



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

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BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

IN RE COMPLIANCE
WITH RCW 42.17

Zona Lenhart
Re: 2010 Franklin County Auditor
Campaign

Respondent

PDC Case No. 11-034

Report of Investigation

I. Background

- 1.1 On June 21, 2010, Zona Lenhart filed a Candidate Registration (PDC Form C-1) with the Public Disclosure Commission (PDC), declaring her candidacy in the 2010 election for Franklin County Auditor. She listed her treasurer as Tracie Boothe. Ms. Lenhart chose the full reporting option indicating that she would file the frequent, detailed campaign reports required by law under the full reporting option. In late July 2010, she replaced her treasurer with Dennis Huston. An amended C-1 reflecting this change was filed February 28, 2011. **(Exhibit 1)**
- 1.2 Ms. Lenhart began serving as the Franklin County Auditor in 1989. In 2010, she ran for re-election and was challenged by Matt Beaton in the primary election. Mr. Beaton prevailed in the primary, garnering 52 percent of the votes. Both candidates moved to the general election where Mr. Beaton prevailed with 50.51 percent of the votes.

II. Allegations

- 2.1 On November 5, 2010, a complaint was received from Mary Beaton, of Pasco, Washington. Ms. Beaton alleged that Ms. Lenhart violated RCW 42.17.040, .080, and .090 by:
 - Failing to list a bank account on the Candidate Registration (PDC Form C-1);
 - Failing to amend the C-1 upon changing treasurers; and
 - Failing to timely file Cash Receipts Monetary Contributions reports (PDC Form C-3), and Campaign Summary Receipts and Expenditures reports (PDC Form C-4). **(Exhibit 2)**

- 2.2 PDC staff also investigated whether the Lenhart campaign accepted over-limit contributions in the form of a monetary loan totaling \$9,000, and whether the campaign failed to file its reports electronically.

III. Findings

Candidate Registration (PDC Form C-1)

- 3.1 On June 21, 2010, Ms. Lenhart filed a C-1, indicating that she was a candidate for Franklin County Auditor. She listed Tracey Boothe as her treasurer, and did not list a bank or depository. In Item 8, "Campaign Bank or Depository," she wrote, "*Not named at this time.*" During the campaign, a bank was chosen (Bank Reale in Pasco), and in late July 2010, she replaced her treasurer with Dennis Huston. However, Ms. Lenhart did not timely amend her C-1 report. An amended C-1 report was filed on February 28, 2011, 7 months late and three months after the election. **(Exhibit 1)**
- 3.2 The following PDC reports were required when the Lenhart campaign selected the full reporting option:
- Within two weeks of becoming a candidate, the candidate must file an F-1 and C-1;
 - Beginning June 1, 2010, candidates must file a C-3 on Mondays for deposits made during the previous seven days.
 - On July 27, 2010, the 21-day pre-primary C-4 is due, covering the period from June 1, 2010, through July 26, 2010.
 - On August 10, 2010, the 7-day pre-primary C-4 is due, covering the period from July 27, 2010, through August 9, 2010.
 - On September 10, 2010, the post-primary C-4 is due, covering the period from August 10, 2010, through August 31, 2010.
 - On October 12, 2010, the 21-day pre-general C-4 is due, covering the period from September 1, 2010, through October 11, 2010.
 - On October 26, 2010, the 7-day pre-general C-4 is due, covering the period from October 12, 2010, through October 25, 2010.
 - On December 10, 2010, the post-general C-4 is due, covering the period from October 26, 2010, through November 30, 2010. **(Exhibit 3)**

C-3 Reports of Contributions Received and C-4 Reports of Contributions and Expenditures

- 3.3 PDC staff examined seven paper-filed C-3 reports of contributions received **(Exhibit 4)** and five paper-filed C-4 reports summarizing contributions received and providing details of expenditures made. **(Exhibit 5)** The C-3 reports were filed between July 6, 2010 and October 27, 2010. The C-4 reports were filed between July 12, 2010 and January 10, 2011, covering periods from June 18, 2010 through November 1, 2010. The C-4 reports

disclosed \$18,395 in contributions received and \$17,904 in expenditures made. The C-3 reports covering the same time period showed contributions received totaling \$18,545, a difference of \$150.

