

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

**In the Matter of the Investigation of Expenditures by the DFL Senate Caucus Party Unit
Advocating the Election of its Candidates.**

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into between the Campaign Finance and Public Disclosure Board ("the Board"), the Minnesota Democratic-Farmer-Labor Party ("the DFL"), the Minnesota DFL Senate Caucus party unit ("the Senate Caucus Party Unit"),

Alan Oberloh, Committee to Elect Oberloh (Alan), Vicki Jensen, Vicki Jensen for Senate, Tom Saxhaug, Saxhaug (Tom) for State Senate Committee, Jim Carlson, Friends of Jim Carlson for Senate, Kevin Dahle, Kevin Dahle for Senate, Kent Eken, Eken (Kent) for State Senate District 4, Melisa Franzen, Melisa Franzen for Senate, Laurie McKendry, McKendry (Laurie) for Minnesota Senate, Matt Schmit, (Matt) Schmit for Senate, Gregory Clausen, Clausen (Gregory) for Senate, Alice Johnson, Alice Johnson for Senate, Susan Kent, Susan Kent for Senate, Lyle Koenen, and Koenen (Lyle) for Senate.

WHEREAS, this matter arises from complaints filed by the Republican Party of Minnesota regarding expenditures made by the Senate Caucus Party Unit and from the Board's investigation of such expenditures.

WHEREAS, the subject matter of the complaints and the Board's investigation are governed by Minnesota Statutes Chapter 10A; the Minnesota Campaign Finance and Public Disclosure Law.

WHEREAS, the facts relevant to this matter are set forth in the attached Stipulation of Facts which is incorporated herein by reference.

WHEREAS, Respondents deny the allegations that they violated the provisions of Minnesota Statutes Chapter 10A.

WHEREAS, the Board and Respondents desire to resolve this matter without the delay and expense of continued investigation;

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, and other good and valuable consideration, the parties agree as follows:

1. The Senate Caucus Party Unit agrees to pay a civil penalty of up to \$100,000 in a final amount to be determined by the Board. It is agreed that the civil penalty is a general expenditure of the Senate Caucus Party Unit and is not a contribution to any candidate or party unit.
2. No civil penalty shall be assessed against the DFL Party, the individual candidates, or the candidates' principal campaign committees.
3. The DFL, the Senate Caucus Party Unit, and the individual candidates agree with respect to images taken at a photo shoot that is the subject of this matter: (1) that they will not

use any such image, whether in the original form or in a form obtained from a piece of literature, or from a website, or from any other source in any future communication; (2) that they will not make available to any other association or individual a copy, electronic or otherwise, of any such image and will not grant permission to any other association or individual to use such images; and (3) that they will destroy each electronic copy of any such image and that they will direct any media consultant hired by them to do the same. The DFL, the Senate Caucus Party Unit, and the individual candidates recognize and understand that the purpose of this clause is to prevent their further benefit, whether direct or indirect, from the use of images obtained during the subject photo shoots and that it is to be broadly interpreted to achieve that purpose. The Campaign Finance and Public Disclosure Board recognizes that some use by third parties of these images may occur due to the fact that the images have been widely distributed in printed materials and that such use may be beyond the control of the parties to this agreement.

4. It is agreed by the parties that this Settlement Agreement shall be a bar to any civil proceedings under Minn. Stat. § 10A.28, subs. 3 and 4. It is further agreed that the Board shall not refer this matter to a county attorney for criminal prosecution.

5. It is agreed that Respondents waive their right to appeal the Board's decision or to request a contested case proceeding in the Office of Administrative Hearings challenging the Board's decision.

6. It is agreed that Respondents reserve their right in any subsequent proceeding brought by a third party to assert the Settlement Agreement as an affirmative defense and/or raise all defenses asserted in this proceeding.

7. The DFL, the Senate Caucus Party Unit, and the individual candidates recognize that the Board will issue Findings of Fact, Conclusions of Law, and Orders that will result in items reported as independent expenditures being reclassified as approved expenditures, which are a form of contributions to candidates. Further, the DFL, the Senate Caucus Party Unit, and the individual candidates recognize that the Board may conclude that this reclassification results in some of the candidates' principal campaign committees and the Senate Caucus Party Unit exceeding applicable contribution or campaign expenditure limits. Pursuant to Minnesota Statutes section 10A.28, subdivision 3, an association that exceeds contribution or campaign expenditure limits has a right to have the matter resolved through informal conference and conciliation. The DFL, the Senate Caucus Party Unit, and the individual candidates waive their right to proceed under the aforementioned section and consent that the Board may proceed to a final resolution of these matters through the issuance of Findings of Fact, Conclusions of Law, and Orders consistent with this Settlement Agreement.

8. It is agreed by the parties that Respondents will not be required to amend the reports of receipts and expenditures filed with the Board reflecting activity during 2012.

9. In addition to the other provisions of this Agreement, the parties hereby release and forever discharge each other and their representatives, employees, agents, independent contractors, successors and assigns and all other persons, firms, and corporations from any and all civil liability, actions, causes of action, claims and demands, known and unknown, arising out of or related to: the complaints of the Republican Party of Minnesota which are identified in the Stipulation of Facts, the Board's investigation of this matter, the Stipulation of Facts, and any conduct by Respondents regarding the expenditures by the Senate Caucus Party Unit that are the subjects of this matter, up to the date of this Settlement Agreement. However, the Board

reserves the right to investigate and seek all remedies for any conduct occurring after the date of the Settlement Agreement or not released in the previous sentence.

11. It is agreed and understood that nothing in this Settlement Agreement shall be construed as an admission of any violation by any of the Respondents and that the Respondents enter into this agreement to resolve claims that they dispute.

12. It is agreed and understood that the specific terms of this Settlement Agreement are deemed confidential until executed by the parties hereto. Upon execution of the Settlement Agreement by all parties hereto, this Settlement Agreement shall become a matter of public record, and the statutory requirement of confidentiality shall no longer apply to the Settlement Agreement in accordance with Minn. Stat. § 10A.02, subd. 11 and Minn. Stat. § 10A.28, subd. 3.

Dated: December 17, 2013

Dated: December 17, 2013

Campaign Finance and Public Disclosure Board

Respondents Minnesota DFL, Minnesota DFL Senate Caucus, and Individual Candidates and Their Principal Campaign Committees

By: /s/ Deanna Wiener
Deanna Wiener
Chair

By: /s/ Charles N. Nauen
Charles N. Nauen (121216)
David J. Zoll (0330681)
LOCKRIDGE GRINDAL NAUEN P.L.L.P.
100 Washington Avenue South, Suite 2200
Minneapolis, MN 55401
ATTORNEYS FOR RESPONDENTS