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GORDON A. LIVENGOOD
OF COUNSEL

January 12, 1998

via facsimile and regular mail

Jennifer Boyt
Federal Election Commission
Washington DC 20463

Re: MUR 4693
Our File No. 9509.004

Dear Ms. Boyt:

This letter responds to the Commission's letter of November 14, 1997 to the Washington State Republican Party ("WSRP"), and the complaint filed by the Washington State Democratic Party. The WSRP's address is 16400 Southcenter Parkway, Suite 200, Seattle, WA 98188.

1. Overview

The WSRP maintains separate federal and nonfederal accounts. In accordance with Commission rules, the WSRP pays all allocable expenses from the federal account and reimburses the federal account for the portion of the expenses allocable to nonfederal activity.

During 1996 the WSRP made 78 transfers from its state accounts to its federal account to pay the nonfederal portions of allocable expenses. The transfers totaled approximately $4,391,987. All transfers were timely reported on Schedule H3 of the federal committee's reports to the Commission. The allocations were based on the formula used by the WSRP in computing the federal portion of administrative and overhead expenses. Using its formula, the WSRP reimbursed 77% of allocable costs to the federal account, for 1996.

As a result of changes in Washington state campaign finance law, contributions to the WSRP increased greatly. The 1996 elections was the first under the new state system with both statewide and national offices on the ballot. In retrospect, the WSRP's longstanding accounting system proved inadequate to handle the influx of contributions, and expenditures.

2. October Transfers to Federal Account.

As Complainant acknowledges, under FEC regulations, state "soft" money may be transferred to the WSRP federal account, in accordance with an allocation formula, to permit the federal account to be reimbursed for the portion of expenditures for nonfederal activities paid from the federal account. *11 CFR 106.5(g)(1)(i); See Complaint, p. 1.*

In making its transfer from its nonfederal account on October 18 to reimburse the account for the nonfederal allocable share of expenses, the WSRP believed the nonfederal allocation to be not less than $425,000. The WSRP's computation of the nonfederal share of allocable expenses was incorrect.

In February 1997, Commission staff requested additional information regarding the October transfer. In preparing its response to the request for information from Commission staff, the WSRP realized and promptly acknowledged its error in computing the reimbursement. The WSRP cooperated in the staff's inquiry, and replied promptly and candidly to staff questions. The WSRP agreed to repay from the federal account the excess allocation. *See April 4, 1997 letter (which transmitted amended Form H4 and Schedule D), attached as Exhibit 1.* As of June 30, 1997, the WSRP has repaid $126,000 of the excess contribution. Total contributions to the WSRP federal account during the period since the initial repayment have been only $278,133. The WSRP has repaid additional amounts since July 1, 1997, but a significant balance remains. The WSRP has made a diligent effort to repay the excess transfer, but contributions to the federal committee have been insufficient to repay the full amount.

The staff also raised questions regarding the allocation of certain fundraising expenses. The staff adivsed the WSRP that it believed the fundraising expenses could not be allocated between the federal and nonfederal shares. In mid-1997, the WSRP agreed to repay the additional funds staff asserted should have been allocated to state expenses exclusively. The WSRP cooperated in the inquiry, and promptly amended its filings with the Commission, once it realized the error. *See May 23, 1997 letter, (which transmitted attached amended Forms H4 and Schedules B and D) attached as Exhibit 2.*

During the time covered by the incorrect allocation of allocable expenses (October 18 through November 25, 1996), the WSRP made no contributions to any federal candidates. None of the funds erroneously transferred to the federal account were received by federal candidates.

In 1994, the WSRP, faced with a shortfall in its federal account, borrowed $90,000 from its regular commercial bank lender. The WSRP repaid the loan in January 1995. The WSRP would have had recourse to the same commercial lender in October 1996 to arrange the necessary financing to cover the 1996 shortfall, had it realized its computation of the amount eligible to be transferred to the federal account was insufficient to meet the current obligations. The borrowed funds could have been used, properly, to pay the federal account expenses.

3. August 1996 Transfer to Federal Account.

The WSRP's computation of the permissible transfers from the nonfederal account to the federal account to pay the nonfederal share of allocable expenses in August 1996 was correct. Complainant's allegations that the transfer was illegal are unfounded and unsupportable.

4. Transfer of funds from Republican National Committee.

On October 11, 1996 the WSRP received $400,000 from the Republican National State Elections Committee, which is the RNC's nonfederal account. This contribution was placed properly in the WSRP state "exempt activities" account. During October 1996, $2,437,729 was deposited into the WSRP's state accounts. The $400,000 contribution was commingled with other deposited funds.

5. Conclusion

The WSRP's accounting errors do not constitute a knowing or willful violation of any federal law. The WSRP incorrectly calculated the nonfederal share of allocable expenses that could be reimbursed for the federal account, and has acknowledged the error from the first contact with the Commission on the matter, and has made significant repayment of the excess reimbursement. The accounting errors do not support a finding of an intent to violate the reimbursement rules in the Code of Federal Regulations. The Commission should dismiss the complaint, and proceed with resolution of the matter as set forth in its prior correspondence with the WSRP. It is our understanding that it is the Commission's practice to close files with a finding of "reason to believe" out further action where a state party has inadvertently, incorrectly computed reimbursement allocations, and has cooperated in the Commission's investigation. The WSRP reiterates that it will repay the balance of the excess reimbursement, as promptly as possible.

I declare under the penalty of perjury, that while I do not have firsthand knowledge of the above facts, I believe them to be true and correct.

Very truly yours,

LIVENGOOD, CARTER, TJOSSEM,
FITZGERALD & ALSKOG, LLP

John J. White, Jr.

Enclosure
cc: Frank Bickford

E:\WPDOCS\JJW\WSRP\FEC\MURRESP1 LTR

WASHINGTON STATE REPUBLICAN PARTY
DALE FOREMAN • CHAIRMAN

April 4, 1997

John D. Gibson, Assistant Staff Director
Andrea Wilkens, Reports Analyst
Reports Analysis Division
Federal Election Commission
Washington D.C. 20463

Identification Number: C00031088

RE: 30 Day Post-General Report (10/16/96-11/25/96)

Dear Ms. Wilkins:

In response to your correspondence dated March 20, 1997 regarding the above referenced report, we submit the following:

We concur that calculations for Line 31, Columns A and B were incorrect. Attached is amended Detailed Summary Page with corrected calculations for Line 31, Columns A and B. As a result of revisions relating to other findings in your letter, the amounts have been updated on the attached, revised Detailed Summary Page.

Schedule H2 indicates the allocation ratio for Telemarketing P-609 and Direct Mail V-96-GOR were revised during the reporting period. In response to your letter dated January 29, 1997, we revised our August 29, 1996-October 15, 1996 report on March 3, 1997 to reflect the correct ratios during that period Attached is amended H2 which reflects the state/federal allocations which were finally attained on the various fundraising activities.

Schedule H2 ratio for Telemarketing P-610 was shown as previously reported; this activity had not been previously reported. Attached is amended H2 with correction to "New".

Schedule H3 discloses receipts of non-federal dollars to reimburse for the cost of fundraising expenses which were 100% non-federal. At the time these payments were made we were under the erroneous understanding that any fundraising expense, even if 100% of the proceeds were going into the state account, could be paid out of the federal account and later reimbursed. In the case of the activities labeled "V-96-Kem", "FD", "TV Ad", and "Gub", the reimbursement did not result in any benefit to a federal candidate. The reimbursement shown on revised Schedule H3 is simply the correction of an error. The payments should have been made out of the state account initially.

EXHIBIT 1

16400 SOUTHCENTER PARKWAY, SUITE 200 • SEATTLE, WASHINGTON 98188
206.575.2900 • FAX 206.575.1730

Expenditures made for Flowers-Kasich Fundraiser, Kemp Event, and McCain travel were not made on behalf of any candidate. Kasich, Kemp and McCain were speakers at these fundraising events, and these descriptions were identifiers for internal use. The events were fundraisers to solely benefit the state party.

We have determined that during the campaign our bookkeeper was overwhelmed by the volume of transactions and failed to keep proper track of the capacity to transfer funds to the federal account. As a result we transferred $285,316.22 more from the state account than we should have.

To correctly reflect our excessive transfers we have recorded a loan payable to the state account. Starting in January 1997 we have begun repaying the loan, and we expect that by the end of June 1997 it will be fully retired.

Due to the fact that we had not computerized our FEC reporting, it has been very time consuming to calculate the correct amounts. Our revised reports reflect our best efforts to provide such corrections.

Schedule H4 supporting Line 21(a) of the Detailed Summary Page, failed to include the total EVENT YEAR-TO-DATE amount for payments to several vendors. Attached are amended Schedule H4s with total EVENT YEAR-TO-DATE amounts.

Schedule H4 discloses a payment to Targeted Creative Communications as an in-kind transfer from the Republican National Committee. No indication of the receipt of the federal portion (totaling $764.00) was listed on Schedule A of the report. We concur; attached is amended Schedule A showing the in-kind receipt. We have also annotated Schedule H3, page 8, to clarify that the transfer represented the non-federal share of the generic activity.

Thank you,

Roma L. Zubrod

Roma L. Zubrod
Deputy Treasurer

Encl.

WASHINGTON STATE REPUBLICAN PARTY
DALE FOREMAN • CHAIRMAN

May 23, 1997

Andrea Wilkens, Reports Analyst
Reports Analysis Division
Federal Election Commission
Washington D.C. 20463

Identification Number: C00031088

RE: Amended 30 Day Post-General Report (10/16/96-11/25/96)

Dear Ms. Wilkins:

In response to your request dated May 1, 1997 regarding the above referenced report we submit the following:

We were not over-transferred in any reporting period prior to the 10/16/96-11/25/96 reporting period. During this reporting period we were over-transferred in the amount of $285,316.22, as previously reported in our amendment dated 4/04/97.

Since you informed us in the second paragraph of your letter dated May 1, 1997 that we cannot reimburse our state account for fundraising expenses inadvertently paid out of the federal account, as explained in our response dated 4/04/97, we are now adding them to the over-transferred total as of 11/25/96. We have added an additional line to Schedule D reflecting $80,203.89 in fundraising expenses, removed the disbursements from Schedule H4, and reported them on a revised Schedule B. Accordingly, the revised over-transferred amount as of 11/25/96 totals $365,520.11.

Starting in January 1997 we have begun repaying the loan, and we expect that by the end of June 1997 it will be fully retired.

Thank you for your assistance.

Roma L. Zubrod

Roma L. Zubrod
Deputy Treasurer

Encl.

EXHIBIT 2

10422 [illegible] • Seattle, Washington 98155

STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION
711 Capitol Way Rm 403, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112

BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

IN THE MATTER OF ENFORCEMENT ACTION AGAINST Washington State Republican Party Respondent.	PDC CASE NO: 97-269 Notice of Administrative Charges MUR 4693

IT IS ALLEGED as follows:

BULK FILE

I.
JURISDICTION

Jurisdiction of this proceeding is based on Chapter 42.17 RCW, the Public Disclosure Commission, Title 390 WAC, and Chapter 34.05 RCW, Administrative Procedure Act.

II.
BACKGROUND

In January, 1997, PDC staff conducted an audit of the Washington State Republican Party (WSRP) and the Washington State Democratic Central Committee (WSDCC). The audits were conducted to determine compliance with RCW 42.17.

Based on the findings of the WSRP audit, staff filed a complaint against the WSRP, alleging violations of:

- RCW 42.17.640, accepting contributions in excess of legal limits, giving contributions to candidates in excess of legal limits, using its exempt contributions for purposes other than those allowable, and
- RCW 42.17.080 and .090 for failing to timely report expenditures, and

- RCW 42.17.105 for failing to notify candidates, within 24 hours, of contributions it had made to them when the contribution exceeded $500 during the last 21 days preceding the general election.

Previous Enforcement Matter

In July, 1996, the Commission found the WSRP in violation of RCW 42.17.640(6), (13) and (14). That investigation revealed that the WSRP used exempt contributions for the purposes other than those allowed by law; namely supporting ballot issues and local candidates. The Commission assessed the WSRP a penalty of $2,500, and the WSRP agreed to reimburse its exempt contributions account with non-exempt contributions totaling $69,495.

Federal Election Commission Requirements

Federal law requires all state parties with both federal and state committees to pay its overhead, joint benefit activities and other allocable expenses from federal committee funds. The amount to be transferred from the state committee account to cover its share of expenses is determined by use of a formula based on ballot composition or ballot allocation. The formula determines the percentage of federal and state funds that will be used for the joint expenditures.

The ratio initially used in 1996 was determined by the WSRP to be a 75/25 split during the first quarter of 1996, with 75% of joint expenditures paid with state dollars. For the remainder of 1996, a 78/22 split was used, with 78% of joint expenditures paid with state dollars.

Reporting Modification

Because federal law requires the WSRP to pay for certain expenditures out of its federal committee account, the WSRP requested, and the Commission granted, a reporting modification to not itemize each expenditure made from the funds transferred to the federal committee from the state committee. Without the modification, the WSRP would have been required to report

each transfer from its state committee to its federal committee, along with an itemization of each expenditure made from the transferred funds. The request stated it would be a hardship for the WSRP to report the breakdown of each transfer. The reporting modification allowed the WSRP to report the transfers without itemizing the specific expenditures, and to file a memorandum with the appropriate C-4 detailing any expenditure made during the reporting period from the federal committee which supported or opposed state or local candidates or ballot issues.

III.
LAW

RCW 42.17.020(5) defines a bona fide political party to include:

> "(b) The governing body of the state organization of a major political party, as defined in RCW 29.01.090, that is the body authorized by the charter or bylaws of the party to exercise authority on behalf of the state party..."

RCW 42.17.020(18) defines election cycle as "the period beginning on the first day of December after the date of the last previous general election for the office that the candidate seeks and ending on November 30th after the next election for the office..."

RCW 42.17.020(19) states: " 'Expenditure' includes a payment, contribution, subscription, distribution, loan, advance, deposit, or gift of money or anything of value, and includes a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure. The term 'expenditure' also includes a promise to pay, a payment, or transfer of anything of value...For the purposes of this chapter, agreements to make expenditures, contracts, and promises to pay may be reported as estimated obligations until actual payment is made."

RCW 42.17.020(32) defines political advertisement as "any advertising displays, newspaper ads, billboards, signs, brochures, articles, tabloids, flyers, letters, radio or television presentations, or other means of mass communication, used for the purpose of appealing, directly or indirectly, for votes or for financial or other support in any election campaign."

RCW 42.17.080 requires a C-4 to be filed "on the twenty-first day and the seventh day immediately preceding the date on which the election is held..."

RCW 42.17.090 requires this C-4 to include: "The name and address of each person to whom an expenditure was made in the aggregate amount of more than fifty dollars during the period covered by this report, and the amount, date and purpose of each such expenditure."

RCW 42.17.105(1) states "...Any political committee making a contribution or an aggregate of contributions to a single entity which exceeds five hundred dollars shall also prepare and deliver to the commission the special report if the contribution or aggregate of contributions is made during a special reporting period." The special reporting period is seven days prior to the primary election and twenty-one days prior to the general election.

