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December 6, 2017

VIA EMAILTony Perkins
Investigator, Campaign Finance Unit
Washington Attorney General's Office
tonyp@atg.wa.gov**Re: 2016 Drew Hansen Campaign -- Response to Citizen Action Notice**

Dear Mr. Perkins:

We represent Representative Drew Hansen and his campaign (collectively, the "Hansen Campaign"). The Hansen Campaign has reviewed the complaint submitted by Glen Morgan on November 1, 2017. As explained in more detail below, the complaint's allegations are based on speculative and incorrect assumptions rather than facts. The Hansen Campaign did not commit any material violations of applicable reporting requirements. Instead, the campaign engaged in regular, timely, and comprehensive reporting; any errors were minor and inadvertent; and the Hansen Campaign is committed to preventing any such errors in the future. In sum, Mr. Morgan's complaint warrants no further action.

The complaint references three attached spreadsheets: (1) a claimed failure to file accurate and timely C3 and C4 reports (Exhibit A); (2) a claimed failure to accurately report debt (Exhibit B); and (3) a claimed failure to properly describe certain expenditures (Exhibit C). These allegations concern only a small fraction of the Hansen Campaign's total reports and line items during the relevant period. In other words, it is undisputed that the overwhelming majority of the Hansen Campaign's reporting has been accurate and timely. Moreover, as to the limited number of items in dispute, the allegations in the complaint are ill-founded, and there is no basis for finding any material violations. Below we address each exhibit in turn.

Exhibit A: C3 and C4 Reports.

The first three claimed late filings (items 1-3) concern amended reports filed May 4, 2017, amending reports originally filed February 1, March 3, and April 3, 2017. The original

reports were timely filed. Moreover, the amendments merely re-categorized certain minor expenses from accounting expenses to expenses of \$50 or less. There was no violation.

The last two claimed late filings (items 4 and 5) relate to C4 reports filed in July, 2016. The campaign timely filed a report on July 2, 2016, covering the period June 1-June 30, 2016 (#100704934). This was well before the applicable deadline of July 12 for the period June 1-July 11. Then, on July 29, 2016, the campaign amended that report to include contributions from July 2 through July 11, 2016 (#100712641). The timing of the amendment was due to administrative oversight, but all the line items added in the amended report were previously and timely disclosed in separate C3 filings, before July 12 (##100704921, 100705358, 100706031, 100706648). The campaign also filed a report on July 28, 2016, covering the period July 12-July 25, 2016, including contributions and expenditures on July 21 and July 25 (#100712262). This filing occurred two days after the July 26 deadline, also as a result of oversight, but again, all the contributions were previously and timely disclosed in C3 filings before the C4 deadline (##100709806, 100710662). The only item that was not disclosed beforehand was a \$4.95 expenditure on July 21, 2016. These items warrant no further action.

Exhibit B: Debt.

The complaint simply makes assumptions—without foundation—that certain expenses are “debt” that should have been reported earlier. We discuss each item below.

Items 1 and 5-6 (“Stripe” expenses): The Hansen Campaign uses a service called “Stripe” to process credit card contributions. The “Stripe” service does not create debt that will be paid at some later date: credit card processing fees are paid to Stripe immediately when a contribution is made and then reported as expenditures for the relevant period. The payments to Stripe at issue were accurately and timely reported.

Items 2, 7, and 11-14 (Alvin Andrus): As the campaign’s Treasurer, Mr. Andrus does certain work for the campaign each month and then invoices and is paid by the campaign at the end of the month. This is not reportable as campaign debt because the campaign simply pays Mr. Andrus each month as his services are rendered, on an ongoing basis. Each month’s payments to Mr. Andrus reflect work conducted during that month and are properly reported in that month’s C4.

Items 3 and 15 (Massive Designs, Inc.): Massive Designs performs software development services for the Hansen campaign. The nature of this work and the expense involved are variable and unpredictable, involving tasks such as background adjustments to online software programming on an as-needed basis. As to each of the expenses at issue here, Massive Designs did the work and then invoiced the campaign for that work; the campaign then paid the invoice before the next reporting date and timely reported the expenditure.

Items 4 and 8 (NWP Consulting): NWP Consulting is the Hansen campaign's consultant. The first payment (item 4) was an initial retainer invoiced and paid the same day (May 6, 2016). This was timely reported as an expenditure. There was no prior obligation reportable as campaign debt, and the complaint does not show otherwise.

As to the second payment (item 8), the complaint similarly gives no basis for the claim that this June 13, 2016 payment of \$281.44 for campaign material should have been reported as debt for the time period ending May 2016. The campaign does not have a specific recollection or record of the exact date when it committed to pay NWP Consulting for this campaign material, but it has no reason to believe it made a commitment that would have been reportable as debt in May of 2016. At that time, the campaign was waiting to find out whether Representative Hansen would have an opponent, to determine the amount of materials to print. No opponent ever filed, and thus, the campaign never formed a concrete expectation that it would incur a substantial expense for such materials. Ultimately, the campaign did order a limited number of materials that ended up costing \$281.44, which NWP Consulting invoiced on June 7, and which the campaign paid for on June 13.

Items 9 and 10 (Remnantz LLC): These are payments for campaign management. At the outset, this was intended to be an ongoing contractual relationship, with payments being made on a regular basis for work conducted. But Representative Hansen did not draw an opponent, and thus the relationship was short-lived. Remnantz issued its only invoices in June, and those were swiftly paid and reported timely.

Exhibit C: Expenditure Descriptions.

Item 1 (23rd LDD): This was an expenditure for an "Armed Forces Ad," as the Hansen campaign's C4 report accurately states. The 23rd Legislative District Democrats ("23rd LDD") organized the placement of this advertisement, with financial support from a few candidate campaigns, including the Hansen Campaign. The campaign thus reported this as an expenditure to the 23rd LDD. The 23rd LDD placed the ad in the Kitsap Sun; if the campaign engages in any similar activity in the future it will be sure to obtain such information and include this additional detail in its reporting.

Items 2, 5-8 (Alvin Andrus): the C4s accurately report these expenditures by Mr. Andrus for "internet." The reports adequately describe this background, overhead expense for internet service; if it is useful, going forward the campaign is happy to identify the particular internet service provider Mr. Andrus uses.

Item 3 (NWP Consulting): The C4 accurately reports \$281.44 for "campaign material" for which the campaign paid NWP Consulting. The campaign hired NWP Consulting specifically to provide a modest amount of "campaign material," which is a service that NWP Consulting provides. Thus, the report adequately identifies the nature and purpose of the

expense. If additional information is desired then the campaign is happy to provide that information going forward.

Item 4 (Alvin Andrus): The C4 accurately reports \$56.50 of “expenses” for Mr. Andrus. This was an aggregation of expenses that were \$50 or less, which did not require the identification of any vendors, contrary to the suggestion made in the complaint.

We hope this makes clear that the Hansen Campaign takes its reporting obligations very seriously, and has engaged in regular, timely, and comprehensive reporting of contributions, expenditures, and debts. We respectfully submit that the Hansen Campaign has not committed any material violations of applicable requirements. The campaign would be happy to provide further detail or clarification if that would be helpful. On behalf of the Hansen Campaign, we thank you again for the opportunity to address these issues.

Sincerely,

PACIFICA LAW GROUP LLP



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