

Detailed review FY 2015 budget closeout

Mr. Goldsmith presented members with a budget chart that is attached to and made a part of these minutes. Mr. Goldsmith briefly went over the chart and told members that the Board had the authority to carry almost all of its unspent funds over to the next fiscal year. Consequently, the Board would be returning only a small amount to the state.

Website redevelopment

Mr. Goldsmith told members that the temporary website developer had created a sample home page but had been unable to link that page to the Board's databases. Mr. Goldsmith said that the next step in the project would be to explore logo designs and branding. At Mr. Goldsmith's request, members discussed the issue and agreed that it would be acceptable to use the name "Campaign Finance Board" on the new website although the Board's official name would not change. Mr. Goldsmith also reported that an agreement had been reached with MN Geo for the mapping of contribution data on the new website. Finally, Mr. Goldsmith said that staff soon would issue an RFP for a vendor to coordinate the website redevelopment project and to fill in where the Board did not have the necessary resources.

Legislative session update

Mr. Goldsmith provided members with a legislative summary that is attached to and made a part of these minutes. Mr. Goldsmith briefly went over the legislative summary and highlighted the major statutory changes.

Policy discussion – handling violations involving very small dollar amounts

Mr. Goldsmith presented members with a memorandum on this matter that is attached to and made a part of these minutes. Members discussed the advantages and disadvantages of developing a summary proceeding to handle inadvertent violations that involve only a small amount of money but came to no conclusions. Mr. Goldsmith told members that staff would continue to bring these matters to the Board on a case-by-case basis because they were rare at this time.

Recap of discussion regarding prima facie determinations (from May meeting)

Mr. Goldsmith presented members with a memorandum on this matter that is attached to and made a part of these minutes. Mr. Goldsmith said that the takeaway from the discussion of this issue appeared to be that the probable cause determination was a higher standard than the prima facie determination but that it would take more experience and discussion to clearly articulate the difference between the two determinations.

Update on resources and methods of identifying undisclosed campaign spending

Mr. Sigurdson told members that he had learned of an entity that obtains and stores all media advertisements run in the country. Mr. Sigurdson contacted this entity and obtained the 14,611 political advertisements that had run in Minnesota in 2014. Mr. Sigurdson stated that he was analyzing these ads and would have a full report at the August meeting.

Report of documents not accepted as a complaint

Mr. Goldsmith told members that the Board had received two documents that claimed to be complaints but actually were not because they did not allege any violations of Chapter 10A. One document involved a county commissioner election campaign and the other involved a school bond referendum local ballot question campaign. Mr. Goldsmith said that neither the county commissioner race nor the school bond referendum was governed by Chapter 10A.

Update on *Seaton v. Wiener* litigation

Mr. Goldsmith told members that the *Seaton v. Wiener* litigation now was in the attorney fee phase of the litigation. Mr. Goldsmith said that because the plaintiffs were the prevailing party, they were entitled to attorney's fees. Mr. Goldsmith stated that the plaintiff's initial claim provided no detail about the charges incurred. Mr. Goldsmith therefore recommended that the Office of the Minnesota Attorney General decline to agree to the requested fees and ask the plaintiffs for itemization of those fees. Mr. Goldsmith said that the plaintiffs now were preparing a more detailed claim.

ENFORCEMENT REPORT

A. Consent Items

Confirmation of withdrawal of lobbyist's registration – MN NORML

Mr. Fisher told members that this principal wanted to withdraw lobbyist Tony Baker's registration. Mr. Baker registered with the Board as a lobbyist on 4/23/2014 and terminated his registration as of 5/30/2014. The principal stated that the lobbyist erroneously, and without the principal's authorization, registered with the Board and that the principal has no paid lobbyists.

After discussion, the following motion was made:

Member Sande's motion:	To approve the withdrawal of lobbyist Tony Baker's registration.
Vote on motion:	Unanimously passed.

B. Discussion items

1. Request for one-time cash balance adjustment – Local 59 Political Fund

Mr. Fisher told members that after the fund's previous treasurer passed away in 2008, an interim treasurer filled in for a period of time. The current treasurer took over in 2009 and eventually became aware of a cash balance discrepancy. Mr. Fisher said that the current treasurer went back through each year's records since 2008 to try to reconcile the discrepancy. The 2008 records, however, were incomplete due to the transition period. Mr. Fisher said that the fund currently was unable to account for a cash balance discrepancy of \$1,117.75. The fund's previously reported cash balance as of 12/31/14 was \$20,891.25. Mr. Fisher said that the fund asked the Board to allow the fund to amend this value to \$19,773.50.

