



**State of Washington  
PUBLIC DISCLOSURE COMMISSION**

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March 9, 2021

Sent Electronically to Pinky Vargas and Josie Olsen, with Blue Wave Consulting

Subject: PDC Audit Report Cover Letter Re: 2018 Pinky Vargas for Senate Campaign audit,  
PDC Audit No. 20-02

Dear Ms. Vargas and Ms. Olsen:

This letter is to inform you that PDC staff has completed the limited-scope audit of the 2018 Pinky Vargas for Senate Campaign (Campaign). Staff's audit found:

- The Campaign substantially complied with the candidate reporting requirements found in RCW 42.17A and WAC 390, concerning the timely and accurate filing of the Monetary Contribution reports (C-3 reports) and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) reviewed as part of this audit.
- Documentation provided for selected expenditures as part of the Campaign books of account verified the expenditure information disclosed on the Schedule A to C-4 reports. Staff also noted that creating a separate entry for expenditures less than \$50 in the ORCA campaign filing software or vendor software used by the Campaign was a good way to accurately document those expenses.
- Practices concerning contribution and expenditure activities and internal control procedures were sound and properly facilitated the timely and accurate disclosure of activities undertaken by the Campaign during the 2018 election cycle.

Thank you both for fully cooperating with PDC staff concerning this audit. If you have questions, you may contact me at (360) 664-8854, toll-free at 1-877-601-2828, or by e-mail at [kurt.young@pdc.wa.gov](mailto:kurt.young@pdc.wa.gov).

Sincerely,

Endorsed by:

s/ \_\_\_\_\_  
Electronically Signed Kurt Young,  
PDC Compliance Officer

s/ \_\_\_\_\_  
Electronically Signed Peter Lavallee,  
PDC Executive Director



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BEFORE THE PUBLIC DISCLOSURE COMMISSION  
OF THE STATE OF WASHINGTON

In RE COMPLIANCE WITH  
RCW 42.17A

2018 Pinky Vargas for Senate  
Campaign

Respondent.

PDC Audit No. 20-02

Audit Report

**I.**

**Audit Scope**

- The Public Disclosure Commission (PDC) has the authority under RCW 42.17A.105 and .110 to conduct audits of candidates, committees and other filing entities.
- Initiative 134, a statewide initiative concerning campaign finance and contribution limits was overwhelmingly approved by voters in 1992 and included the requirement for the PDC to conduct audits of filers. The audits are meant to provide the public with the findings of reviews conducted of candidates, political committees and other filers, and to determine those filers' degree of compliance with the reporting requirements and provisions of RCW 42.17A.
- The audit findings provide PDC staff with an opportunity to identify problem areas in reporting campaign or committee contribution and expenditure activities that may suggest a need to revise the PDC's advice and guidance given to filers, to recommend or initiate changes in the law, or to adopt or revise the rules for reporting, and if necessary, enforcement. The Commission believes that the primary purposes of conducting audits are to:
  1. Verify that the information disclosed on candidate and political committee campaign finance reports is timely and accurate in accordance with RCW 42.17A.
  2. Determine whether candidates and political committees are in substantial compliance with the law, rules and reporting requirements.
  3. Evaluate record keeping and reporting procedures used by filers and suggest corrective action to ensure future compliance with the law, or law/rule changes as necessary, depending on the audit findings.

- PDC staff selected four State Senate races from the 2018 election cycle, involving eight Legislative candidates, for limited-scope audits to be conducted based on the audit criteria established by staff. The audit criteria included that both 2018 Senate candidates in each Legislative District were in a contested 2018 general election, with both candidates disclosing significant contribution and expenditure activities, and the election generated significant public interest.
- Once the eight Senate audits have been completed, PDC staff will be selecting eight candidates for State Representative from the 2020 election cycle to conduct limited-scope audits based on the same audit criteria listed above.

## II.

### **Audit: Respondent Background**

- Pinky Vargas is an incumbent City of Bellingham City Council member since being elected to that office in 2013. She was re-elected to the Bellingham City Council in 2017.
- On January 15, 2018, Pinky Vargas filed a Candidate Registration (C-1 report) declaring her candidacy for election to the office of State Senator in the 42<sup>nd</sup> Legislative District in 2018, selecting the Full Reporting Option and listing her Campaign Officers as Jay Petterson, Treasurer, and Anne Lindsey as Deputy Treasurer, with Blue Wave Consulting.
- On December 21, 2020, PDC staff sent an email to the Pinky Vargas Campaign, and attached a letter notifying her that staff was conducting audits of four 2018 contested Senate races as previously discussed with Mr. Petterson, Treasurer for the 2018 Campaign, during a brief telephone conversation. The letter stated staff was conducting a limited-scope audit of the two 2018 candidates that ran for State Senator in the 42<sup>nd</sup> Legislative District, which included Ms. Vargas. The letter requested documentation maintained by the Campaign for selected expenditures made during the 2018 election cycle, in addition to a brief narrative concerning general contribution and expenditure campaign practices, including the record keeping of the campaign books of account in order to complete the audit work.
- As noted above, the audits provide the PDC and the public with an opportunity to determine the degree of compliance with the PDC reporting requirements, thereby enhancing and strengthening the public's confidence in the campaign finance information being disclosed by filers. The audits also assist in identifying areas in the reporting of campaign contribution and expenditure activities that may suggest a need to update or revise the advice on the PDC website in the PDC online candidate manuals, and from Filer Assistance staff, and areas of potential changes in the law or amendments made to the PDC rules to further clarify a specific reporting requirement.
- The limited-scope audits consist primarily of reviewing the Monetary Contributions reports (C-3 reports), and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) filed by each Campaign, and queries conducted by PDC staff of the contribution and expenditure databases on the PDC website. The information is reviewed to determine the Campaign's timeliness and accuracy in disclosing contribution and expenditure activities undertaken on the C-3 and C-4 reports in accordance with the reporting requirements found in RCW 42.1A.235 and .240.

### **III.** **Audit Findings**

- The 2018 Pinky Vargas for Senate Campaign – Friends of Pinky Vargas (Campaign) disclosed receiving \$555,894 in total contributions and \$545,296 in total expenditures made during the 2018 election cycle, with \$10,598 as a cash on hand balance through June 30, 2020 on the most recent C-4 report filed on July 8, 2020. Staff noted the Campaign did not have any funds transferred in from Ms. Vargas’s prior Bellingham City Council races.

#### **Timeliness and Accuracy in the filing of C-3 reports disclosing contributor information:**

- Candidates appearing on the 2018 primary and general election ballots who selected the Full Reporting option were required to file weekly C-3 reports every Monday beginning June 1, 2018 through the date of the general election, disclosing contributions that were received and deposited the previous seven days. Prior to June 1, 2018, candidates were required to file monthly C-3 reports for deposits of campaign contributions made during the month or period covered by the C-4 report.
- RCW 42.17A.220 requires candidates to timely deposit monetary contributions received into the campaign bank account or depository within five business days of receipt.
- For the 2018 election cycle, the Campaign filed C-3 reports disclosing contributions received covering the period January 15 through December 31, 2018, that included 2,047 separate monetary and in-kind contributions totaling \$555,894. The \$555,894 in total monetary and in-kind contributions received included anonymous and small non-itemized contributions as disclosed on C-3 reports.
- The Campaign’s four largest contributors in 2018 included the following political party committees and caucus political committees:
  1. Washington State Democratic Central Committee (WSDCC): A total of \$109,413 was received from the WSDCC for six in-kind contributions received during the 2018 election cycle for the printing and postage for mailers, and one \$10,000 monetary contribution received on October 9, 2018.
  2. Washington State Democratic Campaign (WSDC): A total of \$65,000 in monetary contributions were received from the WSDC during the 2018 election, plus an additional \$6,844 for in-kind contributions received.
  3. House Democratic Caucus Committee (HDCC): A \$50,000 monetary contribution was received from the HDCC on September 28, 2018.
  4. Whatcom County Democratic Party (WCDP); A total of \$14,260 was received from the WCDP that included \$13,000 in monetary contributions received and \$1,260 for three in-kind contributions from the WCDP during the 2018 election.
- The Campaign disclosed receiving four anonymous contributions totaling \$124.

