

STATE OF ARIZONA
CITIZENS CLEAN ELECTIONS COMMISSION
MUR: No. 16-004 CORIN HAMMOND
STATEMENT OF REASONS BY EXECUTIVE DIRECTOR

On behalf of the Citizens Clean Elections Commission (“Commission”), the Executive Director hereby provides the Statement of Reasons showing there is no reason to believe that violations of the Citizens Clean elections Act and/or the Commission rules (collectively, the “Act”) may have occurred.

I. Procedural Background

On September 13, 2016, Constantin Querard (“Complainant”) filed a complaint (“Complaint”) against Corin Hammond (“Respondent”), a participating candidate for the House of Representative in Legislative District (**Exhibit A**). On October 4, 2016, Respondent submitted a Response (**Exhibit B**). Complainant submitted supplemental information on October 7, 2016 (**Exhibit C**). On October 11, 2016, Respondent, through her attorneys, filed a supplemental Response (**Exhibit D**). Additionally, on November 15, 2016, Complainant submitted supplemental information to the Commission regarding a similar complaint in MUR16-005 against eight Democratic participating candidates (**Exhibit E**).

II. Alleged Violations and Analysis

A. Alleged Violations & Response

1. Complainant made the following allegations:

- a. Respondent’s pre-primary report had numerous payments to one person for office supplies and the like but did not break down the subvendor as required by rule.
- b. That a Facebook post by Respondent indicated that a person who was hired for a Democratic Party Fellows program would be able to work for Respondent and other candidates, including federal candidates. Respondent reported spending

\$6,000 on a Democratic Party Campaign “buy in” on August 24, 2016.

Complainant believes an equal amount should have been paid by the federal candidates, according to the Complaint, based on the Facebook post.

- c. Complainant Querard concedes however that “[t]here is nothing wrong with the Arizona Democratic party acting as the vendor in this case and running the coordinated program , so long as each candidate” pays proportionately.

Complainant asserts that under the advertisement on Facebook, which promised \$1,000 a month, 15-18 fellows would be needed to justify what he perceives to be the total expense. This assertion, of course, is premised on the assumption that such fellows did in fact work on three specific campaigns mentioned in the Facebook advertisement. In a supplemental filing, Complainant asserts that Respondent’s response was inadequate and that further spending required documentation.¹

2. The Response states the following:

- a. With respect to itemization, five days prior to the Complainant filing the Complaint, Commission staff had already notified Respondent of the necessary amendments to the reported expenditures (**Exhibit F**). As Respondent states in her Response, the corrections were made and the amended campaign finance report was filed on September 15, 2016.

¹ Over Respondent’s objection, the Executive Director accepted the supplemental filing. Respondent is correct that the Commission’s rules do not provide for such supplements, or, rolling complaints. On the other hand the Commission takes public comments on all agenda items. In the Executive Director’s view accepting the supplement was the appropriate course. Although no response was ordered or required, Respondent did provide a supplemental Response (Exhibit D). Complainant filed yet another supplemental argument on MUR 16-004 in his response to MUR 16-005. No response to that surreply was ordered. *See* MUR 16-005 for a further discussion of the problem of rolling complaints and the potential for unfairness to Respondents.

- b. Respondent states that the “coordinated campaign” expenditure was not a joint expenditure with the two federal candidates identified in the Facebook post relied upon by Complainant. Respondent states the Facebook posts advertising a paid fellowship for LD11 that are contained in the Complaint are not evidence that the candidates are sharing expenditures. They are a part of a coordinated campaign plan “that never came to fruition because no fellows were ever hired.” The \$6,000 Respondent paid to the Arizona Democratic Party for the coordinated campaign was for several “turnout-inducing services” such as phone calls, door knocks, and volunteer recruitment during the primary election period. Respondent attests the expenditure was made during the primary election and properly reported on her campaign finance reports.

B. Analysis

1. Failure to itemize

Participating candidates must identify the full name and street address of the person and the nature of the goods and services and compensation for which payment was made. A.R.S. § 16-948(C). In addition, A.A.C. R2-20-110(C)(3) requires candidates to identify subcontractors or vendors when reporting expenditures on the campaign finance reports.

Complainant alleges Respondent failed to identify subvendor information on expenditures made to Evelyn Lathan. However, five days prior to the Complainant filing the Complaint, Commission staff had already notified Respondent of the necessary amendments to the reported expenditures (**Exhibit F**). As Respondent states in her Response, the corrections were made and the amended campaign finance report was filed on September 15, 2016.

For the reasons set forth above, there is no reason to believe a violation of A.R.S. § 16-948(C) and A.A.C. R2-20-110(C)(3) occurred.

2. Failure to pay for proportionate share of joint expenditures

Commission Rule R2-20-110(A)(4) defines a joint expenditure as an expenditure that is made “when two or more candidates agree to share the cost of goods or services.” Accordingly, the Rule requires candidates to report expenditures made in conjunction with other candidates and for each candidate to pay his or her proportionate share of the expenditure. However the rule still requires an agreement between two or more candidates.

