

STATE OF WISCONSIN

CIRCUIT COURT

DANE COUNTY

CRIMINAL COMPLAINT

STATE OF WISCONSIN, PLAINTIFF

VS.

SCOTT R. JENSEN,
DOB 08/24/1960
Sex/Race: Male/White

850 South Springdale Road
Waukesha, Wisconsin 53186

OFFENSE(S): Misconduct In Public Office as a Party to the Crime
(Counts One, Three, Four)
Intentional Misuse of Public Position For Private Gain as a
Party to the Crime (Count Five)

STATUTE(S) VIOLATED: 939.05; 946.12(3); 19.45(2); 19.58(1)

DA Case No. _____

Court Case No. 02 CF _____

STEVEN M. FOTI,
DOB 12/03/1958
Sex/Race: Male/White

1117 Dickens Drive
Oconomowoc, Wisconsin 53066

OFFENSE(S): Misconduct In Public Office as a Party to the Crime (Count One)

STATUTE(S) VIOLATED: 939.05; 946.12(3); 939.05; 19.45(2); 19.58(1)

DA Case No. _____

Court Case No. 02 CF _____

SHERRY L. SCHULTZ,
DOB 3/25/1952
Sex/Race: Female/White

1418 Pleasure Drive
Madison, WI 53704

OFFENSE(S): Misconduct In Public Office as a Party to the Crime (Count Two)

STATUTE(S) VIOLATED: 939.05; 946.12(3); 939.05

DA Case No. _____

Court Case No. 02 CF _____

BONNIE L. LADWIG
DOB 12/11/1939
Sex/Race: Female/White

6347 Norfolk Lane
Racine, Wisconsin 53406

OFFENSE(S): Intentional Misuse of Public Position For Private Gain as a Party to the Crime (Count Five)

STATUTE(S) VIOLATED: 939.05; 19.45(2); 19.58(1)

DA Case No. _____

Court Case No. 02 CM _____

DEFENDANTS

COMPLAINING WITNESS
DCI Director David Collins

COUNT ONE (JENSEN, FOTI: MISCONDUCT IN OFFICE)

THE ABOVE NAMED COMPLAINING WITNESS, BEING DULY SWORN, SAYS THAT DEFENDANTS SCOTT JENSEN AND STEVEN FOTI, AS PARTIES TO THE CRIME, IN THE COUNTY OF DANE, STATE OF WISCONSIN, between on or about January 27, 1998, and on or about October 8, 2001, at the City of Madison, in their capacities as public officers, did by acts of omission and commission, exercise their discretionary powers in manners inconsistent with the duties of their offices, with the intent to obtain a dishonest advantage for others, by hiring, retaining, and supervising a State employee, namely Sherry Schultz, to solicit, account for, distribute and publicly report money for political campaigns, and assist others in these same tasks, during times when Schultz was compensated as a State employee or using State resources or both; contrary to Sections 939.05 and 946.12(3) of the Wisconsin Statutes, a Class E felony; and upon conviction may be fined not more than \$10,000 and imprisoned not more than five (5) years or both.

COUNT TWO (SCHULTZ: MISCONDUCT IN OFFICE)

AS A SECOND AND SEPARATE OFFENSE: THAT DEFENDANT SHERRY SCHULTZ, AS PARTY TO THE CRIME, IN THE COUNTY OF DANE, STATE OF WISCONSIN, between on or about January 27, 1998, and on or about October 8, 2001, at the City of Madison, in her capacity as a public employee, did by acts of omission and commission, exercise her discretionary powers in manners inconsistent with the duties of her employment, with the intent to obtain a dishonest advantage for others, by soliciting, accounting for, distributing, and publicly reporting money for political campaigns, and assist others in these same tasks, during times when Schultz was compensated as a State employee or using State resources or both; contrary to Sections 939.05 and 946.12(3) of the Wisconsin Statutes, a Class E

felony; and upon conviction may be fined not more than \$10,000 and imprisoned not more than five (5) years or both.

COUNT THREE (JENSEN: MISCONDUCT IN OFFICE)

AS A THIRD AND SEPARATE OFFENSE: THAT DEFENDANT SCOTT JENSEN, AS A PARTY TO THE CRIME, IN THE COUNTY OF DANE, STATE OF WISCONSIN, beginning no later than in or about November 1997, and continuing to in or about May, 2001, at the City of Madison in his capacity as a public officer, did by acts of omission and commission, exercise a discretionary power in a manner inconsistent with the duties of his office, with the intent to obtain a dishonest advantage for others by intentionally hiring, or retaining and supervising, Ray Carey and Jason Kratochwill, State employees, to recruit and otherwise directly assist candidates for political office as candidates, and cause others to do the same, during times when Carey and Kratochwill were compensated as State employees or using State resources or both; contrary to Sections 939.05 and 946.12(3) of the Wisconsin Statutes, a Class E felony; and upon conviction may be fined not more than \$10,000 and imprisoned not more than five (5) years or both.

COUNT FOUR (JENSEN: MISCONDUCT IN OFFICE)

AS A FOURTH AND SEPARATE OFFENSE: THAT DEFENDANT SCOTT JENSEN, AS A PARTY TO THE CRIME, IN THE COUNTY OF DANE, STATE OF WISCONSIN, between in or about 1997 and in or about November 2000, at the City of Madison, in his capacity as a public officer, did by acts of omission and commission, exercise a discretionary power in a manner inconsistent with the duties of his office, with the intent to obtain a dishonest advantage for Taxpayers for Jensen, by intentionally retaining and supervising State employees to work on Taxpayers for Jensen during times when the employees were compensated as State employees or using State resources or both; contrary to Sections 939.05 and 946.12(3) of the Wisconsin Statutes, a Class E felony; and upon conviction may be fined not more than \$10,000 and imprisoned not more than five (5) years or both.

COUNT FIVE (JENSEN, LADWIG: INTENTIONAL MISUSE OF PUBLIC POSITIONS FOR PRIVATE BENEFIT)

AS A FIFTH AND SEPARATE OFFENSE: THAT DEFENDANTS SCOTT JENSEN AND BONNIE LADWIG, AS PARTIES TO THE CRIME, IN THE COUNTY OF DANE, STATE OF WISCONSIN, between January 1997 and continuing to in or about May 2001, at the City of Madison, intentionally used their public positions at times when they were State public officials to obtain financial gain for the private benefit of an organization with which they were each associated, namely the Republican Assembly Campaign Committee; contrary to Sections 939.05, 19.45(2) and 19.58(1) of the Wisconsin Statutes, an unclassified misdemeanor; and upon conviction may be fined not less than \$100 nor more than \$5,000 or imprisoned not more than one year in the county jail or both.

FACTS

Complainant **David Collins**, Director of the White Collar Crimes Bureau for the Wisconsin Department of Justice's Division of Criminal Investigation (DCI), swears and affirms as follows:

Background Facts

Legislators, Their Offices, And Taxpayers For Jensen

Complainant is aware from *The Blue Book*, an official directory of Wisconsin government published by the State, that the Office of Wisconsin State Representative Scott R. Jensen ("Jensen Capitol office") was between January 1992 and the present a Wisconsin State legislative office operated and supervised by Scott R. Jensen ("Jensen"), an elected member of the Wisconsin State Assembly ("State Assembly" or "Assembly"). Jensen became Speaker of the State Assembly on or about November 4, 1997. Throughout the period of his terms in the Assembly, Jensen has been elected to two-year terms of office and received an annual salary from the State.

The official biography of Jensen carried on his legislative website at this time states that Jensen holds a Masters Degree In Public Policy from Harvard University. A Jensen campaign website states that Jensen was Director of Government Relations for Wisconsin Manufacturers and Commerce, 1984 - 1987.

Campaign finance reports filed with the State Elections Board reflect that since at least 1997, Jensen has used his campaign committee, Taxpayers for Jensen, to raise money for his campaigns for political office.

The Blue Book states that the Office of State Representative Steven M. Foti ("Foti Capitol office") was, throughout the period 1982 to present, a Wisconsin State legislative office operated and supervised by Steven M. Foti ("Foti"), an elected member of the State Assembly. Foti was elected to two-year terms of office and received an annual salary from the State, and has been Majority Leader of the Assembly for the period 1997 to the present.

The Blue Book states that the Office of State Representative Bonnie L. Ladwig ("Ladwig Capitol office") was, throughout the period 1992 to present, a Wisconsin State legislative office operated and supervised by Bonnie L. Ladwig ("Ladwig"), an elected member of the State Assembly. Ladwig was elected to two-year terms of office and received an annual salary from the State and has been Assistant Majority Leader of the Assembly for the period 1997 to the present.

Assembly Republican Caucus – ARC

During all times material to this complaint, state legislators elected from each of the two major political parties of each of the two houses of the Legislature had authority to employ “research staff assigned to . . . party caucuses . . . [as] necessary to enable [the legislature] to perform its functions and duties and to best serve the people of this state,” pursuant to Sec. 13.20, Wis. Stats. One of those four partisan caucuses authorized under this statute was called the Assembly Republican Caucus (“ARC”).

DCI Special Agent Amy Blackwood (“S/A Blackwood”) reports that she participated in an interview with Charles Sanders, whose statements included the following. Sanders was the Chief Clerk of the Wisconsin State Assembly from 1971 until January 4, 2001. The partisan caucuses were created to assist legislators with speech writing, letter writing, bill drafting, and other services to support legislators because legislators did not, at the time the partisan caucuses were created, have their own staff. Sanders also stated that partisan caucus employees are state employees and should not perform campaign work on state time or with state resources. The director of the ARC reported directly to the Assembly Speaker.

Your complainant has reviewed a copy of a report issued by John Scocos in his capacity as Assembly Chief Clerk, dated September 4, 2001, in which Scocos stated in part that the mission of the partisan caucuses was to assist legislators in administration, political and legislative research, policy analysis, monitoring committee activities and communicating with constituents.

From on or about January 15, 1987 to June 30, 1989, Jensen was the director of the ARC, according to Assistant Assembly Chief Clerk Patrick Fuller.

Prohibitions Against Campaign Activity Using State Resources

In his September 4, 2001 report, Scocos stated that all state employees, hence all legislative staff, including caucus staff, were prohibited by Assembly rule and state statutes (Wis. Stats. § 11.36 and § 11.37) from using state property and facilities for political campaign activity and from engaging in political campaign work while on state time and during working hours.

Complainant has reviewed a hard copy of an e-mail dated February 27, 1997, from then Wisconsin State Representative Ben Brancel, speaker of the Assembly, to “All Assembly; All Senate” which stated as follows:

An email message of a political nature was inadvertently sent by a new Assembly employee today.

This serves as a reminder to all Legislative staff that political activity, whether partisan or non-partisan is not permitted during working hours. Furthermore, all state owned facilities, office equipment,

including the electronic mail system, and all other state owned supplies and materials are **strictly prohibited** from use for a political purpose anytime. This means both use during and after business hours.

Citizenship rights to political activity and community involvement must be exercised on non-office time and equipment.

Thank you for your attention to this matter.

[Bolded here as it appears in original e-mail text]

DCI Special Agent Deb Strauss ("S/A Strauss") reports that she participated in an interview of Brian Dake, who advised that he was a legislative employee from 1995 through 2001. In every election year, Assembly Chief Clerk Sanders sent an e-mail to the entire Assembly and Assembly staff regarding the prohibition on campaign work.

The Wisconsin Ethics Board issued an advisory opinion in 1978 (Ethics Board 138, July 27, 1978) that states in part: "A legislative employee should not engage in campaign activities (a) with the use of the state's facilities, supplies, or services not generally available to all citizens; (b) during working hours for which he or she is compensated for services to the State of Wisconsin, or at his or her office in the Capitol regardless whether the activity takes place during regular working hours."

The Republican Assembly Campaign Committee - RACC

Wisconsin Stat. § 11.265 authorizes the creation and operation of Legislative Campaign Committees ("LCC") for each party in the two legislative houses. LCC solicit and distribute political contributions for candidates of a political party for legislative office. LCC's are governed by Chapter 11 of the Wisconsin Statutes. During all times material to this complaint, the Republican Assembly Campaign Committee ("RACC") purported to operate as an LCC.

S/A Strauss reports that Judith Rhodes Engels said in part that Engels was employed by the Ladwig Capitol office, in part, to perform RACC related duties from the fall of 1998 to March/April 2001, and that the goal of RACC was to raise money for the campaigns of candidates for the Assembly on the Republican side.

S/A Blackwood and S/A Strauss report that the two persons who served as directors of the ARC between December 1994 and December 2001, Ray Carey and Jason Kratochwill, both said in interviews that when they were hired for the position, they were informed that they would also act as executive director of RACC and perform RACC duties and were provided no office other than the ARC to perform these duties. Kratochwill also provided S/A Strauss with a chart setting forth the RACC structure dated August 1999, which lists Jensen as the chair of RACC, Ladwig

as the finance chair and treasurer and Kratochwill as executive director and that also lists the ARC and its staff as part of RACC.

Venue

At all times material to this complaint, the Capitol offices of Jensen, Foti, and Ladwig, the offices of the former ARC, and the offices of the Republican Party of Wisconsin (“RPW”) were in the City of Madison, Dane County, Wisconsin, and RACC maintained no office.

