

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

**Findings and Order in the Matter of the Complaint by Mike Kennedy  
Regarding the Karin Housley for Senate Committee and the Board  
Investigation of the St. Croix Boat & Packet Company**

**The Complaint**

On November 1, 2012, the Campaign Finance and Public Disclosure Board (the Board) received a complaint from Mike Kennedy, Campaign Director for the Senate DFL Caucus, regarding the Karin Housley for Senate Committee (the Committee). In his complaint Mr. Kennedy states:

On July 26 2012 Karin Housley Enterprises LLC purchased a 2006 Ford E350 truck, ... that vehicle has consistory [*sic*] been used by the Housley for Senate Volunteer as a traveling billboard advertisement for her campaign... The late report filed by the Housley committee on 11-01-2012 contains no payment for the use of this truck by the campaign, nor is there an in-kind contribution listed on that report from Housley enterprises LLC. As the photos indicate the use of this vehicle which has been moved around the district clearly exceed the \$100.00 itemization requirement, yet use of the vehicle from the source is omitted from the amended late report. The vehicle has been in use since this summer and is a significant expenditure designed to influence voters, yet they [*sic*] Housley committee has failed in meeting the reporting requirement.

Mr. Kennedy also questioned the reporting of expenditures related to a fundraiser conducted by the Committee. The complaint provides:

In addition, an expenditure for rental of the Majestic Star Yacht for a fund raising event on October 4, 2012 is also not listed on the late amended report. The fundraising event was profiled by TPT tv and is available on the Almanac website, yet this item nor any of the costs associated with it are listed on the late, amended report by Housley as either an expenditure or unpaid bill.

The report still does not provide all of the known expenditures of the Housley for Senate committee and flies in the face of required information out lined in Minnesota Statutes 10A.025, 10A.17 and 10A.20. We request the Board to promptly investigate this [*sic*] issues.

In support of his allegations Mr. Kennedy supplied:

- A copy of a State of Minnesota vehicle title registration form and a dealer reassignment form documenting the purchase of a 2006 Ford E350 truck by Karin Housley Enterprises, LLC on July 26, 2012.
- Pictures of the truck referenced in the complaint displaying advertising for the Committee

As Mr. Kennedy stated, video taken at the fundraising event on the Majestic Star was available on the public television website<sup>1</sup>

The Board notified Senator Housley of the complaint by letter dated November 2, 2012. The Board requested that Senator Housley supply a copy of any invoices related to the cost of holding the fundraiser on the Majestic Star, and to provide information on Committee expenditures related to the use of the truck identified in the complaint. The Board asked for a response from Senator Housley by November 13, 2012.

On November 14, 2012, the Board received an e-mail from Marlon Gunderson, treasurer for the Citizens for Julie Bunn Committee. Julie Bunn was Senator Housley's opponent in the 2012 election. The e-mail referenced the complaint filed by Mr. Kennedy, and was accepted by the Board as a supplement to that complaint. In the e-mail Mr. Gunderson states:

As part of the opposition campaign to the Housley campaign, I have been concerned since the beginning of her candidacy about financial transparency and having the ability to be assured that she was properly separating her business and campaign expenses and not subsidizing one with the other, particularly since her realty business encompasses a large public relations component (radio, print, signage, other media) that largely overlaps with her campaign activities and expenses.

Mr. Gunderson went on to question if the Committee had submitted complete financial reports to the Board.

Ms. Housley's handling of the pre-general election report completely circumvented our legitimate right to examine her expenses and determine that she would be able to stay within her spending limits and be accountable to that requirement. ...We find it hard to believe that she stayed within her spending limit given the quantity and variety of media presence she had in her campaign.

After the November 13, 2012, response deadline had passed, staff left a message for Senator Housley to determine if she intended to respond to the complaint. By voice mail received on November 30, 2102, Senator Housley said that she had not received notice of the complaint, and was not aware that a complaint was outstanding. The complaint and Board correspondence were successfully provided to Senator Housley by e-mail on November 30, 2012.

The Board received Senator Housley's response to the complaint on December 7, 2012.