RCW 42.17.105(3) states "...The special report required of a contributor by subsection (1) of this section...shall be delivered to the commission, and the candidate or political committee to whom the contribution or contributions are made, within twenty-four hours of the time, or on the first working day after: The contribution is made; the aggregate of contributions made first exceeds five hundred dollars..."

RCW 42.17.105(6) states: "Contributions reported under this section shall also be reported as required by other provisions of this chapter."

RCW 42.17.640(3)(a) states: "Nothwithstanding subsection (1) of this section, no bona fide political party or caucus political committee may make contributions to a candidate during an

election cycle that in the aggregate exceed (i) fifty cents[1] multiplied by the number of eligible registered voters in the jurisdiction from which the candidate is elected..."

RCW 42.17.640(5) states: "For purposes of determining contribution limits under subsections (3) and (4) of this section, the number of eligible registered voters in a jurisdiction is the number at the time of the most recent general election in the jurisdiction."[2]

RCW 42.17.640(6) states: "Nothwithstanding subsections (1) through (4) of this section, no person other than an individual, bona fide political party, or caucus political committee may make contributions reportable under this chapter to a ...bona fide political party that in the aggregate exceed two thousand five hundred dollars[3] in a calendar year..."

RCW 42.17.640(14) states: "The following contributions are exempt from the contribution limits of this section:

(a) An expenditure or contribution earmarked for voter registration, for absentee ballot information, for precinct caucuses, for get-out-the-vote campaigns, for precinct judges or inspectors, for sample ballots, or for ballot counting, all without promotion of or political advertising for individual candidates; or

(b) An expenditure by a political committee for its own internal organization or fund raising without direct association with individual candidates.

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1 Adoption of WAC 390-05-400 changed the limit to fifty-five cents per registered voter, effective March 1, 1996.

2 This statutory provision was added by Chapter 397, 1995 Session Law. It went into effect July 1, 1995. A memo dated July 27, 1995, from Vicki Rippie, PDC Assistant Director, was sent to the Executive Directors of both State Party Organizations informing them of the changes to the Public Disclosure law.

3 Adoption of WAC 390-05-400 changed the limit to $2,750, effective March 1, 1996.

WAC 390-17-030 **Sample Ballots.**

(1) Sample ballot, as that term is used in RCW 42.17.640(14)(a), means a printed list that includes a majority of all of the partisan offices on the ballot and that also may include ballot measures and nonpartisan races to be voted on at a particular primary, general or special election; all without promotion of or political advertising for specifically named individual candidates.

(2) A sample ballot shall not indicate the sponsor's preference for any specific candidate or candidates listed on the ballot.

(3) A sample ballot may contain a list of candidates, limited to the identification of the candidates (pictures may be used), the office or position currently held, the elective office sought and the party affiliation, as long as the same category of information is given for all candidates listed. The list shall not include additional biographical data on candidates, their positions on political issues or statements on party philosophy.

(4) A sample ballot which meets the above criteria is not considered a contribution to any of the candidates listed in the ballot. (WSR 96-05-001 filed 2/7/96; WSR 93-16-064, filed 7/30/93)

WAC 390-17-060 **Exempt Activities--Definitions, Reporting** (in part):

(1)(a) "Exempt Contributions" are contributions made to a political committee which are earmarked for exempt activities as described in RCW 42.17.640(14)(a) and (b). Such contributions are required to be reported under RCW 42.17.090, are subject to the restrictions in RCW 42.17.105(8), but are not subject to the contribution limits in RCW 42.17.640. Any written solicitation for exempt contributions must be so designated. Suggested designations are "not for individual candidates" or "for exempt activities."

(2) "Exempt Contributions Account" is the separate bank account into which only exempt contributions are deposited and out of which only expenditures for exempt activities shall be made.

(3) "Exempt Activities" are those activities described in RCW 42.17.640(14), expenditures for which are exempt from the contribution limits of RCW 42.17.640. However, only those activities described in RCW 42.17.640(14) as further defined in subsection (4) and (5) of this rule are eligible for payment with exempt contributions.

(4)(a) If activities described in RCW 42.17.640(14)(a) promote clearly identified candidate(s), the activities are a contribution to those candidate(s). Expenditures for these activities may not be made with exempt contributions. If more than one clearly identified candidate is promoted, the amount expended shall be allocated proportionally among those candidates. The amount expended for such activities shall be reported as a contribution to that candidate(s). Candidate(s) shall be notified in writing of the contribution within five (5) business days of the expenditure.

(b) A candidate is deemed to be clearly identified if: the name of the candidate is used; a photograph or drawing of the candidate appears; or the identity of the candidate is apparent by unambiguous reference.

(c) An activity that benefits or opposes fewer than three (3) individual candidates shall be presumed to be for the purpose of promoting individual candidates whether or not they are clearly identified. Such an activity does not constitute a contribution to any candidate who is not clearly identified, but the activity shall not be paid with exempt funds.

(5)(a) "Internal Organization Expenditures" described in RCW 42.17.640(14)(b) are expenditures for organization purposes, including legal and accounting services, rental and purchase of equipment and office space, utilities and telephones, postage and printing of

newsletters for the organization's members or contributors or staff when engaged in organizational activities such as those previously listed, all without direct association with individual candidates.

(b) "Fundraising Expenditures" described in RCW 42.17.640(14)(b) are expenditures for fundraising purposes, including: facilities for fundraisers, consumables furnished at the event and the cost of holding social events and party conventions, all without direct association with individual candidates.

(c) If expenditures made pursuant to subsections (5)(a) and (b) above are made in direct association with individual candidates, they shall not be paid with exempt contributions.

(6) For purposes of RCW 42.17.640(14)(a) and this section, activities that oppose one or more clearly identified candidates are presumed to promote the opponent(s) of the candidate(s) opposed. (WSR 96-05-001 filed 2/7/96; WSR 93-24-003, filed 11/18/93; Em. WSR 93-19-035, filed 9/7/93)

WAC 390-17-065 **Record Keeping and Reporting of Exempt Contributions Accounts.**

(1) Any political committee that receives exempt contributions as defined by RCW 42.17.640(14)(a) or (b) and WAC 390-17-060 shall keep the contributions in a separate bank account. Exempt contributions commingled with contributions subject to contribution limits are presumed to be subject to the limits. Expenditures to promote candidates or which are made for purposes other than those specified in RCW 42.17.640(14)(a) or (b) shall not be made with funds from the exempt contributions account.

(2)(a) Separate campaign disclosure reports shall be completed and filed for an exempt contributions account.

(b) Political committees maintaining an exempt contributions account shall make known the existence of the account by filing a statement of organization for the account pursuant to RCW 42.17.040.

(c) Political committees maintaining an exempt contributions account shall be subject to the provisions of chapter 42.17 RCW and file the disclosure reports required by this chapter for the account pursuant to RCW 42.17.080.

(3) Contributors shall not use a single written instrument to make simultaneous contributions to an exempt contributions account and any other committee account; separate written instruments must be used to make contributions to an exempt contributions account. (WSR 96-05-001 filed 2/7/96; WSR 93-24-003, filed 11/18/93; Em. WSR 93-22-001, filed 10/20/93)

IV.
FACTS

1. The WSRP Violated RCW 42.17.640(3)(a) By Contributing A Total Of $37,000 To Six Candidates In Excess Of Legal Limits.

During the 1996 election cycle, the WSRP contributed to legislative candidates. In six instances, the contributions exceeded the allowable limit of 55 cents per registered voter as of the last general election (WAC 390-05-400). Those are as follow:

Candidate	No. Registered Voters as of Nov. 7, 1995	Limit	Contribution	Excess
Ian Elliot	56,293	$30,961	$32,022	$1,061
Tom Campbell	39,944	21,969	30,612	8,643
Bryan Alford	51,534	28,344	34,272	5,929
Don Benton	61,161	33,639	40,704	7,065
Steve Hargrove	66,905	36,798	40,475	3,677
Grant Pelesky	54,416	29,929	40,555	10,626
			TOTAL	$37,001

The staff of the WSRP stated during the investigation that they had established controls to track the contributions it gave to various candidates. However, the controls were not fully implemented. As a result, the WSRP exceeded the contribution limits for these six candidates.

2. The WSRP Violated RCW 42.17.640 By Accepting A Total Of $24,250 In Excess Of Legal Limits From Three Organizations And Then Placing The Excess Funds Into Its Non-Exempt Contributions Account.

As stated in RCW 42.17.640(14)(a), contributions given to a political party and expended for certain purposes are exempt from contribution limits. Those allowable purposes are:

- voter registration;
- absentee ballot information;
- precinct caucuses;
- get-out-the-vote campaigns;
- precinct judges or inspectors; and
- sample ballots or ballot counting.

To be exempt from contribution limits, the expenditure must also be made without promotion of, or political advertising for, individual candidates.

As stated in RCW 42.17.640(14)(b), contributions given to a political party for its own internal organization or fundraising are not subject to limits. To be exempt from contribution limits, the internal organization and fundraising expenditures must also be made without direct association with individual candidates. Contributions that do not satisfy the standards in RCW 42.17.640(14) are subject to contribution limits contained elsewhere in RCW 42.17.640.

The WSRP received contributions exceeding the legal limit of $2,750 from three separate organizations, and deposited the contributions into its non-exempt contribution account. As reported on C-3 reports submitted by the WSRP, the following contributed in excess of $2,750.

Contributor	Amount Contributed	Limit	Excess
Speakers Roundtable	$12,500	$2,750	$9,750
Senate Republican Leadership Fund	$10,000	2,750	7,250
Leadership Council	$10,000	2,750	7,250
		TOTAL	$24,250

3. The WSRP Violated RCW 42.17.640 By Using $236,000 In Funds From Its Exempt Contributions Account For Purposes Not Allowed by Law.

A. Madison Group Media Buy

On October 17, 1996, the WSRP paid $150,000 to the Madison Group for a media buy for an advertisement that was critical of Gary Locke, the Democratic candidate for Governor. The expenditure was made from its exempt contribution account.

RCW 42.17.640(14) does not allow an expenditure from an exempt contributions account to be used for this purpose.

B. Speaker's Roundtable Contributions

The WSRP also used exempt contributions to make contributions to a political committee, the Speaker's Roundtable. From December, 1996, through August, 1997, a total of $84,000 was expended from the exempt contributions account for these contributions.

The investigation revealed that the contributions to the Speaker's Roundtable were for a special direct mail project soliciting funds for the Speaker's Roundtable. While RCW 42.17.640(14)

allows exempt contributions to be used for a committee's own fund raising purposes, it does not allow the funds to be given to another political committee for its fund raising activities.

RCW 42.17.640(14) does not allow an expenditure from an exempt contributions account to be used for these purposes.

C. Capitol Fund Contribution

The WSRP made a contribution of $2,000 from its exempt contributions account to the Capitol Fund, another political committee. The WSRP offered no explanation for this contribution.

RCW 42.17.640(14) does not allow an expenditure from an exempt contributions account to be used for this purpose.

4. The WSRP Violated RCW 42.17.640 By Transferring $104,023 In Contributions From Its State Exempt Contributions Account To Its Federal Committee And Using The Transferred Funds For Purposes Not Allowed by Law.

Federal law requires the WSRP to transfer funds to its federal committee from its state committee to pay for certain expenditures. By state law, if the expenditures benefit candidates, the funds must be transferred from the non-exempt contributions account. The WSRP transferred a portion of its state exempt contributions to its federal committee account, and used the funds for purposes other than those allowed by RCW 42.17.640(14).

A. Dave Mortenson & Associates

During the 1996 election cycle, the WSRP used its federal committee account to pay Dave Mortenson & Associates a total of $24,000. The purpose of the payment was reported by the WSRP on its Federal Election Commission (FEC) reports as "GOTV consulting and mailing." The FEC report showed the expenditure as a 78/22, state/federal split. The state's portion of the expense, transferred from its exempt contributions account, was $18,720.

The purpose of the expenditure was to produce and mail direct candidate mail pieces and did not constitute a GOTV campaign.

RCW 42.17.640(14) does not allow an expenditure from an exempt contributions account to be used for this purpose.

B. Madison Group Slate Cards

During the 1996 election cycle, the WSRP paid the Madison Group, a consulting firm, $33,826 for the printing of "slate cards" identifying congressional and state executive candidates. Two hundred twenty-five thousand (225,000) slates cards were produced. The expenditure was made from the federal committee account, and according to FEC reports filed by the WSRP, a 78/22, state/federal split was used. Seventy-eight percent of the expenditure was paid from state exempt contributions, transferred to the federal committee account. The state portion amounted to $26,385. No postage expense could be identified.

Slate cards do not constitute a "sample ballot" as defined by WAC 390-17-030.

RCW 42.17.640(14) does not allow an expenditure from an exempt contributions account to be used for this purpose.

C. Washington Lincoln Group Absentee Ballot Production

On October 24, 1996, the WSRP paid $9,534 to the Washington Lincoln Group, a political consulting firm. The purpose of the expenditure was, according to the WSRP FEC reports, "Absentee Ballot Production." In addition, $7,285 was paid to the U.S. Post Office for the postage of the mailing. Both of these expenditures were reported as 78/22 state/federal split, with a total of $13,118 transferred from the state's exempt contributions account.

What the WSRP called "absentee ballot production" was a mailing, entitled "Your 1996 Republican Team Needs You to Vote and Return Your Ballot Today." Featured on the mailing was a list of Republican candidates. The mailer contained information regarding absentee ballot information, but also promoted or constituted political advertising for individual candidates.

Based on the reporting of a similar mailing sent in late September, 1996, the WSRP should have known at the time the October mailer was sent that it had to transfer non-exempt contributions to cover the state's portion of the expense. The September mailer listed Republican candidates, and included statements about Gary Locke. The cost of the September mailer was $47,497. Using the 78/22, state/federal split, the state's portion of the September mailer was $37,047. The WSRP reimbursed the federal committee with $38,000 from its non-exempt contributions account. This was one of the few instances in which the WSRP transferred non-exempt contributions to the federal committee to cover the state's portion of a joint expenditure.

RCW 42.17.640(14) does not allow an expenditure from an exempt contributions account for the October mailer that promoted or constituted political advertising for candidates.

D. Polis Political Services

On January 9, 1996, the WSRP paid $8,000 to Polis Political Services, a political consulting firm, for services rendered during a 1995 special election. A split of 75/25 was used to pay for the

services even though no federal candidates were benefited. The state's portion of the expense was $6,000. The federal report indicates the purpose of the expense to be "polling."

One thousand dollars of the expense was to pay for tracking polls conducted in the 18th and 20th Legislative Districts one week prior to the 1995 special election. The results of the polls, featuring Joseph Zarelli, a candidate for State Senate in the 18th Legislative District, and Dan Swecker, a candidate for State Senate in the 20th Legislative District, were shared with the candidates' campaign committees. Polis Political Services was the campaign consultant for Zarelli, and according to Stan Shore, a partner in Polis Political Services, the results of the Swecker survey were shared with John Meyers of the Washington Lincoln Group, Swecker's consultant.

This expenditure also included $2,500 to pay for Stan Shore's consulting services to the Zarelli campaign.

The remaining $4,500 was used for surveys conducted for 1996 candidate recruiting efforts.

