

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

**Findings and Order
in the Matter of the Complaint of Nathan Haase
Regarding the Cy Thao Campaign Committee**

Background

On October 22, 2009, Nathan Haase (“Complainant”) filed a complaint with the Campaign Finance and Public Disclosure Board (“the Board”) relating to State Representative Cy Thao and, by extension, Representative Thao’s principal campaign committee, the Cy Thao Campaign Committee (“the Committee”).

On October 26, 2009, the Board advised Representative Thao of the complaint and offered him an opportunity to respond. On November 10, 2009, Board staff sent an additional letter to Representative Thao requesting specific information and documents. The Board also requested Representative Thao to agree to a staff interview as part of the investigation. Representative Thao provided a written response and agreed to participate in such an interview. Representative Thao provided an additional written response and statement during the executive session of the Board meeting of January 12, 2010.

Summary of Allegations

The complaint lists several payments in 2006 and 2008 that were reported by the Committee as being for the purpose of “lawn sign”. Complainant alleged that Representative Thao told him during a meeting that these expenses were not for the purchase of lawn signs, but were for labor related to lawn signs. The complaint alleges that reporting these expenses as being for “lawn sign” when they were for labor constituted false reporting in violation of Minnesota Statutes, Section 10A.025, subd. 2.

The complaint also listed expenses in of \$1,000 in 2006 and \$2,000 in 2008 for literature design services. Complainant alleged that the payee, Leng Vang, was Representative Thao’s brother-in-law. He further alleged that the payments to Mr. Vang deliberately exceeded the value of the services provided. In support of this allegation, the Complainant included email correspondence he had with Mr. Vang in which Mr. Vang quoted a price of \$500 to design a campaign literature piece similar to the ones he did for Representative Thao.

Finally the complaint lists a payment on December 28, 2008, in the amount of \$2,000 to “Sunlight” for “office rental (1/08 – 12/08)”. The address of the property is reported as 448 Virginia St., St. Paul, MN, although testimony clarified that it was actually 440 Virginia St.

Complainant alleged that the property is owned by a friend and associate of Representative Thao and that it is rented by one Sunlight Services. The Complainant alleged that a person identified by Representative Thao as a “campaign advisor” refused to answer a question as to whether a campaign office existed. The Complainant raises the issue of whether this expense is a true representation of the actual use of the money.

Scope of Investigation

The Complaint raises two issues. First, were the reported transactions described with sufficient accuracy and, second, were the described services actually purchased, or were the payments really gifts reported as payments for services.

Minnesota Statutes and administrative rules require that reports specify the purpose of each expenditure. Pursuant to Minnesota Statutes, Section 10A.025, the person filing a report must certify the report to be true. Certifying a report as true with the knowledge that it is false is a violation.

The Board is charged with ensuring that financial transactions of principal campaign committees are accurately reported. The Board does not have jurisdiction over questions of whether expenditures were legal or appropriate. That determination is made based on the provisions of Section 211B.12, which state that “the use of money collected for political purposes is prohibited unless the use is reasonably related to the conduct of election campaigns or is a noncampaign disbursement as defined in Minnesota Statutes, Section 10A.01, subd. 26”.

The Board has the authority to investigate filed reports on its own initiative. Once the Board accepts a complaint, it exercises that initiative to investigate all possible violations of Minnesota Statutes Chapter 10A that might arise from the conduct alleged in the complaint or from the reports under review.

This matter was first considered by the Board during the executive session of its November 6, 2009 meeting. The Board laid the matter over until its next meeting and directed staff to complete a thorough investigation, including in its scope the allegations regarding the value of services actually provided.

Representative Thao responded to the Board's request for written responses to certain questions and for the production of documents on November 20, 2009. He also consented to provide a sworn statement, which was taken in the form of an interview on November 30, 2009. Representative Thao also appeared and spoke during the executive session of the Board's meeting of January 12, 2010. He provided an additional written statement at that time.

Board staff also interviewed several other witnesses under oath and conducted a telephone interview with Leng Vang, payee for literature design work in 2006 and 2008.

The question of overpayments is important to the Board because under Minnesota Statutes, Section 10A.324, the Board is required to ensure that any public subsidy money not used for campaign expenditures is returned to the state. Overpayments for services would defeat the requirement that public subsidy money be used only for campaign expenditures.

In reviewing this entire matter, the Board cannot ignore the fact that in 2004 the committee was required to return public subsidy. Thereafter, the committee began making payments to individuals for services and, in 2008, made a payment to the candidate's corporation. Without those payments, the Committee would have been required to return public subsidy in both 2006 and 2008.

Of course, committees may pay individuals for services. However, committees may not make unreasonably large payments in relation to the services provided. If there is evidence of excessive payments, the transactions may be examined to determine if they were for value received or if they were gifts to the recipients.

In the immediate matter, three groups of payments raise questions concerning excess payments: those for “lawn sign”, those for literature design in 2006 and 2008, and the payment for “office rental” made to Sunlight in 2008.

If payments were made for services that were not rendered or that were of no value to the Committee, or if the payments were unreasonably large in view of the value of the services provided, those payments might constitute gifts or bonuses from the Committee to the recipients of the payments. If such gifts were made, they must be reported as miscellaneous expenditures (not campaign expenditures) on the Reports of Receipts and Expenditures filed with the Board. The intentional failure to report such gifts would constitute a violation of Minnesota Statutes, Section 10A.025, subd. 2.

During the course of the investigation, the Board sought various records and information from the Committee only to find that most of the requested records never existed. Minnesota Statutes, Section 10A.025, subd. 3, requires a committee to maintain records about the matters required to be reported. The records must provide “in sufficient detail the information from which filed reports and statements may be verified, explained, clarified, and checked for accuracy and completeness”. Though not raised in the complaint, the investigation also included examination of the Committee’s compliance with recordkeeping requirements.

The Complainant speculates that excessive payments may have been made so that some of the money may could be diverted back to Representative Thao personally. Although it was clear that this allegation was speculative, Board staff inquired of Representative Thao and the witnesses about the allegation in order to allow Representative Thao to publicly dispel that allegation on the record.

With respect to payments to individuals, the evidence was clear and convincing that the people receiving payments used the proceeds for their own purposes and there was never any suggestion that any money should be returned to Representative Thao. On the other hand, the testimony made it clear that “Sunlight” was a corporation owned wholly by Representative Thao and his wife, so that even if no money was returned to Representative Thao personally, the entire payment directly benefited his company.

