



STATE OF MICHIGAN
RUTH JOHNSON, SECRETARY OF STATE
DEPARTMENT OF STATE
LANSING

June 30, 2017

Andrea Hansen
Honigman Miller Schwartz and Cohn
222 North Washington Square
Suite 400
Lansing, Michigan 48933

Dear Ms. Hansen:

The Department of State (Department) received a formal complaint filed by Lonnie Scott against The Clean MI Committee (Committee), alleging that the Committee violated the Michigan Campaign Finance Act (MCFA or Act), 1976 PA 388, MCL 169.201 *et seq.* The investigation and resolution of this complaint is governed by section 15 of the Act and the corresponding administrative rules, R 169.51 *et seq.* A copy of the complaint and supporting documentation is enclosed with this letter.

The MCFA requires filed campaign finance statements and reports to be complete and accurate. MCL 169.234. A treasurer or record keeper who knowingly files an incomplete or inaccurate statement or report may be subject to a civil fine of up to \$1,000.00 or the amount of the undisclosed contribution, whichever is greater. MCL 169.234(7).

Mr. Scott alleges that the Committee failed to report certain in-kind contributions.

The purpose of this letter is to inform you of the Department's examination of these matters and your right to respond to the allegations before the Department proceeds further. It is important to understand that the Department is neither making this complaint nor accepting the allegations as true.

If you wish to file a written response to the complaint, you are required to do so within 15 business days of the date of this letter. Your response may include any written statement or additional documentary evidence you wish to submit. All materials must be sent to the Department of State, Bureau of Elections, Richard H. Austin Building, 1st Floor, 430 West Allegan Street, Lansing, Michigan 48918. If you fail to submit a response, the Department will render a decision based on the evidence furnished by the complainant.

A copy of your reply will be provided to Mr. Scott, who will have an opportunity to submit a rebuttal statement to the Department. After reviewing all of the statements and materials provided by the parties, the Department will determine whether "there may be reason to believe that a violation of [the MCFA] has occurred [.]". MCL 169.215(10). Note that the Department's enforcement powers include the possibility of entering a conciliation agreement or conducting an administrative hearing.

Andrea Hansen
June 30, 2017
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If you have any questions concerning this matter, you may contact me at (517) 241-0395.

Sincerely,


Lori A. Bourbonais
Bureau of Elections
Michigan Department of State

c: Lonnie Scott

**Campaign Finance Complaint Form
Michigan Department of State**

RECEIVED/FILED
MICHIGAN DEPT OF STATE
2017 JUN 26 PM 3:58
ELECTIONS GREAT SEAL

This complaint form may be used to file a complaint alleging that someone violated the Michigan Campaign Finance Act (the MCFA, 1976 PA 388, as amended; MCL 169.261 et seq.)
All information on the form must be provided along with an original signature and evidence.
Please print or type all information.

I allege that the MCFA was violated as follows:

| Section 1. Complainant | | |
|------------------------|--------------------------------|--|
| Your Name | Lonnie Scott | Daytime Telephone Number (517) 999-3646 |
| Mailing Address | 215 S Washington Sq, Suite 135 | |
| City | State | Zip |
| Lansing | MI | 48933 |

| Section 2. Alleged Violator | | |
|-----------------------------|-------------------------|-------|
| Name | Clean MI Committee | |
| Mailing Address | 3602 Waverly Hills Road | |
| City | State | Zip |
| Lansing | MI | 48917 |

Section 3. Alleged Violations (Use additional sheet if more space is needed.)

Section(s) of the MCFA violated: 169.226

Explain how those sections were violated:

A series of ads, a total of seven, were released by MIPAC to promote an announcement by Brian Calley on May 30, 2017. The announcement was the ballot proposal for Clean MI Committee. In the most recent report from the Clean MI Committee, they failed to report the ads in their Petition Proposal Statement on June 19, 2017 as an in-kind contribution.

Evidence that supports those allegations (attach copies of pertinent documents and other information):

I have attached to this document a series of links to the ads on Facebook that show May 30, 2017 as the announcement date, as well as the actual announcement by Brian Calley. Screenshots of the end of each ad are attached to show the the date promoted for the announcement.

