NOTICE OF PUBLIC MEETING
AND POSSIBLE EXECUTIVE SESSION OF THE
STATE OF ARIZONA
CITIZENS CLEAN ELECTIONS COMMISSION

Virtual Meeting:	**Citizens Clean Elections Commission**
	Zoom Meeting: https://us02web.zoom.us/j/82178254658
	Meeting ID: 821 7825 4658
	One tap mobile: +1-669-900-6833,,82178254658# US
	Commission Address: 1110 W. Washington, Suite 250, Phoenix, Arizona 85007
Date:	**Thursday, September 10, 2026**
Time:	**2:30 p. m.**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the Commissioners of the Citizens Clean Elections Commission and the general public that the Citizens Clean Elections Commission will hold a regular meeting, which is open to the public on September 10, 2026. **This meeting will be held at 2:30 p.m. This meeting will be held virtually. The Zoom meeting room will be open by 2:15 p.m. at the latest**. Instructions on how the public may participate in this meeting are below. For additional information, please call (602) 364-3477 or contact Commission staff at ccec@azcleanelections.gov.

The meeting may be available for live streaming online at https://www.youtube.com/c/AZCCEC. You can also visit https://www.azcleanelections.gov/clean-elections-commission-meetings. Members of the Citizens Clean Elections Commission may attend in person, by telephone, video, or internet conferencing.

Join Zoom Meeting

https://us02web.zoom.us/j/82178254658

Meeting ID: 821 7825 4658

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Please note that members of the public that choose to use the Zoom video link must keep their microphone muted for the duration of the meeting. If a member of the public wishes to speak, they may use the Zoom raise hand feature and once called on, unmute themselves on Zoom once the meeting is open for public comment.

Members of the public may participate via Zoom by computer, tablet or telephone. A dial-in option is also available but you will not be able to use the Zoom raise hand feature, so the meeting administrator will assist phone attendees. Please keep yourself muted unless you are prompted to speak.

The Commission may allow time for public comment on any item on the agenda. Commission members may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing Commission staff to study the matter, responding to any criticism, or scheduling the matter for further consideration and decision at a later date.

The Commission may vote to go into executive session, which will not be open to the public, for the purpose of obtaining legal advice on any item listed on the agenda, pursuant to A.R.S. § 38-431.03 (A)(3). The Commission reserves the right at its discretion to address the agenda matters in an order different than outlined below.

Any person with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Commission at (602) 364-3477. Requests should be made as early as possible to allow time to arrange accommodations.

The agenda for the meeting is as follows:

I. Call to Order.

II. Review, Consideration, Discussion, Analysis and Possible Action on participating candidate Dr. Ralph Heap's proposed public administrative settlement of MUR 20-06, a matter arising from a complaint against his campaign.

The Commission may vote to go into Executive Session, which will not be open to the public, for discussion or consultation for legal advice with the attorney or attorneys of the public body. A.R.S. § 38-431.03(A)(3).

III. Public Comment.

This is the time for consideration of comments and suggestions from the public. Action taken as a result of public comment will be limited to directing staff to study the matter or rescheduling the matter for further consideration and decision at a later date or responding to criticism.

IV. Adjournment.

This agenda is subject to change up to 24 hours prior to the meeting. A copy of the agenda background material provided to the Commission (with the exception of material relating to possible executive sessions) is available for public inspection at the Commission's office, 1110 W Washington St, #250, Phoenix, AZ 85007.

Dated this 8th day of September, 2026
Citizens Clean Elections Commission
Thomas M. Collins, Executive Director

Timothy A. La Sota, PLC
2198 E. Camelback Rd., Suite 305
Phoenix, Arizona 85016
P 602-515-2649
tim@timlasota.com

September 2, 2026

Via email to:

Mr. Thomas Collins
Executive Director
Arizona Citizens Clean Elections Commission
1110 W. Washington Street, Suite 250
Phoenix, Arizona 85007

Dear Mr. Collins:

Dr. Heap disagrees with the Commission's reasonable cause findings outlined in the August 27, 2026 Compliance Order for the reasons previously stated at the hearing and in our prior correspondence. Nonetheless, we propose the following terms to resolve MUR 26-06 through a public administrative settlement. Pursuant to A.R.S. § 16-957(A) and A.A.C. R2-20-208(A), the Commission has fourteen (14) days from service of the Compliance Order to enter into a public administrative settlement with Dr. Heap.

To meet this deadline, please confirm you will place Dr. Heap's settlement proposal on the agenda for the next meeting of the Clean Elections Commission.

Proposed Settlement Terms

1. No Admission of Wrongdoing. Nothing in this settlement shall constitute an admission by Dr. Heap of any violation of the Citizens Clean Elections Act, Commission rules, or any other law. Dr. Heap enters into this settlement solely to resolve this matter and to allow his campaign to proceed without further delay.

2. Reporting of Sign Order as Extension of Credit. The Commission's Compliance Order finds that there is reason to believe Dr. Heap violated A.R.S. § 16-941(A), § 16-942(B), and § 16-947, but these conclusions are wrong because the transaction at issue is neither a contribution nor an expenditure. Under A.R.S. §§ 16-911(B)(6)(d) and 16-921(B)(4)(d), a legitimate commercial extension of credit is neither a contribution nor an expenditure unless and until it remains unsatisfied after six months.

Moreover, the Commission's reliance on § 16-947, which governs certification of participating candidates, is misplaced because Dr. Heap was certified as a participating candidate over five months ago on March 20, 2026. The Commission does not have authority to retroactively decide that

Dr. Heap should not have been certified simply because the Commission now disagrees with Dr. Heap's argument (and has apparently rejected the evidence Dr. Heap has produced) to demonstrate that the transaction was a lawful extension of credit to his campaign committee. In any event, now that Dr. Heap is invoking his right to withdraw from the program, the Commission has no legal basis to move forward with an investigation under § 16-947 because the issue is moot.

The Commission also finds that there is reason to believe that Dr. Heap violated §§ 16-947 and 16-942(B) because "[t]he agreement with Mesa Sign Shop should have been reported when it was made," but the Compliance Order does not cite any authority to support this conclusion. To the contrary, Arizona law does *not* require reporting of an extension of credit unless it "remains outstanding." *See* A.R.S. § 16-926(B)(2)(a)(xiv) (requiring reporting of "extensions of credit that remain outstanding, including identification of the creditor and the purpose of the extension").

Finally, the Commission also found reason to believe that Dr. Heap violated § 16-948(A) based on a theory that "Mesa Sign Shop's declaration indicates that the extension of credit was based on Dr. Heap personally rather than on the committee." This conclusion is specious and is not supported by § 16-948(A) or any other Arizona law, or obvious commercial realities. Mesa Sign Shop printed *campaign* signs, not signs for Dr. Heap in his personal capacity. Simply put, the Declaration submitted by Dr. Heap is sufficient to show that the extension-of-credit exemption applies here.

3. Invalidity of Commission Rules and Waiver of Claims. As you know, Dr. Heap's position is that the Commission's rules are invalid to the extent they conflict with Arizona statutes.

The principle is codified in Arizona law: "A rule is invalid unless it is consistent with the statute [and] reasonably necessary to carry out the purpose of the statute." A.R.S. § 41-1030(A). Further, "[a]n agency shall not . . . [m]ake a rule under a specific grant of rulemaking authority that exceeds the subject matter areas listed in the specific statute authorizing the rule" or "[m]ake a rule that is not specifically authorized by statute." A.R.S. § 41-1030(D)(1), (3).

As relevant here, the Commission found reason to believe that Dr. Heap violated A.A.C. R2-20-104(D)(6), which provides that, prior to qualifying for Clean Elections funding, "a candidate shall not incur debt, or make an expenditure in excess of the amount of cash on hand." However, no provision of the Citizens Clean Elections Act contains a comparable prohibition. The Act limits participating candidates in the source and amount of contributions they may accept and the total expenditures they may make during the primary and general election periods. It does not, however, impose a freestanding prohibition on "incurring debt" prior to qualification for public funding—much less one that operates independently of the statutory definitions of "contribution" and "expenditure."

