



**State of Washington  
PUBLIC DISCLOSURE COMMISSION**

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

March 7, 2019

Delivered electronically to Walter Smith, Attorney for Clark County Democratic Central Committee at “[walter@smithdietrich.com](mailto:walter@smithdietrich.com)”

Subject: Complaint filed by Cheryl Aichele, PDC Case 43855

Dear Walter Smith:

Below is a copy of an electronic letter sent to Cheryl Aichele concerning a complaint filed with the Public Disclosure Commission (PDC).

As noted in the letter to Ms. Aichele, the PDC has dismissed this matter in accordance with RCW 42.17A.755(1) and will not conduct a more formal investigation into these allegations or take further enforcement action in this matter.

However, pursuant to WAC 390-37-060(1)(b), this letter serves as a formal written warning concerning the Clark County Democratic Central Committee’s failure to accurately and timely disclose all contribution and expenditures, including detailed expenditure descriptions, all occupation and employer information for individual donors and timely deposits of contributions received. Staff expects the Committee to accurately and timely file all future required reports of contributions and expenditures and makes deposits within five business days of receipt of contributions. The Commission will consider this formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

If you have questions, you may contact Jennifer Hansen at 1-360-586-4560 toll-free at 1-877-601-2828, or by email at [jennifer.hansen@pdc.wa.gov](mailto:jennifer.hansen@pdc.wa.gov).

Sincerely,

/s \_\_\_\_\_  
Jennifer Hansen  
Compliance Officer

Endorsed by,

/s \_\_\_\_\_  
Peter Lavallee  
Executive Director



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March 7, 2019

Delivered electronically to Cheryl Aichele at “cherylrenee143@gmail.com”

Subject: Complaint regarding Clark County Democratic Central Committee, PDC Case 43855

Dear Ms. Aichele:

The Public Disclosure Commission (PDC) has completed its review of the complaints you filed on December 7 and December 12, 2018. Your complaints alleged that the Clark County Democratic Central Committee, a bona fide county party committee registered with the Public Disclosure Commission, may have violated: (1) RCW 42.17A.230 for failure to timely and accurately report contributions from low-cost fundraisers, and failure to timely deposit contributions from fundraisers; (2) RCW 42.17A.235 for failure to timely report contributions and expenditures and failure to maintain sufficient books of account; (3) RCW 42.17A.240 and WAC 390-16-037 for failure to accurately report in-kind contributions and expenditures, expenditure details generally, and failure to report proceeds from fundraisers; (4) RCW 42.17A.270 for failure to timely and accurately report earmarked contributions and WAC 390-17-015 for improper transfer of earmarked contributions; and (5) RCW 42.17A.460 for failure to report earmarked contributions as made from both the original contributor and the party as a conduit of earmarked contributions.

Your complaint also alleged violations RCW 42.17A.430 regarding the disposal of funds and RCW 42.17A.555 regarding the use of public facilities, neither of which are applicable to bona fide party committees.

PDC staff reviewed your allegations; the applicable statutes, rules, and reporting requirements; the response provided by Walter Smith, legal counsel for the Clark County Democratic Central Committee (CCDCC); the applicable C-3 and C-4 reports filed by Respondent; and queried the Respondent’s data in the PDC contribution and expenditure database, to determine whether the record supports a finding of one or more violations.

Based on staff’s review, we found the following:

- On January 29, 2016, the Clark County Democratic Central Committee (CCDCC) filed a Committee Registration (C-1pc report) registering as a bona fide county party committee for calendar year 2016 and choosing the “Full Reporting” option.
- CCDCC updated the C-1pc on January 10, 2017 for calendar year 2017 and on January 7, 2018 for calendar year 2018, choosing the “Full Reporting” option for both years. The C-1pc was updated to disclose material changes throughout 2016, 2017 and 2018, as required by PDC statutes.

- Two prior complaints were filed against the CCDCC with the PDC and the Attorney General's Office (AGO) as a Citizen Action Notice (CAN) for PDC Cases #16809 and #25567, and the allegations were substantially similar. On April 5, 2018, the PDC became aware that a lawsuit containing substantially similar allegations was filed in Superior Court in the name of Washington State against CCDCC. PDC staff closed both of those cases without taking action since Superior Court had primary jurisdiction and PDC staff deferred to their judgment in bringing the issues to resolution.

