

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

FINAL AUDIT REPORT

AUDIT OF NONCAMPAIGN DISBURSEMENTS REPORTED IN 2019:

Noncampaign disbursements are purchases made by a candidate's principal campaign committee for goods or services used for the purposes provided in Minnesota Statutes section 10A.01, subdivision 26. Noncampaign disbursements are not campaign expenditures, and therefore do not count against any applicable spending limit for the candidate. Noncampaign disbursements are reported on a separate schedule from campaign expenditures. If the noncampaign disbursement is itemized (over \$200), the report must specify which one of the 33 types of noncampaign disbursements provided in statute or administrative rule is claimed for the purchase, and include sufficient information about the goods or service purchased to justify the classification.

After the filing of the 2019 year-end report of receipts and expenditures, Board staff noted some reported noncampaign disbursements that were either lacking required information to justify the classification, or, from the description provided, were unlikely to qualify as a noncampaign disbursement. To determine whether there was a widespread reporting problem, staff reviewed all itemized noncampaign disbursements reported in 2019. On the 2019 year-end reports, 167 candidate committees itemized 1,541 noncampaign disbursements, with a total value of \$570,094. Of that total the review identified 37 candidate committees that had disclosed 112 noncampaign disbursements with a total value of \$132,712 that had at least one of the following problems:

- Insufficient information to justify the classification of the expense as a noncampaign disbursement, or in some cases to even identify the purpose of the expense;
- Apparent classification of campaign expenditures as noncampaign disbursements; or
- Bundling of multiple expenses, either to a vendor or as a reimbursement to the candidate, without providing information on the purpose of each underlying expense.

Given that the disbursements in question were disclosed to the Board on a public report, staff had no reason to believe that the disbursements represented a violation of Chapter 10A. Indeed, staff assumed that many, if not most, of the identified disbursements were simply reporting issues that could be justified with additional information provided in an amendment to the 2019 year-end report.

The executive director determined that the best approach for addressing an issue involving this many committees was to ask the Board for authority to conduct a formal audit of the identified noncampaign disbursements. A formal audit can only be authorized by the Board and its purpose is provided in Minnesota Rules 4525.0550, subpart 1:

The purpose of a formal audit is to ensure that all information included in the report or statement being audited is accurately reported. The fact that the board is conducting a formal audit does not imply that the subject of the audit has violated any law.

The Board reviewed the executive director's request and authorized a formal audit of the noncampaign disbursements disclosed on the 2019 year-end reports at the March 6, 2020, Board meeting. The authorization covered 37 candidate committees. These committees were affiliated with both major political parties (13 Republican candidate committees, 24 Democratic-Farmer-Labor candidate committees) and with candidates running for both legislative and constitutional office (governor, attorney general, 19 house committees, 16 senate committees). Prior to contacting the committees with information about the audit staff was able to resolve the issue of one committee (House, DFL) which reduced the audit to 36 committees. A list of the candidate committees included in the audit is provided in Attachment 1.

Letters notifying the 36 committees of the audit were mailed on April 9, 2020. The letters asked the committees to provide missing information to justify the classification of each payment as a noncampaign disbursement, or to reclassify the disbursement as a campaign expenditure or contribution if appropriate. The filing of an amended report that provided sufficient information to resolve the outstanding issues for a specific committee would close the audit for that committee. Any committee that did not agree with staff on the classification of a reported disbursement was offered the opportunity to be heard by the Board before the audit report and any related orders or findings were issued as provided in Minnesota Rules 4525.0550, subpart 2:

Subp. 2. **Respondent's rights.** The executive director must send to each respondent a draft of any negative or adverse findings related to that respondent before the board considers adoption of the final audit report. The respondent has the right to respond in writing to the draft findings. The respondent must be given an opportunity to be heard by the board prior to the board's decision regarding the draft audit report.

The Board is authorized to determine if a particular expense is a valid noncampaign disbursement in Minnesota Statutes section 10A.01, subdivision 26 (b):

(b) The board must determine whether an activity involves a noncampaign disbursement within the meaning of this subdivision.

At the August 14, 2020, Board meeting the Tim Walz for Governor committee asked the Board to determine if the purchase of medallions reported as a cost of serving in office could be reported as a noncampaign disbursement.

After working with staff to better understand the limitations and reporting requirements for noncampaign disbursements, all 36 committees filed amended 2019 year-end reports to resolve the issues raised in the audit. The amended reports are available for public inspection on the Board's website. The changes made to the reports, and any other actions required of the committees, fall under the following categories.

Reclassified disbursement as a campaign expenditure

Eighteen committees reclassified all, or part of, purchases that initially were reported as noncampaign disbursements as campaign expenditures. In total, the reclassified campaign expenditures came to \$32,578.

Because the committees underreported campaign expenditures in 2019, the first year of the two-year 2019 – 2020 election segment, none of the committees went over the applicable campaign spending limit based on the reclassification. Correctly classifying campaign expenditures now should help prevent campaign expenditure limit violations in 2020.

Changed noncampaign disbursement category

Eight committees changed the type of noncampaign disbursement reported for \$6,383 of the purchases. In particular, committees showed some confusion over the difference between a cost of serving in office and a constituent service. Both disbursement types are available only to incumbent office holders, and the distinction between the two may seem technical. However, after the legislature adjourns sine die in an election year the cost of a constituent service becomes partially a campaign expenditure for 60 days, and then fully a campaign expenditure until the next term of office begins. If committees misclassify constituent services purchases as costs of serving in office, the error could cause these committees to inaccurately report their campaign expenditures.

Provided additional information

Twenty-three committees provided additional information that justified the classification of \$85,691 in noncampaign disbursements. Staff used the additional information to confirm that the noncampaign disbursement category used in the original report was correct.

Contributions to political parties

Four committees reported \$2,193 in contributions to political parties as noncampaign disbursements, usually as a cost of serving in office when the payment was to a legislative party unit. Contributions to political party units do not count as campaign expenditures. However, if a contribution to a party unit is reported as a cost of serving in office, instead of as a contribution to a party unit, there will almost certainly be a difference in the Board's reconciliation of contributions that political party units report receiving from candidate committees and the contributions that candidate committees report making to political party units. Because all differences between contributions made and received must eventually be resolved, it is easier to prevent the problem by reporting the contributions correctly in the original reports.

