

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

**Findings and Order in the Matter of the Complaint
Of the Seventh Senate District DFL Political Party Unit regarding Terri Griffiths**

Evidence Used in These Findings

On February 11, 2010, the Campaign Finance and Public Disclosure Board (the Board) received a complaint from Christian Sande in his capacity as legal counsel for the Seventh Senate District DFL political party unit (the Committee). The complaint alleges that Terri Griffiths, a former treasurer for the Seventh Senate District DFL, violated six provisions of Minnesota Statutes Chapter 10A. The alleged violations occurred while Ms. Griffiths was treasurer of the political party unit between late 2004 and February 2009.

Specifically, the Complainant alleges that Ms. Griffiths failed to discharge her duties as treasurer when she: failed to keep written records of expenditures (Minnesota Statutes, Section, 10A.13, subdivision 1(3)); failed to obtain a receipted bill for every expenditure over \$100 (Minnesota Statutes, Section, 10A.13, subdivision 2); failed to maintain an account of the name, address, date, and amount of contributions in excess of \$20 (Minnesota Statutes, Section, 10A.13, subdivision 1(2)); issued a personal loan for purposes not related to the conduct of a campaign (Minnesota Statutes, Section 10A.17, subdivision 3a); expended more than the prescribed amount for petty cash (Minnesota Statutes, Section 10A.17, subdivision 3); and personally certified and filed Reports of Receipts and Expenditures with the Board that Ms. Griffiths knew contained false or incomplete information (Minnesota Statutes, Section 10A.025, subdivision 2).

The allegations were based on the results of an internal financial audit conducted by the Seventh Senate District DFL. In explanation of the complaint Mr. Sande states, "...the 7th SD DFL Committee discovered significant concerns involving the reports filed by its then-treasurer, Terri Griffiths. When confronted, Ms. Griffiths promptly resigned and has not communicated with the Committee since then. The Committee has undertaken an extensive audit of its bank records and what other information that it has been able to recover going back to 2005 (Ms. Griffiths became treasurer in late 2004). There are significant cash transactions and reimbursements to Ms. Griffiths and her husband that were not authorized by the Committee and for which the Committee cannot now account."

Information and Records Supplied in Support of the Complaint

Based on the information discovered during the internal audit the Seventh Senate District DFL filed amended year-end Reports of Receipts and Expenditures for the years 2005 through 2008 with the Board on February 11, 2010. Further amendments to correct calculation errors were filed on October 15, 2010.

On February 19, 2010, in support of the complaint the Committee supplied the Board with copies of bank statements and copies of checks issued from the Committee account starting in late 2004 to the end of 2008. Among the copies of checks provided to the Board were 23 checks signed by Ms. Griffiths that were made payable to either "Cash", or to Ms. Griffiths' husband Joe Griffiths. The total value of the 23 checks was \$22,833.28. Additionally, the

Committee provided copies of two checks with a total value of \$7,915.25 issued from the joint account of Terri and Joe Griffiths that were deposited in the account of the Committee in December of 2008.

On its amended reports the Committee disclosed the 23 checks as expenditures, and described the purpose of the expenditures as either unauthorized reimbursements or unauthorized cash expenditures. The amended reports also listed additional expenditures and contributions not disclosed on the original reports filed by Ms. Griffiths. Of note were three payments totaling \$3,800 to Joe Griffiths in 2005, which will be referenced later in these Findings. The purpose of the \$3,800 in payments is described as a reimbursement for lawn signs.

A comparison of the original reports filed by Ms. Griffiths and the amended reports filed by the Committee show the following differences.

		<u>Beginning Cash Balance</u>	<u>Total Receipts</u>	<u>Total Expenditures</u>	<u>Ending Cash Balance</u>
2005	Original Report	\$6,396.52	\$5,487.00	\$10,079.76	\$1,779.92
2005	Amended Report	\$6,519.52	\$9,334.00	\$14,743.60	\$1,109.92
	Difference between Reports	(\$123.00)*	(\$3,847.00)	(\$4,663.84)	\$670.00
2006	Original Report	\$1,799.76	\$8,542.41	\$9,633.35	\$708.82
2006	Amended Report	\$1,109.92	\$17,139.50	\$15,860.30	\$2,389.08
	Difference between Reports	\$689.84	(\$8,597.09)	(\$6,226.95)	(\$1,680.26)
2007	Original Report	\$708.82	\$21,426.50	\$7,504.72	\$8,930.61
2007	Amended Report	\$2,389.08	\$20,277.35	\$15,535.82	\$7,130.61
	Difference between Reports	(\$1,680.26)	\$1,149.15	(\$8,031.10)	\$1,800.00
2008	Original Report	\$8,930.60	\$15,955.85	\$7,576.10	\$8,294.40
2008	Amended Report	\$7,130.61	\$28,173.37	\$27,009.58	\$8,294.40
	Difference between Reports	\$1,799.99	(\$12,217.52)	(\$19,433.48)	\$0.00