After discussion, the following motion was made:

Member Flynn's motion:	To approve the Local 59 Political Fund's request for a one-time cash balance adjustment.
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Vote on motion:	Unanimously passed.
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2. Request to reconsider waiver of late filing fee– Colon (Yolandita) for House Committee

Mr. Fisher told members that at the March 17, 2014, meeting, the Board had considered a waiver request for a \$50 late filing fee accrued by the Colon for House Committee for the late filing of a 24-hour notice report. Mr. Fisher said that the committee's most recently reported cash balance was \$5.72, and that the committee had not been granted a waiver in the past. Mr. Fisher stated that the candidate claimed that the committee had terminated and closed its bank account. Mr. Fisher said although that the committee had forwarded \$5.72, its apparent remaining balance, to the Board, the committee still was registered. Mr. Fisher stated that in March, staff summarized the waiver as follows:

Candidate states that contribution was received on 10/22/2014 and reported to the Board on the same day. Board records show contribution as being received on 10/22/2014 but no report was received until 10/24/2014 and no activity was logged in the committee's software on 10/22/2014. During 2014 the committee took in and spent more than \$15,000.

After discussion, the following motion was made:

Member Sande's motion:	To approve the waiver request conditioned on the committee's termination.
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Vote on motion:	Unanimously passed.
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B. Waiver requests

<u>Name of Candidate or Committee</u>	<u>Late Fee Amount</u>	<u>Civil Penalty Amount</u>	<u>Reason for Fine</u>	<u>Factors for waiver</u>	<u>Board Member's Motion</u>	<u>Motion</u>	<u>Vote on Motion</u>
MN 2020	\$800	\$0	3/16/2015 Principal's Report	Association began to dissolve in October 2014. Association did not exist when notices regarding the filing were sent by the Board in February.	Sande	To waive the late fee.	Unanimous
Meisa Transportation Services	\$475	\$0	3/16/2015 Principal's Report	Individual responsible for filing principal's report was hospitalized with a serious medical illness. Notice was sent to company's address in Golden Valley, while individual responsible for filing report has lived in Arizona since May 2014 – lobbyist did not update address on file with the Board.	Leppik	To waive the late fee.	Unanimous
Sano Remedies, Inc.	\$150	\$0	3/16/2015 Principal's Report	Letters sent to individual and address that lobbyist registered with the Board. Association has disbanded and has no assets or open bank account. Lobbyist terminated effective 12/31/2014.	Leppik	To waive the late fee.	Unanimous
Brenden (Craig) for Representative	\$1,000	\$1,000	2/2/2015 YE Report	Candidate's wife experienced significant health issues beginning in January. Report was a no change statement.	Oliver	To waive the late fee.	Unanimous
Marguerite Miller	\$40	\$0	Economic Interest Statement	Official is in the process of a divorce, is experiencing financial difficulties, and has resigned from the position for which she was required to file the statement. Notice of required filing was mailed by Board on 1/5/2015.	Flynn	To waive the late fee.	Unanimous
MN Assn of Community Telecomm. Admin.	\$275	\$0	3/16/2015 Principal's Report	The association's Executive Director left the association with little advance notice at the end of January.	Sande	To waive the late fee	Unanimous
Jeremy Hurd	\$65	\$0	Economic Interest Statement	Statement was due on 3/22/2015. Official states he was unaware of his need to file, was on vacation from March 26 - April 5, and was without a phone. Notice of required filing was mailed by Board on 1/5/2015.	Sande	To waive the late fee.	Unanimous
Carla Gillson	\$100	\$0	Economic Interest Statement	Official states that she did not know she had to file with the state, as she had already signed forms with the county. Notice was allegedly not received because mail was being forwarded to seasonal residence in Florida. Granddaughter was undergoing medical treatment. Notice of required filing was mailed by Board on 1/5 2015.	Flynn	To waive the late fee.	Unanimous
One Call Care Management	\$175	\$0	3/16/2015 Principal's Report	Lobbyist terminated on behalf of principal as of 12/31/2014. Because principal was no longer engaged with the lobbyist, it states that it was unaware of the need to file a report. Notice of required filing was mailed by Board on 2/13/2015.	Sande	To waive the late fee.	Unanimous

