

I. INTRODUCTION:

We, the members of the Twenty-eighth Statewide Investigating Grand Jury, have received and reviewed evidence pertaining to an investigation of the actions of Stephen Stetler and other individuals in regard to political campaign activity. This investigation was conducted pursuant to Notice of Submission of Investigation Number 4.

This investigation was commenced and continued as the result of public allegations of potential public corruption and criminal misconduct within the Pennsylvania Legislature. This Grand Jury Investigation was initially commenced before the 25th Statewide Investigating Grand Jury, in August of 2007, and, upon the expiration of that Grand Jury, this matter was transferred to the attention of the 28th Statewide Investigating Grand Jury in March of 2008. The 28th Statewide Investigating Grand Jury issues this Presentment in furtherance of its ongoing investigation of the Pennsylvania Legislature.

In its investigation, the Grand Jury has continued to be guided by the words of the Pennsylvania Superior Court when it stated that an elected representative is “not allowed to direct state paid employees under his authority to conduct campaign/or fundraising related work, during state paid time, for his personal benefit.” Such actions secure “a private monetary advantage” for an elected representative because, “by having state employees work for him on his campaign and/or fundraising task while they were being paid by the State, he obtained the benefit of free campaign work funded by the taxpayers.”

Commonwealth v. Jeffrey Habay, 934A2d.732, 738(Pa.Super.2007)

II. FINDINGS OF FACT: UNLAWFUL USE OF LEGISLATIVE EMPLOYEES AND LEGISLATIVE RESOURCES FOR CAMPAIGN WORK AND FUNDRAISING:

Stephen Stetler was a Representative from the 95th legislative district¹ in the Pennsylvania House of Representatives from 1990 until he resigned in August of 2006. Stetler held high positions within his political party and within the House. In the House of Representatives, Stetler held the “Leadership” position of Chairman of the Policy Committee

¹ The 95th district is within York County; it contains York City.

from 2002 to 2006. In his political party, from 2002 until August of 2006, Stetler was the Chairman of the House Democratic Campaign Committee.²

While Stetler was the Chairman of the HDCC, Daniel Wiedemer and Jessica Walls worked with Stetler and had the opportunity to observe Stetler's conduct. Daniel Wiedemer was the Executive Director of the HDCC. Jessica Walls was the Political Director at the HDCC. Wiedemer got his start in politics during his senior year at college, in 2001-2002, when he served an internship with the HDCC. During that internship, he became aware that legislative employee Brett Cott³ was very active in directing political campaign efforts.

After Wiedemer's internship, in the spring and early summer of 2002, he was hoping for position in government. He had made a commitment to the HDCC that he would manage a campaign in Schuylkill County. Wiedemer was then hired by the HDC into a legislative position and kept there for a few weeks; a position that he believed was just a parking place, a place to put him until he would be sent out on campaign work. He was right. Within weeks, at Brett Cott's directive, Wiedemer went off the legislative payroll and out to work on the Neal Goodman campaign in Mahanoy City, Schuylkill County. He was there for over four months and the campaign was successful. When Wiedemer returned to Harrisburg in January of 2003, he was again hired by the HDC, as a staffer in the Legislative Research Office (LRO).

Wiedemer remained at the LRO for only a few months. In May of 2003, he left the legislature and became the Executive Director of the HDCC. Wiedemer's immediate supervisor at the HDCC was Stetler.

Jessica Walls gained professional proximity to Stetler by a path that was similar to Wiedemer's. Like Wiedemer, Walls was a recent college graduate who accepted a position with the Caucus. Like Wiedemer, Walls had a bit of campaign experience, as she had worked on a campaign in Virginia before accepting a position with the HDC. At the HDC she worked in what

² Two organizations that are discussed throughout this Presentment are the HDC and the HDCC. They have similar names but are different in funding and purpose. The House Democratic Caucus, known as the HDC or "the Caucus," is an organization within our Pennsylvania Legislature, composed of the Democratic representatives and their employees in the Pennsylvania House of Representatives. The HDC is funded by taxpayer dollars. HDC employees are state employees.

The other organization is the House Democratic Campaign Committee, also known as the HDCC. The HDCC does not perform a legislative function; it is an organization of political purpose. It is not part of our taxpayer-funded government. The employees of the HDCC are not state employees.

