

June 22, 2017

**Citizens Clean Elections Commission (CCEC) Meeting Report
Submitted by Rivko Knox, on behalf of LWVAZ**

Only 4 of the 5 Commissioners were present; and as the missing member is the chair, the CCEC decided not to take action on the major item of business, i.e., action on rule revisions relating to Clean candidates being able to spend Clean funds to purchase goods/services from a political party.

1. Executive Director's Report. Executive Director Tom Collins stated that:

* About 100 people have been invited to the Clean Elections Roundtable on July 13, which will be held from 8:30-4:30 p.m., at a downtown hotel. (Info to be sent to all who are registered).

* The period for Clean candidates to start collecting \$5s for the 2018 election is August 1; the 1st training will be held on July 20; so far 7 legislative candidates have signed up to run Clean and 5 statewide candidates.

* The packet for the Commissioners contained a copy of an article by Rebekah L. Sanders re an interview with Rey Valenzuela, Elections Director, Maricopa County Records' Office that described plans/procedures for new ways to conduct upcoming elections . Collins said his only concern was to make sure that the voter education conducted by the CCEC is accurate and timely. He said he has not taken a position for or against the plan per se (ending polling places etc.) but feels that it is important for the CCEC to be prepared to educate voters appropriately; and in order to do so, he must see all the details of the Recorder's plan.

* He also said that the CCEC is considering a rule regarding transactions from candidates, i.e., if a candidate returns a very small amount of funds, is it cost effective to enforce the return in

terms of then processing the check/recording it etc.? No action was taken on this item at this time.

2. CCEC Future Meeting Dates. The CCEC approved the meeting dates thru the end of 2017, which will be: 7/20, 8/31, 9/28, 10/19, 11/16 & 12/14.

3. Five Year Review Report to the Governor's Regulatory Review Council (GRRC) – aka “The Saga Continues.” The essence is that the CCEC continues to maintain that the GRRC does not have authority over it based on the VPA. However, in order to be conciliatory, Collins has submitted reports in the past and has continued to work with the GRRC to try to address their concerns re certain rules the CCEC has adopted that the AZ Sec. of State believes should be repealed/removed. The CCEC objects to such a repeal/removal. So, at this time, although a letter & a revised report have been submitted to the GRRC, the CCEC will be hiring outside counsel to represent it in this on going saga.

4. Rule Amendments. Three sets of rules were before the CCEC.

#1. Expenditures by Clean Candidates with Clean Money to Purchase Goods/Services from Political Parties. I have discussed this set of rules in prior reports as the CCEC has been working on the issue for a number of months. For quick background: sometime during the 2016 election cycle, some stories/quotes/tweets etc. were circulated by several Clean candidates talking about how they were helping to fund the Democratic Party. This raised the ire of some Republicans and others, e.g., Constantin Querard (hereinafter CQ as he calls himself) with Grassroots Consulting. The CCEC conducted detailed audits of all the candidates against whom informal complaints were filed, and wound up requesting significantly more documentation than originally had been required. Rep.

Vince Leach actually stated in a Committee hearing that the reason he introduced a bill (which died) to defund Clean Elections was because of the funds being used by candidates that wound up going to the Democratic Party. Collins said that the CCEC was in the process of revising its rules re such use (which had not been identified in documentation submitted in prior election cycles.) Three options were presented for public comment: a) a prohibition; b) a prohibition excluding printing services, voter or telephone lists & a payment of not more than \$200 per person to attend a political event; c) payments allowed with appropriate documentation for 'customary' charges if such are reasonable in relation to the value received.

When the 3 options were first sent out for public comments, very few comments were received; so the comment period was extended. By the time of the May meeting, a number of additional comments had been received and several Clean candidates appeared to speak in favor of option C. The comment period was continued & at this meeting about 13 people spoke.

The first one was Representative Vince Leach who was very pleasant (he always is to me personally tho I have testified against his bills etc.) who thanked Collins for allowing all this public input & repeated what he had said in the past about the money going to the Democratic Party vs. actually helping a Clean candidate run/win. He favors option B. The next four speakers started by saying they were very very active Republicans (one was actually the President of the AZ Republic Assembly, which is – he said – further 'right' than the AZ Republican Party, period). None seemed to fully understand how Clean Elections works, i.e., one said that he thinks that Clean funds left over after a campaign ends should go back to Clean Elections vs. going to a Party and that if a Clean candidate drops out, the funds should be returned to Clean Elections vs. giving to a party. This resulted in Collins having to explain how the system worked, with regular reports of

cash on hand & a requirement that funds be returned promptly to Clean Elections if not expended on the campaign.) Several also said they felt that funds going to the Democratic party gave the 'appearance' of abuse & were bad optics.

