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Via Electronic Delivery

Fox Blackhorn, Compliance Coordinator
Public Disclosure Commission
711 Capitol Way, Suite 206
Olympia, WA 98504-0908
pdcc@pdcc.wa.gov

Re: *Response of Clark County Democratic Central Committee to Public Disclosure Commission Complaint No. 43855*

Dear Fox,

I write to respond on behalf of my client, the Clark County Democratic Central Committee (the committee), to the complaint submitted to the Public Disclosure Commission by Cheryl Aichele on or around December 7, 2018 (as supplemented on December 12, 2018), which is assigned ticket number 43855.

My client disagrees generally with the premise and reasoning of Ms. Aichele's complaint. The complaint includes various allegations of purported wrongdoing with respect to laws enforced by the Public Disclosure Commission, and includes other, apparently rhetorical questions about how or where the complainant can find or verify information in my client's reporting to the Commission. This letter is meant to respond to the allegations of wrongdoing under state campaign finance laws in the complaint, based on an appropriate inquiry including discussions with individuals with direct knowledge of the circumstances summarized below.

Allegations related to Profit and Loss Statement for 2016

First, the complaint makes a lengthy list of allegations that campaign finance laws were violated because contribution or expenditure data my client reported to the PDC was supposedly inaccurate, or otherwise was not in compliance with state laws, relying almost exclusively upon supposed discrepancies with the committee's 2016 profit and loss statement (the 2016 P&L). My client has reported its contribution and expenditure data in compliance with state laws. In a limited number of instances, unintentional errors have been corrected following Ms. Aichele's complaint. In these circumstances, the Commission should consider the allegations resolved with, at most, a written warning pursuant to WAC 390-37-060(d), and should dismiss the complaint.

Many, if not the majority, of the contentions in the complaint confuse line items listed in the 2016 P&L with extraneous data reported by my client to the PDC on contribution or expenditure disclosures on Forms C-3 or C-4. The Clark County Democratic Central

Committee has devoted great time and resources to accurately reporting its financial operations to the PDC as required by law. That the same transactions are represented using different accounting methods or descriptors for line items in the 2016 P&L from those used in reporting transactions to the PDC does not suggest any violation of the campaign finance laws.

Button Sale Contributions and Expenditures

The complaint incorrectly alleges that contributions or expenditures and in-kind contributions were not properly reported related to a button sale. In reality, my client received contributions from a volunteer, Elizabeth Campbell, who collected donations to the committee through a jar in the committee's office. Cash received from the donation jar (totaling \$222) was deposited in the committee's account and was reported as contributions to the committee, much of which was attributed to Elizabeth Campbell (\$146 received between February and July 2016). The committee used the donation jar at the August 2016 Clark County Fair and reported the \$76 received at the event as receipts from anonymous contributors. Buttons were sold at the Clark County Fair in August 2017 which my client properly reported as proceeds of a low-cost fundraiser totaling \$518.75.

Yard Sign Contributions and Expenditures

My client reported receiving contributions after the committee received donated funds from volunteers who obtained and sold yard signs. Elizabeth Campbell delivered certain proceeds from signs she sold to the committee, and a contribution in her name was reported on November 29, 2016 in the amount of \$936.97; the remainder of the proceeds were reported as contributions from anonymous contributors on October 28, 2016. The committee did not incur, and thus did not report, any expenses related to the sale of these signs. The committee's former treasurer, Ms. Kuran, disagrees with the complaint's characterization of her remarks at a meeting of the 17th Legislative District Democratic Central Committee in early 2017.

Southwest Washington Labor Dinner Contributions

The committee reported the contributions it received related to the Southwest Washington Labor Dinner in 2016 using Form C-3. Contrary to the assumption in the complaint, there is no requirement to list the event at which a contribution is made when reporting it on Form C-3.

Low-Cost Fundraiser Contributions

During the 2016 election cycle, the committee received and reported three distinct contributions related to Low Cost Fundraisers which total \$6,028.18.