- 3.4 Between March 4, 2011 and March 8, 2011, the campaign re-filed all C-3 and C-4 reports, using the electronic method of reporting. Staff reviewed six electronically-filed C-4 reports, filed on March 6 and March 8, 2011, and three amended C-4 reports electronically-filed on March 8, 2011. **(Exhibit 6)** The electronically filed C-4 reports showed contributions totaling \$22,657 and expenditures totaling \$18,036. Staff also reviewed 16 C-3 reports and three amended C-3 reports, electronically-filed between March 4 and March 8, 2008. The C-3 reports were for contributions received from June 25, 2010 to October 22, 2010.

Initial C-4 Report

- 3.5 From July 12, 2010 to January 10, 2011, five C-4 reports were paper-filed, covering the period from the start of the campaign to November 1, 2010. The initial C-4 report covered the period from the start of the campaign (June 18, 2010) through July 9, 2010, and showed \$5,730 in contributions received and \$1,814 in expenditures.
- 3.6 The initial C-4 report was re-filed as the 21-day pre-primary C-4 report on July 27, 2010, covering the period from the beginning of the campaign (June 18, 2010) through July 27, 2010. This report showed \$6,330 in contributions and \$6,301 in expenditures.

C-4 Report Filed October 25, 2010

- 3.7 The next C-4 report was filed with a postmark of October 25, 2010, and covered the period July 27, 2010 to October 12, 2010. Contributions totaled \$1,405 and expenditures totaled \$1,234. This report covered the 7-day pre-primary C-4 report period (July 27 to August 9, due August 10), the post-primary report period (August 10 to August 31, due September 10), and the 21-day pre-general C-4 report period (September 1 – October 11, due October 12). This filing resulted in the following late reporting:
- Based on C-3 reports that supported the C-4 report, contributions totaled \$1,405, and were filed two days late on C-3 reports. The reports were due October 18 and were filed October 20, 2010.
 - Expenditures totaled \$1,234. Expenditures totaling \$236 were required to be reported on September 10, but were reported 45 days late on October 25, 2010.
 - Expenditures totaling \$998 were required to be reported on October 12, but were reported 13 days late on October 25, 2010.

Initial 7-Day Pre-General C-4 Report

- 3.8 A 7-day pre-general C-4 report (October 12 to October 25, due October 26) was initially filed with a postmark of October 28, 2010. It covered the period October 12 to October

19 and included \$685 in contributions and no expenditures. The contributions were timely reported on C-3 reports.

Second 7-Day Pre-General C-4 Report

3.9 A second 7-day pre-general C-4 report (October 12 to October 25, due October 26) was filed with a postmark of January 6, 2011. It covered the period October 19 to November 1, 2010 and included \$9,975 in contributions and \$10,368 in expenditures. This C-4 report showed cumulative campaign totals of \$18,395 in contributions and \$17,904 in expenditures. This second 7-day pre-general election C-4 report resulted in the following late reporting:

- Contributions totaling \$100 were reported 16 days late on October 27, 2010.
- Contributions totaling \$875 were reported 2 days late on October 27, 2010.
- A contribution, initially reported as received on October 25, 2010 in the form of a \$9,000 loan, was initially timely reported on October 28, 2010. However, on March 6, 2011, the C-3 was filed electronically, and the date received was changed from October 25 to September 28, 2010. Based on the September 28, 2010 receipt date, the C-3 was due on October 4, and was initially filed 24 days late on October 28, 2010. Initially, the \$9,000 loan was attributed to Bart Gallant. When the C-3 was re-filed electronically, the loan was split between husband and wife, making the general election contributions \$4,500 from Bart Gallant and \$4,500 from Hilke Gallant, with both contributions made on September 28, 2010. The 2010 general election contribution limit for Franklin County Auditor was \$800 per person. Therefore, the Lenhart campaign accepted an over-limit general election contribution from Bart Gallant in the amount of \$3,700 and an over-limit general election contribution from Hilke Gallant in the amount of \$3,700.

(Exhibit 7)

- The expenditures totaled \$10,368. Of that amount, \$10,343 was reported 72 days late on January 6, 2011, and \$25 was reported 27 days late on January 6, 2011. The \$25 expenditure occurred during the post-general election period (October 26 to November 30, due December 10, 2010).

Late Filed C-3 Reports of Contributions Received

3.10 On March 6, 2011, the Lenhart campaign electronically filed its C-3 and C-4 reports that had previously been paper-filed. When the campaign electronically filed its C-3 reports, four contributions, all from the candidate, Zona Lenhart, were included that had not previously been reported, as follows: **(Exhibit 8)**

- \$450 received August 25, 2010, reported 188 days late and 124 days after the general election.

