

James Sanborn
825 Yellowstone Trail
Waconia, MN 55287
February 15, 2015

15 FEB 23 AM 10:52

CAMPAIGN FINANCE &
PUBLIC DISCLOSURE BOARD

Deanna Wiener
Chair, Campaign Finance and Public Disclosure Board
658 Cedar Street
Centennial Office Building, Suite 190
St Paul, MN 55155-1603

Dear Ms Wiener:

First I would like to thank you for allowing me to speak to the board at their regular meeting on November 18. Even though the Board did not agree with my position, I understand the decision that you made and why you made it. I appreciate you allowing me to state my case.

I was pleased to see Mr Goldsmith follow through and ask the Legislature to repeal administrative rule 4503.1500§2 to remove the confusion surrounding loans and when excess loans become a violation. I thought his testimony before the House Government Operations Committee explained the issue very clearly, and I hope the Legislature will be able to move on the issue before the 2016 campaign season begins in earnest.

I have recently obtained Bob Frey's Termination report to the Campaign Finance Board from the CFRB website. Frankly, it raises more serious issues than my original complaint.

I will not waste your time by restating all the facts of the original complaint; they are well-stated in the Board's November 18 decision. I will highlight a few to illustrate my concerns.

On June 2, 2014, Bob Frey made an unlawful loan to his campaign in the amount of \$9000. He also signed a Public Subsidy Agreement, which limited his personal contribution to his campaign to a total of \$5000 cash, in-kind and loans.

According to Bob Frey MN's Pre-Primary Report, the committee had \$436.12 cash on hand and \$9000 in outstanding loans.

11	TOTAL EXPENDITURES AND DISBURSEMENTS	Sum #6 + #7C thru #10	\$ 10,373. ⁸⁸	\$	\$	\$ 10,373. ⁸⁸
12	Ending cash balance 7/21/14	#1 + #5 - #11	\$ 436.12			

14C	Total outstanding balances of all loans	Sum #14A + #14B	\$ 9,100. ⁰⁰
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The loan itself has been discussed at length and on November 18, the Board decided that the Frey Committee had until December 31 to reduce the amount of the loan to \$5000 or less.

In order to accomplish that loan reduction, Bob Frey for MN Committee now reports that Mr Frey made an additional \$4559.93 contribution to his campaign on December 30, 2014. In addition to the \$9000 loan, this brought Mr Frey's total contribution to the committee to \$13,559.93 - even further over the \$5000 limit.

12/30/14	Bob Frey - Self - Frey Mfg. Corp. - Owner 13150 Stewart Ave Norwood, MN 55368	\$ 4,559. ⁹³	\$	\$ 4,559. ⁹³
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The report also reflects a \$9000 loan payment to Mr Frey on December 30, 2014.

Date	Name and full address of payee	Specific purpose and number of disbursements (definition not page 30)	1 Cash	2 Unpaid bills	3 Expense (Net sum & fair market value)	4 Total
12/30/14	Bob Frey - Self - Frey Mfg. Corp. - Owner 13160 Stewart Ave. Norwood, MN 55368	Loan Payoff	\$ 9,000. ⁰⁰	\$	\$	\$ 9,000. ⁰⁰

As you can see, these are the facts as stated on Bob Frey MN's report.

This is a classic catch-22 situation: Because the committee did not raise enough money through contributions to repay the loan to Mr Frey, the

Deanna Weiner
February 19, 2015
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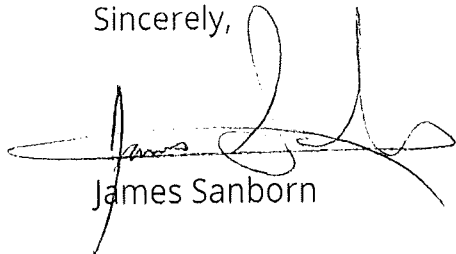
Committee cannot accept any additional contributions from Mr Frey without exceeding the limit. And the Committee does not have the cash on hand to repay the balance of the loan to Mr Frey without first accepting the illegal contribution from Mr Frey.

It is with some regret that I have included an official complaint filing and the supporting documentation with this letter, because when we met in November, I recommended that the CFRB pursue a conciliation agreement with the Frey Committee to settle the matter. This complaint would not have been necessary if the CFRB had chosen a different course.

I sincerely hope that the CFRB can work through the determination-hearing-investigation process and reach a conciliation agreement with the Bob Frey for MN Committee and Mr Frey in an expeditious manner so that the matter can finally be resolved.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "James Sanborn", written over a horizontal line. The signature is stylized and cursive.

