

Democracy North Carolina

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For Release Thursday, August 6, 2015

Contact: Bob Hall, 919-489-1931

Group Calls for Criminal Probe of Sweepstakes Donations

The elections watchdog group Democracy North Carolina sent a letter today [*see end of this release for the letter*] asking US Attorney Thomas G. Walker and Wake County District Attorney Lorrin Freeman to investigate possible federal and state criminal violations involving the sweepstakes gaming industry, lobbyists and candidates in the 2012 election, including Gov. Pat McCrory, Senate President Pro Tem Phil Berger, and then House Speaker Thom Tillis.

A complaint filed in April 2013 by Bob Hall, executive director of Democracy North Carolina, launched the State Board of Election's investigation of sweepstakes mogul Chase Burns, other sweepstakes operators, and their lobbyists. Two years later, on July 15, 2015, the board voted to end the investigation for lack of evidence of violations of state campaign finance laws.

During the investigation, board member Paul Foley pushed the board's staff for information about who was being interviewed and other details. When the staff later learned that Foley's law firm had been paid over a million dollars by Burns' company, Foley recused himself, but he continued to pressure staff for insider information. In late July, 2015, he resigned from the board.

In his letter to the US Attorney and District Attorney, Hall identifies five reasons a new investigation should be initiated:

- **Political corruption:** The State Board of Elections' investigative report describes lobbyists with two firms organizing numerous events with their clients and candidates, but it does not probe the connection between the clients' donations and commitments made at those events. Hall's letter highlights a February 23, 2012 meeting in which sweepstakes operator Gardner Payne explains the rationale to legalize his industry to candidate Pat McCrory and, the report also says, "Mr. Payne talked about raising money from the sweepstakes industry for Gov. McCrory." A week later, the campaign recorded \$32,000 from industry donors, but that fact is omitted from the board's report.

The report also omits the fact that Tillis and Berger received bundles of donations soon after meetings with a major sweepstakes operator seeking support to legalize the industry. For example, the report says Gardner Payne and a sweepstakes lobbyist met with Tillis on May 10, 2012, and the lobbyist was "unsure whether Mr. Payne gave any checks to Speaker Tillis." That's as far as the report goes, but Hall's letter says the Tillis campaign logged in \$60,000 from 19 sweepstakes donors less than a week after that meeting. "The pattern of funds given for expected favors raises concerns of possible violations of the Hobbs Act and other federal and state laws against bribery and extortion," said Hall.

- **Illegal bundling:** The elections board found that Tommy Sevier of Moore & Van Allen violated a state prohibition against a lobbyist delivering a bundle of donations to a candidate. Sevier admitted he handed an envelope with checks from multiple donors to Senate leader Phil Berger and another bundle to the gubernatorial campaign of Walter Dalton. But the board decided not to refer the matter for further action because the statute Sevier violated has no specific penalty tied to it. However, Hall said North Carolina court

cases hold that a violation of a directive in state law without an associated penalty is subject to misdemeanor prosecution. “Prosecutors should demonstrate that they will not tolerate white-collar crimes that undermine democracy,” said Hall.

- **Money laundering:** Bank records and other documents collected by the board show that millions of dollars from illegal gambling were routed into Chase Burns’ trust account and then used to finance several other businesses and also pay \$274,000 in campaign donations to North Carolina candidates and party committees. In March 2012, for example, the trust account received a \$5 million “transfer” from Burns’ sweepstakes corporation IIT and then transferred millions to other bank accounts. Hall said the “scheme raises serious questions about violations of federal law against money laundering and income-tax evasion that the US Attorney’s office should investigate.” He noted that investigators in Florida, where Burns was charged with racketeering, viewed the trust account as part of an illegal money laundering operation. The NC elections board said issues of illegal gambling, tax evasion, and money laundering were beyond its scope.
- **Illegal corporate donations.** Hall also said that the flow of funds apparently violated a state law against a corporation “indirectly” making political donations. He pointed out that Moore & Van Allen, the lobby firm retained by Burns’ sweepstakes company, delivered most of the donations to candidates and sent him a memo titled “IIT Political Contribution Strategy” with recommended amounts and recipients “to optimize political contributions during the current election cycle.” (Exhibit 2 of Board’s investigative report)
- **Abuse of office:** Hall’s letter says the actions of Board member Paul Foley “cast a cloud of suspicion over the State Board of Elections’ decision.” An independent investigation is necessary to determine if laws were broken. “How can the public be confident that the Board of Elections reached an unbiased decision when we keep hearing new information about Mr. Foley, his fundraising for Gov. McCrory, and the failure of Gov. McCrory’s general counsel to stop Foley’s meddling?” In addition, Hall said Foley’s behavior should be investigated for possible illegal use of confidential information and abuse of office.

