



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

February 8, 2023

Sent electronically to Bruce Ayers, and Committee Officers for the Whatcom County Republican Party

Subject: Complaint filed by Daniel Raas, PDC Case 99265

Mr. Ayers and Lawrence McDonough:

Enclosed is a copy of an electronic letter addressed to you and Mr. McDonough on behalf of the Whatcom County Republican Party concerning a complaint filed by Daniel Raas.

PDC staff is in receipt of the Statement of Understanding (SOU) signed by Lawrence McDonough on behalf of the Whatcom County Republican Party (WCRP), and the \$450 civil penalty assessed and paid in this matter in accordance with WAC 390-37-143 (Brief Enforcement Penalty Schedule). The receipt of the SOU acknowledging violations of RCW 42.17A.235 and .240 by the WCRP for failing to timely and accurately disclose contribution and expenditure activities undertaken during calendar year 2020, along with the \$450 penalty payment resolves that allegation.

The PDC has dismissed the remaining two allegations in accordance with RCW 42.17A.755(1). Thank you for your cooperation and assistance in resolving this matter.

If you have questions, please contact PDC Compliance Officer Kurt Young by e-mail.

Sincerely,

Endorsed by,

/s

Electronically Signed Kurt Young
PDC Compliance Officer

/s

Electronically Signed Peter Lavalley
PDC Executive Director



Public Disclosure Commission
Shining Light on Washington Politics Since 1972



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

February 8, 2023

Sent electronically to Daniel Raas

Subject: Complaint filed against Whatcom County Republican Party, PDC Case 99265

Daniel Raas:

Public Disclosure Commission (PDC) staff has completed its review and investigation of the complaint you filed on September 21, 2021, against the Whatcom County Republican Party, a bona-fide political party county committee registered and reporting with the PDC.

Specifically, the complaint alleged that the Whatcom County Republican Party violated RCW 42.17A.235 and .240 by failing to: (1) timely and accurately disclose contribution and expenditure activities on Monetary Contributions reports (C-3 reports) and Summary Full Campaign Contributions and Expenditures report (C-4 reports) undertaken during calendar year 2020; and (2) timely and accurately disclose contribution and expenditure activities on C-3 and C-4 reports, including the carry forward balance of 2020 surplus funds undertaken during calendar year 2021.

PDC staff reviewed the allegations listed in the complaint; the applicable statutes, rules, and reporting requirements for political party committees; C-3 reports, C-4 reports, amended C-3 and amended C-4 reports filed by the Whatcom County Republican Party; queried the PDC contribution and expenditure databases for Whatcom County Republican Party activities; the correspondence and 2020 committee reconciliation work conducted by Bruce Ayers on behalf of the Whatcom County Republican Party and the email responses from Mr. Ayers and Committee Officers for the Whatcom County Republican Party, to determine whether the record supports a finding of one or more violations.

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

- The WCRP is a Bona Fide County Political Party Committee that has been registered and reporting with the PDC dating back to at least the early 1990's.
- On November 19, 2019, the WCRP filed a Committee Registration as a Bona Fide County Political Party Committee for its Non-Exempt Account, selecting the Full Reporting Option. The Committee Registration listed Kathy Kershner as Chairman, Karl Uppiano as Vice-Chair, Russell Dzialo as Treasurer, and Patti Wieland as Secretary.

- On January 9, 2021, the Committee file a Registration as a Bona Fide County Party Committee for its Non-Exempt Account, selecting the Full Reporting Option, and listing John Ramsey as Chairman, Ashley Butenschoen as Vice-Chair, Russell Dzialo as Treasurer, and Heidi Shires as Secretary.
- On December 17, 2021, the PDC conducted an Initial Hearing (Case Review Status) and opened a formal investigation against the WCRP.
- RCW 42.17A.235 and .240 require Bona Fide Political Party Committees under the Full Reporting option to timely and accurately file C-3 and C-4 reports disclosing contribution and expenditure activities undertaken during calendar years 2020 and 2021.