FACTS AS TO COUNT ONE (JENSEN, FOTI): OFFICIAL MISCONDUCT IN OFFICE RELATED TO FUNDRAISING ACTIVITIES OF SHERRY SCHULTZ ON STATE TIME, USING STATE RESOURCES

Complainant swears, reaffirms, and incorporates here by reference in connection with Count One all facts related in this complaint in connection with the Background Facts, and Counts Three, Four, and Five, of this complaint. In addition, complainant further swears and affirms as follows.

Statements of John Scocos

DCI Special Agent Dorinda Freymiller (“S/A Freymiller”) reports that John Scocos, who identified himself as the Chief Clerk for the Wisconsin State Assembly, stated that based on State records maintained in the normal and ordinary course of business that Sherry Schultz was hired by Representative Steven Foti on January 27, 1998, and was assigned to work at the ARC. These records also reflect that Schultz was a full-time Wisconsin State employee from that date until October 8, 2001, with a final yearly salary of \$65,052.

Statements of Linda Hanson

S/A Blackwood reports that she participated in an interview with Linda Hanson during which Hanson made statements including the following. Hanson was an employee of the Foti Capitol office from January 1992 to August 1998. When Foti became the Assembly Majority Leader, his Capitol office gained a legislative staff position. Foti previously had four legislative staffers and wanted to fill the fifth position with an employee who would handle campaign fundraising, as well as candidate recruitment and traveling to districts. Hanson had various conversations with Foti in which they talked about hiring someone to this State position to do campaign work. Foti told Hanson that Foti wanted to hire Sherry L. Schultz, but Foti explained that the ultimate decision of who to hire would be Jensen’s. Foti and Jensen both knew that Schultz was skilled in campaign work. Hanson was very uncomfortable that Schultz was being hired as a State employee for strictly campaign-related duties, and expressed her discomfort to Foti on more than one occasion. Hanson told Foti that there was no way that Schultz was going to do that kind of work out of the Foti Capitol office.

After Schultz began working on the Foti Capitol office payroll, though physically located at the ARC, Schultz would brag about how much money she raised. Foti and the rest of his staff knew what Schultz was doing with her time. The only time Schultz came into the Foti Capitol office was to see Foti. Schultz “was not hired to do legitimate State work,” and did not do any non-campaign-related work.

Statements of Carrie Hoeper Richard

S/A Freymiller reports that she participated in an interview of Carrie Hoeper Richard (“Richard”), who related that she was an employee of the Jensen Capitol office from August 1997 to October of 1999. Richard’s statements included the following. When Sherry Schultz was hired by the Foti office, Jensen told his Capitol office staff, including Richard and Jensen Chief of Staff Brett Healy, that Schultz would manage fundraising for candidates and vulnerable incumbents. Jensen announced that Schultz would be located at the ARC.

Richard further said that Schultz visited Jensen’s Capitol office to meet with Jensen approximately twice a week during campaign season in 1998, and approximately twice each month the rest of the time. When Jensen met with Schultz, Richard usually joined them. Other persons attending at times were Healy and Foti. Ladwig and a legislative staffer of Ladwig’s, Judy Rhodes Engels, came to one or two of these meetings. The purpose of these meetings was for Schultz to report on fundraising progress. Schultz would describe her progress in helping various candidates, and Jensen would give Schultz a list of candidates he wanted her to assist. Jensen tried to steer Schultz’s attention toward helping vulnerable candidates.

When Schultz first began working for Foti, Schultz met individually with most of the Assembly Republican members, focusing on the vulnerable candidates, in order to develop fundraising plans for them. Schultz also coordinated fundraising events and assisted candidates with campaign finance reports, especially for non-incumbent candidates during the 1998 election and during special elections. Campaign treasurers called Schultz when they had questions about filling out the reports. Schultz told Richard that Schultz was helping some candidates with “big fixes” regarding campaign finance reports that needed to be corrected. No one was under the impression that Schultz engaged in any legitimate State work.

When Jensen was unavailable, Schultz often came to the Jensen Capitol office and told Richard of her fundraising progress. Richard would then pass Schultz’s information on to Jensen. Richard needed to coordinate her efforts with Schultz so that Richard, in her own fundraising work for Taxpayers for Jensen, did not contact someone who had just donated. Schultz bounced ideas off of Richard, and asked her if she knew of any donors for particular areas. Richard provided to Schultz copies of lists of persons contributing to Taxpayers for Jensen.

Schultz attended meetings of RACC, which were held in Jensen's Capitol office or, less frequently, in Ladwig's Capitol office, during normal business hours. Jensen typically monopolized the leadership decisions, especially those pertaining to fundraising. There were two types of RACC meetings: to discuss bill payments, or to plan. Richard attended the planning meetings. Others, besides Schultz and Richard, who attended the planning meetings, included legislative aide Greg Reiman, Engels, Ladwig, Jensen, and sometimes Healy. Schultz related at these meetings what she was working on, which candidate she was working with, what events were planned, and what amount of money had been raised. They discussed complaints by lobbyists that they were being "hit up" three times: for Taxpayers for Jensen, for RACC, and for individual members. Jensen indicated at RACC meetings that Republican members were not spending enough time fundraising. He wanted them to be in a continuous push to raise money instead of waiting until the last minute. Richard worked with Schultz on dividing up a list of candidates they were to contact regarding fundraising. There were no discussions or concerns about the fact that Schultz was doing this all on State time and while working out of a State office. The attitude was that because Schultz was located at the ARC, she was "out of sight, out of mind."

Statements of Ray Carey

S/A Blackwood reports that she participated in interviews with Ray Carey, who said that he was ARC director from December 1994 to January 1999, during the period when Sherry Schultz started working for Foti. Carey's statements also included the following. Carey met Schultz after Jensen, Foti, or perhaps Brett Healy told Carey that Schultz was going to have an office at the ARC. Carey never had the impression that it was a temporary assignment; it was an open-ended request for Schultz to have space at the ARC.

Carey said he never saw Schultz involved in legitimate State business, only campaign-related work. When Schultz started doing this at the ARC, it was a new function within the RACC and at the ARC. At times, Carey and Schultz had closed door meetings at the ARC to talk about campaigns. Other times Carey had wanted from Schultz information on where candidates were on their contribution limits, how much more PAC money they could accept, and how much the candidate had to spend. Carey "needed" this information to do his job and to determine RACC money spending. For example, Carey had to evaluate an individual targeted member's race to make a decision if the vulnerable member could do a mail piece and if they could receive money from the Republican Party. Carey came to count on Schultz tracking money going through various campaigns.

The only task Carey ever asked Schultz to do during the time she worked in the ARC space while he was ARC director was to teach campaign workers about fundraising at an RACC Candidate Campaign School on June 30, 1998: how to raise money, put on events, do direct solicitation and write thank you letters. Schultz worked typical banker's hours at the ARC, but would disappear every now and then for part of an afternoon.

While Carey was ARC Director, Jensen, Foti, and Ladwig made comments to him along the lines of, "We don't know a person's party limit, we will check with Schultz," or, "What kind of money is in the treasury to spend, let's check with Schultz." Most people knew which races Schultz was hands-on with and which she was not.

Carey further said that in the fall of 2001, Jensen informed Carey that Schultz was leaving State employment to work at the Republican Party of Wisconsin.

Testimony of Brett Healy

Brett Healy has testified in Dane County John Doe proceeding, 01 JD 06, before the Hon. Sarah O'Brien ("01 JD 06"), in part as follows. Jensen told Healy at the time Sherry Schultz started working for Foti that Foti was willing to lend one of his staffers to assist the Assembly Republican leadership team, which was headed by Jensen.

Healy further testified that Jensen ran leadership meetings. Sometimes the topic of campaign finance would come up, and Jensen would turn to Schultz for information on that topic. During the time Schultz was employed by the Foti Capitol office Schultz prepared call sheets for legislative leaders to use in making fundraising calls and she also kept track of the results of those calls as pledges came in. Sometime after the *Wisconsin State Journal* series came out alleging use of State employees for campaign work, Jensen, Foti, Healy, and perhaps others discussed that they needed someone at the Republican Party of Wisconsin "as soon as possible" to "help the team and help the members," and that Foti was "okay with" having Sherry Schultz join the RPW because "the team needed someone down at the party." Jensen, Foti, and Ladwig agreed that it was going to be more expensive to hire someone with Schultz's experience than someone out of college.

Statements of Jason Kratochwill

Dane County District Attorney Investigator Mark Wysocki ("Inv. Wysocki"), S/A Freymiller, and S/A Strauss each participated in interviews with Jason Kratochwill, and report that he has stated the following in part. Kratochwill was ARC Policy Director from early 1995 to mid-1997 and then ARC director from February 1999 through 2001. When Kratochwill started as ARC Director, Jensen and Foti told him that Schultz would be responsible for individual campaign fundraising, and Ladwig would be responsible for RACC.

When they were both located at the ARC, Kratochwill did not observe Schultz perform any work related to legislative activity. Schultz was engaged almost exclusively in political campaign and fundraising work while at the ARC. When there was not a campaign crunch, Schultz seemed to go on vacation a lot. Prior to Schultz's State employment while located at the ARC, only individuals associated

with individual campaigns did fundraising. Before Foti hired Schultz and leadership located her at the ARC, legislative staffer Virginia Mueller Keleher worked with RACC, PAC money, and individual campaigns. Under Jensen's leadership these roles were split: Ladwig and Judith Rhodes Engels worked on RACC and PAC money, and Schultz worked with individual campaigns.

During the time they were both working at the ARC, Kratochwill observed Schultz in possession of campaign contribution checks at the ARC, observed her copying campaign checks at the ARC offices for extended periods, and knows that she helped candidates fill out campaign finance reports. Schultz also told Kratochwill at multiple times that Schultz was constantly talking with lobbyists regarding campaign contributions.

Kratochwill prepared an organizational chart for RACC in which he listed Schultz as "fundraising coordinator." This chart was shown to Jensen and Foti. For the 2000 election, a phone list was created listing the office, cell, and home phone numbers of Jensen and persons assigned to various campaigns. On this phone list, Schultz was listed as the designated "financial" person. Schultz kept track of campaign funds raised by Jensen and other legislators, known as the "phone crew," for specific candidates, usually those considered vulnerable. Kratochwill observed charts and reports prepared by Schultz reporting on the results of those campaign solicitations.

During the campaign season, weekly Monday morning meetings were held at the ARC offices, which were regularly attended by ARC staff, Schultz and sometimes Jensen. The focus of these meetings was for the ARC staff members assigned to campaigns to provide updates on the campaigns they were working on, including financial updates.

Schultz attended general leadership meetings, which were usually held in Jensen's Capitol office and attended by Foti. Leadership meetings were usually held each Thursday from 2–4 p.m. Schultz was the only Foti Capitol office staff member who attended leadership meetings. At all these meetings fundraising was regularly discussed.

In addition, Schultz sometimes attended "Big 3" meetings of Jensen, Foti, and Ladwig, which in Kratochwill's mind were basically RACC meetings. These occurred weekly during the campaign season, May – November. Schultz mainly worked with Jensen to set dollar amounts for individual candidates to make sure these goals were met. Everyone attending a "Big 3" meeting worked to develop numbers for charts used to track fundraising for candidates, using as targeted dollar amounts the amounts that various legislators could hope to raise from various lobbyists.

Apart from the "Big 3" meetings, Jensen, Schultz, and Kratochwill had separate meetings to develop campaign plans, and late in a campaign season, develop strategies for getting conduit money. Jensen told Schultz to contact

particular groups to find out the size and timing of potential conduit giving. From mid-September on in an election year, Jensen and Schultz talked, to Kratochwill's knowledge, at least a couple of times a week.

While employed by Foti and working at the ARC, Schultz also spent a lot of time organizing and developing an elaborate plan for Election Day to cover every polling location to direct get-out-the-vote efforts in special elections. In one race in particular, Schultz worked on a campaign with ARC employees Brian Dake and Mark Jefferson.

Schultz answered directly to Foti and to a lesser extent, Jensen. In early to mid-1999, Kratochwill spoke with Schultz, Jensen, and Foti about relocating Schultz to non-State property so that she would not be engaging in fundraising on State property. Schultz took the position that if she moved to space owned by the Republican Party there would still be evidence, such as her use of State e-mail, indicating she was a State employee and that it would be too obvious if she did all of her fundraising at Republican party headquarters. Jensen, Foti, and Ladwig opposed moving Schultz because of the expense required to rent space. Jensen asked Kratochwill how much it would cost RACC to rent an apartment for Schultz to work out of. Kratochwill told Jensen that he guessed it might cost about \$6,000. Jensen did not think having RACC rent an apartment was a good idea. Sometime after these discussions, Kratochwill moved Schultz out of the main ARC office and into a separate ARC office located adjacent to the main ARC office. After Schultz moved from a cubicle at the ARC to an office space within the ARC, Jensen visited Schultz at the ARC on several occasions that Kratochwill was aware of. On some occasions, after Jensen spoke to ARC staff regarding campaigns, Jensen talked to Schultz in her office or to ARC graphic designer Kacy Hack in her adjoining office.

