



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 • Website: www.pdcc.wa.gov

BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

IN RE COMPLIANCE)	
WITH RCW 42.17)	PDC CASE NO: 11-025
)	
House Republican Organizational)	
Committee)	
)	
Report of Investigation)	
)	
Respondent.)	
)	

I. Background

- 1.1 The House Republican Organizational Committee (HROC) is the caucus committee of the House Republicans. It supports Republican legislative candidates for State Representative. Its latest Political Committee Registration (PDC form C1-pc), filed May 21, 2008, lists Cary Condotta and Skip Priest as Co-Chairs, Kevin Carns as Campaign Manager, and Stephanie Pishue as Treasurer. (See Exhibit # 1)
- 1.2 RCW 42.17.080 and .090 require committees to file timely, accurate reports of contributions and expenditures, including in-kind contributions. Under the full reporting option, until five months before the general election, C-4 reports are required monthly when contributions or expenditures exceed \$200 since the last report. C-4 reports are also required 21 and 7 days before each election, and in the month following the election, regardless of the level of activity. On October 12, 2010, HROC was required to file an accurate 21-day pre-general election C-4 report, covering the period September 1 through October 11, 2010.

II. Allegations

- 2.1 On November 12, 2010, the Public Disclosure Commission (PDC) received a complaint from Sam Hunt, State Representative from the 22nd Legislative District, alleging that HROC failed to timely report making a \$120,000 contribution to the Non Exempt account of the Washington State Republican party (WSRP), an alleged violation of RCW 42.17.090. (See Exhibit # 2)

- 2.2 The complaint alleged that HROC made a \$120,000 contribution to the WSRP's Non Exempt account on October 10, 2010, but failed to report the expenditure on its 21-day pre-general election C-4 report, covering the period September 1 – October 11, 2010, that was timely filed on October 12, 2010. The complaint alleged that HROC did not report the \$120,000 contribution to the WSRP until 13 days later when it amended its 21-day pre-general election C-4 report on October 25, 2010.

III. Findings

- 3.1 On October 12, 2010, HROC timely filed its 21-day pre-general election C-4 report, covering the period September 1 – October 11, 2010. (See **Exhibit # 3**) The C-4 report showed monetary expenditures totaling \$664,979.10 and a cash-on-hand balance of \$150,904.38. The report did not include an expenditure showing a monetary contribution to the WSRP.
- 3.2 On October 25, 2010, HROC amended its 21-day pre-general election C-4 report. (See **Exhibit # 4**) The amended report showed monetary expenditures totaling \$784,979.10 and a cash-on-hand balance of \$30,904.38. The amended report included an expenditure made on October 10, 2010, that was a \$120,000 monetary contribution to the WSRP. The expenditure was due to be reported on October 12, 2010, but was filed 13 days late on October 25, 2010.
- 3.3 During the 21-day period before a general election (October 12, 2010 through November 1, 2010) special reports are due for political committees making or receiving contributions of \$1,000 or more in the aggregate. Further, during this 21-day period, unless the contributor is a state committee of a bona fide Political party, no committee, is allowed to: 1) receive contributions over \$5,000 in the aggregate from one source; or 2) make aggregate contributions totaling over \$5,000 to a candidate or other political committee.
- 3.4 On October 25, 2010, the WSRP filed a Last Minute Contribution (LMC) report showing receipt of a \$120,000 contribution from HROC on October 22, 2010. The LMC report was an incorrect filing because the WSRP did not receive a contribution of \$1,000 or more in the aggregate from HROC on October 22, 2010, or anytime during the special reporting period consisting of the 21 days before the general election. The \$120,000 contribution was received on October 10th, two days before the start of the special reporting period, and was required to be reported on a C-3 report by the WSRP on October 18, 2010. The late filing by HROC of its \$120,000 contribution to the WSRP was exacerbated by the fact that the WSRP failed to timely report receipt of the contribution on October 18, 2010.