Committee reimbursed by candidate

Six committees determined that the reported expense could not be justified as either a noncampaign disbursement or a campaign expenditure. Based on that conclusion the

candidate reimbursed the committee for the item purchased. In total the reimbursements came to \$3,603. The reimbursements usually related to confusion by the committee over what qualified as a cost of serving in office that could be paid for with committee funds. In all cases, the committees believed that the expenses could be paid for with committee funds and they openly reported those expenses to the Board. When the committees were informed that an expense did not qualify as a noncampaign disbursement, reimbursement was promptly made and documented. The reimbursements resolve any issues related to the propriety of the underlying expenses.

Miscellaneous

One committee filed an amendment to reclassify a noncampaign disbursement as a fundraising cost of \$293, and one committee amended its report to reclassify a disbursement as a \$75 charitable contribution.

Conduct of the audit

Jeff Sigurdson, executive director, was the Board employee responsible for the overall conduct of the audit. Individual committee audits were conducted by Jeff Sigurdson, Megan Engelhardt, assistant executive director; Andrew Olson, legal analyst; and Jodi Pope, legal analyst. During the course of the audit, the committees submitted numerous responses to Board requests for information. These responses included financial records, spreadsheets of committee expenditures, mileage logs, other documents describing the purpose of specific disbursements, and amended reports. Attachment B contains a summary of the actions taken by each committee subject to the audit.

Audit finding

The audit resolved \$132,712 in indeterminate noncampaign disbursements. In response to the audit 36 candidate campaign committees filed amended reports which either provided additional information on, or reclassification of, the noncampaign disbursements that were the subject of the audit.

Given the specific, limited circumstances of use stated by the Walz for Governor committee, the Board agrees with the Walz committee that the \$1,894 noncampaign disbursement reported for medallions is permitted as a cost of serving in office.

/s/ Gary Haugen
Gary Haugen, Chair
Campaign Finance and Public Disclosure Board

Date: August 14, 2020

Attachment 1 – Committees Included in the 2019 Audit of Noncampaign Disbursements

Committee Name	Audit Lead
Scott Dibble for Senate	Megan Engelhardt
Michelle Lee for Senate	Megan Engelhardt
David Senjem for Senate	Megan Engelhardt
Ryan Winler for House Committee	Megan Engelhardt
Jeffrey Hayden for Senate Committee	Megan Engelhardt
Elect Tony Albright Committee	Andrew Olson
Connie Bernardy Volunteer Team Committee	Andrew Olson
Jerome Hertaus for House Seat 33A Committee	Andrew Olson
Matt Little for Senate Committee	Andrew Olson
Mohamud Noor for House Committee	Andrew Olson
Cindy Pugh for Minnesota Committee	Andrew Olson
Christopher Swedzinski for House Committee	Andrew Olson
Brad Tabke for MN Committee	Andrew Olson
David Tomassoni for State Senate Committee	Andrew Olson
Jeff Backer Jr for House Committee	Jodi Pope
Michelle Benson for Senate Committee	Jodi Pope
Kent Eken for State Senate District 4 Committee	Jodi Pope
Team Mary Franson Committee	Jodi Pope
Melisa Franzen for Senate Committee	Jodi Pope
Neighbors for Aisha Gomez Committee	Jodi Pope
People for Rick Hansen Committee	Jodi Pope
Committee for Elect John Hoffman Committee	Jodi Pope
Melissa Hortman Campaign Committee	Jodi Pope
Scott Jensen for Senate Committee	Jodi Pope
Carla Nelson for Senate Committee	Jodi Pope
John Petersburg Campaign Committee	Jodi Pope
Julie Sandstede for MN House Committee	Jodi Pope
Zachary Stephenson for House Committee	Jodi Pope
Torrey Westrom for Senate Committee	Jodi Pope
Jay Xiong for House committee	Jodi Pope
Tim Walz for Governor Committee	Jeff Sigurdson
Karla Bigham for State Senate Committee	Jeff Sigurdson
Kari Dziedzic for Senate Committee	Jeff Sigurdson
John Marty Senate Committee	Jeff Sigurdson
Keith Ellison for Attorney General Committee	Jeff Sigurdson
Gregory Davids House Committee	Jeff Sigurdson

Attachment 2 – Noncampaign Disbursements Audited by Committee

Audits conducted by Megan Engelhardt

Scott Dibble for Senate

Disbursement Questioned—Listed a \$375 expense for the Twin Cities Pride parade unit fee as a NCD.

Resolution in amendment—Reclassified the expense as a campaign expenditure. Amendment filed 4/20/2020.

Michelle Lee for Senate

Disbursement Questioned— Listed a \$129.60 reimbursement to candidate for the Weebly pro site plan as a NCD.

Resolution in amendment—Reclassified the expense as a campaign expenditure. Amendment filed 4/22/2020.

David Senjem for Senate

Disbursements Questioned— Listed several reimbursements to candidate without enough information to understand what the reimbursements were for (payment of \$69.72 to David Senjem for costs of legislative contact information magnets: Minnesota Energy Forum group meeting; payment of \$143.05 to David Senjem for expenses of serving in public office: Group meeting; payment of \$174.13 to David Senjem for expenses of serving in public office: Energy Group meeting; and payment of \$227.14 to David Senjem for expenses of serving in public office: German delegation lunch).

Listed two reimbursements to candidate for candidate to attend events hosted by party units (payment of \$175.00 to David Senjem for food, beverages for fundraising event: Reagan dinner fee; and payment of \$37.00 to David Senjem for expenses of serving in public office: Olm Cty Republican dinner event).

Listed a \$245.00 payment for storage of campaign lawn signs, posts, etc. as a NCD (specifically a expense of serving in public office)

Resolution in amendment—Candidate's emails with staff and amendment provided sufficient detail for the reimbursements. Also, amendment also properly showed the reimbursement not just to candidate, but to the actual vendor. As such some of the amendments were moved to non-itemized noncampaign disbursements and are not visible on the amended report.