### **Initial Response and Amended Reports from Senator Housley**

The initial pre-general-election Report of Receipts and Expenditures filed by the Committee was received by the Board on October 30, 2012. This report disclosed committee activity for the period January 1, 2012, through October 22, 2012. As stated by Mr. Kennedy in his complaint, the report did not contain expenditures related to the use of the truck or the fundraiser held on October 4, 2012. The report contained the same receipts and campaign expenditures that had been reported on the pre-primary-election Report of Receipts and Expenditures submitted by the Committee on July 31, 2012.

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<sup>1</sup> [http://www.mnvideovault.org/mvvPlayer/customPlaylist2.php?id=23833&select\\_index=9&popup=yes#9](http://www.mnvideovault.org/mvvPlayer/customPlaylist2.php?id=23833&select_index=9&popup=yes#9)

In explanation of this reporting error Senator Housley stated in an e-mail to the Board on February 5, 2013, as follows:

My campaign treasurer was completely new at this, and had to call many times with questions. The correct report was in the system, but she had accidentally checked the wrong button for which report was to be filed. She received confirmation that the report was filed, and she thought she was good to go. When we were made aware that she had accidentally checked the wrong box of which report to file, it was immediately corrected. We paid the fine for being 24 hours late and thought it had been resolved.

The committee submitted an amended pre-general report on November 1, 2012. That report disclosed approximately \$34,000 in additional contributions and \$22,000 in additional campaign expenditures. With her response, Senator Housley response provided invoices received by the Committee for the cost of holding the fundraiser.

In response to the allegation that her committee did not report the costs related to the use of the truck wrapped with a campaign advertisement Senator Housley identified on the report filed November 1, 2012, the following expenditures:

- \$2,838.81 paid on August 3, 2012, for the cost of wrapping the truck with the campaign advertisement,
- a total of \$860 in in-kind donations and reimbursements for gas used by the truck as it was driven throughout the senate district,
- a \$600 payment made by Senator Housley for the value of using the truck as a platform for the wrapped campaign advertisement, and
- a \$72 in in-kind contribution from Senator Housley to the Committee for payments made by the Senator for the cost of parking the truck at business locations.

Senator Housley explained the basis for the \$600 payment for the use of the truck as a platform for the wrapped campaign advertisement as follows,

This number came from using House Representative Kathy Lohmer's advertising rental numbers from her Campaign Finance Report...Her treasurer did extensive research on the appropriate costs for an advertising lease on a moving vehicle. They came up with \$100.00 per month in 2010 & 2012. I doubled this to \$200/mo for the lease of the box truck because of the size of the truck, though the wrap cost the same price.

Senator Housley submitted a statement with her response that listed eight businesses where the truck had been parked during the campaign and the total payment made to each of those businesses. To explain how a parking cost for the truck was determined Senator Housley stated,

I would park the truck throughout the district at various local businesses' parking lots. I paid them one dollar a day for the placement of the "corporate signage". I came up with this number by using the decision from the Lorrie Adams/Representative Bruce Anderson case decision...where it was ruled that Representative Anderson was ordered to pay Klatt True Value Hardware \$5.00 a month to post his signs on their property...The

truck was not always parked at businesses, sometimes in driveways of individuals, or at my home.

The ruling referenced by Senator Housley was made by the Office of Administrative Hearings in 2008.<sup>2</sup> This ruling confirmed that the prohibition on corporate contributions to candidates in Minnesota Statutes section 211B.15, extends to prohibiting the in-kind contribution of space on corporate property to display a campaign sign.

In response to the complaint's allegation that the Committee failed to report expenditures related to the fundraiser held on October 4, 2012, Senator Housley provided,

The complaint references a fundraiser event ...on a boat on the St. Croix River. The food for the event was an in-kind donation by Robert Anderson and was reported on the original report. I have attached the invoice for the event...The boat did not leave the dock and the total for the three hour rental was \$300.00 paid Nov 7<sup>th</sup>.

The invoice for the fundraiser was issued to the Committee by the St. Croix Boat & Packet Company. The invoice states that the boat used for the fundraiser would be the Majestic Star, and that the boat would be available from 5 PM to 8 PM on Thursday October 4, 2012. The rental cost for using the boat is \$300. The invoice further provides that \$200 in appetizers and chips would be provided at the fundraiser, and that there would be a cash bar with proceeds from the cash bar going to the St. Croix Boat & Packet Company.

In total the invoice shows a balance due of \$500 as of the date of the invoice, which was November 7, 2012. The invoice does not indicate that the cost of the food had been paid for by Robert Anderson.

