

THE STATE OF ARIZONA
CITIZENS CLEAN ELECTIONS COMMISSION

REPORTER'S TRANSCRIPT OF PUBLIC MEETING

Phoenix, Arizona

April 30, 2009

9:30 a.m.

Reported By:

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Certified Reporter (AZ 50127)

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1 A PUBLIC MEETING, BEFORE THE CITIZENS CLEAN
 2 ELECTIONS COMMISSION, convened at 9:30 a.m. on April 30,
 3 2009, at the State of Arizona, Clean Elections
 Commission, 1616 W. Adams, Conference Room, Phoenix,
 Arizona, in the presence of the following Board members:

4 Mr. Gary Scaramazzo, Chairperson
 5 Ms. Royann Parker
 Ms. Lori Daniels
 6 Mr. Jeff Fairman
 Mr. Louis Hoffman

7 OTHERS PRESENT:

8 Todd Lang, Executive Director
 9 Paula Ortiz, Executive Assistant
 Colleen McGee, Deputy Director
 10 Rita Azcona, Administrative Assistant III
 Michael Becker, Voter Education Manager
 Daniel Ruiz II, Campaign Finance Manager
 11 Tanja Shipman, Attorney General's Office
 Rhonda Barnes, Perkins, Coie, Brown & Bain
 12 Barb Buedel, SCD 18
 Ken Buedel, Legislative District 10
 John Thrasher, Legislative District 10
 13 Barbara Bailey, Attorney General's Office
 Paul Davenport, Associated Press
 Nancy Read, Office of the Secretary of State
 14 Jackie Thrasher, Legislative District 10
 Ann Eschinger, Clean Elections Institute
 15 Christian Palmer, Capital Times
 Tasya Peterson, Yellow Sheet
 16 M.J. Pitzel, AZ Republic
 Mike Valder, AZ Attorney Network
 17 Doug Quelland, Representative, District 10
 Lee Miller, Attorney for Doug Quelland
 18 Larry Davis, Intermedia Public Relations

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P R O C E E D I N G

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 3 CHAIRPERSON SCARAMAZZO: Good morning. I'd
 4 like to call to order this meeting of the Citizens Clean
 5 Election Commission.
 6 It's Thursday, April 30th, 2009, at 9:30 a.m.
 7 Welcome everyone this morning. I'd like to
 8 also mention that the Commission may vote to go into
 9 executive session, which will not be open to the public,
 10 and that's for any item listed on the agenda, strictly
 11 for obtaining legal advice.
 12 With that in mind, I'd move to Item No. II and
 13 seek approval for the March 19th, 2009 Commission
 14 meeting minutes.
 15 COMMISSIONER DANIELS: Mr. Chairman. I move
 16 the approval of the March 19th Commission meeting
 17 minutes.
 18 COMMISSIONER HOFFMAN: Second.
 19 CHAIRPERSON SCARAMAZZO: Been moved by
 20 Commissioner Daniels, seconded by Commissioner Hoffman
 21 to approve the March 19th, 2009 Commission meeting
 22 minutes. Discussion on this item?
 23 Hearing none, all those in favor say, "aye."
 24 (Chorus of ayes.)
 25 CHAIRPERSON SCARAMAZZO: Opposed? Motion

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1 carries.
 2 Onto Item No. III, the Executive Director
 3 report. Todd?
 4 MR. LANG: Thank you, Mr. Chair. Good morning,
 5 Commissioners.
 6 As you see, the Auditor General has notified us
 7 they're reviewing the financial records in accordance
 8 with the Clean Election Act requirement, 16-9949(D).
 9 They're required to do this every four years; and guess
 10 what, it's been four years. So it's time for them to do
 11 the review. So we look forward to working with them.
 12 And, of course, improving our financial systems in any
 13 way they -- they recommend; although, frankly, I think
 14 we do a really good job.
 15 The interesting thing is that we're also being
 16 reviewed by the GAO under the federal BCRA law so --
 17 which is also statutorily required. So, it's a good
 18 time for reviews, I guess.
 19 The matching funds litigation is ongoing. And
 20 as you know, we anticipate summary judgment motions in
 21 the summer, and some sort of ruling hopefully from the
 22 court late in the summer. And, of course, we'll keep
 23 you apprised on that. But currently our attorney is
 24 immersed in expert witness testimony, depositions, and
 25 the like and that's keeping -- that's keeping her busy.

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1 There's an interesting conference on New
 2 Horizons For Reform and Campaign Finance Reform, a
 3 conference coming up May 8th. So, I'll look forward to
 4 seeing what comes out of that conference.
 5 Unless you have any other questions, that
 6 concludes my report.
 7 CHAIRPERSON SCARAMAZZO: Any questions for
 8 Todd?
 9 COMMISSIONER DANIELS: Mr. Chairman?
 10 CHAIRPERSON SCARAMAZZO: Lori.
 11 COMMISSIONER DANIELS: Do we have anybody
 12 attending that conference, Todd?
 13 MR. LANG: No, we don't. I -- I thought about
 14 attending, but I thought I'd just get the materials and
 15 get the feedback from the other attendees.
 16 Also, I should mention we're also working with
 17 the legislature on a Clean Elections' bill. Lots of
 18 interesting ideas down there. And we've had meetings
 19 last week and this week, and while as you know they're
 20 not going to be a great number of substantive bills
 21 going out, this -- you know, we continue to work on
 22 this, both with Republicans and Democrats, and I'll keep
 23 you apprised on how that develops.
 24 COMMISSIONER DANIELS: Thank you.
 25 CHAIRPERSON SCARAMAZZO: Anything else?

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1 Okay. Moving on in the agenda. I'd like to
 2 take the liberty, if possible, to bounce the agenda just
 3 a little bit and move Item V up in front of Item IV. We
 4 do have a couple Commission members that may have a time
 5 frame crunch this morning, want to make sure we deal
 6 with the appropriate issues in the proper time allotted
 7 to each.

8 So, with that in mind, I would open Item No. V,
 9 consideration and possible action on enforcement case
 10 MUR 08-0035 Doug Quelland, participating candidate,
 11 House of Representatives, District 10. Todd?

12 MR. LANG: Mr. Chair, Commissioners, thank you.
 13 As you know, we found probable -- the Commission found
 14 probable cause back in December 2008, to look into this
 15 matter. And since that time, we've had depositions and
 16 investigations and have looked into the matter further.
 17 You now have my probable cause recommendation or brief,
 18 and in it I do recommend that you find violations of the
 19 Act occurred.

20 Representative Quelland is here today and his
 21 attorney Lee Miller is here today as well, and of course
 22 I'm sure they will want to address you.

23 You should have an exhibit list, if this helps
 24 you. For some folks this is helpful, for others it is
 25 not. But these are the exhibits to the probable cause
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1 course, if Larry Davis was a paid political consultant,
 2 then the -- the violations that I've outlined here, the
 3 five violations that I've outlined here are implicated
 4 and the penalties are appropriate.

5 What makes this case unusual for you and what
 6 makes it difficult for everyone is that this is a
 7 factual dispute. The vast majority of cases that the
 8 Commission hears are legal disputes. Everyone agrees
 9 what happened, what campaign expenditure happened, what
 10 activity happened. The question is: Does it violate
 11 the law or not? That's usually what you hear and that's
 12 why so many of our cases are settled.

13 The problem for us here is it's very difficult
 14 for us to settle this case because we have such a stark
 15 factual dispute, and you will never know with absolute
 16 certainty, unlike in the legal disputes, you will never
 17 know with absolute certainty what did happen here. So,
 18 what we have to do is look to disinterested parties,
 19 look to the evidence, and find out what -- what was the
 20 -- and make our best judgment as to what happened.

21 There are a few facts that aren't in dispute,
 22 which is nice. We had a political consulting contract
 23 signed on March 8th, 2007. And we also know that Larry
 24 Davis of Intermedia, the political consultant, did some
 25 political work for Representative Quelland. Quelland
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1 recommendation. The big, thick folder you have. It's
 2 just a list of them. I'll be pointing -- I'll be
 3 pointing out things as we go along.

4 Mr. Chair, I have a PowerPoint --
 5 CHAIRPERSON SCARAMAZZO: Okay.
 6 MR. LANG: -- presentation, so...
 7 CHAIRPERSON SCARAMAZZO: All right. You want
 8 to do that right now?
 9 MR. LANG: If I can proceed with that, yeah.
 10 CHAIRPERSON SCARAMAZZO: Get out of the way
 11 here.

12 MR. LANG: Commissioners, so we -- we have
 13 before you my probable cause recommendation regarding
 14 concerns staff and I have in regard to the political
 15 consulting contract that took place -- or, that was
 16 executed back in March of 2007. But the issue here --
 17 and there's a lot of detail, you will hear from Mr.
 18 Miller, he'll raise a number of issues for you. But the
 19 simple question really is: What was the \$7,000 for?
 20 What was the free rent for? That's really the only
 21 question -- or, the primary question in this case.

22 Was it for -- were the \$7,000 in payments and
 23 free rent paid by Doug Quelland to Larry Davis pursuant
 24 to a political consulting contract or were they pursuant
 25 to an agreement to do business services? And, of
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1 explains this was volunteer work. And Mr. Miller
 2 explains that this was because Larry Davis wanted to be
 3 a political consultant. But what we do know is he did
 4 do political work.

5 We also know he did some work for his
 6 businesses. He did some flyers for the Q's Coffee Shop
 7 or Thank-Q Rentals, and he -- and he had them printed.

8 But David -- Mr. Davis explains, this was part
 9 of the political campaign. And you saw those long
 10 deposition transcripts that I put into the probable
 11 cause brief. He explains it was designed to make sure
 12 that the "Q" signs past muster and that it was clear
 13 that this sort of imagery was -- was just a business
 14 practice. But Davis explained in his deposition that --
 15 that there was a political purpose behind those. But
 16 what we do know is he did work.

17 We also know that Representative Quelland paid
 18 Larry Davis. Again, we have absolute proof. There was
 19 some dispute back at the hearing, the reason to believe
 20 hearing in December, as to whether there would be any
 21 checks other than that initial \$1,000. But we found
 22 seven -- seven checks of a thousand dollars each, and
 23 six of them were in the last seven months of 2007, and
 24 the final one was in January of 2008.

25 We also know that Larry Davis received free
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1 rent from Representative Quelland -- Representative
 2 Quelland owns a shopping plaza in Phoenix, and he gave
 3 him a property for several months in 2008, that began
 4 right after the free checks stopped.
 5 And, finally, we know that Representative
 6 Quelland was a participating candidate. He signed the
 7 forms, he -- he submitted the \$5 contributions in April
 8 of 2007. And when he signed those forms, he signed an
 9 oath that said he had complied with all restrictions of
 10 Clean Elections candidates up to that time and
 11 throughout the election cycle.
 12 So, we need to look at the consulting contract.
 13 And the consulting contract is in your packet at Exhibit
 14 D. We don't need to look at it right now, but if you
 15 want to refer to it, that's where it is. It's a \$15,000
 16 all-inclusive political consulting contract. And I
 17 don't think there's any dispute from Representative
 18 Quelland on the nature of the contract. But what
 19 happened was, that on March 10th, according to
 20 Representative Quelland, he fired Davis. Now, the
 21 contract had provisions on how that termination should
 22 occur; those were not followed. But Mr. Quelland at
 23 Exhibit E, did produce for us -- Representative Quelland
 24 did produce for us a handwritten letter written by him
 25 that purported to terminate Mr. Davis.

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1 When we asked in the deposition: Why -- why
 2 did you fire Mr. Davis? Representative Quelland
 3 questioned Davis' truthfulness, sobriety, and
 4 timeliness. He says Davis used unethical practices.
 5 These are serious allegations. But then Mr. Quelland
 6 went on -- Representative Quelland went on to hire Davis
 7 to work for his businesses at precisely the same rate as
 8 the consulting contract, the thousand dollars a month
 9 payments that were called for under the consulting
 10 contract; that's what he says he paid him under this
 11 business agreement.
 12 Those payments were made at precisely the same
 13 time as they were to be made under the consulting
 14 contract, at the beginning of the month, the first of
 15 every month. He received seven of those payments from
 16 July to December, except for November, and then again in
 17 January of 2008.
 18 And Representative Quelland tells us that those
 19 payments were made to Davis to do three things: To
 20 produce, print, and distribute flyers door to door. And
 21 in the reason to believe hearing back in December, you
 22 received copies from Mr. Miller of the flyers that were
 23 distributed, and you have them in your exhibits at
 24 Exhibit K. And, we'll talk about those in a little bit.
 25 Mr. Davis for his part in his sworn statement

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1 For his -- in his part -- for his part, Mr.
 2 Davis in his sworn testimony denies that he ever
 3 received that letter and denies that he was ever fired.
 4 In fact, insists that he continued to work for Quelland
 5 and do political work; and, of course, we know he did do
 6 some political work for Representative Quelland
 7 throughout the campaign cycle.
 8 Mr. Davis also produced invoices that he says
 9 were issued in accordance with the contract, and
 10 demonstrated that the contract was being enforced or
 11 being followed. And those are Exhibit G. When
 12 Representative Quelland was asked about those in his
 13 deposition in January, his sworn statement was he'd
 14 never seen these before, that these invoices were
 15 falsehoods that had been made up. And as to the logo in
 16 particular, he said: I've never seen that before in my
 17 life on anything. But then you know then in April of
 18 this year, we received a letter from his attorney Lee
 19 Miller, which had a similar invoice -- if you'd like to
 20 look at it, I can click on the hyperlink -- that had the
 21 logo. So it's clear he did see the logo before.
 22 So, we have battling invoices, battling sales
 23 receipts.
 24 That's the logo right there.
 25 My little beeper is not working. There we go.

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1 in the deposition said that those payment were for
 2 campaign work as described in the political consulting
 3 contract. And he did the business work, which is
 4 something he says Intermedia doesn't do and that he
 5 doesn't do, he doesn't do that kind of printing and
 6 production, but he did it to circumvent the enforcement
 7 matter back in August of 2008. And the reason the
 8 timing worked is because the complaint was actually
 9 filed in June of 2008. And in that complaint, the
 10 complainant, Jackie Thrasher, mentioned that she had
 11 seen the signs for several months.
 12 So, what we know from Davis is that he's saying
 13 that this issue were out there, the "Q" signs were out
 14 there, and so they produced these flyers for that
 15 purpose.
 16 What's important for you to keep your -- keep
 17 in mind though is, what matters here is: Did Davis do
 18 political consulting for Representative Quelland? There
 19 are going to be a number of factual disputes about the
 20 various flyers and about the various work done, but the
 21 bottom line is: Did he do political work, paid
 22 political work?
 23 Also mention that when we considered that
 24 enforcement matter, when you considered that enforcement
 25 matter in August, Mr. Davis attended the meeting and

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1 signed in as a representative of Mr. Quelland --
 2 Representative Quelland's campaign. Representative
 3 Quelland also signed in.
 4 We also talked to an employee of Intermedia,
 5 Brent Eigsti. He's the computer guru who designed a lot
 6 of the flyers. He said he designed the flyers that you
 7 have at Exhibit K. And he says he ordered those flyers
 8 to be printed by Foxx Forms. He also designed some
 9 magnets for the Quelland campaign that were printed by
 10 Foxx Forms. Those documents are -- the orders are at
 11 Exhibit O. The orders from Eigsti to Foxx are at
 12 Exhibit O.
 13 And what you see when you look at Exhibit O, is
 14 that there was an order for 2,500 flyers made in May of
 15 2008, after finally receiving approval from
 16 Representative Quelland. Apparently -- and I assume
 17 this is probably true for many candidates -- it takes
 18 some time to get the candidate to sign off on the forms,
 19 at least that's what Mr. Davis and Mr. Eigsti said was
 20 the case with Mr. Quelland -- Representative Quelland.
 21 So, it took some time. They finally made the order for
 22 these coupons on May 20th.
 23 Now, I -- on the PowerPoint there, you see I
 24 put up the point of what the Respondent says Davis' job
 25 was. Now the payment began in June of 2007 and ended -
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1 or even orderings the printing of any of those coupons
 2 by Julie's Fine Printing. So, at the very least -- at
 3 the very most, all he did was distribute these flyers.
 4 There were 2,000 of them in early 2007 -- 2,100,
 5 something like that -- and another 3,000 in October.
 6 But if you go to the flyer distributors like
 7 neighborhoodflyers.com or a number of other ones, you
 8 will find that flyers are very cheap and quick to
 9 distribute. And that 2,000 or 3,000 flyers wouldn't
 10 take seven months -- certainly not seven months and
 11 three or four more months, up to six months of free
 12 rent. So, there's a concern there about this business
 13 work.
 14 Brent Eigsti told us when we discussed this
 15 matter with him, that he paid for several expenses with
 16 a campaign debit card. Now, remember, Intermedia has
 17 been fired according to Representative Quelland on March
 18 10th. But in June, three months later, Brent Eigsti and
 19 Representative Quelland are signing an authorization
 20 form to allow Brent Eigsti a campaign debit card.
 21 And we also know Brent Eigsti arranged for the
 22 printing of T-shirts by Lift Him High Productions in
 23 2008, more than a year after he had been fired, more
 24 than a year after he received the campaign debit card.
 25 He paid for the T-shirts with his campaign debit card
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1 ended in January of 2008. So, that's when we had the
 2 payments. And in accordance, Mr. Quelland told us in
 3 the deposition that they ended this agreement with
 4 Intermedia to do these business flyers at the end of
 5 December, because the market was saturated by Christmas
 6 and there was no need for more flyers.
 7 The problem is, while Davis' work, according to
 8 Representative Quelland, ended in Christmas, the
 9 business flyers that are allegedly the proof that Davis
 10 was doing business work for Quelland, weren't produced
 11 until May. There they were produced in May of 2008.
 12 The cash payments had already ended.
 13 And so Mr. Miller sent to us this week coupons
 14 printed by Julie's Fine Printing, and we have the
 15 documents in front of her which shows she's had a
 16 relationship, a business relationship, with Mr. Quelland
 17 since 2005. The problem is, of course, there's no link
 18 between Julie's Fine Printing coupons -- we don't doubt
 19 -- we don't doubt the accuracy of what Julie's Fine
 20 Printing has provided us, but there's just no showing
 21 that anything she produced was actually distributed by
 22 Davis.
 23 Moreover, remember what Representative Quelland
 24 said his job was to create, print, and distribute.
 25 Well, he had no role in the creation, or the printing,
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1 and the expenditure form at Exhibit Q shows the address
 2 of the form. It's addressed to Larry Davis.
 3 Larry Davis is still receiving political -- you
 4 know, receiving documents from vendors in his name on
 5 behalf of the Quelland campaign. These are being paid
 6 for with Quelland credit cards. The T-shirt expenditure
 7 is on the campaign finance report. So, we know that
 8 Intermedia arranged for T-shirt production in 2008, more
 9 than a year after they've been fired, and paid for it
 10 themselves with the campaign credit [sic] card, and the
 11 bill had gone to Larry Davis.
 12 Ryan Foxx who printed the flyers that I've
 13 discussed, says -- tells us in an e-mail that he dealt
 14 only with Intermedia. He dealt only with Larry Davis,
 15 Brent Eigsti, and Intermedia; yet, there's a payment to
 16 Foxx Printing on the campaign finance report.
 17 So, again, we see another example of campaign
 18 work being negotiated, created, and paid for by
 19 Intermedia. And that was in May of 2008.
 20 Then we can look at the Website. It says:
 21 Created by Intermedia Public Relations. Now, it no
 22 longer says that, but at the time of the investigation,
 23 it did say that. And Davis and Eigsti both told us that
 24 the Website was a part of their ongoing campaign
 25 contract and there was no extra charge for it.
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1 Eigsti told us explicitly that he did work for
 2 the -- he did work on the Website as a paid employee of
 3 Intermedia. When we asked Representative Quelland about
 4 this he said simply it was a move of domain from
 5 DougQuelland.com to DougQuelland.net by an overzealous
 6 volunteer as he put it. But Eigsti says he did much
 7 more substantive work than that. He says that while it
 8 wasn't overly complicated, there was substantive changes
 9 to the pages, the structure, and so forth.