This $8,000 payment to Polis Political Services is not an allowable expense from an exempt contributions account pursuant to RCW 42.17.640(14).

E. Opposition Research

On October 14, 1996, a payment of $2,865 was made to NALPAK Research Company. The purpose of the expense was "campaign research." According to the invoice, the purpose of the expense was for consulting services provided for research of tobacco contributions and four incumbent House Democratic candidates. The expense was reported on the FEC reports, using the 78/22, state/federal split, and $2,234 was transferred from the state's exempt contributions account.

RCW 42.17.640(14) does not allow an expenditure from an exempt contributions account to be used for this purpose.

F. Other Surveys and Polls

Several other surveys and polls of voters were conducted by the WSRP during the five weeks prior to the 1996 general election. The surveys and polls were paid from the federal committee account, and included funds transferred from the state exempt contributions account. Non-exempt contributions were not transferred to help pay for any of the surveys or polls.

Paying for surveys and polls of voters is not one of the allowable uses of exempt contributions. Further, the survey and poll expenditures were in direct association with candidates. These expenditures were required to be made from non-exempt contributions.

1. On October 30, 1996, the WSRP paid $1,800 from its federal committee to Polis Political Services. The description of the services provided by Polis, as shown on an invoice from Polis to the WSRP, is "Legislative District 22 survey---Rush." The survey was conducted of 250 registered voters in the 22nd Legislative District. Ten questions out of a total of thirteen were directly associated with state legislative candidates. This payment was reported on FEC reports as a 78/22, federal/state split, with $1,296 of state exempt contributions transferred to the federal committee.

2. On October 14, 1996, the WSRP paid $19,500 to Public Opinion Strategies for five surveys it conducted for the WSRP. The payment was made from the WSRP's federal committee account, which included transfers from the state exempt contributions account. The FEC reports indicate that the expense was subject to the 78/22, state/federal split, and the state's portion was $15,210. The survey, conducted of 500

registered voters throughout the state, contained sixty-seven questions, with twenty of the questions directly associated with state executive candidates.

3. On October 14, 1996, the WSRP made an expenditure, again from its federal committee, to Public Opinion Strategies to pay for five separate polls of targeted legislative districts. The cost of the polls was $3,500 each, for a total of $17,500. Using the 78/22, state/federal split, the state's share of the expenditure was $13,650, which was transferred from the state's exempt contributions account.

   These polls were taken in the 3rd, 5th, 10th, 16th and 38th Legislative Districts, and contained 15 questions, 11 of which were directly associated with candidates. Three hundred voters were contacted in each of the districts. The WSRP made contributions to the Republican candidates in these districts after reviewing the results of the surveys.

4. On October 30, 1996, the WSRP used its federal committee account to pay an expenditure of $9,500 to Public Opinion Strategies for a state-wide survey. The 500 registered voters were asked 24 questions, with 10 of them directly associated with candidates for state-wide office. The WSRP again used the 78/22, state/federal split for this expenditure. The state's share of this expense was $7,410, which was transferred from the state's exempt contributions account.

RCW 42.17.640(14) does not allow expenditures from an exempt contributions account to be used for these purposes.

5. The WSRP Violated RCW 42.17.080 And 42.17.090 By Failing To Meet Expenditure Reporting Deadlines.

During the 1996 election cycle, the WSRP placed orders with several vendors. When a C-4 report was due, these bills had yet to be paid. The WSRP failed to report its promise to pay these outstanding bills.

The C-4 report due seven days before the general election, on October 29, 1996 reflected $21,932 in outstanding bills. However, on the December 11, 1996 C-4, $342,584 was reported as "orders placed but not yet paid," most of which were for direct mail pieces benefiting candidates.

It was determined that $282,925 was outstanding at the time the seven day pre-general election C-4 report was due, and was not included on that report.

The larger of the expenses are as follows:

a. South Sound Printing invoices, dated October 26, 1996, totaled $44,836 for services benefiting seven legislative candidates.

b. The Washington Lincoln Group and sub-vendor James Maryea provided services prior to October 29, 1996, for political advertising benefiting specific candidates. These invoices totaled $52,890.

c. The Washington Lincoln Group also prepared a political advertisement (tabloid) featuring six state-wide Republican candidates. The tabloid was inserted in major newspapers around the state the weekend prior to the election. The WSRP paid The Washington Lincoln Group $70,832 for the tabloid. The tabloid was approved by the WSRP on or about October 10, 1996, and the printing was completed on October 22, 1996. This expenditure did not appear on the October 29, 1996 C-4 report.

6. The WSRP Violated RCW 42.17.105 By Failing To Timely Notify Candidates Of Contributions It Made To Candidates.

During the last 21 days preceding the general election, a special report is required if a reporting entity makes a contribution to a candidate or political committee, that in the aggregate during those 21 days, exceeds $500. The report is to be filed within 24 hours from the time the contribution is made. The recipient is to be notified within 24 hours, and must file a special report within 48 hours.

The WSRP made contributions in excess of $500 to candidates within the 21 day period. For most of these contributions, the WSRP filed special reports with PDC. However, they failed to notify each candidate that the contribution had been made, thereby causing the candidates to fail to file special reports or to timely report the contributions.

The WSRP notified 14 candidates on November 13, 1996 (a week after the election) of contributions it had made to them. Most of the candidates reported the contributions received from the WSRP on their December 10 C-4 report.

7. The WSRP Violated RCW 42.17.080 And 42.17.090 By Failing To Report Expenditures As Required Pursuant To The Reporting Modification Granted By The Commission.

The WSRP was granted a reporting modification in 1996 which allowed them to report transfers to its federal committee account without having to itemize the specific expenditures paid for from the transfers. However, if any of the transferred funds were used to support or oppose

candidates, the WSRP was required to submit a memorandum with each C-4 report detailing the expenditures made from the transferred funds that benefited state or local candidates or ballot propositions. The detailed information included:

a) The name of the candidate supported or opposed;
b) The date of the expenditure by the federal committee;
c) The vendor's name and address;
d) The purpose and/or description of the expenditure;
e) The total amount expended (even if only a portion of the expenditure was for state or local candidates or ballot propositions); and
f) The amount attributable to each state or local candidate benefited.

In each of the allegations previously listed where funds were transferred to the WSRP's federal committee and spent for the benefit of state or local candidates, no memorandum was filed. It was not a matter of public information that approximately one hundred thousand dollars ($100,000) was being spent, from the WSRP exempt contributions account, to the benefit of state candidates.

V.
CHARGES

The facts specified in paragraph III constitute sufficient evidence to cause staff to allege violations of RCW 42.17.640(3), for giving contributions in excess of legal limits; RCW 42.17.640(6), for accepting contributions into its non-exempt contributions account which exceeded legal limits, and using exempt contributions for purposes not allowed by law (both directly and through the transfers to the federal committee); RCW 42.17.080 and .090 for not timely reporting

expenditures and for failing to comply with the reporting modification; and RCW 42.17.105, for failing to notify candidates, of contributions in excess of $500 it had made to the candidates within 21 days of the general election.

DATED THIS 15th day of April, 1998.

Susan Harris
Assistant Director
Compliance and Enforcement

STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION
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BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

IN RE COMPLIANCE WITH RCW 42.17	)	PDC CASE NO: 97-268
	)	Report of Investigation
WASHINGTON STATE REPUBLICAN PARTY	)	

I.

BACKGROUND

1.1 In July of 1996, the Washington State Republican Party (WSRP) was named as a respondent in an enforcement hearing before the Public Disclosure Commission.

1.2 The WSRP was found in violation of RCW 42.17.640(6), (13) & (14) by using exempt funds for the purpose of supporting a ballot measure and local candidates during the 1995 elections. The WSRP was ordered to pay a civil penalty of $2,500, and agreed to reimburse the WSRP exempt account with non-exempt funds in the amount of $69,495. See Exhibit #1.

1.3 A limited scope audit was conducted in January of 1997, by staff members of the Public Disclosure Commission (PDC) of the records and reports of both the WSRP, and the Washington State Democratic Central Committee (WSDCC). The period covered by the audits was from January 1, 1996 through December 31, 1996.

1.4 The audits were conducted to determine compliance with chapter 42.17 RCW.

1.5 Based on the findings in the audit report, Melissa Warheit, Executive Director of the PDC filed a complaint against the WSRP on March 28, 1997. Ms. Warheit directed staff members of the Public Disclosure Commission to begin an investigation of the WSRP. See Exhibit #2.

1.6 This Report Of Investigation details the findings of that investigation.

II.

SCOPE

2.1. Public Disclosure C-Series reports submitted by the WSRP were reviewed, as well as Federal Election Commission (FEC) reports.

2.2. Tests and other procedures were used to determine compliance with the Public Disclosure Law. Those tests and procedures included, but were not limited to the following:

2.3. reviewing expenditures listed on the Schedule A to C-4 report, orders placed on the Schedule B to C-4 report, WSRP purchase orders, and vendor invoices from the WSRP non-exempt account to determine if the $.55 per registered voter limitations for legislative and executive candidates were adhered to during the 1996 election cycle;

2.4. reviewing C-3 reports, cash receipts, and canceled checks for contributor information to determine whether the WSRP adhered to the $2,750 contribution limit to the WSRP non-exempt account established under I-134;

2.5. reviewing transfers from the WSRP exempt account to the WSRP federal account to determine if any state executive, state legislative, local candidates, other political committees, or ballot propositions were being supported by the expenditure;

2.6. reviewing transfers from the WSRP exempt account to the WSRP federal account to determine if expenditures made from the WSRP federal were for permissible activities using exempt funds as outlined in RCW 42.17.640(14);

2.7. reviewing vendor invoices to determine if the WSRP complied with the reporting requirements for orders placed for candidates during the 21 day reporting period prior to the general election;

2.8. reviewing vendor invoices to determine if the WSRP complied with the reporting requirements for last minute contributions to candidates during the 21 day reporting period prior to the general election;

2.9 a number of interviews were conducted with the following individuals regarding the investigation of the WSRP:

a) Kelley Rogers, Executive Director of the WSRP on September 17, 1997, at the Seattle Offices of the Washington Liquor Control Board, October 2, 1997, and October 23, 1997, at the Seattle Offices of the Attorney General. Mr. Rogers was represented by John J. White Jr., an attorney with the law firm Livengood, Carter, Tjossem, Fitzgerald, & Alskog;

b) Brett Bader, President of the Madison Group on September 18, 1997, at the Seattle Offices of the Attorney General. Mr. Bader was represented by John J. White Jr.;

c) Dave Mortenson, a self-employed political consultant on September 19, 1997, at the offices of the Public Disclosure Commission. Mr. Mortenson was not represented by counsel;

d) Craig Berman, Director of Public Affairs for MWW Savitt, and former political consultant and WSRP staff member, on October 2, 1997, at the Seattle Offices of the Attorney General. Mr. Berman was represented by Steve O'Ban, an attorney with the law firm of Ellis, Li, & McKinstry;

e) Stan Shore, a political consultant with Polis Political Services, Inc. on October 7, 1997, at the offices of the Public Disclosure Commission. Mr. Shore was not represented by counsel;

f) Sandy J. Olsen, employee of Senate Republican Campaign Committee, and treasurer of The Leadership Council and the Senate Republican Leadership Fund, on October 10, 1997, at the Seattle Offices of the Attorney General. Ms. Olsen was not represented by counsel;

g) John Meyers, President of the Washington Lincoln Group on October 10, 1997, at the Seattle Offices of the Attorney General. Mr. Meyers was represented by Vincent T. Lombardi, an attorney with the law firm of Schwabe, Williamson, & Wyatt;

h) Steve Sego, Chairman of the Madison Group on October 10, 1997, at the Seattle Offices of the Attorney General. Mr. Sego was represented by John J. White Jr.;

i) Joanne Bedlington, retired bookkeeper of the WSRP on October 15, 1997, at the Seattle Offices of the Attorney General. Ms. Bedlington was represented by John J. White Jr.;

j) Tom Gurr, account representative of the Madison Group on October 15, 1997, at the Seattle Offices of the Attorney General. Mr. Gurr was represented by John J. White Jr.;

k) James Coates, a self-employed Certified Public Accountant and Independent Controller of the WSRP on October 17, 1997, at the offices of the Public Disclosure Commission. Mr. Coates was represented by John J. White Jr.;

l) Lynn Harsh, a self-employed consultant and Executive Director of the Evergreen Freedom Foundation on October 21, 1997, at the offices of the Public Disclosure Commission. Ms. Harsh was represented by Steve O'Ban;

m) Kim Martin, a self-employed consultant and staff person for the House Republican Organization Committee and The Speakers Roundtable on October 21, 1997, at the offices of the Public Disclosure Commission. Ms. Martin was represented by Steve O'Ban;

n) Scott Hildebrand, former political director of the Madison Group on October 22, 1997, at the offices of the Public Disclosure Commission. Mr. Hildebrand was not represented by counsel.

III.

RELEVANT AREAS OF LAW

3.1 RCW 42.17.020(32) states the following:

> **""Political Advertising" includes any advertising displays, newspaper ads, billboards, signs, brochures, articles, tabloids, flyers, letters, radio or television presentations, or other means of mass communication, used for the purpose of appealing, directly or indirectly, for votes or for financial or other support in any election campaign."**

3.2 RCW 42.17.640(3) states the following:

> "Notwithstanding subsection (1) of this section, no bona fide political party or caucus political committee may make contributions to a candidate during an election cycle that in the aggregate exceed (i) fifty cents (indexed to fifty-five cents in 03/96) multiplied by the number of eligible registered voters in the jurisdiction from which the candidate is elected if the contributor is a caucus political committee or the governing body of a state organization (emphasis added)."

3.3 RCW 42.17.640(5) states the following:

> "For purposes of determining contribution limits under subsections (3) and (4) of this section, the number of eligible registered voters in a jurisdiction is the number at the time of the most recent general election in the jurisdiction."

3.4 WAC 390-17-205(1) states the following:

> "For purposes of determining the number of registered voters in a jurisdiction, as required in RCW 42.17.640, bona fide political parties and caucus committees shall initially use the number of registered voters as of the date of the last general election for the office sought by the candidate for whom the contribution is to be made. The final number of registered voters for an election will be the number of registered voters on the last day of voter registration prior to the relevant election according to chapter 29.07 RCW."

3.5 RCW 42.17.640(6) states the following:

"Notwithstanding subsections (1) through (4) of this section, no person other than an individual, bona fide political party, or caucus political committee may make contributions reportable under this chapter to a caucus political committee that in the aggregate exceed five hundred dollars in a calendar year (indexed to five hundred fifty dollars in 03/96) or to a bona fide political party that in the aggregate exceed two thousand five hundred dollars (indexed to two thousand seven hundred fifty dollars in 03/96) in a calendar year. This subsection does not apply to loans made in the ordinary course of business."

3.6 RCW 42.17.640(14) states the following:

"The following contributions are exempt from the contribution limits of this section:

(a) An expenditure or contribution earmarked for voter registration, for absentee ballot information, for precinct caucuses, for get-out-the-vote campaigns, for precinct judges or inspectors, for sample ballots, or for ballot counting, all without promotion of or political advertising for individual candidates; or

(b) An expenditure by a political committee for its own internal organization or fund raising without direct association with individual candidates."

