



**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

June 15, 2018

Delivered electronically to "tylerborders@gmail.com"

Subject: PDC Case 35938

Dear Tyler Borders, Eric Van Winkle, and Nick Bumpaous:

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

As noted below to Roger Lenk, the PDC will not be conducting a more formal investigation into these allegations or taking further enforcement action in this matter. PDC staff is reminding you of the importance of setting up a separate political committee, with a separate bank account, when you engage in activity reportable to the PDC as a political committee through an existing entity, such as a non-profit corporation like Go Big-Tri-Cities. This separation provides clarity and transparency for the public, and makes it easier for the filer to report properly.

When an entity with a purpose broader than supporting or opposing a specific ballot measure begins supporting or opposing a ballot measure with funds received for both the ballot measure and the broader purpose, it can be confusing or inaccurate to report all receipts and expenditures for the entity as political committee receipts and expenditures.

If you are involved with a corporate or non-profit entity in the future that engages in activities reportable by a political committee, we suggest that you establish a separate political committee with a separate bank account and keep all PAC activities separate from corporate activities. Thank you for your good faith efforts to comply with the Public Disclosure Law.

If you have questions, you may contact Phil Stutzman at 1-360-664-8853 toll-free at 1-877-601-2828, or by e-mail at phil.stutzman@pdcc.wa.gov.

Sincerely,

/s _____
Phil Stutzman
Sr. Compliance Officer

Endorsed by,

/s _____
Barbara Sandahl
Deputy Director
For Peter Lavallee
Executive Director



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June 15, 2018

Delivered electronically to "lenk.roger@gmail.com"

Subject: Complaint regarding Go Big Tri-Cities (Tyler Borders; Eric Van Winkle; and Nick Bumpaous) PDC Case 35938

Dear Roger Lenk:

The Public Disclosure Commission (PDC) has completed its initial review of the complaint you filed on May 24, 2018. Your complaint alleged that Go Big Tri-Cities (Tyler Borders, Eric Van Winkle, and Nick Bumpaous) may have violated RCW 42.17A.430 by failing to properly dispose of surplus funds at the end of the campaign supporting Proposition 16-8, and RCW 42.17A.445 by using the surplus funds for a personal purpose, when the three governors of Go Big Tri-Cities used surplus funds to purchase business insurance after the August 2, 2016 election for purposes other than supporting Proposition 16-8.

PDC staff reviewed your allegations, and as a result of staff's initial review, we found the following:

- Go Big Tri-Cities was a nonprofit organization, and a corporation, with a broad mission to support the Tri-Cities community through diverse and varied communications of economic development-related projects.
- Go Big Tri-Cities supported Proposition 16-8, a ballot measure known as The Link, that was defeated on the August 2, 2016 ballot. The Link campaign was a project supported by Go Big Tri-Cities, the non-profit corporation. Go Big Tri-Cities did not set up a separate political committee with a separate bank account. Rather, the governors ran all campaign activity through its corporate bank account. Contributions made to Go Big Tri-Cities were made both for the operation of the organization, short-term and long-term, and its sponsorship of the campaign in 2016. It was known by the governors of the organization and contributors to the organization that the vision of Go Big Tri-Cities was bigger than The Link campaign in 2016. The organization considered supporting the 2017 proposition, but ultimately decided against it. It also considered supporting unrelated community projects like the marketplace development in Richland. Go Big Tri-Cities remained an active entity with the state of Washington into 2018.
- Go Big Tri-Cities filed a C-4 report covering the period 7/26/16 to 8/31/16, that included two expenditures for \$2,097.00 each, for insurance, and two expenditures for \$225.00

each, for legal fees. The expenditures for insurance and legal fees were mistakenly reported twice. Each expenditure occurred once.

- Go Big Tri-Cities filed a C-4 report on 4/25/18, covering the period 9/1/16 to 9/30/16, that included \$2,000.00 in additional monetary contributions, additional in-kind contributions of \$7,522.50, a reduction to both contributions and expenditures of \$4,185.86 to reflect a refund from Facebook, a reduction to expenditures of \$312.50 to correct a carryforward error on the last amended C-4 report covering the period 7/12/16 to 7/25/16, and an increase to expenditures of \$817.36 to adjust the C-4 cash on hand balance to zero to match zero bank account balance. These adjustments were requested by PDC staff based on the assumption that all corporate receipts and expenditures had been entered on C-4 reports and that the bank account had a zero balance at the time the final \$817.36 adjustment was made. A further reduction of expenditures at this time by \$2,097.00 and \$225.00 to account for the expenditures that were mistakenly reported twice, would result in an additional cash on hand balance of \$3,139.36. However, the bank balance is zero, indicating that the C-4 reports apparently represented a mixture of corporate and political committee receipts and expenditures. Without an extensive examination of all receipts and expenditures, and an allocation of those receipts and expenditures to the corporation and the political committee, it is not possible to accurately determine the amount of surplus political committee funds that existed at the end of the campaign.
- Regardless of the amount of surplus political committee funds on hand after the Proposition 16-8 election, Go Big Tri-Cities remained active until 2018, and considered supporting the 2017 campaign. The governors of Go Big Tri-Cities stated that it was always their intention and operating principle that contributions received were for the expressed purpose of both operating the organization as well as for the present project.
- The governors of Go Big Tri-Cities were first-time participants in the political process, without PDC knowledge. It appears that they acted in good faith when they attempted to report their support of Proposition 16-8 as a non-profit corporation. They appeared to report activity without apportioning receipts and expenditures between the corporation and the political committee, even though the corporation had a mission that was broader than supporting Proposition 16-8 in 2016.
- Had the governors of Go Big Tri-Cities properly researched their options and requirements before supporting Proposition 16-8, they likely would have set up a separate political committee, with a PAC name different from the non-profit corporation, with a separate bank account. They could have then solicited contributions for the PAC separately from contributions for the non-profit corporation, and kept the two entities separate, reporting only PAC activity to the PDC.
- Given the facts and circumstances described above, staff will not be seeking an additional examination of the receipts and expenditures of Go Big Tri-Cities for the purpose of apportioning the receipts and expenditures between corporate and political committee activities.

Based on these initial findings, staff has determined that in this instance, the facts surrounding the alleged violation of RCW 42.17A.430 by failing to properly dispose of surplus funds at the end of the campaign supporting Proposition 16-8, and RCW 42.17A.445 by using the surplus funds for a personal purpose, does not support evidence of a material violation warranting a formal investigation.

The governors of Go Big Tri-Cities will be reminded that if they are involved with a corporate or non-profit entity in the future that engages in activities reportable by a political committee, to establish a separate political committee with a separate bank account and keep all PAC activities separate from corporate activities.

The PDC has closed the matter, and will not be conducting a more formal investigation into your complaint or pursuing further enforcement action in this case.

If you have questions, you may contact Phil Stutzman at 1-360-664-8853 toll-free at 1-877-601-2828, or by e-mail at phil.stutzman@pdc.wa.gov.

Sincerely,

/s _____
Phil Stutzman
Sr. Compliance Officer

Endorsed by,

/s _____
Barbara Sandahl
Deputy Director
For Peter Lavallee
Executive Director

cc: Go Big Tri- Cities (Tyler Borders, Eric Van Winkle, and Nick Bumpaous)