Evidence and Analysis

Background

Cy Thao was first elected to the District 65A seat in the House of Representatives in 2002. He was re-elected in 2004, 2006, and 2008. From 2004 to the present, Noel Lee has been listed as treasurer on the Committee’s Statement of Registration and on its filed reports. However, during that same period of time, all of the Committee’s reports were signed and certified by Representative Thao himself.

Noel Lee testified that after 2004 he never performed any of the duties of treasurer. Filed reports show that the Committee’s address was the home address of Representative Thao. All checks provided by Representative Thao during this investigation were signed by him. When questioned by Board staff, Representative Thao indicated that he wrote and signed all the checks, and prepared, certified, and filed all of the reports.

The evidence was consistent that Representative Thao performed all the functions of treasurer for his committee even though Noel Lee was listed as treasurer of record with the Board. As

treasurer and as the candidate, Representative Thao is responsible for compliance with the provisions of Chapter 10A.

Board records indicate that beginning in 2004, Representative Thao's opponent in each election was Paul Holmgren. The grid below shows the reported campaign expenditures and percent of vote received for each candidate for each election year, as reported by the Office of the Secretary of State.

Year	Cy Thao \$	Thao Vote %	Paul Holmgren \$	Holmgren Vote %
2004	\$4,025	76%	0	23.6%
2006	\$9,702	80.2%	\$4,019	19.2%
2008	\$8,865	79.6%	0	19.8%

In each of the above years, the Cy Thao Campaign Committee qualified for and received public subsidy money. The amounts ranged from \$6,335 to \$7,596. The Holmgren committee received public subsidy only in 2006. The Committee returned \$2,902 in public subsidy after the 2004 election because it had not used all of its public subsidy money for campaign expenditures.

Beginning in 2006, the Committee began reporting significant amounts paid to individuals, mostly listed as being for "lawn sign". In 2008 the Committee also reported a significant rent payment. But for these payments, the Committee would have been required to return public subsidy money in both 2006 and 2008.

The amount of money paid to non-commercial payees in 2004 was only \$100. In 2006 that amount increased to \$4,000 and in 2008 it further increased to \$6,700. The investigation showed that these payments went to friends and neighbors of Representative Thao and to a corporation owned by Representative Thao and his spouse.

Reporting the purpose of expenditures

The Board first considered whether the reported purpose of expenditures listed as "lawn sign" and "office rental" were sufficient to meet the requirement that the purpose of each expenditure be accurately described. This phase of the review did not consider whether value was received for each expenditure, but was limited to establishing what Representative Thao presently claimed was the purpose of each expenditure and whether that purpose was sufficiently described on the reports.

Expenditures reported as "lawn sign"

The year-end Report of Receipts and Expenditures filed by the Committee for 2006 included the following campaign expenditures:

10/7/2006	Noel Lee	\$2,000	lawn sign
10/7/2006	Thao, Fong	\$ 500	lawn sign
10/7/2006	Thao, Keng	\$ 500	lawn sign

In 2008, similar transactions were reported, as follows:

10/20/2008	Thao, Fong	\$ 500	lawn sign
10/20/2008	Thao, Keng	\$ 500	lawn sign
12/1/2008	Thao, Sunee	\$ 500	lawn sign

Representative Thao acknowledged that he did not purchase lawn signs from any of the listed individuals. Rather, he said that these individuals put up and took down his lawn signs and monitored the signs while they were up

If a report includes sufficient information to enable a reasonable person to understand what was purchased, it meets the disclosure standard. In the immediate case, a reasonable person would not have understood from the reports what was actually purchased with the “lawn sign” expenditures.

A reader would likely conclude that either the Committee purchased some special lawn sign from each of the individuals or that the report inadvertently omitted the “s” and that the report should have said “lawn signs”. In either case the reader would have not have been adequately informed as to the purpose of the payments.

With regard to these expenditures, the 2006 and 2008 reports did not meet the requirement that itemized expenditures provide a sufficient description of the service or item purchased as required by Minnesota Statutes, Section 10A.20, subd 2(g) and Minnesota Rules, part 4503.1800, subp. 2.

The 2008 expenditure reported as “office rental”

On its 2008 year-end Report of Receipts and Expenditures, the Committee reported the following item:

December 24, 2008	Sunlight	office rental 1/08 – 12/08	\$2,000
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The categorization of the expenditure as being for office rental for a period of 12 months is misleading both with respect to what was paid for and the duration of the benefit received.

When questioned about this expenditure Representative Thao explained that he did not actually rent physical office space. Rather, he stated that he had the use of a fax and copy machine and telephones in the Sunlight office space. He also explained that Sunlight provided wireless access to the internet that he was able to use from his home and that it provided a personal computer, laptop, and multi-function machine in his home that he used for campaign purposes.

Representative Thao was also asked whether the period of the expenditure was accurately reported. He indicated that he put down the full year “because the campaign never ends”. He later indicated that the active period for a campaign was 10 months.

Representative Thao testified that he did not actually rent an office. He had no desk in the space and did not have the right to use the computers there. He never used the space for any campaign purpose and did not use the office address or telephone numbers for Committee purposes.

Although Representative Thao testified that a campaign never ends, the bulk of his testimony suggests that his 2008 campaign was limited in time and activities. Contrary to the Committee’s filed report, Representative Thao testified that the services agreement did not come into place in January, 2008. In fact, he could not provide any evidence of when it did come into existence. At one point he testified that his right to use the facilities started in February and lasted 10 months.

The testimony leads to the conclusion that classifying the payment to Sunlight as a payment for “office rental” for the full year of 2008 was inaccurate and did not meet the statutory requirements for disclosure of the purpose of expenditures.

Investigation of Excessive Payments

The Board has not previously investigated a complaint alleging that intentionally excessive amounts were paid to individuals or other entities. In fact, due to campaign spending limits, the more common allegation is that payments are lower than the fair market value of the benefits received. While the allegation is not made explicitly, the question arises as to whether excessive payments were made so that the Committee would not be required to return public subsidy money in 2006 and 2008, as it was required to do in 2004.

The issue of excessive payments was most strongly raised with regard to the amounts paid to Leng Vang for literature design. Mr. Vang was paid \$1,000 in 2006 and \$2,000 in 2008. An email exchange between Complainant and Mr. Vang suggested that his negotiated rate for similar design would be \$500.

