



**State of Washington
PUBLIC DISCLOSURE COMMISSION**

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October 1, 2021

Delivered electronically to "glen@wethegoverned.com"

Subject: Complaint regarding Jim Ferrell, PDC Case 95994

Dear Glen Morgan:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on July 12, 2021. Your complaint alleged Jim Ferrell may have violated RCW 42.17A.445 for personal use of campaign funds; and RCW 42.17A.235 and .240, based on WAC 390-16-037 and WAC 390-16-205, for failure to accurately report expenditure descriptions.

Your complaint alleged the 2017 Jim Ferrell campaign failed to properly account for a decrease in cash on hand from the close of the 2017 campaign to the start of the 2021 campaign, and failed to accurately describe expenditures to vendors for signs, door hangers, and signs and stakes during the 2021 campaign.

PDC staff reviewed your allegations; the applicable statutes, rules, and reporting requirements; the responses provided by Jim Ferrell; and the applicable PDC reports, including amended reports, filed by the Respondent to determine whether the record supports a finding of one or more violations.

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

- The 2017 Jim Ferrell campaign failed to timely report an expenditure to Data Graphics for \$10,150 for a mailer. The expenditure was made on June 26, 2017 but was not included on the June 1 – July 10, 2017 C-4 report, timely filed on July 11, 2017. Instead, it was reported on an amended C-4 filed six months and 14 days late on January 25, 2018, after the 2017 election.
- In addition, the June 1 – July 10, 2017 C-4 report did not adequately describe the expenditure to Data Graphics by disclosing the number of mailers produced.
- On the same C-4 report, staff noted a reimbursement to Stephen McNey for \$611.87 that included a description of "Expense Reimbursement" rather than disclosing the underlying vendor paid by the campaign worker and a description of what was purchased.
- On the same C-4 report, an expenditure to the Federal Way Mirror for \$3,012 included a description of "Advertising" without information about the run dates for the advertising.

- The 2017 and 2021 Jim Ferrell campaigns initially failed to properly account for a decrease in cash on hand from the close of the 2017 campaign to the start of the 2021 campaign. Initially, the unaccounted-for difference was \$12,728.50. The unaccounted-for difference was reduced to \$1,187.00 following a series of amendments to C-4 reports filed for the 2017 campaign. Most of the amendments were filed on October 21, 2020.
- Initially, Jim Ferrell failed to accurately describe expenditures to vendors for signs, door hangers, and signs and stakes during his 2021 campaign. This included expenditures reported on the March 2021 C-4 report for: signs (amended to door hangers) for \$1,401.55 from Capital City Press; door hangers purchased from NWP Consulting for \$2,395; and signs and stakes purchased from NWP Consulting for \$1,827.00. Jim Ferrell amended the campaign's March C-4 on July 22, 2021 to include quantities for door hangers, signs, and stakes in the expenditure descriptions for vendors Capital City Press and NWP Consulting.

Response from Jim Ferrell

- When Jim Ferrell's 2017 re-election campaign began in 2017, Steve McNey was the campaign treasurer. Mr. McNey left the campaign and his role as treasurer in July 2017. Shortly thereafter, Joe Atkinson took over as treasurer. Mr. Ferrell said he did not review the final 2017 C-4 when the campaign concluded but said the campaign did not have \$12,000 in the account. He said it was his understanding he had around \$1,100 in the account at the close of the 2017 campaign.
- Mr. Ferrell said he began his 2021 re-election campaign in August 2020, and at that time became aware of a reporting error in his 2017 reports that caused the cash on hand balance to show \$12,728.50. Mr. Ferrell said he immediately knew this balance to be in error and took prompt action to correct it. Mr. Ferrell said he obtained bank records for his account and provided them to Joe Atkinson, his treasurer, for review.
- Mr. Ferrell said Mr. Atkinson reviewed the bank records, reconciled the records to the reports on file with the PDC, and in October 2020 filed corrected, amended, reports showing corrected amounts based on contributions received and expenditures made. Mr. Ferrell said he discussed the amended reports with Mr. Atkinson prior to the reports being filed.
- Mr. Ferrell said in reviewing the entire matter, he concluded that due to the change in treasurers, there were either duplicates in reporting or missing expenditures, and early in the 2017 campaign difficulties working with the PDC's ORCA campaign reporting system, but in the end, the campaign was able to fully identify all activity required to be reported and have reported all activity.

