

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

In the Matter of the Minnesota Campaign Finance
and Public Disclosure Board staff review of
the House Republican Campaign Committee (HRCC)

The DEPOSITION of R. REID LeBEAU, taken
pursuant to Notice of Taking Deposition, at the
offices of the Minnesota Campaign Finance & Public
Disclosure Board, 190 Centennial Office Building,
658 Cedar Street, St. Paul, Minnesota, before Kassie
Lahti Beebe, Court Reporter, a Notary Public in and
for the County of Wright, taken on the 15th day of
October, 2018, commencing at approximately 10:30 a.m.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

APPEARING FOR AND ON BEHALF OF THE MINNESOTA CAMPAIGN
FINANCE & PUBLIC DISCLOSURE BOARD:

JODI POPE, MANAGEMENT ANALYST
JEFF SIGURDSON, EXECUTIVE DIRECTOR
MINNESOTA CAMPAIGN FINANCE & PUBLIC
DISCLOSURE BOARD
190 Centennial Office Building
658 Cedar Street
St. Paul, Minnesota 55155-1603

jodi.pope@state.mn.us
jeff.sigurdson@state.mn.us

APPEARING ON BEHALF OF THE WITNESS:

CORT C. HOLTEN, ATTORNEY AT LAW
CHESTNUT CAMBRONNE, P.A.
17 Washington Avenue North
Suite 300
Minneapolis, Minnesota 55401-2048

cholten@chestnutcambronne.com

(The Original is in the possession of the
Minnesota Campaign Finance & Public
Disclosure Board.)

* * *

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

R. REID LeBEAU	PAGE
Examination by Ms. Pope	4

* * *

E X H I B I T S

NUMBER	DESCRIPTION	PAGE MARKED
1	Discrepancy Summary	4
2	11/17/14 Letter	4
3	8/23/18 Letter	4
4	10/3/18 Letter	4
6	5/2/12 Letter	4
17	Report of Receipts and Expenditures	4

Exhibits not used in the deposition were retained by the Minnesota Campaign Finance & Public Disclosure Board.

* * *

1 (Whereupon Exhibit Numbers 1-17 were
2 marked for identification by the court
3 reporter.)

4
5 P R O C E E D I N G S

6 R. REID LeBEAU,
7 after having been duly sworn, was examined and
8 testified on his oath as follows:

9
10 EXAMINATION

11 BY MS. POPE:

12 Q Well, we're here today due to the staff
13 review of the HRCC, the House Republican Campaign
14 Committee, recordkeeping and reporting that began on
15 November 24, when the HRCC asked for a balance
16 adjustment to 2013. You're here today to give a
17 statement under oath. And as a reminder to myself
18 primarily, because she's taking down our words, we
19 can't talk over each other. I am bad at that, so
20 it's a reminder to me, too.

21 Could you please state your name and
22 address or contact information for the record?

23 A Sure. It's Reid, R-E-I-D, LeBeau,
24 L-E-B-E-A-U. I'm at 180 East Fifth, Suite 940,
25 St. Paul, 55101.

1 Q And how do you have knowledge of the HRCC's
2 activities?

3 A So I am the general counsel for the HRCC
4 since roughly the end of 2006, I want to say. Just
5 to refresh my memory, Marty Seifert was minority
6 leader in 2006, I believe. I was first hired by
7 then-Minority leader Marty Seifert.

8 Q Okay.

9 A So after that election. I believe that's
10 roughly 2006.

11 Q So clearly, though, you were the general
12 counsel for the year 2010 through today --

13 A Yes.

14 Q -- the subject of the audit?

15 A Absolutely.

16 Q So why are you the person with the best
17 knowledge of the HRCC's activities to give the
18 statement today?

19 A Just in the conversations that I've had
20 with you and Jeff over the pendency of this, we
21 thought in conversation that we mutually agreed that
22 it made sense since I have the longest history, I was
23 probably the best person to speak to recordkeeping or
24 reporting issues. I don't know that I would be
25 necessarily the best person to give you all the

1 detail on all of the account transactions. Some of
2 it I can fill, but as I mentioned, as we talked about
3 2017 numbers, I will provide supplements to that.

4 And as I indicated before we started, I
5 don't know what it is with this particular project,
6 but as you may remember, part of the large gap that
7 we had a few years ago was because Anne Neu, before
8 she was a representative, was primarily in charge of
9 doing the internal audit that kind of launched this.
10 And this was also overlapping the time when her
11 husband was dying and is now deceased from
12 Lou Gehrig's disease.

13 Within the last week, Trisha Hamm, who has
14 been our fundraiser primarily for this period of
15 time, her father died and her brother-in-law died,
16 and so she is now in Florida at the second funeral in
17 a week and a half. So I'm hoping that is the extent
18 of the deaths involved with this particular issue.

19 Q So we'll probably talk a little bit more
20 later about how family things affected their ability
21 to participate in the audit.

22 A Sure, yeah.

23 Q But one question I have is, why isn't the
24 treasurer of record for the HRCC the best person to
25 answer the questions that we're having?

1 A The treasurer may well be or one of the
2 previous treasurers for the times involved. I think
3 it was just sort of believed or understood that based
4 on the fact that I had been around the longest, I'm
5 probably the point of continuity because in this
6 period of time I think we've had four different
7 treasurers.

8 Q Is the HRCC like other large party units or
9 other large groups where the treasurer of record
10 isn't always involved in the day-to-day operations of
11 the group?

12 A I think that's probably a fair statement
13 that it's not -- that it's more of a typical role for
14 the treasurer. Having been a treasurer myself, I
15 understand that the data entry and compiling the
16 reports are typically something that is done at the
17 staff level for the treasurer to review. That's
18 what, frankly, initially launched this entire
19 project.

20 Q Okay. Well, now what I think we'll talk
21 about next is maybe not specific events but more in
22 general about how the HRCC is organized, but only on
23 the financial operation side. And we have quite a
24 few questions, but we want to make sure we get as
25 much information as possible just because you have a

1 busy schedule, it's been hard to get everything. So
2 this might be our best chance to get as much
3 information as possible.

4 A Sure.

5 Q And then if there's something that you
6 don't know or need follow up on, I have a sheet of
7 paper so that we can make a list.

8 A Sure.

9 Q And then the HRCC can just respond in
10 writing.

11 A Yep.

12 Q All right. So let's go back to 2010
13 because that was the date of the first balance
14 adjustment request that the HRCC made. So back in
15 2010, did the HRCC have both state and federal
16 committees?

17 A I don't recall off the top of my head
18 exactly when we formed the federal committee, but I
19 know that I was the one who formed it. So it would
20 have been probably 2008 or 2010, somewhere in that
21 period of time.

22 Q Okay. Did the HRCC have separate bank
23 accounts for its state and federal activities?

24 A Always.

25 Q Which account was the federal account?

1 A The federal account with U.S. Bank was the
2 account ending in .

3 Q All right, .

4 Would that have been the savings account?

5 A The savings account was the account ending
6 in .

7 Q . So , how many accounts did they
8 have at U.S. Bank?

9 A At U.S. Bank, for a period of time, there
10 would have been -- and I just made sort of a cheat
11 sheet here that I'm happy to provide you with -- 2012
12 to I believe 2016 we had U.S. Bank accounts.
13 was the checking, was the savings, and was
14 the federal.

15 Over this period of time -- not to -- I
16 don't want to short-circuit any question you have,
17 but over this period of time we tried to transition
18 from the U.S. Bank accounts to the Associated Bank,
19 just because it was easier to deal with, frankly.

20 Q Okay.

21 A But that created some problems because some
22 of those accounts, as we were trying to wrap them up,
23 sort of lay dormant with a little bit of money in
24 them, but they weren't technically closed out.

25 Q So was the federal, the , was that a

1 savings account or a checking account?

2 A I believe it was a checking.

3 Q Okay. So now just kind of briefly, what's
4 your understanding of how expenses with both the
5 federal and state component are to be handled?

6 A So just by way of a little bit of
7 background, these types of accounts and transactions
8 are things that I handle on a fairly regular basis,
9 just in the course of work for all the clients that I
10 deal with in this space. So it's clear under
11 Minnesota law and under federal law, maybe federal
12 law is more strict in this regard, that the accounts
13 have to be segregated pretty strictly.

14 I'm not saying that this was the case with
15 HRCC, but I have seen in the course of my career that
16 mistakes are made when a check will come in, we'll
17 have a name on it, it may get put in a batch of
18 deposits that go into one account as opposed to a
19 different account. And those are typically -- tried
20 to -- folks try to track that on the front end to
21 clarify which account it's supposed to go into, and
22 everybody -- I think it is understood that you have
23 to get it right on which account money has to go
24 into.

