



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

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PDC Staff Generated Complaint against Whatcom County Republican Party

Complaint and Background:

Public Disclosure Commission (PDC) staff investigated a 2013 complaint filed against the Washington State Republican Party in PDC Case 15-074, which alleged the party received monetary contributions from Burlington Northern Santa Fe Railroad and Pacific International Terminals, that were earmarked through the Washington State Republican Party to be used for 2013 Whatcom County local candidates.

PDC staff recently completed that investigation, and dismissed the allegations listed in the complaint concerning the earmarking of contributions through the Washington State Republican Party. While conducting the investigation in PDC Case 15-074, staff reviewed Monetary Contribution reports (C-3 reports) and Campaign Summary Contribution and Expenditures reports (C-4) filed by the Whatcom County Republican Party and discovered some reporting discrepancies concerning its 2013 C-3 and C-4 reports as detailed below.

The Whatcom County Republican Party (WCRP) is a bona-fide county political party organization that has been registered with the PDC as a Political Party Committee and has been filing PDC contribution and expenditure reports since at least 1996. As a bona-fide political party committee, the WCRP is allowed under PDC laws and regulations to establish an Exempt funds account (Exempt) and a Non-exempt funds account (Non-exempt).

Exempt funds mean that contributions received into an exempt funds account, are not subject to the contribution limits when deposited in the account, but they are restricted in how the party organization can spend those funds. Exempt funds are prohibited from being spent to promote individual candidates or ballot propositions, and are to be spent without the coordination or direct association with any individual candidate or political committee.

PDC laws, rules and reporting requirements for political party committees require that separate Exempt and Non-exempt bank accounts be established, and the party committee is required to timely file PDC reports disclosing contribution and expenditure activities for each of those accounts. In 2013, any political party organization registered with the PDC that received more than \$4,500 in Exempt fund contributions from another political party organization, was required to open an exempt funds bank account and keep those funds separate from the Non-exempt funds account.

Complaint Review Findings:

PDC staff's review of the WCRP found that during the period of February 1, 2012 through May 31, 2014, no C-3 or C-4 reports were filed by the WCRP for an Exempt funds account.

For calendar year 2013, the WCRP disclosed receiving \$114,321 in total contributions, and made expenditures totaling \$107,611.

WCRP received \$34,700 in Exempt funds from the Washington State Republican Party.

It appears from the reports filed by the WCRP in 2013, that the party's contribution and expenditure activities were only disclosed through one account, and that a separate bank account was not established to account for the Exempt funds received from the Washington State Republican Party in accordance with WAC 390-17-060.

Since the WCRP only reported 2013 activities through one account, the PDC considers that account to be a Non-Exempt funds account. The 2013 WCRP expenditures included the following:

1. Direct candidate contributions totaling \$9,900 were made to local Whatcom candidate contributions, to the same candidates supported by the Electioneering Communications and Independent Expenditures listed below.
2. Electioneering Communications and Independent Expenditures totaling \$26,153 that included \$19,318 printing and mailing a brochure, \$2,250 for radio advertisements, \$1,928 for newspaper advertising, and \$934 for other advertising.
3. Fundraising expenses totaling \$22,763.
4. Management/Consulting expenditures totaling \$25,807 that included more than \$10,340 for expenditures incurred in October and early November of 2013.

Statute and Rule:

RCW 42.17A.405 (14) states that: No person may accept contributions that exceed the contribution limitations provided in this section.

(15) The following contributions are exempt from the contribution limits of this section:

(a) An expenditure or contribution earmarked for voter registration, for absentee ballot information, for precinct caucuses, for get-out-the-vote campaigns, for precinct judges or inspectors, for sample ballots, or for ballot counting, all without promotion of or political advertising for individual candidates;

(b) An expenditure by a political committee for its own internal organization or fund-raising without direct association with individual candidates; or

(c) An expenditure or contribution for independent expenditures as defined in RCW 42.17A.005 or electioneering communications as defined in RCW 42.17A.005.

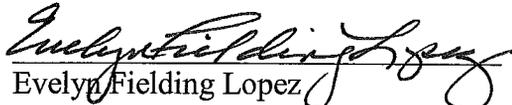
WAC 390-17-060(1) (2) and (3) Defines "Exempt contributions" as contributions made to a political committee that are earmarked for exempt activities as described in RCW 42.17A.405, and requires those activities to be reported in accordance with RCW 42.17A.240.

An "Exempt contributions account" is the separate bank account into which only exempt contributions are deposited and out of which only expenditures for exempt activities shall be made. Only exempt activities are eligible for payment with exempt contributions.

Alleged Violations:

The facts referenced above provide reason to believe 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 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 this information, I am filing this complaint and directing staff to open an investigation into the allegations that the Whatcom County Republican Party may have violated chapter 42.17A RCW and WAC 390-17.


Evelyn Fielding Lopez
Executive Director

4/21/2016
Date

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