Section 4. Certification (Required)

I certify that to the best of my knowledge, information, and belief, formed after a reasonable inquiry under the circumstances, each factual contention of this complaint is supported by evidence.

X


Signature of Complainant

6/26/17

Date

Section 5. Certification without Evidence (Supplemental to Section 4)

Section 15(6) of the MCFA (MCL 169.215) requires that the signed certification found in section 4 of this form be included in every complaint. However, if, after a reasonable inquiry under the circumstances, you are unable to certify that certain factual contentions are supported by evidence, you may also make the following certification:

I certify that to the best of my knowledge, information, or belief, there are grounds to conclude that the following specifically identified factual contentions are likely to be supported by evidence after a reasonable opportunity for further inquiry. Those specific contentions are:

X

Signature of Complainant

Date

Section 15(8) of the MCFA provides that a person who files a complaint with a false certification is responsible for a civil violation of the MCFA. The person may be required to pay a civil fine of up to \$1,000.00 and some or all of the expenses incurred by the Michigan Department of State and the alleged violator as a direct result of the filing of the complaint.

Mail or deliver the completed complaint form with an original signature and evidence to the following address:

Michigan Department of State
Bureau of Elections
Richard H. Austin Building – 1st Floor
430 West Allegan Street
Lansing, Michigan 48918

Chronological Order of Ads from MIPAC that lead to Clean MI Committee Ballot Announcement:

Reagan Video (April 24):



Brian Calley ✓

April 24 · 🌐

👍 Like Page

I've sure learned a lot and used that experience to help everyone in Michigan live a better life. Please watch my new video to learn more --> <http://share.briancalley.com/fbv>

214K Views

👍 Like

💬 Comment

➦ Share



<https://www.facebook.com/briancalley/videos/1402482789813315/>

Reagan Video (April 25):



Brian Calley ✓

April 25 · 🌐

👍 Like Page

I love being Reagan's dad. But when she was first diagnosed with Autism, we were totally lost. I have learned so much since then. I have made it my mission to help people with all kinds of disabilities to receive the education and support they need to live an independent, self-determined life.

226K Views

👍 Like 💬 Comment ➦ Share



<https://www.facebook.com/briancalley/videos/1403016033093324/>

Right Ad (April 26):



Brian Calley ✓
April 26 · 🌐

👍 Like Page

New Ad "Right" launches today! Help us #win4MI.....again. --> http://bit.ly/Calley_0426

112K Views

👍 Like

💬 Comment

➦ Share



<https://www.facebook.com/briancalley/videos/1404805459581048/>

Small Business Ad (May 2):



Brian Calley ✓

May 2 · 🌐

👍 Like Page

The unemployment rate is down in every single county in Michigan. Eliminating the job-killing Michigan business tax was critical to Michigan's Comeback. Please watch and SHARE our new ad in honor of Small Business Week and Michigan's Comeback. Learn more at BrianCalley.com

