



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

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January 7, 2019

Sent electronically to Glen Morgan at glen@wethegoverned.com

Subject: Pacific County Democratic Central Committee, PDC Case 33373

Dear Mr. Morgan:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on March 26, 2018. The complaint alleged that the Pacific County Democratic Central Committee, a bona fide political party organization registered with the PDC, may have violated RCW 42.17A by failing to properly dissolve as a political party committee, preserve the committee's books of account, and to return excess contributions that exceeded the anonymous contribution limits.

PDC staff reviewed the allegations listed in the complaint, the statutes, rules and reporting requirements, the Monetary Contributions report (C-3 report) and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) filed by the Pacific County Democratic Central Committee (Committee), and the response letter and email exchanges between Committee officers and PDC staff. Based on staff's review, we found the following:

- On February 3, 2017, the Committee filed a Committee Registration (C-1pc report) as a Continuing Bona Fide Political Party Committee, selecting the Full Reporting Option, and listing James Clancy as the Committee Manager and Treasurer. The Committee has been registered and reporting with the PDC since June 1997.
- On January 10, 2018, the Committee filed a December 2017 C-4 report which was marked as a "Final report" disclosing \$22,177.60 in expenditures made that included a \$16,700 to the Washington State Democratic Central Committee, and a \$5,050 expenditure to the South Pacific County Community Foundation for scholarships. The Final C-4 report was filed by the Committee prior to the March 26, 2018, 76 days prior to the complaint being filed.
- Staff's review of the Final C-4 report discovered that the Committee disclosed receiving \$19,975 in total contributions, but made expenditures totaling \$35,899, for a negative (\$15,925) balance on line 18 of the report. Staff reviewed the C-4 reports filed for 2017 and found the January 2017 did not have a carryforward balance as the beginning cash on hand from 2016. Staff contacted the Committee and advised they

conduct a reconciliation of the bank statements and C-4 reports from 2016 and 2017 to determine the scope of the error.

- James Clancy, Treasurer for the Committee responded after conducting a review and indicated that the original C-4 report filed for January 2017 “was submitted with a variety of mistakes.” He stated the most substantial error was that the Committee failed to carry forward the cash on hand balance from the December 2016 C-4 report, as the beginning balance for calendar year 2017. He added that since the Online Reporting of Campaign Activity (ORCA), the campaign finance software developed by PDC staff “does not enforce an initial cash position, I overlooked this entry. The carry forward balance as of January 1, 2017 should have been \$14,545.01 instead of the zero amount, that included \$11,377.43 in the Committee checking account; \$3,165.65 in GNNWCU shares; and \$214.29 in PayPal funds.”
- In addition, Mr. Clancy stated that the Committee discovered that contributions received through two Committee vendors, PayPal and Square, were excluded from contribution information that was cut and pasted from the .CVS formatted report and were not entered into ORCA totaling \$1,289. The Committee entered in the missing contribution information and filed amended C-3 reports disclosing \$1,289 in new contributions.
- Between November 26 through 28, 2018, the Committee filed 24 amended C-4 reports, including an amended Final C-4 report for December of 2017 disclosing \$36,128.09 in total contributions and \$36,180.22 in total expenditures, and a negative (\$52.13) cash on hand balance. The Committee was not able to determine the source of the negative balance, but the amount represents less than .14 percent of all committee activities.
- On June 21, 2017, the Committee filed a C-3 report disclosing the receipt of \$2,382 in contributions received and deposited on March 18, 2018, that included \$1,165 in contributions disclosed on line 1a of the report as anonymous contributions. rather than small non-itemized contributions. The Committee was limited to receiving \$300 in anonymous contributions during calendar year 2017, at the time of the event in accordance with RCW 42.17A.220(4).
- PDC staff notified Mr. Clancy about the anonymous contribution limits and asked if the Committee could identify the source of the anonymous contributions disclosed on the C-3 report and he filed an amended C-3 report disclosing that information.
- Mr. Clancy stated the Committee conducted a thorough review of the receipts for the Pacific County Democratic Central Committee Crab Feed, which was the fundraising event held on March 18, 2017, and he filed an amended C-3 report reducing the amount of anonymous contributions to \$875. The remaining \$875 disclosed as anonymous contributions, included:
 1. \$840 of the anonymous contribution total was received at the Crab Feed and he suspected that most of the anonymous contributions came from sales of food or simple contributions, for which neither he nor the Committee had records.
 2. The remaining \$35 in anonymous contributions came from a meeting in the summer 2017.
- Mr. Clancy stated that during his time as Committee Treasurer, he was not aware of the low-cost fund raiser reporting option and added that had he known at the time of the events the Committee likely could have disclosed the contributions received at those events as proceeds from a low-cost fundraiser. In addition, he stated that he was also not aware of the \$300 anonymous contribution limit.
- Since the Committee could not identify the source of the of contributions received at the Crab Feed and meeting, the \$875 in contribution received were truly anonymous contributions and those contributions are subject to a \$300 limitation in accordance with RCW 42.17A.220(4). PDC staff informed the Committee that based on the statute, the \$575 in anonymous contributions that exceeded the \$300 limit must be returned or “escheat” to the state for deposit into the state General Fund.

- On December 21, 2018, the PDC received a check for \$575 from the Pacific County Democratic Central Committee for exceeding the anonymous contribution limits, that was forwarded to the Department of Enterprise Services, a state agency that processes and handles small agencies collections, for deposit into the state General Fund in accordance with the statute.

Pursuant to WAC 390-37-060(1)(b), the Pacific County Democratic Central Committee have been formally warned concerning their failure to timely file Monetary Contributions reports (C-3 reports) and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) disclosing contribution and expenditure activities, including carrying forward the correct cash on hand from the prior year, properly accounting for contributions received, and adherence to the anonymous contribution limit. The formal written warning will include staff's expectation that the Pacific County Democratic Central Committee will timely file accurate and complete C-3 and C-4 reports in future years, should the Committee become active again in accordance with PDC laws and rules. 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 the above, the PDC has dismissed your complaint in accordance with RCW 42.17A.755(1)(a).

If you have questions, you may contact me at (360) 586-2869, toll-free at 1-877-601-2828, or by e-mail at erick.agina@pdc.wa.gov.

Sincerely,

Erick Agina
PDC Compliance Officer

Endorsed by:

Peter Lavalley
PDC Executive Director

cc: Pacific County Democratic Central Committee

