

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

**FINDINGS OF FACT,
CONCLUSIONS OF LAW,
AND ORDER**

IN THE MATTER OF THE FRIENDS OF JEREMIAH ELLIS COMMITTEE (17017);

Background

The Friends of Jeremiah Ellis committee (the Committee) is the principal campaign committee of Jeremiah Ellis (the Candidate). The Committee registered with the Board on February 3, 2010.

The Committee filed a pre-primary-election report on July 26, 2010, detailing receipts and expenditures for the reporting period ending July 19, 2010, and stating an ending cash balance of \$3,108.66. The Committee then submitted a no change report on November 8, 2010, for the pre-general-election reporting period ending October 18, 2010. However, the report was not signed and certified as true. This report was 10 business days late, and the Committee therefore accrued a \$500 late filing fee.

Due to the fact that the Committee filed a no change report during an election year in which it was active, the Board questioned whether the report accurately represented the Committee's activities during the reporting period.

The no change report received in November 2010 was the last report that the Committee filed with the Board. Since that time, the Committee has failed to file its 2010, 2011, 2012, and 2013 year-end reports with the Board, in spite of ongoing efforts by Board staff to obtain the reports. In late 2013, Mr. Ellis met with Board staff regarding how to complete the Committee's outstanding 2010 year-end report. However, all of the aforementioned reports remain outstanding.

At its meeting of November 18, 2014, the Board authorized the Executive Director to begin an investigation of the Committee for the purpose of determining whether any campaign finance violations had occurred. A corresponding audit of the committee was also conducted, and the Board generated a Final Audit Report, which is incorporated into this document.

Based on the investigation and audit of the Committee's bank records in this matter, the Board makes the following:

Findings of Fact

1. The Committee made two cash withdrawals from its account, one for \$1,500 on March 8, 2010, and one for \$600 on August 5, 2010. The \$600 check was signed by the Candidate. The \$1,500 cash withdrawal was made on a check signed by another individual, who was identified by the candidate as an active committee member,

although she was not the treasurer or the deputy treasurer for the Committee. The Committee used the proceeds from these cash withdrawals as a petty cash fund. Pursuant to statute, which would have allowed the Committee to withdraw up to \$20 a week for petty cash, the maximum amount the Committee could have withdrawn for petty cash over the course of 2010 was \$1,040.

2. The Committee accepted total contributions of \$750 from one individual during 2010.
3. The Committee's 2010 pre-primary-election report did not accurately reflect all contributions received and expenditures made by the Committee or include complete employer and address information for all itemized contributors.
4. The Committee's 2010 pre-general-election report that was filed as a no change report was inaccurate, as the Committee had both received contributions and made expenditures during the reporting period.
5. The Committee has an outstanding late filing fee of \$500 on its 2010 pre-general-election Report of Receipts and Expenditures. The Committee also has an outstanding late filing fee of \$1,000 and civil penalty of \$1,000 on its 2010 year-end Report of Receipts and Expenditures.
6. Although the Committee has maintained inadequate records regarding certain transactions in 2010, and the Board, after conducting an audit, is currently unable to account for \$475.73 in Committee funds, the four-year time period has elapsed during which the Committee was required by statute to maintain records.
7. The Committee has been inactive for over four years and the Candidate desires to terminate the Committee.
8. No expenditures have been made from the Committee's bank account since December 31, 2010, other than one expenditure for a 2010 obligation that will be reported on the Committee's 2010 year-end report, bank charges to maintain the account, charges for obtaining account statements, and, upon conclusion of this Order, payment of a late filing fee. The current balance in the account is approximately \$139.90.

Conclusions of Law

1. The Committee violated Minnesota Statutes section 10A.17, subdivision 3 when checks of \$600 and \$1,500 were cashed for petty cash, which were in excess of the \$20 per week limit for petty cash withdrawals to be used for miscellaneous expenditures and when it permitted petty cash withdrawals to be made by an individual other than the Candidate or the treasurer.

2. The Committee violated Minnesota Statutes section 10A.27, subdivision 1(a)(5) when it accepted \$750 in total contributions from one individual in 2010, which was in excess of the statutory limit of \$500.
3. The Committee violated Minnesota Statutes section 10A.20, subdivisions 3(c) and 3(h) when it did not accurately report receipts and expenditures or complete employer and address information for itemized contributors on its 2010 pre-primary-election report of receipts and expenditures.
4. The Committee violated Minnesota Statutes section 10A.20 when it did not include transactions that occurred during the reporting period on its 2010 pre-general-election report.
5. The Board has found no evidence that the Candidate or the Committee violated Minnesota Statutes section 211B.12 (7), which prohibits using money collected for political purposes for personal use.

Based on the above Findings of Fact and Conclusions of Law, the Board issues the following:

Order

1. The Board orders Jeremiah Ellis and the Committee to pay the \$500 late filing fee previously assessed by the Board on the Committee's 2010 pre-general election Report of Receipts and Expenditures by check or money order payable to the State of Minnesota within thirty days of the date of this Order. Upon receipt of the \$500 payment, the outstanding late filing fee of \$1,000 and civil penalty of \$1,000 assessed on the Committee's 2010 year-end Report of Receipts and Expenditures shall be waived.
2. Mr. Ellis is directed to file a final 2010 year-end Report of Receipts and Expenditures as a termination report for the Committee within thirty days of the date of this Order. Upon filing this report and making payment to the State of the remaining balance in the Committee's bank account, which must be verified by a bank statement closing the account, the termination is accepted.
3. If Mr. Ellis does not comply with the provisions of this Order, the Board's Executive Director may request that the Attorney General bring an action for the remedies available under the Minnesota Statutes.
4. The Board investigation of this matter is concluded and hereby made a part of the public records of the Board pursuant to Minnesota Statutes section 10A.02, subdivision 11.

