

**From:** [Gregory Gandrud](#)  
**To:** [CELA](#)  
**Subject:** Fwd: FPPC No. COM-03152019-00607; Greg Gandrud, Ronald Hurd, SBGOP  
**Date:** Thursday, March 21, 2019 6:35:55 PM  
**Attachments:** [Attachment to responses to FEC & FPPC.pdf](#)

**MUR 7574**

Dear Mr. Jordan

Thank you for your letter of March 6th referencing MUR 7574.

Gandrud Financial Services Corporation (GFS) was hired by the Santa Barbara County Republican Party (SBGOP) to serve as a professional employer organization in order to reduce the party's cost of workers compensation insurance and the cost of payroll processing. GFS paid the employees and billed SBGOP for the exact cost of wages, payroll taxes, and insurance. The SBGOP paid GFS for those exact costs and nothing more. The payroll processing services provided to SBGOP were provided by Gregory Gandrud as a volunteer in his free time and took less than 30 minutes of his time twice per month. Additionally, SBGOP reimbursed some minimal expenses (such as telephone, hotel, or restaurant charges) charged to Gregory Gandrud's personal credit card.

Enclosed are emails to and from Valerie Watson and GFS that made it clear that she understood that she was to report all of her time to GFS in accordance with FEC regulations so that the SBGOP in turn could pay and report all activities from the correct accounts.

There was no misappropriation, co-mingling, or mis-classification. The money GFS received from SBGOP was reported as income and the money that GFS paid to the employee and the associated taxes and insurance was reported as an expense on GFS corporate returns (having zero impact on taxable income). Valerie Watson has never had access to our confidential tax returns and is not in a position to state what was or was not reported on our tax returns. In fact, in August of 2017 when she first made allegations that we had filed fraudulent tax returns for 2016, our 2016 returns had not even been filed (due date was extended to 9/15/2017).

The amounts that Valerie Watson indicates were "kept by GFS" were actually unemployment taxes and workers compensation insurance premiums paid by GFS for SBGOP employees. No funds from SBGOP were actually kept by GFS.

The Certified Professional Employer Program that Ms. Watson mentions in her allegations is in fact an optional program offered by the IRS in which GFS was not required to participate.

Ms. Watson is a very disgruntled former employee. She filed two actions against us with the California Division of Labor Standards Enforcement and twice had her case dismissed. Copies of those dismissals and other supporting documents are attached.

I declare under penalty of perjury under the laws of the State of California that the forgoing is true and correct to the best of my knowledge and belief.

Signed,

Gregory Gandrud, as an individual  
Gregory Gandrud, as President of Gandrud Financial Services Corporation

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Gregory Gandrud  
(805) 566-1475 x114

[www.GandrudFinancial.com](http://www.GandrudFinancial.com)

[www.GandrudFinancial.com](http://www.GandrudFinancial.com)

(805) 566-1475

## GENERAL RELEASE OF ALL CLAIMS

This severance agreement and general release of all claims ("Release") is entered into this 30<sup>th</sup> day of October, 2016, by and between Valerie L. Watson or "EMPLOYEE") and Gandrud Financial Services Corporation, and their officers, representatives, agents, principals, partners and employees (all collectively referred to as "EMPLOYER").

### RECITALS

A. EMPLOYEE was employed by EMPLOYER as EXECUTIVE DIRECTOR, from on or about February 1<sup>st</sup>, 2016, until July 15<sup>th</sup>, 2016.

B. EMPLOYER desires to settle and compromise any and all possible claims EMPLOYEE may have against EMPLOYER arising out of the employment relationship, and to provide for a release of any such claims, whether or not such claims have been asserted. EMPLOYEE desires to settle and compromise any and all possible claims EMPLOYER may have against EMPLOYEE arising out of the employment relationship, and to provide for a release of any such claims, whether or not such claims have been asserted. Such claims include certain allegations made or which could be made by EMPLOYEE, which claims are disputed and denied by EMPLOYER. Therefore, it is agreed and understood that this Release is a compromise of any and all potentially disputed claims, and that this Release is not an admission of liability or wrongdoing by any party.

### AGREEMENT

1. IN CONSIDERATION of EMPLOYER'S agreement to release EMPLOYEE from any and all possible claims, EMPLOYEE does hereby unconditionally and absolutely release and discharge EMPLOYER from any and all loss, liability, causes of action, suits of any type and/or claims of any type, related directly or indirectly or in any way connected with EMPLOYEE's employment at EMPLOYER or the termination of her employment. This Release applies to any claims arising out of or related to EMPLOYEE's employment with EMPLOYER or her termination therefrom.

2. IN FURTHER CONSIDERATION of the above, EMPLOYEE agrees that she will not prosecute in any administrative agency, whether federal or state, or in any court, any claim or demand of any type related to her employment, it being the intention of the parties that with this Release, EMPLOYER will be forever discharged from all obligations to EMPLOYEE arising out of or related to her employment. This release includes, but is not limited to, claims of breach of contract or misrepresentation or wrongful termination arising out of or relating to employment or the termination thereof, or any alleged violations of Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disability Act, the California Fair Employment and Housing Act, the California and Federal Family Leave Acts, the California Labor Code, the California Government Code Sections 12940 et seq., all as amended, all claims for wages, compensation, or commissions owed, or any other laws and/or regulations relating to sexual harassment, gender discrimination and employment discrimination.

Initials



3. EMPLOYEE expressly waives the benefits provided by California Civil Code Section 1542, which provides: "A general release does not extend to claims which the creditor does not know of or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

4. EMPLOYEE certifies that she has read this Release, the quoted Civil Code section and that she fully understands this Release.

5. EMPLOYEE declares that no promise or agreement not contained herein has been made, and that this Release contains the full and entire agreement between the parties.

6. Any dispute arising out of this Release or EMPLOYEE's employment or termination shall be resolved by binding arbitration under the rules and procedures of the American Arbitration Association, and the findings of the arbitrator shall be binding.

7. If any provision of this Release or part thereof is held invalid, void or voidable, the invalidity shall not affect other provisions or parts, which shall be given effect.

8. If either party to this agreement breaches this Release, the prevailing party in any action to enforce the provisions of this Release shall be entitled to attorneys fees and costs.

9. EMPLOYEE agrees that the terms and conditions of this Agreement, and any and all actions by the parties to this agreement to effectuate this agreement, are confidential and shall not be disclosed, discussed or revealed by EMPLOYEE to any other person or entity except spouse, attorney, financial advisor, or as required by law. In the event any person or entity asks EMPLOYEE or EMPLOYER about any such matters, both EMPLOYEE and EMPLOYER shall respond only that "the matter has been resolved," and refuse to discuss any such matters further.

10. EMPLOYEE acknowledges Company hereby has advised EMPLOYEE in writing to discuss this Agreement with an attorney before executing it and that Company has provided EMPLOYEE at least twenty-one (21) days within which to review and consider this Agreement before signing it.

11. The Parties acknowledge and agree that EMPLOYEE may revoke this Agreement for up to seven (7) calendar days following the execution of this Agreement, and that it shall not become effective or enforceable until the revocation period has expired,. The Parties further acknowledge and agree that such a revocation must be in writing, addressed to EMPLOYER, and received not later than 5:00 p.m. on the seventh (7th) day following execution of this Agreement by EMPLOYEE. If EMPLOYEE revokes this Agreement, it shall not be effective or enforceable and EMPLOYEE will not receive the benefits described above.

