



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

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March 29, 2012

ANITA NEIL
9302 SE SHORELAND DR
BELLEVUE WA 98004

Subject: Complaint filed against the 2011 John Stokes campaign, PDC Case No.12-142

Dear Ms. Neil:

The Public Disclosure Commission (PDC) staff has completed its investigation of your complaint filed on September 28, 2011. Your complaint alleged that John Stokes, a candidate seeking the office of Bellevue City Council in 2011, violated RCW 42.17.080 and .090 by failing to timely disclose orders placed, campaign expenditures, and in-kind contributions.

PDC staff reviewed your allegations in light of the following statutes:

RCW 42.17.080 and 090 require candidates to file timely, accurate reports of contributions and expenditures, including in-kind contributions, and orders placed. Under the full reporting option, C-4 reports are required monthly when contributions or expenditures exceed \$200 since the last report, and C-4 reports are also required 21 and 7 days before each election, and in the month following the election, regardless of the level of activity.

We reviewed your complaint, responses from John and Bettina Stokes, the PDC database, and campaign finance reports filed by the John Stokes campaign. As a result of our review, we found:

- On June 21, 2011, John Stokes filed a Candidate Registration (C-1 report) with the PDC declaring his candidacy for Bellevue City Council Position 1, in the 2011 general election, and selecting the full reporting option. Mr. Stokes was a first-time candidate for public office, and since only two candidates filed for Bellevue City Council Position 1, no 2011 primary election was held for that office.

C-4 Reports

- The John Stokes campaign filed a total of seven original C-4 reports, disclosing that a total of \$49,086 in contributions received, and \$46,713 in expenditures made.

- Two of the seven C-4 reports were filed late: the June 2011 C-4 Report was filed 33 days late, and the July 2011 C-4 report was filed three days late. The June 2011 C-4 Report was filed on August 13, 2011, disclosing \$309 for in-kind contributions from the candidate for the filing fee, post office box rental, and office supplies.
- The Stokes campaign failed to timely disclose three expenditures totaling \$584 on the July 2011 C-4 report. The expenditures included two payments made to Blue Utopia - \$275 made on July 1, 2011, as an initial fee, and \$45 for transaction fees made on July 27, 2011, and a \$264 payment made to the US Postal Service for stamps on July 22, 2011.

Website In-Kind contribution

- On June 17, 2011, a 2009 website belonging Mr. Stokes was transformed by Deborah Parsons into a campaign website. Ms. Parsons donated her services for the website revisions, and the campaign should have disclosed the \$300 in-kind contribution on the June C-4 report due on July 11, 2011. The campaign disclosed the in-kind contribution on October 10, 2011, 91 days later.

Orders Placed, Debts and Obligations

- The Stokes campaign failed to timely report orders placed, debts, and obligations totaling \$8,743, which were disclosed between 30 days late and 91 days late. The debts included \$2,500 to NW Passage for consulting services, and \$3,243 also to NW Passage for printing and advertising design costs, which were both reported by the Stokes campaign on October 10, 2011.
- The orders placed also included two expenditures totaling \$3,000 for "contingency bonuses". Those contingency bonuses included \$2,500 owed to NW Passages Consulting that was disclosed 91 days late on October 10, 2011, and a \$500 contingency bonus owed to Barbara Chadwick that was disclosed 82 days late on October 31, 2011. The bonuses were payable contingent on Mr. Stokes winning the general election.
- Bettina Stokes, the campaign treasurer and the candidate's spouse, stated that the campaign's focus was on a "cash-in and cash-out" basis, and the campaign was erroneously waiting for invoices from their vendors in order to report those activities. PDC staff informed the campaign that the candidate reporting requirements are based on the accrual method in which orders placed, debts, or obligations are disclosed when the order is initially placed, not when the expenditure was made.

Conclusion

The John Stokes campaign failed to timely report campaign expenditures and in-kind contributions totaling \$1,194, and orders placed, debts, and obligations totaling \$8,743.

However, those expenditures, in-kind contributions, and orders placed were all disclosed by October 10, 2011, 29 days prior to the general election held on November 8, 2011, except for the \$500 contingency bonus owed to Barbara Chadwick that was disclosed on October 31, 2011. In this instance, the campaign complied with the overall PDC reporting requirements in disclosing contribution and expenditure activities.

PDC staff found no evidence that Mr. Stokes, or his spouse acting as campaign treasurer, were aware of the orders placed reporting obligation until being informed by PDC staff during our review of your complaint. PDC staff has reminded Mr. Stokes about the need to comply with disclosure requirements in all future campaigns, including the reporting of orders placed, debts, and obligations, and in-kind contributions.

After a careful review of the alleged violations and relevant facts, we have concluded our investigation. The investigation revealed that the Stokes campaign disclosed their expenditures, in-kind contributions, and orders placed far enough in advance of the general election so that the public could review the reports and make an informed choice. Therefore, I am dismissing your complaint against John Stokes without further action, with the concurrence of the Chair of the Public Disclosure Commission.

Thank you for bringing this matter to our attention. The process relies on citizens monitoring campaign activity to promote full compliance with the law. Your actions will contribute to better awareness of the Public Disclosure Law and better public disclosure of important campaign information.

If you have questions, please contact Phil Stutzman, Director of Compliance, at (360) 664-8853 or toll-free at 1-877-601-2828 or by e-mail at phil.stutzman@pdc.wa.gov.

Sincerely,



Andrea McNamara Doyle
Executive Director