

PUBLIC DISCLOSURE COMMISSION
STATE OF WASHINGTON

Glen Morgan, Complainant

) Case Number: 17240

vs.

) Answer to Complaint filed
) by Glen Morgan.

San Juan County Democrats, Respondent

ANSWER TO COMPLAINT FILED
BY GLEN MORGAN

Come now, San Juan County Democrats, Respondent, and in answer to the complaint filed herein by Glen Morgan, Complainant, does hereby answer and avers as follows:

First Defense

1) The Complaint fails to state a valid claim.

Second Defense

2) Respondent enters a general denial to the allegations filed herein.

Third Defense

3) Respondent relies upon the defense of de minimis.

Fourth Defense

4) Respondent relies upon the defense that the issues complained of have been corrected and/or amended on the PDC's ORCA system and the corresponding amended reports submitted to the PDC.

Fifth Defense

5) Respondent relies upon the defense that the alleged violations are technical in nature; are inconsequential; are minor; are unintentional; and lack intent to deceive, hide, or obfuscate.

Wherefore, Respondent requests that the Complaint be dismissed without sanctions. Specific answers will be included in our separate Complaint Memorandum.

Dated 5/15/17

David Dehlendorf
San Juan County Democrats

PUBLIC DISCLOSURE COMMISSION
STATE OF WASHINGTON

Glen Morgan, Complainant

) Case Number: 17240

vs.

) Memorandum opposing the
) allegations contained in the
) Complaint.

San Juan County Democrats, Respondent

Date: Amended on May 16, 2017

Introduction

San Juan County is an island-county and one of the smallest counties in the State of Washington. We have four islands served by ferries and several other populated islands that can only be accessed by boat or airplane. This makes communication and transportation difficult.

Our county Democratic party is relatively unsophisticated and we have tried our best to comply with the State's reporting requirements. Any lack of compliance is unintentional, minor, inconsequential, and is not an attempt to hide or avoid disclosure.

Please correct an error on the PDC website where the PDC states that the Complaint includes alleged violations of rules dealing with "contributions". Your email to us dated 4/26/17 also contains this error. In fact, the Complainant did not allege any violation by the Respondent of laws dealing with contributions.

Specifics

Following are our specific responses to the allegations in the same order as in the Complaint:

1. Complaint: "Failure to timely file accurate, timely C3 and C4 reports." A total of 36 expenditures are listed as not having been reported on C4 reports on an accurate and timely basis. No contributions subject to C3 reports are listed.

Facts: The Complainant does not present any specific examples of C3 reports having been filed on an inaccurate or untimely basis. Moreover, it is false that we failed to accurately report the 36 cited expenditures on C4 reports. In fact, all of them were entered accurately into ORCA and the corresponding C4 reports uploaded to ORCA.

However, it is correct that the 36 cited expenditures were not reported on a timely basis. These 36 expenditures correspond to a far fewer eight late reporting dates, with only four of these filings have been more than 12 days late.

We acknowledge that in 2016 we did not manage the PDC's expenditure reporting process in the proper manner. This failure was due to the transition to a

new treasurer and the fact that he did not realize on a consistent basis that the reporting of expenditures is a two-step process involving both the entry of the expenditures into ORCA and by the generation and uploading of the corresponding C4 reports.

Having focused on this failure in late 2016, we made changes in our procedures to eliminate future late reporting. As a result, we are proud to state that since January 2017, all of our expenditures have been reported in both an accurate and timely basis. We do not expect this failure to report to occur again.

2. Complaint: "Failure to accurately, timely report debt." The Complaint lists 24 expenditures that it claims should have been previously reported as debt.

Facts: All 24 listed expenditures were properly entered into ORCA and reported on forms C4. Moreover, the Complainant has falsely reported that 17 of these 24 expenditures should have been previously reported as debt. Conversely, of the 24, only 7 expenditures to three vendors should have been previously reported as debt. Specifically,