MSCA-PAC	\$1,000	\$0	2/2/2015 YE Report	Political fund did not believe it had any activity during reporting period (10/21 – 12/31) and therefore did not file a report. Board reconciliation discovered that the fund had made a \$500 contribution on 10/22.	Flynn	To waive the late fee.	Unanimous
Lyft, Inc.	\$175	\$0	3/16/2015 Principal's Report	Principal's contact person's last day of employment was on the filing deadline. Notice of required filing was mailed by Board on 2/13/2015.	No motion		
CTD Properties	\$225	\$0	3/16/2015 Principal's Report	Association had not lobbied in the past and did not know what was involved. Notice of required filing was mailed by Board on 2/13/2015.	No motion		
Tim O'Hara	\$25	\$0	6/15/2015 Lobbyist's Report	Lobbyist was on vacation prior to deadline and had an unexpected meeting on the filing deadline. Lobbyist has been registered with the Board since 1995.	No motion		
Grassroots for Griffin (Michael)	\$875	\$0	1/31/2013 YE Report	Committee attempted to file report on the deadline but erroneously sent the report to wrong email address. The committee also has an outstanding \$25 LFF for the 2014 YE report for which no waiver has been requested. Notice of required filing was mailed by Board on 12/30/ 2013. Certified letter re: non-filing was sent by Board on 2/14/ 2014. Report received on 3/22/2013.	Withdrawn by staff		

Informational Items

A. Payment of a late filing fee for 2014 Year-end Report of Receipts and Expenditures:

Vote Chris Kellett, \$50

B. Payment of a late filing fee for 2014 Pre-general Report of Receipts and Expenditures:

Volunteers for Dan Surman, \$50
New Americans, \$100

C. Payment of a late filing fee for a 2014 24-hour pre-general notice of large contribution:

Colon (Yolandita) for House, \$5.72

D. Payment of a late filing fee for 2012 Pre-primary Report of Receipts and Expenditures:

Neighbors for Life, \$120

E. Payment of late filing fees for Lobbyist Disbursement Reports:

Maureen Hackett, Howling for Wolves, \$25, due 6/15/15

Bruce Kleven, MN Asphalt Pavement Assn, \$75, due 6/15/15
Matthew Norton, MN Environmental Partnership, \$50, due 6/15/15
Thomas Perkins, MN Public Employees Assn, \$375, due 1/15/15

F. Payment of a late filing fee for an Original Statement of Economic Interest:

Ronald Anderson, Kittson SWCD, \$5
Joseph Jordan, Benton SWCD, \$100
Richard Nelsen, Nobles SWCD, \$5

G. Payment of a late filing fee for 2014 Annual Report of Lobbyist Principal due March 16, 2015:

All Parks Alliance for Change, \$25
Choice Auto Rental, \$50
CLEAR Corps. USA, \$25
Dairies Federation of MN, \$50
Environment Minnesota, \$25
Geronimo Wind Energy, \$25
HerbAn Farma, \$175
Jobs Now Coalition, \$275
Legacy Management and Development Corp, \$225
Minnesota for Marriage, \$175
MN Beer Activists, \$350
MN Chauffeured Transportation, \$25
Natl Audubon Society of Minn, \$275
Otter Tail Power Co, \$25
Retail Services & Systems, \$275
Sanimax, \$100
Sprint Corp, \$300
United Credit Consultants, \$400

H. Payment of a civil penalty for an excess contribution from an individual:

Johnson (Jeff) for Governor, \$500
Citizens for Linda Runbeck, \$250

I. Payment of a civil penalty for misuse of committee funds:

Tim Manthey, \$400 (April and May payments)

J. Payment of a civil penalty for exceeding the special source aggregate contribution limit:

Elect Bobby Joe Champion, \$58.75
Chris Eaton for Senate, \$162.50
Goodwin (Barb) Volunteer Committee, \$81.25
Ron Latz for Senate Volunteer Committee, \$87.50

K. Payment of a civil penalty for exceeding the spending limit:

Committee to Elect Shannon Savick, \$3,721.08

L. Payment of a civil penalty for a prohibited contribution from a corporation:

Loren Solberg Consulting LLC, \$12.50

M. Forwarding returned contribution and remaining funds to the state:

Campaign Fund for John Bacon, \$262.83, \$8.17

LEGAL COUNSEL'S REPORT

Mr. Hartshorn had nothing to report to the Board.

