

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

**Findings, Conclusions, and Order in the Matter of the Board Investigation of the  
Chaudhary for Senate Committee and Satveer Chaudhary**

**I. Background**

The Chaudhary for Senate committee is the principal campaign committee of candidate Satveer Chaudhary. The committee registered with the Board in 2000. Mr. Chaudhary was elected to the state senate that year and served continuously until 2010. Mr. Chaudhary has not run for office since 2010.

In October 2014, the owner of Tschida Printing contacted the Board and claimed that the committee had not paid a \$4,226.59 bill from 2010. Board staff examined the committee's 2010 report of receipts and expenditures and found that the committee had reported paying this bill in full in 2010. After the executive director relayed this information to the printer, the printer provided copies of emails in which Mr. Chaudhary acknowledged that the committee still owed this amount to the vendor. Additional emails provided by Mr. Chaudhary indicated that the printer returned an attempted installment payment from Mr. Chaudhary, demanding payment in full rather than in installments.

The documents provided by the printer raised questions about the accuracy of the committee's 2010 reports. As a result, on November 18, 2014, the Board initiated an investigation into the Chaudhary for Senate committee.

**II. Potential violations**

**Record keeping**

The investigation primarily relied on records provided by the committee's bank, as no original committee records were available. A comparison of the bank records to the filed reports disclosed several potential violations of Chapter 10A including inadequate recordkeeping. Although committees must record the name and address of anyone who contributes more than \$20, the Chaudhary committee did not have this information for several online contributions of \$50 and \$100.

The bank records also included transactions in 2010 that were not on the committee's filed reports. For example, the 2010 pre-general-election report did not include one \$5,000 deposit and one \$1,000 contribution that were contained in the bank records. Similarly, the pre-general-election report incorrectly listed the unpaid obligations owed to Tschida Printing and another vendor as being paid. In addition, on each of its 2010 reports, the committee reported a beginning cash balance of \$21,607.93 when its actual cash balance at the beginning of 2010 was \$3,729.43. Bank records obtained during the investigation allowed the Board to determine that the cash balance discrepancy arose sometime prior to 2008. However, it was not possible to determine the reason for the discrepancy because neither bank nor committee records were available for earlier years.

Committees are not required to keep their records for more than four years after the report based on the records is filed.

### **Personal use of committee money**

Working with Board staff, the committee prepared, but has not yet filed, amended reports for the years 2010 through 2015. The amended reports reconcile to the bank statements for those years and account for all of the funds raised and spent by the committee from 2010 through 2015. The amended reports show that with the exception of \$278.13 that Mr. Chaudhary inadvertently used for personal expenses by using the wrong credit card, none of the committee's funds were converted to personal use or otherwise used for improper purposes during the subject years. As provided in the Order of this document Mr. Chaudhary will reimburse the committee \$278.13.

### **Contribution Limit Violations**

The amended reports disclose that in 2010 the committee accepted a total of \$12,460 in contributions and loans from Mr. Chaudhary and his spouse, which exceeded by \$6,960.90 the maximum amount that he and his spouse were permitted to contribute or loan to the committee. As conveyed by his attorney, Mr. Chaudhary thought he was allowed to loan \$5,000 to his committee in addition to contributing \$5,000. However, even though he ultimately did not qualify for a public subsidy, Mr. Chaudhary signed an agreement which limited the amount he could personally contribute to his committee and, pursuant to Minn. Stat. § 10A.27 subd. 8 and Minn. R. 4503.1500, subp. 2, the outstanding year-end balance of the loan applies against the contribution limit. The committee also accepted contributions from other individuals that exceeded the applicable contribution limit for those individuals by \$500. Total contributions in excess of the 2010 limits amount to \$7,460.90.

### **Certification of reports**

Because the pre-general-election report, signed by Mr. Chaudhary, included inaccurate information and omitted required information, the Board considered whether Mr. Chaudhary had complied with the certification requirements in Minnesota Statutes section 10A.025, subdivision 2, when he signed the 2010 pre-primary-election and pre-general-election reports. The 2013 year-end report also included an incorrect cash balance.