Complainant alleges the “coordinated campaign” or “buy-in” campaign that the Arizona Democratic Party offered to Respondent should be a “joint expenditure” because of the Respondent’s social media postings regarding a paid fellow program. Complainant believes Respondent made a joint expenditure with federal candidates Ann Kirkpatrick and Tom O’Halloran to hire a paid fellow. He believes if it was a “coordinated campaign” all should have paid the same amounts and he was unable to confirm the federal candidates also paid \$6,000 for a paid fellow/coordinated campaign.²

Respondent denies any agreement among candidates occurred and thus denies that a joint expenditure occurred. Absent this element, there is not a joint expenditure. Respondent made the expenditure during the primary election period, reported the expenditure on her campaign finance reports, and provided information in her Response regarding the nature of the services provided through the coordinated campaign. Therefore, there is no reason to believe a violation of R2-20-110(A)(4) occurred.

III. Investigation After Reason to Believe Finding

² For the reasons stated in MUR 16-005, there is no reason to believe the expenses were not direct campaign expenses authorized by A.A.C. R2-20-702 and were not for primary election purposes.

If the Commission determines by an affirmative vote of at least three (3) of its members that it has reason to believe a respondent has violated a statute or rule over which the Commission has jurisdiction, the Commission shall notify such respondent of the Commission's finding setting forth: (i) the sections of the statute or rule alleged to have been violated; (ii) the alleged factual basis supporting the finding; and (iii) an order requiring compliance within fourteen (14) days. During that period, the Respondent may provide any explanation to the Commission, comply with the order, or enter into a public administrative settlement with the Commission. A.R.S. § 16-957(A) & A.A.C. R2-20-208(A).

After the Commission finds reason to believe that a violation of a statute or rule over which the Commission has jurisdiction has occurred, the Commission shall conduct an investigation. A.A.C. R2-20-209(A). The Commission may authorize the Executive Director to subpoena all of the Respondent's records documenting disbursements, debts, or obligations to the present, and may authorize an audit.

After fourteen (14) days and upon completion of the investigation, the Executive Director will recommend whether the Commission should find probable cause to believe that a violation of a statute or rule over which the Commission has jurisdiction has occurred. A.A.C. R2-20-214(A). Upon a finding of probable cause that the alleged violator remains out of compliance, by an affirmative vote of at least three (3) of its members, the Commission may issue of an order and assess civil penalties pursuant to A.R.S. § 16-957(B). A.A.C. R2-20-217. The Commission may order the repayment of funds expended in violation of A.A.C. R2-20-702. A.A.C. R2-20-704(B).

Dated this 17th day of January, 2017.

By: s/Thomas M. Collins

Thomas M. Collins, Executive Director

EXHIBIT A

Arizona Clean Elections Commission

September 12th, 2016

To Whom It May Concern,

I am requesting that you please investigate Hammond For AZ House (201600161) for campaign finance violations.

1. Her Pre-Primary Election Report has numerous payments to Evelyn A Lathram for everything from office supplies to printed materials to postage to event tickets. None of these expenditures report the actual vender as required by Clean Elections' rules.
2. Ms. Hammond's campaign reports sharing expenses with the federal campaigns of Ann Kirkpatrick for U.S. Senate and Tom O'Halleran for U.S. House and, in fact, was advertising to hire "Paid Fellows" to participate in this team effort going back to August 1st. She was still attempting to hire labor at least as late as August 12th.

**Corin Hammond For AZ LD11 State House** shared their post.
August 12 at 10:51am · 🌐

TGIF! Are you or a friend looking for an opportunity to meet the movers and shakers of the Arizona Democratic Party during this historic 2016 election season? Do you want to help to ensure FREEDOM and OPPORTUNITY for hardworking Arizona families operating on limited or fixed budgets? Do you want to make some extra cash? Please apply to our paid fellowship program and help Corin Hammond For AZ LD11 State House, Tom O'Halleran for House, and Ann Kirkpatrick for Senate flip AZ Legislative District 11 to BLUE!

**Corin Hammond For AZ LD11 State House**
August 1 · 🌐

 Like Page

WE NEED YOU!
Hiring paid fellows ASAP based out of Oro Valley, AZ
30 hours/week with schedule flexibility
\$1000/month plus medical insurance benefits
NO AGE LIMIT!

ASAP: Now Hiring Paid Fellows!

Position: Paid Fellow **Organization:** The Arizona Democratic Party (ADP)
Location: Based out of Oro Valley, AZ
Overall Description:
Paid Fellows will be an integral part of the 2016 Coordinated Campaign. Paid Fellows will be responsible for implementing the 2016 Arizona Coordinated Campaign Field Program in their region to maximize Democratic turnout and improve Democratic performance.
Salary:
\$1000 per month. Position will include medical insurance benefits.
Application instructions:
To apply, email your resume, and three personal or professional references to Ryan Mulcahy at rmulcahy@azdem.org. Please indicate Paid Fellow in the subject.

3. There is nothing wrong with the Arizona Democratic Party acting as the vender in this case and running the coordinated program, so long as each candidate pays their third and so long as the entire expense is consumed by August 30th. It does not appear as though either condition was met. I have been unable to find \$6,000 expenses on or around August 24th on the finance reports of Kirkpatrick or O'Halleran. And at just over \$1,000 per month per Fellow, there would have needed to be 15-18 Fellows working the entire month of August, which did not happen. Moreover, because they were still hiring at least as late as August 12th, the number of Fellows needed to be hired for the ½ month that remained would be double that amount.