### **Expansion of Investigation and Responses from St. Croix Boat and Packet Company**

When the Board accepts a complaint, it exercises its authority to investigate all possible violations of Chapter 10A that might arise from the conduct alleged in the complaint or from the reports under review regardless of whether the complainant clearly and specifically raises those violations in the complaint. In this case, Senator Housley's response raised two issues not included in the complaint that merited further investigation.

Both issues relate to the fact that the St. Croix Boat & Packet Company is not registered with the Board as a political committee. In 2012<sup>3</sup>, any contribution of over \$100 made by an unregistered association to a candidate's committee must be accompanied by a statement disclosing the source of funding for the association. Failure to provide the disclosure with the contribution is a violation of Minnesota Statutes section 10A.27, subdivision 13, which provides a penalty for both the unregistered association that failed to provide the disclosure statement, and the candidate's committee that accepted the contribution without the disclosure statement.

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<sup>2</sup> Findings of Facts, Conclusions, and Order, #12-0320-19974-CV, available at <http://www.mn.gov/oah/multimedia/pdf/032019974.rt.pdf> .

<sup>3</sup> Laws of 2013, Chapter 138, Article 1, section 47, increased the contribution limit from an unregistered association without disclosure to \$200.

The first issue relates to the \$200 in-kind contribution from Robert Anderson to the Committee for the food used at the fundraiser. If Mr. Anderson did use personal funds to pay the St. Croix Boat & Packet Company for the cost of the food it would be accurate to list the \$200 cost as an in-kind contribution, as reported by the Committee. But the charge for the food used at the fundraiser on October 4, 2012, was still listed as unpaid on an invoice issued to the Committee on November 7, 2012, suggesting that Mr. Anderson had not made payment.

Further, Robert Anderson is a manager with the St. Croix Boat & Packet Company. If Mr. Anderson used his authority as a manager in the company to have the cost of the food waived from the invoice instead of using personal funds for this expense, then the food would be an in-kind donation from the St. Croix Boat & Packet Company. As noted earlier the St. Croix Boat & Packet Company is an unregistered association required to provide additional disclosure if it makes a contribution of over \$100.

The second issue relates to the rental charge for the boat. The St. Croix Boat & Packet Company website lists the rental charge for use of the Majestic Star as \$2,400 for the first 2 ½ hours and \$800 for each additional hour. Even if the boat had lower operating costs because it did not leave the dock during the fundraiser, the \$300 charge to the Committee for using the boat is markedly lower than the published list price for use of the Majestic Star. If a vendor charges a candidate's committee a rate lower than fair market value for a product or service, the difference between the cost to the committee and the actual value of the item is an in-kind contribution to the political committee. Again, as an unregistered association, the St. Croix Boat & Packet Company is required to provide a disclosure statement if the value of an in-kind contribution exceeds \$100.

On December 28, 2012, Board staff sent a letter to the St. Croix Boat & Packet Company asking for verification that the food used at the fundraiser was personally paid for by Robert Anderson, and asking for the basis of the rental rate charged to the Committee for use of the Majestic Star. On January 11, 2013, the Board received a response from Robert Anderson. Mr. Anderson's response did not address the issue of who paid for the food used at the fundraiser. In answer to the Board's question about the rate charged to the Committee for the use of the Majestic Star Mr. Anderson states:

It has been the Company's policy to rent our boats at less than the listed charge shown on our website to various organizations. Among the organizations that received reduced boat rental charges in 2012 were: Salvation Army, Hope House, Veteran Memorial, MN DOT, Minnesota Conservation Department, Sunrise Rotary, etc. In all there was over \$70,000.00 of reduced boat rental charges for 2012. The two primary reasons this is done are for: marketing (getting people out on our boats, many for the first time) and creating revenues during off periods (sale of liquor, etc.) It is very rare that we turn down any organization that requests the use of our boats at a reduced boat rental charge during an off period. Had Julie Bunn requested the use of one [of] our boats at a reduced boat rental charge during an off period, it would have been granted.

