



**State of Washington
PUBLIC DISCLOSURE COMMISSION**

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908
(360) 753-1111 • FAX (360) 753-1112

Toll Free 1-877-601-2828 • E-mail: pdcc@pdcc.wa.gov • Website: www.pdca.wa.gov

October 16, 2019

Delivered electronically to "nlindsey@ershigs.com"

Subject: Complaint filed by Andrew Reding, PDC Case 55529

Dear Whatcom County Republican Party:

Below is a copy of an electronic letter sent to Andrew Reding concerning a complaint filed with the Public Disclosure Commission (PDC).

As noted in the letter to Andrew Reding, the PDC has dismissed this matter in accordance with RCW 42.17A.755(1) and will not conduct a more formal investigation into these allegations or take further enforcement action in this matter.

PDC staff is reminding you about the importance of accurately reporting contribution details, and providing complete and accurate details for all expenditures. PDC staff expects the complete and accurate reporting of contribution and expenditure details in the future.

If you have questions, you may contact Fox Blackhorn at 1-360-753-1980 toll-free at 1-877-601-2828, or by e-mail at pdcc@pdcc.wa.gov.

Sincerely,

/s

Fox Blackhorn
Compliance Coordinator 2

Endorsed by,

/s

Barbara Sandahl
Deputy Director
For Peter Lavalley
Executive Director



**State of Washington
PUBLIC DISCLOSURE COMMISSION**

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908
(360) 753-1111 • FAX (360) 753-1112

Toll Free 1-877-601-2828 • E-mail: pdcc@pdcc.wa.gov • Website: www.pdca.wa.gov

October 16, 2019

Delivered electronically to “demchair@whatcomdemocrats.org”

Subject: Complaint regarding Whatcom County Republican Party (3), PDC Case 55362

Dear Andrew Reding:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on July 29, 2019. The complaint alleged that the Whatcom County Republican Party (Respondent), a bona fide political party may have violated RCW 42.17A.220 for failure to timely deposit contributions within five business days of receipt; RCW 42.17A.235 for failure to timely report contributions and deposits on Monetary Contribution reports (C-3 reports); and RCW 42.17A.240 and WAC 390-16-205 for failure to accurately and completely disclose contributions from auctions, and expenditures made to sub-vendors, with the amounts attributable to each, on Summary Full Campaign Contribution and Expenditure reports (C-4 reports).

PDC staff reviewed the allegations; the applicable statutes, rules, and reporting requirements; the response provided by the Respondent; the applicable PDC reports filed by Respondent; and queried the Respondent’s data in the PDC contribution and expenditure database, to determine whether the record supports a finding of one or more violations.

Based on staff’s review, we found the following:

- The Respondent held a Lincoln Day Dinner and Auction on April 6, 2019, reporting individual contributions, as well as the fair market value of items donated for the auction, and any price paid above the fair market value by the purchaser, all as contributions in accordance with RCW 42.17A.235, .240, and WAC 390-16-032.
- The Schedule Au is an auction report which details the giver of items to an auction, as well as the purchase of each item at auction, which is then tallied on the C-3 report under line 1.d for Miscellaneous Receipts.
- The Respondent accurately reported contributions from the April 6, 2019 auction, which on the imaged copies of the C-3 reports accurately reflected the individual contributions related to the auction, and the aggregate total of contributions received from the auction activity.
- In the PDC’s database, each of these individual contribution line items from the Schedule Au is reflected as an individual contributor, a single row in the table of contributors, and the total value of Miscellaneous receipts is also reflected as an individual contributor, a single row in the table of contributors.
- The PDC’s public website shows a running total of contributions received, and breaks it down by individual contributor, but this calculation counts the value of Miscellaneous

Receipts and the value of each auction contribution factoring into the Miscellaneous Receipts total, making the PDC's website display an inflated total that is not reflected in the Respondent's reports.

- The accurate total of contributions received for the auctions is reflected on the C-3 reports filed by the Respondent, and the inflated total on the PDC's website is a known technical issue with the PDC's systems.
- The Respondent indicated in their response that contributions from the April 6, 2019, Lincoln Day Dinner and Auction were processed through the services of a consultant offering online payment processing, which were transferred to the Respondent's account on April 12, 2019, but initially reported as received by the Respondent on April 6, 2019.
- Contributions made through online or credit card transactions are considered received, *"at the time the transfer is made from the merchant account to a candidate or political committee account,"* WAC 390-05-215, therefore these contributions were received by the Respondent on April 12, 2019, and deposited three business days later on April 17, 2019, in accordance with RCW 42.17A.220.
- The Respondent filed amended C-3 reports listing the date these contributions were received as April 12, 2019, as they sent the contributions to a consultant for reconciliation before they were transmitted to the Respondent on April 12, 2019.
- These amended C-3 reports amended the date that the auction was held to April 12, 2019, rather than April 6, 2019, and the Respondent's third-party reporting software required the vendor to make manual updates to correct the date back to April 6, 2019.
- The Respondent filed additional amendments to correct the date of the auction to April 6, 2019, on October 9, 2019.
- The Respondent reported an expenditure of \$15,123 to Kathleen Kershner for "reimb for hotel food/bar/rental" that failed to include the required itemized breakdown of expenditures including sub-vendors actually paid for the goods and services, and the amount attributable to each sub-vendor, as required by RCW 42.17A.240 and WAC 390-16-205.
- The Respondent filed an amended C-4 report providing the breakdowns required by RCW 42.17A.240 and WAC 390-16-205 on August 8, 2019.

Based on our findings staff has determined that, in this instance, failure to accurately report contributions and provide itemized break downs of expenditures, do not amount to violations that warrant further investigation.

PDC staff is reminding Whatcom County Republican Party about the importance of accurately reporting contribution details, and providing complete and accurate details for all expenditures. PDC staff expects the complete and accurate reporting of contribution and expenditure details in the future.

Based on this information, the PDC finds that no further action is warranted and has dismissed this matter in accordance with RCW 42.17A.755(1).

///

///

///

If you have questions, you may contact Fox Blackhorn at 1-360-753-1980 toll-free at 1-877-601-2828, or by e-mail at pdcc@pdcc.wa.gov.

Sincerely,

/s

Fox Blackhorn
Compliance Coordinator 2

Endorsed by,

/s

Barbara Sandahl
Deputy Director
For Peter Lavalley
Executive Director

cc: Whatcom County Republican Party