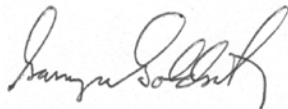
EXECUTIVE SESSION

The Chair recessed the regular session of the meeting and called to order the executive session. Upon completion of the executive session, the Chair reported the following matter into regular session:

Order of dismissal in the staff review of the Volunteers for Wagenius committee

OTHER BUSINESS

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



Gary Goldsmith
Executive Director

Attachments:

Chart of FY 2015 budget closeout

Legislative summary

Memorandum regarding handling violations involving very small dollar amounts

Memorandum recapping discussion of prima facie determinations (from May meeting)

Order dismissing staff review of the Volunteers for Wagenius committee

6/29 reports

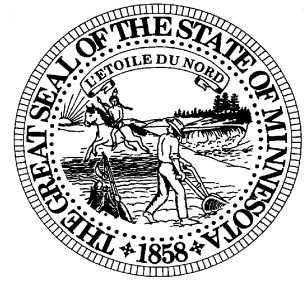
	Operating Budget Detail		New Swift Budget	Expended
	Expended amounts from 6/29 exp rpt			
Acct				
41000	FT Salaries			
	Expended	671,255		671,255
	Managers rpt projection - 6/15	26,990		
	Achievement awards \$2,000 + tax	2,500		
	41000 Total	700,745	700,745	
41030	Part time salaries			
	Expended	46,149		46,149
	Managers rpt projected PT	2,451		
	41020 Total	48,600	48,600	
41050	OT			
	Expended	348		348
	41050 Total	348	348	
41070	Other Benefits			
	Per Diem - Expended	4,400		4,400
	Workers Comp fee - expended	324		324
	41070 Total	4,724	4,725	4,724
41100	Space Rental			
	Expended	39,492		39,492
	41100 Total	39,492	39,492	
41110	Printing and advertising			
	Expended (state reg, letterhead, warrants)	1,371		1,371
	41110 Total	1,371	1,371	
41130	Prof Technical Services			
	Expended (Court Reporter)	3,385		3,385
	ed chunk paid	13,231		13,231
	ed chunk open	17,019		
	41130 Total	33,635	33,635	16,616
41145	IT Prof Technical Services			
	Logisolve expended	53,508		53,508
	Concurrency expended	30,936		30,936
	Concurrency - open (\$49950 total)	19,014		

	Tech Pro Expended	16,628		16,628
	8bitstudio	4,995		
	41145 Total	125,081	125,081	101,072
41150	Computer systems and services			
	Expended (SHI, En Pointe)	32,186		32,186
	Madcap Flare	1,047		1,047
	Competative Media - Kantar	5,344		
	41150 Total	38,577	38,577	33,233
41155	Communications, postage, delivery			
	Central Mail - expended	10,552		10,552
	May \$625 + 31	656		
	Admin - Central Mail - June	600		
	Other expended	580		580
	41155 Total	12,388	12,388	11,132
41160	Travel - in state			
	Expended	2,163		2,163
	41160 Total	2,163	2,163	
41170	Travel - Out of state			
	Expended(cogel)	3,700		3,700
	41170 Total	3,700	3,700	
41180	Employee Development			
	Expended	6,113		6,113
	41180 Total	6,113	6,113	
41190	OAH Rule review/ Contested cases			
	Expended	545		545
	41190 Total	545	545	
41196	Centralized IT services			
	Expended	7,921		7,921
	Computing 128/mo x 1	128		
	Phone 280 x 1 mo	280		
	Web services \$284 x 1 mo	284		
	4196 Total	8,613	8,613	
41300	Supplies			
	Expended	8,240		8,240
	Premium Waters - 1 mo	20		
	Locate plus - 1 months	32		
	41300 Total	8,292	8,292	

41400	Equip. rental			
	Expended (copier)	2,288		2,288
	Metro Final quarter	800		
	Water cooler	2		
	41400 Total	3,090	3,090	
41500	Repairs, Maint			
	Expended	2,641		2,641
	Metro copy machine maint final qtr	450		
	41500 Total	3,091	3,091	
43000	Other operating costs			
	Expended (Attero filing)	5,910		5,910
	4300 Total	5,910	5,910	
47160	Equipment non-capital			
	Expended	8,511		8,511
	Dell computers - June 2015	2,020		
	SHI scanner	1,611		
	47160 Total	12,142	12,142	
	Budget			
	Operating exp total	1,058,620	1,058,621	973,424
	Appropriation	1,000,000		
	Carry Forward	230,559		
	Total available FY 15	1,230,559		
	Expenditures from line 124	1,058,620		
	Carry to 2016 for website	150,000		
	Carry to 2016 - MnGEO Oddeesy	19,000		
	Total Exp and cfwd	1,227,620		0
	Net available	2,939		
	Return to state	2,939		

Minnesota

Campaign Finance and Public Disclosure Board



Date: June 15, 2015

Summary of 2015 Minn. Laws chapter 73 and 2015 Minn. Laws chapter 77, section 82 - Changes to the Campaign Finance and Public Disclosure Laws

Procedures for Board investigations and new penalties

Section 1 modifies the following procedures related to Board investigations:

- Hastens investigations by allowing a prima facie decision to be made immediately after receipt of the complaint;
- Clarifies that the 60-day timeline for investigating complaints involving contribution or spending limits violations does not begin to run until after the Board has found probable cause in a matter; and
- Requires the subject of an investigation to preserve evidence related to the investigation after being notified of the investigation.