Possible relevant federal and state laws:

The federal Hobbs Act (18 U.S.C. § 1951) prohibits a public official from accepting funds knowing that they are given with the intent to buy an official act, even if the act is not performed. Other federal statutes related to public corruption, money laundering, and extortion include the Travel Act (18 U.S.C. § 1952) and Racketeer Influenced and Corrupt Organization Act (RICO) (18 U.S.C. §§ 1961-1968).

A number of North Carolina laws prohibit bribery and the trading of official acts for “anything of value.” See NC General Statutes 14-217, 14-218, 14-228, etc.

Another state law, NCGS 14-234.1, prohibits a “public officer” (including an appointee of the governor) from using “confidential information” gained through “his official capacity” for “any pecuniary benefit.” Also, NCGS 14-230 makes it a misdemeanor if a public officer “willfully and corruptly violated his oath of office according to the true intent and meaning thereof”

North Carolina General Statute 163-278.19 says “it shall be unlawful for a corporation . . . directly or indirectly . . . to make any contribution to a candidate or political committee.” It allows a corporation to assist its members, employees, and stockholders to form a PAC but a direct or indirect donation to a candidate of funds from the corporate treasury is prohibited.

In 2012, NCGS 163-278.13C commanded a lobbyist not to “transfer or deliver . . . multiple contributions” to a candidate. The 2014 amended statute now bans delivery of a single donation.

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August 6, 2015

US Attorney Thomas G. Walker
Eastern District of NC, Office of the US Attorney General
301 New Bern Avenue, Federal Bldg, Suite 800
Raleigh, NC 27601-1461

District Attorney N. Lorrin Freeman
Wake County Courthouse
PO Box 31
Raleigh, NC 27602-0031

Dear US Attorney Walker and District Attorney Freeman,

As you know, the State Board of Elections recently completed an investigation of a complaint I filed regarding possible wrongdoing by individuals and lobbyists related to the video sweepstakes industry in North Carolina. My complaint raised a number of issues:

- (1) possible illegal campaign donations from Chase Burns, owner of an Oklahoma-based sweepstakes software corporation that served numerous storefront video sweepstakes parlors in North Carolina and other states;
- (2) possible illegal bundling of campaign contributions by lobbyists for the sweepstakes industry, in violation of NC General Statute 163-278.13C;
- (3) possible illegal use of a corporation's funds to directly or indirectly make campaign contributions in violation of NCGS 163-278.19;
- (4) possible use of laundered illegal gambling proceeds to make campaign contributions; and
- (5) possible illegal contributions solicited or made in exchange for material or financial benefit.

After two years, the State Board of Elections voted on July 15, 2015, not to find or pursue any violations related to North Carolina's campaign finance statutes. However, a number of findings in the report prepared by the staff reinforce my concern about illegal acts. These include:

- One lobbyist (Tommy Sevier of Moore & Van Allen) admitted he delivered bundled contributions on two occasions (pages 29-30 of the SBE report).
- Bank account records of the Chase Burns Trust showed millions of dollars transferred from his IIT sweepstake software corporation into the Trust's account, which was used to write \$274,000 in campaign contributions to dozens of legislators and others, making the Burns Trust the top campaign donor to NC candidates in the 2012 election cycle (pages 9-15 of the SBE report).