Reclassified the two reimbursements to candidate for attending party unit events as contributions to political party units.

Reclassified the expense of storing campaign lawn signs, posts, etc. as a campaign expenditure. Amendment filed May 28, 2020.

Ryan Winkler for House

Disbursements Questioned— Listed several NCDs as expenses of caucus leader without sufficient information to understand the disbursements (payment of \$1,406.36 to Afro Deli for expenses of caucus leader – Food expense – House Iftar; payment of \$1,209.34 to Fresh Seasons Café for expenses of caucus leader – Majority Leader dinner expense; payment of \$212.00 to Claire Lancaster for expenses of caucus leader – reimbursement: printing of poster boards; payment of \$860.00 to Sioux Chef Catering for expenses of caucus leader – Event expense - catering; payment of \$134.00 to Ryan Winkler for expenses of caucus leader: reimbursement – food for event

Listed all mileage, travel, and food as reimbursements to candidate and listed all as expense of caucus leader (payments of \$1,045.00, \$1,082.00, \$1,110.00, \$1,084.00 to Ryan Winkler).

Resolution in amendment—The amendment moved some the mileage reimbursements to candidate to campaign expenditures, as they were not appropriate as noncampaign disbursements. The amendment provided detail in the expenses for caucus leadership including information about the event and/or mileage. Amendment filed July 6, 2020.

Jeffrey Hayden for Senate

Disbursements Questioned— Listed several NCDs as expenses for caucus leader and did not provide sufficient information to understand if the disbursements were appropriate (payment of \$756.00 to Marriott Harbor Hotel for expenses of caucus leader: food and lodging – NBCSL conference; payment of \$500.00 to Marriott Harbor Hotel for expenses of caucus leader: hosted event for NBCSL conference; and payment of \$500.00 to National Black Caucus of State Legislators for expenses of caucus leader: dues and event fee for NBCSL conference).

Also, looked at a campaign expenditure that did not look appropriate: a \$1,000 payment to Court Hotel for a sponsorship for the Reforming States steering committee and requested that the committee move a campaign expenditure (the \$600 for the Senator to attend the Health Care Policy Analysis Convention) to a NCD expense of serving in office, as presumably it was a conference to assist him in his legislative duties.

Resolution in amendment—Reclassified the payment of \$756.00 to the Marriot Harbor Hotel to attend the National Black Caucus of State Legislators and the \$500.00 event fee for the NBCSL conference as NCD expenses of serving in office, instead of expenses for caucus leader. Candidate mistakenly thought that since he is the leader of the United Black Legislative Caucus, he could use the expenses for caucus leader NCD.

Amendment file June 24, 2020.

Resolution in amendment—Removed payment of \$500.00 to Marriott Harbor Hotel for expenses of caucus leader: hosted event for NBCSL conference—when the committee filed the amendment they made this a campaign expenditure; staff explained that it was probably not appropriate as a campaign expenditure as it did not seem like it was related to campaigning in his district. Staff asked for additional details regarding this event and were informed that “[t]he NBCSL event was a reception for other members of the conference (state legislators), not a fundraiser. It was not related to campaigning in the district, so it will be revised as a noncampaign/expenses of serving in public office expenditure on an

amended report.” Staff informed committee that this expense was not an acceptable expense for the committee as it was not a campaign expenditure and not a noncampaign disbursement, and the Senator should reimburse the committee or seek approval by Board. The Senator reimbursed his committee in July 2020, as shown on his 2020 pre-primary report.

Removed payment of \$1,000 to Court Hotel for a sponsorship for the Reforming States steering committee—staff requested more information regarding this sponsorship and were informed “[t]he Court Hotel/Health Care Policy Analysis Convention also is not directly related to the campaign in district 62, so that can also be moved to a similar status. As for "sponsorship_...", that is similar to a membership fee, also not related to campaigning.” Staff informed the committee that without more details about the expense, this expense was not an acceptable expense for the committee as it was not a campaign expenditure and not a noncampaign disbursement, and the Senator should reimburse the committee or seek approval by Board. The Senator confirmed that he will reimburse his committee in 2020.

Amendment filed July 22, 2020.

Audits conducted by Andrew Olson

Elect Albright (Tony) Committee

- 1.) Disbursement Questioned – \$60 paid to the 2nd Congressional District RPM categorized as the cost of attending a political party state or national convention and explained as “registration fee.” Problem, the expense appears to have been a contribution to a party unit.

Resolution in amendment – The committee recategorized the payment as a contribution given to a party unit.

- 2.) Disbursement Questioned – \$150 paid to the 2nd Congressional District RPM categorized as an expense of serving in public office and explained as “registration fee.” Problem, the expense appears to have been a contribution to a party unit.

Resolution in amendment – The committee recategorized the payment as a contribution given to a party unit.

- 3.) Disbursement Questioned – \$500 paid to the “Elephant Club RPM” categorized as an expense of serving in public office and explained as “annual membership fees.” Problem, the expense appears to have been a contribution to a party unit.

Resolution in amendment – The committee recategorized the payment as a contribution given to the Republican Party of Minnesota.

- 4.) Disbursement Questioned – \$40 paid to the “MN GOP” categorized as the cost of attending a political party state or national convention and explained as “registration fees.” Problem, the expense appears to have been a contribution to a party unit.

Resolution in amendment – The committee recategorized the payment as a contribution given to the Republican Party of Minnesota.

- 5.) Disbursement Questioned – \$225 paid to the “MN GOP” categorized as an expense of serving in public office and explained as “registration fee.” Problem, the expense appears to have been a contribution to a party unit.

Resolution in amendment – The committee recategorized the payment as a contribution given to the Republican Party of Minnesota.

- 6.) Disbursement Questioned – Four expenses totaling \$335 reportedly paid to the MN Gun Owners Caucus categorized as expenses of serving in public office and explained as fees paid to attend a gun education conference and a shooting event. Problem, the report did not provide the name of the conference attended or otherwise explain why the expenses were expenses of serving in public office.