- Based on the number of C-3 reports filed by the Campaign, staff reviewed approximately every fifth C-3 report filed for contributions received and deposited beginning June 1, 2018, when the accelerated reporting requirements began for C-3 reports for 2018 candidates appearing on the ballot. Under that reporting requirement, C-3 reports are required to be filed every Monday for contributions received and deposited the preceding seven calendar days. The 2018 C-3 reports filed by the Campaign and reviewed by staff included the following:

<b>Date Received</b>	<b>Date Deposited</b>	<b># of contributors and description</b>	<b>Total C-3 Amount</b>	<b>C-3 Filing Date</b>	<b>Days Late</b>
6/7/2018	6/8/2018	Four contributions rec'd, one for a \$100 and two for \$50 from ind.	\$225	6/9/2018	0
6/21/2018	6/21/2018	Three contributions rec'd w/\$1,000 cont. from SEIU WA State.	\$1,100	6/22/2018	0
6/30/2018	7/2/2018	Two-page C-3 report with six itemized contributors, including three ind. cont. \$100 each and two small donors.	\$406	7/9/2018	0
7/12/2018	7/13/2018	Four contributions received w/a \$500 cont. from Pub School Employees.	\$975	7/16/2018	0
7/25/2018	7/26/2018	Five itemized contributions: \$1,000 cont. from Teamsters Leg League & WA St Building/Trades PAC.	\$2,350	7/27/2018	0
7/30-8/1 2018	8/3/2018	Three itemized contributions: a \$700 cont. and a \$500 cont. from two retired individuals.	\$1,205	8/3/2018	0
8/15/2018	8/17/2018	15 contributions from individuals between \$50-\$200, and 9 small contributors totaling \$181.	\$1,561	8/20/2018	0
8/28/2018	8/31/2018	Five contributions with \$1,000 cont. from SEIU WA State and IBEW Local #191, plus two small contributors (\$35).	\$2,335	9/2/2018	0
8/30-9/1 2018	9/4/2018	Five-page C-3 report, 47 contributions, all individuals contributing between \$5 to \$250.	\$3,485	9/10/2018	0
9/6-9/9 2018	9/11/2018	Three-page C-3 report, 20 contributions, all individuals contributing: 3-\$1,000 cont., and 3-\$500 cont.	\$5,992	9/14/2018	0
9/13-9/15 2018	9/17/2018	Four-page C-3 report, 37 contributions, all individuals including 1-\$1,000 cont., 1-\$750 cont., and 4-\$500 cont.	\$7,280	9/20/2018	0
9/20-9/23 2018	9/25/2018	Four-page C-3 report, 31 contributions, all individuals including a \$1,000 cont., 1-\$500 cont., and 3-\$250 cont.	\$4,630	9/27/2018	0
9/25-9/28 2018	9/28/2018	Six-page C-3 report with a \$65,000 contribution from the WA Senate D Caucus, and \$50,000 contribution from HDCC.	\$134,895	10/2/2018	0
10/2-10/2 2018	10/5/2018	Four-page C-3 report, 37 itemized contributions w/5 \$1,000 cont. from AFT; the Nisqually and Snoqualmie Tribes; WA Alliance for Gun Safety; and Pacific NW Regional Council.	\$10,424	10/8/2018	0

10/11/2018	10/11/2018	Three-page C-3 report, 19 itemized cont. \$2 to \$545 in cont. + 262 small contributors totaling \$1,094	\$2,619	10/15/2018	0
10/15 – 10/17 2018	10/18/2018	Two-page C-3 report, 16 itemized cont. including a \$6,000 monetary contribution from the Whatcom Co Dem’s; 4-\$1,000 monetary contributions from PAC’s and Lobbyist Employers.	\$12,539	10/18/2018	0
10/19 – 10/23 2018	10/23/2018	Six-page C-3 report, 52 itemized cont. including 3-\$1,000 monetary contributions and one \$750 from PAC’s and Lobbyist Employers.	\$8,225	10/30/2018	0
10/25 – 10/26 2018	10/29/2018	Three-page C-3 report, 18 itemized cont., all from individuals including a \$1,000 cont. a \$500 cont., and three \$250 cont.	\$3,727	10/30/2018	0
10/31/2018	11/2/2018	Two-page C-3 report, eight itemized contributors including \$1,000 cont. from Maria Cantwell for US Senate; two-\$750 cont.; and a \$500 monetary contribution.	\$3,417	11/5/2018	0
11/7/2018	11/7/2018	Two-page C-3 report, six itemized cont. including four \$1,000 cont. from IBEW 77 PAC; Puyallup Tribe; Samish Tyee; and one individual.	\$4,900	11/8/2018	0
11/19- 11/21 2018	11/23/2018	Seven-page C-3 report, 81 itemized cont. all from individuals between \$20-\$250 + 32 small contributors totaling \$620.	\$4,503	12/10/2018	0
<b>Totals</b>			<b>\$214,052</b>		

- PDC staff reviewed all 21 C-3 reports filed listed in the chart above totaling \$214,052, which represented 38.5 percent of the \$555,894 in total contributions received during the 2018 election cycle.
- As noted in the table above, the Campaign timely filed all 21 C-3 reports reviewed by staff as part of this audit.
- In addition, the review verified that the Campaign timely deposited the contributions received within five business days of receipt in accordance with RCW 42.17A.220.
- PDC staff downloaded the 2018 contribution database for the Campaign as a CSV file into an Excel spreadsheet, formatted and sorted the spreadsheet, and then conducted a review of the 2018 contributor information disclosed on C-3 reports. As part of that review, staff confirmed the Campaign complied with the 2018 election contribution limits.
- Staff’s review also indicated the Campaign disclosed the required Employer and Occupation information for 764 individuals who contributed more than \$100 to the Campaign.
- The C-3 report review disclosed that 176 of the individual contributors who donated more than \$100 were listed by the Campaign as being “Retired”, and an additional 206 contributors were disclosed as being “Not Employed.”

- The PDC audit procedures include staff identifying contributors that made monetary contributions to the Campaign and then verifying or confirming information disclosed concerning that specific contribution.
- For these audits, staff verified or confirmed selected contributions received by the Campaign by reviewing the expenditure reports of continuing political action committees (PAC) that were registered and required to file C-3 and C-4 reports with the PDC in CY 2018 and made contributions in 2018 to the Campaign.
- Staff reviewed the contribution spreadsheet and selected 10 PAC contributors that made monetary contributions totaling at least \$1,000 to the Campaign during the 2018 election, and also reviewed the corresponding C-3 reports filed by the Campaign disclosing each PAC contribution. The review included listing the date the contributions were received, the date the contributions were deposited, and the date the C-3 report was filed.
- Staff then reviewed the C-4 reports filed by the selected contributing PAC listed in the chart below for the corresponding contribution expenditure information disclosed on the Schedule A to C-4 report. The contribution information from the Campaign C-3 reports and the contribution expenditure information from the PAC C-4 reports was entered into the chart below and included the following:

<b>Date Received - Campaign</b>	<b>Contributor name</b>	<b>Amount</b>	<b>C-3 Report Filed</b>	<b>Date Made By Donor</b>	<b>Disclosed by Donor</b>
10/9/2018	Whatcom County Democratic Party	\$7,000	10/15/2018	10/5/2018	C-4 report
10/15/2018	Whatcom County Democratic Party	\$6,000	10/18/2018	10/10/2018	C-4 report
7/25/2018	WA Teamsters Leg. League	\$1,000	7/27/2018	6/27/2018	C-4 report
9/25/2018	WA State Council of County and City Employees	\$1,000	10/2/2018	9/13/2018	C-4 report
9/5/2018	WA State Nurses Assn PAC	\$1,000	9/10/2018	8/27/2018	C-4 report
9/5/2018	WA State School Retirees PAC	\$1,000	9/10/2018	8/18/2018	C-4 report
9/25/2018	WA Machinists Council	\$1,000	10/2/2018	9/18/2018	C-4 report
9/25/2018	WA Education Assn PAC	\$1,000	10/2/2018	9/20/2018	C-4 report
10/2/2018	WA Alliance for Gun Responsibility	\$1,000	10/8/2018	9/26/2018	C-4 report
10/29/2018	Sustainable Future PAC	\$1,000	11/5/2018	10/22/2018	C-4 report

- The review indicated that the Campaign received and deposited all ten of the contributions selected for review within five business days of receipt as required by statute. As noted in the chart above, the Campaign disclosed the contributor's names for the 10 monetary contributions from the selected PAC's within eight to 30 days after each PAC disclosed making the contributions.
- Staff based that information solely on the dates the expenditure for the contribution was disclosed as having been made by the PAC on the corresponding C-4 report, and the date the contribution was disclosed as having been received on the C-3 report filed by the Campaign.

**Timeliness and Accuracy in the filing of C-4 reports, providing expenditure information:**

- Candidates under the Full Reporting option in 2018 were required to file monthly C-4 reports by the 10th of each month disclosing contribution and expenditure activities incurred in the previous calendar month, and candidates appearing on the 2018 primary and general election ballots were required to file the following C-4 reports:
  1. A 21-day Pre-Primary election C-4 report was due on July 17, 2018, covering the period June 1 through July 16, 2018.
  2. A 7-day Pre-Primary election C-4 report was due on July 31, 2018, covering the period July 17 through July 30, 2018.
  3. A Post-Primary election C-4 report was due by September 10, 2018, covering the period August 1 through August 31, 2018.
  4. A 21-day Pre-General election C-4 report was due on October 16, 2018, covering the period September 1 through October 15, 2018.
  5. A 7-day pre-General election C-4 report was due on October 30, 2018, covering the period October 16 through October 29, 2018.
  6. A Post-General election C-4 report was due by December 10, 2018, covering the period October 30 through November 30, 2018.
- During 2018, the Campaign timely filed C-3 and C-4 reports throughout the year including the 21-Day and 7-Day Pre-Primary and Pre-General Election C-4 reports as detailed in the chart below.

