



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

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April 27, 2017

Whatcom County Republican Party
Attn: Dan Brady, Legal Counsel

Sent electronically to Dan Brady at "dan@danbradylaw.com"

Subject: PDC staff generated Complaint filed against Whatcom County Republican Party; PDC Case 4807; Formal Written Warning

Dear Mr. Brady:

The Public Disclosure Commission (PDC) has completed its investigation of the PDC staff generated complaint filed by Evelyn Fielding-Lopez, PDC Executive Director on April 21, 2016. The staff generated complaint alleged that the Whatcom County Republican Party violated RCW 42.17A.405 by exceeding contribution limits for a political party organization when it received \$34,700 in Exempt funds from the Washington State Republican Party in 2013 without establishing an Exempt funds account, and accounting for those funds separately from other contributions received in accordance with WAC 390-17-060.

Based on staff's investigation, which included reviewing the PDC database for the Whatcom County Republican Party (WCRP) contribution and expenditure activities, and the Committee Registrations (C-1pc reports), Monetary Contribution reports (C-3 reports), Campaign Summary Contribution and Expenditures reports (C-4 report), and Independent Expenditure/Electioneering Communications report (C-6 reports) filed by the WCRP for calendar year 2013, we found the following:

- The WCRP is a bona-fide county political party organization that has been registered with the Public Disclosure Commission (PDC) as a Political Party Committee and filing PDC contribution and expenditure reports since at least 1996.
- For 2013, the WCRP disclosed all contribution and expenditure activities through one committee's set of reports which in accordance with PDC statutes, rules and reporting requirements is the Non-Exempt Funds account.
- The C-3 and C-4 reports filed by the WCRP for calendar year 2013 were reported under one account, which the PDC classifies as a Non-Exempt funds account.
- The WCRP failed to file C-3 and C-4 reports for the Exempt funds account to properly account for the \$34,700 in monetary contributions received in calendar year 2013 from the Washington State Republican Party in accordance with WAC 390-17-060.

- While the Washington State Republican Party contributions were not deposited into the WCRP Exempt funds account, the bank statements provided by the party confirmed that a second bank account was maintained by the WCRP for 2013. The second bank account of the WCRP contained a minimal balance and had no activity for all of calendar year 2013.
- The Washington State Republican Party contributions were accounted for separately within the QuickBooks accounts from other WCRP contributions received in 2013. Staff's review of the Quickbooks Transaction Details included also confirmed that information.
- The WCRP timely filed all 112 of the C-3 reports submitted electronically for calendar year 2013, and one amended C-3 report, as well as timely depositing the monetary contributions received during 2013 within five business days of receipt. A large majority of the WCRP's C-3 reports were filed on the same day the contributions had been received and deposited.
- The WCRP timely filed 11 or the 12 C-4 reports filed during CY 2013, and the one late filed C-4 report was the 21-day Pre-Primary Election C-4 report, which was filed three days late, disclosing \$946 in contributions received and \$7,734 in expenditures made.
- During the 2013 election, the WCRP filed six C-6 reports disclosing \$26,153 in Electioneering Communications (EC) for 19 separate expenditures made during the period of September 30 through November 2, 2013. Of the 19 EC expenditures incurred by the WCRP, four of the expenditures totaling \$3,793 were disclosed four to 13 days late, but all prior to the November 8, 2013 general election.

During calendar year 2013, the WCRP failed to: (1) Properly account for the \$34,700 in contributions received from the Washington State Republican Party by depositing those funds into its second bank account, the Exempt funds account; and (2) File C-3 and C-4 reports disclosing those Exempt contribution and expenditure activities through an Exempt funds account.

The WCRP timely filed C-3 reports during calendar year 2013 for the one account, and except for one late filed C-4 report (three days late), and four late filed EC expenditures (all disclosed prior to the election), the WCRP was in substantial compliance with the PDC reporting requirements. Except for the \$9,900 in monetary contributions made to 2013 local candidates by the WCRP, the remaining expenditure activities undertaken by the party in 2013 were eligible to have been made with Exempt funds.

The Quickbooks Transaction Details verified that the \$34,700 in Washington State Republican Party Exempt contributions received by the WCRP, were accounted for separately despite being deposited and comingled with other monetary contributions into the one bank account, the Non-Exempt funds account.

Finally, for calendar years 2014 through 2016, and the first three months of 2017, the WCRP have filed C-3 and C-4 reports disclosing contribution and expenditure activities undertaken by its Exempt Funds account.

In accordance with WAC 390-37-060(1)(b), this is a Formal Written Warning to the Whatcom County Republican Party that the failure to properly account for contribution and expenditure activities undertaken by the Exempt Funds account, and timely filed the associated C-3 and C-4 reports in the future could result in an enforcement hearing.

As a condition of the Formal Written Warning, PDC staff and the Whatcom County Republican Party have agreed to develop and distribute training materials for Republican County and Legislative District political party organizations to assist them in complying with the PDC reporting requirements, including the proper accounting for and disclosure of Exempt and Non-Exempt funds. PDC staff and the Whatcom County Republican Party have agreed to complete the training materials within 30 days of the date of this letter, and to distributed the materials to Republican County and Legislative District political party organizations within 60 days of the training materials being completed by both parties.

If there are future violations of PDC laws or rules found against the Whatcom County Republican Party, the Commission may consider this Formal Written Warning in deciding on further Commission action.

If you have questions, please contact PDC staff member Kurt Young at (360) 664-8854, toll-free at 1-877-601-2828, or by e-mail at kurt.young@pdc.wa.gov.

Sincerely,



Evelyn Fielding Lopez
Executive Director