

Tony Stephens reported via email Sun, 3 Jan 2021 at 9:21 PM

To: "PDC Support" <pdcc@pdcc.wa.gov>

The Kitsap County Republican Party acknowledges the complaint filed on Dec 12th, 2020 by Alex Bond. We thank Alex for bringing this matter to our attention.

Our response is in the following form, corresponding to the respective paragraphs below:

1. We acknowledge that no entity other than those listed in paragraph seven of the cited RCW may contribute more than the amount cited by law (\$5,550 in FY2020, but unknown for FY2016) to a political party.
2. We acted in good faith by reporting the contributions. Our error lies in the rarity and inexperience of receiving donations from such entities, or in amounts greater than \$5,500 from any source. In the case of the Mentor Company in-kind donation, we acknowledge this scrivener's error.
3. We remediated the errors made by our contributors.
4. We offer terms of extenuation and mitigation.
5. We seek further guidance from the PDC to help us regain our standard of being proudly compliant.

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#### Response of the Kitsap County Republican Party

1. RCW 42.17A.405 limits entities other than those cited from contributing greater than the amount revised by WAC 390-05-400 to political parties. For FY 2020 that amount is \$5,500. We received a contribution of \$10,000 from Burk Mechanical and a contribution from Emerald Fire LLC of \$10,000. Our compliance focus was to ensure that we receive from those entities the newly required certificate against foreign interests, and to ensure that if we chose to contribute to candidates that we would not violate the intent of the limits on personal contributions, nor the limits on the amount a political party may contribute in an election cycle. We sought PDC compliance office assistance to understand our duties in these areas.
2. We reported both of these contributions openly and with confidence, as we believed ourselves in compliance. We are a small, volunteer organization which rarely receives contributions of \$5,500 or greater, and which rarely receives contributions from any entity other than an individual donor. The subject of the limit exceeded in this case simply never comes up, so we were caught unawares.
3. Upon learning of the RCW limitation on businesses, we immediately returned \$4,500 to Burk Mechanical, and \$4,500 to Emerald fire so our donors would remain compliant with the law.
4. We offer the extenuating circumstance that we are an all-volunteer organization, that we routinely contact the PDC for compliance guidance, that we operate constantly in good faith, and that we rarely encounter the situation for which we were in error. For mitigation we offer that we reported these contributions in a timely manner and without purpose of evasion, and that we corrected the situation as quickly as we knew it to exist.

We also understand that small business owners concern themselves with the distinctions between personal accounts and business accounts mainly to ensure compliance with tax law. They otherwise may see no difference in application between a personal contribution to a political party or a business contribution to a political party as neither are tax exempt. These two contributions were from individuals, and we have asked them to make their contributions personally from this point on.

There was never any attempt to circumvent campaign finance law by the KCRP nor by the contributors. We were trying to do the right thing in all respects, but made a mistake.

5. We seek further guidance from the compliance office of the PDC. We do not know whether we must remedy the contribution the Affordable Housing Council made in excess of the law in 2016. If we must, we do not know what amount that entity was permitted to contribute at that time. We have elected new board members in accordance with RCW 29A.80.30 three times since then, and have not been in contact with the Affordable Housing Council, nor even know if it still exists.

The matter of the Mentor Company is that we rent a space from the Mentor Company for our offices. We pay \$515 each month for the space. We think the space is worth more than we are paying, and thought the public had a right to know that. We chose the amount of in-kind contribution in order to report what we think the offices are worth minus the amount we pay each month. As we were unaware of the limitation, we thought it made no difference what the amount was as long as the amount we reported is at least as great as the benefit we receive, so that the public is informed.

The Mentor Company is a family-owned business and the members of the Mentor family are the ones who are contributing. We chose to call them the Mentor Company on the PDC Report for brevity's sake. This is a scrivener's error on our part. We have asked the Mentor family how they wish their contributions to be apportioned. As soon as we hear back from these individual donors, we will amend the appropriate C-3 reports.

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Summary:

The Kitsap County Republican Party agrees with the intention of RCW 42.17.400 that "The financial strength of certain individuals or organizations should not permit them to exercise a disproportionate or controlling influence on the election of candidates". Each of these small business owners are simply individuals who wish to "have fair and equal opportunity to influence elective and governmental processes". Neither they nor the KCRP was attempting to break the law. This is evidenced on their part by using a check with their company name on it, and on our part by openly reporting the contribution on our PDC C-3 report.

The KCRP also agrees with RCW 42.17.01 that the concept of attempting to increase financial participation of individual contributors in political campaigns is encouraged. An unfortunate result of overzealous enforcement could be the withdrawal of such individuals from participation in the election process.

The KCRP has brought Emerald Fire and Burk Mechanical into compliance by returning money to them in excess of the \$5,500 limit assigned to them by RCW 42.17A.405.

The KCRP will seek to bring the Fair Housing Alliance into compliance if the PDC Compliance Office suggests we should and advises us what the limit was in 2016.

The KCRP is bringing this matter to the attention of the Mentor family and seeking their advice, as well as seeking the advice of the PDC compliance office on the best way to bring the Mentor Company into compliance with the limits of the RCW.

I believe a look at the past interactions between the PDC and the Kitsap County Republican Party will reveal we have had a transparent and professional relationship, in which the Kitsap County Republican Party seeks advice routinely in its attempt to remain compliant with Washington State's Campaign Finance Law. Any mistakes we have made are unintentional and small, and are being corrected.

Perhaps the most important consideration of this complaint is the statement under the heading "What impact does the alleged violation have on the public?" This was left blank by Alex Bond. In this we are in agreement. As the KCRP dutifully reported every aspect in clear language on our reports, the public had every ability, as Alex did, to view our contribution activity. Since the donors are just regular folks trying to be involved, and not mega corporations attempting to sway Washington politics, the public has not been impacted negatively. We believe this is the crux of the issue. Two of our contributors exceeded their lawful limit and we have returned the overage. We will work with the PDC for the amount we asserted for our land-lord, and for guidance concerning the contribution in 2016 by a community group. We believe, as Alex does, that the public has not been adversely impacted. We further believe by acting in good faith, as is our custom, the word and intent of Washington's Campaign Finance Law can continue to be a focus of the Kitsap County Republican Party.

Tony Stephens