Kratochwill attended meetings with Jensen and Schultz in Jensen's Capitol office during which Jensen told Schultz who to call to solicit campaign contributions. Jensen directed Schultz to prepare campaign finance plans for vulnerable legislators. Schultz worked very closely with legislative staffer Brian Dake on these plans. Kratochwill reviewed these plans with Jensen and Schultz in Jensen's Capitol office. Jensen would make changes to the plans. It was Schultz's job to monitor legislators' activities to ensure they were following their campaign plans. Schultz also prepared charts and reports showing the amounts of money raised for specific candidates. Schultz distributed and discussed these reports with Jensen, Foti, and Ladwig.

Schultz also presented at campaign schools and provided information on how to raise money, including setting up fundraisers, and regarding campaign finance reports. Schultz stated at these schools that if anyone had questions they should contact her.

In April or May 2000, Kratochwill met with Foti and asked Foti if Schultz could be relocated from the ARC space to the Republican Party of Wisconsin. Foti said no. Foti told Kratochwill that having Schultz located at the ARC was part of Foti's

contribution to Assembly Republican leadership. In addition, Schultz was the fundraiser for Foti's own campaign.

In approximately early to mid-August 2001, Jensen told Kratochwill that Jensen was going to move Schultz away from the ARC, and Kratochwill believes that Schultz was later moved to an annex space in the State Capitol. In addition, in approximately early to mid-September 2001, Kratochwill attended a RACC meeting with Jensen, Foti, Ladwig, and others, one topic of which was the creation of a RACC staff for the "New World," which was a term used to refer to events occurring after the commencement of a criminal investigation into allegations that State resources were used for campaign purposes. They discussed in this meeting the need to retain Schultz because of her fundraising abilities. It was decided that Schultz would leave State employment and become a full-time Republican Party employee, at an estimated cost of over \$100,000 for salary and benefits, and would move to the offices of the Republican Party of Wisconsin to continue her work.

Statements of Rhonda Drachenberg

S/A Freymiller reports that she participated in an interview with Rhonda Drachenberg, who said in part the following. Drachenberg was the ARC executive assistant – office manager from March 1997 to August 2000, though she cut back to part-time between January 2000 and August 2000. Sherry Schultz did not work on any ARC or "legitimate" state duties, except that occasionally when things were very busy Schultz would answer the phones. Schultz worked longer hours when election time approached, helping with fundraising for targeted races. Drachenberg worked with Schultz on a Get-Out-the-Vote assignment on the day of an April 1998 special election in Milwaukee. Drachenberg traveled to Milwaukee and helped Schultz with a database list of voters as part of that effort.

Statements of Charlene Rodriguez

S/A Blackwood reports that she participated in an interview with Charlene Rodriguez who stated in part the following. Rodriguez worked in the Foti Capitol office from March 1999 to May 2001. Upon starting in the Foti office, Rodriguez was informed by Foti staffer Michelle Arbiture that Sherry Schultz did fundraising activities. Rodriguez learned that part of Foti's job as Majority Leader was to raise campaign money. Schultz worked directly for Jensen more than Foti.

While Rodriguez was in the Foti office, Schultz worked for a time in a space in the annex of the Capitol before Schultz was moved to the ARC. For a time both Schultz and Jodie Tierney of Jensen's Capitol office used the annex office for political campaign mailings. Rodriguez participated in discussions with Arbiture and Foti about where Schultz should be located. There was no space in the Foti office for Schultz and it was also not practical for Schultz to be in the Foti office because she did not do any legitimate legislative work. It was common for Schultz to come to the Foti office and complain that she always had too much to do with her fundraisers and

related problems. Schultz frequently visited the Foti office to speak to Foti about Foti's own campaign.

Schultz seemed to visit the Capitol on a regular basis for the purpose of Monday morning meetings with Jensen. These meetings between Schultz and Jensen typically lasted more than 30 minutes and varied in length. When Schultz returned from meetings with Jensen, Schultz sometimes commented that she was so busy with her fundraising duties. She complained that people were not making fundraising calls like they were supposed to and helping with invitations Schultz needed to get out. After Schultz's usual Monday meeting with Jensen, if Jensen had follow-up questions, Jensen would follow Schultz back to Foti's office. Jensen asked about individuals who needed money, about how much money a campaign had or how much they were in debt, how much did candidates have in their account, and so forth.

Lobbyists dropped off contribution checks at the Foti Capitol office and the lobbyists said words to the effect of, "This needs to get to Sherry." If the checks came to Rodriguez she would call Schultz or give them to Foti Capitol staffer Michelle Arbiture. It was also common for Schultz to make comments that she was expecting checks to be dropped off at the Foti office. Some lobbyists would call the Foti office looking for Schultz and Rodriguez would then call the ARC and leave a message for Schultz about the call.

Foti would bring in campaign checks that Foti had received at his residence and give them to Schultz. Schultz kept track of the checks and made the deposits.

Schultz had a laptop computer on which she kept campaign-related items. This was likely a State office computer because Arbiture on occasion said that the Foti Capitol office owned a State laptop but now Schultz had it.

After a newspaper reporter began coming around and asking questions at the ARC, Schultz began locking her office door at the ARC.

Testimony of Michelle Arbiture

Michelle Arbiture has testified in 01 JD 06 a Complainant has reviewed transcripts of those proceedings, which reflect testimony of Arbiture that includes the following. Arbiture has worked in the Foti Capitol office since 1997. The only projects that Arbiture recalls working on with Sherry Schultz during the time when Schultz was employed by the State on the Foti payroll was when Schultz asked Arbiture to proofread campaign finance reports for Foti as a candidate. Schultz asked Arbiture to use the Foti Capitol office constituent database to make sure the Foti campaign finance reports were current. Schultz coordinated envelope stuffing projects for campaigns at the ARC during 2000, including one for a Foti fundraiser for which Schultz created the invitation.

Testimony of Michael Heifetz

Michael Heifetz has also testified in 01 JD 06, testifying in part that he began working in the Foti Capitol office in December 1997 and worked in that office continually through at least 2001, focusing on legislative policy. Heifetz was never aware from any source that Schultz did any legitimate State work. Schultz occasionally commented at meetings attended by Foti about how different representatives were doing as candidates in raising money. Heifetz recalls Schultz making no other statements during meetings.

Statements of Rose Smyrski

S/A Freymiller reports that she participated in an interview with Rose Smyrski. Smyrski made statements that included the following. Smyrski worked as a legislative assistant for a State Representative between January and December 2000. During 2000, Smyrski also worked on the campaign of an Assembly candidate (a different person).

During 2000, Smyrski worked on two or three campaign finance reports using her personal laptop computer at home, using software that she believed was created by Paul Tessmer, a State employee located at the ARC. Whenever Smyrski had a problem with the software, she either called Tessmer or took her laptop over to his office at the ARC.

Smyrski met Sherry Schultz when Smyrski went to the ARC to stuff envelopes with campaign literature on at least five occasions. Schultz was good at coordinating envelope stuffing and collating documents, usually invitations to fundraisers or fundraising letters.

Schultz helped with campaign finance issues in the campaign that Smyrski worked in 2000, including contacts with the campaign treasurer in a city in northwestern Wisconsin. At one point, Smyrski asked the campaign treasurer for a copy of Paul Tessmer's software that had campaign information entered on it. Smyrski used the disk to generate a list of names of persons to send thank-you's to. Schultz called Smyrski with the names of potential donors to contact for the race. Smyrski attended fundraisers in this race and had the candidate call potential hosts for the fundraisers and came up with a list based in part on information Schultz provided to Smyrski.

At one point after June or July 2000, Schultz asked Smyrski if Smyrski would be interested in "coming over" to work at the ARC and help Schultz. Schultz said Smyrski would have a specific issue area, and Smyrski could also help Schultz with campaign finance work. Schultz said she would "groom" Smyrski so that Smyrski could eventually take over Schultz's duties, and Schultz could move on to something else. Schultz explained that she was "frazzled, stressed-out." Smyrski believed that associating herself with Schultz would be a good career move, since Schultz "seemed connected with the Speaker's office."

Schultz worked with campaign finance reports that were time sensitive and had to be very accurate. Schultz had stacks of phonebooks in her office that she used to verify addresses that appeared on the campaign finance reports. In doing this work, Schultz used Tessmer's software. Schultz, Tessmer, and Smyrski talked about ways to improve the software. Smyrski is not aware of any duties Schultz had other than those related to campaign finance and fundraising.

Statements of Lee Riedesel

S/A Freymiller reports that she participated in an interview with Lee Riedesel who states in part the following. Riedesel was employed at the ARC as a graphic artist from June 2000 to December 2001. While he was a State paid employee of ARC, Riedesel completed 25-30 campaign fundraising invitations for Schultz at her request. He also created reply cards, thank you cards and donation cards and worked with Schultz on creating these documents. Schultz also kept the books for various fundraisers, recording amounts contributed. Riedesel was not aware of any work other than fundraising performed by Schultz during the time they both were in the ARC space.

Riedesel further said that he walked through Schultz's office to get to his office. After the *Wisconsin State Journal* began its investigation involving the ARC in the fall 2000, Schultz wanted the door to her office always locked. Schultz seemed agitated that a reporter was coming around to the ARC offices. Schultz told Riedesel that her work was sensitive. In May 2001, when the newspaper articles appeared regarding the caucuses, Schultz told Riedesel that Schultz could be in a lot of trouble, maybe facing jail, if people found out what she did. Schultz said that what Schultz did would get her into a lot more trouble than what the graphic artists did.

Testimony of Eric Grant

Complainant is aware that Eric Grant has testified in 01 JD 06. Grant testified in part that he was employed at the ARC from August 1995 to April 2000 as a graphic artist. Grant worked with Sherry Schultz extensively designing invitations for fundraisers. Schultz was the person legislators and staff at the ARC came to for fundraising materials, and she spearheaded fundraising efforts for the RACC.

Statements of Judith Rhodes Engels

S/A Strauss reports that she has participated in interviews with Judith Rhodes Engels ("Engels"), who has stated in part the following. Engels was state-employed in the Ladwig Capitol office November 1996 - March 2001. Sherry Schultz was in charge of fundraising for individual Republican members of the Assembly, including completing their campaign finance reports and assisting in fundraisers. After the 1998 elections, Engels and Ladwig discussed the fact that Schultz was "creating a

monster” in that legislators were becoming too dependent on Schultz and her campaign finance related services. Engels worked with Schultz on fundraising issues. Schultz did not appear to have any duties other than fundraising. Engel's job was to keep track of contributions from legislators to RACC, which are referred to as "assessments." Schultz's duties included keeping track of where this money went for the individual campaigns. On occasion Engels received checks for individual campaigns and provided them to Schultz. Schultz created various documents regarding fundraising at RACC meetings held in Jensen's Capitol office. In a RACC meeting after the 2000 election in Jensen's Capitol office, Jensen thanked Schultz for all she did for members of the “team” in connection with the money that had been raised.

Statements of Brian Dake

Investigator Wysocki and S/A Strauss each participated in interviews with Brian Dake, and report that he has stated the following in part. Dake worked at the ARC from December of 1997 to January 2000 and in the Jensen Capitol office beginning in January 2000. While at ARC in 1999, Dake attended leadership meetings at Jensen's Capitol office with Schultz at which Jensen, Foti and Ladwig were usually present. During some of these meetings, Dake and Schultz discussed fundraising by the vulnerable and freshman legislators. Dake worked with Schultz in creating campaign finance plans for legislators as part of her ARC duties. Schultz worked on get-out-the-vote efforts in special elections in 1999 and Schultz was recognized during a leadership meeting for this work. Her get-out-the-vote efforts in campaigns were based in part on voter lists created by ARC staff.

Schultz was almost exclusively engaged in fundraising related work during Dake's time at the ARC. When Dake first started at the ARC, Schultz was reviewing campaign finance reports and working on a database of contributions to Assembly Republicans. While he was an ARC employee, Dake worked on various campaigns. During these campaigns he discussed with Schultz the receipt of money for the campaigns, including letting her know when certain contributions were received by candidates. Schultz called Dake to ask if certain contributions had been received. Dake observed Schultz talking to other ARC staff members regarding the same sort of information.

Dake also said that he observed Schultz working with Paul Tessmer to create a database for the preparation of campaign finance reports.

In 1999 Dake started to develop plans to assist freshman and vulnerable legislators. Schultz's role in this ARC project was to assist in issues relating to fundraising. Part of Schultz's duties in this area included creating fundraising goals for candidates and providing advice and assistance to these legislators on fundraising. Dake believed that prior to 1999, Schultz was involved in tracking contributions for RACC and individual members.

In 2000, when Dake was employed by the Jensen Capitol office, Dake took partial leave from his State employment to work on campaigns and continued to work with Schultz regarding fundraising. In the summer or early fall of 2000, during an ARC campaign staff meeting, Schultz or Kratochwill stated that Schultz was coordinating PAC and conduit money. Dake usually contacted Schultz at the ARC office to discuss fundraising with her during campaigns.

During fall 2000, Jensen occasionally called and also visited Dake while Dake was working on campaigns in the Green Bay area. Jensen asked how a campaign was doing for money. Dake typically replied "fine" and indicated that Schultz was very helpful. Jensen would agree.