In-Kind Contribution Reporting and Subleased Office Space Revenues

My client reported \$437.85 in in-kind contributions received in 2016 from Jacqueline Kuran and Elizabeth Campbell, which is reflected in the "In-Kind Donations-Other" line item on the 2016 P&L. Additional figures included in the 2016 P&L for in-kind contributions related to subleased office space for certain candidate campaigns have since been amended after a discussion with PDC staff.

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Reimbursed Costs Related to T-Shirt Sales

My client reported to the PDC a cost reimbursement of \$227.64 in April 2017, made out to vendor Marsha Manning for her out-of-pocket costs related to t-shirt sales in 2016. Although the committee wrote a reimbursement check originally in May 2016, the vendor lost the check and it had to be reissued on two subsequent occasions. The payment was withdrawn from the committee's account in 2017 as reflected in its PDC reporting.

In-Kind Contribution for Cost of Goods Sold (2016 Dinner)

The 2016 P&L lists a negative "cost" of goods sold of \$500. This reflects an in-kind contribution received from ADCO Printers for the dinner booklets provided for my client's dinner event.

Alleged In-Kind Contributions for Office Space, Candidate Events

My client tracked a cost of goods sold and accounted for related in-kind contributions in its 2016 P&L arising from office space which the committee subleased to certain candidate campaigns in 2016. The committee since amended its reporting of these transactions based on the belief, after communications with PDC staff, that these transactions are not recognized by the PDC.

My client did not pay for the candidate fundraisers which were put on by certain candidates preceding regular meetings of the Clark County party in 2016, and thus no in-kind contributions were generated by these transactions. Candidates Harris, Battan, and Gillespie had an opportunity to fundraise two hours before certain regular meetings of the committee. The candidates were invited to put on their own presentations, which they did and paid for their own food and materials.

Candidate Don Orange used the committee's office space to get ready for precinct walks and for a place for campaign volunteers to meet and store campaign signs and literature. Mr. Orange's campaign had no use of my client's phone line and no regular office space dedicated to his campaign. Therefore, my client did not report any in-kind contribution for office space to his campaign. My client disagrees with the complaint's characterization of remarks by Rich Rogers, Chair of the committee, concerning Mr. Orange's campaign. Finally, my client properly reported no in-kind contribution to legislative district committees related to their staff's using amenities in my client's office, because these organizations are part of my client's organization and are represented through seats on its board. In the past, they would run off small numbers of copies in my client's office, but now access to the printer is restricted by my client.

Allegation of use of public facilities for campaign activities

By law, public officials may not authorize the use of public facilities for campaign purposes. RCW 42.17A.555. My client, a political committee, is not a public official or other person forbidden from taking any action by that statute. Therefore, my client has not violated the statute.

Even if the statute applied to my client, the PDC's guidance has recognized that activities such as those alleged in the complaint would not violate the statute. *See Guidelines for Local*

Government Agencies in Election Campaigns (Public Disclosure Law Re: Use of Public Facilities in Campaigns), Section "Meeting Facilities:"

Agency meeting facilities, including audio visual equipment, may be used by campaign committees for activities on the same terms and conditions available to other community groups, subject to the provisions of the agency's policy.

Use of agency meeting facilities is permitted when the facility is merely a "neutral forum" where the activity is taking place, and the public agency in charge of the facility is not actively endorsing or supporting the activity that is occurring.

The meeting cited in the complaint was a regularly scheduled public event and did not involve any endorsement or support of candidates for office or ballot propositions by any public agency.

Contributions Attributed to Robert Ferguson, Adrian Cortes campaigns

My client reported receiving contributions from the campaigns of Bob Ferguson and Adrian Cortes, respectively, in 2016. The contribution attributed to Mr. Ferguson's campaign represented payment for a ticket to my client's fundraising dinner in 2016, and was a payment for value, meaning that it was not necessary to report the payment as a contribution. The contribution attributed to Mr. Cortes' campaign was reportedly left over after his campaign.

