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## FEDERAL ELECTION COMMISSION

In the matter of:

Jim Hagedorn

Friends of Hagedorn

Thomas Datwyler, Treasurer, Friends of Hagedorn

MUR 7830COMPLAINT

This complaint is filed with the Federal Election Commission (“FEC”) pursuant to 52 U.S.C. § 30109(a)(1) and is based on information and belief that Rep. Jim Hagedorn did not report illegal corporate in-kind contributions of office space or related accommodations and, depending on their value, may have accepted contributions in excess of legal limits.

Complainant seeks an immediate investigation and enforcement action against Jim Hagedorn, Friends of Hagedorn, and Thomas Datwyler for violations of FECA.

FACTS

**Since 2013, Friends of Hagedorn has consistently used the Brett’s Building as its official address.**

FEC Form 1 Statements of Organization filed with the FEC in 2013-2019 show that Friends of Hagedorn (“the Campaign”) has consistently used “11 Civic Center Plz, Suite 007, Mankato, MN 56001” as its official address.<sup>1</sup> The address is still used as of the committee’s most recent Form 3 filing.<sup>2</sup> This building is also known as “the Brett’s Building.”

Rep. Hagedorn has stated that this address is a P.O. Box in the building.<sup>3</sup>

**Friends of Hagedorn used space in the Brett’s Building for campaign activities.**

In October 2020, Politico published an article investigating irregularities and potential violations concerning Rep. Hagedorn’s use of office space. Per the article, the Campaign used space in the basement

<sup>1</sup> [Statement of Organization, Friends of Hagedorn, FEC.gov, Filed 10/17/2013](#);  
[Statement of Organization, Friends of Hagedorn, FEC.gov, Filed 8/04/2017](#);  
[Statement of Organization, Friends of Hagedorn, FEC.gov, Filed 6/14/2019](#)

<sup>2</sup> [2020 Pre-Primary Report, Friends of Hagedorn, FEC.gov, Filed 7/30/2020](#)

<sup>3</sup> [Facebook post, Jim Hagedorn, Facebook.com, 10/09/2020](#)

of the Brett's Building – identified by the Rep. Hagedorn's social media as "Hagedorn Headquarters" – for campaign activities.<sup>4</sup>

However, a July 2018 GOP invite instructed volunteers to arrive at the "Hagedorn Campaign Office; 11 Civic Center Drive; Suite 007; Mankato." And over the course of several months that year, from at least July to September, a number of photos posted on various social media accounts and news outlets show Hagedorn in an office outfitted with cubicle dividers and a couch, its bare stone walls lined with Hagedorn campaign signs and a cardboard standee of the late President Ronald Reagan. According to Roll Call, his campaign office included a framed portrait of Trump. Hagedorn's own Twitter account identified the place as "Hagedorn Headquarters in Makato."

Politico also found that the Campaign was given free use of a P.O. box in the building, a service worth around \$25 per month.

"I know that they have a P.O. box there," Munson said. "A lot of people have P.O. boxes there, and I don't think Gordon charges people to have a P.O. box to get their mail delivered there."

That was Hagedorn's explanation on Facebook, too. However, directories of the building posted online and in the lobby of the building show a Suite 007, indicating that at least at some point in time, it did exist as a physical space in the building. The address is also notably listed as a suite number, not a P.O. box address.

But even if it was a P.O. box address, Hagedorn's campaign would have had to pay fair market rate for it and even for the temporary use of space to hold campaign events, according to campaign finance laws. And that would almost certainly be more than \$200 over the course of an election. The UPS Store in Mankato, for instance, charges a minimum of \$25 per month for their P.O. boxes.

**Friends of Hagedorn purportedly incurred less than \$200 after renting the space for roughly eight months.**

In October 2020, Jim Hagedorn issued a statement stating that the Campaign "did rent unfurnished space in the basement of the old Brett's Building from March 2018 through November 7, 2018. We paid the owner \$100 and listed that on our FEC report."<sup>5</sup>

<sup>4</sup> ["The mystery of a GOP congressman's seemingly rent-free campaign office," Daniel Newhauser, Politico, 10/09/2020](#)

<sup>5</sup> [Facebook post, Jim Hagedorn, Facebook.com, 10/09/2020](#)

In an October 2020 statement to Politico, Friends of Hagedorn Treasurer Thomas Datwyler suggested that the campaign had received the office space as a pro-rated, in-kind contribution amounting to less than \$200.<sup>6</sup>

The one exception to these rules is that any contribution worth less than \$200 does not have to be reported. When reached by phone, Thomas Datwyler, who handles finances for Hagedorn's campaign, said he believes that may have been what happened.

"We were in-kind, but I think it was under \$200. I want to say, it was like a \$200 in-kind. So that's probably why it didn't show up," he said. "They basically just took a percentage of the actual space itself, which was very minuscule, and that's how they calculated it out. And that's why they got to be like 200 bucks for the entire year. Honestly, I'm pretty positive."

