

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

**Findings and Order in the Matter of the Complaint of Christopher Conner
Regarding House District 66A Republican Party of Minnesota; Elizabeth Paulson, chair;
and Andrew Noble, former treasurer.**

The Allegations in the Complaint

On February 15, 2012, Christopher Conner filed a complaint with the Campaign Finance and Public Disclosure Board regarding the actions of Elizabeth Paulson and Andrew Noble, the chair and former treasurer, respectively, of House District 66A Republican Party of Minnesota (HD 66A). HD 66A is a political party unit registered with the Board.

Ms. Paulson prepared the HD 66A 2011 year-end Report of Receipts and Expenditures. She checked the box marked "No change statement" and signed the report. The complaint alleges that HD 66A actually had receipts and expenditures in 2011, that Ms. Paulson and Mr. Noble knew about those transactions when the year-end report was filed, and that Ms. Paulson therefore falsely certified the year-end report as complete and accurate.

The Response to the Complaint

Ms. Paulson's response to the complaint shows that she and Mr. Noble took office at the March 2011 convention. Other information in the record shows that Mr. Noble resigned as treasurer in December 2011.

In her response, Ms. Paulson states that in December 2011, a former officer of HD 66A sent an email to her suggesting that the party unit had received contributions at its March 2011 convention. In January 2012, Ms. Paulson sent an email to the current and former officers of HD 66A asking them for documentation of "any payments or deductions to the House District 66A account that you have not declared/been reimbursed for during fiscal year 2011." Ms. Paulson states that she followed up this email with phone calls and voice mails but did not receive any responses to her requests. Ms. Paulson says that due to conflicts between party unit officers, no treasurer's reports were presented to the executive committee from June through December 2011. Ms. Paulson also states that personality conflicts, illness, and scheduling conflicts prevented the executive officers from meeting in January 2012 to discuss HD 66A finances.

Ms. Paulson further states that in January 2012, she looked through the box of HD 66A financial documents that she had received from the former treasurer in June 2011. She did not find any HD 66A bank statements for 2011 in the box or any other evidence of financial activity during that year. Ms. Paulson also looked at the check register she had received from Mr. Noble and did not see any financial activity for the months since she had taken office. Ms. Paulson states

that, based on these efforts, she concluded that HD 66A had had no financial activity since she took office in March 2011.

Therefore, to prepare 2011 year-end report for HD 66A, Ms. Paulson found the treasurer's report that had been presented at the March 2011 convention. She saw that the ending cash balance on that report, \$531.61, matched the ending cash balance on the 2010 year-end Report of Receipts and Expenditures that had been filed with the Board. Based on this report and her knowledge that there had been no financial activity during her tenure as chair, Ms. Paulson then entered the ending cash balance of \$531.61 from the 2010 report on to the 2011 year-end report, checked the box marked "No change statement," and signed the report. She filed the report with the Board on January 31, 2012.

Ms. Paulson states that when she received notice of the complaint from the Board in February 2012, she activated online banking for herself as chair of HD 66A and obtained copies of the party unit's 2011 bank statements from the bank. Those statements revealed that HD 66A actually had received \$97 in contributions at the March 2011 convention and had spent \$59.70 on food for that meeting. Ms. Paulson then filed an amended year-end report that included these transactions. The former treasurer later confirmed that there were no paper bank statements for 2011 in the box of documents that he gave to Ms. Paulson because the party unit had received only online statements for that year.

Ms. Paulson states that she did her best to prepare an accurate year-end report for HD 66A and that based on the information that she had in her possession when she prepared the report, she believed that there were no changes to the cash balance in HD 66A's bank account in 2011.

Board Analysis

The Board has the authority to investigate all reports filed with it under Minnesota Statutes, Chapter 10A. When the Board accepts a complaint, it exercises that authority to investigate all possible violations of Chapter 10A that might arise from the conduct alleged in the complaint or from the reports under review regardless of whether the complainant clearly and specifically raised those violations in the complaint.

