

**BEFORE THE PUBLIC DISCLOSURE COMMISSION  
OF THE STATE OF WASHINGTON**

In the Matter of Enforcement Action  
Against:

Washington State Republican Party

Respondent.

Case No. 11-020

STIPULATION AS TO FACTS,  
VIOLATIONS AND PENALTY

The parties hereto, the Public Disclosure Commission Staff, through its Interim Executive Director, Doug Ellis, and Respondent Washington State Republican Party, through its Executive Peter Graves, submit this Stipulation as to Facts, Violations and Penalty in this matter.

**JURISDICTION**

The Public Disclosure Commission has jurisdiction over this proceeding pursuant to Chapter 42.17 RCW, the Public Disclosure Act; Chapter 34.05 RCW, the Administrative Procedure Act; and Title 390 WAC.

**FACTS**

1. The Washington State Republican Party is a bona-fide major political party organization. The WSRP has filed committee reports with the Public Disclosure Commission since the 1970s. Its current officers include Kirby Wilbur, Chairman, Peter Graves, Executive Director, and Colleen Morse, Treasurer.
2. RCW 42.17.080 and 090 require candidates and political committees to file timely, accurate reports of contributions and expenditures, including in-kind contributions. Reports must include the name and address of each person to whom an expenditure was made in the aggregate of more than \$50, and must include the amount, date, and purpose of each such expenditure, including the name of the candidate benefitted when such expenditure is an in-kind contribution to a candidate.

3. The WSRP has two state accounts registered and reporting with the PDC, a “*Non Exempt Funds Account*” used for candidate support and other expenses, and an “*Exempt Funds Account*” that may not be used for candidate support, but may be used for specific types of expenditures described in statute. The WSRP is required to file frequent and detailed reports disclosing all contribution and expenditure activities for both accounts.

#### **Non Exempt Funds Account**

##### **Alleged Failure to Timely and Properly Report Receipts and Expenditures (RCW 42.17.080 and .090)**

4. On August 10, 2010, the WSRP timely filed its 7-day pre-primary election C-4 report and disclosed an expenditure of \$30,898. However, the report did not contain sufficient detail on Schedule A to form C-4 to explain that \$9,544 of the expenditure was an in-kind contribution to the 2010 Marty McClendon campaign for State Senator in the 26<sup>th</sup> Legislative District. On September 1, 2010, the WSRP amended Schedule A to form C-4 to properly describe the in-kind contribution. The amended report was filed 22 days late and 15 days after the Primary election.
5. On October 11, 2010, the WSRP filed its 21-day pre-general election C-4 report. The report covered the period September 1 to September 30, 2010, although it was required to cover the period September 1 to October 11, 2010. The report was amended four times between October 11 and October 27, 2010 to cover the correct reporting period and add additional contributions or expenditures. The final amendment disclosed a previously unreported \$60,000 expenditure that was a monetary contribution made to the 2010 Steve Litzow campaign for State Senator in the 41<sup>st</sup> Legislative District on October 8, 2010. The monetary contribution was required to be reported on October 12, 2010, but was reported 15 days late on October 27, 2010, six days before the November 2, 2010 general election.
6. On October 25, 2010, the WSRP filed a C-3 report that included three contributions totaling \$378,500. The contributions were erroneously reported as being received on

October 22, 2010. On October 27, 2010, the WSRP filed amended C-3 reports disclosing the following contributions:

- a. Senate Republican Campaign Committee (SRCC) - \$175,000 received on October 8, 2010;
  - b. SRCC - \$83,500 received on October 11, 2010; and
  - c. House Republican Organizational Committee (HROC) - \$120,000 received on October 11, 2010.
7. The three contributions were required to be reported on October 11, 2010 (\$175,000), and October 18, 2010 (\$83,500 and \$120,000). The contributions were initially filed from 7 to 14 days late on October 25, 2010.

### **Exempt Funds Account**

#### **Alleged Failure to Timely and Properly Report Receipts (RCW 42.17.080 and .090)**

8. On October 27, 2010, the WSRP filed a C-3 report disclosing the receipt of six contributions totaling \$107,500, from the following contributors: Premera Blue Cross, \$10,000; The Leadership Council, \$42,500; Microsoft Corporation, \$25,000; Murray Pacific Management, Inc., \$10,000; Rufus W. Lumry, III, \$10,000; and Patricia Lumry, \$10,000. The contributions were received between October 4 and October 10, 2010, and were required to be reported on October 11, 2010. The contributions were reported on October 27, 2010, 16 days late and six days before the November 2, 2010 general election.
9. On October 27, 2010, the WSRP filed a C-3 report disclosing the receipt of two contributions totaling \$20,000, from the following contributors: Kemper Holdings, LLC, \$10,000; and Charles P. Burnett, III, \$10,000. The contributions were received on October 11, 2010, and were required to be reported on October 18, 2010. The contributions were reported on October 27, 2010, nine days late and six days before the November 2, 2010 general election.