25 And because Minnesota is unique from

1 federal law with regard to separate, segregated
2 funds. And even post-Citizens United, it's known
3 that if a check comes in, say, for instance, from 3M
4 PAC, I think it's fairly understood within the
5 industry that that's sort of flagged as a federal
6 account, a federal check, as opposed to something
7 that has to go into another account.

8 Q So that's the receipt side. How about on
9 the expenditure side, expenses?

10 A So the expenditure side gets slightly more
11 complicated, in that within so many days of an
12 election, federal law requires that if there are
13 federal candidates on the ballot, that you have to
14 use one hundred percent federal funds. And this is
15 because of the party unit distinction that the HRCC
16 or any other party unit would have. And I don't mean
17 party unit in the sense of a Minnesota Statute
18 defined party unit. I mean that in the sense of the
19 federal political party definition.

20 And so what happens in that regard is you
21 have to make the check initially out of the federal
22 account and, say, for instance, it is a piece of
23 literature that has Mitt Romney and then your state
24 Senate and state House candidates on it, and that's
25 the flyer that goes out before the election and it's

1 paid for by the party. Under federal law, that has
2 to be paid with one hundred percent federal funds.
3 But then there's an allocation formula that you can
4 use that has to -- that allows you to reimburse the
5 state portion for that particular expenditure.

6 Q And when you say allow you to reimburse,
7 you mean that the state party unit would reimburse
8 the federal party unit? Is that what you meant?

9 A Yes. It's the only way that state money is
10 actually able to get into a federal account.

11 Q Okay. And is that reported to the FEC on
12 Schedule H?

13 A Yep, that's right.

14 Q Okay. If there was some kind of
15 expenditure like you described, where the federal
16 government had to pay the entire amount, are there
17 situations where the state wouldn't necessarily
18 reimburse the federal account?

19 A If it was worked out that the vendor was
20 able to individually bill those items out, and you're
21 able to do a front-end allocation, you could do it
22 that way as well.

23 Q Okay.

24 A Just for administrative sake, it becomes a
25 bit of a hassle trying to make sure that checks are

1 being cut from the right accounts, and sometimes
2 vendors won't work with you.

3 Q I should have asked too, what's the name of
4 the HRCC's federal account?

5 A I think it's the same name.

6 Q Same name, all right.

7 So let's talk a little bit more --

8 MR. SIGURDSON: Can I actually
9 interject at that point? I understand the explanation
10 with the FEC committee contributions coming in, that
11 because of the segregated issues there's -- and the
12 possibility of corporate contribution, that those are
13 typically then going to the federal account.

14 But how does the account or whoever is
15 processing contributions from individuals, with both
16 committees having the same name, how do they
17 determine which account a contribution will go into?
18 Is that usually going to be identified by the
19 contributor, or is there a follow-up with the
20 contributor?

21 THE WITNESS: I don't know off the
22 top of my head. I couldn't say with one
23 hundred percent accuracy how that was determined,
24 other than it's my understanding that, at least in
25 Minnesota, as is true sort of across the board, the

1 federal accounts only really exist for the purpose of
2 raising federal money, not individual money that would
3 otherwise be permitted under Minnesota law.

4 MR. SIGURDSON: Would you consider
5 this an accurate statement: Because the HRCC's
6 primary purpose is the election with state
7 representatives, is that why that allocation is set up
8 that way, that you're only collecting federally
9 permissible contributions in the federal account?

10 THE WITNESS: I think it's modified
11 over time on what exactly the role of that fund is
12 meant to be, and that's why it's been dormant, I
13 think, for a fair amount of time. But recognize, I'm
14 not part of those conversations necessarily as to what
15 it's going to do.

16 To your first question, there are certain
17 instances where I think it's fairly obvious which
18 account it's meant to go into because of the federal
19 limit. If, for instance, you get a check for \$5,000
20 from a major donor, I think that somewhat flags or
21 indicates -- and there may be a conversation prior to
22 the check coming in that says that, hey, this is
23 money for this particular account, because Minnesota
24 doesn't have a limit on how much can come in. You
25 know, if you see a check for \$25,000, I think it's

1 fairly obvious that it's made out to the House
2 Republican Campaign Committee where that's intended
3 to go.

4 But, again, I've never been in charge of
5 the fundraising side or the check-handling side.

6 MR. SIGURDSON: Thank you.

7 BY MS. POPE:

8 Q All right. Let's talk more kind of about
9 the general structure of the HRCC's financial
10 operations. Do they have a finance department, or
11 how is that organized with employees?

12 A So it's typically been a treasurer that is
13 one of the members, as you've seen. I think over
14 this period of time it was Representative Dean,
15 Representative Loon, or Representative Sanders as
16 well. And it was Representative Sanders when we
17 first discovered that we had some issues. And then
18 typically it's a fundraiser and then one other staff
19 person, and that staff person is in charge of
20 collecting up the checks and issuing or cutting
21 checks for the invoices. It's never been a robust
22 staff.

23 Q Is the staff member full-time or part-time?

24 A It depends on the year.

25 Q Okay.

1 A And I would say typically it is somebody
2 that is employed part-time during the session, and
3 then is brought on full-time when session is done.

4 Q Is the fundraiser an HRCC employee or
5 outside contractor?

6 A It's a vendor. Typically a vendor.

7 Q Is that Trisha Hamm?

8 A Hamm, H-A-M-M.

9 Q Okay.

10 A And I believe -- let me back up. She has
11 not been the fundraiser the entire time I've been
12 there.

13 Q Okay.

14 A There was one before that as well, who I
15 don't believe is in the business of fundraising
16 anymore.

17 Q Can you tell me how the fundraising part
18 worked? Did she collect and then record the checks,
19 or did she collect the money and then they were
20 handed to the staff members? Or how did that work?

21 A I don't necessarily -- I couldn't say with
22 a hundred percent accuracy how that happened.

23 Q Okay. Who was the person, then, who would
24 have overseen the staff person?

25 A I believe staff oversight would have been.

1 At least in the past it was conducted by the person
2 that would have been the chief of staff to either the
3 majority leader -- the minority leader or the
4 speaker, the fundraiser, that those would have been
5 the two people that had direct oversight -- and the
6 treasurer -- having direct oversight of that person.

7 Q Okay. Were those two positions, the
8 fundraiser and the staff person, responsible for both
9 state and federal transactions?

10 A As far as I know. I believe so.

11 Q Were they responsible for any other
12 nonfinancial duties?

13 A Not that I'm aware of.

14 Q So you mentioned as a person who's
15 ultimately responsible for the HRCC's financial
16 operations, would that have been the chief of staff
17 or the treasurer? Or who would the HRCC have seen
18 who was the person who was ultimately in charge of
19 that role?

20 A I believe the HRCC over the period of time
21 would have seen the treasurer as being the person
22 that had sort of the ultimate direction over, okay,
23 here's what has to be done.

24 Q Okay. Then on a day-to-day basis, what
25 would the treasurer's involvement have been?

1 A I can't necessarily speak to that as to
2 what the day-to-day role of that person would have
3 been.

4 Q Does the HRCC have any kind of governing
5 body or entity that would have oversight over the
6 treasurer?

7 A Not that I'm aware of.

8 Q Okay. As far as --

9 A I'm sorry, let me back up. There has been
10 in the past, like, a steering committee that's
11 existed for purposes of elections. But to what
12 degree they've been involved with -- the reporting
13 stuff is very technical and nitpicky, so I don't know
14 how involved anything with regard to what's going on
15 at the HRCC would have been a topic of conversation
16 at the steering committee. And I'm not aware that
17 the steering committee has been in operation the
18 entire time. It sort of depends on the majority at
19 the time.

20 Q Okay.

21 MR. SIGURDSON: Could I again
22 interject? Maybe on more of a macro level, how does
23 the decision to make a particular expenditure -- I
24 don't care what the expenditure is, whether it's an
25 independent expenditure or some significant

1 expenditure -- how does that go from either the
2 steering committee or the treasurer to the financial
3 person that cuts the check? How is that authority
4 granted?

5 THE WITNESS: My understanding is
6 that it's just an authorization that's made by the
7 treasurer to the person cutting the checks.