Here, the facts alleged in the complaint raise two issues. The first is whether the HD 66A 2011 year-end report included all the financial transactions that the party unit made during that year. The second is whether Ms. Paulson signed the year-end report knowing that it was false or that it omitted required information. The complaint also raises issues related to party unit operation and control. These issues are not under the Board's jurisdiction and were not investigated.

The purpose of Minnesota Statutes, chapter 10A, is to promote accurate disclosure of political party unit financial transactions so that the public can know how the party unit is raising and spending money. To further this goal, Minnesota Statutes section 10A.20, subdivision 3, requires a political party unit to disclose on its campaign finance reports the sum of all contributions made to the party unit and the sum of all expenditures made by the party unit.

In the present case, the HD 66A 2011 year-end report did not include the sum of the contributions made to the party unit or the sum of the party unit's expenditures. Consequently, there is probable cause to find that HD 66A violated the campaign finance disclosure statutes.

A political party unit can remedy violations of the statutory reporting requirements by amending its report. Here, Ms. Paulson amended the HD 66A year-end report to include the contributions to and the expenditures made by the party unit in 2011. When a party unit remedies a reporting violation related to the omission of a contribution or an expenditure, the statutes do not provide for a civil penalty.

The next issue raised by the complaint is whether Ms. Paulson signed the HD 66A year-end report knowing that it was false or omitted required information. Minnesota Statutes section 10A.025, subdivision 2, states that anyone who signs and certifies a report as true knowing that it contains false information or who knowingly omits required information is subject to a civil penalty of up to \$3,000 and to possible criminal charges.

The evidence necessary to show that an individual knowingly filed a false or incomplete report is different than the evidence necessary to establish that a report was inaccurate. To determine whether an individual knowingly filed a false or incomplete report, the Board first looks for evidence that the individual was aware of the transactions in question. Because the statute does not penalize constructive knowledge, evidence showing that the person should have known of the inaccuracy is not enough to establish a violation. Instead, the facts must show that the person had actual knowledge of the transactions in question and then certified the report knowing that it omitted or incorrectly stated those transactions.

Here, Ms. Paulson had some warning from a former party unit officer that contributions had been made to HD 66A at its March 2011 convention. In addition, if the party unit leadership had been functioning properly, Ms. Paulson would have had periodic financial statements and complete records from the former treasurers to guide her when she prepared the report. But instead, personal conflicts between the past and current party unit officers prevented the sharing of financial information between these groups. Thus, when Ms. Paulson prepared the 2011 year-end report, she believed that she had all of the relevant financial information for the year and that that information showed that there had been no change to the party unit's bank account in 2011. Because Ms. Paulson had no actual knowledge of the contributions to and expenditures made by HD 66A during 2011, there is no probable cause to find that she signed the party unit's year-end report knowing that it was false or that it omitted required information.

Although Mr. Noble was party unit treasurer during part of 2011, he did not sign or file any reports. Thus, none of the allegations of the complaint are applicable to him.

Based on the evidence before it and the above analysis the Board makes the following:

Findings Concerning Probable Cause

1. There is probable cause to believe that the House District 66A Republican Party of Minnesota 2011 year-end Report of Receipts and Expenditures was inaccurate because it did not include the contributions made to or the expenditures made by the party unit during the year. House District 66A RPM, however, amended its report to include all required transactions and no violation remains.
2. There is no probable cause to believe that when Elizabeth Paulson certified the House District 66A RPM 2011 year-end report, she did so knowing that it was false or that it omitted required information.

Based on the above Findings, the Board issues the following:

ORDER

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

Dated: May 1, 2012

_____/s/ Greg McCullough_____

Greg McCullough, Chair

Campaign Finance and Public Disclosure Board

Relevant Statutes

Minn. Stat. § 10A.20, subd. 3. Contents of report. (c) The report must disclose the sum of contributions to the reporting entity during the reporting period.

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(h) The report must disclose the sum of all expenditures made by or on behalf of the reporting entity during the reporting period.

Minn. Stat. § 10A.025, 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.