**Allegation:** Failure to timely and accurately report contributions from low-cost fundraisers, and failure to timely deposit contributions from fundraisers.

- The complaints alleged that CCDCC failed to properly account for proceeds from the sale of buttons, signs and t-shirts, that the proceeds were not timely deposited, and in-kind contributions made in connection with low-cost fundraisers were not properly disclosed. RCW 42.17A.230 describes an alternative method for reporting fundraising activities provided that the activity consists of a sale of goods or services sold at a reasonable approximation of the fair market value of each item or service including the sale of buttons, t-shirts, campaign signs and other similar items.
- Mr. Smith stated that Elizabeth Campbell, a CCDCC volunteer assisted with the sale of buttons at the Clark County Fairgrounds in August 2017, at a booth rented by CCDCC in which the proceeds from the low-cost fundraiser totaled \$518.75. Ms. Campbell also collected contributions that had been made at CCDCC's office, and she collected \$76 dollars at the Clark County Fairgrounds in 2016 that was disclosed by CCDCC as anonymous contributions.
- Mr. Smith stated that CCDCC properly reported the proceeds in October and November 2016 from the purchase and sale of yard signs that were undertaken by party officers, members or volunteers. He stated that CCDCC attributed the monetary contributions received from the sale of the yard signs to Ms. Campbell, to other contributors or sometimes as anonymous contributions where applicable. Mr. Smith stated that CCDCC did not incur any expenses related to the signs and did not purchase the signs.
- During calendar year 2016, CCDCC disclosed more than \$107,000 in total monetary and in-kind contributions received, which included \$15,380.24 in contributions received from proceeds of low-cost fundraisers, the majority of which were received from the party caucuses. In calendar year 2017, CCDCC disclosed almost \$56,000 in total monetary and in-kind contributions received, which included \$5,242 in contributions received from proceeds of low-cost fundraisers.
- Staff's review of the C-3 and C-4 reports filed by CCDCC and the evidence provided in the complaints, indicated that the contributions appear to have been timely disclosed based on the expenditure date disclosed by the contributing political committee and the received date disclosed by CCDCC. However, PDC staff found a few instances in which it appeared that some of the contributions disclosed on C-3 reports were not timely deposited.

**Allegation:** Failure to timely and accurately report contributions and expenditures, including in-kind contributions, employer and occupation information for contributors and expenditure details generally.

- The complaints alleged that CCDCC sponsored and paid for fundraising events for three separate candidate campaigns, 2016 Elect Tanisha Harris Clark County Council, 2016 Campaign to Elect Roman Battan Clark County Council and 2018 Elect Kathy Gillespie.

In addition, the complaints alleged that specific expenditures, including costs connected with office space used by the 2017 Don Orange for State Representative campaign, were not reported timely or did not include the required description and that incorrect employer and occupation information was used for individual contributors giving more than \$100 in the aggregate.

- Mr. Smith stated that CCDCC did not pay for any fundraisers or incur any costs for fundraisers for candidates Harris, Battan or Gillespie.
- In response to PDC Case #43859, Tanisha Harris confirmed that she did not have a fundraiser at the Vancouver Hampton Inn and Suites in September 2016. Neither Mr. Battan nor Ms. Gillespie were named as respondents in the complaints and no evidence was provided to suggest that CCDCC failed to disclose costs connected to fundraisers for their campaigns.
- Mr. Smith stated that CCDCC reported an expenditure of \$227.64 in April 2017 to Marsha Manning reimbursing her for her out-of-pocket expenses related to purchasing t-shirts and the sales of the t-shirts in 2016. He stated that the original check was written in May 2016, but that payment was lost and the party reissued a check to Ms. Manning on two additional occasions.
- Mr. Smith stated that the contributions attributed to the campaigns of Attorney General Bob Ferguson and Battle Ground Councilmember Adrian Cortes were reported correctly. The Ferguson contribution was in 2016 as a candidate for re-election and was for the cost of consumables to attend a CCDCC event. Mr. Smith stated that Mr. Cortes contributed surplus funds leftover from his 2016 campaign to the CCDCC, which was a permissible receipt. He further stated that the error in employer and occupation disclosed for contributions CCDCC received from Kim Gun-Sam was unintentional and stated that there were no in-kind contributions connected with the use of the committee's office space by the 2017 Don Orange for State Representative campaign.
- Mr. Smith confirmed that CCDCC filed amended reports correcting minor reporting discrepancies or errors that were listed in C-3 and C-4 reports. Those errors or discrepancies including some contributor information such as the People for Patty Murray and expenditure information related to online fundraising expenses such as PayPal and Hampton Inn and Suites.
- Staff reviewed the expenditures and in-kind contributions connected to CCDCC's rental of office space as disclosed on C-4 reports filed in calendar years 2016 and 2017 and found that many of the allegations appear to have been addressed in PDC Cases #16809 and #25567 referred to earlier and were likely reviewed by the AGO or were part of a lawsuit filed in Superior Court.

