

November 27, 2017

From: Matt Loschen, Treasurer, Friends of Joan McBride  
To: Tony Perkins, Investigator, Campaign Finance Unit, ATG

Re: Citizen Action Notice Complaint against Joan McBride 2016 campaign

Thank you for the opportunity to respond to this complaint. I'm a volunteer, not a professional, but I take pride in my work and I take the law very seriously. I have made every effort to follow all Washington State laws and PDC rules. If the PDC wishes that I change how I submitted these reports, or change how I do my job in the future I will of course do so. Like any effort of this size and complexity my results were not perfect, so I spent many hours double-checking my entries to improve my accuracy and thoroughness. When I found mistakes I corrected them. Ironically it's often these amendments that Mr. Morgan is complaining about. Let's discuss the details.

**1) Late Reporting of Donations (Exhibit A)** I make a habit of reporting donations BEFORE I'm required to by law, usually within 48 hours of receiving the donation. In fact in these instances I met the requirements completely. Here are the donations from Mr. Morgan's complaint:

1	9/11/2015	9/17/2015	0	9/21/2015	11/17/2015	57	\$950.00	PUGET SOUND ENERGY
2	9/18/2016	9/19/2016	0	9/26/2016	9/28/2016	2	\$25.00	BOSS-HALL ZENDA
3	9/19/2016	9/19/2016	0	9/26/2016	9/28/2016	2	\$50.00	GRINDELAND SHERRY
4	9/1/2014	9/12/2014	4	9/15/2014	9/15/2014	0	\$25.00	PARKER CAROL
5	9/2/2014	9/12/2014	3	9/15/2014	9/15/2014	0	\$250.00	HORVITZ PETER A

Complaint Line 1) This must be a typo on Mr. Morgan's part: ORCA shows that I submitted this C3 on 9/17/15, not 11/17/15. My printed record of this C3 also shows the deposit as 9/17/15. Oddly ORCA lists this C3 out of its date order (I don't know why, perhaps a database glitch in ORCA?) but the date it lists is 9/17/15 (users cannot modify this date).

2, 3) These must also be typos on Mr. Morgan's part. ORCA and my printed record show these as being received on 9/18 and 19/2016, deposited on 9/19/16 and submitted on 9/19/2016. I'm not sure why Mr. Morgan made these mistakes...none of these were amended or unusual in any way.

4 and 5) These are not donations made to Friends of Joan McBride 2016.

**2) Late Reporting of Expenditures (Exhibit B)** When a treasurer discovers a mistake made early in a campaign, no matter how minor, s/he is required by the PDC to resubmit (amend) all of the C4s created from the date of the mistake to the present. This is so the all of the old C4s are as accurate as possible (reflecting corrected cash on hand amounts for each month, etc). I followed the PDC rules, and amended McBride's C4s several times. This does NOT mean that the vast majority of the C4's content was submitted late or inaccurately, just the amended item. Claiming that the great majority of entries were submitted late by listing ALL C4 content as "late" ignores the fact that the original C4 containing all but the amended item was submitted and available to the public on time (in fact early). This is intentionally misleading. Let's look at the details:

Line 1) This charge for check printing was correctly submitted on time in the September 2015 C4. This C4 was amended for an unrelated reason on 6/4/16. This item was not submitted late or inaccurately (see discussion above).

Lines 2-37, 43-118, 120-141, 184-215, 239-308, 311-332) These are not expenditures made by Friends of Joan McBride, 2016.

Lines 38-42) There was only one Victory Bonus to Northwest Passage Consulting, not five. Per PDC guidelines, I reported this future obligation as debt when it was negotiated: it appeared correctly in the May 2016 C4. This debt was reported as paid off in the November 2016 C4. All of these are normal and in compliance. C4s listing this debt and subsequent expenditure were amended for unrelated reasons, but I see no reason why this was in error, (or duplicated 5 times).