*Note: In reviewing bank records in preparation for filing the complaint the Committee became aware of a discrepancy between the actual funds available in the bank and the cash balance reported to the Board at the end of 2004. The Committee believes the discrepancy existed prior to Ms. Griffiths becoming treasurer. This accounts for the \$123 difference in the beginning cash balance in 2005 for the Griffiths and Amended reports.

After comparing the bank records to the Reports of Receipts and Expenditures filed by Ms. Griffiths, the Board's staff determined that there was sufficient evidence to support an investigation of the allegation that the reports contained false or incomplete information.

However, the evidence available to the Board did not directly support the Committee's other five allegations that Ms. Griffiths failed to maintain adequate records, used Committee funds to improperly issue loans, and violated statutory provisions related to petty cash. By letter dated March 11, 2010, the Board contacted John Schwetman, Chair of the Seventh Senate

District DFL, to determine if the internal investigation conducted by the party unit had discovered specific information or records that would substantiate these allegations.

On March 19, 2010, Mr. Schwetman provided the Board with a sworn statement describing the records and information used by the Committee to audit its financial records and formulate the complaint. In regard to the allegation that Ms. Griffiths made improper loans Mr. Schwetman recounts the discovery of an unauthorized payment by Ms. Griffiths of \$9,000 to Joe Griffiths, and subsequent deposit of \$7,915.25 back into the Committee's account from the Griffiths' personal account. Mr. Schwetman states, "One way to view these transactions is as an unauthorized loan by the Committee to Ms. Griffiths and her husband (although Ms. Griffiths has not repaid the remaining balance of \$1,084.75). At the same time, there is no documentation to indicate that Ms. Griffiths viewed these transactions as a loan. Accordingly, our complaint with the Board against Ms. Griffiths identifies these transactions as an unauthorized loan, but the Committee also views the transactions as simply a misappropriation of funds..."

In his statement Mr. Schwetman explained that shortly after her resignation Ms. Griffith turned over to him two boxes of files and other miscellaneous items that the Committee believed to be all of the records kept by Ms. Griffiths during her tenure as treasurer. Based upon the examination of the files by the audit committee Mr. Schwetman states, "The files delivered by Ms. Griffiths...are woefully inadequate to reflect the Committee's various transactions during the time that Ms. Griffiths served as treasurer and do not contain the written records required...to prepare and file accurate reports to the Board."

Relating the records obtained from Ms. Griffiths to the allegation that Ms. Griffiths failed to obtain receipted bills for all expenditures over \$100 Mr. Schwetman states, "I did not find a single receipt of an expenditure from the time period that Ms. Griffiths served as the Committee's treasurer. Similarly, I did not find a checkbook, copies of checks written or any checkbook log for the time period that Ms. Griffiths served as the Committee's treasurer."

In support of the allegation that Ms. Griffiths failed to maintain an account of the name, address, date, and amount of contributions in excess of twenty dollars Mr. Schwetman states, "...I obtained from the Committee's bank a full record of all transactions for the years 2005 through 2008 and the Committee began assembling information to prepare amended reports. This process also included independent research to identify addresses and employment information for donors based on copies of checks obtained from the bank. While the Committee was able to correct its reports for the years 2005 through 2008 with significant accuracy after this painstaking process, we did so without the benefit of much written records that Ms. Griffiths was required ...to maintain."

Mr. Schwetman did not address the allegation that Ms. Griffiths expended more than the prescribed amount for petty cash in his statement.

Response to the Complaint by Ms. Griffiths

The Board notified Ms. Griffiths of the complaint on February 18, 2010. The notification provided Ms. Griffiths with an opportunity to respond by March 12, 2010, but also cautioned her that the allegations were serious, and that she may wish to retain legal counsel regarding the complaint. During executive session on March 2, 2010, the Board authorized staff to issue a subpoena to Ms. Griffiths to compel her to provide testimony and any records related

to the complaint if needed. No voluntary response was received from Ms. Griffiths by March 12, 2010. A subpoena was issued for service on Ms. Griffiths on March 15, 2010. The St. Louis County Sheriff's Office was unable to locate and serve the subpoena on Ms. Griffiths.

