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*Original via U.S. First Class mail
and via e-mail to: pdc@pdc.wa.gov*

October 14, 2018

Phil Stutzman
Sr. Compliance Officer
PO Box 40908
Olympia, WA 98504-0908

RE: Bellevue Firefighters' Political Action Committee
PDC Case 34591
SCBIL File No. 4502-001

Dear Mr. Stutzman:

We write in response to Citizen Complaint #34591, originally filed on April 23rd of this year. Many of Mr. Morgan's allegations are absolutely unfounded, as described herein. Several of them seem to be based on a fundamental misunderstanding of the internal governing structure of the Committee, of campaign finance law, or even of the basic facts regarding reporting requirements. The vast majority of the allegations should be dismissed outright.

1) Failure to file accurate, timely C3 and C4 reports, failure to timely deposit contributions (Violation of RCW 42.17A.235, .220)

Mr. Morgan alleges in *Attachment A* that since 2015, the PAC has reported C4 reports late 16 times for a total of 524 cumulative days late. If you remove the C4 reports that were reported on time, and subsequently amended, then the numbers drop to 10 late C4 reports that were a cumulative of 90 days late. Mr. Morgan's allegation here also identifies instances of *amended* reports, supplementing or clarifying information previously reported in a timely fashion (as is even admitted by Mr. Morgan's "Amended Y/N" column in his spreadsheet entitled "Exhibit A").

As of today, just as it was as of the time of the alleged violations (the PAC correcting reports when it realized an amendment was warranted), there was no law holding that the mere act of amending a report thereby made it a *de facto* late filing. Indeed, even under the recent revisions to the FCPA as to when an amended report is considered "late," set to take effect on January 1, 2019, some of the instances claimed by Mr. Morgan would fall under the exception for reports that are amended within 21 days of the original report but more than 30 days of an election. RCW 42.17A.235(10). The allegations regarding allegedly late reports should be dismissed, as the law does not and did not support Mr. Morgan's suggestion that an amended report is a late report.

While the PAC *has* filed a handful of C4 reports late, it has overall been successful. The Committee asserts that any instances of late filings were never done intentionally or willfully, and were certainly not so widespread as to merit any economic sanction.

As for the C3 reports, Mr. Morgan has indicated that since 2015, the Committee has reported C3 reports late 54 times for a total of 965 cumulative days late. These reports can be broken down into two categories – reports reflecting mere bank interest and reports reflecting actual contributions from individuals. In the latter category, there were just *ten* reports, for a cumulative total of 108 days late.

The vast majority of the allegedly late C3 reports reported nothing more than bank interest accrued on the PAC's bank account – 44 reports for a cumulative total of 843 days. First, it is worth emphasizing that these allegations de minimis amounts of money being contributed to the PAC's bank account – an average of less than \$2 per late report (a grand total of \$77.32 in interest is the sum total of the funds reflected in the 44 late reports that reflect nothing but interest). More importantly, however, the PAC was under no legal obligation to report this accrued interest in the first place, as the FCPA explicitly provides that “standard interest on money deposited in a political committee's account” is not considered a “contribution” for reporting purposes. 42.17A.005(13)(b)(i). It is therefore unreasonable to penalize the Committee for failing to timely report contributions it was not required to report in the first place.

To summarize, Mr. Morgan's allegation that the PAC filed 70 late reports for a cumulative 1489 days late is misleading and grossly overstates the extent of the PAC's late reporting. When the reports that were not late at all but were simply amended, and the reports concerning only interest, are removed from Mr. Morgan's “Exhibit A,” it becomes apparent that Mr. Morgan's allegations actually concern only 20 late reports for a cumulative 198 days late. While the PAC in no way intends to suggest that *any* late reporting is acceptable, the extent of Mr. Morgan's manipulation and over exaggeration of any late reporting bears emphasizing.

