

45th Legislative District Democrats
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Delivered via electronic mail

April 20, 2017

Washington Public Disclosure Commission
711 Capitol Way, Room 206
PO Box 40908
Olympia, WA 98504-2828
pdc@pdc.wa.gov

Re: Response to Mr. Morgan's complaint dated 4/13/2017

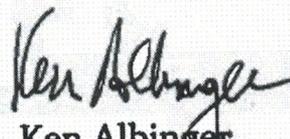
To Whom It May Concern:

We are writing in response to Mr. Morgan's complaint filed with the Public Disclosure Commission on April 13, 2017, against the 45th Legislative District Democrats.

Please consider our responses during this initial review. In the following pages the responses from the 45th Legislative District are in red and italics. The responses follow Mr. Morgan's statements in black.

Regards,


Shawn Roland
Treasurer


Ken Albinger
Chair

cc: Kevin Hamilton, Perkins Coie LLC

To Whom it May Concern –

It has come to my attention that the 45th Legislative District Democrats have violated provisions of RCW 42.17A.

1) Failure to timely file accurate 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 45th Legislative District Democrats failed on numerous occasions to do this.

a) According to the PDC, the C4 for the time period covering May 2015 was due on 6/10/15.

The 45th Legislative District Democrats' original report failed to report a \$180 expenditure for "T-shirts", and an \$80 expenditure for "button making supplies".

Unfortunately, the 45th Legislative District Democrats failed to file an accurate C4 until 1/10/16, WELL past the statutory deadline.

Additionally, I will note that the original C4 for this time period was submitted 4 days past the deadline.

45th Response: The 45th Legislative District Democrats have been regularly filing reports with the PDC for many years. As suggested implicitly by Mr. Morgan's complaint, in the overwhelming majority of cases, our reporting has been done perfectly. Our goal is, at all times, to comply with the letter and spirit of campaign finance reporting obligations. Given the nature of political campaigns, it is almost inevitable that the occasional report may be filed a day or two late or may need to be amended as a result of the reconciliation process that the 45th Legislative District Democrats utilize to ensure the accuracy of their accounts.

*In this particular case, we **acknowledge** the original May 2015 C4 was filed on 6/14/15 (four days late). The original C4 was filed on 6/14/15 and amended on 1/10/16. The 45th Legislative District Democrats' long-standing understanding from working with PDC staff is that the PDC encourages campaigns and other filers to voluntarily submit amended reports when they learn of additional information that should be included on such reports, rather than being discentivized from doing so by allegations of the kind that Mr. Morgan has filed here.*

b) According to the PDC, the C4 for the time period of 7/28/15 to 8/31/15 was due on 9/10/15.

The 45th Legislative District Democrats' original report failed to include two \$25 in-kind contributions from Robin and Christopher Barnes for an entrance fee for the Woodinville parade.

Unfortunately, the 45th Legislative District Democrats failed to file an accurate C4 until 10/14/2015, well past the statutory deadline.

45th Response: We deny the claim of being in violation of RCW 42.17A.235. The original C4 was filed on 9/10/15 (on-time) and amended on 10/14/15 to reflect additional information identified during the reconciliation process.

c) According to the PDC, the C4 for the time period of 7/14/15 to 7/27/15 was due on 7/28/15.

The 45th Legislative District Democrats' original report (filed 7 days late on 8/4/2015) failed to include a \$541.18 in-kind contribution from Jeanne Large. The in-kind contribution was for printing a LD45 endorsement guide.

Unfortunately, the 45th Legislative District Democrats failed to file an accurate C4 until 10/14/15, well past the statutory deadline.

45th Response: We acknowledge the original C4 for the period of 7/14/15 thru 7/27/15 was filed on 8/4/15 (seven days late). The C4 originally filed on 8/4/15 was amended on 10/15/15 to reflect the in-kind contribution of \$541.18, which was identified by the Treasurer during the reconciliation process.

d) According to the PDC, the C3 for the time period of January 2017 was due on 2/10/17.

The 45th Legislative District Democrats' original report (filed 1 day late on 2/11/2017) failed to include a refund from VANTIV ECCOMMERCE valued at \$45.

Unfortunately, the 45th Legislative District Democrats failed to file an accurate C4 until 3/1/17, well past the statutory deadline.

45th Response: This claim is unclear. We deny the claim of being in violation of RCW 42.17A.235 with respect to this allegation. We filed numerous C3's in the month of January 2017 (all on-time). It appears that Mr. Morgan is inadvertently referencing a C3 for the month of February. There was an amended C3 filed on 3/1/17, however the amended filing was a C3 for the February reporting period.

We further deny the claim of being in violation of RCW 42.17A.235 for our February 2017 C4 filing. Our February 2017 C4 was filed on 3/1/17 (on-time).

e) According to the PDC, the C4 for the time period of January 2017 was due on 2/10/17.

The 45th Legislative District Democrats' original C4 failed to include the accurate value of expenditures made to VANTIV ECCOMMERCE. The original C4 has two payments off from the accurate amount by nearly a dollar.

Unfortunately, the 45th Legislative District Democrats failed to file an accurate C4 until 2/13/17, well past the statutory deadline.