178K Views

👍 Like

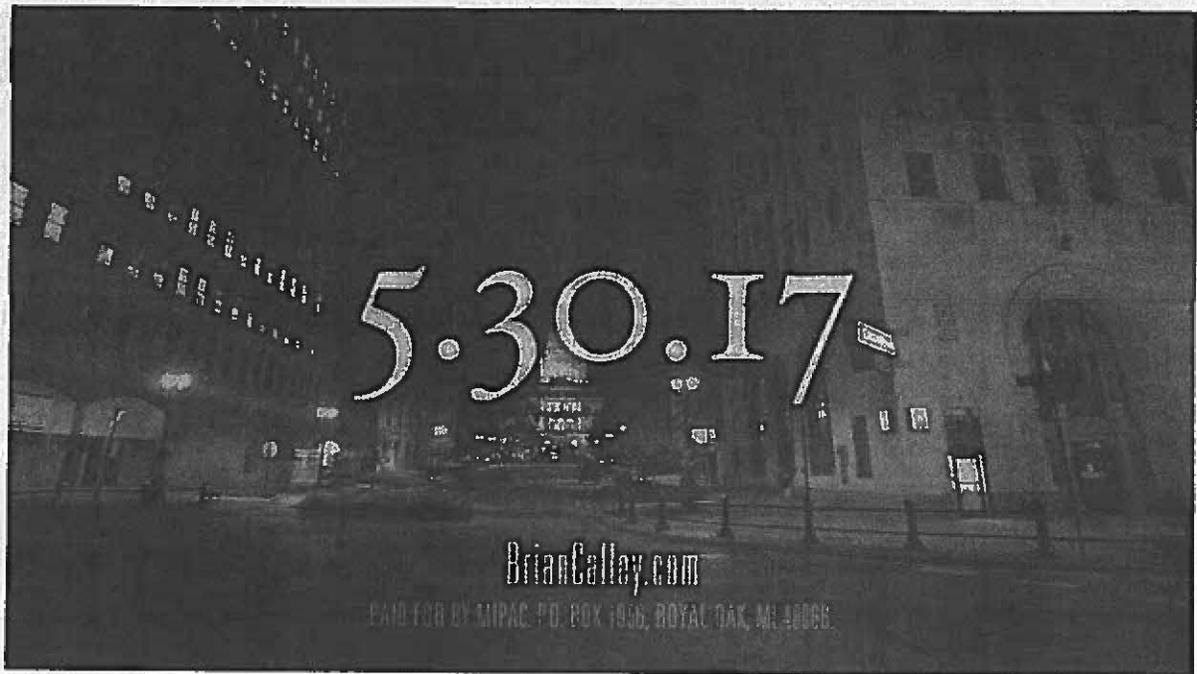
💬 Comment

➦ Share



<https://www.facebook.com/briancalley/videos/1410850148976579/>

Work Together Ad (May 8):



Brian Calley ✓

May 8 · 🌐

👍 Like Page

It is important that leaders are able to work across the aisle and solve problems for those who need it most. Please watch this ad and if you agree please comment SOLVING PROBLEMS to get more information about our efforts to work together and solve problems for the people of Michigan so that everyone can live a better life.

16K Views

👍 Like

💬 Comment

➦ Share



<https://www.facebook.com/briancalley/videos/1416165158445078/>

Skilled Trades Ad (May 23):



Brian Calley ✓

May 23 · 🌐

👍 Like Page

Skilled trade workers are vital to our Michigan economy. It's important that our schools offer classes like auto mechanics and shop to give students the opportunity to learn skills that are applicable in the real world. If you agree, join our team and be the first to learn what's next on 5.30.17 --> bit.ly/calleyskilled #Win4MI

60K Views

👍 Like 💬 Comment ➦ Share

👤 👤 👤 11K

Chronologically

<https://www.facebook.com/briancalley/videos/1431615363566724/>

Bus Ad (May 26):



Brian Calley ✓

May 26 · 🌐

👍 Like Page

As Memorial Day approaches, it's important to keep our focus on members of the armed forces who have paid the the ultimate sacrifice in defense of our Republic. One way to honor those who have fallen is to take better care of those currently serving and our veterans. We need a political system that focuses less on the politicians and more on the real American heroes that put their lives on the line for all of us.

41K Views

👍 Like

💬 Comment

➦ Share



<https://www.facebook.com/briancalley/videos/1434575003270760/>

Announcement on 05/30/2017 about Clean MI Committee Ballot Proposal:



Brian Calley  was live.

May 30 at 3:28pm · 

Lt. Governor Brian Calley's Big Announcement

9.7K Views

 Like

 Comment

 Share



<https://www.facebook.com/briancalley/videos/1438122089582718/>



STATE OF MICHIGAN
RUTH JOHNSON, SECRETARY OF STATE
DEPARTMENT OF STATE
LANSING

August 1, 2017

Lonnie Scott
215 S Washington Square, Suite 135
Lansing, MI 48933

Dear Mr. Scott:

The Department of State received a response to the complaint you filed against the Clean MI Committee, which concerns an alleged violation of the Michigan Campaign Finance Act (MCFA), 1976 P.A. 388, MCL 169.201 *et seq.* A copy of the response is provided as an enclosure with this letter.

If you elect to file a rebuttal statement, you are required to send it within 10 business days of the date of this letter to the Bureau of Elections, Richard H. Austin Building, 1st Floor, 430 West Allegan Street, Lansing, Michigan 48918.