10 Regardless, both Eigsti and Davis tell -- tell
 11 us it was part of their work, their political consulting
 12 work through Intermedia.

13 Representative Quelland through his lawyer
 14 points out this week that: Well, wait a minute, I used
 15 Eigsti's private company Arrowhead IT Services to do
 16 work for his rental shop. If you would like to look at
 17 the hyperlink there, but -- and it's -- it's an active
 18 link for his Thank-Q Rentals. It was unrelated to the
 19 campaign.

20 Eigsti says: Yes, it's true, I did this on the
 21 side for \$350 -- I believe the price was -- to help him
 22 get that site up and running. It wasn't Intermedia, it
 23 wasn't related to the campaign. But he says everything
 24 else he did was through Intermedia.

25 And, in fact, Mr. -- you know, this information
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1 officials in the community. The former Executive
 2 Director of the State Republican Party, Sean McCaffrey
 3 we spoke to him, and he confirms he attended campaign
 4 meetings with Representative Quelland and Larry Davis,
 5 and that Larry Davis was granted access to the
 6 Republican Party's voter vault at the request of Mr.
 7 Quelland -- or, Representative Quelland.

8 We also know that Davis tells us that he did
 9 multiple fundraisers for Representative Quelland. And
 10 I'll show you the flyer in the second. He also gathered
 11 signatures for nomination petitions, he tells us he
 12 recruited volunteers, he did all these various
 13 activities. And in the reason to believe -- and,
 14 Commissioner Parker, you actually asked some questions
 15 in that meeting back in December about it, there are
 16 several different examples of the various negotiations
 17 and the contacts that Davis did on behalf of him.

18 And the question I have is: Would someone who
 19 received the termination letter, a handwritten
 20 termination letter questioning his ethics, then go on to
 21 volunteer using his company to collect signatures, make
 22 phone calls, and organize fundraisers? He did a lot
 23 more than just hang out at the coffee shop.

24 There's the community breakfast event. There
 25 are actually several of these events, but this was the
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1 was provided to us this week, but actually in his
 2 notarized statement back in December, which is Exhibit D
 3 to the reason to believe brief, the reason to believe
 4 brief is the document I -- we issued in December, it's
 5 at Exhibit A of the probable cause brief. In other
 6 words, the big Exhibit A in your packet. Exhibit D of
 7 that is Davis' long letter. And in that letter, he
 8 acknowledges this transaction before it was brought to
 9 our attention by Lee Miller, and he acknowledges that it
 10 was done on the side by Brent Eigsti.

11 So, we have some credible evidence that this
 12 was a one-time operation, and that the rest of the work
 13 done by Eigsti and Davis was through Intermedia.

14 We talked to another employee, Holly Alton and
 15 you have her affidavit which is now in the packet, we
 16 just got it. And in it, they all confirmed they did
 17 paid political work for Quelland. That the work they
 18 did gathering signatures, going door to door producing
 19 documents, ordering campaign materials, organizing
 20 fundraisers, all that was as a paid employee of
 21 Intermedia. All three of them still work there and they
 22 all confirm that that's what they did.

23 Holly Alton for her part organized volunteers
 24 and did some signature gathering.

25 We also went out and talked to some respected
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1 first one. And this was sent out by e-mail from
 2 Intermedia by Larry Davis to a list of -- of lobbyists,
 3 public officials, and community leaders and they were
 4 invited to attend this event in May 2007, which, of
 5 course, is quite early. And we received inquiries about
 6 it from interested folks who were concerned about it and
 7 we explained that, of course, if it was paid for
 8 properly, et cetera, it was completely permissible.
 9 This is back in 2007.

10 But we asked Representative Quelland about this
 11 and he said after looking at the flyer that he did not
 12 know of or attend any such event. And he claimed there
 13 was no fundraisers in 2007. And that's in the
 14 deposition transcript at Page 58 to 60. We asked
 15 Speaker Weiers about it and he signed an affidavit which
 16 is in your packet at Exhibit T, which said he attended
 17 this event, that he saw Representative Quelland there,
 18 and that he contributed to the event. When you look at
 19 the campaign finance reports for that time period, there
 20 are approximately seven contributions from that very
 21 day.

22 So -- and we also heard from other witnesses
 23 who collaborated that the event occurred, that
 24 Representative Quelland was there, that Larry Davis was
 25 there, that refreshments from Representative Quelland's
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1 company were provided for free, bagels and smoothies --
2 apparently the smoothies were quite good. And these
3 were all provided for free and held at Q's Banquet Hall.

4 Now, these are possible violations of law, the
5 free use of the banquet hall for campaign purposes, the
6 refreshments, but that's not what's before you here
7 today. Again, what the focus is: Are these sort of
8 things political events and are they done as part of the
9 payment from Representative Quelland?

10 So we know for certainty, that despite
11 Representative Quelland's protestations to the contrary,
12 that these fundraisers occurred. And, certainly, this
13 first one occurred, and it was successful in that it
14 raised some money.

15 We also have some e-mails from Larry Davis to
16 Representative Quelland that were produced by Lee
17 Miller. You just got those this week and it's in --
18 should be in the back of your packet, I believe. Those
19 are the ones that were part of Mr. Miller's response on
20 Monday.

21 And he -- he shows us these letters that talk
22 about in which Davis reminds Representative Quelland
23 that he wants him to walk the neighborhoods and to call
24 volunteers. Any campaign worker can tell you that
25 getting the candidate to do those sorts of things is

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1 often a chore, so this is no surprise. At this point,
2 they'd already been working together on the various
3 activities already described for over a year. Mr.
4 Miller makes great emphasis on the term, "if we are
5 going to work together," claiming that's somehow a
6 proposal, or a wannabe, or a statement of aspiration.
7 But when you look at the fact they've been working
8 together for over a year, that this is a typical letter
9 -- appears to be a typical letter from a campaign worker
10 to the candidate with some concerns about the way the
11 campaign is being operated.

12 "If we are going to work together," in my view,
13 simply means: If we're going to continue to work
14 together. People use this all the time. If we're going
15 to work together, we have to get along. If we're going
16 to work together, we have to work out this disagreement.
17 That sort of thing. I don't think it means: If we're
18 going to start having a professional relationship.

19 And there's indications of that, because when
20 you go down to the bottom of the e-mail, you see some
21 other requests in the e-mail. Larry Davis says to Mr.
22 Quelland in this e-mail produced by Mr. Quelland: I
23 need the proof for the VBM ASAP. It seems innocuous,
24 but really says something. Because VBM is "vote by
25 mail." Campaigns focus and emphasize the importance of

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1 getting out literature, campaign flyers, to people who
2 request vote-by-mail ballots or early ballots. It's a
3 common campaign strategy. Why would a volunteer be
4 asking for the proofs for vote-by-mail documents?

5 Rather than looking like an aspirational
6 e-mail, to the contrary this looks like an ongoing
7 relationship, where Mr. Davis is trying to get some
8 vote-by-mail documents. And, of course: "The
9 vote-by-mail documents need to be mailed out soon."

10 So, when you look at the whole picture, we have
11 sworn testimony that shows Mr. Davis was involved in the
12 Respondent's campaign, we know from disinterested
13 parties that documents were ordered from various vendors
14 like Lift Him High Productions, and Foxx Printing, and
15 others throughout 2008, and we know that fundraisers
16 occurred in 2007. We know that Davis did a lot of
17 signature gathering and his employees tell us that they
18 were paid on-the-clock employees of Intermedia, pursuant
19 to the consulting contract to do these sorts of campaign
20 activities.

21 Now, we know that there was a falling out
22 because we have the e-mails from October of 2008, that
23 were provided by us -- provided to us by Mr. Miller, and
24 we know there was a falling out. But it also suggested
25 that there was some sort of relationship, some sort of

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1 campaign relationship through October of 2008. By that
2 time, it was pretty apparent that Representative
3 Quelland was -- had moved over to the coordinators
4 campaign with Mr. Querard, Speaker Weiers, and Senator
5 Gray, and that they were doing the communications.

6 But we have the proof that Davis did
7 expenditures. He wasn't simply a hanger-on, his company
8 had a credit card -- a debit card. And we know that --
9 that Davis played a role in the campaign throughout 2007
10 and 2008. And that the consulting contract, many terms
11 of it were fulfilled through all this work and through
12 the payment of seven \$1,000 payments pursuant to the
13 terms of the contract, and then the free rent beginning
14 in February of 2008 and running sometime into the
15 summer.

16 Now, as I told you at the beginning, this is a
17 factual dispute. So, you're never going to know with
18 absolute, a hundred-percent certainty. For an
19 administrative agency, the burden of proof for an
20 enforcement action is preponderance of evidence. That's
21 the lowest standard of proof in our law. In a criminal
22 case, for instance, it's a much higher standard of
23 proof, beyond a reasonable doubt. That's not the
24 standard here. Simply more likely than not. 51 percent
25 likelihood that Mr. Quelland violated the law, then it's

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1 your obligation to find a violation and enforce the
 2 penalties.
 3 So, I'll talk about the five -- this isn't the
 4 current -- the current PowerPoint, but that's all right.
 5 Let's just go with it. Oh, okay. I see. I just did
 6 the slide backwards.
 7 There's five possible violations. If you go
 8 back to the other one. The first is a violation of
 9 limit of spending beyond available cash. Our rule is
 10 quite explicit, 104(D)(6): A participating candidate
 11 may not incur debt, make an expenditure in excess of the
 12 amount of cash on hand. Obviously -- and I don't think
 13 Mr. Quelland will dispute the facts on this -- when he
 14 signed the contract on March 8th, he did not have cash
 15 on hand to cover the terms of the contract, \$15,000
 16 consulting contract; and, so, he violated the available
 17 cash on hand rule.
 18 And so we ask that you find that he violated
 19 our rule. And because that violates the limits of what
 20 Clean Elections candidates can do and have, we ask you
 21 assess a penalty of \$15,000. The penalties are all
 22 capped at \$15,000 because of our rule. Frankly, the
 23 rule allows either \$15,000 or twice the amount at issue.
 24 So, actually, could be a \$30,000 penalty, but I would
 25 ask only that the \$15,000 penalty be imposed.

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1 contract was in force, this \$15,000 contract violated
 2 the expenditure limit because he was only a few hundred
 3 dollars, if that, under his expenditure limit. And, of
 4 course, any violation that is in excess of 10 percent of
 5 the combined primary and general election spending
 6 limits could also trigger the forfeiture of office
 7 penalty.
 8 In this case, because there was so many
 9 matching funds issued in the general election, that
 10 number, that 10 percent number, is actually quite high,
 11 it's \$7,335.70.
 12 And so you see how the calculation works. The
 13 primary election spending limit was \$12,900. And then
 14 when you add the early contributions, it was \$15,200.
 15 He only -- he spent -- he was \$61 under that limit. But
 16 when you include the contract at \$30,000 -- at \$15,000,
 17 that raises it up to \$30,000. Which means he was over
 18 the limit by \$14,938.
 19 So, again, the penalty is 10 times that
 20 \$14,938, which in this case I recommend a cap at \$15,000
 21 and you can also consider the forfeiture of office
 22 penalty.
 23 And, of course, if you -- if you consider that
 24 the fact the contract was \$15,000, but you'd rather look
 25 at the total amounts paid, we have \$7,000 paid plus

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1 The second violation is campaign reporting
 2 requirements. This is -- you know, campaigns have to
 3 report consulting contracts. And, of course, Mr.
 4 Quelland didn't report this, because it's his position
 5 it wasn't a political contract and he will, of course,
 6 address that.
 7 But, in our view, based on the evidence you've
 8 just heard and the documents in the files, we believe
 9 that this was a consulting contract for -- a political
 10 consulting contract that was in force and should have
 11 been reported.
 12 He failed to report the expenditure for the
 13 consulting contract at the time of applying. And,
 14 remember, when he applied, he signed an oath that said
 15 he complied with our rules. And he did not report these
 16 expenditures at any time during the election cycle.
 17 Therefore, we ask you find he violated his reporting
 18 obligations under 16-915 and under 16-942(B), and assess
 19 the penalty, which is a hundred dollars per day, which
 20 obviously would be a very large amount at this point,
 21 but it's capped at \$15,000. So, we ask that you find he
 22 violated 16-95- -- 915(A)(4) and 16-942(B), and impose
 23 the appropriate penalty.
 24 He also violated the primary expenditure --
 25 primary election expenditure limit. Obviously, if this

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1 several months of free rent, and you can calculate that
 2 way if you prefer. But, remember, it's still 10 times
 3 the penalty and still capped. So, you still reach the
 4 cap regardless of how you calculate the excess, if you
 5 find that the political consulting contract was in
 6 force.
 7 There's also a violation regarding the campaign
 8 Website. Now, what we learned from Mr. Eigsti and Mr.
 9 Davis was that the Website improvements were all done as
 10 part of the campaign consulting contract. So, frankly,
 11 this is not necessary -- it's not necessary that you go
 12 forward on this, because I would consider this part of
 13 the campaign consulting contract. If you were to go
 14 forward, it would be the improper -- the failure to pay
 15 for a prior asset. The prior asset, of course, is the
 16 campaign Website prior to the 2008 cycle.
 17 Remember, Representative Quelland tells us that
 18 there were no improvements to the Website, they just
 19 simply moved domains. If that's the case, then you
 20 could find him in violation for failure to pay for a
 21 prior campaign asset, and under our rules that's a \$500
 22 penalty.
 23 And the final violation follows that if -- if
 24 the political consulting contract was used to benefit
 25 his campaign, well then all those payments were improper

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1 and illegal because, of course, they came from his
 2 business account, Q-Land Enterprises and that's
 3 improper. Participating candidates aren't allowed to
 4 receive business funds. So, you have a violation here
 5 of all the thousand dollar penalties -- I mean, of all
 6 the thousand dollar payments. Again, the penalty is
 7 only \$500 in this case. So, I'd ask that you find a
 8 violation for -- from this source and that you impose
 9 the \$500 penalty.

10 COMMISSIONER DANIELS: Mr. Chairman, Todd, I
 11 just want to ask a quick question. I know that the
 12 first two fines that you talk about cash on hand,
 13 reporting requirements are capped by our rules at
 14 \$15,000. But if I'm understanding the primary spending
 15 limit, you're just suggesting a cap, that's not in our
 16 rule; is that correct?

17 MR. LANG: Mr. Chair, Commissioner Daniels, I'm
 18 sorry I wasn't more clear. No, the cap applies to all
 19 the penalties.

20 COMMISSIONER DANIELS: Okay. That's what I was
 21 looking for.

22 MR. LANG: The cap -- it's actually twice the
 23 amount not reported. So, it could be as high as
 24 \$30,000, but I think in the interest of clarity and the
 25 like, that you cap it at \$15,000 for each violation.

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1 they're held to a high standard. I don't know why the
 2 events that happened here happened, but what I know is
 3 that there's -- there's just too much evidence of a
 4 political consulting contract to ignore.

5 And so that I ask that you find that these
 6 violations occurred and you issue the appropriate
 7 penalties. Thank you, Commissioners.

8 CHAIRPERSON SCARAMAZZO: Before we ask Mr.
 9 Miller to come forward, any questions for Todd? Any
 10 Commission members? Okay, Todd.

