

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

**Findings and Order in the matter of the complaint of the Republican Party of
Minnesota regarding the Lac qui Parle County DFL party unit**

Summary of the Allegations and Responses

On September 28, 2006, The Republican Party of Minnesota, (“the RPM”) filed a complaint with the Campaign Finance and Public Disclosure Board (“the Board”) regarding the Lac qui Parle County DFL, (“the LQP DFL”), a DFL party unit campaign committee registered with the Board.

The complaint was based on the Report of Receipts and Expenditures filed with the Board by the LQP DFL for the 2003 reporting year. That report disclosed receipts of \$34,155.37, of which \$31,500 came from 11 donors in the Twin Cities metropolitan area. The report also disclosed three expenditures totaling \$24,500 to “Poli Graphics” for “printing”.

The complaint alleged that the LQP DFL may have failed to comply with several provisions of Minnesota Statutes Chapter 10A, resulting in various violations including earmarking of contributions, insufficient recordkeeping, and incorrect reporting of financial activities. During the course of the investigation, the Board identified other statutes that may also have been violated. The various possible violations will be discussed in the context of this document.

The printing expenditures at the center of this matter were reported as regular committee expenses, a category used for costs incurred for general committee purposes. If the printing was for the purpose of influencing the nomination or election of a candidate, it should have been reported either as an independent expenditure or an approved expenditure, depending on whether the statutory nexus existed between the affected candidate or principal campaign committee and the LQP DFL.

In support of the complaint, the RPM provided a newspaper report of a statement attributed to Bill Tollefson, the chair of the LQP DFL, in which Mr. Tollefson allegedly said that the printing in question was for “advertisements for Mike Hatch, Aaron Peterson, and possibly Gary Kubly”. Mr. Tollefson is further quoted as saying that “advertisements” meant “yard signs” or possibly “television advertisements”.

In a supplement to its complaint, submitted October 4, 2006, the RPM provided a copy of a St. Paul Pioneer Press article in which Mike Hatch was asked about the fundraising by the LQP DFL. In an interview, Mr. Hatch is reported to have stated that he may have solicited one of the donors, Ted Deikel, to contribute to the LQP DFL, but that he was certain that he “did not do any earmarking”. The Pioneer Press reporter stated that Mr. Hatch had previously told the newspaper that he may have solicited a contribution from Jim Deal to the LQP DFL.

On its face, the complaint suggested possible violations only for the LQP DFL. The Board notified LQP DFL officers Bill Tollefson, Chair, and Allen Simonson, Treasurer, of the complaint by letter dated September 29, 2006. In addition to a general response, the Board requested specific detailed information about the purchase and use of the “printing”.

On October 18, 2006, Attorney Charles E. Jones responded indicating that he represented Allen Simonson, treasurer, and Bill Tollefson, chair, of the LQP DFL. Mr. Jones urged dismissal of the complaint based on insufficient evidence and timeliness. He also asked that the complaint

be dismissed on the basis that any criminal components of the conduct alleged are barred by the applicable statute of limitations.

On the facts of the matter, Mr. Jones stated that the contributions and expenditures in question were fully and properly disclosed. Mr. Jones provided dates for the three payments to Poli Graphics and bank statements to verify both the deposit of the contributions and the payments made to Poli Graphics. Finally, Mr. Jones argued that each allegation of the complaint was without merit as the complaint did not include sufficient facts to support its claims.

Although the Board asked the LQP DFL Chair and Treasurer to describe the items purchased under the printing category, to provide samples of each item, and to describe how the items were used or distributed, Mr. Jones' letter failed to address these questions.

Board Investigation

The Contributions Received by the LQP DFL

Minnesota Statutes, Section 10A.16 prohibits earmarking, which is the solicitation or acceptance of a contribution with the express or implied condition that it be directed to a particular candidate.

Board staff reviewed the donations to the LQP DFL from eleven donors residing in the metropolitan area. Among the eleven donors, the Board identified two groups of individuals related to each other through employment or other connections and six individuals not related to the other donors. Board staff interviewed each donor that was not part of a group and representative members of each group.