³ Brett Cott was a legislative employee in the office of Representative Michael Veon. His job title was "Policy Analyst." Cott was a lead promoter of the consistent culture of employing taxpayer funding and resources for campaign purposes.

was then called the Legislative Information Office,⁴ writing press releases. She then moved from the legislature to the HDCC in October of 2003 and stayed there as Political Director until February of 2007. She worked in close association during that time with Stetler.

A. Opposition Research:

When Wiedemer and Walls came to the HDCC, Stetler had not been Chairman for very long, having taken over that position from Michael Veon shortly after the 2002 general elections. In that election the Democrats lost seats in the House of Representatives.

Getting those seats back, and getting the majority of seats in the House of Representatives, was the goal of the HDCC. However, the HDCC was financially weak, burdened with campaign debt. Wiedemer sometimes had to wait for his paycheck. Thus the HDCC could not afford to pay for the extensive campaign efforts that would be required to win the majority. Furthermore, if the HDCC budget was limited, then the HDCC could only afford to focus on just a few political races. Such a limited focus would in no way be sufficient, in light of the ultimate goal of winning the majority. As Weidemer testified:

. . . You couldn't just play in one or two races. If you play in two campaigns every election cycle and if you're very fortunate and you win half of them, it would take you about two decades to get back to the majority. It was clear that there needed to be a much more expanded field, a much bigger operation. And, yes, money was everything, everything, everything.

Weidemer further testified that to compensate for the shortage of resources in the HDCC "...the choice was to rely as much as possible on what could be had for free, and that included opposition research.⁵

Opposition research was essential in campaign efforts. It was both a necessary foundation for early campaign analysis and effort, and an implement to analyze the viability of future political contests. As stated by Weidemer:

Opposition research for us was used as a basis in a lot of ways to what the campaigns became. We would start out with maybe a list of 30 or 40 or 50

⁴ This office was later known as the Legislative Communications Office, or LCOM.

⁵ Opposition Research was known in short as "Oppo." The phrase "Opposition Research" or "Oppo" was used to describe the process of gathering information-sifting process, the report-writing process, the entire process, or the finished report.

campaigns that we thought could maybe be competitive just based on the numbers of registered Democrats and Republicans and things like that.

Opposition research gave us some indication of how those campaigns could be won, if they could be won. For example, if somebody was a local township official running for state representative, someone would go through the minutes and they would look at their vote history, look at the comments that they made at public hearings.

They would look at their criminal record. They would look at their civil record to see if any body had sued them or see if they ever declared bankruptcy. It was critical in winnowing down the field. Then it became the basis for pretty much what you would use in your campaign. You always say that, half of it, you try to define your guy, and the other half you try to define the other guy. And you define the other guy through the information you gain with opposition research.

Boy, there are just countless examples of how relevant it was. . . .

As described by Weidemer, gathering the data for Oppo was a big job, a time-consuming, grinding process. It included traveling to the legislative districts, looking at the civil and criminal records of the potential candidates, making sure to obtain all of their background information, and then compiling and refining all of the information into a report. The resulting Opposition Research reports were detailed writings, often upwards of one hundred pages in length.

Weidemer informed the Grand Jury that private, outside firms could be hired to do the Opposition Research. Such firms would send their employees to courthouses and other repositories of public records, gather all of the required information, and then write the Oppo reports, at a cost of \$2,500.00 to \$5,000.00 per report. For the HDCC, this cost would be multiplied by the number of legislative seats which were researched. Furthermore, that initial Oppo cost would be incurred just to determine which races were viable contests, where more money would have to be spent, money that the HDCC did not have.

When Wiedemer and Walls joined the HDCC, the Opposition Research was being done by Caucus employees. Wiedemer and Walls felt that the quality of the work was less than satisfactory. For the 2004 election season, Wiedemer believed the HDCC should hire an outside firm to do the Oppo and thereby obtain a better-quality product. Walls agreed. Wiedemer presented the idea to Stetler, who flatly rejected it. Why would the HDCC pay an outside firm for Oppo, Stetler asked Wiedemer, when they had a “perfectly good system in place already[?]” Walls recalled Stetler’s attitude as, “we have this resource right here. Why do we need to do that[?]”

Once Wiedemer's bid for the legitimate acquisition of Opposition Research was rejected by Stetler, his "perfectly good system" moved forward. Wiedemer coordinated with a core group composed of Stetler, Michael Veon, Michael Manzo, Brett Cott, Jessica Walls and others, to select the targets for Oppo. The Opposition Research target list would then be sent to HDC employee Eric Webb, who helped coordinate the Opposition Research assignments to legislative employee "volunteers."