<b>C-4 Report</b>	<b>Date Due</b>	<b>Date Filed</b>	<b>Contributions Received</b>	<b>Expenditures Made</b>	<b>Expenditure details</b>	<b>Days Late</b>
January 2018 C-4 report	2/12/2018	2/12/2018	\$11,476.14	\$281.45	N/A	0
February 2018 C-4 report	3/10/2018	3/12/2018	\$8,838.14	\$2,833.90	\$2,000 to Blue Wave Political (BWP) F/R & Compliance Consult.	N/A
March 2018 C-4 report	4/10/2018	4/10/2018	\$9,946.20	\$12,121.03	\$3,000 to BWP for F/R Compliance Consult; \$1,500 to Cerillion N4 Partners (CN4) for Web/Media Image	0
April 2018 C-4 report	5/10/2018	5/10/2018	\$11,927.14	\$8,672.16	\$3,000 to BWP for F/R Compliance Consult; \$2,949 salary for Campaign staff	0
May 2018 C-4 report	6/11/2018	6/11/2018	\$10,258.72	\$13,897.64	3,000 to BWP for F/R Compliance Consult; \$2,322 to CN4 to print flyers & remit's	0
2018 21-Day Pre Primary C-4 report	7/17/2018	7/17/2018	\$16,179.44	\$20,289.82	\$6,000 to BWP for F/R Compliance Consult; \$4,442 salary for Campaign staff; \$2,461 to Capitol City Press	0



2018 7-Day Pre Primary C-4 report	7/31/2018	7/31/2018	\$5,683.14	\$488.25	\$7,500 Orders placed with CN4 for 7,500 direct mail pieces.	0
2018 Post-Primary C-4 report	9/10/2018	9/10/2018	\$26,602.43	\$18,589.69	\$7,500 Expenditure to CN4 for 7,500 direct mail pieces; \$4,442 salary for Campaign staff; \$3,000 to BWP.	0
2018 21-Day Pre-General C-4 Report	10/16/2018	10/16/2018	\$284,629.60	\$290,443.88	\$227,158 from 41 expenditures to CN4 including cable TV media buy w/station breakdown; \$25,800 IK contributions for WA State D's for polling & research.	0
2018 7-Day Pre-General C-4 report	10/30/2018	10/30/2018	\$139,213.54	\$106,392.56	\$79,536.12 IK contributions from WSDCC for multiple direct mail pieces; \$16,500 to CN4 for video production.	0
2018 Post General election C-4 report	12/9/2018	12/10/2018	\$31,261.75	\$45,156.43	\$15,000 to CN4 for Software Rental & Facebook ads; \$10,948 for salaries for Campaign staff.	0
2018 December C-4 report	1/10/2019	12/31/2018	\$1.01	\$25,378.25	\$14,000 to Brooke Davis Consulting; \$3,000 to BWP; \$5,900 for salaries for Campaign staff.	0

- The Campaign disclosed orders placed, debts or obligations on every C-4 report filed for the 2018 election cycle, including orders placed on the 21-Day and 7-Day Pre-General Election C-4 reports, and the Post-Election C-4 reports. The orders placed, debts and obligations disclosed by the Campaign ranged in amounts from between \$6,397.04 to \$13,064.21 for the 2018 election cycle. There were no candidate loans made to the 2018 Campaign, or any loans from a contributor.
- The C-4 reports timely disclosed expenditure information for payments made to vendors using Campaign funds, largely involving political advertisements, and other miscellaneous Campaign services during the 2018 election cycle. The vendors receiving the largest Campaign expenditures during the 2018 election included the following:
  1. 49 expenditures totaling \$269,980.41 were made to Cerillion N4 Partners (CN4) for cable TV, radio and media advertising, print advertisements for direct mail and walking pieces, digital advertising, video production, and other services that included the following required expenditure details concerning third party sub-vendor breakdown. Those details have been summarized by staff as follows:
    - The Campaign made 34 expenditures to CN4 totaling \$150,00 on October 2, 2018, for a media buy on cable TV in which the Campaign disclosed the station by station breakdown of each cable TV station running advertisements, including date and amount.

- One \$40,000 expenditure was made to CN4 on October 10, 2018 for “Digital Advertising: Change Media Group, Facebook (October).”
  - Two expenditures totaling \$25,380 were made to CN4 for a radio ad buy that included \$19,580 to the Cascade Radio Group made on October 12, 2018, and \$5,800 to KPUG on October 12, 2018.
2. A total of 32 expenditures were made totaling \$42,315.20 to three individuals during the 2018 election cycle for staff salaries.
  3. A total of eight expenditures were made totaling \$36,000 to Brooke Davis Consulting, Inc., for General Strategy and Consulting.
  4. A total of 12 expenditures were made totaling \$32,500 to Blue Wave Political Partners for Fundraising and Compliance Consulting.
- As part of the audit, PDC staff requested the Campaign provide copies of the books of accounts maintained for 13 expenditures that are listed below and were made by the Campaign during the 2018 election, including supporting documentation such as invoices, receipts, cancelled checks, notes, emails, etc.
  - On January 18, 2021, the Campaign sent an email to the PDC with several attachments providing the requested the books of account documentation for the expenditures listed in the Audit letter. **Audit Exhibit #1.** PDC staff has included the Campaign expenditures selected for review below, along with a summary of each expenditure including the date, amount and a description of the services disclosed on the C-4 reports, and the documentation provided by the Campaign. A summary of the information provided by the Campaign was reviewed by staff for the expenditures listed below and included the following:
    1. A \$40,000 expenditure was made on October 10, 2018 to Cerillion N4 Partners (CN4) for digital advertising “Change Media Group, Facebook (October).”

The documentation provided by the Campaign included a copy of: (a) Campaign check #1054 for the Friends of Pinky Vargas Campaign dated October 10, 2018, made out to CN4 in the amount of \$44,821, with the “For” line stating “Inv 1198, 1199, 1193”; and (b) a copy of a CN4 Invoice #1193 which listed the Order Date as October 5, 2018, a November 4, 2018 due date, with payment terms as “Net 30”, and the description field stated “Media Buy, Digital Advertising (Subvendor: Change Media Group)” and costing \$40,000.

2. A \$19,580 expenditure was made on October 12, 2018 to CN4 for “Media Advertising: Cascade Radio Group (10/4 to 11/6).”

The documentation provided by the Campaign included a copy of: (a) Campaign check #1055 for the Friends of Pinky Vargas Campaign, dated October 12, 2018, made out to CN4 in the amount of \$25,380, with the “For” line stating “Inv 1192, 1197”; and (b) CN4 Invoice #1192 listing the Order Date as October 3, 2018, with an October 3, 2018 due date, payment terms “Net 30”, and the description “Media Buy, Cascade Radio Group (Flight Dates: 10/4 to 11/6/2018)” with a total cost of \$19,580.

3. A \$16,000 expenditure was made on October 22, 2018 to CN4 for “Video Production: Wes Gilliland, Michael Cuddy Productions.”

The documentation provided by the Campaign included a copy of Campaign check #1061 for the Friends of Pinky Vargas Campaign, and a copy of a CN4 Invoice #1222. The Campaign check was dated October 22, 2018, made out to CN4 in the amount of \$16,500, and the “For” line on the check listed “Inv 1222.”

The CN4 invoice listed the Order Date as October 18, 2018, with an October 18, 2018 due date, with payment terms stated as “Due on Receipt.” The description on the invoice stated that the activity was for a “Media Buy, Video Production and Editing. Subvendors: Wes Gilliland, Michael Cuddy Productions. Billed at cost” with a total cost of \$16,500.

4. A \$10,000 expenditure was made on November 8, 2018 to Cerillion N4 Partners for “Software Rental: Chism Strategies.”

The documentation provided by the Campaign included a copy of Campaign check #1069 for the Friends of Pinky Vargas Campaign, and a copy of a CN4 Invoice #1270. The Campaign check was dated November 8, 2018, made out to CN4 in the amount of \$15,000, and the “For” line on the check listed “Inv 1270.”

The CN4 invoice listed the Order Date as November 2, 2018, with a November 2, 2018 due date, with payment terms stated as “Due on Receipt.” The description on the invoice stated that the activity was for a “Media Buy, Paid Phone Program. Subvendor: Chism Strategies” with a total cost of \$10,000. The invoice also included \$5,000 billing for a “Media Buy, Digital Add-on, Starts 11/2.”

5. Two expenditures totaling \$5,015.79 were made to Capitol City Press on July 9, 2018 to print 2,636 invites, remittance envelopes, mailing envelopes, and postage (\$2,461.34); and on September 14, 2018 to produce 500 yard signs and 500 metal stakes.

The documentation provided by the Campaign included a copy of Campaign checks #1025 and #1040 for the Friends of Pinky Vargas Campaign, and a copy of a Capitol City Press Invoices #121744 and #123892. **Campaign check #1025:** The check was dated July 9, 2018, made out to Capitol City Press in the amount of \$2,461.34, and the “For” line on the check listed “Inv 121777.”

The Capitol City Press invoice listed the Invoice Date as April 24, 2018, with a notation “Payment due on or before 5/1/2018” and the terms stated as “Due Upon Receipt.” The invoice totaled \$2,461.34 and the description listed three print jobs: (1) 2,636 invites were printed for a cost of \$709.25; (2) 2,636 6.5 Remittance Envelopes were printed for a cost of \$552.40; and (3) 2,636 A7 Envelopes were printed for a cost of \$6.14.69, plus \$359.21 for “Mailing Services.”

