making public subsidy payments and receiving reports for those elections. Mr. Sigurdson also said that demand for training continued to be strong and that staff had held or would hold several compliance and software classes in the coming months. Mr. Sigurdson stated that he and Assistant Director Engelhardt had increased the Board's profile in another way by presenting to groups at Metro State University and the American Bar Association. Finally, Mr. Sigurdson said that staff was busy preparing for January when reports would be due in all three programs administered by the Board.

REPORT ON 2018 RECONCILIATION OF CONTRIBUTIONS

Mr. Sigurdson presented members with a memorandum regarding this matter that is attached to and made a part of these minutes. Mr. Sigurdson reviewed the history of the Board's reconciliation efforts and highlighted the fact that 99.98% of the contributions between registered entities in 2018 now had been reconciled. Mr. Sigurdson acknowledged the efforts of the Board's compliance officer, Melissa Stevens, in achieving this benchmark. Mr. Sigurdson said that Ms. Stevens had worked with 539 committees to ensure that the reports filed with the Board correctly disclosed the contributions that they had made to each other.

ENFORCEMENT REPORT

A. Consent Item

1. Administrative termination of lobbyist Ross Hougham (4469)

Mr. Olson told members that Prison Fellowship Ministries had asked for the administrative termination of Mr. Hougham's lobbyist registration because the principal had severed its relationship with Mr. Hougham on June 28, 2019. Mr. Olson stated that Mr. Hougham had filed a lobbyist disbursement report covering the period through May 31, 2019, and that the principal had stated that Mr. Hougham had not had any lobbying disbursements to report after that date. Mr. Olson said that Board staff had administratively terminated Mr. Hougham's lobbyist registration effective May 31, 2019.

After discussion, the following motion was made:

Member Haugen's motion: To confirm the administrative termination of lobbyist Ross Hougham.

Vote on motion: Unanimously passed.

B. Discussion Items

1. Retroactive administrative termination of lobbyist Walid Issa (4187)

Mr. Olson told members that Mr. Issa's former employer, Solomon Strategies Group (SSG), had asked for the administrative termination of Mr. Issa's registrations as a lobbyist for five principals. SSG asked that the terminations be retroactive to June 30, 2017. Mr. Olson said that a reporting lobbyist for four of the principals had filed lobbyist disbursement reports inclusive of Mr. Issa that covered each reporting period through May 31, 2019, and that a former reporting lobbyist for the remaining principal had filed lobbyist disbursement reports inclusive of Mr. Issa that covered each reporting period through May 31, 2018. Mr. Olson stated that SSG had asked Mr. Issa to file termination statements but that Mr. Issa had not done so. Mr. Olson said that Board staff was requesting that Mr. Issa's termination date be June 30, 2017. Member Haugen then noted that the SSG website still listed Mr. Issa as a lobbyist working for that group.

After discussion, the following motion was made:

Member Rosen's motion: To lay the request for the retroactive administrative termination of lobbyist Walid Issa over to the next meeting.

Vote on motion: Unanimously passed.

2. Balance adjustment request - MN Clean PAC (fka MN Wind PAC) (41143)

Mr. Olson told members that starting in 2016, the MN Clean PAC's reported ending cash balance was \$500 lower than the balance in the political committee's bank account. The committee believed it had received a contribution of \$500 in 2016 that was never entered into the Campaign Finance Reporter software. Mr. Olson said that the committee had been unable to ascertain the exact cause of the discrepancy and felt that it had exhausted its means of researching the issue. Mr. Olson stated that the committee was asking that its ending cash balance be adjusted upward by \$500. Mr. Olson said that the committee intended to terminate shortly after the balance discrepancy was resolved.

After discussion, the following motion was made:

Member Leppik's motion: To grant the balance adjustment request of MN Clean PAC (fka MN Wind PAC).

Vote on motion: Unanimously passed.

3. Balance adjustment request - Anselmo (Dario) 4 House (17699)

Mr. Olson told members that in 2018, the Anselmo (Dario) 4 House committee's reported ending cash balance was \$2,552.30 lower than the total balance in the political committee's bank accounts, after accounting for a \$218.39 debit that cleared in early January of 2019. Mr. Olson said that the committee

believed it had received refunds from a media outlet from which it had purchased advertising which might account for a substantial portion of the discrepancy. However, the committee had been unable to ascertain the exact cause of the discrepancy and was asking that its 2018 ending cash balance be adjusted upward by \$2,552.30 from \$1,463.60 to \$4,015.90. Mr. Olson stated that the committee had provided bank statements to Board staff for review and intended to terminate after the balance discrepancy was resolved.

