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|------------------------------|--|
| Respondent Name | Auburn Citizens for Schools (ACS) |
| Complainant Name | Glen Morgan |
| Complaint Description | <p>Glen Morgan reported via the portal (<i>Wed, 15 Jul 2020 at 2:14 PM</i>)</p> <p>To whom it may concern,</p> <p>It has come to my attention that Auburn Citizens for Schools PAC has violated Washington State’s campaign finance laws (RCW 42.17A) over a multiple year campaign cycle. The details of these violations are as follows:</p> <p>1) Failure to account for missing funds. Failure to report use of missing funds. Failure to report to whom these missing campaign funds were sent. Late reporting of expenditures (Violation of RCW 42.17A.240(6) and RCW 42.17A.235)</p> <p>This PAC appears to have failed to account for at least \$1,395.23 which appears to have disappeared from this PAC’s bank account without any reporting for where it went or who received these funds.</p> <p>First, I want to point out, one of the fundamental problems with how this PAC is organized, and which may contribute to missing funds or unreported funds like this is the fact that it appears to be structured as a “Single Year Committee” when it functions in fact as a “Continuing Committee.” The problem this incorrect organization for this PAC is that, by definition, a single year committee is dissolved at the end of the year. They can’t “carry forward” the funds from a previous, now defunct and dissolved PAC from four years earlier. Yet, this appears to the organizing structure of this PAC which appears to be both illegal and would require this PAC to be restructured and reporting as a continuing committee.</p> <p>The missing funds appear to have disappeared sometime in 2016 from this PAC’s bank account. This can only be documented in a fragmented way by looking at the account balance of the last reported C4 filed by this PAC (in it’s previous incarnation as a “Single Year Committee” from 2012) filed on 10/19/2012 (See PDC Report # 100496840 attached). On that C4 report, the final bank balance was reported at \$8,930.72 (see line #20 & #18 for confirmation).</p> <p>Sometime between that last C4 from 2012, and the first reported C4 in 2016, \$1,395.23 disappeared from this PAC’s records (See PDC Report # 100959505). Also, please note that while the first C4 for the 2016 incarnation of this “Single Year Committee” was originally filed on March 5, 2020, which is almost 4 years late, it still is reported as the first C4 for this PAC during the 2016 campaign since the previous 2012 campaign ended. This itself is a serious violation of RCW 42.17A.235 and RCW 42.17A.240, but the late reporting can be</p> |

addressed by the PDC as part of this investigation, and I'm confident the concealment of expenditures from the public by this PAC for so many years will be resolved. **Please note, it appears that almost every C4 filed by this PAC for its 2016 campaign was filed in 2020.**

Regardless, this PAC must account for the missing funds, how they were spent, who received them, and why they were never reported to the public.

2) Failure to provide legally required details in expenditure reports (Violation of RCW 42.17A.240(6), RCW 42.17A.235 See also WAC 390-16-037)

This PAC's campaign has regularly failed to follow Washington State's Campaign Finance laws as they apply to the reporting of expenditures. Many C4s this campaign has filed (in both the segmented 2016 campaign and the more recent 2020 campaign – although all the reports seem to have been reported in 2020) contains violations of the statute and the rules written by the Public Disclosure Commission which support the statute.

Here are some examples that need to be corrected by this PAC's campaign to at least go through the motions of complying with the statute: Examples of a failure to provide sufficient detail of expenditures (unambiguous violations of **RCW 42.17A.240(6)** and **WAC 390-16-037** (see **example B** provided at **WAC 390-16-037(3)**):

For example, the expenditures reported on **PDC Report #100959501** in addition to being filed almost 4 years late failed to report how many "door hangers" were printed and purchased from Minuteman Press, on 10/26/2016 for \$3,017.00 and again, the "reimbursement" for a "Reporter ad" to Kelly McDonald (the Treasurer at the time) for \$2,043.09 lacks the legally required details like when was this ad placed, etc (plus there appears to be no C6 reported as an independent expenditure filed at that time). These are clear violations of **WAC 390-16-037(3) example B** provided.

