



# Republican Party of Minnesota

7400 Metro BLVD, Suite 424 · Edina, MN 55439

Office: 651-222-0022 · Fax: 651-224-4122 · Web: [www.mngop.com](http://www.mngop.com)

6-24-21

## RPM response to the FEC audit of the 2017-2018 election cycle:

### 1. Finding 1-Recordkeeping for Employees-11 C.F.R sec 106.7(d)(1)

The Republican Party of Minnesota (RPM) is in the process of implementing a payroll log which will document for each payroll period (currently bi-weekly) the major tasks/projects (in hours) performed by RPM employees spending time on both federal and/or non-federal (Minnesota Campaign Finance and Public Disclosure Board) activities. The RPM job descriptions with respect to the \$297,945 in payroll costs reported by FEC audit staff do clearly state that such are involved principally in non-federal activities, have been reported as such and in fact are non-federal activities.

### 2. Finding 2-Recordkeeping for Communications – 52 U.S.C 30102(d) and 11 C.F.R. 104.14(b)(I)

The RPM relies on third party entities for the production and dissemination of the referenced media pieces, web advertisements, etc... Unfortunately, they were not able to provide all the media requested. The RPM also relies on affiliated committees for the approval and production of some of these media pieces. The RPM located many of the missing media pieces and were submitted to the audit team in a previous response.

### 3. Finding 3-Reporting of Apparent Independent Expenditures – 52 U.S.C. 3014(b) and 11 C.F.R. 100.87(a), (b), (c), (d), (e) and (g)

Apparent Independent Expenditures – the Direct Mail, Telemarketing and Email expenditures referenced were all general party building fundraising for the committee's general fund. The letters and scripts contained multi-candidate references and did not advocate or oppose one single candidate. The RPM's response and copies of the letters and scripts were submitted to the audit team in a previous response.

Exempt activity volunteer material exemption – With the exception of four Targeted Creative invoices referenced where we unable to locate related media, the other items were either general party fundraising, voter list purchase, a candidate reimbursement, a non-candidate printed fan or paid GOTV calls. The RPM's response and copies of the letters and media were submitted to the audit team in a previous response.

### 4. Finding 4-Disclosure of Transfers and Allocation Ratios 11 C.F.R. Sec 102,5(1)(1)(i) and 106.7 (d) (2)-(4)

Disclosure of transfers to affiliated and other party committees – the two transfers referenced were inadvertently disclosed incorrectly on Schedule H4. They should have each been disclosed on Schedule B, Line 22 as these transfers did not qualify as allocable activity.

Disclosure of allocation ratios – the ratios for the two fundraisers referenced were incorrectly reported with the administration allocation applied on Schedule H4. These two fundraisers should have been disclosed on Schedule H2 with the funds raised allocation applied. For the March 23, 2017 Lincoln Reagan dinner, the allocation ratios should have been 60% federal and 40% state. For the April 13, 2018



# Republican Party of Minnesota

---

7400 Metro BLVD, Suite 424 · Edina, MN 55439

Office: 651-222-0022 · Fax: 651-224-4122 · Web: [www.mngop.com](http://www.mngop.com)

Lincoln Reagan dinner, the allocation ratios should have been 85% federal and 15% state. Both should have been disclosed on Schedule H2. A form 99 response and a corrected Schedule H2 has been filed to clarify and correct it.

**5. Finding 5-Excessive coordinated party expenditures 11 C.F.R 109.32(b)**

The media pieces referenced were non-allocable volunteer driven mail. It is the RPM's understanding if there is a volunteer component, the expenditure does not count as a contribution to the candidate. The volunteer documentation was submitted to the audit team in a previous response.

**6. Finding 6-Disclosure of Loans and Loan Repayments 52 U.S.C Sec 20104(b)**

Regarding the incorrect reporting of RPM bank note (loan) details in terms of: maturity date of notes, interest rates, collateral, note date, the RPM as noted in correspondence to the FEC and in various memoranda to the RPM's FEC analyst, the RPM's FEC reporting software had a significant, and at the time, unsolved issue in this area. While we knew on each monthly filing as indicated to the FEC auditors that certain loan disclosures were not accurate and despite attempting to obtain corrected fields from our FEC filing software package, we were not successful from approximately May of 2017 through November of 2018. It should be noted that all loan dollar activity in terms of loan advances, loan payments, interest expense paid, and end of the reporting period loan balances were accurate in our filed FEC reports. Miscellaneous form 99 responses have been filed stating the correct interest rate, incur date, due date, period beginning and ending note balances and the secured checked box as well as a digital Schedule C-1 with the bank address and authorized bank representative's name and electronic signature.