



**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

May 16, 2019

Laura Ewan, legal counsel for Whatcom County Democratic Central Committee

Subject: Complaints filed by Glen Morgan, PDC Case 26305

Enclosed is a copy of an electronic letter sent to Glen Morgan concerning a complaint filed with the Public Disclosure Commission (PDC) alleging that the Whatcom County Democratic Central Committee (Committee). As noted in the letter to Mr. Morgan, the PDC will not be conducting a more formal investigation into these allegations or taking further enforcement action in this matter.

However, pursuant to WAC 390-37-060(1)(b), the Whatcom County District Democratic Central Committee and its current Officers are receiving this formal written warning concerning the Committee's failure to comply with filing requirements to provide: (1) a detailed breakdown for expenditures, including the sub-vendor breakdown for reimbursements to individuals or payments made to consultants or vendors; and (2) a detailed description of the expenditure, including the number of mail pieces or yard signs printed, or station by station listing and run dates for political advertisements, during calendar years 2015, 2016, and 2017.

This formal written warning includes staff's expectation that the Whatcom County District Democratic Central Committee will timely file all future required reports of contributions and expenditures based on the accrual method, not on a cash basis. Staff also expects that the Committee will provide the expenditure details and descriptions as noted in the letter to Mr. Morgan, in addition to the timely disclosure of reportable debts and obligations, as required, in the future. 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 these facts, the PDC has dismissed the allegations listed in the complaint in accordance with RCW 42.17A.755(1). If you have questions, you may contact Alice Fiman at 1-360-586-4746 or toll-free at 1-877-601-2828, or by e-mail pdcc@pdcc.wa.gov.

Sincerely,

/s _____
Alice Fiman
Compliance Officer

Endorsed by,
/s _____
Peter Lavalley
Executive Director



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.pdcca.wa.gov

May 16, 2019

Sent Electronically to Glen Morgan at "glen@wethegoverned.com"

Subject: Whatcom County Democratic Central Committee, PDC Case 26305

Dear Glen Morgan:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed September 30, 2017 against the Whatcom County Democratic Central Committee.

Your complaint alleged that the Whatcom County Democratic Central Committee (Committee) may have violated: (1) RCW 42.17A.235 and .240 for failure to accurately and timely file Monetary Contributions reports (C-3 reports) and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) and (2) RCW 42.17A.240 for failure to properly report expenditures and debts on C-4 reports, including the failure to provide proper expenditure descriptions.

PDC staff reviewed your allegations; the applicable statutes, rules, and reporting requirements; the C-3 and C-4 reports filed by the Committee; and the response of Laura Ewan, legal counsel, for the Committee, submitted to the PDC and the Washington State Attorney General's Office (AGO), to determine whether the record supports a finding of one or more violations.

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

- The Whatcom County Democratic Central Committee (Committee) is a Bona Fide Political Party Committee located in Bellingham, Whatcom County, and has been registered and reporting with the PDC dating back to the 1990's.
- On January 9, 2019, the Committee filed a Committee Registration (C-1pc report) selecting the Full Reporting option and listing Andrew Reding as campaign manager and Sarah Goodin as treasurer.
- The complaint alleged the Committee failed to timely file 26 C-3 and C-4 reports during 2015, 2016 and 2017, and you attached a spreadsheet of those reports, along with alleging that numerous expenditures made by the Committee failed to provide the sub-vendor breakdown or failed to report a debt or obligation for the expenditure.