Section 5 clarifies that all data related to a Board audit is confidential.

Section 19 ensures that the Board can impose civil penalties for violations of all the chapter 211B provisions under its jurisdiction. The Board previously had no authority to impose civil penalties for violations of the disclaimer requirement in section 211B.04, the improper use of political funds under section 211B.12, or the acceptance of corporate contributions under section 211B.15.

Sections 20 and 21 amend the Minnesota Government Data Practices Act so that it correctly refers to the provision in Chapter 10A that governs the classification of data related to Board audits.

Section 24 amends the corporate contribution statute to prohibit candidates, political committees and funds, and party units from accepting corporate contributions. The Board previously had jurisdiction over corporations that made political contributions but did not have jurisdiction over the candidates, political committees or funds, or party units that accepted those contributions. Giving the Board jurisdiction over both donor and recipient in these cases will prevent complaints from being filed with both the Board and the Office of Administrative Hearings.

Lobbyist Program

Section 2 increases the late filing fee for lobbyist registrations to \$25 per day, not to exceed \$1,000, and eliminates the grace period for these filings. This continues the Board's efforts to standardize late filing fees and grace periods.

Economic Interest Program

Section 3 increases the late filing fee for representation disclosure filings to \$25 per day, not to exceed \$1,000, and eliminates the grace period for these filings. This continues the Board's efforts to standardize late filing fees and grace periods.

Section 4 makes the following two major changes to the statement of economic interest requirement:

- Requires all public officials to file annual economic interest statements even if their financial interests have not changed; and
- Specifies that the annual statement is due on the last Monday in January and that it covers the previous calendar year.

Campaign finance registration and reporting

Sections 6 and 10 clarify that if the registration threshold (contributions or expenditures in excess of \$750 in a calendar year) for a political committee or fund, principal campaign committee, or party unit is met before the end of a reporting period, both registration and the report are due by the report due date.

Section 7 clarifies that if the registration threshold for an independent expenditure committee or fund (contributions or expenditures in excess of \$1,500 in a calendar year) or a ballot question committee or fund (contributions or expenditures in excess of \$5,000 in a calendar year) is met before the end of a reporting period, both registration and the report are due by the report due date.

Section 8 increases the late filing fee for campaign finance registrations to \$25 per day, not to exceed \$1,000, and eliminates the grace period for these registrations. This continues the Board's efforts to standardize late filing fees and grace periods.

Section 11 eliminates the requirement to file the June election-year report for candidates whose names will not be on the primary election ballot because they did not file for office. In 2014, these candidates were exempted from filing the other election year reports but the reference to the June report was inadvertently omitted from the 2014 legislation.

Section 12 requires recipients to report contributors' Board registration numbers and contributors to report recipients' Board registration numbers on campaign finance reports. This information will help reconcile contributions between entities registered with the Board and standardize contribution data for public use.

Disclaimers

Section 9 amends the independent expenditure disclaimer requirement to create (a) financial triggering thresholds for the disclaimer requirement that match the registration and reporting

thresholds for independent expenditure committees and funds and (b) exceptions for independent expenditure communications where it is impracticable to include a disclaimer.

Section 22 amends the disclaimer requirement for campaign material (a) to simplify the form of the disclaimer; (b) to specify the form of the disclaimer when a communication has no cost; (c) to create financial triggering thresholds for the disclaimer requirement that match the registration and reporting thresholds in Chapter 10A; and (d) to create exceptions for communications where it is impracticable to include a disclaimer. These amendments strengthen the constitutional foundation of the statute.

Public Subsidy Program

Section 13 adds “election segment” and “election cycle” to the description of the opponent spending threshold necessary to release a candidate from the public subsidy agreement. These phrases were inadvertently omitted when the new election segment terminology was adopted in 2013 and are needed to preserve the thresholds as they existed before the terminology change.