- \$425 received September 24, 2010, reported 160 days late after the general election.
- \$1,235 received September 24, 2010, reported 160 days late after the general election.
- \$2,000 received October 25, 2010, reported 132 days late after the general election.

Requirement to File Electronically

- 3.11 Electronic filing is required when expenditures exceed \$10,000 for the campaign. The Lenhart campaign re-filed all of its reports using the electronic method, between March 4 and March 8, 2011. The campaign's monetary expenditures exceeded \$10,000 on October 21, 2010 when the campaign paid \$6,039 to B&B Express for printing. However, according to Terri Rolands of B&B Express, the campaign placed a \$6,039 order for the printing on September 24, 2010. An order-placed is considered an expenditure. Therefore, the campaign was required to file its reports electronically as of September 24, 2010 when the campaign's monetary expenditures, along with the \$6,039 order-placed, totaled \$14,915. The campaign electronically filed its reports 165 days late on March 8, 2011.

Candidate Response

- 3.12 On March 4, 2011, a response was received from Zona Lenhart. She stated she has been the Franklin County Auditor for 20 years. She stated that her 2010 campaign was the first time she has been involved in a contested election.
- 3.13 She said she discovered in Late July or early August 2010 that C-3 and C-4 reports had not been filed. She then replaced her treasurer. She said that in the future she will hire an accounting firm to handle the PDC reporting.
- 3.14 Ms. Lenhart said there were personal family issues that competed for her attention during the campaign. She said her husband was ill and suffered a heart attack, she was caring for her 82 year old father, and an immediate family member was dealing with a significant drug problem.
- 3.15 Ms. Lenhart stated, *"I offer the above explanation only to show I did not blatantly, or with intent, ignore the rules of the PDC. There were mistakes made and lessons learned. I accept full responsibility for the consequences."* **(Exhibit 9)**
- 3.16 Ms. Lenhart stated she was not aware that contributor loans were considered a contribution and must adhere to the contribution limits. She said she was intending on repaying some of the loan with her surplus campaign funds.

IV. Scope

- 4.1 Staff reviewed the complaint filed by Mary Beaton.
- 4.2 Staff reviewed original and amended C-1, C-3, and C-4 reports, including electronically-filed C-3 and C-4 reports filed by the 2010 Zona Lenhart Campaign.
- 4.3 Staff spoke with Zona Lenhart.

V. Law

- 5.1 **RCW 42.17.080 and 090** require candidates 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.
- 5.2 **RCW 42.17.3691** states, in part, that, each candidate or political committee that expended ten thousand dollars or more in the preceding year or expects to expend ten thousand dollars or more in the current year shall file all contribution reports and expenditure reports required by this chapter by the electronic alternative provided by the commission under RCW 42.17.369. The commission may make exceptions on a case-by-case basis for candidates whose authorized committees lack the technological ability to file reports using the electronic alternative provided by the commission.

(3) Failure by a candidate or political committee to comply with this section is a violation of this chapter.
- 5.3 **RCW 42.17.640** states, in part:
 - (1) The contribution limits in this section apply to: ...
 - (c) Candidates for county office;
 - (2) No person, other than a bona fide political party or a caucus political committee, may make contributions to a candidate for a legislative office, county office, city council office, or mayoral office that in the aggregate exceed eight hundred dollars...
 - (14) No person may accept contributions that exceed the contribution limitations provided in this section.

Respectfully submitted this 30th day of August 2011.


Randall R. Unruh
Senior Political Finance Specialist

List of Exhibits

- Exhibit 1** Original C-1 for Zona Lenhart filed on June 21, 2010 and amended C-1 filed February 28, 2011.
- Exhibit 2** Complaint received from Mary Beaton on November 5, 2010.
- Exhibit 3** 2010 Key Reporting Dates for Candidates
- Exhibit 4** Chart of Originally filed C-3 reports for the 2010 Zona Lenhart campaign.
- Exhibit 5** Chart of electronically filed C-4 reports for the 2010 Zona Lenhart campaign.
- Exhibit 6** Chart of paper filed C-4 reports for the 2010 Zona Lenhart campaign.
- Exhibit 7** C-3 reports filed October 28, 2010, and March 6, 2011 with accompanying Schedule "L"
- Exhibit 8** Chart of late reported candidate contributions and supporting C-3 Reports
- Exhibit 9** Response letter from Zona Lenhart received on March 4, 2011.