



**REPORT OF INVESTIGATION**  
**OFFICE OF ATTORNEY GENERAL**  
**BUREAU OF CRIMINAL INVESTIGATION**  
SFN 17346 (03/99)

**COPY**

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Case Number: 070241 Agent: S/A Quinn  
Type of Report: Supplement - 04  
Agency Assisted: Burleigh County States Attorney Bismarck  
Nature of Case: Misapplication of Entrusted Property  
Case Title: ND vs CHARLES BLUNT  
Date of Offense: 05/10/2004 thru 03/31/2007  
Date of Activity: 10/11/2007 thru 10/24/2007  
Location: Bismarck, ND

This report has been approved by Special Agent Quinn and by Chief Agent White.

PERSONNEL ASSIGNED:

S/A Mike Quinn, NDBCI/Bismarck

DETAILS: (ALL TIMES APPROXIMATE AND CENTRAL)

OCTOBER 15, 2007

1. At 3:16 p.m., S/A Quinn spoke telephonically with Burleigh County Assistant State's Attorney Cynthia Feland with regards to this investigation. Assistant State's Attorney Feland requested S/A Quinn interview James Long, Chief of Support Services at Workforce Safety and Insurance (WSI) and Billi Peltz, Human Resources Manager at WSI. Assistant State's Attorney Feland requested that S/A Quinn determine if Long and Peltz had information concerning the separation of Dave Spencer, the former Chief of Employee Services at WSI. Assistant State's Attorney Feland wanted to know if SANDY BLUNT, WSI Chief Executive Officer, had authorized Spencer to use sick leave prior to separation without being sick. Assistant State's Attorney Feland also wanted to know if Long and Peltz had any information concerning BLUNT's interaction with the WSI Budget Review Committee and the state auditors. Assistant State's Attorney Feland also requested S/A Quinn secure any documents with relation to the above questioned areas.

OCTOBER 18, 2007

1. At 4:00 p.m., S/A Quinn interviewed Long at Bureau of Criminal Investigation (BCI) headquarters in Bismarck, North Dakota. S/A Quinn informed Long that the purpose of the interview was to determine whether Spencer had been allowed to take sick leave without being sick. S/A Quinn informed Long that Assistant State's Attorney Feland had made the request to see if Long had any information concerning Spencer. Long stated that Long knew that Jodi Bjornson had

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recently given a deposition and wondered if the Spencer information came from that deposition. S/A Quinn informed Long that S/A Quinn did not know if the information came from the deposition but that it was possible it did. Long informed S/A Quinn that Spencer had been employed at WSI as Chief of Employee Services. Long stated that Spencer was having problems with his employees and there were numerous complaints about his supervision style. Long stated that BLUNT had spoken to Spencer and that BLUNT wanted to terminate Spencer. Long stated that one (1) of BLUNT's shortcomings was in handling personnel problems. Long stated that BLUNT agreed to let Spencer take unused sick leave prior to termination. Long stated that Long told BLUNT that BLUNT could not allow Spencer to take sick leave since Spencer was not sick but that BLUNT okayed it. Long stated this was also discussed in a meeting that Long attended with Peltz and BLUNT. Long was concerned that Spencer was a security risk and since Spencer was on sick leave, Spencer would still have access to the facility. Long stated that Spencer used approximately three (3) weeks of sick leave.

2. Long stated that BLUNT lied to Jason Wahl of the North Dakota State Auditor's Office during the course of the performance review. Long stated that BLUNT informed Wahl that Spencer was out on sick leave when in reality Spencer had been terminated. This subject came up when Wahl questioned why Spencer did not have to repay moving expenses when Spencer resigned, BLUNT then informed Wahl that BLUNT had fired Spencer and that Spencer did not have to pay back the moving expenses. Long stated that it was up to BLUNT to record the time sheets for Spencer and to approve the sick leave. Long stated that BLUNT kept informing employees that Spencer was quitting because of being sick. Long informed S/A Quinn that BLUNT also told John Halvorson to give Spencer the information on Spencer's hard drive. Long stated this information would include the list of WSI customers, Spencer's contacts, and information pertaining to those businesses. Long stated that Long believes that Spencer is using the information to write grants for businesses. Long stated that Spencer is still living in Bismarck and has established a grant writing business.
3. In another matter, Long informed S/A Quinn that BLUNT did not want to provide raises for the employees of WSI. Long stated that Halvorson and BLUNT wanted to use the employees' average salary to provide the four percent (4%) raises but that Long informed BLUNT that BLUNT could not do so. Long stated that Long had contacted Tag Anderson of the Attorney General's Office concerning this matter and that Anderson