Sincerely,

A handwritten signature in cursive script that reads "Lori A. Bourbonais".

Lori A. Bourbonais
Bureau of Elections
Michigan Department of State

c: Andrea L. Hansen

MICHIGAN DEPARTMENT OF STATE
BUREAU OF ELECTIONS

RECEIVED/FILED
MICHIGAN DEPT OF STATE
2017 JUL 21 PM 3:36
ELECTIONS/GREAT SEAL

Complainant: Lonnie Scott

Respondent: Clean MI Committee

RESPONSE TO COMPLAINT FILED BY LONNIE SCOTT

Respondent Clean MI Committee, a duly registered ballot question committee, through its counsel, Honigman Miller Schwartz & Cohn LLP, files this Response to the Complaint filed by Lonnie Scott, as follows:

I. Introduction

The Clean MI Committee is a ballot question committee formed to support the petition to amend the Constitution to provide for, among other things, a part-time legislature. The Clean MI Committee announced its plans to seek a part-time legislature on May 30, 2017, and began circulating its petition for signatures in June. The first (and at this time only) campaign finance report filed by the Clean MI Committee was the Petition Proposal Statement, which was filed on June 19, 2017 (with a closing date of June 9, 2017). Given the short time frame between the public announcement and the filing deadline for the Petition Proposal Statement, it is not surprising that this report did not contain a large number of contributions or expenditures. A second report will be filed on or before July 25, as required by the Michigan Campaign Finance Act, MCL 169.201 et. seq. (the "MCFA").

On June 30, 2017, the Clean MI Committee received notice from the Department of State that Mr. Scott had filed a campaign finance complaint alleging that the Clean MI Committee failed to report certain in-kind contributions. Mr. Scott bases this complaint on a series of ads

leading up to the public announcement on May 30, 2017, all of which with full transparency identified MIPAC, an independent committee, as paying for such ads. With the exception of the final ad on May 30, 2017, which states accurately that it was paid for by the Clean MI Committee, not MIPAC as incorrectly alleged by Mr. Scott, not one of these ads mentions the ballot proposal or even the issue of a part time legislature. In addition, Mr. Scott fails to even allege, much less provide evidence of, when the Clean MI Committee received notification of these purported in-kind contributions.

As will be discussed in detail below, Mr. Scott has failed to allege, must less demonstrate, a violation of the MCFA against the Clean MI Committee.

II. Alleged Failure to Report In-Kind Contributions

A. Applicable Law

An in-kind contribution or expenditure “means a contribution or expenditure other than money.” MCL 169.209(3). The Ballot Question Committee Manual published by the Department of State (“BQC Manual”) further defines “in-kind contribution” in part as “goods, services and facilities donated or loaned to the committee at no cost or at a discount. An in-kind contribution could be a donation of postage stamps, paying off a debt incurred by the committee or donating professional services to the committee.” *See BQC Manual, Recording and Reporting Contributions and Other Receipts.*

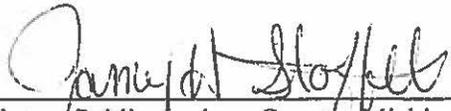
The treasurer and recordkeeper of a committee are required to record and report all contributions received from other committees, regardless of the amount, date received, and the committee’s name and address. *Id.* The BQC Manual specifically provides as follows with respect to reporting obligations and the date of receipt:

The date of receipt is not the date the check or other written instrument was written or the date the contribution was deposited into the committee’s account. The committee receives a contribution on the date that the monetary funds,

Further Affiant Sayeth Not.

Subscribed and sworn to before me

this 18 day of July, 2017



Notary Public, Ingham County, Michigan
My Commission Expires:

JAMY A. STAFFELD
NOTARY PUBLIC, STATE OF MI
COUNTY OF INGHAM
MY COMMISSION EXPIRES Nov 8, 2019
ACTING IN COUNTY OF Ingham



STATE OF MICHIGAN
RUTH JOHNSON, SECRETARY OF STATE
DEPARTMENT OF STATE
LANSING

October 19, 2017

Lonnie Scott
215 South Washington Square
Suite 135
Lansing, Michigan 48933

Dear Mr. Scott:

The Department of State (Department) has concluded its review of the complaint filed by you against the Clean MI Committee (Committee) concerning an alleged violation of the Michigan Campaign Finance Act (MCFA or Act), 1976 PA 388, MCL 169.201 *et seq.* This letter concerns the disposition of your complaint.