HROC Response and Interviews of Kevin Carns and Stephanie Pishue

- 3.5 On March 15, 2011, Kevin Carns, Political Director for HROC, submitted a written response to the complaint. (See Exhibit # 5) Mr. Carns acknowledged that HROC did not timely report its \$120,000 contribution to the WSRP. He said there was no intent to conceal the source or amount of the contribution. He stated the error was simply a case of "campaign chaos." He said HROC's 2010 campaign reporting was done by Stephanie Pishue, a part-time person. He said that, given the nature of the last weeks of a legislative election, a copy of the \$120,000 check was temporarily misplaced, and the expenditure was not properly communicated to Ms. Pishue.
- 3.6 Mr. Carns noted that the amended C-4 report disclosing the contribution was filed before the general election. He stated HROC has a strong record of compliance, and in the past has demonstrated a complete willingness to comply with its reporting requirements. He said HROC accepts full responsibility for the late reporting, and has implemented a system to prevent similar errors in the future. He said that system includes having two people sign checks, and having a CPA prepare their books. He also said that during special reporting periods, there will be daily calls with those responsible for reporting, to ensure good communication about expenditures.
- 3.7 In an interview with PDC staff, Mr. Carns stated that when making contributions, it was his practice to make a copy of expenditure checks and leave the copies for Ms. Pishue to enter into the PDC reporting software. He said a decision was made to send \$120,000 to the WSRP because HROC had reached its limit for candidates it was supporting, and the WSRP had been asking for money. Mr. Carns said that a few days after writing the check to the WSRP, he received a call from Ms. Pishue, asking about the check.
- 3.8 In an interview with PDC staff, Ms. Pishue stated that a copy of each outgoing check is left in her in-basket, and that she normally receives a text message notifying her that there is information to be entered into the reporting system. Ms. Pishue said she did not receive a text about the \$120,000 check, but noticed the contribution when she was reviewing HROC's bank statements on-line. She said she immediately called Mr. Carns, and after verifying that the contribution had not been reported, immediately filed an amended C-4 report. Ms. Pishue acknowledged that the late reporting was due to poor communication.

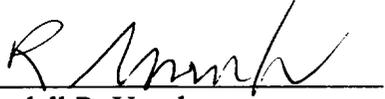
IV. Scope

- 4.1 Staff reviewed the complaint filed by Sam Hunt, received on November 12, 2010.
- 4.2 Staff reviewed the C-4 and Schedule "A" reports submitted by HROC for the 2010 election.
- 4.3 Staff spoke to Kevin Carns on the telephone and reviewed his follow-up response letter.
- 4.4 Staff interviewed Kevin Carns.
- 4.5 Staff interviewed Stephanie Pishue.

V. Law

- 5.1 **RCW 42.17.080 and 090** require committees to file timely, accurate reports of contributions and expenditures, including in-kind contributions. Under the full reporting option, until five months before the general election, C-4 reports are required monthly when contributions or expenditures exceed \$200 since the last report. C-4 reports are also required 21 and 7 days before each election, and in the month following the election, regardless of the level of activity. Contribution deposits made during this same time period must be disclosed on the Monday following the date of deposit.

Respectfully submitted this 8th day of June 2011.



Randall R. Unruh
Senior Political Finance Specialist

List of Exhibits

- | | |
|--------------------|--|
| Exhibit # 1 | HROC Committee Registration (C-1pc) received May 21, 2008 |
| Exhibit # 2 | Complaint from Sam Hunt, received November 12, 2010 |
| Exhibit # 3 | 21-day pre-general election C-4 filed October 12, 2010 |
| Exhibit # 4 | Amended 21-day pre-general election C-4 filed October 25, 2010 |
| Exhibit # 5 | HROC response to complaint, received March 15, 2011 |



Political Committee Registration

C1PC
(1/2008)

DATE FILED PDC
MAY 21 2008

Committee Name (Show entire official name.)
House Republican Organizational Committee

Acronym: **HROC**
Telephone: **(360) 357-7724**

Mailing Address
PO Box 7222

Fax: ()

City: **Olympia** County: **Thurston** Zip + 4: **98507**

E-mail: **contact@hroc.us**

NEW OR AMENDED REGISTRATION?
 NEW. Complete entire form.
 AMENDS previous report. Complete entire form.

COMMITTEE STATUS
 Continuing (On-going; not established in anticipation of any particular campaign election.)
 _____ election year only. Date of general or special election: _____ (Year)

1. What is the purpose or description of the committee?
 Bona Fide Political Party Committee - official state or county central committee or legislative district committee. If you are not supporting the entire party ticket, attach a list of the names of the candidates you support.