The Compliance Order concludes that "Dr. Heap's campaign reports indicate that the campaign did not have sufficient cash on hand to pay for the Mesa Sign Shop order when it was placed in April, when the order was completed in late May, or before Dr. Heap qualified for Clean Elections funding." Again, this finding implicitly rejects Dr. Heap's position that the transaction was a lawful extension of credit and is based on a rule that finds no support in Arizona law.

Notwithstanding the foregoing, and solely in furtherance of settlement and without conceding that the rules are lawful, Dr. Heap agrees to waive his claims challenging the validity of the Commission's administrative rules as applied to this matter.

Reservation of Rights. This letter and the proposed settlement terms are made solely for purposes of settlement negotiations and shall not be construed as a waiver of any rights, claims, or defenses Dr. Heap may have in the event this matter proceeds to litigation or any other proceeding. All rights are expressly reserved, including but not limited to any claims challenging the constitutionality or validity of the Commission's rules, the sufficiency of the evidence, and any procedural or due process objections. Nothing herein shall be deemed an admission of fact or law, and this correspondence shall not be admissible in any proceeding except to enforce the terms of a settlement agreement, if one is reached.

Very truly yours,

TIMOTHY A. LA SOTA, PLC

Timothy La Sota

Timothy A. La Sota

Thomas M. Collins
Executive Director

State of Arizona
Citizens Clean Elections Commission
1110 W. Washington - Suite 250 - Phoenix, Arizona 85007 - Tel (602) 364-3477 - Fax (602) 364-3487 - www.azcleanelections.gov

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Via E-Mail
September 4, 2026

Clean Elections Commissioners
Mailing & Delivery
1802 W. Jackson St. #129
Phoenix, AZ

Tim La Sota
Counsel for Dr. Ralph Heap
2198 E. Camelback Road, Suite 305
Phoenix, AZ 85016

Linley Wilson
Counsel for Dr. Ralph Heap
Holtzman Vogel
2555 E. Camelback Road, Suite 700
Phoenix, AZ 85016

Re: MUR 26-06 Heap Settlement Proposal

Dear Commissioners, Mr. La Sota, and Ms. Wilson:

On September 2, 2026, I received a proposal for a public administrative settlement from Tim La Sota on behalf of Dr. Ralph Heap. A copy is attached to the email transmitting this letter.

Dr. Heap's proposal is, in summary, that the Commission terminate the investigation authorized by the reason to believe determination and in return he will agree to not challenge certain Commission rules. In my opinion, this is not an acceptable settlement. In effect, it is simply a threat to sue the Commission if it does not reverse its reason to believe determination. I do not recommend that the Commission accept Dr. Heap's proposal, and there will be no counter proposal from me at this time.

The investigation is ongoing. On Dr. Heap's behalf, Mr. La Sota has refused to provide information I initially requested on August 17, and has ignored an extended deadline of August 31. We have not yet received a response to my subpoena from Mesa Sign Company, which has recently retained counsel.

Dr. Heap's proposal is not acceptable and his reading of A.R.S. § 16-957 and A.A.C. R2-20-208 are wrong.

Nevertheless, to avoid any possible timing concerns, I recommend that you consider Dr. Heap's proposal by September 10, as explained further here.

Although he requests that his proposal be presented at the next Commission meeting, Mr. La Sota's letter also asserts that based on A.R.S. § 16-957(A) "the Commission has fourteen (14) days from service of the Compliance Order to enter into a public administrative settlement with Dr. Heap." This reading of A.R.S. § 16-957(A) imposes a deadline on Commission action that does not exist.

Section 16-957(A) requires that the Commission's compliance order following a reason to believe finding "stat[e] with reasonable particularly the nature of the violation and requir[e] compliance within fourteen days." A.R.S. § 16-957(A) goes on to say that "[d]uring that period [i.e., the 14-day period], the alleged violator *may* provide any explanation to the commission, comply with the order, or enter into a public administrative settlement with the commission." (Emphasis added.) The statute imposes no obligation on the Commission to take any action within the 14-day period after service of the compliance order. It only lays out options for the "alleged violator."

Nor does A.A.C. R2-20-208 require Commission action within 14 days. That rule states: "In accordance with A.R.S. § 16-957(A), the Commission shall serve on the respondent an order requiring compliance within 14 days. During that period, the respondent may provide any explanation to the Commission, comply with the order, or enter into a public administrative settlement with the Commission." The rule tracks the governing statute and does not impose a deadline for the Commission to enter an agreement.

The statute and rule focus on options for the "alleged violator" or, in the language of the rule, "the respondent," within 14 days. Neither imposes deadlines on the Commission. The 14 days provides some time for the respondent/alleged violator to take action before the Commission can take further actions authorized by statute. The only timing obligation the statute imposes on the Commission is not to proceed to determine probable cause or impose penalties within that 14-day period. As A.R.S. 16-957(B) provides, "[u]pon expiration of the fourteen days, if the commission finds the alleged violator remains out of compliance," there are additional actions for the Commission to take. As established by Commission rules, those further actions follow completion of the investigation that begins after the reason to believe finding. A.A.C. R2-20-209, -214 through -217.

The compliance order was served August 27, and the 14-day period expires Thursday, September 10. Mr. La Sota requested that the Commission consider this issue at the Commission's next regular meeting, but that will be outside the 14-day period.

Consequently, to avoid any concerns about timeliness of the Commission's consideration of Dr. Heap's proposal, I recommend that the Commission schedule a meeting on or before September 10 to consider his proposal within the 14-day period.

If this is not feasible, the Commission should consider the proposal at its next scheduled meeting on September 24, as Dr. Heap's counsel requested.

Sincerely,

Thomas M. Collins

cc: Paula Thomas, Executive Officer
Craig Morgan, Taft Law, Independent Legal Advisor to the Commission, MUR 26-06

STATE OF ARIZONA

CITIZENS CLEAN ELECTIONS COMMISSION

MUR: No. 26-06

STATEMENT OF REASONS OF EXECUTIVE DIRECTOR

On behalf of the Citizens Clean Elections Commission (the "Commission"), the Executive Director hereby provides the Statement of Reasons for the recommendation that the Commission find reason to believe that violations of the Citizens Clean Elections Act and Commission rules (collectively, the "Act") occurred.

Background

Lisa Everett filed a Complaint alleging that Dr. Ralph Heap had authorized campaign signs for his campaign that were placed throughout the state but had not accounted for the expense of those signs on his campaign finance reports. Exhibit 1. The Commission received other sworn statements regarding the signs. These documents have been provided to Tim La Sota, counsel to Dr. Heap.

The Complaint argues that Dr. Heap should have reported expenditures for signs and did not report contributions sufficient to cover the signs that were posted throughout the state. Complaint at 1. Under the Clean Elections Act, participating candidates agree to certain limits under A.R.S. § 16-941(A) and are obligated to account for their campaign activity under A.R.S. §§ 16-947, -948, and related rules. The Complainant also provided photos and locations of 184 signs deployed that are authorized by Dr. Heap. Nick Myers, a competing candidate, provided a sworn statement that Dr. Heap told Commissioner Myers he had 1,000 signs deployed. Exhibit 2 (Myers's statement).

Reports of payments to Dr. Heap's sign provider, reproduced below, show that signs for a statewide campaign cost more than what Dr. Heap reported. The campaign finance reports did not disclose any contributions or expenditures related to the signs that close to the amount paid by other candidates. Heap disclosed one payment of $644.47 on July 7, 2025 to Mesa Sign Shop, but no payments during the timeframe relevant to the Complaint. In his qualifying period recap report, Dr. Heap reported having raised a total of about $17,000, about $8,500 of which were turned over to the Commission as qualifying contributions.

https://seethemoney.az.gov/PublicReports/2026/93D4E5CE-B183-4431-A427-ABA36AFD5A83.pdf.

