



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

By First Class Mail and Email

Tom Josefiak, Esq.
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JAN 26 2015

RE: MUR 6521
Republican Party of Minnesota and Bron
Scherer in his official capacity as treasurer

Dear Mr. Josefiak

On, January 12, 2015, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of a violation of 52 U.S.C. § 30104(b) (formerly 2 U.S.C. § 434(b)), a provision of the Federal Election Campaign Act of 1971, as amended (the "Act"). Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66,132 (Dec. 14, 2009). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 52 U.S.C. § 30109(a)(4)(B) (formerly 2 U.S.C. § 437g(a)(4)(B)).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that one-third of the civil penalty is due at this time and the remainder is due within 60 days. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Columbo", with a long horizontal line extending to the right.

Michael A. Columbo
Attorney

Enclosure
Conciliation Agreement

UNRECORDED

1 **BEFORE THE FEDERAL ELECTION COMMISSION**

2
3 In the Matter of)
4) MURs 6521/6742
5 Republican Party of Minnesota and)
6 Bron Scherer in his official capacity)
7 as treasurer)
8

9 **CONCILIATION AGREEMENT**

10
11 These merged matters were initiated by a signed, sworn, and notarized complaint in
12 MUR 6521 by Citizens for Responsibility and Ethics in Washington and, in MUR 6742, by the
13 Federal Election Commission ("Commission") pursuant to information ascertained in the normal
14 course of carrying out its supervisory responsibilities. The Commission found reason to believe
15 that the Republican Party of Minnesota ("RPM") and Bron Scherer in his official capacity as
16 treasurer (collectively, "Respondents") violated 52 U.S.C. § 30104(b) (formerly 2 U.S.C.
17 § 434(b)) and 11 C.F.R. §§ 104.3(d), 104.11(a)-(b).

18 NOW, THEREFORE, the Commission and the Respondents, having participated in
19 informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree
20 as follows:

21 I. The Commission has jurisdiction over the Respondents and the subject matter of this
22 proceeding, and this agreement has the effect of an agreement entered pursuant to 52 U.S.C.
23 § 30109(a)(4)(A)(i) (formerly 2 U.S.C. § 437g(a)(4)(A)(i)).

24 II. Respondents have had a reasonable opportunity to demonstrate that no action should
25 be taken in this matter.

26 III. Respondents enter voluntarily into this agreement with the Commission.
27

1 IV. The pertinent facts in this matter are as follows:

2 **Background**

3 1. RPM maintains both federal and nonfederal accounts, and its federal account is a
4 political committee within the meaning of 52 U.S.C. § 30101(f) (formerly 2 U.S.C. § 431(4)).

5 2. Bron Scherer has been RPM's Treasurer since January 19, 2012. (Mr. Scherer did not
6 serve as the treasurer of the Republican Party of Minnesota, and had no professional relationship
7 with the Republican Party of Minnesota, at the time the matters described herein occurred.)

8 3. David Sturrock was RPM's Treasurer from June 29, 2009, through January 19, 2012.

9 4. Anthony Sutton was the Chair of RPM from July 1, 2009, until his resignation on
10 December 2, 2011, RPM Treasurer from July of 2005 until the end of June 2009, and Executive
11 Director from 1997 to 2001.

12 5. Ron Huettl has been RPM's Finance Director since April 14, 2010. His
13 responsibilities as Finance Director during 2010-2011 included recording debts to vendors into
14 RPM's accounting system once RPM received the vendors' invoices. Huettl knew that RPM
15 was required to disclose its debts in its reports to the Commission. Huettl knew that the data he
16 entered into the accounting system was used by a contractor, Cardinal FEC Compliance, to
17 generate internal financial reports for RPM's Treasurer. The Treasurer also used that data for
18 RPM's disclosure reports to the Commission and the reports generated by the compliance
19 company to apprise the RPM Executive Committee about RPM's financial status.

20 6. A committee must file, through its treasurer, periodic reports with the Commission
21 accurately disclosing various kinds of information, including receipts, disbursements, and debts.
22 See 52 U.S.C. § 30104(a), (b)(2)-(8) (formerly 2 U.S.C. § 434(a), (b)(2)-(8)); 11 C.F.R.
23 §§ 104.3(d), 104.11(a)-(b).

2009-2011

1
2 7. In amended reports that the Committee has filed with the Commission, RPM has
3 disclosed \$41,671 in additional receipts, \$151,345 in additional disbursements, and \$395,305 in
4 additional debts from 2009 to 2011 that were not disclosed in the original reports that RPM filed
5 with the Commission during that period.