On March 29, 2010, staff received a telephone call from Ms. Griffiths. She stated that she had just returned home from a prolonged absence and had therefore just received the notice of the complaint. Ms. Griffiths stated that she wanted to respond to the allegations in the complaint, but would need some time to prepare her reply. In order to provide Ms. Griffiths with time to prepare a response the Board laid over the complaint on April 6, 2010.

Staff notified Ms. Griffiths that the Board had granted her additional time to respond in a phone conversation on April 6, 2010. At that time Ms. Griffiths was informed that because of the seriousness of the allegations her response would need to include a sworn statement provided at the Board's office in St. Paul. Because Ms. Griffiths lives a significant distance from St. Paul staff agreed to take her statement when Ms. Griffiths expected to be in the metropolitan area on other business. Ms. Griffiths provided her deposition to the Board on May 3, 2010.

Ms. Griffiths was accompanied to the deposition by her husband Joe Griffiths. Ms. Griffiths was asked about the process used by the Executive Board of the Committee to authorize expenditures or ratify reimbursements. Ms. Griffiths provided that she received no training on the committee's fiscal procedures when she took over as treasurer. Because of this Ms. Griffiths stated, "So I didn't realize that you needed [District Party Unit] Board approval to set up – to withdraw funds, to set up cash boxes for fundraisers, or if needed, you know, some cash." Ms. Griffiths also said that past and current Chairs of the Committee made expenditures without prior authorization, and that some checks had been issued and signed by a Committee Chair. This led Ms. Griffith to believe that authorization was not required before an expenditure was made. Ms. Griffiths indicated that she became aware of the Committee's authorization process later in her tenure as treasurer.

Ms. Griffiths was asked why the 23 checks used to withdraw cash or made payable to Joe Griffiths were not disclosed on the Report of Receipts and Expenditures she filed with the Board. Ms. Griffiths explained that she did not view the cash withdraws as reportable transactions because they were used to fund cash boxes used at fundraisers, conventions, and other Committee functions. Ms. Griffiths further provided that she reported only the money received at a fundraiser or Committee event. In explanation on how the funds from the 23 checks were returned to the Committee account Ms. Griffiths states, "Well, they were for setting up cash boxes and for – they were for fundraisers. So either I would make a direct deposit of the amount, that particular amount, or else they would be deposited with checks from the fundraiser." In response to a question on why some of the checks were made out to her husband Ms. Griffiths stated, "A couple of times it was on a Saturday, and I forgot to get cash for them. And so I had my husband go to our personal account, because I couldn't get into North Shore Bank because they were closed. And he would get cash out of our personal checking account."

When asked about the purpose of the \$9,000 check written to her husband Ms. Griffiths stated, "Well it was an error on my part. It was a mistake." Ms. Griffiths declined to elaborate further. Ms. Griffiths did provide that the two checks totaling \$7,915.25 deposited in the Committee account from the personal account of Ms. Griffiths were to replace the \$9,000. Ms. Griffiths stated that there was a third deposit used to return the difference between the

\$9,000 and \$7,915.25, although she could not recall the date on which the third deposit occurred.

Ms. Griffiths acknowledged that the reports she filed with the Board may be incomplete, but contended that was because many of the Committee's financial activities occurred without her direction as treasurer. In particular Ms. Griffiths characterized the disclosure for the Solon Munger fundraiser dinner, (an annual event that is a major source of funding for the Committee), as incomplete because critical information from the event was not provided to her as treasurer. Ms. Griffiths stated, "And if we want to talk about filing the year-end reports to the Campaign Finance Board, I had asked the person that was responsible for the Solon Munger dinner that I need a listing of silent auction items. And I asked her every year for four years, and I never received a listing." Ms. Griffiths further stated "And I completed the reports, the end-of-the-year reports, with the information I had. I couldn't include any information about the silent auction, about any of the cash fundraisers, because I had no information. And I had asked for information, and was not given any."

During the course of the deposition Ms. Griffiths stated that she did have financial records from her time as treasurer that were not provided to the Committee when she resigned. Board staff requested a copy of all financial records related to the Committee. On May 4, 2010, Ms. Griffiths e-mailed copies of spreadsheets that contained Committee budgets for 2006 through 2009, thirty four monthly treasurer reports from the years 2006 through 2008, lists of Committee contributors for 2007, 2008, and a portion of 2009, a list of individuals who bought T-shirts that had been produced by the Committee, and spreadsheets of the expenditures and proceeds from the Solon Munger fundraiser dinners held in 2006 through 2008. On May 17, 2010, the Board received from Ms. Griffiths paper copies of invoices and receipts from vendors who provided services to the Committee, and copies of expense reports signed by the Committee chair authorizing payments.

