



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 and RCW 42.17A

North Central Affordable Housing
Council

Respondent.

PDC Case No. 13-029

Report of Investigation

I.

Background

- 1.1 On September 21, 2004, the North Central Affordable Housing Council (NCAHC) filed a Committee Registration (C-1pc report) registering as an “Other Political Committee” and selecting the Full Reporting option. NCAHC is the political committee for the North Central Home Builders Association, which is a local affiliate of the Building Industry Association of Washington (BIAW).
- 1.2 The C-1pc report disclosed NCAHC is affiliated with the BIAW, and its state political committee, the Washington Affordable Housing Council (WAHC), and the North Central Home Builders Association, for contribution limit purposes.
- 1.3 The North Central Home Builders Association is a Lobbyist Employer that has employed a contract lobbyist since 2011. North Central Home Builders Association timely filed Lobbyist Employer reports (L-3 report) on February 29, 2012, for calendar year 2011, and on February 28, 2013 for calendar year 2012.
- 1.4 On January 31, 2012, NCAHC filed an amended C-1pc report, listing new committee officers and principal decision makers, and disclosing NCAHC is only affiliated with the WAHC. **(Exhibit 1)**
- 1.5 On October 29, 2012, the Public Disclosure Commission (PDC) received a complaint from Kathy Humphrey alleging that NCAHC violated campaign requirements related to the proper filing of Cash Receipts Monetary Contributions reports (C-3 reports), and Campaign Summary Receipts & Expenditures reports (C-4 reports). **(Exhibit 2)**

II.

Allegations

- 2.1 Specifically, the complaint alleged NCAHC violated RCW 42.17A.235 and .240 by:
- A. Failing to report its contribution and expenditure activities undertaken since NCAHC filed an amended C-1pc report as a political committee on January 12, 2012; and
 - B. Sponsoring political advertising that supported two candidates for Douglas County Commissioner in 2012, Carol Kavanaugh and Ed Daling, without properly disclosing the expenditures.¹

III. Findings

- 3.1 Political committees filing under the Full Reporting option and participating in the 2012 election cycle were required to file C-3 reports weekly beginning June 1, 2012. Because NCAHC was participating in both the 2012 primary and general elections, it was also required to file the following C-4 reports:
- A 21-day pre-primary election C-4 report due on July 17, 2012, covering the period June 1 through July 16, 2012;
 - A 7-day pre-primary election C-4 report due on July 31, 2012, covering the period July 17 through 30, 2012;
 - A post-primary election C-4 report by September 10, 2012, covering the period July 31 through August 31, 2012;
 - A 21-day pre-general election C-4 report due on October 16, 2012, covering the period September 1 through October 15, 2012;
 - A 7-day pre-general election C-4 report due on October 30, 2012, covering the period October 16 through 30, 2012; and
 - A post-general election C-4 report by December 10, 2012, covering the period October 31 through November 30, 2012.
- 3.2 After receiving several inquiries and the complaint, PDC staff queried the PDC database for contribution and expenditure information concerning NCAHC, and found no entries for calendar year 2012. Staff reviewed the campaign filings received from NCAHC, which verified that no campaign finance reports had been filed during calendar year 2012 as required by RCW 42.17A.235.
- 3.3 On October 29, 2012, PDC Staff member Tony Perkins contacted Kim Fenner with NCAHC and inquired about the apparent missing C-3 and C-4 reports. Ms. Fenner stated that she had mailed the C-3 and C-4 reports on numerous occasions, on paper, to the PDC. Mr. Perkins informed Ms. Fenner the PDC had not received any C-3 or C-4 reports from NCAHC during 2012. He also informed her that NCAHC was required to submit its reports electronically. Later that day, Ms. Fenner submitted all of NCAHC's C-3 and C-4 reports electronically, covering the period February through October of 2012.

¹ Expenditures must be reported in detail on Schedule A to the C-4 report. When expenditures are in-kind contributions to candidates, the candidates benefited must be named on the Schedule A.