It defies credulity to believe that Shawn Roland is unable to report the accurate amount of money sent to this vendor in a timely manner. The grace period for reporting C4s (10 days after the last day of the previous month) should be more than enough time for him to get the accurate amounts reported. If he is unable to fulfill his responsibilities as Treasurer, it might be helpful if Shawn Roland attend additional PDC training courses to avoid these mistakes in the future.

45th Response: We deny the claim of being in violation of RCW 42.17A.235. The original January 2017 C4 was filed on 2/2/17 (on-time), amended on 2/11/17, and further amended on 2/13/17.

f) The 45th Legislative District Democrats illegally reported the following contribution:

LAKE WASHINGTON SCHOOL DISTRICT 5/9/2016 \$400.00 N REDMOND WA

The Lake Washington School District did not make a contribution to their committee. Additionally, if the District had actually contributed, they would have surpassed the contribution limit for governmental agencies to political committees (limit is \$0), and the 45LD Democrats would have had to refund the contribution within 10 business days, which they failed to do. They should amend their C3 to fix this error immediately.

45th Response: We acknowledge this receipt was not a contribution. Rather, the receipt from LWSD was a refund check. Given that the 45th Legislative District Democrats do not and cannot accept contributions from government agencies, they believe the nature of this inadvertent error was evident to those viewing its report (as indicated by Mr. Morgan's allegation that "The Lake Washington School District did not make a contribution to their committee.") To ensure the clarity of our reports, the PDC filings for this period were amended on 4/17/17 to record this amount as a refund and to remove as a contribution.

2) 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.

45th Legislative District Democrats illegally failed to report the following debts on preceding C4s:

45th Legislative District Democrats illegally failed to report the following debts on preceding C4s:				
Vendor	Date	Amount	Description	Debt Not Reported
TRADE PRINTERY	2006-10-17	4000	2006 GENERAL ELECTION ENDORSEMENT GUIDES	This should have been reported as debt on post-primary C4.
TRADE PRINTERY	2006-10-19	2444.28	PRINTING AND MAILING 2016 GENERAL ELECTION VOTER GUIDES	This should have been reported as debt on 21 day pre general C4.
LOSCHEN MATT	2006-04-19	1997	REIMBURSEMENT FOR RENTING SCHOOLS FOR 2006 PRECINCT CAUCUS	This should have been reported as debt on C4 covering March.
KING COUNTY DEMOCRATS	2006-05-02	600	2006 DUES	This should have been reported as debt on C4 covering April, and likely other previous months.
JUANITA HIGH SCHOOL	2006-04-20	520	RENT FOR LEGISLATIVE DISTRICT CAUCUS SPACE	This should have been reported as debt on C4 covering March.
NORTHSHORE SCHOOL DISTRICT	2006-04-06	444	RENTAL OF TIMBERCREST AND LEOTA JUNIOR HS FOR CAUCUS	This should have been reported as debt on C4 covering March.
REDMOND HIGH SCHOOL	2006-03-16	400	2006 LD CAUCUS SITE RENTAL	This should have been reported as debt on C4 covering February.
WOODINVILLE CHAMBER OF COMMERCE	2006-07-29	300	2006 PARADE AND BOOTH FEE	This should have been reported as debt on 7 day pre primary C4.
CITY OF REDMOND	2006-08-24	287.13	GENERAL MEETING ROOM RENTAL	This should have been reported as debt on post-primary C4.
LAKE WASHINGTON SCHOOL DISTRICT	2006-02-23	260	2006 PRESIDENTIAL PRECINCT CAUCUS SITE RENTAL	This should have been reported as debt on C4 covering January.
CITY OF REDMOND	2006-04-04	255	RENTAL FEE FOR APRIL GENERAL MEETING SPACE	This should have been reported as debt on C4 covering March.
OLD REDMOND SCHOOL HOUSE COMMUNITY CENTER	2006-04-13	255	RENT FOR MAY GENERAL MEETING SPACE	This should have been reported as debt on C4 covering March.

45th Response: We deny the claim of being in violation of RCW 42.17A.240(8) or WAC 390-05-295. We pay obligations throughout each month and report on our monthly C4. The basis for Mr. Morgan's assertion that particular obligations "should" have been reported on other C4s is unclear.

3) Failure to properly break down expenses. (Violation of RCW 42.17A.235, see WAC 390-16-205)

State law requires that expenditures made on behalf of a candidate or political committee by any person, agency, firm, organization, etc. employed or retained for the purpose of organizing, directing, managing or assisting the candidate's or committee's efforts shall be deemed expenditures by the candidate or committee. In accordance with WAC 390-16-037, such expenditures shall be reported by the candidate or committee as if made or incurred by the candidate or committee directly.