More examples can be found on **PDC Report # 100959504** (also filed almost 4 years late) which failed to detail what 3 different "Minuteman Press Invoice" or "printing" expenses were for (presumably for printing, but no details provided). This is not legally compliant. A similar violation can be found on **PDC Report # 100959500**, also filed almost 4 years late.

More examples of these violations can be found in the more recent resurrection of this single year committee in their 2020 campaign efforts where they continued to violate the same legal requirements. For example, on **PDC Report # 100959495**, filed only a few months late this time, an expenditure of \$1,145.10 to vendor "spectrum sign company" failed to disclose how many signs were purchased, which is a glaring violation of the statute and a clear violation of **WAC 390-16-037(3) example B** provided.

A similar violation can be found on **PDC Report # 100959496**, (also filed two months late). More violations can be found on **PDC Report # 100959497** (timely reported this time) where \$4,056.39 were spent on "door hangers" with no quantities defined. A clear violation of the statute.

In addition to addressing the strange and probably illegal structuring of this PAC as a single year committee rather than a continuing committee, the PDC should address and understand why nearly all the C4 expenditure reports were reported late and why nearly all of them were legally deficient.

However, the missing funds should be accounted for. The public has a right to know what happened here.

Please feel free to let me know if you need any further information in this case.

Best Regards,

Glen Morgan

Auburn Cit for Schools - C4 - 100959505 - Missing funds.pdf
26.59 KB

Auburn Cit for Schools - C4 - 100496840 - 10-19 -2012 - missing funds.pdf
131.03 KB

What impact does the alleged violation(s) have on the public?

The public has a right to know what happened to the missing \$1,395 from this PACs various multi-year campaigns. The public has a right to know why this PAC concealed expenditures from the public by sometimes as long as 4 years, and the public has a right to know why this PAC has failed to provide legally sufficient detail on many of these expenditures. Additionally, the PDC should formally rule on the incorrect use of "Single Year Committees" in this case when "Continuing Committee" registration and structure would possibly reduce the potential for similar legal violations to occur in the future.

List of attached evidence or contact information where evidence may be found

Two referenced C4s are attached, the rest are referenced only by their PDC Tracking number

List of potential witnesses with contact information to reach them

Probably the committee members and both treasurers. These filings look odd.

Certification (Complainant)

I certify (or declare) under penalty of perjury under the laws of the State of Washington that information provided with this complaint is true and correct to the best of my knowledge and belief.

**SUMMARY, FULL REPORT
 RECEIPTS AND
 EXPENDITURES**

| | |
|---------------------|----------------|
| C4 (3/97) | PDC OFFICE USE |
| | 100959505 |
| | 03-05-2020 |

Candidate or Committee Name (Do not abbreviate. Include full name)
AUBURN CITIZENS FOR SCHOOLS

Mailing Address
P.O. BOX 124

City
AUBURN, WA

| | | |
|--|------------------------------------|---------------------------------------|
| Zip + 4 98002 | Office Sought (Candidates) | Election Date 2016 |
| Report Period Covered 06/01/16 | From (last C-4) 06/01/16 | To (end of period) 06/30/16 |
| | | Final Report? Yes No X |

***For PACs, Parties & Caucus Committees:** During this report period, did the committee make an **independent expenditure** (i.e., an expense not considered a contribution supporting or opposing a state or local candidate?)

| RECEIPTS | *See next page | Yes | No |
|--|----------------|-----|-------------------|
| 1. Previous total cash and in kind contributions (From line 8, last C-4) (if beginning a new campaign or calendar year, see instruction booklet) | \$ | | \$7,535.49 |
| 2. Cash received (From line 2, Schedule A) | \$ | | \$0.00 |
| 3. In kind contributions received (From line 1, Schedule B)..... | | | \$0.00 |
| 4. Total cash and in kind contributions received this period (Line 2 plus 3)..... | | | \$0.00 |
| 5. Loan principal repayments made (From line 2, Schedule L)..... | | | \$0.00 |
| 6. Corrections (From line 1 or 3, Schedule C)..... Show + or (-) | | | \$0.00 |
| 7. Net adjustments this period (Combine line 5 & 6)..... Show + or (-) | | | \$0.00 |
| 8. Total cash and in kind contributions during campaign (Combine lines 1, 4 & 7) | | | \$7,535.49 |
| 9. Total pledge payments due (From line 2, Schedule B) | \$0.00 | | |

