



STATE OF WASHINGTON  
PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112

Toll Free 1-877-601-2828 • E-mail: [pdcc@pdcc.wa.gov](mailto:pdcc@pdcc.wa.gov) • Website: [www.pdcc.wa.gov](http://www.pdcc.wa.gov)

December 20, 2018

Delivered electronically to Mike Connelly, legal counsel for the Spokane County Democratic Central Committee

Subject: Complaints regarding the Spokane County Democratic Central Committee (2) & (3), PDC Cases 22310 & 42558

Dear Mr. Connelly:

Below is a copy of an electronic letter sent to Glen Morgan concerning two complaints he filed with the Public Disclosure Commission (PDC) against your client, the Spokane County Democratic Central Committee. As noted below in the letter to Mr. Morgan, the PDC will not be conducting a more formal investigation into these allegations or taking further enforcement action.

Pursuant to WAC 390-37-060(1)(b), however, the Spokane County Democratic Central Committee is hereby formally warned concerning their failure to timely file Monetary Contributions reports (C-3 reports) and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) disclosing contribution and expenditure activities, including debts for legal services provided, and reimbursements made to Committee officials. PDC staff expects the Spokane County Democratic Central Committee to timely file accurate and complete C-3 and C-4 reports in all future reporting periods, in accordance with PDC laws and rules. The Commission will consider this formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

Based on staff's review and this warning letter, the PDC has dismissed the allegations listed in PDC Case 22310 and PDC Case 42558 in accordance with RCW 42.17A.755(1). If you have questions, please contact Kurt Young at (360) 664-8854, toll-free at 1-877-601-2828, or by email.

Sincerely,

Endorsed by:

s/ \_\_\_\_\_  
Kurt Young, Compliance Officer

s/ \_\_\_\_\_  
Peter Lavalley, Executive Director



STATE OF WASHINGTON  
PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112

Toll Free 1-877-601-2828 • E-mail: [pdcc@pdcc.wa.gov](mailto:pdcc@pdcc.wa.gov) • Website: [www.pdca.wa.gov](http://www.pdca.wa.gov)

December 20, 2018

Delivered electronically to “[glen@wethegoverned.com](mailto:glen@wethegoverned.com)”

Subject: Complaints regarding the Spokane County Democratic Central Committee (2) & (3),  
PDC Case 22310 & 42558

Dear Mr. Morgan:

The Public Disclosure Commission (PDC) has completed its initial review of the two complaints you filed against the Spokane County Democratic Central Committee (Committee) a bona fide county political party organization registered with the PDC. The complaint alleged that the Committee may have violated RCW 42.17A.235 and .240 by failing to timely file Monetary Contributions reports (C-3 reports) and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) disclosing contribution and expenditure activities, including debts and outstanding obligations for legal services and the sub-vendor breakdown for expenditures made to a third party.

PDC staff reviewed the allegations listed in the two complaints you filed, the statutes, rules and reporting requirements, queried the PDC contribution and expenditure database for the Committee, reviewed the C-3 and C-4 reports filed by the Committee, and the responses to the two complaints provided by Committee officers. As a result of staff's review, we found the following:

- On July 25, 2015 the Committee filed an amended Committee Registration (C-1pc report) as a Continuing Bona Fide Political Party Committee selecting the Full Reporting Option and listing Jim Castrolang as Chair and Committee Manager, Justin Galloway, as Committee Treasurer, and Mary Wissink as Vice-Chair, and Doug Scharnhorst as Treasurer.
- On January 15, 2016 the Committee filed an amended C-1pc report with the only change being Mr. Castrolang was listed as Chair/Committee Manager, and Justin Galloway, as Treasurer, with no other individuals named. The C-1pc report was in effect for all of calendar year 2016, and through January 28, 2017, for both the Exempt and Non-Exempt Funds accounts.
- On January 29, 2017 the Committee filed an amended C-1pc report as a Continuing Bona Fide Political Party Committee selecting the Full Reporting Option and listing Andrew Biviano as Chair and Committee Manager, Jessica Anundson as Committee Treasurer, with Jim Castrolang serving in a Ministerial capacity. On February 25, 2017, an amended C-1pc report was filed by the Committee removing Mr. Castrolang.