- A. Roger and Jean Owen Uni-Trust (5 expenditures to the same lessor for rent and security deposit): We acknowledge that \$11,000 value of the lease signed on 5/24/16 should have been reported as debt when it was signed. To correct this omission, on 5/16/17 we entered the corresponding debt of \$11,000 into the debt module of ORCA for the period 5/1/16 to 5/31/16, with an amended form C4 uploaded to the PDC on the same date. We were given confirmation #100760883. We also entered in the Debt Module the five monthly payments due under the lease resulting in the gradual reduction of the debt to zero by the end of the reporting period ending 10/17/16.
- B. Sound Publishing (1 expenditure): The payment of \$2,994.03 on 11/13/16 should have been previously reported as debt when we hired Sound Publishing on 10/6/16 to produce and publish our campaign ad in its three county newspapers. To correct this omission, on 5/16/17 we entered the corresponding debt of \$2,994.03 into the Debt Module of ORCA for the period 9/1/16 to 10/17/16, with an amended form C4 uploaded to the PDC on the same date. We received confirmation #100760899. The debt was extinguished in the reporting period from 11/1/16 to 11/30/16 with check #700 dated 11/13/16 for \$2,994.03.
- C. US Postal Service (1 expenditure): The Claim is false. No debt was created, as this \$1,970.06 payment on 10/13/16 was made to purchase postage in advance of its usage. In other words, the payment was not subject to a prior written or oral commitment of the SJCDs to the USPS. It was correctly reported as an expenditure in a C4 report for the period when the check was written.
- D. David Dehlendorf (3): Two of the three claims are correct. a) The reimbursement to Mr. Dehlendorf on 7/6/16 of the \$352.95 he paid for

campaign materials was not the result of reportable debt because the shipment date of the materials of 6/14/16 and our payment date of 7/6/16 both took place within the same reporting period ending 7/11/16; b) We acknowledge that the reimbursement to Mr. Dehlendorf on 9/24/16 of the \$270.47 he paid for rental of a forklift on 6/20/16 should have previously been reported as debt in the period ended 7/11/16. To correct this omission, the corresponding debt was entered into ORCA on 5/16/17 for the period 6/1/16 to 7/11/16, with the amended C4 report uploaded to the PDC on the same date. We were given confirmation #100760885. The debt was subsequently extinguished with the reimbursement to Mr. Dehlendorf on 9/24/16; and c) We acknowledge that the reimbursement to Mr. Dehlendorf of \$1,249.88 which was included in check #640 on 9/24/16 for his purchase of campaign signs, buttons, etc. should have previously been reported as debt in the period ending 8/31/16. To correct this omission, the corresponding debt was entered into ORCA on 5/16/17 for the period 7/26/16 to 8/31/16. We were given confirmation #100760887. The debt was subsequently extinguished with the reimbursement to Mr. Dehlendorf of \$1,249.88 on 9/24/16.

- E. Islands Insurance (1 expenditure): The Claim is false. Our payment for liability insurance for \$1,148.63 on 7/13/16 was not the result of reportable debt, as we contracted for the insurance and paid for it in the same reporting period (7/12/16 to 7/25/16).
- F. Printonyx (3 expenditures): The three Claims are false. a) The two payments of \$500 each were advance payments to our account at Printonyx, a copy center. They were both pre-paid expenses for the delivery of future services, and therefore there was no creation of debt; and b) The third payment to Printonyx of \$1,108.20 did not require the reporting of debt because our contracting of the vendor's service on approximately 9/20/16 and our payment of its invoice on 10/13/16 both took place within the same reporting period of 9/1/16 to 10/17/16.
- G. The Sign Company (1 expenditure): The Claim is false. No debt was created. This payment of \$583.73 on 6/17/16 was a pre-payment of the entire cost of the sign. It is the vendor's policy to require pre-payment in full before it begins work on signs.
- H. Diane Martindale (2 expenditures): The two Claims are false. a) The reimbursement of \$386.15 on 7/23/16 with check #629 for the purchase of yard signs did not require the reporting of debt because we did not receive prior confirmation of this purchase and the requested reimbursement; and b) The amount of the reimbursement of \$357.86 on 7/12/16 with check # 620 for Tacoma convention expenses was not known in advance and therefore it would not have been possible to report it accurately as debt.
- I. Learner Limbach (1 expenditure): The Claim is false. The amount of this reimbursement of \$335.99 on 7/12/16 for Tacoma convention expenses was not known in advance and therefore it would not have been possible to accurately report it in advance as debt.