- The contributions written from the Chase Burns Trust roughly follow the recommendations in a memo titled “IIT Political Contribution Strategy” that was prepared by lobbyists at Moore & Van Allen, the firm retained not by Burns personally but by his sweepstakes’ corporation, IIT (Exhibit 2 of the SBE report).
- The IIT corporation collected a 3% surcharge on sweepstakes parlor owners it serviced for a political and lobbying fund. A different but somewhat similar arrangement in Florida included allocating part of the surcharge for campaign donations, but Board staff did not find a similar link to donations in the NC arrangement (pages 32 of the SBE report).
- Gardner Payne, a major sweepstakes operator, “talked about raising money from the sweepstakes industry for Governor McCrory” during a meeting where the two men discussed ways to legalize the sweepstakes industry (pages 32 of the SBE report).
- The same representative (Gardner Payne) met separately with then-Speaker Thom Tillis and Senate President Pro Tem Phil Berger about legislation to legalize the industry, and he said he raised campaign funds for them (pages 35-37 of the SBE report).
- After months of talking with SBE staff about the Burns investigation, SBE member Paul Foley finally recused himself when staff discovered that his law firm was paid more than one million dollars by Burns’ company, IIT. However, Foley continued to push staff for confidential information about who they were interviewing and other details (Attachments C, D, and E of the SBE report).

These are some of the intriguing facts that need further exploration. Mr. Burns did not agree to be interviewed for the report. Candidates were not interviewed about their meetings and fundraising.

The critical importance of undertaking a new investigation is made more apparent when the dots are connected – when the reports’ findings are combined with information in my complaint, its attachments, new material from the Associated Press and News & Observer, and additional analysis of campaign records partially included here.

I strongly urge the offices of the US Attorney and Wake County District Attorney to launch a comprehensive investigation of possible criminal violations involving the video sweepstakes industry, its lobbyists and candidates in the 2012 election cycle. There are five reasons or areas of concern for why such an investigation should be initiated:

- **Political corruption:** The Board of Elections staff’s report describes lobbyists with Moore & Van Allen and McGuireWoods organizing numerous events with their clients and candidates, but it does not examine the connection between the clients’ contributions and commitments made at those events. For example, in a February 23, 2012 meeting in Raleigh that lobbyist Harry Kaplan of McGuireWoods arranged for his client Gardner Payne (a major sweepstakes operator) and gubernatorial candidate Pat McCrory, Payne explained the various benefits of legislation that would legalize the sweepstakes gaming industry, and he also offered to raise funds for McCrory’s campaign. What else was said at the meeting? What happened next? The report doesn’t tell us. But my complaint and the campaign disclosure reports reveal that a week after this meeting, on March 3, 2012, the McCrory campaign recorded 10 checks totaling \$32,000 from sweepstakes industry donors and another \$12,000 from the McGuireWoods PAC and the PACs of two other companies

represented by McGuireWood whose executives also met with McCrory on February 23, 2012. Here is a list of those donations:

DATE	AMOUNT	DONOR	CITY	ST
3/3/2012	4,000	DAVID HAGIE	CLEMMONS	NC
3/3/2012	2,000	FREDDIE L WILLIS	TROUTMAN	NC
3/3/2012	4,000	JOHN MYERS	WINSTON SALEM	NC
3/3/2012	4,000	KIM CHILDRESS	WINSTON SALEM	NC
3/3/2012	4,000	MATTHEW LEWIS	ASHEBORO	NC
3/3/2012	4,000	NEIL HOOVER	HIGH POINT	NC
3/3/2012	4,000	RICHARD J PHILLIPS	CLEMMONS	NC
3/3/2012	2,000	RICHARD ESSICK	MOORESVILLE	NC
3/3/2012	2,000	TERESA T MICHAEL	MOORESVILLE	NC
3/3/2012	4,000	WILLIAM GEORGE JR.	ROCK HILL	SC
	\$34,000	Total from Sweepstakes Donors		
3/3/2012	\$4,000	McGUIRE WOODS PAC	RICHMOND	VA
3/3/2012	4,000	AMERIGROUP PAC	VIRGINIA BEACH	VA
3/3/2012	4,000	NC STATE FARM AGENTS & ASSOCIATES PAC	RALEIGH	NC
	\$46,000	Total McGuireWoods Clients		