| EXPENDITURES | |
|---|---------------|
| 10. Previous total cash and in kind expenditures (From line 17, last C-4) (If beginning a new campaign or calendar year, see instruction booklet) | \$0.00 |
| 11. Total cash expenditures (From line 4, Schedule A) | \$0.00 |
| 12. In kind expenditures (goods & services) (From line 1, Schedule B) | \$0.00 |
| 13. Total cash and in kind expenditures made this period (Line 11 plus line 12)..... | \$0.00 |
| 14. Loan principal repayments made (From line 2, Schedule L)..... | \$0.00 |
| 15. Corrections (From line 2 or 3, Schedule C)..... Show + or (-) | \$0.00 |
| 16. Net adjustments this period (Combine lines 14 & 15)..... Show + or (-) | \$0.00 |
| 17. Total cash and in kind expenditures during campaign (Combine lines 10, 13 and 16)..... | \$0.00 |

CANDIDATES ONLY

| | Won | Lost | Unopposed | Name not on ballot |
|------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Primary election | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| General election | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Treasurer's Daytime Telephone No.:
(206) 915-6363

| CASH SUMMARY | |
|--|-------------------|
| 18. Cash on hand (Line 8 minus line 17) | \$7,535.49 |
| <small>[Line 18 should equal your bank account balance(s) plus your petty cash balance.]</small> | |
| 19. Liabilities: (Sum of loans and debts owed) | \$0.00 |
| 20. Balance (Surplus or deficit) (Line 18 minus line 19) | \$7,535.49 |

CERTIFICATION: I certify that the information herein and on accompanying schedules and attachments is true and correct to the best of my knowledge.

| | | | |
|-----------------------|------|------------------------|-----------------|
| Candidate's Signature | Date | Treasurer's Signature | Date |
| | | MARGARET KELLER | 03/05/20 |

CASH RECEIPTS AND EXPENDITURE

SCHEDULE
to C4 **A**
(11/93)

2

Candidate or Committee Name (Do not abbreviate. Use full name.)

Report Date

06/01/16 06/30/16

1. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted.

| Date of deposit | Amount | Date of deposit | Amount | Date of deposit | Amount | Total deposits |
|-----------------|--------|-----------------|--------|-----------------|--------|----------------|
| | | | | | | |

2. TOTAL CASH RECEIPTS Enter also on line 2 of C4 \$ **\$0.00**

CODES FOR CLASSIFYING EXPENDITURES: If one of the following codes is used to describe an expenditure, no other description is generally needed. The exceptions are:

- 1) If expenditures are in-kind or earmarked contributions to a candidate or committee or independent expenditures that benefit a candidate or committee, identify the candidate or committee in the Description block;
- 2) When reporting payments to vendors for travel expenses, identify the traveler and travel purpose in the Description block; and
- 3) If expenditures are made directly or indirectly to compensate a person or entity for soliciting signatures on a statewide initiative or referendum petition, use code "V" and provide the following information on an attached sheet: name and address of each person/entity compensated, amount paid each during the reporting period, and cumulative total paid all persons to date to gather signatures.

| | | |
|--|---|---|
| CODE DEFINITIONS ON NEXT PAGE | C - Contributions (monetary, in-kind & transfers) I - Independent Expenditures L - Literature, Brochures, Printing B - Broadcast Advertising (Radio, TV) N - Newspaper and Periodical Advertising O - Other Advertising (yard signs, buttons, etc.) V - Voter Signature Gathering | P - Postage, Mailing Permits S - Surveys and Polls F - Fundraising Event Expenses T - Travel, Accommodations, Meals M - Management/Consulting Services W - Wages, Salaries, Benefits G - General Operation and Overhead |
|--|---|---|