3.7 WAC 390-17-060 (3) states the following:

"Exempt activities" are those activities described in RCW 42.17.640(14), expenditures for which are exempt from the contribution limits of RCW 42.17.640. However, only those activities described in RCW 42.17.640(14) as further defined in subsection (4) and (5) of this rule are eligible for payment with exempt contributions."

3.8 WAC 390-17-060(4) & (5) states the following:

(4)(a) "If activities described in RCW 42.17.640(14)(a) promote clearly identified candidate(s), the activities are a contribution to those candidate(s). Expenditures for those activities may not be made with exempt contributions. If more than one clearly identified candidate is promoted, the amount expended shall be allocated proportionally among those candidates. The amount expended for such activities shall be reported as a contribution to that candidate(s). Candidate(s) shall be notified in writing of the contribution within five (5) business days of the expenditure.

(b) A candidate is deemed to be clearly identified if the name of the candidate is used; a photograph or drawing of the candidate appears; or the identity of the candidate is apparent by unambiguous reference.

(c) An activity that benefits or opposes fewer than three (3) individual candidates shall be presumed to be for the purpose of promoting individual candidates whether or not they are clearly identified. Such an activity does not constitute a contribution to any candidate who is not clearly identified, but the activity shall not be paid with exempt funds.

(5)(a) "Internal Organization Expenditures" described in RCW 42.17.640(14)(b) are expenditures for organization purposes, including legal and accounting services, rental and purchase of equipment and office space, utilities and telephones, postage and printing of newsletters for the organizations members or contributors or staff when engaged in organizational activities such as those previously listed, all without direct association with individual candidates.

(b) "Fundraising Expenditures" described in RCW 42.17.640(14)(b) are expenditures for fundraising purposes, including: facilities for fundraisers, consumables furnished at the event and the cost of holding social events and party conventions, all without direct association with individual candidates.

(c) If expenditures made pursuant to subsections (5)(a) and (b) above are made in direct association with individual candidates, they shall not be paid with exempt contributions."

3.9 WAC 390-17-060(6) states the following:

"activities that oppose one or more clearly identified candidates are presumed to promote the opponent(s) of the candidate(s)."

3.10 RCW 42.17.090 states the following:

"(1) Each report required under RCW 42.17.080 (1) and (2) shall disclose the following:
(h) The name and address of any person and the amount owed for any debt, obligation, note, unpaid loan, or other liability in the amount of more than two hundred fifty dollars or in the amount of more than fifty dollars that has been outstanding for over thirty days."

3.11 RCW 42.17.090 (1) states the following:

"Funds received from a political committee not otherwise required to report under this chapter (a "nonreporting" committee). Such funds shall be forfeited to the state of Washington unless the nonreporting committee has filed or within ten days following such receipt files with the

> commission a statement disclosing: (i) Its name and address; (iv) the name, office sought, and party affiliation of each candidate in the state of Washington whom the nonreporting committee is supporting, and, if such committee is supporting the entire ticket of any party, the name of the party."

3.12 RCW 42.17.105(1) states the following:

> "Any political committee making a contribution or an aggregate of contributions to a single entity which exceeds five hundred dollars shall also prepare and deliver to the commission the special report if the contribution or aggregate of contributions is made during a special reporting period. For the purposes of subsections (1) through (7) of this section:
>
> (3) The special report required of a contributor by subsection (1) of this section or RCW 42.17.175 shall be delivered to the commission, and the candidate or political committee to whom the contribution or contributions are made, within twenty-four hours of the time, or on the first working day after: The contribution is made; the aggregate of contributions made first exceeds five hundred dollars; or the subsequent that must be reported under subsection (2) of this section is made."

IV.

FINDINGS

4.1 During calendar year 1996, the WSRP transferred funds from both their non-exempt and exempt funds account to their federal account to cover the state's portion of a variety of expenditures.

These transfers are the result of a 1992 change in federal law requiring all state parties with both federal and non-federal committees to pay all overhead, joint benefit activities, and other allocable expenses out of the federal committee's funds.

4.2 The amount of state funds eligible to be transferred to the WSRP federal account from their state accounts is determined by completing a Federal Election Commission (FEC) worksheet. The worksheet is based on what is known as a ballot composition or ballot allocation. That composition or allocation is calculated by determining the number of federal and state candidates supported by a political party organization for a specific activity or during the calendar year. The computation or ratio determines the amount of federal and state funds to be spent on overhead, joint benefit activities, and other allocable expenses from the federal account.

4.3 The allocation or composition to be used for calendar year 1996 was determined by the WSRP to be a 75%/25% ratio based on ballot composition or ballot allocation used for the first three months of 1996, and a 78%/22% ratio used for the last nine months of 1996.

4.4 That ratio or split indicated that 78% of the funds expended from the federal account during the last nine months of 1996 were to be transferred from one of the WSRP state accounts. In calendar year 1996, the WSRP state exempt and non-exempt accounts transferred a total of $4,356,911.96 to their federal account. Of those state funds, 97.5% of those transferred to the federal account were from their state exempt account.

REPORT MODIFICATION

4.5 Since 1992, both the WSRP and WSDCC have been operating under a reporting modification granted by the Commission with respect to the requirements for reporting details of overhead, "joint benefit" expenditures, orders placed, and expenditures by the state parties federal committee. This request for a modification was due to the 1992 change in the federal law referred to above.

4.6 On September 18, 1996, the WSRP was granted their request to obtain a reporting modification for calendar year 1996. See Exhibit # 3.

4.7 The amount of state funds which were eligible to be transferred to the WSRP federal account during calendar year 1996 was based on a 75%/25% ratio based on ballot composition or ballot allocation for the first three months of 1996, and a 78%/22% ratio for the last nine months of 1996. During calendar year 1996, the WSRP state accounts transferred a total of $4,356,911.96 to their federal account, a large percentage of which was without any detail other than transfer to WSRP federal account.

4.8 In accordance with the report modification granted to the WSRP for calendar year 1996, the order stated the following:

> **1. "The applicant may satisfy the reporting requirements of RCW 42.17.080 and .090 by reflecting on its Schedule A to P C Form C-4, as expenditures, the bulk transfer payments that are made to its federal committee without having to itemize the specific overhead and joint expenses that are being paid with respect to those transfers, with the proviso that the state committee**

attach to each C-4, Schedule A, a memorandum that references the particular H-4 form that has been or will be filed with the Federal Election Commission ("FEC") stating when such H-4 form will be, or has been filed.

2. In addition, the memorandum shall contain all expenditures made by the applicant s federal political committee during the reporting period covered by the applicable C-4 report if such expenditures, whether cash or in-kind contributions, or independent expenditures, in part or in whole supported or opposed specific state or local candidates or ballot propositions.

The memorandum shall contain the name of the state or local candidate supported or opposed, or the ballot proposition supported or opposed. The memorandum shall state the date of the expenditure by the federal committee, the vendors or recipient s name and address, the purpose and/or description of the expenditure, the total amount of the expenditure, even though only a portion of the expenditure may have been made to support or oppose specific state or local candidates, or ballot propositions, and the amount attributable to each state or local candidate or ballot proposition benefited. The expenditures contained in the memorandum will be considered reported and will not need to be reported again on P C form C-5."

4.9 The WSRP transferred $4,247,600 from their state exempt account to the WSRP federal account, which accounted for 97.5% of all the funds transferred from WSRP state accounts to the federal account. Almost all of the transfers to the WSRP federal account from their state accounts were without any detailed itemization other than the statement above.

CONTRIBUTION LIMITS TO CANDIDATES

4.10 The WSRP was limited to $.55 per registered voter when making contributions to legislative and statewide executive office candidates during the 1996 election cycle. Six legislative candidates received contributions from the WSRP in 1996 that were in excess of the contribution limits specified in RCW 42.17.640. See Exhibit # 4.

4.11 The aggregate contribution totals for those six candidates were based solely on reported Schedule A expenditures to the C-4 reports for the WSRP non-exempt account as follows:

CANDIDATE, OFFICE SOUGHT, LEG. DIST	# OF REG. VOTERS	# OF REG. VOTE. x$.55	WSRP TOTAL CONTRIBUTED	AMOUNT OVER CONT. LIMIT
Elliot, Ian Senate (1)	56,293	$30,961.15	$32,022.36	$1,061.21
Campbell, Tom Senate (2)	39,944	$21,969.20	$30,612.07	$8,642.87
Alford, Senate (16)	51,534	$28,343.70	$34,272.22	$5,928.52
Benton, Don Senate (17)	61,161	$33,638.55	$40,703.90	$7,065.35
Hargrove, Steve Senate (23)	66,905	$36,797.75	$40,475.18	$3,677.43
Pelesky, Grant Senate (25)	54,416	$29,928.80	$40,555.14	$10,626.34

4.12 RCW 42.17.640(5) requires the number of registered voters to be computed by using the figures from the most recent general election, or in this case, November, 1995.

4.13 Prior to the 1996 general election, the Democrats maintained a one-seat majority (25-24) in the Washington State Senate. The Republicans maintained a 16-seat majority (62-36) in the Washington State House of Representatives.

4.14 After the 1996 general election, the Republicans regained control of the Washington State Senate with a three-seat majority (26-23).

4.15 The six candidates listed above that received contributions from the WSRP that exceeded the limits, were all candidates for the Washington State Senate. Of those six Senate candidates, only Don Benton was elected to the Washington State Senate. The WSRP did not exceed the contribution limits for any candidates to the Washington State House of Representatives.

4.16 Expenditures made from the WSRP non-exempt account which supported legislative candidates were not closely monitored by WSRP staff to ensure adherence to the contribution limits.

4.17 When asked about controls established by the WSRP to ensure compliance with the contribution limits to candidates, James Coates, Independent Controller of the WSRP stated (See Exhibit #5):

> **"Brian Curb was our Political Director, and Kelley Rogers was our Executive Director. I spoke with both of them about the limits and how we were going to track our spending. My understanding was that they knew what the limits were and/or had calculated the limits for each race."** (Jim Coates Interview Under Oath, page 6)

> **"Before we got into the heat of the campaign, probably late September, I spoke with both of them to discuss how they were going to do that and Brian Curb said that he was going to use an Excel spreadsheet to keep track of expenses for each candidate to track available funds."** (**Jim Coates Interview Under Oath**, page 6)

4.18 When asked about Brian Curb and the Excel Spreadsheet used by him to track the WSRP's contribution limits to candidates, Mr. Coates stated (See Exhibit #6):

> **"What I found was a spreadsheet created November 1st, and it had, I think it said Accounts Payable on it. And the first sheet was just a listing of some Accounts Payable, but very incomplete. And then it had and I don't know how this works, it had 16 sheets. I don't know if you know about Excel, but you can make many sheets within one spreadsheet. It had 16 sheets but they were all blank except for the front one."**
>
> **"There was some information on the first sheet and just a small little list of vendors and amounts and that's all it was."** (**Jim Coates Interview Under Oath**, page 10)

4.19 Brian Curb terminated his employment with the WSRP shortly after the election on November 5, 1996. Mr. Curb was not available to be interviewed for this investigation. At the time of this report, his whereabouts remain unknown.

4.20 In a memorandum from PDC staff member Phil Stutzman to Susan Harris, Assistant Director of the PDC, Mr. Stutzman detailed the nature of a telephone call with Mr. Coates on December 17, 1996. See Exhibit #7. In the memo Mr. Stutzman states:

> **"On December 17, 1996, Jim Coates called to tell me that the WSRP had overspent on two candidates (Steve Hargrove and Grant Pelesky). He said the party lost control of the amount spent, and did not realize they had exceeded the spending limit."**
>
> **"Jim said Joan Bedlington was overwhelmed with work and was trying to keep a manual spreadsheet of spending for the various candidates."**
>
> **"Jim also said the party hired a person to work on the campaigns, and thought he was tracking the in-kind contributions. Jim said the person seemed quite knowledgeable and knew about the limits, but obviously didn't follow through with tracking the expenditures."**

4.21 Stan Shore, a political consultant with Polis Political Services, Inc. provided consulting services to three (3) of the Senate candidates for whom the WSRP exceeded the contribution limits, and also to the WSRP on behalf of those same three Senate candidates.

4.22 With regard to the services he provided to Brian Alford, Don Benton, and Ian Elliot on behalf of the WSRP, Mr. Shore stated as follows (See Exhibit #8):

> **"I've worked with the state party since 1982 in various ways on direct mail pieces and each year, they keep close track of how much they're committing to each candidate with the exception of '96 when their record keeping was very poor. They appeared, from our conversations, to have kept no track of what they were spending."**
>
> He continued by stating:

> **"...the conversations between myself and Joan, between my partner, Sally Poliak and Joan and Kelley, and my employee, Gary Jacobson and Joan and Brian. It was clear that they had not kept track of how much money there were spending on each candidate."** (Stan Shore Interview Under Oath, pages 29-30)

CONTRIBUTION LIMITS TO POLITICAL PARTY ORGANIZATIONS

5.1 A review of canceled checks, the cash receipts journal of the WSRP from September 1-December 31, 1996, and C-3 reports filed by the WSRP non-exempt account showed the following contributions were received, deposited, and reported by the WSRP into their non-exempt account:

The Speakers Roundtable	**$12,500;**
Senate Republican Leadership Fund	**$10,000;**
The Leadership Council	**$10,000.**

5.2 The contributions listed above by three political action committees all exceeded the $2,750 limit to the WSRP non-exempt account as prescribed in RCW 42.17.640(6). See Exhibit #9.

5.3 A C-4 report was filed by the WSRP non-exempt account on December 11, 1996, which listed $346,705.58 in orders placed, debts, and obligations. The balance on that C-4 report after subtracting cash on hand, indicated the WSRP non-exempt account had a deficit of $343,907.60.

EXPENDITURES FROM THE EXEMPT FUNDS ACCOUNT

6.1 Based on the enforcement hearing referred to in Sections 1.1 and 1.2 of this report, an order was issued on July 31, 1996, to the WSRP from the Public Disclosure Commission, which contained the following excerpts:

Section 1.3 of that order stated the following:

> **"A bona fide political party may accept unlimited contributions from individuals, other political parties, and caucus political committees. The use of these moneys is strictly limited by RCW 42.17.640."**

Section 1.8 of the order dated July 31, 1996, contained the following:

> **"During the conversation, PDC staff informed Mr. Coates that exempt funds could not be used to support candidates or ballot issues, and were limited to the following uses:**
>
> - **voter registration**
> - **absentee ballot information**
> - **precinct caucuses**
> - **GOTV campaigns**
> - **precinct judges or inspectors**
> - **ballot counting**

6.2 Expenditures were reviewed from the WSRP exempt and federal accounts as part of this investigation to determine whether the exempt funds were used for the limited purposes stated above.

While some of those expenditures appeared to support candidates, staff's position, for most of the expenditures, is not that the expenditures constituted contributions to those candidates, but the expenditures from the exempt funds account were for purposes other than those listed.

6.3 On October 17, 1996, the WSRP paid $150,000 to the Madison Group, a political consulting firm, from their exempt funds account for a media buy. The description of the expenditure on the Schedule A to C-4 report listed "issue education". The purchase order from the WSRP to the Madison Group listed the description as "crime education ad" and #1181-exempt, 10-17-96 (referring to the WSRP exempt funds account). See Exhibit # 10.