Initials



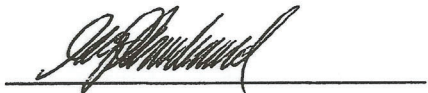
12. If EMPLOYEE does not revoke this Agreement in the time frame specified in the paragraph numbered 11 above, the Agreement shall become effective at 12:01 a.m. on the eighth (8th) day after it is signed by EMPLOYEE.

**THE UNDERSIGNED HAVE EXECUTED THIS RELEASE ON THE DATES SHOWN BELOW, AND BY THEIR SIGNATURES BELOW ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTOOD THE ABOVE, AND THAT THIS IS A COMPLETE RELEASE OF ALL CLAIMS:**



Valerie L. Watson, EMPLOYEE

Date Signed: October 31<sup>st</sup>, 2016



Gandrud Financial Services Corporation, EMPLOYER  
By Gregory Gandrud, President

Date Signed : October 30<sup>th</sup>, 2016

Initials VLW GG

## GENERAL RELEASE OF ALL CLAIMS

This severance agreement and general release of all claims ("Release") is entered into this 31<sup>st</sup> day of October, 2016, by and between Valerie L. Watson ("Watson") and the Santa Barbara County Republican Party, and their officers, members, agents, and employees (all collectively referred to as "Committee").

### RECITALS

A. Watson was employed by the Committee as EXECUTIVE DIRECTOR, from on or about July 16<sup>th</sup>, 2016, until August 31<sup>st</sup>, 2016.

B. The Committee desires to pay Watson and Watson desires to accept \$4,500 as total compensation for the period July 16 through August 31, 2016. The Committee desires to settle and compromise any and all possible claims Watson may have against the Committee arising out of the employment relationship, and to provide for a release of any such claims, whether or not such claims have been asserted. Watson desires to settle and compromise any and all possible claims the Committee may have against Watson arising out of the employment relationship, and to provide for a release of any such claims, whether or not such claims have been asserted. Such claims include certain allegations made or which could be made by Watson, which claims are disputed and denied by the Committee. Therefore, it is agreed and understood that this Release is a compromise of any and all potentially disputed claims, and that this Release is not an admission of liability or wrongdoing by any party.

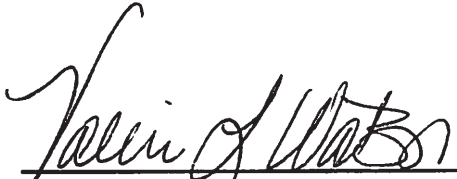
### AGREEMENT

1. IN CONSIDERATION of the Committee's agreement to release Watson from any and all possible claims, Watson does hereby unconditionally and absolutely release and discharge the Committee from any and all loss, liability, causes of action, suits of any type and/or claims of any type, related directly or indirectly or in any way connected with Watson's employment by the Committee or the termination of her employment.
2. IN FURTHER CONSIDERATION of the above, Watson agrees that she will *not* prosecute in any administrative agency, whether federal or state, or in any court, any claim or demand of any type related to her employment, it being the intention of the parties that with this Release, the Committee will be forever discharged from all obligations to Watson arising out of or related to her employment. This release includes, but is not limited to, claims of breach of contract or misrepresentation or wrongful termination arising out of or relating to employment or the termination thereof, or any alleged violations of Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disability Act, the California Fair Employment and Housing Act, the California and Federal Family Leave Acts, the California Labor Code, the California Government Code Sections 12940 et seq., all as amended, all claims for wages, compensation, or commissions owed, or any other laws and/or regulations relating to sexual harassment, gender discrimination and employment discrimination.

3. Watson and the Committee both expressly waive the benefits provided by California Civil Code Section 1542, which provides: "A general release does not extend to claims which the creditor does not know of or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."
4. Watson certifies that she has read this Release, the quoted Civil Code section and that she fully understands this Release.
5. Watson declares that no promise or agreement not contained herein has been made, and that this Release contains the full and entire agreement between the parties.
6. Any dispute arising out of this Release or Watson's employment or termination shall be resolved in Court.
7. If any provision of this Release or part thereof is held invalid, void or voidable, the invalidity shall not affect other provisions or parts, which shall be given effect.
8. If either party to this agreement breaches this Release, the prevailing party in any action to enforce the provisions of this Release shall be entitled to attorneys fees and costs.
9. Watson and the Committee agree that the terms and conditions of this Agreement, and any and all actions by the parties to this agreement to effectuate this agreement, are confidential and shall not be disclosed, discussed or revealed by Watson or the Committee to any other person or entity except spouse, attorney, financial advisor, or as required by law. In the event any person or entity asks Watson or the Committee about any such matters, both Watson and the Committee shall respond only that "the matter has been resolved," and refuse to discuss any such matters further.
10. Watson acknowledges the Committee hereby has advised her in writing to discuss this Agreement with an attorney before executing it and that Company has provided Watson at least twenty-one (21) days within which to review and consider this Agreement before signing it.
11. This agreement becomes legally binding upon payment of \$4,500 to Watson by the Committee. This agreement becomes null and void if payment is not received within 24 hours of signature.

**THE UNDERSIGNED HAVE EXECUTED THIS RELEASE ON THE DATES SHOWN BELOW, AND BY THEIR SIGNATURES BELOW ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTOOD THE ABOVE, AND THAT THIS IS A COMPLETE RELEASE OF ALL CLAIMS:**




  
Valerie L. Watson, Executive Director

Date signed: November 7<sup>th</sup>, 2016

  
Santa Barbara County Republican Party  
By Dale Francisco, Chairman

Date signed: 11/7/2016

<b>Direct any correspondence to:</b> <b>LABOR COMMISSIONER, STATE OF CALIFORNIA</b> Department of Industrial Relations Division of Labor Standards Enforcement 411 East Canon Perdido Street, Room 3 Santa Barbara, CA 93101 Tel: (805) 568-1222 Fax: (805) 568-1569		
<b>PLAINTIFF:</b> Valerie Watson		
<b>DEFENDANT:</b> Gandrud Financial Services Corporation Santa Barbara County Republican Party 1180 Eugenia Pl. #220 Carpinteria, CA 93013		
State Case Number <b>13 - 53093 EF</b>	<b>NOTICE OF CLAIM AND CONFERENCE</b>	

**ALL PARTIES** in the above matter **ARE TO APPEAR** for a conference to be held in the Office of the State Labor Commissioner as follows:  
**PLACE:** 411 East Canon Perdido Street, Room 3, Santa Barbara, CA 93101

**DATE:** Monday, July 3, 2017 **TIME:** 8:30 AM

The purpose of this conference is to discuss the validity and to settle the claim filed with this Division by the Plaintiff shown above alleging non-payment of:

1. Regular wages earned from 2/1/16 through 7/15/16 claiming \$22,667.56
  2. Commissions earned from 2/1/16 through 7/15/16 claiming \$6,169.70
  3. Business expenses incurred from 2/1/16 through 7/15/16 claiming \$1,604.26 plus reasonable attorneys fees pursuant to LC section 2802(c)
- Waiting time penalties and liquidated damages to be determined by deputy at conference.

and also alleging liquidated damages pursuant to Labor Code Section 1194.2 in an amount equal to any unpaid minimum wages.  
 which equals \_\_\_\_\_ or  
 which will be determined at conference.

and also alleging additional wages accrued pursuant to Labor Code Section 203 as a penalty at the rate of \_\_\_\_\_ per day until paid, but not to exceed thirty days.  
 and also alleging additional wages accrued pursuant to Labor Code Section 203.1, as a penalty at the rate of \_\_\_\_\_ per day for issuance of an insufficient payroll check for an indeterminate number of days not to exceed thirty days per check.  
 In addition, the Defendant may be subject to penalties due to the State of California, pursuant to Labor Code Section(s) 210, 225.5 and/or 226.8, if applicable.