Stetler's hands-on involvement with and direction of the Oppo work is revealed in a series of emails. On April 19, 2004, Weidemer sent an email to Stetler (and others)⁶ stating:

Attached is a proposal for opposition research. Instead of breaking it down by incumbents and challengers, we have altered the process to reflect geography (and thus avoid multiple trips to the same region). I will make assignment official following a green light from you.

The attachment to the above-quoted email is a document showing the personnel on five "research teams" and the geographic areas to which they would be assigned. The team members were all legislative employees: Rachel Hursh (Manzo), Crista Kraber, Jen Brubaker, Cameron Texter, Paul Martz, Eric Webb, Kevin Sidella, Jon Price, Justin Klos, and others. Wiedemer closed the email by stating that he (Wiedemer) would make the assignments "following a green light from you," meaning authorization from Stetler.

Nine days later, on April 28, 2004, Jessica Walls at the HDCC sent an email notice to the research team members, indicating Stetler's role in directing the Oppo "volunteers":

From: Jessica Walls [<mailto:jess@pahdcc.com>]

Sent: Wednesday, April 28, 2004, 4:34 PM

To: Hursh, Rachel; Kraber, C.C.; Brubaker, Jennifer; Texter, Cameron; Martz, Paul; Webb, Eric; Resch, Paul; DiLeo, Vicki; Sidella, Kevin; Price, Jon; Klos, Justin

Cc: 'Dan Wiedemer'; Green, Rosemary

Subject: Research meeting

Hi guys! Rep. Stetler would like us all to meet on Monday at 4:00 p.m. in his office to discuss the opposition research assignments. Please let me know if you can attend. Thank you!

Jessica Walls

Political Director

Pennsylvania House Democratic Campaign Committee

⁶ The others on the address list were Representatives Joseph Preston and Dan Frankel. Michael Manzo and Jessica Walls were copied.

On June 2, 2004, Dan Wiedemer sent out an email to the research team members, asking for an update on the status of the Opposition Research, and noting Stetler's gratitude:

Hey Guys-

I know we're in the midst of budget time, but I would like to get a sense for where we are in the opposition research process. I know a lot of you have gone into the field already, so we have attached a spreadsheet to determine what stage of the process we are in. Please let me know as soon as you get a chance.

Once again, thank you for all of your help. Rep Stetler would like to do a thank you dinner sometime this summer, which sounds great...unless he cooks.

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Attached to this email is a two-page spreadsheet, giving a breakdown of the various research teams and their assignments and providing space in which the team members were to report their progress on their respective Oppo assignments.

By August of 2004, the Opposition Research work had gone well. On August 27, 2004, at 2:54 p.m., from his Caucus email, Stetler emailed legislative employee Eric Webb, thanking Webb for his work on Opposition Research work:

Eric

Greatly appreciate your work on oppo research.....am advised you have gone beyond the call of duty. . . . thanks for your service to the caucus
steve

Once the Opposition Research was complete and the reports were written, Stetler remained involved in the process, and helped distribute the product, as is shown by the following two emails. First, on September 16, 2004, legislative employee Cameron Texter sent a completed Oppo report to Dan Wiedemer, with a copy to Stetler:

From: Cameron Texter [<mailto:ctexter@yahoo.com>]

Sent: Thursday, September 16, 2004 10:57 AM

To: Dan Wiedemer; Dan Wiedemer

Cc: Veon, Michael; Stetler, Stephen; Manzo, Michael; Diehl, Renee; Cott, Brett; Jessica Walls; Tigue, Thomas

Subject: Donna Asure 118th District Report

Hello All:

You will find attached the 118th District report opposition research on Donna Asure.

Chris Winters did the research on Representative Tom Tigue. I hope he forwarded that report as he promised before he left House service. Jamey Shick and Jon Price may have more information.

Please let me know if you have any questions or need more information or assistance.

Thanks.
Cameron.

Later in the day, Stetler forwarded the Oppo report to candidate Thomas Tigue:

From: Stetler, Stephen
Sent: Thursday, September 16, 2004 4:28 PM
To: Tigue, Thomas
Cc: Yudichak, John
Subject: FW: Donna Asure 118th District Report
Tom

Attached is oppo research on your opponent...you should share with marty...

The attachment to which both emails refer is a fourteen-page Opposition Research report on Donna Asure, the Republican candidate for the 118th District, authored by legislative employee Cameron Texter.