Based on Mr. Anderson's response regarding the rental charge for the boat, and his lack of response to the questions about the food provided at the fundraiser, Board staff concluded that a formal investigation of the St. Croix Boat & Packet Company for possible violation of Minnesota Statutes section 10A.27, subdivision 13, was warranted. On February 21, 2013, staff sent written notification to the St. Croix Boat & Packet Company that it was now the subject of a

Board investigation into possible violations of Chapter 10A. Board staff asked the St. Croix Boat & Packet Company to provide documentation of cases where the Majestic Star was made available for functions at less than the published rental rate and documentation showing that Mr. Anderson had paid for the food. At its meeting on March 5, 2013, the Board reviewed the response provided by the St. Croix Boat & Packet Company, and ratified the Executive Director's commencement of an investigation into the company's possible violations of Chapter 10A.

A written response from Richard Anderson, Chief Executive Officer of the St. Croix Boat & Packet Company, was received on April 1, 2013. In the response Mr. Anderson provides that the cost of the food was \$300, not \$200, and that the Committee still owed the company for the cost of the food. Mr. Anderson's explanation of the food cost was so inconsistent with both Senator Housley's response and with the invoice issued by the St. Croix Boat & Packet Company that staff attempted to contact Mr. Anderson several times by phone for clarification.

On April 25, 2013, Richard Anderson returned staff's phone calls and clarified that his written response contained errors. Mr. Anderson acknowledged that he had mistaken in his letter the \$300 charge for the boat rental as the cost of the food provided at the fundraiser. Further, Mr. Anderson had searched the company records and confirmed that the Committee had paid the \$300 charge for use of the Majestic Star in November of 2012. According to Mr. Anderson, after the payment of the \$300, the Committee had no outstanding debts due to the St. Croix Boat & Packet Company.

Mr. Anderson also confirmed that the cost of the food at the fundraiser was intended to be a contribution to the Committee from Robert Anderson. Mr. Anderson was not sure if payment had been made by Robert Anderson, but said the company would collect the amount due from Robert Anderson if payment had not been made. Staff reiterated that documentation of a payment by Robert Anderson was still requested.

In his April 1, 2013, response Richard Anderson addressed the rental charge for use of the Majestic Star and provided copies of twelve invoices issued to associations where the use of a St. Croix Boat & Packet Company boat was provided at no charge. In explaining the \$300 charge for use of the boat Mr. Anderson states:

Second...the \$3,200.00 charge for a three hour rental on the Majestic Star is for a "cruise." A cruise means the boat leaves the dock and goes up and down the St. Croix River. The Majestic Star did not go up and down the St. Croix River when Ms. Housley was on board. The boat was tied up to the dock during the entire time. There was no captain on board; and the staffing consisted of a bar tender and food server. The Majestic Star was not booked for a cruise on that date. As I said in my previous letter to you, it was an opportunity to get people on board and create revenues for the sale of food (if we ever get paid), liquor and other refreshment (soda) that would not have been sold if nobody was on board. It would be similar to a bar letting a group use a portion of the bar or a side room during an off period.

## Deposition of Senator Housley

Senator Housley gave a sworn statement to the Board on April 17, 2013.

During the deposition Senator Housley stated that she owned the business Karin Housley Enterprises, LLC. Senator Housley is a realtor specializing in residential properties in the St. Croix River Valley, and entered into this business in 2002.

Senator Housley acknowledged that the truck referenced in the complaint was purchased by Karin Housley Enterprises, LLC for \$9,450 on July 26, 2012. The Senator explained that she had been looking for a truck for her business for some time for use by her real estate clients in moving from one home to another. Senator Housley had been borrowing a similar-sized truck from another realtor who had wrapped the vehicle with an advertisement for his business.

In response to a question on how the truck purchase occurred Senator Housley stated:

...And this was a big move for me. I was kind of scared to spend that much money on a truck. And then to get it wrapped was going to be \$2,500 by Finishing Touches. So they finally – in July I said “Lets like do this. Let’s get this truck.” And then when they were bringing it up here to the Finishing Touch place, I said, “I have a brilliant idea. Let’s do what Kathy Lohmer did, and let’s wrap it with the senator stuff first, and then go back to wrapping it with the Karin Housley (realtor advertisement).

Senator Housley provided for the record a picture of the truck now wrapped with an advertisement that uses the same picture that appeared in the Senate advertisement, but with new text for the real estate business. The Senator estimated that ten clients have used the truck to move, and that the truck has been made available to nonprofits for use in food drives and other functions.