The next speaker was Scott Munsey, with the AZ Free Enterprise Club, who stated that he believes there is wide spread abuse, with \$100,000 going to the Democratic Party, to include the strategy of the Party getting someone to run Clean in a non competitive district just so that it could get money!! Collins clarified that in 2016 the AZ Legislature did pass a law that loosened the rules as to how political parties can raise & use funds for a coordinated campaign. Further he pointed out that a Clean candidate can use Seed Money (before the Clean funds are provided) as they choose. Additionally, he said that when complaints started coming in after the 2016 election, the CCEC immediately stepped up its auditing & wound up requesting vast amounts of additional documentation. During his comments, CQ stated that he was a very strong supporter of Clean Elections but was concerned about option C because services such as 'training' do not cost a lot, have a lot of value for the candidate but determining price is difficult. None of these speakers favored option C; most favored A.

NOTE: Although the CCEC halted public comments on this topic to ensure that it would have time to address some other very important issues (see below), I am reporting on all the testimony in one 'lump'.

The remaining speakers included several Democratic elected legislators, who had run Clean & who had also spoken at the May meeting. They stated that they were 'not recruited' by the Democratic Party; that though they purchased goods/services from the Democratic Party, they saw how the funds were spent

(e.g., one legislator said she did hire three people through the Democratic Party's coordinated campaign but they worked everyday with her knocking on doors, making phone calls etc.) They also said that if Option A or B were adopted, they would be disadvantage compared to a Traditional candidate. In addition an official with the AZ Democratic Party addressed some of the concerns raised by the prior speakers as well as one Commissioner who seemed to have serious concerns about option C & d asked why a candidate could not just hire a consultant &/or directly hire other people who worked just for that candidate. Her point was that the Democratic Party provided it's employees with benefits, which consultants & independent contractors did not receive. Joel Edman, AzAN then spoke saying he was concerned that options A & B might discourage candidates from running Clean & 'tilted' the system toward traditional candidates.

Finally I (Rivko Knox) spoke, partially to ensure that all the new people present knew who & what the LWVAZ was, reiterating our long time support for Clean Elections; stating, that although LWVAZ had not commented on the options prior to this meeting, what I heard had raised some concerns for me that options A & B might make it more difficult to run Clean; that I was disturbed at the misinformation that seemed to exist regarding Clean Elections, how it operates etc. & thus encouraged staff to continue to educate the public. Education of the public, I said, should include where the funds come from (because even one Commissioner said he was concerned that people would feel that 'state' funds were being misused. I pointed out that to many people the words "state funds" mean tax dollars & thus again it is important to ensure the the public understands that Clean Elections takes no taxpayer funds.)

Because of the extensive public comments & the absence of the Commission Chair, the CCEC agreed to postpone making a decision about the options until the July meeting. However, it was agreed that any public comments at that meeting will be limited to two minutes per speaker.

#2. Regulation of Payments to Campaign Consultants by Participating Candidates. CQ spoke saying that he felt this was a solution to a problem that did not exist and would result in much more paperwork for consultants. (I think this was an attempt to 'level the playing field' between Clean candidates who purchase services from a political party vs. from a consultant, taking into account, the new options being considered, i.e., detailed documentation vs. just a 'contract with a consultant for services, period.) No action was taken.

#3. Expanding Audits for Participating Candidates. Although no action was taken, there appeared to be no opposition to expanding audits to include all participating legislative candidates vs. just a random sample of such.

4) Enforcement Action Against Candidate Jesus

Rubalcava. (Again, please see prior reports for more detailed information). In summary, during an audit, several of Rubalcava's expenditures raised concerns & his record keeping did not comply with CCEC rules. When he was asked for further documentation after the audit, he said that as a teacher, he was moved from one classroom to another & during the moves, he lost the boxes with his documentation. Thus the CCEC authorized Collins to conduct an investigation, based on the determination that a violation may have taken place. The authorization for the investigation will give Collins or an Assistant AG the authority to subpoena documents & take testimony under oath

5) Clean Elections Surcharges. This related to the fact that as a result of some legislation, judges were being given more leeway to reduce or eliminate certain penalties based on the person's income, which also has repercussions for the CCEC which obtains some of its funds thru such surcharges. (See my prior reports for more information.) The CCEC chose to go into Executive Session & as it was 1 p.m. (the longest CCEC meeting I've ever attended...and usually after an Ex. Session no report is made public anyway), I left as did everyone else

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