

Mr Blackhorn and whomever else it may concern.

My initial responses to Mr. Morgan's complaint are included in the body of his complaint in italics below.

-Martin Chaney

o Whom it May Concern –

It has come to my attention that The Eastside Democratic Dinner Committee has violated provisions of RCW 42.17A.

1) Failure to file accurate, timely C3 and C4 reports. (Violation of RCW 42.17A.235)

State law requires that candidates and committees file frequent, accurate reports of contributions, expenditures, in-kind contributions, and debt. Unfortunately, The Eastside Democratic Dinner Committee failed on numerous occasions to do this.

It has been our understanding, per the PDC political committee reporting guide, that until cumulative contributions or expenses exceed \$200 since the previous filing, we can choose not to make a filing. Many of the complaints fit within this framework. The nature of the Eastside Democratic Dinner Committee activity has been that we conduct a single fundraising event each year and are inactive the rest of the year.

42.17A.225

Filing and reporting by continuing political committee.

(1) In addition to the provisions of this section, a continuing political committee shall file and report on the same conditions and at the same times as any other committee in accordance with the provisions of RCW 42.17A.205, 42.17A.210, and 42.17A.220.

(2) A continuing political committee shall file with the commission a report on the tenth day of each month detailing expenditures made and contributions received for the preceding calendar month. This report need only be filed if either the total contributions received or total expenditures made since the last such report exceed two hundred dollars.

a) According to the PDC, the C4 for the time period of 1/1/2017 to 1/31/2017 was due on 2/10/2017. The Eastside Democratic Dinner Committee failed to file an accurate C4 until 3/13/17, **33 days past the statutory deadline.**

The only activity during this period is a single bank charge of \$89.99 (\$188.49 in aggregate expenditures since the last C4 report filing). Within the \$200 limit. No contributions were received in this period.

b) According to the PDC, the C4 for the time period of 12/1/16 to 12/31/16 was due on 1/10/2016. The Eastside Democratic Dinner Committee failed to file an accurate C4 until 3/13/17, **63 days past the statutory deadline.**

The only activity during this period is a single bank charge of \$40. (\$98.50 in aggregate expenditures since the last C4 report filing). Well within the \$200 limit. No contributions were received in this period.

c) According to the PDC, the C4 for the time period of 11/1/2016 to 11/30/2016 was due on 12/10/2016.

The Eastside Democratic Dinner Committee failed to file an accurate C4 until 3/13/17, **93 days past the statutory deadline.**

Expenses during this period totaled \$58.50. (\$58.50 in aggregate expenditures since the last C4 report filing). Well within the \$200 limit. No contributions were received in this period.

d) According to the PDC, the C4 for the time period of 10/18/16 to 10/31/16 was due on 11/1/2016. The Eastside Democratic Dinner Committee failed to file an accurate C4 until 11/3/16, well past the statutory deadline. *No contributions were received in this period.*

Expenses during this period were zero. (Also zero aggregate expenditures since the last C4 report filing). Within the \$200 limit.

e) According to the PDC, the C3 for the time period of 9/5/16 to 9/11/2016 was due on 9/12/2016. Unfortunately, The Eastside Democratic Dinner Committee failed to file an accurate C3 until 10/17/2016, **35 days past the statutory deadline.**

This report appears to be late as indicted in the allegation. This and the following two reports are confusing. The dinner event itself was 9/9/2016 and a lot of small transactions happened on or just before that date. During that time we entered information into ORCA daily based on transactions which had been deposited into our bank account. Unfortunately, our online payment service can delay deposits up to three days from when they are made, which seems to cause confusion in how ORCA converts entries into reports. It also appears that we were erroneously focused on transmitting information based on when C4s were due and didn't make the weekly C3 transmittals in this period.

Going forward, we will work with the PDC to determine the proper way of handling the delay between donor contributions and deposits to our bank account and how to get the necessary information from our online service.

f) According to the PDC, the C3 for the time period of 9/5/16 to 9/11/2016 was due on 9/12/2016. Unfortunately, The Eastside Democratic Dinner Committee failed to file an accurate (separate from the above) C3 for this report period until 10/17/2016, **32 days past the statutory deadline.** (See Report #100727350).

