

August 20, 2010

Submitted by Kim Strach

KS

Supplemental Investigation Report

This report is a supplement to the report issued by Kim Strach regarding air travel by the gubernatorial candidates in the 2008 election. After the initial report was issued, Strach interviewed the following individuals: Zach Ambrose, Will Polk, Don Hobart, Ann Canady, Twila Nelson, Oscar Harris, and Anna McNeill. There were several issues that were not resolved at the conclusion of the last report. Specifically, it was not known at that time whether the Perdue Committee had engaged in or had received information from a review of air travel that took place prior to the 2009 "voluntary audit" by the Perdue Committee. The following information addresses this and other remaining issues.

The Perdue Campaign's Process for Documenting and Disclosing Flights

Beverly Perdue filed a Statement of Organization on September 29, 2005, indicating that Perdue was exploring a candidacy for Governor of North Carolina. In March 2005, Zach Ambrose was hired as Chief of Staff to Perdue, then the Lieutenant Governor. Sometime in 2005, Anne Canady created a rudimentary form to document flights provided for Perdue. According to Ms. Canady, she has made arrangements for air travel, including campaign air travel, since 2000. Ms. Canady stated that documentation she created regarding flights would be passed on to the scheduler, the campaign and prior to Zach Ambrose joining the campaign staff, a copy would be given to him. Attached as **Exhibit A** is an example of the 2005 form.

By the middle of 2007, the Perdue campaign's process for documenting and disclosing flights had progressed to a sophisticated level. In the spring of 2007, Will Polk, then General Counsel for the Lieutenant Governor's office, met with Mr. Ambrose regarding air travel. According to Mr. Polk, Mr. Ambrose brought a copy of Mr. Bartlett's 2004 advisory opinion written for the North Carolina Democratic Party concerning calculating costs related to campaign private air travel.¹ The opinion letter was used to develop a form and process for ensuring that the necessary information about private campaign air travel was obtained for the proper calculation of costs. According to Mr. Ambrose, John Wallace worked with the SBE to resolve questions regarding air travel that had mixed purposes (state/campaign/personal). As a result of those

¹ In a letter to the Board, John Wallace states that he suggested that Zach Ambrose "would not likely have much information regarding the contribution of, payment for, or reporting of flights..." However, based on the interviews of Don Hobart, Will Polk, Twila Nelson, Sue Jackson and Oscar Harris, Mr. Ambrose did possess information regarding flights. Don Hobart stated that he conducted a review of air travel in coordination with Zach Ambrose. Will Polk stated that Zach Ambrose assigned him the task to review air travel. He also advised that the form and process created was in coordination with Mr. Ambrose. Mr. Polk stated that he provided information obtained on air travel only to Mr. Ambrose. He stated that he provided that information frequently. Sue Jackson stated that she received the internal flight forms from Mr. Ambrose and that she would take them to him to determine how the flight should be handled. Ms. Nelson identified Mr. Ambrose as the likely author of typed memos concerning the reimbursement for flights or reporting in kinds as a result of flights. Mr. Harris stated that all invoices, including flight invoices, would be initially approved for payment by Mr. Ambrose.

efforts, a form and process were developed in 2007. The form that was created included fields for providing the purpose of the air travel so that the campaign was only paying for the portion of the trip that was campaign related. Mr. Polk stated that Mr. Ambrose had a spreadsheet template to obtain air travel information and that he provided this template to Mr. Polk. He adapted the template to ensure the proper information and formula were included per the advisory opinion. **Exhibit B** is an example of the spreadsheet template that was created. As the project progressed, improvements were made to the form to capture additional information needed to make accurate calculations.

By early 2008 the campaign had a substantial form for reporting flights. Don Hobart became the Chief of Staff in the Lieutenant Governor's office in September 2007, when Mr. Ambrose left the position to become the Perdue Committee Campaign Manager. Mr. Hobart had discussions with Mr. Ambrose about the need to ensure that the campaign had sufficient information on campaign air travel. He stated that in early 2008, he assisted with the revision of the form used to obtain information on air travel in order to include more information and improve upon the process so that the campaign would have all the necessary information to achieve compliance. Mr. Hobart stated that he provided the form to Mr. Ambrose to review to ensure it included the necessary information the campaign required for compliance.