Minnesota Statutes section 10A.025, subdivision 2, provides that a person must not certify a campaign finance report "knowing it contains false information or knowing it omits required information." The Board has not previously determined the meaning of "knowing" in this context and the case law does not provide a conclusive definition.

Mr. Chaudhary certified the committee's 2010 pre-primary-election and pre-general-election reports and its 2013 year-end report. The 2010 pre-primary-election report was inaccurate in its statement of the beginning cash balance, as was the 2013 year-end report. However, Mr. Chaudhary, through his attorney, points out that this number was taken from the report for the preceding period which, in each case, was prepared and signed by the committee's treasurer, not by Mr. Chaudhary.

The 2010 pre-general-election report includes the same incorrect beginning cash balance and also omits receipts previously noted in this document and lists as paid certain expenditures that were not, in fact, paid. This report was prepared by Mr. Chaudhary's previous treasurer, not by the current treasurer or by Mr. Chaudhary, himself.

There is a significant question of fact as to the level of knowledge Mr. Chaudhary had when he signed the committee's reports. Mr. Chaudhary's attorney conveyed that after losing the primary election he became disengaged and withdrawn from the operation of the committee and

did not check the reports in any meaningful way before signing them. The Board's investigation included an interview with Mr. Chaudhary's former treasurer, who was paid by the committee to handle preparation of the committee's reports. Based on that testimony, it is clear that Mr. Chaudhary did not prepare either the 2010 pre-primary-election or pre-general election reports, both of which were prepared by the former treasurer.

In order to resolve this matter, the Board, the committee, and Mr. Chaudhary have agreed that the questions of fact and law regarding certification may be reserved based on the settlement agreement entered into and the conditions for the stay set forth in this document. As a result, the Board makes no findings or conclusions with respect to the certification of the subject reports. If the terms of the stay are fulfilled, this matter will be closed without further investigation of this issue.

## **V. The settlement agreement**

The Board, the committee, and Mr. Chaudhary have entered into a settlement agreement which, together with the investigation, enables the parties to resolve all of the issues raised in this matter without further cost or delay. The settlement agreement is a part of the record in this matter.

### **Based on its investigation, the Board makes the following:**

#### **Findings of Fact**

1. The Chaudhary for Senate committee is the principal campaign committee of candidate Satveer Chaudhary.
2. In 2010 the committee failed to obtain required name and address information for all contributors of more than \$20.
3. The committee's 2010 pre-general-election report of receipts and expenditures did not disclose all contributions made to the committee, incorrectly reported unpaid obligations as being paid, and incorrectly reported the committee's beginning cash balance.
4. The committee's 2013 year-end report disclosed an incorrect bank balance.
5. The committee has prepared amended reports for the years 2010 through 2015 that correct the errors found in items 3 and 4 above, that reflect all of the committee's financial transactions, and that reconcile to its bank statements.
6. The amended reports show that in 2010, the committee accepted a total of \$7,460.90 in excess contributions from the candidate, his spouse, and others.
7. The balance discrepancy at the beginning of 2010 cannot be explained because the discrepancy arose before 2008 and the bank and committee records for that time no longer exist.
8. Other than one inadvertent use amounting to \$278.13, Mr. Chaudhary did not convert campaign funds to personal use or otherwise misuse campaign funds during the years under investigation.

9. The investigation indicates that the Mr. Chaudhary, on behalf of the committee, attempted to pay the amount owed to Tschida Printing beginning with a significant installment but the vendor declined to accept the payment.

**Based on the Findings of Fact, the Board makes the following:**

**Conclusions of Law**

1. The Chaudhary for Senate committee violated Minnesota Statutes section 10A.13, subdivision 1, paragraph (2), when it failed to obtain the name and address of all individuals who contributed over \$20 to the committee in 2010.
2. The Chaudhary for Senate committee violated Minnesota Statutes section 10A.20, subdivision 3, in 2010 when its pre-general-election report failed to disclose all contributions made to the committee, incorrectly reported unpaid obligations as having been paid, and incorrectly reported its beginning cash balance.
3. The Chaudhary for Senate committee violated the contribution limit in Minnesota Statutes section 10A.27, subdivision 10 (2010), by accepting \$6,960.90 in excess loans and contributions from the candidate and his spouse in 2010.
4. The Chaudhary for Senate committee violated the contribution limit in Minnesota Statutes section 10A.27, subdivision 1 (a) (2010), by accepting \$500 in excess contributions from individuals in 2010.