**Campaign check #1040:** The check was dated September 13, 2018, made out to Capitol City Press in the amount of \$2,554.43, and the “For” line on the check listed “Inv 123892.” The Capitol City Press invoice listed the Invoice Date as August 24, 2018, with a notation “Payment due on or before August 31, 2018” with the terms “Due Upon Receipt.” The invoice listed the description as “500 – 24 x 18 Yard Signs/Reorder” totaling \$1,850 and “500 – Metal Stakes” for an additional \$500.

6. A \$5,000 expenditure was made on November 8, 2018 to CN4 for Facebook advertising (11/2).

The documentation provided by the Campaign was the same as the \$10,000 expenditure to CN4 and is part of the \$15,000 expenditure with the Campaign check being dated November 8, 2018, made out to CN4 in the amount of \$15,000, and the "For" line on the check listed "Inv 1270." The CN4 invoice listed the Order Date as November 2, 2018, with a November 2, 2018 due date, with payment terms stated as "Due on Receipt" with the activity listed as a "Media Buy, Digital Add-on, Starts 11/2" and costing \$5,000.

7. A \$3,075 expenditure was made on October 10, 2018 to CN4 for Print Advertising: Northern Light (1/2 Page, 3 Weeks).

The documentation provided by the Campaign included a copy of Campaign check #1054 for the Friends of Pinky Vargas Campaign, and a copy of a CN4 Invoice #1199. The Campaign check was dated October 10, 2018, made out to CN4 in the amount of \$44,821, and the "For" line on the check listed "Inv 1198, 1199, 1193."

The CN4 invoice listed the Order Date as October 8, 2018, with an October 8, 2018 due date, with payment terms stated as "Due on Receipt." The description on the invoice stated that the activity was for a "Media Buy, Northern Light newspaper, 3 weeks, 1/2 page, full color. Subvendor: Northern Light" with a total cost of \$3,075.

8. Three expenditures totaling \$2,343.83 were made to Facebook on October 22, 2018 (\$602.32 for Online Advertising 10/16 to 10/29); on October 29, 2018 (\$900 for Online Advertising 10/16 to 10/29), and November 26, 2018 (\$841.51 for Online Advertising 11/26).

The documentation provided by the Campaign included a 10-page copy of a Facebook invoice/receipt for Facebook online advertisements undertaken by the Campaign from October 16 through December 5, 2018. The information included the title of 50 different Facebook posts or advertisements, the date and time posted, the number of people reached, and the Post Engagements.

9. The vendors that comprised the \$1,561.96 expenditures made on September 1, 2018 and listed as "Expenses of \$50 or less."

The documentation provided by the Campaign included a printed out copy of Transaction Detail by Account from the ORCA software, detailing \$1,561.96 of small expenses of \$50 or less. The Transaction Detail included 60 small expenditures of \$50 less made by the campaign during the reporting period for the 21-Day Pre-General Election C-4 reporting period and included expenses for parking, meals, online advertising, credit card fee, postage, email lists, data access, etc.

10. A \$1,346.67 expenditure was made to Overnight Printing on October 22, 2018 for "Printing Walk pieces (15,000)."

The documentation provided by the Campaign included a copy of Campaign check #1059 for the Friends of Pinky Vargas Campaign, and a copy of an Overnight Printing Invoice #40197.

The Campaign check was dated October 22, 2018, made out to Overnight Printing in the amount of \$1,346.67, and the “For” line on the check listed “Inv 40197.”

The Overnight Printing invoice listed the Invoice Date as October 5, 2018, with a section entitled “Wanted: 10/10/18” with the description of \$15,000 “Pinky Vargas Walkpiece – 4/4” for a total cost of \$1,346.67.

**Books of Account, maintaining campaign records, internal control processes:**

- As part of the audit, PDC staff requested each Campaign provide information concerning general campaign practices such as internal compliance controls, procedures for processing, depositing, recording and disclosure of contribution, procedures for making and reporting expenditures, including for debts, obligations, and orders placed, in-kind contributions, and candidate loans. On January 18, 2021, the Campaign provided a response to staff’s questions about the internal control processes. **Audit Exhibit #2.**

Campaign Contributions:

- The campaign stated that during the 2018 election, they used filing campaign finance software purchased through NGP Van Inc., to file the C-3 and C-4 reports. During the election, contribution checks received from events were delivered to Blue Wave Consulting’s compliance team, including the Campaign Treasurer within 48 hours of receipt by the campaign’s fundraising team. All contribution checks received through the mail *“were immediately forwarded by the campaign to the treasurer. All checks were entered into the filing software”* by a compliance team member, scanned in and then *“uploaded to the campaign’s electronic drive, then taken to the bank within five business days of being received by an agent of the campaign.”*

The Campaign stated that a compliance team member *“would ensure all required donor information was included, on-file, or otherwise obtained in a timely manner. Any contributions that exceeded the contribution limit were returned or refunded within five business days.”* The Campaign did receive credit card contributions during the 2018 election and stated that online contributions were received through two merchant accounts: ActBlue and First Data Merchant Services.

The ActBlue contributions were imported into Campaign’s filing software by a compliance team member, while the First Data online contributions received were integrated directly into the filing software. The Campaign stated the contributions were transferred into the campaign bank account within two business days of the contribution processing date. The contributions solicited and received online required the contributors *“to enter their name, address, employer, occupation, employer city, and employer state.”*

The Campaign stated that each C-3 report that was filed represents one campaign deposit, and that the compliance team reconciled all contributions received *“to the bank account using QuickBooks accounting software, and this process was repeated at least once a week, or more often depending on weekly activity.”* In addition, *“the treasurer’s office also provided a form to the campaign in order to record any non-monetary contributions.”*

Campaign Expenditures:

- The Campaign stated that all expenditures made during the 2018 election were approved by the candidate prior to the final payment being made to the vendor.

All Campaign related invoices from vendors and the requests made for expenditures *“were either submitted to the treasurer’s office from the candidate or were paid on the candidate’s campaign debit card.”* The Campaign’s *“general strategy consultant, Cerillion N4 Partners, worked with the candidate to create any political advertisements. Once approved, Cerillion facilitated the publication of literature, direct mail, and online advertisements.”*

The Campaign stated that all invoices, receipts, etc. *“and check requests were required to be on-file prior to payment, per record keeping requirements. Jay Petterson and Annie Lindsey also maintained any other vendor information as it pertains to IRS requirements.”* In addition, Ms. Lindsey sent reminder emails to the candidate, Campaign staff, and consultants including Cerillion N4 Partners *“at the end of every C4 reporting period requesting all invoices, debts, estimates, and in-kinds for reporting purposes.”*

- The Campaign stated Ms. Vargas would receive weekly reports from the Treasurer and/or the compliance team concerning contributions that had been received and expenditures made *“via a financial update. The treasurer/compliance team would also search for duplicate records and merge them and review reports for any missing donor information before generating reports. Then the candidate was provided drafts of PDC reports prior to filing.”*
- The Campaign stated that the records were stored *“electronically, and the campaign books exist in the accounting software used by the treasurer. Copies of contributions and expenditures were scanned and uploaded to the campaign’s electronic drive daily. Other records include vendor contracts, employment and payroll records, business license and other tax forms, and bank statements.”*
- The Campaign Treasurer, Jay Petterson, was responsible for the 2018 campaign records, and that the ministerial treasurer, *“Annie Lindsey, also assisted in curating records. Any scans were updated every day during the public inspection period, however no-one from the campaign including Mr. Petterson and Ms. Lindsey received any requests.”*
- Finally, a reimbursement form was created and provided to campaign, which required the candidate, Campaign workers, consultants, volunteers or any other person *“to complete the form, provide corresponding receipts and receive approval from the candidate prior to being reimbursed.”*

**IV.**

**Audit Documents Reviewed, Provided and Respondent Correspondence**

- C-1 reports, C-3 reports and C-4 reports filed by the 2018 Pinky Vargas for Senate Campaign covering the period of January 15 through December 31, 2018.
- Email exchanges between PDC staff and Jay Petterson and Josie Olsen, with Blue Wave Consulting, on behalf of the 2018 Pinky Vargas for State Senate Campaign.

- PDC staff queried the PDC Contribution and Expenditure database for the 2018 Pinky Vargas for State Senate Campaign contribution and expenditure information covering the period of January 15 through December 31, 2018.

V.  
**Statutes and Rules**

- **RCW 42.17A.235 and 240** require continuing political committees under the Full Reporting Option to file timely, accurate C-3 and C-4 reports disclosing contribution and expenditure activities undertaken by the committee. Under the full reporting option, until five months before the general election, C-4 reports are required monthly when contributions or expenditures exceed \$200 since the last report. Beginning June 1<sup>st</sup> for every political committees participating in an election, C-4 reports are required 21 and 7 days before each election in which the committee receives contributions or makes expenditures, and in the month following the election. Monetary contributions are reported weekly during this same time and are required to be disclosed on a C-3 report filed every Monday for monetary contributions deposited into the committee bank account the previous five business days.
- **RCW 42.17A.220** requires political committee to deposit monetary contributions received shall be deposited by political committee members, paid staff, or treasurers in a depository in an account established and designated for that purpose. Such deposits shall be made within five business days of receipt of the contribution.