Board staff conducted extensive reviews of the records and documents provided by Ms. Griffiths, and of the bank records provided by the Committee. Based on the review Ms. Griffiths was asked additional questions by letter dated October 4, 2010. Specifically, Ms. Griffiths was requested to provide a list of the fundraising events to which each cash withdrawal was related. On October 22, 2010, the Board was contacted by Rick Holstrom, legal counsel for Ms. Griffiths. Mr. Holstrom informed Board staff that Ms. Griffiths would not be responding to the Board's request for additional information.

Additional Information from the Committee and Reply to Ms. Griffiths' Testimony

By letter dated September 24, 2010, the Committee was asked questions about the bank records and amended reports it filed with the complaint, and on allegations provided in Ms. Griffiths' testimony. The Committee responded in letters from John Schwetman, current Chair of the Committee, Marshall Stenersen, who served as Chair of the Committee from 2004 through 2006, Jeanette Martimo, who served as Associate Chair of the Committee from 2004 until she became Director of the Minnesota State DFL in 2008, and by a letter from Christian Sande, legal counsel. The responses from the Committee were received by the Board on October 18, 2010. Additional responses from members of the Committee were received on October 28, 2010.

Mr Schwetman responded to a series of questions about the amended reports filed by the Committee. One of the questions asked the Committee why they had included the payment

of \$3,800 to Joe Griffiths for reimbursement of lawn signs in 2005 when Ms. Griffiths had not listed this expenditure on the report she filed with the Board. The Committee was asked for information on the vendor who printed the signs, and if the Committee had any additional basis for listing the expenditure other than copies of checks issued to Joe Griffiths that read "lawn signs" in the memo field. After explaining the lack of records from Ms. Griffiths and the difficulty in filing an amended report for 2005, Mr. Schwetman states, "The same could be said for the lawn signs purchased by her husband Joseph Griffiths...My recollection is that this is a plausible expenditure. However, since Ms. Griffiths failed to document the reimbursement...on the original report for 2005, and since she did not provide documentation of the expense when she resigned, I have no way to determine who the payee was on a check that Mr. Griffiths undoubtedly would have written to the sign producer..."

In answer to Ms. Griffiths explanation that the cash withdrawals were for the purpose of funding cash boxes at Committee events Mr. Schwetman responded, "Ms. Griffiths' explanation of her cash withdrawals is not credible to the members of the Senate District 7 DFL Executive Committee. ...the sums of money that Ms. Griffiths withdrew without informing the Executive Committee seem too large for her stated purpose."

In an additional response received by the Board on October 28, 2010, Mr. Schwetman states that in 2008 two events held by the Committee did use cash boxes, and that the dates on which these events were held did match the timing of two cash withdrawals made by Ms. Griffiths. Mr. Schwetman also states that the timing of other cash withdrawals made by Ms. Griffiths did not correspond to dates on which the Committee would need cash boxes.

Mr. Sande also responded to Ms. Griffiths' position that the cash withdrawals were for the purpose of funding cash boxes. Mr. Sande stated, "Ms. Griffiths' claim that she withdrew thousands of dollars to use as petty cash for fundraising events is just not credible given that the Committee hosts only two or three events each year and the admission fee for each event is never higher than \$35."

Ms. Martimo questioned if cash would even need to be withdrawn for cashboxes. Ms. Martimo stated, "In my personal experience, for a convention, myself or someone in charge of registration would kick in \$20 or \$30 in cash, show another board member, have a note signed by both that the original sum was in there, at the end of the convention, and we would take the original money back."

In response to Ms. Griffiths' assertion that she was not aware of the process used by the Committee to authorize expenditures Ms. Martimo stated in her letter that, "Only the Chair of the Senate District has the authorization and authority to make independent financial decisions and write checks for up to \$250 between board meetings. He/She must then present this information to the board for approval at the next meeting. The Treasurer never makes independent financial decisions."

Mr. Stenersen acknowledged that he did sign some checks during his term as Chair. Mr. Stenersen stated, "Both the Chair and the Treasurer were authorized to sign such checks. Only expenditures approved by our Executive Committee were made."