Because Complainant provided significant evidentiary support on the question of excessive payments for literature design, the Board directed staff to include in the scope of the investigation Complainant's allegations of excessive payments with respect to other transactions disclosed on the Committee's reports.

When reviewing reports, the Board applies a "reasonableness" standard to a committee's determination of values. This standard applies most often to the valuation of in-kind goods or services received; however, the Board sees no reason it should not also apply when examining amounts paid for services for which there is no established price.

It should also be recognized that application of a reasonableness standard is required only when a committee itself plays a significant role in determining how much will be paid for services. Thus, such a standard is not typically applicable to purchases from commercial vendors which have established prices or negotiate terms at arm's-length. It would not be possible, for example, to pay AT&T an amount in excess of the established price services. Any excess payment would result in a credit or a refund to the payee.

The "reasonableness" standard favors the reporting committee since all that must be established is that there is a reasonable relationship between the services received and the amount paid. To establish that a value is reasonable, a treasurer must be able to articulate the basis for the determination.

The question for the Board in these situations is whether the payment was so high that no reasonable basis for its amount can be established. In that case, the Board may conclude that all or part of the payment was a gift and must be reported as such.

When considering the reasonableness of payments for services the Board will consider all of the facts surrounding the transaction. Of particular importance are a committee's records establishing the nature and scope of the services, including bids, contracts, specifications, and invoices received.

A committee is required to keep adequate records to facilitate the Board's inquiry into its financial transactions. Minnesota Statutes, Section 10A.025, subd. 3, provides:

"A person required to file a report or statement must maintain records on the matters required to be reported, including vouchers, canceled checks, bills, invoices, worksheets, and receipts, that will provide in sufficient detail the necessary information

from which the filed reports and statements may be verified, explained, clarified, and checked for accuracy and completeness. . . .”

The requirement that sufficient records must be maintained so that financial transactions may be explained, clarified, and verified ensures that the Board will have available to it the necessary information to determine the validity of data included on filed reports.

As the treasurer of the Cy Thao Campaign Committee, Representative Thao completely failed to meet this requirement with respect to the transactions under investigation.

Review of specific service expenditures

Payments for lawn sign services

In addition to speaking with Representative Thao, Board staff interviewed Noel Lee, Keng Thao, Sunee Thao, and Angelina Nguyen, who served as campaign manager in 2008, regarding payments for lawn sign work. Fong Thao could not be located. The testimony of most of the witnesses was vague. Keng Thao and Sunee Thao professed a lack of memory even for events as recent as the 2008 election season. The testimony of Noel Lee and of Representative Thao each contained internal contradictions. Some witnesses contradicted each other. The only witness who remembered relevant events and testified consistently was Angelina Nguyen. However, her involvement with signs did not include any of the persons listed on the Committee’s reports as being paid for lawn sign work.

The testimony shows that the Committee had no contract with any individual who performed work on lawn signs. There were no specifications for the scope of the work, no time records and no invoices. The only documentary evidence was the checks paying for the work. Lacking any documentary evidence, the Board attempted to determine the scope of the work based on the testimony of the witnesses.

One factor considered was the number of signs that were put up in 2006 and 2008. Neither Representative Thao nor any other witness could provide an accurate estimate of the number of signs available in either year. The Board obtained the original invoice from the printer, which confirmed the purchase of 508 plastic signs during the 2002 election. (Noel Lee testified that in 2006 there were both plastic and cardboard signs, but there was no other evidence that cardboard signs ever existed.) At the Board’s request, Representative Thao counted the signs he had left after the 2008 election and the count was 154.

In 2006, Noel Lee was the lead person for the sign work. Mr. Lee was a friend of Representative Thao who had been a volunteer in Representative Thao’s earlier campaigns. In a meeting with the Complainant, Representative Thao said that Noel Lee was paid \$2,000 in 2006 because he coordinated all of the work to put the signs up, monitor them, and take them down. Representative Thao said “He essentially does that and managing the whole campaign.”

The memo field on the check paying Noel Lee in 2006 contained the notation “Campaign manager”. Representative Thao’s testimony in this investigation suggested that Mr. Lee had done no work for the campaign beyond lawn sign work. When he was asked about the memo notation, Representative Thao stated: “I guess when I put that down I was thinking that . . . essentially the signs were the whole campaign.”

Board staff questioned Representative Thao about how the fee of \$2,000 was determined. In this respect, the testimony was clear. Representative Thao simply picked that amount as what he would pay Mr. Lee to get the signs up and down. There was no negotiation and no attempt to

relate the amount of the payment to the amount of work that might be involved. Representative Thao testified “I think before he started the work, I called him up and said: Hey, I need you to get these lawn signs up and I’ll pay you \$2,000 to do it”. When asked again how he came up with the \$2,000 figure, Representative Thao responded “I don’t know”.

The Board also inquired about the 2006 hiring of Keng Thao and Fong Thao, teenagers who were neighbors (but not relatives) of Representative Thao. Representative Thao testified that Noel Lee “was able to find three or four volunteers and it [the sign installation] wasn’t done. I gave him a couple of week-ends to get it done and it wasn’t done and so I think the idea with Fong and Keng was: now I will hire people to get it done.” When questioned further about the statement that Noel Lee got volunteers to work on the signs, Representative Thao acknowledged that he didn’t know if Noel Lee got any volunteers to work on signs. The only thing he knew was that he told Noel Lee to get the lawn signs up and the job wasn’t done.

Representative Thao’s decision to hire more people when the signs weren’t up after “a couple of week-ends” suggests that two week-ends was the amount of time he expected the job to take.

Representative Thao testified that it was he who picked Fong and Keng Thao to help with the signs and he notified Noel Lee. When asked about the compensation to Keng Thao and Fong Thao, Representative Thao testified: “There was no negotiation. I just told them I need to get the lawn signs done. Noel is going to call you guys. You guys are going to do it. I’ll pay you \$500. OK.”

When asked generally about the amounts he paid, Representative Thao testified that his position is that when work needs to be done he has to pay “whatever the amount is to get it done. . . I have never quantified that and put it in dollar amounts. . . .What I can pay and what I think is reasonable, I tell them I’ll pay you this amount and they accept the job without discussion.”

With respect to the 2008 sign work, Representative Thao initially said that Angelina Nguyen “took over all that responsibility”, but later in his testimony he said he did not know who handled the sign project and that it could have been Fong Thao. He also did not know if all of the available signs were put up in 2008.