Respectfully submitted this 5<sup>th</sup> day of March 2021.

---

Electronically Signed Kurt Young  
PDC Compliance Officer

**Audit Exhibits**

**Audit Exhibit #1** Documents provided by the 2018 Pinky Vargas for Senate Campaign to the PDC on January 18, 2021, concerning the expenditures selected for audit.


**Audit Exhibit #2** Letter from 2018 Pinky Vargas for Senate Campaign Treasurer provided by the Campaign to the PDC on January 18, 2021, concerning the campaign practices and procedures.

**FRIENDS OF PINKY VARGAS**  
PO BOX 3106  
BELLINGHAM, WA 98227

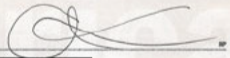
1054  
19-2/1250 WA  
99097


Date 10/10/18

Pay To The Order Of CERILYN M PARTNERS | \$ 41,821.<sup>00</sup>  
Forty-Four Thousand Eight Hundred Twenty-one Dollars

**Bank of America** 

ACH/R/T 12500024

For JAN 198, 1199, 173 



Member FDIC

Audit Exhibit #1  
Page 1 of 35



Cerillion N4 Partners  
500 Union Street Suite 909  
Seattle, WA 98101  
dnielsen@cerillionn4.com  
www.cerillionN4.com

# Invoice



BILL TO  
Pinky Vargas

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
1193	10/05/2018	\$40,000.00	11/04/2018	Net 30	

ACTIVITY	QTY	RATE	AMOUNT
<b>Media Buy</b> Digital Advertising (Subvendors: Change Media Group)	1	40,000.00	40,000.00
	<b>BALANCE DUE</b>		<b>\$40,000.00</b>

PAY

FRIENDS OF PINKY VARGAS  
PO BOX 3106  
BELLINGHAM, WA 98227

1055

19-2/1250 WA  
98017

10/12/18  
Date

Pay To The  
Order Of

CERILYN LA PARTNERS | \$ 25,380.<sup>00</sup>  
TWENTY FIVE THOUSAND THREE HUNDRED EIGHTY <sup>4500</sup> DOLLARS

Bank of America 

ACH/EFT 125000204

For

IW 1192, 1197



Printed Name

Audit Exhibit #1  
Page 3 of 35

Cerillion N4 Partners  
500 Union Street Suite 909  
Seattle, WA 98101  
dnielsen@cerillionn4.com  
www.cerillionN4.com

# Invoice



BILL TO  
Pinky Vargas  
PO Box 3106  
Bellingham, WA 98227

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
1192	10/03/2018	\$19,580.00	10/03/2018	Due on receipt	

ACTIVITY	QTY	RATE	AMOUNT
Media Buy Cascade Radio Group (Flight Dates: 10/4 to 11-6)	1	19,580.00	19,580.00
BALANCE DUE			<b>\$19,580.00</b>

A handwritten signature, possibly "Pinky Vargas", enclosed within a hand-drawn circle.

FRIENDS OF PINKY VARGAS  
PO BOX 3106  
BELLINGHAM, WA 98227

1061

19 2/1250 WA  
98087

10/22/18  
Date

Pay To The  
Order Of

CNA PARTNERS

1 \$ 10,500.<sup>00</sup>

SIXTEEN THOUSAND + <sup>00</sup>/<sub>100</sub>

Dollars

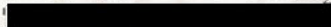


Bank of America

ACH N/T 12500024

For

INV 1222



Member Since

**Cerillion N4 Partners**  
 500 Union Street Suite 909  
 Seattle, WA 98101  
 dnielsen@cerillionn4.com  
 www.cerillionN4.com

**Invoice**



BILL TO
Pinky Vargas

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
1222	10/18/2018	\$16,500.00	10/18/2018	Due on receipt	

ACTIVITY	QTY	RATE	AMOUNT
<b>Media Buy</b> Video Production and Editing. Subvendors: Wes Gilliland, Michael Cuddy Productions. Billed at cost	1	16,500.00	16,500.00

BALANCE DUE

**\$16,500.00**

**FRIENDS OF PINKY VARGAS**  
PO BOX 3106  
BELLINGHAM, WA 98227

1069  
19-2/1250 WA  
98097

11/8/10 Date

Pay To The Order Of CWT PARTNERS \$ 15000.00

FIFTEEN THOUSAND + <sup>50</sup>/<sub>100</sub> Dollars

**Bank of America**

ACH/EFT 121000004

For IW 1270

[Redacted Signature]

[Redacted Address]

Audit Exhibit #1  
Page 7 of 35

Cerillion N4 Partners  
500 Union Street Suite 909  
Seattle, WA 98101  
dnielsen@cerillionn4.com  
www.cerillionN4.com

# Invoice



BILL TO  
Pinky Vargas

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
1270	11/02/2018	\$15,000.00	11/02/2018	Due on receipt	

ACTIVITY	QTY	RATE	AMOUNT
Media Buy Digital Add-On, Starts 11/2	1	5,000.00	5,000.00
Media Buy Paid Phone Program. Subvendor: Chism Strategies.	1	10,000.00	10,000.00
BALANCE DUE			<b>\$15,000.00</b>

PAY


...GAS  
...AM, WA 98227

1025  
19-2/250 WA  
98097


7/19/18 Date

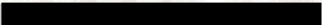
Pay To The Order Of CAPITOL CITY PRESS | \$ 2461.34

Two Thousand Four Hundred Sixty-One and 34/100 Dollars

**Bank of America** 

ACH E/T 12500024

For IJV 121744 

1: 

Printed Name

Audit Exhibit #1  
Page 9 of 35





# INVOICE

## CAPITOL CITY PRESS

2975 37th Ave SW • Tumwater, WA 98512  
(360) 943-3556 • FAX: (360) 943-2140  
A/R email • tabitha@capitolcitypress.com

INVOICE DATE 4/24/2018

INVOICE NUMBER 121744

CUSTOMER NUMBER 9522

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VARGAS, FRIENDS OF PINKY  
119 1ST AVE S STE 320  
SEATTLE, WA 98104

**Remit to Address:**  
Capitol City Press Inc  
2975 37th Ave SW  
Tumwater, WA 98512

PURCHASE ORDER NO.	ORDERED BY	JOB TICKET	SALESPERSON	TERMS
INVITE, REMIT, A7	KATE HOGAN	Y60234/35/36	Mike Shupe	Due Upon Receipt

DESCRIPTION		
Y60234 2,636 INVITES		709.25
Y60235 2,636 6.5 REMIT ENVELOPES		552.40
Y60236 2,636 A7 ENVELOPES		614.69
MAILING SERVICES		359.21
	<b>Sales Tax</b>	225.79
	<b>TOTAL</b>	<b>2,461.34</b>
	Payment due on or before 5/1/2018	

1 1/2% per month service charge on past due accounts.

Please Pay From This Invoice

Visit us at our website: [www.capitolcitypress.com](http://www.capitolcitypress.com)

FRIENDS OF PINKY VARGAS  
PO BOX 3166  
BELLINGHAM, WA 98227

1040

19-2/1250 WA  
98097

9/13/18

Date

Pay To The  
Order Of

CAPITOL CITY PRESS

\$ 2554.45

Two Thousand Five Hundred Fifty Four + 45/100 Dollars



Printed  
Name  
Required  
Under the Law

Bank of America



ACH EFT 128000004

For

INV 123892

*[Handwritten Signature]*

1:

[Redacted]

Marked Date



# INVOICE

## CAPITOL CITY PRESS

2975 37th Ave SW • Tumwater, WA 98512  
(360) 943-3556 • FAX: (360) 943-2140  
A/R email • tabitha@capitolcitypress.com

INVOICE DATE 8/24/2018

INVOICE NUMBER 123892

CUSTOMER NUMBER 9522

S  
O  
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T  
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VARGAS, FRIENDS OF PINKY  
PO BOX 3106  
BELLINGHAM, WA 98227

Remit to Address:  
Capitol City Press Inc  
2975 37th Ave SW  
Tumwater, WA 98512

PURCHASE ORDER NO.	ORDERED BY	JOB TICKET	SALESPERSON	TERMS
YARD SIGNS REOR	PINKY	TSS5308	TSS	Due Upon Receipt

DESCRIPTION	
500 - 24 X 18 YARD SIGNS/REORDER	1,850.00
500 - METAL STAKES	500.00
<b>Sales Tax</b>	204.45
<b>TOTAL</b>	<b>2,554.45</b>
Payment due on or before 8/31/2018	

1 1/2% per month service charge on past due accounts.