Mr. Schwetman explained the authorization process during his term as Chair by stating, "To summarize, all expenditures were supposed to be submitted to the Executive Committee for a vote. If they received a majority vote, then I sent a request for a check for that amount of

money to our treasurer by e-mail or a hard-copy of an expense report that Ms. Griffiths had produced for us—an effective record-keeping mechanism that we still use. ...To the best of my knowledge, all expenditures were approved by a majority vote of the Senate District 7 DFL Executive Committee, with the exception of the checks that Ms. Griffiths made out to herself and to her husband.”

Regarding the conduct of the Solon Munger dinner and silent auction and Ms. Griffiths contention that she was not provided adequate records from these events Ms. Martimo replied, “Concerning the issue of records for the Solon Munger Dinner, I was involved with the Silent Auction for three of the years in question and was responsible for taking the inventory which included the name of contributor, item contributed and value. I personally wrote these records out. These records were given to Ms. Griffiths for record keeping.”

Mr. Schwetman also addressed the issue of the Solon Munger dinner when he stated, “The dinner is organized by the Solon Munger Dinner Committee, which is appointed by the Party Chair. ...There were usually four people on the committee, and, while she was our treasurer, Ms. Griffiths was always one of these four. She was actively involved in the planning and in the execution of the event. She seemed to be keeping careful records of our silent auction as it took place on the evening of the dinner.”

Board Analysis of Allegations

The Committee alleges that Ms. Griffiths violated five provisions of Minnesota Statutes Chapter 10A while treasurer. The alleged violations are restated followed by the Board’s analysis of the evidence provided.

Ms. Griffiths issued a personal loan for purposes not related to the conduct of a campaign. Minnesota Statutes, Section 10A.17, subdivision 3a

Minnesota Statutes, Section 10A.17, subdivision 3a provides that a political party unit may loan money, but that a “...party unit may not lend money it has raised to anyone for purposes not related to the conduct of a campaign.”

However, all loans, whether for a political purpose or not, are transactions that must be reported under Chapter 10A. None of the Reports of Receipts and Expenditures filed with the Board by Ms. Griffiths discloses loans, either to herself or any other entity. Further, Ms. Griffiths did not describe any of the cash withdrawals or checks made payable to Joe Griffiths as loans in her deposition.

For the Board to find that a loan was for a purpose unrelated to the conduct of a campaign there must first be a transaction identified as a loan. Therefore, the allegation that Ms. Griffiths made loans for purposes not related to the conduct of a campaign is not substantiated.

Ms. Griffiths exceeded the limit for petty cash withdrawals. Minnesota Statutes, Section 10A.17, subdivision 3

In recognition of the fact that political committees may on occasion need relatively small amounts of cash for minor expenditures Minnesota Statutes, Section 10A.17, subdivision 3 provides that the treasurer of a legislative district political party unit may sign vouchers for up to twenty dollars a week to be used for miscellaneous expenditures. A withdrawal of funds for use as petty cash is a reportable expenditure under Chapter 10A.

None of the Reports of Receipts and Expenditures filed with the Board by Ms. Griffiths discloses expenditures for petty cash. Further, Ms. Griffiths did not characterize any of the cash withdrawals or checks made payable to Joe Griffiths as being for the purpose of funding petty cash expenditures. No copies of petty cash vouchers were provided by either Ms. Griffiths or the Committee. Therefore, the allegation that Ms. Griffiths exceeded the statutory limit on petty cash withdrawals is not substantiated.

Ms. Griffiths failed to keep written records of expenditures and failure to obtain a receipted bill for all expenditures over \$100. Minnesota Statutes, Section 10A.13, subdivisions 1(3) and 2

A treasurer is obligated to keep accurate records of all expenditures made on behalf of the committee. If the amount of the expenditure is over \$100 the treasurer is required to obtain and retain a bill or receipt from the vendor. Without expenditure records a treasurer is not able to file accurate reports with the Board or document the validity of expenditures reported in the case of an audit. A treasurer who fails to maintain accurate expenditure records is subject to a civil penalty of up to \$1,000. The statute provides no additional penalty for failure to obtain and maintain bills and receipts for expenditures of over \$100.

The Committee did not receive copies of receipts, invoices, and monthly treasurer reports with the records provided by Ms. Griffiths at the time of her resignation. The Board's review of the records maintained by Ms. Griffiths found that the records were incomplete. As an example, there was no documentation to support the \$3,800 paid to Joe Griffiths as a reimbursement for lawn signs. Similarly, some checks issued by Ms. Griffiths to vendors for an amount of over \$100 could not be matched to the receipts and invoices maintained by Ms. Griffiths for the years 2006, 2007, and 2008.