In response to a question on the amount and reason for the dollar a day fee paid to businesses for parking the truck Senator Housley reiterated that the amount was based on the Office of Administrative Hearings ruling referenced in the initial response to the complaint, and then further stated,

So I was trying to – I just wanted to make sure it went on record that I did park it in these commercial places, and that I was paying them something.

During questioning on the \$600 payment to Karin Housley Enterprises, LLC for the use of the truck as an advertisement platform Senator Housley stated that she paid for the use of truck with a check, and agreed to provide a copy of the check for the investigation record. Senator Housley also agreed to provide for the record copies of checks or credit card payments used to pay for the gasoline used by the truck.

During questioning about how the fundraiser on the Majestic Star came about, Senator Housley said that she first met Richard and Robert Anderson in July of 2012 during a charity event held at the docks owned by the St. Croix Boat & Packet Company. During this event Senator Housley first discussed the idea of having a fundraiser on the Majestic Star. Senator Housley stated:

And that's when I would talk to the dock boys and the Andersons about the big boat. And then I just said, "Can I have a fund-raiser on there? Don't know how you could do that? I don't want the boat to leave the dock." And he said, "Sure, I do it all the time. Not a problem. When do you want it?" And "We have to do it on a non-weekend night."

Senator Housley further recounted that the date for the event and the details of what would occur were set sometime in September of 2012. In setting up the event Senator Housley specified that she wanted to spend no more than \$200 on food, and that there would be a cash bar with proceeds from the bar going to the St. Croix Boat & Packet Company.

Senator Housley was asked to recount the discussion she had with Richard Anderson at which the cost of using the Majestic Star was determined. Senator Housley stated,

He says – he said he does it for free all the time, and I said I would probably get in trouble if I did that, so I needed to pay him something. And he said, "Okay, we can figure that out." ...And then we just kind of came up with a figure of \$300, and he said, "That's great."

Senator Housley also recounted that she had been told, by either Richard or Robert Anderson, that the cost of the food provided at the fundraiser would be a contribution from Robert Anderson.

### **Documentation of Payments**

One of the factors delaying the conclusion of the Board investigation was the difficulty in securing copies of checks or credit card receipts documenting payment for the food provided at the fundraiser. Despite numerous requests and assurances that the documentation would be provided, the St. Croix Boat & Packet Company never provided the Board with a copy of the check or credit card receipt used by Robert Anderson to pay for the food.

However, on June 26, 2013, Senator Housley provided by e-mail a copy of a personal check from Robert Anderson to the St. Croix Boat & Packet Company in the amount of \$200. The check is dated June 1, 2013. Senator Housley said in the e-mail that "I went down to the St. Croix Boat and Packet this past weekend...and asked for a receipt. That's what they gave me." Senator Housley also provided the requested copy of the check used to pay \$600 to Karin Housley Enterprises, LLC for the use of the truck, and the credit card receipts for gas used in the truck.

### **Board Analysis**

#### **Reporting Errors**

In his complaint Mr. Kennedy correctly identified that the pre-general-election Report of Receipts and Expenditures filed by the Committee on October 30, 2012, was incomplete. The report contained the same data as the pre-primary report filed by the Committee on July 31, 2012, and did not contain any information on the use of the truck or the fundraiser held on the Majestic Star. Mr. Kennedy filed his complaint on November 1, 2013. The Committee, prior to receiving notification of the complaint from the Board, filed an amended report on November 1, 2013. The amended report contained all of the information related to the use of the truck as reviewed in these findings, and disclosed the in-kind contribution of the food from Robert Anderson.



This report should have also disclosed an unpaid \$300 obligation owed to the St. Croix Boat & Packet Company for the boat rental. This omission was not corrected until the Committee filed the year-end Report of Receipts and Expenditures.

The Committee did not understand that under Chapter 10A, a committee incurs an expenditure on the date that the obligation to pay the expense is incurred or that these expenses must be listed as unpaid on the next report even if an invoice for the expenditure has not been received.<sup>4</sup> In this case the Committee incurred the cost of renting the Majestic Star on the date that the fundraiser occurred, which was October 4, 2012. The Committee's pre-general-election Report of Receipts and Expenditures should have included the rental fee as an unpaid bill because this report discloses all financial activity during the period of January 1, 2012, through October 22, 2012. Instead, the Committee disclosed the boat rental as an expenditure only after an invoice was issued by the St. Croix Boat & Packet Company on November 7, 2012.