8 MR. SIGURDSON: Okay. We may be
9 interested in understanding how that loop is made.
10 You know, who makes the determination for an
11 expenditure, at what point the staff person who is
12 doing the accounting for the HRCC that makes the
13 expenditure and then, you know, how that information
14 is passed back to the steering committee or whatever
15 entity made the decision for an expenditure, just to
16 understand that process.

17 THE WITNESS: Okay.

18 BY MS. POPE:

19 Q So assuming the approval was made for an
20 expenditure, so in 2010, what would have been the
21 procedures that the staff person would have followed,
22 you know, to make that expenditure and then to record
23 it and to get the documentation necessary to satisfy
24 the records?

25 A I believe typically what would happen would

1 be an invoice would come in and, as you can see from
2 the reports, I mean, the invoices are typically from
3 the same cast of characters.

4 Q Um-hmm.

5 A There's the mail house, there may be some
6 media folks, the people that actually produced the
7 materials. The invoice would come in, would be
8 submitted to a member for approval, and then a check
9 would be cut, and then the invoice would be retained
10 in some form.

11 Q Did the HRCC have some kind of financial
12 software that they would have entered that into or
13 how did they keep their books in 2010?

14 A I don't recall in 2010.

15 Q Okay.

16 A I know the QuickBooks did exist at one
17 point, and I know we turned some of that over to you,
18 but I don't know how far back that went.

19 Q Okay. Was that process the same when a
20 contribution came in? How would that have been
21 recorded and then documented?

22 A I believe it would have been the same, but
23 again, I couldn't say with one hundred percent
24 certainty.

25 Q So if an expenditure was made, who would

1 have decided whether it was state or federal or both?
2 And maybe an example, I noticed that the HRCC has
3 Trisha Hamm on both of their reports as a vendor. So
4 who would have decided which portion of her
5 compensation was for state or for federal?

6 A I don't know that.

7 Q Kind of similarly for other expenses, how
8 would the staff have differentiated from a state
9 expense and a federal expense in the HRCC's records?

10 A This is about -- I want to be careful how I
11 answer because I don't want to give the impression
12 that I'm telling you the advice that I rendered, but
13 typically if there's a question about how to break
14 something up, that's where I would come in.

15 Q Okay. How about with the contributions?
16 If a contribution came in like you said, it didn't
17 have one of the identifying triggers that you talked
18 about, who would decide whether that was a state
19 contribution or a federal contribution?

20 A I don't know off the top.

21 Q Okay. If there were questions, who would
22 they have contacted about that?

23 A That would have been a question for the
24 fundraiser, I believe, because as is typical in these
25 cases, the fundraiser is raising money for a specific

1 thing when they're making the rounds or making the
2 calls.

3 MR. SIGURDSON: Does the HRCC have a
4 web-based contribution system?

5 THE WITNESS: I don't know. I do
6 know that we have processed electronic contributions,
7 and I believe that's included in our report. So there
8 clearly is some portal now that's a swipe or if that
9 was part of an internet portal that was used at some
10 point in the past, I'm not aware of that.

11 BY MS. POPE:

12 Q Okay. So if the accounts were showing
13 transfers between things that were state and federal,
14 what would those transfers have been for?

15 A I believe the one that we had on the report
16 last that was a bigger dollar number, was an issue
17 that we ran into at the end of the -- what was it?
18 Obama got reelected in what year?

19 Q 2012.

20 A '12?

21 MR. SIGURDSON: Yes.

22 THE WITNESS: We had a federal/state
23 issue with a joint activity that was Romney. I think
24 phone calls went out that had Romney and local
25 candidates. So the Romney campaign had to reimburse

1 us for their portion of what would have been federal
2 activity. So I think that was sort of the biggest
3 ticket item that we had to include on the reports.

4 BY MS. POPE:

5 Q So it mainly would be reimbursements, then,
6 from the federal to the state committee?

7 A Yeah, a significant activity, that's the
8 one that sticks out in my mind.

9 Q Okay.

10 A And then I believe the federal account was
11 used primarily when it was used for allowable
12 administrative expenses, which would have been on
13 Schedule H.

14 Q Okay. So did the staff person or the
15 fundraiser or anyone ever reconcile, you know, back
16 in 2010, these internal records to the bank
17 statements?

18 A My understanding was that it was and that
19 was why we asked for the one-time shift, was that at
20 the end of the year it was recognized that there
21 was -- I think it was a \$10,000 adjustment.

22 Q Yeah, okay. Here, I'll pull that one out.
23 Okay. So this is Exhibit 6. Why don't you take a
24 look at that quick.

25 A Yep, the 10,280. And actually, in this

1 particular case, once we found that there was this
2 \$10,000 difference, we pulled in Julie Hubble, who
3 had done significant -- well, I don't know how
4 significant, I shouldn't say significant or
5 insignificant -- who had done some work for the HRCC
6 in the past, to go through the records because she
7 had a fair amount of familiarity with Minnesota
8 Campaign Finance Reporting. She had previously been
9 my assistant at Lockridge Grindal Nauen so she was
10 familiar with reporting, and that \$10,280 was what we
11 found the accounts to have been off.

12 Q Okay. Let me back up for a minute and talk
13 about reporting. So in 2010, before you brought in
14 Julie Hubble, what were the HRCC's procedures for
15 preparing reports? So would the staff member have
16 started that report or how did the process begin?

17 A Prior to 2010?

18 Q In 2010.

19 A In 2010. I believe that's correct, that it
20 would have been prepared at the staff level.

21 Q And then who would have reviewed that
22 report before it was submitted?

23 A It would have been reviewed, I believe, by
24 the treasurer. And there were instances in which I
25 reviewed reports, but it was typically if there was a

1 question on some activity.

2 Q When the treasurer reviewed the reports,
3 were they comparing them to the bank statement or
4 were they comparing them to any records, or what did
5 that review consist of?

6 A I couldn't speak to that.

7 Q Okay.

8 A I wasn't there when it happened.

9 Q Did they have procedures for reviewing the
10 report that you know of?

11 A Not that I can answer.

12 Q When you reviewed the report, did you have
13 procedures that you followed to review the report?

14 A Typically when I review a report, I'm not
15 looking for any -- I'm very clear that I'm not an
16 auditor.

17 Q Um-hmm.

18 A And so this is with respect specifically to
19 the HRCC. But in my typical fashion what I will do
20 is I'll try to identify obvious errors. If it's a
21 federal report, employer information, if it's a state
22 report, I'll look for lobbyist identifying
23 information because that seems to be the thing that
24 trips most people up. And then we'll always try to
25 do a check-in with whoever is keeping the checkbook

1 to make sure the numbers actually make sense.

2 Q So there is some type of reconciliation, or
3 in 2010 there was some reconciliation to the bank
4 statements between the report and the bank
5 statements?

6 A With regard to the letter that I sent you
7 on May 2nd, yeah, the bank statements were reviewed.

8 Q But that was later, right? The letter
9 talks about that in 2011 you were preparing the 2011
10 report and discovered that 2010?

11 A Right.

12 Q Okay. So that reconciliation occurred a
13 year after --

14 A Sure. What happened in 2010, I couldn't
15 speak to.

16 Q Okay. Were the same people responsible for
17 preparing the federal reports as the state reports?

18 A I believe so. I believe Trisha Hamm has
19 always been the person who submitted the federal
20 reports.

21 Q And she's the vendor, the outside vendor?

22 A Right, but I think we also have her listed
23 as the deputy treasurer.

24 Q Okay. On the federal committee or the
25 state or both?

1 A I think it's just the federal committee.

2 Q Okay.

3 A Yep, she's actually the treasurer. We
4 listed her as the treasurer of the federal committee,
5 which in my experience is not uncommon for there to
6 be a vendor that's listed. And it's just H-A-M-M,
7 there's no S.

8 Q So -- and if we turn back to Exhibit 1, the
9 letter that you sent, I believe --

10 A Exhibit 6?

11 Q Oh, sorry, you're right. Exhibit 6. Let's
12 see. I'm wondering if Julie Hubble or anyone else
13 involved in this reconciliation recommended any
14 changes to the procedures that the HRCC had been
15 following to that point either in its recordkeeping
16 or reporting?

17 A Not that I'm aware of.

18 Q Do you know, did the HRCC ask her to do any
19 kind of review of their procedures at that time?

20 A If they did, I was not aware of that
21 conversation.

22 Q In 2013 it appears that the HRCC, they open
23 those new accounts at the Associated Banc?

24 A I believe, yep, that's correct.

25 Q Can you tell us why they did that?

1 A My understanding was, as I indicated
2 earlier, was that it was just the sake of working
3 with the bank was more customer-friendly.