Resolution in amendment – The committee reclassified \$75 of this amount as a charitable contribution to a related entity that has 501(c)(3) status. The remainder was reclassified as campaign expenditures.

Connie Bernardy Volunteer Team (House)

- 1.) Disbursement Questioned – \$1,641.77 paid to Seven Corners Printing categorized as an expense of serving in public office and explained as “letterhead and envelopes.” Problem, the report did not explain why the expense was an expense of serving in public office.

Resolution in amendment – The committee reclassified the payment as a campaign expenditure.

- 2.) Disbursement Questioned – Two expenses totaling \$184.65 paid to Rep. Bernardy categorized as expenses of serving in public office and explained as reimbursements for toner and supplies. Problem, the report did not explain why the expenses were expenses of serving in public office.

Resolution in amendment – The committee reclassified the payments as campaign expenditures.

Hertaus (Jerome) for House Seat 33A

- 1.) Disbursement Questioned – \$250 paid to the 33rd Senate District RPM categorized as the cost of attending a political party state or national convention and explained as “sponsor for district event.” Problem, the expense appears to have been a contribution to a party unit.

Resolution in amendment – The committee recategorized the payment as a contribution given to a party unit.

- 2.) Disbursement Questioned – \$480 paid to the 33rd Senate District RPM categorized as the cost of attending a political party state or national convention and explained as “Reimbursement for

entrance fees/tickets to annual event.” Problem, the expense appears to have been a contribution to a party unit.

Resolution in amendment – The committee recategorized the payment as a contribution given to a party unit.

- 3.) Disbursement Questioned – \$1,126.26 paid to Sharon Hertaus categorized as an expense of serving in public office and explained as “reimburse charges for air fare, lodging Washington D.C.” Problem, the underlying vendors were not disclosed and the report did not explain why the expense was an expense of serving in public office.

Resolution in amendment – The committee provided a letter amendment breaking this payment down into six separate expenses paid to six different underlying vendors. \$832.52 of the total is now categorized as an expense of serving in public office and the remaining \$293.74 is categorized as food and beverages for a fundraising event.

Little (Matt) for Senate

- 1.) Disbursement Questioned – Three expenses totaling \$855 paid to Genesia Williams categorized as constituent services. Problem, the report did not include an explanation sufficient to justify reporting the expenses as constituent services.

Resolution in amendment – The committee added the explanation “legislative review mailer to constituents - digital and print files” for each of the disbursements.

- 2.) Disbursement Questioned – \$876.54 paid to Honsa-Binder Printing, Inc. categorized as constituent services and explained as “non campaign mailer.” Problem, the report did not include an explanation sufficient to justify reporting the expense as a constituent service.

Resolution in amendment – The committee added the explanation “legislative review mailer to constituents.”

- 3.) Disbursement Questioned – Two expenses totaling \$2,999.97 paid to Sen. Little. Problem, the underlying vendors were not disclosed.

Resolution in amendment – The committee added the underlying vendors for each of the disbursements to the explanations provided.

Noor (Mohamud) for House

- 1.) Disbursement Questioned – \$2,883.31 paid to Seven Corners Printing categorized as an expense of serving in public office and explained as “mailing.” Problem, the report did not explain why the expense was an expense of serving in public office.

Resolution in amendment – The committee recategorized the NCD as constituent services because the mailing consisted of a review of the 2019 legislative session sent to constituents.

Cindy (Pugh) for Minnesota

- 1.) Disbursement Questioned – Two expenses totaling \$223.26 paid to Office Max categorized as expenses of serving in public office and explained as “ink(2018)” and “paper/pens(2018).” Problem, the report did not explain why the expenses were expenses of serving in public office.

Resolution in amendment – The committee reclassified the payments as campaign expenditures.

Swedzinski (Christopher) for House

- 1.) Disbursement Questioned – Nine expenses totaling \$945.60 paid to KLQP FM categorized as expenses of serving in public office and explained as radio advertisements during sports events. Problem, the expenses appear to have been for advertisements that should have been reported as campaign expenditures.

Resolution in amendment – The committee reclassified the payments as campaign expenditures.

Tabke (Brad) for MN

- 1.) Disbursement Questioned – \$2,461.15 paid to Seven Corners Printing categorized as an expense of serving in public office and explained as “printing and photocopying.” Problem, the report did not explain why the expense was an expense of serving in public office.

Resolution in amendment – The committee recategorized the NCD as constituent services and added the explanation “year end review for constituents.”

- 2.) Disbursement Questioned – Fifteen expenses totaling \$286.74 paid to Rep. Tabke explained as “food and beverage.” Problem, the underlying vendors were not disclosed and the expenses were categorized as expenses of serving in public office or as food or beverage at a meeting related to legislative duties without further explanation.

Resolution in amendment – The committee has now reported these payments as direct payments to the underlying vendors so they are no longer itemized.

Tomassoni (David) for State Senate

- 1.) Disbursement Questioned – \$250 paid to the 6th Senate District DFL categorized as an expense of serving in public office and explained as “fundraiser.” Problem, the expense appears to have been a contribution to a party unit.

Resolution in amendment – The committee recategorized the payment as a contribution given to a party unit.

- 2.) Disbursement Questioned – \$250 paid to August Schutz categorized as an expense of serving in public office and explained as “intern.” Problem, compensation paid to an intern should not be reported as an expense of serving in public office.

Resolution in amendment – The committee recategorized the NCD as constituent services because the intern was providing constituent services.

- 3.) Disbursement Questioned – Eight expenses totaling \$1,867.96 paid to Chase Card Services. Problem, for many of the expenses the underlying vendor was not disclosed, expenses falling within different NCDs categories were combined, expenses that appear to have been campaign expenditures were misclassified as NCDs, and office expenses were categorized as an expense of serving in public office without explanation.

Resolution in amendment – The committee has now reported these payments as direct payments to the underlying vendors, separated expenses that fall into different NCD categories, and reclassified NCDs as campaign expenditures as needed.

- 4.) Disbursement Questioned – Five expenses totaling \$2,777.82 paid to Citigroup. Problem, the underlying vendors were not disclosed, office expenses were categorized as an expense of serving in public office without explanation, and the purchase of office equipment was categorized as an expense of serving in public office rather than being classified as a campaign expenditure.