CCEC would be well served to request and inspect payroll records for the Paid Fellow Program to ensure a) that the three candidates splitting equally the benefits also paid equally for them, b) that the entire \$18,000 was spent/consumed by August 30th as it is illegal to use primary dollars to pay for general election activities, and c) that the work done was actually done exclusively in LD11.

Thank you for your time and please keep me posted on the progress of any investigation. Should the campaign not be in compliance, I trust you will take the appropriate steps.

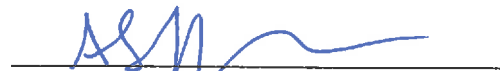
Thank you,

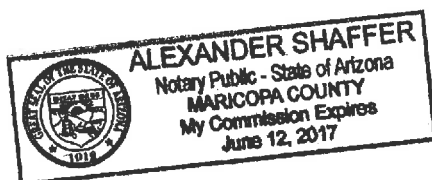


Constantin Querard
330 E Thomas Rd
Phoenix, AZ 85012

State of Arizona)
)
County of Maricopa)

Subscribed and sworn (or affirmed) before me this 13th day of September, 2016.



NOTARY PUBLIC

SEP 13 PM 2:19 CCEC

EXHIBIT B

COPPERSMITH BROCKELMAN

LAWYERS

Roopali H. Desai
rdesai@cblawyers.com
PH. (602) 381-5478
FAX (602) 772-3778

2800 North Central Avenue, Suite 1200
Phoenix, AZ 85004
CBLAWYERS.COM

October 3, 2016

VIA U.S. MAIL & E-MAIL

Sara A. Larsen
Financial Affairs & Compliance Officer
Arizona Citizens Clean Elections Commission
1616 W. Adams, Suite 110
Phoenix, AZ 85007
sara.larsen@azcleelections.gov

**Re: CCEC MUR No. 16-004 – Response of Corin Hammond to Campaign
Finance Complaint**

Dear Ms. Larsen:

As you know, this firm represents Corin Hammond for purposes of responding to the campaign finance complaint filed with the Citizen Clean Elections Commission (the "Commission") on September 12, 2016 by Constantin Querard (the "Complaint"). As detailed below, the Complaint is based on (1) technical reporting errors that have since been remedied at the Commission's prior request, and (2) pure speculation regarding the nature of Ms. Hammond's participation in an authorized and legal coordinated campaign. In short, neither basis justifies the Complaint's sweeping request that the Commission embark on an unfounded fishing expedition. The Complaint should be dismissed.

General Factual Background

Ms. Hammond is a candidate for the Arizona House of Representatives in Legislative District 11, and is a "participating candidate" receiving funds from the Commission. During the primary election period – and to maximize her reach to the voters in LD11 – she "bought in" to the Arizona Democratic Party's Coordinated Campaign (the "Coordinated Campaign"), an expenditure reported on Ms. Hammond's Amended 2016 Primary Recap Report, filed on September 15, 2016. The expenditure for Ms. Hammond's Coordinated Campaign "buy-in" is properly reported as "Professional Services – Consultants," with a memo line that reads "Coordinated Campaign Paid Fellow LD11."

The Coordinated Campaign is permissible under Arizona's campaign finance laws, and utilizes a statewide plan to help persuade and turn out voters who are supporters of Democrats. It works in all legislative districts, and through a combination of phone calls, door knocks, and volunteer recruitment, seeks to increase voter turnout with the goal of electing more Democrats to the Legislature and statewide offices. A candidate who "buys in" to the Coordinated Campaign is thus entitled to benefit from a host of services that are offered, and the amount of their "buy-in" is not separated or budgeted as between those various services that may (or may not) be utilized by a particular candidate, depending on their unique circumstances. Most

importantly here, there are two separate “buy-ins” for a candidate wishing to benefit from the Coordinated Campaign; one for the primary election, and one for the general election.

One goal of the Coordinated Campaign during the primary election period was to hire one or more paid fellows to canvass in various legislative districts, including LD11. But despite advertising for the position, the Coordinated Campaign ultimately did not hire a paid fellow to fill it. Instead, it relied on its existing infrastructure to offer services to participating candidates throughout the primary election period.

Beyond Ms. Hammond’s reported “buy-in” to the Coordinated Campaign, her campaign – like all others – has expended funds in the normal course of its activities, and many of those expenditures have taken the form of reimbursements to campaign volunteers. In a September 8, 2016 e-mail from Amy Jicha to Ms. Hammond, the Commission noted, among other things, that several reimbursement expenditures were missing “itemized (subvendor) information as required by A.A.C. R2-20-109(B),” and required that an amended campaign finance report be filed to correct the noted items by September 15, 2016. [See Exhibit 1 (9/8/2016 E-mail from A. Jicha to C. Hammond)] Ms. Hammond and her campaign corrected these clerical errors, and timely filed the amended campaign finance report as required by the Commission.

The Complaint

Four days after Ms. Jicha’s e-mail, the Complaint was filed. The Complaint contains three numbered paragraphs, but raises two substantive issues:

1. That reimbursements paid to Evelyn A. Latham fail to “report the actual vender [sic] as required by Clean Elections’ rules”; and
2. That Ms. Hammond’s “buy-in” to the Coordinated Campaign should be investigated further because the complainant has questions about how the “paid fellows” were paid and who benefitted from their work, and further speculates that primary election period funds are “illegall[y]” being used for the general election period.