11 Mr. Miller?

12 MR. MILLER: Chairman, if it's okay with you,
 13 I'll let Mr. Quelland speak for himself.

14 CHAIRPERSON SCARAMAZZO: Great. Welcome.

15 REPRESENTATIVE QUELLAND: Good morning.

16 CHAIRPERSON SCARAMAZZO: Good morning.

17 REPRESENTATIVE QUELLAND: Mind if I sit?

18 CHAIRPERSON SCARAMAZZO: No. Please.

19 REPRESENTATIVE QUELLAND: I've been standing
 20 back there, so...
 21 I have prepared comments --

22 CHAIRPERSON SCARAMAZZO: Okay.

23 REPRESENTATIVE QUELLAND: -- and some facts.
 24 I'd like to present those at this time.

25 Clean Elections has a bright side, and that

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1 The -- the discussion of the primary spending
 2 limit issue, was simply if you decided you didn't want
 3 to consider the whole \$15,000 contract, but rather the
 4 \$7,000 plus the free rent, then you could calculate it
 5 at 10 times that amount, whether that's \$13,000 or
 6 \$12,000, or \$10,000, whatever you decide. But still it
 7 will be capped at \$15,000. So, the end result would be
 8 the same penalty.

9 COMMISSIONER DANIELS: Okay. Thank you.

10 MR. LANG: So, the total fine is either
 11 \$45,500, or if you include the prior asset for the
 12 Website, it will be \$46,000.

13 These are difficult cases. There is clearly a
 14 factual dispute here. But I ask you to look at the
 15 evidence, look at the work that was done and ask
 16 yourselves: Do fired political consultants who are called
 17 unethical in that letter, continue to do political work,
 18 get a campaign debit card, do fundraisers, work with
 19 vendors and gather signatures because they want to be a
 20 consultant?

21 Especially when we have sworn testimony from
 22 all three employees of Intermedia that that was not the
 23 case.

24 Participating candidates are receiving public
 25 funds. They sign an oath to comply with the rules and

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1 side is that just about anybody can run. It's a
 2 fairness doctrine. And I've traveled all over this
 3 country to promote that. I've been to Washington DC,
 4 Denver, Seattle, to speak to like-minded citizens that
 5 want a Clean Election system like Arizona in their home
 6 states. No one in this present House of Representatives
 7 here in Arizona has run more times as a participating
 8 candidate than myself.

9 The Clean Elections also had a dark side. And
 10 that is just about anybody can bring a complaint against
 11 you and you have little recourse. Citizens Clean
 12 Elections has to follow due process -- and I appreciate
 13 that -- and investigate each and every one of these
 14 complaints with a very limited staff, and even more
 15 limited budget. And I understand that being a small
 16 businessman.

17 This is where I found myself six months ago.
 18 Yes, six months. It's been a tough six months. Due
 19 process is anything but swift. Justice delayed is
 20 justice denied. I have many weapons at my disposal, but
 21 I choose only one, the truth. When I first met Mr.
 22 Davis, he suggested at that time, when we first met,
 23 that he had a way of defeating my opponent in the
 24 general election.

25 I see that my opponent, a friend of mine,

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1 Representative Jackie Thrasher, is here today.
 2 He suggested that he had a way to defeat Ms.
 3 Thrasher in the election, and that was to smear her. To
 4 smear her good name and her family. He told me at that
 5 time that he had proof that Ms. Thrasher's son was in
 6 prison here in the state of Arizona. And for that fact
 7 he showed that to myself and Speaker Weiers. Showed us
 8 a Website that listed a person whose last name was
 9 "Thrasher."

10 Well, my good friend Jackie -- Representative
 11 Thrasher, found out about this months, if not a year
 12 later, after the complaint was put in and she wrote me a
 13 very nice e-mail:

14 "Greetings." It was addressed to me from
 15 Representative Thrasher. "I have been intrigued by
 16 recent newspaper stories and blog postings about a
 17 possible Thrasher family member being incarcerated or
 18 that there was a Thrasher family secret that if exposed
 19 would make headlines. For such a boring person, even I
 20 was getting interested in my story. Upon further
 21 research, I found there is a Jason Thrasher, date of
 22 birth 9-19-1977 listed on the Arizona Department of
 23 Corrections Website with a criminal record. However, my
 24 stepson Jason Thrasher, date of birth 1975, has no
 25 criminal record and is happily living in Portland. Here

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1 is a picture of Jason Thrasher, his girlfriend Allison,
 2 and their dogs."

3 I would like to pass those out to everybody.

4 Now, I'm trying to show you with these -- with
 5 this e-mail the type of person that I was considering
 6 working with as far as my campaign was concerned. I
 7 told Mr. Davis at the time that this was not ethical,
 8 that I would not do such a thing. But I took some time
 9 as I often do in making decisions, and took 24 hours to
 10 make up my decision, and that was 24 hours later when I
 11 terminated.

12 I know that Mr. Lang has many times said
 13 "fired." I don't use that term. I've been in business
 14 too long. Never used that term. I terminated the
 15 contract.

16 Now, I terminated our agreement within 24
 17 hours -- 48 hours, and was told by Mr. Davis that I
 18 needn't pay the \$2,000 fee. Proof of this is the fact
 19 that I never paid \$2,000. I notice that Mr. Lang kind
 20 of skirted over that issue and just talked about \$7,000,
 21 but never talked about \$15, never talked about the
 22 original \$2,000, just skirted over the issue. I think
 23 that's -- it's clearly a paramount issue here with the
 24 contract that I terminated with Mr. Davis, and that is
 25 the \$2,000 was never paid to Mr. Davis. He never asked

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1 for it and it remains a non-issue today.

2 So I ask you: I terminated the contract, did
 3 not pay the \$2,000, why would I report this so called
 4 obligation if I didn't owe it? I had no intention of
 5 paying it, and, in fact, never did pay it to this very
 6 day. Even though the complaint has been here since
 7 December, Mr. Davis has never asked me about it, and he
 8 knows well that it's not going to happen because he
 9 forgave that \$2,000. Never paid.

10 The Secretary of State's office has never asked
 11 about that \$2,000 either. And I know it sounds like a
 12 very, you know, kind of point that, you know, one side
 13 or the other, but, see, when I entered into the
 14 agreement with Mr. Davis, I was not under the auspices
 15 then, I was not a participating candidate then, I was
 16 only with the Secretary of State's office. I had a
 17 campaign committee open at the Secretary of State's
 18 office, so I could enter into agreements. And it would
 19 be Secretary of State, would not be Clean Elections.

20 Now, from the time I terminated that and never
 21 paid the \$2,000, from that time within 30 days -- and I
 22 agree with that, within 30 days, about 21 days later, 22
 23 days later, I opted to become a Clean Elections
 24 candidate. Maybe my mistake. I didn't notify anybody
 25 that I had this prior thing, but it was 21 days later.

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1 An obligation that I did not owe and that I did not pay.

2 So, I've searched my mind and said: Doug,
 3 would you do anything different? And I don't think I
 4 would. And I think a hundred candidates, a hundred
 5 participating candidates, who would opt for Clean
 6 Elections funding, probably would have done the same
 7 thing, because I didn't see any clear obligation to pay
 8 the \$2,000.

9 Why would I enter into an agreement with Mr.
 10 Davis and then terminate? Besides his wanting to smear
 11 Representative Thrasher, Mr. Davis blew a lot of smoke
 12 and said he could raise about a hundred thousand dollars
 13 to win the race, and he would do just that. I had my
 14 doubts. And when the smear campaign came up out in the
 15 open, I knew we must be on different pages financially.
 16 I couldn't raise a hundred thousand dollars and I didn't
 17 see there was an upside to hiring anybody at \$15,000 if
 18 I was going to run with Clean Elections funding.

19 I believe that the very heart of my innocence
 20 is the cancelled agreement between myself and
 21 Intermedia. I've given staff a copy of the termination
 22 letter, the agreement. Only in passing I will point
 23 out, if you read the agreement, and I know it sounds
 24 like a minor point, the agreement is between Intermedia
 25 and Committee to Elect. It doesn't say "Committee to

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1 Elect Doug Quelland." It doesn't say "Committee to
 2 Elect Doug Quelland 2008 or 2006." It just says
 3 "Committee to Elect." I know it's a minor point, just
 4 wanted to point it out.
 5 I have proven that this never took place. It
 6 calls for a beginning payment of \$2,000 and this fact
 7 never took place. This one fact is pivotal - pivotal to
 8 why I didn't need to report the income balance to the
 9 Secretary of State or to the CCEC. The Clean Elections
 10 Commission complaint -- sorry, staff complaint claims
 11 that I should have reported the \$2,000 obligation.
 12 However, when I terminated the agreement, Mr. Davis told
 13 me since I terminated the agreement, I did not have to
 14 pay the \$2,000.
 15 At this time I would like to please refer you
 16 to an affidavit by Kenny Hopkins. I have it here
 17 somewhere. And it's in your file too, but I want to
 18 give it to you if I have it.
 19 It's an affidavit of Kenny Hopkins -- maybe I
 20 don't have it. I do have my copy. I'll get it out and
 21 I'll read it to you. This was sent to the Clean
 22 Elections.
 23 MS. SHIPMAN: We have Constantine Querard, but
 24 I don't see it.
 25 REPRESENTATIVE QUELLAND: From Kenny Hopkins?
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1 Mr. Davis and I engaged in a conversation
 2 about the current status of the campaign.
 3 During that conversation I asked Davis what
 4 his role was in the Quelland campaign. He
 5 informed me that he was helping out. I asked
 6 Davis if he was being paid. He said he was
 7 not. I asked Mr. Davis why he was
 8 participating in the Quelland campaign. Mr.
 9 Davis reported that it was a good exposure for
 10 himself as he wanted to get more involved in
 11 state legislative campaigns and working with
 12 Quelland was a good way to meet people and
 13 develop contracts.
 14 This is an affidavit from a constituent of mine
 15 in my district. So, either Mr. Davis lied to him or
 16 he's lying to you. Either way, the fact still remains
 17 that Mr. Davis considered himself a volunteer and was
 18 never paid. By his own words: I was never paid, I was
 19 a volunteer.
 20 Mr. Davis thought I was his entry to the next
 21 level of political campaigns, but his ethics and my
 22 common sense told me otherwise. For the year 2009 --
 23 I'm sorry, 2007, he thought he could use the title of
 24 campaign manager, when in reality he was a volunteer and
 25 just a hanger on. He thought he could gain stature from
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1 COMMISSIONER PARKER: It's not listed in the
 2 list of exhibits.
 3 REPRESENTATIVE QUELLAND: Here it is. I found
 4 my single copy.
 5 MS. SHIPMAN: Do you know when it was sent?
 6 REPRESENTATIVE QUELLAND: Dated October the
 7 13th -- no, that's when her Commission expires. 26th
 8 day of January 2009 by Kenneth Hopkins.
 9 I'll read it to you.
 10 MS. SHIPMAN: It's probably later on.
 11 REPRESENTATIVE QUELLAND: "Ken Hopkins, being
 12 duly sworn, on his oath disposes and says:"
 13 I was a volunteer for Doug Quelland's
 14 2008 campaign for the Arizona State House of
 15 Representatives.
 16 During the campaign I participated in a
 17 number of projects such as distributing
 18 literature and installing campaign signs.
 19 In the late summer of 2008, I had an
 20 occasion to visit Mr. Quelland's shopping
 21 center in Phoenix, Arizona.
 22 On that occasion of my visit I
 23 encountered Larry Davis. I was aware that
 24 Davis also had participated in the Quelland
 25 campaign.
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1 our relationship and that somehow he could salvage on
 2 the volunteer basis some campaign stature. He hung
 3 around my coffee shop for months and did very little but
 4 arrange a breakfast where mostly friends showed up,
 5 arranged a printing of four dozen T-shirts, and
 6 organized other volunteers. Hardly more than volunteer
 7 work and certainly not even close to \$7,000 worth of
 8 work.
 9 I believe this whole complaint is a put-up job,
 10 by his own admission in an e-mail on September 2006, and
 11 I'll read that in just a second. Constantine Querard
 12 was my chief consultant in the campaign and he handled
 13 the printing and mailing of over \$60,000 of Clean
 14 Elections funds. Mr. Davis never had anything to do
 15 with the expenditure of Clean Elections funds, and by
 16 his own admission a volunteer and only a consultant.
 17 There are three different e-mails from Mr.
 18 Davis. Make sure I get the right ones at the right
 19 time.
 20 Okay. I don't know if I have too many, but I
 21 got -- if there's not enough, I got a couple more here.
 22 MS. SHIPMAN: Here is Kenneth Hopkins.
 23 REPRESENTATIVE QUELLAND: Oh, yeah. Does
 24 everybody have that Kenneth Hopkins affidavit?
 25 MS. SHIPMAN: No, they don't.
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1 MR. LANG: No.
 2 REPRESENTATIVE QUELLAND: Could I wait to get
 3 them copies? Daniel, thank you.
 4 I'm pretty sure that when I gave my -- my
 5 affidavit to the Attorney General's office, she asked
 6 about it. She asked about that affidavit.
 7 MS. SHIPMAN: You gave an affidavit?
 8 REPRESENTATIVE QUELLAND: Yes, to you. I
 9 thought you asked about it.
 10 MS. SHIPMAN: Oh, you mean deposition?
 11 REPRESENTATIVE QUELLAND: I'm sorry.
 12 Deposition. But anyway...
 13 MS. SHIPMAN: You put.
 14 REPRESENTATIVE QUELLAND: Probably need to make
 15 copies of it.
 16 Okay. Well, let me read you the e-mail -- part
 17 of the e-mail Mr. Davis sent to me on August 2nd of
 18 2008: Doug -- I just passed them out. I think I just
 19 passed them out.
 20 "Doug, again, I am just a consultant, so take
 21 this and do with it as you wish."
 22 And then he proposes what Mr. Lang had said,
 23 various things to help me in the campaign. But in his
 24 own words, he admits that he's just a consultant. I --
 25 I guess I'm at a loss why Mr. Lang didn't bring that up

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1 when he said, well, all these things appeared to be that
 2 he's working and this is what people do in campaigns and
 3 things like that. Do people in campaigns -- I mean,
 4 either they are or they aren't. And in this case, by
 5 his own admission, Mr. Davis says I am a volunteer. I
 6 don't know how else to be more plain about it.
 7 He says: I am just a consultant. Doesn't call
 8 himself: I'm your manager, I'm your paid lackey, I'm
 9 nothing, I'm just a consultant. I can't be any more
 10 clear than what I just relaid there.
 11 Now, I would like to suggest a motive for Mr. D
 12 to bring such a complaint against me when all the facts
 13 seem to prove otherwise. First, I rejected his plan of
 14 smearing my friend, Representative Jackie Thrasher with
 15 her son's prison record, which is not the truth. It's a
 16 boldfaced lie. He showed that -- he showed that Website
 17 to not only myself, but also to Speaker Weiers.
 18 Now, second is a matter of a bounced check. I
 19 don't think I can place too much emphasis on this. Mr.
 20 Davis hung around my coffee shop because he was in flux,
 21 he was in transition, he was moving his place of
 22 business. He said he had to leave. I don't know
 23 anything about that and I'm not going to surmise why he
 24 was moving and where he was going and so on and so
 25 forth.

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1 But he was going to -- he asked me if I had any
 2 rental space in any shopping center and I said of course
 3 I do, it's tough times. He said, well, I'd like to -- I
 4 have a partner, and I sell books and he sells T-shirts,
 5 and we'd like to rent 2,000 square feet from you. And I
 6 said, well, I don't have a contiguous 2,000 square feet
 7 now. And he says, well, when do you think you will have
 8 it? And I said, well, it just so happens, one of my
 9 tenants is going to leave in the very near future and I
 10 would have 2,000 square feet together. And he says,
 11 I'll take it. And he said, well, I have a problem. I
 12 said, what's that? He says, I have no place to store my
 13 books. And I said, what about the T-shirts? He said,
 14 that's somebody else, that's my partner, but I do have
 15 books and I need to store them. And I said, well, you
 16 can store them in one of my empty spaces, which he did.
 17 We did not sign a lease. There was never any rent paid.
 18 There was never even talk of rent. There was just
 19 something in the future.
 20 But I never gave him free rent for anything.
 21 In order to give somebody free rent, as I explained to
 22 the Attorney General's office, you have to have a signed
 23 lease to give someone a free rent.
 24 Thank you. Thank you.

In order to have free rent, you have to have a
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1 lease. There was never a lease between Mr. Davis and
 2 myself. Can't produce it. Never existed. But Mr. Lang
 3 has bought into the idea that somehow this contract that
 4 never existed -- I mean, that was terminated, was never
 5 paid the \$2,000 at the beginning, somehow that -- that
 6 lease -- I mean, that agreement is in effect.
 7 Well, members of the Commission, there's no
 8 rent. There's no free rent. There's nothing. And I
 9 I'll go one farther, I wasn't going to bring this up,
 10 but I will. I checked with the city sales tax office
 11 and the state sales tax office. If I had given Mr.
 12 Davis free rent, he would have been doing business out
 13 of the store, not storing things there. My contention
 14 is that he did not have a lease, was not paying me rent,
 15 and was storing books there.
 16 If he was selling anything out of there, he
 17 would have had a transaction privilege license, both
 18 state and city. I called up both, there was no state
 19 license transaction privilege license issued to anybody
 20 at that shopping center at that address except for three
 21 tenants, and I know those three tenants and none of
 22 those are him.
 23 So, if he was doing business out of there and
 24 he was selling books, which I highly doubt, because he
 25 was storing them there, and he wasn't paying sales tax.

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1 Didn't have the right to do that because he didn't have
2 a transaction privileged license.

3 Now, it comes down to, well, what happened
4 eventually? Well, when the second space became
5 available next door and they were going to have 2,000
6 square feet, Mr. Davis came to me and said: Oh, my
7 partner backed out. That means you don't want the
8 space? He says: No, no, but I don't need 2,000 square
9 feet, I only need one. And that's where I think this
10 whole thing went south.