The 45th Legislative District Democrats illegally failed to break down the following expenses:

Vendor	Date	Amount	Description	Expenses not broken down
TRADE PRINTERY	2016-10-19	2444.28	PRINTING AND MAILING 2016 GENERAL ELECTION VOTER GUIDES	Failure to break down printing and postage expenditures separately.
LOSCHEN MATT	2016-04-19	1997	REIMBURSEMENT FOR RENTING SCHOOLS FOR 2016 PRECINCT CAUCUS	Failure to list the actual entity receiving the payment that the reimbursement was made for.
ALBINGER KEN MR	2016-12-15	212.55	REIMBURSEMENT FOR PURCHASING PAPER AND INK FOR 2016 PRIMARY ELECTION VOTER GUIDES	Failure to list the actual entity receiving the payment that the reimbursement was made for.
BARNES ROBIN MS	2016-09-28	150	BUTTONS FOR WOODINVILLE FESTIVAL	Failure to list the actual entity that provided the buttons.
WILSON DORIS E MS	2016-12-20	127.2	REIMBURSEMENT FOR FOOD AND DRINKS FOR 2016 HOLIDAY PARTY	Failure to list the actual entity receiving the payment that the reimbursement was made for.
OLSEN BARB	2016-11-01	119.87	REIMBURSEMENT FOR SUMMER PICNIC FOOD	Failure to list the actual entity receiving the payment that the reimbursement was made for.

They must amend their C4s immediately to correct this problem.

45th Response: We do not believe we are in violation of RCW 42.17A.235 or WAC 390-16-205. We have reported expenditures so as to reflect each vendor, the date, amount, and description of the expenditures in question. If the PDC has further guidance regarding the manner in which we are reporting our expenses, we will be happy to revise and amend them as requested.

4) Failure to report expenditure/in-kind contribution for mailing list. (Violation of RCW 42.17A.235)

As evidenced by the expenditure below, the 45th Legislative District Democrats sent out mailers to registered voters within the 45th Legislative District:

TRADE PRINTERY 10/19/2016 \$2,444.28 PRINTING AND MAILING 2016 GENERAL ELECTION VOTER GUIDES

The 45th Legislative District Democrats used mailing lists to target specific voters in an effort to win the maximum number of votes per dollar spent.

Mailing lists have real market value, and many committees actually pay hundreds of dollars for mailing lists from vendors such as L2.

Unfortunately, because the 45th Legislative District Democrats failed to report the expenditure for said mailing lists, or the in-kind contribution of mailing lists from some outside entity, they are in violation of RCW 42.17A.235.

The 45th Legislative District Democrats must amend their C4 reports to include the source of their mailing lists, either as an in-kind contribution or as an expenditure.

45th Response: We deny the claim of being in violation of RCW 42.17A.235. In response to the claim, we do not purchase mailing lists, nor are we aware of receiving any mailing lists that are in-kind contributions.

5) Failure to report last minute contributions. (Violation of RCW 42.17A.265)

The 45th Legislative District Democrats failed to report a last minute contributions (@ aggregate of \$1000 or higher) from the following group within the 48 hour time limit on an LMC form, as required by law:

a. General Election (21 Days -- 10/18/2016 or later)

- Received a LMC valued at \$1350 from “Eastside Democratic Dinner” on 10/20/16, wasn’t reported until 10/28/16.

*45th Response: We **acknowledge** the last minute contribution reporting period for aggregate amounts \$1,000 and higher began on 10/18/16.*

*We further **acknowledge** a contribution from Eastside Democratic Dinner was received on 10/20/16 and not reported on a LAST MINUTE CONTRIBUTION OF \$1,000 OR MORE Form. The contribution received on 10/20/16 from Eastside Democratic Dinner was reported on a C3 dated 10/28/16 (six days late, but well in advance of Election Day).*

The PDC should investigate the possibility that the 45th Legislative District Democrats 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 immediately refer this matter to the Attorney General's office for criminal prosecution.

*45th Response: We **deny** the claim that any violations stated in the Complaint by Mr. Morgan were malicious per RCW 42.17A.750 (2)(c). Simply put, and as further set out below, the vast majority of Mr. Morgan’s allegations are completely without merit. In a handful of instances, Mr. Morgan has identified technical violations where the 45th Legislative District Democrats filed a report a handful of days late. Particularly when measured against our long record of good faith compliance with reporting requirements, there is simply no basis whatsoever to conclude that the 45th Legislative District Democrats acted “maliciously.”*

In Conclusion

The 45th Legislative District Democrats welcome scrutiny of its reporting practices. We feel compelled to point out that, in our view, Mr. Morgan's complaint contains mostly invalid allegations. Further, while we strive to achieve complete compliance with all reporting requirements in every instance, it does seem to us that even the "valid" complaints concern minor matters and technical issues, as contrasted with intentional conduct designed to conceal pertinent information from voters. Nonetheless, we have taken best practice steps to ensure compliance with all RCW's, WAC's, and PDC interpretations. Best practices of the current Treasurer include, but are not limited to:

- PDC training.
- Weekly review of all complaints filed with the PDC.
- Recurring communication asking the Board for any known in-kind contribution activity.
- Recurring review of all applicable RCW's, WAC's, PDC interpretations.
- Recurring review of all advisory publications provided by the PDC on their website.
- Making regular inquiries to the PDC to get clarification on any relevant issue that is unclear.

Thank you for the opportunity to address Mr. Morgan's allegations.

Regards,

Shawn Roland
Treasurer

Ken Albinger
Chair