This report appears to be late as indicated in the allegation. See e) above.

g) According to the PDC, the C3 for the time period of 9/5/16 to 9/11/2016 was due on 9/12/2016. Unfortunately, The Eastside Democratic Dinner Committee failed to file an accurate (separate from both of the above) C3 for this report period, until 10/17/2016, **35 days past the statutory deadline.** (See Report #100727347)

This report appears to be late as indicated in the allegation. See e) above.

h) According to the PDC, the C4 for the time period of 7/12/16 to 7/25/16 was due on 7/26/16. Unfortunately, The Eastside Democratic Dinner Committee failed to file an accurate C4 until 9/6/16, **40 days past the statutory deadline.**

Expenses during this period were zero. Were it not for the error in item n) aggregate expenses would have been within the \$200 limit.

i) According to the PDC, the C4 for the time period of 4/1/16 to 4/31/16 was due on 5/10/16. Unfortunately, The Eastside Democratic Dinner Committee failed to file an accurate C4 until 9/6/2016, **119 days past the statutory deadline.**

I believe that should be the period 4/1/16 to 4/30/16, there being no such date as 4/31/16. Expenses for this period were \$10. Were it not for the error in item n) aggregate expenses would have been within the \$200 limit.

j) According to the PDC, the C4 for the time period of 6/1/2016 to 7/11/2016 was due on 7/12/2016. Unfortunately, The Eastside Democratic Dinner Committee failed to file an accurate C4 until 9/6/2016, **56 days past the statutory deadline.**

Expenses during this period were \$20. Were it not for the error in item n) aggregate expenses would have been within the \$200 limit.

k) According to the PDC, the C4 for the time period of 5/1/2016 to 5/31/2016 was due on 6/10/2016. Unfortunately, The Eastside Democratic Dinner Committee failed to file an accurate C4 until 9/6/2016, **88 days past the statutory deadline.**

Expenses during this period were \$10. Were it not for the error in item n) aggregate expenses would have been within the \$200 limit.

l) According to the PDC, the C4 for the time period of 3/1/16 to 3/31/16 was due on 4/10/16. Unfortunately, The Eastside Democratic Dinner Committee failed to file an accurate C4 until 9/6/16, **149 days past the statutory deadline.**

Expenses during this period were \$10. Were it not for the error in item n) aggregate expenses would have been within the \$200 limit.

m) According to the PDC, the C4 for the time period of 2/1/16 to 2/29/16 was due on 3/10/16. Unfortunately, The Eastside Democratic Dinner Committee failed to file an accurate C4 until 9/6/16, **180 days past the statutory deadline.**

Expenses during this period were \$10. Were it not for the error in item n) aggregate expenses would have been within the \$200 limit.

n) According to the PDC, the C4 for the time period of 1/1/16 to 1/31/16 was due on 2/10/16. Unfortunately, The Eastside Democratic Dinner Committee failed to file an accurate C4 until 9/6/16, **209 days past the statutory deadline.** By failing to file this report (they waited nearly 7 months past the deadline), they **effectively hid the \$8000 that their committee donated** to the following committees: 5th LD, 41st LD, 48th LD, and 45th LD Democrats. (See report #100718996).

This is most egregious of all the violations I have identified in this complaint. Failure to timely report these expenditures in a timely manner is unacceptable and not even close to compliance with the law.

We agree. This was an error and I thought that the report had been submitted. Distribution of proceeds from the dinner is the final act of our dinner cycle, after which we normally pause activity. I can only conjecture that we failed to push the transmit button before closing down for the year. As far as likely harm, the dinner committee makes no direct candidate donations. We only donate to the four specific LD organizations. Those organizations have their own reporting requirements and there are reporting requirements on both sides of donations they make. The four LDs reported their contributions promptly, so the donations were never actually hidden.

2) Failure to report occupation and employer information for donors over \$100. (Violation of RCW 42.17A.240, WAC 390-16-037)

Washington's campaign finance law requires a campaign to timely report contributions received. The information required to be disclosed includes the name and address of the source of contributions that exceed \$25 in the aggregate, and the employer and occupation of any individual contributor giving more than \$100 in the aggregate.

Hillary Franz donated \$125 on 9/5/2016 and was identified as "unemployed", however she was Executive Director at Futurewise, an extremist Seattle litigation organization at the time (**Ref #100719282**)

We rely on the representations that our donors make in completing our donation forms.

3) Failure to accurately, timely report debt. (Violation of RCW 42.17A.240 (8), see WAC 390-05-295)

State law requires that the name and address of any person and the amount owed for any debt, obligation, note, unpaid loan, or other liability in the amount of more than two hundred fifty dollars or in the amount of more than fifty dollars that has been outstanding for over thirty days. Per **WAC 390-05-295**, this includes any oral or written order placed, debt or obligation to purchase goods or services or anything of value, or any offer to purchase advertising space, broadcast time or other advertising related product or service

We strive to pay all our bills and debts when due and as expediently as possible upon presentation. Our understanding of the service contracts for our events is that they are not obligations or liabilities for anything beyond our payments and deposits to date. If so instructed by the PDC we will be happy to change how we report these services, but we would need to understand how to handle variable costs such as per plate fees when the actual cost is not known at the time of signing a contract.