- J. San Juan County Fairgrounds (1 expenditure): The Claim is false. No debt was created. This payment of \$335.00 on 7/20/16 was instead a payment in advance for rental of space for our booth at the county fair to be used by us one month later in late August 2016.
- K. Randolph Moss (1 expenditure): The Claim is false. The amount of this reimbursement of \$307.35 for expenses to refurbish the campaign headquarters on Argyle was not known in advance and therefore it would not have been possible to accurately report it in advance as debt.
- L. Cakes by Felicitations (1 expenditure): The Claim is false. Our payment for a cake for \$300.00 on 11/10/16 was not the result of reportable debt because our contracting for the cake on 11/2/16 and our payment of its invoice on 11/10/16 both took place within a 30-day period within the same reporting period of 11/1/16 to 11/30/16.
- M. Harbor Rental & Saw Shop (1 expenditure): The claim is false. This payment of \$269.04 on 11/26/16 for the rental of a forklift was not the result of reportable debt because the date the forklift was used was 11/10/16 and the date of our payment was 11/26/16, both within the same 30-day period and both within the same reporting period of 11/1/16 to 11/30/16.
- N. Skagit County Democrats (1 expenditure): The Claim is false. Our payment of \$262.00 on 8/7/16 for Clinton yard signs was not the result of reportable debt because our contracting for the signs on 7/30/16 and our payment of its invoice on 8/7/16 both took place within a 30-day period within the same reporting period of 7/26/16 to 8/31/16.
- O. Robert O'Connell (1 expenditure): The Claim is false. The amount of this reimbursement of \$256.02 on 7/12/16 for Tacoma convention expenses was not known in advance and therefore it would not have been possible to report it accurately in advance as debt.

3. Complaint: "Failure to properly break down expenses." The Complainant lists 26 such alleged expenditures.

Facts: Although we believe that many of the alleged Claims are false, inconsequential and not worthy of a response, we instead entered into ORCA on 5/11/17 the specific information for all of the expenditures cited and uploaded the corresponding amended forms C4 to the PDC.

4. Complaint: "Failure to report expenditure/in-kind contribution for mailing list."

Fact: The Claim is false. The Respondent did not purchase a mailing list and did not receive a mailing list as an in-kind contribution.

5. Complaint: "Failure to list committee officers."

Facts: The Claim is correct except for the facts that: a) our new officers were elected on 1/14/17, not in December 2016 as claimed; and b) our new chair David Turnoy was reported on a timely basis. The failure to report our other new officers was corrected on 5/8/17 when the SJCDs filed a revised C1PC with the PDC, receiving in response confirmation #100758975.

6. Complaint: "Illegal unauthorized expenditure of funds by an individual not listed as an officer on C-1 form." It is assumed that reference to form C-1 should instead have been to form C1PC.

Fact: The Claim is false, as no unauthorized expenditures were made after the 1/14/17 election of the Respondent's new officers. Since 1/14/17, after which the election of chair David Turnoy was reported on form C1P1 on a timely basis, only chair Turnoy authorized the eight expenditures that we have been made since the election of the new officers. The other officers did not authorize any expenditures on their own.

In conclusion, Respondent has made a diligent and good faith effort to adhere and comply with the reporting requirements of the PDC. Where and if we erred, it was due to a lack of knowledge with the ORCA reporting system. In many instances we would input the data and then fail to "report" causing the data to be late believing that the imputing was sufficient. We now know better and have corrected that oversight which was not due to any intent to deceive. It was input in good faith and reported late due only to our oversight. Once we were informed that we also had to "report" the data we corrected our procedure and now operate in compliance.

Our failure to report Debt was due to our confusion over the definition of debt. We erroneously believed that debt was limited to interest-bearing loans, not realizing it in reality included non-loan obligations such as accounts payable.

Where we erred and the errors could be corrected, we have now gone back and amended the reports to bring us into compliance.

As detailed above, most of the alleged Claims against us are false, and almost all of those that are not are inconsequential.

Moreover, the Claimant fails to allege that either he or anyone else has suffered any damages nor harm as a result of the alleged violations by the Respondent. The alleged violations are therefore harmless error.

We appreciate the consultations with your staff who have been patient, helpful and informative in assisting us to come into compliance and to avoid future errors.

In conclusion we ask that this Complaint be dismissed and that there be no sanctions against us.

Respectfully submitted,

David Dehlendorf
San Juan County Democrats

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