

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

**FINDINGS IN THE MATTER OF A COMPLAINT REGARDING
REPRESENTATIVE RAY COX AND THE RAY COX FOR STATE
REPRESENTATIVE COMMITTEE**

Procedural Background

On October 4, 2004, Alan Weinblatt attorney representing Jim McDonough (“Complainant”) filed a complaint with the Campaign Finance and Public Disclosure Board (“Board”) alleging that Representative Ray Cox and the Ray Cox for State Representative Committee (“Committee”) violated certain provisions of Minnesota Statutes, Chapter 10A. By letters dated October 5, and October 8, 2004, Alan Weinblatt provided additional analysis of reports filed by the Committee, and supplemented the complaint with an additional alleged violation.

The Complainant alleges that in 2003 Representative Cox allowed the Committee to accept loans that in aggregate exceeded the limit that may be loaned by an individual, that Representative Cox loaned the Committee more than the \$5,000 annual contribution limit for a candidate who sign the public subsidy agreement, that the Committee did not properly disclose the loans to the Board, and that the committee did not properly disclose payments to Representative Cox in 2004.

By letter dated October 4, 2004, Board staff notified Representative Cox and Greg Carlson, treasurer of the Ray Cox for Representative Committee, of the complaint and afforded them an opportunity to respond. On October 11, 2004, Representative Cox was provided with the additional correspondence from Alan Weinblatt. Representative Cox responded to the complaint on October 12, 2004.

In response to the Complainant’s allegation that Representative Cox allowed the Committee to accept loans in 2003 that in aggregate totaled \$8,371.97 from a single source other than a financial institution, Representative Cox stated that he personally paid for \$3,371.97 of various campaign expenditures and noncampaign disbursements at the time the goods and services were received or provided because the Committee’s treasurer had possession of the checkbook. The payment for the items and services were not intended to be loans, but were rather paid by Representative Cox as a convenience because the vendor would not provide the good or service to the committee on an invoiced basis.

In response to the Complainant’s allegation that during 2003 Representative Cox loaned the Committee more than the \$5,000 annual limit for candidates who sign the Public Subsidy Agreement, Representative Cox stated that in 2003 he loaned to the Committee a total of \$5,000, not the \$8,371.97 alleged by the Complainant. The \$3,371.97 owed to

the Representative Cox by the Committee were reported as unpaid obligations because they were not regarded as a loan by the Committee or by Representative Cox . Representative Cox further stated the Committee reimbursed him for the \$3,371.97 on January 30, 2004.

In response to the Complainant's allegation that the Committee failed to disclose outstanding loans owed by the Committee on the Report of Receipts and Expenditures covering the period January 1 through August 23, 2004, Representative Cox stated that the Committee inadvertently failed to report the \$5,000 outstanding loan payable. As part of his response Representative Cox provided an amendment disclosing the outstanding loan.

In response to the Complainant's allegation that the Committee failed to disclose payments to Representative Cox on the Report of Receipts and Expenditures covering the period January 1 through August 23, 2004, Representative Cox stated that the Committee inadvertently listed the \$3,371.97 of noncampaign disbursements as payments of unpaid bills to the vendor from whom the goods or services were purchased. As part of his response Representative Cox provided an amendment disclosing the payments as reimbursements to Representative Cox for the items he purchased on behalf of the Committee in 2003.

This matter was considered by the Board in executive session at its meeting on October 15, 2004. The Board's decision was based upon the complaint, the documents provided in support of the complaint, two addendums to the complaint, the response, and Board records.