The donor interviews revealed that the fundraising effort was initiated by Harold Windingstad, a prominent DFL supporter, well-known in Western Minnesota and in DFL circles. Mr. Windingstad was very ill at the time this investigation began and died in November, 2006, without being interviewed by the Board.

James Deal, a \$5,000 donor with his spouse, knew Harold Windingstad from the days when Mr. Deal lived in western Minnesota. After the 2002 elections, Mr. Windingstad met with Mr. Deal and said that he was unhappy with the way the 2002 elections had gone. Mr. Windingstad wanted to do something to win back the state, including the governor's office. He had some ideas as to how to do this, but didn't share them with Mr. Deal.

Other prominent DFL supporters also assisted in the fundraising effort, including Tom Kelm, now deceased, and Pat O'Connor, also now deceased. Evidence gathered during the Board investigation suggests that each of the contributions to the LQP DFL was solicited by Mr. Windingstad, Mr. Kelm or Mr. O'Connor.

Each of the donors was specifically asked if Mike Hatch had solicited the donation. In particular, Ted Deikel was questioned on this matter since his name was one that Mike Hatch mentioned he may have solicited. Mr. Deikel thought it was Tom Kelm who solicited the donation, though he sometimes gave at the request of Pat O'Connor. He stated that he had given to Hatch campaigns in the past but he did not think that Mike Hatch had solicited the donation to the LQP DFL.

When the complaint was filed in this matter, the RPM made a public announcement of the fact. As a result, Mike Hatch was contacted by the Minneapolis StarTribune and the St. Paul Pioneer

Press. He told both newspapers that he may have solicited a donation from Ted Deikel. The Pioneer Press reported that Mr. Hatch had told that newspaper that he also may have solicited James Deal.

In an interview with Board Staff, Mr. Hatch acknowledges his statements regarding Ted Deikel, but explains that he was incorrect about the year. He had, in fact, solicited money from Mr. Deikel in 2002 on behalf of Harold Windingstad who was raising money for the State DFL. Mr. Hatch recalled that Mr. Deikel had made significant contributions to the State DFL as a result of those solicitations. A review of Board records confirms that Ted Deikel made two contributions to the State DFL totaling \$17,000 late in 2002. Mr. Hatch denies telling a reporter that he may have solicited contributions from James Deal for the LQP DFL.

LQP DFL Expenditure Records

Minnesota Statutes, Section 10A.13, in conjunction with Minn. Rules §4503.0100, subp. 5, requires the treasurer to have an invoice for each paid bill,

Minnesota Statutes, Section 10A.17, subd. 1, requires authorization of the committee treasurer for the committee to incur any obligation.

Minnesota Statutes, Section 10A.025, subd. 3, requires the treasurer to have and retain invoices and other documentation sufficient to explain and clarify the transactions reported.

A second component of the Board investigation sought to determine whether the LQP DFL had the required records relating to the Poli Graphics printing expenditures.

Allen Simonson, Treasurer, and Bill Tollefson, Chair, of the LQP DFL participated in taped interviews separately on December 28, 2006. Both were represented by attorney Charles Jones, who was present with them.

Allen Simonson has been treasurer of the LQP DFL since before 2003. In his interview, Mr. Simonson stated that the committee has meetings about three times a year, but that the meetings do not necessarily include a process of approving bills to be paid. Normally, a bill is received and Mr. Simonson routinely pays it.

Mr. Simonson said that in 2003, Harold Windingstad gave him checks to deposit into the LQP DFL's account. This happened on more than one occasion, beginning with a deposit March 26, 2003. Mr. Simonson did not know any of the people who contributed. He didn't know what to think about the large sums of money coming into the account, but he doesn't recall any conversations with Mr. Windingstad about the fundraising. Mr. Simonson is sure that all of the contributions from Twin Cities donors were given to him by Mr. Windingstad.

