

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

.....
June 10, 2013

Room 220

Minnesota Judicial Center

.....

MINUTES

The meeting was called to order by Chair Luger.

Members present: Beck, McCullough, Luger, Peterson, Scanlon, Wiener

Others present: Goldsmith, Sigurdson, White, Pope, Larson staff; Hartshorn, counsel

MINUTES (May 7, 2013)

Member McCullough's motion: To approve the May 7, 2013, minutes.

Vote on motion: Unanimously passed.

CHAIR'S REPORT

Board meeting schedule

The next Board meeting is scheduled for Tuesday, July 2, 2013.

EXECUTIVE DIRECTOR'S TOPICS

Executive Director Goldsmith reported on recent Board office operations.

Office operations and budget

A new board member has not been chosen by the Governor's office to replace Member McCullough. At this time there are not any potential applicants. Mr. Goldsmith encouraged members to extend the information to anyone they may know who would qualify to replace Mr. McCullough's position as an independent member with no support to any party or as a member who supports the Republican party.

Assistant Executive Director Sigurdson and Executive Director Goldsmith attended the Heartland Conference June 2-4, in Louisville, Kentucky.

Staff has ordered the equipment and hardware to replace the old IT system from the remaining 2012-13 budget. The new system will replace the very unstable old system the Board has been using.

Mr. Goldsmith informed members that the \$1,000,000 2014-15 Board budget was not changed and staff is working on creating position descriptions for two new board staff. One position will be a full-time investigatory position that may be posted this fiscal year and will be created to help to take some of the complaint workload and Board initiated investigations off of upper management. The second position will be a .4 or .5 time clerical position that should be posted during the next fiscal year. The overall dynamic of staff positions will also be evaluated and changed as necessary.

Legislation

Mr. Goldsmith informed the Board that its legislative recommendations were passed into law with the exception of three important disclosure provisions, all of which were stripped from the legislation in conference committee. Mr. Goldsmith explained that the removal of these provisions was part of a compromise to ensure passage of the elections bill.

Proposed policy extension – deposits of contributions into wrong account

Executive Director Goldsmith presented the board with a memorandum which is attached to and made a part of these minutes.

At the May 7, 2013, meeting the Board adopted a policy on handling matters where an association that operates as both a state and federal political committee deposits a contribution into the wrong account. Staff has recognized a similar situation that is not specifically covered under the policy.

In some cases, an association exists in its own right, often as a nonprofit corporation, and has an affiliated political committee. The names of the corporation and the committee may be similar or nearly identical. Occasionally, a contribution intended for the association itself may be inadvertently deposited into the account of the affiliated political committee.

Mr. Goldsmith presented a draft resolution for Board consideration which would extend its previously adopted policy to cover the above situation.

After discussion the following resolution was made:

Member Wiener's Motion:

RESOLVED:

When the following conditions are met:

An association operates as both a state political committee registered with the Board and as a federal political committee registered with the Federal Election Commission or the association is not a political committee but has an affiliated state political committee that it supports;

A donation is made to the association that both the donor and the association intend to be a contribution to the federal political committee or to the association itself rather than to its affiliated state political committee;

The donation is deposited in error into the state political committee's depository;

The donation is not returned within the statutory time limit; and

The donation is promptly transferred to the correct depository once the association becomes aware of the error;

In the interest of fairness and efficiency of agency operations:

The Executive Director is directed to document the matter in the file of the political committee into whose depository the donation was deposited and to notify the association of the need to exercise care in determining into which depository a receipt should be deposited;

The Executive Director may close the file on the matter and no violation will be recognized.

If the Executive Director recognizes a pattern of the above described mistake, the Executive Director must bring the matter to the Board for further consideration, which may conclude with the imposition of any sanctions permitted under Chapter 10A.

Vote on motion: Unanimously passed.

Discussion of types of waiver requests and Board history with waivers

Executive Director Goldsmith presented the Board with a memorandum which is attached to and made a part of these minutes.

The memorandum is a compilation of the most common reasons waivers of late filing fees and civil penalties are requested and includes statements about the Board's general approach to each type of request.