Allegations of Making Overlimit Contribution in Cooperation with PAC 48 Political Committee

The Clark County Democratic Central Committee received three contributions from the political committee PAC 48 of Washington in 2018. These were reported to the PDC in the total amount of \$5,600 between August and October 2018. The complaint wrongly claims that my client made contributions to candidates Tim Probst, Tanisha Harris, Monica Stonier, and Kathy Gillespie from earmarked funds provided by PAC 48 and one or more other source(s), and suggests at least some of these contributions were made in an effort to circumvent contribution limits applicable to other political committees. The complaint offers no evidence in support of its allegations aside from claiming the timing of the contributions and expenditures supports the complaining party's theory. In reality, my client chose to dispose of the contributions it received independently, and had no agreement with its contributors including PAC 48 about how it would spend funds received by the Clark County Democratic Central Committee. My client disputes the statements attributed to members of the committee's leadership in the complaint, and disagrees that any violation of its internal rules or procedures occurred with respect to contributions made by the committee as alleged in the complaint.

Corrections to Transactional Data

The committee has corrected certain errors in its PDC disclosures after review of the complaint. This includes a contribution from People for Patty Murray corrected to remove a \$350 overstated contribution amount dated 8/30/16. Various other, minor corrections were also made to line items including the following: PayPal expense; Intuit Merchant/Dinner Accounts;

Stripe Expense; Bulk Mail; and Hampton Inn and Suites (\$.20 error in reported amount of expenditure). These are ministerial changes that do not support and claim my client violated the law.

Alleged delays in contribution deposits and reports; allegations concerning employment data

The committee's treasurer at all relevant times states that it was her practice to deposit and report contributions at the time of receipt, or the first business day thereafter. Several of the supposedly untimely deposits cited in the complaint were made and reported during May 2016, the same reporting period during which the complainant suggests they should have been deposited. The check from Kim Gun-Sam was received on June 11, 2016, and the committee admits in the midst of its treasurer's attention to accounting and reporting related to the annual dinner that occurred that day, the deposit was delayed briefly until June 28. For the same reason, a contribution received on June 16, 2016 from Washington & Northern Idaho District Council of Laborers PAC was deposited on June 29.

The committee's treasurer at the relevant time does not remember what employer and occupation information she received for contributor Kim Gun-Sam. The committee denies that it intentionally misstated any information about his employment, or made any other intentional misstatement as alleged in the complaint.

Additional information provided by the committee

Although my client is not under any obligation to formally respond to certain of Ms. Aichele's requests for information (rather than allegations of wrongdoing under state campaign finance laws), in the interest of transparency, the committee has attempted to answer her questions. For example, the \$80 difference between the amount originally reported to the PDC as expenses paid to the SW Washington Labor Dinner and the amount listed in the 2016 P&L is due to an \$80 refund issued to the committee from the organizers of the event. The P&L reflects a contribution paid to the Young Democrats of Clark County in the amount of \$128.25, which has been reported to the PDC. The amount paid to Marlin Bank as reported to PDC appears in the 2016 P&L under the line item 5200-00-1000 Printer Lease Exp. The description of expenditures included along with the line items cited in the complaint is consistent with common practices by reporting entities and does not constitute any violation of state law.

My client tracks office expenses under the heading "Expense Office Oth." in its Profit and Loss statements. No violation occurs when multiple expenses are summarized in the P&L in this way. The complainant misreads the committee's PDC reports concerning caucus rentals; a total of \$7,561.80 in such expenditures was reported on Form C-4, mirroring the figures in the 2016 P&L statement.

Much of the complaint repeats the pattern of wrongly conflating line items listed in the 2016 P&L with inapposite figures in the committee's reporting, attempting to show that a contradiction or discrepancy exists solely on that basis. In fact, the committee properly reported its contributions and expenditures, and the mere use of a general description in the 2016 P&L (sometimes summarizing multiple transactions together) does not suggest any

violation. Therefore, according to the committee's treasurer at all relevant times, the complainant is simply mistaken that there is any cognizable issue concerning the amounts reported to the PDC and the corresponding amounts listed in the 2016 P&L statement with respect to the line items listed in the complaint beginning with the 2016 convention rentals through the BasicTalk expenditures; and the Wine Social and Election Night Party Catering.

My client and I have endeavored to answer each and every allegation in the complaint. I thank you for your time and attention to this letter, and look forward to discussing the resolution of this complaint with you. Please let me know if you have any further questions after you review this response letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Walter M. Smith", with a stylized flourish at the end.

Walter M. Smith