4 Q Okay. And I'm sorry, I forgot one question
5 I wanted to ask about Ms. Hubble's work.

6 A Sure.

7 Q So there was a discrepancy that she
8 discovered. Can you explain why she thought that
9 discrepancy occurred and when she thought it happened
10 again?

11 A What I think we indicated here was, third
12 paragraph, the error is most likely the result of
13 compounding smaller errors from previous years. And
14 I believe this would have been her recommendation,
15 that it would take anywhere from six to eight months
16 to research records prior to 2010 to find those
17 previous errors, with no guarantee that we would know
18 where that came from. But we knew at that point in
19 time that we were off that \$10,280.

20 Q And that was in contributions or
21 disbursements?

22 A \$10,280 --

23 Q Or was that offset --

24 A In disbursements.

25 Q Okay, all right. So then we talked about

1 the opening up the new bank account. So between 2010
2 and then 2014 when we asked for the second balance
3 adjustment, were there any changes made to the HRCC's
4 recordkeeping procedures?

5 A I believe there were.

6 Q And do you know what the changes were?

7 A I believe that there was -- can we go off
8 the record for a second?

9 (At this time a brief discussion was
10 held off the record.)

11 THE WITNESS: Yeah. I'm aware that
12 after this adjustment in 2012, it was understood that
13 the checks coming in and checks going out had to be
14 kept up on a more frequent weekly basis and recorded,
15 so that it wasn't a lookback for a long period of
16 time. Because the problem with all contributions,
17 regardless of entity, is once they go into the bank,
18 all we get back is a bank slip. And if there are
19 checks involved, it's not always easy to recreate all
20 the checks. There's cash involved, there's rarely a
21 slip saying here's where the cash is from, if it's an
22 unitemized amount it may be harder to track. So my
23 understanding is that was attempted to be tightened up
24 so that it would be easier to track going forward.

25 BY MS. POPE:

1 Q Do you know, did they take pictures of the
2 checks then? Or how did they attempt to keep those
3 records of those contributions and expenditures?

4 A I know that when we recreated the
5 information for this audit, we relied on the pictures
6 taken of the checks by the bank.

7 Q So you asked the bank for those pictures?

8 A Correct.

9 Q Okay. And the bank took those pictures as
10 a matter of their policies?

11 A Of depositing the checks, right.

12 Q Okay. Were there any changes made to the
13 way that the HRCC prepared its reports for the board
14 after that 2012 request?

15 A Not that I'm aware of.

16 Q All right. Let's jump to 2014, and here's
17 Exhibit 2. Do you recognize Exhibit 2?

18 A I do.

19 Q Can you tell us what it is?

20 A This is essentially a follow-up a few years
21 later, requesting an adjustment for 2013 -- for the
22 2013 year-end report.

23 Q And why was the HRCC asking for the
24 adjustment to the 2013 report?

25 A As I stated on the second line, after

1 reconciling all contributions with bank statements,
2 an unaccounted-for overage in the amount of \$7,766.54
3 still exists.

4 Q So that overage came about despite the new
5 procedures the HRCC had put in place in 2012?

6 A Apparently. And then the second paragraph
7 is, we were fixing an amendment in response to a
8 letter we had received.

9 Q If you look at the end of the first
10 paragraph, it talks about the HRCC implementing new
11 protocols to prevent future accounting and reporting
12 errors. Are you aware of what those new protocols
13 were?

14 A I'm aware that the -- I would have to
15 refresh my recollection, but I'm aware that protocols
16 went into place, and it may have been what I
17 previously mentioned, after the 2013 letter or 2014
18 letter. It sort of mixes, but I'm aware that there
19 was a tightening up of when checks came in they had
20 to be recorded within a certain period of time, and
21 when expenditures were made they had to be recorded
22 in a certain period of time.

23 Q And when --

24 A I may be off on my recollection of when
25 that occurred.

1 Q So just to be clear, the procedure you
2 described that first had taken place in 2012 might
3 actually have been in 2014?

4 A It may be, yeah.

5 Q Okay. So you said that one of the
6 protocols was that you had to more speedily record
7 the things.

8 Do you know what things they were supposed
9 to record about each contribution? Again, did they
10 need --

11 A All the applicable information. Where it
12 came from, how much it was, what account it's going
13 to, everything that we would need to put a report
14 together.

15 Q Okay. And that would have been in 2014 at
16 the date of those letters that those were in place?

17 A That's my recollection.

18 MR. SIGURDSON: Do you think that
19 those procedures were going to be complicated by
20 off-election years where you had only a part-time
21 staff member?

22 THE WITNESS: My understanding is
23 that the part-time individual is only really during
24 the legislative session, because in many cases it was
25 somebody that had been on staff at the caucus that

1 then came over, and that the rest of the year, whether
2 it be election year or not election year, they were
3 full-time. And I believe that was pretty consistent
4 throughout. There may have been gaps in between where
5 there wasn't somebody that was primarily assigned to
6 that in a nonelection year, but I don't believe that
7 was for very long.

8 BY MS. POPE:

9 Q Okay. Was that part-time staff member
10 Anne Neu?

11 A No.

12 Q Okay. So who was the part-time staff
13 member?

14 A Kaley Taffe, T-A-F-F-E, was the staff
15 person that would have been there I think pretty much
16 for the majority of the time period that we're
17 talking about.

18 Q Okay. So what was Anne Neu's role with the
19 HRCC?

20 A Anne didn't come to the HRCC until, I want
21 to say maybe it was -- what year did the current
22 House go into the majority? '14?

23 MR. HOLTEN: Well, four years ago,
24 yeah.

25 THE WITNESS: So, yeah, Anne I don't

1 believe came in until '14, '13, somewhere in there.

2 BY MS. POPE:

3 Q Okay. And then what was her role with
4 regard to the HRCC?

5 A She was the person that came in and took
6 charge of checks coming in, checks going out, and I
7 believe implementing the putting everything into
8 QuickBooks.

9 Q So what was the relationship between
10 Anne Neu's position and Kaley Taffe's position?

11 A I believe Kaley was transitioning out of
12 that role and Anne was transitioning in, but they did
13 overlap for a period of time, I believe. It may well
14 have been that Kaley wanted to do more fundraising,
15 as opposed to just the highly glamorous work of
16 recording contributions and cutting checks.

17 Q So when Anne Neu moved into this role,
18 would she have been part-time during session and
19 full-time the rest of the year?

20 A I don't believe so. I think she may have
21 been the first person that was full-time all the
22 time, but I would have to double-check on that.

23 Q Did she have a title? Anne Neu, I mean.

24 A It might have just been executive assistant
25 or executive director or something like that.

1 Q So then did she have any role in deciding
2 what expenditures would be made by the HRCC when she
3 came into that position?

4 A Not that I'm aware of, but I'd be happy to
5 follow up as to what that structure was.

6 Q So when Anne Neu came in, then, all the
7 things that you described up to this point, the
8 person who would look at the checks, enter them, she
9 took over that role 2013, 2014?

10 A I believe it was like the very, very end of
11 2013, going into 2014.

12 Q Okay. And then how would she have worked
13 together with Trisha Hamm?

14 A Only from the outside looking in. Trisha
15 was the fundraiser and Anne was the person collecting
16 the checks and cutting the checks for -- responding
17 to invoices.

18 Q And would Anne have been the person
19 preparing the reports as well?

20 A I believe so.

21 Q And both federal and state reports?

22 A I don't know that. Let me -- I feel like
23 my timeline is off here. The House was Democrat in
24 '12 and '13.

25 MR. HOLTEN: Correct.

1 THE WITNESS: And then we had the
2 election of 2014 and then --

3 MR. HOLTEN: And then they won again
4 in 2016.

5 THE WITNESS: Yeah, I'd have to go
6 back and check. But Anne either came in at the end of
7 '13 into '14, or at the end of '14 into '15. There
8 was a period there -- she hasn't been there the entire
9 time.

10 BY MS. POPE:

11 Q Okay. And I'm sorry, you said Anne
12 prepared the reports for the board?

13 A I believe that she would have been the
14 person that did the first draft of the report.

15 Q Okay. When we talked here in the
16 November 2014 letter --

17 A Um-hmm.

18 Q -- about the protocols, did any of those
19 involve changes to the way the HRCC prepared its
20 reports for the board?

21 A Did the protocols involve -- I'm sorry, I
22 don't understand.

23 Q I'm sorry. So we talked about how there
24 were new protocols to prevent accounting and
25 reporting errors, and that was tightening up how

1 often the checks were entered. It sounded like there
2 were more accounting procedures?