- 3.4 The C-3 and C-4 reports filed by NCAHC for this period disclosed contributions received totaling \$17,710, and expenditures made totaling \$14,131. Of the \$14,131 in total expenditures during 2012, \$12,676 was for political advertisements in the form of independent expenditures.²

Allegation A: Failure to report contribution & expenditure activities during 2012

Late C-4 Reports

- 3.5 On October 29, 2012, NCAHC filed 10 C-4 reports covering the period of January 1 through October 15, 2012. (**Exhibit 3**) Several of the monthly C-4 reports disclosed no contribution or expenditure activities, and those C-4 reports have been combined below into the appropriate reporting periods. NCAHC failed to timely file the six C-4 reports listed below, and the contribution and expenditure activities were filed between 13 and 202 days late. NCAHC disclosed its 2012 contribution and expenditure activities eight days before the November 6, 2012 general election.

1. **February through March 2012 C-4 report:** NCAHC failed to timely file the C-4 report due April 10, 2012, covering the period February 1 through March 31, 2012. The C-4 report disclosed one \$675 campaign bank deposit on March 31, 2012, and no expenditures. The February/March 2012 C-4 report was filed 202 days late.
2. **April through May 2012 C-4 report:** NCAHC failed to timely file the C-4 report due June 10, 2012, covering the period April 1 through May 31, 2012. The C-4 report disclosed one \$5,200 bank deposit on May 9, 2012 for two contributions received during the reporting period and no expenditures. The April/May 2012 C-4 report was filed 141 days late.
3. **21-day pre-primary election C-4 report:** NCAHC failed to timely file its required 21-day pre-primary election C-4 report due July 17, 2012, covering the period June 1 through July 16, 2012. The C-4 report disclosed NCAHC made one \$600 deposit on June 30, 2012, and one expenditure totaling \$1,631. The one NCAHC expenditure was made on July 3, 2012 to NW Safety Signs, Inc. as an independent expenditure in support of Ed Daling, a candidate for Douglas County Commissioner. The 2012, 21-day pre-primary election C-4 report was filed 104 late.
4. **7-day pre-primary election C-4 report:** NCAHC failed to timely file its required 7-day pre-primary election C-4 report due July 31, 2012, covering the period July 17 through 30, 2012. The 7-day pre-primary election C-4 report disclosed no contributions received and three expenditures totaling \$737, which included: (1) A \$364 expenditure on July 17, 2012 to Cherry Creek Radio for independent expenditure radio ads in support of Ed Daling; (2) A \$73 expenditure made on July 18, 2012 to The ADG Media Group, LLC as an independent expenditure in support of

² The allegation that contributions and expenditures were not reported occurred because the required reports were missing. The allegation that C-6 reports were not filed occurred because the Respondent, as the sponsor of political advertising undertaken as an independent expenditure valued at more than \$1,000, within 21 days of an election, was required to also file a C-6 report. In addition, the Respondent, as the sponsor of political advertising undertaken as an electioneering communication valued at more than \$1,000, within 60 days of an election, was required to file a C-6 report.

Ed Daling; and (3) A \$300 monetary contribution given on July 24, 2012 to Ray Campbell. The 2012 7-day pre-primary election C-4 report was filed 90 days late.

5. **2012 Post primary election C-4 report:** NCAHC failed to timely file its required post primary election C-4 report due September 10, 2012, covering the period July 31 through August 31, 2012. The C-4 report disclosed NCAHC made one bank deposit totaling \$2,800 and no expenditures. The 2012 post primary election C-4 report was filed 49 days late.

6. **21-day pre-general election C-4 report:** NCAHC failed to timely file its required 21-day pre-general election C-4 report due October 16, 2012, covering the period September 1 through October 15, 2012. The 21-day pre-general election C-4 report disclosed three bank deposits totaling \$7,425 and 12 expenditures totaling \$8,589, which included: (1) One \$700 monetary contribution to Carol Kavanaugh, a Douglas County Commissioner candidate; and (2) 11 independent expenditures totaling \$7,888 for political ads made in support of candidates Daling and Kavanaugh (for a detailed breakdown, see section 3.13 of this report). The 21-day pre-general election C-4 report was filed 13 days late.

C-4 reports timely filed by NCAHC:

- 3.6 **7-day pre-general election C-4 report:** NCAHC timely filed its required 7-day pre-general election C-4 report on October 30, 2012, disclosing one \$1,200 bank deposit and two expenditures totaling \$543 to IFBYPhone, Inc. on October 25, 2012. The two expenditures were for independent expenditure telephone calls made on behalf of Friends of Carol Kavanaugh and Committee to Elect Ed Daling.