11 Mr. -- I told Mr. Davis at the time, well, then
12 you need to give me some earnest money, some security
13 deposit for that space for one month, and then we will
14 determine, sit down, and negotiate. It's refundable.
15 And he gave me a check for a thousand dollars. That
16 check bounced. It was not good when he wrote it. It
17 was not good when I cashed it. It was not good ever. A
18 day later he came to me with a cashier's check, okay?

19 Now, I've been in business for 30 years.
20 Service mostly. And in that 30 years I've probably
21 received right around a hundred bounced checks from
22 customers, most of which, obviously, you know, their
23 mistake, so on and so forth. But from time to time,
24 about at least 10 times out of those hundred, I actually
25 had customers that actually thought it was my fault that

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1 paid \$7,000 for the campaign, when, in fact, it was for
2 marketing. He was paid to be a marketer for my coffee
3 shop. Nothing more. Nothing less. I have submitted
4 copies of flyers, coupons, and print receipts from
5 Julie's Fine Printing.

6 Now, I understand Mr. Lang's point that one of
7 the things that Mr. -- that what we could have expected
8 from Mr. Davis was printing, assembly, distribution, but
9 it can be any one of those things, not all three in
10 combination.

11 Mr. Kesner, Lex Kesner, who you have a
12 deposition from, my partner in the coffee shop,
13 routinely had coupons at the front counter and routinely
14 had them distributed, menus, flyers, coupons. Julie's
15 Fine Printing printed these up. And the receipts you
16 have from Julie's Fine Printing add up to over \$12,000.
17 And that's just the receipts I could find. \$12,000
18 printing flyers, menus, and so forth. Certainly,
19 certainly, this is not all, but it certainly accounts
20 for the distribution of the seven.

21 Now, one would say that Mr. Lang has proposed
22 that Mr. Davis somehow couldn't have possibly spent
23 \$7,000 to distribute flyers, because he wasn't in that
24 business. Well, he was. And I'll tell you why. Mr.
25 Davis once, at my cost, detailed two of my automobiles.

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1 they bounced a check to me. It was somehow my fault
2 because I went to the bank too early with it or didn't
3 give them enough time. And Mr. Davis in one of his
4 statements claims that -- well, maybe I should read that
5 to you. It's an e-mail and I have a copy. Give it to
6 you in just a second.

7 This was dated in October: "Also I hear from
8 many people that Doug is going around and telling people
9 that I wrote him a bad check. I even understand that
10 he's shown that to some of you."

11 Commissioners, my bank does not give me copies
12 of bounced checks. Bank of America does not give a
13 check back to the person that deposited the check. I
14 couldn't have showed this check to anybody. But I don't
15 think that's material. I think his anger is coming out
16 here, and he had good motive to bring this complaint
17 because he's bounced a check to me and somehow it's my
18 fault. It's not my fault that there was not sufficient
19 funds in that account to cover it. But somehow his
20 writing a bad check to me is somehow my fault.

21 Mr. Davis was unhappy with his non-paid
22 position and needed to get even. That is why he brought
23 this complaint. He probably sincerely believes that
24 throughout 2007, he was my campaign manager. He thinks
25 that \$7,000 for the campaign -- he thinks that he was

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1 He was in the automobile detailing business. You can
2 say all you want about Intermedia, whatever, public
3 relations firm, whatever it is, Mr. Davis had many
4 things going on the side. Websites to sell materials
5 and goods and he had a car detailing business. He
6 detailed my car.

7 So, when Mr. Lang proposes -- and I'm not --
8 this is an aside. I have really appreciated the due
9 process accorded to me by staff. I just want to stay
10 that. But Mr. Lang proposed that Mr. Davis wasn't in
11 the business of doing distributing materials and flyers.
12 Well then, then, what would he say to Mr. Davis
13 detailing my automobiles for \$120 for two of them.
14 Sorry, that wasn't each. My wife's car never looked
15 better.

16 But if he was just in -- in promotions, just in
17 running campaigns or running, you know, Intermedia
18 things, why did he all of a sudden -- why is he
19 detailing automobiles? Because he does other things and
20 to think otherwise would be false. He does many other
21 things, and he gets paid to do it. And I think from
22 what I've seen, that he does a lot of different things
23 to support himself. And one of those things was, of
24 course, distributing flyers for me.

25 Mr. D -- Mr. Davis in his early -- oh. Mr.

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1 Davis has said in one of his letters to CE, that he
 2 collected \$5 bills for Clean Elections for me. If so,
 3 then you have that in your records at Clean Elections.
 4 But I looked over all 240 of them, and there isn't one
 5 there that's got his name or anybody with Intermedia or
 6 anybody outside that I don't know with any signature on
 7 any Clean Elections \$5 bill form. Not one.

8 Mr. Davis has said that he collected signatures
 9 for me. Then why does his name not appear as a
 10 signature on any of those? Now, two people that worked
 11 for a time for Intermedia, have collected some
 12 signatures for me. It's not -- you know, they weren't
 13 paid to do that. They weren't part of Intermedia. They
 14 just collected signatures for me. I think it amounts to
 15 45 signatures out of 240, still 10 percent of the
 16 signatures -- is that right?

17 COMMISSIONER HOFFMAN: Not of 240.
 18 REPRESENTATIVE QUELLAND: A little bit more
 19 than that, about 16 percent.

20 Mr. Davis says I gave him checks for \$11,000
 21 and the balance was \$4,000 in free rent. First of all,
 22 there is no free rent. Second of all, there is no
 23 \$2,000. Third of all, there's -- let's see, \$4,000 from
 24 \$15 is \$11, \$2,000 from \$11 is \$9, and now he says
 25 \$7,000. Where's the other \$2,000? You see my problem?

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1 informs you that Thelda Williams a Phoenix City
 2 Councilwoman, gave me a check for my campaign and that
 3 proves he was operating my campaign. Well, look on the
 4 Clean Elections -- look on the Clean Elections finance
 5 reports that I turned in. Thelda Williams, City
 6 Councilwoman, never paid me a dime. Never. There's no
 7 check.

8 I'm getting tired of being accused of things
 9 and then they put up facts, and then all of a sudden I
 10 disprove the facts, and then there's more facts given,
 11 and then when I disprove those facts, more facts are
 12 given. This has been going on for six months.

13 So, I asked why would Mr. Davis bring this
 14 complaint after the election? Notice the complaint was
 15 after the election. Well, I'm saying to you that it was
 16 after the election because it was after the bounced
 17 check, after he has good, angry reason not to like me.
 18 To try to do me in. To try to sink my ship.

19 Why? I don't have a clue. Once again though,
 20 I never had a clue about those 10 people that wrote me
 21 bad checks and somehow it was my fault.

22 I believe that I should tell you about my signs
 23 and my advertising for my business, because I know I was
 24 before you before on the signs and I -- and I want to
 25 tell you about those signs.

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1 This doesn't add up. There is no free rent. There is
 2 no \$2,000. There's only \$7,000. And I have receipts
 3 and I have reasons that that money was expended. But
 4 this doesn't even come close to \$15,000. It's not even
 5 half. But it's not money that I paid him for anything
 6 besides distributing flyers for my coffee shop, and I'll
 7 get to that right now.

8 You see, I spend this year alone \$20,000 in
 9 printed advertising. \$20,000. And I wish Mr. Lang and
 10 staff had come to my places of business because I think
 11 they would have gotten a different perspective of who I
 12 am and what I do for a living. But I'm a small
 13 businessman. But small can be anything less than 25
 14 employees and doing less than a million dollars worth of
 15 business. But I do a fair amount of business and I do
 16 it by advertising.

17 My budget this year was \$20,000 in print
 18 advertising. In the past it has been as high as
 19 \$30,000. So, spending \$7,000 on distributing flyers,
 20 and menus, and coupons to people door to door, is only a
 21 third of my -- and it was done in seven months. So, I
 22 don't see how that could be construed as somehow too
 23 much money, or not enough money, or whatever might have
 24 been stated.

25 Also, in some of Mr. Davis' statements, he

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1 Because I think somehow that it's a nagging
 2 unease with my marketing focus and the reason to believe
 3 that you somehow are uneasy with it too, and you feel
 4 like regulating businesses such as mine is a necessary
 5 evil to make sure that businesses don't get involved in
 6 campaigns.

7 While I agree with the Clean Elections that
 8 it's all about levelling the playing field, and that's
 9 what I talk to people all around the country with, the
 10 real world -- in the real world it's all about an
 11 uneven -- unlevel playing field. Listen to this: Is
 12 having the last name Reagan, Clinton, Kennedy or
 13 Goldwater any reason to bring into question one's
 14 campaign? Should Malcolm Ford stop publishing his
 15 magazine every time he runs for office? Does Eddie
 16 Bashas need to remove his signs on his grocery stores
 17 and stop bagging groceries with his name on the plastic
 18 or paper bags? Should my daughter, Geri (phonetic)
 19 Quelland -- first name starts with a "G" -- Geri.
 20 Should she not run for office because her initials are
 21 GQ and they can confuse her with Gentlemen's Quarterly?

22 I budget over \$20,000 in printed advertising
 23 for my business. My coffee shop, Q's Coffee, needed a
 24 boost in 2006 and 2007, so I marketed heavily on my side
 25 of town. And it's unfortunate, but it's true, my

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1 district and my consumers, my customers, are basically
 2 the same -- one and the same. I have lived and had my
 3 businesses in the same square mile for 30 years.
 4 So, I don't have a choice. I want to market to
 5 my customers. I also market to my constituents. I also
 6 market to the people that vote for me or don't vote for
 7 me. I don't have a choice. And I'm not going -- I'm
 8 not going to give up marketing to customers because I'm
 9 running for office.
 10 Last but not least, we live in a real world and
 11 unfortunately not a fair one. During the last election,
 12 November 2008, there were twice as many Thrasher signs
 13 in the western one-third of my district. Now, I like
 14 and consider both Jackie and John friends. But it seems
 15 that Jackie Thrasher's husband John was running for U.S.
 16 Congress and had put up hundreds of signs in my district
 17 and father west.
 18 Is this fair? Of course it is. They're not
 19 trying to pull a fast one. They're both running for
 20 office. Except people in my district see twice as many
 21 Thrasher signs in the district than Quelland signs.
 22 Why? At least in the third they share the same -- the
 23 congressional district and legislative district share
 24 the same things.
 25 Now, yes, just like Forbes magazine is fair,
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1 I believe my record stands for itself and I'm
 2 defending myself with the only weapon I choose to use,
 3 and that is the truth.
 4 Now, before we get into it, I want to address
 5 some of the things that Mr. Lang had brought up. Once
 6 again, I will say that Mr. Lang has and Daniel have both
 7 treated me with respect and have always given me due
 8 process, and I appreciate that.
 9 One would say: Why did you continue the
 10 relationship? Mr. Lang brought it up. Why would you
 11 continue the relationship with Mr. Davis after you
 12 terminated the agreement? Well, I didn't know I was
 13 continuing a relationship for campaigning. I thought I
 14 was continuing a relationship for promoting my business.
 15 I thought I was continuing a relationship for a
 16 perspective tenant.
 17 And I told this to the Attorney General's
 18 office, you know, somebody could come and see me and
 19 want 2,000 square feet, and they could be the dingiest,
 20 darkest lawyer in town, and I would probably still sit
 21 down with them and consider renting 2,000 square feet to
 22 them. That's how bad the market is out there.
 23 So Mr. Davis' insistence that he wanted to rent
 24 2,000 square feet from me in the future is incentive
 25 enough for me to continue some type of relationship with
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1 Bashas' food market is fair, GQ magazine is fair, and
 2 "Q" signs are fair, and Thrasher signs are fair. We
 3 just cannot level every playing field. It's just an
 4 impracticality. We live in a real world.
 5 Staff seems to think there's some kind of
 6 conspiracy over "Q" signs and it's far reaching. My
 7 legislative district and my customer base are the same.
 8 It would be a waste of money for me to advertise outside
 9 my district. I guess I just don't get what the fuss
 10 about the "Q" signs and flyer distributions. I guess
 11 fair is a moving target and needs to be tempered with
 12 the real world.
 13 I suggest to you that promoting my business,
 14 especially a failing one -- guess what, my coffee shop
 15 closed down in 2008. Five years. And look what
 16 Starbucks reported yesterday, earnings are way down. I
 17 closed it this December of 2008 after having put a lot
 18 of money in advertising in 2007, because I'm a
 19 businessman and I closed it because I would rather walk
 20 away than crawl away.
 21 Spending money on advertising expenses does not
 22 prevent me -- should not prevent me from running for
 23 office. Naming my businesses after myself, or the first
 24 letter of my last name, should not prevent me from
 25 running for office.
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1 him. And he had by this time, sometime in 2008, towards
 2 the summer, had stored some books there. Not doing
 3 business, not paying rent, not getting free rent, but
 4 had stored some books there. Hey, if that's what it
 5 takes to get a tenant. I know -- I know landlords in
 6 this town give away six months free rent or a whole year
 7 free rent to get a tenant. But they have a lease, they
 8 have a contract, we never had that.
 9 I've already explained to you the signature
 10 gathering. Mr. Davis never or anybody that works for
 11 Intermedia ever got me \$5 bills. And you can check that
 12 yourself on your own stationary -- or, your own forms.
 13 Yes, it's true that we had a falling out. But
 14 it was not of my doing, it was a bounced check. That
 15 falling out is not my doing. I didn't write Mr. Davis a
 16 bad check. Matter of fact, I -- well, anyway --
 17 And I understand Mr. Lang's point, a
 18 preponderance of the evidence. I think I've presented
 19 to you and I'm going to answer questions as soon as I
 20 get done. I'm going to present to you my preponderance
 21 of the evidence and I believe it outweighs Mr. Lang's
 22 preponderance of the evidence.
 23 Now, I want to address to you Mr. Brent Eigsti,
 24 okay? I first met Brent in the coffee shop with my
 25 partner Lex Kesner. He was doing a Website for Lex, and
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1 it -- someone had convinced Lex Kesner, my business
2 partner, that he could make money with a Website. It
3 didn't have anything to do with the coffee shop. It was
4 a Website to make money. Convinced him and Mr. Brent
5 Eigsti went ahead and devised that for him, and that's
6 where I met him. I didn't know at the time he worked
7 for Intermedia, we just drank coffee together. And over
8 the months I found out that he did work for Intermedia.
9 But during that time, I came to understand that he was a
10 computer guru and knew a lot about computers, and I --
11 and had connections too in the print fields and things
12 like that.

13 And, of course, he had a credit card from Bank
14 of America. I don't -- I'm going to have to go back in
15 all the bank records, but I don't think he used it more
16 than four or five times. Now, one would say: Now, Foxx
17 is being paid. And these are all things that volunteers
18 can do in a campaign. Volunteers can do. Where you
19 change from being a volunteer to being -- to being paid,
20 is being paid. And they weren't being paid. Brent
21 was -- Brent was never paid for anything. Intermedia
22 was never paid for anything on my campaign. I can't
23 emphasize that enough.

24 If we go back to what Mr. Lang has said, you
25 know, \$15,000, well, that didn't exist. Doesn't exist.

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1 and then -- I believe my record stands for itself and
2 I'm defending myself with the only weapon I choose to
3 use and that is the truth. I even -- I even in 2010, am
4 contemplating running again as a Clean Elections
5 candidate, because I've been fairly treated. Although,
6 like I said, it has taken a long time and justice
7 delayed is justice denied.

8 One would think I would be in a revengeful
9 mood, but I am not. I do not seek revenge on anybody.
10 I do not -- I am not angry with anybody. I just want my
11 life back. Fairness is a part of my nature too, just
12 like it is for Clean Elections. But living in the real
13 world is too. I have proven all complaints against me
14 false and with that I ask the CCEC to consider dropping
15 all complaints and grant me peace.

16 I will respectfully answer any and all of your
17 questions.

18 CHAIRPERSON SCARAMAZZO: Thank you,
19 Representative.

20 COMMISSIONER DANIELS: Mr. Chairman, I'll just
21 start Representative Quelland with two pretty easy ones.

22 REPRESENTATIVE QUELLAND: Sure.

23 COMMISSIONER DANIELS: I'm surprised that you
24 signed a four-page contract and then put in writing that
25 you're breaking the contract and he said you didn't have

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1 I ask the Commission to get that out of your heads.
2 There is -- the \$2,000 was never paid. You know, there
3 was never -- the balance, there was never rent, there
4 was never anything. The \$7,000 I produced. Hopefully
5 you understand that.

6 I understand that Mr. Lang had asked for a
7 subpoena in order to get bank records from Mr. Davis. I
8 guess I'm not entitled to know that or to find out if
9 anything was produced and things like that. But I'm
10 under the -- I'm under the knowledge that nothing was
11 produced. They had to subpoena quite a number of
12 different banks.

13 I'm not here to run another person's reputation
14 in the ground, but I am here to defend my own. And I
15 resent not being able to do that to the fullest extent.
16 And I think if this proceeds any farther, I'm sure
17 there's going to be other information coming out and it
18 won't be about me.

19 I don't know where those subpoenas are or if
20 you got any bank records or anything. But I do know
21 that several banks -- I won't even guess the number.
22 Several banks were notified. Why so many banks? I've
23 had one bank for 20-some years.

24 I think I've spoken too long and probably bored
25 you -- bored you. I have a couple things I want to add

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1 to pay the \$2,000, but you didn't get that in writing.
2 That's a he said/she said. I wouldn't assume signing a
3 four-page contract I wouldn't get something back in
4 writing for breaking it.

5 REPRESENTATIVE QUELLAND: I understand that. I
6 talked to my corporate attorney yesterday -- not Mr.
7 Miller, somebody else -- I was under the impression back
8 in those days, I'm not now, I'm not as naive, that there
9 was a three-day rescission, you can rescind any contract
10 in the state in three days, and that's what I was going
11 on. I've since been told by many people that's not true
12 since then. But at that time, you know, it didn't dawn
13 on me to go and ask anybody if that was true or not.