Dated: August 4, 2015

/s/ George A. Beck

George A. Beck, Chair

Campaign Finance and Public Disclosure Board

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

FINAL AUDIT REPORT

AUDIT OF THE FRIENDS OF JEREMIAH ELLIS COMMITTEE (17017);

At its meeting of November 18, 2014, the Board authorized the Executive Director to begin an audit of the Friends of Jeremiah Ellis committee (the Committee) from 2010 to present to assess the accuracy of the Committee's reporting, the adequacy of the Committee's recordkeeping, and to examine whether any Committee money had been used for personal purposes.

Audit Procedure:

Staff requested that Jeremiah Ellis (the Candidate) provide bank records detailing the Committee's transactions during 2010 and subsequent years. Staff also requested the Committee's most recent bank statement. Board staff scheduled a meeting with the Candidate at the Board's offices on Wednesday, December 17, 2014. The Candidate met with staff and provided to the Board bank records beginning with the date of the account's inception.

The bank records provided to the Board included statements for 43 of the 59 months beginning January 31, 2010, and through November 30, 2014. In addition to the monthly statements, Mr. Ellis provided copies of incoming and outgoing checks or, where electronic copies of checks were not available, copies of deposit slips that listed individual checks by check number.

The Candidate met with Board staff again on Friday, July 10, 2015, at the Board's offices and participated in an interview under oath. The Candidate provided to the Board two additional bank statements and a spreadsheet containing additional records of expenditures.

In the July 10 interview, the Candidate stated that he did not use any of the Committee's money for personal purposes and that he has no evidence that any individuals involved with the Committee's finances improperly used campaign money. He stated that he believes that all of the Committee's money was used to influence the vote in his election. The Candidate also said that two cash withdrawals were used by the Committee like a petty cash fund.

The account is currently still open and had a cash balance of \$148.90 as of June 30, 2015. Account fees of \$9.00 per month are deducted, and therefore the Committee's cash balance will continue to be reduced as long as the account is open.

Kyle Fisher, Legal Analyst for the Board, was assigned to this audit and reviewed the Committee's bank records and previously filed reports.

Audit Results:

Based on the audit, the Board makes the following findings:

Findings

1. The Committee's 2010 pre-primary-election report filed with the Board on July 26, 2010, did not accurately reflect all contributions received by the Committee during the reporting period.

The Committee reported \$13,117 in total cash receipts for the pre-primary-election reporting period ending July 19, 2010. The Committee's bank records indicate that the Committee received \$14,965 in cash or checks deposited and/or dated on or before July 19, 2010.

2. The Committee's 2010 pre-primary-election report filed with the Board on July 26, 2010, did not accurately reflect all expenditures made by the Committee during the reporting period.

The Committee reported \$10,008.34 in total cash expenditures for the pre-primary-election reporting period ending July 19, 2010. The Committee's bank records indicate that the Committee made \$9,456.10 in expenditures on or before July 19, 2010. One expenditure of \$650.00 listed on the Committee's report as having been paid on June 23, 2010, was not actually paid until August 2010, after the close of the reporting period. This expenditure should have been reported as an unpaid bill. Additionally, some expenditures in the bank records that were written on checks dated prior to July 19, 2010, and therefore should have been included in the report, were not included.

3. The Committee's 2010 pre-general-election report filed with the Board on November 8, 2010, as a no change report was inaccurate, as the Committee had both received contributions and made expenditures during the reporting period.

The Committee's bank records indicate that the Committee received \$5,626 in cash or checks deposited and dated after July 19, 2010, and before October 18, 2010, the close of the pre-general-election reporting period. The Committee's bank records also indicate that the Committee spent \$9,950.25 after July 19, 2010, and before October 18, 2010.

4. The Committee's reports did not accurately disclose expenditures made out of the Committee's petty cash funds.

The Committee made two cash withdrawals from its account, one for \$1,500 on March 8, 2010, and one for \$600 on August 5, 2010. The Candidate stated that the Committee used these proceeds as a petty cash fund. The Candidate provided to the Board a spreadsheet that he indicated was created during the 2010 election and that he represented was an accurate record of \$1,624.27 in expenditures paid for out of the \$2,100 in cash withdrawals. However, no actual invoices, checks, or receipts were provided for these expenditures and no records whatsoever exist for the remaining balance of the cash proceeds. The Committee's pre-primary-election report and pre-general-election report did not contain any of the expenditures detailed in the spreadsheet provided to the Board, nor did they include the checks made payable to

cash.

5. After reconciling the Committee's reports and records to its bank records, the Committee is unable to account for \$475.73 of Committee funds.

This equals the amount of petty cash fund expenditures for which no records exist. The Board has found no evidence that the money was converted to personal use.

Responsible Staff Person:

/s/ Kyle Fisher
Kyle Fisher, Legal Analyst
Campaign Finance and Public Disclosure Board

Dated: 8/4/2015

/s/ George A. Beck
George A. Beck, Chair
Campaign Finance and Public Disclosure Board

Dated: 8/4/2015