- 3.7 **Post general election C-4 report:** On December 10, 2012, NCAHC timely filed the 2012 post general election C-4 report disclosing one \$225 bank deposit on November 30, 2012, and three expenditures totaling \$2,631, which included: (1) A \$1,614 independent expenditure to NW Safety Signs on October 31, 2012 in support of Ed Daling; (2) A \$517 independent expenditure to Bear Signs, LLC on October 31, 2012 in support of Carol Kavanaugh; and (3) A \$500 monetary contribution given to Brad Hawkins, a candidate for State Representative in 2012.

Late C-3 reports

- 3.8 On October 29, 2012, NCAHC filed eight C-3 reports disclosing the receipt of \$18,900 in monetary contributions during the period March 31 through October 22, 2012. **(Exhibit 4)** Based on the deposit dates listed on the C-3 reports, the eight C-3 reports listed in the chart below were filed between seven and 202 days late, and disclosed contribution information eight days before the November 2012 general election.

Date Received	Date Deposited	Amount of Contributions	C-3: total # of contributions	C-3 Report Due	C-3 Report Filed	Days Late
3/31/2012	3/31/2012	\$ 675	27 small contributors of \$25 or less	4/10/2012	10/29/2012	202
5/9/2012	5/9/2012	\$ 5,200	Two contributions: One \$5,200; and one \$200.	6/10/2012	10/29/2012	141

6/30/2012	6/30/2012	\$ 600	24 small contributors of \$25 or less	7/2/2012	10/29/2012	119
8/30/2012	8/30/2012	\$ 2,800	Two contributions: One \$1,800; and one \$1,000.	9/4/2012	10/29/2012	55
9/26/2012	9/26/2012	\$ 4,000	A \$4,000 contribution.	10/1/2012	10/29/2012	28
9/26/2012	9/26/2012	\$ 4,000	A \$3,000 contribution.	10/1/2012	10/29/2012	28
9/30/2012	9/30/2012	\$ 425	17 small contributors of \$25 or less	10/8/2012	10/29/2012	21
10/18/2012	10/18/2012	\$ 1,200	A \$1,200 contribution.	10/22/2012	10/29/2012	7
Totals		\$ 18,900				

3.9 The late-filed C-3 reports disclosed the receipt of seven monetary contributions totaling \$16,200 from the following contributors:

1. May 9, 2012: NCAHC received and deposited a \$5,000 contribution from Twin W Orchard Tracts, LLC, and a \$200 contribution from Dan Beardslee. Both contributions, totaling \$5,200, were required to be disclosed on a C-3 report no later than June 10, 2012. The two contributions were disclosed 141 days late.
2. August 30, 2012: NCAHC received and deposited a \$1,000 contribution from Complete Design, Inc., and an \$1,800 contribution from Pangborn Resources, LLC. Both contributions, totaling \$2,800, were required to be disclosed on a C-3 report no later than September 4, 2012. The two contributions were disclosed 55 days late.
3. September 26, 2012: NCAHC received and deposited one \$4,000 monetary contribution from Bald Eagle Three, that was required to be disclosed on a C-3 report no later than October 1, 2012. The \$4,000 contribution was disclosed 28 days late.
4. September 26, 2012: NCAHC received and deposited one \$3,000 monetary contribution from Shypoke, LLC, that was required to be disclosed on a C-3 report no later than October 1, 2012. The \$3,000 contribution was disclosed 28 days late.
5. October 18, 2012: NCAHC received and deposited one \$1,200 monetary contribution from North Meridian Title and Escrow that was required to be disclosed on a C-3 report no later than October 22, 2012. The \$1,200 contribution was disclosed 7 days late.

Allegation B: Sponsored political advertising that supported two candidates for Douglas County Commissioner in 2012 without properly disclosing the expenditures

NCAHC failed to timely file C-6 reports:

- 3.10 RCW 42.17A.305 requires that all independent expenditures valued at \$1,000 or more for each candidate supported or opposed, and presented to the public within 21 days of an election, must be reported within 24 hours on a report of Independent Expenditures (C-6 report).
- 3.11 The C-6 report is due to be filed on the first working day after the date the independent expenditure is either broadcast, transmitted, mailed, erected, distributed, or otherwise published. Independent expenditure advertisements presented to the public more than 21 days before the 2012 general election, are considered the functional equivalent of an

electioneering communication if undertaken within 60 days of an election, thus making them reportable on a C-6 report.