The most common reasons for waiver requests include:

1. Health or similar family emergency
2. Military Service
3. Inactive committee, committee that was not required to register, terminated committee, or waiver granted in anticipation of termination
4. Documented software problem with Campaign Finance Reporter (CFR) that prevented filing on time
5. Filer has satisfactory proof of fax transmission of report not received by Board

6. Change of treasurer at or close to the filing deadline
7. Computer hardware or other problem (such as virus) that is not CFR related but which prevents filing on time
8. Report forms mailed to treasurer claimed not to be received
9. Reports claimed to be filed by mail not received by Board
10. Partial waiver based on financial status of committee

ENFORCEMENT REPORT

The Board considered the monthly enforcement report, presented by Assistant Executive Director Sigurdson. The Board took the following actions related to matters on the enforcement report:

Discussion Items

A. Waiver Requests

| <u>Name of Candidate or Committee</u> | <u>Reason for Fine</u> | <u>Late Fee Amount</u> | <u>Civil Penalty Amount</u> | <u>Factors for waiver</u> | <u>Board Member's Motion</u> | <u>Motion</u> | <u>Vote on Motion</u> |
|---|----------------------------------|------------------------|-----------------------------|---|------------------------------|---------------|-----------------------|
| Ken Lawrence Campaign Comm | 2012 Year-end Report due 1/31/13 | \$50 | \$0 | The candidate did not run for office. His committee is terminated. | | | |
| William Wagner Volunteer Comm | Pre-general Report due 10/29/12 | \$100 | \$0 | The committee has terminated. | | | |
| | 2012 Year-end Report due 1/31/13 | \$325 | \$0 | | | | |
| Janis Quinlan for Senate | Pre-general Report due 10/29/12 | \$50 | \$0 | The committee has terminated. | | | |
| 7B House Dist RPM, Dan Runke | 2012 Year-end Report due 1/31/13 | \$125 | \$0 | Mr. Runke dealt with multiple medical issues with family members from early January through April. He thought the report was submitted on time to the email address listed. Staff could not confirm an e-mail submission. | | | |
| Public Employees Pension Service Assn (PEPSA) | 24 hour notice | \$1000 | \$0 | The software did not prompt a 24 hour filing for a supporting association. | | | |
| Americans for Tax Reform Pol fund | 24 hour notice | \$1000 | \$0 | The committee is terminated. | | | |

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|---|--|-------------------------|-------|--|---------|--|-----------|
| Minn Nurses Assn Political Fund | 24 hour notice | \$1000 | \$0 | The software did not prompt a 24 hour filing for a supporting association. | | | |
| Fire Fighters Assoc of Mpls | Two 24 hour notices | \$2000 / \$1000 each | \$0 | The software did not prompt a 24 hour filing for a supporting association. | | | |
| Cynthia Anez, public official, Morrision SWD | EIS | \$35 | \$0 | Ms. Anez was ill around the time of filing. | | | |
| Marian Brown, Dakota SWCD | EIS | \$80 | \$0 | Ms. Brown had surgery around the time the statement was due. | | | |
| Roland Cleveland, Chisago SWCD | EIS | \$75 | \$0 | Mr. Cleveland was dealing with a family matter at the time the request to update the economic interest form was sent to him. | | | |
| Kim Samuelson, Carlton SWCD | EIS | \$30 | \$0 | Ms. Samuelson was ill. | | | |
| Republican Liberty Caucus | Pre-general Report due 10/29/12 | \$50 | \$0 | Norann Dillon, previous chair, is requesting a waiver because the treasurer had a lengthy health issue around the time the report was due. | | | |
| <p>Waiver requests by Ken Lawrence Campaign Comm. through Republican Liberty Caucus were considered as one motion. Member Peterson's motion: To waive the late fees for the committees. Vote on motion: Unanimously passed.</p> | | | | | | | |
| Tom Ladwig Jr. for the People | 2012 Year- end Report due 1/31/13 | \$1000 | \$700 | The committee has terminated | Scanlon | Accept remaining committee funds of \$144 and waive remaining late fee and civil penalty | Unanimous |
| Greater MN Housing Fund | Lobbyist Principal Report due 3/15/13 | \$1000 | | A lobbyist principal report for 2011 was filed in June 2012. The person who was responsible for arranging the filing had resigned suddenly. \$100 was paid for the late filing fee. | Luger | Reduce the civil penalty to \$500. | Unanimous |