Oscar Harris, Treasurer of the Perdue Committee, and compliance staff members Twila Nelson and Sue Jackson had the primary responsibility for ensuring that all contributions and expenditures were properly reported, including inkind contributions. Each of these individuals expressed understanding of this responsibility and explained that when they received information requiring disclosure, they ensured the disclosure reports were true and accurate. Ms. Nelson has provided compliance and other services to the Committee since 2001. She had no role in completing internal forms or calculating the costs of air travel. She stated that she reported all information she was provided and prepared checks or disclosed debt for air travel at the direction of Mr. Ambrose. Since inkind contributions are not monetary and do not show up in bank statements, Ms. Nelson stated that she would send emails or other communications to Mr. Ambrose and other campaign staff to notify her of any inkind contributions that may have been received that had not been reported to the compliance staff. **Exhibit C** contains examples of documents Ms. Nelson believes she received from Mr. Ambrose notifying her to report or make payment for air travel.

Mr. Harris has served as treasurer for the Committee since 2005. According to Mr. Harris, with respect to the reporting and reimbursing of air travel, when Mr. Ambrose provided invoices for air travel, Harris would pay those invoices and the disbursements would be reported. He did not recall having any specific conversations about air travel compliance and did not recall having seen the internal flight forms such as those in **Exhibit D**.

According to Ms. Nelson, during the time she was responsible for preparing disclosure reports she would provide the report to Mr. Ambrose for his review and approval. Mr. Ambrose stated that he did review the disclosure reports but his review process did not include ensuring that flights for the reporting period had been disclosed.

Mr. Polk stated that for the time period that he assisted with air travel, he believed that the process that was used to capture and calculate air travel information and costs was a good

process that improved over time. He stated that the process worked well because there were only a few people involved in the process and each knew his or her role in the process.²

Audits and Reviews Regarding Flights Beginning in 2007

Will Polk was hired by the Lieutenant Governor's office in December 2006 to serve as General Counsel. In the spring of 2007, he met with Zach Ambrose, then Chief of Staff, to discuss a project to ensure that all air travel related to the Perdue gubernatorial campaign was properly documented and that appropriate costs were calculated in order for the campaign to make proper payment.

Mr. Ambrose instructed Mr. Polk to identify all flights that could be identified and to calculate costs using the SBE formula. According to Mr. Polk, flights occurring as early as 2004 were identified. At the beginning of this project, Mr. Polk stated that he obtained a large folder of information that had been maintained by Anne Canady on flights where she had a role. Ms. Canady confirmed that she provided information she had maintained to Mr. Polk. He and Carol Young also reviewed the public calendar in the Lieutenant Governor's office to identify all flights that had been taken for as far back as they could find information. Upon identifying a flight, the form created by Mr. Polk and Mr. Ambrose or an evolution of that form would be completed with information about the aircraft owner, make and model of the plane, destination and event purposes. Additionally, information on that aircraft would be printed from planequest.com and a copy of the public calendar for that date would be included in the "packet." Based on documents provided by the Perdue Committee, this process of auditing/reviewing flights began as early as June 29, 2007 (attached as **Exhibit E** is planequest.com information for a flight that took place on June 27, 2005, and was printed on June 29, 2007).

The information obtained during this review would be entered into the spreadsheet to calculate costs of the flight. Mr. Polk would provide this information to Mr. Ambrose for the campaign to address. Mr. Polk stated that he would provide this information to Mr. Ambrose either on a flash drive, by email, hard copy or on a CD. He stated that he would provide the information to Mr. Ambrose promptly after entering the required information into the spreadsheet.

Mr. Polk stated that by November or December 2007, approximately 80 percent of the universe of flights had been identified and entered into his spreadsheet to calculate costs. He stated that Mr. Ambrose wanted as much of the project completed by the end of 2007 so that he could close out as many of the 2007 flights as possible. Mr. Polk and Mr. Hobart both indicated that

² Mr. Wallace indicated that the likely reason these flights were not initially reported was because of the fast paced nature of the campaign, turnover of staff and lack of staff when the campaign was over. Until approximately April 2008, campaign staff was not involved with obtaining information on flights or calculating costs. According to Anne Canady, if she scheduled a flight she would likely complete the internal form for air travel. She specifically identified internal flight forms she likely created in the months of September and October. Documents provided by the Committee show that the internal form for flights was completed for nearly all flights after the Primary. Ms. Jackson stated that if she received that form then she would be able to reimburse and disclose. Based on the dates of the documents, the process continued from mid 2007 through the date of the general election.

extensive efforts were made to identify and obtain necessary information for all flights that could be identified.