Mr. Simonson wrote and signed all checks for disbursements made by the LQP DFL. The initial check to Poli Graphics was March 24, 2003, in the amount of \$13,500. Harold Windingstad told Mr. Simonson to write the check and gave him the amount and the vendor. Mr. Simonson produced a hand-written paper with the name and address of Poli Graphics on it. He identified this as a note given to him by Harold Windingstad telling him to make the first payment to Poli Graphics and to keep for the address for the remaining checks. Instructions to make the remaining two payments were given verbally to Mr. Simonson by Mr. Windingstad.

Mr. Simonson asked Mr. Windingstad what the payments were for and the only response he got was that they were for "printing" and that he should use that as the description on the reports filed with the Board.

Mr. Simonson was asked about the LQP DFL's use of the printing that was purchased from Poli Graphics. He said it was not used for general committee purposes. He does not know what was printed or what happened to the material.

Mr. Simonson acknowledged that he does not have, and never had an invoice from Poli Graphics and that he issued the payments on the verbal advice of Harold Windingstad. He does not have any information to clarify or explain the printing expense to Poli Graphics. He did not authorize the expenditure, but merely issued checks to pay for the obligation that was apparently incurred by Harold Windingstad without the treasurer's knowledge or approval.

LQP DFL Reporting Requirements

Minnesota Statutes, Section 10A.025, subd. 2, prohibits a treasurer from certifying a report to be true with the knowledge that it is not true,

The LQP DFL treasurer reported \$24,500 in payments to Poli Graphics as an expense for printing. The entry was made on the schedule that is used for general committee spending. Separate schedules are provided for independent expenditures and for approved expenditures, which are considered contributions to the benefited candidate.

The LQP DFL chair and the treasurer were asked in separate interviews whether the Poli Graphics printing was used for general committee operating purposes. Both said that it was not and that as officers of the LQP DFL, they not know where the printed material was nor did they know what was printed.

The company "Poli Graphics", listed in the LQP DFL report, was identified by the Board as a campaign materials printing company in St. Paul Park, MN owned by Lex Winger.

Mr. Winger was interviewed by Board staff and produced the Poli Graphics invoice to the LQP DFL relating to the sign purchase. A copy of that invoice, dated 7/24/2003, is made a part of these findings and is attached as Exhibit A.

The invoice includes the description "24 x 48 (2) color lawn signs Mike Hatch". The quantity of signs was 10,000 which Mr. Winger said would be 20 pallets of signs. He remembers that members of the LQP DFL picked up the signs. They had some sort of long, low trailer and possibly other vehicles. He did not know the names of any of the people who picked up the signs.

Mr. Winger recalled that the LQP DFL had provided the sign design, but he could not locate any records other than the invoice. He did recall the specific job, as it was unusual to have such a large sign job in a non-election year. He also recalled that the signs were for Mike Hatch, but that they were generic in that they did not specify an office sought. He did not recall what disclaimer was printed on the signs. Mr. Winger said that at the time the signs were printed he knew they were for 2006, but he couldn't recall how he knew that. He thought they may have said "Hatch 2006". Mr. Winger did not have any electronic or physical files, documents, or materials related to production of the signs.

In a mid-November, 2006, interview, Mr. Winger said he had seen one of the signs in the metro area and recognized it as the one he had done in 2003. In the course of this investigation, staff obtained a photograph of a Mike Hatch sign that appeared to match Mr. Winger's description. The photo was sent to Mr. Winger who positively identified it as the 2003 sign that Poli Graphics had produced. The sign in the photograph, however, had the disclaimer portion removed. A copy of the photograph is made a part of these findings and is attached as Exhibit B.

Based on the product produced, the evidence made it clear that the expenditure to Poli Graphics was not for general committee use, but was either an independent expenditure, if produced without participation of Mike Hatch or a Hatch principal campaign committee, or an approved expenditure if produced in association with a Hatch committee. In either case, the item was incorrectly reported.

Correct Reporting of the Poli Graphics Expenditure

Minnesota Statutes, Section 10A.20, requires the reporting of campaign spending by category including general committee spending, independent expenditures and approved expenditures.