Statement of Garey Bies

S/A Strauss reports that she participated in an interview with State Rep. Garey Bies, who said the following in part. Bies won an election to the Assembly in November 2000. After the election, Sherry Schultz, whom Bies had not met before, stopped by his Capitol office and asked how his campaign funding was. Bies responded that he was a little in debt. Schultz replied that if Bies wanted to do a fundraiser, Bies should call Schultz. Bies did not take Schultz up on the offer. Bies never discussed any legislative issues with Schultz, then or since.

Statements of Amy Petrowski

DCI Special Agent Lisa Wilson ("S/A Wilson") reports that she participated in an interview with Amy Petrowski, during which Petrowski made statements that include the following. When she was working on a campaign for a candidate for the Assembly in early 2000, Sherry Schultz called to tell Petrowski that some political action committee money was coming to the campaign, though Schultz did not specify an amount. Following this, the campaign did receive PAC money.

Statements of Matthew Tompach

S/A Wilson reports that she participated in an interview with Matthew Tompach, a former ARC employee, during which Tompach made statements that include the following. Then-ARC Director Ray Carey introduced Schultz to the ARC staff when she arrived at the ARC, saying that Schultz would be helping Carey on special projects. Schultz worked near Tompach at the ARC from the spring of 1998 until shortly after the 1998 election, when Schultz moved into a separate office at the ARC. As far as Tompach knew, Schultz kept fairly normal business hours at the ARC. Schultz was not there when other staffers would work late during long legislative sessions. Tompach was not aware of any legitimate State work that Schultz did. Schultz was paged at the ARC office fairly frequently to call Foti. Ladwig was not at the ARC office often, but she called for Schultz on occasion. Tompach attended most of the Monday morning campaign meetings at the ARC in

1998. Schultz gave Tompach money for a candidate, whose race Tompach was working on.

Statements of Carolyn Hughes

S/A Wilson reports that she participated in an interview with Carolyn Hughes, during which Hughes made statements that included the following. At a time when Hughes was working for a State representative, sometime before May 2000, Hughes participated in meetings with her boss, the state representative, Sherry Schultz, and Brian Dake in the Representative's Capitol office. These meetings consisted of discussions regarding the Representative's campaign finances, campaign fundraising timeline for the Representative as a candidate, the amount of money the campaign was supposed to have by a certain time, the amount of conduit and PAC money the campaign could expect to receive, and the status of campaign finance plans. Schultz also inquired about press releases, constituents, and constituents' responses to the Representative. Schultz and Dake also provided the names of potentially supportive constituents, and conduit and PAC money contacts in the Representative's district that the Representative should contact. Hughes was never aware of any legitimate State work that Schultz did.

Hughes began working at the ARC in May or June 2000. Everyone knew that Sherry Schultz was the "money person" and the "fundraising lady." When Hughes started at the ARC, Schultz expressed excitement because Hughes also had a campaign fundraising background. Hughes and Schultz commiserated about the work that fundraisers have to do and how the work is sometimes under-appreciated.

Schultz asked Hughes for help on fundraisers. Hughes provided to Schultz copies of fundraising letters because Schultz sometimes had a hard time composing fundraising letters and Schultz liked Hughes' writing style. Hughes assisted Schultz with envelope stuffing.

After Hughes moved to northern Wisconsin full-time to work on an Assembly campaign in August 2000, Hughes assisted Schultz by providing a list of invitees for a campaign fundraiser. Hughes e-mailed the invitees list to Kacy Hack of the ARC to coordinate with Schultz. It was understood during 2000 that Schultz was the person to contact with any questions on campaign finance reports and that everyone would reach her by calling the ARC office.

In working on an Assembly campaign in October 2001, Schultz provided assistance while working out of the Republican Party of Wisconsin. During the course of a meeting at a restaurant with persons who included Schultz, Schultz advised the candidate that "leadership" was going to help out with his campaign. Schultz set up fundraising events, found hosts for fundraisers, worked with legislators to raise money for the campaign, and helped the treasurer with the campaign finance reports.

Statements of William Cosh

S/A Wilson participated in interviews with William Cosh, and reports that his statements included the following. Cosh worked at the ARC from March 27, 2000 to April 2, 2001. Sherry Schultz used a personal laptop computer and was secretive about what she printed out at the ARC. Schultz worked with legislators to help them coordinate fundraisers, including working on invitations, event sponsors, and donor lists. On about 5-10 occasions, when he worked at the ARC, Cosh assisted Schultz in making calls from the ARC to persons on donor lists. Cosh described these as follow-up calls to potential donors who had received written solicitations. Schultz provided Cosh with the donor list and the written solicitation. Cosh then made the calls, approximately 30-40 a night, and reported back to Schultz on the results of the calls.

Cosh also assisted Schultz with fundraising mailings at the ARC office. It was Schultz's responsibility to get materials together, make sure the items were printed out correctly, and then stuffed and mailed out. Cosh also assisted Schultz in setting up fundraising events. Schultz told Cosh that she called legislators and requested that they donate certain amounts from their campaign funds to the campaign funds of other legislators who were in greater need. Cosh is unaware of any policy or legislation areas Schultz worked on during the time she was located at the ARC.

Schultz told Cosh that Schultz attended Assembly leadership meetings involving fundraising, fundraising goals and specific races. Schultz told Cosh that Jensen wanted her to make fundraising calls, raise money for specific races, and call lobbyists and legislators for specific races or candidates. Schultz also told Cosh that she discussed specific contribution checks received involving unusual amounts with Jensen. At the end of the 2000 election cycle, Schultz told Cosh that when lobbyists submitted contribution checks for a specific dollar amount but with no payee, Schultz and Jensen would decide who the payee would be and write in that campaign's name on a given check.

Statements of Paul Tessmer

Investigator Wysocki and S/A Freymiller, each participated in interviews with Paul Tessmer, and report that he has stated the following in part. Tessmer was employed by the ARC from May 1998 to December 2001. During his employment at the ARC, Tessmer worked with Sherry Schultz in creating a database to assist in dealing with filing campaign finance reports with the State Elections board. This came about in early 1999, when Brett Healy of the Jensen Capitol office asked Tessmer to come up with a way to computerize campaign finance reports. Healy expressed frustration with a program that ARC employee Kathy Nickolaus had created. Once Tessmer created this program, Schultz used it to work on campaign finance reports and helped Tessmer identify bugs in the program.

A large number of Assembly members and staff visited Schultz at the ARC shortly before campaign finance reports were due. Tessmer observed Schultz organize fundraising events including the preparation and mailing of invitations.

In addition, Schultz asked Tessmer at the ARC to "mail merge" data from disks for the purpose of creating lists for fundraising events. Tessmer does not recall discussing any legislative policy issues with Schultz.

Statements of Tom Petri

S/A Freymiller reports that she participated in an interview with Tom Petri, who identified himself as an ARC employee from March 2000 to October 2001. Petri stated in part that while employed at the ARC he observed Schultz print campaign-related materials, including fundraising invitations. Schultz often hooked her laptop to an ARC printer near Petri to print invitations and other campaign-related items. Schultz sometimes came around seeking volunteers to stuff envelopes with campaign materials. Petri assisted Schultz in preparing and mailing fundraising related materials. Schultz's job was to coordinate fundraising for various candidates, and act as a go-between for candidates and lobbyists. Schultz was also involved in organizing fundraisers. Petri was not aware that Schultz worked on any policy issues while employed at the ARC and did not believe that she had any policy issue assignment.

After the *Wisconsin State Journal* series appeared in May 2001 alleging widespread use of State resources for campaign activities, Schultz told Petri that she had to "clean up the office," meaning that she wanted to remove campaign items from her ARC space. Shortly after this conversation, Petri walked through Schultz's ARC office and noticed that it had been cleaned out. In or about November of 2001, Petri spoke with Schultz who told him that she was now working at the Republican Party. At that time, Schultz said in regard to the investigation into use of State resources for campaign purposes, "If I'm going down, everyone's going down with me."

Testimony of Roger Cliff

Roger Cliff has testified in 01 JD 06, in part as follows. Cliff is a lobbyist. In the 2000 election cycle, Cliff received calls from Schultz requesting PAC campaign contributions for various candidates. These calls occurred during normal business hours.

Statements of Patrick Essie

S/A Blackwood participated in an interview with Patrick Essie, and reports that Essie has stated the following in part. Essie identified himself as a lobbyist. Schultz contacted Essie during campaign seasons in 1998 and 2000. These calls from Schultz followed conversations Essie had with Jensen in which Jensen requested specific amounts of money for specific candidates. During the 2000 election cycle,

Schultz told Essie that she was calling on behalf of Jensen, to raise money for other identified Assembly candidates. Checks went to Schultz, and Essie talked about the status of checks with Schultz.

Testimony of James Buchen

James Buchen has testified in 01 JD 06 in part as follows. Buchen is a lobbyist. Schultz called Buchen to solicit campaign contributions regarding a number of hotly contested races, including the 2000 election cycle. Buchen received these calls from Schultz during the day.

Testimony of Richard Graber

Richard Graber has testified in 01 JD 06 in part that he was Chair of the Republican Party of Wisconsin (RPW) during the fall of 2001. During that period, Jensen and Graber talked about providing sufficient staff to the RPW to engage in the political activities necessary to elect representatives. Jensen recommended to Graber that the RPW hire Sherry Schultz to handle campaign fundraising. Graber was certain that Jensen felt Schultz was qualified to do that. No one had filled this role at the RPW before to Graber's knowledge. Jensen said Schultz should receive in salary roughly what she had been paid as a State employee. The RPW agreed to this. Sherry Schultz currently works full-time, regular hours on fundraising while located and being paid by the RPW, raising money and organizing fundraisers. She is busy at this job; there is plenty for her to do.

Statements of Lyndee Wall

S/A Freymiller reports that she has participated in interviews with Lyndee Wall, who has stated in part the following. Wall stated that she was an employee of ARC from July 2000 to March 2001, as an assistant to Kratochwill. During Wall's time at the ARC, Sherry Schultz was in charge of fundraising. On one occasion Wall offered to help Schultz clean up her office, meaning get rid of campaign-related items. Schultz replied that she did not have a single legitimate item in her office.

Statements of Stacy Ascher-Knowlton

S/A Wilson reports that she participated in an interview with Stacy Ascher-Knowlton, who said in part the following. Ascher-Knowlton served as campaign treasurer for an Assembly Republican candidate in northern Wisconsin during 2000. During that campaign, Ascher-Knowlton talked frequently with Sherry Schultz, mostly regarding campaign finance reports, and Schultz would inquire about the type and quantity of fundraisers they were planning. Ascher-Knowlton had Schultz's work and home telephone numbers.

During the course of their work together, Schultz told Ascher-Knowlton to expect contributions to the campaign. Schultz sent envelopes containing checks for

the campaign from political action committees. Ascher-Knowlton asked Schultz why the campaign was receiving this money. Schultz responded that they had a caucus at which a lot of money was raised, and that Ascher-Knowlton's candidate was receiving some of this money because he was the challenger in a heated race. Schultz further told Ascher-Knowlton that once her candidate was elected, the candidate's campaign would have to raise more of his own money, and Schultz would be asking the campaign to give some of that money to other races. Schultz said that if candidates did not give money back when Schultz requested, then the campaign would not receive any more money in the future. Ascher-Knowlton further said that even during the 2000 campaign, Schultz directed her to give money to certain other campaigns, which the campaign Ascher-Knowlton was working on did.

Statements of Scott Jensen

On September 18, 2002, Jensen stated to your complainant in part the following. Jensen said that during the time Schultz worked for Foti, Jensen did not know what Schultz's duties were. He said he understood that Schultz "volunteered" to help Republican candidates with fundraising work. Jensen said that he had never been in Schultz's office.

Jensen further said that during 2000, he would "pretty regularly" talk to Schultz regarding fundraising. These conversations normally took place at the Republican Party of Wisconsin's headquarters, by telephone (either cell phone or at Jensen's home), or at Jensen's Capitol office over the lunch hour.

Jensen further said he believes that State employees should not raise or discuss raising campaign money at all on State time. Legislators may come up to Jensen to talk about re-election issues involving their campaigns, but no phone calls or state telephones are used between any legislators and himself for fundraising details.

FACTS AS TO COUNT TWO (SCHULTZ): OFFICIAL MISCONDUCT IN OFFICE RELATED TO FUNDRAISING ON STATE TIME USING STATE RESOURCES

Complainant swears, reaffirms, and incorporates here by reference in connection with Count Two all facts related in this complaint in connection with the Background Facts, and Counts One, Three, Four, and Five of this complaint.

FACTS AS TO COUNT THREE (JENSEN): OFFICIAL MISCONDUCT RELATED TO THE ACTIVITIES OF RAY CAREY, JASON KRATOCHWILL, AND OTHERS

Complainant swears, reaffirms, and incorporates here by reference in connection with Count Three all facts related in this complaint in connection with the

Background Facts, and Counts One, Four, and Five, of this complaint. In addition, complainant further swears and affirms as follows.

Statements of Ray Carey

S/A Blackwood reports that she participated in interviews with Ray Carey, former ARC director. In addition, Carey testified in 01 JD 06, a transcript of which complainant has reviewed. The following is derived from those sources.