Based on the record before it, the Board issues the following:

STATEMENT OF THE EVIDENCE

1. The Ray Cox for State Representative Committee is a principal campaign committee that registered with the Board on May 5, 2002. Representative Cox signed a public subsidy agreement for the 2003 and 2004 election cycle on January 3, 2003.
2. Minn. Stat. §10A.27, subd. 8, provides that a candidate may not permit the candidate's principal campaign committee to accept a loan from an individual in an amount greater than the contribution limits provided in Minn. Stat. §10A.27.
3. Minn. Stat. §10A.27, subd.10, provides that a candidate for state representative who signs a public subsidy agreement may contribute no more than \$5,000 a year to their own principal campaign committee.
4. Minnesota Rules 4503.0700, subp.1, provides that loans are included in the aggregate contribution limits provided in Chapter 10A.

5. Minn. Stat. §10A.15, subd. 3a, provides in part that a “deposited contribution may be returned to the contributor within 60 days after deposit.”
6. Minn. Stat. §10A.01, subd. 20, provides that a “Loan” means an advance of money or anything of value made to a principal campaign committee.
7. In its Report of Receipts and Expenditures for 2003 the Committee reports \$3,371.97 in unpaid obligations owed to Representative Cox for campaign expenditures and noncampaign disbursements made on behalf of the Committee in March, June, and December of 2003.
8. The Committee’s 2003 Report of Receipts and Expenditures disclosed an unpaid loan in the amount of \$5,000 received from Representative Cox on December 18, 2003.
9. The Committee’s Report of Receipts and Expenditures covering the period January 1 through August 23, 2004, submitted to the Board on August 30, 2004, disclosed no outstanding loans owed by the Committee.
10. The Committee’s Report of Receipts and Expenditures covering the period January 1 through August 23, 2004, submitted to the Board on August 30, 2004, disclosed \$3,371.97 paid to vendors for various goods and services.
11. The Committee’s amended report of Report of Receipts and Expenditures covering the period January 1 through August 23, 2004, submitted to the Board on October 12, 2004, disclosed an outstanding loan of \$5,000 owed to Representative Cox.
12. The Committee’s amended report of Report of Receipts and Expenditures covering the period January 1 through August 23, 2004, submitted to the Board on October 12, 2004, disclosed that the Committee reimbursed Representative Cox \$3,371.97 on January 30, 2004, for goods and services purchased on behalf of the Committee.

Based on the above Statement of the Evidence, the Board makes the following:

FINDINGS CONCERNING PROBABLE CAUSE

1. There is probable cause to believe that in 2003 Representative Cox loaned the Committee money and paid for goods and services that had an aggregate value of \$8,371.97.
2. There is no probable cause to believe that Representative Cox violated Minn. Stat. §10A.27, subd. 8, because \$3,371.97 of the aggregate loan amount was paid back by the Committee within 60 days as provided in Minn. Stat. §10A.15, subd. 3a.

3. There is no probable cause to believe that Representative Cox violated Minn. Stat. §10A.27, subd. 10, because the excess aggregate loan was returned within 60 days as provided in Minn. Stat. §10A.15, subd. 3a.
4. There is probable cause to believe that the Ray Cox for State Representative Committee unintentionally violated Minn. Stat. §10A.20, subd. 3 (d), when it failed to disclose unpaid loans on the Report of Receipts and Expenditures covering the period January 1 through August 23, 2004. However, because the Committee amended its report for this period to show an outstanding loan there is no probable cause to believe that a reporting violation continues to exist.
5. There is probable cause to believe that the Ray Cox for State Representative Committee unintentionally violated Minn. Stat. §10A.20, subd. 3 (l), when it reported \$3,371.97 of noncampaign disbursements to vendors when the payment was actually made to Representative Cox. However, because the Committee amended its report for this period to show the reimbursement to Representative Cox there is no probable cause to believe that a reporting violation continues to exist.

Based on the above Findings Concerning Probable Cause, the Board issues the following:

ORDER

The complaint regarding Representative Ray Cox and the Ray Cox for State Representative Committee is dismissed and the record in this matter is hereby entered into the public record in accordance with Minn. Stat. §10A.02, subd. 11.

Dated: _____

Will Fluegel, chair
Campaign Finance and Public Disclosure Board