6.4 A copy of the video run sheet entitled "Tough On Crime" was included as part of Exhibit #10, and contained the following script as a political advertisement sponsored by the WSRP:

"When 76 percent of voters said yes to Three Strikes, You're Out, Gary Locke said no."

"When people asked for more cops on the streets in King County, Gary Locke said no."

"But Gary Locke said yes to a plan which would give self-esteem training to prostitutes and pay for a newsletter for those employed in the sex industry, a plan so ridiculous that both Republican and Democrats condemned it."

"Tell Gary Locke that's not what <u>we</u> call getting tough on crime."

"Tell Gary Locke we deserve better."

Paid for by the Washington State Republican Party

6.5 Kelley Rogers, Executive Director of the WSRP stated the following (See Exhibit #11):

"My interpretation of 14A is as it relates to the absentee ballot, to get-out-the-vote campaigns, and things of this nature. Education is a completely separate and different issue around the state party in terms of the way we raise money, the things that we do with it."

"This particular ad was not political in nature, any more than all the other ads that didn't specifically address or ask for someone to be defeated or someone to win an election. Nowhere in the ad does it mention vote for Ellen Craswell. As a matter of fact, it says a plan so ridiculous that Republicans and Democrats condemned it. It's an educational ad. It's not advocating to vote for anyone. It's not a direct candidate expense. It's an expression of the state party on education." (Kelley Rogers 1st Interview Under Oath, page 49)

6.6 A memorandum from Brett Bader with the Madison Group to Kelley Rogers of the WSRP dated October 18, 1996 (See Exhibit #12), regarding this issue included the following:

"I understand that these are matters of federal election law, but they provide some further information to you as you consider this matter. I do not know at this time what the PDC's position is on these ads, nor am I able to judge the situation as I am not an attorney. Of course, the safest tactic would be to do nothing. I will inform you if I ever receive the information the commission staff promised me."

6.7 Mr. Bader stated the following in an interview (See Exhibit #13):

> "I was requested by the party to consider the possibility of placing issues advertising that was non-advocacy in nature on television at the time of the gubernatorial race. As you know, at the time, Labor Unions nationwide, and the Chamber of Commerce were doing the same things and had been for several months in Federal races. So I had some early familiarity with the issue. The ability to place ads that did not express the election or defeat or a candidate, but merely informed the public about them. I was asked to research if that might be possible, and if so perhaps the party might do some. I could not, of course, disclose the client in the like, so this was not a formal inquiry in writing it. It was a phone conversation." (Brett Bader Interview Under Oath, pages 4-5)

> "That my question was simply, to paraphrase, could we put advertising on the air that was not candidate eligible money, but did not express election or defeat, but focused on issues surrounding candidates. I was never told how this was to be paid for that I can recall specifically, other than you know, is it possible. I'm not an expert on the State Party finance line, I send the bills in and they paid for them with whatever funds, okay?"

> "But I was speaking of, there are limits on what they can do for candidates and there is money that comes in that can go to candidates, and I was assuming this instead was money outside of that." (Brett Bader Interview Under Oath, page 11)
> "...and I will say that I'm, as a vendor of the Party, never told the source of the funds. We simply asked to perform tasks and then get paid." (Brett Bader Interview Under Oath, page 14)

6.8 The advertisement referred to above included the following sponsor identification that is required for all political advertising pursuant to RCW 42.17.020(32):

"Paid for by the Washington State Republican Party".

6.9 The $150,000 expenditure made to the Madison Group was paid from the WSRP exempt account. However, this expenditure of exempt funds account does not fall within the permissible activities outlined in RCW 42.17.640(14).

ANTI-LOCKE EXPENDITURES FROM WSRP NON-EXEMPT ACCOUNT:

6.10 On October 17, 1996, the WSRP paid $30,000 to the Madison Group from the WSRP non-exempt funds account for a media buy. The advertisement used in the media buy is similar to the one above.

6.11 The description of the expenditure on the Schedule A to C-4 report of the WSRP non-exempt account listed "Anti-Gary Locke Ad-In-Kind Ellen Craswell". The purchase order from the WSRP to the Madison Group listed the description as "TV Ads Anti-Locke" and "All State Candidate Fund" (referring to the WSRP non-exempt funds account). See Exhibit # 14.

6.12 A copy of the video run sheet entitled "Locke: Crime" was included as part of Exhibit #14, and indicated the following script ran as a political advertisement sponsored by the WSRP:

"When 76 percent of voters said yes to Three Strikes, You're Out, Gary Locke said no."

"When people asked for more cops on the streets in King County, Gary Locke said no."

"But Gary Locke said yes to a plan which would give self-esteem training to prostitutes and pay for a newsletter for those employed in the sex industry, a plan so ridiculous that both Republican and Democrats condemned it."

"And now he wants to be our governor?"

"Gary Locke: another extreme liberal we just can't afford."

Paid for by the Washington State Republican Party.

6.13 This political advertisement was sponsored by the WSRP and paid for with non-exempt funds. The advertisement was similar to the "Issue Education Advertisement" referred to in the previous section of this report, however that advertisement was paid for with exempt funds.

6.14 Finally, on September 23, 1996, the WSRP paid $135,000 to the Madison Group from their non-exempt account for a media buy. The description on the Schedule A to C-4 report of the WSRP non-exempt account listed the expenditure as "Locke Opposition Piece-In-Kind Craswell". See Exhibit # 15.

6.15 No script or additional documentation was provided by the WSRP with regard to this expenditure, although requests were made during the course of this investigation.

CONTRIBUTIONS FROM THE WSRP EXEMPT ACCOUNT

THE SPEAKER'S ROUNDTABLE:

6.16 The Speaker's Roundtable is a political action committee registered with the PDC. The Speaker's Roundtable filed an initial committee registration statement (PDC Form C-1pc) on September 16, 1995, listing the following principal officers:

- ♦William Polk, (former Speaker of the House) Chairman;
- ♦Jay Vanderstoep, Finance Chair and Treasurer;
- ♦Kim Martin, Campaign Manager.

6.17 The following contributions were made to the Speaker's Roundtable from the WSRP-exempt account and reported on their C-4 reports. See Exhibit #16:

DATE OF CONT.	AMOUNT	INVOICE DESCRIPTION
December 16, 1996	$15,000	Leg. Victory
January 23, 1997	11,500	Vote '96 Project
January 29, 1997	5,000	Leg. Victory
February 14, 1997	5,000	Exempt
March 4, 1997	30,000	Exempt
April 14, 1997	10,000	Transfer Caucus Comm
August 12, 1997	7,500	Cont. to Other Comm
TOTALS	$84,000	

6.18 When asked what the Speaker's Roundtable is, Kelley Rogers stated the following (See Exhibit #17):

> **"It's an organization that supports the Republican House activities. It's my understanding that it doesn't directly benefit their candidate. I think this is their soft money. I believe there's a better way to describe it than that, but it's not the fund that contributes to candidates."**

"There's a HROC Committee that gives money to candidates, and then there's a soft money account called the Speaker's Roundtable that does infrastructure and things of that nature...or not infrastructure, but rather maintenance, or assistance, or whatever the case may be."

"The best was to describe is the House Republicans State Exempt account." (Kelley Rogers 1st Interview Under Oath, page 57).

6.19 The following statements were taken from the response submitted by Kim Martin, Executive Director of the Speakers Roundtable with regard to contributions from the WSRP (See Exhibit #18):

"The contributions were solicited for a special direct mail project which I have designed for the Speakers Roundtable. The Speaker's Roundtable has never had a direct mail program and we have decided to develop one."

"The expenses were for prospect fundraising list rentals from the Atlantic List Company (invoices enclosed). We are currently in the development stages and will be sending out various letters in the future."

In addition, Ms. Martin stated the following in an interview when asked about the "special direct mail project" (See Exhibit #19):

"Well it's a direct mail project to recruit candidates and raise funds."

"We purchased lists from Atlantic Lists Company and we have mailed to those lists a letter which would do both, raise funds and solicit names and phone numbers of community activists." (Kim Martin Interview Under Oath, pages 9-11)

6.20 While the statute allows a bonafide political party organization to spend exempt funds for its own fundraising purposes, it does not allow the WSRP to make contributions from exempt funds to other political committees such as The Speaker's Roundtable.

THE CAPITOL FUND:

6.21 The Capitol Fund is a political action committee registered with the PDC. The Capitol Fund filed an initial committee registration statement (PDC Form C-1pc) on February 10, 1994.

6.22 The Capitol Fund made a total of $21,450 in contributions to Republican candidates for the Washington State Legislature during the 1996 election cycle. See Exhibit #20.

6.23 On May 23, 1997, the WSRP made a $2,000 monetary contribution to The Capitol Fund from the WSRP exempt account. While the statute allows a bonafide political party organization to spend exempt funds for its own fundraising purposes, it does not allow the WSRP to make contributions from exempt funds to other political committee such as The Capitol Fund.

WSRP FEDERAL ACCOUNT

7.1 During calendar year 1996, the WSRP transferred funds from both their non-exempt and exempt funds account to their federal account to cover the state's portion of a variety of expenditures.

7.2 In 1996 the WSRP state accounts transferred a total of $4,356,911.96 to their federal account.

A review of the expenditures from the WSRP federal account of funds transferred from the WSRP state accounts was undertaken as part of this investigation to determine compliance with RCW 42.17.640(14).

TRANSFERS FROM WSRP STATE EXEMPT ACCOUNT:

7.3 The exempt funds of a Washington State political party organization may be used for the following in accordance with RCW 42.17.640(14):

- **voter registration**
- **absentee ballot information**
- **precinct caucuses**
- **GOTV campaigns**
- **precinct judges or inspectors**
- **ballot counting**

7.4 The WSRP transferred $4,247,600 from their state exempt account to the WSRP federal account in 1996. Those transfers to the federal account represented 95.3% out of the total expenditures of $4,456,414.59 reported from the WSRP exempt account. See Exhibit #21.

7.5 The amount of exempt and non-exempt funds transferred from both state accounts of the WSRP to their federal account totaled $4,356,911.96 in 1996. Of those state funds, 97.5% of those transferred to the federal account were from their state exempt account.

7.6 WSRP staff members and political consultants interviewed as part of this investigation indicated those transfers, except for the three listed below in Section 7.10 were to cover joint federal/state overhead and administrative costs incurred as a result of maintaining a federal/state headquarters and staff.

7.7 However, this investigation found that some of those activities in which exempt funds were transferred to the WSRP federal account featured or benefited state executive or legislative candidates.

TRANSFERS FROM WSRP NON-EXEMPT ACCOUNT:

7.8 The non-exempt funds of a Washington State political party organization may be used for any purpose or activity. However, if any activity or expenditure promotes or is in direct association with individual candidates, non-exempt funds must be used.

7.9 During calendar year 1996, the WSRP reported seven (7) transfers from their non-exempt account to their federal account totaling $109,311.96. See Exhibit #22.

7.10 Of those seven transfers, three (3) were identified on their Schedule A to C-4 report as being for a specific purpose. The description of those three transfers from the non-exempt account to the federal account are as follows:

April 1, 1996:
Reimbursed the WSRP federal account $7,478.62 for a "hit piece" on Kathleen Drew. The WSRP indicated on the C-4 report this was paid in error from the WSRP federal account;

September 30, 1996:
Reimbursed the WSRP federal account $1,083.34 for payroll expenses of WSRP employee Kurt Stender for his work on behalf of Anthony Lowe for Insurance Commissioner;

October 2, 1996:
Reimbursed the WSRP federal account $38,000 for the states portion of an absentee mailer that featured statements about Gary Locke's candidacy for Governor. The purpose of this expenditure was not disclosed on the Schedule A to C-4 report, but was discovered during the audit and subsequently discussed during interviews conducted as part of this investigation.

7.11 The purposes of the other four (4) transfers from the non-exempt account was not identified on the Schedule A to C-4 report. In addition, no current or former WSRP employee was able to identify the purpose of those transfers when asked under oath during interviews conducted as part of the investigation.

7.12 Those four transfers from the WSRP non-exempt account to the WSRP federal account totaled $62,750. Three of those transfers from the WSRP non-exempt account occurred in May of 1996, and totaled $49,500.

7.13 There was only one (1) transfer of WSRP non-exempt funds to the federal account in the four months prior to the general election for which no purpose or description was listed. A total of $13,250 was transferred from the WSRP non-exempt account to their federal account on October 25, 1996.

7.14 In addition, the WSRP initially made an expenditure out of their federal account for a "tabloid insert" to a number of newspapers throughout the state of Washington. The tabloid cost $70,832.46 and exclusively featured Republican candidates for statewide executive offices for the 1996 election.

7.15 Prior to filing either a PDC C-4 report or an FEC report, the WSRP realized the funds to pay for this activity should have been paid from the WSRP non-exempt account. The tabloid was paid for using non-exempt funds, and the six (6) statewide candidates featured all were listed as receiving in-kind contributions from the WSRP on a pro-rata basis on the Schedule A to C-4 report for the non-exempt account. (See LMC and Orders Placed section of report).

EXPENDITURES FROM THE WSRP FEDERAL ACCOUNT

7.16 The following expenditures were made from the WSRP federal account for political advertising which featured or benefited specific Washington State legislative and executive candidates:

DAVE MORTENSON ASSOCIATES:

7.17 The WSRP made a $24,000 payment from their federal account to Dave Mortenson & Associates on October 30, 1996, listing the purpose of their FEC report as "GOTV consulting and mailing". The invoice was presented to staff of the PDC as part of the documents subpoenaed from the WSRP, and included a memo dated May 22, 1996 (s/b 1997) from Dave Mortenson & Associates to the WSRP. See Exhibit #23.

7.18 Every candidate listed on the invoice from Dave Mortenson and Associates was seeking the office of state representative. The invoice included a total of 15 legislative candidates for the 1996 election, and Mr. Mortenson stated under oath that the 40 direct mail pieces he produced for the WSRP were strictly for house candidates.

7.19 Mr. Mortenson stated, when asked, that the services he provided for the WSRP for the $24,000 (See Exhibit #24):

> **"What I did for them was I produced, wrote, and designed direct mail pieces and then helped with the coordination and production of those pieces through art and graphics and through the printing process to get them to the mailhouse."** (Dave Mortenson Interview Under Oath, page 2).

7.20 When asked about a number of subpoenaed political advertisements provided to the Commission by the WSRP (documents numbered 624213 through 624274 and listed as interview exhibit #95), that they all appeared to be state candidates, Mr. Mortenson stated:

> **"Legislative candidates. I think they're all House candidates too."** (Dave Mortenson Interview Under Oath, page 4).

