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November 8, 2018

Phil Stutzman
Sr. Compliance Officer
PO Box 40908
Olympia, WA 98504-0908

RE: NARAL Pro-Choice Washington PAC
PDC Case 34202
SCBIL File No. 6579-001

Dear Mr. Stutzman:

We write in response to Citizen Complaint #34202, originally filed on April 10th of this year. Many of Mr. Morgan's allegations are absolutely unfounded, as described herein. Several of them seem to be based on a fundamental misunderstanding of the internal governing structure of the Committee, of campaign finance law, or even of the basic facts regarding reporting requirements. The vast majority of the allegations should be dismissed outright.

1) Failure to file accurate, timely C3 and C4 reports, failure to timely deposit contributions (Violation of RCW 42.17A.235, .220)

Mr. Morgan alleges in *Attachment A* that since 2015, the PAC has filed 67 late reports. However, all but a handful of the allegedly late C-3 reports included in Mr. Morgan's Exhibit involve reports that were not late at all because the reports reflect mere bank interest that did not need to be reported in the first place. Specifically, Mr. Morgan alleges that the following reports were late but each of these reports lists mere cents of accumulated bank interest:

2017:

100807308
100807309
100800586
100790655
100790649
100790656
100756682

2016:

100739721
100739720
100735030
100705264
100695077
100685449

2015:

100655389
100646516
100640902
100640904
100640901

The PAC was under no legal obligation to report this accrued interest in the first place, as the FCPA explicitly provides that “standard interest on money deposited in a political committee’s account” is not considered a “contribution” for reporting purposes. 42.17A.005(13)(b)(i). It is therefore unreasonable to penalize the Committee for failing to timely report contributions it was not required to report in the first place.

The majority of the allegedly late C-4 reports reflected in Exhibit A are similarly misleading. Approximately half of the reports shown in Exhibit A are characterized as late based on the fact that, while originally filed on time, the reports were subsequently amended with more accurate information. Over the course of 2017, the PAC had a significant staff change. During the time between July 27 and September 15, the organization searched, hired and trained a new staff member who recorded online transactions. In October 2017, this new staff member realized that 3 online deposits were not recorded in ORCA, and therefore had not been sent to the PDC. Quickly wishing to rectify this mistake a call was made to the PDC to find out the best way to fix the mistake. The PAC was directed to submit a C-3 for these deposits and then resubmit all C-4s since the date of the deposits. Correcting the PAC’s reporting to reflect those three deposits thus had a cascading effect that necessitated amendment of all reports that followed.

Moreover, Mr. Morgan is incorrect in asserting that a report that has been amended is necessarily late. At the time these amended reports were filed, there was no law holding that the mere act of amending a report thereby transformed the report into a *de facto* late filing. Indeed, even under the recent revisions to the FCPA as to when an amended report is considered “late,” set to take effect on January 1, 2019, some of the instances claimed by Mr. Morgan would fall under the exception for reports that are amended within 21 days of the original report but more than 30 days of an election. RCW 42.17A.235(10). The allegations regarding allegedly late reports should be dismissed, as the law does not and did not support Mr. Morgan’s suggestion that an amended report is a late report.

Aside from the C-3 reports reflecting mere bank interest, and reports that were originally timely filed but were later amended, there are only a handful of allegedly late reports left in Exhibit A. While the PAC acknowledges that some reports have been filed late, any instances of late filings were never done intentionally or willfully, and were certainly not so widespread as to merit any economic sanction. While the PAC in no way intends to suggest that *any* late reporting is acceptable, the extent of Mr. Morgan’s manipulation and over exaggeration of any late reporting bears emphasizing.

Further, the PAC has taken steps to ensure C-4 reports and late C-3 reports are not filed late going forward. The PAC’s staff has been trained to plan out the year with all important PDC dates marked. Furthermore staff is required to use the online credit card transaction portal to verify online deposits every day. All transactions are then inputted and filed in ORCA immediately. Lastly before each C-3 and C-4 is filed, the amount listed under “Cash Summary” is verified with the bank account balance and the balance listed in QuickBooks.

Finally, Mr. Morgan's allegation that the PAC has at any time failed to report debt and properly break down expenditures is wholly without merit. The PAC has no debt to report; no services have been received or obligations to pay incurred in a month other than when the expenditure was properly reported on a C-4 report. And in the absence of any more specific allegation claiming that the PAC has not fully detailed expenditures, the PAC is unable to defend this baseless and vague allegation.

2) Failure to report last minute contributions. (Violation of RCW 42.17A.265)

This allegation has no support. The NARAL Pro-Choice PAC has always properly reported last minute contributions.

3) Failure to list committee officers, timely file/update C-1/C-1PC. (Violation of RCW 42.17A.205, see WAC 390-05-245)

Due to an administrative error, the PAC's C-1pc report was not updated for a short period of time. The form was updated in January 2018 and is currently completely up to date.

4) Illegal unauthorized expenditure of funds by an individual not listed as an officer on form C-1/C1Pc (Violation of RCW 42.17A.425)

Due to an administrative error, the PAC's C-1pc report was not updated for a short period of time. The form was updated in January 2018 and is currently completely up to date. Moving forward, administrative staff has been trained to always submit a C-1/C-1pc by January 4 of each year and update with new committee members when there are changes.

5) Failure to preserve books of account, bills, receipts, and all other financial records of the campaign or political committee for not less than five calendar years following the year during which the transaction occurred (Violation of RCW 42.17A.235(6))

This accusation is wholly lacking in any factual support. The PAC maintains detailed financial records dating back to 2012, as required by RCW 42.17A.236(6).

6) Illegal depositing of campaign funds into bank account by person other than the treasurer or deputy treasurer (Violation of RCW 42.17A.220 (1))

Due to an administrative error, the PAC's C-1pc report was not updated for a short period of time. The form was updated in January 2018 and is currently completely up to date.

7) Failure to include sponsor ID (Violation of RCW 42.17A.320)

This allegation lacks any support. Moreover, the PAC has never advertised on Facebook or other digital mediums, as the complaint suggests. NARAL Pro-Choice

Washington PAC did not pay for political advertisements in 2015, 2016, and 2017. All membership communications have been properly reported and included all necessary information.

8) Failure to timely file form C6 reporting independent expenditure (Violation of RCW 42.17A.255(2))

The PAC has made only a handful of independent expenditures, all of which were properly reported on C-6 reports in 2014 and 2017. No independent expenditures were undertaken in 2015 or 2016, and no reports were necessary. In the absence of any particularized allegations, it is impossible to respond to Mr. Morgan's vague and unsupported allegations.

In conclusion, the PAC concedes that it has made some mistakes and failed to timely file reports in some instances. The PAC takes these issues very seriously and has taken steps to ensure it is successful in reporting in the future.

Sincerely,



Danielle Franco-Malone
Counsel for NARAL Pro-Choice Washington PAC