Based on incomplete records for 2006, 2007, and 2008, the Board finds sufficient evidence to support a finding of probable cause that Ms. Griffiths failed to keep appropriate records for expenditures made by the Seventh Senate District DFL. Because 2005 is beyond the four year requirement for Ms. Griffiths to maintain the committee's financial records the Board does not make a determination as to whether adequate records were maintained for that year.

Ms. Griffiths failed to maintain an account of the name, address, date, and amount of contributions in excess of \$20. Minnesota Statutes, Section 10A.13, subdivision 1(2)

A treasurer is obligated to keep accurate records of contributions received by the committee. Without a record keeping system for contributions a treasurer will be unable to submit accurate reports to the Board. The specific information required when the contribution is more than twenty dollars is needed so that the treasurer may aggregate together multiple donations from the same contributor and itemize the contributor on reports to the Board if the total contributions exceed \$100. A treasurer who fails to maintain accurate contribution records is subject to a civil penalty of up to \$1,000.

The Board's review of the records maintained by Ms. Griffiths found that the records were incomplete. No spreadsheet was provided for 2005 or 2006. The 2007 spreadsheet lists the name and address of individuals who contributed to the committee, as does the 2008 spreadsheet. Neither spreadsheet lists contributions from political committees and funds, which are a major source of funding for the committee. All of the individual contributions listed in the 2007 and 2008 spreadsheets are for either \$50, or for a couple, \$100. This leads the Board to believe that better records were kept for individual contributors so that Political Contribution Refund receipts could be issued.

On the first report filed by Ms. Griffiths in 2005 all contributors, even those who provided \$100 or less, were itemized. Based on the level of detail provided in 2005, the Board concludes that contributor records were maintained at the time, even if they have been lost over the past 5 years. Further, Minnesota Statutes 10A.025, subdivision 3, provides that a treasurer must maintain financial records for four years. Ms. Griffiths was not required to maintain records from 2005.

Based on no record of contributions received in 2006, and incomplete records for 2007 and 2008, the Board finds sufficient evidence to support a finding of probable cause that Ms. Griffiths failed to keep appropriate records for contributions made to the Seventh Senate District DFL during the years of 2006, 2007, and 2008.

Ms. Griffiths knowingly filed false reports with the Board. Minnesota Statutes, Section 10A.025, subdivision 2

The most serious of the allegations in the complaint is that Ms. Griffiths certified as true and complete Reports of Receipts and Expenditures that she filed with the Board while knowing that the reports contained false or incomplete information. This is a completely different accusation than stating that a report filed with the Board is inaccurate or incomplete. The provisions of Chapter 10A anticipate accidental mistakes and omissions in reports filed with the Board. As long as the treasurer amends a filed report within 10 days of realizing or being notified of an error or omission there is no violation of statute or penalty.

In this complaint the Committee alleges that the treasurer knew she was omitting significant transactions, and therefore intended, to file misleading information with the Board. Chapter 10A demands and the public expects as a foundation of clean elections that disclosure of the financial activity of political entities in Minnesota be complete and accurate. Knowingly filing reports that failed to provide accurate disclosure is punishable with the highest civil penalty available to the Board, \$3,000 per violation, and the potential of criminal prosecution.

After examining the bank records provided with the complaint the Board concludes that the Reports of Receipts and Expenditures filed by Ms. Griffiths are incomplete, and therefore inaccurate. The evaluation of whether there is enough evidence to conclude that Ms. Griffiths knew that the reports were inaccurate when they were filed is based on the 23 checks for cash or made payable to Joe Griffiths for \$22,833.28, and the two checks for \$7,915.25, written on the joint account of Terri and Joe Griffiths that were deposited into the Committee's account.

For the purposes of the Board's investigation of this allegation it is not necessary to consider whether Ms. Griffiths acted without authorization when she issued the 23 checks. It is also not necessary to determine if the \$22,833.28 is a misappropriation of Committee funds. Instead the question for the Board is whether the transactions were reportable under Chapter 10A, and if so, is there is probable cause to believe that Ms. Griffiths left the transactions off the reports deliberately. The Board notes that any allegation of misuse or misappropriation of the Committee's funds would arise under Minnesota Statutes, section, 211B.12, which is not under the Board's jurisdiction.