After the *Politico* story was released, the Campaign changed its story yet again. The Campaign told KEYC News Now that it rented an unfinished basement location in the Brett's Building to store signs and hold meetings" and that "The payment of \$100 is recorded on the Friends of Hagedorn FEC report for the 2018 election cycle."<sup>7</sup> The campaign also indicated that it rented a USPS post office box in the building and that "all arrangements are made directly with USPS."<sup>8</sup> However, Friends of Hagedorn does not show any disbursements during the relevant period for rent, nor does it show any disbursements to the U.S. Postal Service for P.O. box rental.<sup>9</sup>

**Friends of Hagedorn's campaign office rent was reportedly less than market rate for the space.**

Politico's October 2020 investigation into Rep. Hagedorn's office rent found that the costs claimed by the Hagedorn campaign would fall well below market-rate for office leasing in the Brett's Building.<sup>10</sup>

The explanation also would suggest Hagedorn's campaign is paying well below market rate. The average tenant in the building pays rent of \$8 to \$27 per month per square foot, according to a floor

<sup>6</sup> ["The mystery of a GOP congressman's seemingly rent-free campaign office," Daniel Newhauser, Politico, 10/09/2020](#)

<sup>7</sup> <https://www.keyc.com/2020/10/12/hagedorn-denies-report-his-campaign-used-rent-free-office/>.

<sup>8</sup> *Id.*

<sup>9</sup> FEC, Friends of Hagedorn, Disbursements 2017-2020, Last entry [7/22/20](#)

<sup>10</sup> ["The mystery of a GOP congressman's seemingly rent-free campaign office," Daniel Newhauser, Politico, 10/09/2020](#)

plan and pitch by the building's manager obtained by POLITICO. By those costs, Hagedorn's campaign office would have had to be no larger than a few square feet to be worth only \$200 over the course of two years. The floor plan shows Suite 7 is significantly larger than that, with an entry room opening into two back rooms.

**The Brett's Building was owned by a Corporation owned by one of Rep. Hagedorn's campaign donors.**

Politico's October 2020 investigation into Rep. Hagedorn's office rent found that the Brett's Building was owned by Minnesota Office Investments, Inc., a corporation owned by one of his donors, Gordon Awsumb.<sup>11</sup> In 2019, the building was sold to Mankato Place 1 LLC. Awsumb reportedly has contributed "more than \$8,500 to Hagedorn's campaign since 2015,"<sup>12</sup> more than half of which occurred in 2019-2020.<sup>13</sup>

For most of the years Hagedorn listed that address as his campaign headquarters, the Brett's Building was owned by Awsumb, a local developer who rehabbed the structure after Brett's Department Store, there since 1868, shuttered in 1991.

Awsumb has given more than \$8,500 to Hagedorn's campaign since 2015, including \$4,300 this election cycle — all listed as cash donations, not in-kind contributions.

**Rep. Hagedorn leased district office space in the Brett's Building after taking office.**

Rep. Hagedorn's predecessor, Rep. Tim Walz, leased his Mankato district office at 527 ½ South Front Street<sup>14</sup> and paid \$1,800 in monthly rent to Pura Vida Property LLC.<sup>1516</sup>

<sup>11</sup> ["The mystery of a GOP congressman's seemingly rent-free campaign office," Daniel Newhauser, Politico, 10/09/2020](#)

<sup>12</sup> ["The mystery of a GOP congressman's seemingly rent-free campaign office," Daniel Newhauser, Politico, 10/09/2020](#)

<sup>13</sup> [Receipts, FEC.gov, Accessed 10/09/2020](#)

<sup>14</sup> [Homepage, walz.house.gov; Internet Archive, 1/02/2019](#)

<sup>15</sup> [Statements of Disbursements of the House, Chief Administrative Office of the House, 10/1/2018 – 12/31/2018](#)

<sup>16</sup> [Parcel ID R01.09.18.106.019, Blue Earth County Property and Environmental Resources Website, Accessed 10/09/2018](#)

After taking office, Rep. Hagedorn relocated the Mankato district office to the Brett's Building, at 11 Civic Center Plaza, Suite 301, Mankato, MN. <sup>17</sup> Per Politico's October 2020 investigation, the lease "has cost \$2,200 of taxpayer money per month since the beginning of 2019."<sup>18</sup>

### SUMMARY OF THE LAW

There is strong evidence that Rep. Hagedorn received an illegal corporate, and potentially excessive, in-kind contribution, and that his campaign failed to properly value or disclose it as required by law.

As stated above, Rep. Hagedorn, his treasurer and his campaign have given conflicting accounts of how rent for the Brett's Building was billed and paid. In all cases, the Campaign appears to have accepted illegal in-kind contributions and failed to report those contributions properly.

FEC regulations state that in-kind contributions of goods (including facilities) must be valued at the price those goods would ordinarily cost in the market; if the Campaign was billed for less than the usual and normal charge, than the in-kind contribution would be the difference between the market price and what was billed.<sup>19</sup>

#### **§ 100.52 Gift, subscription, loan, advance or deposit of money.**

...