Please Pay From This Invoice

Visit us at our website: [www.capitolcitypress.com](http://www.capitolcitypress.com)



Audit Exhibit #1  
Page 13 of 35

Cerillion N4 Partners  
500 Union Street Suite 909  
Seattle, WA 98101  
dnielsen@cerillionn4.com  
www.cerillionN4.com

# Invoice



BILL TO  
Pinky Vargas

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
1270	11/02/2018	\$15,000.00	11/02/2018	Due on receipt	

ACTIVITY	QTY	RATE	AMOUNT
<b>Media Buy</b> Digital Add-On, Starts 11/2	1	5,000.00	5,000.00
<b>Media Buy</b> Paid Phone Program. Subvendor: Chism Strategies.	1	10,000.00	10,000.00
	<b>BALANCE DUE</b>		<b>\$15,000.00</b>

PAY


**FRIENDS OF PINKY VARGAS**  
PO BOX 3106  
BELLINGHAM, WA 98227


1054  
182/1250 WA  
18087


10/10/18 Date

Pay To The  
Order Of CERUBON NY PARTNERS | \$ 41,821.<sup>00</sup>

Forty-Four Thousand Eight Hundred Twenty-one Dollars

**Bank of America**   
ACH R/T 12500028

For JW 198, 199, 193 

■ 

Harvest Check

Audit Exhibit #1  
Page 15 of 35

Cerillion N4 Partners  
500 Union Street Suite 909  
Seattle, WA 98101  
dnielsen@cerillionn4.com  
www.cerillionN4.com

# Invoice








BILL TO  
Pinky Vargas






INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
1199	10/08/2018	\$3,075.00	10/08/2018	Due on receipt	






ACTIVITY	QTY	RATE	AMOUNT
<b>Media Buy</b> Northern Light newspaper, 3 weeks, 1/2 page, full color. Subvendors: Northern Light	1	3,075.00	3,075.00
BALANCE DUE			<b>\$3,075.00</b>






PAID






<input type="checkbox"/>		Ballots are being mailed out TODAY, which means...	0 People reached	29 Post engagements	October 17, 2018 at 11:33 AM	Public
<input type="checkbox"/>		Vote Pinky Vargas added an event.	0 People reached	6 Post engagements	October 17, 2018 at 9:09 AM	Public
<input type="checkbox"/>		Thank you to all who attended the Mt. Baker Cha...	0 People reached	65 Post engagements	October 16, 2018 at 5:08 PM	Public
<input type="checkbox"/>		Vote Pinky Vargas added an event.	0 People reached	24 Post engagements	October 16, 2018 at 4:19 PM	Public
<input type="checkbox"/>		Thank you Lummi Nation for all you do for our co...	2 People reached	38 Post engagements	October 16, 2018 at 10:05 AM	Public













<input type="checkbox"/>	 See you tonight!	0 People reached	7 Post engagements	October 18, 2018 at 5:22 PM	Public
<input type="checkbox"/>	 Women have stepped up this year, and I'm proud t...	162 People reached	28 Post engagements	October 18, 2018 at 9:50 AM	Public
<input type="checkbox"/>	 Vote Pinky Vargas added an event.	0 People reached	3 Post engagements	October 17, 2018 at 6:14 PM	Public
<input type="checkbox"/>	 I will bring people together to build a regional eco...	5448 People reached	72 Post engagements	October 17, 2018 at 4:53 PM	Public
<input type="checkbox"/>	 We had a wonderful meet and greet last night in n...	6 People reached	87 Post engagements	October 17, 2018 at 2:47 PM	Public






<input type="checkbox"/>		0 People reached	41 Post engagements	October 23, 2018 at 6:47 PM	Public
<input type="checkbox"/>		226 People reached	12 Post engagements	October 23, 2018 at 4:50 PM	Public
<input type="checkbox"/>		0 People reached	19 Post engagements	October 23, 2018 at 12:44 PM	Public
<input type="checkbox"/>		1 People reached	116 Post engagements	October 23, 2018 at 10:14 AM	Public
<input type="checkbox"/>		0 People reached	85 Post engagements	October 22, 2018 at 11:44 PM	Public






<input type="checkbox"/>		Students, see you tonight!	0 People reached	3 Post engagements	October 25, 2018 at 12:16 PM	Public
<input type="checkbox"/>		Our campaign has been endorsed by the Washing...	2 People reached	147 Post engagements	October 24, 2018 at 7:02 PM	Public
<input type="checkbox"/>		We need to stand with and advocate for the LGBT...	0 People reached	127 Post engagements	October 24, 2018 at 1:33 PM	Public
<input type="checkbox"/>		The Cascadia Weekly has endorsed our campaign...	0 People reached	55 Post engagements	October 24, 2018 at 11:37 AM	Public
<input type="checkbox"/>		Students, see you tomorrow! This will be the last f...	0 People reached	5 Post engagements	October 24, 2018 at 9:23 AM	Public

<input type="checkbox"/>	 We're 11 days away from the General Election. Tur...	4935 People reached	88 Post engagements	October 26, 2018 at 1:45 PM	Public
<input type="checkbox"/>	 Missed the candidate forum at Western Washingt...	85 People reached	7 Post engagements	October 26, 2018 at 12:53 PM	Public
<input type="checkbox"/>	 There have been THREE school shooting threats t...	0 People reached	93 Post engagements	October 26, 2018 at 11:43 AM	Public
<input type="checkbox"/>	 Thank you Nooksack Tribe for your recommendat...	0 People reached	26 Post engagements	October 26, 2018 at 8:42 AM	Public
<input type="checkbox"/>	 We are live at the LAST forum at WWU. Remembe...	502 People reached	46 Post engagements	October 25, 2018 at 5:02 PM	Public





<input type="checkbox"/>	 With only NINE days left until the General Election...	0 People reached	53 Post engagements	October 28, 2018 at 8:16 PM	Public
<input type="checkbox"/>	 We doorbelled Lummi Nation yesterday in the rain...	135 People reached	25 Post engagements	October 28, 2018 at 3:26 PM	Public
<input type="checkbox"/>	 Thank you to all the volunteers who came to the d...	468 People reached	43 Post engagements	October 28, 2018 at 1:22 PM	Public
<input type="checkbox"/>	 Come join us for a doorbell day with Washington ...	0 People reached	14 Post engagements	October 27, 2018 at 9:22 AM	Public
<input type="checkbox"/>	 It's such a beautiful time of year to knock on door...	1 People reached	79 Post engagements	October 26, 2018 at 3:13 PM	Public

<input type="checkbox"/>	 Vote Pinky Vargas added an event.	0 People reached	11 Post engagements	October 29, 2018 at 4:41 PM	Public
<input type="checkbox"/>	 Vote Pinky Vargas added an event.	0 People reached	41 Post engagements	October 29, 2018 at 4:37 PM	Public
<input type="checkbox"/>	 I'm proud to be endorsed by the Alliance for Gun ...	0 People reached	47 Post engagements	October 29, 2018 at 4:25 PM	Public
<input type="checkbox"/>	 Today is the LAST day to register vote or change y...	0 People reached	36 Post engagements	October 29, 2018 at 11:23 AM	Public
<input type="checkbox"/>	 I was raised on a farm in a big family - where we L...	2757 People reached	58 Post engagements	October 29, 2018 at 8:24 AM	Public

<input type="checkbox"/>		Hello my friends, one month after the election we ...	2 People reached	376 Post engagements	December 5, 2018 at 10:17 PM	Public
<input type="checkbox"/>		Hello friends, the final vote tally is in. We are behi...	6 People reached	276 Post engagements	November 26, 2018 at 8:52 PM	Public
<input type="checkbox"/>		Round 6! The beat goes on. We gained 13 and no...	9 People reached	284 Post engagements	November 20, 2018 at 3:52 PM	Public
<input type="checkbox"/>		Round 5. Thanks everybody for hanging in there w...	3 People reached	325 Post engagements	November 16, 2018 at 3:56 PM	Public
<input type="checkbox"/>		We are still in the race.	0 People reached	263 Post engagements	November 9, 2018 at 5:00 PM	Public

<input type="checkbox"/>		0 People reached	16 Post engagements	October 21, 2018 at 12:36 PM	Public
<input type="checkbox"/>		0 People reached	133 Post engagements	October 20, 2018 at 4:11 PM	Public
<input type="checkbox"/>		0 People reached	11 Post engagements	October 19, 2018 at 4:42 PM	Public
<input type="checkbox"/>		0 People reached	185 Post engagements	October 19, 2018 at 3:51 PM	Public
<input type="checkbox"/>		1 People reached	101 Post engagements	October 19, 2018 at 12:52 PM	Public



<input type="checkbox"/>		Do you know where your nearest ballot drop box l...	0 People reached	111 Post engagements	October 22, 2018 at 6:33 PM	Public
<input type="checkbox"/>		Washington State has the most regressive tax sys...	0 People reached	11 Post engagements	October 22, 2018 at 4:13 PM	Public
<input type="checkbox"/>		Check out this letter to the editor in the Northern ...	0 People reached	17 Post engagements	October 22, 2018 at 1:43 PM	Public
<input type="checkbox"/>		Missed the League of Women's Voters Forum on ...	0 People reached	59 Post engagements	October 22, 2018 at 11:03 AM	Public
<input type="checkbox"/>		Check out our weekend in review! Saturday morni...	1 People reached	150 Post engagements	October 21, 2018 at 5:25 PM	Public