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informed Long that WSI could not use the average salary. Long stated that when Long informed BLUNT of the information from Anderson, BLUNT stated to go ahead and do it anyway. Long stated that Long believes that BLUNT lied to Attorney General Wayne Stenehjem when BLUNT told Attorney General Stenehjem that BLUNT thought it was okay to use the average salary. Long stated that BLUNT may have made that statement to Attorney General Stenehjem in a meeting even after Long had informed BLUNT of the information provided by Anderson.

4. Long then provided S/A Quinn with a photocopy of a journal that Long stated belonged to Mark Armstrong, Communications Director for WSI. Long informed S/A Quinn that Long had retrieved the journal from Armstrong's desk on Tuesday evening, October 16, 2007. Long stated that the journal was kept in the middle desk drawer of Armstrong's desk located in Armstrong's office which is located in the WSI building in Bismarck, North Dakota. S/A Quinn asked Long if this was the only copy of the journal to which Long replied no. Long informed S/A Quinn that Long had an electronic copy of the journal and had provided copies to Peltz and Kay Grinsteinner, a WSI employee. S/A Quinn asked Long if Long had authority to look at the journal to which Long replied he did not. S/A Quinn asked Long how Long had obtained the journal. Long stated that Long had obtained the journal from Armstrong's desk drawer.
5. Long stated that Long decided to copy the journal and to give it to BCI because Long wanted to make sure that the "right thing" was being done for WSI. Long was concerned that Long may be terminated by WSI but believed that Long had to do the right thing by providing information to BCI. S/A Quinn informed Long that the copy of Armstrong's journal would be attached to S/A Quinn's investigative report.
6. Long also provided S/A Quinn with unsubstantiated and undocumented information concerning other possible allegations and abuse of statute and WSI policy.

OCTOBER 19, 2007

1. At 3:00 p.m., S/A Quinn interviewed Peltz at BCI headquarters in Bismarck, North Dakota. S/A Quinn informed Peltz of the purpose of the interview and S/A Quinn asked Peltz if Peltz had any information concerning sick leave used by Spencer. Peltz informed S/A Quinn that Peltz had attended a meeting with Bjornson, Long and BLUNT in which it was decided that Spencer would be terminated with no severance. Peltz described Spencer as being a high risk

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termination. Peltz described Spencer as an individual who is not friendly, gruff and hard to get along with. Peltz stated that BLUNT met with Spencer to talk about termination and it was decided that Spencer would be allowed to use sick leave. During the course of the interview, S/A Quinn noticed that Peltz was checking handwritten notes concerning various meetings. S/A Quinn asked Peltz if Peltz would allow S/A Quinn to copy those notes and Peltz stated that she would. The two (2) and one-half (1/2) pages of notes are dated August 28, 2006, September 1, 2006, and September 6, 2006. S/A Quinn asked Peltz if the notes were written on the dates indicated to which she replied yes. The notes indicate information and/or meetings with BLUNT in which BLUNT okayed sick leave for Spencer. Peltz stated that on September 1, 2006, Peltz called Spencer, with Long as a witness, to inform Spencer that leave papers had been sent to Spencer for Spencer to fill out. Peltz stated that Spencer informed Peltz that Spencer could not fill out the paperwork because Spencer was not sick. On the September 6, 2006 notes, there is a notation that at 3:08 Spencer e-mailed a resignation to BLUNT.

2. Peltz stated that at a meeting with auditors, BLUNT had informed the auditors that Spencer had resigned. When the auditors questioned whether Spencer should pay back relocation expenses, BLUNT finally admitted to the auditors that Spencer was terminated. Since Spencer was terminated, Spencer wouldn't have to pay back the relocation expenses. Peltz also stated that in an October 2006 meeting with the WSI Board, Blunt informed the Board that Spencer was leaving to start a new business but did not inform the Board that Spencer had actually been terminated. Peltz believes this was a quarterly meeting of the WSI Board.
3. Peltz stated that on September 6, 2006, BLUNT downloaded information from Spencer's computer for Spencer. Peltz stated this information included contact information that Spencer has been using to get "Help Grants" for individuals. Peltz stated that Spencer has been very successful in obtaining those grants. Peltz stated that BLUNT also wanted to give Spencer access to the building while Spencer was on sick leave but that Peltz refused to allow that.
4. Peltz informed S/A Quinn that when Romi Leingang and BLUNT were put on administrative leave, the hard drives from their computers were locked up in the evidence room. Peltz stated that on August 23, 2007, Armstrong stated that Armstrong had given BLUNT information from BLUNT's hard drive. Peltz also stated that Armstrong was delaying certain open records

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requests and also charging "huge amounts of money" to certain individuals for those requests.