The report also omits the fact that Tillis and Berger received bundles of donations soon after their meetings with sweepstakes operators seeking support for legislation. For example, the report says Gardner Payne and McGuireWoods lobbyist Harry Kaplan met with then-House Speaker Thom Tillis on May 10, 2012. Kaplan said he was “unsure whether Mr. Payne gave any checks to Speaker Tillis.” But the report fails to point out that the Tillis campaign logged in \$60,000 from 19 sweepstakes donor on May 16, 2012, less than a week after that meeting, plus three donations from the PACs of other McGuireWoods clients. Here is a list of those donations:

5/16/2012	\$4,000	BRIAN H JONES	WINSTON-SALEM	NC
5/16/2012	2,000	CARL GRAYSON DOCKERY	KERNERSVILLE	NC
5/16/2012	2,000	CHARLES (CHUCK) FERGUSON	WINSTON-SALEM	NC
5/16/2012	4,000	DAVID P HAGIE	CLEMMONS	NC
5/16/2012	4,000	FREDDIE LAWRENCE WILLIS	TROUTMAN	NC
5/16/2012	4,000	JASON M MITCHELL	LEWISVILLE	NC
5/16/2012	2,000	JERRY L WILLIAMSON	RURAL HALL	NC
5/16/2012	4,000	JOHN F MYERS	WINSTON SALEM	NC
5/16/2012	2,000	JOHNNY H PAGE	KANNAPOLIS	NC
5/16/2012	1,334	JOY L PARRISH	KERNERSVILLE	NC
5/16/2012	4,000	KIM CHILDRESS	WINSTON SALEM	NC
5/16/2012	1,334	MALISSA RICHARDS MOORE	CLEMMONS	NC
5/16/2012	4,000	MATTHEW T LEWIS	ASHEBORO	NC
5/16/2012	4,000	NEIL J HOOVER	HIGH POINT	NC
5/16/2012	4,000	PHILLIP REOPEL	WINSTON-SALEM	NC
5/16/2012	4,000	R.J. PHILLIPS	CLEMMONS	NC

5/16/2012	4,000	RICHARD D ESSICK	MOORESVILLE	NC
5/16/2012	1,334	RICK MOORE	WINSTON-SALEM	NC
5/16/2012	4,000	TROY A DALTON	GREENSBORO	NC
	\$60,002	Total from Sweepstakes Donors		
5/16/2012	\$3,000	AMERIGROUP PAC	VIRGINIA BEACH	VA
5/16/2012	1,000	ASSOC FOR HOME & HOSPICE CARE OF NC CARE PAC	RALEIGH	NC
5/16/2012	1,000	PARTNERS FOR EDUCATIONAL FREEDOM PAC	RALEIGH	NC
	\$65,002	Total McGuireWoods Clients		

The report says that Gardner Payne and lobbyist Harry Kaplan met with Senate President Pro Tem Phil Berger on September 11, 2012, and Kaplan had “no recollection of Mr. Payne providing campaign contributions to Senator Berger.” Payne candidly says he and other sweepstakes operators raised funds for McCrory, Tillis, and Berger. On September 25, the Berger campaign logged in \$4,000 from Gardner and another sweepstakes donor, \$4,000 from the PAC of McGuireWoods, and \$11,000 from the PACs of three other McGuireWoods clients. Then on October 10, the Berger campaign posted another \$22,000 from sweepstakes donors, including \$4,000 from Chase Burns. See this list:

DATE	AMOUNT	DONOR	CITY	ST
9/25/2012	2,000	CHARLES BROOKS	GRAHAM	NC
9/25/2012	2,000	GARDNER PAYNE	CHARLOTTE	NC
10/10/2012	4,000	CHASE BURNS	ANADARKO	OK
10/10/2012	4,000	DAVID HAGIE	CLEMMONS	NC
10/10/2012	4,000	FREDDIE LAWRENCE WILLIS	TROUTMAN	NC
10/10/2012	2,000	PHILLIP REOPEL	WINSTON-SALEM	NC
10/10/2012	4,000	RICHARD PHILLIPS	CLEMMONS	NC
10/10/2012	4,000	RICHARD ESSICK	MOORESVILLE	NC
	\$26,000	Total from Sweepstakes Donors		
9/25/2012	\$4,000	McGUIRE WOODS PAC	RICHMOND	VA
9/25/2012	4,000	AMERIGROUP PAC	VIRGINIA BEACH	VA
9/25/2012	3,000	CAREMARK RX – CVS PAC	RALEIGH	NC
9/25/2012	4,000	NC STATE FARM AGENTS & ASSOCIATES PAC	RALEIGH	NC
	\$41,000	Total McGuireWoods Clients		

