

January 4, 2018

Tony Perkins
Investigator, Campaign Finance Unit
Washington Attorney General's Office

Dear Mr. Perkins,

We are writing to respond to your request for a written response to the complaint filed by Mr. Glen Morgan regarding PDC filings by the 1st Legislative District Democrats.

We are an all-volunteer organization and strive to comply with all PDC rules for reporting per the guidelines available to us on the PDC website.

We take issue with Mr. Morgan maligning the good intentions and actions of our organization. There has not been a willful or malicious intent on the part of our organization to commit violations.

Regarding Mr. Morgan's specific allegations of violations, we will provide a response to each one here.

1) Failure to file accurate, timely C3 and C4 reports.

Refer to exhibit "1LD - Exhibit A - Illegally late reported C3 and C4 reports.xlsx"

Item 3: This amended report did not make any changes to the previous report. ORCA does not allow removal of an amended report made in error with no changes.

Item 4, 7: These amended reports reflect a payment to reimburse a volunteer for expenses the volunteer incurred on January 11. We made the payment later, when we received the receipts. The change to the earlier report (item 4) automatically requires amendments to all subsequent reports (item 7) to update the expenditure totals.

Item 6: This amended report reflects a decrease in an expense, which the vendor corrected later.

Items 8, 9, 10, 11: When attempting to file January 2016 reports on February 10, our treasurer learned that a new C1PC is required each year in order to continue filing online reports. After filing the new C1PC and receiving an incorrect new Filer ID from the PDC, we later discovered that there was a problem with the passwords that prevented us from filing online forms. The PDC corrected the password problem after corresponding with us through e-mail from March 1 through March 8.

In addition, for items 3, 4, 6, 7, 8, 14, and 20: These are amended reports. By definition, amended reports are reports filed after the original report.

Items 19 and 20: We filed these reports shortly after midnight. The amended form changed the dates that we entered using the prior year, and caused the expenses not to appear on the report.

As for the other filings, many are just a few days late and represent a very small portion of all the reports and all the transactions our organization filed that year. Another issue that has resulted in seemingly late C3 reports is that when we reported dates of online donations with the dates on which we received them, rather than the dates on which we learned of the donations. We do not receive notifications of online donations in a timely manner.

We change treasurers every two years and it takes time for a new treasurer to get up to speed on the proper filing procedures. Sometimes personal issues like work, family, and illness cause delays in filings. In addition, it is not easy to share account access between volunteers, since the ORCA system stores account data only on the user's computer. We are currently making all efforts to make sure that we file our reports accurately and on time.

2) Failure to accurately, timely report debt.

Refer to exhibit "1LD - Exhibit B - Illegal failure to report debt.xlsx"

Items 1 and 3: We made donations for organizational party building to the Snohomish and King County Democrats immediately following the February meeting at which the membership of our organization voted on those expenses. These donations are not mandatory; we make donations of this type only if the membership votes to do so. These expenses were not reportable as debt in prior months.

Items 2, 4, 5, 6: The organization finalized decisions on caucus locations shortly before the event (on March 26), and all expenses were reported promptly as they were incurred. These expenses were not reportable as debt in prior months.

Items 7 and 8: We paid these orders for remit envelopes at the time that we placed the orders. The organization was under no obligation to make these purchases prior to placing the orders. These expenses were not reportable as debt in prior months.

Item 9: We ordered robocalls days before the caucus to inform voters of last-minute location changes due to the need to add locations just prior to the event date. This expense was not reportable as a debt in the prior month.

Items 10 and 14: The organization finalized its decision on a caucus location shortly before the event (on April 17), and reported the expense in a timely manner (item 10). The caucus venue sent us a bill for additional costs later, which we paid and reported in a timely manner (item 14). We were not aware of the additional costs until we received the bill. These expenses were not reportable as debt in prior months.

Item 11: We paid this expense at the time we placed the order. This expense was not reportable as a debt in the prior month.

Items 12 and 13: We were not aware of these expenses at the time of the caucuses, and the organization had no obligation to pay them at that time. Later, we decided to reimburse volunteers who made large purchases for the caucus events. The organization then paid and reported these expenses in a timely manner as we received the receipts. These expenses were not reportable as debt in prior months.

Item 15: We incurred and paid this expense for July 4 supplies promptly in June. This expense was not reportable as a debt in the prior month.

Item 16: This expense was the result of a motion made and voted on at the July 2016 meeting, and we paid it promptly. This expense was not reportable as a debt in the prior month.

Items 17 and 18: We paid the postage expense (item 17) when we placed the order, and it was not reportable as a debt in the prior month. We reported the final printing cost (item 18) when we paid it on August 7.

Item 19: We were not aware of this expense until a volunteer sought reimbursement, at which time we reported and paid the expense. This expense was not reportable as a debt in the prior month.

Item 20: This expense is payment in advance for web hosting services. Prior to payment, the organization was under no obligation to make this purchase. This expense was not reportable as a debt in the prior month.

3) Failure to properly break down, describe expenses.

Refer to exhibit "1LD - Exhibit C - Illegal failure to report expenditures.xlsx"

Items 1, 2, 3, 4, 6, 7, 8, 11, 12, and 13: We relied on the PDC guidelines available on its website. PDC guidelines do not specify that printed items require the number of items printed in the description for that expense. It is not clear whether the WAC referenced in the complaint contains such a requirement.

See the PDC website at the following two URLs for more information:

<https://www.pdc.wa.gov/learn/publications/political-committee-instructions/expeditures-debts>

<https://www.pdc.wa.gov/learn/publications/political-committee-instructions/expenditures-debts/expenditures-require>

Item 3: We purchased these fully assembled signs from their owner, who offered them for sale. We were not reimbursing them for a subvendor, nor were we paying to have them printed.

Item 5: Roberta Sherman is a caterer so no subvendor applies.

Item 9: "Postage" is sufficient to identify the United States Postal Service as the subvendor as they are the only entity to which one would pay postage.

Item 10: A complete description of reimbursement expense paid to volunteer follows:

- \$106.77 Parade & Picnic Supplies (Party City, Woodinville)
- \$8.46 Event Supplies (Target, Woodinville)
- \$63.56 Parade & Picnic Sign Supplies (Fred Meyer, Bothell)
- \$115.86 Meeting Food & Serving Ware (Costco, Woodinville)
- \$37.05 Meeting Food (QFC, Bothell)
- \$2.38 Meeting Door Prize (FedEx, Bothell)
- \$92.29 Parade & Picnic Supplies (World Market, Woodinville).

Item 14: We did not reimburse this expense for a subvendor. This was a fixed fee to sponsor the event, which another group organized.

Thank you for your time and consideration. Please let us know if you have any questions about our response or if you need any additional information from us. Also, please let us know the status of the complaint.

Roger Burton, Chair
1st Legislative District Democrats

Charles Liu, Treasurer
1st Legislative District Democrats