The “Universe” of Flights is Identified and Additional Review Activities Are Conducted

By March 2008, Mr. Polk stated that he believed that the universe of flights from 2004 through that date had been identified through the audits/reviews conducted and information entered into the spreadsheet.

According to Mr. Hobart and Mr. Polk, at or around the beginning of 2008 and proceeding through March or April 2008, they along with Ms. Young engaged in a final review of all flights to ensure that no flight had been overlooked and proper calculations for all flights had been made. The review included again reviewing old calendars and talking to former staff. During this review, it was determined that the “initial leg” of many flights had not been included in the cost calculations. Therefore, all flights that had not previously included this information were recalculated. It was also discovered at this time that some flights that had been previously identified had not been paid. These flights were “flagged” for the campaign to address.³

At the conclusion of the final review conducted just prior to the 2008 Primary, Mr. Polk and Mr. Hobart indicated that all information they had gathered regarding air travel was turned over to Mr. Ambrose. After these records were turned over, Mr. Polk and Mr. Hobart had little to no role in air travel going forward. Mr. Polk indicated that in May 2009, he met with Sue Jackson, Carol Young, Marc Farinella and likely Zach Ambrose regarding the review of air travel.⁴ At this meeting, Mr. Polk provided information on the extensive efforts, including the two audits/reviews, made by him and Ms. Young to ensure air travel information had been captured and costs correctly calculated. He provided Ms. Jackson a copy of the results of their efforts. He stated that these documents were the same as those that had been provided to Mr. Ambrose during the reviews and throughout his time working on air travel.

Results of the Audit Activities

On June 29, 2007, a typed note is sent to Twila Nelson to make reimbursements by June 30th for air travel (**Exhibit F**). (June 30, 2007 was the last day of the reporting period for the 2007 Mid-Year Semi-Annual Report.) Ms. Nelson believes that Zach Ambrose sent her that note. Mr. Ambrose did not have specific recollection of the note but did state that it was possible that he had prepared and sent the note. The note requests disbursements to two entities: Mach I.O. Aviation LLC and Shearin Companies United. Based on the handwritten notes on the page, checks were paid on June 30, 2007 (checks # 1265 and 1267). The payment to Shearin Companies United for \$313.66 was for a flight that took place on November 16, 2005. The flight was reported as an expenditure on the 2007 Mid-Year Semi-Annual Report. The reimbursement to Mach I.O. Aviation LLC for \$1,005.88 was for three flights taking place on April 1, 2006, May 23, 2006 and March 5, 2007. The SBE methodology was used to calculate these flights. The campaign check that was cut on June 30, 2007, was voided and Governor

³ One of the flights flagged in this manner was the 2007 flight to Michigan discussed more fully below.

⁴ Mr. Ambrose stated that after the 2008 election he had no more involvement with air travel. He didn't recall being at this meeting but did recall being briefed at some point about the 2009 audit results.

Perdue wrote a personal check dated July 1, 2007 for these flights. The inkind contribution was disclosed on the 2007 Year-End Semi-Annual Report. Two of the three flights occurred in the 2006 Mid-Year Semi-Annual reporting period and the third flight occurred in the 2007 Mid-Year Semi-Annual reporting period. Considering the fact that these three flights might have been discovered during Mr. Polk's review process, and based on the date of the note requesting the reimbursements, it is apparent that the March 5, 2007 flight was discovered during the reporting period during which it occurred. However, since the Committee check was voided and the expenditure from the Committee was not paid or reported as debt in that reporting period, the flight was not timely disclosed. While it was permissible for Governor Perdue to make this and any other inkind or monetary contribution to her own campaign, the fact that her check was written after the reporting period deadline and the debt for the flight was not disclosed on the 2007 Mid-Year Semi-Annual Report, disclosure of this flight was delayed. The other two flights should have been disclosed as debt on the 2006 Mid-Year Semi-Annual report. However, the typed note does not indicate dates of flights, therefore, if the compliance staff had no other information, they would have been unable to accurately report those flights as debts. Amended reports filed after the 2009 review or anytime prior did not disclose these flights as a debt to the Committee on the dates of those flights. Therefore, there was no public disclosure that Mach I.O. Aviation had provided the three flights on the dates the flights took place.⁵