- Staff's review found that for election years 2015, 2016 and 2017, the Committee filed a total of 900 C-3 and C-4 reports, that included a number of amended reports as follows:
 1. For calendar year 2015, the Committee timely filed its initial C-4 reports for the whole year, which included the 21-Day and 7-Day Pre-Primary and Pre-General Election C-4 reports, and the Post-Primary and Post-General Election C-4 reports, disclosing \$97,085 in contributions received, and \$87,273 in expenditures made. In addition, the Committee timely filed C-3 reports during calendar year 2015, and the majority of the C-3 reports were filed weekly throughout the year other than the reports noted below.
 2. For calendar year 2016, the Committee timely filed its C-4 reports for the whole year, which included the 21-Day and 7-Day Pre-Primary and Pre-General Election C-4 reports, and the Post-Primary and Post-General Election C-4 reports, disclosing \$102,642 in contributions received, and \$94,408 in expenditures made. In addition, the Committee timely filed C-3 reports during calendar year 2016, and the majority of the C-3 reports were filed weekly throughout the year other than the reports noted below.
 3. For calendar year 2017, the Committee timely filed its C-4 reports for the whole year, which included the 21-Day and 7-Day Pre-Primary and Pre-General Election C-4 reports, and the Post-Primary and Post-General Election C-4 reports, disclosing \$153,659 in contributions received, and \$127,667 in expenditures made. In addition, the Committee timely filed C-3 reports during calendar year 2017, and the majority of the C-3 reports were filed weekly throughout the year other than the reports noted below.
- PDC's review found nine of the alleged 26 late filed C-3 or C-4 reports were filed by the Committee as amended C-4 reports, in which the initial C-4 report was timely filed, and the corrections were of minor errors that did not materially impact the public interest.
- The remaining alleged late filed C-3 reports included: (1) six C-3 reports disclosing only bank interest accrued for the period of between \$.09 and \$.33; (2) three C-3 reports that disclosed only one contribution on each report totaling \$10, \$50 and \$100 respectively, which were filed between three to seven days late; (3) one C-3 report totaling \$324 in contribution received from 10 contributors; and (4) five additional C-3 reports filed two to three days late.
- Staff noted that there were a number of expenditures made to individuals as reimbursements as listed in the complaint, for which a more detailed description or explanation of the goods and services provided was required, and in some instances a sub-vendor breakdown was needed as well, especially for the reimbursements made to Ms. Gwen Groden. Staff also noted there appeared to have been expenditures made that likely should have been disclosed on an earlier C-4 report as an outstanding debt or obligation.
- In her response on behalf of Committee, Ms. Ewan stated "Exhibit B alleges violations regarding the failure to report amounts paid for various charges as 'debt' on the C-4 and then presumably a filing of the satisfaction of the 'debt' on the subsequent C-4. For an organization that keeps its books on a cash basis as does the Whatcom County Democrats, such a characterization makes no sense. At its base, this is a dispute with the accounting methods used by the Whatcom County Democrats and, we believe, the overwhelming majority of groups that use a cash basis accounting method, against Mr. Morgan's preference for unnecessary use of time and pixels needed to satisfy his view of proper accounting under the regulations of the PDC."

- Ms. Ewan stated “After receiving the complaint, the Whatcom County Democrats sought guidance on sub-vendor reporting from the PDC...Comparison of the guidance from Mr. [sic] Blackhorn with our reporting of sub-vendor payments is necessary to determine if any violations have occurred. We believe such an examination will show no violation or, at most, a minor violation rather than the string of ‘habitual and willful’ violations alleged by Mr. Morgan. This review is properly within the purview of the administrative duties of the PDC. We note in passing that at least alleged violations 1-20 fall within permissible reporting as we understand Mr. [sic] Blackhorn’s advice.”
- The Committee has one prior PDC violation for PDC Case 06-302 for failing to timely file C-3 and C-4 reports in calendar years 2004 and 2005, in which a stipulated agreement was entered into at a Commission hearing.

As noted above, there were expenditures made by the Committee either as reimbursements to individuals that were Committee officers or volunteers, or payments made to consultants, vendors, or other third parties, for which it appears a more detailed description or explanation of the goods and services provided was required. Those issues are mitigated to a degree by the facts the Committee timely filed the overwhelming majority of the required C-3 and C-4 reports for calendar years 2015, 2016, and 2017, disclosing more than \$353,386 in contributions received and \$309,348 in expenditures made during this timeframe, and no violations have been found since 2006.

However, pursuant to WAC 390-37-060(1)(b), the Whatcom County District Democratic Central Committee will receive a formal written warning concerning the Committee’s failure to comply with filing requirements to provide: (1) a detailed breakdown of expenditures, including the sub-vendor breakdown for reimbursements to individuals or payments made to consultants or vendors; and (2) a detailed description of the expenditure, including the number of mail pieces or yard signs printed, or station by station listing and run dates for political advertisements.

The formal written warning will include staff’s expectation the Whatcom County District Democratic Central Committee timely file all future required reports of contributions and expenditures, including the expenditure details and descriptions listed above, and the timely disclosure of debts and obligations as required in the future. 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 Alice Fiman at 1-360-586-4746 or toll-free at 1-877-601-2828, or by e-mail pdcc@pdcc.wa.gov.

Sincerely,

/s _____

Alice Fiman
Compliance Officer

Endorsed by,

/s _____

Peter Lavalley
Executive Director