

Subject: response to PDC filing Monday November 21st.

Description:

Dear Mr. Berkey,

KCDCC is responding to the complaint below as follows:

The Background as stated is correct. I would add that there were multiple contacts between the First Vice Chair-Finance (Omaha Sternberg) and the PDC explaining our situation and asking for consideration due to our situation with the Treasurer position. KCDCC had two well-intentioned people who were credentialed and capable who attempted to fill the position of Treasurer, but realized that they were not suited to the specific responsibilities of this role. As a result of these events, the Finance committee went through a rigorous and thorough nomination process before selecting Nancy Podschwit and submitting her to the Executive Board for approval. The proper C-1pc was filed naming Nancy Podschwit as Treasurer after approval by the Executive committee. There were obvious concerns by the Finance committee to get the “right” person to handle the responsibilities of the Treasurer. KCDCC needed someone willing to stay for the long haul and also be able to reconcile the books to the PDC filings and performing a full and complete audit of the financial records to ensure accuracy. There were also concerns that the filings completed by Mr. Morris were incorrect. Due to the length of time KCDCC was without a Treasurer the financial records were disorganized but fortunately fairly complete. It was an unfortunate situation but one that is now behind KCDCC.

Though the facts as stated appear to indicate untimely filings, once the new Treasurer was in place, the bank books were reconciled, the starting balance on the PDC filings was adjusted, the appropriate C-3 and C-4 filings were completed reporting all contributions and expenditures. We have a system in place to ensure transparency between the Treasury/Finance functions and the PDC and KCDCC E-Board to ensure that we do not encounter issues of this type in the future.

We ask for your understanding of the extenuating circumstances involved and the amount of work completed in a short time period to bring KCDCC current with the PDC. There was no attempt to violate 42.17A RCW, just the lack of a Treasurer to properly complete the required paperwork. We are current and intend to maintain that status. The Treasurer will be attending PDC training in early 2017. There certainly was not adequate time to attend training and get through the current election cycle.

Thank you for your consideration...Please feel free to contact me at the number below.

Sincerely,
Nancy M Podschwit
Treasurer KCDCC
1.630.750.7222

Dear Mr. Young,

I understand that Bailey has spoken to you regarding our delay in responding to this request. Below are the responses, received from the previous 1st Vice Chair who was also chair of the Finance committee at the time the problems occurred.

The background concerning Mr. Morris becoming KCDCC treasurer, and the circumstances that led Mr. Morris resigning his position and leaving KCDCC records, laptop and cash box at the PDC door step.

The King County Democrats were searching for a new treasurer in February of 2016. Our treasurer from 2015 (Barbara Whitt) was retiring due to medical reasons. We had interviewed another candidate, but after he had shown interest in the position he turned it down.

Omaha Sternberg, the Finance Chair, was performing the position of Interim Treasurer at the time. After being contacted by a KCDCC member that Jayson Morris was interested in the position, Ms. Sternberg sent him an email and began the interview process. Mr. Morris was interested in becoming Treasurer, he had the time available to perform the position, and he seemed to have some experience with business management (claimed to be in his 4th Year of a Doctoral degree in Business Administration). He also showed a great degree of enthusiasm for the position. He was subsequently elected to the position at the March 2016 meeting.

Ms. Sternberg turned over all of the documentation to Mr. Morris at a meeting at the beginning of April when Mr. Morris said he would be available to begin the position. Mr. Morris also received a key to the KCDCC post box so that he could pick up mail for the organization, especially for the treasurer's position.

At first Mr. Morris was responding in a timely manner to requests for information from both Ms. Sternberg and Mr. Rich Erwin, the KCDCC chair. However, after May 2016, the treasurer reports were becoming inaccurate. When pointed out by Ms. Sternberg, Mr. Morris apologized for the error; however, he continued to provide reports that were inaccurate over the next few months. Ms. Sternberg also began auditing his updates to ORCA. She gave him leeway for errors and lack of updates, especially considering that he wasn't able to take PDC classes until May.

But by August, before the organization's August meeting, Chair Erwin and Ms. Sternberg finally had serious issues with Mr. Morris' work, especially since he had not updated the PDC reports for KCDCC since May. Ms. Sternberg sent Mr. Morris an email (cc'ing Chair Erwin) expressing their concern and an important need to meet with him regarding the issues (which were included in the email). This email was sent at 5:14pm (email included).

Mr. Morris replied a little over 1.5 hours later with a resignation letter and a request for a list of items that needed to be returned (email included). Neither Ms. Sternberg nor Chair Erwin read the email until the following morning.

By then, Mr. Morris had already driven to Olympia and dropped off the boxes of paperwork at the front door of the PDC offices. He claimed that he "couldn't sleep and...drove to Olympia and turned everything into the PDC [that] morning. Lastly, he stated that he had dropped off the post box key at the post office. However, we discovered later that what he meant was that he had dropped the key off at the nearest post office to his home.

Chair Erwin and Ms. Sternberg were completely confused and didn't understand why he would decide to leave the organization's financial information and items at the PDC.

How were contributions received, deposited and recorded, and expenditures processed and paid by the KCDCC during the time after Mr. Morris resigned and prior to Nancy taking over as Treasurer?

- For the time between Mr. Morris' resignation till Ms. Podschwit election as the new treasurer, the following actions were taken:
- Called a meeting of the Financial Committee to review and recommend a new treasurer to the KCDCC.
- Contact legislative districts which were listed as negligent in their dues to determine actual status.
- Obtained information regarding how Mr. Morris was instructed to update ORCA for monies received during the County Caucus.
- Contacted NGP/VAN for copies of the data from the now closed account.
- Changed the contact information to Ms. Sternberg's for the online donation system (so she would get the receipts).
- Updated ORCA for June and July with expenditures and contributions that we had.
- Requested financial statements for June, July, and August to compare information in ORCA with information from bank.
- Received copies of all checks written by Chair Erwin, and updated ORCA with it.
- All copies of contributions and expenditures were copied into the physical binder for the 2016 archives (which are separated by month).

Was anyone designated as the Interim Treasurer of the KCDCC?

- 1st Vice-chair and Finance Chair Omaha Sternberg.

Please explain the internal controls/system that are currently in place to ensure Compliance with the PDC reporting requirements, and compare that with the system in place when Mr. Morris was Treasurer.

- Mr. Morris was elected through a process of being informed of a candidate who might be willing to fulfill the position and accepting him as the only candidate available.
- Ms. Podschwit was selected through the following method: The Finance Committee spent several weeks advertising for a new treasurer and met to determine necessary requirements for the position. The requirements included experience in the financial industry.
- The Finance Committee reviewed responses from four different candidates for the position. They then voted on a single candidate to recommend to the KCDCC executive board at the September meeting.
- Members of the executive board meeting asked several questions before voting on the final candidate.
- Any additional information that you determine is relevant.

I want to extend our apologies, again, for what occurred. It is our intention to consistently comply with PDC requirements in our reporting and with our new executive structure in place we should not encounter any issues with compliance. I fully intend to remain as treasurer for the next two years and longer if I am re-elected.

Thanks for your patience and consideration of our circumstances. I have attached the correspondence which was sent to Mr. Morris which gave rise to his resignation for your information. Unfortunately, neither Bailey or myself were involved during this time period. Please let me know if you have any further questions.

Looking forward to resolving this issue.

Nancy Podschwit
Treasurer
KCDCC