**Friends of Pinky Vargas**  
**Transaction Detail By Account**  
**September 1 through October 15, 2018**

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Name Street1</u>	<u>Name Street2</u>
09/04/2018	aw	Google		
09/04/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
09/04/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
09/04/2018	dbt	The Woods Coffee		
09/04/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
09/05/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
09/06/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
09/06/2018	dbt	Laz Parking	1198 1st Ave	
09/06/2018	aw	ActBlue		
09/07/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
09/07/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
09/11/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
09/12/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
09/13/2018	dbt	Laz Parking	1198 1st Ave	
09/14/2018	dbt	Starbucks	132 E Holly St	
09/17/2018	dbt	Rocket Donuts	306 W Holly St	
09/17/2018	bt	Starbucks	132 E Holly St	
09/17/2018	dbt	Office Depot	4297 Guide Meridian	
09/17/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
09/19/2018	aw	VCN Whatcom		
09/19/2018	dbt	Whatcom County Auditor	311 Grand Ave Ste 103	
09/20/2018	1043	Luke Branscum	932 N 88th St	
09/21/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
09/24/2018	dbt	Spirit Halloween		
09/24/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
09/24/2018	dbt	Fred Meyer	800 Lakewood Dr	
09/24/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
09/27/2018	dbt	Facebook	1 Hacker Way	
09/27/2018	dbt	Facebook	1 Hacker Way	
09/27/2018	dbt	Facebook	1 Hacker Way	
09/27/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
09/28/2018	aw	ADP	600 University St	
09/28/2018	dbt	Facebook	1 Hacker Way	
09/28/2018	dbt	Facebook	1 Hacker Way	
10/02/2018	aw	Google		
10/03/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
10/03/2018	dbt	US Postal Service	315 Prospect St	
10/04/2018	1046	Brooke Davis	PO Box 136	
10/04/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
10/04/2018	1046	Brooke Davis	PO Box 136	
10/05/2018	1048	NARAL	811 1st Ave Ste 675	
10/05/2018	dbt	Black Sheep on Holly	215 W Holly St Ste 101	
10/05/2018	dbt	Copy Source Bellingham	1122 N State St	
10/05/2018	dbt	International Market Place	480 Tyee Dr	
10/05/2018	dbt	Costco	4125 Arctic Ave	

2:10 PM  
01/13/21  
Accrual Basis

**Friends of Pinky Vargas**  
**Transaction Detail By Account**  
**September 1 through October 15, 2018**

10/09/2018	1053	Trisha Patterson	1100 21st St	
10/09/2018	1051	General Teamsters Local 231	PO Box H	
10/09/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
10/09/2018	1053	Trisha Patterson	1100 21st St	
10/09/2018	50004	First Data	5565 Glenridge Connector NE	Ste 2000
10/09/2018	1053	Trisha Patterson	1100 21st St	
10/10/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
10/11/2018	aw	Bank of America	701 2nd Ave	
10/11/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
10/11/2018	dbt	Whatcom County Ferry		
10/12/2018	dbt	The Islander Store		
10/15/2018	dbt	Rocket Donuts	306 W Holly St	
10/15/2018	dbt	Starbucks	132 E Holly St	
10/15/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000
10/15/2018	aw	First Data	5565 Glenridge Connector NE	Ste 2000

**Friends of Pinky Vargas**  
**Transaction Detail By Account**  
September 1 through October 15, 2018

<u>Name City</u>	<u>Name State</u>	<u>Name Zip</u>	<u>Purpose</u>	<u>Amount</u>
Mountain View	CA		Software Rental: G Suite	11.53
Atlanta	GA	30342	Credit Card Fees	19.95
Atlanta	GA	30342	Credit Card Fees	22.26
			Meals	30.60
Atlanta	GA	30342	Credit Card Fees	38.80
Atlanta	GA	30342	Credit Card Fees	3.20
Atlanta	GA	30342	Credit card Fees	48.34
Seattle	WA	98104	Parking	17.00
			Credit Card Fees	41.99
Atlanta	GA	30342	Credit Card Fees	7.24
Atlanta	GA	30342	Credit Card Fees	30.23
Atlanta	GA	30342	Credit Card Fees	27.16
Atlanta	GA	30342	Credit Card Fees	48.47
Seattle	WA	98104	Parking	17.00
Bellingham	WA	98225	Meals	7.82
Bellingham	WA	98225	Meals	14.99
Bellingham	WA	98225	Meals	18.42
Bellingham	WA	98226	Office Supplies	37.52
Atlanta	GA	30342	Credit card Fees	37.77
			Parking	2.50
Bellingham	WA	98225	Data Access	3.00
Seattle	WA	98103	Software Rental	29.99
Atlanta	GA	30342	Credit Card Fees	50.00
			Event Supplies	8.69
Atlanta	GA	30342	Credit Card Fees	41.64
Bellingham	WA	98229	Catering	26.49
Atlanta	GA	30342	Credit Card Fees	43.20
Menlo Park	CA		Online Advertising	25.00
Menlo Park	CA		Online Advertising	25.00
Menlo Park	CA		Online Advertising	25.00
Atlanta	GA	30342	Credit Card Fees	32.03
Seattle	WA	98101	Payroll Fees	10.00
Menlo Park	CA		Online Advertising	35.00
Menlo Park	CA		Online Advertising	50.00
Mountain View	CA		Software Rental: G Suite	21.16
Atlanta	GA	30342	Credit Card Fees	19.95
Bellingham	WA	98225	Postage	20.00
Carnation	WA	98014	Catering: Panera Bread	36.93
Atlanta	GA	30342	Credit Card Fees	41.51
Carnation	WA	98014	Catering: Homegrown	46.51
Seattle	WA	98104	Email List Exchange	1.15
Bellingham	WA	98225	Meals	15.00
Bellingham	WA	98225	Printing	19.19
Point Roberts	WA	98281	Catering	19.41
Bellingham	WA	98226	Catering	43.34

2:10 PM  
01/13/21  
Accrual Basis

**Friends of Pinky Vargas**  
**Transaction Detail By Account**  
**September 1 through October 15, 2018**

Bellingham	WA	98225	Auto Travel	10.39
Bellingham	WA	98227	Event Space Rental	30.00
Atlanta	GA	30342	Credit Card Fees	30.94
Bellingham	WA	98225	Auto Trave	32.37
Atlanta	GA	30342	Credit Card Fees	34.39
Bellingham	WA	98225	Auto Travel	42.06
Atlanta	GA	30342	Credit cArd Fees	34.80
Seattle	WA	98104	Bank Fees	12.00
Atlanta	GA	30342	Credit Card Fees	17.83
			Ferry Travel	20.00
			Meals	17.85
Bellingham	WA	98225	Meals	14.99
Bellingham	WA	98225	Meals	18.42
Atlanta	GA	30342	Credit Card Fees	26.66
Atlanta	GA	30342	Credit Card Fees	47.28
			TOTAL:	\$ 1,561.96

FRIENDS OF PINKY VARGAS  
PO BOX 3106  
BELLINGHAM, WA 98227

1059


18-2/250 WA  
98097

10/22/18  
Date

Pay To The  
Order Of

OVERNIGHT PRINTING \$ 1346.67

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For

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**INVOICE**

No: **40197**  
Date: 10/5/18  
Customer PO:  
Customer No: 1731

**Ship To:**

Dean Nielsen  
Cerillion N4 Partners  
500 Union Street, Suite 909  
Seattle WA 98101  
Phone: (206) 423-0120  
E-Mail: dnielsen@cerillionn4.com

Quantity	Description	Amount
15,000	Pinky Vargas Walkpiece -4/4 with bleeds and UNION BUG, 4.25 x 10 WHITE TITAN GLOSS COVER-SKIDS Sub 100, printed, 2 Up, 4 colors front in CMYK ink, 4 colors back in CMYK ink	\$ 1,667.20
	Digital Imposition	
4	Kodak Plates	
6	Cover Stock Cut to 4.25x10	
<p>Taken by: dkrawczyk</p> <p>Account Type: Charge</p> <p>Wanted: Wed 10/10/18</p> <p>Received by: _____ Date: _____</p>		<p>Customer Discount - \$ 444.07</p> <p>SUBTOTAL \$ 1,223.13</p> <p>TAX \$ 123.54</p> <p>SHIPPING \$ 0.00</p> <p>TOTAL \$ 1,346.67</p> <p>AMOUNT DUE \$ 1,346.67</p>

*PAID*





**State of Washington**  
**PUBLIC DISCLOSURE COMMISSION**

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908  
(360) 753-1111 • FAX (360) 753-1112

**Toll Free 1-877-601-2828 • E-mail: [pdc@pdc.wa.gov](mailto:pdc@pdc.wa.gov) • Website: [www.pdc.wa.gov](http://www.pdc.wa.gov)**

December 21, 2020

Sent Electronically to Pinky Vargas

Subject: PDC Audit Letter, 2018 Pinky Vargas for Senate Campaign  
PDC Audit No. 20-02

Dear Ms. Vargas:

This letter is a follow-up to the telephone conversation PDC staff recently had with you informing you that your 2018 Campaign had been selected for audit, and that you would be receiving a letter via email from staff notifying you about the audit shortly. Pursuant to RCW 42.17A.105 and .110, the Public Disclosure Commission (PDC) has a mandate to conduct audits of candidates, committees and other filing entities. Based on that authority, PDC staff has in the past conducted audits of candidates and political committees, lobbyist and lobbyist employers, and state agency lobbying activities in accordance with chapter 42.17 RCW. The PDC will again conduct limited-scope audits, beginning the first of December 2020.