James Sanborn

CC: Gary Goldsmith



15 FEB 23 AM 10:53

COMPLAINT FOR VIOLATION OF THE CAMPAIGN FINANCE & PUBLIC DISCLOSURE ACT

CAMPAIGN FINANCE & PUBLIC DISCLOSURE BOARD

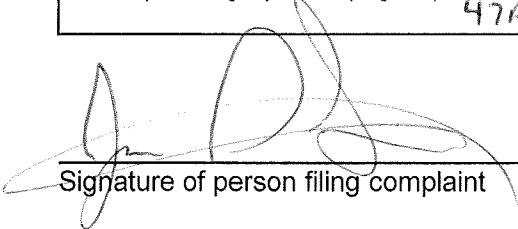
All information on this form is private and confidential until a finding is issued by the Board.

Information about complaint filer

Name of complaint filer JAMES SANBORN	
Address 625 Yellowstone Trl	
City, state, zip Waconia MN 55387	Daytime telephone no. 952-270-6085

Identify person/entity you are complaining about

Name of person/entity being complained about BOB FREY / BOB FREY FOR MN	
Address 13150 STEWART AVE	
City, state, zip HOLWOOD YOUNG AMERICA MN 55368	
Title of respondent (if applicable) Kristi Frey, Treasurer Mike Frey, Chair	
Board/Department/Agency/District # (if legislator) 47A	



 Signature of person filing complaint

2/15/2015

 Date

Send completed form to: Campaign Finance & Public Disclosure Board
 Suite 190, Centennial Building
 658 Cedar Street
 St. Paul, MN 55155

If you have questions call: 651/296-1721; 800/657-3889; or
 for TTY/TDD communication contact us through the Minn. Relay Service at 800/627-3529
 Board staff may also be reached by e-mail at: cf.board@state.mn.us.

This document is available in alternative formats to individuals with disabilities by calling 651/296-5148; 800/657-3889; or through the Minnesota Relay Service at 800/627-3529.

Give the statute cite of the portion of Chapter 10A, or Minn. Rules you believe has been violated.

10A.27 §10 / 10A.15 §3a

You will find the complete text of Minn. Stat. §10A and Minn. Rules Chapters 4501 - 4525 on the Board's website at www.cfboard.state.mn.us .

Nature of complaint

Explain in detail why you believe the respondent has violated Chapter 10A, the Campaign Finance and Public Disclosure Act. Attach an extra sheet of paper if necessary. Attach any documents, materials, minutes, resolutions or other evidence to support your allegations.

respondent made contribution in excess of limit 12/30/2014

see attached

Minn. Stat. 10A.02, subd 11 - Violations; enforcement.

The board shall investigate any alleged violation filed in writing with the board. For an alleged violation of sections 10A.25 (expenditure limits) or 10A.27 (additional limits) the board shall either enter into a conciliation agreement or make a public finding of whether or not there is probable cause, within 60 days of the filing of the complaint. For alleged violations of all other sections, the board shall within 30 days after the filing of the complaint make a public finding of whether or not there is probable cause to believe a violation has occurred.

The deadline for action may be extended by a majority vote of the board. Within a reasonable time after beginning an investigation of an individual or association, the board shall notify that individual or association of the fact of the investigation. The board shall make no finding without notifying the individual or association of the nature of the allegations and affording an opportunity to answer those allegations.

Any hearing or action of the board concerning a complaint or investigation shall be confidential until the board makes a public finding concerning probable cause or enters into a conciliation agreement.

Except as provided in section 10A.28, after the board makes a public finding of probable cause the board shall report that finding to the appropriate law enforcement authorities.

Complaint:

From the information listed below, there is probable cause to indicate that Bob Frey violated **Minnesota statute 10A.27 §10** by making a contribution of \$4559.93 to Bob Frey MN Committee on December 30, 2014, while there was an *a priori* loan for \$9000 to Bob Frey for MN Committee.

From the information listed below, there is probable cause to indicate that Bob Frey has violated Terms of the *Public Subsidy Agreement* (specifically Section 2) by making a contribution of \$4559.93 to Bob Frey MN Committee on December 30, 2014.

From the information listed below, there is probable cause to indicate that Bob Frey for MN Committee violated **Minnesota statute 10A.15 §3a** by accepting a contribution of \$4559.93 from Bob Frey on December 30, 2014, while there was an *a priori* loan for \$9000 to Bob Frey for MN Committee.