**Allegation:** Failure to timely and accurately report earmarked contributions.

- The complaints alleged that several political committees and bona fide party committees, specifically Southwest Washington Electricians PAC of WA (PAC 48) and the 17<sup>th</sup> Legislative District Democratic Central Committee (17<sup>th</sup> LD), made contributions to CCDCC that were earmarked by the original donor of the contribution and were not properly disclosed. In addition, the complaints alleged that the original sources of the earmarked contributions used for candidates had also given direct contributions to the same candidates and therefore exceeded the allowable contribution limits.

- RCW 42.17A.460 states that “earmarked” means a designation, instruction, or encumbrance, whether direct or indirect, expressed or implied, or oral or written, that is intended to result in or does result in all or any part of a contribution being made to a certain candidate or state official.
- Based on staff’s review of the C-4 reports, including a reconciliation of CCDCC’s cash on hand balance, contribution and expenditure totals included the most recent deposits, staff determined that at the time the PAC 48 and 17<sup>th</sup> LD contributions were received in 2016, CCDCC had more than \$30,000 in funds on hand and available to make contributions to candidates.
- In their respective responses to: PDC Case #43895 17<sup>th</sup> Legislative District Democrats (2); and PDC Case #44063 Southwest Washington Electricians PAC 48 of WA; both respondents confirmed that the contributions made to CCDCC were not earmarked, designated or meant to benefit specific candidates.
- PDC staff found no evidence that the contributions received by CCDCC were earmarked as defined in RCW 42.17A.460 by any of the contributors identified in the complaints or were otherwise specifically intended to benefit any of the 2016 or 2017 candidates supported by CCDCC.

Staff found that CCDCC made several errors in reporting their 2016, 2017 and 2018 campaign activities that required amendments to be submitted to correct missing, incorrect or incomplete data regarding contributions and expenditures. Many of these errors were corrected by the committee after receiving the complaint and none of those errors appear to have been intentional or otherwise meant to mislead the public, and they were not material.

The allegations concerning CCDCC’s internal organization by-laws and processes of operating as a bona fide political party organization are not regulated under the jurisdiction of the Public Disclosure Commission and were not reviewed by PDC staff. Those concerns should be addressed to the Washington State Democratic Party.

Based on these findings, staff has determined that, in this instance, for calendar years 2016, 2017 and 2018, CCDCC’s failure to disclose specific expenditures timely and include the required description, failure to timely report a monetary contribution, reporting incorrect employer and occupation information for individual contributors giving more than \$100 in the aggregate, and depositing a small number of contributions late, does not amount to an actual violation warranting further investigation.

Pursuant to WAC 390-37-060(1)(b), the Clark County Democratic Central Committee will receive a formal written warning concerning failure to accurately and timely disclose all contribution and expenditures, including detailed expenditure descriptions, all occupation and employer information for individual donors and timely deposits of contributions received. The formal written warning will include staff’s expectation that CCDCC accurately and timely files all future required reports of contributions and expenditures and makes deposits within five business days of receipt of contributions. 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, the PDC finds that no further action is warranted and has dismissed this matter in accordance with RCW 42.17A.755(1).

If you have questions, you may contact Jennifer Hansen at 1-360-586-4560 toll-free at 1-877-601-2828, or by e-mail at [jennifer.hansen@pdc.wa.gov](mailto:jennifer.hansen@pdc.wa.gov).

Sincerely,

/s \_\_\_\_\_

Jennifer Hansen  
Compliance Officer

Endorsed by,

/s \_\_\_\_\_

Peter Lavallee  
Executive Director

cc: Walter Smith, legal counsel for Clark County Democratic Central Committee