



December 6, 2017

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

As the Chair and the recently elected Treasurer of the Jefferson County Democrats, we are responding to your transmittal of Mr. Morgan's concerns and allegations. We apologize for our delay in response to your initial request for our response to Mr. Morgan's complaint. We first learned of it, and read the Attorney General's initial email to us on December 1st, when our Vice Chair alerted us to its existence, after she spoke with you that same day. We read the copy you sent and the Treasurer did find the original in his Junk email folder. With all due respect for your processes, the Treasurer, our new Finance Committee Chair and I expected the notice to come in a certified letter to us, the form we know from our business experience to be legal notification. We acknowledge that we might have called earlier as to status. We've since promptly finalized the work we completed in October in order to file our response with you before the December 10th deadline. We've sent our response via email and certified mail so there are no questions. Given our expectation for letter notification, we humbly ask you to make our notification date December 1st rather than November 2nd, the date the Attorney General's Office sent their original email. We believe that will give the investigators time to fairly evaluate our response to Mr. Morgan's concerns and allegations.

It is also important to note upfront that the Jefferson County Democrats is an all-volunteer group and that our assets are typically less than \$30,000.

As a political organization set up by State statutes, our organization is essentially re-created at a set period after every general election. This means that the Treasurer potentially changes over every two years. As a result, this requires a continuous learning curve for the complex reporting requirements for our Party Treasurers. As current Treasurer, I asked a former Treasurer who is familiar with former year's filings to help me respond.

Exhibit A "Failure to timely file accurate, timely C3 and C4 reports. (Violation of RCW 42.17A.235)"

The Complainant's Exhibit A is the late filing of C3 and C4 reports. It is true that the C3 reports were filed late from January 01, 2017 through March 02, 2017 when the newly elected administration took over. The newly elected Treasurer acknowledges that he understood the importance of timely filings but failed in the mechanics. At this early time in his tenure, he believed that C3 reports were filed automatically when the C4 report was filed. Once he recognized his error, he rectified it, and from that point on filed the C3 reports in a timely manner. The C4 reports from January through April were filed on time. The May C4 was filed 8 days late and the June report was filed on time. The July C4 was filed 4 days late at the time a new Treasurer was elected. He resigned due to a health issue shortly after elected. The membership elected our current Treasurer, me, at the end of July. The complaint asserts that the C3 report

for August 11th was reported 1 day late, and the August 25th was reported 7 days late. I was learning a new job and was heavily involved with financial-side preparations for our Party's Fish Feast annual fundraiser. The complaint asserts that the Party "willfully committed frequent and multiple violations" in said reporting. No Jefferson County Democratic Party Treasurer willfully committed any violation. We ask that the Attorney General's Office consider the context within which the asserted reporting violations occurred. During the period of Mr. Morgan's asserted claims for late 2016 and 2017, the Party experienced a changeover to a new Party Chair after the former Chair, newly elected in December 2016, resigned shortly thereafter. We also found ourselves with an almost complete turnover within the new Executive Board. To give adequate time for candidates to come forward, the Party did not elect me, Marty Gilmore, as the new Party Chair until April 2017. During this changeover period we had three Treasurers as noted above. Within the context of this party upheaval, these three newly elected Treasurers faced steep learning curves under which all alleged late reports for 2017 occurred. Given this context, the late reports, in our view, constitute minor errors that were not intentional as the complaint asserts and corrections were made in good faith, in a timely manner, and before Mr. Morgan filed his complaint. Also in good faith, and before the complaint was filed, our recently appointed Finance Committee Chair (approved in August) and I, the Treasurer, promptly attended the next available Washington State's training on August 17th to learn current reporting requirements.

The first item on exhibit A is for the C4 due on Dec 12, 2016. This was for the period Nov. 1-30, which was filed on Dec. 3, 2016 even though it wasn't due until the 12th. The 2016 Treasurer wanted to close the books and prepare all PDC reports because he was not continuing as the Treasurer for 2017. This was a mistake by Mr. Morgan to state that this C4 report was late. The next C4 report wasn't due until Jan 10, 2017 and it was filed on time. It covered the month of December and was prepared by the first new Treasurer for 2017. The last item on exhibit A was for a C3 Aug. 11 -2016 deposit for \$376, which was reported to the PDC on Tuesday, Aug. 16th. It should have been uploaded on Monday, Aug. 15th, but the Treasurer was out of town. So he was one day late. Of the other 150 C3 and C4 reports uploaded for 2016, none were late.

Exhibit B "Failure to accurately, timely report debt. (Violation of RCW 42.17A.240 (8), see WAC 390-05-295)"

Mr. Morgan claims that the Committee "illegally failed to report the following debts (totaling [sic] over \$24,048.49)" that he lists in Exhibit B. He cited two related sections of the law: RCW 42.17A.240(8) requires a committee to report "the name and address of any person and the amount owed for any debt, obligation, note, unpaid loan, or other liability in the amount of more than two hundred fifty dollars or in the amount of more than fifty dollars that has been outstanding for over thirty days." and WAC 390-05-295 defines "promise or promise to pay" as including "any oral or written order placed, debt or obligation to purchase goods or services or anything of value, or any offer to purchase advertising space, broadcast time or other advertising related product or service." No Treasurer prior to this complaint knew of or received any training in this area. In fact the recent State training on reporting that our Treasurer and Finance Chair attended did not reference these laws or provide any training to comply with them. During the time period of Mr. Morgan's complaint, the Treasurers of the Jefferson County Democrats reported expenditures in a timely and accurate manner. Further, Mr. Morgan offers no proof that the Treasurers knew or could have known, the amount these expenditures would have totaled, in time to report during the period he alleges, because that is simply not the case. In the best of cases, the complexity and vague language of these laws require training in compliance. Therefore, we deem Mr. Morgan's allegation that we "illegally failed to report the following debts..." without merit.

Exhibit C “Allegation of, “Failure to properly break down expenses. “(Violation of RCW 42.17A.235, see WAC 390-16-205)”

Mr. Morgan claims that the Party “illegally failed to break down the following expenses” that he outlines in his Exhibit C. Mr. Morgan’s main quibble with the list of instances he alleges were violations of RCW 42.17A.235 and WAC 390-16-205 appears to be the level of detail provided for each expenditure. It is important to note that this entire allegation may come from Mr. Morgan’s apparent lack of familiarity with the ORCA reporting interface. The memo field is too small to hold much information, and the Party’s reporting approach was not inconsistent with the requirements of the statute. Overall, the Party reported as much information as it was able to fit within the limited space available. There is simply no major issue with the Party’s reporting here.

Conclusion

In conclusion, we first assert that the Jefferson County Democrats in no instance “willfully committed frequent and multiple violations” in their reporting to Washington State as Mr. Morgan alleges. Second we assert that no violation Mr. Morgan references in his complaint rises to a violation of law. Finally we find ourselves dumbfounded that Mr. Morgan further claims that if any of the above actions were found to be violations of the law that they were done with malice [as contemplated by RCW 42.17A.750(2)(c)]: you will find that the Jefferson County Democrats undertook absolutely no malicious action that Mr. Morgan intimates. Alleging “the possibility” that violations have been committed—with the serious multiplier of allegations of malice— moves far beyond the violations he references and clearly does not amount to grounds for the criminal prosecution that Mr. Morgan seeks.

We would like any suggestions you may have to prevent future errors or omissions. Please contact us if we need to provide any additional response or information.

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