Noel Lee’s testimony was vague and inconsistent. Initially he said that Keng Thao was “a student I recruited to help do lawn signs. . . I asked him to help do lawn signs for Cy Thao’s campaign since I was the campaign coordinator slash lawn sign volunteer”. Upon further questioning, Mr. Lee acknowledged that Representative Thao provided Fong and Keng for the project and that he did not recruit them; rather, his involvement was just to call them when he wanted to work on the lawn signs.

Mr. Lee testified “off the top of my head” that the lawn signs kept the group involved “pretty much all summer” and he “had them come back in late summer and pretty much all fall, too”. He stated that after the campaign they came back for a couple of weeks to pick up the signs. In all he thought they worked “three . . . four . . . five months”.

Having stated that he and Keng and Fong Thao went out for a couple of weeks to pick up the signs after the election, Mr. Lee later testified that he alone went out on one or two week-ends to take the signs down. Later still, he testified that the signs had to be taken down right after the election and that it took maybe just one week-end. “It was a very short period.”

Mr. Lee could not quantify the number of signs involved except to state that “we had a car full of lawn signs” plus some additional rebar. The car was a Chevrolet Blazer. He knew that at the end of the 2006 season there were fewer signs than when they started.

When asked about the compensation, Mr. Lee testified that Representative Thao told him “his budget for me was \$2,000”. Mr. Lee said that was to cover his gas, expenses, and as much of his time as it would pay. He testified that the money was mostly for reimbursement for his gas and the money that he had to put up “to make this happen”. When asked about the money he put up, he said it was for lunch and food and water. He said he made sure the workers had breaks and paid the expenses out of his own pocket.

Mr. Lee did not keep any record of his actual expenses for gasoline or mileage or for other items. Neither did he keep any record of the hours he or Keng Thao or Fong Thao worked. He did not submit any invoice or accounting to the Committee.

Keng Thao’s memory of sign activities in both 2006 and 2008 was very vague. He recalled that in 2006 the people involved in the signs were himself, his brother Fong Thao, and another person, whose name he did not know. He was told by his brother Fong that they were going to put up signs for Cy Thao and that they were going to be paid \$500 each. He did not have any conversations with Representative Thao in either 2006 or 2008.

Contrary to the testimony of Noel Lee, Keng Thao was certain that the driver never provided any food or beverages during the sign work in 2006.

Keng Thao testified that in 2008 the people who put up signs were him, Fong Thao, Sunee Thao, and the driver. The driver was not the same person as in 2006, but was a woman whose name he did not know. He was asked if the woman was Angelina Nguyen, but he did not know. Keng Thao testified that during the election season he and Fong Thao checked the signs, with Fong driving. He also helped pick up the signs after the 2008 election. The same woman drove as when they put the signs up.

Angelina Nguyen testified that she did not know who Fong Thao or Keng Thao or Sunee Thao were. She said that on one week-end in 2008 she and her brother put up lawn signs. She picked the signs from the porch at Representative Thao’s home. She had a Honda Accord and was able to get most of the signs in one load, using the trunk, back seat and leg space in the front passenger seat.

Ms. Nguyen and her brother worked eight hours one day. When she had placed all of the signs from the first load, she went back for a second load and took the remaining signs. She and her brother worked three to four hours the second day and ended up returning 10 – 12 signs to Representative Thao’s porch.

She was not involved in sign placement other than the one week-end and was not involved in removing the signs after the election.

Sunee Thao testified that he helped with putting the signs up in 2008. He did not help take the signs down. He testified that Fong Thao drove when they put the signs up, contrary to the testimony of Keng Thao that there was a woman driver. Other than Keng Thao’s own testimony, the Board was unable to find any evidence of the woman driver he described.

Based on the testimony of Noel Lee that at the end of 2006 all of the signs fit in one load in his Chevrolet Blazer and the testimony of Angelina Nguyen about the quantity of signs she and her

brother installed in 2008, it appears that Keng Thao, Fong Thao, and Sunee Thao could not have installed a significant number of signs in 2008.

Analysis

The testimony about installation, maintenance, and removal of lawn signs was vague and inconsistent throughout. No one was able to provide an accurate estimate of the number of signs installed in either 2006 or 2008 or of the amount of time it took to do the work.

The only reliable testimony was from Angelina Nguyen who put up what appears to be most of the available signs in 2008. The testimony of Sunee Thao and Keng Thao was so vague and inconsistent as to provide at best minimal support for any participation by them in putting up signs in 2008. The Committee's report also shows the payment to Sunee Thao being made on December 1, 2008, while the other payments were made on October 20, 2008. No one was able to explain why one payment would be made at the end of the year. Taken with the other contradictions in the testimony the late payment suggests that Sunee Thao may not have participated in the sign installation at all.

Noel Lee testified that in 2006 he always provided food to the workers, but Keng Thao testified that food was never provided.

Noel Lee's testimony about taking down the lawn signs in 2006 was so inconsistent that it is impossible to determine who was involved or how long it took.

The only facts that can be determined with certainty are these:

The people paid for lawn sign work were friends or neighbors of Representative Thao.

The payment amounts did not result from arms-length negotiations.

Representative Thao picked an amount that he would pay and conveyed it to the workers, who readily accepted.

The amount was not based on any formula or other criteria and was unrelated to the number of hours to be worked or the number of signs involved – since no one had any idea how much time or how many signs were involved, either before or after the work was done.

There were no written contracts and the extent of the oral contracts was: "I will pay you this amount to do lawn signs".

No records of hours were kept.

No invoices were presented for payment.

Based on all of the evidence, including the testimony of Representative Thao to the effect that he simply picked a figure that he would pay, the Board concludes that the amount of the expenditures for lawn sign work is not reasonably related to the services provided. The lack of Committee records makes it difficult to determine the outside boundary of reasonableness for the payments for lawn sign work. Due to the Committee's failure to meet its recordkeeping obligations and based on the available testimony, the Board concludes that the payments for lawn sign work in 2006 and 2008 were inflated by at least 50 percent. As a result, half of each expenditure will be disallowed as a campaign expenditure.

The literature design

Representative Thao knew Leng Vang as a friend in college. Later, Representative Thao married Mr. Vang's sister. In 2004, the Committee paid Mr. Vang \$100 for literature design. In 2006 it paid \$1,000 and in 2008 it paid \$2,000. While there is nothing improper about using family or friends as service providers, the concept that payment for those services must be reasonable still applies.