Resolution in amendment – The committee has now reported these payments as direct payments to the underlying vendors and reclassified NCDs as campaign expenditures as needed.

- 5.) Disbursement Questioned – \$400 paid to City of Hibbing categorized as an expense of serving in public office and explained as “dasherboard.” Problem, the expense appears to have been for an advertisement that should have been reported as a campaign expenditure.

Resolution in amendment – The committee reclassified the payment as a campaign expenditure.

- 6.) Disbursement Questioned – Five expenses totaling \$4,702 paid to Rep. Tomassoni categorized as expenses of serving in public office. Problem, the underlying vendors were not disclosed, funeral gifts were reported using the wrong NCD category and were combined with expenses that fall into a different NCD category, and wi-fi and computer antivirus expenses as well as payments for membership dues should have been reported as campaign expenditures.

Resolution in amendment – The committee reclassified \$1,510 of this total as campaign expenditures and the funeral gifts and other NCDs have been separated and recategorized using the correct NCD categories.

- 7.) Disbursement Questioned – Twelve expenses totaling \$1,894.36 paid to Discover Card categorized as expenses of serving in public office. Problem, the underlying vendors were not disclosed, office expenses were categorized as an expense of serving in public office without explanation, expenses that fall into different NCD categories were combined, and a purchase described as “ad” was classified as an NCD rather than as a campaign expenditure.

Resolution in amendment – The committee has now reported these payments as direct payments to the underlying vendors, separated expenses that fall into different NCD categories, and reclassified NCDs as campaign expenditures as needed including the \$560.83 expense that was initially described as an “ad.”

- 8.) Disbursement Questioned – \$735.06 paid to Fena Advertising categorized as an expense of serving in public office and explained as “mugs.” Problem, the expense appears to have been for promotional material that should have been reported as a campaign expenditure.

Resolution in amendment – The committee reclassified the payment as a campaign expenditure.

- 9.) Disbursement Questioned – \$2,875.96 paid to Fena Advertising categorized as the cost of necessary utensils and supplies for a fundraising event and explained as “fundraiser.” Problem, the expense appears to have been for promotional material that should have been reported as a campaign expenditure.

Resolution in amendment – The committee reclassified the payment as a campaign expenditure.

- 10.) Disbursement Questioned – Three expenses totaling \$210 paid to Labor World categorized as expenses of serving in public office and explained as “ad.” Problem, the expenses appear to have been for advertisements that should have been reported as campaign expenditures.

Resolution in amendment – The committee reclassified the payments as campaign expenditures.

- 11.) Disbursement Questioned – \$350 paid to Laura Bakk categorized as an expense of serving in public office and explained as “Iron Range delegation dues.” Problem, § 10A.173, subd. 4, bars “the cost of membership fees and dues necessary to belong to organizations located in the office holder's district” from being categorized as an expense of serving in public office.

Resolution in amendment – The committee reclassified the payment as a campaign expenditure.

- 12.) Disbursement Questioned – \$904.50 paid to Mitch Beggren categorized as the cost of necessary utensils and supplies for a fundraising event and explained as “golf fundraiser.” Problem, the expense appears to have been for promotional material that should have been reported as a campaign expenditure.

Resolution in amendment – The committee reclassified the payment as a campaign expenditure.

- 13.) Disbursement Questioned – Three expenses totaling \$916.85 paid to Richard Newbauer categorized as expenses of serving in public office. Problem, the underlying vendors were not disclosed and printer, wi-fi, and computer antivirus expenses should have been reported as campaign expenditures.

Resolution in amendment – The committee reclassified the payments as campaign expenditures.

14.) Disbursement Questioned – \$493.12 paid to W.A. Fisher categorized as an expense of serving in public office and explained as “paper & envelopes.” Problem, office expenses were categorized as an expense of serving in public office without explanation.

Resolution in amendment – The committee reclassified the payment as a campaign expenditure.

15.) Disbursement Questioned – \$421.99 paid to Costco categorized as food or beverage at a meeting related to legislative duties and explained as “campaign committee meetings.” Problem, the expense was categorized using the wrong NCD category.

Resolution in amendment – The committee recategorized the NCD as food or beverages for volunteers while campaigning.

Audits conducted by Jodi Pope

Citizens for Jeff Backer Jr House

1.) Disbursement Questioned - Payments to Mail Chimp for expenses of serving in office: email program, total cost \$339.98. Problem, explanation not sufficient to show why email program was solely a cost of serving in office

Resolution in amendment – Category changed to constituent services. Explanation added to show program was used to communicate with constituents.

2. Disbursement Questioned - Payment to Mama’s Pizza for food or beverages at a meeting related to legislative duties: food for caucus; total cost \$302.74. Problem, explanation not sufficient to show how meeting was directly related to legislative duties.

Resolution in amendment – Explanation added to show how meeting was directly related to legislative duties.

Benson (Michelle) for Senate

1.) Disbursement Questioned - Payment to MN Society of CPAs for expenses of serving in public office: professional association dues, total cost \$310. Problem, candidate would have incurred expense regardless of whether she was an office holder. Consequently, expense is not a cost of serving in office.

Resolution – Candidate used personal funds to reimburse committee for expense.

Eken (Kent) for State Senate District 4

1.) Disbursement Questioned - Reimbursements to candidate for following constituent services: Computer/Carbonite renewal, total cost \$71.99; Session Parking/St Paul Senate (Jan-May 2019), total cost \$825; Mileage/Overage (Mar-May 2019), total cost \$720.08; Laptop service/update - Computer Wrench, total cost \$164. Problem, report does not contain sufficient information to

justify computer expenses solely as constituent services expenses, described parking and mileage costs are expenses of serving in office, report must state purpose of mileage, report does not include address of underlying vendors.

Resolution in amendment – Candidate pro-rated computer expenses according to use. Report amended to show 1/3 of cost for constituent services; one third for campaign expenditures; and 1/3 for personal use. Candidate used personal funds to repay committee for personal use portion. Report amended to reclassify mileage and parking as costs of serving in office and purpose provided for mileage. Addresses of underlying vendors provided.