When Carey was hired to be ARC Director as a full-time State employee in December 1994, Carey knew that his responsibilities in that job would include recruiting candidates to run for office, being chief manager of campaigns of candidates for the Assembly on the Republican side, being executive director of RACC, and helping vulnerable incumbent Republicans keep their seats. Carey's main function was to "get the majority elected or reelected." Carey's biggest need during campaign season was for people to work in the field on campaigns.

Jensen was the legislative leader in charge of Assembly Republican campaigns in 1994. Jensen was active in the operation of RACC during the 1996 and 1998 elections, directing RACC meetings in 1996 and running them in 1998.

Legislative leadership, including Scott Jensen, expected Carey to recruit candidates as ARC Director and RACC Executive Director. In handling candidate recruitment while Jensen was Speaker, Carey regularly briefed Jensen on the trips Carey was making and pitches Carey was making to potential candidates, including the kind of "seed money" that Assembly leadership could get to the candidates' campaigns.

After Jensen became Speaker in November 1997, all meetings, including RACC meetings, shifted from various places, including the ARC, into Jensen's Capitol office. Carey's work for these meetings included tasks such as creating a RACC plan for a campaign cycle, as he did in 1996. In 1998, Sherry Schultz answered financial questions at RACC meetings, along the lines of, "How much party money does this person have?"

In February 1998, a day-long RACC strategy session was held at the ARC, probably on a weekday, attended by persons who included Jensen, Foti, Ladwig, and Carey.

During RACC or Leadership meetings while Carey was still ARC director, there was discussion about how there had been too much work for one graphic designer at the ARC. This was discussed as part of the shortcomings of campaign work in the election cycle. Carey believed that all of the Speakers Carey worked with knew that the ARC graphic artists created campaign materials. Eric Grant, the only graphic artist at the ARC when Carey was there, was overwhelmed with work.

Carey further said that it was “routine” for publications to run articles alleging that the State was paying employees to work at campaign oriented partisan caucuses. The general attitude at the ARC and with leadership was that such articles come and go, and could be disregarded. Carey believed that Jensen’s reaction to one such critical article that listed the salaries of ARC staffers was words to the effect of, “Don’t worry. This is going to happen as long as you are caucus director.”

Statements of Rhonda Drachenberg

S/A Freymiller reports that she participated in an interview with Rhonda Drachenberg, who said in part the following. Drachenberg was executive assistant – office manager at the ARC from March 1997 to August 2000, though she cut back to part-time between January 2000 and August 2000. When Drachenberg started work at the ARC, then-ARC Director Ray Carey instructed Drachenberg to work on a potential candidate database at the ARC. In January 1998, Drachenberg began managing the database, adding to it and sending out mailings to potential candidates.

Drachenberg was also in charge of maintaining a spreadsheet that kept track of the percentage and amount of time a state employee reduced his or her state pay in order to work on campaigns. First Carey and later Kratochwill told Drachenberg which employees to add to the spreadsheet. Drachenberg then contacted then Chief Assembly Clerk Charlie Sanders to find out each person’s salary. She entered the salary into the spreadsheet and came up with the amount that needed to be reimbursed to the person in order to make up the difference. Drachenberg then coordinated with the Republican Party of Wisconsin to get reimbursements for the employees. Sometimes the campaigns paid for the reimbursement instead.

When Jason Kratochwill had Drachenberg create a memo addressing “potential candidate procedures” for the use of Lyndee Wall, who was joining the ARC staff, Kratochwill instructed Drachenberg to include words in the memo to the effect of, “Never, ever tell anyone that you are working on something for RACC, this would cause serious problems.”

Testimony of Eric Grant

Eric Grant has testified in part, as follows, in 01 JD 06. Grant was employed at the ARC from August 1995 to April 2000 as a graphic designer. Grant was a full-time State employee throughout his employment at the ARC. Between June 1 of an election year and Election Day, 99% of Grant's time would be spent on campaign-related work. State work was given a lower priority than campaign work by Ray Carey and Jason Kratochwill.

Grant participated in two discussions with Jensen following the November 1998 election in the Jensen Capitol office. The first was in the nature of a "pep" talk about the great job Grant was doing. The second was to firm up specifics about

hiring a second graphic artist and possibly a third staffer to work on the ARC website full time.

Grant did quite a bit of graphics work for Jensen, including campaign work. Jensen sent Steve Baas or Carrie Hoeper Richard to the ARC in connection with the graphics work.

The offices of all but two or three of the Representatives on the Republican side of the Assembly brought Grant campaign work to do at the ARC.

Statements of Jason Kratochwill

Investigator Wysocki, S/A Freymiller, and S/A Strauss each participated in interviews with Jason Kratochwill, and report that he has stated the following in part.

Kratochwill said Ray Carey has confirmed to him that Carey provided to Foti, Jensen, and a third legislator a memo dated February 17, 1997, "Review of '96 Campaign," that includes the following references:

- "Recommendation: Leadership should make it clear that staff is required to volunteer for campaign work, and that they should specifically instruct their staff to do so."
- "Scott and I made the decisions on where and when to buy TV...."
- "Todd Rongstad [then an ARC employee] wrote much of our literature and direct mail. Eric Grant [then an ARC employee] designed over 300 separate pieces.... Over two million pieces of RACC-produced literature was distributed statewide—half of it by mail."
- "Staff had great praise for [then Jensen Capitol staffer] Steve Baas' assistance during the campaign. It was wise to have a single dedicated person to help campaigns with earned media efforts."
- "Baas' work during the campaigns was ... largely reactive to requests from Scott or the few staffers that understood the value of earned media."
- "The biggest problem with candidate recruitment was that I [Carey] did 90% of it with no help from the party and little help from legislators (except for phone calls from the leadership)."

Kratochwill said more ARC staff worked on the 1998 election than during the 1996 election due to the aggressiveness in trying to hold the majority in the Assembly. Between early 1995 and early to mid 1997, Jensen was in charge of campaigns. Jensen came to the ARC to "call the shots" regarding campaigns.

Jensen officially used a committee of legislators to select Kratochwill for the ARC director job in February 1999, but, in fact, Jensen picked committee members so that Kratochwill would get the job. Jensen and Kratochwill had a series of discussions about the job apart from the formal process. In one of these discussions, they focused on RACC issues. Kratochwill had a separate discussion with Foti on

RACC issues. In Kratochwill's discussions with Jensen, they talked about which campaigns should be targeted and why, and how to organize the RACC structure. Jensen told Kratochwill that Jensen wanted to shift campaign resources to vulnerable candidates. It was Jensen who offered the job to Kratochwill.

During the time Kratochwill was ARC Director, Jensen both macro-managed and micro-managed the ARC and all Kratochwill's important activities. During Assembly campaign races, Kratochwill knew what was happening on a daily basis, and Jensen was just as familiar as Kratochwill with the details. The two men spoke often and without regard to whether Kratochwill was on State time or either of them was using State resources, dealing with such issues as: recruiting candidates; which districts to do polling in; how to get ARC and legislative staffers to agree to work on particular campaigns; who to run ads for in what medium; how to staff and fund campaigns; what opposition research was needed; which "vulnerables" had the best chance of winning; and many other campaign issues. At no time did Jensen direct Kratochwill to take leave time or otherwise perform this work off State payroll.

After Kratochwill accepted the job offer, Jensen told Kratochwill that one of Kratochwill's primary duties, a major part of his job, would be candidate recruitment and running names past Jensen. As part of these duties, Kratochwill traveled to interview potential candidates, sometimes with Jensen, using a database of information on candidates. Former ARC Director Ray Carey had started a potential candidate database at the ARC that Kratochwill continued to maintain, and copies from this database would be given to Jensen. One field in the upper right corner indicated "Speaker Contact," namely whether Jensen had talked to the candidate.

Jensen accompanied Kratochwill on some candidate recruitment trips. During one such trip, in May 2000, Jensen told a potential candidate in northeast Wisconsin that Jensen could help the candidate with campaign mail, raise money, design literature, and provide full-time people to staff the campaign. Later, Jensen, Foti, and ARC Deputy Director Mark Jefferson flew to the same district to recruit a second candidate after the first potential candidate decided not to run. After Jensen sent Jefferson and Brian Dake to work on this campaign, Jefferson was listed as working 20% of the time on this campaign and 80% for the State, but instead worked virtually full-time on this campaign over the course of nine weeks. (Dake was hired to work as a legislative staffer in the Jensen Capitol office from the ARC shortly after this race.) In a similar vein, Jensen promised a central Wisconsin area candidate cash, funding, staff, and help with campaign literature, the staff being ARC staff. Three different ARC staffers worked on the race after the candidate requested additional help.

Jensen wanted an update on candidate recruitment in the summer of 1999, in response to which ARC Deputy Director Mark Jefferson wrote a memorandum on short notice, dated August 2, 1999. Kratochwill and Jensen discussed this memo in Jensen's Capitol office shortly after Jefferson completed it. The two went through the memo, with Jensen making comments on various potential candidates.

During the time Kratochwill was ARC Director, Jensen participated in meetings in which it was discussed in detail which staff persons and what percentage of ARC staff and legislative staff time would be used on State time versus on "RACC time." Kratochwill gave a specific example of a directive of Jensen to Kratochwill in connection with the November 2000 RACC payroll. The directive was for one particular legislative staffer whom Jensen considered to be a "weak" campaigner to be shifted to a "weak campaign," freeing up "stronger" campaigners for campaigns with better prospects for the Republican candidate.

Sometimes Jensen made campaign-related contacts to Kratochwill through Jensen's Capitol staff, not directly by Jensen himself. For example, Jensen Capitol office Chief of Staff Brett Healy called Kratochwill at the ARC to report that the Republican Party would be giving a large financial donation to a particular independent expenditure group, because Jensen needed Kratochwill to know that this donation was being made as part of overall strategies to help Republican candidates for the Assembly.

Kratochwill and Jensen discussed how to get Capitol legislative staffers out working on campaigns through SWARM (Staff Working For Assembly Republicans), which began in 1996. Jensen told Kratochwill that they needed "SWARM people," meaning staffers in the Capitol offices of Representatives, to sign up to do campaign work.

One of the early documents that Kratochwill created for Jensen was a memo, dated March 1, 1999, stamped PERSONAL & CONFIDENTIAL, which included a draft ARC organizational chart listing two graphic design positions, one which was filled and the other which Kratochwill wanted to create. After Kratochwill became ARC director, he made a pitch to Jensen to create a second graphic artist position at the ARC as a new State job. Kratochwill told Jensen that Grant was a good graphic artist and the Assembly couldn't afford to lose him going into the 2000 election year. Jensen was the hiring authority to create the new position that was created, for which Kratochwill hired Kacy Hack.

Jensen personally worked with Hack, who worked under the direction of Kratochwill. Jensen knew where Hack worked, and was familiar with her office. Jensen Capitol office staff member Steve Baas told Kratochwill that Hack did work for Jensen. Kratochwill estimated that the campaigns of 50 of the 56 Republican members of the State Assembly used the ARC for campaign purposes that included graphic design work.

Kratochwill's March 1, 1999, memo to Jensen also included a description of a potential new State employee hire to the ARC who would have the following "confidential" duties: "deconstruct 1998 (2000) target races; organize, coordinate staff training and campaign schools, assist in development of 2000 strategy and organization design, compilation of polling, targeting, and demographic data; GOTV

[meaning Get Out The Vote] re-design; list development and management.” This memo was copied to Healy and Jefferson, both full-time State employees.

Jensen ran five basic types of meetings that Kratochwill was familiar with, all in the Jensen Capitol office. Typically these meetings were held during weekdays, and not at any particular time of day except that Leadership Meetings tended to be scheduled for Thursdays, 2-4 p.m. The five types of meetings were: (1) Jensen Capitol office staff meetings, which Kratochwill was welcome to attend; (2) “Big 3” meetings for Jensen, Foti, and Ladwig, focused on RACC planning and progress and attended by some staff such as Kratochwill and Schultz, held weekly during the campaign season and lasting anywhere from fifteen minutes to four hours; (3) “Leadership Meetings” for a longer list of legislators and staff, held informally about twice a month, when RACC could sometimes be discussed; (4) “Secret Leadership Meetings,” as needed with limited staff; and (5) “Super Secret Leadership Meeting,” where no staff was allowed. A fundraising report was given at every “Big 3” meeting. At least two of the Super Secret Leadership Meetings occurred after the May 2001 articles appeared alleging use of State resources for campaign purposes.

On Monday, March 6, 2000, a big RACC strategy meeting took place at the ARC as directed by Jensen, scheduled to last all afternoon. Jensen, Foti, and Ladwig attended. State employees who attended included Kratochwill, Rhodes, and Mark Jefferson. Jensen said they needed this meeting because they were getting close to an election period. A loose 2000 RACC budget was discussed. One presentation at this meeting on State property was given by two State employees, Kratochwill and ARC employee Patrick Lanne, regarding the 2000 RACC polling plan. Lanne was responsible for polling plans at the ARC. Lanne came to work at the ARC because he believed that Jensen was going to run for governor.