In contrast, statewide candidates who used the same provider reported spending:

$5,305.61—Gina Swoboda Secretary of State

Gina Swoboda for Arizona Secretary of State

Details

Start Year: 2024 End Year: 2026 Table View: All Transactions

Candidate All Transactions

mesa

Show 10 entries

Page 1 of 1

	Date	Amount	Transaction Type	Received From Or Paid To
	6/11/2026	$1,299.60	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	5/29/2026	$866.40	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	5/14/2026	$866.40	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	5/1/2026	$138.62	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	4/29/2026	$866.40	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	4/22/2026	$485.18	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	4/17/2026	$485.18	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	4/6/2026	$297.83	Operating Expense - Pay Cash/Check	Mesa Sign Shop,

Showing 1 to 8 of 8 entries

Page 1 of 1

$22,112.11 – Rodney Glassman Attorney General

Glassman for Attorney General

Details

Start Year: 2024 End Year: 2026 Table View: All Transactions

Candidate All Transactions

mesa

Show 10 entries

Page 1 of 1

	Date	Amount	Transaction Type	Received From Or Paid To
	5/27/2026	$14,539.28	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	1/27/2026	$2,500.06	Operating Expense - Pay Cash/Check	Mesa Print Shop, Mesa Print Shop
	6/1/2026	$1,985.14	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	7/1/2026	$1,985.14	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	5/27/2026	$1,102.49	Operating Expense - Pay Cash/Check	Mesa Sign Shop,

Showing 1 to 5 of 5 entries

Page 1 of 1

Export Transactions

$103,767.39 – Andy Biggs Governor

Biggs for Arizona

Details

Start Year: 2024 End Year: 2026 Table View: All Transactions

Candidate All Transactions

mesa

Show 20 entries

Page 1 of 1

	Date	Amount	Transaction Type	Received From Or Paid To
	5/27/2026	$34,503.68	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	7/2/2026	$29,782.50	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	5/5/2026	$13,607.24	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	1/20/2026	$11,913.00	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	4/6/2026	$5,465.63	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	11/20/2025	$4,332.00	Operating Expense - Pay Cash/Check	Mesa Print Shop,
	7/2/2026	$2,019.80	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	7/2/2025	$1,083.00	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	2/5/2026	$530.27	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	7/2/2026	$530.27	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,

Mr. La Sota filed a response on behalf of Dr. Heap on August 7, 2026 that argues that the Complaint should dismissed because the campaign is compliant with its reporting requirements and has not violated the limits imposed upon it. Exhibit 3. His response included an affidavit from Jim Torgeson, owner of Mesa Sign Shop. Mr. Torgeson acknowledges that his company received an order for signs for Dr. Heap's candidacy for Corporation Commission in April 2026 and that the order was completed in late May 2026. Torgeson Decl. ¶ 3. The declaration does not include the number of signs ordered or the price, although it says the per-unit price is comparable to the charges for other sign orders. It also describes Mr. Torgeson's business practices, including those related to billing and determining a client's creditworthiness.

Dr. Heap was certified as a participating candidate in March 20, 2026.

He was notified that he had qualified for Clean Elections funding on July 20, 2026 based on verification of submitting sufficient qualifying contributions, but he was denied Clean Elections funding because he failed to submit the declaration required by A.A.C. R2-20-106(A).

<u>Analysis</u>

Participating candidates agree to certain conditions as part of the clean funding program. These include limitations on the amount and sources of money that they may take and spend. A.R.S. § 16-941(A) (prohibiting participating candidate from taking contributions or making expenditures other than those provided for by the Act); *see also* A.R.S. §§ 16-945 (limits on early contributions), -946 (qualifying contributions). Contributions and expenditures are defined in the Clean Elections Act by cross reference to the definitions in A.R.S. § 16-901. *See* A.R.S. § 16-961(A). The Act establishes separate spending limits for participating candidates that apply to the primary election period and general election period. A.R.S. § 16-941(A)(3), (4). Additionally, before participating candidates qualify for funding, they "shall not incur debt, or make an expenditure in excess of the amount of cash on hand." A.A.C. R2-20-104(D)(6).

Generally,

> "Contribution" means any money, advance, deposit or other thing of value that is made to a person for the purpose of influencing an election. Contribution includes:
> (a) A contribution that is made to retire campaign debt from a previous election cycle.
> (b) Money or the fair market value of anything that is directly or indirectly provided to an elected official for the specific purpose of defraying the expense of communications with constituents.
> (c) The full purchase price of any item from a committee.
> (d) A loan that is made to a committee for the purpose of influencing an election, to the extent the loan remains outstanding.

A.R.S. § 16-901(11).

"'Expenditure' means any purchase, payment or other thing of value that is made by a person for the purpose of influencing an election." A.R.S. § 16-901(25).

There are exceptions to these definitions. *See* A.R.S. § 16-911, § 16-921.

The upshot of Dr. Heap's response and accompanying affidavit is that Mesa Sign Company's production of the signs authorized by Dr. Heap were subject to an exemption from the definition of contribution and expenditure.[1] Thus, it's fair to

[1] Mesa Sign Shop is an Arizona limited liability company. *See* https://arizonabusinesscenter.azcc.gov/ee4785f9-4366-4b81-95cc-66eec71c6a9e.

say that, unless the exemption applies, Mesa Sign or Dr. Heap made a contribution to Dr. Heap's campaign and Dr. Heap's campaign made an expenditure.

Although the Response does not state how much money the signs costs, the evidence both from sworn statements to the commission and campaign finance reporting would be in excess of Dr. Heap's reported cash on hand and the Response entirely relies on the argument that the cost of signs need not have been reported. This shows there is reason to believe that the costs of the signs were greater than the candidate's cash on hand.

Section 16-911(6)(d) states that "[a]n extension of credit for goods and services on a committee's behalf by a creditor if the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation" is not a "contribution." Section 16-921(B)(4)(d) similarly states that "[a]n extension of credit for goods and services on a committee's behalf by a creditor if the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation" is not an "expenditure." In effect, Dr. Heap asserts that the work Mesa Sign did for him is off the books for clean elections purposes.

To summarize, loans and advances are generally contributions to candidates, subject to limits and reporting. A subset of advances, called extensions of credit, are not subject to those requirements, if the conditions of that exemption are met.

Dr. Heap's response argues that they are the specific kind of advance or loan that is exempt from those requirements. The Executive Director concludes that this transaction falls under the general rule that loans and advances are reportable and limited.

1. **There is reason to believe that Dr. Heap violated the Commission rule barring a participating candidate from incurring debt beyond cash on hand prior to qualifying for clean elections funding.**

As noted above, the Commission rules state that "[p]rior to qualifying for Clean Elections funding, a candidate shall not incur debt, or make an expenditure in excess of the amount of cash on hand." A.A.C. R2-20-104(D)(6). Dr. Heap's campaign finance reports suggest that his campaign committee did not have sufficient cash to pay Mesa Sign when he placed the order in late April, when the sign order was completed in late May or at any point prior to qualifying for Clean Elections funding. Dr. Heap has not provided any information that would counter this. The evidence submitted suggests the cost of the signs would be more than the reported cash on hand or the reported expenditure to Mesa Sign. Mr. La Sota's response does not address the cost estimate or provide any additional cost information. The campaign finance report period covering the second quarter of 2026 (April 1 through June 30) shows total contributions of $18,891.30 and expenditures of $9,581.50. But of that $5,695.00 was qualifying contributions intended for the Clean Elections funds. Nowhere has Mr. La Sota claimed there was sufficient cash on hand.

The restriction on participating candidates accruing debt beyond cash on hand is consistent with the Act. Candidates are not only limited in the amount and kind of contributions they can take, but "shall conduct all financial activity through a single campaign account of the candidate's campaign committee." They are also limited to expenditure limits for the primary and for the general election periods. The debt rule and the rule requiring a single campaign account for campaign financial activities insure that that candidates cannot evade the Act's expenditure and contribution limits by incurring debt. Separate personal transactions related to the campaign are channeled through the candidate's campaign account, as required.

For an example of a properly reported transaction involving Mesa Sign and another candidate consider David Richardson, a participating candidate for legislature. Richardson first paid Mesa Sign on May 5, after he received notice from the Secretary of State that he had qualified for funding on May 4, consistent with Rule 104(D)(6) ("Upon approval for funding by the Secretary of State, a candidate may incur debt, or make expenditures, not to exceed the sum of the cash on hand and the applicable spending limit.").