We address each of these specific allegations in turn below.

Ms. Hammond’s Response to the Complaint

First, the Complaint’s allegations regarding reimbursements to Evelyn Latham were already the subject of a Commission review/audit process, and the report entries that did not identify the vendor as required by the Commission’s rules have since been corrected with the filing of Ms. Hammond’s Amended 2016 Primary Recap Report on September 15, 2016. These were, at most, clerical errors attributable to the treasurer’s relative inexperience with the Secretary of State’s campaign finance reporting system, and at no time was the fact or amount of the expenditures at issue omitted. Because the Commission specifically permitted Ms. Hammond to file an amended campaign finance report to correct those clerical errors, it should summarily dismiss this component of the Complaint. The penalty provisions of the Commission’s regulations were simply not intended to apply to innocent mistakes of this nature.

Second, the Complaint's vague and speculative allegations regarding Ms. Hammond's participation in the Coordinated Campaign represent a fundamental misunderstanding of the facts, and in any event, are not a basis on which any sort of further investigation can be justified. The Facebook posts contained in the Complaint are evidence of nothing more than the fact that Ms. Hammond re-posted a job listing for the "paid fellowships" that had been a part of the Coordinated Campaign's plan for LD11, a plan that never came to fruition because no fellows were ever hired. And though the campaigns of Representative Kirkpatrick and Mr. O'Halleran were mentioned in one of those Facebook posts, that is **not** evidence – as the Complaint baselessly claims – that Ms. Hammond was "sharing expenses" with those federal campaigns. On the contrary, increased voter turnout in LD11 among Democrats would benefit Ms. Hammond and those federal candidates alike, and there is no campaign finance violation arising out of the mere mention of their names in this context.

While the Complaint states that the Commission "would be well served to request and inspect payroll records for the Paid Fellow Program," as detailed above, there are no records to inspect because no paid fellows for LD11 were ever hired. Instead, Ms. Hammond's "buy-in" to the Coordinated Campaign gave her access to a host of other turnout-inducing services, including phone calls, door knocks, and volunteer recruitment **during the primary election period**, and her campaign has already expended an additional \$6,000 for its "buy-in" to the Coordinated Campaign for the general election period. [See Exhibit 2 (Copy of 9/20/2016 Check)] At bottom, Ms. Hammond lawfully utilized funds from the Citizens Clean Elections Fund, fully complied with A.R.S. § 16-953, and the Complaint's suggestion otherwise is unfounded.¹

Conclusion

Because Ms. Hammond has resolved the reimbursement reporting issues with the Commission's blessing and the Complaint's campaign finance allegations regarding Ms. Hammond's participation in the Coordinated Campaign have no basis in fact or law, the Complaint should be dismissed. Please feel free to contact me with questions regarding this response.

Sincerely,



Roopali H. Desai

RHD:slm

cc: Constantin Querard
330 E. Thomas Road
Phoenix, AZ 85012

¹ If anything, Ms. Hammond's reporting of her primary election period "buy-in" to the Coordinated Campaign was too specific in the memo line ("Coordinated Campaign **Paid Fellow LD11**"). This constitutes nothing more than a technical or clerical error that does not lend any credence to the Complaint's allegations.

Sara Larsen
October 3, 2016
Page 4

VERIFICATION

State of Arizona)
)
County of Maricopa)

Subscribed and sworn (or affirmed) before me this 3rd day of October, 2016.





Notary Public

Exhibit 1

----- Forwarded message -----

From: "Amy Jicha" <Amy.Jicha@azcleaselections.gov>

Date: Sep 8, 2016 8:37 AM

Subject: ***Campaign Finance Reports-Amendments Needed***

To: "corinhammond@gmail.com" <corinhammond@gmail.com>

Cc: "Sara Larsen" <Sara.Larsen@azcleaselections.gov>

...

Ms. Hammond,

I have completed the review of your Pre-Primary Election and Qualifying Period Recap Campaign Finance Reports. The reviews yielded the following:

Pre-Primary Election Report:

- The following reimbursement expenditures are missing itemized (subvendor) information as required by A.A.C. R2-20-109(B):
 - Every line item featuring Evelyn A. Lathram (14 total)
 - Corin Hammond on 6/23/2016
- The following item needs clarification:
 - GODADDY.COM on 7/01/2016
 - The memo line features David Hammond. If this individual was reimbursed, we need documentation that he is a family member as required by A.A.C. R2-20-702(C)(4) and itemized subvendor information as mentioned previously. Additionally, should David have been reimbursed, his name should be documented rather than "GODADDY.COM."

Qualifying Period Recap Report:

- The following reimbursement expenditure is missing itemized (subvendor) information as required by A.A.C. R2-20-109(B):
 - Michael Carroll

Please provide the missing information and file an amended campaign finance report by September 15, 2016. Please let me know once you have filed the amended report and contact me or Sara Larsen (sara.larsen@azcleanelections.gov) if you have any questions. Thank you.

