

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

Findings and Order Regarding the MADC Political Fund

Summary of the Facts

The Campaign Finance and Public Disclosure Board (the Board) routinely reconciles the contributions reported as being given by registered political committees with the contributions reported as received by those same committees. As a part of the 2007 year-end reconciliation the Board contacted the 64B House District RPM political party unit which reported the receipt of an \$800 contribution from the Minnesota Association of Deaf Citizens, Inc. political committee (the MADC PAC). The MADC PAC did not report making a contribution to the 64B House District RPM.

Roger Maulik, treasurer, 64B House District RPM, initially responded to the Board inquiry in letters dated May 22, and July 6, 2008. Mr. Maulik confirmed receipt of the contribution and provided a copy of the check. Mr. Maulik stated in the letter, "At the time we received the check I verified that an organization with that name was properly registered with the state. It was, and I deposited the check."

Ric-Olin Lyles, treasurer, MADC PAC, initially responded to the Board inquiry by letter dated May 23, 2008. Mr. Lyles acknowledged that the contribution had been made in 2007 and included an amended 2007 Report of Receipts and Expenditures for his committee. However, the amended report started with a beginning cash balance of zero and did not disclose any contributions or the source of the funds used for the \$800 contribution to the 64B House District RPM.

In order to understand the source of the funding used by MADC PAC to make the contribution, and to insure that MADC PAC understood its reporting obligations under Chapter 10A, Board staff met with officers of the committee on July 15, 2008. From the meeting it became clear that when the MADC PAC registered with the Board on January 29, 2007, it failed to create a separate bank account for the committee as required by Minnesota Statutes, Section 10A.14. The bank account used by MADC PAC was shared with the Minnesota Association of Deaf Citizens, Inc., the supporting organization of the committee.

The funding used for the contribution to the 64B House District RPM came from individuals who contributed to the Minnesota Association of Deaf Citizens, Inc. and from the proceeds of a fundraiser specifically held to raise funds for MADC PAC. Board staff informed MADC of the requirement to maintain a separate depository for MADC PAC funds, and suggested that the committee amend its registration with the Board to make the committee name more distinct from that of the supporting organization.

An amended registration was submitted on August 8, 2008, which changes the name of the Minnesota Association of Deaf Citizens, Inc. political committee to the MADC Political Fund, and which lists a separate depository for the fund.

Board Analysis

Minnesota Statutes, Section 10A.12, subdivision 2, provides that the finances of a political fund may not be commingled with other funds or the personal funds of individuals. Violating this provision is punishable by a civil penalty of up to \$1,000. The purpose of the requirement is two fold, it insures that a political fund can accurately disclosure all of its activity to the public, and to isolate the finances of the fund so that money from inappropriate sources are not used for political purposes.

From the meeting with officers of the MADC Political Fund it is clear that the officers were unfamiliar with the separate account requirement and reporting requirements for political committees and funds registered under Chapter 10A. When advised of the requirements appropriate amendments and changes in the operation of the fund were put in place.

The 64B House District RPM had no way of knowing that at the time of the contribution the MADC Political Fund had failed to establish a separate bank account. The 64B House District RPM correctly reported the contribution from an entity registered with the Board.

This matter was considered by the Board in executive session in its meetings on August 19, 2008. The Board's decision was based upon the responses provided by Mr. Maulik, Mr. Lyles and Board records.

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 MADC Political Fund (formerly know as the Minnesota Association of Deaf Citizens, Inc. political committee) failed to establish a separate bank account at the time of registration.
2. There is probable cause to believe that the MADC Political fund commingled funds with the funds of the Minnesota Association of Deaf Citizens, Inc., in violation of Minnesota Statutes, Section 10A.12, subdivision 2.
3. There is no reason to believe that the 64B House District RPM violated any provision of Chapter 10A when it accepted and reported an \$800 contribution from MADC Fund in 2007.

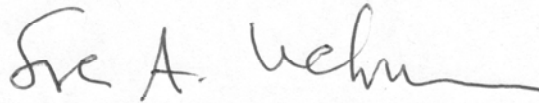
Based on the above Findings, the Board issues the following:

ORDER

1. The Board directs the MADC Political Fund to work with Board staff to appropriately amend the fund's 2007 Year-End Report of Receipts and Expenditures to show the source of funding for the contribution to the 64B House District RPM. An amended report must be submitted to the Board within 30 days of receipt of this order.

2. The Board imposes a civil penalty of \$200 on the MADC Political Fund for commingling funds with the Minnesota Association of Deaf Citizens, Inc. in 2007 in violation of Minnesota Statutes, Section 10A.12, subdivision 2.
3. The MADC Political Fund is directed to forward to the Board payment of the civil penalty, by check or money order payable to the State of Minnesota, within 30 days of receipt of this order.
4. If the MADC Political Fund does not comply with the provisions of this order, the Board's Executive Director may request that the Attorney General bring an action on behalf of the Board for the remedies available under Minnesota Statutes, Section 10A.34.
5. The Board investigation of this matter is hereby closed and made a part of the public records of the Board pursuant to Minnesota Statutes, section, 10A.02, subdivision 11, this matter is concluded.

Dated: August 19, 2008

A handwritten signature in cursive script, reading "Sven A. Wehrwein", positioned above a horizontal line.

Sven A. Wehrwein, Chair
Campaign Finance and Public Disclosure Board

Relevant Statutes

Minnesota Statutes 10A.12 Political Funds

Subdivision 1. When required. An association other than a political committee or party unit may not contribute more than \$100 in aggregate in any one year to candidates, political committees, or party units or make any approved or independent expenditure or expenditure to promote or defeat a ballot question unless the contribution or expenditure is made from a political fund.

Subd. 2. Commingling prohibited. The contents of a political fund may not be commingled with other funds or with the personal funds of an officer or member of the fund.

Subd. 3. Treasurer. An association that has a political fund must elect or appoint a treasurer of the political fund.

Subd. 4. Treasurer vacancy. A political fund may not accept a contribution or make an expenditure or contribution from the political fund while the office of treasurer of the political fund is vacant.

Subd. 5. Dues or membership fees. An association may, if not prohibited by other law, deposit in its political fund money derived from dues or membership fees. Under section 10A.20, the treasurer of the fund must disclose the name of any member whose dues, membership fees, and contributions deposited in the political fund together exceed \$100 in a year.

Subd. 6. Penalty. A person who knowingly violates this section is subject to a civil penalty imposed by the board of up to \$1,000.

Minnesota Statutes, 10A.14 Registration

Subdivision 1. First registration. The treasurer of a political committee, political fund, principal campaign committee, or party unit must register with the board by filing a statement of organization no later than 14 days after the committee, fund, or party unit has made a contribution, received contributions, or made expenditures in excess of \$100.

Subd. 2. Form. The statement of organization must include:

- (1) the name and address of the committee, fund, or party unit;
- (2) the name and address of the chair of a political committee, principal campaign committee, or party unit;
- (3) the name and address of any supporting association of a political fund;
- (4) the name and address of the treasurer and any deputy treasurers;
- (5) a listing of all depositories or safety deposit boxes used; and
- (6) for the state committee of a political party only, a list of its party units.