6 8. RPM's former Chair, Anthony Sutton, who resigned on December 2, 2011, ordered
7 that all invoices be delivered directly to him and he retained certain invoices in his office, thus
8 preventing Huettl from entering the withheld invoices into RPM's accounting system. Huettl
9 was aware that Sutton was retaining unpaid invoices in his office, but did not know which
10 particular invoices Sutton retained. The invoices that were retained in Sutton's office, and not
11 included in RPM's accounting system, were not included in RPM's disclosure reports as debts.
12 Huettl believed Sutton did not want certain invoices to be provided to RPM's compliance
13 company because Sutton was concerned about the amount of RPM's debts. Additionally, Sutton
14 deleted, or directed Huettl to delete, some information from RPM's accounting reports before
15 these reports were transmitted to the treasurer. Sutton has denied deliberately concealing RPM's
16 debts.

17 9. Neither Sutton nor Huettl informed Cardinal FEC Compliance, which prepared RPM's
18 reports, the RPM Executive Committee, or RPM's treasurer at the time, David Sturrock, that the
19 accounting system on which they relied omitted certain debts. Huettl did not report Sutton's
20 practice of retaining unpaid invoices in his office due to fears of losing his job.

21 10. Following Sutton's resignation on December 2, 2011, Huettl alerted Sturrock to the
22 invoices in Sutton's office. Those invoices reflected previously undisclosed debts from 2010 and
23 2011 totaling \$249,350.

1 11. RPM's Executive Committee did not authorize Sutton to withhold debt information
2 or condone his actions once they were discovered. Indeed, before discovering the invoices upon
3 Sutton's resignation on December 2, 2011, RPM's Executive Committee suspected that Sutton
4 was providing them with inaccurate information about RPM's finances and launched an internal
5 review in September 2011.

6 12. Soon after discovering the undisclosed debts, RPM held a press conference on
7 December 30, 2011, at which RPM officials described the undisclosed debts and RPM
8 "announced its conclusion that Mr. Sutton was responsible for concealing these debts from
9 RPM's Treasurer and Executive Committee, and the Commission." RPM contacted the
10 Commission directly regarding the newly discovered debts on January 5, 2012. RPM then
11 disclosed all previously undisclosed activity through amended reports.

12 13. Following its discovery of the undisclosed debts, the RPM Executive Committee
13 implemented a comprehensive set of new internal controls to ensure the accuracy of its reports to
14 the Commission, amended its reports, and cooperated fully in the Commission's investigation.

15 V. Respondents failed to timely disclose a total of \$588,321 in receipts, disbursements,
16 and debts in violation of 52 U.S.C. § 30104(b) (formerly 2 U.S.C. § 434(b)) and 11 C.F.R.
17 §§ 104.3(d), 104.11(a)-(b).

18 VI. Respondents will take the following actions:

19 1. Respondent(s) will pay a civil penalty to the Federal Election Commission in
20 the amount of twenty six thousand dollars (\$26,000), pursuant to 52 U.S.C.
21 § 30109(a)(5)(A) (formerly 2 U.S.C. § 437g(a)(5)(A)). Respondent will pay
22 one-third of this amount at the time this Agreement is approved. The
23 remaining balance will be paid within 60 days of the first payment.

1 2. Respondents will cease and desist from violating 52 U.S.C. § 30104(b)
2 (formerly 2 U.S.C. § 434(b)) and 11 C.F.R. §§ 104.3(d), 104.11(a)-(b).

3 VII. The Commission, on request of anyone filing a complaint under § 30109(a)(1)
4 (formerly 2 U.S.C. § 437g(a)(1)) concerning the matters at issue herein or on its own motion,
5 may review compliance with this agreement. If the Commission believes that this agreement or
6 any requirement thereof has been violated, it may institute a civil action for relief in the United
7 States District Court for the District of Columbia.

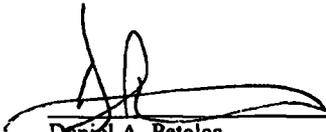
8 VIII. This agreement shall become effective as of the date that all parties hereto have
9 executed same and the Commission has approved the entire agreement.

10 IX. Respondent(s) shall have no more than 30 days from the date this agreement
11 becomes effective to comply with and implement the requirement(s) contained in this agreement
12 and to so notify the Commission.

13

1 X. This Conciliation Agreement constitutes the entire agreement between the parties on
2 the matters raised herein, and no other statement, promise, or agreement, either written or oral,
3 made by either party or by agents of either party, that is not contained in this written agreement
4 shall be enforceable.

5 FOR THE COMMISSION:

6 
7 _____
8 Daniel A. Petalas
9 Associate General Counsel
for Enforcement

1/22/15
Date

10 FOR THE RESPONDENT(S):

11 
12 _____
13 (Name) Brian J. Schwab,
14 (Position) TREASURER - REPUBLICAN
15 PARTY OF MINNESOTA

12-2-14
Date