Best,

--

Amy Jicha

Voter Education and Legal Intern

Citizens Clean Elections Commission

1616 W. Adams St., Suite 110

Phoenix, Arizona 85007

p. 602.364.3539

f. 602-364-3487



To ensure compliance with the Open Meeting Law, recipients of this message should not forward it to other board members of the public body. Members of the public body may reply to this message, but they should not send a copy of the reply to other members.

Exhibit 2

HAMMOND FOR AZ HOUSE
POB 68554
TUCSON, AZ 85737-0001

1049

9/20/16

DATE

PAY TO THE ORDER OF ARIZONA DEMOCRATIC PARTY \$ 6000 ⁰⁰/₁₀₀

SIX THOUSAND AND NO/100

DOLLARS



Security
Features
Details on
Back



BANK OF THE WEST

Tucson-Main Office
7225 N ORACLE RD
TUCSON, AZ 85704-6322
1-800-489-2265

FOR PROFESSIONAL SERVICES-CONSULTANTS

[Signature]

01049

MP

EXHIBIT C

Arizona Clean Elections Commission

October 7th, 2016

*16 OCT 7 AM 10:47 CCEC

To Whom It May Concern,

I am in receipt of the Hammond campaign's response and it raises a number of additional concerns regarding campaign finance violations.

1. There is still no detail on what services the Arizona Democratic Party provided as the vender in this case, except the Hammond campaign now claims that the expense was definitely NOT what they themselves advertised. That fails to answer the question. Moreover, they say they have added yet another \$6,000 in similar payments to the Arizona Democratic Party which must now also be properly documented.
2. The response triggered my curiosity and I took a cursory look at several other Democrats running with Clean Elections funding, and it turns out this is actually part of a pattern of behavior common among Democrats running "Clean". While many Democrats had the usual payments of \$600-800 (presumably for data), a large number paid thousands or tens of thousands of dollars to the Arizona Democratic Party without providing detail for what services they were receiving in return. Accordingly, I would ask that the Clean Elections Commission expand its inquiry to include the campaigns of:
 - a. Salman for House
 - b. Weichert for AZ Senate
 - c. Jennifer Pawlik for AZ
 - d. Deanna for District 21
 - e. Carmen Casillas for State House
 - f. Elizabeth Brown for Senate
 - g. Tom Chabin Campaign for Corporation Commission
 - h. Bill Mundell for Corporation Commission

Their payments range from \$3,300 up to \$29,750, and most of these payments are highly unusual. Many occurred very late in the primary period where the requirement is that the entire amount is consumed for primary expenses only. Elizabeth Brown for Senate has an admittedly uphill race in LD12, yet her decision to outsource the majority of her campaign to the Arizona Democratic Party is very unusual (\$12,406.71 of \$14,010.42 as of her latest finance report was paid to the ADP).

As before, CCEC and the voters of Arizona are entitled to know who the actual vendors are, what the actual expenses are, when they were made, were primary expenses actually for the primary campaign, and were these funds used exclusively for the benefit of the candidate(s) paying the expenses?

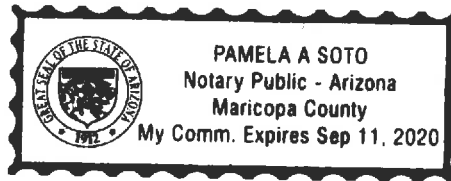
Thank you for your time and persistence.

Thank you,



Constantin Querard
330 E Thomas Rd
Phoenix, AZ 85012

State of Arizona)
)
County of Maricopa)



Subscribed and sworn (or affirmed) before me this 7th day of October, 2016.


NOTARY PUBLIC

EXHIBIT D

COPPERSMITH
BROCKELMAN
LAWYERS

Roopali H. Desai
rdesai@cblawyers.com
PH. (602) 381-5478
FAX (602) 772-3778

2800 North Central Avenue, Suite 1200
Phoenix, AZ 85004
CBLAWYERS.COM

October 11, 2016

VIA U.S. MAIL & E-MAIL

Thomas M. Collins, Executive Director
Arizona Citizens Clean Elections Commission
1616 W. Adams, Suite 110
Phoenix, AZ 85007
Thomas.Collins@azcleelections.gov

Re: CCEC MUR No. 16-004 – Surreply of Corin Hammond to Campaign Finance Complaint

Dear Tom:

We received your October 7, 2016 letter forwarding the reply sent to the Arizona Citizens Clean Elections Commission (the "Commission") by Constantin Querard in MUR No. 16-004, and write today in response (or, surreply, as it were).

First, and as it relates to MUR No. 16-004, Ms. Hammond provided the Commission with all relevant information regarding her expenditure of primary funds to obtain the services of the Arizona Democratic Party's coordinated campaign. She has nothing to add, and in any event, should not be compelled to expend additional resources for the sole purpose of satisfying Mr. Querard's partisan curiosity. Indeed, there is nothing in the statutes or in the Commission's regulations that entitle Mr. Querard to submit follow-up questions, which could be endless, or that compel Ms. Hammond to answer them simply because they were asked. If, on the other hand, the Commission determines that more information is needed when considering the complaint and response, we would be glad to provide the Commission with information that it deems relevant and necessary.

Second, regarding the additional candidates identified by Mr. Querard, this letter will confirm our telephone conversation of October 7, 2016 in which you advised that my firm has no obligation to forward Mr. Querard's letter to those candidates. You further advised that to the extent the Commission construes Mr. Querard's reply in MUR No. 16-004 as constituting new complaints against those candidates, which we do not believe it does, they will be notified as would any other party who is the subject of a complaint filed with the Commission.

