

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

**FINDINGS REGARDING
CITIZENS AGAINST GAMBLING EXPANSION, LOCKRIDGE, GRINDAL, NAUEN,
P.L.L.P. and TAXPAYERS LEAGUE OF MINNESOTA**

Procedural Background

On December 17, 2004, Joseph Marble filed a complaint on behalf of Minnesotans for Responsible Gaming with the Campaign Finance and Public Disclosure Board (“the Board”) against Citizens Against Gambling Expansion, a political committee registered with the Board, alleging that Citizens Against Gambling Expansion’s treasurer, David Strom, failed to file the political committee’s Report of Receipts and Expenditures for the period covering January 1, 2004, through October 18, 2004, that was due on October 25, 2004.

Minn. Stat. §10.20, subd. 12, requires the Board to send two certified notices to individuals who fail to timely file required reports. The Board sent a certified notice to Mr. Strom on November 4, 2004, that the United States Postal Service reported as received on November 6, 2004. On November 18, 2004, the Board sent Mr. Strom another certified notice that was reported by the United States Postal Service as received on November 19, 2004. On November 17, 2004, the Board authorized referral of Citizens Against Gambling Expansion to the Office of the Attorney General for enforcement of Minn. Stat. §10A. 20, subd. 2.

On January 12, 2005, Mr. Strom submitted a Statement of Termination disclosing that the committee had less than \$100 and stated “I should never have registered the organization in the manner that I did, and have failed to keep up with the reporting requirements...At no time did I do any direct lobbying for the organization, or spend funds for or against any campaign or candidate.”

On January 18, 2005, Mr. Strom submitted a Report of Receipts and Expenditures for the period covering January 1, 2004, through October 18, 2004, and a Report of Receipts and Expenditures for calendar year 2004. These reports disclosed receipts totaling \$40,506.77, expenditures totaling \$39,135.77, and an ending cash balance of \$1,371.00. In a letter also submitted on January 18, 2005, Mr. Strom stated “prior to today, January 18, 2005, the account balance was \$1,371.00. I wrote a check today to the Taxpayers League of Minnesota in reimbursement for costs related to the mailing and distribution of a brochure in February of 2004. After bank charges of \$10.00 for the mailing of some missing statements used to prepare the reports, the balance in the account will be \$61.00.”

On January 24, 2005, the Board sent Mr. Strom a request for clarification regarding contributions Citizens Against Gambling Expansion reported receiving from Lockridge, Grindal, Nauen, P.L.L.P and the Taxpayers League of Minnesota that were not disclosed by Lockridge, Grindal Nauen, P.L.L.P’s or the Taxpayers League of Minnesota’s registered political committees.

The Board also sent letters to James Genia, Lockridge, Grindal, Nauen, P.L.L.P. and Linda Runbeck, Taxpayers League of Minnesota regarding the contributions disclosed by Citizens Against Gambling Expansion.

On January 25, 2005, Mr. Marble filed an addendum to his complaint which noted that Lockridge, Grindal, Nauen, P.L.L.P. State Political Fund did not report making any contributions to Citizens Against Gambling Expansion, an alleged reporting violation.

On February 2, 2005, Linda Runbeck, treasurer, Taxpayers League MN Victory Fund stated “no contribution of any amount was made by the Taxpayers League MN Victory Fund to Citizens Against Gambling Expansion.”

On February 7, 2005, David Lillehaug, counsel, provided a response on behalf of Mr. Strom. Mr. Lillehaug stated “neither Unincorporated CAGE nor any of its representatives ever attempted to influence the nomination or election of any candidate or promoted the adoption or defeat of any ballot question. Nor did Unincorporated CAGE make any monetary contributions to candidates seeking public office.”

Mr. Lillehaug further stated “contributors believed they were donating to an educational not-for-profit organization. The contributors did not expect that their donations would be used to promote candidates or ballot measures, and they were not.”

On February 7, 2005, Charles Nauen responded on behalf of Lockridge, Grindal, Nauen, P.L.L.P. and stated “at the time our firm made the contribution, we believed that CAGE was a non-profit public interest organization and not a political committee or political fund within the meaning of the Minnesota campaign finance laws.” On February 21, 2005, Christian Sande submitted an additional response on behalf of Lockridge, Grindal, Nauen, P.L.L.P.

The Board reviewed this matter in executive session at its meetings on January 25, 2005, and February 22, 2005. The Board’s decision was based upon the complaint, the addendum to the complaint, Mr. Lillehaug’s response, Mr. Nauen’s response, Ms. Runbeck’s response, Mr. Sande’s response, Mr. Strom’s response, and Board records.