3 A Um-hmm.

4 Q I'm wondering if there were any changes
5 made to the way that the reports were prepared and
6 then reviewed and then submitted?

7 A I would say that I think that that all goes
8 into it because the issues that had been experienced
9 before were, in my opinion, primarily accounting
10 issues of what money came in and what money went out.
11 So I think that they necessarily do tie together, you
12 know, on changing the procedures for how the report
13 is made to the board.

14 Q Now, at some point Anne Neu -- a family
15 member became ill as you said?

16 A Right.

17 Q Do you know when that began?

18 A I don't know when that started.

19 Q Do you know when he passed away? It was
20 her husband, right?

21 A It was, yeah.

22 Q Do you know when he passed away?

23 A I want to say it was 2016.

24 Q Can you tell us how that affected Ms. Neu's
25 ability to take care of the HRCC's finances?

1 A I really can't speak to that, as to how
2 that impacted her on the day-to-day. I can only
3 speak to it with regard to the conversations that
4 we've had over that period. I remember being on the
5 phone with you and Mr. Goldsmith, calling and saying,
6 and I was unaware of it at this time, that there had
7 been sort of a long period of no communication
8 between her and your office. And that was why, you
9 know, we took the initial step of bringing on
10 somebody that actually had a licensed accounting
11 background --

12 Q Okay.

13 A -- to try to take over primarily preparing
14 the information we've been giving you.

15 Q So did Ms. Neu formally go from full-time
16 to half-time or did she --

17 A I don't know that.

18 Q Okay, all right. So let's see. Maybe just
19 in general, since 2014 was there anything else that
20 happened that affected the day-to-day operations of
21 the HRCC and by extension the progress of the staff
22 review?

23 A I think that -- and looking back on it, I
24 think that was probably the single biggest factor.
25 And just having somebody that was primarily, you

1 know, this -- and I think that there was also just
2 sort of across the board, we would respond, we'd get
3 a response back, we'd take some time to respond to
4 that, and that just goes back and forth. I think
5 that's what led to this taking some time.

6 Q When did Ms. Neu leave the HRCC?

7 A She hasn't.

8 Q She still works for the HRCC?

9 A She does, yep.

10 Q And what's her role now?

11 A She's obviously a member --

12 Q Yeah.

13 A -- of the House, but she's still helping to
14 try to get -- keep the books and get us to the end of
15 the line with this.

16 Q When was she elected to the House?

17 A The special election?

18 Q Yeah.

19 A Just this last session?

20 Q Yeah. 2017?

21 A Yeah, 2017.

22 MR. SIGURDSON: We were under the
23 impression that her involvement in running for office
24 in the special election limited her availability as
25 well.

1 THE WITNESS: Without a doubt.

2 MR. SIGURDSON: Are you aware of who
3 took over that role, then, when she was campaigning,
4 in terms of processing payments?

5 THE WITNESS: I believe it was just
6 sort of done by committee at that point, where -- I
7 wouldn't want to speculate, to give you the wrong
8 impression that it may have been somebody who wasn't
9 involved, but I think Kaley came back for a period of
10 time. And I just -- again, in my experience with
11 other committees and committees not in Minnesota, it's
12 not uncommon, particularly after an election, to have
13 a dormant period where some of those staff positions
14 just aren't filled. And I'll leave it at that.

15 MR. SIGURDSON: One technical issue
16 that Ms. Pope maybe covered and I missed the answer,
17 the fundraiser, Ms. Hamm, does she directly deposit
18 into the bank and then tell the HRCC of the deposits?
19 Or does she turn over any checks received that she
20 does through her fundraiser? Basically, who does the
21 deposits is really what I'm trying to get to.

22 THE WITNESS: Yeah. I don't know
23 specifically, but I'm happy to follow up and give
24 you --

25 MR. SIGURDSON: I think that would

1 be one thing that we'd like.

2 THE WITNESS: Sure.

3 BY MS. POPE:

4 Q So now in the summer of 2016, the HRCC
5 engaged an outside person to work on the staff
6 review; is that correct?

7 A Correct. It seems a lot longer ago, but
8 yes, I think that's right.

9 Q And who did the HRCC engage?

10 A Kim Greiner, G-R-E-I-N-E-R.

11 Q And what were her qualifications?

12 A So Kim is the, I believe, the CFO of the
13 Fortune Bay Casino, which is a client of mine in the
14 lobbying world, and obviously has a wide deal of
15 background in financial auditing and reporting, and I
16 believe is a licensed accountant. Definitely
17 licensed with the Indian Gaming Commission -- or the
18 National Indian Gaming Commission, the NIGC.

19 Q Was she hired or was she a volunteer?

20 A Hired.

21 Q Okay. And then can you tell us where Kim
22 or Ms. Greiner got her records from so that she could
23 start preparing?

24 A Anne, Kaley, and Trisha were the ones that
25 went out to track down the records for all the bank

1 accounts for this period of time.

2 Q And did they give Ms. Greiner all of the
3 bank accounts, all the financial records?

4 A With the exception of everything in 2017,
5 yes.

6 Q Okay.

7 A Yeah, we have everything that is out there.
8 Everything from the bank, we have. And part of the
9 timeline issues that we were having that we were
10 talking about a moment ago, we had a significant
11 amount of trouble collecting old data from U.S. Bank.
12 There were periods of nonresponsiveness from the bank
13 when we had asked for, you know, bank statements, not
14 specific, from January of 2012 or April of 2013.
15 They just weren't forthcoming with that and it took
16 quite a bit of effort to collect all that
17 information.

18 Q And then Ms. Greiner eventually produced a
19 set of reconciliations in November of 2016, but those
20 included all of the HRCC's transactions --

21 A Right.

22 Q -- federal and state, correct?

23 A Right. We realized, I believe, after we
24 turned it over to you, or before we turned it over to
25 you, or given you a portion of that, that we'd

1 included the federal account, the , in error, so
2 we had to go back and have it redone to strip those
3 numbers out.

4 Q Did anyone go through the records for the
5 other four bank accounts and strip out federal
6 transactions from those bank accounts?

7 A When I say strip it out, the totals that
8 she had produced, like when you look at the proof of
9 cash, would have included .

10 Q Okay.

11 A So that was the problem. We wanted to make
12 sure that those weren't included on any of the ones
13 that she did.

14 Q Okay.

15 A So my understanding from talking to her was
16 that she went back through and made sure that there
17 weren't any -- there was no money from coming in
18 or out of any other committees -- or accounts.

19 Q But if somebody, for example, would have
20 mistakenly deposited a contribution into one of the
21 four other accounts and it stayed there, she would
22 not have known that that was a federal contribution?

23 A If that would have happened, I believe that
24 would be true.

25 Q Okay.

1 A She was only looking at the statements.
2 Deposit made, expenditure made, deposit made,
3 expenditure made, so that we had an idea how much
4 money do we actually have and how much money do we
5 actually go through during this fixed period of time.

6 Q Okay, all right. Well, that is the end of
7 my general questions.

8 A Okay.

9 MS. POPE: Did you have any general
10 ones that you wanted --

11 MR. SIGURDSON: I think I'm done
12 with him, thank you.

13 BY MS. POPE:

14 Q So now I was going to talk about specific
15 years, questions on specific years.

16 A Sure, I will do my best.

17 Q Okay. I'm going to start with the letter
18 that we sent to you.

19 A Most recently?

20 Q In August. And I'm going to hand this to
21 you. This is kind of the summary spreadsheet with
22 all the years.

23 A Okay.

24 Q And I think this is Exhibit 1. And then
25 Exhibit 2 is the letter which basically took each

1 year and then put it into the letter, and then it
2 explains --

3 A Oh, right.

4 Q So they should be identical. It's just
5 that this is all together, Exhibit 1. And then
6 Exhibit 3, okay --

7 A Got it.

8 Q And I'm sorry, I had one at the top that
9 said mine.

10 A No problem.

11 Q Just because I made a few notes.

12 A Yeah, I know. I did the same thing.

13 Q Okay. So let's start with a couple easy
14 years, 2010 and 2011.

15 So on page 2 of the letter it just kind of
16 outlines what the numbers are for those years, and
17 then what the board thinks should happen for those
18 years.

19 A Um-hmm.

20 Q Does the HRCC have any disagreement with
21 that? Let me hand out one more piece. This was your
22 letter from October 3, summarizing what the HRCC
23 thought about each year, and there was nothing on
24 there about 2010 or 2011. Has anything come up since
25 then?