Kratochwill gave another presentation regarding how many total legislative and ARC staff members were going to be needed to work on key campaigns. The specific breakdown of ARC versus legislative staffers was not discussed because everyone at the meeting knew that more than 20 field staff would be necessary and the ARC is not that large, so the rest would have to come from the Capitol.

During summer and fall 2000, Kratochwill accompanied Jensen to three to five meetings at Wisconsin Manufacturers and Commerce (WMC) in Madison with “the four horsemen”: lobbyists from the Farm Bureau, the Wisconsin Builders Association, the Wisconsin Realtors Association, and WMC itself. The early meetings focused on potential campaign issues and the later meetings on particular campaigns. Jensen indicated where money from lobbyists’ clients would be the most helpful, and suggested whether lobbyists should be giving money directly to campaigns or as independent expenditures. At these meetings, Kratochwill reported on who was working on certain races, what the issues were in the campaigns, and what the polls were saying. Lobbyists talked about potential commitments. For example, the Realtors lobbyist explained in one meeting that the Realtors were going to send out a mailing to “inoculate” a Republican candidate against a particular

potential allegation. In learning that lobbyists planned to spend on a particular race, Jensen and Kratochwill could determine how limited RACC funds could be focused on other races. The meetings were in part to help Jensen, with input from Kratochwill, prioritize Assembly Republican spending.

One topic of a WMC meeting was an advertisement that was about to air that had been written and produced by an out-of-state company, based on a series of interviews that company representatives held with Assembly candidates at the ARC offices over the course of two days in July 2000. Jensen and Foti sat in on these interviews at the ARC. The out-of-state company had been awarded the contract for this work at or around July 14, 2000, during a meeting in the Jensen Capitol office attended by persons who included Jensen, Foti, and Ladwig.

Jensen knew that then-ARC employee Kathy Nickolaus developed a campaign finance software program that Nickolaus tried to sell for a profit. Jensen knew about this in part because Richard used this software when she worked on Taxpayers for Jensen out of Jensen's Capitol office.

As part of his extensive duties in connection with the RACC budget, Kratochwill decided which ARC and legislative staffers were going to go off the State payroll and what their percentages of State and non-State time were. These proposals went to Jensen and Ladwig. It was clear to all that these were "phony" numbers, and that staffers were in fact to be out in the field so steadily in the months before the election, working the campaigns full-time, that they were paid by the State for many of those hours. As an example, even though one particular Jensen Capitol office staffer, Brian Dake, was listed as being off of the State payroll 50%, Jensen knew that Dake was working on a campaign 100% of the time. Jensen told Kratochwill that Dake was going to be totally available to work on campaigns without any time frame limitations on the campaign work. Jensen signed off on a 50% leave for Dake, which was the largest percentage any staff person took off to work on a campaign. In addition, Kratochwill and Jensen talked about State employee campaigners working full-time on various races. Whenever there was discussion of someone being a "campaign manager," it was understood that this was a full-time job once the campaign was underway.

In 2000, Jensen expressed concern to Kratochwill that an ARC staffer had not been sent out to work on a tight race earlier than May 2000. This was one of those races in 2000 for which Jensen wanted campaign staffers sent to the field as early as May, even though RACC was not willing to spend salary money that early.

Kratochwill, Sherry Schultz, Brett Healy, and Judy Engels of the Ladwig Capitol office were listed as recipients of a handwritten memo from Jensen dated October 16, 2000, in which Jensen focused on "Monday afternoon's meeting" of Jensen, Foti, Ladwig, and another Representative in which "we will need to focus on raising and directing dollars for the final push in the campaigns." In this memo, Jensen directed the three State employees to take steps that included having

Kratochwill ask the campaign managers at the regular Monday morning campaign meeting at the ARC “how much money they need to finish their campaign plan, how much of that they can raise locally and how much they need the team to raise.” Schultz was to tally pledges from campaign fundraising calls made by legislative leaders, and what could be expected in the future. Engels and Healy were to provide up-to-date tallies of money available from the Republican Party of Wisconsin, the RACC, the Republican Governor’s Association, the Republican National State Elections Committee PAC, and local Republican parties. Jensen also asked these State employees for summaries of money available from an identified conduit and independent expenditure groups. Jensen wanted these tasks done as part of an overall effort “during next 10 days.”

At Monday morning ARC meetings, Jensen was occasionally there to give the staffers a campaign “pep talk” Jensen made clear from certain references he made that he knew that the staffers would be leaving later that day to go back out to work on campaigns.

After the newspaper allegations in May 2001 that the ARC had been used extensively for campaign activity, Kratochwill and Jensen had a series of conversations on the topic. Jensen never suggested to Kratochwill that he did not understand or that he was surprised by the allegations. Jensen seemed more focused on trying to destroy the credibility of Lyndee Wall, the former ARC staffer who had spoken publicly about ARC campaign practices.

Statements of Brian Dake

Investigator Wysocki and S/A Strauss report that Brian Dake has made statements that include the following. Dake worked at the ARC from December of 1997 to January 2000 and in the Jensen Capitol office beginning in January 2000. The environment in the Capitol before the new work rules set up by the Ethics Board agreement in 2001 was that everybody was doing campaign work on state time. Neither Scott Jensen nor any staff members told Dake that he needed to use either vacation or comp time while campaigning. Dake worked with ARC graphic artists Lee Reidesel, Eric Grant, and Kacy Hack on campaign materials. Among campaign people, everybody knew that when one needed campaign graphics work done, one went to these three graphic artists.

Dake further said that Paul Tessmer, of the ARC, put together a master voter list for use in campaigns. These lists included columns reflecting which voters put yard signs in their yards, who donated money to campaigns, and what voting preference they had. ARC staff generally entered the voter data, and then overlaid that with public record information.

Statements of Carolyn Hughes

S/A Wilson reports that she participated in an interview with Carolyn Hughes, who stated in part the following. Hughes was employed as a Policy Analyst in the ARC from May or June 2000 to September 2001. Within one month of her starting at the ARC, Hughes was assigned by Jason Kratochwill to run a campaign race for an Assembly seat in northern Wisconsin. She went 30% off the payroll, leaving her as a 70% State employee, with the Republican Party of Wisconsin paying the remaining 30% of her salary. In August 2000, Hughes moved to the district where she was to work on the campaign full time. Hughes did virtually no legitimate state work after moving there. Hughes sometimes came back to the ARC office in Madison for Monday morning campaign meetings. If she needed voter list support, she contacted Paul Tessmer of the ARC. Sherry Schultz, located at the ARC, worked on political action committee and conduit contributions for the race. Kacy Hack of the ARC did graphics work for the campaign.

Hughes further said that on two different occasions she and others met with Jensen during the campaign season up in the district after she had moved to the district. One of these meetings, a lunch meeting, was to review progress on the campaign. During this meeting she discussed all the things that they was working on, such as literature drops, knocking on doors, and how fundraising was going. Hughes knows that Jensen was aware that she worked at the ARC. Hughes and others met with Jensen up in the campaign district for a dinner campaign meeting in October 2000. Jensen controlled this discussion.

Statements of William Cosh

S/A Wilson reports that she participated in an interview William Cosh, who said, in part, that while employed at the ARC he was the field coordinator for Northwest Wisconsin. In that capacity, Cosh supervised other campaign workers from various campaigns. In a meeting to discuss various campaigns prior to the 2000 election, Jensen joked that Cosh was to shadow the specific candidate at all times, even when the candidate went to the bathroom.

In August 2000, Cosh reduced his State employment by 30% although he spent the majority of his time doing campaign work and in fact lived in the district of a candidate he was assigned to. Jensen visited Cosh in the campaign district every other week and received updates on the campaign.

Statements of Lee Riedesel

S/A Freymiller reports that Lee Riedesel stated in part that in late October or early November of 2001 he attended a meeting of ARC employees, after it was known that the partisan caucuses were being shut down. At this meeting, Jensen stated words to the effect that ARC employees should not feel guilty because things have been this way for 35 years.

Statements of Tom Petri

S/A Freymiller reports that Tom Petri, formerly of the ARC, said in part in an interview that in December 2001, Petri attended a meeting at a bar in Madison. Foti, Jensen, and Ladwig were there, as were a number of ARC staffers. Jensen told those in attendance words to the effect of, "Don't think you guys did anything better or worse than other caucuses or people before you. You're just the ones who were here when the shit hit the fan." Jensen also said words to the effect of, "Your hard work won't be forgotten. You're not going to prison. You'll be taken care of."

Testimony of Steve Baas

Steve Baas has testified in 01 JD 06, and testified in part as follows. Since the *Wisconsin State Journal* printed its allegations starting in May 2001, Baas has heard Jensen say on more than one occasion that the activity alleged to be scandalous in the past year is activity similar, and in some ways more tame, than campaign activity that has been engaged in by State and local officials and staff over a long period of time.

Statements of Matthew Tompach

S/A Wilson reports that she participated in an interview with Matthew Tompach, during which Tompach made statements that include the following. In 2000, Tompach was named a regional director for campaign purposes at the ARC but left during the summer for a better job. Jensen called Tompach's new supervisor, a State official at a management level, and said that they were upset that Tompach left during the election cycle and that they needed his help.

Statements of Scott Jensen

On September 18, 2001, Jensen stated to your complainant, in part, the following. Jensen is the leader of the RACC. Jensen said he believed that his actions would have spoken clearly to state employees that all RACC business needs to be done off of state time. Jensen always believed that RACC should be separate from the ARC. When Jensen and RACC leaders meet, they use the conference room at the Republican Party offices. Monday morning meetings at the ARC during the 1998 or 2000 fall elections may have involved state business such as bill and

budget issues, so that state employees and/or legislative staff may have legitimately attended these meetings. Jensen said he is not aware of any of his staff using state equipment for pure campaign work. Jensen further said that he was not involved in any detailed discussions with the ARC Director regarding RACC assignments to campaign districts during election years. For example, Jensen said, he did not discuss in any detail who specifically should be sent to the field for campaigns, only whether races need more full or part-time staff.

**FACTS AS TO COUNT FOUR (JENSEN): OFFICIAL CONDUCT RELATED TO
THE OPERATION OF TAXPAYERS FOR JENSEN USING STATE EMPLOYEES
AND RESOURCES**

Complainant swears, reaffirms, and incorporates here by reference in connection with Count Four all facts related in this complaint in connection with the Background Facts, and Counts One, Three, and Five of this complaint. In addition, complainant further swears and affirms as follows.

Statements of Assistant Assembly Clerk Patrick Fuller

S/A Blackwood reports that she has been informed by Assistant Assembly Clerk Patrick Fuller that Carrie Hoepfer Richard was employed in the Jensen's Capitol office from August 25, 1997 through October 7, 1999, leaving employment with a monthly salary of \$2,898.

Statements of Carrie Hoepfer Richard

S/A Freymiller reports that she participated in an interview with Carrie Hoepfer Richard ("Richard"), who made statements that included the following. It was apparent to Richard from the first phone call that she received from Jensen Capitol office staffer Steve Baas regarding an open position in the Jensen Capitol office that Richard would be expected to do fundraising as part of her job. Fundraising was discussed in her interview with Jensen and Steve Baas at a Milwaukee brewery. At that time Jensen mentioned that he was thinking about running for Governor, and that he needed an organized fundraiser in order to do so.

Richard estimates that for the first six months of her employment in the Jensen Capitol office, she spent 50% of her time on Jensen campaign-related work. After the first six months Richard estimated that she spent approximately 80% of her time in the Jensen Capitol office doing Jensen campaign-related work.

Richard's first task when she started working in the Jensen Capitol office as a State employee was to work on a campaign fundraiser for Jensen. Richard performed this work in Jensen's Capitol office after Jensen staffer Jodie Tierney asked her to do this. For the first two weeks of her employment, Richard worked full-

time on the fundraiser. Tierney commented how happy other Jensen Capitol staffers were now that one person would be taking care of this fundraiser.

Richard never heard Jensen warn anyone in the Jensen Capitol office directly not to do campaign work on State property or during State time.

Richard worked with ARC graphic artists on Jensen campaign-related materials. This included literature for the "Speaker's Club," which was a fundraising effort created by Jensen and Richard. In addition, Richard occasionally met with Jensen in Jensen's Capitol office to discuss details of fundraising events and to report on her fundraising activities. Richard also became Jensen's campaign treasurer and began completing his campaign finance reports. As part of her duties as treasurer for Taxpayers for Jensen, Richard entered campaign contribution information on a database that she worked on in part in Jensen's Capitol office. Paul Tessmer, of the ARC, helped Richard with this database. Richard received some contribution checks at Jensen's Capitol office. Jensen brought in his campaign-related mail to the Capitol office from Jensen's home. Richard obtained the campaign contributions and entered the information on the database. Jensen also took Richard to lunch meetings where campaign contributions were received, because Jensen wanted donors to know that Richard was a person they should give contributions to.

Everyone in the Jensen Capitol office knew that Richard was working on campaign finance reports in that office. Richard complained to them about the amount of time it took her to work on the reports. Baas inquired about Richard's progress with the campaign finance reports.

