

Public Disclosure Commission
PO Box 40908
Olympia, WA 98504

Dear Public Disclosure Commission -

Thank you for the opportunity to respond to the complaint filed on Aug 28th. After many hours of internal review, we kindly request that after reviewing our responses you dismiss all complaints.

Below are our quick responses to the complaint:

- 1.) The complaint references two campaigns as if they were one and the same, confusing schedules, reporting requirements and donations. In 2015, there was a 2016 re-election campaign in progress by Representative Hudgins for the November 2016 election. It was under different reporting requirements than the unsuccessful 2015 local campaign for King County Director of Elections that was begun in May of 2015 for the November 2015 election. The complaint argues in Exhibit A and B that some donations and expenditures were reported late. In reviewing Exhibit A, it is apparent that the complaint confuses the two overlapping campaigns that were open during the same time period. The 2016 re-election campaign was on a monthly campaign reporting cycle, and not an election year cycle.

More specifically from Exhibit A of the complaint:

- Alleged Violation #5 - 8 are all filed timely for the 2016 re-election campaign. The due date was 11/10/15 not 10/26/15.
- #8 is filed timely for 2018 re-election. The due date was 8/10/2015, not 7/31/15.
- #9 & 10 were filed timely. The due date was 11/10/15 not 11/2/15
- #11-13 were due on 12/12/16 because the 10th fell on a Saturday. The PDC due date then is the next business day, which is December 12. These were not late either.
- #14-18 contributions are outside the two-year statutory limitation on complaints. However, Monday Oct 13th was Columbus Day so banks were closed and reports were due the next business day, on October 14th.
- #19-25 were actually for Rep. Hudgins' King County Elections campaign and therefore was required to report C3s every Monday - EXCEPT when those Monday's fall on a holiday. In these examples, that Monday would be Labor Day, so the C3s were due the next following business day, the 8th. The reports were not late.
- #26. This is another example of a holiday. July 4th was the Monday, the reports were due July 5th. Below is a 2016 election-year email from Jennifer Hansen of the PDC affirming that C3 reports aren't due on holidays.
- The other donations listed were amendments to previous reports to fix errors. The initial reports were not filed late, and the amendments were filed as soon as the issue became apparent and after consultation with the PDC on how to address issues. The goal in amendments is correct information and disclosure as required.



Jason Bennett <jason@argostrategies.com>

Fwd: PDC Filing Reminder - C-3s & Post Primary C-4 Due Dates

Nicole Macri <nmacri@gmail.com>
 To: Jason Bennett <jason@argostrategies.com>

Tue, Aug 23, 2016 at 3:53 PM

----- Forwarded message -----

From: Jennifer Hansen <jennifer.hansen@pdc.wa.gov>
 Date: Tue, Aug 23, 2016 at 3:08 PM
 Subject: PDC Filing Reminder - C-3s & Post Primary C-4 Due Dates
 To:

A filing reminder from the PDC for 2016 candidates and their treasurers:

Our records indicate that you have chosen the "full" reporting option. Please note the following requirements regarding the next reporting deadlines.

SPECIAL NOTE REGARDING C-4: *You are required to file the post-primary C-4 report. This report is due Monday, September 10th and covers activity from July 26 to August 31. This form is required to be filed even if you have zero activity.*

Candidates continue to file C-3 reports each Monday for deposits made the previous week.

- *Any C-3s for deposits made between August 22nd and August 28th are due by no later than Monday, August 29th.*
- *Any C-3s for deposits made between August 29th and September 4th are due by no later than Tuesday*, September 6th (The C-3 is due Tuesday because of the holiday.)*

August 2, 2016 was the last day to receive contributions that can be applied to a primary election contribution limit. Unless a contribution was hand delivered by August 2nd or was mailed with a postmark date of August 2nd or earlier, a contribution must be attributed to the general election. You still have the normal five business days to deposit funds from the date they are received. (*PDC staff suggest keeping envelopes with an August 2nd or earlier postmark date as proof of being made timely.)*

- 2) The 2014 campaign committee has filed a final report, the campaign committee has ceased to function and has dissolved, and the duties of the treasurer have ceased. (A 2016 committee has also disbanded, and now a new 2018 committee has formed for the November 2018 elections.) While traditional complaint resolution seems to fall within two years of a current date for active or open committees, a misread of the calendar can

explain the concern with the 2014 election cycle expenses on Exhibit B. The 2014 reporting calendar, shows that August 10th fell on a Sunday in 2014 and the reports were due on August 11th. These expenses were not late. The other examples are amended reports that fixed errors on earlier reports which were filed timely, with the goal of more complete and proper disclosure.