One of the flights that was "flagged" by Mr. Polk was the September 12, 2007, flight to Michigan. Mr. Polk stated that he made numerous efforts to obtain information about this flight. Specifically, he became aware that Peter Reichard had arranged the flight. He stated that he contacted Mr. Reichard on multiple occasions requesting information about the flight. Mr. Polk stated that Mr. Reichard promised him that he would provide him the requested information including an invoice but he never provided any information to him. **Exhibit G** was the document containing information about this flight. Mr. Polk stated that he entered the information into the spreadsheet that appeared on this document. He stated that the note on the form that read "arranged by PR. Talk with me" was his note to Mr. Ambrose. He stated that Mr. Ambrose did talk with him about this flight and Mr. Ambrose told him he would follow-up with Mr. Reichard to obtain the necessary information. Mr. Ambrose stated that he did not have a specific recollection of any conversation with Mr. Polk about this flight or any conversation with Mr. Reichard about this or any other flight.

On August 12, 2010, Will Polk provided electronic files that he created as part of the air travel review assigned to him by Mr. Ambrose. The files contain information and data from his review.

Polk spreadsheet "flightinfo12.17.07.xls"

In a file named "flightinfo12.17.07.xls", information for 37 flights is provided. (**Exhibit H**) Twenty-three flights in the spreadsheet are subject to disclosure. Of the 23 flights, five flights are not addressed in the 2007 Year End or any previous report.⁶ According to Mr. Polk, he provided this spreadsheet to Mr. Ambrose.

⁵ David King is the manager of Mach I.O. Aviation. Mr. King contributed a total of \$4,000 by May 18, 2006 for the 2008 primary election.

⁶ Two of the six flights were inkind contributions from Terrence McEnally. Mr. McEnally had not made any monetary contributions to the Committee and the total inkind contributions he made would not have exceeded any

Of the remaining three flights, a flight taking place on June 16, 2007, was included in the spreadsheet but not paid or disclosed. The information provided in the "Ownership of Aircraft" column for the flight on June 16, 2007, is "Buzzy Stubbs flew Bev." This flight is not paid until May and June of 2009. It is not disclosed until the 2009 Mid-Year Semi-Annual Report.

Flights taking place on September 12, 2007, and September 22, 2007 are not disclosed or paid until 2009 and 2010. As stated earlier, Mr. Polk attempted to obtain information from Peter Reichard for the September 12, 2007, flight to Michigan. **Exhibit I** shows that Mr. Reichard made efforts during the 2009 audit to get Willie Heafner to make an inkind contribution for the September 22, 2007 flight. Mr. Heafner had made a \$4,000 contribution to the Committee on September 26, 2007. Therefore, he would have been ineligible to make an inkind contribution for this flight. The Committee made payment in May 2009. The flight was disclosed on the 2009 Mid-Year Semi-Annual Report.

Additionally, Buzzy Stubbs paid NC FedAir LLC for a flight that took place on October 2, 2007. The 2007 Year End Semi-Annual Report shows debt owed by the Committee in the amount of \$695.12 to NC FedAir LLC. The report further states that the debt was paid January 22, 2008. The Committee check for \$695.12 was never received by NC FedAir LLC. (**Exhibit J**) The Committee paid Stubbs and Perdue for this flight in May and June 2009.⁷

Polk document "20042005data.pdf"