The Complainant provided copies of emails he exchanged with Leng Vang regarding the design of literature. In those emails Leng Vang quoted a price of \$500 to design multiple variations of a literature piece. In his testimony, Mr. Vang indicated that the price quoted depends on who he did it for. He thought Mr. Haase was a friend of Representative Thao's.

Representative Thao was asked for any documentation related to the literature design in 2006 or 2008. He had no quotes or specifications but he did provide two invoices from Leng Vang; one dated October 11, 2006, in the amount of \$1,000 and one dated October 17, 2008, in the amount of \$2,000. However, when questioned during his testimony about these invoices, Representative Thao acknowledged the "invoices" provided to the Board had been created by Leng Vang at Representative Thao's request specifically for this investigation and that no invoices had actually been prepared or received in 2006 or 2008.

Representative Thao testified that in 2004 he did the literature design and text himself and the only responsibility of Leng Vang was to put it into an electronic format that a printer could use. In 2006 Leng Vang did the literature design from scratch. He said that Vang did several designs and the Committee printed one. Leng Vang clarified in his testimony that when he did literature design for Representative Thao, he would take one concept and produce several variations of the same concept. The designs were not each completely unique, but varied in layout and style.

Representative Thao testified that Leng Vang did not provide a quote for the 2008 work and he didn't ask Mr. Vang how much he would charge for the work before authorizing it. He stated: "I could tell you he didn't ask me for the two thousand. I told him: I'll pay you two thousand". When asked if he paid Leng Vang more than the established price, Representative Thao said "It's possible".

Mr. Vang testified that Representative Thao never discussed the fee with him before the literature design was completed in either 2006 or 2008. Describing what happened in 2006, he said there was no advance discussion of the fee. Representative Thao just sent him a check and he had no idea of how much the payment would be until he received it.

Mr. Vang said that in 2008 he was not contacted about literature design until close to the election date. Staff asked Mr. Vang if there was any discussion about a deadline or a rush to get the design done. He did not recall any such discussion and said that Cy Thao always emails him when it's almost time [that the design would be needed].

Mr. Vang was asked about the amount of the payment for the 2008 design and if he knew before completion of the work how much it would be. He said it was the same as in 2006. He didn't know how much he would get until he received the check. Mr. Vang said "Pretty much I just do it for them and if they pay me, they pay me, and if they don't, they don't".

The following exchange then took place:

Question: "Were you surprised at the amount of the check?"

Answer: "Yes"

Question: "Did you think that was excessive?"

Answer: "Yeah, and I asked my sister that and she said something about that they might not print it and maybe that's why."

Question: "So there'd be extra money?"

Answer: "Right."

Question: "That's what you understood?"

Answer: "Yeah, right."

Question: "Did you ever talk to Cy about it himself?"

Answer: "I don't think so, I think I just talked to my sister."

Question: "Why would whether they printed the piece or not have a bearing on what they paid you?"

Answer: "It doesn't. Like I said, they just pay me whatever they have. So it's like depending on their budget . . . what they decide to do, they just pay me."

Angelina Nguyen testified that she created the text for use in the 2008 piece. She provided an email sending the text to Representative Thao and he provided a copy of an email in which he forwarded the text to Leng Vang. According to email communications provided by Mr. Vang, he provided two design variations in 2008.

The time line for the literature design for 2008 can be reconstructed as follows from emails provided by Leng Vang and Representative Thao:

- August 4** Representative Thao receives Leng Vang's email address and replies that he will get the materials to Vang soon and that he doesn't need the design until the general election. The middle of October at the latest.
- October 4** Angelina Nguyen sends text for lit piece to Representative Thao.
- October 14** Representative Thao sends text to Leng Vang. Leng Vang replies that he will have something done over the week-end. [October 14, 2008, is a Tuesday.]
- October 15** Representative Thao sends email to Leng Vang saying: "email your address so I can cut you the check".
- October 17** Leng Vang sends two versions of the literature design to Representative Thao along with his mailing address.
- October 24** Representative Thao writes check for \$2,000 to Leng Vang.

October 27 Leng Vang confirms receipt of the check with an email that says “Thanks for the bonus”. [October 27, 2008, is a Monday.]

November 4 Election day.

Analysis

The timing of the request for literature design, the payment, and the discussions about not printing literature in 2008 raise the question of whether, at the time he ordered the literature design on October 14, 2008, Representative Thao already knew that the Committee would not print any literature in 2008. If that was the case, then the cost of the design was not for the purpose of influencing the election of the candidate and would not constitute a campaign expenditure.

The Board cannot ignore the fact that by 2004 Representative Thao was, by his own assessment, in a “safe district”. He testified that “at the beginning our campaign was very organized . . . as more elections - as we progressed, people get lazier and lazier”

The Committee had not printed lawn signs since 2002 and yet won elections by large margins against a challenger who in 2004 and 2008 made no campaign expenditures.

In 2008, Representative Thao sent the text for the literature design to Leng Vang on October 14. The very next day he asked for Vang’s mailing address so that he could send the check. The check was written on October 24.

There was no negotiation of the price for the literature design, no contract, and no invoice until one was manufactured for this investigation. Leng Vang himself was surprised by the amount of the check and thought it excessive.

When he asked his sister why he got such a big check, Leng Vang was told that they decided they may not print the literature. When Representative Thao was asked by Complainant about not printing literature in 2008 he stated “I decided to use my money somewhere else”.

The evidence as a whole does not provide support for Representative Thao’s contention that on October 14th when he ordered literature design, he actually planned to print literature. As soon as the next day he was ready to write the check to Leng Vang. The check was actually written ten days after the literature design was ordered and later Leng Vang was advised that the high amount was because the Committee may not print any literature – implying that there would, thus, be extra funds that could be used to compensate him.

In reality the Committee had ample funds to print a brochure and make all of the other payments it made. The Committee’s 2008 year-end report, shows an ending cash balance of \$6,730. The report also shows that the only expenditures made after October 14, the day the literature design was ordered, were to Fong Thao, Keng Thao, Sunee Thao, Leng Vang, and Sunlight.

The Board also notes the timing of these transactions. After telling Leng Vang that the Committee would need the literature design by the middle of October at the latest, Representative Thao waited until October 14 to send Mr. Vang the text for the design although he had received the text from Angelina Nguyen ten days earlier.