**TO ALL PARTIES:** Please bring any supporting material you have, including books, payroll records, time records or other documents that may have bearing on this matter.

**TO THE DEFENDANT:** This notice constitutes demand on behalf of the claimant that all wages due be mailed immediately to the Labor Commissioner at the address listed above. Prior to the conference, you may submit to this office a written reply regarding this claim. However, you should still attend the conference, unless otherwise notified. **Instead of appearing** for the above conference you can settle this claim by **immediately** mailing to this office a check or money order made payable to the Plaintiff for the full amount of the claim, including penalties and any liquidated damages. If you concede that part of the claim is valid the conceded amount **must be paid immediately** as required by Labor Code Section 206. Any disputed amount will be discussed at the scheduled conference. Payment must be accompanied by a separate or detachable itemized statement of any deductions made, as provided by the Labor Code. Do not make payroll deductions from amounts paid as penalties.

While this claim is before the Labor Commissioner, you are required under Labor Code Section 98(a) to notify the Labor Commissioner in writing of any change in your business or personal address within 10 days after any change occurs. If this claim is not settled, it may be resolved as provided by Section 98 of the Labor Code which includes the accrual of interest pursuant to Labor Code Section(s) 98.1(c), 1194.2 and/or 2802(b).

*Elaine Fruithof*

Elaine Fruithof Deputy Labor Commissioner  
 805-568-1233

DATED: April 20, 2017





DEPARTMENT OF INDUSTRIAL RELATIONS  
DIVISION OF LABOR STANDARDS ENFORCEMENT  
Retaliation Complaint Investigation Unit  
2031 Howe Avenue, Suite 100  
Sacramento, CA 95825  
(916)263-5604 Fax: (916)263-2853



June 29, 2017

Gandrud Financial Services Cor  
1180 Eugenia Place Suite 220  
Carpinteria, CA 93013

Re: State Case No. 47429 - SACRCI; Valerie Watson v Gandrud Financial Services Cor

Dear Gandrud Financial Services Cor:

The Division of Labor Standards Enforcement ("DLSE") has received a retaliation complaint in the above-referenced case. I am the Retaliation Complaint Investigator (RCI) assigned to investigate this complaint. The investigation will be conducted pursuant to the provisions of Labor Code §98.7.

Enclosed is a copy of the complaint or a summary of Complainant's retaliation complaint, as well as a questionnaire relating to the complaint. Within 30 days of the date of this letter, please complete the questionnaire and return it to our office.

Employees who have been retaliated against in violation of the Labor Code may be entitled, among other things, to reinstatement and compensation for any lost wages due to the illegal retaliation. In addition, employer may be subject to a civil penalty of up to \$10,000.00 for every violation of Labor Code Section 98.6 and corporate employers may be subject to a civil penalty of up to \$10,000.00 for every violation of Labor Code Section 1102.5.

The enclosed "Summary of Procedures" provides additional information regarding the process. You can also obtain information at [www.dir.ca.gov/dlse/dlseDiscrimination.html](http://www.dir.ca.gov/dlse/dlseDiscrimination.html).

It is your responsibility to cooperate with my investigation. You must keep me informed of any changes of address or telephone numbers, respond to any requests for documents, and attend any meetings. I look forward to receiving the completed questionnaire from you. Thank you.

Very truly yours,

Alejandro Cortez  
Industrial Relations Rep  
Retaliation Complaint Investigation Unit

Encl.

Valerie L. Watson

PRINT YOUR NAME: \_\_\_\_\_

FOR OFFICE USE ONLY
Case #:

### Part 4: EMPLOYMENT STATUS

27. DATE OF HIRE 02 / 01 / 2016 <small>Month Day Year</small>	28. Check which box applies to you: <input type="checkbox"/> Still working for employer <input type="checkbox"/> QUIT on ___ / ___ / ___ <input type="checkbox"/> Suspended on ___ / ___ / ___ <input checked="" type="checkbox"/> DISCHARGED on 07 / 15 / 2016 <input type="checkbox"/> Other (specify): _____
29. If you no longer work for the employer, what was your final rate of pay? \$3000/mo + commiss+ / monthly (for example, \$10/hour)	30. Last job title with Employer Executive Director Job Title: _____

### Part 5: YOUR COMPLAINT

**INSTRUCTIONS:** Please see the Instructions Sheet to help you answer the following questions. Give a written statement to each question. An incomplete form will result in delays. While it is important to know the names of management involved, do not include the names of the any of your witnesses on this page.

31. What changes have occurred at work that caused you to make this complaint?

- Termination     Suspension     Demotion     Change in hours     Change in pay     Other : \_\_\_\_\_  
 Disciplinary action/written warning     Threat     Transfer     Forced to resign/quit

Date of change in employment: 07 / 15 / 20

Name(s) of person(s) carrying out change: Greg Gandrud    Title: 2nd Vice President / Chair  
 Bobbi McGinnis    Title: Secretary

Please describe what happened.


Terminated w/o cause or warning despite excellent work. Gandrud intentionally misrepresented finances and stated he could fire me 'at will', spread falsehoods disparaging me to influence votes. Refused 9 agreements & interview to rehire me, withheld \$4500 wages for 68 days, still refuses \$6,169.70 commissions earned. Concealed contract terms for commissions. Gandrud violated CA Labor Code 206.5 1.) release for wages 2.) incorrect time reporting to be paid

32a. What reason would the employer give for the changes that you experienced that are described in question 31 above? What right did you exercise or action did you take that happened before the change in your employment described in question 31?  
Mr. Gandrud's time sheet instructions to me were incorrect - forced me to inaccurately allocate hrs to projects

& refused reporting overtime. Financial professionals advised Gandrud's rules were incorrect and instructed me to restate time sheets and to change work status from employee to Independent Contractor(June 2016.) Gandrud ignored this professional advice, spread rumors of financial misconduct and a conflict of interest. Mr. Gandrud also claimed he was my employer & could fire me at will. He claims his invalid release (for wages 68 days refused) forfeits my fundraising wages he fraudulently concealed (posted forfeited wages immediately after my signature)

32b. Describe how your employer knew about the activity or actions (e.g., exercising your rights) in question 32a.?

My amended time sheets were submitted as directed by financial professionals and a standard agreement template to change my status to Independent Contractor instead of employee as advised by financial professionals who advised these changes for accuracy and to bring in compliance with CA Labor Codes and campaign finance. Mr. Gandrud wrongfully terminated me, concealed commissions wages, withheld wages, blocked my rehire.