Further, because Bob Frey for MN Committee did not have sufficient cash on hand to repay the *a priori* loan to Bob Frey, it cannot be argued that Bob Frey for MN Committee has been in a financial position to legally accept any additional contribution from Bob Frey since the \$9000 loan was accepted on June 2, 2014.

- In order for this to be true and allowable, Bob Frey for MN Committee would have had to repay the balance of the *a priori* loan to Bob Frey to \$440.17, however, no such repayments are reported, or fiscally possible.
- Even if the entirety of the \$5690 in contributions received from non-Bob Frey sources (less reported expenses) were applied to the *a priori* loan, the \$4559.93 contribution is still in excess of the contribution limit proscribed by **Minnesota statute 10A.27 §10**.
- For illustration purposes:

\$5690 total of non-Bob Frey contributions reported.
+ \$9000 loan from Bob Frey
=====

\$14690 receipts for Bob Frey for MN Committee prior to \$4559.93 contribution
- \$10499.93 reported campaign expenditures
=====

\$4190.07 maximum possible cash on hand to repay *a priori* loan.

\$9000 *a priori* loan amount
-\$4190.07 maximum possible loan repayment using cash on hand
=====

\$4809.93 minimum possible loan balance prior to \$4559.93 contribution

These violations are self-evident in the Bob Frey MN Committee's own Termination report to the Board received on January 9, 2015. I believe a Prima Facie Determination is supported by the facts, and a Probable Cause hearing should be scheduled.

Facts:

"Bob Frey for MN" is the committee that was formed with Minnesota Campaign Finance Board to support Bob Frey as a candidate for House district 47A. The registration number is 17715.

Bob Frey signed a *Public Subsidy Agreement* on March 7, 2014 and the signed agreement was received by the Campaign Finance Board on March 14, 2014.

Bob Frey for MN filed a pre-primary report as required for receipts and expenditures from January 1, 2014 to July 21, 2014. This report was received by the CFRB on July 28.

The Pre-primary report shows receipts of \$10,810.00 and expenditures of \$10,373.88 with remaining cash of \$436.12.

A RECEIPTS:			Cash (Col. 1)	Blank (Col. 2)	In-kind (Col. 3)	Total (Col. 4)
2	Total contributions received	Sch. A1 - CR	\$ 1,810. ⁰⁰		\$	\$ 1,810. ⁰⁰
3	Receipts from loans payable	Sch. A2 - LP	\$ 9,000. ⁰⁰			\$ 9,000. ⁰⁰
4	Miscellaneous income	Sch. A2 - MISC	\$			\$
5	TOTAL RECEIPTS	Sum #2 thru #4	\$ 10,810. ⁰⁰		\$	\$ 10,810. ⁰⁰

Also included in the report is Schedule A2-LP ("Receipt From Loans Incurred in the Current Year"). Schedule A2 indicates that a loan was received from Bob Frey 13150 Stewart Ave, Norwood, MN 55368 on June 2, 2014 in the amount of \$9,000.

SCHEDULE A2 - LP - RECEIPTS FROM LOANS INCURRED IN CURRENT YEAR

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Page ____ of ____

Date	Name and full address Name of employer if individual (if self-employed, list "self" & describe the occupation)	Col. 1 Original loan amount	Col. 2 Outstanding balance on loan
6/2/14	Bob Frey - self. Frey Mfg. Manufacturing 13150 Stewart Ave. Norwood, Minn. 55368	\$ 9,000. ⁰⁰	\$ 9,000. ⁰⁰
		\$	\$

Bob Frey for MN filed a Termination Report as required for receipts and expenditures from January 1, 2014 to December 31, 2014. This report was received by the CFRB on January 9, 2015.

The Termination includes schedule A1-IND (Contributions from Individuals). Schedule A1-IND indicates that a contribution was received from Bob Frey 13150 Stewart Ave, Norwood, MN 55368 on December 30, 2014 in the amount of \$4,559.93.

SCHEDULE A1 - IND - CONTRIBUTIONS FROM INDIVIDUALS

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Page ___ of ___

Date received	Name and full address of contributor Name of employer (if self-employed, list "self" & disclose the occupation)	1 Cash	2 In-kind (list item and fair market value)	3 Total (cash & in-kind)
12/30/14	Bob Frey - Self - Frey Mfg. Corp. - Owner 13150 Stewart Ave Norwood, MN 55368	\$4,559.93	\$	\$4,559.93

The December 30, 2014 contribution, when added to the June 2, 2014 loan brings Mr Frey's total contributions (Loans payable plus cash contributions) to the Bob Frey for MN Committee to \$13,559.93.