When the Committee became aware of the error in the initial filing of the pre-general-election report it submitted the correct report that it believed fixed the omission. Changes and corrections to previously filed reports are not penalized under Chapter 10A as long as the amendments are filed promptly after the treasurer becomes aware of an error. In the present case, these findings will serve as an amendment to the Committee's 2012 pre-general-election Report of Receipts and Expenditures disclosing the \$300 unpaid obligation to the St. Croix Boat & Packet Company for the boat rental.

### **Value of Truck Wrapped with Campaign Material**

Mr. Gunderson's supplement to the complaint submitted by Mr. Kennedy questions the separation between the finances of the Committee and the operations of Karin Housley Enterprises, LLC. The Board investigated the expenditures related to the cost of the truck to ensure that use of the truck was not an unreported in-kind contribution from Karin Housley Enterprises, LLC to the Committee.

The question of whether using a vehicle wrapped with campaign material creates a campaign expenditure for the committee benefiting from the campaign material was addressed by the Board in Advisory Opinion 408, issued on May 4, 2010. This opinion was not issued to Senator Housley and therefore is not directly applicable to the facts in this case. However, the opinion does outline the factors that the Board will consider to determine if a committee has paid fair market value for a vehicle wrapped with campaign material.

The opinion provides in part:

There is some difficulty in valuing an in-kind contribution such as the one the Committee describes. The applicable standard is to determine the fair market value of the transaction. The period of valuation should be reasonable and consistent with industry or other standards if they exist. In the case of valuation of an advertising vehicle, a one-month period would be reasonable.

The Committee must use a reasonable method to determine fair market value of the advertising. A method is reasonable if it takes into account markets and other relevant factors. A committee valuing a transaction must

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<sup>4</sup> As required by Minnesota Statutes, section 10A.01, subdivision 9, and Minnesota Rules, part 4503.1800, subpart 2.

be able to explain its method of valuation and show why the method was reasonable. It is not sufficient to merely pick a number and apply it.

Although an advisory opinion does not set precedent, the Board believes that Advisory Opinion 408 correctly sets forth the process for determining the value of an in-kind contribution of the use of a wrapped vehicle. The Committee relied on market information and costs for wrapping a family car researched and incurred by another candidate's committee in 2010 and 2012. The Committee then decided to double the monthly rate paid for use of the truck in recognition of the larger size of the truck. Doubling the market value of a wrapped car may or may not reflect market value for wrapping the truck. Staff research indicates that the most significant factor in determining the value of wrapping a vehicle is not the size of the automobile but rather the exposure of the vehicle as measured by the number of miles the vehicle is driven each month and, in some cases, the routes on which the vehicle is driven.

While the truck was driven in some local parades, and driven to and parked at high school football games, its primary role for the Committee was to sit in parking lots as a stationary campaign sign. Given this exposure and the other facts known to the Board, the Board finds that it has no basis to conclude that the payment to Karin Housley Enterprises, LLC for wrapping the truck is not reasonable. The Committee is cautioned that if it decides to wrap the truck for the 2016 campaign it should first update its calculation of fair market value to take into account current data for the market where the vehicle will be used.

The payments by the Committee to businesses for parking the wrapped truck appear to be consistent with the decision of the Office of Administrative Hearings used by Senator Housley in determining that payment for displaying a sign was required. At this time the Board has no basis to determine that the payments to cover the value of parking the truck on corporate property were not reasonable.

### **Investigation of the St. Croix Boat & Packet Company**

As detailed in these findings the purpose of the Board investigation of the St. Croix Boat & Packet Company was to determine whether the company itself or Robert Anderson, individually, had provided the food used at the fundraiser, and if the rental cost of using the Majestic Star was so below market value as to represent an in-kind contribution to the Committee from an unregistered association.

The evidence supports the Committee's characterization of the cost of the food used at the fundraiser as a \$200 in-kind contribution from Robert Anderson. Chapter 10A does not require campaign committees to verify in-kind contributions by obtaining a copy of the check used to pay for the donated item. Senator Housley testified she was told the food would be a contribution from Robert Anderson, and Richard Anderson confirmed that the Senator was told that the food would be a contribution. There was no reason for Senator Housley to doubt that was the case.