Team Franson (Mary Franson)

1.) Disbursement Questioned – Reimbursement to Rep. Franson for expenses of serving in public office: Furniture for St Paul apt, total cost \$683.94. Problem, Due to legislative per diem payments, costs related to housing for session cannot be claimed as expenses of serving in office

Resolution - Candidate used personal funds to repay committee for expense.

Melisa Franzen for Senate

1.) Disbursement Questioned - Payment to Capitol Café for food or beverage at a meeting related to legislative duties: STEM Advocacy Day, total cost \$210.37. Problem, no explanation provided to show why expense was related to legislative duties'

Resolution in amendment – Classification changed to constituent services and purpose of event provided.

2.) Disbursement Questioned - Payment to El Burrito Mercado for food, beverages for fundraising event: Latino Elected Officials Event, total cost \$243.80. Problem, explanation given does not support classification.

Resolution in amendment – Classification changed to food or beverages at meeting related to legislative duties and additional description of event provided.

Neighbors for Aisha Gomez

1.) Disbursement Questioned - Payment to Golden Fingers for expenses of serving in public office: housing meeting, total cost \$81.99. Problem, explanation is insufficient to show why the expense was a cost of serving in office.

Resolution in amendment - Classification changed to constituent services and purpose of event provided.

People for (Rick) Hansen

1.) Disbursement Questioned - Reimbursements to candidate for food and beverages at several meetings related to legislative duties, total cost \$223.24. Problem, explanation was insufficient to show why meetings were related to legislative duties. Report did not include names and addresses of vendors of food purchased.

Resolution in amendment - Explanation added to show how meeting was directly related to legislative duties and vendor information was added.

Committee to Elect John Hoffman

1.) Disbursement Questioned – Payment to Bywater Business Solutions - Expenses of serving in public office: Senator John Hoffman pens, total cost \$628.43. Problem, purchase of pens with candidate's name and public office or title printed on them is a campaign expenditure.

Resolution in amendment – Expense reclassified as campaign expenditure.

2.) Disbursement Questioned – Payment to Expedia - Expenses of serving in public office: Hotel stay for Disability event, total cost \$485.18. Problem, explanation insufficient to show why this travel expense was a cost of serving in office.

Resolution in amendment – Additional information provided to explain why expense was a cost of serving in office.

3.) Disbursement Questioned - Payments to Costco and Walmart - Expenses of serving in public office: Office supplies and supplies, total cost \$1,268.56. Problem, explanation insufficient to show why these expenses were costs of serving in office.

Resolution in amendment – Classification changed to constituent services, explanation provided for each expense.

4.) Disbursement Questioned - Payment to OutFront Minnesota - Expenses of serving in office: 2019 Gala fee, total cost \$450. Problem, entrance fees to events are campaign expenditures.

Resolution in amendment - Expense reclassified as campaign expenditure.

Melissa Hortman Campaign Committee

1.) Disbursement Questioned - Payment to Randy Gresczyk for expenses of caucus leader: Sovereignty Day drummers, total cost \$500. Problem, expense does not fall within category claimed because caucus leader was not required to hold event and expense was not incurred by caucus leader to attend event but rather was for other legislators, who were not in leadership positions, to attend event.

Resolution - Candidate used personal funds to repay committee for expense.

2.) Disbursement Questioned - Payment to Dean Urdahl for expenses of serving in public office: books for members, total cost \$250. Problem, explanation insufficient to show why expense was cost of serving in office.

Resolution - Candidate used personal funds to repay committee for expense.

3.) Disbursement Questioned - Payment to Seven Corners Printing for expenses of serving in public office: holiday cards, total cost \$3,115.17. Problem, explanation insufficient to show that holiday cards were sent in 2018 rather than in 2019.

Resolution in amendment – Information provided to specify that cards were sent in 2018.

Scott Jensen for Senate

1.) Disbursement Questioned - Payment to Capitol Ridge – Expenses of serving in public office: Hotel costs, total costs \$280.48. Problem, explanation insufficient to show why expense is a cost of serving in office. Also, due to legislative per diem payments, costs related to housing for session cannot be claimed as expenses of serving in office

Resolution - Candidate used personal funds to repay committee for expense.

2.) Disbursement Questioned – Reimbursements to candidate for expenses of serving in office: parking, mileage, and various event fees, total cost \$1,819. Problem, explanation insufficient to show why expenses solely were costs of serving in office.

Resolution in amendment – Candidate reported parking, mileage, and event fees according to actual purpose. Classification of some expenses was changed to campaign expenditure or constituent services.

Nelson (Carla) for Senate

1.) Disbursement Questioned - In-kind expenditure to Sen. Nelson for expenses of serving in public office: Senate staff lunch, total cost \$121.69. Problem, explanation insufficient to show why this expense was a cost of serving in office.

Resolution in amendment – Additional information provided to show why expense was a cost of serving in office.

2.) Disbursement Questioned - In-kind expenditure to Sen. Nelson for expenses of serving in public office: Senate Christmas cards, total cost \$542.61. Problem, explanation insufficient to show that cards were sent in 2018 rather than 2019.

Resolution in amendment – Because cards were sent in 2019, expense was reclassified as a campaign expenditure.

Petersburg (John) Campaign Committee

1.) Disbursement Questioned - Payments to Bussler Publisher for expenses of serving in public office: Farm Tab, Spring sports congratulations, and Steele County fair, total cost \$473. Problem, these advertisements are campaign expenditures.

Resolution in amendment - Expenses reclassified as campaign expenditures.

2.) Disbursement Question - Payments to Town Square Media in April and August 2019 for expenses of serving in public office: FFA/4-H congratulations and Steele County fair, total cost \$734.50. Problem, these advertisements are campaign expenditures.

Resolution in amendment - Expenses reclassified as campaign expenditures.

Julie Sandstede for MN House

1.) Disbursement Questioned - Reimbursement to Rep. Sandstede for food and beverages at a meeting related to legislative duties: legislative dinners on January 7th and 8th, total cost \$318.07. Problem, explanation insufficient to show why expense was related to legislative duties, name and address of vendor missing.