7.21 When shown documents about the expenditure from the WSRP federal account to Dave Mortenson & Assoc., Mr. Kelley Rogers admitted (See Exhibit #25):

> **"I don't know if Brian (meaning Curb) and Dave got their signals mixed up, but I can tell you 100% for certain that these campaigns listed here, these are candidate specific mail pieces, meaning issue related things that would promote the candidate."**

> **"This is not a part of the GOTV plan as I would have understood it. ....but I can tell you that this mail plan looks consistent for state House people that would have been on our targeted list that Dave would have written candidate specific mail for, and not things that I consider GOTV."** (Kelley Rogers 2nd Interview Under Oath, pages 71-72)

7.22 When asked whether the non-federal share of the expenditure to Dave Mortenson & Assoc. was paid out of state hard or soft money, Mr. Rogers stated:

> **"I don't know, but it all should have been paid out of hard money. And I can tell you right off the bat without any doubt whatsoever."**
>
> **"That's just no doubt about that. That is an error on our part. We made a mistake there. Yeah, if it were paid out of soft money, we made a mistake."** (Kelley Rogers Interview Under Oath, page 72)

7.23 The $24,000 expenditure to Dave Mortenson & Associates was reported by the WSRP on their FEC report postmarked on December 6, 1996. The activity was listed by the WSRP on Disbursement Schedule H-4 on the FEC report as a Joint Federal/Non-Federal Activity Schedule according to the 78%/22&% ratio. See Exhibit #26. This activity breakdown as follows:

- **Total Expenditure:** $24,000.00
- **Non-Federal Share (78%):** $18,720.00
- **Federal Share (22%):** $5,280.00

7.24 The WSRP failed to transfer non-exempt funds to their federal account to cover the $18,720 of the state's or non-federal portion of this activity.

7.25 No C-5 report was filed by the WSRP federal account disclosing the $5,280 which represented the federal portion of the expenditure that featured state legislative candidates. That report was required because the WSRP failed to include a memorandum with the C-4 report for the exempt funds account in accordance with the reporting modification. See Section #11 of this report which describes the report modification.

7.26 The transfer of state exempt funds to the federal account to pay for direct mail pieces that featured legislative candidates is not one of the permissible activities outlined in RCW 42.17.640(14).

SLATE CARDS

THE MADISON GROUP:

7.27 The WSRP made a $33,826.12 expenditure from their federal account to The Madison Group, Inc. on October 30, 1996, for a GOTV Slate Card. A total of 225,000 slate cards were printed, and included nine (9) different versions of the state card, one for each Congressional District in Washington State.

7.28 The WSRP federal account paid for the postage for the GOTV Slate Card, but officials from the WSRP were unable to identify the specific invoice, amount, or date of the expenditure. The slate cards contained a "pro-Republican" message, listed the candidate's name, and the office sought

with a check mark in a box for nine candidates. Of those nine candidates identified, seven were identified as Republican candidates for statewide executive office. See Exhibit # 27.

7.29 The $33,826.12 expenditure to The Madison Group was reported by the WSRP on their FEC report postmarked on December 6, 1996. The activity was listed by the WSRP on Disbursement Schedule H-4 on the FEC report as a Joint Federal/Non-Federal Activity Schedule according to the 78%/22&% ratio. See Exhibit #28. This activity breaks down as follows:

- **Total Expenditure:** $33,826.12
- **Non-Federal Share (78%):** $26,384.37
- **Federal Share (22%):** $ 7,441.75

7.30 The WSRP failed to transfer non-exempt funds to their federal account to cover the $26,384.37 of the states or non-federal portion of this activity.

7.31 The transfer of state exempt funds to the federal account to pay for an activity, a portion of which featured state executive office candidates is not one of the permissible activities outlined in RCW 42.17.640(14).

WASHINGTON LINCOLN GROUP:

7.32 On October 24, 1996, the WSRP listed a $9,534.19 expenditure from their federal account to The Washington Lincoln Group, Ltd, with the description on their FEC report stating for "Absentee Ballot Production".

7.33 A total of 82,000 "Snap Pac Forms", as described on the invoice, were printed. The message on the "Snap Pac Form" states "Your 1996 Republican Team Needs You To Vote And Return Your Ballot Today ", and listed a slate of candidates under the heading "Bob Dole for President and Jack Kemp for Vice President". In addition, the WSRP federal account paid $7,284.65 for the postage and mailing of the 80,020 "Snap Pac Forms (GOTV Absentee)".

7.34 The "Snap Pac Form" featured 12 boxes with the names of candidates in each and the office being sought. The candidates which were listed included US Representative, all statewide executive republican candidates, and state senator and representative (if the district had a senate race on the ballot). Of those 12 candidates listed in the boxes, ten or eleven were identified Republican candidates for either statewide executive office or legislative offices (depending upon the senate race). See Exhibit # 29.

7.35 The combined cost of the postage and printing for the "Snap Pac Form" was $16,818.84 was reported by the WSRP on their FEC report postmarked on December 6, 1996. The activity was listed by the WSRP on Disbursement Schedule H-4 on the FEC report as a Joint Federal/Non-Federal Activity Schedule according to the 78%/22&% ratio. See Exhibit #30. The breakdown for the postage and printing of the "Snap Pac Form" was reported by the WSRP as follows:

Printing: Wa. Lincoln Group (10/24/96):	
Total Expenditure:	$9,534.19
Non-Federal Share (78%):	$7,436.66
Federal Share (22%):	$2,097.53

Postage: US Postmaster (10/14/96):

Total Expenditure:	$7,284.65
Non-Federal Share (78%):	$5,682.03
Federal Share (22%):	$1,602.62

7.36 The WSRP failed to transfer non-exempt funds to their federal account to cover the $13,118.69 of the state's or non-federal portion for printing and postage combined for these activities.

7.37 The transfer of state exempt funds to the federal account to pay for an activity, a portion of which featured both state executive office and state legislative candidates is not one of the permissible activities outlined in RCW 42.17.640(14).

WSRP CONTRIBUTIONS FROM THE FEDERAL ACCOUNT

7.38 During the 1996 election cycle, the WSRP made a number of contributions to other Republican party organizations, including a caucus political committee, several county central committees and legislative district organizations. All of those contributions were made from the WSRP federal account.

CONTRIBUTION TO SENATE REPUBLICAN CAMPAIGN COMMITTEE:

7.39 On October 29, 1996, the WSRP made a contribution of $5,000 from their federal account to the Senate Republican Campaign Committee (SRCC) for Get-Out-The-Vote (GOTV). See Exhibit # 31.

7.40 When asked about the contribution of $5,000 from the WSRP federal account to the SRCC for GOTV activities, Kelley Rogers stated (See Exhibit #32):

> **"Dan (referring to Dan McDonald) had called, and they were getting late into October and they were running out of money, and they had some ongoing GOTV programs and things like that they wanted to complete, and he asked for a $5,000 donation, so we sent it to him."**
>
> **"Like some type of a turn out program or something like that to support their candidates."** (Kelley Rogers 3rd Interview Under Oath, page 6)

7.41 Sandy Olson, Director of the Senate Republican Campaign Committee (SRCC) stated, when asked about the WSRP contribution of $5,000 to the SRCC (See Exhibit #33):

> **"Support of candidates, I would assume at that point."**
>
> **"Well, it just stands to reason that coming in at the end of October, the last few weeks before the election, that it would be for support of candidates."** (Sandy Olson Interview Under Oath, page 2).

7.42 When asked what type of GOTV activities the SRCC had undertaken during the 1996 elections, Ms. Olson stated (See Exhibit #33, page 2 for entire quotation):

> **"I don't... Nothing directly. Other than the money that comes into the campaign committee is used directly for candidate support."** (Sandy Olson Interview Under Oath, page 3).

7.43 The WSRP federal account is limited to contributing a total of $550 in a calendar year to a caucus political committee in accordance with RCW 42.17.640. The WSRP federal account exceeded the contribution limit to a caucus political committee by $4,500 in calendar year 1996.

CONTRIBUTIONS TO REPUBLICAN COUNTY/LEG. DISTRICT COMMITTEES:

7.44 The WSRP federal account made the following contributions during the 1996 election cycle:

100% FEDERAL: WSRP FEC REPORT

DATE CONTRIBUTED	BONAFIDE COUNTY/LD CENTRAL COMMITTEE	AMOUNT OF CONTRIBUTION
10/07/96	THURSTON CO. REPUBLICAN PARTY	$1,395.85
10/18/96	SNOHOMISH CO. REPUBLICAN PARTY	$5,000.00
10/22/96	THURSTON CO. REPUBLICAN PARTY	$3,000.00
10/22/96	CLARK COUNTY REPUBLICAN PARTY	$2,500.00
10/23/96	JEFFERSON CO. REPUBLICAN PARTY	$2,500.00
10/29/96	WHATCOM COUNTY REPUBLICAN PARTY	$4,500.00
10/29/96	SPOKANE COUNTY REPUBLICAN PARTY	$5,000.00
10/30/96	40TH DIST. GOP LEG. COMM.	$2,750.00
11/06/96	PIERCE COUNTY REPUBLICAN PARTY	1,867.50

7.45 Eight of the contributions made by the WSRP federal account were after October 15th, and disclosed on the Schedule B for Itemized Disbursements to the FEC report postmarked on December 6, 1996.

7.46 The WSRP reported those contributions listed above as federal expenditures on their FEC report (not using the previously referred to 78%/22% ratio). The purpose listed for those disbursements was either "GOTV Transfer Phone Bank", "GOTV Phone Bank", or "Matching Fund-Computer". See Exhibit # 34. The WSRP believes these expenditures were properly reported under FEC rules.

7.47 The contributions totaled $28,513.35 to eight Republican party county or legislative district central committees. All of those contributions occurred within three weeks of the general election, except for the $1,395.85 contribution to the Thurston County Republican Party on October 7, 1996.

7.48 When asked about the purpose of these contributions, Kelley Rogers stated (See Exhibit # 35):

> **"This was a supplemental effort on our GOTV program to what we were doing statewide that we controlled for the standard GOTV program. In October, we begin to realize that we were going be in real trouble in terms of Republican turn out just because of the political environment for Republicans, there wasn't a lot of enthusiasm. And in areas where we felt we needed to do well, we needed big Republican turn outs. And where we thought we had the most capable Republican organizations, we asked would they line up volunteers and activist if we could bear the cost of whatever it cost, either the rental of the telephones, installation, rental of a building to work from, whatever the case might be. We would help come up with the money to do that."** (Kelley Rogers 3rd Interview Under Oath, pages 7-8)

7.49 The WSRP also reported expenditure from their federal account to, as follows:.

78%/22% FEDERAL/NON-FEDERAL

DATE CONTRIBUTED	BONAFIDE COUNTY/LD CENTRAL COMMITTEE	AMOUNT OF CONTRIBUTION
10/08/96	SNOHOMISH CO. REPUBLICAN PARTY	$5,000.00
10/31/96	US WEST	4,500.00

7.50 The WSRP made a $5,000 contribution from their federal account to the Snohomish County Republican Party on October 8, 1996, which was reported by the WSRP on their FEC report filed on October 24, 1996. The activity was reported on Schedule H-4 as a Joint Federal/Non-Federal Activity with the purpose listed as "GOTV Phone Bank". See Exhibit #36. The breakdown of this activity according to the ratio is as follows:

- Total Expenditure: $5,000.00
- Non-Federal Share (78%): $3,900.00
- Federal Share (22%): $1,100.00

7.52 The WSRP made a $4,500 expenditure from their federal account to US West on October 31, 1996, which was reported by the WSRP on Schedule H4 as a Joint Federal/Non-Federal Activity to their FEC report postmarked on December 6, 1996. See Exhibit #37.

7.53 Based on a fax cover sheet from Kimberly Colby with the Pierce County Republicans to Kelley Rogers, the WSRP expenditure should have been reported as an in-kind contribution to the Pierce County Republican Party for the phone deposit for GOTV Phone Banks. The breakdown of this activity according to the ratio is as follows:

- Total Expenditure: $4,500.00
- Non-Federal Share (78%): $3,510.00
- Federal Share (22%): $ 990.00

7.54 The contributions from the WSRP to the Thurston County Republican Party on October 7th, and to the Snohomish County Republican Party on October 8th, totaled $6,395.85. Those contributions were made from the WSRP federal account and reported on the FEC report signed by the treasurer on October 24, 1996. That FEC report was the Twelfth day report preceding the general election, and covered the period of August 29-October 15.

7.55 The other ten contributions totaled $36,617.59 (which included the $5,000 to the SRCC, and $4,500 to US West), were made from the WSRP federal account and reported on the FEC report postmarked on December 6, 1996. That FEC report was the Thirtieth day report following the general election, and covered the period of October 16-November 25, 1996.

7.56 That FEC report was filed thirty-one (31) days after the general election had been held, and was the first time the public became aware that the WSRP had made those contributions. These ten contributions from the WSRP federal account to the various Republican Party organizations were within 21-days of a general election.

7.57 Pursuant to RCW 42.17.105(3), the WSRP was required to file a last minute contribution report with the PDC within twenty-four hours after making the contributions during the period October 15-November 4, 1996.

The WSRP failed to report any of these contributions within the twenty-four hour period after making the expenditure from their federal account.

7.58 In addition, the five (5) Republican County Organizations that received monetary or in-kind contributions in excess of $2,750 from the WSRP federal account were required to establish an exempt funds in accordance with RCW 42.17.640. None of the following Republican County Organizations appear to have established an exempt funds account after receiving contributions from the WSRP in excess of $2,750:

- Snohomish County Republican Party;
- Thurston County Republican Party;
- Whatcom County Republican Party;
- Spokane County Republican Party;
- Pierce County Republican Party.

7.59 Contributions made by a federal committee to local political party organizations registered as political committees in Washington State are required to file a C-5 report within 10 days of making the contribution pursuant to RCW 42.17.090(1)(l). The WSRP failed to file any of the required C-5 reports within 10 days of making those contributions from their federal account.

7.60 The WSRP did not comply with Section 5 of the requirements listed in their reporting modification which states (See Section #11 of this report):

"If the applicant's federal committee makes direct contributions to any of the applicants state committees, or to Washington State political committees not otherwise reported in memorandum form as outlined in this order, the contributions shall be reported on PDC Form C-5."

FEDERAL EXPENDITURES FOR OPPOSITION RESEARCH

7.61 On October 14, 1996, the WSRP made an expenditure from the federal account in the amount of $2,865 to NALPAK Research Company. The invoice from NALPAK stated the services were for "Campaign Research (per Kim Martin, HROC)". In addition, under the heading delivery, the invoice stated "Information on the 16th, 39th, and 33rd Districts picked up by HROC. Information on the Democrat Tobacco Contributions faxed to HROC on October 2nd, 1996". See Exhibit #38.

7.62 The invoice listed the following breakdown of consulting services provided to the WSRP for researching the following Democratic candidates:

16th Legislative District:	(Grant)	$850.00	
39th Legislative District:	(Scott)	$850.00	
39th Legislative District:	(Costa)	$450.00	(s/b 38th)
39th Legislative District:	(Keiser)	$450.00	

7.63 All four of the candidates listed above are Democrats who appeared on the 1996 general election ballot. After the research had been conducted, the total aggregate contributions from the WSRP to those Republican opponents are as follows:

16th Legislative District	(Panasuk, Allan)	$. 3,807.73
33rd Legislative District	(McCune, James)	$ 15,533.53
38th Legislative District	(Campbell, Doug)	$ 30,930.32
39th Legislative District	(Groen, Keith)	$ 17,013.82

7.64 The $2,865.00 expenditure to NALPAK Research was reported by the WSRP on their FEC report postmarked on December 6, 1996. The activity was listed by the WSRP on Disbursement Schedule H-4 on the FEC report as a Joint Federal/Non-Federal Activity Schedule according to the 78%/22&% ratio. See Exhibit #39. This activity breaks down as follows:

- **Total Expenditure:** $2,865.00
- **Non-Federal Share (78%):** $2,234.70
- **Federal Share (22%):** $ 630.30

7.65 The WSRP failed to transfer non-exempt funds to their federal account to cover the $2,234.70 of the states or non-federal portion of this activity.