Whatcom County Republican Party: 2020 Committee Activities

- The WCRP failed to accurately disclose contribution and expenditure activities for calendar year 2020, which resulted in a \$14,381.76 discrepancy that took almost two years to correct. The WCRP's 2020 ending cash on hand balance was listed as \$4,039.10 on the December 2020 C-4 report, but the 2021 beginning balance on January 1, 2021, totaled \$18,420.86 as disclosed on the January 2021 C-4 report.
- On October 18, 2021, Russell Dzialo, Treasurer for the Whatcom County Republican Party (WCRP) sent an email responding to the allegations listed in the complaint stating that he took "responsibility for the accuracy and any errors that may have occurred" in filing the required C-3 and C-4 reports. He stated he served as a volunteer party committee Treasurer for the WCRP without pay, and that any mistakes or errors for the reports he filed on behalf of the WCRP were "attributed to simply being overly busy and distracted."
- Mr. Dzialo stated that at the end of calendar year 2020, the WCRP "reorganized and elected a new slate of officers. I was the only returning officer and some of our accounting processes have been refined to eliminate the type of errors found at the close of 2020." He stated that the WCRP had a technological issue in which they found they could not recover their Online Reporting of Campaign Activity (ORCA) campaign finance software dataset for calendar year 2020. He stated the WCRP had to manually re-enter the 2020 contribution and expenditure activities for the whole year, and for that amount of work, the WCRP engaged the services of Bruce Ayers to review the committee's books of account, re-enter the contribution and expenditure activities, and reconcile the totals with the committee bank statements.
- Mr. Ayers and the WCRP's reconciliation work, which was confirmed by PDC Staff's review, indicated that a portion of the \$14,381.76 discrepancy in the December 31, 2020, ending committee balance was attributed to two duplicated expenditures that were disclosed on the initial 2020 7-Day Pre-General Election C-4 report. The 2020 7-Day Pre-General Election C-4 report was timely filed by the WCRP on October 26, 2020 and disclosed the following duplicated expenditures: (1) A \$8,024.80 expenditure made on October 23, 2020, to Lithex NW Printing from Bellingham, WA for "Mailers plus postage"; and (2) A \$2,853.38 expenditure made on October 13, 2020, to Lithex NW Printing from Bellingham, WA for "525-yard signs."
- Mr. Ayers and the WCRP's reconciliation work, and PDC Staff's review, confirmed that the \$14,381.76 discrepancy also included contribution and expenditure activities that were not timely disclosed on either C-3 or C-4 reports during calendar year 2020. Those contribution and expenditure activities included a \$500 expenditure made on October 14, 2020, to The Fourth Corner in Bellingham, WA for "Digital Ad in Fourth Corner Web Site not reported in 2020", and numerous unreported small contributions and proceeds from low-cost fundraiser sales of merchandise during 2020.

- In addition, the WCRP filed numerous initial C-3 and amended C-3 reports as part of calendar year 2020's reconciliation work disclosing additional contributions that had been received totaling slightly more than \$3,000.
- On January 31, 2023, PDC staff received a signed Statement of Understanding (SOU) completed by officers of the WCRP, acknowledging violations of RCW 42.17A.235 and .240 by failing to timely and accurately disclose contribution and expenditure activities undertaken by the Whatcom County Republican Party during calendar year 2020, along with a check for \$450 for penalty assessed in the matter. The signed SOU and \$450 penalty payment resolves the allegations concerning the violations for failing to timely and accurately disclose contribution and expenditure activities.

Whatcom County Republican Party: 2021 Committee Activities

- Mr. Dzialo stated that the 2021 complaint allegations (allegation #2 through #5) "were all caused by a bug in the ORCA software that I found when entering the auction reports following our 2021 Lincoln Day Dinner fundraiser. These errors were reported to the PDC and since the duplicate reports did not show up in my ORCA portal the PDC had to delete them for me."
- Mr. Dzialo stated that the WCRP auction proceeds allegation in the complaint included an ORCA issue in which all the contributors who purchased auction items to the "silent auction had their contributions multiplied by a factor of six." He stated that he contacted PDC staff concerning this matter on May 24, 2021, that it was resolved on June 3, 2021 when PDC staff confirmed that the duplicate reports had been deleted, and he "attached copies of the email correspondence with the PDC for the record."
- The email string between Mr. Dzialo and PDC staff was from May 24 through June 3, 2021, concerning numerous WCRP C-3 reports for contributions received on April 10, 2021. The WCRP filed the C-3 reports on April 13, 2021, as auction receipts that were part of the proceeds from the Lincoln Day WCRP Dinner/fundraiser. On June 3, 2021, PDC staff emailed Mr. Dzialo concerning the duplicated C-3 reports and stated the following:

"The extra C3 reports with auction reports for the Whatcom County Republican Party have been deleted from the Public Disclosure Commission's database. The contribution total for 2021 and the aggregate contributions for individual donors should now show correctly. Our IT department is now aware of the technical problems that you had submitting a long auction report--thank you for bringing this issue to our attention."