- 3.12 During the 2012 primary and general elections, NCAHC made a total of 18 independent expenditures totaling \$12,676 for political advertising in support of two candidates for Douglas County Commissioner. A C-6 report was required to be filed as detailed below.

2012 General Election Independent Expenditures:

- 3.13 Based on expenditure information disclosed by NCAHC on its 21-day pre-general election C-4 report, its 7-day pre-general election C-4 report, and its post general election C-4 report, NCAHC failed to timely file a C-6 report disclosing \$10,562 for independent expenditure activities undertaken during the 2012 general election.
- 3.14 On March 29, 2013, NCAHC filed a C-6 report disclosing independent expenditure political advertisements totaling \$10,609 that were largely presented to the public during the 21-day period preceding the 2012 general election. **(Exhibit 5)** The C-6 report disclosed NCAHC made 15 independent expenditures totaling \$10,562 in support of Ed Daling and Carol Kavanaugh, that included newspaper advertisements, radio spots, robo-calls, large and medium sized campaign signs, and media buy consulting services.
- 3.15 The majority of the independent expenditures were for political advertisements presented to the public within 21 days of an election, which required a C-6 report to be filed by October 17, 2012. While some of the NCAHC independent expenditure advertisements were presented to the public more than 21 days before the election, they were all presented to the public within 60 days of an election, and therefore qualified as electioneering communications. The C-6 report filed by NCAHC was filed 155 days late, and included the following:
- October 8, 2012: Three expenditures were made to Cherry Creek Radio totaling \$3,364 for Independent Expenditure-Radio Spots in support of Ed Daling and Carol Kavanaugh;
 - October 8, 2012: Two expenditures were made to the Wenatchee World totaling \$1,804 for Independent Expenditure-Newspaper Advertisements in support of Ed Daling and Carol Kavanaugh;
 - October 8, 2012: Three expenditures were made to Icicle River Broadcasting totaling \$1,120 for Independent Expenditure-Radio Spots in support of Ed Daling and Carol Kavanaugh;
 - October 8, 2012: Two expenditures were made to The ADG Media Group totaling \$1,314 for Independent Expenditure work in support of Ed Daling and Carol Kavanaugh;
 - October 25, 2012: Two expenditures were made to IFBYPhone, Inc. totaling \$544 for Independent Expenditure-Robo calls in support of Ed Daling and Carol Kavanaugh. The two independent expenditures were disclosed four days late on the 2012 7-Day Pre- General Election C-4 report.

- October 31, 2012: An expenditure was made to NW Safety Signs, Inc. totaling \$1,614 for Independent Expenditure-Signage in support of Ed Daling. The independent expenditure was initially disclosed 40 days late on the 2012 Post General Election C-4 report.
- October 31, 2012: An expenditure was made to Bear Signs, LLC totaling \$516 for Independent Expenditure-Signage in support of Carol Kavanaugh. The independent expenditure was initially disclosed 40 days late on the 2012 Post General Election C-4 report.

Note: the days late information listed above was based on the date the independent expenditures were disclosed to the public on a C-4 report, since no C-6 report was filed by NCAHC until March 29, 2013.

2012 Primary Election Independent Expenditures:

- 3.16 Based on expenditure information disclosed on its 21-day pre-primary C-4 report and its 7-day pre-primary election C-4 report, NCAHC failed to timely file a C-6 report for \$2,068 for independent expenditure activities undertaken during the 2012 primary election cycle.
- 3.17 On March 29, 2013, NCAHC filed a C-6 report disclosing \$2,068 for independent expenditure political advertisements that were largely presented to the public during the 21-day period preceding the 2012 primary election. **(Exhibit 6)** The C-6 report disclosed three independent expenditures made by NCAHC, all in support of Ed Daling for Douglas County Commissioner, and included: (1) A \$1,631 expenditure on July 3, 2012 to NW Safety Signs, Inc. for large campaign signs; (2) A \$364 expenditure on July 17, 2012 to Cherry Creek Radio for independent expenditure radio ads; and (3) A \$73 expenditure on July 18, 2012 to The ADG Media Group, LLC for independent expenditure media consulting.
- 3.18 The \$1,631 independent expenditure was for campaign signs, which are not reportable as an electioneering communication. In addition, the campaign signs were presented to the public 35 days before the primary election, meaning the expenditure was not reportable on a C-6 report because the C-6 report is only required within 21 days of the election. Finally, the radio spots went live within 21 days of the election, but since the expenditure did not exceed \$1,000, the \$364 expenditure to Cherry Creek Radio and the corresponding \$73 expenditure to The ADG Media Group were not reportable on a C-6 report.
- 3.19 While none of the 2012 primary election independent expenditures undertaken by NCAHC were reportable on a C-6 report, the expenditures are treated as late-filed expenditures on a C-4 report.