Also, email records provided by Mr. Vang related to the 2006 literature design show that there was an active interchange between him and Representative Thao regarding the details of the design. After the 2008 design was sent to Representative Thao on October 17, three days after it was ordered, there was no further communication related to the design.

The Board finds that there is probable cause to conclude that the entire process of ordering literature design in 2008 was for purposes other than to influence the election of the candidate.

Because the entire 2008 literature design purchase was not for the purpose of influencing the election of the candidate, the Board rejects characterization of its cost as a campaign expenditure. A committee may not pay any amount for services it does not intend to use and report that cost as a campaign expenditure. The payment should have been reported as a miscellaneous expenditure for a gift or bonus to Mr. Vang.

Campaign literature was actually printed in 2006, which provides evidence that the Committee received value for the 2006 payment to Mr. Vang and that the cost was at least in part a campaign expenditure. As in 2008, there was no arms-length negotiated price in 2006. Leng Vang did not know if he would be paid or, if so, how much. The Board concludes that at least in part, the 2006 literature design transaction was for the purpose of inflating the Committee's campaign expenditures so that it would not be required to return public subsidy money. The Board's findings will reflect that not more than \$500 of the 2006 payment to Leng Vang was a campaign expenditure. The remaining amount was a miscellaneous expenditure for a gift or bonus.

The office rent

On its 2008 year-end Report of Receipts and Expenditures, the Committee reported the following item:

December 24, 2008	Sunlight	office rental 1/08 – 12/08	\$2,000
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According to Representative Thao, the "Sunlight" listed on the report is Sunlight Services, one of several similarly named corporations that he and his spouse, Lee Vang, own jointly.

The Committee's only previous payment for office rent was in 2004 when it paid \$100. When asked why he did not have expenses for rent or office services in 2006, Representative Thao stated that "I was more involved in building my assisted living and so I didn't have time to do the campaign. I wasn't involved [in the campaign]."

According to Representative Thao:

"I share the same office [as Sunlight]. I don't even have a desk, so . . . I get to use the fax, the phone and the computers. I don't have a computer for my own campaign so I use their computer and their internet system."

Later Representative Thao clarified that he did not use the computers in the Sunlight offices, but used Sunlight-owned computers that were located in his home. The internet service at his home was provided by Sunlight through a wireless network that reached his home.

The Sunlight office where the fax and phone were located was a 10x12 room staffed with Sunlight Services staff. The room itself was not available for use for Committee purposes. The committee never used the Sunlight address as its address and never used the Sunlight telephone number at that office as its number.

Representative Thao acknowledged that he had a home phone and a cellular phone that he used for campaign purposes. His 2008 report lists payments to AT&T in the amount of \$773 for "cell/phone service". When asked why he would use the phone at the Sunlight office, he said it "all depends on where I'm at."

Representative Thao was asked if he used the fax machine at the Sunlight office in 2008 for committee work. He replied:

“I have to use it to do certain stuff that I need to do, so . . . But that the fax that I sent to you guys [his campaign finance report], the report, I just hook up my home phone line from my house”.

Representative Thao explained that at his home, he had a multi-function machine that was also a printer but that he could fax with it if he had time to stay and put the pages on the screen and turn them over. He said a lot of times he did this late at night.

Representative Thao never provided a more specific answer to the question of whether he actually did any faxing from the Sunlight office. In a request subsequent to his interview, he was asked to provide any available documentation or specific information from memory regarding his use of the fax or copy machine in the Sunlight office. He was unable to provide any specifics.

When asked in a written request why he needed two computers at home for committee work, he responded: “We have a small business. We work out of the house as well as the office. Many times we work late hours, so it makes sense to have company computers at home. The PC is faster, the PC is convenient; we can go wireless and print wireless.” The response did not address the question asked or provide support for Representative Thao’s position that he needed two computers to do the committee’s work.

Representative Thao was also asked to detail the Committee’s use of the internet in 2008. His written response was: “Used the internet a lot for communication, proofing lit pieces, working on the data harvesting base. The data purchased from the DFL requires that I have internet to access their network to work on the data and service.”

The emails provided by Leng Vang contradict the assertion that there was any proofing of literature design in 2008, although there had been in 2006.

Additionally, both Representative Thao and Angelina Nguyen testified about use of the DFL database. Representative Thao testified that it was Ms. Nguyen’s job to learn how to use the voter database and to track voters in the system. He further testified that use of the database proved to be more difficult than anticipated and use of the database was abandoned in favor of just doing door-knocking.

Angelina Nguyen’s testimony was more direct. She said that Representative Thao obtained the disk from the DFL and gave it to her to put the software on her computer. She was to use the system to track voter information. However, she states that they could not find the software on the disk that was given to them and they never even attempted to implement voter tracking.

Representative Thao’s own testimony and that of Ms. Nguyen directly contradict Representative Thao’s written statement about using the internet for the voter database. Other than the five email messages described above related to literature design, there is no credible evidence supporting the Committee’s use of the internet in 2008.

Representative Thao was questioned about the value he received for the \$2,000. He said it was just the use of the Sunlight computers in his home and the Sunlight internet connection and “just that and having the ability to go use the fax whenever I need to if I need to do more faxing.”

Asked if he actually did more faxing, he said: “not as much as I thought I would need”.

Asked if as owner of the business he could have arrived at a per-page cost for faxing, he acknowledged that he could have, but said "I don't know the numbers. . . It's sort of like you have everything together and, do you count pennies?"

Again, asked if he got value for the \$2,000, he said:

"But to be able to know you have that space and to be able to say . . . , whether you use it and whether you go there or not, you have that space."

Immediately after making the above statement, Representative Thao acknowledged again that Sunlight staff used the office space. He wouldn't be able to, and never did, use the space for campaign purposes.

Representative Thao testified that he thought the services received were worth the amount of the payment. He said that the use started in February and lasted 10 months. The report, however, says the services lasted the entire calendar year.

Representative Thao was also asked about the timing and circumstances of the agreement to pay Sunlight \$2,000. He stated:

"My wife was in the office and, same thing [as how he decided other payment amounts], I say I need the service – give you guys \$2,000."

Asked if the conversation happened in January, 2008, since that is the first date of the services as listed on the Committee's report, Representative Thao said "No, I put January on there [the report] cause that's when you start. Campaign never ends, so I am always constantly using the equipment. I don't know – I just put the whole year in."

