

January 18, 2010

Members
Executive Committee
Arizona Republican Party

Dear Fellow Executive Committee Member:

I presume that, like me, you have been receiving some disturbing information recently, regarding the state of fiscal affairs within the Arizona Republican Party. If not, as a member of the Arizona Republican Party's Executive Committee, I believe it is important that you be aware of what has been going on. **Please take a few moments to review the attached news reports.**

You also should know by now that the RNC transferred \$ 50,000 into the party's account in November, but that transfer, like the party's debt, was not included in the FEC report. The RNC intended for that money to go for party building. Instead, Randy has used it to pay overhead debt he denied he had.

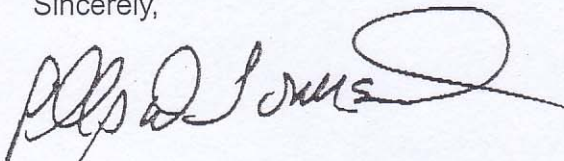
Also, in case you have not seen it, enclosed is a letter from Joe Abate, which appears to have been distributed in response to the very unfortunate conference call of December 30, 2009, in which Lee Miller told us that the Victory Plan we were supposed to be considering was illegal. **Joe Abate is a former legal counsel to the state party and his research has established conclusively that Lee Miller's allegations are completely false.**

Frankly, as he was making those allegations, I had serious reservations about them. But probably like you, without any independent information to the contrary, I was not in a position to refute them at the time. It is now clear that he was not telling us the truth and with everything else that has come out since, **I am beginning to wonder whether there wasn't a hidden agenda that Randy Pullen and Lee Miller were pursuing, without our knowledge.**

I am deeply concerned, not just about Lee Miller's false accusations, but about the details of the party's unreported debt. **Clearly Randy knew about that debt during our conference call, but when asked if we had any debt, he denied it.** We now know that Randy was not telling the truth either.

I'm not entirely sure where we go from here, but as members of the executive committee, it is going to fall on us to find a way out of this mess. With credible news stories circulating about false FEC reports being filed for virtually all of 2009, it would not surprise me if someone filed a complaint with the FEC. **Perhaps on our own motion, without waiting for a formal demand from the FEC, we should consider having a fraud audit conducted.** One way or another, we are going to have to resolve these issues and rebuild the credibility of our party. It seems to me that the sooner we take action on our own initiative, the better off we are going to be.

Sincerely,



Phil Townsend
Chairman
Yuma Republican Party