

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

**Findings and Order in the Matter of the Saint Paul Area Association of Realtors Issues Fund**

**Summary of the Facts**

The Saint Paul Area Chamber of Commerce has created and registered with the Campaign Finance and Public Disclosure Board (“the Board”) the St Paul Area Chamber of Commerce PAC (“SPACC PAC”). SPACC PAC is registered as a political fund. A political fund may contribute to and make independent expenditures on behalf of candidates for state level office as well as constitutional amendments. The Saint Paul Area Chamber of Commerce has also registered a political committee with Ramsey County under the provisions of Ramsey County ordinances. Registration with Ramsey county is required in order to contribute to and make expenditures on behalf of local level candidates and ballot issues. The political committee registered with Ramsey County has the same name, officers, and bank depository as the SPAAC PAC.

In the 2007 year-end Report of Receipts and Expenditures filed with the Board SPAAC PAC disclosed receipt of a \$10,000 contribution from the Saint Paul Area Association of Realtors Issue Fund (“SPAAR Fund”). The SPAAR Fund is registered with and files campaign reports with Ramsey County. However, the SPAAR Fund is not registered with the Board and is therefore an unregistered association under the provisions of Chapter 10A.

Minnesota Statutes, Section 10A.27, subdivision 13(b), prohibits an association that is not registered with the Campaign Finance and Public Disclosure Board (“the Board”) from making a contribution in excess of \$100 to a candidate, political party unit, or political committee that is registered with the Board unless, at the time the contribution was made, the unregistered association provides the recipient with disclosure of the unregistered association’s receipts and expenditures in the form specified by statute. An unregistered association that fails to provide the appropriate disclosure with the contribution is subject to a civil penalty of up to \$1,000.

In a letter dated May 22, 2008, John Knapp, representing the Saint Paul Area Chamber of Commerce PAC, confirmed that the committee accepted the \$10,000 contribution on October 22, 2007, from the SPAAR Fund without the appropriate disclosure.

B. Patrick Ruble, Government Affairs Director of the Saint Paul Area Association of Realtors, responded in a letter dated May 7, 2008, stating “The contribution in question was intended as an “independent expenditure” ... to the Saint Paul Area Chamber of Commerce’s PAC for local 2007 council elections in the city of Saint Paul. SPAAR was approached in mid-October 2007 to participate in a multi-media campaign prior to the November 6 Saint Paul city elections. ... At no time during our communication to arrange this contribution, either by telephone, in person or e-mail was it indicated that a disclosure statement needed to accompany this contribution. ...Our association’s ...Fund is a local PAC registered with Ramsey County and, as such, file [sic] reports with the Ramsey County Elections Office.”

On June 10, 2008, Mr. Knapp and Molly Grove, Vice President of Governmental Relations for the Saint Paul Area Chamber of Commerce, met with Board staff to discuss the issue. Mr. Knapp and Ms. Grove confirmed that one bank account was used for deposits and expenditures made by the SPAAC PAC and the committee by the same name registered in Ramsey County. In the view of Mr. Knapp and Ms. Grove there is only one SPAAC PAC, with dual registration with the Board and

Ramsey County required because of the desire of SPAAC PAC to participate in both state and local level elections.

This matter was considered by the Board in executive session at its meeting on June 17, 2008. The Board's decision was based upon correspondence from Mr. Ruble and Mr. Knapp, discussions with Mr. Knapp and Ms. Grove, and Board records.

### **Board Analysis**

The Board recognizes that a statute that considers a political committee that files disclosure reports with Ramsey County to be an "unregistered association" with respect to the Board may seem arbitrary, particularly where the financial transactions involved are limited to the local level for which both the donor and recipient are registered and report locally. However, under the statutes, the Board must treat political committees as unregistered associations even when the committee files campaign reports with a county or municipality.

As an unregistered association the SPAAR Fund is prohibited from making any contribution of over \$100 to SPAAC PAC, and the SPAAC PAC is prohibited from accepting the contribution, without the disclosure defined in Minnesota Statutes, Section 10A.20. There is no provision to replace the required disclosure with a report that does not meet the requirements of this statute.

However, the SPAAR Fund was recruited to contribute to SPACC PAC's effort to make independent expenditures on behalf of St. Paul candidates. As a political committee registered in Ramsey County the SPAAR Fund would know that such expenditures could only be made if SPAAC PAC was also registered in Ramsey County, and therefore the contribution would be disclosed and regulated under Ramsey County requirements. There would be no reason for the SPAAR Fund to know that the contribution would also be reported as a contribution to a fund registered with the Board, and therefore subject to contributor disclosure requirements unique to Chapter 10A. In short, the dual registration of SPAAC PAC added a second layer of statutory regulation to transactions with the SPACC PAC; a fact that would not be readily apparent to a Ramsey County committee donor. Additionally, the dual registration created confusion even as to the status of SPAAC PAC: was it one committee with dual registration, reporting requirements, and statutory regulation schemes, or was it actually two committees?

The SPAAR Fund's action of making the contribution to SPAAC PAC under the regulatory requirements of Ramsey County is understandable given the circumstances, and was considered by the Board as determining an appropriate penalty.

**Based on the above Summary of the Facts and the Relevant Statute, the Board makes the following:**

### **Findings Concerning Probable Cause**

1. There is probable cause to believe that the Saint Paul Area Association of Realtors Issue Fund, an association that is not registered with the Board, violated Minnesota Statutes, section 10A.27, subdivision 13(b), when it made a contribution in excess of \$100 to the Saint Paul Area Chamber of Commerce PAC without providing the required disclosure.

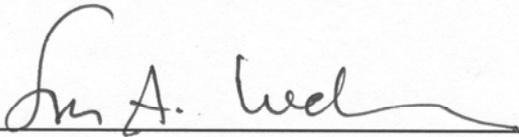
2. There is no probable cause to believe that this violation was intentional or done with the intent to circumvent the requirements of Minnesota Statutes, Chapter 10A.

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

**Order**

1. The Board imposes no civil penalty on the Saint Paul Area Association of Realtors Issue Fund for making a contribution in excess of \$100 to political party unit without the disclosure required by Minnesota Statutes, section 10A.27, subdivision 13.
2. 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: June 17, 2008



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Sven A. Wehrwein, Chair  
Campaign Finance and Public Disclosure Board

**Relevant Statute**

**Minnesota Statutes, section 10A.27, subdivision 13. Unregistered association limit;**

**statement; penalty.** (a) The treasurer of a political committee, political fund, principal campaign committee, or party unit must not accept a contribution of more than \$100 from an association not registered under this chapter unless the contribution is accompanied by a written statement that meets the disclosure and reporting period requirements imposed by section 10A.20. This statement must be certified as true and correct by an officer of the contributing association. The committee, fund, or party unit that accepts the contribution must include a copy of the statement with the report that discloses the contribution to the board. This subdivision does not apply when a national political party contributes money to its affiliate in this state.

(b) An unregistered association may provide the written statement required by this subdivision to no more than three committees, funds, or party units in a calendar year. Each statement must cover at least the 30 days immediately preceding and including the date on which the contribution was made. An unregistered association or an officer of it is subject to a civil penalty imposed by the board of up to \$1,000, if the association or its officer:

(1) fails to provide a written statement as required by this subdivision; or

(2) fails to register after giving the written statement required by this subdivision to more than three committees, funds, or party units in a calendar year.

(c) The treasurer of a political committee, political fund, principal campaign committee, or party unit who accepts a contribution in excess of \$100 from an unregistered association without the required written disclosure statement is subject to a civil penalty up to four times the amount in excess of \$100.