Sincerely,



Roopali H. Desai

RHD:slm

cc: Constantin Querard
330 E. Thomas Road
Phoenix, AZ 85012

Thomas M. Collins
October 11, 2016
Page 2

VERIFICATION

State of Arizona)
)
County of Maricopa)

Subscribed and sworn (or affirmed) before me this 11th day of October, 2016.

Verna Colwell

Notary Public

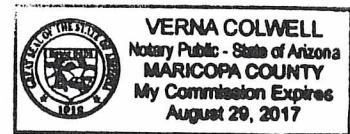


EXHIBIT E

Arizona Clean Elections Commission
November 14th, 2016

To Whom It May Concern,

'16 NOV 15 AM 11:04 CCEC

I appreciate the opportunity to provide additional thoughts to the myriad responses received from the Hammond campaign, as well as those from the Mundell, Chabin, Brown, Casillas, Weichert, Deanna, Pawlik, and Salman campaigns.

I am more certain than ever that these campaigns have transferred Clean Elections funding to the Arizona Democratic Party without receiving anything remotely approaching equal value in return, but you obviously will employ much higher standards than one consultant's "feelings." So I'll expand on the responses provided so that you can better appreciate the games that were being played and the ways these campaigns were not properly spending their money. I hope you will agree that these concerns and patterns of behavior raise questions that are worth answering.

We'll start with the Hammond response of October 3rd because it describes the Arizona Democratic Party's Coordinated Campaign ("CC") in the greatest detail. Ms. Hammond "bought in" to "maximize her reach to the voters in LD11" for the sum of \$6,000, which was paid on August 24th, less than one week before the August 30th primary. Hammond's response states that the CC "utilizes a STATEWIDE PLAN" that "works in ALL districts" (emphasis mine).

Of course, a review of Democrat candidate spending shows that candidates who actually funded, or "bought in to" this effort came from only a handful of districts. So the statewide effort was either improperly funded by Clean candidates from just a handful of districts, or the Arizona Democratic Party itself was funding and running a statewide effort in all of the districts, that was merely subsidized by a small number of willing Clean Elections candidates. In fact, I've checked the finance reports of the majority of the Democrats running for the Legislature and it was a very small minority of Democrat candidates who paid anything for this statewide program, and I have not found any traditional candidates who bought in. Similarly, no incumbent Democrats bought in.

HOW DOES THE COORDINATED CAMPAIGN FUNCTION?

According to the Hammond response "It works in all districts, and through a combination of phone calls, door knocks, and volunteer recruitment, seeks to increase voter turnout with the goal of electing more Democrats to the Legislature and statewide offices."

In other words, it is voter contact and messaging. It is not training or consulting. Which follows, given that the advertisements the Hammond campaign posted seeking paid labor stressed that other candidates, including the federal campaigns of Tom O'Halleran and Ann Kirkpatrick, would benefit from the program.

THE HAMMOND CAMPAIGN

We are assured by her response that Ms. Hammond paid \$6,000 for six days worth of voter contact and messaging at the end of her uncontested primary, and that that effort completely consumed the \$6,000 that was spent without carrying over to the general election.

Now the responses of the other candidates are fairly boilerplate, which is to be expected given they all use the same attorney. However, every one of those responses describes the exact same Coordinated Campaign that Hammond's campaign does in the opposite way. In fact, it is the contention of every other campaign that the service they received in exchange for their buy-in was exclusively consulting/training. They go to a great deal of trouble to make clear that NO product, communication, or voter contact or messaging was a part of the program or of these expenses. Where Hammond's original plan included door knockers and labor hired expressly for her LD (which same activity she said was later replaced with existing Party resources), the same Coordinated Campaign everyone else bought into now purportedly consists entirely of training and consulting, NOT labor or messaging or voter contact.

The later legal responses anticipate the complications that arise from the party spending on messaging and labor in conjunction with the Hammond campaign, so they steer their clients away from it, but the Hammond response clearly contradicts the later descriptions of what the other candidates received from the exact same program.

As both a consultant and a provider of product I appreciate the difference between the two. There are races where we may provide product but not consulting or vice versa. We also provide both to most of our clients. As such, I understand the price range one might charge for consulting or training. We charge \$275 per month for legislative races, but I know that other firms might charge \$500 or more on a monthly basis.

Still, as Hammond's response points out, the purpose of the Coordinated Campaign is voter contact and messaging. Which makes her decision to spend \$6,000 on it with six days to go in an uncontested primary nonsensical. (It does make her decision to spend \$6,000 additional dollars on it in the general election more logical.) What has not yet been demonstrated is that her primary spending was entirely for primary election efforts because it is prohibited to use primary election funding on general election efforts. Particularly because Ms. Hammond paid \$6,000 for six days worth of product at the very end of an uncontested primary, and then paid another \$6,000 for an equivalent effort that lasted the entirety of a contested general election period.

One final point regarding deciding which description of the CC is accurate. If the program were a training program, it might make sense to participate in it in either the primary or general period. But you wouldn't train on August 24th and then return for the exact same training a few weeks later. This adds additional credibility to Hammond's description of the CC and undermines the arguments made by the other campaigns.