Based on the record before it, the Board issues the following:

EVIDENTIARY FINDINGS

1. There is evidence that Citizens Against Gambling Expansion registered as a political committee on February 24, 2004. Because 2004 was a general election year, Minn. Stat. §10A.20, subd. 2, (c), requires that a registered political committee file reports fifteen days before a primary and ten days before a general election. Minn. Stat. §10A.20, subd. 12, provides that an individual that fails to timely file a statement due before a primary or general election is subject to a late filing fee of \$50 per day, not to exceed \$500, and a civil penalty of up to \$1,000 for each report.
2. There is evidence that Citizens Against Gambling Expansion, a registered political committee, accepted contributions in excess of \$100 from Lockridge, Grindal, Nauen, P.L.L.P. and Taxpayers League of Minnesota, unregistered associations, without obtaining the required disclosure. Minn. Stat. §10A.27, subd. 13, (a), prohibits a registered political committee from accepting a contribution in excess of \$100 from an unregistered association, unless at the time the contribution is made, the contribution is accompanied by a written statement that meets the reporting requirements of Minn. Stat. §10A.20. Minn. Stat. §10A.27, subd. 13, (c), provides that the treasurer of a political committee that accepts a contribution from an unregistered association without the

required disclosure is subject to a civil penalty of up to four times the amount by which each of the contributions exceeded \$100.

3. There is no evidence that Citizens Against Gambling Expansion used any contributions received to make expenditures to attempt to influence the nomination or election of any candidate or the promotion or defeat of any ballot question. Nor is there any evidence that Citizens Against Gambling Expansion made any contributions to candidates or political parties.
4. There is no evidence that Lockridge, Grindal, Nauen P.L.L.P. or the Taxpayers League of Minnesota intended their contributions to be deposited into the account of a registered political committee.

Based on the above Statement of the Evidence, the Board makes the following:

FINDINGS CONCERNING PROBABLE CAUSE

1. There is probable cause to believe that Citizens Against Gambling Expansion violated Minn. Stat. §10A.20, subd. 2, (c) by failing to file the 2004 pre-Primary Report of Receipts and Expenditures and failing to timely file the 2004 pre-General Report of Receipts and Expenditures.
2. There is probable cause to believe that Citizens Against Gambling Expansion violated Minn. Stat. §10A.27, subd. 13, (a), by accepting contributions in excess of \$100 from unregistered associations without the required disclosure. However, because there is no evidence that Citizens Against Gambling Expansion used any contributions received to make expenditures to attempt to influence the nomination or election of any candidate or the promotion or defeat of any ballot question, the Board imposes no civil penalty for this violation.
3. Because there is no evidence that Lockridge, Grindal, Nauen, P.L.L.P. or the Taxpayers League of Minnesota, two unregistered associations, were aware that they were making contributions to a registered political committee, there is no probable cause to believe that either entity violated Minn. Stat. §10A.27, subd. 13, (b), by making a contribution to Citizens Against Gambling Expansion.
4. Because the contribution to Citizens Against Gambling Expansion was not made from Lockridge, Grindal, Nauen, P.L.L.P.'s registered political committee, there is no probable cause to believe that Lockridge, Grindal, Nauen, P.L.L.P. violated Minn. Stat. §10A.20, subd. 3,(g).

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

ORDER

1. The Board imposes a late filing fee of \$500 and a civil penalty of \$1,000 on Citizens Against Gambling Expansion for failure to file the 2004 pre-Primary Report of Receipts and Expenditures. The Board also imposes a late filing fee of \$500 and a civil penalty of \$700 on Citizens Against Gambling Expansion for failure to timely file the 2004 pre-General Report of Receipts and Expenditures.

2. Citizens Against Gambling Expansion is directed to forward to the Board payment of \$2,700 by check or money order payable to the State of Minnesota, within thirty days of receipt of this order.
3. If Citizens Against Gambling Expansion does not comply with the provisions of this order, the Board's Executive Director shall refer this matter to the appropriate County Attorney for civil enforcement pursuant to Minn. Stat. §10A.28, subd. 4.
4. The complaint alleging that Lockridge, Grindal, Nauen, P.L.L.P. violated Minn. Stat. §10A.20, subd. 3, (g) by failing to disclose contributions to Citizens Against Gambling Expansion is dismissed in its entirety.
5. The Board's investigation of this matter is hereby made a part of the public records of the Board pursuant to Minn. Stat. §10A.02, subd. 11. Board staff is directed to forward copies of these Findings to Mr. Lillehaug, Mr. Marble, Mr. Nauen, Mr. Strom and Mr. Sande.

Dated: Feb. 22, 2005



Terri Ashmore, Chair
Campaign Finance and Public Disclosure Board