



**STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION**

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111
Toll Free 1-877-601-2828 • E-mail: pdc@pdc.wa.gov • Website: www.pdc.wa.gov

December 16, 2016

Glenmorgan89@gmail.com

Subject: PDC Case 8928

Dear Mr. Morgan:

The Public Disclosure Commission (PDC) has completed its initial review of the complaint you filed on October 17, 2016. Your complaint made fifty allegations that Jim Cooper, a candidate for Thurston County Commissioner in 2016, violated RCW 42.17A.205, .235, .240, and .435 by failing to report campaign donations and spending as required by statute, and for illegally donating to a political party from campaign funds.

PDC staff reviewed your allegations, and as a result of staff's initial review, we found the following:

I. Background

On November 13, 2015, James M. (Jim) Cooper filed a Candidate Registration (C-1 report) declaring his candidacy for Thurston County Commissioner in 2016, selecting the Full Reporting Option, and listing Joe Hyer, as Campaign Treasurer, Liberty Ryder, as Campaign Chair, and 11 other individuals as committee officials.

On February 29, 2016, Jim Cooper filed an amended C-1 report for his 2016 candidacy for Thurston County Commissioner, amending the initial information to include Chris Noveli, as the new Campaign Treasurer, and Emma Margraf, as Campaign Manager.

Mr. Cooper is an incumbent Olympia City Councilmember since being elected to that office in 2011.

On October 17, 2016, you filed a complaint with the Public Disclosure Commission (PDC) alleging that Mr. Cooper, violated the following statutes and rule:

- RCW 42.17A.205 requires candidates to file a Candidate Registration (C-1 report) within two weeks of soliciting or receiving a contribution, making an expenditure or placing an

order for an expenditure, or making a public announcement of your candidacy for election, whichever occurs first.

- RCW 42.17A.235 requires candidates to timely and accurately disclose campaign contribution and expenditure information, including in-kind contributions or expenditures for professional services.
- RCW 42.17A.240 requires candidates to disclose other information as required by the Commission by rule.
- WAC 390-16-034 concerns additional reporting requirements adopted by the Commission and states “Pursuant to RCW 42.17A.240, each report required under RCW 42.17A.235 shall disclose, in addition to the name and address of each person who has made one or more contributions in the aggregate amount of more than one hundred dollars, the occupation and the name and address of the person's employer.”
- RCW 42.17A.430(8) states that “No candidate or authorized committee may transfer funds to any other candidate or political committee.”

II. Complaint Details

As part of the complaint filed with the PDC, you provided documentation that included a copy of a spreadsheet listing 47 contributions from individuals of exactly \$100, that had been received by the Friends of Jim Cooper and disclosed on C-3 reports. Specifically, the complaint alleged that Mr. Cooper violated the following statutes:

- RCW 42.17A.205 by failing to timely file the C-1 report. The complaint alleged that the C-1 report filed by Mr. Cooper on February 29, 2016, was filed late based on other C-3 and C-4 reports filed by the Friends of Jim Cooper.
- RCW 42.17A.240 by failing to disclose other information as required by the Commission by rule including 47 contributions received by the Friends of Jim Cooper from individuals failed to disclose Monetary Contributions reports (C-3 reports), the Occupation and Employer information for contributions received from individual contributors is more than \$100.
- RCW 42.17A.235 by failing to disclose in-kind contributions or expenditures on Campaign Summary Contribution and Expenditure Reports (C-4 reports) for professional services for campaign photographs and for the domain registration for the campaign website.
- RCW 42.17A.430(8) by making a contribution to the Thurston County Democratic Central Committee, a local political party organization registered with the PDC, to attend a fundraiser using 2016 campaign funds.

