



SPOKANE COUNTY DEMOCRATS

To: Washington State Public Disclosure Commission

From: Spokane County Democratic Central Committee

RE: Response to PDC - Spokane County Democratic Central Committee (2): Alleged violations of Chapter 42.17A RCW for failure to accurately and timely file reports of contributions, expenditures, and debts (July 2017)

Date: July 24, 2017

In response to the above referenced complaint, the Spokane County Democratic Central Committee (SCDCC) has reviewed the complaint and submits the following:

General Response:

This complaint is directed at filings that have already been voluntarily amended prior to the receipt of the complaint, demonstrating that the SCDCC's internal oversight system and procedure are working, and that it is paying attention to details. The PDC allows amendments to be made to encourage self-correction, yet the complainant appears to be proposing that the SCDCC suffer adverse consequences for having made these corrections. This would discourage parties from self-correcting, as doing so highlights errors that the Complainant seizes upon in his numerous complaints.

Most of the complaint refers events that occurred months ago, shortly after the volunteers working on these filings had taken office and were in the midst of developing procedures for compliance, with checks and balances, while also reviewing 2016 filings. PDC staff have been helping, in answering weekly (and often daily), phone calls and emails from the SCDCC Financial Oversight Committee to explain and clarify PDC rules pertaining to these filings. The Financial Oversight Committee applied the knowledge gained from these calls to develop internal procedures, which in turn are reflected in amendments that SCDCC has filed. The events described by Complainant are evidence of the SCDCC's genuine efforts to comply, and of the efficacy of its internal review procedures.

Allegation 1: Failure to file accurate, timely C3 and C4 reports.

The general allegation that there are "significant failures" and a "purposeful lack of compliance" is belied by the filings made by the SCDCC. Our timely filings and voluntary amendments reflect that we are in substantial compliance and proactively seek to catch any mistakes that occur.

Example #1 concerns attorney fees. The lack of initial reporting stemmed from the fact that it was not clear to the party what, if any, debt was owed. The attorney retained by the party indicated a high willingness to be flexible on the amount of payment and the timing of payment: payment would not be expected until the matter is resolved, and the amount could be negotiated or perhaps waived. In this light, the invoice was sent as a "heads up" as to how

much time had been spent, but without a specific expectation of payment. It thus did not strike the SCDCC as a concrete and ascertainable debt to be reported. Upon further inquiry and discussion, we realized that, even with this uncertainty, the best practice would be to report the invoices, which the party did on July 13 and 14, by amending its May and June C4 reports. The party will continue to include this debt in future C4 reports.

Example #2 stems from events from several months ago, right after the party reorganization, and has been properly reported. The plane fare for Nina Turner was initially paid for by Chair Biviano. At the time the expense was incurred, it was unclear whether it would be reimbursed, as this depended on how much revenue was to be generated by the fundraiser. While he preferred reimbursement, Chair Biviano expressed his willingness to decline reimbursement if the event was not successful, in which case the expense would have been recorded as an in-kind donation to the SCDCC. With this uncertainty as to how the expense would be treated, the (newly appointed) treasurer did not know how to classify the expense until the event occurred. After the event it became clear that money was available for reimbursement and the Chair submitted the invoices to the SCDCC for payment. Once submitted, the SCDCC treasurer paid the expenditure and recorded it in a timely manner on the appropriate C4. With the knowledge we have gained by speaking with the PDC and doing research, in the future we will record similar debt immediately, and determine later whether the debt will be written off as an in-kind donation or whether it will be repaid. At the time, however, good faith efforts were made in an unusual situation.

The allegation in example #3 is erroneous. Lorilee Gill was not, and is not, the SCDCC Treasurer. \$157.68 is under the \$250.00 RCW requirement for recording liabilities. The SCDCC reported the expenditure in a timely manner. While the initial disclosure omitted the description of the expenditure, the Financial Oversight Committee caught that omission and an amendment was promptly filed. These events show the SCDCC is making genuine efforts to comply, and its procedures and systems to monitor compliance and accuracy are working.

Allegation 2: Failure to accurately, timely report debt.

This allegation appears to be wholly duplicative of the first allegation. The response to the first allegation addresses this redundant allegation.

As always, the SCDCC is committed to compliance and transparency, and works to remedy any oversights fully and promptly. We look forward to answering any further questions you may have.