

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

**CONCILIATION
AGREEMENT**

In the Matter of The Mad Hatter, LLC;

1. A routine staff review by the Minnesota Campaign Finance and Public Disclosure Board of Vote Jefferson's 2014 October pre-general-election Report of Receipts and Expenditures identified an item of miscellaneous income which, as reported, constitutes a violation of the Minnesota Statutes.
2. Vote Jefferson (the Committee) reported that, on July 24, 2014, it received \$300 in miscellaneous income from The Mad Hatter. The description accompanying the miscellaneous income was "food for fundraiser event (1/2 total cost)." The Committee indicated that it received food valued at \$702.11 for the event. The Committee stated that it paid \$402.11 for the food and received a discount of \$300.
3. A discount on food for a campaign event constitutes an in-kind contribution. Therefore, the discount was improperly reported as miscellaneous income. The Committee has amended its report to properly report the discount as an in-kind contribution. In-kind contributions must be disclosed on a committee's report at fair market value, which is the amount an individual would pay to purchase the same items on the open market. Therefore, The Mad Hatter made an in-kind contribution of \$300 to the Committee, the value of the food for which the Committee did not pay.
4. The Committee is the principal campaign committee of Jefferson Fietek and is registered with the Board. An examination of business filings on the Secretary of State's website indicates that The Matter Hatter is a Minnesota limited liability company (LLC).
5. Corporations are prohibited from making contributions to principal campaign committees under Minnesota Statutes section 211B.15, subdivision 2. An LLC constitutes a corporation for the purposes of the section 211B.15 prohibition on corporate contributions.
6. The Committee's treasurer stated that the Committee did not understand the contribution to be a corporate contribution. The Committee believed that the discount was extended on behalf of the owner as a personal contribution. However, under campaign finance law, a discount by a corporation is a contribution from the corporation, not from its shareholder. The Mad Hatter's owner stated that she did not understand that providing a discount would constitute a prohibited corporate contribution.
7. The Committee reimbursed The Mad Hatter for the prohibited contribution with a check dated June 29, 2015. A copy of the check used to reimburse The Mad Hatter was provided to

the Board on June 30, 2015. However, the contribution was not returned within the 90-day period within which a contribution may be returned to avoid a violation and is therefore deemed accepted.

8. To resolve this matter informally, and to avoid this type of violation in the future, The Mad Hatter agrees that it will refrain from giving discounts to candidate committees, political committees, political funds, or political party units. The Mad Hatter will exercise care in making a distinction between the corporation and its individual owners when making political contributions.

9. The Mad Hatter agrees that the Board's acceptance of this agreement constitutes the imposition of a civil penalty in the amount of \$300 against The Mad Hatter for making a contribution that was prohibited by Minnesota Statutes section 211B.15, subdivision 2. \$75 of the penalty is due within 30 days of the date the agreement is signed by both parties. \$225 of the penalty is, by the terms of this agreement, stayed until January 1, 2017. If The Mad Hatter violates Minnesota Statutes section 211B.15, subdivision 2 before January 1, 2017, the outstanding civil penalty is due immediately. If The Mad Hatter does not violate Minnesota Statutes section 211B.15, subdivision 2 before January 1, 2017, the outstanding civil penalty is waived.

10. If The Mad Hatter does not comply with the provisions of this agreement, this matter may be reopened by the Board and the Board may take such actions as it deems appropriate.

/s/ Liz Koch Dated: 8/22/2015
Liz Koch, Owner
The Mad Hatter

/s/ Gary Goldsmith Dated: 8/5/2015
Gary Goldsmith, Executive Director
Campaign Finance and Public Disclosure Board

Agreement approved by Board at meeting of 8/4, 2015

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