14 So, once again, you know, I -- I did not think
15 of asking anybody and didn't think I had to.

16 COMMISSIONER DANIELS: Well, and Mr. Chairman,
17 Mr. --

18 CHAIRPERSON SCARAMAZZO: Sure.

19 COMMISSIONER DANIELS: -- Representative
20 Quelland, you made a big deal about the e-mail. It says
21 again, "I'm just a consultant." But the contract you
22 signed was a consulting contract. To me, if I say I'm a
23 consultant and a I have a contract signed by you, I'm
24 assuming I'm getting paid. I don't hold a lot of
25 credence to saying he's just a volunteer when it says

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1 here I'm a consultant and you signed a consulting
2 contract.

3 That's not necessarily a question, but if you
4 want to respond, I understand.

5 REPRESENTATIVE QUELLAND: Oh, sure.
6 Constantine Querard would consider himself a consultant,
7 he didn't get paid money. He's acting as an
8 intermediary between printing companies, and mailing
9 companies, and distribution companies. I didn't have --
10 I didn't have a consulting agreement with Mr. -- I guess
11 what I'm trying to say to you is: I didn't have a
12 consulting agreement with Mr. Querard, Constantine.

13 CHAIRPERSON SCARAMAZZO: Jeff.

14 COMMISSIONER FAIRMAN: Mr. Chairman,
15 Representative Quelland, I want to come back to
16 something that was just really asked. You've -- you've
17 said several times that you were a careful businessman
18 and you've been in business for a while. But how --
19 well, my question is: How many times did you meet with
20 Mr. Davis regarding a consulting contract before you
21 entered into that contract? Was that something you had
22 numerous conversations about and then decided to jump
23 into the water with him? Or how did that come about?

24 REPRESENTATIVE QUELLAND: Since it was over two
25 years ago, my memory is not real clear. But, there were

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1 days that we met at the coffee shop over coffee, because
2 it was my coffee shop, and he would be there, and he was
3 there most days.

4 Mr. -- the affidavit from Mr. Kesner, the
5 affidavit from Constantine Querard, I hope that you've
6 read those affidavits. They both affirm that they were
7 -- they were told by Mr. Davis that -- that, you know,
8 he wasn't a paid consultant, and that he -- that, you
9 know, other people were doing the work for me and things
10 like that.

11 But I don't -- I couldn't tell you if we met
12 for three times, or six times, or one time went over.
13 I -- I've always found that -- and I'm unique and so is
14 Representative Thrasher. We're unique in the state as
15 far as Clean Election candidates are concerned. And you
16 want -- you probably want to know why? We happen to run
17 in a district in which the Speaker of the House resides,
18 or did reside until -- he's no longer the Speaker. And
19 I'm sure Representative Thrasher will tell you, it's
20 hard to run against somebody that can spend upwards of
21 \$300- to \$400,000 on a campaign. That's difficult.
22 Because even with matching funds -- and I hope they
23 don't go away by the way, I'll go on record. But
24 anyway, it's hard to run against somebody when your
25 matching funds can only bring you up to maybe \$72,000,

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1 maybe \$72,000 and you're still running against somebody
2 that's going to spend three or four times that.

3 So, I -- after having run three times as a
4 Clean Elections candidate, seriously thought that, hey,
5 this isn't going to cut it. I cannot get by on running
6 against another race -- because when you're running four
7 people for two seats, you are running against that other
8 three people, even though one of them is in your own
9 party. You are running against three other people. And
10 when I ran against Speaker Weiers and I knew he was
11 going to spend hundreds of thousands of dollars, I had
12 to think twice about running as a Clean Elections
13 candidate again, but I did.

14 Could I have raised a hundred thousand dollars
15 or more? I don't know. I don't know if I want to go
16 and sell my soul that bad.

17 But to answer your question, I -- I'm sure we
18 discussed it more than once, but I don't know how many
19 times.

20 COMMISSIONER FAIRMAN: One more question,
21 please. I guess the other question that I would have
22 is: Why would you -- why would you even keep Mr. Davis
23 around and even expect or -- or ask that he be any part
24 of your campaign, or even allow him to be part of your
25 campaign, when at the very start you absolutely

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1 questioned his ethics to the point of cancelling a
2 \$15,000 contract?

3 REPRESENTATIVE QUELLAND: Well --

4 COMMISSIONER FAIRMAN: It sounds like you were
5 allowing him to build a business on your back, and the
6 more prudent thing would have been to say: I don't want
7 your assistance. How did that come about?

8 REPRESENTATIVE QUELLAND: Well, Mr. Davis is
9 very gifted in words. Very gifted. That's probably why
10 he's in public relations. And he slings a good tale,
11 you know. I can raise you a hundred thousand dollars, I
12 can do this, I can do that. When you're running three
13 businesses and trying to run for office, you know,
14 things sound good when somebody can promise you things.
15 And you know what, it -- what it turned out to be is
16 that he couldn't deliver on those things.

17 And, you know, having showed you the smear
18 campaign and having showed you his words to Mr. Hopkins
19 about he was a just a volunteer, never paid, things like
20 that, I think it's -- you know, he just wanted to hang
21 around. He wanted to be a part of something. And I
22 don't think -- and I don't know this to be a fact,
23 because I haven't investigated it, but I don't think
24 he's ever run a campaign at the level that a state
25 representative or state senator is, you know. I'm sure

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1 he's helped on campaigns. And as a result, you know,
 2 his advice that were given at the coffee shop over
 3 coffee, I listened. I listened to that advice.
 4 Once again, maybe I'm just naive, but having
 5 somebody that wants 2,000 square feet in your center,
 6 kind of makes your ears kind of just do this (gesture)
 7 from time to time and you listen, you know. I thank God
 8 it's a recession and my center is full now, but it
 9 wasn't back in 2007. It really wasn't.
 10 COMMISSIONER FAIRMAN: Thank you.
 11 REPRESENTATIVE QUELLAND: Uh-huh.
 12 COMMISSIONER HOFFMAN: Mr. Chairman?
 13 CHAIRPERSON SCARAMAZZO: Yes, sir.
 14 COMMISSIONER HOFFMAN: Representative Quelland,
 15 I have a number of questions I wonder if I can trouble
 16 you for.
 17 REPRESENTATIVE QUELLAND: Sure.
 18 COMMISSIONER HOFFMAN: It's a very difficult
 19 problem for us. First of all, you spoke about Mr. Lang
 20 and the rest of staff, and I thank you very much for
 21 those comments. I'm sure that the staff does as well.
 22 It's good to hear that we have people looking out for
 23 due process.
 24 I wanted to ask you whether you also believe
 25 that or are convinced that the Commissioners are

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1 REPRESENTATIVE QUELLAND: Sure. Well, had
 2 there not been a -- had there not been a termination
 3 letter, what about the \$2,000? I cannot emphasize that
 4 enough. What about the two -- if somebody owed me
 5 \$2,000, I think I would be hounding them for that
 6 \$2,000. I think I would probably have made it an issue.
 7 Say: Okay, you've terminated my agreement, I don't
 8 think -- I think it was wrongful, I don't think you
 9 should have; but, by the way, you still owe me \$2,000.
 10 Never paid.
 11 COMMISSIONER HOFFMAN: Did you ever get an
 12 e-mail from Mr. Davis after you delivered the
 13 termination letter, or some kind of, you know, writing
 14 or letter or any document after delivery of that
 15 referring to it for example?
 16 REPRESENTATIVE QUELLAND: No. No, just -- I
 17 mean, we saw each other, you know, the next day, and the
 18 next day, and a couple days later and things like that.
 19 Like I said, you know, Mr. Lang has a couple times said
 20 "fired" and I've used the term "terminated," because we
 21 didn't end on necessarily an unhappy note. We didn't
 22 ended up enemies. We didn't get mad at one another. I
 23 think we just disagreed on the ethics of a smear
 24 campaign.
 25 And thank God that there are ethics. Can you

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1 impartial and trying to learn the correct facts of this
 2 matter as well.
 3 REPRESENTATIVE QUELLAND: Of course.
 4 COMMISSIONER HOFFMAN: Yeah.
 5 REPRESENTATIVE QUELLAND: Of course. I -- I'm
 6 in public life and one could say -- probably some would
 7 ask me: What other motives might people have for
 8 bringing untrue complaints against you? And all I can
 9 say is politics. Politics. Politics I've learned is
 10 not for the thin skinned and it's not for people that
 11 can't get knives out of their backs.
 12 COMMISSIONER HOFFMAN: Well, thank you. I --
 13 as I said, this is a very troubling thing, particularly
 14 because I'm a new member on this Commission. But I --
 15 there are a number of issues that I had.
 16 One is this termination letter that you
 17 handwrote. And I read your deposition testimony saying
 18 you delivered it to Mr. Davis somewhere in your place of
 19 business, I gather. Do you have any evidence to
 20 actually prove that that termination letter was
 21 delivered other than your -- your word? And I'm not
 22 trying to discount --
 23 REPRESENTATIVE QUELLAND: No, I understand.
 24 COMMISSIONER HOFFMAN: Is there any other
 25 supporting evidence to show that was delivered?

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1 imagine the hurt that would have caused to my friend?
 2 And the disaster that it would have caused in my
 3 campaign had I put out something that wasn't true about
 4 somebody running for office? That would have been a
 5 disaster. And thank God people have ethics.
 6 COMMISSIONER HOFFMAN: Did you have any
 7 document ever from Mr. Davis suggesting the strategy you
 8 describe of trashing Jackie Thrasher's family?
 9 REPRESENTATIVE QUELLAND: Well, I don't have
 10 any documents, but I do have the word of Speaker Weiers,
 11 and I think that's good enough. Well, you know,
 12 evidently nobody asked him in any deposition or -- you,
 13 you say you have -- see, there's another thing --
 14 COMMISSIONER HOFFMAN: Well, could you describe
 15 to us what Speaker Weiers -- what you are referring to?
 16 REPRESENTATIVE QUELLAND: Well, in front of Mr.
 17 Davis I don't think he said anything. But when we left,
 18 having talked, I think it was at the coffee shop and the
 19 computers -- we had WiFi at the coffee shop, and so
 20 people can get on their computers at the coffee shop --
 21 that's where he went to the Department of Corrections
 22 Website. Mr. Weiers was there. Mr. Weiers was closed
 23 lip --
 24 COMMISSIONER HOFFMAN: I'm sorry. Having a
 25 little trouble understanding where and when we're

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1 talking about. Are you speaking --

2 REPRESENTATIVE QUELLAND: Mr. Weiers -- Speaker

3 Weiers and I were there with Mr. Davis and he showed us

4 the Website of the Department of Corrections.

5 COMMISSIONER HOFFMAN: That was in the one- or

6 two-day period?

7 REPRESENTATIVE QUELLAND: That was in -- yeah.

8 COMMISSIONER HOFFMAN: Okay.

9 REPRESENTATIVE QUELLAND: And that's when he

10 showed Mr. Weiers and me the Department of Corrections

11 Website and what it said about a Mr. Thrasher, Jason,

12 J-A-Y-S-O-N instead of J-A, and a different birthday.

13 COMMISSIONER HOFFMAN: I understand.

14 REPRESENTATIVE QUELLAND: When we left, we had

15 a discussion. And that was, you know, can you believe

16 that? And I said, well, yeah. You know, it just -- you

17 know, it struck both of us that this isn't the way --

18 this isn't the way to go.

19 COMMISSIONER HOFFMAN: So, Speaker Weiers you

20 believe can confirm that Mr. Davis proposed this

21 strategy within a 24-hour period in effect after you

22 signed the consulting contract?

23 REPRESENTATIVE QUELLAND: I can't say what -- I

24 can't say what he would attest to. But he was there,

25 and he --

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1 I go to their houses on my bicycle and meet with them at

2 their house. It's definitely a lot better than sending

3 e-mails which can be construed as not caring.

4 But, you know, no, I don't have anything I

5 wrote to Mr. Davis about.

6 COMMISSIONER HOFFMAN: Other than this

7 termination letter, can you recall any other letter or

8 document that you ever wrote to Mr. Davis? Not talking

9 about speaking, I'm --

10 REPRESENTATIVE QUELLAND: Anything, yeah.

11 COMMISSIONER HOFFMAN: Anything where you put

12 anything in writing?

13 REPRESENTATIVE QUELLAND: I'd have -- since all

14 of this occurred two years ago, and -- I have to think

15 about that more than, you know, 15 seconds.

16 COMMISSIONER HOFFMAN: I understand it's

17 difficult to answer on the spot.

18 REPRESENTATIVE QUELLAND: Yeah.

19 COMMISSIONER HOFFMAN: Do -- what e-mail

20 provider do you use?

21 REPRESENTATIVE QUELLAND: Cox. Cox.net.

22 COMMISSIONER HOFFMAN: So, you said that

23 Constantine Querard -- I'm not sure if I'm saying the

24 names right.

25 REPRESENTATIVE QUELLAND: I don't know if I

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1 COMMISSIONER HOFFMAN: Assuming he remembers it

2 and --

3 REPRESENTATIVE QUELLAND: Yeah.

4 COMMISSIONER HOFFMAN: -- would like to tell

5 us.

6 REPRESENTATIVE QUELLAND: Sure.

7 COMMISSIONER HOFFMAN: Okay. Do you have any

8 documents that would help you confirm that Davis was not

9 a paid political consultant in the sense of some e-mail

10 perhaps, or -- or letter you wrote to somebody

11 describing Davis, or any kind of -- you know, in all

12 these materials it seemed I never saw an e-mail from

13 you. I was kind of wondering about that. Is there some

14 document that -- that you have where you characterized

15 him at the time in some way other than a paid political

16 consultant?

17 REPRESENTATIVE QUELLAND: No, I'm not a

18 computer-type guy.

19 COMMISSIONER HOFFMAN: You don't tend to type a

20 lot of e-mails?

21 REPRESENTATIVE QUELLAND: I don't tend to do a

22 whole lot of e-mails.

23 COMMISSIONER HOFFMAN: Okay.

24 REPRESENTATIVE QUELLAND: Here's what I do:

25 E-mails I get from constituents, I copy the e-mails and

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1 know how to pronounce it either.

2 COMMISSIONER HOFFMAN: -- was your political

3 consultant for your political campaign and consultant.

4 I wasn't clear, did you say he was not paid? I'm --

5 REPRESENTATIVE QUELLAND: Well, we don't have

6 -- we didn't have a contract --

7 COMMISSIONER HOFFMAN: You didn't have a

8 written contract.

9 REPRESENTATIVE QUELLAND: To where I owed him

10 money.

11 COMMISSIONER HOFFMAN: So, he was like a free

12 political consultant? I didn't know he did that, that's

13 why I wondered.

14 REPRESENTATIVE QUELLAND: He arranges for the

15 printing to be done and things like that. I think he

16 was paid \$100 consulting fee and \$150 as a consulting

17 fee if memory serves. Certainly not \$15,000, or \$7,000,

18 or \$2,000. I think if we look at the -- at the Clean

19 Elections financial reports, we'll see that was probably

20 paid in --

21 COMMISSIONER HOFFMAN: I remember --

22 REPRESENTATIVE QUELLAND: -- less than \$500.

23 COMMISSIONER HOFFMAN: I remember small

24 payments.

25 REPRESENTATIVE QUELLAND: Small payments.

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1 COMMISSIONER HOFFMAN: So, how does he make
 2 money? I thought the purpose --
 3 REPRESENTATIVE QUELLAND: Maybe he did --
 4 COMMISSIONER HOFFMAN: I thought he was a paid
 5 political consultant.
 6 REPRESENTATIVE QUELLAND: Well, he had 32 -- 32
 7 candidates.
 8 COMMISSIONER HOFFMAN: That adds up.
 9 REPRESENTATIVE QUELLAND: Uh-huh.
 10 COMMISSIONER HOFFMAN: Do you have any document
 11 that you've been able to locate that identifies Mr.
 12 Davis as a volunteer or otherwise described his role in
 13 any way?
 14 REPRESENTATIVE QUELLAND: Well, that one --
 15 COMMISSIONER HOFFMAN: The e-mail that he wrote
 16 that says he's a consultant. But did --
 17 REPRESENTATIVE QUELLAND: Then Mr. -- Mr.
 18 Hopkins affidavit that --
 19 COMMISSIONER HOFFMAN: Describes an oral
 20 conversation.
 21 REPRESENTATIVE QUELLAND: Yeah.
 22 COMMISSIONER HOFFMAN: Okay. Do you know any
 23 place where he -- did you keep volunteer lists in your
 24 campaign where people would sign their names, you know,
 25 when they, you know --

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1 REPRESENTATIVE QUELLAND: Well, I do have --
 2 one of my volunteers had brought this up a couple -- a
 3 couple weeks ago, that -- that Mr. Davis was going to
 4 distribute flyers in a certain area, and it was not the
 5 acceptable area, and I had to correct, you know, the
 6 area. But I don't -- I don't recall it being anything
 7 written down as to which area and things like that.
 8 It's a fairly -- fairly condensed district. I
 9 live in the densest district in the state. Over 6,000
 10 people per square mile, about 1,500 homes per square
 11 mile. So, don't have to go very far away from the store
 12 to distribute flyers in any direction.
 13 COMMISSIONER HOFFMAN: Can you think of
 14 anything that, you know, anything that was written down
 15 at the time that would help you show that the payments
 16 for the \$7,000 were for distribution of flyers?
 17 REPRESENTATIVE QUELLAND: Can't think of
 18 anything, no. It doesn't -- you know, \$7,000 for
 19 distribution of flyers, and advertising, and print
 20 material door to door is a very modest sum, especially
 21 door to door, and especially --
 22 COMMISSIONER HOFFMAN: Have you done
 23 distribution --
 24 REPRESENTATIVE QUELLAND: Oh sure.
 25 COMMISSIONER HOFFMAN: -- door to door with

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1 REPRESENTATIVE QUELLAND: Yeah, that's true.
 2 COMMISSIONER HOFFMAN: Did he --
 3 REPRESENTATIVE QUELLAND: There were times --
 4 not volunteers, but if we host a pizza get together,
 5 people would sign in, sign out, things like that. And I
 6 -- those things are probably long gone.
 7 COMMISSIONER HOFFMAN: Okay.
 8 REPRESENTATIVE QUELLAND: I wasn't audited
 9 after this campaign, so most of those records and things
 10 like that are long gone.
 11 COMMISSIONER HOFFMAN: Okay. I think it would
 12 help if there were any documents available that would --
 13 REPRESENTATIVE QUELLAND: I understand.
 14 COMMISSIONER HOFFMAN: -- characterize his
 15 role.
 16 REPRESENTATIVE QUELLAND: I understand.
 17 COMMISSIONER HOFFMAN: Because that's obviously
 18 the biggest problem in front of us.
 19 Are there any documents that you know of that
 20 show a contract for -- with Mr. Davis or his firm for
 21 distribution of the flyers?
 22 REPRESENTATIVE QUELLAND: No.
 23 COMMISSIONER HOFFMAN: Is there anything that
 24 shows the plan for where he was going to distribute the
 25 flyers or what work he did?