The pattern of funds given for expected favors raises concerns of possible violations of the Hobbs Act and other federal and state laws against bribery and extortion. There are also occasions where a significant number of donations from the sweepstakes industry are received by one of these three candidates and we have no information from the report what may have prompted them. This is especially true for significant sums delivered to the Tillis campaign early in the election cycle. Here is one example from his campaign reports:

DATE	AMOUNT	DONOR	CITY	ST
9/2/2011	\$1,000	ASHLEY G. EDWARDS	ROCK HILL	SC
9/2/2011	2,500	DAVID P HAGIE	CLEMMONS	NC
9/2/2011	2,000	FRANK C FOUSHEE JR	SANFORD	NC
9/2/2011	1,250	FREDDIE L WILLIS	TROUTMAN	NC
9/2/2011	1,000	JASON M MITCHELL	LEWISVILLE	NC

9/2/2011	1,000	JERRY L WILLIAMSON	LEWISVILLE	NC
9/2/2011	500	JOY L PARRISH	KERNERSVILLE	NC
9/2/2011	2,500	KIM CHILDRESS	WINSTON SALEM	NC
9/2/2011	2,500	MATTHEW T LEWIS	ASHEBORO	NC
9/2/2011	2,500	NEIL J HOOVER	HIGH POINT	NC
9/2/2011	500	PATRICIA A EARNHARDT	ARCHDALE	NC
9/2/2011	2,500	R J PHILLIPS	CLEMMONS	NC
9/2/2011	1,000	RANDY L SPAINHOUR	SOUTHPORT	NC
9/2/2011	1,250	RICHARD D ESSICK	MOORESVILLE	NC
9/2/2011	500	RICK MOORE	CHINA GROVE	NC
9/2/2011	500	ROGER MOORE	CLEMMONS	NC
9/2/2011	2,500	WILLIAM GEORGE	ROCK HILL	SC
9/8/2011	2,500	CHARLES BURNS	ANADARKO	OK
	\$28,000	Total from Sweepstakes Donors		

- **Illegal bundling:** The State Board of Elections found that Tommy Sevier, a lobbyist with Moore & Van Allen violated a state law against a lobbyist delivering a bundle of donations from different donors to a candidate. Sevier is the lobbyist who the report identified as delivering many of the donations from the Chase Burns Trust to legislators, in person or occasionally through the US Postal Service. Moore & Van Allen, which represented Burns' IIT corporation, is the law and lobbying firm where Pat McCrory worked while running for governor. (McCrory is not an attorney and he has refused to identify his duties and clients during the years he worked there.)

In addition to delivering checks from Burns, Sevier admitted he handed an envelope with checks from multiple donors to Senate leader Phil Berger on one occasion, and on another occasion he gave a bundle of checks from multiple donors to the gubernatorial campaign of Walter Dalton. Despite these facts, the board decided not to refer the matter for further action because the statute Sevier violated has no specific penalty tied to it. The statute is NCGS 163-278.13C. However, it is well established in common law and through North Carolina court cases that a violation of a command in state law without an associated penalty is subject to misdemeanor prosecution. It would be irresponsible to allow a lobbyist and member of the bar to willfully commit a crime and not suffer any consequences. Prosecutors should demonstrate that they will not tolerate white-collar crimes against society.

- **Money laundering:** State Board of Elections investigators gathered thousands of pages of bank records and other documents that show the various bank accounts Chase Burns used as a part of his illegal gambling operation. The investigators traveled to Florida where law enforcement authorities meticulously followed the flow of money as part of their indictment of Burns on racketeering and other charges. Burns eventually pleaded guilty to two lesser charges and forfeited a substantial sum of money. The State Board's staff were not focused on Burns' illegal gambling because that is outside their purview and consequently many of those details are omitted from the staff's report.