7.66 The transfer of state exempt funds to the WSRP federal account to pay for an activity which featured state legislative candidates is not one of the permissible activities outlined in RCW 42.17.640(14).

SURVEYS & CONSULTING

POLIS POLITICAL SERVICES, INC.:

8.1 On January 10, 1996, the WSRP made an expenditure out of their federal account to Polis Political Services, Inc., a political consulting firm, in the amount of $8,000. In 1995, there were two special elections held for the office of State Senator in the 18th and 20th Legislative Districts.

8.2 A review of the invoices, indicated that two (2) of the invoices were for services related to the 1995 election cycle. One of the invoices paid by the WSRP to Polis Political Services, Inc. totaled $2,500, and was to provide consulting services to Joe Zarelli. Mr. Zarelli was a candidate for State Senator in the 18th Legislative District special election held in 1995. See Exhibit #40.

8.3 Stan Shore stated, when asked about the nature of the services provided by Polis Political Services Inc. on behalf of the WSRP (See Exhibit #41):

> **"This was to run Zarelli's campaign. Well, I ran Zarelli's campaign, I believe, just after the Primary, as I'm trying to remember, I think I did the work not knowing who was gonna pay me, whether it would be the Party, the Caucus, or Zarelli. You see the notation on this, it says Martin Flynn ask that I send this to you. So what happened, I believe, was after the campaign ended, we resolved who was gonna be paying it."**
>
> **"I don't believe that there was a lot of party mail in this campaign for Zarelli, and nor was there a lot of contributions by the SRCC, so there was nobody getting near any limits. So it was semi-casual matter about which of the three entities would be paying the bill."** (Stan Shore Interview Under Oath, page 22).

8.4 The other invoice was dated October 30, 1995, and indicated that the WSRP paid Polis Political Services, Inc. $1,000, to provide voter surveys in the 18th and 20th Legislative Districts ($500 each). See Exhibit #42.

8.5 When asked if the survey results conducted by Polis and paid for by the WSRP were conveyed to either the Dan Swecker for Senate Campaign in the 20th Legislative District or Joe Zarelli's campaign, Stan Shore stated:

> **"Yeah, to John Meyers who was their political consultant (referring to the Dan Swecker Campaign)."** "
>
> **And in the case of the 18th District, I was the political consultant working for Zarelli and so I was aware of the results as soon as they were tallied."** (Stan Shore Interview Under Oath, page 21).

8.6 The $8,000 expenditure to Polis Political Services (of which $2,500 was for consulting for Zarelli, and $500 each for surveys for Zarelli and Swecker) was reported by the WSRP on their April 15th quarterly FEC report postmarked on April 17, 1996 to the PDC. The activity was listed by the WSRP on Disbursement Schedule H-4 on the FEC report as a Joint Federal/Non-Federal Activity Schedule according to the 75%/25&% ratio for the first quarter of calendar year 1996. See Exhibit #43.

8.7 Only $3,500 of the total $8,000 expenditure to Polis Political Services from the WSRP federal account is listed and broken down as follows:

Total Expenditure:	$3,500.00
Non-Federal Share (75%):	$2,625.00
Federal Share (25%):	$ 875.00

8.8 The WSRP failed to transfer non-exempt funds to their federal account to cover the $2,625.00 of the states or non-federal portion of this activity.

8.9 The transfer of state exempt funds to the WSRP federal account to pay for an activity which featured state legislative candidates is not one of the permissible activities outlined in RCW 42.17.640(14).

8.10 No C-5 report was filed by the WSRP federal account within 10 days of making the $875 portion of the expenditure in support of candidates from their federal account. The information relating to the services provided by Polis to the WSRP in support of two legislative candidates in 1995 was filed on a FEC report dated April 17, 1996. This report was filed more than five months after the election had been held.

8.11 No memorandum was submitted along with the reports by either the WSRP exempt or non-exempt to disclose to the public that the transfers to their federal account benefited specific legislative candidates in accordance with the reporting modification. In addition, the WSRP failed to report in-kind contributions for the surveys and consulting services provided to Joe Zarelli's Campaign, and the survey provided to the Swecker Campaign.

8.12 A number of additional surveys/polls that the WSRP paid for from their federal account during the 1996 election were reviewed. The review focused on surveys paid for by the WSRP which occurred after the primary, but prior to the general election of 1996.

8.13 On October 30, 1996, the WSRP made an expenditure from the federal account to Polis Political Services, Inc. in the amount of $1,800. The description on the Polis invoice dated October 24, 1996, states "Legislative District 22 survey-Rush", and an attached memo to Kelley Rogers of the WSRP to Gary Jacobson, an employee with Polis Political Services, Inc.. See Exhibit #44.

8.14 The 22nd Legislative District survey of 250 registered voters (125 female and 125 male), was paid from the WSRP federal account. The survey contained a total of thirteen (13) questions, of which ten (10) of the questions featured state legislative candidates. See Exhibit #45.

8.15 When asked about the nature of the 22nd Legislative District survey conducted by Polis Political Services Inc. on behalf of the WSRP, Mr. Shore stated (See Exhibit #46):

> **"This was done for the House Candidates in the 22nd to assess their strength after the primary, going into the general election and I think, the state party was trying to decide with Thelma Jackson's campaign had a strong campaign and had a chance of winning."** (Stan Shore Interview Under Oath, page 26)

8.16 In the memorandum listed as Exhibit #44, Mr. Shore stated with reference to the statement "Sam Reed asked that I send you the bill" in the memorandum from Gary Jacobson with Polis Political Services, Inc. to Kelley Rogers:

> **"Sam Reed is the Thurston County Auditor and an activist in Thurston County and a participant in one of these campaigns. And so we supplied the survey information to the state, to the campaign, and then clearly the campaign asked the state party to pay for it, which they did."** (Stan Shore Interview Under Oath, page 26)

8.17 The WSRP contributed a total of $17,760.39 from their non-exempt account in support of Thelma Jackson. Ms. Jackson was a Republican candidate for State Representative in the 22nd Legislative District.

8.18 The $1,800.00 expenditure from the WSRP federal account to Polis Political Services was reported by the WSRP on their FEC report postmarked on December 6, 1996. The activity was listed by the WSRP on Disbursement Schedule H-4 on the FEC report as a Joint Federal/Non-Federal Activity Schedule according to the 78%/22&% ratio broken down as follows (See Exhibit #47):

Total Expenditure:	$1,800.00
Non-Federal Share (78%):	$1,404.00
Federal Share (22%):	$ 396.00

8.19 The WSRP failed to transfer non-exempt funds to their federal account to cover the $1,404.00 of the state's or non-federal portion of this activity. The transfer of state exempt funds to the WSRP federal account to pay for an activity which featured state legislative candidates is not one of the permissible activities outlined in RCW 42.17.640(14).

8.20 No C-5 report was filed by the WSRP federal account disclosing the $396 which represented the federal portion of the expenditure that featured state legislative candidates. That report was required because the WSRP failed to include a memorandum with the C-4 report for the exempt funds account in accordance with the reporting modification.

8.21 The information relating to the services provided by Polis to the WSRP in support of legislative candidates was filed on a FEC report after the election had been held.

PUBLIC OPINION STRATEGIES:

8.22 On October 14, 1996, the WSRP made an expenditure from their federal account to Public Opinion Strategies, a professional pollster, in the amount of $19,500 for a survey. The survey was conducted for the WSRP on September 28-29, 1996, by Public Opinion Strategies, and was of 500 registered voters in the state of Washington. See Exhibit #48.

8.23 The statewide survey was paid from the WSRP federal account and contained a total of sixty-seven (67) questions. Of these sixty-seven, twenty (20) of the questions featured state executive office candidates (although at least nine additional questions make an unambiguous reference to a specific statewide race). See Exhibit #49.

8.24 The $19,500.00 federal expenditure to Public Opinion Strategies was reported by the WSRP on their FEC report postmarked on December 6, 1996. The activity was listed by the WSRP on Disbursement Schedule H-4 on the FEC report as a Joint Federal/Non-Federal Activity Schedule according to the 78%/22&% ratio. See Exhibit #50. This activity breaks down as follows:

Total Expenditure:	$19,500.00
Non-Federal Share (78%):	$15,210.00
Federal Share (22%):	$ 4,290.00

8.25 The WSRP failed to transfer non-exempt funds to their federal account to cover the $15,210.00 of the state's or non-federal portion of this activity. The transfer of state exempt funds to the WSRP federal account to pay for a survey which featured state executive office candidates is not one of the permissible activities outlined in RCW 42.17.640(14).

8.26 On October 14, 1996, the WSRP made an expenditure from the federal account to Public Opinion Strategies in the amount of $17,500. Five separate surveys were conducted by Public Opinion Strategies on October 9-10, 1996, each costing $3,500. Each survey was of 300 registered likely voters in Washington states 3rd, 5th, 10th, 16th, and 38th Legislative Districts. See Exhibit #51.

8.27 The survey of the 3rd Legislative District contained a total of fifteen (15) questions. Of these fifteen, eleven (11) of the questions featured either state legislative or executive office candidates. See Exhibit #52.

8.28 After the survey had been conducted, the WSRP contributed $26,538.33 from their non-exempt account in support of John Moyer, Republican candidate for State Senator in the 3rd Legislative District.

8.29 The survey of the 5th Legislative District contained a total of (15) questions. Of the fifteen, (11) of the questions featured either state legislative or executive office candidates. See Exhibit #53.

8.30 After the survey had been conducted, the WSRP contributed $31,739.01 in support of Dino Rossi, Republican candidate for State Senator in the 5th Legislative District.

8.31 The survey of the 16th Legislative District contained a total of (15) questions. Of the fifteen, (11) of the questions featured either state legislative or executive office candidates. See Exhibit #54.

8.32 After the survey had been conducted, the WSRP contributed $34,272.47 in support of Bryan Alford, Republican candidate for State Senator in the 5th Legislative District.

8.33 The survey of the 38th Legislative District contained a total of twelve (12) questions. Of the twelve, nine of the questions featured either state legislative or executive office candidates. See Exhibit #55.

8.34 After the survey had been conducted, the WSRP contributed $30,930.32 in support of Doug Campbell, a Republican candidate for the State House in the 38th Legislative District.

8.35 The survey of the 10th Legislative District contained a total of (15) questions. Of the fifteen, (11) of the questions featured either state legislative or executive office candidates. See Exhibit #56.

8.36 After the survey had been conducted, the WSRP contributed $5,829.64 in support of Jim Youngsman, Republican candidate for State Senator in the 5th Legislative District.

8.37 The $17,500.00 federal expenditure to Public Opinion Strategies was reported by the WSRP on their FEC report postmarked on December 6, 1996. The activity was listed by the WSRP on Disbursement Schedule H-4 on the FEC report as a Joint Federal/Non-Federal Activity Schedule according to the 78%/22&% ratio. See Exhibit #57. This activity breaks down as follows:

Total Expenditure:	$17,500.00
Non-Federal Share (78%):	$13,650.00
Federal Share (22%):	$ 3,850.00

8.38 The WSRP failed to transfer non-exempt funds to their federal account to cover the $13,650.00 of the state's or non-federal portion of this activity. The transfer of state exempt funds to the WSRP federal account to pay for five (5) surveys which featured state executive office and state legislative candidates is not one of the permissible activities outlined in RCW 42.17.640(14).

8.39 On October 30, 1996, the WSRP made an expenditure from the federal account to Public Opinion Strategies in the amount of $9,500. A survey was conducted for the WSRP on October 23-24, 1996, by Public Opinion Strategies of 500 registered voters in the state of Washington. See Exhibit #58.

8.40 The statewide survey was paid from the WSRP federal account and contained a total of twenty-four (24) questions. Of these twenty-four, ten (10) of the questions featured state executive office candidates. See Exhibit #59.

8.41 The WSRP contributed non-exempt funds to the following Republican statewide executive office candidates from October 7-November 30, during which the time and shortly after the survey was conducted:

Ellen Craswell for Governor:	$164,500 00(+)
Ann Anderson for Lt. Governor:	$ 53,947.00(+)
Bruce Mackey for Lands Commissioner:	$121,547.00(+)
Anthony Lowe for Insurance Comm.:	$ 58,132.00(+)

8.42 The $9,500.00 expenditure to Public Opinion Strategies was reported by the WSRP on their FEC report postmarked on December 6, 1996.

The activity was listed by the WSRP on Disbursement Schedule H-4 on the FEC report as a Joint Federal/Non-Federal Activity Schedule according to the 78%/22&% ratio. See Exhibit #60. This activity breaks down as follows:

Total Expenditure:	$9,500.00
Non-Federal Share (78%):	$7,410.00
Federal Share (22%):	$2,090.00

8.43 The WSRP failed to transfer non-exempt funds to their federal account to cover the $7,410.00 of the state's or non-federal portion of this activity. The transfer of state exempt funds to the WSRP federal account to pay for a survey which featured state executive office and state legislative candidates is not one of the permissible activities outlined in RCW 42.17.640(14).

8.44 On October 31, 1996, the WSRP made an expenditure from their federal account in the amount of $71,500 paid to Direct Impact, a Virginia based entity, for GOTV calls. One of the invoices reviewed indicated that $3,000 were of GOTV calls were made on behalf of Mike Sherstad, a legislative candidate in the 1st by Direct Impact. See Exhibit #61.

8.45 No script for the GOTV phone calls was ever provided by the WSRP although they were requested in a subpoena, and no calls were returned to staff of the PDC from Direct Impact. The WSRP contributed $11,327.85 in support of Mike Sherstad, Republican candidate for State Representative in the 1st Legislative District.

8.46 The expenditures listed above from the exempt funds account for surveys does not fall within the permissible activities outlined in RCW 42.17.640(14).

8.47 The WSRP failed to transfer non-exempt funds to their federal account for any of the surveys referred to in this section of the report. Those transfers should have been made for each activity that benefited or featured Washington State legislative or executive candidates.

LATE REPORTING OF ORDERS PLACED

9.1 The WSRP filed an amended post-election C-4 report for their non-exempt account on December 11, 1996. That C-4 report listed $342,584.68 on a Schedule B as orders placed, debts, or obligations for the period covered by report of October 29-November 30, 1996. See Exhibit #62.

9.2 The $342,584.68 in orders placed on the post-election C-4 report date December 11, 1996, represented a significant increase from the previous C-4 report. On that report, the 7-day pre-general election C-4 report filed on October 29, 1996, the WSRP listed a total of $21,932.81 as orders placed, debts, and obligations. See Exhibit #63.