Ms. Griffiths contention is that \$13,833.28 in cash withdrawals and payments to Mr. Griffiths were used to fund cash boxes at the Committee's fundraisers and convention. (Ms. Griffiths concedes that the \$9,000 payment to Mr. Griffiths was for a purpose other than to fund cash boxes.) If setting up cash boxes was the only purpose for the withdrawals, then not reporting the transactions would be appropriate. Money for a cash box is not a reportable "expenditure" under Chapter 10A because the funds never leave the control of the committee. A treasurer would also not report the deposit of the money used to set up a cash box back into a committee's account because that would make it appear as a new contribution, and overstate the cash balance of the committee.

However, the evidence available to the Board does not support Ms. Griffiths' contention that the funds were used for cash boxes. The following table compares the amount of cash withdrawn and payments to Joe Griffiths to the total cash deposits of the Committee.

Year	Total Cash Deposits into the Committee	Cash Withdrawals and Payments to Joe Griffiths	Net Difference
2005*	\$59.00	-\$800.00	-\$741.00
2006	\$9,314.00	-\$7,250.00	\$2,064.00
2007	\$3,980.98	-\$3,234.37	\$746.61
2008*	\$5,485.12	-\$2,548.00	\$2,937.12

*2005 includes only deposits made after Terri Griffiths became treasurer.

**The \$9,000 payment to Joe Griffiths is not included in this comparison based on Ms. Griffiths' acknowledgement that the payment was not for the purpose of setting up cash boxes.

In 2005, the amount withdrawn is greater than the amount of cash deposited into the committee. In 2006 the amount withdrawn represents 78% of the total cash deposited into the Committee, in 2007 the withdrawals represent 81% of total cash deposits, and in 2008 the amount represents 47% of total cash deposits. It does not appear reasonable that the

Committee would need such large amount of money to set up cash boxes at Committee events.

For example in 2007, Ms. Griffiths' contention is that the Committee needed cash boxes containing \$7,250 dollars. Ms. Griffith stated that the \$7,250 would then be deposited back into the Committee account. That would mean that the Committee would have a net income at most, of \$2,064 in cash proceeds from convention attendance and fundraising efforts. The Board does not find that a reasonable ratio between cash deposits from fundraising and convention attendance and the amount withdrawn to finance cash boxes.

This conclusion is supported by the statement of Ms. Martimo that the convention admission cash box required only \$20 or \$30 for set up, and that in her experience Committee members typically loaned the funds needed for the cash box. Statements by Mr. Schwetman and Mr. Sande provided in the evidence portion of these Findings also undermine the credibility of Ms. Griffiths' explanation.

Additionally, the spreadsheets provided by Ms. Griffiths on the finances of the Solon Munger dinner do not support the need for such a large amount of money to fund cash boxes. The spreadsheets contain the names and addresses of the individuals who bought tickets to attend the dinner. The spreadsheet also shows if the individual paid for the tickets with cash or with a check. For 2006 the spreadsheet shows that only \$120 worth of tickets were paid for with cash; in 2007 \$200 worth of tickets were paid for with cash, in 2008 \$105 worth of tickets were paid for with cash. The Solon Munger dinner is the biggest fund raising event of the year for the Committee. If the large amount of cash withdrawn was not reasonably needed at this event, then the Board concludes that the amount withdrawn would not be needed at any other Committee event.

Finally, there is the matter of the \$9,000 payment to Joe Griffiths in 2008, and subsequent return of \$7,915.25 to the Committee's account. Although the Board does not know the purpose of the payment there is no reason to believe it was not a reportable transaction. Further, Ms. Griffiths clearly had knowledge of the payment and subsequent return of funds to the Committee.

Based on this analysis the Board concludes there is probable cause to believe that Ms. Griffiths knew that the reports were incomplete and inaccurate when she certified and filed the Reports of Receipts and Expenditures with the Board.

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

Findings Concerning Probable Cause

1. There is probable cause to believe that Ms. Griffiths violated Minnesota Statutes, Section 10A.025, subdivision 2, when as treasurer of the Seventh Senate District DFL she signed and certified as true Reports of Receipts and Expenditures in 2005, 2006, 2007, and 2008, knowing that the reports omitted required information.
2. There is probable cause to believe that Ms. Griffiths violated Minnesota Statutes, Section 10A.13, subdivision 1(3), when as treasurer of the Seventh Senate District

DFL she failed to maintain an accurate accounting of the expenditures of the political party unit during the years 2006, 2007, and 2008.