Resolution in amendment – Payments were entered as if paid directly to vendors and therefore were reported with the unitemized expenditures. Additional information provided to staff to justify classification of expenses as food at meetings directly related to legislative duties.

Stephenson (Zachary) for House

1.) Disbursement Questioned - Payment to Jack Dockendorf for food or beverages at a meeting related to legislative duties: Reimbursement, total cost \$363.92. Problem, explanation insufficient to show why meeting was related to legislative duties. Name and address of underlying vendor missing.

Resolution in amendment – Expense reclassified as constituent services. Additional information provided to show food purchased was for constituents.

2.) Disbursement Questioned – Payments to Pour Wine Bar and Bistro for food or beverages at a meeting related to legislative duties: Food for town hall; and expenses of serving in public office: Town hall facility rent, total cost \$603.22. Problem, explanation provided suggests that expenses were misclassified.

Resolution in amendment – Expenses reclassified as constituent services expenses.

3.) Disbursement Questioned – Reimbursement to candidate for accounting services: tax preparation, total cost \$100. Problem, explanation insufficient to show why expense was committee-related. Vendor name and address missing.

Resolution in amendment – Additional information provided to show how expense was committee related. Vendor information provided.

4.) Disbursement Questioned – Reimbursement to candidate for constituent services: reimbursement for Facebook ads, total cost \$175. Problem, explanation insufficient to show why expense was for constituent services. Vendor name and address missing.

Resolution in amendment – Additional information provided to show that expense was for constituent services. Vendor information provided.

Westrom (Torrey) for Senate

1.) Disbursement Questioned - Payments to Checkerboard Pizza in February, April, and May 2019 for food or beverage for meetings directly related to legislative duties, total cost \$361.20. Problem, explanation insufficient to show meetings were directly related to legislative duties.

Resolution in amendment – Additional information provided to show that meetings were directly related to legislative duties.

2.) Disbursement Questioned - Payments to Holiday Station Stores in May, July, August, and September for expenses of serving in public office: gas, total cost \$273.38. Problem, explanation insufficient to show how expense was a cost of serving in office.

Resolution in amendment – Expenses were reclassified as campaign expenditures and constituent services according to actual use. Reclassification reduced expense below itemization threshold. Expenses therefore are reported with the unitemized expenditures and noncampaign disbursements. Additional information provided to staff to justify reclassification of expenses.

Jay (Xiong) for House

1.) Disbursement Questioned - Payments to American Airlines and Delta for expenses of serving in public office: Travel to conference, total cost \$1,955.80. Problem, explanation insufficient to show why expense was a cost of serving in office.

Resolution in amendment – Additional information provided to show that travel was to conferences that would assist in performing the duties of office and that candidate would not have attended those conferences if he were not an office holder.

Audits conducted by Jeff Sigurdson

Tim Walz for Governor

1.) Disbursement Questioned - Travel as a cost of serving in office, eight trips on Delta Airlines, total cost \$6,012. Problem, no destination provided, no purpose provided, two sets of duplicate tickets (same day, same amount).

Resolution in amendment – Destination and purpose provided for all trips, duplicate tickets were explained at travel for the Lt. Governor to the same event. The committee reclassified all

travel as a campaign expenditure. Some travel was to attend a fundraiser, and was therefore correctly moved to a campaign expenditure. Other travel could arguably be seen as meeting the two tests to qualify as a cost of serving in office. However, to expedite the resolution of the audit, the committee classified the cost of attending policy conferences as a campaign expenditure.

- 2.) Disbursement Questioned – Gift, Medallions (Challenge Coins) reported as a cost of serving in office, total cost \$1,894.60. The committee provided information to the Board on the use of the medallions in Executive Session on August 14, 2020.

Resolution – based on additional information to the Board the item in question may be reported as a cost of serving in office.

Karla Bigham for State Senate

- 1.) Disbursement Questioned - Membership fees for Hastings Area Chamber of Commerce - \$275 classified as a cost of serving in office.

Resolution in amendment- changed to campaign expenditure.

- 2.) Disbursement Questioned – Purchase of stamps from USPS - \$292 – cost of serving in office – no explanation of purpose for which stamps were used.

Resolution in amendment – changed to a campaign expenditure.

Kari Dziedzic for Senate Committee

- 1.) Disbursement Questioned - reimbursement to candidate for parking and mileage, listed as an unpaid bill from 2018. There were no unpaid bills listed at the end of 2018 owed to candidate.

Resolution – Amendment filed that provided monthly breakdown of \$201 in parking and mileage, separated by parking and mileage to capitol and for committee hearing (cost of serving in office) and meetings within the district (constituent services).

John Marty Senate Committee

- 1.) Disbursement questioned - Reimbursement to Sen. Marty for mileage and parking, \$1,226.79, on December 31, 2019. This appears to be a year-end reimbursement for all mileage and parking incurred during the year. However, to be accepted as a non-campaign disbursement the report needs to provide enough detail to justify the classification, and the reimbursement should provide at least the month in which the expense was incurred.

Resolution – Committee filed amendment that provided additional detail for \$1,193 in travel and parking reimbursement to justify cost of serving in office and constituent service costs, and moved remainder to a campaign expenditure.

Keith Ellison for Attorney General

- 1.) Disbursement Questioned Transition costs - Afro Deli Catering, Cost of serving in office \$4,343.40 Occurred more than six months after election and cost of food.

Resolution, changed to a campaign expenditure.

- 2.) Disbursement Questioned Transition costs – Chelles Kitchen Catering Cost of serving in office Event Expenses \$1,458.34 Occurred more than six months after election and cost of food

Resolution, changed to campaign expenditure

- 3.) Disbursement Questioned , Cost of serving in office - Hilton Hotel 1919 Connecticut Ave NW, Washington DC Travel \$332.21 This expenditure needs additional information that identifies the purpose of the travel.

Resolution, Additional information provided that justified the category.

- 4.) Disbursement Questioned, Cost of serving in office – Magnolia Hotel – Omaha NE Travel \$466.66 This expenditure needs additional information that identifies the purpose of the travel.