Will Polk created a PDF labeled "20042005 data.pdf" on February 5, 2008 that contained information from his spreadsheet with supporting documents for six flights dating back to March 30, 2004. (**Exhibit K**) Cost calculations were made for all six flights. According to Mr. Polk, this information was provided to Zach Ambrose. The six flights are not disclosed, paid or shown as inkind contributions until January 2010. One of the six flights shows a flight date of October 2, 2004. The owner of the aircraft is Brinco LLC and the event is identified as a campaign event. Mary and Fentress Brinn are listed as current officers of the limited liability company. Based on the information in the produced documents and disclosure reports filed, this flight was not paid for or disclosed by the Committee. Staff has no information about whether or not this flight actually occurred other than the copy of the calendar page for that date as provided by Mr. Polk. On May 25, 2006, Mary Brinn provided an inkind contribution for a flight taking place on May 25, 2006, in the amount of \$354.78. Neither Mary Brinn nor Fentress Brinn have

contribution limitation. Additionally, for both flights there was a typed note addressed to Twila Nelson requesting those inkind contributions be disclosed. Ms. Nelson recalled receiving the typed note some time in 2007 and stated that she believed she received that note from Zach Ambrose. She stated that she believed that she entered those contributions into the software they were utilizing at that time. Those contributions would not have been in the reporting period of any report filed in 2007, therefore it would have required amending the 2005 and 2006 Mid Year reports. It should be noted that the Committee changed reporting software on June 28, 2007. There has been no information to suggest that Ms. Nelson did not enter those contributions into the software.

⁷ A copy of the front of the Committee check to Fed Air was provided with the folder for the October 2, 2007, flight in one of the initial document productions. When Mr. Wallace turned over the "notebook" with all documentation for each flight, the copy of the Committee check was not included with the documents for the October 2, 2007 flight. This check does not appear to have been negotiated.

made any other contributions to the Committee. Mr. Ambrose stated that some flight information he received from Mr. Polk he didn't feel was ready for compliance because he wanted cost calculations checked, calendar and aircraft information verified. He stated that because he felt there was flight information that was not ready for "compliance" he asked Don Hobart to conduct an extensive review to ensure all information was correct before going to "compliance."⁸

Polk document "200520062007.pdf"

On February 7, 2008, Will Polk created a PDF document labeled "200520062007.pdf" (**Exhibit L**) that contained information on seven flights. All of the seven flights contained in the document had been included in **Exhibit H** ("flightinfo12.17.07.xls."). Mr. Polk stated that this document was provided to Mr. Ambrose. The June 16, 2007, flight that had been labeled in the spreadsheet as "Buzzy flew Bev," now identifies the owner of the aircraft as Super King Partners of Fayetteville LLC. The address of the owner is also included. However, this flight is not paid or disclosed until 2009. All other flights in this document had been disclosed.⁹

Polk spreadsheet "march2008planeinfoupdated3.26.08.xls"

Will Polk provided an excel spreadsheet labeled "march2008planeinfoupdated3.26.08.xls." (**Exhibit M**) This spreadsheet has 25 different flights. The flight dates ranged from March 2004 through February 2008. One of the flights appeared not to have occurred. Of the remaining 24 flights, eight had been disclosed prior to the date of the file (March 26, 2008). Sixteen flights had not been disclosed by March 26, 2008. Thirteen of the 16 flights were disclosed and paid in 2009 and 2010. The remaining three flights to date have not been paid or disclosed. These flights allegedly occurred on October 2, 2004, March 21, 2006 and March 8, 2007. There is no information in this spreadsheet to indicate whether or not these flights occurred.¹⁰ Two of the 25 flights had not been included in earlier documents provided by Mr. Polk. These flights occurred on February 12, 2008 and February 21, 2008. The flight on February 12, 2008, was paid by inkind contribution and timely disclosed. The flight on February 21, 2008, was initially paid by Buzzy Stubbs from an account of

⁸ According to Mr. Ambrose, "compliance" refers to the compliance staff.

⁹ Anna McNeill was interviewed about her knowledge of the October 23, 2008, letter from Mr. Stubbs addressed to her and discussed in the prior Strach air travel report. She stated that she had no specific recollection of the letter but stated that her assumption was that Mr. Stubbs had called the campaign office and she answered the phone. She stated that if he had inquired about reporting inkind contributions she would have given him the form that was attached to his letter. She said it would not have been unusual for her to give her name to the contributor so that they would have a person to address their letter. She further stated that if she actually received the letter, she would have given it to the Compliance staff or Michael Hayden, her direct supervisor. Sue Jackson was the compliance director at the time the letter was received by the Committee. She stated that she had been unaware that Mr. Stubbs had been paying for flights until the 2009 review of air travel.