1 A Nope.

2 Q Okay.

3 A And I can say everything in my letter of
4 October 3, 2018, that is Exhibit Number 4, we don't
5 have anything to add or modify to that at this time.

6 Q Okay, all right. So now we can jump to
7 2012.

8 MS. POPE: Did you have any 2010 or
9 2011 questions?

10 MR. SIGURDSON: Well, I understand
11 that we talked about 2010. Did Mr. LeBeau have any
12 issues in 2011? I don't think he specifically
13 answered your question to 2011.

14 BY MS. POPE:

15 Q Were there any changes --

16 A No.

17 Q -- for 2011?

18 A And just so you know, when you sent this
19 back, we went through it and kind of double-checked
20 our numbers to see if there was anything that was
21 wildly off or that we didn't agree with. And based
22 on our review, we can provide context as to why some
23 of the numbers are off, but we don't have any
24 disagreement of those numbers being accurate.

25 Q Okay. I'll just note for the record, 2011

1 is the only year that we did the full-blown
2 reconciliation for because it was pretty close?

3 A Right.

4 Q Okay. So 2012, then. If we look at 2012,
5 if you look at the spreadsheet or on the letter, it
6 appears that the HRCC did not report approximately
7 38,000 in receipts, approximately 60,000 in
8 expenditures. And I was going to ask you if they'd
9 found any more documents to explain those
10 discrepancies?

11 A I'm aware that that was the year that was
12 being given the most scrutiny, I believe, on our end.

13 Q Okay.

14 A So I don't have any new information.

15 Q You've indicated in our discussions that
16 the HRCC would have records that they could use to
17 prepare amended reports that would show all of those
18 transactions. Are those records separate from the
19 bank statements, or are those records the bank
20 statements?

21 A No. I believe that particularly for the
22 disbursements or the expenditures -- sorry, I'm
23 trying to be consistent with my usage -- that we've
24 gone back and have been able to reproduce -- not
25 reproduce, but find those invoices that we didn't

1 previously have at our fingertips. So it will take
2 some doing to amend those, but the staff felt
3 confident that they had the ability to do that.

4 Q Did anybody discover why those invoices and
5 receipts hadn't been used to create the original 2012
6 reports?

7 A That wasn't a question that I asked.

8 Q Okay.

9 A In all honesty, I'm just trying to figure
10 out at this point, do we have it? Can we amend it?
11 Can we get it done? And not dwell too much on why it
12 didn't happen the first time.

13 MR. SIGURDSON: I guess I will step
14 in on that point. To some extent, this is a
15 two-handed or two-goal project. One, of course, is to
16 get accurate disclosure through the amended reports.
17 But the second is also to understand the point at
18 which these errors are occurring so that the HRCC and
19 the board can come to a conclusion or an agreement on
20 how to prevent us from being back here again at some
21 point.

22 In a written response, I think we would
23 appreciate -- we would ask that the HRCC provide us
24 some explanation as to how this occurred, to the best
25 that that can be developed. So, again, that is used

1 both for the board's understanding, but also as the
2 basis of figuring out how we're going to prevent this
3 from occurring again.

4 THE WITNESS: Sure. Would it be
5 helpful as well if we had recommendations as to what
6 we think should happen going forward?

7 MR. SIGURDSON: The board would be
8 happy to consider whatever recommendations you have.
9 The HRCC obviously understands its procedure and
10 accounting better than anyone else. So from that
11 standpoint we'd be interested in your recommendations,
12 certainly.

13 THE WITNESS: Just for instance,
14 when I've dealt with this with other committees, it's
15 not uncommon for the FEC, for instance, as part of the
16 filing required, that for a period of time the books
17 are going to be open to sort of random inspection, and
18 that professional staff be required for a period of
19 time for the recordation of the incoming and the
20 outgoing. I don't know if that's something that the
21 Campaign Finance Board has ever done before.

22 MR. SIGURDSON: We have. We have
23 looked at, for a period of time until we were assured
24 or convinced that the committee was back on track, we
25 sometimes look at the end-year bank statements

1 compared to the reports and do our own sort of ending
2 cash balance to make sure that we're all on the same
3 page. So I would expect that something to that effect
4 will be part of the findings here, and certainly your
5 recommendations would be something that we would
6 consider.

7 THE WITNESS: Okay.

8 BY MS. POPE:

9 Q Okay. So let's move to 2013.

10 A Okay.

11 Q And that was the year where the HRCC
12 over-reported their receipts and over-reported their
13 expenditures?

14 A Right.

15 Q Your letter talked about the HRCC
16 discovered that that was due to some double reporting
17 of expenditures?

18 A Right.

19 Q Can you just talk a little bit about how
20 that happened?

21 A My understanding is that the online
22 contributions just wanted to be double reported in
23 the system.

24 Q Is that because they were directly
25 downloaded from the online recording into there?

1 A Yeah, I'm not sure.

2 Q Okay.

3 A But I believe with a fairly high degree of
4 accuracy that that was why we had the overage on the
5 incoming side.

6 Q Why are you confident that those are not
7 federal transactions or contributions that were
8 intended for the federal account?

9 A Typically when there is fundraising for a
10 federal account, it's very specific. And it
11 also -- if you send out mail or something, it has to
12 include the specific federal disclaimer, you know,
13 saying everything is subject to the federal limit.

14 Federal fundraising just has a different
15 tone than state fundraising does. So it would be
16 unique, indeed, where there was a situation where
17 somebody did a significant amount of federal
18 fundraising. It would be more akin, I think,
19 generally, again, not speaking specifically to the
20 HRCC, where somebody would say I'd like to make a
21 contribution to you, how would you like to -- oh,
22 well, okay, I only have a federal account. Well,
23 Minnesota law doesn't permit you to make a
24 contribution, but there is a related federal account
25 that can take a contribution but the other side

1 can't.

2 So I think it's generally how that's
3 understood to work. So it would be very unique if a
4 bunch of money came in and it was just all dedicated
5 federal dollars.

6 MR. SIGURDSON: Typically, with
7 online contributions there's going to be a middle
8 vendor, whether it be PayPal or some other committee,
9 and I may get the name wrong, but I think it's called
10 RedState is a vendor that deals with many Republican
11 committees. They then, after a period of time when
12 they hold the online contributions to verify it was,
13 in fact, valid, and then transfer it to the bank
14 account for the committee that they're collecting
15 contributions for.

16 Could you confirm that that is only set up
17 for the state HRCC, and there's not an ability
18 for -- or that we can assure that any online
19 contributions were intended for the state HRCC?

20 THE WITNESS: I can follow up and
21 find out. I can't tell you off the top of my head,
22 but I'd be happy to -- just so I have your question
23 right: Does RedState or PayPal, is it set up
24 specifically for state fundraising?

25 MR. SIGURDSON: Right. However the

1 vendor is for your web-based online contributions, is
2 that only for the state HRCC? Then I think, more
3 directly, get to the issue of whether or not any of
4 those contributions were intended for the federal
5 committee if that's only set up for the state.

6 THE WITNESS: I understand. No, I
7 get it. I see where you're going with that.

8 BY MS. POPE:

9 Q In your letter that you sent us in October,
10 you talk about, you think a lot of the discrepancy in
11 2013 on the expenditure side was due to one payment
12 being double reported in 2013, 2014?

13 A Right.

14 Q Do you know what the vendor is for that
15 payment?

16 A Yeah, I did at one point in time. I don't
17 recall it off the top of my head, but I'd be happy to
18 respond in detail.

19 Q Yeah, that would be great. And that would
20 be true, too, for 2014?

21 A Right.

22 Q Because in your letter you identify
23 NextWave as the vendor, but on the 2014 report for
24 the HRCC there's no vendor NextWave.

25 A Okay.

1 Q So could you double-check and determine who
2 that vendor was?

3 A Sure. And you're saying on the 2014
4 report?

5 Q Right. There's nothing there NextWave and
6 I couldn't match up the amount because it was
7 approximately \$34,000. There were a lot of people
8 with similar names and some similar transactions, but
9 nothing that matched exactly.

10 A Okay.

11 Q And then it would be important to know,
12 too, if that refund was made in 2014 or made in 2015.

13 A Okay.

14 Q Then a couple of other questions about
15 2014, too.

16 A Okay.

17 Q This was the year where, kind of
18 inexplicably, the HRCC started using the different
19 beginning cash balance?

20 A Right.

21 Q Did they have an explanation for why that
22 happened?

23 A And this is probably the part that I had
24 the most, I think the most knowledge or research done
25 about. We started with different bank numbers

1 because I believe this was the period of time that we
2 first figured out that we had a problem, and where we
3 first approached the board with, look, our numbers
4 are off, and I had a communication with Gary in --
5 oh, wait, would this have been '14 or '16?