3. EXPENDITURES

- a) Expenditures of \$50 or less, including those from petty cash, need not be itemized. Add up these expenditures and show the total in the amount column on the first line below.
- b) Itemize each expenditure of more than \$50 by date paid, name and address of vendor, code/description, and amount.
- c) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of detailed expenses or copies of receipts/invoices supporting the payment.

| Date Paid | Vendor or Recipient (Name and Address) | Code | Purpose of Expense and/or Description | Amount |
|-----------|---|------|--|--------|
| N/A | Expenses of \$50 or less | N/A | N/A | |
| | | | | |
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4. TOTAL CASH EXPENDITURES Total from attached pages \$ **\$0.00**
Enter also on line 11 of C4 \$ **\$0.00**

SUMMARY, FULL REPORT RECEIPTS AND EXPENDITURES

| | |
|---------------------|----------------|
| C4 (3/97) | PDC OFFICE USE |
| | 100496840 |
| | 10-19-2012 |

Candidate or Committee Name (Do not abbreviate. Include full name)
 Auburn Citizens for Schools (Nov12)

Mailing Address
 PO Box 124

City
 Auburn, WA

| | | |
|-----------------------------------|---|---------------------------|
| Zip + 4 98071-0124 | Office Sought (Candidates) | Election Date 2012 |
| Report Period Covered 09/01/12 | From (last C-4) To (end of period) 10/15/12 | Final Report? Yes No X |

***For PACs, Parties & Caucus Committees:** During this report period, did the committee make an **independent expenditure** (i.e., an expense not considered a contribution supporting or opposing a state or local candidate)?

| RECEIPTS | *See next page | Yes | No |
|--|----------------|----------|-----------|
| 1. Previous total cash and in kind contributions (From line 8, last C-4) (if beginning a new campaign or calendar year, see instruction booklet) | | \$ | 9,206.23 |
| 2. Cash received (From line 2, Schedule A) | \$ | 5,247.42 | |
| 3. In kind contributions received (From line 1, Schedule B)..... | | 0.00 | |
| 4. Total cash and in kind contributions received this period (Line 2 plus 3)..... | | | 5,247.42 |
| 5. Loan principal repayments made (From line 2, Schedule L)..... | | 0.00 | |
| 6. Corrections (From line 1 or 3, Schedule C)..... Show + or (-) | | 0.00 | |
| 7. Net adjustments this period (Combine line 5 & 6)..... Show + or (-) | | | 0.00 |
| 8. Total cash and in kind contributions during campaign (Combine lines 1, 4 & 7) | | | 14,453.65 |
| 9. Total pledge payments due (From line 2, Schedule B)..... | | 0.00 | |

| EXPENDITURES | | |
|---|----------|----------|
| 10. Previous total cash and in kind expenditures (From line 17, last C-4) (If beginning a new campaign or calendar year, see instruction booklet) | | 1,458.41 |
| 11. Total cash expenditures (From line 4, Schedule A) | 4,064.52 | |
| 12. In kind expenditures (goods & services) (From line 1, Schedule B) | 0.00 | |
| 13. Total cash and in kind expenditures made this period (Line 11 plus line 12)..... | | 4,064.52 |
| 14. Loan principal repayments made (From line 2, Schedule L)..... | 0.00 | |
| 15. Corrections (From line 2 or 3, Schedule C)..... Show + or (-) | 0.00 | |
| 16. Net adjustments this period (Combine lines 14 & 15)..... Show + or (-) | | 0.00 |
| 17. Total cash and in kind expenditures during campaign (Combine lines 10, 13 and 16)..... | | 5,522.93 |

| CANDIDATES ONLY | | | | Name not on ballot |
|------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Won | Lost | Unopposed | | |
| Primary election | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| General election | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Treasurer's Daytime Telephone No.: | | | | |
| (206) 456-5276 | | | | |

| CASH SUMMARY | |
|--|----------|
| 18. Cash on hand (Line 8 minus line 17) | 8,930.72 |
| <small>[Line 18 should equal your bank account balance(s) plus your petty cash balance.]</small> | |
| 19. Liabilities: (Sum of loans and debts owed) | 0.00 |
| 20. Balance (Surplus or deficit) (Line 18 minus line 19) | 8,930.72 |