<b>STATE OF CALIFORNIA</b> <b>DEPARTMENT OF INDUSTRIAL RELATIONS</b> <b>Labor Commissioner's Office</b> 411 E Canon Perdido, Room 3 Santa Barbara, CA 93101 Tel: (805) 568-1222 Fax: (805) 568-1569	
<b>PLAINTIFF:</b> <b>Valerie Watson</b>	
<b>DEFENDANT:</b> <b>Gandrud Financial Services Corporation,</b> 1180 Eugenia Pl. #220 Carpinteria, CA 93013 <b>Santa Barbara County Republican Party,</b> 1180 Eugenia Pl. #220 Carpinteria, CA 93013	
<b>State Case Number</b> <b>13-53093</b>	<b>NOTICE-<del>INVESTIGATION</del> COMPLETED</b>

We have completed our investigation of the complaint made by the Plaintiff shown above.

This is to advise you that no further action is contemplated by this office and we are closing our file:

The Labor Commissioner's office declines to pursue the case due to the complexity of issues regarding the claim.

NOTICE DATE: September 5, 2017

Elaine Fruithof  
Deputy Labor Commissioner  
(805) 568-1233





Gregory Gandrud <greg@gandrudfinancial.com>

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**RE: Case #47429 SACRCI; Valerie Watson v Gandrud Financial Services Cor**

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**Cortez, Alejandro@DIR** <ACortez@dir.ca.gov>  
To: Gregory Gandrud <greg@gandrudfinancial.com>  
Cc: Robert Hudson

Thu, Aug 10, 2017 at 3:30 PM

Yes, claim has is closed.

AC

**From:** Gregory Gandrud [mailto:[greg@gandrudfinancial.com](mailto:greg@gandrudfinancial.com)]  
**Sent:** Thursday, August 10, 2017 2:09 PM  
**To:** Cortez, Alejandro@DIR <[ACortez@dir.ca.gov](mailto:ACortez@dir.ca.gov)>  
**Cc:** Robert Hudson  
**Subject:** Re: Case #47429 SACRCI; Valerie Watson v Gandrud Financial Services Cor

Dear Mr. Cortez,

Has the case been dismissed yet?

Yours truly,

Greg

----- Forwarded message -----

**From:** **Gregory Gandrud** <[Greg@gandrudfinancial.com](mailto:Greg@gandrudfinancial.com)>  
**Date:** Thu, Jul 20, 2017 at 9:04 PM  
**Subject:** Case #47429 SACRCI; Valerie Watson v Gandrud Financial Services Cor  
**To:** Alejandro Cortez <[acortez@dir.ca.gov](mailto:acortez@dir.ca.gov)>

Dear Mr. Cortez,

Attached please find copies of the two releases that Valerie Watson signed that are related to Case #47429 SACRCI; Valerie Watson v Gandrud Financial Services Cor.

Please dismiss her complaints.

Thank you in advance for your assistance.

Sincerely,

Gregory Gandrud, President  
Gandrud Financial Services Corporation

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[\(805\) 566-1475 x114](tel:(805)566-1475)

[www.GandrudFinancial.com](http://www.GandrudFinancial.com)

[www.GandrudFinancial.com](http://www.GandrudFinancial.com)

(805) 566-1475



Gregory Gandrud <greg@gandrudfinancial.com>

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**Re: Valerie Watson**

1 message

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**Gregory Gandrud** <greg@gandrudfinancial.com>

Mon, Oct 30, 2017 at 2:34 PM

To: Alison Bernal <alison@nps-law.com>

Cc: Lindsey LeBlanc <lindsey@nps-law.com>, Barbara Kohn

Dan Demeter

George Croll

Hans Backlund

Leigh Collier

Phebe

Robert Hudson

Robert Mercado

Ron Hurd

Tom Widroe

Jonathan Miller <jonathan@nps-law.com>

Dear Ms. Bernal,

As promised, we are providing additional information to refute Ms. Watson's baseless claims.

The party has a fiduciary duty not to waste committee funds and has the right to terminate an at-will employee for any reason or for no reason. Ms. Watson's tardiness was related to her showing up late for meetings and failing to complete projects in a timely fashion. There were dozens of witnesses to this behavior and many of these people are the same ones who would be happy to testify to Ms. Watson's abuse of volunteers. As to the state of the finances, perhaps you are unaware that federal law requires the segregation of funds into federal and non-federal accounts as corporations and labor unions are prohibited from participating directly in the election of federal candidates. According to time-sheets turned in by Ms. Watson, she generally spent more than 25% of her time on federal election activities. Accordingly, federal law required that her compensation be paid for from federal funds. According to the attached email from then finance committee chairman Gary Vandeman, the funds available in the federal account were insufficient to cover the party's financial obligations. This email was one of driving forces behind GFS's decision to terminate its position as Ms. Watson's employer of record. Mr. Vandeman's email also caused great concern among the party's executive committee and was a major factor in Ms. Watson's termination (along with poor job performance).

Ms. Watson's allegations that she uncovered a conspiracy are refuted by the attached email where she acknowledged that she was instructed to follow federal regulations and to err on the side of caution. In fact, it was actually Ms. Watson who turned in bogus time-sheets in violation of federal law in an attempt to fraudulently allocate prohibited funds into the federal account. We have copies of Ms. Watson's original time-sheets and have obtained copies of the altered time sheets from Political Finance Solutions.

Ms. Watson makes the ludicrous claim that she was fired for discovering that GFS was committing tax fraud and violating non-existent ethical guidelines. GFS made no profit from its relationship with the party. As Ms. Watson has had no way of viewing GFS's accounting documents or its tax returns, we find it curious that Ms. Watson claims to know exactly what deductions GFS claimed. Does Ms. Watson really expect anyone to believe, that between February and July of 2016, she viewed GFS's 2016 tax returns? GFS filed, in complete accordance with the law, its original tax returns for 2016 timely on September 14th 2017 (after Ms. Watson claimed that a fraudulent return had already been filed). This would seem, at the least, to cast serious doubt on Ms. Watson's whistle-blower theory as well as her credibility.

As you surely know, California's wiretapping law is a "two-party consent" law. California makes it a crime to record or eavesdrop on any confidential communication, including a private conversation or telephone call, without the consent of all parties to the conversation. See Cal. Penal Code § 632. The statute applies to "confidential communications" -- i.e., conversations in which one of the parties has an objectively reasonable expectation that no one is listening in or overhearing the conversation. See *Flanagan v. Flanagan*, 41 P.3d 575, 576-77, 578-82 (Cal. 2002). Per the attached email from Gregory Gandrud, Ms. Watson was caught eavesdropping on the executive committee meeting of July 15th, 2016. And, after being relieved of her duties, she changed the passwords to the party's web site, email, phone system, and



other assets of the party and refused to provide the new passwords to their rightful custodians. This constitutes conversion.

Ms. Watson's continued pursuit of her baseless claims after signing legally valid releases certainly constitutes malicious prosecution and abuse of process. We have several dozen additional documents to counter Ms. Watson's ludicrous claims and dozens of potential witnesses against her should she decide foolishly to move forward with litigation that will, in the end, prove only to be very costly for her and for Mr. Francisco.

Sincerely,

Gregory Gandrud, President  
Gandrud Financial Services Corporation

Tom Widroe, Chairman  
Santa Barbara County Republican Party

On Thu, Oct 19, 2017 at 4:24 PM, Gregory Gandrud <[Greg@gandrudfinancial.com](mailto:Greg@gandrudfinancial.com)> wrote:

Dear Ms. Bernal,

Because the party is a committee, we are unable to coordinate the necessary steps to be able to give you a complete response by today. However, we would like to take this opportunity to highlight a couple of key points that we believe are being discounted in the face of strong contrary indications.