Additional Reporting Issues

NCAHC failed to file C-3 and C-4 reports for calendar years 2006 through 2010:

- 3.20 As part of this investigation, staff queried the PDC database for contribution and expenditure information, and also reviewed the C-3 and C-4 reports previously filed by the NCAHC dating back to 1998. Staff discovered that NCAHC failed to file any C-3 or C-4 reports during the period September 12, 2006, through December 31, 2010. The printout of staff's query disclosed NCAHC made monetary contributions to three local candidates and one statewide political committee, WAHC, an NCAHC affiliated political committee, during the period of September 12, 2006 through December 31, 2010, as detailed in the chart below:

Date contribution received	Recipient political committee or candidate	Amount of Contribution
March 6, 2007	WA Affordable Housing Council	\$ 4,028
August 27, 2007	WA Affordable Housing Council	\$ 4,028
June 19, 2008	WA Affordable Housing Council	\$ 7,845
August 20, 2008	Carnan L. Bergren	\$ 1,000
August 25, 2008	Ronald B. Walter	\$ 1,200
June 18, 2009	WA Affordable Housing Council	\$ 8,070
June 22, 2010	WA Affordable Housing Council	\$ 7,215
August 12, 2010	Steven D. Jenkins	\$ 800
Totals		\$ 34,185

- 3.21 On April 10, 2013, PDC staff sent an e-mail to NCAHC informing the committee about staff's discovery concerning the alleged missing C-3 and C-4 reports. Staff asked NCAHC to file the missing campaign finance reports. In order to file the reports electronically, NCAHC had to go through a number of steps that included setting up committees in the PDC's filing system (ORCA) for each of the five years, entering the committee contribution and expenditure activities for each calendar year, and adjusting the computer clock for each reporting year.
- 3.22 On May 10, 2013, NCAHC electronically filed C-3 and C-4 reports covering the period September 12, 2006 through December 31, 2010. The C-3 and C-4 reports disclosed NCAHC received contributions totaling \$47,340 and made expenditures totaling \$54,571 that were filed between 860 days late and 2,395 days late, as summarized in the chart below:

C-4 Report Period	Funds carried fwd	Contributions Received	Expenditures Made	Cash on Hand through 12/31
9/12/2006 through 12/31/ 2006	N/A	\$ 24,560	\$ 12,251	\$ 23,877
CY 2007	\$ 23,877	\$ 6,000	\$ 9,410	\$ 20,467
CY 2008	\$ 20,467	\$ 6,575	\$ 13,045	\$ 13,997
CY 2009	\$ 13,997	\$ 5,200	\$ 8,070	\$ 11,127
CY 2010	\$ 11,127	\$ 5,005	\$ 11,795	\$ 4,337
Totals	N/A	\$ 47,340	\$ 54,571	N/A

- 3.23 The \$54,571 in expenditures made by NCAHC during the period September 12, 2006 through December 31, 2010, included the following:

- \$31,186 in contributions to the Washington Affordable Housing Council, in annual or semi-annual dues paid by NCAHC members (see chart in section 3.20);
- \$12,080 in fundraising costs for a 2006 NCAHC auction;
- \$4,500 in expenditures for monetary contributions made to local candidates in the 2008 and 2010 election cycles;
- \$3,780 for independent expenditures made on behalf of the Committee to Elect Steve Jenkins in 2010; and
- \$1,500 for consulting services paid to the National Association of Home Builders for a strategic plan in 2008.