¹⁰ The spreadsheet provided by Mr. Venable on behalf of Carol Young does indicate air travel on October 2, 2004, March 21, 2006 and March 8, 2007. The calendar entry for the March 8, 2007 event indicates Crystal Aviation Partnership (Buzzy Stubbs) as the aircraft owner. Flight costs are also calculated in the spreadsheet for this flight with total costs being \$1,260.56 but the portion of the total for the campaign does indicate \$0. There is an additional note for this flight that reads "Will says some were paid on previous report." (**Exhibit N**)

Stubbs and Perdue. This flight is not disclosed until the 2009 Mid Year Report and payment was made to Stubbs and Perdue on May 27, 2009 and June 19, 2009.

Polk PDF “listthatcamefromstatecomputerduringauditorvisit”

On January 24, 2008, Mr. Polk created a PDF of a document labeled “listthatcamefromstatecomputerduringauditorvisit.pdf.” (**Exhibit O**). The document contains information about seven individuals that had provided air travel between the years 2003 and 2006. Information on flights that were not disclosed until 2009 and 2010 are contained on this document. According to Mr. Polk, he provided this document to Mr. Ambrose.

Flights Known but not Disclosed

Mr. Ambrose acknowledged receiving information from Mr. Polk and confirmed that he had asked Mr. Hobart to conduct a thorough review of air travel to ensure all information was complete and correct. He further stated that at the conclusion of Mr. Hobart’s review, around April or May 2008, he received the results of that review. Upon receipt of those results, he stated that any flight identified that had not been paid or disclosed was paid at that time and disclosed as an expenditure.¹¹ Mr. Ambrose stated that he believed that all flights had been addressed after receiving the review results from Mr. Hobart. He indicated that there should be no flight that had been identified in the information provided by Mr. Hobart that was not paid and disclosed as an expenditure during the reporting period he received the information.

On Friday, August 13, 2010, Strach sent an email to David Venable, attorney for Carol Young, and asked him if he could provide a copy of the spreadsheet that Ms. Young provided to Mr. Hobart after their review in March or April 2008. The Young spreadsheet was provided on Thursday, August 19, 2010¹²(**Exhibit P**). Included with the spreadsheet was a cover letter from Mr. Venable (**Exhibit Q**). The cover letter indicates that it is Mr. Venable’s understanding that the spreadsheet provided is a later version of Ms. Young’s submission to Mr. Hobart. The letter states that Ms. Young believes Mr. Hobart forwarded her spreadsheet to the Committee and that the Committee has “continuously edited, revised, and updated” the spreadsheet. He further states that the date on the spreadsheet is May 27, 2009. Will Polk stated that he met with Sue Jackson, Carol Young and others in May 2009. As provided by Mr. Polk, at that meeting he and Ms. Young provided copies of their work product from the review they conducted in early 2008. Strach contacted Mr. Venable on August 19th shortly after receiving the spreadsheet to inquire about the meaning of his letter. Strach asked Mr. Venable to ask Ms. Young about what changes had been made to the Young spreadsheet and the source and timing of those changes. As of this writing (August 20, 2010, 3:32 pm), Strach has not received a response from Mr. Venable.

Based on the four spreadsheets/documents compiled by Mr. Polk, flightinfo12.17.07.xls, 20042005data.pdf, 200520062007.pdf and march2008planeinfoupdated3.26.08.xls, he identified

¹¹ He indicated that they did not amend prior reports at that time to show the original debt because they knew they were going to be filing amended reports as a result of the cash on hand issue and outstanding loan issue that was the result of the software glitch that occurred in June 2007.

¹² Mr. Venable advised Strach at the interview of Anne Canady on Wednesday, August 18, 2010, that he was working on getting the information requested. Later that afternoon he advised Strach that he could have the information available by noon on Thursday, August 19, 2010.