First, we believe that your contentions regarding Ms. Watson's contract are incorrect, specifically as regards Mr. Chambers prior contract. We direct your attention to the enclosed email from Mr. Dale Francisco which includes the proposed contract with Mr. Chambers. That proposed contract had a duration of one year. His actual contract provided for termination at any time. Therefore Mr. Chambers would not have had eligibility for any bonus payments after March 2016.

We also ask you to see the attached minutes of the party's Executive Committee meeting which approved the hiring of Ms. Watson. The reference to a bonus is notably absent.

Secondly, we take issue with your statement that California Labor Code §§ 206 and 206.5 negate our assertions that Ms. Watson released her claims. In fact, the exact opposite is true as held by the California Court of Appeals in the case of Hawthorne v Italian Fashion by Susie, Case No. B254211 (Ca. Ct. Apps., 6/29/15). In that case, the court, citing prior California judicial authority, held that disputed wage claims may indeed be resolved by a release.

In *Aleman v. Airtouch Cellular* (2012) 209 Cal.App.4th 556 (*Aleman*), the court rejected an employee's claim that a release of claims she executed was unenforceable under section 206.5. The employee contended the employer failed to pay her certain wages she claimed she was undisputedly owed. But the court concluded there was "no question" the employer disputed the employee's right to the challenged pay. Since the pay at issue was not "undisputedly owed," and the employee received consideration for releasing her disputed claims, the trial court properly found the release effective. (*Aleman*, supra, at p. 578.)

There is no question that Ms. Watson's claims for compensation were in dispute. Between the date of her termination and the entry into a new contract as an independent contractor, the party understood that Ms. Watson was acting as a volunteer. In fact, she announced herself as such at a meeting of the Central Committee during this period. As well, the party disputed Ms. Watson's claims for bonuses and other compensation for the prior period beginning in February 2016. The releases represented a compromise and settlement of these disputed compensation claims. We believe those facts place this matter squarely within the holding of the Hawthorne case and other California authority and firmly slam the door shut on the assertion that the releases are invalid. The employee-favorable State of California Department of Industrial Relations understood this and dismissed Ms. Watson's claims.

We are attaching those releases for your reference and direct your attention to Sections 8 and 9 of each of those releases. Section 8 states that a party breaching the release is liable for attorney's fees. Therefore, the exposure for legal fees in the event of litigation is the reverse of what you have posited. Miss Watson will be liable. Section 9 of the releases is a confidentiality covenant. Ms. Watson has breached this covenant by copying Senator Jim Brulte and Mr Robert Bernosky. The party is a separate legal entity from the California Republican Party and the party is not bound by any of its policies. We demand that Ms. Watson cease and desist from breaching this covenant.

Again, we intend to provide you with a more complete response. However, in the interim, we advise that we are confident, with good reason, that should she proceed with filing a complaint with the court, Ms. Watson's claims will be dismissed and she will be held liable for the legal fees incurred by the defendants. We suggest that pursuit of litigation will result in multiple negative consequences for Ms. Watson and Mr. Francisco and would be a very big mistake.

Sincerely,

Gregory Gandrud, President

Gandrud Financial Services Corporation

Tom Widroe, Chairman

Santa Barbara County Republican Party

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Gregory Gandrud

(805) 566-1475 x114

[www.GandrudFinacial.com](http://www.GandrudFinacial.com)

---

**From:** Alison Bernal [mailto:[alison@nps-law.com](mailto:alison@nps-law.com)]

**Sent:** Wednesday, October 18, 2017 11:46 AM

**To:** Gregory Gandrud

**Cc:** Lindsey LeBlanc; Barbara Kohn; Dan Demeter; George Croll; Hans Backlund; Leigh Collier; Phebe Mansur; Robert Hudson; Robert Mercado; Ron Hurd; Tom Widroe; [jimbrulte@aol.com](mailto:jimbrulte@aol.com); Jonathan Miller

**Subject:** RE: Valerie Watson

Dear SBGOP and Mr. Gandrud,

We are writing to briefly respond to Mr. Gandrud's October 13, 2017, email. We want to make sure the committee understands it has a fiduciary obligation to the party, and accordingly must act in the best interest of the party, and not in the best interest of Mr. Gandrud or Gandrud Financial. If litigated, the liability of the party and individual members will be separate and distinct from the liability of Mr. Gandrud and Gandrud Financial. While we will separately hold Mr. Gandrud and Gandrud Financial responsible for their actions, we have reached out to you prior to litigation to invite you to consider the risk to the organization as you approach this case. With this in mind, we have reviewed the allegations in Mr. Gandrud's email, each of which is squarely refuted by the documentary evidence and the law. While we will not continue to litigate by letter, we feel it necessary to respond to the inaccuracies in the email and to provide the party and Mr. Gandrud a final opportunity to resolve this matter short of litigation.

The SBGOP undisputedly offered Ms. Watson the position as Executive Director with the same contract as the prior Executive Director, including a commission schedule. Several committee members witnessed this, and in fact, on February 17, 2016, the SBGOP approved the 2016 budget which included a line item for Executive Director fundraising commissions in the amount of \$10,561. Relying on the fact Ms. Watson was hired in a presidential election year is disingenuous. Ms. Watson raised far more than any prior executive director, whether in a primary year or otherwise. Moreover, the SBGOP had originally hired Mr. Chambers to continue in the Executive Director role through 2016. Mr. Chambers would have been eligible to receive fundraising commissions had he raised sufficient funds in 2016, just as he was eligible for commissions in 2015.

The excuse of lack of funds, and belated claims of tardiness and verbal altercations are vacuous and without merit. When Mr. Gandrud unilaterally terminated Ms. Watson, the party had close to \$35,000 in its bank accounts. Moreover, the party never claimed it was terminating Ms. Watson due to any tardiness (as Ms. Watson worked out of her home and scheduled her work including appointments) or for purported altercations. The party never advanced these as reasons for Ms. Watson's termination, and therefore the court would not consider these as a legitimate business reason for termination, especially in light of the temporal proximity to Ms. Watson's report of inappropriate conduct by Mr. Gandrud and the party.

Similarly, Labor Code §§ 206 and 206.5, definitely puts to rest the claim that Ms. Watson released any of her claims. The California legislature made clear that an employer cannot force an employee to sign a release in order to receive payment for work done. That is precisely what occurred here. The releases are invalid as a matter of law.

Mr. Gandrud's claims of eavesdropping, malicious prosecution, defamation, and abuse of process are simply not supported by the law and will be easily disposed of as the litigation progresses. The presentation of these claims will also entitle Ms. Watson to recover her attorneys' fees under California's anti-SLAPP statute.

Your fiduciary obligations require you to determine how best to protect your institution in regards to Ms. Watson's claims. Ms. Watson did not create this issue. Ms. Watson was a dedicated employee who worked hard to raise more money than the party had in any prior year and run the first professional campaign for the party. In response, the treatment Ms. Watson has received from the party is horrendous. It reflects poorly on the party, and will be so viewed in the courts. If you would like to resolve this short of litigation, we need a firm response to the settlement offer, or a good faith offer to go to mediation, in writing by tomorrow, October 19, 2017.