6 Q So 2014 report would have been filed in
7 January 2014 and you had sent the letter in
8 November 2014, just two months before.

9 A Right. I believe, based on my
10 recollection, that if you look at when we filed the
11 amendments there were different beginning cash
12 totals. And one came -- I think the final amendment
13 was in like May, and referred back to a slightly
14 different cash total than what was originally
15 reported. So it was just trying to get a handle on
16 what that proper cash balance was, because there were
17 changes that were made in 2013 that threw off 2014.
18 So that's why it kept bouncing around.

19 Q Okay. So for 2014, even if we assume that
20 part of the discrepancy is the \$34,000 in
21 miscellaneous income for the refund --

22 A Um-hmm.

23 Q -- that still leaves about \$26,000 in
24 receipts that were not reported.

25 A Right.

1 Q Did the HRCC, were they able to find out
2 any reason for why those were not on the report?

3 A I don't have an answer for that.

4 Q Okay.

5 MR. SIGURDSON: To the best of your
6 understanding, does the HRCC staff feel confident that
7 they will be able to identify the sources of those
8 contributions?

9 THE WITNESS: I don't know that. As
10 you know, the contribution side is significantly
11 harder than the expenditure side.

12 BY MS. POPE:

13 Q So if they were going to recreate the
14 amended reports, what would they be relying on to do
15 that?

16 A I would have to check and see exactly what
17 exactly -- we'll be able to pull deposit slips.
18 Well, we know that they are in the account, as well
19 as we can see if there were any online contributions
20 and look for checks. That will -- we know that that
21 will take -- it will take some time to figure out
22 exactly what --

23 MR. SIGURDSON: This is a little bit
24 more of a general question, and if you're not
25 comfortable answering, maybe it could be part of the

1 response. But I would think that the majority of the
2 HRCC's contributions are either going to be online or
3 by check and, relatively speaking, a small amount by
4 cash. Is that an accurate statement?

5 THE WITNESS: I believe that's
6 pretty accurate.

7 BY MS. POPE:

8 Q And were those specific records given to
9 Ms. Greiner so she could prepare the reconciliation
10 for 2014, which listed each transaction in the bank
11 account?

12 A No, she was given the statements.

13 Q Okay.

14 A And the statements, I believe some of the
15 invoices and what she was comparing were the bank
16 statements to the reports that we had filed.

17 Q Okay.

18 MR. SIGURDSON: Perhaps I didn't
19 quite finish my thought on the cash contributions.
20 When the staff does go to reconstruct a report, if
21 there becomes some point where there's an amount
22 that -- well, let me try again.

23 You stated that you were able to get from
24 the bank a copy of all the checks deposited. And
25 just from other investigations, I'm pretty -- I

1 believe it's very likely that you'll be able to
2 provide or get a very thorough record of all the
3 electronic contributions you received. So just
4 identifying that portion left that was cash that may
5 not be able to be attributed, that would be something
6 that we want to be identified for us.

7 THE WITNESS: Sure, sure.

8 BY MS. POPE:

9 Q This is the HRCC's 2014 report. That's the
10 first year that the HRCC started reporting
11 transactions to the federal account. I think I put a
12 sticky by it.

13 A Okay, yep. Can you confirm for me --

14 Q Um-hmm.

15 A -- is the first report that Tim Sanders was
16 the treasurer on?

17 Q I will look at the other reports, and
18 that's the last amended report that was filed.

19 A Okay.

20 Q But let's see.

21 A It will just help my timeline in
22 explaining.

23 Q Yeah, in 2013. He's listed as the
24 treasurer in 2013.

25 A For the year-end?

1 Q Yep, for the year-end.

2 A And there would have been one
3 year -- beginning report of 2013, right?

4 MR. SIGURDSON: No, there would
5 just be -- a nonelection year would just have the one
6 report.

7 BY MS. POPE:

8 Q So that's 2013. Do you want me to check
9 2012 too?

10 A That would be too soon. But that conforms
11 with my timeline then. The reason that the numbers
12 were bouncing around in 2014 was because we first
13 realized we had a problem when we were doing the 2013
14 and coming into '14, and that's what launched
15 the -- our desire to come to you and say we need help
16 figuring this out.

17 MR. SIGURDSON: I will have to say,
18 though, I wouldn't rely entirely on the report for
19 determining who the treasurer is. If that's an
20 amendment, if that was filed in 2015, the software
21 only has one treasurer --

22 THE WITNESS: Oh.

23 MR. SIGURDSON: It doesn't have the
24 ability to go back and say, well, this was the
25 treasurer in 2012 -- I'm sorry, 2013.

1 THE WITNESS: I see what you're
2 saying.

3 MR. SIGURDSON: I mean, we can
4 confirm that in our records, but I'm afraid that I
5 wouldn't rely on that too heavily.

6 THE WITNESS: I guess I'd only go on
7 to say that it was under the treasurership of
8 Representative Sanders when he was preparing to file
9 that first report of his own that we became aware that
10 that's where the problem was, and we started digging
11 further. So, yes, to your question, sorry.

12 BY MS. POPE:

13 Q I think in 2014, then, that was the first
14 year that the HRCC reported something to the federal.
15 And then here's the FEC report for that year, and
16 it's the year-end report. So I just was looking at
17 the total.

18 A Um-hmm.

19 Q And to me, it looks like the amount that
20 the state HRCC reported paying the federal account
21 does not match the amount that the federal account
22 said that it got from the state.

23 A You're not referring to this number?

24 Q I think that was the Pinnacle one. The
25 Pinnacle vendor is the one that I think the \$40,000

1 that was double reported for.

2 A Okay.

3 Q But that was the one that I was looking at.

4 A Well, the total transfers, year-to-date was
5 21,000 from -- for Schedule H transfers for the
6 21,743, and then this would roughly be -- well, this
7 is 17, plus roughly another 10 if it was all
8 transferred over.

9 Q So I guess, should those two numbers match,
10 is kind of my first question?

11 A Yeah. I would have to look because it may
12 well be, like, the final transfer didn't hit the
13 federal books until the next year.

14 Q Okay. So that would be one reason why
15 maybe they didn't quite --

16 A Right.

17 Q Okay.

18 A And especially -- like this 12/2/14
19 miscellaneous reimbursement for state expenses for
20 11/19, it wouldn't be -- that wouldn't show up on
21 your federal report until your beginning -- well, it
22 would be on your year-end because that would go
23 through the 12th, but if it was done by check and not
24 automatic, it's entirely possible it would show up on
25 the first report of the next year.

1 Q Okay. Because, again, I have 2015 also.
2 So here's the 2015 FEC report.

3 A And I went through and I pulled these too.
4 I think I remember seeing in 2014 that there were
5 transfers reported over.

6 Q Yeah, there's one in 2015 also. So here's
7 the 2015 report, and I thought 2015 matched. But I
8 guess kind of the gist of my questions is why the
9 HRCC, why they didn't start reporting the federal
10 share -- the federal payment until 2014, 2015, and
11 then why they stopped in 2016.

12 A Oh. That usually is just the case -- it's
13 not paid for the federal account any longer. That
14 account just doesn't have any money in it and just
15 goes dormant. And so there's no -- you don't pay for
16 it out of the federal account and then try to
17 reimburse for the state portion.

18 Q Would that be the situation that you
19 described where the vendor might be billing each
20 account separately? Or does that mean that they
21 weren't doing any shared expenditures anymore?

22 A It just means no shared expenditures
23 anymore.

24 Q Okay.

25 A Frankly, I mean, you get to the point where

1 you exhaust the account and the federal account, I
2 think, in many cases where funds just become dormant.

3 Q So in 2016, was the federal account dormant
4 or exhausted?

5 A If there was no activity in it.

6 Q Okay.

7 A I think it's fairly true. I mean, folks
8 can elect to use the federal account or not use the
9 federal account. I think sort of pre-Citizens
10 United, it was sort of -- most caucuses had a federal
11 account, and then I think post-Citizens United it
12 became more of a hassle than it was worth, frankly.

13 Q All right. And then I think I had one more
14 question about 2014, which is in my letter, and --

15 A I'm just going to make a quick note here
16 because I'd like to respond to that.

17 Q Oh, sure.

18 A Okay.

19 Q So for 2014, the last question is, it looks
20 like there does need to be a balance adjustment that
21 year, \$73.55, assuming that the HRCC would file the
22 amended reports that would have the receipts and
23 things that went through the bank.