You alleged that the Committee failed to report in-kind contributions related to certain ads paid for by MIPAC on its June 19, 2017 Petition Proposal campaign statement.

The MCFA requires filed campaign finance statements and reports to be complete and accurate. MCL 169.234. A treasurer or record keeper who knowingly files an incomplete or inaccurate statement or report may be subject to a civil fine of up to \$1,000.00 or the amount of the undisclosed contribution, whichever is greater. MCL 169.234(7).

You filed your complaint on June 26, 2017, and the Committee filed an answer on July 21, 2017. You did not file a rebuttal statement with the Department.

Your complaint alleged that MIPAC ran a series of 7 ads between April 24, 2017 and May 26, 2017 which featured Lt. Governor Brian Calley and included the date "5.30.17 [.]". Your complaint alleged that these ads were released to promote the announcement of the ballot proposal sponsored by the Committee, and the Committee failed to report the in-kind contributions on its June 19, 2017 Petition Proposal campaign statement. You provided as evidence screen shots of the 7 ads on Facebook, along with a link to each ad. You also provided a screen shot of the May 30, 2017 Committee announcement video, along with a link to that video.

In its answer to your complaint, the Committee asserted that it did not receive notice of the in-kind contributions made by MIPAC until July 14, 2017, well after the closing date of its June 19, 2017 Petition Proposal statement. In support of its assertion, the Committee provided affidavits from the MIPAC treasurer, Michael Stroud; the Committee treasurer, Dan DeHoek; and the Committee record keeper, Lisa Farnum.

Mr. Stroud stated in his affidavit that he "make[s] all deposits, receive[s] all invoices, pay[s] all invoices and write[s] all checks personally" for the committee. He further stated that the only

Lonnie Scott
October 19, 2017
Page 2

communication he had with the Committee was a letter he mailed to Lisa Farnum on July 14, 2017, which identified the in-kind contributions made by MIPAC for the Committee. Mr. Stroud finally stated that it was his understanding that he was required to inform the Committee of the in-kind contributions it would be reporting on MIPAC's July campaign statement in time for the Committee to also report the in-kind contributions on its July campaign statement.

Mr. DeHoek stated in his affidavit that he "provided Lisa Farnum with information concerning all contributions received and expenditures made [by the Committee] through the closing date of June 9, 2017" for Committee's June 19, 2017 Petition Proposal statement. Mr. DeHoek further stated that he "was not aware that [MIPAC] made any in-kind contributions to [the Committee] until July 18, 2017," when Ms. Farnum provided a copy of the letter she received from MIPAC.

Ms. Farnum stated in her affidavit that she "reported all contributions received and expenditures made [by the Committee] through the closing date of June 9, 2017" on the Committee's June 19, 2017 Petition Proposal statement. Ms. Farnum further stated that neither she nor Mr. DeHoek "received any notice of an in-kind contribution from any source at the time of the filing, nor was [she] aware of any in-kind contributions" when she filed the June 19 statement. Ms. Farnum finally stated that the only communication she had with anyone from MIPAC was the letter she received on July 18, 2017 from Mr. Stroud, and she was not aware of any in-kind contributions made by MIPAC to the Committee until she received that letter.

No evidence has been provided to refute the statements in these affidavits that the Committee was not aware of the in-kind contributions prior to the June 9, 2017 closing date of the June 19, 2017 Petition Proposal statement.

The Department has carefully reviewed the three affidavits provided with the Committee's answer, the July 14, 2017 letter from MIPAC to the Committee, and the Committee's 2017 July Quarterly and Amended July Quarterly campaign statements. Based on these materials, the Committee answered the allegations in your complaint to the Department's satisfaction, and the Committee timely reported the in-kind contributions from MIPAC on its 2017 July Quarterly campaign statement.

Because the Committee timely reported the in-kind contributions from MIPAC, your complaint is dismissed.

Sincerely,



Lori A. Bourbonais
Bureau of Elections
Michigan Secretary of State

c: Andrea Hansen