Ballot Committee - Initiative, Bond, Levy, Recall, etc. Name or description of ballot measure: _____
Ballot Number: _____ FOR AGAINST

Other Political Committee - PAC, caucus committee, political club, etc. If committee is related or affiliated with a business, association, union or similar entity, specify name: _____

For single election-year only committees (not continuing committees): Is the committee supporting or opposing
(a) one or more candidates? Yes No If yes, attach a list of each candidate's name, office sought and political party affiliation.
(b) the entire ticket of a political party? Yes No If yes, identify the party: _____

2. Related or affiliated committees. List name, address and relationship. _____
 Continued on attached sheet.

3. How much do you plan to spend during this entire election campaign, including the primary and general elections? Based on that estimate, choose one of the reporting options below. (If your committee status is continuing, estimate spending on a calendar year basis.)
If no box is checked you are obligated to use Full Reporting. See instruction manuals for information about reports required and changing reporting options.
 MINI REPORTING
Mini Reporting is selected. No more than \$5,000 will be raised or spent and no more than \$500 in the aggregate will be accepted from any one contributor.
 FULL REPORTING
Full Reporting is selected. The frequent, detailed campaign reports mandated by law will be filed as required.

4. Campaign Manager's or Media Contact's Name and Address
Kevin Carns - PO Box 7222, Olympia, WA 98507

Telephone Number:
(360) 357-7724

5. Treasurer's Name and Address. Does treasurer perform only ministerial functions? Yes x No ____ See WAC 390-05-243 and next page for details. List deputy treasurers on attached sheet.
 Continued on attached sheet.

Daytime Telephone Number:
(360) 357-7724

6. Persons who perform only ministerial functions on behalf of this committee and on behalf of candidates or other political committees. List name, title, and address of these persons. See WAC 390-05-243 and next page for details. Continued on attached sheet.

7. Committee Officers and other persons who authorize expenditures or make decisions for committee. List name, title, and address. See next page for definition of "officer." Continued on attached sheet.
Cary Condotta - Co-chair - 3013 G. S. Center Road, Wenatchee, WA 98801
Skip Priest - Co-chair - 1094 SW 332nd Place, Federal Way, WA 98023

8. Campaign Bank or Depository
Key Bank

Branch
Capitol Way

City
Olympia

9. Campaign books must be open to the public by appointment between 8 a.m. and 8 p.m. during the eight days before the election, except Saturdays, Sundays, and legal holidays. In the space below, provide contact information for scheduling an appointment and the address where the inspection will take place. It is not acceptable to provide a post office box or an out-of-area address.
Street Address, Room Number, City where campaign books will be available for inspection

1616 Sylvester Street SW, Olympia, WA 98501
In order to make an appointment, contact the campaign at (telephone, fax, e-mail): **(360) 357-7724**

10. Eligibility to Give to State Office Candidates: During the 180 days prior to making a contribution to a state office candidate, your committee must have received contributions of \$10 or more from at least ten persons registered to vote in Washington State.
 A check here indicates your awareness of and pledge to comply with this provision. Absence of a check mark means your committee does not qualify to give to state office candidates (legislative and statewide executive candidates).

11. Signature and Certification. I certify that this statement is true, complete and correct to the best of my knowledge.
Committee Treasurer's Signature:
Date: **5-19-08**

NOV 12 2010

Public Disclosure Commission

**Formal Complaint to the Washington State Public Disclosure Commission
For Complaints Relating to Elected Official or Candidate for Public Office
(If the Sample Complaint Form is Not Used)**

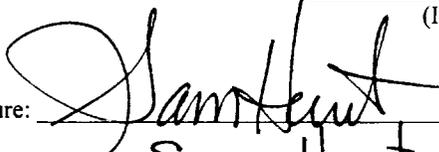
Name of Official or Candidate: House Republican organizational committee, Cary Condit

Address of Official or Candidate: PO Box 7222

Official's or Candidate's Olympia WA 98507
City State Zip Code

Official's or Candidate's Telephone: (360)-357-7724, (509)679-0222
(Include Area Code)