37 flights that would be subject to disclosure. Of those 37 flights, 19 had not been disclosed and/or paid for by the campaign as of the dates of the documents or spreadsheet file names. This information was provided to Mr. Ambrose as it was created through at the latest the 2008 Primary. Of these flights, none were disclosed to the Board of Elections prior to the 2008 General Election. Many of the flights that were disclosed in 2009 and 2010 were on the spreadsheet with flights that were disclosed.

Some flights that were not disclosed had appeared on more than one document that had been created by Mr. Polk (**Exhibit R**). The chart provides the flights included in the four Polk documents. The exhibit letter on the chart refers to the specific Polk document for which the flight appears.

Three flights on the spreadsheets have not been disclosed on the Perdue Committee's campaign finance reports to date. These flights occurred on October 2, 2004, March 21, 2006 and March 8, 2007, and information in the spreadsheet indicates campaign events were part of the flights. Staff has no information about whether or not these flights actually occurred.

With respect to the Young spreadsheet dated 5/29/09, all 19 flights are included in that spreadsheet. The flight taking place on June 27, 2005, has been disclosed as being paid by an inkind contribution from Terrence McEnally. The Young spreadsheet shows that flight owner as Sandy McNeill. We have no other information about this flight. Additionally, of the 19 flights in the Polk data, the Young spreadsheet and a note from the notebook provided by the Committee (**Exhibit S**), shows that either Buzzy Stubbs or Peter Reichard were associated with eight of the flights. **Exhibit T** is a chart that identifies the 19 flights.

Other Issues

The 2007 Mid-Year Semi-Annual Report discloses inkind contributions from James Fleming and Ola Caldwell. Mr. Fleming's inkind contribution was for air travel in the amount of \$3,048.50 for a flight occurring on December 8, 2007. An Inkind Donation Form dated December 10, 2007, appears with the records for that flight (**Exhibit U**). The form is signed by Tate Johnson "per James Fleming." There is a signature under the name James Fleming that bears no date. A copy of the invoice was also included in the information with a handwritten note that read "paid by donation on my behalf." The invoice had originally been addressed to Fulenwider Enterprises but was marked through and replaced with Perdue for Governor with a Morganton address. The post office address in Morganton is the same address provided for Charles Fulenwider on campaign finance reports. There was no copy of a check in the records. Mr. Fleming was contacted by phone to verify that he had made the inkind contribution. He stated on the phone that he had made a contribution to the Perdue Committee but that he had not paid for any air travel. Sheryll Harris met with Mr. Fleming and showed him the Inkind Donation Form and the invoice. He stated that he had not been contacted by Tate Johnson and had not authorized his signature. Additionally, he stated that the signature below his printed name was not his signature. When shown the invoice for the flight, he stated he had never seen the invoice and the handwritten notes on the invoice were not written by him. Harris requested a copy of the cancelled contribution check and Mr. Fleming advised that he would contact his bank to provide the check. He indicated that he believed he wrote the check from his business account. Mr. Fleming stated that he had been contacted by Robert Caldwell and asked to make a contribution to the Perdue for Governor Committee. He stated that he wrote the check and gave it to Mr.

Caldwell.¹³ Harris contacted Mr. Caldwell regarding Mr. Fleming's contribution. Mr. Caldwell stated that he did ask Mr. Fleming to make a contribution to the Committee but it was not to pay for air travel. He stated that he didn't ask him for any specific amount and did not know the contribution amount made by Mr. Fleming. He further stated that Mr. Fleming did not give his contribution check to him. He assumed Mr. Fleming mailed it to the Committee.

Ola Caldwell made an inkind contribution in the amount of \$1,194.50 on December 8, 2007, for travel. There is no documentation for the December 8, 2007, flight that shows that this contribution is associated with this flight.¹⁴ Ms. Caldwell made a \$1,000 contribution to the Committee on June 29, 2007. Harris attempted to speak with Ms. Caldwell. Mr. Caldwell indicated that she was out of town.

¹³ Robert Caldwell made a \$1,000 contribution on October 13, 2006 and on December 29, 2006 he made a \$3,000 contribution.

¹⁴ David Venable provided a spreadsheet on August 19, 2010, on behalf of Carol Young, that identifies both Mr. Fleming and Ms. Caldwell's inkind contributions with the December 8, 2007 flight.