From: Campaign Finance [redacted]
Sent: Monday, May 4, 2026 10:27 AM
To: [redacted]
Cc: Campaign Finance [redacted]
Subject: Qualified for Funding - David Richardson - State Representative District No. 12

Dear Mr. Richardson,

The Secretary of State's Office received notification from the County Recorders' Office regarding the sample results for the Qualifying Contributions you submitted to qualify for funding under the Citizens Clean Elections Act.

The results met the threshold under A.R.S. § 16-950(D), which means you have met the statutory requirements to receive Clean Elections funding.

This message will serve as your official notification. Should you have further questions related to your participating status, please contact the Citizens Clean Elections Commission by email at ccec@azcleanelections.gov, or by phone at (602) 364-3477.

Thanks,

Mr. Richardson's campaign finance reports, which like all campaign finance reports are certified under penalty of perjury under A.R.S. § 16-926, show payments to Mesa Sign Shop beginning on May 5. David Richardson, Qualifying Period Recap Report, Ariz. Sec'y of State, See the Money, https://seethemoney.az.gov/PublicReports/2026/2E31E7F1-E093-4EF4-BBF5-48AA41B0354C.pdf

+	7/20/2026	Mesa Sign Shop	$2,217.52	Operating Expense - Pay Cash/Check
+	6/9/2026	Mesa Sign Shop	$2,328.45	Operating Expense - Pay Cash/Check
+	5/5/2026	Mesa Sign Shop	$1,445.65	Operating Expense - Pay Cash/Check
+	5/18/2026	Mesa Sign Shop	$550.00	Operating Expense - Pay Cash/Check

2. **The Mesa Sign transaction does not qualify for an exemption from the definitions of contribution and expenditure because the credit was not extended on the committee's behalf and because the affidavit establishes neither substantially similar terms nor any attempt to collect.**

Even if R2-20-104(D)(6) were not in place, the transaction described by Mesa Sign does not qualify for the exemption from the definition of contribution. The exemption applies to an extension of credit "on a committee's behalf." A.R.S. § 16-911(B)(6)(d). That exemption is conditional, and its conditions are conjunctive: the credit must be extended on a committee's behalf, on terms "substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation," and the creditor "must make a commercially reasonable attempt to collect the debt." *Id.* The six-month period on which the Response relies is a proviso within that exemption, not a freestanding safe harbor: if the conditions are not satisfied, the exemption never applies. A committee "means a candidate committee, a political action committee or a political party." A.R.S. § 16-901(10). A candidate committee "includes the candidate." A.R.S. § 16-901(8). And a candidate is defined as "an individual who receives contributions or makes expenditures or who gives consent to another person to receive contributions or make expenditures on behalf of that individual in connection with the candidate's nomination, election or retention for any public office." A.R.S. § 16-901(7).

That the definition of candidate committee includes the candidate does not, however, convert every personal obligation a candidate incurs into an obligation of his committee. The credit must still be extended on the committee's behalf—that is, underwritten against the committee as the obligor—not merely extended to an individual who happens to be a candidate. That the signs themselves benefited the campaign does not change that analysis: the exemption turns on the character of the credit transaction, not on who ultimately used the goods.

Mr. Torgeson's affidavit confirms that the extension of credit was not made on the basis of the committee or on the basis of Dr. Heap's role as a candidate at all. Rather, it was based on Dr. Heap's personal character and financial wherewithal. In short, to fall within the exemption, the extension of credit has to be extended on the terms the exemption sets forth. Dr. Heap wears two hats: candidate and successful physician. The affidavit establishes that Mesa Sign focused only the latter in making an extension of credit.

The affidavit states that Mesa Sign's owner "view[s]" Dr. Heap as "honorable and trustworthy" and that Mesa Sign "extend[ed] credit to Dr. Heap on the same basis and under the same terms as I extend credit to other clients of comparable creditworthiness and order size." Torgeson at ¶ 8. Mesa Sign specifically considered that Dr. Heap's highly paid profession and financial capacity "made him a low credit risk – similar to other professionals and established business clients to whom I routinely extend credit without prepayment." Torgeson at ¶ 9. Finally, Mesa Sign "view[s] Dr. Heap as presenting no risk of nonpayment for the signs that Mesa Sign Shop printed." Torgeson at ¶ 10.

It is true that A.R.S. § 16-901(8) provides that the committee includes the candidate, but that provision only supports the conclusion the exemption does not apply. Establishing that the committee includes the candidate simply clarifies that the candidate is a member of the committee, regardless of if they hold a formal role such as chairman or treasurer. It does not mean that every time a person who is a candidate acts, they act on behalf of the committee. *See* Ariz. Att'y Gen. Op. I13-006 (2013), https://www.azag.gov/sites/default/files/2025-06/I13-006.pdf (noting that whether a candidate acts on behalf of his committee or personally is a fact specific question).

If, for example, Dr. Heap was financing a Buick, GMAC would consider his personal resources, his profession, his personal history in determining his creditworthiness. His candidacy would be irrelevant. Mesa Sign testifies that it looked at this transaction precisely the way that GMAC would, as a transaction with Dr. Ralph Heap, successful physician.

The affidavit confirms that Mesa Sign Shop evaluated this transaction based on Dr. Heap's personal creditworthiness, not "on behalf of a committee." In other words, Mesa Sign expected, and testifies, that Dr. Heap would pay them for the signs. There was no assessment of the ability of his committee to pay for the signs. That matters for a reason independent of who bears the obligation to pay for the signs. The exemption requires terms substantially similar to those extended to nonpolitical debtors "of similar risk." A.R.S. § 16-911(B)(6)(d). On the affidavit's own account, Mesa Sign never considered the committee's creditworthiness.

In fact, this transaction only makes sense financially if Mesa Sign ignored the financial requirements applicable to Dr. Heap's campaign committee. Qualification for Clean Elections funding is not guaranteed, and upon certification as a participating candidate Dr. Heap was barred from expending more than $1,910.00 of his personal monies on his own campaign and permitted to raise limited early contributions. A.R.S. § 16-941(A)(2); Ariz. Sec'y of State, *2025–2026 Clean Elections Act Biennial Adjustments* (2025), https://azsos.gov/sites/default/files/docs/2025-2026-Clean-Elections-Act-Biennial-Adjustments.pdf. A creditor underwriting the committee would have had to account for these restrictions.

Mr. Torgeson's affidavit also fails to support the exemption's remaining conditions. The affidavit does not provide any evidence beyond Mesa Sign's own declaration that its extension of credit was on terms "substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation." Mesa Sign provides no information about the terms that Mesa Sign extended the credit to Dr. Heap, nor what terms it extends credit to other clients. It doesn't even provide an invoice from any other client. Nor could it. Mr. Torgeson attests that he "did not require a signed contract prior to printing these signs, and do[es] not have a signed contract with Dr. Heap or his campaign committee to this day," Torgeson at ¶ 4, and that he has "prepared an invoice for these signs, but it has not yet been sent to Dr. Heap," Torgeson at ¶ 5. There are accordingly no terms to compare—no due date, no payment period, no interest, no late charge. The exemption independently requires that "[t]he creditor must make a commercially reasonable attempt to collect the debt." A.R.S. § 16-911(B)(6)(d). More than two months after the signs were made available for pickup, Mesa Sign has not sent the invoice. It has made no attempt to collect at all. Contrary to the Response's argument, the statute doesn't state that no attempt need be made for 6 months, but that attempts be commercially reasonable. The affidavit states Mesa Sign didn't even send a bill.

As discussed above, Mesa Sign treated another participating candidate differently. The Campaign Finance Reporting System further demonstrates that Mesa Sign has been paid regularly by other candidates and PACs during the relevant time frame.