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1 other companies?
 2 REPRESENTATIVE QUELLAND: Mr. Miller, can you
 3 hand me the spiral notebook that you have? The one I
 4 gave you with all the --
 5 MR. MILLER: It's not here.
 6 COMMISSIONER HOFFMAN: Have you done it with
 7 other companies?
 8 REPRESENTATIVE QUELLAND: Oh, yeah. I have --
 9 I have done catalogues about every three or four years
 10 for the business. And in that catalog I listed
 11 everything we rent and everything we -- we supply and
 12 service.
 13 COMMISSIONER HOFFMAN: How about the coffee
 14 shop?
 15 REPRESENTATIVE QUELLAND: And the coffee shop
 16 is on there too, it's on the back page.
 17 And things like that. And we distribute those
 18 door to door. It's easier. It's cheaper than mailing.
 19 It's very expensive to mail.
 20 COMMISSIONER HOFFMAN: Have you ever had a
 21 written contract with a different company to distribute
 22 flyers or materials for your business?
 23 REPRESENTATIVE QUELLAND: Usually when people
 24 do things door to door, I don't. I haven't. If I mail
 25 it or somebody has, you know, a big team and things like

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1 that. But, I don't remember having contracts. And if I
 2 did, I don't know where I'd find them after 30 years in
 3 business.
 4 COMMISSIONER HOFFMAN: At any period of time?
 5 REPRESENTATIVE QUELLAND: Yeah.
 6 COMMISSIONER HOFFMAN: So, you just do this all
 7 by I'll pay you "X," and never anything written down as
 8 to how much you're going to pay?
 9 REPRESENTATIVE QUELLAND: Well, I can't say
 10 there's never anything that was written down. I just
 11 don't recall.
 12 COMMISSIONER HOFFMAN: Okay. Just a couple
 13 last questions if you'll indulge me.
 14 Was there anything in reading through your
 15 deposition testimony that you felt you need to change
 16 that you remembered something different on or needed to
 17 correct anything in it?
 18 REPRESENTATIVE QUELLAND: I -- you know, once
 19 again, that was -- when was it? Four months ago? Five
 20 months ago?
 21 MR. LANG: January.
 22 REPRESENTATIVE QUELLAND: January, okay. Four
 23 months ago. I've been busy for the last four months.
 24 COMMISSIONER HOFFMAN: I understand. Nothing
 25 comes to mind?

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1 REPRESENTATIVE QUELLAND: No, nothing comes to
 2 mind. I remember they misspelled my middle name, but I
 3 don't think that --
 4 COMMISSIONER HOFFMAN: One of the things that
 5 was mentioned was that you had a number of -- you had
 6 said that you didn't go to these breakfast meetings, I
 7 forget what they were called.
 8 MR. LANG: Breakfast fundraiser.
 9 COMMISSIONER HOFFMAN: Breakfast fundraiser.
 10 MR. LANG: Community breakfast.
 11 COMMISSIONER HOFFMAN: Community breakfast.
 12 You didn't go to the community breakfast and never heard
 13 of them. Is -- is that still your memory? Because I've
 14 seen some other materials --
 15 REPRESENTATIVE QUELLAND: Yeah, from --
 16 COMMISSIONER HOFFMAN: -- including from
 17 Speaker Weiers suggesting that they saw you.
 18 REPRESENTATIVE QUELLAND: I remember -- and I
 19 remember lots of community functions and more than one
 20 community breakfast. One that Representative Weiers and
 21 Senator Gray did together down at Country Buffet down at
 22 Metro Center. And there possibly could have been a
 23 community breakfast at my place that I was in attendance
 24 to. But at the time when the Attorney General asked me
 25 about it, I did not recall it. And I still, two

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1 years -- two years down the road, I, you know, I've been
 2 racking my brains what it was and where it was. Because
 3 other people use the banquet hall, other people use
 4 things. And I had Republican county meetings there. I
 5 had District 10 meetings. So, I'm not real clear on
 6 everything that went on.
 7 COMMISSIONER HOFFMAN: As you sit here today,
 8 do you recall or do you not recall going to a community
 9 breakfasts in your -- the Q hall? That were organized
 10 by Mr. Davis, I'm sorry.
 11 REPRESENTATIVE QUELLAND: Right. If -- okay.
 12 There was a instance in which I found myself in the
 13 banquet hall with Mr. Davis and one other individual. I
 14 remember that really distinct that -- and I think I can
 15 even remember it was a person I didn't even know that
 16 had come there because they were asked. That was it.
 17 There was like three of us in the room and it was
 18 ghastly. If that's what referring to -- you know, not
 19 you're referring to --
 20 COMMISSIONER HOFFMAN: I'm not referring to
 21 anything. I'm trying to find out.
 22 REPRESENTATIVE QUELLAND: Yeah. And -- and I
 23 think that's what I remember. Whether that's a
 24 community breakfast or not, three people being there.
 25 And it was a young lady -- I can't remember. I didn't

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1 keep any records because she didn't sign my petition,
 2 didn't offer, you know, a fundraising check.
 3 COMMISSIONER HOFFMAN: Let me ask you
 4 specifically with regard to Speaker Weiers --
 5 REPRESENTATIVE QUELLAND: Sure.
 6 COMMISSIONER HOFFMAN: -- do you remember being
 7 in a fundraiser organized by Mr. Davis where Speaker
 8 Weiers attended?
 9 REPRESENTATIVE QUELLAND: We did so many
 10 fundraisers and so many breakfasts and so many dinners
 11 and things like that. To recall them -- we did
 12 Perichio's, we did Country Buffet and Sardella's Pizza,
 13 we were all over the map as far as fundraiser, and
 14 community breakfast, and hosting people, and having town
 15 hall meetings, and things like that. It was all over
 16 the map. And it's all on the Clean Elections financial
 17 statements.
 18 COMMISSIONER HOFFMAN: Thank you for --
 19 REPRESENTATIVE QUELLAND: Sure.
 20 COMMISSIONER HOFFMAN: -- answering the
 21 questions.
 22 REPRESENTATIVE QUELLAND: Sure.
 23 COMMISSIONER HOFFMAN: Appreciate it.
 24 CHAIRPERSON SCARAMAZZO: Royann.
 25 COMMISSIONER PARKER: Mr. Chairman, Mr.

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1 Quelland, my biggest question I guess is: When you gave
2 your termination letter to Mr. Davis, what -- what was
3 the conversation that transpired between the two of you
4 at that time?

5 REPRESENTATIVE QUELLAND: As I had said in the
6 -- in my deposition, I told him that my ethics were
7 not -- did not run in that vein. You know, not that
8 I -- not that I didn't understand contracts and things
9 like that, didn't understand agreements; that I would
10 not be party to printing something about another
11 candidate's family. And that's -- that's what I recall
12 very vividly that I said at that time, that I would not
13 be a part of it.

14 COMMISSIONER HOFFMAN: Do you recall his --
15 his, I guess, response to your wanting to terminate the
16 contract?

17 REPRESENTATIVE QUELLAND: I don't remember
18 specifics being two years ago, other than -- I don't
19 even remember if he was angry, upset, neutral, happy,
20 don't even remember that. I do remember it was early in
21 the morning. It was somewhere in the shopping center,
22 probably in the coffee shop. He was working on the
23 computer, WiFi and things like that. I don't recall.

24 If words were exchanged other than what I told
25 you, I just don't -- it's two years ago.

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1 you remember if you had a breakfast? I did not.

2 And then if you go to the bottom of the page.

3 It says: No, I never ever authorized a breakfast.

4 Never had a breakfast.

5 And, yet, the same breakfast is the one that
6 Speaker Weiers attested that he was there and gave you
7 money. So, that's what I'm having a problem with. It
8 totally contradicts itself and that is something I
9 really struggle with.

10 REPRESENTATIVE QUELLAND: I understand that. I
11 understand it. I don't have an explanation.

12 You know, in my deposition, you know, and I
13 tried -- I -- I tried everything I could in that
14 deposition to think about the question being asked, to
15 be very prudent in my response, to wait, to be very
16 guarded in my words to make sure that they were actually
17 what I wanted to say. And maybe on this occasion I'm
18 just not as sharp as I wanted to be.

19 COMMISSIONER DANIELS: And, Mr. Chairman,
20 Representative Quelland, were you presented with a copy
21 of your deposition --

22 REPRESENTATIVE QUELLAND: Yes.

23 COMMISSIONER DANIELS: -- so you could look
24 through and change anything?

25 REPRESENTATIVE QUELLAND: Yes, I was.

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1 COMMISSIONER PARKER: Okay.

2 COMMISSIONER DANIELS: I do have one.

3 CHAIRPERSON SCARAMAZZO: Lori.

4 COMMISSIONER DANIELS: Mr. Chairman,
5 Representative Quelland, how long was your deposition;
6 do you remember?

7 REPRESENTATIVE QUELLAND: Deposition with this
8 young lady?

9 COMMISSIONER DANIELS: Uh-huh. Two hours?
10 Three hours? Five?

11 REPRESENTATIVE QUELLAND: I'd say in the
12 neighborhood of two and a half to three.

13 COMMISSIONER HOFFMAN: And I've been through a
14 deposition recently and it was seven gruelling hours, so
15 I know it's difficult to remember.

16 REPRESENTATIVE QUELLAND: I feel for you. Yes.

17 COMMISSIONER HOFFMAN: But I think I have a
18 real problem, because when I was going through my
19 deposition and it was for Clean Elections and the
20 attorney would hand me a document and say: Does this
21 help you recall? A lot of times it would. A few times
22 it wouldn't. But on Page 58 of your deposition, they
23 specifically show you the flyer for May 19th, 2007
24 breakfast at Q's Banquet Hall.

25 It says: Do you recognize this flyer? No. Do

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1 COMMISSIONER DANIELS: Thank you.

2 CHAIRPERSON SCARAMAZZO: Questions? Okay.

3 COMMISSIONER DANIELS: Anybody else wanting to
4 talk on this?

5 No more questions.

6 CHAIRPERSON SCARAMAZZO: Any questions from
7 anyone in the audience that has anything to add here?
8 Okay.

9 MS. BARNES: I'd like to make a statement but I
10 don't have a question.

11 CHAIRPERSON SCARAMAZZO: Let us take care of
12 this first. Anything?

13 Okay. With that in mind, we are -- here in
14 just a second, I would suggest that that the Commission
15 consider an executive session on this, okay?

16 COMMISSIONER HOFFMAN: May I ask a question?

17 CHAIRPERSON SCARAMAZZO: Sure.

18 COMMISSIONER HOFFMAN: Are we going to hear
19 anything other -- Mr. Chairman, are we going to hear
20 from any other people, including, for example, Mr.
21 Davis? Or are there plans for that?

22 CHAIRPERSON SCARAMAZZO: We had the depositions
23 that looked at --

24 COMMISSIONER HOFFMAN: Yes.

25 CHAIRPERSON SCARAMAZZO: That's up to the

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1 Commission to decide, to determine.

2 COMMISSIONER HOFFMAN: I just wondered what the

3 plans were. I hadn't heard a procedure.

4 CHAIRPERSON SCARAMAZZO: Right. What we were

5 looking to do in here was given Representative Quelland

6 a chance to respond to Todd and having the Commission

7 involved in question and answers, and then we were going

8 to look at the legality issues that may confront the

9 Commission at this time, come back out, and then you

10 could go ahead and call other people or ask other people

11 to go ahead and come forward if that's what you wish to

12 do.

13 COMMISSIONER HOFFMAN: Is Mr. Davis here?

14 CHAIRPERSON SCARAMAZZO: Yes.

15 COMMISSIONER HOFFMAN: Okay. Thank you.

16 CHAIRPERSON SCARAMAZZO: And if you have

17 questions --

18 COMMISSIONER HOFFMAN: May I ask one more

19 question of the Chair?

20 CHAIRPERSON SCARAMAZZO: Sure.

21 COMMISSIONER HOFFMAN: Have we given any

22 obligation to -- have we obligated ourselves, morally or

23 in any other way, to make a decision on this matter in

24 this meeting as opposed to later?

25 CHAIRPERSON SCARAMAZZO: That is strictly up to

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1 purpose of the executive session.

2 CHAIRPERSON SCARAMAZZO: No, no. It's not.

3 It's for legal advice.

4 COMMISSIONER HOFFMAN: I do have concerns and

5 would very much like to get to the bottom of it. But on

6 the other hand, I'm relatively new to this matter, both

7 with the Commission generally and your particular

8 situation. But I do sympathize with your desire to want

9 to put an end to what must be a harrowing experience.

10 So, there's a balance there. I wanted to find

11 out what -- whether staff or the Commission in previous

12 meetings had given you any expectations.

13 REPRESENTATIVE QUELLAND: No.

14 COMMISSIONER HOFFMAN: So --

15 REPRESENTATIVE QUELLAND: No, absolutely.

16 COMMISSIONER HOFFMAN: Thank you, Mr. Chair.

17 CHAIRPERSON SCARAMAZZO: Lori.

18 COMMISSIONER DANIELS: Mr. Chairman, I have

19 some legal questions, that's what I was just asking, if

20 we can meet in executive session so I can ask our

21 attorney some legal questions.

22 Can I make a motion we go into executive

23 session?

24 CHAIRPERSON SCARAMAZZO: Certainly can.

25 COMMISSIONER FAIRMAN: I'll second that.

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1 the Commission. There is no determination made on that.

2 And if the Commission wishes to make a decision today,

3 that's fine. If you wish to table it --

4 COMMISSIONER HOFFMAN: I just want to know if

5 Representative Quelland has been given any promises. He

6 did make the point that, you know, about using the

7 phrase "justice delayed is justice denied." But on the

8 other hand, I wondered if, you know, how -- how

9 significant -- how important it is whether we make a

10 decision, you know, in this meeting.

11 CHAIRPERSON SCARAMAZZO: Have any

12 representations been made?

13 REPRESENTATIVE QUELLAND: No.

14 CHAIRPERSON SCARAMAZZO: Okay.

15 REPRESENTATIVE QUELLAND: I -- I'm at your

16 disposal, you know. Like I said, I only have one weapon

17 and that's -- that's the truth. You -- you know, I'm at

18 your disposal. Whatever you decide, whatever you want

19 to do, I will deal with that accordingly. But I'm not

20 asking, you know, you must do this today and things can

21 -- I'm not even asking that. You're -- you have been

22 fair and I -- I feel like the gentleman has some

23 concerns maybe and wants to raise them in executive

24 session and that's okay.

25 COMMISSIONER HOFFMAN: I'm not sure that's the

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1 CHAIRPERSON SCARAMAZZO: It's been moved by

2 Commissioner Daniels, seconded by Commissioner Fairman

3 to adjourn into executive session.

4 And I'd like to make note that minutes of and

5 discussions made in an executive session are

6 confidential pursuant to ARS Section 38-431(A)(3) and

7 should not be released unless specifically authorized by

8 law.

9 Thank you and we'll be back in regular session

10 here very soon.

11 (Whereupon the public retires from the meeting

12 room.)

13

14 (Whereupon the Commission is in executive

15 session from 11:25 a.m. until 12:10 p.m.)

16

17 (Whereupon all members of the public are

18 present and the Commission resumes in general session.)

19

20 CHAIRPERSON SCARAMAZZO: We'll call back into

21 regular session this meeting at 12:10. The item on the

22 agenda before we broke into executive session is dealing

23 with MUR 08-0035.