The Board also examined whether the Poli Graphics sign project was made without the express or implied consent, authorization, or cooperation of, and not in concert with or at the request or suggestion of Mike Hatch or his principal campaign committees or agents to determine if the payments for the signs were independent expenditures.

If there was principal campaign committee or candidate participation, the expenditure would be an approved expenditure which would be a contribution to the candidate's principal campaign committee.

If the sign printing was an approved expenditure for the benefit of Mike Hatch, the in-kind contribution to a Hatch principal campaign committee could result in reporting or limits violations of Minnesota Statutes Chapter 10A. For that reason, the Board decided to include Mike Hatch and his principal campaign committees in the investigation and notified them of that fact. Mr. Hatch responded to Board requests for information through his attorney Joseph Anthony and was also interviewed by Board Staff.

In order to determine whether there was involvement of the Hatch Volunteer Committee, Mike Hatch's gubernatorial campaign committee ("the Hatch Committee"), the Board investigated distribution of the subject signs. The Board learned that the signs were being seen in many parts of the state, particularly the western part. All of the LQP DFL signs reported to the Board had the disclaimer section removed.

The LQP DFL officers and directors were questioned and none had any information about where the signs were stored, why the disclaimer was removed, or who was distributing the signs in 2006. One candidate who was interviewed had received some of the signs and had been told that they were provided by a union from the Twin Cities. He did not know what union and could not recall who had provided that information to him.

Some county and congressional district officers in Western Minnesota were contacted. According to one DFL field worker, his county field office had received a delivery of the signs and later was called by an unidentified woman who asked if they could take more. He told her they didn't like the signs because the 2' x 4' size was hard to work with and because people

didn't like the fact that the disclaimer was removed. The woman said the disclaimer was removed due to a printing mistake. She also reported that they had ordered 1,000 signs but due to an error they had received 10,000 signs. He agreed to take 200 more signs rather than the 400 she suggested. She told him to call "Dan at the Hatch office" to arrange delivery. He called the number he was given and the signs were later delivered.

The Board was unable to conclusively identify the "Dan" referred to. Mike Hatch states there was no such person associated with the Hatch Volunteer Committee. There was a "Dan" employed by the State DFL who, along with other duties, delivered signs. He said that all the signs he delivered came from the DFL headquarters and he had no recollection of any specific signs he delivered.

Andy O'Leary, Executive Director of the State DFL, stated in an interview that someone had brought a supply of the signs to the DFL site. When Mr. O'Leary saw the signs and recognized that the disclaimer had been cut off, he had them removed from the premises. He does not know who brought the signs to the DFL offices.

A significant number of the signs were distributed at two events in Western Minnesota on approximately September 24, 2006. Mike Hatch and other politicians were present at both events, however, Mr. Hatch does not recall seeing signs at those events and did not bring any signs to the events since the Hatch Committee was out of signs by that time.

Board staff contacted the hosts, organizers and a number of key volunteers from each event. Although most had seen the signs at the events, no one the Board interviewed had brought signs to the events or knew who did. None of the interviewees knew where the signs had been stored or why the disclaimers were removed.

The Board also investigated whether there was a link between the LQP DFL signs and the Hatch organizations based on the use of the new (in 2003) Hatch internet domain name on the signs. The Board learned that this domain name had been registered by a Hatch supporter in February of 2003. According to Mike Hatch, he did not have an internet presence during the 2002 election and was encouraged by his supporters to establish a web site. Mr. Hatch explained that after his supporter obtained the domain name, Mr. Hatch sent a letter out informing people that he had a web site for use in the next election. Mr. Hatch is not sure if this letter went to contributors, or to some other list, such as State DFL Central Committee members.

The Board investigated the fact that, in addition to notations of the LQP DFL payments, the Poli Graphics invoice had a hand written notation on it reflecting a payment notation of \$2,000 from "PAC", which Mr. Winger identified as Public Action Communications, a distributor of campaign signs and materials. Mr. Winger did not know why a Public Action Communications payment was recorded on this invoice. He also could not explain why the payments totaled \$26,500 when the invoice amount was \$27,690.