Resolution, additional information provided that justified the category.

- 5.) Disbursement Questioned Transition cost – Sheraton Midtown Minneapolis, travel transition cost 336.06 The cost occurred more than six months after the election of the attorney general. It is also unclear how a hotel room relates to the transition costs of the Attorney General. Without additional information as to how the committee benefited from the hotel room staff cannot provide guidance as to whether committee funds could be used for this expenditure.

Resolution, changed to campaign expenditure.

- 6.) Disbursement Questioned Cost of serving in office – Convention registration, NELA \$575 Staff is unsure of the vendor for this expenditure. Is NELA the acronym for National Employment Rights Association? The full name of the vendor is needed in this case to verify (and to provide clarity to the public) that the convention relates to the office of Attorney General, and that the convention will provide information that will benefit the Attorney General in carrying out the duties of the office.

Resolution, additional information provided that justified the category.

- 7.) Disbursement Questioned Legal Services – Perkins and Cole - \$42,224.46 Legal Fees The specific purpose provided for these payments do not explain the nature of the services provided. Legal fees are a noncampaign disbursement that may be paid for with committee funds if the legal fees are needed for the operation of the committee, or if the legal fees are related to defending the committee's actions, or used in the conduct of a recount. In advisory opinions the Board has stated that in examining legal fees it needs enough detail in the

description of the expenditure to determine that the fees were not used to personally benefit the candidate. That is not possible with the information provided on the report.

Resolution, additional information provided that justified the category

Gregory Davids House Committee

Disbursement Questioned - Bluff Country Newspaper Group – 2 X \$59 (\$118) constituent services – Website Banner. To be classified as a noncampaign disbursement a payment must provide enough of an explanation on the use of the item to justify the classification. That is particularly the case when the item purchased could be easily used for campaign purposes.

Resolution, additional information provided

- 1.) Disbursement Questioned - Bluff Country Newspaper Group - \$50 – constituent services – Music Kingsland Wrestling Chatfield To be classified as a noncampaign disbursement a payment must provide enough of an explanation on the use of the item to justify the classification. In this case it is unclear from the report what was purchased.

Resolution, additional information provided

- 2.) Disbursement Questioned - Bob Meyerson- \$462.50 – Office Supplies – Cost of serving in office – address is 100 Rev. Dr. Martin Luther King Blvd, St Paul These appear to be reimbursements to Mr. Meyerson for supplies used in Rep. Davids’ legislative office. However, there are reporting problems. First, the address provided is that of the capitol. When reimbursing an individual the report must provide that individual’s home address. Second, with most reimbursements it is still necessary to provide the vendor at which the purchase was made along with the information of who was reimbursed. Third, even a reimbursement must provide some indication of why the expenditure qualifies as a noncampaign disbursement.

Resolution, reimbursement changed so that payment is reported as directly to vendor.

- 3.) Disbursement Questioned - Farm Bureau Insurance – \$433.84 - Liability insurance – cost of serving in office - To be classified as a noncampaign disbursement a payment must provide enough of an explanation on the use of the item to justify the classification. In this case it is unclear from the report what was purchased. I presume that this is insurance for the Preston office, but that is based on my discussions in the past with Rep. Davids. A member of the public would not typically have that background information.

Resolution, additional information provided.

- 4.) Disbursement Questioned - Reimbursement to Rep. Davids - \$4889.19 – Cost of serving in office – Mileage or parking I know from discussions with Rep. Davids that he drives back from the legislative session to Preston to monitor the constituent services office, and to meet with constituents. I’m also aware that most legislators drive to meetings outside of the legislative session related to their service in office. However, to be accepted as a non-campaign disbursement the report needs to provide enough detail to justify the classification, and not just a description of what was purchased (mileage or parking). Rep Davids was reimbursed \$82.00 a

month for parking. Parking is different than mileage in that there is a vendor that provided the parking space. This creates the same reporting issue for a reimbursement as discussed in the reimbursement for Mr. Meyerson. Parking can be a cost of serving in office, but if the reimbursement includes the cost of parking at the State Office Building the report should break out that portion of the reimbursement separately from the mileage reimbursement. Reimbursements for parking should also be reported by month, and small parking reimbursements for the same purpose, for example, "meeting with constituents" may be listed as a single reimbursement for the month.

Resolution, parking at state capitol broke out as a separate item. Mileage broke down between constituent services and cost of serving in office.

- 5.) Disbursement Questioned - Reimbursement to Rep. Davids - \$60 – Cost of serving in office – State Fair Parking – Parking to staff the Republican fair booth would be a campaign expenditure.

Resolution, the parking was so that Rep. Davids could staff the non-partisan House of Representatives booth.

- 6.) Disbursement Questioned - Preston Public Utilities - \$534.06 – Cost of serving in office To be classified as a noncampaign disbursement a payment must provide enough of an explanation on the use of the item to justify the classification. In this case it is unclear from the report what was purchased. I presume that this is electricity for the Preston office, however the description needs to make that clear to anyone reading the committee report. Please provide a better description of what was what was purchased. For example, "Utilities for Preston constituent office." All costs related to the Preston office should be classified as a constituent service.

Resolution, additional information provided.

- 7.) Disbursement Questioned - Rustad Building - \$2,700 – Cost of serving in office – office rent To be classified as a noncampaign disbursement a payment must provide enough of an explanation on the use of the item to justify the classification. In this case it is unclear from the report what was purchased. I presume that this is rent for the Preston office, however the description needs to make that clear to anyone reading the committee report. Please provide a better description of what was what was purchased. For example, "Rent for Preston constituent office." All costs related to the Preston office should be classified as a constituent service

Resolution, additional information provided.

- 8.) Disbursement Questioned - United States Postal Service - \$1,280.56 – Cost of serving in office and constituent services – stamps. To be classified as a noncampaign disbursement a payment must provide enough of an explanation on the use of the item to justify the classification. In particular this is true when an item, like postage, can be used both for constituent services and campaign purposes. A general description of how the stamps were used is required.

Resolution, additional information provided.