5. Peltz also spoke about other possible abuses and/or violations of statutes and WSI policy.
6. Prior to the interview with Peltz, S/A Quinn had met with Assistant State's Attorney Feland at the Burleigh County State's Attorney's Office. S/A Quinn provided a copy of the journal that Long stated belonged to Armstrong. On the journal page dated Tuesday, April 24th, there is a notation that states "got the secret documents out." With regards to possible violations of law, it was decided that a search warrant would be obtained to seize the original document from Armstrong's desk. That warrant was obtained and was executed by S/A Quinn.
7. At 5:15 p.m., S/A Quinn executed the search warrant at WSI located in Bismarck, North Dakota. Present during the execution of the search warrant were Trooper Shannon Henke of the North Dakota Highway Patrol, Trooper Steve Mayer of the North Dakota Highway Patrol, Armstrong, Bjornson, Long, Sue Mertz, and Sonja Nallie. S/A Quinn identified Armstrong's office and located the journal in the top desk drawer. S/A Quinn had Armstrong identify the journal. Armstrong informed S/A Quinn that Armstrong always keeps notes and had other notebooks if S/A Quinn wanted to look at them. Armstrong provided three (3) other notebooks that S/A Quinn browsed through and did not find anything pertinent to the investigation. Armstrong informed S/A Quinn that Armstrong did not have any other journals that pertained to the WSI investigations.
8. At 5:31 p.m., S/A Quinn, Trooper Henke, and Trooper Mayer along with Long left the WSI building. S/A Quinn had provided Armstrong with a copy of the warrant and inventory. Also at the request of the Armstrong, S/A Quinn copied the notebook so that Armstrong would have a copy of it. Long spoke with S/A Quinn and Trooper Henke concerning applying for whistleblower protection to which S/A Quinn replied that S/A Quinn knew there was a federal statute but was not sure if there was a state statute that protected whistleblowers. S/A Quinn informed Long that Long could check with the Burleigh County State's Attorney's Office or the North Dakota Attorney General's Office to get information concerning procedures that needed to be followed.

OCTOBER 22, 2007

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1. S/A Quinn spoke with Bjornson at WSI concerning a request for records that involved Spencer. Bjornson requested S/A Quinn e-mail a request for those records. A copy of that e-mail is attached to this report. S/A Quinn also spoke with Pam Sharp, Director of Office of Management and Budget, and requested copies of Spencer's leave balances and paycheck information for the August and September 2006 pay periods. S/A Quinn received those documents on October 24, 2007. Those documents are attached to this report.

DESCRIPTION AND CUSTODY OF EVIDENCE:

1. Armstrong's notebook is in the possession of S/A Quinn.

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PERSON REPORTS:

Long, James D

Witness

8330 Palomino Dr, Bismarck, ND

DOB: 08/27/1969

Male, White

Hgt: 5'08", Wgt: 210

Hair: BRO, Eyes: GRA

SSN: [REDACTED] DL#: LON-69-7634, State: ND

Peltz, Billi Jo A

Witness

745 Mustang Dr, Bismarck, ND

DOB: 03/13/1974

Female, White

Hgt: 5'08", Wgt: 150

Hair: BRO, Eyes: GRN

SSN: [REDACTED], DL#: PEL-74-5426, State: ND

ATTACHMENTS:

- 1 - Copy-Armstrong's Journal Provided by Long (20 Pgs), / /
- 2 - Copy-Peltz's Notes Copied on 10/19/07 (3 Pages), / /
- 3 - Copy of Search Warrant and Return (2 Pages), 10/19/2007
- 4 - Copy of BCI Evidence/Property Form (1 Page), 10/19/2007
- 5 - Copy of S/A Quinn's E-mail to Bjornson (1 Page), 10/22/2007
- 6 - Copy of Spencer's OMB Documents (4 Pages), 10/23/2007

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