3.24 PDC staff created a spreadsheet listing all of the expenditures made by NCAHC during the period September 12, 2006 through December 31, 2010. (**Exhibit 7, PDC spreadsheet**) Of the \$54,571 in total late reported expenditures by NCAHC, \$23,565 of the expenditures were made within the last five years, as detailed below:

Date expenditure made	Recipient political committee, candidate or vendor	Amount of Expenditure	Purpose of Expenditure
August 15, 2008	Committee to Elect Carnan Bergren	\$ 1,000	Contribution
August 15, 2008	Committee to Re-Elect Ron Walter	\$ 1,200	Contribution
August 15, 2008	Committee to Re-Elect Ken Stanton	\$ 300	Contribution
December 5, 2008	Committee to Elect Deanna Walter	\$ 1,200	Contribution
June 15, 2009	WA Affordable Housing Council	\$ 8,070	Contribution
June 15, 2010	WA Affordable Housing Council	\$ 7,215	Contribution
August 12, 2010	Steven D. Jenkins	\$ 800	Contribution
October 4, 2010	Solutions Resource Team	\$ 3,780	Independent Expend. -Steve Jenkins
Totals		\$ 23,565	

3.25 The \$47,340 in contributions received by NCAHC during the period September 12, 2006 through December 31, 2010, included the following:

- \$19,456 in small contributions of \$25 or less from: (1) 49 small contributors in 2010; (2) 205 small contributors in 2009; (3) 259 small contributors in 2008; and (4) 223 small contributors in 2007;
- \$14,485 in auction proceeds from the 2006 NCAHC Auction in which all contributors and purchasers were itemized on an Auction report (Schedule AU) and attached to a C-3 report; and
- \$13,339 in itemized contributions on C-3 reports that included a \$3,780 monetary contribution from John J. Corning received on October 1, 2010; and a \$1,000 monetary contribution from North Central WA Association of Realtors received on December 28, 2006.

3.26 PDC staff created a spreadsheet listing all contributions received by NCAHC during the period September 12, 2006 through December 31, 2010. (**Exhibit 8, PDC spreadsheet**) Of the \$54,571 in total late-reported contributions received by NCAHC, \$16,780 of those contributions were received within the last five years.

Response from NCAHC

- 3.27 On March 27, 2013, NCAHC submitted a two-page cover letter signed by Marc S. Straub, Executive Officer for NCAHC and the North Central Home Builders Association (NCHBA). He attached several documents in response to the complaint filed by Ms. Humphrey. **(Exhibit 9)**
- 3.28 The attached documents included: (1) A March 21, 2013, copy of the PDC complaint cover letter sent to NCAHC; (2) An October 29, 2012 copy of the e-mail complaint filed by Kathy Humphrey against NCAHC; (3) Copies of three pages of handwritten notes concerning telephone conversations NCAHC had with PDC staff members on three separate dates: April 16, 2012; September 14, 2012; and two calls on October 29, 2012; (4) Seven e-mails sent and received by either Mr. Straub, Kim Fenner, Executive Assistant for the NCHBA, and Ryan Kelso, Treasurer for NCAHC, including five e-mails that included PDC staff member Jennifer Hansen; and (6) C-3 and C-4 reports filed by NCAHC manually on paper covering the period of February 1 through October 15, 2012.
- 3.29 In his cover letter, Mr. Straub addressed the lack of compliance with the PDC reporting requirements by NCAHC by stating the following:
- “...Until an inquiry with Jennifer Hansen on September 14, 2012, we had been completing our reports manually and submitting them in hardcopy via the postal service. On that date, I visited the PDC website in order to research a few items. In doing so, I noted that our report information was not posted, which precipitated Kim’s call to Jennifer that morning...”*
- “...We have no explanation why our original hardcopy reports were apparently not received by the PDC. I do know that Kim has always been—and continues to be—very punctual and deliberate in ensuring that our reports are submitted punctually...”*
- 3.30 Mr. Straub stated that Ms. Hansen made several queries in an attempt to find the missing C-3 and C-4 reports, but confirmed with Ms. Fenner that she could not find any record of the 2012 campaign finance reports having been received by the PDC. He stated that Ms. Hansen assisted Ms. Fenner in preparing to file the C-3 and C-4 reports electronically using the ORCA system. The missing reports were successfully transmitted on October 29, 2012.
- 3.31 On June 5, 2013, Mr. Straub transmitted an email to PDC staff in response to a request for additional information and he also attached a number of documents. **(Exhibit 10)** The attached documents included: (1) A two-page letter from Mr. Straub responding to the alleged late-filed committee reports for NCAHC from 2006 through 2010; (2) A September 10, 2012, email from Mr. Straub to Ms. Fenner concerning upcoming PDC reporting requirements for NCAHC; (3) A September 11, 2012, email from Mr. Straub to Ms. Fenner concerning the lack of NCAHC reports listed on the PDC website; (4) Copies of alleged previously paper-filed C-3 and C-4 reports for calendar year 2008; and (5) Copies of alleged previously paper-filed C-3 and C-4 reports for the period 2007 through 2010.