After discussion, the following motion was made:

Member Swanson's motion: To grant Anselmo (Dario) 4 House's balance adjustment request.

Vote on motion: Unanimously passed.

4. Request for a payment plan - Minnesota Gun Owners Political Action Committee (41109)

Mr. Olson told members that the Minnesota Gun Owners Political Action Committee (MNGOPAC) had incurred a total of \$7,000 in late filing fees for seven reports of receipts and expenditures covering 2017 and 2018. Those reports were filed in July 2019 following service of an administrative subpoena upon MNGOPAC's treasurer, Bryan Strawser. Mr. Olson said that the Board had issued findings on October 2, 2019, resolving the investigation of the failure to timely file those reports and had ordered MNGOPAC to pay the late filing fees within 30 days. Mr. Olson stated that \$800 in civil penalties imposed via the same order had been paid and that MNGOPAC had paid \$1,500 of the amount owed for the late filing fees. Mr. Olson said that MNGOPAC was requesting the following payment plan with respect to the remaining balance of \$5,500:

- \$1,500 due 12/31/2019
- \$1,500 due 1/31/2020
- \$1,500 due 2/28/2020
- \$1,000 due 3/31/2020

After discussion, the following motion was made:

Member Moilanen's motion: To grant the Minnesota Gun Owners Political Action Committee's request for a payment plan.

Vote on motion: Unanimously passed.

C. Informational Items

1. Payment of civil penalty for disclaimer violations

Faith in Minnesota Fund, \$6,000

2. Payment of civil penalty for contribution from unregistered association without required disclosure

Minnesota Gun Owners Political Action Committee, \$400
Minnesota Gun Owners Support Fund, \$400

3. Payment of late filing fee for 2017 year-end report of receipts and expenditures

Minnesota Gun Owners Political Action Committee, \$1,000

4. Partial payment of late filing fee for 2018 first quarter report of receipts and expenditures

Minnesota Gun Owners Political Action Committee, \$500

5. Payment of civil penalty for exceeding party unit aggregate limit

Friends for Karla (Scapanski), \$50

6. Payment of civil penalty for exceeding individual contribution limit

AFSCME Council 15 People Fund, \$125

7. Payment of late filing fee for lobbyist disbursement report due 6/17/19

Ashley Gray, \$25

REVIEW OF LEGISLATIVE RECOMMENDATIONS

Mr. Sigurdson presented members with a memorandum regarding this issue that is attached to and made a part of these minutes. Mr. Sigurdson said that he and Member Moilanen had met with the Department of Revenue about the proposal to increase the amount of the political contribution refund (PCR). Mr. Sigurdson stated that the Department had expressed some concerns about the administrative cost of the proposal but also had offered ideas for mitigating those expenses, such as moving to an electronic filing system for the program. Mr. Sigurdson then said that members would need to finalize the proposals by the January meeting at the latest. Mr. Sigurdson stated that he had not met with any legislators yet because the Board had asked him not to do so until there was more consensus on the proposals. Mr. Sigurdson reiterated that any proposals would need bipartisan support to succeed.

Members then discussed the proposals and whether to pursue the technical and policy provisions separately. It was the consensus of the Board to wait until January to decide on the final proposals and course of action. Members did not object to Mr. Sigurdson meeting with legislators to begin general discussions of the potential proposals.

LEGAL COUNSEL'S REPORT

Mr. Hartshorn presented members with a legal report that is attached to and made a part of these minutes. Mr. Hartshorn told members that motions for default judgment soon would be served in the Meyer and Ellingboe matters. Mr. Hartshorn had nothing else to add to the legal report.

OTHER BUSINESS

There was no other business to report.

EXECUTIVE SESSION

The chair recessed the regular session of the meeting and called to order the executive session. Upon recess of the executive session, the chair had the following to report into regular session:

Order denying request for modification of findings, conclusions, and order in the matter of People PAC (MN), The People PAC, and 15 Principal Campaign Committees

Order extending deadline for completion of 2019 audit in the matter of the staff review of the House Republican Campaign Committee (HRCC)

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

Respectfully submitted,



Jeff Sigurdson
Executive Director

Attachments:

Report on 2018 reconciliation of contributions

Memorandum regarding legislative recommendations

Legal report

Order denying request for modification of findings, conclusions, and order in the matter of People PAC (MN), The People PAC, and 15 Principal Campaign Committees

Order extending deadline for completion of 2019 audit in the matter of the staff review of the House Republican Campaign Committee (HRCC)



MINNESOTA CAMPAIGN FINANCE BOARD

DATE: November 27, 2019

TO: Board Members

FROM: Jeff Sigurdson
Executive Director

TELEPHONE: 651-539-1189

SUBJECT: 2018 - Yearly Update on Reconciliation of Contributions between Registered Committees

Background

In the fall of 2013, the Star Tribune published an article describing problems found in the database of contributions to state candidates, political party units, and political committees and funds provided to the paper by the Campaign Finance and Public Disclosure Board. In particular the Star Tribune found that it could not reconcile over \$20 million dollars in contributions reported between registered committees during the years 2000 to 2012. Staff confirmed that the problems identified in the article existed, and during the remainder of 2013, all of 2014, and the first quarter of 2015, worked to reduce the number of contributions between registered entities that did not reconcile.

