

PDC/SAO Performance Audit

I am writing to request that the PDC work with the State Auditor's Office to conduct a performance audit to improve the PDC's operating practices.

Performance audits compare what an agency is currently doing against what's required by law and recommended by leading practices to look for improved outcomes that could include money saving methods or improved agency processes.¹ By detailing problems and offering solutions, performance audits improve public services and provide valuable information to the public, program leadership and elected officials.

The last performance audit relating to the PDC was conducted in 2000.²

I would suggest that the agency should authorize a performance audit focusing on the following three areas:

- 1) Examining what additional programs the agency could implement to proactively reduce the rates of filer noncompliance.
- 2) Determining what changes could be made to the agency's enforcement procedures to make enforcement faster and more effective.
- 3) Addressing the root causes behind the agency's tremendously high failure rate when it comes to collecting unpaid penalties.

Top 5 Instances of Warning Letter Dismissal Misuse (9/25/24 to 10/22/24)

During this period, agency staff resolved 24 cases with warning letter dismissals. Interestingly, there were also about 15 cases where the agency staff inappropriately dismissed complaints with "reminder" letters that would have typically resulted in warning letters dismissals; nearly all of these cases deal with C3/C4 reports that were required to have been filed before the primary that were not filed until after the primary.

The difference between these two types of dismissals is that a warning letter dismissal typically carries the nominal admonition that if the respondent commits another violation that they will have to pay a monetary penalty. A reminder letter dismissal contains no such admonition.

Nearly every single one of the respondents that received a reminder letter for failure to timely file C3/C4 reports relating to the primary election went on to fail to timely file the 21-day pre-general C4 that they were required to file on 10/15/24. I've already filed complaints against these respondents.

¹ <https://sao.wa.gov/performance-audits/about-performance-audits>

² <https://leg.wa.gov/ilarc/AuditAndStudyReports/Documents/00-7.pdf>

PDC Case No. 156691 – Rural Americans United

Time to Resolution: 102 Days

In this case, the staff investigation found that the respondent committee had failed to timely file a number of C3/C4 reports. Specifically, the committee’s C-3 report listing contributions made March 4, 2024 was filed May 27, 2024 (47 days late). The C-4 reports covering March 2024 and April 2024 were both filed June 10, 2024. The March C-4 was filed 61 days late and the April C-4 was filed 31 days late.

The staff also found that the committee had failed to properly report expenditure details relating to radio advertisements.

This committee had already previously received a warning letter dismissal in 2023. This committee would not have qualified for mini reporting because they raised and spent significantly more than \$7000. This committee utilizes a professional bookkeeping firm to file PDC reports.

Despite the clear evidence of a violation that materially affected the public’s right to know about the finances of a political committee, agency staff unilaterally dismissed the complaint with a “warning letter”, thereby giving a green light to other committees to commit the same type of violation without fear of being penalized.

PDC Case No. 156421– Martin Wheeler

Time to Resolution: 119 Days

In this case, the staff investigation found that the respondent candidate had failed to timely file a large number of C4 reports. The reports were only filed after the complaint had been received. At least one report was filed more than a year late. The C4 reports for May and June were not filed until 4 days before the primary election, making them significantly late. Additionally, the 21-day and 7-day C4 reports were not filed until 4 days before the primary election making them significantly late. By this time, many voters had already voted.

Additionally, the staff found that the campaign failed to allow a request to inspect the campaign’s books of account as required by law.

This candidate had already previously received a warning letter dismissal in 2023.

When the candidate first filed in 2022, he appointed a professional CPA as his treasurer, who was paid over \$4000 by the campaign. This candidate would not have qualified for mini reporting because they raised and spent more than \$7000.

Despite the clear evidence of a violation that materially affected the public’s right to know about the finances of a candidate committee, agency staff unilaterally dismissed the complaint with a “warning letter”, thereby giving a green light to other candidates to commit the same type of violation without fear of being penalized.

PDC Case No. 156304 – Melanie Bacon

Time to Resolution: 99 Days

In this case, the staff investigation found that the respondent had failed to: a) timely file one C4 (approximately 2 months late), b) timely file two C3 reports (one approximately 4 months and one approximately 20 days late), c) accurately identify the carry-forward balance from 2020, and d) had failed to include the required details about expenditures made by the campaign.

In staff's letter to the complainant, staff also noted that "[there were also] many late filed C-3 and C-4 reports, throughout the campaign, not called out in your complaints".

This committee had already previously received a warning letter dismissal in 2024. This candidate would not have qualified for mini reporting because they raised and spent significantly more than \$7000. The candidate is an incumbent county commissioner.

Despite the clear evidence of a violation that materially affected the public's right to know about the finances of a candidate committee, agency staff unilaterally dismissed the complaint with a "warning letter", thereby giving a green light to other candidates to commit the same type of violation without fear of being penalized.

PDC Case No. 155938 – Tim Verzal

Time to Resolution: 119 Days

In this case, the staff investigation found that the respondent had failed to timely file: a) the C4 report covering May, b) the 21-day C4, c) the 7-day C4, and d) the post-primary C4. These reports weren't filed until October 1, well after the required deadlines and well after the election was already over. The May C4 was over 100 days late. The staff also noted that the candidate failed to timely file multiple C3 reports.

A complaint was also filed back in August that shows the candidate failed to allow for an inspection of books as required by state law, but this complaint was neither posted nor addressed by the staff. No justification was provided for the agency's failure to act on the complaint.

This candidate has previously received two warning letters: one in 2021 and one in 2024. The candidate is an incumbent Mayor.

Despite the clear evidence of a violation that materially affected the public's right to know about the finances of a candidate committee, agency staff unilaterally dismissed the complaint with a "warning letter", thereby giving a green light to other candidates to commit the same type of violation without fear of being penalized.

Public Comment
October 2024 PDC Regular Meeting
Conner Edwards

PDC Case No. 155330 – Rob Jones

Time to Resolution: 128 Days

In this case, the staff investigation found that the respondent failed to timely file: a) the C4 report covering May, b) the 21-day C4, c) the 7-day C4, and d) the post-primary C4.

The staff also found that the respondent failed to timely file multiple C3 reports. The staff also found that the respondent had erroneously filed reports indicating a negative cash on hand balance.

The candidate is an incumbent county commissioner. This candidate would not have qualified for mini reporting because they raised and spent more than \$7000.

Despite the clear evidence of a violation that materially affected the public's right to know about the finances of a candidate committee, agency staff unilaterally dismissed the complaint with a "warning letter", thereby giving a green light to other candidates to commit the same type of violation without fear of being penalized.