Response from Steve McNey

- Stephen McNey confirmed he served as treasurer for the first half of Jim Ferrell's 2017 campaign, ending his service in July 2017. Mr. McNey stated during his time serving as treasurer, the campaign suffered a total failure of the campaign computer, losing all data, lists, artwork, etc. Mr. McNey said when the computer was replaced, the ORCA data from prior filings was not backed up, and when he filed the April 2017 C-4, he immediately noticed something was off and contacted PDC filer assistance staff for help.
- Mr. McNey said, with guidance from PDC staff, he filed several amended C-3 and C-4 reports in an attempt to correct any discrepancies. Mr. McNey said he was not sure if contributions or expenditures were missed, but said he understood Joe Atkinson, who took over as treasurer in July 2017, filed amended reports which fully accounted for all funds and expenditures from 2017.

Response from Joe Atkinson

- Joe Atkinson stated he took over as treasurer for Jim Ferrell in July 2017, and in late 2020, realized the amount in the bank account did not reflect the data he had entered in the PDC ORCA reporting software, which reflected a cash on hand balance of \$12,728.50, when the bank balance at the close of the campaign was actually \$1,187. Mr. Atkinson said, at that point he conducted

an extensive review of all bank records and found \$1,391.50 in unreported expenditures which he reported on amended C-4 reports as follows: 7/10/17 \$26.81; 7/24/21 \$654.84; 8/31/17 \$55; 10/16/17 \$340.71; 10/16/17 \$80; and 11/30/17 234.14.

- Mr. Atkinson acknowledged the expenditure for \$10,150 to Data Graphics on 6/26/17 did not make it on the original 7/10/17 C-4 report. He said the 7/10 C-4 was amended on 1/25/18 to report the expenditure but was entered into the ORCA software after the final C-4 report ending 12/31/17 was filed and was not initially reflected in the C-4 ending balance. Mr. Atkinson said when he filed the smaller corrections on October 22, 2020, the expenditure to Data Graphics was already in the system and was reflected in the updated C-4 reports which then balanced with the bank balance.
- Mr. Atkinson stated, in 2020 he extensively reviewed all bank records, and found that every expenditure and data set inputted in the PDC ORCA software matched the line items in all related bank statements. He said every contribution matches the bank deposit records.
- Mr. Atkinson said any oversights in reporting several expenditures late, as amended, were his mistakes alone. He said he has served as a treasurer in the past but taking over in the middle of a campaign and re-learning all the rules and regulations in a short amount of time was a challenge.
- Concerning the alleged lack of adequate expenditure descriptions, Mr. Atkinson said he assumed, based on research and conversations with PDC staff, that the descriptions inputted were sufficient. He said he would appreciate clarification of the rules.

Based on these findings, staff has determined that in this instance: the failure to timely report an expenditure to Data Graphics for \$10,150 for a mailer; the failure to adequately describe expenditures during the 2017 and 2021 campaigns; and the failure to initially properly account for a decrease in cash on hand from the close of the 2017 campaign to the start of the 2021 campaign do not amount to a violation warranting further investigation.

However, pursuant to WAC 390-37-060(1)(d), Jim Ferrell will receive a formal written warning concerning the failure to timely report expenditures, the failure to adequately describe expenditures during the 2017 and 2021 campaigns, and the failure to initially properly account for a decrease in cash on hand from the close of the 2017 campaign to the start of the 2021 campaign. The Commission will consider the formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

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 Phil Stutzman at 360-664-8853, toll-free at 1-877-601-2828, or by e-mail at pdcc@pdcc.wa.gov.

Sincerely,

Electronically Signed Philip E. Stutzman

Phil Stutzman
Compliance Officer

Endorsed by,

Electronically Signed Peter Frey Lavallee

Peter Frey Lavallee
Executive Director

cc: Jim Ferrell