Line 119, 181-183, 310) This was one \$250 debt (an anticipated expense) entered correctly on March 13, reported correctly on April 10. This was not reported late. I'm not sure why Mr. Morgan lists this multiple times (the same mistake he made above)

Lines 142-164) Mr. Morgan is reporting every entry in the C4 as late because one of the items was amended (see discussion above) on 11/7. In this case I believe the amended item was item 156 (I mistakenly entered Briann's salary as \$613.52 instead of \$613.51). The other items appear to be unchanged, entered accurately and on time.

Lines 165-183) Again Mr. Morgan is counting every C4 entry as "late" because the late July C4 was amended. In this case it was amended simply because an earlier C4 was amended, obliging me to amend this one too to make its cash on hand report accurate. None of the entries were actually late or inaccurate.

Lines 216-235) These are all listed as "late" on 11/7 because I amended the August C4 to reflect earlier corrections (see discussion above). Also, I mistakenly didn't include Blue Utopia credit card fees...this was corrected as an amendment on 10/23. The rest was accurately submitted on time.

Line 333) This consultant payment appears to be done correctly. The only reason why it could be wrong is that I submitted the entire C4 late, although I don't record that as a problem in my notes. It doesn't appear that the C4 was ever amended. Had the C4 been submitted late the other expenditure on the C4 would have also been late, and Mr. Morgan doesn't list it as so.

Lines 334-359) Again Mr. Morgan lists the entire C4 as "late" because it was amended to reflect unrelated fixes on an earlier C4.

In summary, the vast majority of "late" items are listed not because they were actually late, but because PDC policy dictated that I amend its C4 to correct another line during my audit process. In other words the complaint lists hundreds of violations, when in fact it was only a handful. None of these errors gave McBride some sort of political advantage or hid anything substantial. They were the result of understandable human error and were reported upon discovery in good faith.

### **3) Failure to Report Debt (Exhibit C)**

Had the McBride campaign received an invoice, but for any reasons did not promptly (30 days, per law) pay the vendor, I would have reported this as debt. It never did. In situations where a "Victory Bonus"

was negotiated early in the campaign I also entered this as a debt (based on PDC guidance). PDC recommendations are that recurring monthly campaign expenditures should be reported when paid and should not be reported as debts or obligations for the whole campaign cycle. For instance, I reported payroll taxes and salary when they were paid and did not report them as debt. In situations where we had not yet been billed, or where goods/services had not yet been ordered or delivered I would have no way of saying with certainty what our obligation was going to be, or if we were going to incur an expense at all. In these instances I didn't report a debt. This was the situation in items 1-32. In the case of item 33 this victory bonus was negotiated and paid after the election, and so is a normal expenditure.

Clearly Mr. Morgan and I have a different interpretations of "debt", or perhaps he doesn't realize that my initial (pre-amended) C4s, which had the content he lists, were filed during the times he mentions (see above). I have made a good faith effort to report McBride's debt correctly. If I have misinterpreted the law or the PDC's guidance I will of course amend the C4s in question and report accordingly in the future. In any case this is not a situation where the McBride campaign is trying to hide something for political gain or because we didn't respect the law...it's simply a disagreement over how to enter data correctly.

#### **4) Failure to report Subvendor (Exhibit D)**

Of the four complaint areas mentioned this was the only that has any credence.

Lines 1-4) In these instances I could have been more clear about other vendors. In line one it was pretty evident that the subvendor was USPS, but in lines 2-4 it wasn't clear who was doing the printing for Northwest Passage Consulting (In all cases it was Capitol City Press) or domain registry. I attempted to give the public including our political opponents) what they'd need to know about our expenditures to respond accordingly, but I didn't realize it was a requirement to list the sub vendor. I'll do better in the future, and I'm certainly willing to amend these entries if necessary.

Lines 5 and 6) The accusation is without merit. These expenditures are broken down correctly. There was no subvendor.

I will continue to do my level best to follow the law and inform the voting public. If there is any guidance or correction available so I can do a better job I will definitely use this information to improve my performance.