III. Staff Investigative Review and Analysis

PDC staff reviewed the following documents:

- October 17, 2016, complaint filed by Glen Morgan against Mr. Cooper.
- Monetary Contributions reports (C-3 reports) and Campaign Summary Contribution and Expenditure Reports (C-4 reports) filed by the Friends of Jim Cooper Campaign and the Thurston County Democratic Central Committee.
- Query results for queries conducted of the PDC contribution and expenditure database.
- Correspondence and documents provided by Mr. Cooper through the Freshdesk email portal, and telephone conversations between PDC staff and Mr. Cooper.

Failure to disclose Occupation and Employer information on C-3 reports

Mr. Morgan provided the names of 47 individuals who made contributions of exactly \$100 to the Campaign that had been disclosed on a C-3 report, which he alleged failed to disclose the required Occupation and Employer information.

WAC 390-16-034 requires filers to Occupation and Employer information for contributions received from individuals of more than \$100. Since none of the 47 contributions exceeded the \$100 threshold, the Campaign was not required to provide that information.

Failure to timely file a Candidate Registration (C-1 report)

On November 13, 2015, Mr. Cooper filed his initial C-1 report declaring his candidacy for Thurston County Commissioner in 2016.

On February 29, 2016, Mr. Cooper filed an amended C-1 report for his 2016 candidacy for Thurston County Commissioner. The complaint referenced the February 29, 2016, C-1 report as being the initial filing, and evidently the complainant missed the November 13, 2015, C-1 report filed by Mr. Cooper.

On December 10, 2015, the Campaign timely filed the November 2015 C-3 reports, which included a C-3 report disclosing five contributions totaling \$1,350 that were received on November 14, and deposited on November 20, 2015.

On December 10, 2015, the Campaign timely filed the November 2015 C-4 report, which was the initial C-4 report, disclosing five expenditures had been made on November 18, 2015 totaling \$985 for remit printing, design work and initial donor mail, and to purchase an email list.

Failure to disclose in-kind contributions or expenditures

Mr. Cooper stated that the photographs used by his Campaign in mailings and on his website, had been taken in a local photography studio for his family, were paid for by him personally, and were taken for personal use. He stated that the other photographs were personal photographs that he had taken using his i-Phone, and there were no costs incurred in taking those photographs.

Mr. Cooper stated that the \$46.08 in-kind contribution from Matt Albrecht was disclosed as being received on October 17, 2016, to pay for the campaign website domain registration by the Friends of Jim Cooper on the 21-day Pre-General Election C-4 report. Mr. Cooper stated that the initial expenditure for the domain registration was made in late 2015.

Making a prohibited contribution to the Thurston County Democratic Central Committee (TCDCC)

On June 10, 2016, the Friends of Jim Cooper timely filed the May 2016 C-4 report, disclosing that on May 7, 2016, the Campaign made a \$1,300 expenditure to the TCDCC and listed the purpose of the expenditure as purchasing TCDCC Kennedy Dinner tickets for 13 individuals.

On December 7, 2016, PDC staff contacted Mr. Cooper by telephone and requested he provide additional information concerning the \$1,300 campaign expenditure. Mr. Cooper replied by email that the expenditure to the TCDCC was for a Kennedy Dinner and Auction fundraiser, which his Campaign attended as a sponsor. He stated that a total of 16 individuals went to the TCDCC's Kennedy Dinner as part of his Campaign's entourage, and they all sat together at the two tables sponsored by the Campaign.

Mr. Cooper stated that four of the individuals who attended the event on behalf of the Campaign, sent their donations directly to the TCDCC, and the Friends of Jim Cooper was given credit for those individuals. The Campaign made a \$1,300 expenditure for the remaining 12 attendees, which included Mr. Cooper, his spouse, and 10 other individuals who gave their contributions to his Campaign to be used to send funds to the TCDCC to attend the fundraising event.

Mr. Cooper attached two documents to his email: A campaign generated spreadsheet providing detailed information concerning the individuals who attended the TCDCC's Kennedy Dinner on behalf of the Campaign, and a 2016 Kennedy Dinner and Auction Sponsorship sheet, produced by the TCDCC. In the email, Mr. Cooper stated he personally invited each person listed in the spreadsheet to attend the TCDCC fundraiser at the tables sponsored by the Friends of Jim Cooper, and he asked them to make a contribution to his Campaign that would go towards the sponsorship cost for the two tables.