At the August 2015 Board meeting staff reported to the Board on the progress made in reconciling contributions, and reported on nine steps implemented by the executive director to minimize unreconciled contributions in future reporting years. The Board directed staff to stop the active reconciliation of contributions made prior to 2014, and to report annually to the Board regarding the reconciliation of contributions for the prior reporting year. This memo provides the status of the reconciliation of contributions between registered entities reported in 2018.

Reconciliation of 2018

The 2018 year-end reports of receipts and expenditures were due on January 31, 2019. The reports were processed using procedures designed to limit the number of unreconciled contributions caused by data entry errors. These procedures include double checking the data entry of paper reports by staff and requiring treasurers to submit complete amended reports if warranted.

In Table 1 the 2018 reconciliation numbers are highlighted in grey. The years 2010 – 2017 are provided for comparison.

Table 1

Year	Total Itemized Transfers	Amount Initially Not Reconciled	Percentage Initially Reconciled	Current Amount Not Reconciled	Percentage Currently Reconciled
2010	\$25,459,972	\$4,791,084	81.18%	\$31,968	99.87%
2011	\$4,087,836	\$500,960	87.75%	\$5,870	99.86%
2012	\$32,772,360	\$4,326,600	86.80%	\$19,614	99.94%
2013	\$4,506,703	\$417,657	90.73%	\$8,167	99.82%
2014	\$24,647,813	\$1,955,927	92.06%	\$30,561	99.88%
2015	\$5,125,778	\$530,272	89.65%	\$1,430	99.97%
2016	\$32,920,683	\$5,621,789	83.02%	\$20,858	99.94%
2017	\$5,548,494	\$180,393	96.69%	\$7,175	99.87%
2018	\$43,457,655	\$2,514,075	94.21%	\$10,500	99.98%
Totals	\$178,527,294	\$20,838,757	88.33%	\$158,484	99.91%

The reconciliation process takes considerable staff time to complete. The initial mailing to committees with a reconciliation issue was in April, with 539 committees contacted for reporting at least one contribution to or from another registered committee that failed to reconcile. Second follow-up letters were sent to over 100 committees in July and August. In almost all cases, amendments were eventually secured from the donor, the recipient, or both to resolve the discrepancies. Staff is still working with a handful of committees to resolve contributions made in 2018 that do not reconcile.



MINNESOTA CAMPAIGN FINANCE BOARD

Date: November 27, 2019

To: Board Members

From: Jeff Sigurdson, Executive Director

Telephone: 651-539-1189

Re: Review of Possible Legislative Recommendations

The Board is authorized in Minnesota Statutes section 10A.02, subdivision 8, paragraph (a), to offer legislative recommendations. At the last three meetings the Board has discussed possible recommendations. In review, at the September and October meetings the Board considered the legislative recommendations that were provided to the legislature in 2019, and recent public comments received on those recommendations. At the October meeting the Board also reviewed a staff recommendation to change the registration and reporting requirements for lobbyists and principals, and heard initial comments from the Minnesota Governmental Relations Council and the public on the lobbying recommendations. At the November meeting the Board discussed a recommendation brought forward by Member Moilanen that would raise the maximum refund amount available to donors through the political contribution refund (PCR) program.

In addition, staff and Board members have reached out to other government officials to explain the issues the Board is considering. Chair Leppik, Vice Chair Moilanen, and I met with a staff member from the Governor's office on October 25, 2019, to review the recommendations under Board consideration. As of the date of this memo I have not received any formal feedback from that meeting. I also have a meeting scheduled on December 2, 2019, with Department of Revenue staff to explain the potential recommendation increasing the maximum PCR refund, and to discuss any concerns that agency may have regarding that recommendation.

The Minnesota Government Relations Council (MGRC) is in the process of soliciting comments from its members on the lobbying proposal. The MGRC has provided its members with the draft language, and is collecting comments on the association's website. My understanding is that the MGRC will provide the feedback to the Board in early January.