Official's or Candidate's E-Mail Address: _____
(If known)

Your signature: 

Your printed name: Sam Hunt

Street address: 1000 Aurora Ave N #100

City, state and zip code: Seattle WA 98109

Telephone number: 206-381-1220

E-Mail Address: (Optional) repsamhunt@comcast.net

Date Signed: 11-10-2010

Place Signed (City and County): Olympia Thurston
City County

Complaint: Attach Complaint and Certification



HOUSE DEMOCRATIC CAMPAIGN COMMITTEE

RECEIVED

NOV 12 2010

Public Disclosure Commission

November 8, 2010

Mr. Phil Stutzman
Public Disclosure Commission
711 Capitol Way #206
PO Box 40908
Olympia, WA 98504-0908

Dear Mr. Stutzman:

Please accept this letter as a formal complaint regarding improper disclosure filings by the House Republican Organizational Committee (HROC) and the Washington State Republican Party.

On October 12th, 2010, HROC filed its required form C4. That report, signed by Cary Condotta, covered campaign activities from September 1st through October 11th and listed a cash-on-hand balance of \$150,904.38.

October 12th marks the beginning of the "21 day rule" which requires timely disclosure of contributions over \$1,000 and restricts contributions over \$5,000 to bona fide State Parties exclusively.

On October 25th, the State Republican Party filed a Last Minute Contribution (LMC) stating they received the following contributions:

- 10/22/10 SRCC \$83,500
- 10/22/10 SRCC \$175,000
- 10/22/10 HROC \$120,000

PDC staff work determined that these seemingly illegal contributions were in fact received by the October 11th deadline to move more than \$5,000, but that means that both HROC and the State Republican Party failed to disclose the transfer of \$120,000 in campaign cash for more than a week.

On October 25th, HROC filed an amended c4 showing a \$120,000 contribution to the State Republican Party and disclosing a cash-on-hand balance of \$30,904.38.

That amendment was 7 days late, effectively concealing \$120,000 for that length of time.

One hundred and twenty thousand dollars is a lot of money at any point in the election cycle, but it is a particularly significant amount approaching the final 21 days of an election, as committees are scrutinizing budgets daily and making financial decisions leading up to a period of restricted

PDC Exhibit # 2
Page 2 of 4

NOV 12 2010

Public Disclosure Commission

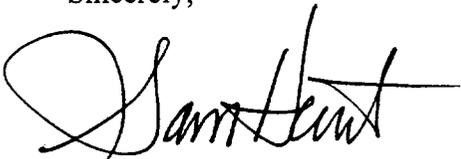
spending. There's a big difference between a cash-on-hand balance of \$150,904.38 and \$30,904.38 and it's unfathomable that this amount of money in one's bottom line could be overlooked in a c4 report or otherwise.

HROC and the State Republican Party have experienced personnel. They know the regulations surrounding the "21 Day Rule" and the reporting obligations that go with that--- no amount of spent money over \$1,000 can be invisible for more than 24 hours, yet they failed to disclose 120 times the reportable limit for 7 times longer than the allowed timeframe.

It is impossible to imagine that veteran political professionals in *both* organizations accidentally failed to properly report the *same* \$120,000 contribution in a known period of increased scrutiny. The SRCC, which as noted above made contributions to the State Republican Party totaling \$258,500, managed to file the proper paperwork in a timely manner.

I respectfully request that the Public Disclosure Commission conduct a formal investigation and if wrongdoing is discovered impose appropriate penalties as determined by law.

Sincerely,



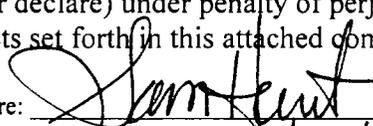
Representative Sam Hunt
22nd Legislative District

NOV 12 2010

Public Disclosure Commission

**Certification for a
Complaint to the Washington State Public Disclosure Commission Relating to an
Elected Official or Candidate for Public Office
(Notary Not Required)**

I certify (or declare) under penalty of perjury under the laws of the State of Washington that the facts set forth in this attached complaint are true and correct.