The Campaign generated spreadsheet included the names of the 16 attendees, the amount paid by each attendee and identifying if paid to the Friends of Jim Cooper (FOJC) or directly to the TCDCC, the deposit date of the contributions, and notes that had been made by Mr. Cooper. The spreadsheet identified 10 individuals who made a contribution to the Campaign for the Kennedy Dinner fundraiser, and four individuals who contributed directly to the TCDCC. He stated that that four individuals had already purchased tickets directly from the TCDCC by the time he

invited them to participate with the Campaign. He stated that his Campaign was credited by the TCDCC for those four individuals' contributions as noted below.

Mr. Cooper stated the other two attendees were him and his spouse, and that the Campaign paid for them to attend the event. At the bottom of the spreadsheet, Mr. Cooper provided a summary of the spreadsheet disclosing the following in the table below:

"Total sponsorship commitment by FOJC to TCD for Blue level sponsorship of two tables of 8 @ \$800 each for 5/7/2016 Kennedy Dinner"	\$1,600
FOJC "Campaign Paid to TCD on 5/7/2016"	\$1,240
"Others Paid Directly to TCD"	\$390
"Total TCD Revenue for \$1,600 sponsorship"	\$1,630
"FOJC credit used for advertising in newsletter later in cycle"	\$30

The emailed documents also included a 2016 Kennedy Dinner and Auction Sponsorship sheet, providing information to candidates, contributors and participants, and indicating that there were four different dollar amounts for levels of sponsorship for the event, and what that provided to the contributors:

- Red level: Above \$1,000 donation includes table for 8, complimentary wine (unlimited), mention from podium, listed in program, TCD newspaper, website and FB.
- White level: \$1,000 donation includes table for 8, complimentary wine (one white and one red), mention from podium, listed in program, TCD newspaper, website and FB.
- Blue level: \$800 donation includes table for 8, complimentary wine (one white and one red), mention from podium, listed in program, website and FB.
- Table sponsor level: \$650 donation includes table for 8, listed in program, website and FB.

PDC Staff requested that Mr. Cooper contact the TCDCC to find out the number of attendees at the fundraiser and the actual costs for the Kennedy Dinner in order to ascertain the total costs for the event. Once the total costs of the event were established, staff advised Mr. Cooper to divide that by the total number of attendees to determine the per person costs for each attendee, and the portion of the ticket price that may have been a "possible contribution" received by the TCDCC from the Campaign. Staff advised Mr. Cooper to be sure and include the costs to rent the facility for the fundraiser, staffing costs, outside vendor costs for miscellaneous goods or services, mailing and printing costs, liquor licenses, decorations and other incidental costs, in addition to the earlier requested costs of consumables for food, beverages, taxes and gratuities.

Mr. Cooper stated that the costs for the event included the following: (1) the fundraiser was held at South Puget Sound Community College and rental of the facility costs \$1,298; (2) the event was catered by Budd Bay Catering which cost a total of \$9,510 which included taxes, gratuity, food and beverage; (3) \$472 was paid as a fee that included the tables, tablecloths, centerpiece,

and other decor for the actual tables; and (4) \$224 for a merchant fees to process the credit card contributions received at the event.

Mr. Cooper stated that the notes from the TCDCC indicated that “raw COST of providing all food and beverage for the evening averaged \$76.19 per paid attendee. Times your two tables makes \$1218.99.” The information stated that the TCDCC has done significant work to develop and justify sponsorship levels for value received for the sponsors of the Kennedy Dinner. The notes from the TCDCC went on to state the following:

Internally, our assumption is that your sponsorship of \$800 is \$600 in ensuring attendance, and \$200 in advertising/marketing benefits. When we developed the sponsorship program - we did look at what advertising and promotional benefits we provide, what other organizations charge for sponsorships to private businesses, and the estimated values of name mentions, program mentions etc. We established the value of the table sponsorship at an additional \$200, for \$800 total.”