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|--|--|-----------------|-------|---|-----------|--|-----------|
| Members took a break from the waiver requests to listen to a presentation by Senator John Marty. | | | | | | | |
| Teamsters Local 120 | Lobbyist Principal Report due 3/15/13 | \$40 | \$0 | The notice for filing the lobbyist principal report was sent to an individual who was on leave. The lobbyist who had the information necessary for the report was on medical leave at the end of Feb. | No Motion | | |
| Joe Luedtke, Pine SWCD | EIS | \$30 | \$0 | Mr. Luedtke had filed a PERA form with the county and thought the notice he received from the Board was about that form. | No Motion | | |
| Carol Johnson, Traverse SWCD | EIS | \$40 | \$0 | Ms. Johnson states that the first notice of the required filing may have been lost after her mail box was knocked over by a snowplow. | No Motion | | |
| Jeremy Bolland, McLeod SWCD | EIS | \$30 | \$0 | Jessica Bolland states the form was mailed within a week of receiving it. The form was not received by the Board. It was later submitted by fax. | No Motion | | |
| Tim Sanders Vol Committee | 24 Hour notice | \$1000 | \$0 | The treasurer misunderstood the requirement for filing a 24 hour notice for a contribution from a terminating principal campaign committee. | Wiener | Reduce the late fee to \$250 | Unanimous |
| Lake of the Woods DFL | Pre-primary report due 7/30/12 2012 Year-end Report due 1/31/13 | \$1000 \$375 | \$600 | Multiple reasons resulting in late reports. Wrong treasurer information given by chair when registration was amended. Mailed reports not received by Board. Small amount of funds left in committee. | Scanlon* | Waive the civil penalty and reduce the late fees to \$250. | Unanimous |
| Environment MN | Lobbyist Principal Report due 3/15/2013 | \$35 | \$0 | The online reporting system for lobbyist principals lets a user know when the report was successfully submitted. The association believed it had filed the report, but staff could not find evidence of the filing. | No Motion | | |

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|---------------------------------------|---|------|-----|---|-----------|--|--|
| American Assn of Advertising Agencies | Lobbyist Principal Report due 3/15/2013 | \$40 | \$0 | The notice for filing was sent to Andy Gorski. The designated lobbyist was contacted on March 15 for assistance in getting the report filed. Pete Engebretson was emailed the user information for electronic filing on March 15. The report was filed on April 10. | No Motion | | |
| Dan Craigie for Public Office | 2012 Year-end Report due 1/31/13 | \$25 | \$0 | The committee has been fling reports using the software since it first registered in 2009. The candidate had trouble with a computer system he uses for Windows. | No Motion | | |
| Scott Balstad, Polk East SWCD | EIS | \$35 | \$0 | Mr. Balstad misplaced the form. | No Motion | | |

* Member Wiener's motion to reduce the \$1000 late fee to \$250, \$600 civil penalty to \$50 and the \$375 late fee to \$95. Motion withdrawn.

Informational Items

A. Payment of a late filing fee for the July 30, 2012, pre-primary election report:

Minn Young DFL, \$400

B. Payment of a late filing fee for September 25, 2012 pre-general election report:

Leech Lake PAC, \$50

C. Payment of a late filing fee for October 29, 10-day pre-general election report:

Friends of David Fitzsimmons, \$50
 Committee to Elect Michael Germain, \$114
 Duane Quam for House, \$50

D. Payment of a late filing fee for January 31, 2013, year-end report:

BCA Agents Political Fund, \$25
 Burnsville Chamber PAC, \$25
 Clean Energy PAC of Iberdrola, \$175
 Minn AFL-CIO, \$25

2nd Congressional District IPMN, \$150
 Big Stone RPM, \$100

Volunteers for Russ Bertsch, \$50
 Volunteers for Rich Bohannon, \$50
 Committee to Elect Bobby Champion, \$75
 Friends of David Fitzsimmons, \$50

Friends for Eric Franzen, \$25
Jerome Hertaus for House, \$25
Bruce Johnson for State Representative, \$75
Chaz Johnson Volunteer Committee, \$1275
Vote for Bruce Mackenthun, \$25
Sean Nienow Volunteer Committee, \$75
Committee to Elect Spencer Stevens, \$125
David Younk for House, \$50

E. Payment of late filing fee for 24-hour pre-election notice:

IUPAT Political Action Together, \$250
People for Tom Anzelc, \$50
Logan Campa for MN House, \$250
Laurie Halverson for House, \$250
Travis Reimche for House, \$250