Next, let's look at the prices paid by candidates for these services:

THE MUNDELL/CHABIN CAMPAIGNS

Mundell and Chabin ran as a team from the very beginnings of their campaign. From their initial kickoff, to their initial press release, to their signage and their messaging, they ran as a single team. They both clearly relied on Strategies 360 as consultants and for their voter contact as well. Except Chabin didn't pay Strategies 360 equally. Mundell was paying Strategies 360 from as far back as April while Chabin didn't pay until mid-August.

Yet in spite of having a professional consulting firm, Mundell and Chabin both waited until the end of an uncontested primary to each pay \$25,000 to a new vender for consulting/training? Several questions are raised by the Mundell and Chabin responses:

Who was running the race for Mundell and Chabin? Their efforts were clearly coordinated but for most of the primary, yet only Mundell was paying Strategies 360.

Is it Chabin's contention that he received no guidance/consulting/advice for the entire primary period except the final 26 days? It is worth noting that by the time Chabin made his payment to the Arizona Democrat Party both he and Mundell were already employing Leah Gillespie for consulting as well.

What advice/guidance/training did they receive from the Arizona Democratic Party in the final 26 days that was worth \$25,000 each? Perhaps it wasn't even 26 days worth, because just a few days later Chabin was writing checks to Strategies 360 for, you guessed it, consulting.

The last question is interesting because I've done a great deal of training over the years. And "volunteer training, field organization, campaign finance advice, media consulting" is the same for candidates regardless of the size of their race. Since each of the above listed categories of training was claimed by the other respondents, is only the "campaign consulting" portion of the services described by Chabin/Mundell's response (which is not always claimed by the others) where the difference in price is between candidates who paid a few thousand dollars and Chabin/Mundell's twenty-five thousand dollars each? If so, it is nonsense to claim \$50,000 in consulting expenses for 26 days of a race, particularly when already employing two other consultants. Strategies 360 was the team's consultant, so what did Chabin/Mundell get for their fifty thousand dollars from the Arizona Democratic Party?

CHABIN & MUNDELL GENERAL ELECTION SPENDING

Chabin and Mundell each gave the Arizona Democratic Party \$25,000 with less than one month to go in an uncontested primary, claiming it was exclusively for training and consulting. Yet days later Chabin began finally paying the consultants who were actually running his race. Chabin and Mundell paid nothing to the Democratic Party during the general election, when it would have mattered. What did they actually get for their money? Did they really pay \$50,000 for advice on how to get through the last few days of an uncontested primary while also paying one or two other consultants? Of course not. So what were they paying for?

THE CASILLAS CAMPAIGN

Casillas paid \$6,000 with six days to go in her uncontested primary election period, again claiming just “consulting/training.” During her contested general election, she paid the Arizona Democratic Party nothing and based on her campaign finance reports went through a highly contested general election contests without any consulting. Or did she prepay it?

THE WIECHERT CAMPAIGN

Wiechert received the same “volunteer training, field organization, and campaign management and consulting services” described by the other campaigns yet paid only \$2,500 for what other paid \$6,000 (for legislative campaigns) or \$25,000 (for Corp Comm campaigns). If we are to believe that Wiechert only paid for advice and training, and the description of the training his campaign received is described in the exact same manner as the others, why did his cost so much less? It would make sense if he was buying less product, but he claims he was receiving the same training, also paying on August 24th with just six days to go in his uncontested primary, yet he paid substantially less. Why? And for what?

THE DEANNA FOR DISTRICT 21 CAMPAIGN

Deanna for District 21 paid substantially less than other legislative campaigns for her VAN access, but she was also a customer of the Arizona Democratic Party’s consulting/training, for which she paid just \$2,000 on 8/19 and another \$2,300 on 8/29. So not only did her training cost less than almost everyone else’s, but she got \$2,300 worth of additional consulting/training just one day before her uncontested primary? Not likely.

THE PAWLIK CAMPAIGN

Pawlik paid the same discounted rate as Wiechert on 8/19, just \$2,500 for the same collection of “volunteer training, field organization, campaign finance advice, media consulting, and campaign consulting.” as the other candidates paid \$6,000 or more for. Why the discount?

THE SALMAN AND BROWN CAMPAIGNS

Salman and Brown are interesting cases, because each waited until the general election to get “trained”. In Brown’s case she wasn’t funded until September 6th, so she had no primary money. But Salman was funded in April, got through the primary, filed campaign finance statements, and then in September decided to get training/consulting on campaign finance and how to run a campaign. Making Salman’s case more interesting is that her payments were for the same services described on every other response filed by campaigns (other than Hammond), yet she paid \$3,615.50 on 9/12 and another \$2,826.00 on 9/24. A total of \$6,441.50 makes sense for product, but it is a bizarrely odd amount to pay for services that everyone else has paid very round sums for (\$2500, \$6000, \$25000). Salman’s responded that she got the same as everyone else, but that appears to be inaccurate.

Salman also spent \$100 on a contribution to Ann Kirkpatrick’s U.S. Senate campaign, which appears to be a violation of the rules.