Concern about debt reported by the campaign as expressed in Exhibit C of the complaint also has no merit, as each of these items were reported in the month they were accrued as debts. It is unclear if the previous reports were examined, as debts were listed properly. For example, that Argo Strategies' debts (Alleged Violations 8 and 9) were listed on the previous C4 reports properly. See the confirmation report here: <https://web.pdc.wa.gov/rptimg/default.aspx?batchnumber=100719382>

Concern as expressed in Exhibit D of the complaint, about reporting a breakdown for expenditures, is without merit. After review of the Schedule As of the 2015 and 2016 reports, it is possible to see that the campaign lists the purpose of the expenditures on all of the expenses. Examples: <https://web.pdc.wa.gov/rptimg/default.aspx?batchnumber=100728168> and <https://web.pdc.wa.gov/rptimg/default.aspx?batchnumber=100646666> .

This allegation is confusing after consulting the reports submitted. As another example, there is sub-vendor and purpose to the Zack Hudgins reimbursements, as seen on the report: <https://web.pdc.wa.gov/rptimg/default.aspx?batchnumber=100708112>. These accusations also lack merit.

3. For this, we have email confirmations from the PDC that we filed the LMC Forms. This complaint should also be dismissed. Please see attached email confirmations.



Jason Bennett <jason@argostrategies.com>

Report of Last Minute Contribution of \$1,000 or More Received at PDC

pdcc@pdcc.wa.gov <pdcc@pdcc.wa.gov>
To: info@argostrategies.com

Wed, Oct 19, 2016 at 5:11 PM

The State of Washington Public Disclosure Commission has received the following report of Last Minute Contribution of \$1,000 or More.

report ID: 100728781
Name of Reporting Entity: HUDGINS ZACHARY L
Address of Reporting Entity: 4511 S 136TH STREET
TUKWILA, WA 98168

Reporting Entity:
Received a contribution of \$1000.00 on 10/19/2016

Contribution was Received from the Following
Name: AVISTA CORP
Address: PO BOX 3727
SPOKANE, WA 992203727

Candidate Information:
Office: STATE REPRESENTATIVE
District: LEG DISTRICT 11 - HOUSE
Position: 1
Party: DEMOCRAT

Name of Person Sending This Notice: Jason Bennett
Daytime Telephone Number: 206-486-0085



Jason Bennett <jason@argostrategies.com>

Report of Last Minute Contribution of \$1,000 or More Received at PDC

pdc@pdc.wa.gov <pdc@pdc.wa.gov>
To: info@argostrategies.com

Wed, Nov 2, 2016 at 2:12 PM

The State of Washington Public Disclosure Commission has received the following report of Last Minute Contribution of \$1,000 or More.

report ID: 100733399
Name of Reporting Entity: HUDGINS ZACHARY L
Address of Reporting Entity: 4511 S 136TH STREET
TUKWILA, WA 98168

Reporting Entity:
Received a contribution of \$1000.00 on 11/01/2016

Contribution was Received from the Following
Name: VERIZON COMMUNICATIONS INC GOOD GOVT CLUB OF WA
Address: 410 11TH AVE SE STE 103
OLYMPIA, WA 98501

Candidate Information:
Office: STATE REPRESENTATIVE
District: LEG DISTRICT 11 - HOUSE
Position: 1
Party: DEMOCRAT

[Quoted text hidden]

4.) Similar concerns have appeared on other publically available complaints to the commission. After discussions with the Public Disclosure Commission to clarify who should be listed here, it is redundant to put the treasurer and candidate on as committee officers. Additionally, the named vendors in the complaint are not officers of the committee, and should not be listed as "committee officers." We kindly ask that this allegation be dismissed as it has with several other complaints.

5.) Same as Number 4. Vendors are not officers of the committee and did not make any expenditures for the campaigns without express authorization from the campaign.

6.) Historically, the PDC has treated surplus funds accounts and their reporting requirements separately than those of the campaign accounts, particularly because they have not considered the funds in the account to be contributions. The language on the PDC site giving guidance on the reporting of surplus funds also seems to imply that electronic filing of these particular accounts isn't mandatory. See below.

(Accessed 9/12/17): <https://www.pdc.wa.gov/how-do-i-set-and-report-my-surplus-funds-account>

How do I set up and report my surplus funds account?

File a C1 registering the surplus funds account. Send a signature authorization letter to the PDC if you wish to electronically file the surplus funds reports. You will receive a unique Filer ID from the PDC. Transfers into and expenditures from a separate surplus funds account—and expenditures of surplus funds from a candidate's campaign account are reported according to the same schedule and in the same manner as normal "C-Series" campaign filings.

The surplus funds account referenced has been closed. A final report has been submitted. If the Public Disclosure Commission requests, we will digitally input the records and file electronically.

Thank you for the opportunity to address these concerns quickly and as thoroughly as possible. We hope you'll recognize that this campaign is substantially in compliance and all complaints should be dismissed. We work very hard to provide timely and accurate disclosure reports to the public.

Sincerely,

Jason Bennett, Treasurer
People for Zack Hudgins