F. Payment of a late filing fee for the 2009 Report of Receipts and Expenditures:

Roseau County DFL, \$5

Payment of a late filing fee for two Lobbyist Disbursement Reports:

Kenn Rockler, BPAM, \$5 1/15/2009; \$15 6/15/2012

G. Payment of a late filing fee for the 2011 Annual Report of Lobbyist Principal:

Greater Minn Housing Fund, \$100

H. Payment of a late filing fee for the 2012 Annual Report of Lobbyist Principal:

Advance Education, \$20
Arcola Systems LLC, \$30
Arctic Cat Inc, \$20
AWA Goodhue LLC, \$25
Celgene Corp, \$5
EDF Renewable Energy Inc., \$60
Fish Guys, \$30
Friendship Village of Bloomington, \$20
Fulton Beer Co, \$15
Hunger Solutions, \$15
International Union of Operating Engineers, \$5
IPS Corp, \$5
Itasca Medical Care, \$5
MN Assn of Charter Schools, \$65
MN Lodging Assn, \$10
MN Public Research Group, \$20
MN Restaurant Assn, \$10
MN Sign Association, \$15
No Taxpayer Funded Stadiums.org, \$5

Order of St Benedict, \$40
Police Officers Alliance, \$5
Sierra Club NorthStar, \$20
Sprint Nextel Corp, \$5
Teva Pharmaceuticals, \$10
University Enterprise Lab, \$15
Zimmerman/ Reed, \$10

I.

Deposit to the General Fund, State Elections Campaign Fund:

Campaign for Ron Kresha, \$70 forwarding
Paul Gazelka Volunteer Committee, \$70 forwarding

J. **Payment of a civil penalty for contribution from an unregistered association:**

Burke & Thomas PLLP, \$200
DFL House Caucus, \$200
Campaign for Ron Kresha, \$70
Paul Gazelka Volunteer Committee, \$70

K. **Payment of a civil penalty for excess special source contributions:**

Citizens for JoAnn Ward, \$350. During 2012, the Committee accepted \$7,250 in contributions from special sources. These sources include a large giver from whom the Committee accepted \$500, registered lobbyists from whom the Committee accepted \$250, and political committees or political funds from which the Committee accepted \$6,500. The total amount of these contributions exceeded by \$350 the applicable limit on aggregate contributions from special sources, which for a state representative candidate was \$6,900. Representative Ward entered into a conciliation agreement on May 13, 2013.

Patti Fritz Volunteer Committee, \$50. During 2012, the Committee accepted \$6,950 in contributions from special sources. These sources include large givers from whom the Committee accepted \$900, registered lobbyists from whom the Committee accepted \$350, and political committees or political funds from which the Committee accepted \$5,700. The total amount of these contributions exceeded by \$50 the applicable limit on aggregate contributions from special sources, which for a state representative candidate was \$6,900. Representative Fritz entered into a conciliation agreement on May 18, 2013.

Committee to Elect Yvonne Selcer, \$50. During 2012, the Committee accepted \$6,950 in contributions from special sources. These sources include large givers from whom the Committee accepted \$2,250, registered lobbyists from whom the Committee accepted \$400, and political committees or political funds from which the Committee accepted \$4,300. The total amount of these contributions exceeded by \$50 the applicable limit on aggregate contributions from special sources, which for a state representative candidate was \$6,900. Representative Selcer entered into a conciliation agreement on May 10, 2013.

John Schultz Volunteer Committee, \$100. During 2012, the Committee accepted \$13,700 in contributions from special sources. These sources include large givers from

whom the Committee accepted \$9,100, registered lobbyists from whom the Committee accepted \$200, and political committees or political funds from which the Committee accepted \$4,400. The total amount of these contributions exceeded by \$100 the applicable limit on aggregate contributions from special sources, which for a state senate candidate was \$13,600. John Schultz entered into a conciliation agreement on May 28, 2013.

L. Payment of a civil penalty for exceeding the contribution limit:

Jeff Hayden for Senate, \$500. During 2012, the Committee reported accepting two contributions from the Teamsters Local 120 DRIVE Fund, a political fund registered with the Board. The cumulative total of the two contributions was \$1,000. The contributions exceeded the applicable contribution limit by \$500. Senator Hayden entered into a conciliation agreement on March 13, 2013.