Audits provide the PDC with an opportunity to: (1) determine the degree of compliance with the candidate campaign finance reporting requirements; (2) enhance and strengthen the public's confidence in the campaign contribution and expenditure information being disclosed by filers; (3) identify problem areas in reporting campaign activities that suggest a need to revise PDC advice being given or the information that is listed in candidate instructions on the PDC website and included in our online manuals; and (4) identify needed changes in the law or rules for reporting.

PDC staff has identified four 2018 Legislative Districts elections for State Senate that will comprise the initial audit pool of eight candidates selected for this limited-scope audit. The criteria used in selecting the 2018 Legislative candidates for audit was based on both candidates appearing on the November 6, 2018 general election ballot, were in a closely contested election; and had significant contribution and expenditure activities. Furthermore, none of the 2018 candidates selected for audit would have filed as a candidate for the 2020 election.

Based on the criteria listed above, and the fact that the 2018 Senate election in the 42<sup>nd</sup> Legislative District was one of closest Legislative elections in Washington State history, this race was selected for a limited-scope audit.

For your information, the majority of the audit work will involve PDC staff reviewing information disclosed by your 2018 Campaign on C-3 reports and C-4 reports that were filed electronically, and confirmation of select contributor(s) and vendor(s) information. With that said, please provide staff with documentation from your 2018 Campaign, including copies of campaign books of account maintained by the Campaign for the expenditures listed below.



The documentation includes copies of invoices, receipts, cancelled checks, emails and other memoranda, as well as select contributor(s) and Last-Minute Contribution (LMC) information would be part of this request, specifically for the following expenditures:

1. A \$40,000 expenditure was made on October 10, 2018 to Cerillion N4 Partners for digital advertising "Change Media Group, Facebook (October).
2. A \$19,580 expenditure was made on October 12, 2018 to Cerillion N4 Partners for "Media Advertising: Cascade Radio Group (10/4 to 11/6)."
3. A \$16,000 expenditure was made on October 22, 2018 to Cerillion N4 Partners for "Video Production: Wes Gilliland, Michael Cuddy Productions.
4. A \$10,000 expenditure was made on November 8, 2018 to Cerillion N4 Partners for "Software Rental: Chism Strategies."
5. Two expenditures totaling \$5,015.79 were made to Capitol City Press on July 9, 2018 to print 2,636 invites, remittance envelopes, mailing envelopes, and postage (\$2,461.34); and on September 14, 2018 to produce 500 yard signs and 500 metal stakes.
6. A \$5,000 expenditure was made on November 8, 2018 to Cerillion N4 Partners for Facebook advertising (11/2).
7. A \$3,075 expenditure was made on October 10, 2018 to Cerillion N4 Partners for Print Advertising: Northern Light (1/2 Page, 3 Weeks).
8. Three expenditures totaling \$2,343.83 were made to Facebook on October 22, 2018 (\$602.32 for Online Advertising 10/16 to 10/29); on October 29, 2018 (\$900 for Online Advertising 10/16 to 10/29), and November 26, 2018 (\$841.51 for Online Advertising 11/26).
9. The vendors that comprised the \$1,561.96307.50 expenditures made on September 1, 2018 and listed as "Expenses of \$50 or less."
10. A \$1,346.67 expenditure was made to Overnight Printing on October 22, 2018 for "Printing Walk pieces (15,000).

Staff is also requesting that each Campaign provide a response concerning 2018 general campaign practices, internal campaign compliance controls, and procedures for processing and recording contribution and expenditure activities, including orders placed and in-kind contributions. The questions and Campaign practices for which a response is being requested, includes the following:

1. Explain the 2018 Campaign contribution process from receipt of a contribution, to entering the contributor information into ORCA, the name of the person depositing the contributions, how often were contributions deposited, and the filing of the C-3 report. In addition, if online contributions were received by the Campaign, please explain how those contributions were processed as well.
2. Explain the 2018 Campaign expenditure process including the placing of the orders for political advertisements, identifying who placed the orders, to making the expenditure, picking up the goods and/or services provided, and the disclosing of the expenditure on the C-4 report. In addition, explain the process for disclosing orders placed.
3. Describe the process for reviewing and filing the C-3 and C-4 reports, the communication that occurs between the candidate and the Treasurer concerning the contribution and expenditure information being disclosed. In addition, does the candidate review the reports either before or after they have been filed.
4. Describe how the Campaign records are maintained for all contribution and expenditure activities, and what those records include.
5. Who was responsible for the Campaign records, did the Campaign make the books of account available during the public inspection period, was an inspection requested, and if so, what documents were made available during the inspection?

6. Did the candidate or any Campaign officers or volunteers receive reimbursements during the 2018 election year? If yes, please describe how the Campaign handled the reimbursements, the documentation that was required for reimbursement, and how those records were maintained.

Please provide copies of the requested expenditure documentation, and a response to the PDC questions and issues regarding the various campaign practices no later than **January 8, 2021**. If you need additional time, please do not hesitate to contact Kurt Young, PDC Compliance Officer.

PDC staff understand the numerous constraints placed upon individuals who run for public office as candidates and elected officials. Staff also appreciates the hard work, time, effort and diligence on the part of all those individuals involved, including campaign workers, volunteers, and in particular the campaign treasurers. The PDC appreciates your cooperation in conducting this audit.

If you or your Treasurer has any questions, please contact Mr. Young at (360) 664-8854, or by e-mail at [pdc@pdc.wa.gov](mailto:pdc@pdc.wa.gov).

Sincerely,

Endorsed by,

/s

\_\_\_\_\_  
Electronically Signed Kurt Young  
Compliance Officer

/s

\_\_\_\_\_  
Electronically Signed Peter Lavalley,  
PDC Executive Director



Friends of Pinky Vargas  
401 2nd Ave S Ste 303  
Seattle, WA 98104  
josie@bluewavepolitics.com

January 19th, 2021

Public Disclosure Commission  
pdc@pdc.wa.gov

Re: PDC Audit Letter, 2018 Pinky Vargas for Senate Campaign

To Whom It May Concern:

This letter responds to audit request received by the Friends of Pinky Vargas 2018 campaign committee. Under the direction of Jay Petterson, the campaign treasurer, I have provided responses to the questions in the audit letter.

1. The campaign utilized filing software through NGP Van Inc. Checks from events were handed to the treasurer's compliance team within 48 hours by the campaign's fundraising team. Checks from the mail were immediately forwarded by the campaign to the treasurer. All checks were entered into the filing software by Annie Lindsey, scanned and uploaded to the campaign's electronic drive, then taken to the bank within five business days of being received by an agent of the campaign. During this process, Annie Lindsey would ensure all required donor information was included, on-file, or otherwise obtained in a timely manner. Any contributions that exceeded the contribution limit were returned or refunded within five business days.

Credit Card contributions were received through two merchant accounts: ActBlue and First Data Merchant Services. ActBlue contributions were imported to the filing software by Annie Lindsey, while First Data contributions integrated directly into the filing software. These contributions settled in the bank account within two business days of the processing date. The online forms required contributors to enter their name, address, employer, occupation, employer city, and employer state.

Each C3 report represents a deposit. All contributions were reconciled to the bank account using QuickBooks accounting software, and this process was repeated at least once a week, or more often depending on weekly activity.

The treasurer's office also provided a form to the campaign in order to record any non-monetary contributions.

2. All expenses were approved by the candidate prior to payment. Invoices and requests for payment were either submitted to the treasurer's office from the candidate or were paid on the candidate's campaign debit card. The general strategy consultant, Cerillion N4 Partners, worked with the candidate to create any political advertisements. Once approved, Cerillion facilitated the publication of literature, direct mail, and online advertisements.

All invoices and check requests were required to be on-file prior to payment, per record keeping requirements. Jay Petterson and Annie Lindsey also maintained any other vendor information as it pertains to IRS requirements.

3. Additionally, Ms. Lindsey sent a reminder to the candidate, staff, and consultants at the end of every C4 reporting period requesting all invoices, debts, estimates, and in-kinds for reporting purposes.
4. The candidate received weekly reports regarding contributions and expenditures via a financial update from the treasurer/compliance team. The treasurer/compliance team would also search for duplicate records and merge them and review reports for any missing donor information before generating reports. Then the candidate was provided drafts of PDC reports prior to filing.
5. Campaign records are stored electronically, and the campaign books exist in the accounting software used by the treasurer. Copies of contributions and expenditures were scanned and uploaded to the campaign's electronic drive daily. Other records include vendor contracts, employment and payroll records, business license and other tax forms, and bank statements.
6. The treasurer, Jay Petterson, is responsible for campaign records. The ministerial treasurer, Annie Lindsey, also assisted in curating records. Any scans were updated every day during the public inspection period, however no-one from the campaign including Mr. Petterson and Ms. Lindsey received any requests.
7. A reimbursement form was provided to campaign. The candidate or any other person was required to complete the form, provide corresponding receipts and receive approval from the candidate prior to being reimbursed.

Sincerely,

Josie Olsen  
Blue Wave Political Partners