In the response letter the Committee noted that they entered into a Stipulation and Judgment with the Attorney General's Office (AGO: State Cause 17-2-02837-34), which they believe covers most of the allegations concerning late filed C-3 and C-4 reports listed in the first complaints, "and would remove most, if not all, of the current allegation."

**Complaint #2:** The complaint alleged the Committee failed to file timely and accurate C-3 and C-4 reports disclosing contribution and expenditure activities including debts and obligations for legal services and other services and failed to provide vendor details for reimbursements made to Committee officers and volunteers.

- Allegation concerning failure to report legal fees: The Committee stated the "lack of initial reporting stemmed from the fact that it was not clear to the party what, if any, debt was owed. The attorney retained by the party indicated a high willingness to be flexible on the amount of payment and the timing of payment: payment would not be expected until the matter is resolved, and the amount could be negotiated or perhaps waived." The law firm sent information to the Committee about the amount of time spent by the firm to date "but without a specific expectation of payment. It thus did not strike the SCDCC as a concrete and ascertainable debt to be reported." After contacting the PDC, reviewing the reporting requirements and internal discussions the Committee realized that "the best practice would be to report the invoices, which the party did" by filing amended May and June 2017 C-4 reports on July 13 and 14, 2017, and confirming the debt will continue to be disclosed on future C4 reports until it has been paid or forgiven.
- Allegation concerning reimbursement made to Andrew Biviano, Committee Chair: The Committee stated this allegation is related to a fundraising event held several months ago and shortly after the 2017 party reorganization occurred. The fundraising event involved inviting Nina Turner, a prominent figure for the 2016 Bernie Sanders Campaign, to attend and speak at a Committee event and how the costs to purchase an airline ticket for Ms. Turner were disclosed. The Committee stated the plane ticket was initially paid for by Chair Biviano using his personal funds, but the Chair was undecided whether he would be reimbursed or contribute the purchase as an in-kind contribution, and his was dependent on the amount of contributions received at the event. The Committee stated the newly appointed Treasurer "did not know how to classify the expense until the event occurred" once the event had been held, enough funds were raised to reimburse Chair Biviano for the ticket and he submitted the invoices to the SCDCC for payment, and the expenditure was disclosed on the next report.
- Allegation concerning reimbursement made to Lorilee Gill: This allegation was also related to the fundraising event involving Ms. Turner and a \$157.68 expenditure made to Ms. Gill reimbursing her for the hotel room she paid for Ms. Turner. While Ms. Gill was listed on the C-1pc report as one of four Deputy Treasurers, she is not the Committee Treasurer. The Committee stated that the \$157.68 reimbursement expenditure made to Ms. Gill was under the \$250 debt reporting threshold listed in the statute for disclosure. The reimbursement was reported by the Committee in a timely manner, and while the C-4 report initially filed "omitted the description of the expenditure, the Financial Oversight Committee caught that omission and an amendment was promptly filed. These events show the SCDCC is making genuine efforts to comply, and its procedures and systems to monitor compliance and accuracy are working."

**Complaint #3:** The complaint alleged the Committee failed to timely file C-3 and C-4 reports dating back to November of 2015 into calendar year 2018, and you attached a spreadsheet of those alleged late filings.