Upon further questioning, Representative Thao was unable to even approximate the date that the conversation about paying Sunlight took place.

Lee Vang, wife of Representative Thao, was also interviewed about the payment to Sunlight. She acknowledged that she had spoken with Representative Thao about his testimony and about the issues that were raised with regard to the payment. Her testimony generally supported that of Representative Thao.

She indicated that the computers in their home consisted of a laptop and a desktop computer. Both were available for personal family use, business use, and use by the Committee.

Ms. Vang was not able to provide any more detail about actual use of services by the committee. She said "I know he receives faxes there and I know he comes and makes copies but I don't keep track of how many times he comes."

Her description of the conversation with Representative Thao regarding the payment is to Sunlight has that conversation taking place at home rather than at the Sunlight office. She says that Representative Thao said "I only have this amount of money and would that be OK and I said, sure".

The following exchange took place concerning when the discussion of the payment to Sunlight occurred:

Question: "And your understanding . . . I don't want to put words into your mouth, but what I understood you to say was that the amount [that would be paid to Sunlight] was

based primarily on what the Committee felt that it could pay for this package of services and equipment?”

Answer: “That’s correct.”

[Intervening questions omitted]

Question: “Getting back to the discussion of the amount of money that was paid to Sunlight Services, nobody has been able to tell me with any precision when those discussions occurred, but we know when the check was issued. Is it possible, or do you recall that those discussions actually didn’t take place until the end of the year and Cy maybe wanted to . . . “

Answer: “I don’t remember.”

Question: “You just don’t remember?”

Answer” Yeah. It would be, for sure, before the check was cut. That’s what I can say.”

Question: “But it could have been shortly before the check was cut, you just don’t know?”

Answer: “Yeah, I don’t remember.”

Analysis

The Committee paid a company owned by the candidate and his spouse \$2,000 on December 28, 2008, and reported the expense as office rental. Upon questioning it quickly became clear that the payment was not for office rental. Representative Thao then characterized the payment as being for a package of services.

Although the witnesses indicated that Representative Thao had use of the Sunlight office, further testimony indicated that he did not have use of office space or computers in the office, but that he would be permitted to enter the office to do faxing or copying.

The need for this faxing or copying was never made clear. Representative Thao said he didn’t use the services as much as he expected. Lee Vang said Cy Thao received faxes at the office and made copies but she could provide no evidence on the frequency or volume even though she testified that she was the Sunlight staff member in the office all the time.

The phone in the office was allegedly available to Representative Thao, but no satisfactory explanation was given as to why that phone would ever be needed in view of the fact that he did not use the office and had both a personal home phone and cellular phone available for his use.

Apparently Sunlight owned the computers that were in Representative Thao’s home. Lee Vang testified that they were available for family use, Committee use, and business use. However, she also testified that she had her own laptop that she carried with her for business use and there was no evidence that Representative Thao used the computers in the home for the Sunlight businesses. It appears that the Sunlight-owned computers in the home were primarily family computers used minimally by the Committee.

Cy Thao testified that he did his campaign finance reports on the computers in his home although there was no explanation of why two computers would be needed for committee work. The

Committee's 2008 year-end Report of Receipts and Expenditures includes five pages that appear to be printed out of a computer. The committee did not use the Campaign Finance Board's Campaign Finance Reporter software. The entire computer generated portion consists of 36 itemized transactions and several unitemized totals.

Representative Thao acknowledged that when he faxed the report to the Board he did not use the fax in the Sunlight office. He used a multi-function machine that was in his home. He indicated that this machine was owned by Sunlight.

Board records show that in 2004, 2005, 2006, and 2007 there are no reported expenses to Sunlight. The Board also notes that the Committee's reports for those years were also faxed from the Thao home telephone number. This suggests that services were provided in those years as well, though they were not reported. Such services would be in-kind contributions from Sunlight, which may be prohibited under statutes not administered by the Board.

An in-kind contribution of \$20 or less does not need to be recorded or reported. It is entirely possible that in previous years any value received from Sunlight over a relevant period of time was of a low enough value not to be recorded. However, the fact that no reportable services occurred in the previous two election years raises questions concerning the amount paid for computer use in 2008, particularly in view of Representative Thao's observation that elections got easier and easier.

The date of the payment to Sunlight and the inability of the parties to provide any answer as to when the agreement with Sunlight was reached (other than it occurred before the check was cut) also raise questions. If the agreement covered from January 1, as reported, it should have been negotiated at that time and would have been first reported on the pre-primary-election Report of Receipts and Expenditures. It was not so reported.

The testimony of Representative Thao and Lee Vang were too vague to allow the Board to determine if there was any actual substantial value provided by Sunlight to the Committee. The only clear service was minimal use of a computer to keep committee records and of a multi-function machine to fax the reports to the Board (using Representative Thao's personal phone line).

At the Board meeting on January 12, 2009, Representative Thao presented cost calculations he had developed in response to this investigation to justify the amount paid to Sunlight. He submitted that a small equipped office would cost \$8,400 for 12 months. These calculations are not relevant to the matter before the Board. In the present matter, the evidence suggests that Representative Thao paid his own company for services that his committee did not need and did not use. The Board concludes that most of the payment to Sunlight was not for the purpose of influencing the election of the candidate and, thus was not a campaign expenditure.

A finding of probable cause to believe that the payment to Sunlight was far in excess of services either needed by or provided to the Committee is dictated by the evidence. The specific value of the minimal services that were provided is impossible to ascertain due to the lack of records maintained by the Committee and Sunlight. However, there is sufficient evidence to conclude that the services provided by Sunlight did not have a value in excess of \$500. The remaining payment to Sunlight was a transfer to the corporation without equal value being received and may not be treated as a campaign expenditure.

Conclusions

The Committee reported certain transactions with inaccurate descriptions. Other transactions were reported at values in excess of any reasonable value that could be assigned to those services. The result of those transactions is that the excess payments should have been reported as miscellaneous expenditures rather than as campaign expenditures.

Representative Thao failed to obtain invoices for each obligation. The committee completely failed to keep adequate records as required by statute.

Cy Thao served as the Committee's treasurer. In 2006 he certified the Committee's year-end report as true. He made the same certification with respect to the 2008 year-end report. The only remaining question is whether there is probable cause to believe that Representative Thao certified either the 2006 or the 2008 report as true, with the knowledge that it was not true.