LEGAL COUNSEL'S REPORT

Board members reviewed a memo from Counsel Hartshorn outlining the status of cases that have been turned over to the Attorney General's office. The Legal Counsel's Report is made a part of these minutes by reference.

Mr. Goldsmith explained that cases that were on hold pending staff review or action were removed from the list of active Attorney General files.

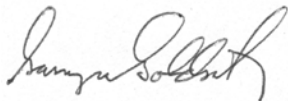
EXECUTIVE SESSION

The Chair recessed the regular session of the meeting and called to order the Executive Session. Upon completion of the Executive Session, the regular session of the meeting was called back to order. There were no items to be reported from the Executive Session.

OTHER BUSINESS

There being no other business, the meeting was adjourned by the Chair.

Respectfully submitted,



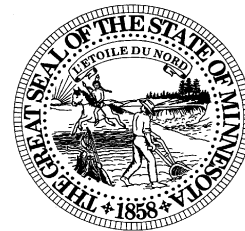
Gary Goldsmith
Executive Director

Attachments:

May 31, 2013, memorandum regarding contributions deposited into incorrect account in error
May 31, 2013, memorandum regarding categories of waiver request reasons

Minnesota

Campaign Finance and Public Disclosure Board



Date: May 31, 2013

From: Gary Goldsmith, Executive Director

Telephone: 651-539-1190

Re: Contributions deposited into incorrect account in error

On May 7, 2013, the Board adopted a policy on handling matters where an association that operates as both a state and a federal political committee deposits a contribution into the wrong account. Staff has recognized a similar situation that is not specifically covered by the policy.

In this parallel situation, an association (typically a nonprofit corporation) exists in its own right and has an affiliated political committee. In most cases, the names of the corporation and the political committee are similar. In this situation, a contribution intended for the association itself may be inadvertently deposited into the account of the affiliated political committee.

The May 7 policy is reproduced below with changes that, if adopted, would broaden it to cover the corporation / political committee variation of the situation previously addressed.

Policy regarding incorrect deposit of receipts

When the following conditions are met:

An association ~~has operates as both~~ a state political committee registered with the Board and ~~as~~ a federal political committee registered with the Federal Election Commission ~~or the association is not a political committee but has an affiliated state political committee that it supports;~~

A donation is made to the association that both the donor and the association intend to be a contribution to the federal political committee ~~or to the association itself rather than to its affiliated state political committee;~~

The donation is deposited in error into the state political committee's ~~checking account~~ ~~depository~~;

The donation is not returned within the statutory time limit; and

The donation is promptly transferred to the correct ~~checking account~~ ~~depository~~ once the association becomes aware of the error;

In the interest of fairness and efficiency of agency operations:

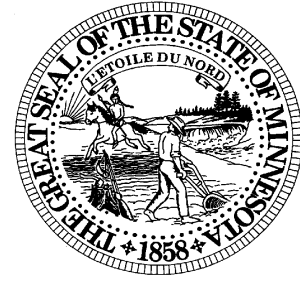
The Executive Director is directed to document the matter in the file of the political committee into whose ~~account~~ ~~depository~~ the donation was deposited and to notify the association of the need to exercise care in determining into which ~~account~~ ~~depository~~ a receipt should be deposited;

The Executive Director may close the file on the matter and no violation will be recognized.

If the Executive Director recognizes a pattern of the above described mistake, the Executive Director must bring the matter to the Board for further consideration, which may conclude with the imposition of any sanctions permitted under Chapter 10A.

Minnesota

Campaign Finance and Public Disclosure Board



Date: May 31, 2013

To: Board Members

From: Gary Goldsmith, Executive Director

Telephone: 651-539-1190

Re: Categories of waiver request reasons

This memo is a compilation of the most common reasons waivers of late filing fees and civil penalties are requested and includes statements about the Board's general approach to each type of request. For most categories the Board also considers if a waiver has previously been given to the committee. A health issue, for example, may be accepted as the basis for a waiver for one report. But typically the committee is expected to make a change in the position of treasurer if the health issue is ongoing and will continue to affect the timely filing of reports.

1. Health or similar family emergency

An unexpected illness or emergency involving the treasurer or candidate or an immediate family member that affects the treasurer's ability to file the report has usually been viewed as a valid reason to grant a waiver.