Any late reporting on the PAC's part was never done willingly or capriciously. As you are aware, the PDC does not use a web-based reporting system. Instead, the PAC's treasurer must use a specific laptop for reporting, which is kept at the fire station. Given that the PAC is not run by professional political consultants but instead by rank and file members of the Bellevue Fire Fighter Department who work full-time, with varied work schedules, ensuring timely access to ORCA can be challenging.

Further, the PAC has taken steps to ensure C4 reports and late C3 reports are not filed late going forward. The PAC now understands that it does not need to report bank interest, which will relieve it of the conundrum it had previously faced where it did not physically receive bank statements showing interest hitting the bank accounts until the C3 reports would have been due.

Finally, Mr. Morgan's allegation that the PAC has at any time failed to report debt and properly break down expenditures is wholly without merit. The PAC has no debt to report; no services have been received or obligations to pay incurred in a month other than when the expenditure was properly reported on a C4 report. And in the absence of any more specific allegation claiming that the PAC has not fully detailed expenditures, the PAC is unable to defend this baseless and vague allegation.

2) Failure to report last minute contributions. (Violation of RCW 42.17A.265)

The PAC has made just two reportable Last Minute Contributions, both of which were immediately reported as required by RCW 42.17A.265 (reports 100665753 and 100666517). This allegation is unsubstantiated and should be dismissed.

3) Failure to list committee officers, timely file/update C-1/C-1PC. (Violation of RCW 42.17A.205, see WAC 390-05-245)

Mr. Morgan fails to provide any specific allegations or foundation for this allegation. The PAC's annual C1PCs were filed on 2/2/15, 1/3/16, 2/3/17, 1/19/18 and have always been timely updated to reflect changes to the PAC.

4) Illegal unauthorized expenditure of funds by an individual not listed as an officer on form C-1/C1Pc (Violation of RCW 42.17A.425)

That this allegation is leveled with no support other than Mr. Morgan's "information and belief" is unsurprising given that it has no conceivable basis in fact. The handling of the PAC's finances has been handled solely by the individuals listed on the PAC's C1Pc forms.

5) Failure to preserve books of account, bills, receipts, and all other financial records of the campaign or political committee for not less than five calendar years following the year during which the transaction occurred (Violation of RCW 42.17A.235(6))

Again, this accusation is wholly lacking in any factual support. The PAC maintains detailed financial records dating back to October 2011, much longer than the five years required by RCW 42.17A.236(6).

6) Illegal depositing of campaign funds into bank account by person other than the treasurer or deputy treasurer (Violation of RCW 42.17A.220 (1))

Funds are transferred into the PAC's bank account by the Deputy Treasurer, who is indicated on the C1PCs.

7) Failure to include sponsor ID (Violation of RCW 42.17A.320)

In the past several years, the PAC has engaged in only two instances of political advertising, addressed in the immediately following question below, both of which included all of the requisite disclosures for political advertising. This allegation lacks any support. Moreover, the PAC has never advertised on Facebook or other digital mediums, as the complaint suggests.

8) Failure to timely file form C6 reporting independent expenditure (Violation of RCW 42.17A.255(2))

The PAC has made only two independent expenditures in recent years (and only one in the statutory period covered by Mr. Morgan's complaint). Both were timely and properly reported within the allotted 24 hours from initial public presentation. See PDC reports 4683243 and 4530217. In the absence of any particularized allegations, it is impossible to respond to Mr. Morgan's vague and unsupported allegations.

In conclusion, the PAC concedes that it has made some mistakes and failed to timely file reports in some instances. These oversights were not to deceive the public of our actions. The PAC appreciates that filing timely reports is incumbent on it as a PAC and taken steps to alleviate future occurrences of this tardiness.

As public servants, the members of Bellevue Firefighters PAC hold honesty and integrity above everything, and would never maliciously do anything to break the public trust they enjoy – even when operating in the political theater.

Sincerely,



Dmitri Iglitzin
Danielle Franco-Malone
Counsel for Bellevue Firefighters PAC