MESA SIGN SHOP

Details

Start Year: 2025 **End Year:** 2026

Vendor Amount Transactions

Show 100 entries

Page 1 of 1

	Date	Contributed To Name	Amount	Transaction Type	Received From Or Paid To
	7/7/2026	Conservatives for Taylor	$1,505.37	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	7/2/2026	Biggs for Arizona	$530.27	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	7/2/2026	Biggs for Arizona	$29,782.50	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	7/2/2026	Biggs for Arizona	$2,019.80	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	7/2/2026	Strong Communities Action PAC	$5,938.69	Ind. Expend. (Non-Recall) - credit	MESA SIGN SHOP,
	6/30/2026	Farnsworth For Arizona	$4,169.55	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	6/30/2026	Andrew Costanzo for State Representative - District 7	$151.62	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	6/29/2026	House Victory Fund	$134.78	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	6/29/2026	House Victory Fund	$134.79	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	6/26/2026	Vote Livingston for House LD28	$2,399.96	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	6/24/2026	Farnsworth For Arizona	$1,238.95	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	6/22/2026	NicoPAC	$1,489.13	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	6/18/2026	Andrew Costanzo for State Representative - District 7	$893.04	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	6/15/2026	Thomas Walsh II for State Representative - District 3	$267.11	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	6/12/2026	Lloyd Johnson for State Senator - District No. 6	$522.01	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	6/12/2026	Lloyd Johnson for State Senator - District No. 6	$155.95	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	6/11/2026	Gina Swoboda for Arizona Secretary of State	$1,299.60	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	6/10/2026	Vote Frank Carroll	$2,399.96	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	6/8/2026	Thomas Walsh II for State Representative - District 3	$406.13	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	6/2/2026	Neal Carter for State Representative - District 15	$974.70	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	6/1/2026	Lloyd Johnson for State Senator - District No. 6	$4,502.38	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	5/29/2026	Gina Swoboda for Arizona Secretary of State	$866.40	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	5/21/2026	Thomas Walsh II for State Representative - District 3	$2,250.89	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	5/20/2026	Mary Rose for State Representative - District 14	$947.63	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	5/5/2026	Biggs for Arizona	$13,607.24	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	5/5/2026	House Victory Fund	$3,603.83	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	5/5/2026	NicoPAC	$140.00	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	5/5/2026	NicoPAC	$140.00	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	5/5/2026	NicoPAC	$140.00	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	5/5/2026	NicoPAC	$140.00	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	5/5/2026	NicoPAC	$280.00	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,

	5/5/2026	NicoPAC	$280.00	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	5/5/2026	NicoPAC	$280.00	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	5/5/2026	NicoPAC	$280.00	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	5/5/2026	NicoPAC	$560.00	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	5/5/2026	NicoPAC	$560.00	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	5/5/2026	NicoPAC	$560.00	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	5/5/2026	NicoPAC	$186.66	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	5/5/2026	NicoPAC	$186.66	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	5/5/2026	NicoPAC	$186.66	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	5/1/2026	Gina Swoboda for Arizona Secretary of State	$138.62	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	4/29/2026	Gina Swoboda for Arizona Secretary of State	$866.40	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	4/29/2026	Anderson	$4,269.95	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	4/22/2026	Gina Swoboda for Arizona Secretary of State	$485.18	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	4/19/2026	Andrew Costanzo for State Representative - District 7	$2,000.00	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	4/8/2026	Andrew Costanzo for State Representative - District 7	$2,994.93	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	4/6/2026	Biggs for Arizona	$5,465.63	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	4/2/2026	Arizona Republican Party Legislative District 13	$319.49	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	3/31/2026	Anderson	$458.50	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	3/29/2026	Griffin for Arizona	$182.16	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	3/25/2026	Griffin for Arizona	$704.48	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	2/12/2026	NicoPAC	$280.00	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	2/6/2026	Biggs for Arizona	$530.27	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	2/2/2026	David Schweikert for Governor	$6,000.00	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	1/22/2026	James Rogers for Arizona	$649.80	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	1/21/2026	Biggs for Arizona	$11,913.00	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	10/30/2025	Mylie for Senate	$155.03	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	10/30/2025	Khyl Powell for Arizona	$79.22	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	10/28/2025	Turning Point PAC Arizona	$1,248.82	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	10/28/2025	Vote Hendrix	$81.26	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,
	10/24/2025	Turning Point PAC Arizona	$5,179.93	Recall Ind. Expend. - Pay Cash/Check	MESA SIGN SHOP,
	10/10/2025	Turning Point PAC Arizona	$4,323.81	Ind. Expend. (Non-Recall) - cash	MESA SIGN SHOP,
	10/10/2025	Turning Point PAC Arizona	$4,323.81	Recall Ind. Expend. - Pay Cash/Check	MESA SIGN SHOP,
	7/7/2025	Ralph Heap for Corporation Commissioner	$644.47	Operating Expense - Pay Cash/Check	MESA SIGN SHOP,

Mesa Sign Shop

Details

Start Year: 2025 **End Year:** 2026

Vendor Amount Transactions

Show 50 entries

Page 1 of 1

	Date	Contributed To Name	Amount	Transaction Type	Received From Or Paid To
	7/20/2026	David W Richardson for AZ	$2,217.52	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	7/1/2026	Glassman for Attorney General	$1,985.14	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	6/26/2026	Local Majority PAC	$638.72	Ind. Expend. (Non-Recall) - cash	Mesa Sign Shop,
	6/24/2026	Vote Pingerelli	$0.71	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	6/24/2026	Vote Pingerelli	$2,399.96	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	6/21/2026	House Victory Fund	$3,674.22	Ind. Expend. (Non-Recall) - cash	Mesa Sign Shop,
	6/18/2026	Committee to Elect Carver for AZ	$595.65	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	6/9/2026	David W Richardson for AZ	$2,328.45	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	6/9/2026	Reim for AZ	$1,738.22	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	6/4/2026	AZ Loves ESA	$2,382.60	Ballot Measure Expend. - Pay Cash/Check	Mesa Sign Shop,
	6/1/2026	Presmyk for Mine Inspector	$2,978.25	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	6/1/2026	House Victory Fund	$4,027.40	Ind. Expend. (Non-Recall) - cash	Mesa Sign Shop,
	6/1/2026	Glassman for Attorney General	$1,985.14	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	5/27/2026	Glassman for Attorney General	$1,102.49	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	5/27/2026	Glassman for Attorney General	$14,539.28	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	5/27/2026	Biggs for Arizona	$34,503.68	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	5/21/2026	AZ Loves ESA	$2,978.25	Ballot Measure Expend. - Pay Cash/Check	Mesa Sign Shop,
	5/18/2026	David W Richardson for AZ	$550.00	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	5/14/2026	Gina Swoboda for Arizona Secretary of State	$866.40	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	5/6/2026	James Rogers for Arizona	$595.65	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	5/5/2026	David W Richardson for AZ	$1,445.65	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	4/28/2026	AZ Loves ESA	$2,382.60	Ballot Measure Expend. - Pay Cash/Check	Mesa Sign Shop,
	4/21/2026	James Rogers for Arizona	$649.80	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	4/17/2026	Gina Swoboda for Arizona Secretary of State	$485.18	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	4/15/2026	AZ Loves ESA	$649.80	Ballot Measure Expend. - Pay Cash/Check	Mesa Sign Shop,
	4/6/2026	Gina Swoboda for Arizona Secretary of State	$297.83	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	3/16/2026	Gowan for Arizona	$3,239.13	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	1/19/2026	Karrin for Arizona	$5,415.00	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	11/15/2025	Kimberly Yee for Superintendent of Public Instruction	$2,528.81	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	7/2/2025	Biggs for Arizona	$1,083.00	Operating Expense - Pay Cash/Check	Mesa Sign Shop,
	6/16/2025	Griffin for Arizona	$3,194.85	Operating Expense - Pay Cash/Check	Mesa Sign Shop,

Showing 1 to 31 of 31 entries

Page 1 of 1

Export Transactions

Because the exemption for expenditures uses the same language, the same conclusion follows. A.R.S. § 16-921(B)(4)(d).

3. The Response's claim about expense reporting is inapplicable.

The Response also argues (at 4) that the Commission's rules requiring expenditures to be accounted for on a report showing the date the agreement was made because this transaction should be exempted from the definition of expenditure. As explained above, the exemption for extensions of credit from the definition of expenditure does not apply to this transaction. Therefore, the agreement with Mesa Sign should have been reported on the day it was made. In other words, the Commission's reporting rules for clean candidates have nothing to do with the Response's argument this transaction didn't qualify as a reportable expenditure in the first place.