3. There is probable cause to believe that Ms. Griffiths violated Minnesota Statutes, Section 10A.13, subdivision 2, when as treasurer of the Seventh Senate District DFL she failed to obtain a receipt or bill for all expenditures over \$100 made by the political party unit during the years 2006, 2007, and 2008.
4. There is probable cause to believe that Ms. Griffiths violated Minnesota Statutes, Section 10A.13, subdivision 1(2), when as treasurer of the Seventh Senate District DFL she failed to keep an account of the information required for contributions in excess of twenty dollars during the years 2006, 2007, and 2008.
5. There is no probable cause to believe that Ms. Griffiths violated Minnesota Statutes, Section 17, subdivision 3, as treasurer of the Seventh Senate District DFL by expending more than the prescribed amount for petty cash disbursements.
6. There is no probable cause to believe that Ms. Griffiths violated Minnesota Statutes, Section 17, subdivision 3a, as treasurer of the Seventh Senate District DFL by issuing a personal loan for purposes unrelated to the conduct of a campaign from the funds of the Seventh Senate District DFL.

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

Order

1. The Board imposes a civil penalty of \$12,000 on Terri Griffiths for certifying as true and correct the year-end Reports of Receipts and Expenditures for 2005, 2006, 2007, and 2008 knowing that the reports contained false or incomplete information in violation of Minnesota Statutes, Section 10A.025, subdivision 2. The Board declines to apply a penalty for the pre-primary-election and pre-general-election Reports of Receipts and Expenditures filed by Ms. Griffiths in 2006 and 2008.
2. In recognition of the penalty imposed in the first Order of these Findings the Board declines to impose a penalty on Terri Griffiths for failure to maintain a complete account of expenditures made with the funds of the Seventh Senate District DFL during the years 2006 through 2008 as required by Minnesota Statutes, Section 10A.13, subdivision 1(3).
3. In recognition of the penalty imposed in the first Order of these Findings the Board declines to impose a penalty on Terri Griffiths for failure maintain a complete account of the information required for contributions in excess of twenty dollars made to the Seventh Senate District DFL during the years 2006 through 2008 in violation of Minnesota Statutes, Section 10A.13, subdivision 1(2).
4. Terri Griffiths is directed to forward to the Board payment of the civil penalties, by check or money order payable to the State of Minnesota, within 30 days of receipt of this order.

Relevant Statutes

Minnesota Statutes, section 10A.025, subdivision 2. Penalty for false statements. A report or statement required to be filed under this chapter must be signed and certified as true by the individual required to file the report. The signature may be an electronic signature consisting of a password assigned by the board. An individual who signs and certifies to be true a report or statement knowing it contains false information or who knowingly omits required information is guilty of a gross misdemeanor and subject to a civil penalty imposed by the board of up to \$3,000.

Minnesota Statutes, section 10A.13 ACCOUNTS THAT MUST BE KEPT.

Subdivision 1. Accounts; penalty. The treasurer of a political committee, political fund, principal campaign committee, or party unit must keep an account of:

- (1) the sum of all contributions, except any donation in-kind valued at \$20 or less, made to the committee, fund, or party unit;
- (2) the name and address of each source of a contribution made to the committee, fund, or party unit in excess of \$20, together with the date and amount of each;
- (3) each expenditure made by the committee, fund, or party unit, together with the date and amount;
- (4) each approved expenditure made on behalf of the committee, fund, or party unit, together with the date and amount; and
- (5) the name and address of each political committee, political fund, principal campaign committee, or party unit to which contributions in excess of \$20 have been made, together with the date and amount.

Any individual who knowingly violates this subdivision is subject to a civil penalty imposed by the board of up to \$1,000.

Subd. 2. Receipts. The treasurer must obtain a receipted bill, stating the particulars, for every expenditure over \$100 made by, or approved expenditure over \$100 made on behalf of, the committee, fund, or party unit, and for any expenditure or approved expenditure in a lesser amount if the aggregate amount of lesser expenditures and approved expenditures made to the same individual or association during the same year exceeds \$100.

Minnesota Statutes, section 10A.17 EXPENDITURES.

Subd. 3. Petty cash. The treasurer or deputy treasurer of a political committee, principal campaign committee, or party unit may sign vouchers for petty cash of up to \$100 per week for statewide elections or \$20 per week for legislative elections, to be used for miscellaneous expenditures.

Subd. 3a. **Personal loans.** A principal campaign committee, political committee, political fund, or party unit may not lend money it has raised to anyone for purposes not related to the conduct of a campaign.