

From: "Eric Fought" <efought@dfi.org>
Subject: **DFL Party Files FEC Complaint Regarding Coleman's Personal Use of Campaign Funds**
Date: April 23, 2009 12:45:47 PM CDT
To: "Eric Fought" <efought@dfi.org>

MINNESOTA DEMOCRATIC–FARMER–LABOR PARTY

FOR IMMEDIATE RELEASE

CONTACT:
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DFL Party Files FEC Complaint Regarding Coleman's Personal Use of Campaign Funds

Five months after telling reporters that his campaign would seek an advisory opinion in the matter, he still hasn't

ST. PAUL (April 23, 2009) — Today the Minnesota DFL Party filed a complaint with the Federal Election Commission (FEC) alleging continued violation of federal law by the campaign of former Senator Norm Coleman. The complaint addresses Coleman's use of campaign funds to pay for his personal legal expenses in connection with a lawsuit filed in a Texas state court alleging that Coleman's longtime friend and benefactor, Nasser Kazeminy, was improperly funneling money to Coleman.

The Minnesota DFL Party released this statement from Chair Brian Melendez:

"Five months ago, former Senator Norm Coleman told us that he was seeking an opinion from the Federal Election Commission to ensure that he was following the law. Now it appears that he never sought such an opinion and, more to the point, that he was and is breaking the law by diverting campaign money for personal use. So today I am asking that the FEC investigate this matter and take swift action as appropriate.

"Mr. Coleman owes Minnesotans an explanation — both for why he is paying for his own legal problems with money that he received for entirely different purposes, and for why he hasn't taken any steps to ensure that he is acting within the law, after promising months ago that he would seek a formal opinion."

In December, the [Star Tribune reported](#) that a Coleman spokesperson stated that the campaign would seek an opinion from the FEC regarding the use of campaign funds for this purpose. Last week, [Roll Call noted](#) that such an opinion has not been sought.

The complaint states that "The Commission should investigate to determine whether Coleman has used

campaign funds to pay for his legal representation in matters that are not related to his campaign activity or duties as a Federal officeholder. If he has, he has violated 2 U.S.C. § 439a(b)(1) by converting campaign funds to personal use.”

A copy of the complaint is below.

-30-

Chair Brian Melendez, Associate Chair Donna Cassutt
255 East Plato Blvd., St. Paul, MN 55107 www.dfl.org
Phone: (651) 293-1200 Toll Free: (800) 999-7457 Fax: (651) 251-6325

**BEFORE THE
FEDERAL ELECTION COMMISSION**

Brian Melendez, chair,
Minnesota Democratic–Farmer–Labor Party
255 East Plato Boulevard
St. Paul, MN 55107-1623,

Complainant,

v.

Norm Coleman,
680 Transfer Rd., Ste. A
St. Paul, MN 55114,

Respondent.

COMPLAINT

Complainant files this complaint under 2 U.S.C. § 437g(a)(1) against Norm Coleman, requesting that the Federal Election Commission investigate violations of the Federal Election Campaign Act, as described below.

A. FACTUAL ALLEGATIONS

Norm Coleman is a former United States Senator from the state of Minnesota. He was a candidate for the United States Senate during the 2008 election cycle.

On October 27, 2008, Paul McKim, the founder and CEO of Houston-based Deep Marine Technologies ("DMT"), filed a sworn, notarized complaint in Texas state court against a group of DMT directors. In his complaint, McKim alleged that Nasser Kazeminy, a former controlling shareholder of DMT and a close friend of

Coleman's, transferred \$75,000 to Coleman (a fourth installment of \$25,000 was blocked by McKim). The payments were disguised as payments for insurance, and were funneled through Coleman's wife's employer, the Hays Companies, an insurance broker in Minneapolis. A copy of the complaint is attached as Attachment A.

A recent sworn deposition, signed by another DMT executive, corroborates this story. According to B.J. Thomas, who was Chief Financial Officer of DMT at the time, Kazeminy attempted to funnel \$100,000 to Coleman through the Hays Companies. *Minneapolis Star Tribune*, 3/27/09; *Minneapolis Star Tribune*, 3/28/09 (Attachments B & C).

In December 2008, the *Minneapolis Star Tribune* reported that the FBI has begun to investigate the allegations behind the McKim lawsuit and that, in response, Coleman has hired a defense attorney, Doug Kelley of Kelly & Wolter PC. *Minneapolis Star Tribune*, 12/16/08 (Attachment D). News sources have subsequently reported that Coleman plans to use federal campaign funds to pay for any legal bills stemming from the lawsuit and investigation. *Minneapolis Star Tribune*, 12/18/08; *St. Paul Pioneer Press*, 12/18/2008 (Attachments E & F).

B. LEGAL ARGUMENT: COLEMAN MAY HAVE CONVERTED CAMPAIGN FUNDS TO A PERSONAL USE.

The Federal Election Campaign Act prohibits a candidate or any other person from converting campaign contributions to "personal use." 2 U.S.C. § 439a(b)(1); see 11 C.F.R. § 113.2. Commission regulations define personal use as "any use of funds in a campaign account of a present or former candidate to fulfill a commitment, obligation or expense of any person that would exist irrespective of the candidate's campaign or duties as a Federal officeholder." 11 C.F.R. § 113.1(g). The Commission has found that legal fees and expenses may only be used to defend allegations "relating directly to the candidate's campaign activities or status as a Federal officeholder." FEC Adv. Op. 2003-17.

As the press reports indicate, Norm Coleman has hired Mr. Kelley to provide legal representation in connection with the FBI's investigation into the allegations behind the McKim lawsuit, and plans to pay Mr. Kelley with funds from his federal candidate committee. The Commission should investigate to determine whether Coleman has used campaign funds to pay for his legal representation in matters that are not related to his campaign activity or duties as a Federal officeholder. If he has, he has violated 2 U.S.C. § 439a(b)(1) by converting campaign funds to personal use.

C. REQUESTED ACTION

For the reasons described above, I respectfully urge the Commission to investigate whether Norm Coleman

has violated FECA by converting campaign funds to personal use. I further request that Respondents be enjoined from further violations and be fined the maximum amount permitted by law.

Sincerely,

SUBSCRIBED AND SWORN to before me this ____ day of _____, 2009.

Notary Public

My Commission Expires:

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