The Grand Jury further finds that while Stetler was at its helm, the HDCC used an expensive computer research tool that the HDC owned. The HDC had an account with LexisNexis, an internet search tool. The HDCC did not have its own account with LexisNexis, so when Jessica Walls at HDCC needed to do Oppo work involving LexisNexis research, she simply called "Policy Analyst" Brett Cott, at Representative Veon's office. Cott had the HDC's LexisNexis passwords. Cott would perform the research and get the results back to Walls. Thus the HDCC never had to open its own account with Lexis-Nexis or pay for a single bit of LexisNexis research. Furthermore, LexisNexis was expensive. In 2005, LexisNexis billed the Caucus at a rate of \$1,569.00 per month.

Thus the "perfectly good system" that Stetler directed Wiedemer to utilize involved HDC employees, on legislative time, using legislative resources to perform Opposition Research. As far as saving money for the HDCC, the "perfectly good system" worked. Wiedemer estimated that the HDCC saved "hundreds of thousands of dollars," perhaps up to half a million, by using HDC employees to perform Opposition Research. Of course, although the HDCC saved hundreds of thousands of dollars by using the "perfectly good system" to accomplish the Oppo work, it was not free. The taxpayers paid for it.

B. Use of Legislative Employees to Perform Other Campaign Work:

Stetler's improper use of legislative employees and resources to perform political work, on legislative time, was not limited to Opposition Research work. Stetler, along with Veon and

others, controlled the use of legislative personnel and resources for various additional types of campaign work.

Stetler's authority and ability to direct legislative personnel to political campaign work is demonstrated in the following series of emails. The emails began with an inquiry from former Representative Dan Surra. On September 24, 2004, at 12:01 p.m., Surra sent an email to Stetler, asking why candidate Steve Sigmund had not received any campaign help from the HDCC.

Later that same afternoon Stetler forwarded Surra's email to Dan Wiedemer, asking Wiedemer, "What is the status of this race?"

Wiedemer responded to Stetler and Surra within hours, making it clear that Stetler had control of campaign "volunteers," stating in part:

From: Dan Wiedemer [dan@pahdcc.com]
Sent: Thursday, September 23, 2004 2:49 PM
To: Stetler, Stephen; Surra, Dan
Cc: Cott, Brett; Veon, Michael; DeWeese, William
Subject: RE:

Over the summer I placed four calls to the campaign and got no response...these calls were to gain assistance with opposition research
. . . . This race was high on our radar screen. Rep. Stetler considered sending staff and planned to poll. . . .

Numerous witnesses told the Grand Jury how legislative employees were used in every aspect of campaign work, doing door-to-door campaigning and "lit drops," working on "phone banks," doing petition challenge work or circulating petitions, and performing many other tasks. According to HDC employee Rene Diehl, the HDC employees were utilized in campaign work to combat the superior monetary resources of the Republican Party, which would "always outspend us 3 to 1". According to Diehl:

[The amount of money] is the bottom line in this whole entire problem. When you're working with limited resources and you have the Legislature where you have hard working people that care about whether or not you win, it's easy to use those resources. You get in a situation where you're keeping the Campaign Committee from having to spend for doing this [at the HDCC] where it should be taking place, and it's a way of saving money.

The HDCC was thus only able to compete by putting a large number of HDC employees "on the ground" in "grassroots" campaign work, out in the field. The "grassroots" effort required

that the HDC employees either do campaign work on legislative time, or obtain time off, for which they were compensated, while doing campaign work.

As to the latter method, employees were directed and encouraged to accumulate compensatory time (comp time), which they would then use to “volunteer” on political campaigns. Caucus employees would receive comp time when they stayed at work beyond their normal working hours. In an effort to accrue comp time which could be used to campaign, Members and supervisors required employees to sit at their desks long after normal working hours, doing nothing, thereby accumulating hours and hours of fraudulent comp time. This process generated thousands of such comp time hours. Thus, when the campaign season arrived, some Caucus employees had multiple weeks of comp time. The employees would then be directed to “volunteer” to use that comp time to do political campaign work.

At Stetler’s direction, legislative employee Erin Madison became part of the pervasive culture involving the use of legislative resources for campaign work. Madison was employed as a Research Analyst in Stetler’s office from 2004 to 2006. She quickly learned that she should accumulate comp time. She testified that as soon as she was hired, “Representative Stetler encouraged me to start accruing comp time right away” Madison witnessed that practice throughout the Caucus: “The majority of people who were active politically, also, I felt, had also practiced staying late and building up comp time so they could eventually use it for political activities.”