The waiver request must include enough detail to allow the Board to evaluate the link between the illness or emergency and the late filing. In other words, there must be a verifiable cause and effect relationship. Information about the timing of the illness or injury is usually required to establish this relationship.

Waivers vary in the amount of information provided about the actual illness or emergency. Additionally, variation is seen in the relationship of the illness or emergency to the person who actually completes the report. These factors may affect the decision to grant or deny the waiver or to reduce the amount due.

2. Military service

Deployment for military service of the treasurer at the time a report would be prepared and filed has been found to be grounds for granting a waiver. A factor that bears on whether the waiver should be granted is whether the military absence was scheduled in advance of reporting dates.

3. Inactive committee, committee that was not required to register, terminated committee, or waiver granted in anticipation of termination

Late filing fees and civil penalties are often waived for a committee that had little or no activity or a committee that has terminated its registration prior to the filing of the waiver request. In similar cases where the committee has not terminated its registration, but has indicated its intent to do so, the Board has sometimes made termination a condition of the grant of the waiver. The Board has not made termination a condition of granting a waiver unless the committee has expressed a desire to terminate.

4. Documented software problem with Campaign Finance Reporter (CFR) that prevented filing on time

Software problems that result in late filings are now rare. A software-related problem occurs when the user omits the final step required to file the report or the user performs a retrieval of data from the Board rather than a transfer of data to the Board. Both of these problems are caused by user error, not software failure.

The current version of the software eliminates the extra filing step, so this error should no longer occur. Log files exist so that we can verify if a user performed a download of data when they should have been sending the report file to us. When this type of error results with a first-time e-filer, a waiver has often been granted. However, if the filer has successfully filed an electronic report previously, the waiver is typically not granted.

If a bona fide software problem prevents timely filing of a report, a waiver is usually granted to the extent that the software problem was the cause of the report being late. The Board has granted a number of waivers for the 2012 election for a political committees or political funds that were not notified by CFR of the need to file a 24 hour notice of receipt of a large contribution. This defect in CFR has been corrected and should not be the basis for a waiver request going forward.

5. Filer has satisfactory proof of fax transmission of report not received by Board

Occasionally the Board has no record of receiving a report sent by fax but the sender provides what appears to be a valid fax transmission record that corresponds to the time and number of pages that the Board should have received. In these cases, the Board typically waives late fees and penalties if the filer provided the report promptly after being notified by staff that it was not received.

6. Change of treasurer at or close to the filing deadline

The Board has often considered the difficulty of filing a report for a new treasurer who takes over close to the filing deadline. This is particularly true when there are problems getting records from the former treasurer. Another factor often involved in this type of late filing is the failure of the old or new treasurer to notify the Board of the change of officers. Without notification of the change in treasurer the Board will send reporting forms and reminders to the wrong individual. The failure to amend a registration may result in the Board being less willing to waive late filing fees or civil penalties.

7. Computer hardware or other problem (such as a virus) that is not CFR related but which prevents filing on time

Occasionally a filer is late because of an unanticipated computer problem unrelated to CFR itself. These problems include hardware failures and virus infections. The typical case is that the filer waited until just before the report was due to begin report preparation. As the CFR software has essentially ceased to be a cause of late filings, the Board has become more reluctant to grant waivers based on computer problems.

8. Report forms mailed to treasurer claimed not to be received

Occasionally a treasurer will request a waiver based on the claim that the treasurer did not receive the mailing of materials related to the filing. If Board records indicate a Board error, the waiver is usually granted. However, if Board records indicate that the materials were mailed to the correct address, the Board is usually more reluctant to grant the waiver.

9. Reports claimed to be filed by mail not received by the Board

Occasionally a treasurer will request a waiver based on the claim that the treasurer mailed the report to the Board so that it was postmarked by the due date and should have been received by the Board. In these cases, the Board did not receive the original mailed report

and the treasurer has no proof of the mailing. This problem is not common and is becoming less common with the implementation of electronic filing. The Board does not have a sufficient history with this type of late filing for staff to state any general approach.

10. Partial waiver based on financial status of committee.

The financial status of the committee has not been accepted by the Board as a valid excuse for filing a late report. However, there have been occasions when the Board has considered the ability of a committee to pay a late fee or civil penalty and adjusted the penalty accordingly.