Section 18 amends the prohibition for issuing political contribution refund (PCR) receipts (a) to include the willful issuance of a receipt to an individual who is not qualified to receive a receipt and (b) to provide for a civil penalty for any wrongful issuance of a PCR receipt. Note: The PCR program currently is suspended for the 2016-2017 biennium.

2015 Minn. Laws chapter 77, section 82, provides that the political contribution refund does not apply to contributions made after June 30, 2015, and before July 1, 2017.

Contribution limits and sessional prohibition on contributions

Section 14 sets contribution limits for judicial candidates at a level that will be the same regardless of whether the candidate is on the ballot during a particular two-year segment. It is not possible to know whether the election segment or the non-election segment contribution limit applies to a judicial candidate until after the filing period is over because not all judicial seats are up for election at the same time and judicial candidates do not have to identify the seat for which they are running until they file for office. A fixed limit applicable in every two-year election segment solves this problem.

Section 15 eliminates large donors from the aggregate special source contribution limit. This amendment brings the statute into compliance with the *Seaton v. Wiener* decision holding that the large donor component of the aggregate special source limit is likely unconstitutional and restraining the Board from enforcing this provision.

Section 16 eliminates the prohibition on contributions between the legislative caucus committees and their candidates during the legislative session. Removing this prohibition will not lead to circumvention of the sessional prohibition by other entities because neither legislative caucuses nor candidates are permitted to accept contributions from lobbyists, political committees or funds, or unregistered associations during the session.

Section 17 clarifies that the ban on sessional contributions includes the entire first and last days of the session. This clarification relieves donors, candidates, and the Board of the need to determine the specific time of day that a contribution was made and received.

Miscellaneous technical changes

Section 23 extends the right to make unlimited charitable contributions upon termination to political committees and funds and party units.

Section 25 repeals obsolete language that required the Office of Administrative Hearings to assess the costs of Fair Campaign Finance Act complaints for state candidates against the public subsidy appropriation. In 2009, the funding for these costs was changed to a direct appropriation to the OAH but this reference to the former funding mechanism was never repealed.

Section 26 does not make any changes to statutory language. Instead, it renumbers several existing provisions in Chapter 10A to do the following:

- Ensure that all information gathered during a Board audit, not just information related to economic interest statements, will be confidential until the audit is completed; and
- Improve readability by moving the compliance provisions into a separate section and dividing them into shorter subdivisions.

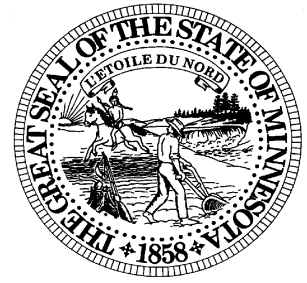
Section 27 repeals the following provisions:

- An obsolete approval requirement that was applicable when the Board implemented the electronic reporting requirement;
- A requirement that the Board withhold publication of a party unit report until the report of the corresponding opposing party unit has been filed; and
- A rule which may be read to permit candidates to accept loans in excess of the statutory limit.

Section 28 establishes the effective date as the day following final enactment. The effective date for the changes was May 23, 2015.

Minnesota

Campaign Finance and Public Disclosure Board



Date: June 30, 2015

To: Board members

From: Gary Goldsmith, Executive Director

Telephone: 651-539-1190

Re: Summary proceedings for certain minor campaign finance violations

Background

Under current rules, the Executive Director reviews reports for transactions that, if correctly reported, represent violations. The process typically begins with a preliminary inquiry, which is not a form of investigation. This gives the filer the opportunity to explain the transaction and, if it does not represent an actual violation, to amend the subject report to correct the way the transaction was reported. Amending the report closes the matter and no additional action is taken.

If the filer confirms during the preliminary inquiry that the transaction constitutes a violation, a staff review is initiated. A staff review is a form of investigation that does not include the formalities of a Board-ordered investigation. In a staff review, much of the work is done by telephone or email and subpoenas are not used to obtain information.

A staff review typically leads to one of three next steps: (1) the Board offers a conciliation agreement to resolve the matter, (2) the Board dismisses the staff review without further action, or (3) the Board elevates the staff review to a formal investigation.

The issue

On occasion, staff encounters transactions that the filer confirms result in violations but that involve very small financial amounts. The purpose of this memorandum is to set up a framework so the Board can discuss possible alternative approaches for the summary disposition of such matters.

Types of matters under consideration

The options discussed in this memorandum are intended to be limited to matters that meet the following criteria:

1. The violation arises from a contribution transaction.
2. The amount of the violation is not more than \$100 (or \$50 or some other threshold that the Board establishes).
3. The filer acknowledges the violation.
4. The violation was not intentional. That is, the filer did not recognize that the transaction was prohibited at the time it occurred.
5. The violation is the filer's first violation of the particular statute involved since January 1, 2014.