The Response's claim about a recent superior court minute entry are entirely beside the point. Dr. Heap could not incur a debt prior to qualifying for Clean Elections funding; he did. Mesa Sign did not make an extension of credit to the committee to qualify for the exemption, and Mesa Sign has not provided any evidence beyond its own attestation for how its decision to extend credit was consistent with the exemption, but substantial evidence show other committees were treated differently in the same period.

4. The Response suggestion that the signs were not coordinated communications is wrong.

The Response claims that the Dr. Heap and his campaign did not coordinate with Mesa Sign on the design content and placement of the signs. Response at 6. This is an irrelevant aside. The response seems to suggest that this makes the sign expenditure an "independent expenditure." But, an "expenditure is not an independent expenditure if . . . [t] here is actual coordination with respect to an expenditure between a candidate or candidate's agent and the person making the expenditure or that person's agent." Here, the affidavit establishes that the signs were covered by the extension of credit to Dr. Heap. That is actual coordination.

5. **There is reason to believe Dr. Heap may have violated A.R.S. §§ 16-941(A), 16-947, and 16-948.**

Because the Mesa Sign transaction does not qualify for the exemption, this memo next considers whether there is reason to believe that there was a contribution in excess of the applicable limits, whether the transaction for the signs is a contribution, whether the transaction was improperly omitted from campaign finance reports, and whether it was improperly accounted for on reports, and whether it was illegal under R2-20-104(D)(6). There is reason to believe each of these violations may have occurred.

As noted above, participating candidates are limited in the source and amount of contributions they can take. Here, the Mesa Sign provided an advance, loan that has not been repaid, or other thing of value to Dr. Heap "for the purpose of influencing an election." A.R.S. § 16-901(11). Mesa Sign is not permitted to make this contribution to a candidate at all. A.R.S. § 16-916(A)("A corporation, limited liability company or labor organization shall not make contributions to a candidate" committee). Dr. Heap's clean campaign was not permitted to take a contribution from Mesa Sign. A.R.S. § 16-941(A)(1). Nor was Dr. Heap permitted to make a contribution to his committee in the form an unreported personal loan or an in-kind contribution of campaign signs greater than $1,910.00. *Id.* Consequently, there is reason to believe that Dr. Heap violated 16-941(A)(1) and (2).

Mesa Sign's affidavit makes clear it was dealing with Dr. Heap personally, considering his financial resources. Thus, there is reason to believe that the extension of credit was a campaign transaction outside of the candidate's single campaign account. A.R.S. § 16-948(A).

Dr. Heap's campaign finance reports simply don't account for these transactions at all, providing reason to believe that he has violated A.R.S. § 16-947 and that there is a "violation by or on behalf of any candidate of [a] reporting requirement imposed by this chapter," A.R.S. § 16-942(B.)

Finally, "[p]rior to qualifying for Clean Elections funding, a candidate shall not incur debt, or make an expenditure in excess of the amount of cash on hand." A.A.C. R2-20-104(D)(6). There is reason to believe Dr. Heap did so.

Conclusion

For the forgoing reasons the Commission should determine there is a reason to believe a violation of the Act and Rules may have occurred.

If the Commission determines by an affirmative vote of at least three (3) of its members that it has reason to believe a respondent has violated a statute or rule over which the Commission has jurisdiction, the Commission shall notify such respondent of the Commission's finding setting forth: (i) the sections of the statute or rule alleged to have been violated; (ii) the alleged factual basis supporting the finding; and (iii) an order requiring compliance within fourteen (14) days. During that period, the Respondent may provide any explanation to the Commission, comply with the order, or enter into a public administrative settlement with the commission. A.R.S. § 16-957(A) & A.A.C. R2-20-208(A).

After the Commission finds reason to believe that a violation of a statute or rule over which the Commission has jurisdiction has occurred, the Commission shall conduct an investigation. A.A.C. R2-20-209(A). The Executive Director may subpoena all of the Respondent's records documenting disbursements, debts, or obligations to the present, and may authorize an audit.

Upon expiration of the fourteen (14) days, if the Commission finds that the alleged violator remains out of compliance, the Commission shall make a public finding to that effect and issue an order assessing a civil penalty in accordance with A.R.S. § 16-942, unless the Commission publishes findings of fact and conclusions of law expressing good cause for reducing or excusing the penalty. A.R.S. § 16-957(B).

After fourteen (14) days and upon completion of the investigation, the Executive Director will recommend whether the Commission should find probable cause to believe that a violation of a statute or rule over which the Commission has jurisdiction has occurred. A.A.C. R2-20-214(A). Upon a finding of probable cause that the alleged violator remains out of compliance, by an affirmative vote of at least three (3) of its members, the Commission may issue of an order and assess civil penalties pursuant to A.R.S. § 16-957(B). A.A.C. R2-20-217.

Thomas M. Collins
Executive Director

State of Arizona
Citizens Clean Elections Commission
1110 W. Washington - Suite 250 - Phoenix, Arizona 85007 - Tel (602) 364-3477 - Fax (602) 364-3487 - www.azcleanelections.gov

Via E-Mail

August 25, 2026

Clean Elections Commissioners
Mailing & Delivery
1802 W. Jackson St. #129
Phoenix, AZ

Tim La Sota
Counsel for Dr. Ralph Heap
2198 E. Camelback Road, Suite 305
Phoenix, AZ 85016

Re: MUR 26-06 Enforcement Process Overview

Dear Commissioners and Mr. La Sota:

By letter dated August 18, 2026, Mr. La Sota requested a notice that is required by A.A.C. R2-20-208(A). This is a notice to a respondent issued after a Commission reason-to-believe finding that "set[s] forth the sections of the statute or rule alleged to have been violated and the alleged factual basis supporting that finding." A.A.C. R20-208(A). The rule implements A.R.S. § 16-957(A)'s requirement that after a reason to believe finding, the Commission "shall serve on that person an order stating with reasonable particularity the nature of the violation and requiring compliance within fourteen days." We often refer to this notice as a compliance order. The request is attached to the email delivering this letter.

As the Commission considers the notice, I write to address the purpose and operation of the compliance process established by A.R.S. § 16-957. Because that process governs both the opportunity afforded to a respondent following a reason-to-believe finding and the Commission's authority to proceed thereafter, it is useful to set out the statutory framework and the procedures established by the Commission's existing enforcement rules.

The following discussion is intended to clarify how the enforcement procedures in statute and Commission rules operate together and, in particular, the respective roles of compliance, explanation, investigation, probable-cause proceedings, settlement, and any eventual determination concerning penalties.

Section 16-957

Section 16-957 sets out a step-by-step enforcement process. It begins when the Commission finds reason to believe that a person violated the Act. The Commission then serves an order "stating with reasonable particularity the nature of the violation and requiring compliance within fourteen days." A.R.S. § 16-957(A). During those fourteen days, the alleged violator may "provide any explanation to the commission, comply with the order, or enter into a public administrative settlement with the commission." *Id.* If the Commission later finds that the person "remains out of compliance," the statute provides for a civil penalty. A.R.S. § 16-957(B). But the Commission may reduce or excuse that penalty if it makes findings of fact and conclusions of law showing "good cause." *Id.*

The Commission's rules fill out this process. Upon a reason-to-believe finding, R2-20-208(A) requires the Commission to notify the respondent of the finding, setting forth the sections alleged to have been violated and the factual basis supporting it, and to serve an order requiring compliance within fourteen days. Like the statute, the rule says that the respondent may provide an explanation, comply with the order, or enter into a public administrative settlement. *Id.*

The reason-to-believe finding also starts an investigation. A.A.C. R2-20-209(A). The investigation may include audits, field work, and other efforts to gather information. A.A.C. R2-20-209(B). The Commission may also require sworn written answers and use subpoenas to obtain testimony and records. A.A.C. R2-20-209 to -211.

