



**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

October 16, 2024

Delivered electronically to Denny Denholm at dennydenholm@hotmail.com

Subject: Complaints filed by Erica Li and Conner Edwards, PDC Case 143433

Dear William “Denny” Denholm:

Below is a copy of an amended electronic letter sent to Erica Li and Conner Edwards concerning complaints filed with the Public Disclosure Commission (PDC).

As noted in the letter to Erica Li and Conner Edwards, the PDC has dismissed this matter in accordance with RCW 42.17A.755(1) and will not conduct a more formal investigation into these allegations or take further enforcement action in this matter.

However, pursuant to WAC 390-37-060(1)(d), this serves as a formal written warning concerning your failure to comply with the filing requirements noted in the enclosed letter sent to Ms. Li and Mr. Edwards. PDC staff expects you to timely and accurately disclose contributions, in-kind contributions, and expenditures, including accurate descriptions, on reports in future years. The Commission will consider this formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

This amends your previous warning letter, issued January 11, 2024, which also concerned the campaign’s reports for election year 2023.

You also timely made technical corrections to minor or ministerial errors on required reports which did not materially harm the public interest, specifically to resolve a negative ending balances on campaign reports, within 14 days, per staff’s request. Accordingly, those matters are hereby resolved as technical corrections per WAC 390-37-060(b), and no further action is warranted.

If you have questions, you may contact Tabatha Blacksmith at 1-360-586-8929, toll-free at 1-877-601-2828 or by e-mail at pdcc@pdcc.wa.gov.

Sincerely,

Electronically signed Tabatha Blacksmith
Tabatha Blacksmith
Compliance Officer

Endorsed by,

Electronically signed Peter Frey Lavallee
Peter Frey Lavallee
Executive Director



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October 16, 2024

Delivered electronically to Erica Li at ericaliederfan@gmail.com and Conner Edwards at cg.edwards53@gmail.com

Subject: Complaint regarding Denny Denholm, PDC Case 143433

Dear Erica Li and Conner Edwards:

The Public Disclosure Commission (PDC) has completed its review of the complaints you filed on October 10, 2023 and August 16, 2024.

The first complaint, from Ms. Li, alleged that William “Denny” Denholm, a 2023 candidate for School Director of Mead School District 354, failed to timely report contributions and expenditures for a campaign mailer, an activity that potentially violates RCW 42.17A.235 & .240. The statute cited in Ms. Li’s complaint (RCW 42.17A.435) concerns concealment of a contribution, an activity for which no evidence was provided. Therefore, this case was opened with an alleged violation of RCW 42.17A.235 and .240 for failing to timely and accurately report contributions and expenditures on a C-4 (*Campaign Summary Receipts & Expenditures*) report for election year 2023.

The second complaint, from Mr. Edwards, also alleged that Mr. Denholm violated RCW 42.17A.235 & .240 by failing to timely and accurately report contributions and expenditures for election year 2023, as evidenced by a negative ending balance on the campaign’s last C-4 report, including an inaccurate expenditure description on a C-4 report. The allegations made in the second complaint fall within the scope of PDC Case 143433 and were appended thereto.

PDC staff reviewed the allegations and evidence you submitted; the applicable statutes, rules, and reporting requirements; the response provided by Mr. Denholm (the “Respondent”); the applicable PDC reports filed by the Respondent; and other relevant information to determine whether the record supports a finding of one or more violations.

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

- The Respondent was a 2023 candidate for reelection to the position of School Director of Mead School District 354, an office he held since January 1, 2019. He filed a *Candidate Registration* (C-1 report) with the PDC for his 2023 campaign on May 24, 2023 and selected the Mini Reporting option. He lost in the 2023 General Election.