The purpose of these limitations is to exclude spending limits violations and all violations that do not have a dollar amount on which the magnitude of the violation can be assessed. For

example, recordkeeping violations or violations caused by the omission of required information on a report are not included.

The limitations also ensure that the violation is not in dispute and that it was not intentional. Under the suggested criteria, the treasurer would have to establish that the acceptance of the prohibited contribution resulted from mistake or lack of diligence by the treasurer, not an intent to subvert the statutory requirements.

A look-back period of January 1, 2014, is established since reports filed for 2014 are the first handled under new statutes and rules that significantly modified the Board's approach to complaints and to violations in general.

Finally, these criteria ensure that the matter is relatively insignificant in terms of the financial amount of the violation. Thus, it is not likely that the violation would have affected any election.

Current approach

When a preliminary inquiry indicates that there is a violation, the Executive Director initiates an informal investigation in the form of a staff review. In most cases this results in an agreement between the Board and the filer specifying the conditions upon which the matter will be resolved.

Under the Board's current approach, these conciliation agreements usually include conditions that the filer agrees to in order to minimize the chance of a subsequent violation. The filer also typically agrees to the imposition of a civil penalty and the stay of most of that civil penalty on the condition that the filer not have a similar violation through the next election.

Authority for alternative approaches

When the legislature revised the statutes relating to complaints and investigations, it required the Board to issue rules that addressed, among other things, when summary proceedings may be available.

The legislature did not define or provide additional guidance on what "summary proceedings" are or when they might be used. Rather, it left the summary proceedings approach open to further development. The Board further defined summary proceedings in Minnesota Rules 4525.0220, subpart 1, which states:

A summary proceeding is an action other than a complete formal investigation that is undertaken to resolve a matter, or a part of a matter, that is the subject of a complaint, an investigation, or an audit. A staff review under part 4525.0320 is one form of summary proceeding.

Subpart 2 of part 4525.0220 provides a process by which a respondent may propose a summary proceeding to resolve a matter. Although the rules do not specify the means by which the Board itself may develop its approach to summary proceedings, neither do they preclude the Board from defining such proceedings. In fact, the mandate to adopt rules relating to complaints and investigations requires the Board to determine when summary proceedings will be available. The authority to determine when summary proceedings may be available implies the authority to define those proceedings.

Board decision point: Does the Board want staff to further explore development of a summary proceedings approach to de minimus violations?

Option 1: The Board could simply follow the current approach used for larger financial violations.

The Executive Director initiates an investigation in the form of a staff review.

The Board and the respondent resolve the matter through a conciliation agreement.

A civil penalty will be imposed with most of the civil penalty being stayed conditioned on no future violations through the next election year.

Option 2: The Board could follow the current approach used for larger financial violations with a modification that eliminates the imposition of civil penalties.

The Executive Director initiates an investigation in the form of a staff review.

The Board and the respondent resolve the matter through a conciliation agreement.

No civil penalty would be imposed for these first-time violations. Conditions to prevent a recurrence of the violation would still be required.

Option 3: The Board could direct staff to further develop the concept of a new summary proceeding for disposition of very small violations.

The Board could describe a summary proceeding for matters meeting such criteria as the Board establishes.

If it directs staff to develop a proposal for such a proceeding, the Board should consider the following questions and principles:

What is the dollar value above which a violation would not be eligible for summary disposition?

Should the Executive Director be authorized to summarily close the matter by memo to the file?

If the matter is disposed of by summary procedure not requiring Board action, the violator would have to waive the confidentiality provisions of Chapter 10A so that the summary disposition letter could become a part of the public file.

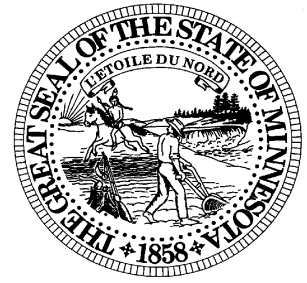
The summary disposition would have to be a bar to the acceptance of a complaint related to the same transaction.

Any matter that otherwise qualifies for summary disposition could still be presented to the Board in the Executive Director's discretion.

The Board would have to be informed in public session about any matters resolved under the summary disposition procedure.

Minnesota

*Campaign Finance and
Public Disclosure Board*



Date: June 30, 2015

To: Board

From: Gary Goldsmith, Executive Director

Telephone: 651-539-1190

Re: Prima facie determinations

The attached document is a recap of the Board's discussion at the May meeting about making prima facie determinations. This document is informational only unless members want to discuss any part of it at the July meeting.