Your signature: 

Your printed name: Sam Hunt

Street address: 1000 Aurora Ave N #100

City, state and zip code: Seattle WA 98109

Telephone number: 206-381-1220

E-Mail Address: (Optional) repsamhunt@comcast.net

Date Signed: 11-10-2010

Place Signed (City and County): Olympia Thurston
City County

*RCW 9A.72.040 provides that: "(1) A person is guilty of false swearing if he makes a false statement, which he knows to be false, under an oath required or authorized by law. (2) False swearing is a misdemeanor."

COMPLAINT ATTACHED

**SUMMARY, FULL REPORT
 RECEIPTS AND
 EXPENDITURES**

C4 <small>(3/97)</small>	<small>PDC OFFICE USE</small>
	100384621
	10-12-2010

Candidate or Committee Name (Do not abbreviate. Include full name)
 (House Republican Organizational Committee)

Mailing Address
 PO Box 7222

City
 Olympia, WA

Zip + 4 98507-7222	Office Sought (Candidates)	Election Date 2010
Report Period Covered 09/01/10	From (last C-4) To (end of period) 10/11/10	Final Report? Yes No X

***For PACs, Parties & Caucus Committees:** During this report period, did the committee make an **independent expenditure** (i.e., an expense not considered a contribution supporting or opposing a state or local candidate)?

RECEIPTS	*See next page	Yes	No
1. Previous total cash and in kind contributions (From line 8, last C-4) (if beginning a new campaign or calendar year, see instruction booklet)	\$		381,393.01
2. Cash received (From line 2, Schedule A)	\$		505,610.00
3. In kind contributions received (From line 1, Schedule B).....			0.00
4. Total cash and in kind contributions received this period (Line 2 plus 3).....			505,610.00
5. Loan principal repayments made (From line 2, Schedule L).....			0.00
6. Corrections (From line 1 or 3, Schedule C)..... Show + or (-)			0.00
7. Net adjustments this period (Combine line 5 & 6)..... Show + or (-)			0.00
8. Total cash and in kind contributions during campaign (Combine lines 1, 4 & 7)			887,003.01
9. Total pledge payments due (From line 2, Schedule B).....			0.00

EXPENDITURES		
10. Previous total cash and in kind expenditures (From line 17, last C-4) (If beginning a new campaign or calendar year, see instruction booklet)		71,119.53
11. Total cash expenditures (From line 4, Schedule A)	664,979.10	
12. In kind expenditures (goods & services) (From line 1, Schedule B)	0.00	
13. Total cash and in kind expenditures made this period (Line 11 plus line 12).....		664,979.10
14. Loan principal repayments made (From line 2, Schedule L).....	0.00	
15. Corrections (From line 2 or 3, Schedule C)..... Show + or (-)	0.00	
16. Net adjustments this period (Combine lines 14 & 15)..... Show + or (-)		0.00
17. Total cash and in kind expenditures during campaign (Combine lines 10, 13 and 16).....		736,098.63

CANDIDATES ONLY

	Won	Lost	Unopposed	Name not on ballot
Primary election	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General election	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

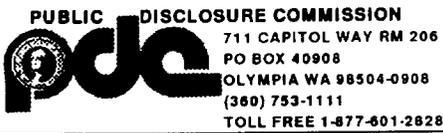
Treasurer's Daytime Telephone No.:
 (509) 679-0222

CASH SUMMARY

18. Cash on hand (Line 8 minus line 17)	150,904.38
<small>[Line 18 should equal your bank account balance(s) plus your petty cash balance.]</small>	
19. Liabilities: (Sum of loans and debts owed)	0.00
20. Balance (Surplus or deficit) (Line 18 minus line 19)	150,904.38

CERTIFICATION: I certify that the information herein and on accompanying schedules and attachments is true and correct to the best of my knowledge.

Candidate's Signature	Date	Treasurer's Signature	Date
		Cary Condotta	10/12/10



SUMMARY, FULL REPORT RECEIPTS AND EXPENDITURES

C4 <small>(3/97)</small>	PDC OFFICE USE
	100387404
	AMENDS
	100384621
10-25-2010	

Candidate or Committee Name (Do not abbreviate. Include full name)
 (House Republican Organizational Committee)

Mailing Address
 PO Box 7222

City
 Olympia, WA

Zip + 4 98507-7222	Office Sought (Candidates)	Election Date 2010
Report Period Covered 09/01/10	From (last C-4) To (end of period) 10/11/10	Final Report? Yes No X

***For PACs, Parties & Caucus Committees:** During this report period, did the committee make an **independent expenditure** (i.e., an expense not considered a contribution) supporting or opposing a state or local candidate?