**d. 1.** For purposes of this section, the term anything of value includes all in-kind contributions. Unless specifically exempted under 11 CFR part 100, subpart C, the provision of any goods or services without charge or at a charge that is less than the usual and normal charge for such goods or services is a contribution. Examples of such goods or services include, but are not limited to: Securities, facilities, equipment, supplies, personnel, advertising services, membership lists, and mailing lists. If goods or services are provided at less than the usual and normal charge, the amount of the in-kind contribution is the difference between the usual and normal charge for the goods or services at the time of the contribution and the amount charged the political committee.

**2.** For purposes of paragraph (d)(1) of this section, usual and normal charge for goods means the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution; and usual and normal charge for any services, other than those provided by

<sup>17</sup> [Homepage, hagedorn.house.gov](https://www.hagedorn.house.gov/), Accessed 10/09/2020

<sup>18</sup> ["The mystery of a GOP congressman's seemingly rent-free campaign office," Daniel Newhauser, Politico, 10/09/2020](#)

<sup>19</sup> [11 CFR § 100.52\(d\)](#)

an unpaid volunteer, means the hourly or piecework charge for the services at a commercially reasonable rate prevailing at the time the services were rendered.

The market rate for the Brett's Building space was plainly more than \$200 (or \$25 per month) over the eight months that the Campaign maintained its offices there.<sup>20</sup> Politico determined that tenants of that building pay \$8 to \$27 per month per square foot for office space; unless the Campaign occupied 3 or fewer square feet of the building, they were being charged under-market rent. The fact that the Campaign underpaid is also supported by the amounts paid by Rep. Hagedorn's official office (\$2,200 per month) in the building, and by former Rep. Waltz in the same city (\$1,800 per month). According to the Campaign's most recent explanation, it rented an unfinished basement area for \$100 over the course of 8 months. Even if this explanation is credited, the amount – approximately \$12.50 per month – is plainly under market, and would not even cover maintenance and utilities.

If Rep. Hagedorn is correct in stating that the Campaign paid a total of \$100 to rent the space, then the Campaign failed to report an in-kind contribution equal to the difference between the market price and the billed price. If Thomas Datwyler is correct in stating that the Campaign received in-kind rental space valued at \$200, then the Campaign failed to properly value that contribution based on market price.

Additionally, the Campaign failed to correctly value or report in-kind contributions related to its use of a P.O. box at Brett's Building.<sup>21</sup> An in-kind contribution is valued by the normal and usual charge for the goods or services in the market where they are provided, and the *Politico* article demonstrates that companies in the business of providing P.O. box service in Mantako charge around \$25 per month for that service. While the Campaign has most recently indicated that it paid the U.S. Postal Service for the use of the P.O. box, it has not disclosed that expense on its FEC reports. If Minnesota Office Investments, Inc. permitted the Campaign to establish a free P.O. box in the Brett's Building it would have resulted in an in-kind to the Campaign.

Thus, there is strong evidence that the Campaign received in-kind contributions in the form of free or deeply discounted rent, and the use of a P.O. box without charge. This has resulted in at least two, and possibly three, separate violations of the Act.

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<sup>20</sup> ["The mystery of a GOP congressman's seemingly rent-free campaign office," Daniel Newhauser, Politico, 10/09/2020](#)

<sup>21</sup> ["The mystery of a GOP congressman's seemingly rent-free campaign office," Daniel Newhauser, Politico, 10/09/2020](#)

First, these services were provided over a period in which the Brett Building was owned by Minnesota Office Investments, Inc. Thus, the Campaign received illegal corporate contributions.

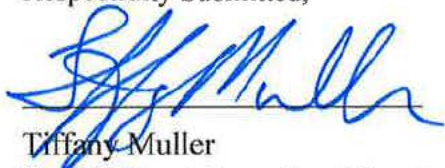
Second, the campaign plainly failed to report the in-kind contributions received.

Third, the value of the in-kind contributions likely exceeded the Act’s contribution limits. The Campaign received what was essentially free rent for a period of 8 months, from March through November of 2018. In 2018, the Minnesota primary election was held on August 14, meaning that the rent for five and a half months (March through mid-August) would have been a contribution for the primary election, whereas rent for another two and three-quarters months (August 14 through November 7) were for the general. If the fair market value of the rent received was more than \$490 a month – and there is ample evidence that it was – the Campaign, at the very least, received a contribution in excess of the \$2,700 limit that was then in place in connection with the 2018 primary.

**PRAYER FOR RELIEF**

Wherefore, Complainant requests that the FEC conduct an investigation into these allegations; declare the respondents to have violated the FECA and applicable FEC regulations; and order respondents to correct these violations. In addition, Complainant requests that the FEC impose sanctions appropriate to these violations and take such further action as may be appropriate.

Respectfully Submitted,



Tiffany Muller  
President and Executive Director  
End Citizens United

Sworn to and subscribed before me this 13<sup>th</sup> day of October, 2020

Mark Andrews

Notary Public

MARK ANDREWS  
NOTARY PUBLIC DISTRICT OF COLUMBIA  
My Commission Expires July 14, 2024

My Commission Expires: \_\_\_\_\_