Ray Joachim, owner of Public Action Communications, was interviewed. He stated that he knew Harold Windingstad and knew that he had a project going on in 2003. In a subsequent interview, Mr. Joachim stated that he ushered the project through Poli Graphics for Mr. Windingstad. However, he could not explain why it appeared that his business had made a payment toward the signs or if it had been reimbursed for the payment (if made) by some other entity. Mr. Joachim stated that he had no knowledge of who picked up the signs from Poli Graphics or what was done with them.

Finally, the Board investigated a possible link between the LQP DFL and Mike Hatch that arose during the interviews of the LQP DFL chair and treasurer. In those interviews, the chair and treasurer were asked who they contacted after being notified of the complaint. The chair did not contact anyone and the treasurer contacted Harold Windingstad. Thereafter, both were contacted by attorney Charles Jones. Both said that they thought Mike Hatch had contacted Mr. Jones to represent them.

In his interview, Mike Hatch stated that Harold Windingstad called him, since he knew that Mr. Hatch was attorney general. Mr. Windingstad asked Mr. Hatch for a recommendation of an attorney to assist the LQP DFL officers. Mr. Hatch provided the name of an attorney other than Charles Jones at a Minneapolis law firm. It appears that Mr. Windingstad contacted this referral attorney and was referred to Mr. Jones of the same firm. Mr. Jones reports that he is providing his services on a volunteer basis.

The Lack of a Disclaimer on the Signs

Minnesota Statutes, Section 10A.17, subd. 4, requires a specified disclaimer on all campaign materials produced as independent expenditures.

All of the LQP DFL signs found in distribution had a narrow strip cut off from the bottom edge where the printed disclaimer would have appeared. None of the many people interviewed by the Board were able to explain what the original disclaimer said or why it has been removed. One anonymous caller to a DFL county field office indicated that it was removed due to a printing error.

During its investigation, the Board learned that the LQP DFL sign was based on a sign reading "Mike Hatch Attorney General" used in the 2002 elections. The words "Attorney General" were replaced with "For Minnesota" and the web domain name was added. Otherwise the signs were substantially the same, including the use of a script font for the words "Mike Hatch". The 2002 attorney general signs were printed by Poli Graphics, the same company that printed the LQP DFL signs.

The Board was unable to determine why the LQP DFL independent expenditure disclaimer was not on the signs that were distributed. It is possible, for example, that the signs used the printer's graphics file from the attorney general sign inadvertently neglected to change the disclaimer.

Regardless of the reason, the Board's investigation suggested that all signs produced by the LQP DFL and distributed in 2006 lacked the required disclaimer.

Board Analysis

The Contributions Received by the LQP DFL and the Issue of Earmarking

The Board's investigation did not disclose any evidence of earmarking of contributions in this matter. Each donor, or representative of a group of donors, related the means and person who made the solicitation. No donor suggested that Mike Hatch was involved or that there was any condition that their contribution be directed to a particular candidate.

Mike Hatch was quoted in the Minneapolis StarTribune newspaper as saying that he may have solicited Ted Deikel for contributions to the LQP DFL at the request of a Lac qui Parle party official who is a friend. In other newspaper reports, Mr. Hatch is reported to have said that he may have solicited a contribution from James Deal for the LQP DFL.

In his interview, Mr. Hatch clarified the attributed comments. Neither the comments, nor any further evidence provided by Mr. Hatch in his interview support a finding that earmarking occurred.

Recordkeeping

Testimony of the LQP DFL chair and treasurer are consistent in their admission that the committee failed to meet its obligations for recordkeeping. This failure is evident by their inability to describe the Poli Graphics spending in 2003 or produce any documentation relating to it.

The treasurer has no invoice and no description of the goods purchased. The lack of this documentation was caused by the treasurer's failure to authorize the purchase as required by statute. The facts are undisputed that Harold Windingstad authorized the purchase and the treasurer merely wrote checks as directed by Mr. Windingstad without knowing what the money was being spent for.

