

Washington Public Disclosure Commission
711 Capitol Way S., Suite 206
P.O. Box 40908 Olympia, WA 98504-0908

Re: PDC Case No. 169863

Dear PDC Staff,

Please accept this as the Hospitals for a Healthy Future PAC (HHFPAC)'s response to the complaint filed by Conner Edwards on March 31, 2025. Edwards' complaint alleges several violations that suggest the HHFPAC is not accurately disclosing contributions or expenditures. As explained below, these alleged violations are due to administrative and technical errors, staffing changes and challenges during the height of the COVID-19 pandemic, and lack of clarity regarding amendments to reports.

The HHFPAC is committed to transparency and compliance with filing requirements. Its strong history of compliance indicates these violations were limited in nature, not indicative of systemic or intentional misreporting. We remedied these errors and will be more diligent with record keeping moving forward.

The HHFPAC's violations outlined by Edwards constitute minor violations made in good-faith effort to comply with disclosure guidelines ([WAC 390-37-061](#)), remediable violations that did not materially affect the public interest ([RCW 42.17A.005\(46\)](#)), or errors that have been remedied by technical corrections ([RCW 42.17A.005\(51\)](#)) once they were brought to the attention of the HHFPAC. At no point did the HHFPAC intentionally conceal, deceive, mislead or violate the law. The HHFPAC has filed hundreds of timely reports over its history, has taken quick corrective action when alerted to noncompliance and consulted with PDC staff if HHFPAC staff encountered technical issues or needed to clarify compliance requirements. We also have an annual audit of the prior year's PAC financials conducted by Clark Nuber PS. Due to these efforts to maintain compliance, transparency, and accuracy, we believe an alternative response to an investigation or brief hearing is appropriate.

Finally, HHFPAC has identified opportunities for process improvement and is actively implementing systems to prevent future errors.

I. Discrepancies in opening and closing balances for 2023-2024 and 204-2025

Edwards alleges that there is a discrepancy of nearly \$100,000 between the closing balance for 2023 and the opening balance for 2024. This discrepancy resulted from a good-faith error. On the C4 report for June 2023, the HHFPAC accurately reported \$150,050 in total cash receipts (Appendix pages 1 – 3). On the C4 for July 2023, the June amount of \$150,050 was mistakenly reported in cash received (Appendix pages 4 – 6), rather than the

correct amount of \$17,620. The individual contributions for July 2023 were accurately reported in that month's C3 reports (Appendix pages 7 – 11). This error on the July C4 report carried over into the remaining C4 reports for the year, resulting in a higher year-end balance and a discrepancy between the 2023 closing balance and the 2024 opening balance. This error has been remedied, bringing the [2023 closing balance to \\$745,200.54](#).

Additionally, correspondence shows that the filer consulted with the PDC regarding how to report the opening balance for continuing committees, followed the guidance received, and reported the PAC bank account balance at the beginning of the year (Appendix page 12). Per later PDC guidance on April 17, 2025, we also adjusted the opening balance for 2024 to reflect several checks to the AHAPAC that were reported as expenditures in December 2023 but had not cleared our bank as of January 1, 2024

Edwards also alleges a difference of nearly \$50,000 between the closing balance for 2024 and the opening balance for 2025. The actual difference of \$31,594.66 can be attributed to a duplicate C4 filed for June 2024 (Appendix page 13). An amendment to the 2024 June C4 was filed in 2025 to reflect checks that were cancelled in 2025 (Appendix pages 14 – 17). However, the date range of the amended report was incorrectly entered as June 1 – 30, rather than June 1 – July 15, so rather than overwriting the prior June C4 report, a second June 2024 was added, thus doubling the expenditures for that month and decreasing the year-end balance. HHFPAC staff consulted with disclosure specialist Ladelle Fuquay on April 17, and the PDC remedied this issue by making the correct C4 report for June 1 – July 15 part of the amendment chain. The filer ran into another amendment chain issue for the July 30 – August 31 amendment and has reached out to PDC to rectify this issue. Once these amendments are filed and the checks not deposited as of January 1, 2025 are deducted from the 2025 opening balance, the closing balance for 2024 should match the opening balance for 2025. The HHFPAC put in place procedures to ensure closing and opening amounts are reconciled each year.

II. Allegedly late amendments

In his complaint, Edwards alleges that the HHFPAC filed several amendments to reports late. The HHFPAC filed all 2024 C3 and C4 reports by the election filing deadlines. However, there were a few expenditures that were missed, and upon realizing these expenditures were not included, the HHFPAC filed amendments to these reports.

To ensure better compliance in the future, the filer clarified with the PDC what the deadlines are for amendments. Although the statute is clear that amending reports within 21 days of initial filing is not considered a violation if certain criteria are met, the statute—and PDC guidance—is not clear about how to handle situations where the need for an

amendment is not discovered until the deadline has passed. The public policy of the State, however, encourages transparency and accurate reporting, no matter when errors requiring amendments are identified. These missed expenditures were not HHFPAC contributions to candidates, had no material impact on the public, and did not benefit the HHFPAC, or anyone else.