- On September 8, 2023, the PDC granted the Respondent's candidate committee permission to change its reporting option from "Mini" to "Full" and the committee's C-1 report was amended the next day (9/9/23) to reflect this change.
- A committee that selects the Full Reporting option on its C-1 report is required to report contributions and expenditures to the PDC on C-3 and C-4 reports pursuant to [RCW 42.17A.235](#) & [RCW 42.17A.240](#). The due dates for these reports are based upon the election cycle, the committee's election participation, and its financial activity.
- On September 5, 2023, the Respondent's committee timely filed, and amended, its 21-day pre-General C-4 report covering 9/1/23 – 10/16/23. No in-kind contributions or expenditures related to a campaign mailer were disclosed on this C-4 report.
- According to Ms. Li's complaint, it appears the public received the Respondent's mailer on or about October 10, 2023.
- On October 17, 2023, the Respondent's committee timely filed a 7-day pre-General C-4 report covering 10/17/23 – 10/30/23, which was amended multiple times. The final amendment was timely filed on October 20, 2023. The amended report included an in-kind contribution the Respondent made to his campaign on 10/20/23 for 9,050 postcards purchased from NCG (National Color Graphics) valued at \$1,647.00 ([report # 110181999](#)).
- In his October 18, 2023 email response to the complaint, the Respondent explained that he had entered his campaign's in-kind contributions into the ORCA online filing system on 9/28/23 and had erroneously believed this information would automatically populate on a C-4 report. The Respondent said he obtained help from the PDC's Filer Assistance team and indicated his belief that the C-4 report had been corrected. He added that the campaign had also reported expenditures related to a second mailer that was about to be sent out.
- On October 19, 2023, the Respondent's committee successfully amended its 21-day pre-General C-4 report (covering 9/1/23 – 10/16/23) to include three in-kind contributions the Respondent made to his campaign on between 9/28/23 and 10/16/23 for 9,000 postcards and related postage costs. These items were purchased from Walt's Mailing Service and National Color Graphics and had a combined value of \$7,259.95 ([report 110181891](#)). This information was due to be reported October 17, 2023, making it two days late.
 - The amended 21-day pre-General C-4 report also included an additional \$2,341.33 in cash contributions (from 10 sources) and an additional \$2,482.60 in expenditures (for signs, a billboard, and bank/payment processing charges) that were not disclosed on the original C-4 report.
- The Respondent's campaign amended its post-General C-4 report (covering 10/31/23-11/30/23) on November 13, 2023, thereby creating a negative ending balance on the report. This C-4 report was filed during the interim between staff's review of his reports and case resolution.
- After we received the second complaint (from Mr. Edwards) on August 16, 2024, we reached out to the Respondent to inquire about the accuracy of the description provided

on the campaign's 21-day pre-General C-4 report for a \$742.55 expenditure made to Walt's Mailing on 10/16/23 to determine if it needed correction. Staff spoke to the Respondent by phone on August 27, 2024 and he followed up the next day, confirming he had mislabeled the expenditure as bank and payment processing charges. The Respondent said he had since amended the report to correctly show the expenditure was for postage and mailing.

- On August 27, 2024, the Respondent filed an End-of-Election Cycle C-4 report covering December of 2023 and January of 2024. The C-4 report was not considered to be late because no contribution or expenditure activity was reported. However, the negative ending balance from the prior (post-General) C-4 report carried forward to the End-of-election Cycle C-4 report, which resulted in another negative ending balance.
- On August 28, 2024, the Respondent corrected the description for his \$742.55 expenditure to Walt's Mailing, dated 10/16/23, on the campaign's 21-day pre-General C-4 report to reflect it was for postage costs, mail permits, and purchase of stamps ([report 110240736](#)).
- On September 9, 2024, we notified the Respondent we had reopened PDC Case 143433 to address a second complaint, filed by Mr. Edwards, for election year 2023 reports, and asked him to focus on resolving the negative ending balances on his post-General Election and End-of-Election C-4 reports.
- The Respondent worked closely with PDC staff to identify and amend the necessary reports to resolve the negative ending balances on his last two C-4 reports. His post-General Election and End-of-Election C-4 reports were successfully amended to reflect positive ending balances as of September 18, 2024 (reports [110246070](#) & [110246071](#)).
- The Respondent does not have previous warnings/violations of PDC requirements.

Non-compliance concerning the unreported mailer appears to have been the result of a good-faith omission, which the Respondent quickly took action to remedy. This case is further mitigated by the fact that the Respondent's 21-day pre-General C-4 report was amended to disclose the mailer and other items prior to the 2023 General election, making the information available to the voting public. The mislabeled expenditure description for postage/ mailing and negative ending balances appear to be good-faith errors.

Based on our findings, staff has determined that, in this instance, failure to timely and accurately disclose an in-kind contribution/expenditure for a mailer and additional contributions and expenditures on a C-4 report filed two days late does not amount to a violation that warrants further investigation.

Pursuant to WAC 390-37-060(1)(d), however, Denny Denholm will receive a formal written warning concerning his failure to timely and accurately disclose contributions and expenditures. The formal written warning will include PDC staff's expectation that Denny Denholm timely and accurately disclose contributions, in-kind contributions and expenditures, including accurate descriptions, on reports in future years. The Commission will consider the formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

This amends our previous warning letter, issued January 11, 2024, which also concerned the Respondent's reports for election year 2023.

Denny Denholm also timely made technical corrections to minor or ministerial errors on required reports which did not materially harm the public interest, specifically to resolve negative ending balances on campaign reports, within 14 days, per staff's request. Accordingly, those matters are hereby resolved as technical corrections per WAC 390-37-060(b), and no further action is warranted.

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 Tabatha Blacksmith at 1-360-586-8929, toll-free at 1-877-601-2828 or by e-mail at pdcc@pdc.wa.gov.

Sincerely,

Electronically signed Tabatha Blacksmith

Tabatha Blacksmith
Compliance Officer

Endorsed by,

Electronically signed Peter Frey Lavalley

Peter Frey Lavalley
Executive Director

cc: William "Denny" Denholm