Reporting

The LQP DFL treasurer acknowledged in his interview that in 2003 he had questions and concerns about his lack of knowledge about the Poli Graphics spending. He knew that the printing was not used for general committee purposes, as he reported it, since he had never seen anything that was printed.

He understood the concepts of independent expenditures and approved expenditures and that the printing should have been reported in one of those categories. Although he understood the reporting requirements, and had no meaningful information about what he was reporting, the treasurer nevertheless certified the inaccurate report to be true. This combination of knowledge and action constitutes the certification of a report filed with the Board to be true with the knowledge that it included false information.

Correct reporting of the printing expenditures

The extensive Board investigation found no evidence of participation in the printing or distribution of the signs that would make them an approved expenditure for the benefit of Mike Hatch.

The use of the Hatch 2006 web site address on these 2003 signs raised questions, but according to Mike Hatch, the web site address was made known fairly widely to key people in 2003, so its use on the signs is not a basis on which to conclude that they were designed in collaboration with Mike Hatch.

The fact that Harold Windingstad called his friend, Attorney General Mike Hatch, when the LQP DFL officers needed assistance in responding to the RPM complaint is not a sufficient link between Mr. Hatch and the Poli Graphics sign project to make the signs approved expenditures by the LQP DFL.

The investigation disclosed that Mike Hatch was at two events where the LQP DFL signs were distributed. However, according to Mr. Hatch, neither he nor his committee provided the signs and he didn't even see or realize the signs were there.

The evidence available to the Board suggests that Harold Windingstad intended the LQP DFL sign project to be an independent expenditure on behalf of Mike Hatch. This may account for the air of secrecy surrounding the project.

The Lack of an Independent Expenditure Disclaimer

There is no evidence that any LQP DFL sign that was distributed included any disclaimer. Although, the evidence suggests that it was the intent of Harold Windingstad, agent of the LQP DFL, to produce an independent expenditure to benefit Mike Hatch, whatever disclaimer was printed on the signs was removed before they were distributed.

Other persons, unknown to the Board, but known to and acting on behalf of or in concert with Mr. Windingstad distributed the signs by various means. Their actions are attributable to the LQP DFL.

Findings Concerning Probable Cause

1. There is no probable cause to believe that the fundraising by the Lac qui Parle County DFL party unit constituted earmarking in violation of Minnesota Statutes, Section 10A.16 by soliciting or accepting contributions with the express or implied condition that it be directed to a particular candidate.
2. There is probable cause to believe that the treasurer of the Lac qui Parle County DFL party unit violated Minnesota Statutes, Section 10A.13, in conjunction with Minn. Rules §4503.0100, subp. 5, which require the treasurer have an invoice for each paid bill.
3. There is probable cause to believe that the treasurer of the Lac qui Parle County DFL party unit violated Minnesota Statutes, Section 10A.17, subd. 1, which requires that the committee treasurer's authorization for the committee to incur any obligation.
4. There is probable cause to believe that the treasurer of the Lac qui Parle County DFL party unit violated Minnesota Statutes, Section 10A.025, subd. 3, which requires the treasurer to have and retain invoices and other documentation sufficient to explain and clarify the transactions reported.
5. There is probable cause to believe that the treasurer of the Lac qui Parle County DFL party unit violated Minnesota Statutes, Section 10A.025, subd. 2, which prohibits a treasurer from certifying a report to be true with the knowledge that it is not true.
6. There is probable cause to believe that the treasurer of the Lac qui Parle County DFL party unit violated Minnesota Statutes, Section 10A.20, which requires reporting of committee expenditures by categories, including general spending, independent expenditures and approved expenditures.
7. There is probable cause to believe that the Lac qui Parle County DFL party unit violated Minnesota Statutes, Section 10A.17, subd. 4, which requires a specific disclaimer on

Exhibits

- Exhibit A: Poli Graphics invoice to the Lac qui Parle County DFL
- Exhibit B: Image of LQP DFL sign produced by Poli Graphics

Relevant Statutes

10A.01 Definitions.