(From 2016)

The Eastside Democratic Dinner Committee illegally failed to report the following debts on preceding C4s:
EMBASSY SUITES - BELLEVUE 9/9/2016 \$9,000.00 BELLEVUE WA 98008 EVENT ROOM RENTAL,,
FOOD, BEVERAGES

EMBASSY SUITES - BELLEVUE 10/14/2016 \$3,395.82 BELLEVUE WA 98008 FINAL PAYMENT

These items should have been reported as debt during the reporting period where they reserved the room for the event. They reserved the room months in advance, but failed to report it as debt.

I have reason to believe that these items should have been reported as debt on the C4 covering the time period of May, 2016. A subpoena of the Committee's campaign records should confirm this.

No activity for the 2016 event happened as early as May, 2016.

(From 2015) I'

The Eastside Democratic Dinner Committee also illegally failed to report the following debts on preceding C4s:

METROPOLITAN MARKET CATERING 10/24/2015 \$1,243.66 SEATTLE WA 98109 EVENT FOOD

GRAND EVENT RENTALS 10/20/2015 \$1,093.09 BELLEVUE WA 98005 EVENT EQUIPMENT RENTAL

CITY OF BELLEVUE 10/24/2015 \$1,065.00 BELLEVUE WA 98009 HIGHLAND COMMUNITY CENTER RENTAL

CITY OF BELLEVUE 10/24/2015 \$500.00 BELLEVUE WA 98009 SECURITY DEPOSIT

These items should have been reported as debt during the reporting period where they began planning the event and made provisions to engage in these expenditures.

I have reason to believe that these items should have been reported as debt on the C4 covering the time period of June, 2015. A subpoena of the Committee's campaign records should confirm this.

It does appear that we should have reported the security deposit in August. It was actually paid that month by a personal check that wasn't presented for reimbursement until October.

4) Failure to list all committee officers. (Violation of RCW 42.17A.205 (2)(c), see WAC 390-05-245.

The Eastside Democratic Dinner Committee failed to list Rich Erwin (41st LD Chair), Kenneth Albinger (45th LD Chair), and James Terwilliger (48th LD Chair) as officers, which is required by **RCW 42.17A.205(2)(c)**.

The Eastside Democratic Dinner is essentially a fundraiser that splits event proceeds between four separate Dem LDs – 5th, 41st, 45th, 48th. All decisions related to the Committee's activity are made by these 4 chairs. Martin Cheney (5th LD Chair) is the only one currently listed as an officer on the C1PC form.

The above individuals should have been listed as committee officers, because they, in conjunction with others, made, directed, or authorized expenditures, strategic or policy decisions on behalf of the committee.

WAC 390-05-245 defines committee officer as: "...any person designated by the committee as an officer on the C-1 or C-1pc registration statement and any **person** who alone or in conjunction with other persons makes, directs, or authorizes contribution, expenditure, strategic or policy decisions on behalf of the committee" .

Please note that **RCW 42.17A.005 (35)** defines "person" as: "...an individual, partnership, joint venture, public or private corporation, association, federal, state, or local governmental entity or agency however constituted, candidate, committee, political committee, political party, executive committee thereof, or any other organization or group of persons, however organized."

While it is true that the Chairs of the four named LD organizations are defined to be the directors of the organization, the role of the directors is most correctly viewed as one of oversight. They chose to delegate to Martin Chaney (please note spelling) complete authority to make all decisions concerning the dinner event including all expenditure authorization and the right to further delegate responsibilities. None of the Chairs have ever had bank account access. It was my considered judgment that it would be misleading to list other Directors as officers for the purpose of the C1PC. I concede that I may have erred in this judgment and would be happy to add them if so instructed by the PDC.

It should also be noted that James Terwilliger and Rich Erwin were not LD organization Chairs at the time of either the 2015 or 2016 dinner events.

5) Illegal unauthorized expenditure of funds by an individual not listed as an officer on C-1PC form. (Violation of RCW 42.17A.425)

State law requires that: "No expenditures may be made or incurred by any candidate or political committee unless authorized by the candidate or the person or persons named on the candidate's or committee's registration form..."

Despite making all the decisions for the Eastside Democratic Dinner Committee, only one of the four officers are listed on the C1PC. In their roles as officers, these individual doubtlessly made illegal expenditures on behalf of the committee.

All of the expenditures by the Committee in 2015 and 2016 and 2017 to date were authorized by Martin Chaney. The complete record of the committee's expenditures is contained in the C4 reports.

The PDC should investigate the possibility that The Eastside Democratic Dinner Committee committed the above violations maliciously, which would be a class C felony per **RCW 42.17A.750 (2)(c)**. If the PDC determines that is the case, they should refer the case to the Attorney General's office for criminal prosecution immediately.

No malicious intent was involved in any Dinner Committee activity or reporting.

Please don't hesitate to contact me if you need any additional information.
Best Regards,
Glen Morgan