**Based on the preceding Findings of Fact and Conclusions of Law,  
the Board issues the following:**

**Order**

1. A civil penalty in the amount of \$5,000 is assessed against the Chaudhary for Senate committee to resolve all issues based or that could have been based on the 2010 through 2015 reports.
2. If the following conditions are met, \$3,500 of the civil penalty imposed in paragraph 1 is stayed until December 31, 2020, and then waived, and any consideration of potential violations under section 10A.025 are stayed, and then dismissed with prejudice:
  - a. Mr. Chaudhary will personally pay to the State of Minnesota within 15 days of the date of this order the amount of \$1,500 toward the civil penalty imposed in paragraph 1 by mailing or delivering a check payable to the State of Minnesota to the Board at 658 Cedar Street, St. Paul, MN 55155. In the alternative, the Executive Director may enter into a payment plan agreement under which Mr. Chaudhary will pay the aforementioned \$1,500 over the course of 15 months, beginning not more than 30 days from the date of this order.
  - b. Mr. Chaudhary will reimburse the committee for the \$278.13 in committee funds that he inadvertently used for personal purposes.

- c. Mr. Chaudhary will make a personal contribution to the committee in the amount necessary to give the committee sufficient funds to pay the \$4,226.59 still owed to Tschida Printing.
  - d. The committee will pay \$4,226.59 to Tschida Printing to settle this outstanding obligation. Within 45 days of the date of this order, the committee will provide the Board with proof that the payment to Tschida Printing has been made.
  - e. Mr. Chaudhary will forgive all personal loans that he made to the committee. Written notice of this forgiveness will be provided to the Board within 45 days of the date of this order.
  - f. The committee will file amended 2010 through 2015 reports of receipts and expenditures that accurately reflect its financial transactions. After complying with the terms of this order the committee will file a 2016 report of receipts and expenditures that discloses its 2016 financial transactions and will terminate its registration with the Board. All required report filings must be completed not later than July 25, 2016.
  - g. The committee and Mr. Chaudhary will comply with all terms in the settlement agreement.
  - g. Mr. Chaudhary will not serve as a treasurer for any entity registered with the Board until January 1, 2021.
  - h. If Mr. Chaudhary registers a principal campaign committee with the Board before January 1, 2021, he agrees to the following provisions:
    - i. He not serve as his committee's treasurer;
    - ii. He will appoint a treasurer subject to the approval of the Board's executive director, which approval will not be unreasonably withheld;
    - iii. His committee will submit six reports in an election year according to the schedule required for constitutional office candidates in Minnesota Statutes section 10A.20, subdivision 2, paragraph e;
    - iv. He will submit quarterly reports in non-election years, each report to be due on the last day of the month following the quarter to which the report applies;
    - v. With each report, his committee will provide a bank statement covering the last date for transactions included on the report, along with a reconciliation report showing how the committee's reported balance reconciles to its bank balance; and
    - vi. He will ensure that his committee generates and maintains records that meet all requirements in Chapter 10A.
3. The Board makes no findings or conclusions with respect to the certification of the subject reports. If the terms of the stay specified in Paragraph 2 are fulfilled, this matter will be closed without findings on this issue.

4. If the conditions of Section 2 of this order are not met within the time specified, the Board may reopen this matter and take such further action as it could have taken as of the date of this document, the associated settlement agreement notwithstanding.
5. The Board investigation of this matter is hereby concluded and made a part of the public records of the Board pursuant to Minnesota Statutes section 10A.022, subdivision 5.

Dated: April 5, 2016

/s/ Christian Sande

Christian Sande, Chair  
Minnesota Campaign Finance  
and Public Disclosure Board