## MITIGATING FACTORS

10. Peter Graves, WSRP Executive Director, stated that during the fall of 2010, WSRP employees entered receipt and disbursement data in bookkeeping software and then in compliance software, and employees of Aristotle International reviewed data and prepared PDC and other compliance reports. Aristotle International has handled PDC reporting for the WSRP since 2009.
11. Aristotle International stated that they failed to properly disclose three transactions totaling \$378,500, on C-3 reports, due October 11, 2010 and October 18, 2010. Aristotle International stated this error occurred after they failed to update the WSRP's donor database prior to the filings.
12. Mr. Graves stated that the high volume of activity in the fall of 2010, changes in personnel, and failure to follow procedures led to several errors in reporting. He stated that in some cases data entry was incomplete at the time reports were due, errors were discovered and addressed, and amendments filed during subsequent account reviews. He said that despite some initial mistakes, WSRP and Aristotle personnel continuously reviewed reports and attempted to rectify errors as soon as possible.
13. Mr. Graves stated that the WSRP executive committee, staff, and contractor are all aware of and concerned about the reporting problems that occurred during the fall of 2010. He said that the WSRP has taken several steps to address these problems, including hiring a new Controller, retraining staff, revising contractor account management and supervision, refining procedures, and re-emphasizing the necessity to follow established procedures throughout the financial management and reporting processes.

## LEGAL AUTHORITY

14. **RCW 42.17.080** states, in part, ... (2) At the following intervals each treasurer shall file with the commission a report containing the information required by RCW 42.17.090: (a) On the twenty-first day and the seventh day immediately preceding the date on which the election is held; ... (3) For the period beginning the first day of the fourth month preceding the date on which the special election is held, or for the

period beginning the first day of the fifth month before the date on which the general election is held, and ending on the date of that special or general election, each Monday the treasurer shall file with the commission a report of each bank deposit made during the previous seven calendar days. The report shall contain the name of each person contributing the funds so deposited and the amount contributed by each person.

15. **RCW 42.17.090** states, in part, ... (1) Each report required under RCW 42.17.080 (1) and (2) shall disclose the following: ... (b) The name and address of each person who has made one or more contributions during the period, together with the money value and date of such contributions and the aggregate value of all contributions received from each such person during the campaign or in the case of a continuing political committee, the current calendar year; ... (e) The name and address of each candidate or political committee to which any transfer of funds was made, together with the amounts and dates of such transfers; (f) The name and address of each person to whom an expenditure was made in the aggregate amount of more than fifty dollars during the period covered by this report, and the amount, date, and purpose of each such expenditure.

### **VIOLATIONS**

WSRP violated RCW 42.17.080 and .090 as follows:

#### **Non Exempt Funds Account**

- a. RCW 42.17.080 and .090 by failing to timely provide sufficient detail on Schedule A to PDC form C-4 for an expenditure totaling \$9,544, that was an in-kind contribution to the 2010 Marty McClendon campaign for State Senator in the 26<sup>th</sup> Legislative District;
- b. RCW 42.17.080 and .090 by failing to timely report an expenditure on Schedule A to form C-4 totaling \$60,000, that was an in-kind contribution to the 2010 Steve Litzow campaign for State Senator in the 41<sup>st</sup> Legislative District.
- c. RCW 42.17.080 and .090 by failing to timely report the receipt of three contributions totaling \$378,500 on PDC form C-3;

#### **Exempt Funds Account**

- d. RCW 42.17.080 and .090 by failing to timely report the receipt of six contributions totaling \$107,500 on PDC form C-3; and

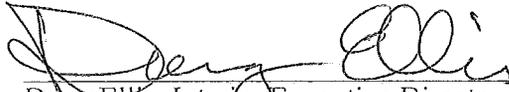
- e. RCW 42.17.080 and .090 by failing to timely report the receipt of two contributions totaling \$20,000 on PDC form C-3.

**PENALTY**

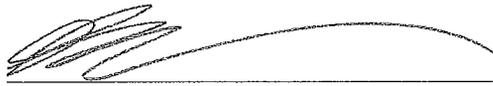
Based upon the stipulated facts and violations set forth above, Respondent agrees to pay a total civil penalty of \$6,700 with \$2,500 suspended on the following conditions:

1. Respondent is not found to have committed further violations of RCW 42.17 within four years from the date of the entry of the Commission's Final Order in this matter;
2. Payment of the non-suspended portion of the penalty (\$4,200) is made within 60 days from the date of entry of the Commission's Final Order in this matter.

Respondent affirms its intention to comply in good faith with the provisions of RCW 42.17 in the future.

  
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Doug Ellis, Interim Executive Director  
Public Disclosure Commission

8/19/2011  
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Date Signed

  
\_\_\_\_\_  
Peter Graves  
Executive Director  
Washington State Republican Party

8/17/11  
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Date Signed