



STATE OF MICHIGAN  
TERRI LYNN LAND, SECRETARY OF STATE  
DEPARTMENT OF STATE  
LANSING

May 8, 2008

Mr. John D. Pirich  
Honigman Miller Schwartz and Cohn LLP  
222 N. Washington Square, Suite 400  
Lansing, Michigan 48933-1800

Dear Mr. Pirich:

On February 4, 2008, the Bureau of Elections referred your correspondence to the Legal and Regulatory Services Administration for the purpose of reviewing apparent violations of the Michigan Campaign Finance Act, 1976 PA 388, as amended, by your client, Meijer, Inc. In that correspondence, you reported that you had discovered that expenditures that should have been made by Meijer PAC were actually made by Meijer, Inc.; that the expenditures were not disclosed; and that campaign finance violations likely occurred with respect to both the Acme Township August 2, 2005 Moratorium Election and the February 27, 2007 Acme Township Recall Election.

The Department has carefully considered the written statement and supporting documentation you submitted on February 12, 2008, as well as supplemental statements submitted on February 29 and April 30, 2008, and has determined that there may be reason to believe that violations of the Act did, in fact, occur. Upon making this determination, the Department is required by law to "endeavor to correct the violation or prevent a further violation by using informal methods" and may enter into a conciliation agreement with the person involved. MCL 169.215(10). The Department now offers to resolve the violations committed by Meijer, Inc. through the execution of the enclosed conciliation agreements.

One agreement addresses violations that occurred in connection with the 2005 Moratorium Election. Specifically, the Department finds that Meijer, Inc. made expenditures totaling \$38,863.69 for the purpose of influencing the outcome of the 2005 election. This included \$17,244.99 for public relation services provided by Seyferth, Spaulding and Tennyson, Inc.; \$9,218.70 for legal services provided by Dickinson Wright PLLC; and \$12,400.00 in contributions to the Acme Taxpayers for Responsible Government. In addition, Meijer, Inc. has reported an additional \$7,600.00 in legal fees that have not been paid but should be included as expenditures, for a total of \$46,463.69.

While a corporation is allowed to make expenditures to support or oppose a ballot question, Meijer, Inc. violated section 24 of the Act by failing to file a statement of organization as a ballot

question committee with the Grand Traverse County Clerk. This violation is punishable by a late filing fee of \$300.00 and a civil or criminal fine of up to \$1000.00.

Meijer, Inc. also violated sections 34 and 35 of the Act by failing to file campaign statements disclosing the expenditures it made to defeat the Acme Township Moratorium Ordinance. A violation of section 34 is punishable by a late filing fee of \$2,000.00 and a civil or criminal fine of \$1,000.00. A violation of section 35 is punishable by a late filing fee of \$500.00 and a civil or criminal fine of up to \$1,000.00.

The proposed conciliation agreement relating to the 2005 Moratorium Election requires that Meijer, Inc. file all required statements and reports. In addition, Meijer, Inc. is required to pay late filing fees totaling \$4,800.00 to the Grand Traverse County Clerk and a civil fine totaling \$50,463.69. The civil fine is equivalent to the amount of the undisclosed expenditures (\$46,463.69) plus \$1,000.00 for each of the four missing reports. MCL 169.215(11).

The second agreement addresses violations that occurred in connection with the 2007 Recall Election. The Department finds that Meijer, Inc. made expenditures totaling \$55,437.56 to support the recall of Acme Township board members. Of this amount, \$35,348.45 was paid to Seyferth, Spaulding and Tennyson, Inc. and \$20,089.11 was paid to Dickinson Wright PLLC. These expenditures should have been made and disclosed by Meijer, Inc.'s authorized separate segregated fund, Meijer PAC. Instead, they were paid by Meijer, Inc. in direct violation of section 54 of the Act. A corporation that violates section 54 is subject to a criminal penalty of up to \$10,000.00 or a civil penalty equivalent to the amount of the improper expenditures, plus not more than \$1,000.00 for each violation.

The proposed conciliation agreement relating to the 2007 Recall Election requires Meijer, Inc. and Meijer PAC to correct the reporting violations by filing a statement with the Bureau of Elections and disclosing all expenditures made to influence the outcome of the 2007 election. The agreement also describes, through an attached affidavit signed by Meijer Vice President and General Counsel, Robert Verheulen, the internal control measures and restructuring that Meijer, Inc. has implemented to prevent future violations of the Act.

In addition, Meijer, Inc. is required to pay a civil fine totaling \$79,437.56. This fine is equivalent to the amount of the improper expenditures (\$55,437.56), plus \$1,000.00 for each of the eleven expenditures paid to Seyferth, Spaulding; \$1,000.00 for each of the nine expenditures paid to Dickinson Wright; and \$1,000.00 for each of the four reports Meijer PAC filed without disclosing these expenditures. MCL 169.215(11). Finally, the agreement requires Meijer PAC to separately pay the State of Michigan \$55,437.56, which is the amount its treasury would have been reduced if Meijer PAC had made the expenditures to support the recall effort.

Please note that the proposed Moratorium Election agreement is between Meijer, Inc. and the Secretary of State, and the proposed Recall Election agreement is between Meijer, Inc., Meijer PAC and the Secretary of State. If signed, the Secretary of State's review of this matter will be completed.

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**If Meijer, Inc. and Meijer PAC wish to enter into conciliation agreements, please return the original signed documents to this office with certified checks made payable to the State of Michigan on or before May 22, 2008.** Copies of the conciliation agreements executed by the Secretary of State's authorized representative will be returned to you promptly. If your clients do not wish to sign the agreements, Meijer, Inc. will be referred to the Attorney General for prosecution.

Sincerely,

A handwritten signature in black ink that reads "Anne Corgan". The signature is written in a cursive style with a long, sweeping underline.

Anne Corgan, Director  
Legal and Regulatory Services Administration  
Michigan Department of State

AC/kc

Enclosures