We look forward to your response. Thank you,

**Alison M. Bernal** | Partner | Nye, Peabody, Stirling, Hale & Miller, LLP  
33 West Mission Street, Suite 201 | Santa Barbara, CA 93101  
T: 805.963.2345 | F: 805.563.5385  
E: [Alison@nps-law.com](mailto:Alison@nps-law.com) | W: [www.nps-law.com](http://www.nps-law.com)

**From:** Gregory Gandrud [<mailto:greg@gandrudfinancial.com>]  
**Sent:** Friday, October 13, 2017 11:37 AM  
**To:** Alison Bernal <[alison@nps-law.com](mailto:alison@nps-law.com)>; Jonathan Miller <[jonathan@nps-law.com](mailto:jonathan@nps-law.com)>  
**Cc:** Lindsey LeBlanc <[lindsey@nps-law.com](mailto:lindsey@nps-law.com)>; Barbara Kohn  
Dan Demeter  
George Croll <  
Leigh Collier  
Robert Hudson  
Ron Hurd  
Hans Backlund  
Phebe Mansur  
Robert Mercado  
Tom Widro  
**Subject:** Re: Valerie Watson

Dear Mr. Miller and Ms. Bernal,

Thank you for your letter of September 18th.

Valerie Watson entered into a verbal contract to work as Executive Director of the Santa Barbara County Republican Party (hereafter referred to as "the party") at a salary of \$3,000 per month in February of 2016 as an at-will employee. The party contracted with Gandrud Financial Services Corporation (hereafter referred to as "GFS") to serve as her employer of record so that the party would not need to separately purchase workers compensation insurance and prepare payroll reports for only one employee. GFS donated their services and the party paid GFS for the exact cost of wages, payroll taxes, and



insurance for Ms. Watson.

There was no offer to Ms. Watson of any commission based on fundraising during the period that she worked as an employee. Each election cycle is completely different and the party has had a completely different employment contract with virtually all of its Executive Directors. The party has historically avoided paying commissions on fundraising as donors are averse to it. However, Ms. Watson's predecessor, Greg Chambers, was offered a fundraising bonus as he was hired during an odd-year election cycle when the only election for the year was for district elections in Santa Barbara. That odd-year cycle is typically a very difficult backdrop for fundraising and in 2015 there were zero Republicans running for office in Santa Barbara. Despite his good efforts, Mr. Chambers did not raise much money and was paid no fundraising bonus. In sharp contrast, Ms. Watson was hired during the primary election for a Presidential election year when there were several high-profile Republican candidates running in key races who would likely attract a plethora of easy fundraising dollars that were intended to help the party to support the entire field of candidates. Additionally, Dale Francisco, who had a personal track record of fundraising prowess, had become Chairman of the party and was responsible for fundraising. Accordingly, there was no reason to offer Ms. Watson any incentive pay for fundraising.

In July of 2016, GFS became concerned about the party's financial ability to cover the cost of Ms. Watson's employment. Simultaneously, members of the party's Executive Committee and other party activists became concerned about Ms. Watson's numerous verbal altercations with volunteers, lack of victories in the June primary election and habitual tardiness, the party's lack of financial solvency, and the fact that Ms. Watson and her fiancé Dale Francisco (who was the party's chairman at that time) were cohabitating and frequently worked together to the detriment of the best interests of the party.

On July 15th of 2016, GFS terminated Ms. Watson from its employ and paid her in full all wages then due. The Executive Committee of the party, by majority vote, decided to terminate its relationship with Ms. Watson as well. Subsequent to her termination, Ms. Watson changed the party's passwords and refused to provide them to their rightful custodians (the Treasurer and the Secretary of the party) and refused to return the party's debit card. It was subsequently discovered that Ms. Watson had secretly eavesdropped on a confidential closed session meeting of the Executive Committee and had secretly recorded another meeting of the Executive Committee.

Due to political pressure brought by Mr. Francisco, the party entered into a written contract with Ms. Watson effective September 1st of 2016 to provide various fundraising and political consulting services as an independent contractor. Ms. Watson worked in that capacity through the November election and was paid in full for her services including fundraising commissions due under that contract.

Although Ms. Watson was not an employee nor did Ms. Watson have a contract of any sort during the period from July 16th through August 31st of 2016, she requested payment for services that had previously been characterized as volunteer activities. Again, due to political pressure brought by Mr. Francisco, at the end of October of 2016 the Executive Committee agreed to pay Ms. Watson \$4,500 for her volunteer activities if she would sign releases with GFS and with the party covering all prior activities. With the benefit of legal counsel and with the assistance of Mr. Francisco, Ms. Watson signed both releases. Following a waiting period, Ms. Watson was paid the \$4,500. She has never returned the \$4,500 nor has she revoked the releases.

Subsequent to the end of Mr. Francisco's term as chairman of the party in December of 2016, Mr. Francisco and Ms. Watson engaged in extortion and breach of contract by refusing to provide the party's passwords to their rightful custodians.

In April and June of 2017, Ms. Watson illegally filed two complaints against us with the California Department of Industrial Relations. Both claims were dismissed by the state as we were told by the state that the releases signed by Ms. Watson were in fact valid.

As to Ms. Watson's allegations regarding various conspiracies, tax evasion, non-existent contracts, discrimination, etc., there is absolutely not a shred of evidence to back any of her ludicrous claims. If a suit is filed against us, we will certainly file a cross-complaint for breach of contract, conversion, invasion of privacy, defamation, extortion, fraud, abuse of process, and malicious prosecution, and will file a third-party complaint against Mr. Francisco for breach of fiduciary duty, extortion, unjust enrichment and other torts.

All of the allegations you have made in your letter relate to matters in the control of and between Mr. Francisco and Ms. Watson. Mr. Francisco not only oversaw the hiring of his fiancé and of her employment relationship with the party but he also negotiated the terms of what he told the party was a full and binding settlement with Ms. Watson and release of all potential claims. That included Mr. Francisco's representation that the settlement had been legally reviewed on behalf of the party and Ms. Watson. Based on Mr. Francisco's representations, the party paid money to Ms. Watson. If she has continuing complaints, she should look to Mr. Francisco.

Neither GFS nor the party maintain any type of insurance that covers employment-related disputes nor any of the other baseless allegations being made by Ms. Watson.

We demand that Ms. Watson cease and desist from further breaches of our mutual releases and refrain from any additional defamation of GFS and the party.

Very sincerely,

Gregory Gandrud, President  
Gandrud Financial Services Corporation

Tom Widroe, Chairman  
Santa Barbara County Republican Party

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Gregory Gandrud  
(805) 566-1475 x114

[www.GandrudFinancial.com](http://www.GandrudFinancial.com)

On Mon, Oct 9, 2017 at 4:30 PM, Alison Bernal <[alison@nps-law.com](mailto:alison@nps-law.com)> wrote:

Dear SBGOP Executive Committee and Mr. Gandrud,

On September 18, 2017, we sent a demand letter to your attention requesting a response by September 25, 2017. We have re-attached the letter to this email for your convenience. On

September 27, 2017, we received an email stating you were in the process of preparing a response. To date, we have not received any further response to our letter.

Because we have not heard back from you, we have prepared the attached draft complaint, which we intend to file on Monday, October 16, 2017. If you intend to respond to our letter, please do so before October 16<sup>th</sup> so that we can properly evaluate the response before proceeding to litigation.

