

Friends of Patty Kuderer
PO Box 1545
Bellevue, WA 98009

RECEIVED

JAN 18 2018

January 16, 2016

Public Disclosure Commission

Washington Public Disclosure Commission
PO Box 40908
Olympia, WA 98504

Re: Response to Glen Morgan PDC Complaint

To Whom It May Concern:

I have been in the Legislature since September 28, 2015. Since then, I have made every effort to report truthfully, accurately and timely all campaign related matters required by the PDC and the laws of the state of Washington. On January 3, 2018, I received notice of Glen Morgan's complaint outlining 17 counts of alleged PDC violations (filed with the Attorney General on December 13, 2017, and with the PDC on January 2, 2018), each with subsections. The vast majority of the allegations are without merit. However, as outlined below, there were a few items that are valid, though the errors were unintentional and corrections have been or are in the process of being made to the applicable reports. Additionally, steps have been taken to assure these reporting errors do not happen again in the future.

1. Failure to file accurate, timely C3 & C4 reports

See the attached document "Response to Exhibit A." There are 9 allegations of which one I believe is valid. My treasurer reported receipt of 11 cents in interest on the actual deposit date rather than the date he discovered it had been earned. I asked my accountant to amend the report and report all interest on the date discovered rather than actually received by the campaign. Regarding the other allegations, C4s are due when the campaign raises or spends more than \$200, and reports are not due on legal holidays.

1a. Mailing List

Mailing lists were provided by the campaign consultant and paid for as part of the production invoices. No in-kind donation of lists was used for the mailers.

2. Failure to accurately, timely report debt

See the attached document "Response to Exhibit B." There are 49 allegations of which three for 2016 are valid. On 9/14/2016, 11/16/2016, and 12/29/2016, payroll taxes totaling \$962.40 should have been reported as debt per RCW 42.17A.240. The rest of the allegations are without merit as indicated in the Response. The relevant C4s will be amended and steps have been taken to be more careful that this error does not happen again.

3. Failure to properly break down, describe expenses

See the attached document "Response to Exhibit C." There are 14 allegations of which 12 have merit. Here, Mr. Morgan correctly alleges the reports do not contain the "quantity" of the written material purchased and that the landlord's name, as opposed to the vendor to whom the debt was paid, was omitted. Neither my treasurer nor I knew that quantity on printed items or that the name of the actual landlord (as opposed to the vendor) was required to be included on the report. The omissions were unintentional and steps have been taken to ensure this information is included on all invoices sent to the campaign, to ensure proper reporting going forward. I am in the process of amending the applicable C4s from 2016 and 2017 that require this disclosure.

4. Failure to timely file C1

The 2017 C1 was filed on January 11, 2017. There was no activity on the campaign until February 28, 2017, so this was filed in a timely manner.

5. Failure to file reports of contributions received

Again, there was no activity on the 2017 campaign until February 28, 2017, so no report was due.

6. Failure to report last minute contributions

Contribution was received on Friday, November 3 and reported on Monday, November 6. PDC reports aren't due on weekends and if the 48-hour Last Minute Contribution window ends on a weekend, the report is due on the following business day, which is when this report was filed.

7. Failure to list committee officers

It is unclear what definition Mr. Morgan used to make this allegation. Nonetheless, according to the definition given by WAC 390-05-245, none of the individuals listed are committee officers and should not be listed as such. Louise O'Rourke was a paid campaign manager and employee of the campaign. WinPower Strategies, John Wyble, and Katherine Bobman were paid consultants, and as such, they advised the campaign but did not ultimately make any decisions on behalf of the campaign that were not reviewed by me. Abbot Taylor is the treasurer, identified as ministerial on the C1, and is not in a decision-making position.

8. Unauthorized expenditures

I approved all expenditures before they were paid. No other person authorized or approved of expenditures.

9. Failure to timely file C1

All C1s have been filed in a timely manner.

10. Maintaining books for five calendar years

All campaign records are kept and maintained by my treasurer, Abbot Taylor, for a period of no less than seven years.

11. Certification of reports

All C3s and C4s are generated by the treasurer, Abbot Taylor, and then emailed to me for approval prior to filing.

12. Campaign deposits by treasurer

All deposits were made by Abbot Taylor, my treasurer.

13. Failure to record loan by written instrument

All campaign loans were documented contemporaneously and I signed a written loan agreement. As for the missing information, this appears to be an error with ORCA, the PDC's filing software, since my donor information populates in other fields on the C4 – however, as the candidate, my information is readily available on the PDC's website.

14. Failure to include sponsor ID

Because there is no cost to have a Facebook page, there was no Paid For By included on the page. In an effort to be more transparent, we have added a sponsor ID to the Facebook page.

15. Failure to timely submit accurate F1.

In February of 2016, I was asked to join the non-governing board of the ADL of the Pacific Northwest chapter. The ADL-PNW Chapter does not own property nor has it received any money from Washington state, so there was no requirement to report.

16. Failure to accurately disclose ownership of PERS retirement account as an asset.

The PERS retirement account is new and I inadvertently omitted it from the 03/29/2017 F1; I have amended it and have taken steps to ensure this oversight does not occur again. There was no duty to report the PERS retirement account on the F1 filed in 2016 because the amount was less than the reporting threshold of \$2,400.

17. Improper use of surplus funds

The expenses listed are for the general operation and maintenance of the Patricia Kuderer Surplus Fund Account – treasury services to ensure compliance with the PDC regulations and a PO Box to provide a separate legal address for the Surplus Fund Account. This is all proper use of surplus funds.

For all the above-mentioned reasons, I do not believe that my campaign has engaged in any willful or malicious activity that would warrant punitive action by the PDC or the Attorney General.

Sincerely,


Sen. Patricia Kuderer

cc: Washington Attorney General's Office

Response to Exhibit A

Report #	Report Type	Amended? Y/N	Deposit Date	Due Date	Day Reported	Explanation
100689737	C4	N	3/10/16	4/11/16	2016	No report required for Feb 2016 because the \$200 threshold was not crossed, Feb-Mar
100718733	C3	N	8/31/16	9/5/16	9/6/16	9/5/16 was Labor Day, a legal holiday - the report was due the following day Initial C3 was amended upon learning later that the check from the WA State Democrats was a reimbursement for overpaid rent, not a contribution
100751081	C3	Y	11/18/16	12/12/16	3/6/17	No report required for Jan 2017 because the \$200 threshold was not crossed, Jan-Feb 2017
100752059	C4	N	2/10/17	3/10/17		filed on due date
100774207	C3	in process	6/30/17	7/3/17	7/11/17	This was for 0.11 of interest, reported on the date deposited instead of the date discovered in order to provide more accurate information. Accountant will report upon receipt going forward.
100785181	C3	N	8/31/17	9/4/17	9/5/17	9/4/17 was Labor Day, a legal holiday - the report was due the following day
100785158	C3	N	8/31/17	9/4/17	9/5/17	9/4/17 was Labor Day, a legal holiday - the report was due the following day
100785159	C3	N	8/31/17	9/4/17	9/5/17	9/4/17 was Labor Day, a legal holiday - the report was due the following day
100785157	C3	N	8/28/17	9/4/17	9/5/17	9/4/17 was Labor Day, a legal holiday - the report was due the following day