Brown's expenditure is absurd. Think of a campaign consultant like an investment advisor. Sure, you pay a fee or a percentage, but the advice you receive helps you to more effectively invest your money, netting you what is ultimately a higher return. But no one takes a \$24,000 investment and gives \$12,000 of it to an advisor in the hopes of securing a higher return on the \$12,000 that remains, any more than a legitimate advisor would take half of someone's money in exchange for advice on how to win their race. Their fees would have removed any chance of victory.

MANY QUESTIONS REMAIN

Why did so many candidates wait until after the voting had started, in uncontested primaries, to transfer thousands or tens of thousands of dollars each to the Arizona Democratic Party, in exchange for consulting/training that could not have provided them with any value for their primary election?

Why did all of these same candidates then fire their "consultants" before their contested general elections?

Why did all of the candidates using the same attorney describe a CC that was completely different from the same CC described by the Hammond campaign?

Why did so many pay different amounts to receive the same services?

Why did Salman pay such a uniquely different number?

Why did Brown pay half of her funding for advice and cripple her own campaign, and why was the advice/training that Brown received at least twice as valuable as that received by any other legislative campaign?

Why did giving the same advice to statewide candidates cost more than twice as much as giving it to Brown, and more than four times as much as giving it to the rest?

The Clean Elections Commission ought to look at the training and/or consulting that took place in those precious few days at the end of the primary season to determine what work, if any, was done, and why the same work for candidates running for the same offices cost such wildly different amounts? It is also the only way to verify that primary funds were used for primary election purposes and that the spending was as described by the campaigns, even when those descriptions contradict each other (Hammond vs the rest).

I assume these candidates and/or the Democratic Party would not want to place into the public domain the contents of their training and/or consulting, but inspection could be done in such a way as to provide proof that the law was followed, without over-exposing their strategies, etc.

VOTER DATA FEES

As a separate note, the legislative candidates paid a wide range of amounts to receive voter data for their legislative races, ranging from \$250 up to \$850. Why the different amounts for what each campaign describes in identical fashion for districts that are also of similar size?

THE IMPORTANCE OF GETTING THIS RIGHT

At the end of the day it is quite possible that the Clean Elections Commission will determine that campaigns may simply pay to the parties any amount for "consulting" and that there is no oversight required. So the 2018 cycle may see scores of Clean Elections candidates transfer the majority of their Clean Elections money to the parties. Those monies will obviously then be used to fund party activities quite separate from the actual campaigns of the Clean Elections candidates. This seems to be at odds with the purpose of the Clean Elections Act, but the only way to prevent that is to crack down on behavior that is otherwise not allowed.

It may be that consultants or parties offering consulting are allowed to gouge candidates and that there is no way to stop phony candidates from willingly participating in such schemes in an effort to enrich venders or parties. The Act did not likely anticipate such behavior. The Act did, however, anticipate that candidates might use primary money to fund general election benefits and prohibited it. The Act similarly did require accurate reporting of products/services received, so product may not be called consulting, etc.

My apologies for delivering such a lengthy document, but there are a great many items to deal with. I appreciate you taking the time to read it and am available to answer any questions you may have.

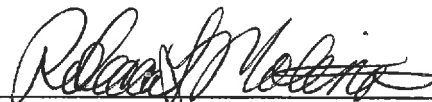
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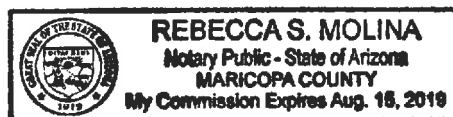
Constantin Querard
330 E Thomas Rd
Phoenix, AZ 85012

State of Arizona)
)
County of Maricopa)

Subscribed and sworn (or affirmed) before me this 15th day of November, 2016.



NOTARY PUBLIC



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EXHIBIT F

Sara Larsen

From: Amy Jicha
Sent: Thursday, September 08, 2016 8:37 AM
To: corinhammond@gmail.com
Cc: Sara Larsen
Subject: ***Campaign Finance Reports-Amendments Needed***

Importance: High

Ms. Hammond,

I have completed the review of your Pre-Primary Election and Qualifying Period Recap Campaign Finance Reports. The reviews yielded the following:

Pre-Primary Election Report:

- The following reimbursement expenditures are missing itemized (subvendor) information as required by A.A.C. R2-20-109(B):
 - Every line item featuring Evelyn A. Lathram (14 total)
 - Corin Hammond on 6/23/2016
- The following item needs clarification:
 - GODADDY.COM on 7/01/2016
 - The memo line features David Hammond. If this individual was reimbursed, we need documentation that he is a family member as required by A.A.C. R2-20-702(C)(4) and itemized subvendor information as mentioned previously. Additionally, should David have been reimbursed, his name should be documented rather than "GODADDY.COM."

Qualifying Period Recap Report:

- The following reimbursement expenditure is missing itemized (subvendor) information as required by A.A.C. R2-20-109(B):
 - Michael Carroll

Please provide the missing information and file an amended campaign finance report by September 15, 2016. Please let me know once you have filed the amended report and contact me or Sara Larsen (sara.larsen@azcleelections.gov) if you have any questions. Thank you.

Best,

--

Amy Jicha

Voter Education and Legal Intern

Citizens Clean Elections Commission

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To ensure compliance with the Open Meeting Law, recipients of this message should not forward it to other board members of the public body. Members of the public body may reply to this message, but they should not send a copy of the reply to other members.

