

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

FINDINGS REGARDING THE 21st CENTURY DEMOCRATS (NATIONAL)

Procedural Background

Campaign Finance and Public Disclosure Board (“Board”) staff’s review of the 21st Century Democrats’ (Minnesota Committee) Amended Report of Receipts and Expenditures for the periods covering calendar years 2001 through 2003 and the period covering January 1, 2004, through October 18, 2004, disclosed 25 contributions from 21st Century Democrats (“National Association”) an association that is not registered with the Board.

Minn. Stat. §10A.27, subd. 13 (b), prohibits an unregistered association from making a contribution in excess of \$100 to a registered political committee, unless, at the time the contribution was made, the unregistered association provides the political committee with the disclosure required by Minn. Stat. §10A.27, subd. 13.

Brian Svoboda, counsel, 21st Century Democrats, informed Board staff that the National Association did not provide the Minnesota Committee with the disclosure required by Minn. Stat. §10A.27, subd. 13, at the time the contributions were made.

In a letter received on December 14, 2004, Mr. Svoboda stated, “21st Century Democrats is a federal PAC that is active on a national basis. Its Minnesota activity has made up only a small part of its overall activity. Accordingly, its procedures were not designed specifically to conform to Minnesota procedures. This fact, combined with accounting and administrative lapses on the part of organization staff, resulted in the circumstances that prompted your office to seek additional information. These circumstances were wholly the product of inadvertent error.”

Mr. Svoboda also provided the Board with disclosure statements for calendar years 2001, 2002, 2003 and the period covering January 1, 2004, through October 18, 2004. However, these disclosure statements did not provide all the disclosure required by Minn. Stat. §10A.20.

This matter was considered by the Board in executive sessions in its meetings on November 17, 2004, and December 17, 2004. The Board’s decision was based upon Board staff’s conversations with Mr. Svoboda, correspondence from Mr. Svoboda, amendments filed by Mr. Svoboda, and Board records.

Based on the record before it, the Board issues the following:

EVIDENTIARY FINDINGS

1. There is evidence that the National Association made 25 contributions in excess of \$100 to the Minnesota Committee in calendar years 2001 through 2003 and during the period covering January 1, 2004, through October 18, 2004.

2. There is evidence that these contributions were not returned within 60 days. Minn. Stat. §10A.27, subd. 13 (b), provides that an unregistered association that makes a contribution to a registered political committee without the required disclosure is subject to a civil penalty of up to \$1,000.
3. Prior to August 1, 2002, Minn. Stat. §10A.27, subd. 13, provided that the officer of an unregistered association that made a contribution in excess of \$100 without providing the required disclosure was guilty of a misdemeanor. The National Association made seven contributions prior to August 1, 2002 without providing the required disclosure.
4. There is evidence that the Minnesota Committee has now obtained disclosure statements from the National Association and provided these statements to the Board. However, these statements do not include all disclosure required by Minn. Stat. §10A.20.
5. There is evidence that the National Association accepted contributions from corporations which may be a violation of Minn. Stat. §211B.15. The Board is not authorized to make findings of probable cause regarding matters that are not within the Board's jurisdiction.

Based on the above Statement of the Evidence, the Board makes the following:

FINDINGS CONCERNING PROBABLE CAUSE

There is probable cause to believe that the National Association inadvertently violated Minn. Stat. §10A.27, subd. 13, when it made 25 contributions in excess of \$100 to the Minnesota Committee without providing the disclosure required by Minn. Stat. §10A.20.

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

ORDER

1. The Board imposes a civil penalty of \$25,000. This amount represents \$1,000 for each of the 25 contributions the National Association made in excess of \$100 to the Minnesota Committee without providing the disclosure required by Minn. Stat. §10A.27, subd. 13.
2. The National Association is directed to forward to the Board payment of the civil penalty, by check or money order payable to the State of Minnesota, within thirty days of receipt of this order.
3. The Board directs the National Association to ensure that any future contributions to the Minnesota Committee are accompanied by disclosure statements that meet all the disclosure requirements of Minn. Stat. §10A.20.
4. The Board withholds the right to increase the amount of the civil penalty and issue additional Findings should the National Association have given any contributions to the Minnesota Committee during the period covering October 18, 2004, through December 31, 2004.

5. If the National Association does not comply with the provisions of this order, the Board's Executive Director shall refer this matter to the Attorney General for civil enforcement pursuant to Minn. Stat. §10A.34, subd. 2.
6. The Board's Executive Director shall refer this matter to the City or County Attorney for a determination whether to charge the National Association's officers with misdemeanors for contributions to the Minnesota Committee made prior to August 1, 2002.
7. The Board investigation of this matter is hereby made a part of the public records of the Board pursuant to Minn. Stat. §10A.02, subd. 11, and upon receipt of the civil penalty imposed herein, this matter is concluded.

Dated: December 17, 2004

Wil Fluegel, Chair
Campaign Finance and Public Disclosure Board