At one point Baas told Richard that Baas had talked to Healy about having Richard do the campaign finance work elsewhere, such as at the Republican Party of Wisconsin, for one to two days a week. Healy said that having Richard work at the RPW would raise more red flags than if she were to simply continue doing the work in Jensen's office. Healy expressed the idea that if a reporter came to Jensen's office looking for Richard and did not find her there, it would validate the reporter's assumption that Richard was just a fundraiser for Jensen. Baas and Richard talked about the fact that Jensen's campaign paid to rent space from RPW, so it would make sense to use it.

All Jensen Capitol office staffers helped out with stuffing envelopes with fundraiser letters or thank you notes. Tierney and Baas recruited other Capitol staff members to assist, usually from the Foti Capitol office. Envelope stuffing sometimes took place during lunch hours or early evening, but not always. It was done in Jensen's own office, and Jensen was not present while it happened, but Jensen knew it took place because staff talked with him about it and let him know when they were finished. Staff of the Jensen Capitol office complained to Jensen that this envelope stuffing was not a good use of their time, so he agreed to start using mail houses for this function. Although Jensen did not participate directly in the envelope

stuffing, he liked to sign each letter or thank you that was mailed, sometimes while in his Capitol office, sometimes by the hundreds.

Baas always drafted fundraising letters for Jensen's campaign. Richard saw Baas do this in the Jensen Capitol office. Jensen reviewed at least half of the fundraising letters Baas wrote. Baas wrote the newsletter for Jensen's Speaker's Club, which was campaign material. It was distributed only to those who contributed at least \$125 toward Jensen's campaign. Baas worked with ARC graphic artist Eric Grant regarding the design and layout of the newsletter. Richard accompanied Baas a few times during normal business hours when Baas would go to a recording studio to create audiotapes to be sent out to Speaker's Club members.

While employed by the Jensen Capitol office, Richard prepared fundraising call lists for Jensen, at Jensen's request or upon her own initiative when Jensen had not made calls for a while, and provided them to Jensen to make the fundraising calls. Jensen made these calls himself from his home and also from his Capitol office. On occasion, Jodi Tierney used the Jensen Capitol office calendar to schedule Jensen for this call time in half-hour increments. During the time in which lobbyists could contribute money to campaigns, Jensen called lobbyists, usually from his Capitol office.

When Jensen asked Richard in the Jensen Capitol office how planning of campaign events was going, Richard gave progress reports, including showing Jensen the host committee list before the list would be printed. Jensen suggested locations for events, and made lists of who would be good hosts. Richard also created lists of potential hosts based on lists of Jensen's campaign contributors, which Jensen would review. Jensen always reviewed his fundraising letters and his campaign finance reports. Most of the campaign-related conversations between Richard and Jensen took place while both of them were in Jensen's own office space within the Jensen Capitol office, or during staff meetings held in the Jensen Capitol office. Some also occurred on the telephone while Richard was in the Jensen Capitol office and Jensen was elsewhere.

Jensen knew that there was more work to be done than Richard could handle, so Jensen suggested names of others who could help Richard on campaign fundraising tasks.

By the time Richard left the Jensen Capitol office, Leigh Himebauch was working full time on database entry for the Taxpayers for Jensen finance reports.

Regarding the work that Paul Tessmer did on the campaign database, at one point Richard asked Jensen to thank Tessmer personally for his work on the database because she found the database so helpful.

Statements of Paul Tessmer

Inv. Wysocki reports that former ARC employee Paul Tessmer has made statements that include the following. When Brett Healy of the Jensen Capitol office asked Tessmer in early 1999 to try to create a campaign finance computer software program, Healy said that if Tessmer did not come up with something they would have to purchase something commercially for about \$5,000. It was Tessmer's understanding that Healy wanted the campaign finance reporting program for use by Jensen. Healy made this request of Tessmer in the main office area of the Jensen Capitol office. Some legislators were then using a prior existing, but ineffective, campaign finance report software program created by Kathy Nickolaus of the ARC. Those legislators included Jensen and Ladwig.

Once Tessmer's program was operational, Carrie Richard of the Jensen Capitol office called Tessmer at the ARC office and Tessmer went to the Jensen Capitol office to help Richard with whatever problem Richard was having in entering data in the campaign finance report software for Jensen's campaign. Engels of Ladwig's Capitol office also called Tessmer for help when they encountered a problem with his report program. As a general matter, Tessmer extracted data already entered into the "Kathy Nickolaus software" and put it into his newer program.

The product of Tessmer's campaign finance report program can be printed out and delivered, e-mailed, or put on a disk for a final report to be filed with the State Elections Board. Tessmer's task was to take that data and input it to his program file to make sense of the data. Users of the software contacted Tessmer at the ARC to help them. Tessmer had to set up each user with an ID number and a password. It was important that Tessmer explain the system to them to avoid errors that would only cause them to need more help from Tessmer.

Tessmer said the program is a useful tool that was used extensively by staffers in Jensen's Capitol office. Richard and Jodi Tierney, also in Jensen's Capitol office, sought Tessmer's help with the finance program. Tessmer helped Tierney at the Jensen Capitol office and also at the RPW. Tessmer helped Tierney with the June 2000 campaign finance report.

Tessmer did not speak publicly, or to the Elections Board, about his campaign finance report program because he felt it was an advantage to Republicans to have exclusive use of the program. Tessmer and Schultz were invited by the Elections Board once to a meeting to share views on how electronic filing could be done. Tessmer and Schultz intentionally kept quiet in this meeting about their software to maintain their advantage using it.

Statements of Chad Taylor

S/A Freymiller reports that she participated in an interview with Chad Taylor, who made statements that included the following. Taylor worked in the Jensen

Capitol office from November 1997 to November 1999. Richard was treasurer for Taxpayers for Jensen when both Taylor and Richard worked in the Jensen Capitol office. Richard photocopied checks for campaign finance reports using the office copying machine. Taxpayers for Jensen campaign finance reports were sitting on copying machines and desks in the Jensen Capitol office.

Jensen told Taylor when Taylor started working in the Jensen Capitol office that it was illegal to do campaign work on State time or using State property.

Statements of Assistant Assembly Clerk Patrick Fuller

S/A Blackwood reports that she has been informed by Assistant Assembly Clerk Patrick Fuller that Leigh Himebauch was hired by the Jensen Capitol office effective September 8, 1998, and that she remained on his payroll until November 30, 1998. From May 1999 through November 2000, Himebauch was on the payroll of the Assembly Republican Caucus.

Statements of Leigh Himebauch

S/A Blackwood reports that she participated in an interview with Leigh Himebauch, and Himebauch also testified in 01 JD 06. These statements include the following. Himebauch was paid by the State as a limited term employee, working out of the Jensen Capitol office for the period October 1997 through May 2000. During the summers, she worked 40 hours per week and during the school year, she worked 20 hours per week. Himebauch was officially listed on the ARC payroll as a full-time employee during 2000, although she continued to work for Jensen. Brett Healy told Himebauch that, although Himebauch would be on the ARC payroll, there would really be no change in her duties in Jensen's office, which at that time were completely campaign-related.

Beginning in approximately 1998 until she left Jensen's office in November 2000, Himebauch's primary duties in Jensen's office involved campaign fundraising work for Taxpayers for Jensen. These duties, performed primarily in the Jensen Capitol office and utilizing State of Wisconsin resources, included copying checks, entering campaign contributions in a computer database, creating and maintaining financial records for Taxpayers for Jensen, and running reports or providing information to Jensen on campaign contributors. Himebauch worked with Carrie Richard on these duties. Himebauch received campaign contribution checks from various sources including picking them up from a post office box in Madison, receiving them from Richard, and receiving them directly from Jensen. Jensen brought campaign contribution checks into the Jensen Capitol office in a bag and left the checks for Himebauch or Richard. Himebauch also created lists of people for Jensen to call for campaign contributions. Jensen then left the office to make calls from the RPW. Himebauch's duties also included planning and scheduling of, and data management for, Jensen fundraisers including preparing invitations and thank-you letters.

Himebauch did increasing amounts of copying of campaign checks and the data entry related to them in the Jensen Capitol office and it was decided that she should move out of that office. Jodi Tierney, of the Jensen Capitol office, told Himebauch that she was going to move to the RPW. Tierney had mentioned that she was trying to get Himebauch paid by the Jensen Campaign, but it never amounted to anything. Tierney said words to the effect of, "I was always trying to push to get you paid by the campaign." But within a few days to a week after Tierney told Himebauch that there was a possibility that Himebauch could go on the Jensen Campaign payroll, Tierney told Himebauch that she would just be moving Himebauch to the RPW.

Everyone in the Jensen Capitol office knew that Himebauch was moving. Various staffers, most often Steve Baas, joked about how she would be lonely at the RPW. One day in May 2000, Himebauch moved her work materials from the Jensen Capitol office, including laptop and binders with Jensen Campaign Finance Reports, to the RPW. Tierney, who had keys to the RPW, helped her move. Once she had moved to the RPW, Himebauch would collect her monthly state paycheck from the Chief Clerk's office, or the ARC. At the RPW, Tierney showed Himebauch her office and introduced her around to other employees of the RPW.

Between May 2000 and November 2000, while she was located at the RPW and before she left state employment, Himebauch worked 100% of the time on Taxpayers for Jensen. While located at the RPW, Himebauch usually worked from 8:00 a.m. to 5:00 p.m., Monday through Friday and worked on her laptop computer. Himebauch would process checks, fill out deposits, get mail from the post office box used for the Jensen Campaign, and did this on a daily basis. Himebauch also pulled lists together from her database and would create mailings such as invitations or letters. Tierney sometimes helped with these projects. Himebauch kept a list of donors on her laptop and invitations were taken to a mail house for mailing. Tierney handled arranging the printers and the dates and times for completion of printing. The bulk of the thank-you letters Himebauch created she gave to Brett Healy, but she gave some directly to Jensen. Himebauch handled two fundraisers for Jensen while located at the RPW.

Sometimes Jensen came over to the RPW to make phone calls. Jensen used the office where Himebauch was located. Sometimes, while Jensen was at the RPW, he asked Himebauch for account balances. Jensen also asked Himebauch how things were going and they engaged in some talk about checks that were received. Typically, if there were questions, they came from Jensen through Tierney. On Fridays, Tierney usually had Himebauch run her a Taxpayers for Jensen balance so that Jensen could take it home with him to review.

If Tierney was not around, sometimes Brett Healy called Himebauch at the RPW to let her know that Jensen would be coming down to the office.

When Himebauch decided to leave state employment, she had an exit interview with Jensen and Healy in the Jensen Capitol office. Jensen told her that he was sorry to see her go. Jensen then asked Himebauch if she could work for him through the election and Himebauch told Jensen she would. During the time she was employed by Jensen, Jensen never told Himebauch what she could or could not do on state time as it pertained to campaigning.

Statements of Amy Fuelleman

Amy Fuelleman, a Wisconsin Department of Justice paralegal, states that she reviewed Taxpayers for Jensen campaign finance reports for 1998-2002 kept and maintained by the State Elections Board in the usual course of business. These records state that Himebauch was paid \$170.53 and no more.

Statements of Jason Kratochwill

S/A Strauss reports that Jason Kratochwill said, in part, that Richard told Kratochwill that she was doing fundraising in Jensen's Capitol office. Kratochwill observed fundraising databases on her laptop in Jensen's Capitol office.

Kratochwill further said that Paul Tessmer gave Kratochwill a memo Tessmer had prepared regarding a fundraising database Tessmer had created for Jensen, analyzing campaign contributors to Taxpayers for Jensen. Tessmer also told Kratochwill when Tessmer was going over to the Jensen Capitol office. Based on Tessmer's duties, the only reason Tessmer went to Jensen's office was to work on the fundraising database program.

Leigh Himebauch was on the payroll of the ARC, but worked exclusively in the Jensen Capitol office. In addition, two others were officially listed as ARC staffers but, in fact, worked in the Jensen Capitol office. Kratochwill and Healy talked about moving Himebauch to the ARC to work as an executive assistant during the 2000 campaign, but it did not come to pass.

Testimony of Kacy Hack

Complainant is aware that Kacy Hack has testified in 01 JD 06. Hack testified that in part that she was employed at the ARC as a graphic artist beginning in April 1999 for the next 2 1/2 years. Hack stated that she worked on various campaign fundraising invitations for Sherry Schultz. This included 3-4 fundraisers for Taxpayers for Jensen done at Schultz's request.

Statements of Charlene Rodriguez

S/A Blackwood reports that she participated in an interview with Charlene Rodriguez, who stated in part the following. Sometime after Rodriguez started working in the Foti Capitol office in March 1999, Jodie Tierney of Jensen's Capitol

office started working out of an annex area of the Capitol also used by Sherry Schultz. This Capitol annex office was used for political campaign mailings during the time that both Schultz and Tierney were working out of it. At one point Tierney stopped by the Foti Capitol office and asked for help in the annex. Rodriguez then helped Tierney with a political campaign mailing for Jensen.

Testimony of Steve Baas

Steve Baas has testified in 01 JD 06, in part as follows. When Carrie Richard and Jodi Tierney were each acting as treasurers for Taxpayers for Jensen, each gave Baas in the Jensen Capitol office fundraising documents to review and edit. These included direct mail solicitations and thank you letters. Some of these were major rewrites of a fundraising draft. Baas prepared some of these items on his State computer and printed them out on State printers.