RECEIPTS

*See next page

	Yes	No
--	-----	----

1. Previous total cash and in kind contributions (From line 8, last C-4) (if beginning a new campaign or calendar year, see instruction booklet)	\$	381,393.01
2. Cash received (From line 2, Schedule A)	\$	505,610.00
3. In kind contributions received (From line 1, Schedule B)		0.00
4. Total cash and in kind contributions received this period (Line 2 plus 3)		505,610.00
5. Loan principal repayments made (From line 2, Schedule L)		0.00
6. Corrections (From line 1 or 3, Schedule C)	Show + or (-)	0.00
7. Net adjustments this period (Combine line 5 & 6)	Show + or (-)	0.00
8. Total cash and in kind contributions during campaign (Combine lines 1, 4 & 7)		887,003.01
9. Total pledge payments due (From line 2, Schedule B)		0.00

EXPENDITURES

10. Previous total cash and in kind expenditures (From line 17, last C-4) (If beginning a new campaign or calendar year, see instruction booklet)		71,119.53
11. Total cash expenditures (From line 4, Schedule A)		784,979.10
12. In kind expenditures (goods & services) (From line 1, Schedule B)		0.00
13. Total cash and in kind expenditures made this period (Line 11 plus line 12)		784,979.10
14. Loan principal repayments made (From line 2, Schedule L)		0.00
15. Corrections (From line 2 or 3, Schedule C)	Show + or (-)	0.00
16. Net adjustments this period (Combine lines 14 & 15)	Show + or (-)	0.00
17. Total cash and in kind expenditures during campaign (Combine lines 10, 13 and 16)		856,098.63

CANDIDATES ONLY			
	Won	Lost	Unopposed
	Name not on ballot		
Primary election	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General election	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Treasurer's Daytime Telephone No.: (509) 679-0222			

CASH SUMMARY	
18. Cash on hand (Line 8 minus line 17)	30,904.38
[Line 18 should equal your bank account balance(s) plus your petty cash balance.]	
19. Liabilities: (Sum of loans and debts owed)	0.00
20. Balance (Surplus or deficit) (Line 18 minus line 19)	30,904.38

CERTIFICATION: I certify that the information herein and on accompanying schedules and attachments is true and correct to the best of my knowledge.

Candidate's Signature	Date	Treasurer's Signature	Date
		Cary Condotta	10/25/10



House Republican
Organizational Committee

March 14, 2011

Public Disclosure Commission
711 Capital Way, #206
Olympia, WA 98504

Thank you for the opportunity to respond to the PDC complaint filed by the House Democrats against HROC. As a caucus committee, we are committed to an open and transparent process that is fully compliant with state campaign finance regulations.

After reviewing the complaint, it would appear that HROC did not file a last minute contribution in a timely manner. However, there was no intent to conceal the source or amount of the contribution. This is simply a case of "campaign chaos". Our PDC reporting is done by a part time person and given the nature of the last weeks of a legislative election the check copy was temporarily lost in the shuffle. We are a small organization with only one full time staff and currently have no physical location. Logistics are a challenge. When the contribution was made, our full time staff was in the field doorbelling and our reporting person did not see the check copy the day it was made.

The report was filed prior to the end of the election and we take full responsibility for the temporary delay. HROC has demonstrated in the past a complete willingness to comply with state law. In fact, when we have a question on any finance related issue, we do not hesitate to call PDC staff for guidance. We have a strong track record of compliance.

While we understand Rep. Hunts' frustration over a third consecutive year of Democratic seat losses, there was no nefarious scheme that led to the outcome of the 2010 campaigns.

Thank you for your patience. We have installed a check and balance system to ensure timely filing. I assure that you will have no further issue with our reporting. If you have further questions, please do not hesitate to contact me directly at 360-870-5778 on my mobile phone.

Sincerely,

Kevin Carns
Political Director

PO Box 7222, Olympia WA 98507

PDC Exhibit # 5
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