- Once PDC staff deleted the duplicate C-3 reports, the WCRP refiled amended C-3 and C-4 reports disclosing party committee contribution and expenditure activities that were undertaken during calendar year 2021. No evidence was found that the WCRP failed to timely disclose any contribution and expenditure activities that were undertaken during the calendar year.

WCRP exceeding Non-Exempt account contribution limits in CY 2021

- The complaint included allegations that the WCRP exceeded the Non-Exempt funds contribution limits as of May 7, 2021, for calendar year 2021 concerning contributions received from Pacific Growers, alleged to have totaled \$6,990, and Asset Advisors, alleged to have totaled \$5,775. As noted above, the WCRP had some ORCA technological reporting issues in 2021, especially concerning the proceeds received from the Lincoln Day Dinner.

- Mr. Dzialo, former Treasurer stated: “These errors were reported to the PDC and since the duplicate reports did not show up in my ORCA portal the PDC had to delete them for me.” He stated the WCRP auction proceeds from the Lincoln Day Dinner were duplicated as the result of an ORCA technological “issue in which all of the contributors who purchased auction items to the silent auction had their contributions multiplied by a factor of six.”
- PDC Staff reviewed the C-3 reports that were re-filed by the WCRP after the duplicated C-3 reports had been deleted. Staff’s review found the following: (1) Pacific Growers out of Blaine made a total of 20 contributions totaling \$3,570 during calendar year 2021. The \$3,570 in total contributions received from Pacific Growers during calendar year 2021 included 19 contributions of \$30 all made on April 10, 2021, and a \$3,000 monetary contribution made on March 19, 2021; and (2) Asset Advisors made a total of five monetary contributions totaling \$265, which were all made on April 10, 2021, and included two \$95 monetary contributions and three \$25 monetary contributions.
- The complaint alleged that Pacific Growers and Asset Advisors were listed as having made contributions above the \$5,500 limit, but that was as of May 7, 2021, and as noted above the Campaign had a reporting issue that duplicated contributions made in April of 2021. Once the initial duplicate C-3 reports were deleted and the corrected C-3 reports were re-filed, contributions received by the WCRP Non-Exempt Funds account from Pacific Growers and Asset Advisors in 2021 did not exceed the \$5,500 threshold.

Based on these findings, PDC staff found no evidence of further violations that would require conducting a more formal investigation into the complaint or pursuing any enforcement action in this instance.

As noted above, PDC staff received a signed Statement of Understanding (SOU) completed by officers of the Whatcom County Republican Party, acknowledging violations of RCW 42.17A.235 and .240 by failing to timely and accurately disclose contribution and expenditure activities undertaken during calendar year 2020, and paid a \$450 civil penalty that was assessed in the matter to resolve this allegation.

Concerning the remaining allegations, PDC staff: (1) found no evidence that contribution limits were exceeded by the Whatcom County Republican Party Non-Exempt Funds account during calendar year 2021 in violation of RCW 42.17A.405; and (2) found that the duplicate C-3 reports filed in 2021 by the Whatcom County Republican Party Non-Exempt Funds account were due to an ORCA technological issue they experienced, which required C-3 and C-4 reports to be deleted by PDC staff and refiled by the party, and did not rise to the level of a minor violation.

The PDC has dismissed this matter in accordance with RCW 42.17A.755(1). If you have questions, please contact PDC Compliance Officer Kurt Young by e-mail.

Sincerely,

Endorsed by,

/s_____
Electronically Signed Kurt Young
Compliance Officer

/s_____
Electronically Signed Peter Lavallee
PDC Executive Director



cc: Bruce Ayers and Officers of the Whatcom County Republican Party