CERTIFICATION: I certify that the information herein and on accompanying schedules and attachments is true and correct to the best of my knowledge.

| | | | |
|-----------------------|------|-----------------------|------|
| Candidate's Signature | Date | Treasurer's Signature | Date |
| | | Kelly M McDonald | |

CASH RECEIPTS AND EXPENDITURE

SCHEDULE A
to C4
(11/93)

2

Candidate or Committee Name (Do not abbreviate. Use full name.)

Report Date

09/01/12 10/15/12

1. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted.

| Date of deposit | Amount | Date of deposit | Amount | Date of deposit | Amount | Total deposits |
|-----------------|----------|-----------------|--------|-----------------|--------|----------------|
| 09/12/2012 | 996.42 | | | | | |
| 09/12/2012 | 1.00 | | | | | |
| 09/18/2012 | 4,250.00 | | | | | |

2. TOTAL CASH RECEIPTS

Enter also on line 2 of C4 \$ 5,247.42

CODES FOR CLASSIFYING EXPENDITURES: If one of the following codes is used to describe an expenditure, no other description is generally needed. The exceptions are:

- 1) If expenditures are in-kind or earmarked contributions to a candidate or committee or independent expenditures that benefit a candidate or committee, identify the candidate or committee in the Description block;
- 2) When reporting payments to vendors for travel expenses, identify the traveler and travel purpose in the Description block; and
- 3) If expenditures are made directly or indirectly to compensate a person or entity for soliciting signatures on a statewide initiative or referendum petition, use code "V" and provide the following information on an attached sheet: name and address of each person/entity compensated, amount paid each during the reporting period, and cumulative total paid all persons to date to gather signatures.

| | | |
|--|--|--|
| <p>CODE DEFINITIONS ON NEXT PAGE</p> | <p>C - Contributions (monetary, in-kind & transfers) I - Independent Expenditures L - Literature, Brochures, Printing B - Broadcast Advertising (Radio, TV) N - Newspaper and Periodical Advertising O - Other Advertising (yard signs, buttons, etc.) V - Voter Signature Gathering</p> | <p>P - Postage, Mailing Permits S - Surveys and Polls F - Fundraising Event Expenses T - Travel, Accommodations, Meals M - Management/Consulting Services W - Wages, Salaries, Benefits G - General Operation and Overhead</p> |
|--|--|--|

3. EXPENDITURES

- a) Expenditures of \$50 or less, including those from petty cash, need not be itemized. Add up these expenditures and show the total in the amount column on the first line below..
- b) Itemize each expenditure of more than \$50 by date paid, name and address of vendor, code/description, and amount.
- c) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of detailed expenses or copies of receipts/invoices supporting the payment.

| Date Paid | Vendor or Recipient (Name and Address) | Code | Purpose of Expense and/or Description | Amount |
|-----------|---|------|---|----------|
| N/A | Expenses of \$50 or less | N/A | N/A | 24.00 |
| 09/26/12 | UNITED STATES POST OFFICE 3rd Street NE AUBURN, WA 98002 | | Annual PO Box renewall in Auburn for box 124 | 76.00 |
| 10/03/12 | SOUND PUBLISHING 19351 8TH AVE POULSBO, WA 98370 | | banner, online click thru and endorsement ad payment | 3,310.25 |
| 10/03/12 | MCCLENDON HARDWARE 17705 130th Ave NE woodinville, WA 98072 | | 4' stakes - 2 bundles for signage | 81.58 |
| 09/26/12 | SPECTRUM SIGN CO. 1602 BOUNDARY BLVD, SUITE 100 AUBURN , WA 98001 | | yard signs for campaign | 572.69 |
| | | | | |
| | | | | |

Total from attached pages \$ 0.00

4. TOTAL CASH EXPENDITURES

Enter also on line 11 of C4 \$ 4,064.52