After the investigation, the matter moves to probable-cause briefing. The Executive Director prepares a brief that addresses "the factual and legal issues of the case" and recommends whether there is probable cause to believe that a violation "has occurred or is about to occur." A.A.C. R2-20-214(A). The respondent receives the Executive Director's brief and may file a response addressing those issues. A.A.C. R2-20-214(B)–(C). The Commission then decides whether there is probable cause to believe that the respondent "has violated" a statute or rule. A.A.C. R2-20-215(A). If so, the Commission issues an order stating "the nature of the violation, pursuant to A.R.S. § 16-957" *Id.*

A probable-cause finding does not end the process. The rules next require an effort to resolve the matter through settlement or conciliation. A.A.C. R2-20-216(A). If the matter is not resolved and the respondent "remains out of compliance," the Executive Director may recommend a civil penalty under § 16-957(B). A.A.C. R2-20-217(A). The rules allow further efforts to settle the matter even after the Commission authorizes a penalty. A.A.C. R2-20-217(C).

The statute and rules therefore address different questions at different stages.

1. First, is there reason to believe a violation occurred?
2. Next, what does the respondent do during the fourteen-day period? What does the investigation show?
3. Is there probable cause to find that the respondent violated the law?
4. Can the matter be settled?
5. Does the respondent remain out of compliance? And, if so, should a penalty be imposed, reduced, or excused? A.R.S. § 16-957; A.A.C. R2-20-208 to -217.

This structure helps explain what the fourteen-day compliance order does and does not require. The order gives the respondent a real opportunity to comply before a civil penalty is imposed. But neither the statute nor the rules say that every violation must still be capable of being completely remedied when the order is issued. The statute also sets no deadline for the Commission to issue the order after a reason to believe determination occurs. *See* A.R.S. § 16-957. This letter turns to these issues next.

<u>Compliance Orders Need Not Provide for Complete Compliance</u>

As detailed above, A.R.S. § 16-957 provides a respondent with several opportunities to address an alleged violation before the Commission imposes a civil penalty. After the Commission finds reason to believe a violation occurred, it serves an order stating with reasonable particularity the nature of the violation and requiring compliance within fourteen days. During that fourteen-day period, the respondent may provide any explanation to the Commission, comply with the order, or enter into a public administrative settlement with the Commission. At the end of the period, if the Commission finds that the respondent remains out of compliance, it may assess a civil penalty, subject to its authority to reduce or excuse the penalty for good cause. A.R.S. § 16-957(A)–(B).

The fact that the statute uses the terms "order requiring compliance" and "remains out of compliance" can lead some to reach the incorrect conclusion that a "compliance order" is a get out trouble free card the Commission must offer. That is not so. Some violations simply cannot be undone and so compliance may not be possible. Section 16-957(B) provides for this common occurrence.

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              REASON-TO-BELIEVE FINDING
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                         ▼
             COMMISSION ISSUES ORDER
         A.R.S. § 16-957(A); R2-20-208
                         |
                         ▼
                 14-DAY PERIOD
                         |
         ┌───────────────┼───────────────┐
         |               |               |
         ▼               ▼               ▼
   PROVIDE ANY      COMPLY WITH      ENTER INTO A
   EXPLANATION       THE ORDER          PUBLIC
                                   ADMINISTRATIVE
                                     SETTLEMENT
         |               |               |
         |               |               |
   May explain      Correct what     Resolve the
   a completed      can still be     matter by
   violation and    corrected        agreement
   support good
   cause
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Take a missed filing deadline as an easy example. Once the deadline passes, a person cannot go back in time and file on time. The person may file the missing report, but that does not change the fact that it was late. The person will "remain[] out of compliance," A.R.S. § 16-957(B), for the period of time when the report was not filed but should have been. For that period of time, the public was deprived of information it was required by law to have access to, and that lack of required public information cannot be undone by a late filing. By "requiring compliance within fourteen days" the statute does not mean that every violation can be completely cured. That reading would suggest, for example, that a late-filing violation could evade all penalties if the candidate files the late reports. Nothing in § 16-957 says that completed violations are exempt from enforcement and penalties. The statute makes this plain by offering respondent other choices during the fourteen-day period. Section 16-957(A) does not say <u>only</u> that the respondent may comply. It says the respondent may "provide any explanation," comply with the order, or enter into a public administrative settlement. The Commission repeated those same choices in R2-20-208(A).

The right to "provide any explanation" is especially important for a violation that cannot be undone. A person who missed a filing deadline cannot make the filing timely. But the person can file the late report and explain why the deadline was missed. That explanation may help the Commission decide whether there is "good cause for reducing or excusing the penalty," as § 16-957(B) expressly allows. The fourteen-day period therefore still serves an important purpose even when the original violation cannot be erased. A.R.S. § 16-957(A)–(B); *Stambaugh v. Killian*, 242 Ariz. 508, 509 ¶ 7 (2017) (explaining that statutory terms are read in context, considering the statute as a whole and, when appropriate, statutes *in pari materia* to give effect to all relevant provisions.).

The opposite reading, that a compliance order must mean full remediation of all violations is possible, would limit to the Commission's good-cause authority that is provided for in the statute. If a completed violation cannot go through the enforcement process because it is considered to be remedied by belated respondent actions, the Commission could never decide whether good cause exists to reduce or excuse a penalty for that violation. In other words, the Commission could consider good cause for violations that can be cured but were not, but not for violations that cannot be cured but for which some late corrective action was taken. Section 16-957 does not make that distinction. In both situations, the Commission may, at the appropriate time in the enforcement process, exercise good cause to establish penalties. In fact, a completed violation is the situation where the respondent's right to "provide any explanation" matters most. *See Nicaise v. Sundaram*, 245 Ariz. 566, 568 ¶ 11 (2019) ("A cardinal principle of statutory interpretation is to give meaning, if possible, to every word and provision so that no word or provision is rendered superfluous.").

The Commission has adopted that reflect this statutory framework. The rules call for an investigation after a reason to believe finding. R2-20-209(A). R2-20-214then requires briefing on whether there is probable cause to believe that a violation "has occurred or is about to occur." Most importantly, R2-20-215(A) directs the Commission to decide whether there is probable cause to believe that the respondent "has violated" the law and, if so, to issue an order stating "the nature of the violation."

The rules do not ask only whether a respondent is committing an ongoing violation that can still be stopped. They ask whether a violation "has occurred" and whether the respondent "has violated" the law. Those decisions come after the order requiring compliance within fourteen days and after an investigation. The rules therefore expressly provide for the Commission to consider past violations after the fourteen-day period has run. A.A.C. R2-20-208, -209, -214, -215.

Reading § 16-957 another way would add several limits that the voters did not put in the statute. It would create an exemption for completed violations, impose an unstated deadline for Commission enforcement, and prevent the Commission from considering good cause for violations that cannot be undone. In other words, it would render meaningless substantial remedial powers of the Commission.

The deadline to issue the order

Although Mr. La Sota has demanded an order under R2-20-208(A), the statute does not provide a deadline for its issuance. Section 16-957 does not impose a deadline for the Commission to issue a compliance order after determining reason to believe. That is consistent with the enforcement process established by the Commission's rules, which allows the Commission to receive a complaint, determine whether there is reason to believe a violation occurred, and then investigate and develop the factual and legal issues before the matter proceeds through probable-cause review. *See* A.A.C. R2-20-208 to -215. A fixed deadline for issuing the compliance order would restrict that investigative and enforcement process, and neither § 16-957 nor the Commission's rules impose one.

To be sure, if the Commission were to conclude that it should issue the Compliance order, Mr. La Sota's request for the notice should not drive the timing of the notice. The Commission made its reason-to-believe finding which triggers the staff investigation under R2-20-209(A). Mr. LaSota had the opportunity to respond to the Complaint, received the Executive Director's reason-to-believe recommendation, and had the opportunity to address the issues at the Commission meeting. Commission staff cooperated with Mr. La Sota's request for an extension to respond to the complaint initially and, more recently, approved Mr. La Sota's request for an additional week to produce copies of Dr. Heap's campaign bank account statements as requested by Commission staff.

Conclusion

I have informed Mr. La Sota I have no objection to the Commission considering this issue as an agenda item as soon as possible. I have attached a draft order for the Commission's consideration to the email delivering this letter.