- Staff's review of the spreadsheet attached to the third complaint (PDC Case 42588) of the alleged late filed C-3 and C-4 reports, broken down as follows: (1) 41 initially filed C-3 reports, and 21 amended C-3 reports; and (2) 12 initially filed C-4 reports, and 32 amended C-4 reports. For your information, the review indicated that the allegations of the late filed reports concerned both the Committee's Non-Exempt and Exempt Funds Accounts.
- Staff's review found that the majority of the alleged late filed C-3 and C-4 report included both initially filed C-3 and C-4 reports and the corresponding amended filings, covered the period of November 25, 2015 through April 30, 2017. Staff believes that the allegations concerning those late filed reports are covered by the Settlement agreement between the Committee and the Attorney General's Office (AGO) and are not subject to additional state action by the PDC.
- Staff's review of the remaining C-3 and C-4 report and the Committee's response found that: 12 of the alleged late filed C-3 and C-4 reports were initially filed on time but required amendments to be filed once the Committee became aware of additional information that needed to be disclosed. In addition, five of the alleged late filed C-3 and C-4 reports were filed one day late, and the Committee Treasurer stated the reports were C-3 and C-4 reports were transmitted electronically on the due date, "but it was discovered the next day that the filings did not go through, they were immediately refiled. This is de minimus in nature, per subsection (d) of New Section WAC 390-37-005."
- Staff's review also found that 16 of the alleged late filed C-3 and C-4 reports involved technical issues experienced by the Committee. The technical issues involved 13 initially filed C-3 reports for monetary contributions received in December of 2017, but the campaign finance program used by NGP Van, a Committee vendor, inadvertently listed the date received as 2018. The Committee stated that it "took time for PDC to determine if a change of date could occur" and they worked with PDC staff and "followed up with a letter of explanation on record at the PDC." A different technical issue involved three of the alleged late filed reports that were filed by the Committee "one day late due to a Comcast power outage as the SCDCC reported to the PDC."
- Staff's review found five of the alleged late filed C-3 and C-4 reports were filed late without having any mitigating factors or circumstances and included two C-4 reports that disclosed debts and outstanding obligations for legal fees for services provided to the Committee that were related to the AGO lawsuit. The two C-4 reports were filed three and 31 days late by the Committee and were listed as an allegation in complaint #2. There was one C-3 report filed by the Committee 14 days late disclosing a \$375 contribution from the Washington State Democratic Central Committee, and two other C-3 reports were each filed three days late, each disclosing \$31 in itemized contributions received from two contributors.
- The Committee stated that many of the allegations listed in the complaints were "directed at filings that have already been voluntarily amended prior to the receipt of the complaint, demonstrating that the SCDCC's internal oversight system and procedure are working, and that it is paying attention to details. The PDC allows amendments to be made to encourage self-correction." The response went on to state that most of the allegations concerning "events that occurred months ago, shortly after the volunteers working on these filings had taken office and were in the midst of developing procedures for compliance, with checks and balances, while also reviewing 2016 filings."
- The Committee established a working group identified as the Financial Oversight Committee whose members have been in frequent contact with PDC staff by telephone and email requesting assistance in explaining and clarifying the PDC laws, rules and reporting requirements for a bona fide political party organization.

- The Committee has “applied the knowledge gained from these calls to develop internal procedures, which in turn are reflected in amendments that SCDCC has filed. The events described by Complainant are evidence of the SCDCC’s genuine efforts to comply, and of the efficacy of its internal review procedures.”

PDC staff found no evidence of a material violation that would require conducting a more formal investigation into your two complaints or pursuing enforcement action in this instance. The allegations concerning the late reporting of legal services and reimbursements owed to Committee officials for out-of-pocket expenditures to pay for an out-of-state speaker to attend a fundraiser, were rare and unique activities that the Committee had not previously experienced or been involved with and are now aware of. In addition, the Committee has established a Financial Oversight Committee and adopted internal controls to assist them in ensuring these reporting issues will not happen again.

Pursuant to WAC 390-37-060(1)(b), the Spokane County Democratic Central Committee has been formally warned concerning their failure to timely file Monetary Contributions reports (C-3 reports) and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) disclosing contribution and expenditure activities, including debts for legal services provided, and reimbursements made to Committee officials. The formal written warning will include staff’s expectation that the Spokane County Democratic Central Committee will timely file accurate and complete C-3 and C-4 reports in future years in accordance with PDC laws and rules. The Commission will consider the formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

Based on this information, PDC staff is dismissing these two matters against the Spokane County Democratic Central Committee in PDC Case 22310 and 42558 in accordance with RCW 42.17A.755(1).

If you have questions, you may contact me at (360) 664-8854, toll-free at 1-877-601-2828, or by e-mail at [kurt.young@pdc.wa.gov](mailto:kurt.young@pdc.wa.gov).

Sincerely,

Endorsed by:

s/ \_\_\_\_\_  
Kurt Young, Compliance Officer

s/ \_\_\_\_\_  
Peter Lavalley, Executive Director

cc: Spokane County Democratic Central Committee