Thank you,

**Alison M. Bernal** | Partner | Nye, Peabody, Stirling, Hale & Miller, LLP  
33 West Mission Street, Suite 201 | Santa Barbara, CA 93101  
T: 805.963.2345 | F: 805.563.5385  
E: [Alison@nps-law.com](mailto:Alison@nps-law.com) | W: [www.nps-law.com](http://www.nps-law.com)

[www.GandrudFinancial.com](http://www.GandrudFinancial.com)

(805) 566-1475

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Gregory Gandrud  
(805) 566-1475 x114

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### 3 attachments



**Vandeman 2016 July 14.pdf**  
67K



**Watson Acknowledges Federal Regulations.pdf**  
255K

 **Watson Eavesdropping and Password Changes.pdf**  
267K





Gregory Gandrud <greg@gandrudfinancial.com>

**RE: Time reporting GOP E.D. RE: Hi Ron, brief phone chat, format for reporting hours & expenses]**

1 message

**ExecutiveDirector@santabarbaragop.org** <ExecutiveDirector@>  
To: Gregory Gandrud <Greg@gandrudfinancial.com>, Ron Hurd  
Cc: Dale Francisco

Tue, Mar 1, 2016 at 10:48 AM

Hi Greg -

Thank you very much -

Valerie

----- Original Message -----

Subject: RE: Time reporting GOP E.D. RE: Hi Ron, brief phone chat, format for reporting hours & expenses]

From: Gregory Gandrud <Greg@gandrudfinancial.com>

Date: Tue, March 01, 2016 10:19 am

To: [ExecutiveDirector@santabarbaragop.org](mailto:ExecutiveDirector@santabarbaragop.org), Ron Hurd

Cc: Dale Francisco

Please see below **highlighted** comments taken from [http://www.fec.gov/pages/brochures/locparty.shtml#Shared\\_Expenses](http://www.fec.gov/pages/brochures/locparty.shtml#Shared_Expenses)

Note that NONE of the time can be allocated to shared when the monthly total is more than 25% federal fundraising or federal candidates or other federal activity. Note that voter registration is often a federal activity in proximity to a federal election.

### **Shared Federal/Nonfederal or Federal...**

...A local party organization must use federally permissible funds to pay for activities related to federal elections. Consequently, when an organization conducts a "shared" activity, that is, an activity related to both federal and nonfederal elections, it must pay for the federal portion of that activity with federal funds. The organization may allocate the expenses of a shared activity that is not FEA between its federal and nonfederal funds, ... . Alternatively, a party committee or organization may pay for a shared expense with 100 percent federal funds. A payment of federal funds for some activities may cause the organization to cross a registration threshold. See "[Summary of Registration Thresholds](#)."

The method used to allocate the expenses of shared activities will vary according to the type of activity conducted (such as fundraising for the local party organization, fundraising for candidates, exempt party activities, generic voter drives, etc.), and whether or not it is FEA. For more information on allocation, please consult the [Campaign Guide for Political Party Committees](#) [PDF].

### **Federal/Nonfederal**

Shared federal/nonfederal expenses that may be allocated between federal funds and nonfederal funds are:

- Administrative costs, including rent, utilities, and office equipment, office supplies, etc.;
- **Salaries, wages and fringe benefits for employees who devote less than 25 percent of their compensated**

**time in a month on activities in connection with a federal election;**

- Exempt party activities ([see below](#)) that are conducted in conjunction with non-federal activity and that are not FEA;
- Voter drive activity that is neither FEA nor exempt party activity; and
- Direct costs of certain fundraising programs and events where federal and nonfederal funds are collected by one committee.

[11 CFR 106.7\(c\)](#).

**Note that party committees must keep a monthly log of the percentage of time each employee spends in connection with a federal election. [11 CFR 106.7\(d\)\(1\)](#). State, district and local party committees may pay salaries and wages from funds that comply with state law for employees who spend none of their compensated time in any given month on FEA or activity in connection with a federal election. [11 CFR 106.7\(d\)\(1\)\(iii\)](#). Salaries and wages paid for employees who spend more than 25 percent of their compensated time in a given month on FEA or on activities in connection with a federal election must be paid only from a federal account. [11 CFR 106.7\(d\)\(ii\) and \(e\)\(2\)](#).**

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Gregory Gandrud  
(805) 566-1475 x114

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**From:** [ExecutiveDirector@santabarbaragop.org](mailto:ExecutiveDirector@santabarbaragop.org) [mailto:[ExecutiveDirector@santabarbaragop.org](mailto:ExecutiveDirector@santabarbaragop.org)]  
**Sent:** Tuesday, March 01, 2016 10:09 AM  
**To:** Gregory Gandrud; Ron Hurd  
**Cc:** Dale Francisco  
**Subject:** RE: Time reporting GOP E.D. RE: Hi Ron, brief phone chat, format for reporting hours & expenses]

Hi Greg & Ron,

I need your advice as I prepare my first summary of hours for the month of February 2016.

Following your suggestion to balance time spent toward the FEC account with a limit of 15% towards non-federal money. I may misunderstand and ask for guidance to report.

This first month efforts have been focused toward party building activities including admin, volunteer communications and outreach, meeting set-up and attendance, etc. which I believe are attributed to the FPPC account.

Your feedback will help me to ensure my report facilitates record keeping and filing.

Also, Greg, you shared that the sample timesheet (from Michael Becker) is flexible -- he reports time in minutes - may I report in hours and minutes?

Did Greg Chambers timesheet report using the same format? I do not have another reference for comparison.

I know Greg was not working on Federal candidates and I thought it may be useful to compare.

Thanks Gentlemen,

Valerie

----- Original Message -----

Subject: RE: Time reporting GOP E.D. RE: Hi Ron, brief phone chat, format for reporting hours & expenses]

From: Gregory Gandrud <Greg@gandrudfinancial.com>

Date: Tue, February 16, 2016 8:38 pm

To: ExecutiveDirector@santabarbaragop.org

Cc: Ron Hurd

Attached is a time sheet that Michael used. The format is flexible. The main points are that we know how much time was spent on federal candidates or federal fundraising as that will be paid with 100% federal money. Party building can be paid with a portion of non-federal money (currently 15%). When in doubt, err on the side of caution by putting time in the federal column rather than the party-building column.

Thanks!

---

**From:** [ExecutiveDirector@santabarbaragop.org](mailto:ExecutiveDirector@santabarbaragop.org) [mailto:[ExecutiveDirector@santabarbaragop.org](mailto:ExecutiveDirector@santabarbaragop.org)]

**Sent:** Tuesday, February 16, 2016 7:28 PM

**To:** Gregory Gandrud

**Subject:** Time reporting GOP E.D. RE: Hi Ron, brief phone chat, format for reporting hours & expenses]

Hi Greg,

Ron suggested that I contact you to obtain a sample of the time form that other E.D.'s have used (he was not able to find an example to share with me)

Following is the email chain Ron and I exchanged. I hope to ensure I accurately understand the process and have access to preferred forms / formats for reporting.

Had hoped to get this info from Ron as I know you are very busy, but Ron has asked that I contact you.

Thanks Greg,

Valerie



Gregory Gandrud &lt;greg@gandrudfinancial.com&gt;

---

**GOP Red Flag Financial Warning!**

1 message

**Garv Vandeman**

Thu, Jul 14, 2016 at 5:35 PM

To: kathy@pricepointproperties.com

jbb@jwhailev.com tami@hollav.com

This is a required financial alert.