Baas further testified that Jensen appreciated the quality of the work done by the ARC graphic artists and was complimentary of their skills. Jensen knew that the graphic artists were creating his Speaker's Club campaign mailings.

FACTS AS TO COUNT FIVE (JENSEN, LADWIG): INTENTIONAL MISUSE OF PUBLIC POSITIONS FOR PRIVATE BENEFIT OF RACC

Complainant swears, reaffirms, and incorporates here by reference in connection with Count Five all facts related in this complaint in connection with the Background Facts, and Counts One, Three, and Four of this complaint. In addition, complainant further swears and affirms as follows.

Statements of Virginia Mueller Keleher

S/A Blackwood states that she participated in an interview of Virginia Mueller Keleher who stated in part that she was employed by a Wisconsin State Representative from August 1994 to December 2000. During 1995 and 1996, Keleher performed RACC duties while being paid as a full-time State employee. Keleher's office was located at the ARC starting in June 1996, and beginning at that time, Keleher performed solely RACC activities and did no legitimate State work. Ray Carey, who had the office next to hers at the ARC, came to Keleher's office to ask for specific RACC numbers, how much money there was, and RACC reports. Part of Keleher's duties in regards to RACC was to collect assessment checks from every Republican representative. In performing her duties for RACC, Keleher had contact with Scott Jensen at least once a week to update him on RACC money received. Jensen sent staff, including Brett Healy, to her for this information. Sometimes Healy called to check numbers in the RACC checkbook. It was not unusual for Jensen to visit the ARC to directly obtain RACC information. Jensen asked questions such as, "Did you get this check?" or "Did you pay this?"

After Ladwig won a leadership position in November 1996, Keleher met with Ladwig. Keleher showed Ladwig the RACC checkbook. Ladwig told Keleher that Jensen wanted to hire Greg Reiman.

In February 1997, Keleher handed her RACC materials to Ladwig and eventually Reiman. The RACC banking supplies, notes, and finance reports were left at the ARC.

Statements of Greg Reiman

S/A Blackwood and S/A Strauss participated in interviews with Greg Reiman. S/As Blackwood and Strauss report that Reiman made statements that included the following. Reiman was employed by the Jensen Capitol office from September 1996 to January 1997 as an LTE. Reiman knew Jensen from campaign work they both did in 1988 and 1990. Reiman also volunteered to work for Jensen as a candidate, both before and after Jensen hired Reiman to work as a limited term employee in the Jensen Capitol office.

In January 1997, Reiman began to work in the Ladwig Capitol office and continued to do so until the end of 1998. Jensen recommended Reiman for the job in Ladwig's Capitol office. Ladwig had just become Assistant Majority Leader. Ladwig told Reiman that his duties would include fundraising related work for RACC. Reiman had previously organized fundraisers for Jensen, and Jensen thought that the job with Ladwig would be appropriate based on Reiman's fundraising background for Jensen and other candidates.

When Reiman interviewed with Ladwig to work in her Capitol office, Reiman told Ladwig that he could assist her with RACC duties. Immediately upon beginning his job in Ladwig's Capitol office, Reiman began helping Ladwig with RACC. Ladwig instructed Reiman to obtain the RACC records from Virginia Mueller Keleher, who worked in another Representative's office, and Reiman did so. The RACC records had been stored at the ARC. Reiman organized the RACC records and entered a lot of the information onto a RACC laptop computer. RACC materials that Reiman needed on a frequent basis he kept in Ladwig's office while the remaining records were stored at the ARC. The RACC-related duties Reiman performed in Ladwig's Capitol office while an employee of that office included: picking up RACC mail; copying contribution checks and entering them in a computer database; depositing RACC checks; maintaining a ledger of RACC bills; preparing RACC checks for Ladwig to sign; preparing RACC campaign finance reports; planning and organizing RACC fundraisers; scheduling meetings between lobbyists and Jensen, Foti and Ladwig to solicit campaign contributions for RACC and keeping track of these contributions; and drafting RACC budgets. The RACC budget included amounts to be used to pay State employees for campaign work. Ladwig was a micro-manager regarding RACC and knew the work Reiman was performing.

Reiman occasionally attended RACC meetings, usually held monthly in Jensen's office, with persons who included Jensen, Ladwig, and Foti. The typical meeting involved discussions of RACC fundraising goals and expenditures, including a discussion of the RACC budgets Reiman had prepared, and discussion of vulnerable candidates.

Toward the end of 1998, while Reiman was working in the Ladwig Capitol office, Ladwig told Reiman that Assembly Republican leadership wanted Reiman to help with a special project, namely to track, over the course of an entire election cycle, all special interest contributions to every candidate. Ladwig sent Reiman to Jensen to get further instructions. Ladwig indicated that Reiman would be doing a big favor for Jensen in working on the special project.

Reiman then went to Jensen's Capitol office. Jensen told Reiman that it might be better for Reiman to get out of Ladwig's Capitol office, and that Jensen would help find Reiman a job in the Capitol after the special project was over. Jensen explained the special project. Reiman was to create a thorough analysis of special interest money going into all Assembly races, creating a comprehensive money trail for the entire election cycle for the entire Assembly. Reiman felt that Jensen was helping Reiman out by finding work for him until the 1998 elections were over and Reiman could then find another legislator's office to work in. Jensen told Reiman to go to the ARC and talk to ARC Director Ray Carey, who would help Reiman find a space to work on the special project.

At the ARC, Reiman shared a cubicle with an ARC staffer. The cubicle was located next to Sherry Schultz. Reiman's work on the special project for leadership lasted from August to December 1998. Reiman had to go to the State Elections Board and review each candidate's campaign finance report. Reiman documented the necessary information from the campaign finance reports on yellow legal pads, then returned to his cubicle at the ARC and entered this information into an Access software database. Paul Tessmer of the ARC helped show Reiman how the database worked, which allowed Reiman to create reports.

Reiman prepared three separate reports for the special project. The first included three campaign finance reports filed between January 1997 and June 1998. The second report included the three previously mentioned campaign finance reports and the pre-primary campaign finance reports, which were filed after June 30, 1998. The final report included the three campaign finance reports filed between January 1997 through June 1998, the pre-primary report and the pre-election campaign finance reports. When Reiman completed each report, he made three copies: one for Jensen, the second for Ladwig, and the third maintained by Reiman. The copy Reiman kept was reviewed by Sherry Schultz. Reiman discussed the reports with Schultz.

Ray Carey knew Reiman was in the ARC and that Reiman was there to do a special project for leadership. But Carey did not supervise Reiman during this special project. Instead, Ladwig and Jensen supervised Reiman.

Statements of Patrick Fuller

S/A Blackwood reports that Assistant Assembly Chief Clerk Pat Fuller has provided information to her from regularly kept business records of the state reflecting that Greg Reiman's state employment history includes the following:

<u>Employer</u>	<u>Dates</u>	<u>Status</u>	<u>Pay Per Month</u>
Jensen Capitol Office	9/16/96 – 11/5/96	70% LTE	\$2,075.50
Jensen Capitol Office	12/9/96 – 1/3/97	100% LTE	\$2,965.00
Ladwig Capitol Office	1/6/97 – 8/1/98	Leg. Ass't.	\$3,464.00
Jensen Capitol Office	8/2/98 - 12/28/98	Admin. Ass't.	\$3,464.00
Other Legislative Office	12/29/98 – 4/25/99	Research Ass't.	\$3,464.00

Statements of Judith Rhodes Engels

S/A Strauss reports that she participated in interviews with Judith Rhodes Engels, who stated in part she worked in the Ladwig Capitol office from November 1996 until Spring 2001 as a legislative assistant. Ladwig hired Reiman in approximately January 1997. Reiman's duties included RACC fundraising, including organizing fundraisers and preparing RACC campaign finance reports, which Engels observed being discussed with Ladwig. Engels also observed Reiman obtaining RACC fundraising materials from the ARC and reviewing the materials with Ladwig. Engels assisted Reiman with some of his RACC duties while Reiman was employed in the Ladwig Capitol office. When Reiman left Ladwig's Capitol office, Ladwig asked Engels to take over Reiman's position and duties.

During her employment with Ladwig, Engels was paid entirely by the State, was never paid by RACC or the Republican Party, and never went off payroll to perform any RACC work. During campaign season and when RACC finance reports were due, Engels spent about 75% of her State work time on RACC work. RACC records were kept at Ladwig's office and the ARC. Engels discussed her RACC work with Ladwig. The only rule Engels was aware of regarding RACC work was that she was not to e-mail fundraising invitation information to the ARC graphic artist.

The goal of RACC was to raise campaign money. One way in which money was prioritized was to "assess" each Republican member a certain amount of money

for the "team," payable either to RACC or directly to a candidate. Decisions on these matters were made by Jensen and Ladwig. Part of Engels' duties for RACC included keeping track of such assessments, while Sherry Schultz was to keep track of where the assessment money went for different campaigns. On some occasions Engels or Ladwig would receive contributions for an individual campaign and they gave these checks to Schultz for delivery to the respective campaign. Engels also kept records regarding RACC expenditures and discussed RACC bills with Jensen. Jensen decided who should pay the bills.

Engels was responsible for RACC work, but Jason Kratochwill prepared the RACC budget, which was discussed at RACC meetings with Ladwig and Jensen. Engels also attended other meetings with Jensen, Foti and Ladwig, which Engels described as "Big 3" meetings or leadership meetings. At these meetings, campaign plans and campaign finances, including RACC finances, were discussed. Engel's job at such meetings was to report on RACC finances while Schultz reported on the finances of individual campaigns. Kratochwill would also report on which candidates needed money. Jensen decided which candidates were going to get what money and then directed Ladwig to obtain the money from the assessments. In addition, various legislators known as the phone crew, including Jensen, Foti and Ladwig, were assigned to make fundraising calls to lobbyists. Schultz was responsible for keeping track of the money raised and would receive the checks and report back on the results at meetings.

Engels was familiar with Greg Reiman's special project from 1998. Jensen and Ladwig used the results of the project for meetings with lobbyists to request contributions for RACC.

Statements of Rhonda Drachenberg

S/A Freymiller reports that she participated in an interview with Rhonda Drachenberg, who said in part the following. While working at the ARC, Drachenberg reported to the ARC Director on her RACC duties, but she also had contact with Ladwig. Those duties included creating RACC organizational charts.

Ladwig was in charge of RACC funds and was very money conscious. Ladwig became upset when packages sent to candidates resulted in costly UPS bills. Ladwig called Drachenberg several times and told her to "lay off" the UPS mailings. Drachenberg would pass along Ladwig's requests to the ARC Director. When Drachenberg planned a RACC event, obtaining price quotes for food, Ladwig would call Drachenberg and complain that the quotes were too high and that Drachenberg had not found the best price. Drachenberg would go to Greg Reiman in the Ladwig Capitol office when she needed RACC stamps.

In her RACC work, Drachenberg interacted regularly with Engels, a Ladwig Capitol office staffer. In this connection, Drachenberg sometimes met with Engels in the Ladwig Capitol office.

Statements of Carrie Hoeper Richard

S/A Freymiller reports that Carrie Hoeper Richard said, in part, that during the 1998 election cycle Jensen had Richard schedule a daylong series of meetings for himself and Bonnie Ladwig with lobbyists at the RPW offices in Madison. Richard acted as receptionist and attended some of the meetings, which were scheduled every 15-30 minutes. During those meetings Jensen and Ladwig asked the lobbyists to contribute to various candidates. Richard received checks generated as a result of the meetings and then delivered them to the appropriate candidates.

****THIS COMPLAINT IS BASED ON** the information and belief of your complainant, who is a Director of the White Collar Crimes Bureau for the Wisconsin Department of Justice's Division of Criminal Investigation, and who learned of the above offenses from his own observations and the reports of Wisconsin Department of Justice's Division of Criminal Investigation S/A(s) Dorinda Freymiller, Amy Blackwood, Deb Strauss, Lisa Wilson, and Dane County District Attorney's Investigator Mark Wysocki, which report(s) your complainant believes to be reliable inasmuch as they were prepared during the course of the officer(s) official duties.

Further, your complainant believes the information furnished by Amy Fuelleman, John Scocos, Linda Hanson, Carrie Hoepfer Richard, Ray Carey, Jason Kratochwill, Stacy Ascher-Knowlton, Charlene Rodriguez, Rhonda Drachenberg, Michelle Arbiture, Michael Heifetz, Rose Smyrski, Lee Riedesel, Eric Grant, Kacy Hack, Lyndee Wall, Judith Rhodes Engels, Scott Jensen, Garey Bies, Amy Petrowski, Matthew Tompach, Carolyn Hughes, Brian Dake, William Cosh, Paul Tessmer, Tom Petri, Steve Baas, Brett Healy, Roger Cliff, Patrick Essie, James Buchen, Richard Graber, Patrick Fuller, Chad Taylor, Leigh Himebauch, Virginia Mueller Keleher, and Greg Reiman to be reliable inasmuch as they witnessed the events described.

DCI Director David Collins

Subscribed and sworn to before me this
_____ day of October, 2002

Notary Public, Dane County
My commission is _____