- a. The complaint alleges that the HHFPAC omitted in-kind contributions from the pre-primary C4 filed on July 30. However, the HHFPAC uses the last day of each month as the reporting date for in-kind contributions to ensure all HHFPAC staff hours are captured. As a result, the July in-kind contributions were reported on the C4 for July 30 – August 31, filed September 10 (Appendix pages 18 - 20). However, at the time of that filing, the in-kind contributions for August 2024 had not yet received by accounting, so a amendment was later filed to include the August 2024 in-kind contributions (Appendix pages 21 – 23).
- b. The complaint also alleges that \$725 in design fees was omitted from the 21-day pre-general C4 filed on October 15. This was an unintentional oversight, and the HHFPAC took corrective action when this missing expense was discovered in early March 2025.
- d. Edwards notes that a deposit of \$14,000 should have been disclosed by June 10, 2022 and was not disclosed until 1 month later. HHFPAC consulted with the PDC regarding some uncertainties, and a deadline extension was provided (Appendix page 24). The deposit was also reported prior to the 21-day pre-primary deadline.
- e. Edwards further notes that a deposit of \$2,850 received January 15, 2025, was not reported by the February 10, 2025 deadline. While the HHFPAC was not participating in any elections at this time, this oversight was corrected once noticed. The HHFPAC will be more diligent in capturing and reporting all deposits by the filing deadline.
- f. In his complaint Edwards notes that a check deposit of \$61,700 dated June 18, 2024 (Appendix page 25) was not disclosed on a C3 report for Monday, June 22 when all C3s for the week prior should have been submitted. The filer did not receive notification of this check deposit until July 29 (Appendix page 26) and promptly reported it the next day (Appendix page 27). Moving forward, the HHFPAC will ensure any checks cut are promptly reported.

III. Late 2021 Reports

Edwards's complaint cites five timely reporting violations, noted below, that occurred between January and August 2021. The HHFPAC is staffed through in-kind contributions from the Washington State Hospital Association (WSHA). While it does not excuse the

errors, during this time WSHA's staff was consumed with working with hospitals to address the COVID-19 pandemic and experienced several months of PDC reporting delays. All the cited reporting delays occurred while Washington was under a State of Emergency (ended October 31, 2021). HHFPAC staffing and procedures have since been fully revised, and the HHFPAC has not experienced similar timeliness concerns since.

- c. The complaint alleges that a C3 report containing a \$12,750 deposit was required to have been disclosed well before the 2021 August primary but was not disclosed until nearly a month after the due date.
- g. A C4 report covering January of 2021 was due by February 10, 2021 but was not filed until 3 months after the deadline.
- h. A C4 report covering February of 2021 was due by March 10, 2021 but was not filed until 2 months after the deadline.
- i. A C4 report covering March of 2021 was due by April 10, 2021 but was not filed until over a month after the deadline.
- j. A C4 report covering May of 2021 was due by June 10, 2021 but was not filed until over a month after the deadline.

Concerning items g–i, in addition to WSHA's focus on the pandemic response, during this time there were also staff transitions and technical issues affecting the timely filing of these reports. The report for December 2020 was filed on time (Appendix pages 28 - 30), however, the filer at that time ran into technical difficulties closing the 2020 campaign and starting the 2021 campaign (Appendix page 31). The filer reached out to the PDC regarding these problems closing out the 2020 campaign (Appendix pages 32), and once this issue was resolved and the 2021 HHFPAC campaign was successfully registered, we promptly started filing reports for January and February contributions received (Appendix pages 33 - 36).

The filer ran into further technical issues uploading 2021 expenses for that year's C4 reports as a result of changes to the ORCA software and outages occurring at the time. Specifically, the option needed to select the period for filing the C4 reports was not available (Appendix pages 37). The filer was in communication with the PDC support staff March through May 2021 trying to rectify the issues (Appendix pages 38 - 47). As soon as this reporting issue was resolved, we filed the C4 reports for January through April 2021 on May 19 (Appendix page 48). Additional technical issues (Appendix pages 49 - 50) and a staffing change in May 2021 (Appendix page 51) resulted in the delayed filing of the May 2021 C4 report and the late filing of the June 2021 C3 report containing a \$12,750 amount that Edwards notes in item c. Although it is not an excuse for these delays, it is also worth

noting that during this time the PDC filing system was experiencing periodic outages, including on June 10, 2021, the deadline for the May C4 report, and during the weeks of July 12 - 29 (Appendix pages 52 - 53).

IV. HHFPAC Process Improvements to Ensure Ongoing Compliance

While the violations noted in the Edwards' complaint are relatively minor or have been remedied, Edwards' complaint alerted the HHFPAC to areas in need of process improvement. To ensure reports are filed timely and accurately moving forward we've made the following updates to our current PDC filing and reporting process:

- Added a step to our C4 reporting process that instructs the accounting team to send a financial report at the beginning of each month for the previous month's deposits and expenditures. The PAC manager will use this to reconcile the receipts and expenses entered in the PAC software and correct any errors or discrepancies prior to filing the previous month's C4 (Appendix page 66). We will ask the accounting team to confirm there are no additional expenditures or contributions prior to the filing deadline.
- Implement an end-of-year audit between the PAC manager and accounting team to ensure that year's PDC reports and the PAC's financials are reconciled and cancel any checks that have not yet cleared the bank to minimize discrepancies between the end-of-year closing balance and the next year's opening balance.
- If a report needs to be amended to correct an expense or contribution that was previously missed, file this amendment within the 21 days after the report was due to be filed, per guidance from PDC staff on April 17.
- In addition to what the HHFPAC has already been reporting for in-kind contributions and printing expenditures, reporting of in-kind contributions will now include the name and address of the contributor, the cumulative total the contributor has given during that election, and whether the in-kind contribution is for the primary or general election. Reporting of printing will include the number of copies printed.

The HHFPAC is committed to campaign finance transparency and compliance with PDC filing requirements. We hope you will consider this information in your consideration of our case. Please contact me with any questions or concerns at (206) 216-2545.

Sincerely,



Chelene Whiteaker

Hospitals for a Healthy Future PAC, Treasurer

WSHA, Senior Vice President of Government Affairs