24 Commission, Questions? Comments?

25 And for the young lady that wanted to speak,

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1 I'm going to -- if you could hold that until the public
 2 comment period, I'd appreciate that, okay?
 3 MS. BARNES: Just to clarify, you are going to
 4 call the vote on this and then have public comment on
 5 this agenda item?
 6 CHAIRPERSON SCARAMAZZO: We're going to go
 7 ahead. I think that that fits better into the public
 8 comment period, okay? Thank you.
 9 COMMISSIONER HOFFMAN: Mr. Chairman, I for one
 10 would like to ask Mr. Davis several questions. And I've
 11 read his deposition but I did have some questions if the
 12 Chair would permit.
 13 CHAIRPERSON SCARAMAZZO: Certainly.
 14 MR. LANG: Mr. Chair, I hate to do this, I know
 15 there's a time constraint, Representative Quelland and
 16 Mr. Miller are not here.
 17 CHAIRPERSON SCARAMAZZO: Would you send --
 18 okay. Thank you. If we can hold on just a second.
 19 (Whereupon a brief recess is taken.)
 20
 21 CHAIRPERSON SCARAMAZZO: The recording
 22 equipment is back on, so back in regular session.
 23 Had some questions, Louis?
 24 COMMISSIONER HOFFMAN: Yes. Should I proceed?
 25 CHAIRPERSON SCARAMAZZO: Mr. Miller is --
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1 MR. DAVIS: No, sir. The only proof we have
 2 has already been turned in to the Commission.
 3 COMMISSIONER HOFFMAN: Whose e-mail was used to
 4 deliver those invoices?
 5 MR. DAVIS: Brent. The e-mail service or the
 6 e-mail from the staff?
 7 COMMISSIONER HOFFMAN: Well, the e-mail -- you
 8 e-mailed -- my understanding is that you e-mailed the
 9 invoices that are Exhibit -- are Exhibit G, which are
 10 13 -- or maybe 14 invoices, I believe, or something like
 11 that, for -- first one was \$2,000. It was a series of
 12 \$1,000 invoices.
 13 MR. DAVIS: Yes.
 14 COMMISSIONER HOFFMAN: And my understanding is
 15 that you delivered those to Doug Quelland personally?
 16 MR. DAVIS: Correct.
 17 COMMISSIONER HOFFMAN: Through your --
 18 MR. DAVIS: E-mail.
 19 COMMISSIONER HOFFMAN: From your employee's?
 20 From your employee's e-mail?
 21 MR. DAVIS: Yes, sir.
 22 COMMISSIONER HOFFMAN: And what -- is that --
 23 do you know what computer he uses? Is that in your shop
 24 or is it a work -- is it a --
 25 MR. DAVIS: That particular individual,
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1 COMMISSIONER DANIELS: His attorney is here.
 2 CHAIRPERSON SCARAMAZZO: Representative
 3 Quelland here?
 4 MR. MILLER: He had some business up the
 5 street, so please proceed forward.
 6 CHAIRPERSON SCARAMAZZO: Okay. Thank you.
 7 COMMISSIONER HOFFMAN: Thank you. Mr. Davis,
 8 thank you for agreeing to speak to us further. I know
 9 you -- I gather you've spoken before to the Commission
 10 before I was a member.
 11 MR. DAVIS: Yes.
 12 COMMISSIONER HOFFMAN: And I'll try to keep my
 13 questions limited to things that were points of interest
 14 to me personally and not try to take you through the
 15 whole story, if I could.
 16 So, do you have any evidence of the delivery of
 17 those invoices to Representative Quelland?
 18 MR. DAVIS: Evidence in the form of, he got
 19 them or that they were --
 20 COMMISSIONER HOFFMAN: In terms of how they
 21 were transmitted. I understood from the deposition I
 22 believe you said they were attached to an e-mail.
 23 MR. DAVIS: That would be correct.
 24 COMMISSIONER HOFFMAN: Do you have copies of
 25 that e-mail that you could provide the Commission staff?
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1 Brent --
 2 COMMISSIONER HOFFMAN: Yes.
 3 MR. DAVIS: -- works out of his home.
 4 COMMISSIONER HOFFMAN: Okay. And so, has Brent
 5 looked on his home e-mail to see if he could find a copy
 6 of the e-mail delivering this to Representative
 7 Quelland?
 8 MR. DAVIS: I defer that to the Commission
 9 here. Mr. Lang and Daniel, they're the one who spoke to
 10 him specifically.
 11 COMMISSIONER HOFFMAN: Did you ever receive any
 12 e-mails from Representative Querard [sic] during this
 13 period of time.
 14 MR. DAVIS: Representative Quelland?
 15 COMMISSIONER HOFFMAN: I'm sorry, Quelland.
 16 Yes.
 17 MR. DAVIS: Very few.
 18 COMMISSIONER HOFFMAN: What -- did you ever
 19 receive any invoices concerning billing or billing
 20 statements?
 21 MR. DAVIS: No, sir.
 22 COMMISSIONER HOFFMAN: Can you describe to me
 23 the nature of the e-mails you receive from
 24 Representative Q [sic]?
 25 MR. DAVIS: I don't recall them specifically.
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1 They were not so intense or dramatic that they struck a
2 chord. They would have been simple, campaign-related
3 e-mails. Nothing -- nothing dramatic, if you will.

4 COMMISSIONER HOFFMAN: Okay. You had another
5 series that you called sales receipts that are Exhibit H
6 in the materials. Do you recall these -- the -- I'm
7 sorry, not H. The ones that were the rent. I have --
8 that's --

9 MR. LANG: You mean the ones for checks or the
10 ones for free rent?

11 COMMISSIONER HOFFMAN: No, free rent. R.
12 Exhibit R. Do you recall those thousand dollars for
13 free rent and there are four of them?

14 MR. DAVIS: I recall this issue. Yes, sir.

15 COMMISSIONER HOFFMAN: Okay. Why are those
16 consecutively numbered?

17 MR. DAVIS: I'd have to defer that to Brent.
18 Again, Brent was the one who did all of our accounting.

19 COMMISSIONER HOFFMAN: Okay.

20 MR. DAVIS: I did not generate these.

21 COMMISSIONER HOFFMAN: Okay. Did -- do you
22 know when these sale receipts were generated?

23 MR. DAVIS: The exact time, I don't. But it
24 was toward clearly the end of our relationship in terms
25 of business.

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1 COMMISSIONER HOFFMAN: Were they generated all
2 four at the same time or four at four different times?

3 MR. DAVIS: Not per my request, no, sir. I
4 don't know the answer to that.

5 COMMISSIONER HOFFMAN: You'd have to ask Brent?

6 MR. DAVIS: My opinion were they were generated
7 on the first of the month to coincide with the payment
8 that would have been made.

9 COMMISSIONER HOFFMAN: So, again, have to ask
10 Brent to be sure?

11 MR. DAVIS: That would be correct.

12 COMMISSIONER HOFFMAN: Okay. You heard
13 Representative Quelland speaking about the \$2,000
14 initial payment that was not being made. Is that true
15 that the \$2,000 initial -- the initial payment was never
16 made?

17 MR. DAVIS: Absolutely not true.

18 COMMISSIONER HOFFMAN: What's your answer to
19 that?

20 MR. DAVIS: I am the last person who would ever
21 let anyone owe me money and not go dealt with. So, many
22 folks here have looked high and low for that. And I
23 don't make a mental note, and historically I've not made
24 copies of every check written to me, you write me a
25 check, I usually go and deposit it. I don't recall if

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1 it was written from a different account other than the
2 Q-Land Enterprises account that he wrote most of his
3 checks from -- or, all of his checks from. That would
4 be my only explanation for that.

5 COMMISSIONER HOFFMAN: Do you recall receiving
6 the \$2,000 check?

7 MR. DAVIS: Absolutely correct. Yes, sir. I
8 do.

9 COMMISSIONER HOFFMAN: Okay. Do you know what
10 account of yours you would have deposited that into?

11 MR. DAVIS: We had two accounts at that time
12 frame from Western National Bank and West -- Western --
13 West Valley National Bank. That would -- per this now,
14 certainly going back a couple years.

15 COMMISSIONER HOFFMAN: One or the other?

16 MR. DAVIS: One or the other of those banks.

17 COMMISSIONER HOFFMAN: When did you receive the
18 \$2,000 payment compared to the date of the signing of
19 the consulting contract?

20 MR. DAVIS: I believe it was like the first
21 part of May.

22 COMMISSIONER HOFFMAN: So the --

23 MR. DAVIS: Of 2007, I believe.

24 COMMISSIONER HOFFMAN: So, the consulting
25 agreement was March 8th and you believe within three

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1 weeks after that you would have received the \$2,000
2 check?

3 MR. DAVIS: No, it would have been around May.

4 COMMISSIONER HOFFMAN: Oh, I'm sorry. May.
5 So, around a month then.

6 MR. DAVIS: Yes, sir.

7 COMMISSIONER HOFFMAN: Do you have any
8 documents that indicate where someone in the Quelland
9 campaign identifies you as a campaign manager or a paid
10 consultant?

11 MR. DAVIS: Other than -- what do you mean?

12 COMMISSIONER HOFFMAN: Do you have any sort of
13 document where someone connected, either Representative
14 Quelland or someone in his campaign, wrote down or
15 listed you as a paid consultant or campaign manager?

16 MR. DAVIS: No, sir. That is -- let me give
17 you an answer to that. That has never happened in any
18 campaign I've been the manager for.

19 COMMISSIONER HOFFMAN: Okay. You just can't
20 think of anything where somebody wrote down your name
21 followed by, comma, campaign manager on any sort of
22 document?

23 MR. DAVIS: No, sir. There would be no need
24 for that, in my opinion.

25 COMMISSIONER HOFFMAN: Did you -- you use

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1 e-mail to what extent? Fairly frequently it sounded
 2 like from the fact you were using the coffee shop and
 3 all that?
 4 MR. DAVIS: Yes, sir.
 5 COMMISSIONER HOFFMAN: Is there any document
 6 that you have which you sent to somebody else in which
 7 you characterize yourself as a paid consultant for the
 8 Quelland campaign, or as a campaign manager for the
 9 Quelland campaign?
 10 MR. DAVIS: No, sir.
 11 COMMISSIONER HOFFMAN: In the time frame in
 12 question.
 13 MR. DAVIS: No, sir.
 14 COMMISSIONER HOFFMAN: No, sir meaning there's
 15 no such document?
 16 MR. DAVIS: There's no such document.
 17 COMMISSIONER HOFFMAN: Did you -- did you
 18 collect \$5 contributions for Representative Quelland in
 19 that 2008 campaign?
 20 MR. DAVIS: Absolutely not.
 21 COMMISSIONER HOFFMAN: Why not?
 22 MR. DAVIS: I refuse -- guys forgive me about
 23 speaking freely about the who concept of Clean
 24 Elections, but I would not come to your door or
 25 anybody's door and ask for a \$5 contribution --
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1 worked for Intermedia.
 2 MR. DAVIS: Yes.
 3 COMMISSIONER HOFFMAN: Which others?
 4 MR. DAVIS: Holly Alton.
 5 COMMISSIONER HOFFMAN: Okay. Does the -- did
 6 Representative Quelland pay the full \$15,000 in the
 7 contract?
 8 MR. DAVIS: Between the trade off and in
 9 checks; yes, sir.
 10 COMMISSIONER HOFFMAN: Can you explain how that
 11 matches, please?
 12 MR. DAVIS: There was, obviously, the first
 13 payment \$2,000, then if you would like me to recite the
 14 entire history including the rent trade off, I would be
 15 delighted to do that for you.
 16 COMMISSIONER HOFFMAN: So, what you're saying
 17 is there is the \$2,000 initial payment, the \$7,000 in
 18 checks, and then \$6,000 in rent?
 19 MR. DAVIS: Yes, sir.
 20 COMMISSIONER HOFFMAN: I notice that the sales
 21 receipts only had four of them for \$1,000 rather than
 22 six, why is that?
 23 MR. DAVIS: That is a question that you would
 24 have to defer to Brent.
 25 COMMISSIONER HOFFMAN: Okay.
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1 COMMISSIONER HOFFMAN: You are an opponent of
 2 Clean Elections?
 3 MR. DAVIS: I absolutely am.
 4 COMMISSIONER HOFFMAN: Okay. I did read that
 5 in your deposition. I understand your feelings, sir.
 6 Did you collect signatures to qualify
 7 Representative Quelland for the ballot?
 8 MR. DAVIS: I absolutely did.
 9 COMMISSIONER HOFFMAN: How many -- and how many
 10 did you collect and where?
 11 MR. DAVIS: I don't know the exact number but
 12 it was certainly a large number. And it would have been
 13 from the very first opportunity that I had to, until we
 14 came here and turned those in.
 15 COMMISSIONER HOFFMAN: Okay.
 16 MR. DAVIS: We came down here.
 17 COMMISSIONER HOFFMAN: Did your firm collect a
 18 large fraction of the signatures necessary to qualify
 19 him for the ballot?
 20 MR. DAVIS: We certainly did.
 21 COMMISSIONER HOFFMAN: Okay. And the people
 22 who were the circulators I believe they call them, who
 23 signed them in the back, would that have been you?
 24 MR. DAVIS: Absolutely.
 25 COMMISSIONER HOFFMAN: And others for you that
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1 MR. DAVIS: Now, and please let me also say
 2 this, if I may, I don't recall the exact history of
 3 payments. There were at least a \$2,000 payment to us
 4 and then there was the rest of the thousand dollar
 5 payments up until we did the trade off.
 6 COMMISSIONER HOFFMAN: Okay. Let me ask you
 7 the same questions that I asked Representative Quelland:
 8 Was there anything that you noticed in your deposition
 9 testimony that you need to amend or change?
 10 MR. DAVIS: Absolutely not.
 11 COMMISSIONER HOFFMAN: And do you believe that
 12 the Commission is -- the Commissioners are acting
 13 impartially in trying to learn the correct facts of this
 14 matter?
 15 MR. DAVIS: I absolutely do.
 16 COMMISSIONER HOFFMAN: Thank you. I appreciate
 17 your time. I apologize for running through rather
 18 quickly --
 19 MR. DAVIS: It's okay.
 20 COMMISSIONER HOFFMAN: -- on these things, but
 21 I do appreciate the further information.
 22 MR. DAVIS: Okay.
 23 CHAIRPERSON SCARAMAZZO: Any other questions
 24 for Mr. Davis? Thank you.
 25 MR. DAVIS: Yes, sir.
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1 COMMISSIONER DANIELS: Mr. Chairman, comment
 2 here.
 3 CHAIRPERSON SCARAMAZZO: Certainly.
 4 COMMISSIONER DANIELS: I am -- I am extremely
 5 frustrated and feeling like everything is a mess. Mr.
 6 Quelland just sat here and said that Mr. Davis did not
 7 get any petition signatures and yet there's documents
 8 that show that. Mr. Quelland said he didn't attend a
 9 fundraiser in his deposition and, yet, Speaker Weiers in
 10 his deposition says he does.
 11 So, there's a lot of conflicting comments made
 12 here and it's -- I'm not a lie detector test. I don't
 13 know who's telling the truth, who's not. I don't ever
 14 want to call anybody a liar or untruthful, but nothing
 15 is gelling together when you put it all together.
 16 I feel like there is probable cause in this
 17 instance. I feel there like there's a lot of issues at
 18 stake, but I may be the only one on this Commission that
 19 feels this way. So, I would like for us to deliberate
 20 on this. Having said that, I'm leaving in 15 minutes.
 21 I can be on the phone. And I know we have a brand-new
 22 Commissioner here who doesn't -- hasn't had all the
 23 history we did.
 24 So, I'm not sure where the rest of the
 25 Commissioners want to go with this today.

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1 ought to consider whether to ask for a criminal
 2 investigation of perjury.
 3 But the -- as far as how we make our decision,
 4 the thing that seems to me the most crucial here is we
 5 have two documents that seem to be, you know, critical,
 6 and each side denies receiving the other. And that's --
 7 that's extremely unusual. I don't recall anything in
 8 my -- my career where I've seen something like that.
 9 One is the handwritten statement of termination
 10 which makes a large difference in the case. And, yet,
 11 Mr. Davis has denied very clearly receiving it. And
 12 Representative Quelland swears he's -- he handed it to
 13 him.
 14 And the second is the -- is the invoices,
 15 because the series of invoices very clearly say that
 16 he's being paid for campaign services pursuant to the
 17 contact, and that would clearly rebut the issue of
 18 delivering a termination. If he was sending him
 19 multiple invoices directly to Representative Quelland
 20 and he saw that and said: Wait a minute, I terminated
 21 this guy, why am I getting billed? And yet
 22 Representative Quelland denies receiving those -- those
 23 invoices.
 24 And it seems to me there's not a lot we can do
 25 about a handwritten note that's -- you know, as to

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1 CHAIRPERSON SCARAMAZZO: Jeff.
 2 COMMISSIONER FAIRMAN: Chairman, I feel exactly
 3 the same way. Unfortunately, and I think it was you
 4 last time who said it was just as clear as mud. And I
 5 don't think in the last two-and-a-half hours we really
 6 cleared up -- or the two hours, we really cleared up
 7 anything.
 8 I think it's more complicated now and more
 9 appear to be mistruths now than there was -- even was a
 10 couple of -- couple of meetings ago. I guess if we were
 11 to call a question today, I'm not sure how I would have
 12 to vote, how I would answer that. But I'm not sure of
 13 what is the proper recourse.
 14 Do we go further and get more information we
 15 don't understand or how do we eventually get to a place
 16 where a decision is possible? And I'm not sure what the
 17 answer to that is.
 18 CHAIRPERSON SCARAMAZZO: Louis.
 19 COMMISSIONER HOFFMAN: Mr. Chairman, in
 20 thinking this through, and I've sot of come at it in a
 21 little bit of fresh mind because I didn't have any mind
 22 before looking at this stuff and I do agree it's a mess.
 23 Clearly someone is lying here. And, you know, clearly
 24 there was someone -- one side or the other is lying in
 25 the deposition, and I think one issue ought to be to, we

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1 whether it was given to a person or not. There's no
 2 external evidence and neither party has any external
 3 evidence one way or the other. I do believe we might do
 4 more to find out whether those invoices were actually
 5 e-mailed to Representative Quelland. That would seem to
 6 me to be a pretty important factor if, in fact, they
 7 were.
 8 And I -- I wondered -- I haven't, I gather
 9 staff has spoken to Brent of the difficult pronounce
 10 last name, and -- but I don't -- but I don't -- we
 11 haven't really heard anything from him, nor has he been
 12 deposed, nor do I know whether his computer has been
 13 inspected to find out if the -- if he actually sent
 14 those e-mails.
 15 And similarly it seems odd to me that there's
 16 no documentation of a campaign manager being a campaign
 17 manager in some document somewhere, or being a volunteer
 18 for that matter. And, so, I -- I wondered if there was
 19 some way to check into e-mails or other, you know,
 20 documents that were generated from the campaign and
 21 whether we thought that would be productive to do. It
 22 sure would help me.
 23 COMMISSIONER DANIELS: Mr. Chairman, from a
 24 practical standpoint on a campaign, usually the only
 25 person that is listed on any kind of document is the