I have been informed that we have approximately \$3000 of invoices due, and only \$1600 in the bank. Even if we receive small amounts of donations to the Federal Account, the economic viability of the SB GOP is at risk with the current rate of spending.

Bylaws section 8.03.2 require that the Budget and Finance Committee: "shall monitor the fiscal activities of income versus expenditures, and alert the Committee of any concerns or issues detected."

Recommended actions.

1. All non-critical expenses must be cut immediately. This is not the Obama economy where we can print all the money that we want.
2. Activate the Fund Raising Committee.

We are in the classic case of being in a hole. The first step of survival is to stop digging. Prior to committing any more funds, the Committee deserves an review of our current condition and a rewrite of our Budget.

The Friday meeting should be focused on the cost effectiveness of a paid Executive Director, not how she is paid. The Executive Committee should examine the financial history and determine whether the SB GOP can afford a paid ED. Historically, ED's in the Republican Party have been volunteers. We have no choice but to return to that model.

Thank you for your attention to this critical issue for the Santa Barbara GOP Central Committee.

Donate at our web site if you can help.

If you have questions, you can reach me at:

-Gary Vandeman  
Chair, Budget and Finance Committee of the Santa Barbara County Republican Central Committee





Gregory Gandrud &lt;greg@gandrudfinancial.com&gt;

---

**Violation of Trust: Conference Call Shenanigans**

1 message

---

**Gregory Gandrud** <area@gandrudfinancial.com>  
To: Dale Francisco

Tue, Aug 2, 2016 at 11:09 PM

During the last meeting of the Executive Committee, the Secretary called roll just after 4pm (note that all times on the report below are Eastern Time) and asked all other conference call attendees to announce themselves. At about 5:30pm, we voted to go into Executive Session and asked all conference call attendees who were not Members of the Executive Committee to please leave the conference. Thinking we were having a private conversation, we discussed reasons for and against terminating Valerie Watson as Executive Director. Ultimately, we decided by a vote of 6 to 3 to terminate Valerie.

After the call ended, I received an email (see below) from the conference call company (as I have for the last six years). The Secretary and I always review the report to make sure that our Republican calls are not somehow being spied upon by Democrats and that our Minutes correctly reflect who was on the call and when. But imagine my surprise when I saw Valerie's cell phone number listed as having been on the call for 117 minutes (including the time when Bobbi called roll and Valerie failed to chime in and including the time when we thought we were in a private setting).

Later that evening, after having been terminated as Executive Director, Valerie changed the password on our phone system and then changed the password on our web site. We have copies of those emails too if you would like to see them.

And now, Dale wants to CHANGE the conference call number to a different one. Is this so that reports will go only to Dale so that only people who are in Dale's shrinking circle of trust will know who was on the call? Or is it because the new conference call company that he wants to switch to offers a mute button so that Dale can mute anyone who disagrees with these shenanigans?

It is the Executive Committee and not the Chairman who is empowered by the Bylaws to set policy for the Santa Barbara County Republican Party. Per Section 8.02.3 of our Bylaws, the Chairman cannot change the conference call number without the advice and consent of the Executive Committee.

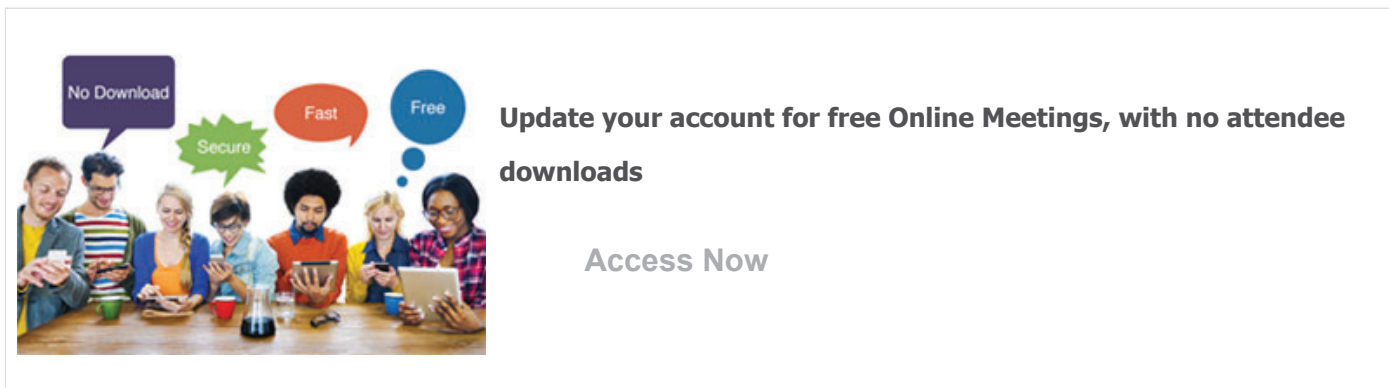
Everyone should continue to use only (712) 432-0370 code for joining the Executive Committee conference call tomorrow night (August 3<sup>rd</sup>) at 7pm.

----- Forwarded message -----

From: <noreply@freeconferencecall.com>  
Date: Fri, Jul 15, 2016 at 5:59 PM  
Subject: FreeConferenceCall.com Detail Report  
To: Greg@gandrudfinancial.com



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PO Box 41069

Date: 07/15/2016

Long Beach, CA 90853-1069

Statement #: 148122722

Tel: [877-216-7555](tel:877-216-7555)

Dial-in Number: [\(712\) 432-0370](tel:(712)432-0370)

Fax: [562-437-1422](tel:562-437-1422)

Access Code:

*Free Conference Call Detail Report:*

Call Date	Calling Number	Start Time	End Time	Total Minutes
07/15/2016		6:58:22 PM	7:06:38 PM	9
07/15/2016		6:59:10 PM	7:08:36 PM	10
07/15/2016		6:58:19 PM	7:37:18 PM	39
07/15/2016		6:58:56 PM	8:29:03 PM	91
07/15/2016		6:59:31 PM	8:29:05 PM	90
07/15/2016		7:00:47 PM	8:29:07 PM	89
07/15/2016		6:59:10 PM	8:29:07 PM	90

07/15/2016		7:08:39 PM	8:29:11 PM	81
07/15/2016		7:00:31 PM	8:29:15 PM	89
07/15/2016		7:06:50 PM	8:29:21 PM	83
07/15/2016		6:59:37 PM	8:55:24 PM	116
07/15/2016		7:37:24 PM	8:55:24 PM	78
07/15/2016	Anonymous	7:02:50 PM	8:55:26 PM	113
07/15/2016		7:09:05 PM	8:55:26 PM	107
07/15/2016		6:59:03 PM	8:55:26 PM	117
07/15/2016	anonymous	7:00:33 PM	8:55:29 PM	115
07/15/2016		6:59:24 PM	8:55:30 PM	117
07/15/2016		7:00:15 PM	8:55:37 PM	116
07/15/2016		6:59:34 PM	8:55:43 PM	117
07/15/2016		6:59:20 PM	8:56:01 PM	117

Total Minutes: 1784

Number of Callers: 20

NOTE: All times in Eastern Daylight Time

Quick Links: [Conference Download](#) | [Refer a Friend](#) | [Change Account](#) | [Stop Statements](#) | [Submit Trouble Ticket](#)



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Gregory Gandrud  
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