- 3.32 Mr. Straub stated the following in his two-page letter responding to PDC staff's request that he provide a response to alleged late-filed committee reports for NCAHC from 2006 through 2010:

"...our organization never has and never will operate in disregard of the established laws and rules...I have included a couple of email messages that I sent to my assistant - last September - that I believe give some indication of our desire to follow the PDC's reporting requirements."

"...I have no explanation why our reports were not received by the PDC...However, I attest that my assistant - Kim Fenner - prepared these reports and submitted them according to the required reporting timelines...I further attest that there is no mal-intent, or wonton disregard by our PAC."

- 3.33 Mr. Straub went also stated that in the past he should have instituted protocols to ensure NCAHC's PDC reports were received and properly posted on the PDC website. He stated that he did not regularly visit the PDC website until September of 2012, when NCAHC was actively supporting candidates during the 2012 primary and general elections. Finally, he stated NCAHC has transitioned into using the ORCA filing software to file campaign reports electronically, which he believes provides "the greatest amount of assurance that this does not happen again."

IV. **Scope**

- 4.1 PDC staff reviewed the following:

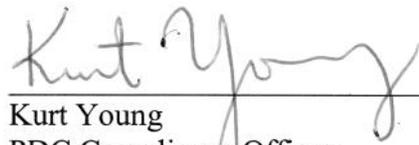
- Complaint filed against NCAHC by Kathy Humphrey;
- Campaign finance reports filed by NCAHC, including C-1pc reports, and C-3 report and C-4 reports;
- C-6 reports filed by NCAHC;
- March 27, 2013 response two-page response letter from Mr. Straub on behalf of NCAHC, and the attached documents that accompanied the response; and
- June 5, 2013, two-page response letter to a PDC staff request from Mr. Straub on behalf of NCAHC, and the attached documents that accompanied the response.

V. **Law**

- 5.1 **RCW 42.17A.235 and 240** require political 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. Contributions are reported weekly during this same time period, and must be disclosed on Monday for contributions deposited the previous seven days.

- 5.2 **RCW 42.17A. 260** requires the sponsor of political advertising undertaken as an independent expenditures valued at more than \$1,000, within 21 days of an election, must file a C-6 report on the first working day after, the date the electioneering communication is broadcast, transmitted, mailed, erected, distributed, or otherwise published.
- 5.3 **RCW 42.17A. 305** requires the sponsor of political advertising undertaken as an electioneering communication valued at more than \$1,000, within sixty days of an election, must file a C-6 report on the first working day after, the date the electioneering communication is broadcast, transmitted, mailed, erected, distributed, or otherwise published.

Respectfully submitted this 17th day of June, 2013.



Kurt Young
PDC Compliance Officer

List of Exhibits

- Exhibit #1** Amended Committee Registration filed by NCAHC on January 31, 2012.
- Exhibit #2** Complaint filed against NCAHC by Kathy Humphrey.
- Exhibit #3** October 29, 2012: NCAHC files C-4 reports covering the period of February 1 through October 15, 2012.
- Exhibit #4** October 29, 2012: NCAHC files eight C-3 reports disclosing monetary contributions received during the period March 31 through October 22, 2012.
- Exhibit #5** March 29, 2013: NCAHC files a C-6 report disclosing independent expenditure political advertisements presented to the public for the 2012 general election.
- Exhibit #6** March 29, 2013: NCAHC files a C-6 report disclosing independent expenditure political advertisements presented to the public for the 2012 primary election.
- Exhibit #7** PDC staff generated spreadsheet listing all itemized expenditures made by NCAHC covering the period September 12, 2006 through December 31, 2010.
- Exhibit #8** PDC staff generated spreadsheet listing all contributions received by NCAHC itemized covering the period September 12, 2006 through December 31, 2010.
- Exhibit #9** March 27, 2013: NCAHC submits two-page cover letter along with a number of attached documents in response to the complaint.
- Exhibit #10** June 5, 2013: NCAHC submits two-page cover letter along with a number of attached documents in response to the complaint. (NOTE – this exhibit only includes a few pages of the paper-filed C-3 and C-4 reports attached for the period 2007 and 2010, since those reports have already been filed electronically)