Subdivision 1. **Application.** For the purposes of this chapter, the terms defined in this section have the meanings given them unless the context clearly indicates otherwise.

. . .

Subd. 4. **Approved expenditure.** "Approved expenditure" means an expenditure made on behalf of a candidate by an entity other than the principal campaign committee of the candidate, if the expenditure is made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of the candidate, the candidate's principal campaign committee, or the candidate's agent. An approved expenditure is a contribution to that candidate.

. . .

Subd. 18. **Independent expenditure.** "Independent expenditure" means an expenditure expressly advocating the election or defeat of a clearly identified candidate, if the expenditure is made without the express or implied consent, authorization, or cooperation of, and not in concert with or at the request or suggestion of, any candidate or any candidate's principal campaign committee or agent. An independent expenditure is not a contribution to that candidate.

. . .

10A.025 Filing requirements.

. . .

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

Subd. 3. **Record keeping; penalty.** A person required to file a report or statement must maintain records on the matters required to be reported, including vouchers, canceled checks, bills, invoices, worksheets, and receipts, that will provide in sufficient detail the necessary information from which the filed reports and statements may be verified, explained, clarified, and checked for accuracy and completeness. The person must keep the records available for audit, inspection, or examination by the board or its authorized representatives for four years from the date of filing of the reports or statements or of changes or corrections to them. A person who knowingly violates this subdivision is guilty of a misdemeanor.

10A.13 Accounts that must be kept.

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

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

Minnesota Rules 4503.0100, Subp. 5. Receipted bill.

"Receipted bill" means an invoice marked paid by the vendor or a canceled check with a corresponding invoice indicating the purpose of the expenditure.

10A.16 Earmarking contributions prohibited.

An individual, political committee, political fund, principal campaign committee, or party unit may not solicit or accept a contribution from any source with the express or implied condition that the contribution or any part of it be directed to a particular candidate other than the initial recipient. An individual, political committee, political fund, principal campaign committee, or party unit that knowingly accepts any earmarked contribution is guilty of a gross misdemeanor and subject to a civil penalty imposed by the board of up to \$3,000.

10A.17 Expenditures.

Subd. 4. **Independent expenditures.** An individual, political committee, political fund, principal campaign committee, or party unit that independently solicits or accepts contributions or makes independent expenditures on behalf of a candidate must publicly disclose that the expenditure is an independent expenditure. All written communications with those from whom contributions are independently solicited or accepted or to whom independent expenditures are made on behalf of a candidate must contain a statement in conspicuous type that the activity is an independent expenditure and is not approved by the candidate nor is the candidate responsible for it. Similar language must be included in all oral communications, in conspicuous type on the front page of all literature and advertisements published or posted, and at the end of all broadcast advertisements made by that individual, political committee, political fund, principal campaign committee, or party unit on the candidate's behalf.

Subd. 5. **Penalty.** A person who violates subdivision 2 is subject to a civil penalty imposed by the board of up to \$1,000. A person who knowingly violates subdivision 3a or 4 or falsely claims that an expenditure was an independent expenditure is guilty of a gross misdemeanor and subject to a civil penalty imposed by the board of up to \$3,000.

10A.20 Campaign reports.

Subd. 3. **Contents of report.**

(g) The report must disclose the name and address of each individual or association to whom aggregate expenditures, including approved expenditures, have been made by or on behalf of the reporting entity within the year in excess of \$100, together with the amount, date, and purpose of each expenditure and the name and address of, and office sought

by, each candidate on whose behalf the expenditure was made, identification of the ballot question that the expenditure was intended to promote or defeat, and in the case of independent expenditures made in opposition to a candidate, the candidate's name, address, and office sought. A reporting entity making an expenditure on behalf of more than one candidate for state or legislative office must allocate the expenditure among the candidates on a reasonable cost basis and report the allocation for each candidate.