Although there was reason to question whether Robert Anderson was the actual contributor of the food when the Board expanded its investigation, the June 1, 2013, check from Mr. Anderson to the St. Croix Boat & Packet Company has resolved this issue.

The documentation provided by the St. Croix Boat & Packet Company also has resolved the issue of whether the reduced boat rental rate was a contribution from the Company to the Committee. Although the published rate for the Majestic Star is much higher than the rate charged to the Committee, the Company showed that the published price is for a cruise, which

requires the use of the engines and a captain and crew. These things are not required when the vessel remains tied to the dock.

Further Mr. Anderson provided additional documentation showing that it is not unusual for the Company to allow other groups to use its vessels as meeting spaces for no charge when there is no cruise scheduled for a given boat. Providing the use of the boat for free to groups gives the Company cash flow from food and beverage sales that would not have occurred if the boat remained unused.

Given these facts, the Board cannot conclude that the St. Croix Boat & Packet Company gave the Committee the use of a boat for a fundraising event at a cost lower than the cost offered to other groups during a time when a boat is not needed for a cruise. Therefore, the Board does not find that the St. Croix Boat & Packet Company made an in-kind contribution to the Committee.

**Based on the above Review and Analysis and the Relevant Statutes, the Board makes the following:**

### **Findings**

1. The Karin Housley for Senate Committee failed to file a complete 2012 pre-general-election Report of Receipts and Expenditures on October 30, 2012.
2. The reporting errors of the Karin Housley for Senate Committee were inadvertent and have been corrected by amendment. Because of the inadvertent nature of the errors the Board finds that a civil penalty is not warranted.
3. The Karin Housley for Senate Committee's use of the truck owned by Karin Housley Enterprises, LLC did not result in an in-kind contribution to the Karin Housley for Senate Committee.
4. The St. Croix Boat & Packet Company did not make an in-kind contribution of food used at a fundraiser to the Karin Housley for Senate Committee on October 4, 2012.
5. The St. Croix Boat & Packet Company did not make an in-kind contribution of services below fair market value when the Karin Housley for Senate Committee held a fundraiser on a company boat on October 4, 2012.

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

### **Order**

The Board investigation of this matter is concluded and hereby made a part of the public records of the Board pursuant to Minnesota Statutes section 10A.02, subdivision 11.

Dated: August 6, 2013

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/s/ Andrew M. Luger

Andrew M. Luger, Chair  
Campaign Finance and Public Disclosure Board

## **Relevant Statutes**

### **Minnesota Statutes section 10A.01**

Subd. 9. **Campaign expenditure.** "Campaign expenditure" or "expenditure" means a purchase or payment of money or anything of value, or an advance of credit, made or incurred for the purpose of influencing the nomination or election of a candidate or for the purpose of promoting or defeating a ballot question.

An expenditure is considered to be made in the year in which the candidate made the purchase of goods or services or incurred an obligation to pay for goods or services.

An expenditure made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate....

### **Minnesota Statutes section 10A.27**

Subd. 13. **Unregistered association limit; statement; penalty.** (a) The treasurer of a political committee, political fund, principal campaign committee, or party unit must not accept a contribution of more than \$100 from an association not registered under this chapter unless the contribution is accompanied by a written statement that meets the disclosure and reporting period requirements imposed by section 10A.20. This statement must be certified as true and correct by an officer of the contributing association. The committee, fund, or party unit that accepts the contribution must include a copy of the statement with the report that discloses the contribution to the board. This subdivision does not apply when a national political party contributes money to its affiliate in this state.

(b) An unregistered association may provide the written statement required by this subdivision to no more than three committees, funds, or party units in a calendar year. Each statement must cover at least the 30 days immediately preceding and including the date on which the contribution was made. An unregistered association or an officer of it is subject to a civil penalty imposed by the board of up to \$1,000, if the association or its officer:

(1) fails to provide a written statement as required by this subdivision; or

(2) fails to register after giving the written statement required by this subdivision to more than three committees, funds, or party units in a calendar year.

(c) The treasurer of a political committee, political fund, principal campaign committee, or party unit who accepts a contribution in excess of \$100 from an unregistered association without the required written disclosure statement is subject to a civil penalty up to four times the amount in excess of \$100.