\$13,559.93 is more than \$5,000.

The terms of the *Public Subsidy Agreement*, signed by Candidate Frey on March 7, 2014 state in part, "That I will not contribute to my principal campaign committee more than \$5,000 in total during the two-year period from January 1, 2013, through December 31, 2014. I understand that my contribution total includes my cash and in-kind contributions and the outstanding balance of any loans I make to my principal campaign committee."

According to Minnesota **statute 10A.15 §3a**, "A treasurer of a principal campaign committee of a candidate may not deposit a contribution that on its face exceeds the limit on contributions to the candidate prescribed by section 10A.27 unless, at the time of deposit, the treasurer issues a check to the source for the amount of the excess."

According to **Minnesota statute 10A.27 §8**, "A candidate must not permit the candidate's principal campaign committee to accept a loan from other than a financial institution for an amount in excess of the contribution limits imposed by this section."

According to **Minnesota statute 10A.27 §10**, "A candidate who signs an agreement under section 10A.322 may not contribute to the candidate's own campaign during a segment of an election cycle more than five times the candidate's contribution limit for that segment under subdivision 1."

Personal contributions to principal campaign committees by candidates who sign the Public Subsidy Agreement are limited by **Minnesota statute 10A.27 §10**, to five times the standard contribution limit for that candidate. The contribution limit for a House candidate during the 2013-2014 election cycle is \$1,000. Therefore, Mr Frey is limited to making a contribution and/or loan (or combination thereof) to his Committee of \$5,000.

According to the *Legislative and Constitutional Office Candidate Handbook* (Last revised: 9/19/14), published by the CFRB,

"Because a loan could turn into a contribution at some point in the future, loans from anyone other than a financial institution are subject to the same contribution limits that would apply to a contribution from the lender ... When someone guarantees or co-signs a loan for the committee, this promise could become an actual contribution to the committee at some point in the future if the co-signer is eventually required to pay off the loan. **Because of this, the amount of a loan that an individual may co-sign cannot exceed the contribution limit of the individual and counts against the contribution limit from that individual.** "
(Page 13-14)

"Remember that loans and loan guarantees from sources other than financial institutions are subject to the contribution limits." (Page 17)

Minnesota Campaign Finance and Public Disclosure Board

PUBLIC SUBSIDY AGREEMENT House of Representatives

14 MAR 10 AM 10:25
CAMPAIGN FINANCE &
PUBLIC DISCLOSURE BOARD

Candidate's Name Bob Frey	
Office Sought House of Representatives	District 47A
Telephone with area code 952-467-4474	Email address BobFrey@BobFreyMN.com
Committee registration number 17715	

Terms of Agreement:

As a candidate for the House of Representatives, I wish to participate in Minnesota's public subsidy system, which consists of a political contribution refund program and a program of direct payments to candidates. I understand that signing this agreement does not guarantee that I will receive direct payments under that portion of the public subsidy system. As a condition of participating in the public subsidy programs, I hereby agree:

1. That I and my principal campaign committee will abide by the statutory campaign expenditure limit for a House of Representatives candidate through December 31, 2014. I understand that campaign expenditures includes the total of my committee's monetary campaign expenditures, in-kind campaign expenditures, and unpaid campaign expenditures during the two-year election cycle and that the base expenditure for my committee during the 2013 - 2014 election cycle is \$60,000.
2. That I will not contribute to my principal campaign committee more than \$5,000 in total during the two-year period from January 1, 2013, through December 31, 2014. I understand that my contribution total includes my cash and in-kind contributions and the outstanding balance of any loans I make to my principal campaign committee.
3. That my principal campaign committee will return with its 2014 year-end Report of Receipts and Expenditures the amount of public subsidy received (if any) that exceeds my actual campaign expenditures.
4. That I and my principal campaign committee will make no independent expenditures.
6. That I and my principal campaign committee will include closed captioning for deaf and hard-of-hearing persons as required by Minnesota Statutes section 10A.38.

I have read and understand this Agreement and I understand that it is a binding legal contract. I know that once I sign and file it, I may not cancel or rescind it even if I do not meet the other requirements to receive direct payments of public subsidy.

Bob Frey

Signature of candidate

March 7, 2014

Date signed

Statement of qualification for first-time candidate campaign expenditure limit increase (see instructions). I have reviewed the requirements for a first-time campaign expenditure increase and by signing below; I claim eligibility for this increase.

Bob Frey

Signature of candidate

March 7, 2014

Date signed