24 A Okay.

25 Q Okay.

1 A If we could limit it to a \$73 problem for
2 all these years, I think we'd all be quite happy.

3 Q Well, 2015, I think on that note, was a
4 good year.

5 A Yeah, we had a good year in 2015.

6 Q There was, though, another unexpected,
7 unexplained increase to the beginning cash balance
8 that year. Did the HRCC discover why that one might
9 have occurred?

10 A No. Other than it may have been one of
11 these -- what we just discussed. If it was money
12 that was coming -- that should have gone out in the
13 previous year and was coming back in. My concern
14 with some of these has always been that if you look
15 at just the ending cash balance in '14, it's a
16 \$20,000 problem that's pushing through into '15 and
17 then coming out roughly the same amount at the ending
18 cash balance.

19 Q Right. And I think in 2015 it increased by
20 another -- they added some in 2014 and then they
21 added more in 2015.

22 A Right.

23 Q All right. But then --

24 A Oh. You're talking before the 45,923?

25 Q No, no. I was talking about the difference

1 between column one and column two. See, so the
2 correct balance should have been, in the beginning of
3 the year, should have been 77,000. But the -- you'll
4 see if you look up at 2014, even with the wrong, you
5 know, then they added another 50,000 for some reason.

6 A Oh, right.

7 Q Which further just inflated the balance.

8 A Right.

9 Q But the receipts and expenditures for that
10 year were quite close.

11 A Okay.

12 Q Okay, let's see. So now on to 2016. So
13 your October letter, you described a reason --

14 A Did you want this back? This is -- we
15 talked about that.

16 Q Yep, we talked about that one.

17 A Okay.

18 Q So on to 2016. So in your letter for 2016,
19 the HRCC said that, you know, one reason for the
20 discrepancy was the \$50,000 --

21 A Yep.

22 Q Now, the RPM reported that as miscellaneous
23 income for use of the postage permit.

24 A Right.

25 Q Would you agree with that characterization?

1 A Yep, that's it.

2 Q All right. However, there wasn't an
3 explanation in your letter for that large discrepancy
4 in the receipts. Has the HRCC found any more
5 information about that?

6 A I don't have any additional information on
7 the receipts in 2016.

8 Q So I guess at this point, the HRCC, when
9 they ask for that first balance adjustment in 2012,
10 you know, kind of implied that they had new
11 procedures and things in place that would correct any
12 future overages. And then in 2014, the November 2014
13 again referred to new protocols that they had in
14 place that would prevent the overages. So, but now
15 we look at 2016 and there's another significant
16 overage.

17 So I guess what we need to take to the
18 board is, you know, what can the HRCC say that's
19 changed since 2014 that could give the board any
20 confidence that the future reports are going to be
21 accurate?

22 A Right. What I will say is obviously this
23 has been a point of huge consternation, if not
24 expense, for the HRCC in getting to this point with
25 you all. Part of the problem, I think, that folks

1 run into -- and this is to cast no aspersions on
2 anybody in particular -- but we can have protocols
3 and procedures all day long, but you have to have
4 people that sort of diligently follow them.

5 I think that one thing that we would have
6 to consider and look at would be some sort of
7 additional training, and that's why I raised the idea
8 of outside professional staff to do some of this as
9 well.

10 The thing that kept coming back to me as
11 we would go through and I'd work with Kim on this is,
12 you know, she was sort of perplexed. Auditors see
13 the world differently than we all see the world,
14 right? Because it's all about getting to the penny,
15 where I think that auditors are more general. If
16 you're within a certain fraction of the total amount,
17 what's the big deal? And that's, I think, part of
18 what folks run into.

19 The percentages that were off in any
20 particular year for the amount of money that's gone
21 through the account isn't -- the individual dollar
22 amount looks a lot bigger than if you were to take it
23 as just a percentage of the total. But I think
24 that's something that we would -- I have to take back
25 to my client and get approval for, obviously. But my

1 experience tells me that that is something we have to
2 take a serious look at would be professional staff
3 and not relying on volunteers -- I shouldn't say
4 volunteers, but relying on people that aren't
5 necessarily trained on what's specifically required.

6 Q That might be a good question I didn't ask.
7 Were Ms. Neu or Kaley Taffe, did they have an
8 accounting background?

9 A I'm not aware of if they do or if they
10 don't.

11 Q Okay.

12 MS. POPE: Did you want to go
13 through -- do you remember that spreadsheet from 2016
14 that we went over, or do you think that that's --

15 MR. SIGURDSON: Not at this point.
16 I don't think we need to do that.

17 MS. POPE: Okay.

18 MR. SIGURDSON: The one issue I'm
19 sure Ms. Pope is going to get to is, 2017 there's
20 still a proof of cash statement that you're still
21 working on; is that right?

22 THE WITNESS: That's right. I
23 realized after we had a conversation, I spoke with Kim
24 yesterday that, yeah, we only provided her with
25 partial information for 2017. I was under the

1 impression that what I had sent to you was the proof
2 of cash for the whole thing. And, yeah, I get the
3 discrepancy now. So we're just waiting for those bank
4 statements to get sent up for her and she'll get us a
5 proof of cash for 2017, hopefully, within the week.

6 MS. POPE: Okay, all right. That
7 was the end of our questions.

8 MR. SIGURDSON: Yeah, I don't
9 believe I have any other questions. Obviously we have
10 some issues that we'd appreciate you getting back to
11 us as soon as possible.

12 This is more of a statement than a
13 question, but we do hope to be able to go to the
14 board with this resolved in December. There is, of
15 course, a meeting in November, but realistically, we
16 said we were going to have a thorough document at
17 that point in time, but by December, that would be
18 our goal. So we hope we have your cooperation and
19 get the information she needs to be able to wrap this
20 up.

21 THE WITNESS: Yep, I've given you my
22 commitment that we'd do that. I had that discussion
23 with my client and they agree as well that
24 that's -- I think we all at this point are just very
25 interested in getting this done and, you know, working

1 with you to come to a resolution that, frankly, works,
2 right? We don't want to be back here.

3 MS. POPE: Anything else that you'd
4 like to add before we end?

5 THE WITNESS: Other than, I don't
6 know -- we probably don't need to put this on the
7 record, but I was just going to run through the
8 follow-up items that you wanted to have.

9 MS. POPE: Yeah, no, I don't think
10 we need that on the record.

11 (Deposition concluded at 12:02 p.m.)

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 (UPON COMPLETION, forward this original Reading and
2 Signing Certificate to the Minnesota Campaign Finance
& Public Disclosure Board, who already has the Sealed
Original.)

3

R. REID LeBEAU

4

5 I, R. REID LeBEAU, do hereby certify that I
6 have read the foregoing transcript of my Deposition
and believe the same to be true and correct (or,
7 except as follows, noting the page and the line
number of the change or addition desired and the
reason why):

8	Page	Line	Change or Addition	Reason
---	------	------	--------------------	--------

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

KL B

_____ Dated this ___ day of ____, 2018

1 STATE OF MINNESOTA)
)
2 COUNTY OF WRIGHT)

3 Be it known that I took the deposition of
4 R. REID LeBEAU on the 15th day of October, 2018, at
5 the offices of the Minnesota Campaign Finance &
6 Public Disclosure Board, 190 Centennial Office
7 Building, 658 Cedar Street, St. Paul, Minnesota;

8 That I was then and there a Notary Public in
9 and for the County of Wright, State of Minnesota, and
10 that by virtue thereof, I was duly authorized to
11 administer an oath;

12 That the witness before testifying was by me
13 duly sworn to testify the whole truth and nothing but
14 the truth relative to said cause;

15 That testimony of said witness was recorded in
16 stenotype by myself and transcribed into typewriting
17 under my direction, and that the deposition is a true
18 record of the testimony given by the witness to the
19 best of my ability;

20 That the cost of the original transcript has
21 been charged to the party noticing the deposition
22 unless otherwise agreed upon by Counsel, and that
23 copies have been made available to all parties at the
24 same cost, unless otherwise agreed upon by Counsel;

25 That I am not related to any of the parties
hereto nor interested in the outcome of the action;

That the reading and signing of the deposition
by the witness was executed as evidenced by the
preceding page;

That Notice of Filing was waived.

Witness my hand and seal this 20th day of
October, 2018.

KASSIE LAHTI BEEBE
Court Reporter