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1 campaign person who's running and your treasurer. And
 2 that's a document that's listed with Secretary of State
 3 when you open a campaign committee.
 4 Campaign managers can be all over the board.
 5 They can be volunteers. They can be paid.
 6 COMMISSIONER HOFFMAN: Right.
 7 COMMISSIONER DANIELS: They can be consultants.
 8 They cannot. So that's --
 9 COMMISSIONER HOFFMAN: Or more or less
 10 documented. And I know it's not necessarily --
 11 COMMISSIONER DANIELS: This is not congress.
 12 It's the state legislature --
 13 COMMISSIONER HOFFMAN: Sure.
 14 COMMISSIONER DANIELS: -- and some of the T's
 15 and I's maybe not get crossed and dotted as much as they
 16 should.
 17 COMMISSIONER HOFFMAN: And it sounds like
 18 Representative Quelland is not a strong, you know,
 19 write-everything-down kind of person any way. But just
 20 by his nature he speaks and does things by conversation
 21 it appears. So, I understand that. But nonetheless,
 22 I'm not certain -- certainly the invoices themselves, if
 23 those were e-mailed to Representative Quelland's e-mail
 24 address, I would like to think that would be able to be
 25 tracked. And second of all, there might be other
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1 that could answer that question that's here, or Todd do
 2 you have --
 3 CHAIRPERSON SCARAMAZZO: Todd.
 4 MR. LANG: Commissioners, there are a lot of
 5 questions, obviously, but as -- as to a number of them,
 6 first of all, I have had obviously several conversations
 7 with Brent Eigsti. It would be -- I suppose if this was
 8 continued we would depose him.
 9 But what I can tell you is that he told -- he
 10 told me that, number one, he was an employee of
 11 Intermedia when he did all these things and that they
 12 were campaign related. And he also told me the reason
 13 the documents were consecutively numbered is because
 14 they didn't usually use sales receipts. And that the --
 15 he said it was just a product. And I'm not an expert on
 16 Quickbooks, but they use Quickbooks. And he said it was
 17 a product of the template he used, he just used that
 18 template, and that's why they were consecutively
 19 numbered.
 20 He also explained that's why the invoices
 21 weren't consecutively numbered, because they used those
 22 for other documents.
 23 As for Speaker Weiers and this meeting sometime
 24 between March 8th and March 10th, 2007, we have had a
 25 conversation with him and he doesn't remember it. And I
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1 documents and I do understand not necessarily.
 2 Anyway, given our time constraints and my
 3 interest in that information and being new to this,
 4 given the importance to Representative Quelland to make
 5 sure we get this right, and given the importance to
 6 other members of the public, including Former
 7 Representative Thrasher, I would like to see a little
 8 bit more looking into this and then before doing
 9 something, especially given Commissioner Fairman's
 10 comments that -- that he's -- he finds this as clear as
 11 mud.
 12 CHAIRPERSON SCARAMAZZO: Jeff, go ahead.
 13 COMMISSIONER FAIRMAN: I do have one question.
 14 There was one piece of new information today that I
 15 really have been mulling over. That has to do with the
 16 time frame between -- between the time the contract was
 17 signed and the termination letter was supposedly
 18 provided. There was a meeting held in that period of
 19 two days that was to include --
 20 COMMISSIONER HOFFMAN: Speaker Weiers.
 21 COMMISSIONER FAIRMAN: -- with Speaker Weiers
 22 and Mr. Davis, as well as -- as well as Representative
 23 Quelland. And I have not heard anything more about that
 24 and I think that will probably be a key bit of
 25 information as well. I don't know if there's anyone
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1 suppose we can get an affidavit to that effect, but
 2 that's what he told us, he doesn't remember. He doesn't
 3 deny that it happened --
 4 COMMISSIONER HOFFMAN: Doesn't remember what?
 5 MR. LANG: He doesn't remember any particulars
 6 about that sort of conversation.
 7 COMMISSIONER HOFFMAN: About a conversation to?
 8 MR. LANG: In regard to tactics and regard to
 9 Representative Thrasher.
 10 COMMISSIONER HOFFMAN: Representative Thrasher
 11 and her reported son.
 12 MR. LANG: And her non-son.
 13 REPRESENTATIVE THRASHER: Non-son.
 14 MR. LANG: Yes. So, you know, those sort of
 15 loose ends have been tracked down. I can talk about the
 16 other issues that have been raised if you like, but
 17 otherwise I think that answers the questions that's been
 18 raised.
 19 CHAIRPERSON SCARAMAZZO: We do have -- and I
 20 apologize to the audience on this particular -- but,
 21 Commissioner Fairman does have a medical procedure with
 22 his father this afternoon and he's already moved it back
 23 an hour, and he's scheduled for surgery here very
 24 quickly. So, you know, that's something. And
 25 Commissioner Daniels is out of here very quickly also,
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1 so I do apologize.

2 COMMISSIONER DANIELS: I do too, Mr. Chairman.

3 CHAIRPERSON SCARAMAZZO: Right. So where does

4 the Commission wish to go with this then?

5 COMMISSIONER DANIELS: Well, Mr. Chairman, I

6 think in the sense of fair play if nothing else, I think

7 we should table this issue and try to meet as quickly as

8 possible as the Commission again. And I understand

9 people's calendars, but I think we -- I think we need

10 more time to discuss a few more issues. Have us all, I

11 believe -- I've been through this, I'm thinking I'm

12 going through it again. So, I'd like at least the

13 weekend to do that and see if -- if I have more

14 questions. And I don't know if it's possible to get

15 these minutes out to us before our next meeting, just

16 because I feel like there have been contradictions said

17 in this meeting and I'd like -- just like to really mull

18 that over.

19 So, I would make a motion that we table the one

20 issue, what is it, MUR 08-0035 until our next meeting.

21 COMMISSIONER PARKER: I'll second.

22 COMMISSIONER HOFFMAN: I'd like to speak in

23 favor of the motion, but I'd like there to be enough

24 time for the -- for the staff to investigate the e-mails

25 and perhaps maybe the \$2,000. I'm sure you've looked

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1 COMMISSIONER DANIELS: I agree.

2 COMMISSIONER FAIRMAN: And that's a concern of

3 mine.

4 CHAIRPERSON SCARAMAZZO: All right. With that,

5 you need to get out of here.

6 COMMISSIONER FAIRMAN: Okay. Thank you very

7 much.

8 CHAIRPERSON SCARAMAZZO: Okay. Great. Thanks.

9 (Whereupon Commissioner Fairman retires from

10 the commission meeting at 12:35 p.m.)

11

12 CHAIRPERSON SCARAMAZZO: Well, that depends.

13 Todd, the rest of the agenda items, is there anything

14 here that we need to deal with today, that can't wait

15 until the next meeting? We'll have three Commissioners

16 here, we'll have a quorum.

17 MR. LANG: All of it can wait. All of it is

18 non-controversial. And the rulemaking, as you know, any

19 rules have to be promulgated by the end of this

20 calendar. So, we have some time, but we don't have a

21 lot of time.

22 And there's one rule that will be a first --

23 will be a proposal to be approved for 60-days notice and

24 comment. That one I would really like us to move -- to

25 act on. That's Agenda Item -- that's Agenda Item (G).

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1 for that, but --

2 MR. LANG: Mr. Quelland raised that issue. We

3 have produced everything we have received from the bank.

4 CHAIRPERSON SCARAMAZZO: And there is a motion

5 on the floor to table, so we need to move on that.

6 MS. SHIPMAN: We received all that.

7 CHAIRPERSON SCARAMAZZO: Moved by Commissioner

8 Daniels, seconded by Commissioner Parker to table this

9 issue until the next meeting when that is to be decided

10 we'll get back to everybody as quickly as possible.

11 All those in favor say "aye."

12 (Chorus of ayes.)

13 CHAIRPERSON SCARAMAZZO: Opposed? Motion

14 carries.

15 MR. LANG: Mr. Chair, the next meeting is May

16 16th [sic]. Of course you can do it sooner.

17 CHAIRPERSON SCARAMAZZO: Depending on when the

18 information is available, we may wish to come back

19 sooner than that. I think that's the consensus.

20 Jeff?

21 COMMISSIONER FAIRMAN: That's my only comment

22 or concern. I want to have enough time before the next

23 meeting to allow staff to do what they need to do. I

24 don't want to rehash anything that we've gone over

25 before.

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1 COMMISSIONER DANIELS: (G)?

2 MR. LANG: I'm sorry, IV(G).

3 CHAIRPERSON SCARAMAZZO: IV(G), correct.

4 Reporting requirements you are referring to?

5 MR. LANG: I am, Mr. Chair.

6 COMMISSIONER HOFFMAN: IV --

7 COMMISSIONER DANIELS: (G).

8 COMMISSIONER HOFFMAN: I have through (F).

9 MR. LANG: That's the old agenda.

10 COMMISSIONER HOFFMAN: Oh, that's the previous

11 one.

12 CHAIRPERSON SCARAMAZZO: So, what we've done is

13 moved back into -- move back into Item IV since we

14 skipped to Item V.

15 (Whereupon a discussion was held off the

16 record.)

17

18 (Whereupon Commissioner Daniels retires from

19 the Commission meeting at 12:37 p.m.)

20

21 CHAIRPERSON SCARAMAZZO: Okay. Todd, let's go

22 ahead on the consideration and possible action on the

23 following proposed Commission rule change

24 R2-20-109(A)(3)(d) and (4) reporting requirements.

25 MR. LANG: Thank you, Mr. Chair.

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1 Commissioners, you have before you a rewritten Rule 109
 2 regarding reporting requirements. At -- at two meetings
 3 ago you approved a rule for public comment, and staff
 4 found what they felt might be a loophole, and so we
 5 redrafted the rule and decided to resubmit it for your
 6 approval for 60-day notice and comment.
 7 Basically what Rule (A) -- (A)(3)(d) does is it
 8 allows candidates who are running together to do joint
 9 expenditures, which is something that's quiet common and
 10 routinely done in every election. All this does is
 11 govern how that joint expenditure has to take place when
 12 you have participating candidates. Basically allows one
 13 candidate to pay for the item, so long as the other
 14 candidate reimburses them within seven days, and so long
 15 as that other candidate has pre-approved the
 16 expenditure; because realistically that's how
 17 expenditures takes place Candidate Jones make the
 18 purchase for the item that is -- should I wait?
 19 COMMISSIONER HOFFMAN: That's Commissioner
 20 Daniels.
 21 (Whereupon Commissioner Daniels is now present
 22 telephonically at 12:38 p.m.)
 23
 24 MR. LANG: So -- so, Candidate Jones makes the
 25 purchase for the Jones/Crupeay (phonetic) Team, and then
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1 dollars expenditure, they'd say: Jones paid \$500 and
 2 Davis paid \$500. So, they report it, even though they
 3 may not be reimbursed. But in the practice generally
 4 the reimbursement is made before the CFR is made -- the
 5 report is made.
 6 COMMISSIONER HOFFMAN: Let me ask the question
 7 a little more clearly. Suppose Candidate A and B agree
 8 to split the expense 50/50 and getting close to election
 9 day. Does the agreement to trigger matching funds --
 10 the mere fact of an agreement, trigger a matching fund
 11 payment to an opponent, say, to Candidate B if Candidate
 12 A is the one paying and Candidate B is later reimbursed?
 13 MR. LANG: That would happen. That's why we
 14 require approval in advance, so that there's no
 15 allegation that: Well, I didn't authorize that.
 16 COMMISSIONER HOFFMAN: So, at the time of
 17 approval, that would trigger matching funds to the
 18 opponent of Candidate B, even though Candidate A
 19 advanced the whole money?
 20 MR. LANG: That's right.
 21 COMMISSIONER HOFFMAN: And the matching funds
 22 that would be triggered would be equal --
 23 MR. LANG: The half.
 24 COMMISSIONER HOFFMAN: The half. And the
 25 opponent of Candidate A on the other hand would not get
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1 Crupeay has already approved it, and then they reimburse
 2 it, their half of that expenditure within seven days.
 3 This allows for campaigns to operate in a routine
 4 manner, without having to get checks from two
 5 candidates, which is what was required at one point,
 6 which became cumbersome and difficult, and we received
 7 lots of feedback from candidates regarding that. At the
 8 same time it maintains our controls and allows us to
 9 verify timing. And so we ask that you approve that.
 10 (A)(4) is simply -- and you've already
 11 considered this and approved it. This is the same
 12 requirement that you have to put detail regarding
 13 subvendors in the reports for petty cash. There's no
 14 substantive change there from last time, we just decided
 15 to have you consider it here with the rest of the 109 as
 16 an efficiency matter.
 17 CHAIRPERSON SCARAMAZZO: Okay. Thank you.
 18 COMMISSIONER HOFFMAN: May I ask what the
 19 intent will be on matching funds for the -- in the
 20 seven-day reimbursement thing?
 21 MR. LANG: So long -- of course. So long as
 22 it's reimbursed within seven days, there would be no
 23 matching funds triggered. And generally the reports
 24 aren't filed within the seven-day period. Candidates
 25 report them within that seven days. If it's a thousand
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1 the full amount, would only get a matching fund
 2 triggered for his half?
 3 MR. LANG: Well, yes, speaking generally. But,
 4 of course, if both candidates were in the same race,
 5 they would get matching funds for both amounts.
 6 COMMISSIONER HOFFMAN: Right. I mean --
 7 MR. LANG: So they end up getting the full
 8 amount anyways.
 9 COMMISSIONER HOFFMAN: But it could be a
 10 senator and a House candidate.
 11 MR. LANG: That's right. That's how it works.
 12 COMMISSIONER HOFFMAN: So, if there is an
 13 opponent of the senator and an opponent of the House,
 14 both of the -- both of whom are entitled to matching
 15 funds, they would both be entitled to it at the time of
 16 the agreement, not the time of the reimbursement, and in
 17 the half.
 18 MR. LANG: That's right. That's right, because
 19 at the time of the agreement, when the check is -- when
 20 the purchase is made, that's when it triggers the
 21 matching funds. That's when it triggers the reporting
 22 requirement.
 23 COMMISSIONER HOFFMAN: Right.
 24 MR. LANG: And not when it's reimbursed, not
 25 seven days later. And that's been the practice.
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1 COMMISSIONER HOFFMAN: Thank you. And I
 2 support the rule with that understanding. I would ask
 3 that candidates be instructed on that because I can see
 4 people messing that up.
 5 MR. LANG: Yeah. Actually, our -- our
 6 candidate training guide addresses joint expenditures.
 7 And we'll -- we'll make a point of it in our classes.
 8 COMMISSIONER HOFFMAN: Yeah. I would like them
 9 to understand it doesn't trigger the funds at the time
 10 of the reimbursement, it triggers at the time of
 11 commitment. And triggers it in a half measure only, not
 12 a full measure for one and zero for the other. So,
 13 yeah, that's sounds quit reasonable. With that, I can
 14 support the seven days on the rule.
 15 CHAIRPERSON SCARAMAZZO: Okay.
 16 COMMISSIONER HOFFMAN: Thank you, Mr. Chair.
 17 CHAIRPERSON SCARAMAZZO: Is that in the form of
 18 a motion?
 19 COMMISSIONER HOFFMAN: Oh, sure. I might as
 20 well make my first motion.
 21 CHAIRPERSON SCARAMAZZO: All right then.
 22 COMMISSIONER HOFFMAN: I move we accept the
 23 change to R2-20-109 as identified in Agenda Item IV(G).
 24 COMMISSIONER PARKER: I'll second his first
 25 motion.

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1 CHAIRPERSON SCARAMAZZO: Okay. It's been moved
 2 by Commissioner Hoffman, seconded by Commissioner Parker
 3 to accept the changes as outlined in R2-20-109. Any
 4 discussion on this item?
 5 All those in favor say "aye."
 6 (Chorus of ayes.)
 7 CHAIRPERSON SCARAMAZZO: Opposed? Motion
 8 carries.
 9 And it's up to the Commission, would you like
 10 to keep going on the audit reports and the rest of these
 11 items under IV, or would you rather come back and
 12 just --
 13 COMMISSIONER PARKER: Come back.
 14 CHAIRPERSON SCARAMAZZO: Come back. Lump it
 15 all into the next meeting?
 16 COMMISSIONER HOFFMAN: Fine with me.
 17 CHAIRPERSON SCARAMAZZO: Okay.
 18 COMMISSIONER PARKER: I so move.
 19 COMMISSIONER DANIELS: I'll second.
 20 CHAIRPERSON SCARAMAZZO: Is that for
 21 adjournment? That's for adjournment.
 22 It's been moved and seconded for adjournment.
 23 All those in favor say "aye."
 24 (Chorus of ayes.)
 25 CHAIRPERSON SCARAMAZZO: Opposed? Motion

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1 carries.
 2 Thanks everyone for your patience today.
 3
 4 (Whereupon the proceeding concludes at 12:44
 5 p.m.)

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1 C E R T I F I C A T E
 2
 3 I, Angela Furniss Miller, Certified Reporter,
 4 do hereby certify that the foregoing pages numbered 1
 5 through 120, inclusive, constitute a full and accurate
 6 printed record of my stenographic notes taken at said
 7 time and place, all done to the best of my skill and
 8 ability.
 9 DATED, at Phoenix, this 3rd day of May, 2009.

12
 13 Angela Furniss Miller, RPR
 14 Certified Reporter (AZ50127)

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