

# KAUFMAN LEGAL GROUP

A PROFESSIONAL CORPORATION

November 2, 2020

## **VIA E-MAIL**

Kurt Young  
PDC Compliance Officer  
Washington Public Disclosure Commission  
711 Capitol Way S. #206  
PO BOX 40908  
Olympia, WA 98504-0908

**Re: Democratic Association of Secretaries of State  
Our File No.: DAS3728.001**

Dear Mr. Young:

We are responding to the complaints filed against our client, Democratic Association of Secretaries of State ("DASS").

DASS is a national IRC 527 political organization whose purpose is to support the election of Democratic secretaries of state across the country. The organization was formed in 2008 under Internal Revenue Service laws, and regularly files disclosure reports with the IRS and with state filing agencies -- as dictated by its activities.

DASS is committed to full transparency and has undertaken good faith efforts to comply with the campaign reporting and disclosure requirements of the State of Washington. We are aware of the organization's prior issue in Washington during the 2016 election cycle, and the current leadership of the organization has attempted to implement additional procedures to ensure compliance with applicable laws.

After receiving the complaints on October 22, the organization immediately undertook a review of its filings and pro-actively reached out to the PDC's staff to remedy its campaign filings and ensure full and accurate disclosure of its activities to the public prior to the election. The organization initially filed its C4 report to reflect only its activity in the State of Washington in the good faith belief that this is what the law required. DASS' total expenditures to support Secretary of State candidate Gael Tarleton in the amount of \$204,150 represent only 16.1% of DASS' over-all expenditures to date.

Based on the guidance provided by PDC staff, DASS corrected its C4 report on October 27 to disclose all of its expenditure activities -- including activities to support candidates in other

states. DASS also filed a complete set of C3 reports disclosing all of its contributions received on October 27.

The following are the organization's responses to the specific issues outlined in the complaint and supplemental complaint:

Attempt to conceal source of over \$1M in "secretive dark money"

As stated above, DASS is a national organization that receives contributions from individuals and organizations nationwide. DASS discloses its donors in regular filings with the IRS, which are available for public review on the IRS website, and as required in various states in which DASS conducts election-related activities.

Most of DASS' funding comes from small dollar donations. As of the date of the organization's registration as a Washington committee, it had received 16,692 contributions totaling \$629,161.79 (the average contribution being \$38) from individuals across the country, representing 58% of the money raised by DASS this year. Of those, 1,321 contributions totaling \$28,592.57 were from Washington residents. Since 2018, the organization has maintained a separate bank account for individual contributions in order to comply with campaign finance laws in states that have source restrictions (i.e., no corporate/labor union contributions). In this case, \$118,500 of the \$202,150 in independent expenditures made by DASS in Washington originated from small individual contributions paid from this separate bank account.

DASS has now filed reports with the PDC disclosing *all* contributions of \$25 or more per person received by the organization since it became a committee, including those that were not used for any activity in Washington.

Foreign Contributions:

DASS does not accept contributions from foreign nationals, and has strict procedures in place to ensure that no foreign money is accepted. The organization requires donors to certify that they are U.S. citizens, and the organization actively reviews incoming contributions for, among other things, indicia of foreign donations.

Earmarked Contributions

DASS is supporting candidates in various states across the county and raising contributions nationwide to support all of its election activity. Contributions to DASS are not earmarked for particular uses, and the organization does not solicit funds to support particular candidates. The organization has now disclosed on its reports *all* of its donors of \$25 or more, including those whose funds were not even used in Washington. As stated above, \$118,500 of the \$202,150 in independent expenditures made by DASS in Washington originated from small individual contributions.

Failure to file independent expenditure reports

As stated earlier, the organization is committed to full transparency and made a good faith effort to comply with all reporting requirements. The organization corrected its filings immediately upon receiving notice from the PDC, and provided the public with this information in advance of the election.

Failure to provide sufficient detail with expenditures

Upon receiving notice from the PDC, the organization corrected its filings immediately to provide additional detail regarding independent expenditures made, including payments to sub-vendors, in advance of the election.

Disclaimers/Top 5 contributors

The supplemental complaint alleges that DASS failed to include a proper disclosure on one of its two digital ads. The two digital banner ads attached to the complaint were designed and published for display together on the Seattle Times webpage. They ran in tandem exactly as they appear in the exhibit to the complaint. While the top portion (Example #1) did not include a full disclosure statement, the accompanying portion right below it (Example #2) contained the organization's full disclaimer – including top 5 contributors. All other advertisements paid for by DASS during this cycle have included the required top 5 donor disclosure, including the names of donors that contributed to the organization well before it registered as a Washington committee.

In summary, DASS takes compliance with federal and state campaign finance laws very seriously, and corrected its Washington filings immediately upon becoming aware of the issues. DASS' amended reports and subsequent reports have provided the public with full disclosure of DASS's activities -- including activities in other parts of the country – in advance of the election. The deficiencies addressed in this letter were the result of an honest misunderstanding of the reporting requirements, and we trust the organization's prompt efforts to correct its reports will enable the PCD to close this matter without further action in accordance with its enforcement practices.

Thank you for your consideration of this response.

Very truly yours,



Stephen J. Kaufman

SJK:vcc