In the indictment and other documents related to the case, Florida law enforcement officials describe Burns' operations in detail. The 427-page "Seizure Affidavit" says the

Chase Burns Trust bank account received and transferred millions of dollars in “illegal proceeds” from Burns’ sweepstakes business customers as part of “a series of layered transactions” through which Burns “laundered the funds of the illegal gambling operation.” This is the same bank account that Burns used to write \$274,000 in campaign contributions to NC candidates and party committees.

Another document in the Florida criminal investigation describes how illegal gambling proceeds from businesses that Burns’ IIT serviced were funneled through bank accounts and used to purchase properties. That is also a pattern that is apparent in the flow of money through the Chase Burns Trust. For example, the Chase Burns Trust received a \$5 million “transfer” on March 14, 2012, from IIT and paid out millions of dollars for the purchase and management of various real estate properties, mineral investments, farm operations, and other land-related businesses. The movement of funds in and out of the Chase Burns Trust indicates it played an integral part in Burns’ illegal gambling syndicate and network of layered business entities and bank accounts. This scheme raises serious questions about violations of federal law against money laundering and income-tax evasion.

- **Illegal corporate donations.** The State Board staff focused on the legal creation of the Chase Burn Trust to determine that it was not a corporation, and they also did not see an immediate nexus between transfers into the Trust and campaign checks paid out by the Trust. Consequently, the staff concluded that the campaign contributions were not made by a corporation. However, North Carolina General Statute 163-278.19 clearly states that “it shall be unlawful for any corporation, business entity, labor union, professional association or insurance company directly or indirectly . . . to make any contribution to a candidate or political committee.”

The Chase Burns Trust may not be a corporation, but the inquiry must not stop there. The facts show that (1) the Chase Burns Trust is an integral part of a network of business entities Burns used for his gambling operation, and (2) it is the vehicle for making political contributions on behalf of a corporation. The contributions followed the directive of a memo prepared by the Moore & Van Allen lobby firm (Exhibit 2 of Board’s investigative report). Moore & Van Allen was retained by the IIT corporation, not by Chase Burns personally. And the memo was titled “IIT Political Contribution Strategy,” not “Chase Burns Political Contribution Strategy.” The memo recommended specific amounts and recipients “to optimize political contributions during the current election cycle.”

It is noteworthy that the memo called for IIT to deliver contributions in amounts larger than Chase Burns as an individual could make under North Carolina law (the limit was then \$4,000 from an individual to a candidate per election). To implement Moore & Van Allen’s “campaign contribution giving strategy” for IIT, Burns had to rely not only on the Chase Burns Trust but also on the contributions from others. For example, the memo directed IIT to donate \$15,000 to the campaign of Pat McCrory. On October 5, the McCrory committee received \$16,000 from four checks of \$4,000 each from: Chase Burns (written from the Chase Burns Trust); Kristin Burns of Anadarko, Oklahoma (Chase Burns’ wife, written from another account); John P. Fannin of Little River, South Carolina; and Dawn Brown, the girl friend of Fannin, listed at his address. Fannin was indicted with Burns in Florida and used IIT software in his video sweepstakes parlors in multiple states.

- **Abuse of office:** Finally, and sadly; the activities of Elections Board member Paul Foley during the two-year investigation cast a cloud of suspicion over the State Board of Elections' decision not to find any actionable violation of campaign finance laws. A deputy state attorney general reviewed Foley's badgering of staff for information and concluded he did not influence the outcome of the staff's report. However, Foley's persistent intervention in the ongoing investigation must also be examined from the perspective of whether or not he violated any law in abusing his oath of office or in using confidential information for personal benefit or the benefit of his law firm which represented IIT (for example, NCGS 14-230 and NCGS 14-234.1).

Based on recent newspaper accounts, we now know that Foley raised funds for Gov. McCrory and that McCrory's general counsel did virtually nothing upon learning about Foley's inappropriate pressuring of staff for confidential information. A reasonable person may wonder if the fact that Foley raised funds for the governor allowed him to go unchecked by the governor's office. We also note that the governor's campaign logged in more than \$40,000 from sweepstakes donors in the days just before and after the October 6, 2012 fundraising event co-sponsored by Foley – including the \$16,000 mentioned above from Chase Burns, his wife, and two associates on October 5.