The legislature is adjourned until February 11, 2020. Originally, I had hoped that the Board would decide which recommendations, if any, it would propose to the legislature in 2020 at the December meeting. However, given the relatively late start of the 2020 legislative session the Board could still postpone a final decision on recommendations until the January meeting.

Attached for your reference are the 2019 legislative recommendations as provided to the legislature, public comments received this fall on the 2019 recommendations, the October Board meeting memo explaining the possible recommendations related to the lobbying program, and the statutory change needed for the PCR recommendation.

Attachments

2019 legislative recommendations
Public comments on 2019 recommendations
Lobbyist recommendations
Political contribution refund recommendation

**CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD
DECEMBER >2019**

ACTIVE FILES

Candidate/Treasurer/ Lobbyist	Committee/Agency	Report Missing/ Violation	Late Fee/ Civil Penalty	Referred to AGO	Date S&C Served by Mail	Default Hearing Date	Date Judgment Entered	Case Status
Chilah Brown Michele Berger	Brown (Chilah) for Senate	Unfiled 2016 Year- End Report of Receipts and Expenditures Unpaid late filing fee on 10/31/16 Pre- General Election Report	\$1,000 LF \$1,000 CP \$50 LF	3/6/18	8/10/18			Board is working on the matter. Placed on hold.
Brenden Ellingboe	Ellingboe (Brenden) for House	Unfiled 2015 Year- End Report of Receipts and Expenditures	\$1,000 LF \$1,000 CP	11/29/16	5/26/17			Personal service was obtained 9/20/19
Katy Humphrey, Kelli Latuska	Duluth DFL	Unfiled 2016 Year- End Report of Receipts and Expenditures	\$1,000 LF \$1,000 CP	3/6/18	8/10/18			Board is working on the matter. Placed on hold. 3/5/19
Christopher John Meyer	Meyer for Minnesota	Fees and Penalty for late filing of 2016 Year-End Report of Receipts and Expenditures	\$1,000 LF \$1,000 CP	7/28/17	9/6/17			Personal service was obtained 9/30/19

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

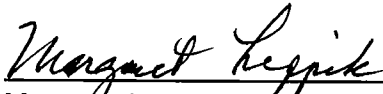
ORDER ON REQUEST FOR MODIFICATION

IN THE MATTER OF PEOPLE PAC (MN), THE PEOPLE PAC, AND 15 PRINCIPAL CAMPAIGN COMMITTEES

On November 12, 2019, the Board received a written request from Representative Ginny Klevorn to meet with the Board regarding Order number 5 of the Board findings, conclusions, and order issued on November 6, 2019, in the matter of People PAC (MN), The People PAC, and 15 principal campaign committees. Ginny Klevorn for Representative is one of the 15 principal campaign committees named in the People PAC order. In executive session at the December 4, 2019, meeting Representative Klevorn and her treasurer appeared before the Board to request that she be permitted to return the amount of the excess special source violation by making an in-kind contribution to a special source contributor. Having heard and considered her requests, the Board denied the request.

Order

The request of Representative Klevorn to modify Order number 5 of the findings, conclusions, and order issued in the matter of People PAC (MN), The People PAC, and 15 principal campaign committees is denied.



Margaret Leppik, Chair

Campaign Finance and Public Disclosure Board

Dated: December 4, 2019



MINNESOTA

CAMPAIGN FINANCE BOARD

In the Matter of the Staff Review of the House Republican Campaign Committee (HRCC) - Deadline extension for 2019 audit

In an order dated January 3, 2019, the Campaign Finance and Public Disclosure Board directed the House Republican Campaign Committee (HRCC) “in 2019, [to] retain an accounting firm to formally audit its books and procedures and make recommendations for corrective action.” The HRCC was ordered to provide the audit results to the Board by December 31, 2019.

The HRCC has retained an accounting firm to conduct this audit. The firm has recommended performing an audit in accordance with Generally Accepted Auditing Standards (GAAS) on a cash-basis covering the period from January 1, 2019, to December 31, 2019. The accounting firm has told the HRCC that an audit of 2019 cannot be completed by December 31, 2019, because it is not possible to issue an audit report before the audit year is over. The accounting firm has stated that it can complete the audit of 2019 by the end of the first quarter of 2020.

To ensure that the 2019 audit of the HRCC mandated by the January 3, 2019, order complies with Generally Accepted Auditing Standards (GAAS) and covers all of 2019, the Board hereby extends the deadline for the completion of this audit from December 31, 2019, to March 31, 2020.

/s/ Margaret Leppik
Margaret Leppik, Chair
Campaign Finance and Public Disclosure Board

December 4, 2019