With respect to the 2006 report, the Board sees the beginning of a pattern of inflated campaign expenditure transactions of questionable value. However, the Board declines to find that in 2006, Representative Thao knowingly certified as true a report containing false statements.

In 2008, the amount of questionable payments increased; \$6,700 of the Committee's \$8,865 in campaign expenditures were to individuals or to Representative Thao's corporation rather than to commercial vendors. All of these expenditures were called into question and findings will be made that the values ascribed to most of these transactions are so high as to be unreasonable. Even the amounts allowed as campaign expenditures find little support in the evidence.

The Board concludes that in 2008, Representative Cy Thao certified the Committee's year-end report as true with the knowledge that it contained false information concerning the purpose of the payments to Sunlight, Leng Vang, Keng Thao, Fong Thao, and Sunee Thao; that purpose being to transfer money without value received in order to increase reportable campaign expenditures.

Based on the evidence before it and the above analysis the Board makes the following:

Findings Concerning Probable Cause

1. There is probable cause to believe that transactions reported by the Cy Thao Campaign Committee on its 2006 and 2008 Reports of Receipts and Expenditures for "lawn sign" did not properly state the purpose of the transactions.
2. There is probable cause to believe that the transaction reported by the Committee on its 2008 report for a payment to "Sunlight" for "office rental 1/08 – 12/08" does not properly state the purpose of the transaction or the time frame in which the alleged services were provided.
3. There is probable cause to believe that payments for lawn sign services in 2006 in the amount of \$3,000 exceeded the reasonable value of the services by at least \$1,500 and that the excess payments constituted gifts to the payees.
4. There is probable cause to believe that the payment of \$1,000 made to Leng Vang in 2006 exceeded the reasonable value of the services provided by at least \$500 and that the excess payment constituted a gift to Leng Vang.
5. There is probable cause to believe that payments for lawn sign services in 2008 in the amount of \$1,500 exceeded the reasonable value of the services by at least \$750 and

that the excess payments constituted gifts to the payees.

6. There is probable cause to believe that the payment of \$2,000 made to Leng Vang in 2008 was not made for the purpose of providing a needed service to the Committee, but for the purpose of accomplishing a transfer of Committee funds to Leng Vang and increasing the amount of the Committee's campaign expenditures.
7. There is probable cause to believe that the payment of \$2,000 to Sunlight in 2008 exceeded the reasonable value of the services provided by at least \$1,500 and that the excess payment constituted a transfer to Sunlight for which value was not received in return.
8. There is probable cause to believe that when Representative Cy Thao certified to be true the Committee's 2008 report, he did so with the knowledge that various payments disclosed on the report were so far in excess of the value of the services received that the report constituted a false representation of the Committee's financial activities.
9. There is probable cause that Noel Lee has not served as the Committee's treasurer since at least 2004 and that the Committee has failed to amend its Statement of Organization to reflect the fact that Cy Thao has been the Committee's treasurer since that time.
10. There is probable cause that Representative Thao, as treasurer, failed to obtain invoices for each payment made by the committee as required by Minnesota Statutes, Section 10A.13, subd 2.
11. There is probable cause to believe that the Committee did not maintain sufficient records to allow verification, explanation, or clarification of reports filed with the Board as required by Minnesota Statutes, Section 10A.025, subd 3.
12. There is no probable cause to believe that Representative Thao personally received any money back from individuals who received the payments under investigation.

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

ORDER

1. These Findings and this Order constitute an amendment to the Committee's year-end reports for 2006 and 2008 and shall be filed accordingly.
2. The reductions in campaign expenditures for 2008, totaling \$4,250, result in campaign expenditures of \$1,721 less than the amount of public subsidy paid to the Committee. A check returning this amount of public subsidy, made payable to the State of Minnesota, must be delivered or sent to the Board within 30 days of the date of this order.
3. Within 30 days of the date of this order, Representative Cy Thao must pay a civil penalty of \$3,000 for knowingly certifying as true a report that contained false information, by

sending or delivering to the Board a check payable to the State of Minnesota.

4. Within 14 days of the date of this order, the Committee must file an amended statement of registration naming as treasurer the individual who will actually fulfill the statutory duties of treasurer.
5. The Committee must obtain detailed itemized invoices for future payments for services provided by individuals.
6. The Committee must maintain sufficient records for the verification, explanation, and clarification of all future financial transactions.

Dated: February 2, 2009



John J. Scanlon, Vice Chair
Campaign Finance and Public Disclosure Board

Statutes and Rules

10A.025 FILING REQUIREMENTS.

. . .

Subd. 2. **Penalty for false statements.** A report or statement required to be filed under this chapter must be signed and certified as true by the individual required to file the report. The signature may be an electronic signature consisting of a password assigned by the board. An individual who signs and certifies to be true a report or statement knowing it contains false information or who knowingly omits required information is guilty of a gross misdemeanor and subject to a civil penalty imposed by the board of up to \$3,000.

Subd. 3. **Record keeping; penalty.** A person required to file a report or statement must maintain records on the matters required to be reported, including vouchers, canceled checks, bills, invoices, worksheets, and receipts, that will provide in sufficient detail the necessary information from which the filed reports and statements may be verified, explained, clarified, and checked for accuracy and completeness. The person must keep the records available for audit, inspection, or examination by the board or its authorized representatives for four years from the date of filing of the reports or statements or of changes or corrections to them. A person who knowingly violates this subdivision is guilty of a misdemeanor.

10A.20 CAMPAIGN REPORTS.

. . .

Subd. 3. **Contents of report.**

. . .

(g) The report must disclose the name and address of each individual or association to whom aggregate expenditures, including approved expenditures, have been made by or on behalf of the reporting entity within the year in excess of \$100, together with the amount, date, and purpose of each expenditure . . .

4503.1800 REPORTING REQUIREMENTS.

. . .

Subp. 2. **Expenditures and noncampaign disbursements.** Legislative, statewide, and judicial candidates, party units, political committees and funds, and committees to promote or defeat a ballot question must itemize expenditures and noncampaign disbursements that in aggregate exceed \$100 in a calendar year on reports submitted to the board. The itemization must include the date on which the committee made or became obligated to make the expenditure or disbursement, the name and address of the vendor that provided the service or item purchased, and a description of the service or item purchased. Expenditures and noncampaign disbursements must be listed on the report alphabetically by vendor.