A few concepts began to emerge during the discussion. My takeaways are as follows:

Neither the discussion nor the recap document are intended to establish policy. Both are intended only as a means for the Board to further develop its understanding of the roles of the prima facie determination and probable cause determination.

In general, there is a difference between the standard for the prima facie determination and the probable cause determination, although it will take more experience and discussion to clearly articulate the difference. It seems, though, that the probable cause determination standard is somehow higher than the prima facie determination standard.

On questions related to the prima facie determination, including questions of law related to making the prima facie determination, the Chair retains all of the discretion to make the determination that is granted under the statute. Should the Chair decide to have the Board make a prima facie determination, it is because the Chair decides to take that course in his or her discretion, not because there is a Board policy or approach favoring that course.

Attachment: Policy discussion recap

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

**IN THE MATTER OF THE STAFF REVIEW
OF THE VOLUNTEERS FOR PETER WAGENIUS COMMITTEE**

ORDER OF DISMISSAL

Peter Wagenius ran in a 2011 special election for state senate but lost in the special primary. He has not filed for office again. On its 2014 year-end report of receipts and expenditures, the Volunteers for Peter Wagenius committee reported incurring \$800 in payroll expenses even though the office of state senator was not on the ballot in 2014 and the committee reported no other spending in 2014 or 2013.

Because candidates typically do not incur staff expenses during years when the candidate is not running for office, the presence of this expenditure on the committee's report suggested that the committee might have improperly used campaign funds for personal purposes. See Minn. Stat. § 211B.12 (listing permitted uses of money collected for political purposes). Alternatively, the committee might have inaccurately reported its expenditures. See Minn. Stat. §§ 10A.01, subd. 9 (expenditure considered made on date when obligation to pay expense is incurred); 10A.20, subd. 3 (reports must disclose all expenditures).

On March 2, 2015, the executive director initiated a staff review of the committee. During the staff review, Mr. Wagenius gave an informal oral statement. Mr. Wagenius explained that in 2011, the committee had hired a campaign manager for the six weeks before the special primary election. The salary for the position was \$800 per week. The committee did not expect to need a campaign manager after the special primary because the composition of the district made it highly likely that the winner of the primary would easily win the general election.

Mr. Wagenius stated that the campaign manager that the committee hired had to leave the campaign one week before the special primary to take a full-time job with benefits. The committee hired another campaign manager for one week and did not pay the former campaign manager for that week even though he worked nearly 40 hours for the campaign when he was not at his new job.

Mr. Wagenius said that although the campaign manager didn't fulfill the six-week term and never asked for payment for the last week, Mr. Wagenius always regretted that the committee hadn't paid the campaign manager something for the many hours that he had put in during the last week of the campaign. Consequently, when Mr. Wagenius and the treasurer were preparing the committee's 2014 year-end report and saw that the committee had enough money, Mr. Wagenius told the treasurer to pay the campaign manager \$800 as a bonus.

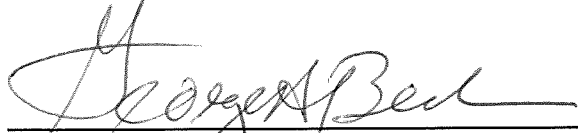
After reviewing the statutes in the notice of the staff review, however, Mr. Wagenius determined that the committee had no obligation to pay the campaign manager for the hours worked after he had left his paid position and that the bonus payment therefore was not an allowable use of campaign funds. Mr. Wagenius reimbursed the committee for the \$800 paid to the campaign manager and submitted bank statements to the Board documenting this reimbursement. Because the reimbursement occurred on May 27, 2015, the committee must report the transaction on its 2015 year-end report.

Based on the information gathered during the staff review, the Board concludes that the Volunteers for Peter Wagenius committee had no obligation to pay the campaign manager for the hours worked after he left his paid position and that the \$800 bonus payment therefore was

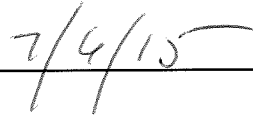
not a proper use of campaign funds. Because documentation shows that Mr. Wagenius has reimbursed the committee for the \$800 expenditure and because the committee must report the reimbursement on its 2015 report, the matter is resolved and no further action is necessary.

Order

The staff review of this matter is dismissed and hereby made a part of the public records of the Board pursuant to Minnesota Statutes section 10A.02, subdivision 11.



George A. Beck, Chair



Date