

SEN. NORM COLEMAN

Senator Norm Coleman (R-MN) is a first-term senator, representing Minnesota. His ethics issues stem from lodging he accepted in violation of the Senate gifts rule.

Failure to Pay Rent

When in Washington, Sen. Coleman lives in a basement apartment in the Capitol Hill townhouse of Republican operative Jeff Larson.¹ Mr. Larson runs FLS Connect, a telemarketing firm, which has been paid over \$1.4 million since 2001 by Sen. Coleman's leadership political action committee (PAC) and two campaign committees.² Mr. Larson is also the treasurer of Sen. Coleman's PAC and provides it with office space in St. Paul, MN.³ Adding to the relationship between the pair, Mr. Larson's wife, Dorene Kainz, had been employed as a casework supervisor in Sen. Coleman's St. Paul office, though after *National Journal* questioned Sen. Coleman about this, his staff announced that she would leave the office on July 10, 2008.⁴

In March 2007, Mr. Larson and his wife purchased a townhouse on Capitol Hill.⁵ In July 2007, Sen. Coleman began paying Mr. Larson \$600 per month to rent a portion of the basement apartment.⁶ After *National Journal* began asking Sen. Coleman and Mr. Larson about the senator's living arrangement, the senator "discovered" that he had failed to pay rent in November 2007 and January 2008, leading his wife to provide Mr. Larson with a personal check for \$1,200.⁷ In addition, Sen. Coleman sold Mr. Larson some furniture -- a couch, table and chairs and a desk -- to cover one month's rent, and Mr. Larson held onto Sen. Coleman's March rent check for three months, until June 17, before cashing it only days after *National Journal* began making inquiries.⁸ Similarly, Sen. Coleman did not have a lease or pay utilities for the

¹ Edward T. Pound, Friendly Dealings, *National Journal*, June 28, 2008 (Exhibit 1).

² Coleman for Senate 08, FEC Form 3 Reports, 2003-2008; Norm Coleman for US Senate, FEC Form 3 Reports, 2001-2005; NorthStar Leadership PAC, FEC Form 3 Reports, 2003-2008 (pages listing contributions attached) (Exhibit 2).

³ Pound, *National Journal*, June 28, 2008.

⁴ Id.

⁵ Id.

⁶ Id.

⁷ Pound, *National Journal*, June 28, 2008.

⁸ Id.

first year he lived in the apartment.⁹ On July 3, 2008, Sen. Coleman and his wife signed a lease and on July 14, 2008, Ms. Coleman wrote a \$532.88 check for a year's worth of utilities.¹⁰ According to his campaign manager, a verbal agreement with Mr. Larson was the basis for Sen. Coleman's annual utility bill.¹¹

Gifts Rule Violation

Rule 35, paragraph 1(a)(1) of the Senate Code of Official Conduct states that "No Member, officer or employee of the Senate shall knowingly accept a gift except as provided in this rule."¹² The Ethics Manual defines "gift" to mean "any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value. The term includes gifts of services, training, transportation, lodging and meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred."¹³

Over the past year, Sen. Coleman appears to have accepted lodging from Mr. Larson for at least three months without paying the agreed upon rent until caught by *National Journal*. Although Sen. Coleman recently paid \$1,200 and Mr. Larson cashed a check for an additional \$600 after *National Journal* questioned the pair about the payments, the fact that the payments were not made until flagged by the media heightens rather than diminishes the concerns over Sen. Coleman's conduct. Sen. Coleman's repeated missed rent payments and Mr. Larson's failure to cash Sen. Coleman's check suggest that Mr. Larson was not, in fact, necessarily expecting payment. Moreover, it is unclear whether the \$600 rental rate represents the fair market value of the apartment considering other rental rates in the Capitol Hill neighborhood. After touring Sen. Coleman's apartment, a *Minneapolis Star Tribune* reporter wrote that the space is not extravagant but well kept and renovated.¹⁴ A spokesman for Sen. Coleman said,

⁹ Kevin Duchscherer, Coleman Defends D.C. Lease, *Minneapolis Star Tribune*, August 13, 2008 (Exhibit 3).

¹⁰ Id.

¹¹ Id.

¹² Senate Ethics Manual, Select Committee on Ethics, U.S. Senate, p. 314 (2003 ed.).

¹³ Rule 35, paragraph 1(b)(1).

¹⁴ Emily Kaiser, The Down-low on Coleman's Digs in Upscale D.C. Neighborhood, *Minneapolis Star Tribune*, July 11, 2008 (Exhibit 4).

according to their research, the senator is paying fair market value,¹⁵ but a Minnesota political group reported similar apartments on Capitol Hill rent for \$1,100 to \$1,450.¹⁶

Because lodging clearly falls within the Senate's definition of "gift," Sen. Coleman appears to have violated the Senate gifts rule by accepting free lodging from Mr. Larson, someone who financially benefits from his relationship with the senator. Further complicating the issue is the question of whether the salary paid to Mr. Larson's wife as an employee in Sen. Coleman's office might constitute the true payment of the rent. Also troubling is the fact that Sen. Coleman paid his back rent, and Mr. Larson cashed Sen. Coleman's checks, only once the media began questioning the living arrangement. Finally, by failing to pay his utility bills, which were valued at \$532.88 – well over the \$49.99 permissible gift limit -- Sen. Coleman accepted an improper gift from Mr. Larson.

On July 1, 2008, CREW filed a complaint with the Senate Select Committee on Ethics requesting an investigation into this matter to determine whether Sen. Coleman has violated the Senate gifts rule.¹⁷

¹⁵ Kevin Duchscherer, DFLers claim Sen. Coleman's D.C. Digs Break Senate Rules, *Minneapolis Star Tribune*, June 30, 2008 (Exhibit 5).

¹⁶ Id.

¹⁷ Letter from Melanie Sloan, CREW, to Barbara Boxer, Chair and John Cornyn, Ranking Member, July 1, 2008 (Exhibit 6).