On December 15, 2016, PDC staff spoke with Mr. Cooper concerning this issue and requested that his Campaign take corrective action concerning the difference between the \$100 per attendee admittance price and the \$76.19 that was determined to be the per person costs of the event. Specifically, PDC staff requested that Mr. Cooper contact the TCDCC and request the party refund a total \$381 ($\23.81×16 attendees) to his Campaign. This \$381 is the amount of a potential contribution to the TCDCC.

Although Mr. Cooper believes his Campaign received a benefit from the \$381 amount, he agreed to contact the TCDCC about reimbursement to his Campaign. If the TCDCC was unwilling to reimburse his campaign the potential contribution amount, he was willing refund the \$381 to his Campaign using personal funds.

IV. PDC Staff Assessment

PDC Staff did not identify any violations from the following allegations:

- Failing to disclose Occupation and Employer information on C-3 reports, since none of the 47 contributions exceeded the \$100 threshold required by rule. Thus, the Campaign was not required to provide that information.
- Failure to timely file a Candidate Registration (C-1 report), since the complainant alleged the February 29, 2016 C-1 report was filed late by the Campaign, but he did not find the initial C-1 report filed on November 13, 2015.

The C-3 and C-4 reports filed by the Campaign disclosed that the first contribution had been received on November 14 and deposited on November 20, 2015, and the initial expenditures were disclosed as having been made on November 18, 2015.

Based on that information, the C-1 report was timely filed by the Campaign.

- Failure to disclose in-kind contributions or expenditures for personal services including photography services for photographs of Mr. Cooper that had been used in mailings and on his website, and for purchasing the campaign domain registration.

The photographs used by his Campaign had either been taken: (1) at a local photography studio prior to Mr. Cooper becoming a candidate in 2015, and was family pictures for their personal use, and paid for by Mr. Cooper using personal funds; (2) using his I-phone, for which there were no costs incurred in taking those photographs. Staff found no evidence that these two activities had any reportable value for the Campaign to disclose.

PDC Staff did identify possible violations from the following allegations against Mr. Cooper:

- Failure to disclose in-kind contribution of website domain registration. Mr. Cooper stated that the \$46.08 in-kind contribution from Matt Albrecht was to pay for the campaign website domain registration, and was made in late 2015. This \$46.08 expenditure, which indicated the registration was for five years, was disclosed late by the Campaign.
- Making a prohibited contribution to the Thurston County Democratic Central Committee (TCDCC). PDC staff found that Mr. Cooper's Campaign used Campaign funds to purchase event tickets that partially funded contributions to a political party. Although Mr. Cooper was not a first-time candidate, this is his first campaign under the Full Reporting option for a partisan office, and the reporting instructions concerning this issue are not specifically addressed in the PDC candidate filing instructions. Upon learning that the PDC guidance has been that only the consumables or base cost of attendance at a political party fundraiser may be paid for with active campaign funds, Mr. Cooper agreed to correct this by obtaining a refund from the TCDCC or by reimbursing his campaign from personal funds.

Pursuant to WAC 390-37-060 the Executive Director will issue a Formal Written Warning to Mr. Cooper for a minor violation RCW 42.17A.235 for failing to report one in-kind contribution of \$46.08, and a technical violation of RCW 42.17A.435 for making prohibited contributions of \$381 to a party organization from campaign funds.

If you have questions about PDC Complaint 8928, you may contact Kurt Young, toll-free at 1-877-601-2828, or by e-mail at pdc@pdc.wa.gov.

Sincerely,



Kurt Young
PDC Compliance Officer

Endorsed by,



Evelyn Fielding Lopez
Executive Director

cc: Jim Cooper