As an example of the campaign work, Madison detailed her extensive involvement in a special election in 2005. Her efforts in that campaign were directed by Stetler and Weidemer. As stated by Madison: “I was the point of contact for Representative Stetler in terms of making sure the fundraising efforts were stepped up and communicating anything that was needed to Steve for their efforts in the field.” Madison worked “for a good month and a half or two months” in her capitol office on that campaign. Thereafter, she went out into the field for the final ten to fourteen days leading up to Election Day. After that special election, Madison received a \$1,000 bonus. Her legislative salary was \$34,000 in 2004, \$36,270 in 2005 and \$48,022 in 2006.

John Paul Jones was also a Stetler legislative employee. Like Dan Weidemer and Jessica Walls, Jones came to Harrisburg to work shortly after college. He began working in Stetler’s Harrisburg office in 2002. He remained there for approximately one year, left for a job in the

private sector, then came back to a position in Stetler's legislative office in May of 2004. Jones remained there until Stetler's resignation in August of 2006.

Jones testified that Stetler required him to do political campaign work on legislative time. For example, Stetler assigned Jones to work on the mayoral campaign of John Brenner, in York. Stetler had a District Office in York, and Stetler sent Jones there, to work out of that office, on the Brenner campaign. Jones remained at Stetler's District Office in York for over a month, spending at least half of his time on the Brenner campaign. He did not put in for leave, and simply performed the campaign work during his normal work time. According to Jones, Stetler never questioned Jones about whether he had enough comp time to cover his absences from Harrisburg or any of his campaign work.

Jones estimated that during his employment in Stetler's legislative office, he spent approximately one quarter of his time doing campaign work, all at Stetler's direction and/or with Stetler's approval. Jones' legislative salary was \$37,934 in 2004, \$40,456 in 2005, and \$60,008 in 2006.

Jones also provided testimony which established that Stetler both authorized and directed the use of legislative employees in specific campaigns. Specifically, Jones testified that in the lead-up to the 2006 elections, a disagreement arose as to where various HDC "volunteers" would be assigned. Jones testified:

. . . . I had a discussion about where I was going to that year for the 2006 primary, where I was going to go to help the HDCC. Steve [Stetler] was adamant that he didn't want me to go to Bill DeWeese's or Mike Veon's race because they were currently sucking up such a large amount of volunteers and we still had other races around the state that we wanted to make sure were adequately staffed. But the problem was it wasn't very clear that you would get credit for working on any race beside Veon's or DeWeese's race. By credit, I mean your name on the list for bonus consideration.

According to Jones, Stetler "knew that bonuses were being paid" and was aware of this, as well as the concept of receiving "credit" on the list. Stetler had utilized the list, after the 2004 elections, to ascertain who had done "good work", in connection with policy committee hirings.

Jones told Stetler that he wanted to work in the campaign of Chelsa Wagner, but was concerned that he would not get bonus "credit", because that campaign was not in the bonus "list". In order to resolve that situation, Stetler called Michael Manzo to

Stetler's office. According to Jones, Stetler told Manzo: "We have to make sure people have credit for other races because we have a lot of races that are important, and you guys already have tons of staff out on Veon's race." It was thereafter decided that Jones would go to the Chelsa Wagner campaign, and get "list" credit therefor.

C. USE OF LEGISLATIVE PERSONNEL FOR POLITICAL FUNDRAISING PURPOSES:

Erin Madison was hired by the HDCC to do political fundraising in 2004. She remained in that position until late in 2004. After the November 2004 elections, Stetler brought Madison into the Caucus as a legislative employee, giving her the job title of "Research Analyst" in his office. She received her paycheck from the legislature, but she did not leave her political fundraising duties behind. Stetler required that she continue to engage in her political activities while she was on the legislative payroll. The fundraising aspect of her legislative job was made clear during Madison's interview. As she stated: "It was my understanding that I would have to essentially do both the legislative work and fundraising work at the same time under one position."

Madison further testified: "[A]s part of my, I guess, my employment agreement, it was stated very clearly to me at that time that I would have dual responsibilities with the political work and with the legislative work." One of the fund-raising tools that she used, while working for Stetler, was a computer program called P.T. Database. This was the same computer program that Veon's fundraiser, P.J. Lavelle, used, and Lavelle actually assisted Madison in obtaining and using the program. Madison also made fundraising telephone calls with Stetler, "on-site at the Capitol in his office."