Here's a summary from the McCrory campaign report of relevant donations:

DATE	AMOUNT	DONOR	CITY	ST
10/5/2012	\$4,000	CHASE BURNS	ANADARKO	OK
10/5/2012	4,000	KRISTIN P. BURNS	ANADARKO	OK
10/5/2012	4,000	DAWN BROWN	LITTLE RIVER	SC
10/5/2012	4,000	JOHN P. FANNIN	LITTLE RIVER	SC
10/5/2012	4,000	GEORGETTA B. MCGUIRE	ROCK HILL	SC
10/12/2012	4,000	DAVID P. HAGIE	CLEMMONS	NC
10/12/2012	4,000	MATTHEW LEWIS	ASHEBORO	NC
10/12/2012	2,000	MICHELLE REOPEL	WINSTON SALEM	NC
10/12/2012	4,000	NEIL HOOVER	HIGH POINT	NC
10/12/2012	3,500	ROBERT EARNHARDT	ARCHDALE	NC
10/19/2012	2,000	GARDNER M. PAYNE	CHARLOTTE	NC
10/19/2012	2,000	SHERRY UPCHURCH	RAMSEUR	NC
	\$41,500	Total from Sweepstakes Donors		
10/8/2012	\$250	ADAM CHARNES	WINSTON-SALEM	NC
10/9/2012	250	MICHAEL MORLOCK	WINSTON-SALEM	NC
10/11/2012	250	CARL E. SANDERS	WINSTON-SALEM	NC
10/11/2012	1,275	RICHARD DIETZ	WINSTON-SALEM	NC
10/11/2012	250	PAUL PAUL FOLEY	WINSTON-SALEM	NC
10/11/2012	1,250	RICHARD GOTTLIEB	WINSTON-SALEM	NC
10/16/2012	750	STEPHEN BERLIN	WINSTON-SALEM	NC
	\$4,275	Total Kilpatrick Stockton Donors		
10/5/2012-10/19/2012	\$42,416	OTHER WINSTON-SALEM DONORS OCT. 5 TO OCT. 19	WINSTON-SALEM	NC

How can the public be confident that the Board of Elections reached an unbiased decision when we keep hearing new information about Mr. Foley, his fundraising for Gov. McCrory, and the failure of Gov. McCrory's general counsel to stop Foley's meddling?

For all these reasons, I urge your offices to request all the records from the State Board of Elections and to undertake an independent, comprehensive investigation of these issues. In response to questions from my colleagues, I identified a number of federal and state laws that may be relevant for this investigation, but of course you know this area far better than I do:

- The federal Hobbs Act (18 U.S.C. § 1951) prohibits a public official from accepting funds knowing that they are given with the intent to buy an official act, even if the act is not performed. Other federal statutes related to public corruption, money laundering, and extortion including the Travel Act (18 U.S.C. § 1952) and Racketeer Influenced and Corrupt Organization Act (RICO) (18 U.S.C. §§ 1961-1968).
- A number of North Carolina laws prohibit bribery and the trading of official acts for "anything of value." See NC General Statutes 14-217, 14-218, 14-228, etc.
- Another state law, NCGS 14-234.1, prohibits a "public officer" (including an appointee of the governor) from using "confidential information" gained through "his official capacity" for "any pecuniary benefit." Also, NCGS 14-230 makes it a misdemeanor if a public officer "willfully and corruptly violated his oath of office according to the true intent and meaning thereof"
- North Carolina General Statute 163-278.19 says "it shall be unlawful for a corporation . . . directly or indirectly . . . to make any contribution to a candidate or political committee." It allows a corporation to assist its members, employees, and stockholders to form a PAC but a direct or indirect donation to a candidate of funds from the corporate treasury is prohibited.
- In 2012, NCGS 163-278.13C commanded a lobbyist not to "transfer or deliver . . . multiple contributions" to a candidate. The 2014 amended statute now bans delivery of a single donation.

Thank you for your public service.

Sincerely,

Bob Hall
Executive Director