Sincerely,

Thomas M. Collins
Executive Director

Cc: Craig Morgan, Independent Legal Advisor to the Commission
Paula Thomas, Executive Officer

In re: MUR 26-06, Ralph Heap
DRAFT Compliance Order

Pursuant to A.R.S. § 16-957 and A.A.C. R2-20-208, the following compliance order is issued:

Background

1. Dr. Ralph Heap is a participating candidate for the Arizona Corporation Commission.

2. As a participating candidate, Dr. Heap agreed to the requirements of the Citizens Clean Elections Act and Commission rules, including restrictions on the source and amount of contributions, limits on personal monies, the requirement to conduct campaign financial activity through a single campaign account, campaign-finance reporting requirements, and restrictions on incurring debt before qualifying for Clean Elections funding.

3. The Commission received a complaint from Lisa Everett alleging that Dr. Heap authorized campaign signs placed throughout the state but did not account for the expense of those signs on his campaign-finance reports. The Commission also received sworn statements concerning the signs and a sworn response submitted by Dr. Heap's counsel.

4. Jim Torgeson, owner of Mesa Sign Shop, stated that Mesa Sign Shop received an order for signs for Dr. Heap's candidacy in April 2026 and completed the order in late May 2026. His declaration did not state the number of signs ordered or the price. It stated that an invoice had been prepared but had not yet been sent to Dr. Heap.

5. Dr. Heap was certified as a participating candidate on March 20, 2026. He was notified on July 20, 2026 that he had submitted sufficient qualifying contributions to qualify for Clean Elections funding, but funding was not authorized because he had not submitted the declaration required by A.A.C. R2-20-106(A).

6. The Commission found reason to believe that violations of the Citizens Clean Elections Act and Commission rules may have occurred and authorized an investigation. The Executive Director's Recommendation along with its exhibits are attached hereto and incorporated by this reference.

The sworn statement of Gina Swoboda is attached hereto and incorporated by reference.

Violations

I. There is reason to believe that Dr. Heap violated A.R.S. § 16-941(A).

Section 16-941(A) limits the sources and amounts of contributions a participating candidate may accept and limits the amount of the candidate's personal monies that may be contributed to the campaign.

A. Mesa Sign Shop contribution.

Mesa Sign Shop produced campaign signs ordered for Dr. Heap's candidacy in April 2026 and completed the order in late May 2026. The transaction was not reported by the campaign. The available evidence indicates that Mesa Sign Shop provided an advance, loan, or other thing of value for the purpose of influencing Dr. Heap's election. The extension-of-credit exemption does not apply because the evidence does not establish that credit was extended on the committee's behalf, on substantially similar terms to nonpolitical debtors of similar risk and size of obligation, or that Mesa Sign Shop made a commercially reasonable attempt to collect the debt.

ITEM II - BACKGROUND INFO - COMPLIANCE ORDER
APPROVED BY CEC 08-27-26

Rather, Mesa Sign Shop Declaration emphasized that the advance or loan was offered because of Dr. Heap's personal credit, without consideration for the campaign or its circumstances at all. Because there is no exception to allow Dr. Heap to accept such a loan or advance from an LLC, for his campaign there is reason to believe that Dr. Heap violated A.R.S. §16-941(A).

B. Dr. Heap's loan or expenditure

Mesa Sign Shop's declaration states that it relied on Dr. Heap's personal character, profession, financial capacity, and creditworthiness in extending credit. To the extent Dr. Heap personally assumed or financed the campaign obligation, that transaction was a contribution or loan to his campaign and was subject to the limits in A.R.S. § 16-941(A), including the applicable limit on personal monies.

II. There is reason to believe that Dr. Heap violated A.R.S. § 16-948(A).

Section 16-948(A) requires a participating candidate to conduct all financial activity through a single campaign account of the candidate's campaign committee. Mesa Sign Shop's declaration indicates that the extension of credit was based on Dr. Heap personally rather than on the committee. Additionally, the transaction is omitted from Dr. Heap's campaign finance reports. There is therefore reason to believe that a campaign financial transaction occurred outside the campaign's single campaign account in violation of A.R.S. § 16-948(A).

III. There is reason to believe that Dr. Heap violated A.R.S. §§ 16-947 and 16-942(B) by failing to report the Mesa Sign Shop transaction.

The campaign-finance reports do not account for the April 2026 sign order, the resulting obligation to Mesa Sign Shop, or any related personal loan or contribution by Dr. Heap. Because the extension-of-credit exemption does not apply, the transaction was reportable. The agreement with Mesa Sign Shop should have been reported when it was made. Failure to include this information in the campaign finance reports establishes reason to believe that Dr. Heap violated A.R.S. §§ 16-947 and 16-942(B).

IV. There is reason to believe that Dr. Heap violated A.A.C. R2-20-104(D)(6).

Before qualifying for Clean Elections funding, a participating candidate may not incur debt or make an expenditure in excess of cash on hand. Dr. Heap's campaign reports indicate that the campaign did not have sufficient cash on hand to pay for the Mesa Sign Shop order when it was placed in April, when the order was completed in late May, or before Dr. Heap qualified for Clean Elections funding. The available evidence therefore provides reason to believe that the campaign incurred debt in excess of cash on hand before qualification in violation of A.A.C. R2-20-104(D)(6).

Order

Within fourteen (14) days after service of this Order, Dr. Heap shall:

1. Amend his campaign-finance reports to disclose the Mesa Sign Shop transaction, including the date the obligation was incurred, the full amount of the obligation, and the nature of the transaction, consistent with the Act and Commission rules.

2. Amend his campaign finance reports to disclose any personal loan, advance, payment, or other contribution by the candidate arising from or used to satisfy the Mesa Sign Shop obligation, including the amount and date of each transaction.

3. Conduct all campaign financial activity through the single campaign account required by A.R.S. § 16-948(A), including any payment to Mesa Sign Shop and any repayment of a loan or advance by Dr. Heap.

4. Provide documentation sufficient to establish the accuracy of any amended campaign finance reports, which shall include the complete terms and amount of the Mesa Sign Shop transaction ("Heap Sign Order"), including

a. All Documents relating to the Heap Sign Order, including any order, work order, quote, estimate, invoice, proof, production record, unit price, total price, date ordered, date completed, and date made available for pickup, pickup or delivery record, account statement, and the payment terms applicable to the Heap Sign Order, including but not limited to information referenced in paragraphs 3, 4, and 5 of Mr. Torgeson's Declaration. All Documents and Communications relating to the content, design, placement, or distribution of the signs comprising the Heap Sign Order, including any Communication between Mesa Sign Shop and Dr. Heap, including but not limited to information referenced in paragraph 11 of Mr. Torgeson's Declaration, and communications with any other person concerning the Heap Sign Order.

b. All Documents and Communications reflecting Mesa Sign Shop's assessment of the creditworthiness of Dr. Heap or its decision to produce or release the Heap Sign Order without prepayment, including Documents concerning his reputation, professional standing, occupation, financial capacity, cash on hand, anticipated revenues, ability to pay, or any other factor considered in making that decision, including but not limited to information referenced in paragraphs 8, 9, and 10 of Mr. Torgeson's Declaration. This paragraph only applies to the the participating candidate and his campaign committee.

5. All Documents created after August 7, 2026 relating to invoicing, payment, collection, forgiveness, adjustment, write-off, or other disposition of the amount owed for the Heap Sign Order.

6. Provide documentation sufficient to establish that the campaign is using a single campaign account for all of its transactions:
a. Copies of any and all statements from any financial accounts that have been used for campaign purposes, including copies of all electronic transactions or cleared/cancelled checks issued.
b. Copies of any and all agreements to provide any services to the candidate or the campaign.
c. Copies of any and all receipts, invoices, or records regarding any service provided to the campaign, any in-kind contribution, any use of personal monies or any other transaction of value.
With respect to this paragraph, if Dr. Heap or any agent of his committee did not receive a receipt or written agreement or confirmation for a particular transaction or in-kind contribution, please specify the nature of the transaction or in-kind contribution, the persons involved and the date Dr. Heap or any agent of his committee received the particular good or service.

7. Provide an explanation regarding Dr. Heap's apparent violations of A.R.S. §§ 16-941, 16-947, 16-948, and A.A.C. R2-20-104(D)(6).

The Commission's investigation shall continue during and after the compliance period as provided by law and Commission rules. This is not an appealable agency action.

Approved this 27th day of August

Vote of the Clean Elections Commission