9.3 When asked what her understanding was when an expenditure in support of a candidate by the party becomes reportable to the PDC, Ms. Bedlington, bookkeeper of the WSRP stated (See Exhibit #64):

> **"Well, the purchase order is issued, and the account number or description was saying that this is in support of a candidate, and that's when I'd know if it was, and if the candidate was stated on that purchase order. So if I would write the check, then I'd know. When I wrote the check, I would know that it was from that purchase order that stated that it was this candidate."** (Bedlington Interview Under Oath, page 9)

> **"I don't know whether obligation would, but I knew if I had a purchase order issued and when I wrote the check, I knew that everything in that check register was reportable to the PDC. All the activity in this state checking account was reportable to PDC."** (Bedlington Interview Under Oath, page 10)

9.4 Of the $342,584.68 listed as orders placed, debts, or obligations on Schedule B to C-4 on the December 10, 1996, post-election report of the WSRP non-exempt account, only **$3,205.55 or less than 1%** of those activities had been previously reported.

9.5 A number of WSRP invoices were reviewed and subpoenaed as part of the investigation, and reviewed as part of the audit. The review was undertaken to determine if any of those activities should have been disclosed on previous C-4 reports as an order placed, debt, or obligation pursuant to RCW 42.17.090. However, the review was limited to expenditures from the WSRP non-exempt account to vendors who provided services to the WSRP for state legislative or statewide executive candidate during the 1996 election cycle.

9.6 Any order placed with a vendor that exceeded $250 and occurred prior to the cutoff date of October 28, 1996, should have been included on the Schedule B to C-4 report as an order placed, debt, or obligation for the 7-day pre-general election report.

9.7 Of the $342,584.68 listed as an order placed, debt, or obligation on the post-election C-4 report, $282,925.12 or 82.6% of those orders placed were for activities that had been ordered and in some instances the services already provided prior to October 28, 1996. See Exhibit #65.

9.8 The public had no knowledge of the $282,925.12 in activities undertaken by the WSRP on behalf of legislative and executive candidates until the post-election C-4 report was filed, 36 days after the election had been held. Included in the $282,925.12 as orders placed, were numerous invoices being billed to a small number of vendors for candidate specific services provided to the WSRP. Those vendors included the following:

GREATER SEATTLE MAILING AND PRINTING:

9.9 A sworn statement was filed with the Public Disclosure Commission by Greater Seattle Mailing and Printing regarding print jobs done by them on behalf of the WSRP for legislative and executive candidates during the 1996 election cycle.

9.10 A total of 13 invoices were reviewed, all listing October 31, 1996, as the order date from Greater Seattle Mailing and Printing and billed to the WSRP.

Twelve of the invoices reviewed listed October 31, 1996, as the order date when the actual date the agreement was entered into with the WSRP was between October 7-October 27. See Exhibit #66.

9.11 This information was not disclosed until the post-election C-4 report was filed on December 10, 1996. Those invoices totaled $52,457.58 for services provided to the WSRP which benefited legislative candidates, and should have been disclosed prior to the election.

9.12 The WSRP was required to report those invoices as an order placed, debt, or obligation on a Schedule B to either the 21 or 7-day pre-general election C-4 report, and listing the amount or estimated amount that each candidate was to have benefited.

9.13 The public had no knowledge of the $52,457.58 for orders placed by the WSRP with Greater Seattle Mailing & Printing for direct mail pieces which benefited specific legislative candidates until 35 days after the election had been held.

SOUTH SOUND PRINTING:

9.14 A total of 15 South Sound Printing invoices were reviewed, with all of the invoices listing October 26, 1996, as the order date and billed to the WSRP. Since the orders placed with South Sound Printing occurred prior to the October 28th cutoff, they should have been disclosed prior to the election. Those invoices should have been reported as an order placed, debt, or obligation on a Schedule B to the 7-day pre-general election C-4 report. This information was not disclosed until the post-election C-4 report was filed on December 10, 1996.

9.15 Those fifteen invoices totaled $44,836.20 for services provided to the WSRP on behalf of seven legislative candidates. See Exhibit #67.

9.16 The WSRP should have reported those invoices as an order placed, debt, or obligation on a Schedule B to the 7-day pre-general election C-4 report. That C-4 report should have listed the amount or estimated amount that each legislative candidate was to have benefited.

9.17 The public had no knowledge of the $44,836.20 for orders placed by the WSRP with South Sound Printing for direct mail pieces which benefited specific legislative candidates until 35 days after the election had been held.

WASHINGTON LINCOLN GROUP:

9.18 A statement was filed with the Public Disclosure Commission by legal counsel representing The Washington Lincoln Group, a political consulting firm, regarding the writing, designing, printing, and mailing jobs done on behalf of the WSRP for legislative and executive candidates during the 1996.

9.19 A total of 23 invoices were reviewed, with almost all of the invoices listing October 30, 1996, or after as the order date from either The Washington Lincoln Group or a printer James J. Maryea and billed to the WSRP. All of the invoices reviewed listed October 30, 1996, or after as the order date when the actual date the agreement was entered into with the WSRP was between October 7-October 27. See Exhibit #68.

9.20 Those 23 invoices totaled $52,889.74, and were for services provided to the WSRP by either The Washington Lincoln Group or James J. Maryea for political advertising that was required to have been disclosed prior to the general election. The WSRP should have reported those invoices as an order placed, debt, or obligation on a Schedule B to either the 21 or 7-day pre-general election C-4 report.

9.21 The public had no knowledge of the $52,889.74 for orders placed by the WSRP with either the Washington Lincoln Group or James J. Maryea for direct mail pieces which benefited specific legislative candidates until 35 days after the election had been held.

9.22 There were additional invoices from a number of smaller vendors who provided services to the WSRP that were included in the $282,925.12 which should have been reported on a previous C-4 report. See Exhibit #69.

9.23 In addition, the Washington Lincoln Group also contracted with the WSRP to produce and distribute 935,000 tabloids featuring six statewide executive office candidates. The six executive office candidates were equally featured in the tabloid and included Ellen Craswell, Ann Anderson, Ralph Munro, Lucy DeYoung, Bruce Mackey, and Anthony Lowe.

9.24 The tabloid was inserted into major newspapers throughout Washington State the weekend prior to the election, and cost a total of $70,832.46 which was paid from the WSRP non-exempt account. According to the response by counsel for the Washington Lincoln Group, the WSRP approved the tabloid copy on or about October 10, 1996, and the printing was completed by October 22, 1996. The date of the invoice from the Washington Lincoln Group to the WSRP for this activity was October 17, 1996. See Exhibit #70.

9.25 The WSRP should have reported the tabloid as an order placed, debt, or obligation on a Schedule B to either the 21-day pre-general election C-4 report, or at the very latest on the 7-day pre-general election C-4 report. The WSRP paid for the tabloid on October 31, 1996, and the information was not disclosed to the public on a C-4 report until the December 10, 1996, post-election C-4 report.

9.26 The WSRP did file the required Last Minute Contribution (LMC) reports listed as part of Exhibit #70 to each of the six statewide executive office candidates in the amount of $11,805.41.

LAST MINUTE CONTRIBUTION REPORTS

10.1 During the 21-day period preceding the general election in 1996, the WSRP was required to file a Last Minute Contribution (LMC) report as required by RCW 42.17.105. That twenty-one day period for the 1996 general election was October 15-November 4, 1996.

10.2 A LMC report was required to be delivered by the WSRP during that twenty-one day period within twenty-four hours to the PDC, and to the candidate or political committee who received either monetary or in-kind contributions from the WSRP in excess of $500 in the aggregate.

10.3 The WSRP appears to have substantially complied with the filing requirements of LMC reports to the PDC within twenty-four hours. However, in some instances the WSRP failed to timely inform legislative and statewide executive candidates they had received in-kind contributions in excess of $500 during the 21 days preceding the general election.

10.4 When asked if the WSRP notified the candidates they had received contributions in excess of $500 within the twenty-four hour special reporting period, Ms. Bedlington stated (See Exhibit #71):

> **"Not in every case. Okay. Cause I may have made more than one expenditure, and every time I did that I notified the PDC."**
>
> **"But I didn't always notify the candidate, because that gave the candidate too much paper, and he added them together and then added up the total and it was too confusing to the candidate, I'm sorry to say."** (Bedlington Interview Under Oath, page 41)

10.5 When asked if she held off notifying candidates until they had gone over a certain dollar amount or number of contributions from the WSRP, Ms. Bedlington stated:

> **"Probably until I prepared my C-4"** (Bedlington Interview Under Oath, page 41)

10.6 The WSRP provided 14 candidate notification letters to the PDC as part of the audit. All of the letters were dated November 13, 1996, eight days after the general election to the PDC and itemized amounts and services provided by the WSRP to the 14 candidates for the period October 11 through November 4. See exhibit #72.

10.7 The 14 candidates who received the letters reported contributions from the WSRP on either a Schedule B as an in-kind contribution, as a Last Minute Contribution (LMC) report, or both. The following list of 13 candidates is not all inclusive of the WSRP reporting of LMC reports for candidate related activities during the 1996 elections:

JOHN MOYER:

10.8 A letter from the WSRP dated November 13, 1996, was sent to John Moyer, a candidate for State Senate which stated "On your next report to the Public Disclosure Commission, please report $6,171.24 for postage and mailing services as an "In-Kind" contribution...".

10.9 The post-election C-4 report filed by the Moyer Campaign on December 16, 1996, listed the $6,171.24 for postage as an in-kind contribution from the WSRP, with the aggregate total for the 1996 election cycle from the WSRP as also being $6,171.24. See Exhibit #73.

10.10 According to the Schedule A to C-4 reports filed by the WSRP non-exempt account, the WSRP's total expenditures for services on behalf of John Moyer for the 1996 election cycle was $27,680.95.

10.11 The difference of $21,509 ($27,680.95-$6,171.24) of in-kind contributions from the WSRP was not reported at all by the Moyer Campaign, and was not available for public review.

10.12 Stan Shore, a political consultant with Polis Political Consultants provided political consulting services to the Moyer Campaign and to the WSRP on behalf of the Moyer Campaign. Despite that fact, it does not appear the WSRP notified the Moyer Campaign of the additional services provided to his campaign.

BARNEY BEEKSMA:

10.13 A letter from the WSRP dated November 13, 1996, was sent to Barney Beeksma, a candidate for State Representative which stated "On your next report to the Public Disclosure Commission, please report $524.87 for labels and $4,406.40 for printing as an "In-Kind" contribution..." The post-election C-4 report filed by the Beeksma Campaign on December 10, 1996, listed the $524.87 for labels as an in-kind contribution from the WSRP on a schedule B. See Exhibit #74.

10.14 It does not appear the Beeksma Campaign was timely informed about any of the in-kind contributions from the WSRP, so they did not file any LMC reports listing contributions from them.

10.15 The $4,406.40 for printing paid for by the WSRP was never reported as an in-kind contribution by the Beeksma Campaign, nor included in their aggregate total. The aggregate total of contributions from the WSRP listed as being received by the Beeksma Campaign for the 1996 election cycle was also $524.87.

DAN SWECKER:

10.16 A letter from the WSRP dated November 13, 1996, was sent to Dan Swecker, a candidate for State Senator which stated "On your next report to the Public Disclosure Commission, please report for postage, $2,346.00 for printing, and $2,360.92 for mailing service as an "In-Kind" contribution..." See Exhibit #75.

10.17 The Swecker Campaign filed two LMC reports, one on October 29, and the other on November 1 1996, listing in-kind contributions from the WSRP totaling $3,640.92. The post-election C-4 report filed by the Swecker Campaign on December 9, 1996, listed the $3,640.92 as an in-kind contribution and for an aggregate contribution total from the WSRP.

10.18 The in-kind contribution total for 1996 according the to the LMC letter from the WSRP was $7,791.04 on behalf of the Swecker Campaign, which indicates that $4,150.12 of contributor information was not available for public review.

10.19 It does not appear the Swecker Campaign was informed about the in-kind contribution from the WSRP, and there was no evidence to indicate that the Swecker Campaign ever received the notification letter. The $4,150.12 was never reported as an in-kind contribution by the Swecker Campaign.

STEVE HARGROVE:

10.20 A letter from the WSRP dated November 13, 1996, was sent to Steve Hargrove, a candidate for State Senate which stated "On your next report to the Public Disclosure Commission, please report for labels, $11,899.80 for printing and mailing, $7,607.59 for postage, and $17,150.41 for consulting as an "In-Kind" contribution..." The post-election C-4 report filed by the Hargrove Campaign on December 10, 1996, listed $37,837.06 for in-kind contributions from the WSRP on a schedule B with the aggregate total also being $37,837.06. See Exhibit #76.

10.21 It does not appear the Hargrove Campaign was timely informed by the WSRP about the in-kind contributions, so no LMC reports were filed listing the contributions referred to in the letter. The public was not aware of the $37,837.06 of in-kind contributions from the WSRP to the Hargrove Campaign until the December 10, 1996, C-4 report which was filed 35 days after the general election.

BRAD BENSON:

10.22 A letter from the WSRP dated November 13, 1996, was sent to Brad Benson, a candidate for State Representative which stated "On your next report to the Public Disclosure Commission, please report $216.94 for labels, $16,293.30 for printing, $3,660.23 for postage, and $483.73 for mailing service as an "In-Kind" contribution..." The post-election C-4 report filed by the Benson Campaign on December 10, 1996, listed the $20,654.20 for in-kind contributions from the WSRP on a schedule B, with the aggregate total being $23,418.38. See Exhibit #77.

10.23 It does not appear the Benson Campaign was timely informed by the WSRP about the in-kind contributions, so no LMC reports were filed listing the contributions referred to in the letter. The public was not aware of the $20,654.20 of in-kind contributions from the WSRP to the Benson Campaign until the December 10, 1996, C-4 report which was filed 35 days after the general election.

MIKE CARRELL:

10.24 A letter from the WSRP dated November 13, 1996, was sent to Mike Carrell, a candidate for State Representative which stated "On your next report to the Public Disclosure Commission, please report $4,434.34 for postage, $5,150.00 for printing, and $501.55 for labels as an "In-Kind"

contribution..." The post-election C-4 report filed by the Carrell Campaign on December 9, 1996, listed $11,292.63 for in-kind contributions from the WSRP on a schedule B, with the aggregate total from the WSRP also being $11,292.63. See Exhibit #78.

10.25 It does not appear the Carrell Campaign was timely informed by the WSRP about the in-kind contributions, so no LMC reports were filed listing the contributions referred to in the letter. The public was not aware of the $11,292.63 worth of in-kind contributions from the WSRP to the Carrell Campaign until the December 9, 1996, C-4 report which was filed 34 days after the general election.

BRIAN THOMAS:

10.26 A letter from the WSRP dated November 13, 1996, was sent to Brian Thomas, a candidate for State Representative which stated "On your next report to the Public Disclosure Commission, please report $970.10 for postage, $1,543.33 for printing, and $649.27 for mailing services as an "In-Kind" contribution..." The post-election C-4 report filed by the Thomas Campaign on December 11, 1996, listed $4,557.84 for in-kind contributions from the WSRP on a schedule B, with the aggregate total from the WSRP being $6,552.84. See Exhibit #79.

10.27 It does not appear the Thomas Campaign was timely informed by the WSRP about the in-kind contributions, so no LMC reports were filed listing the contributions referred to in the letter. The public was not aware of the $4,557.84 worth of in-kind contributions from the WSRP to the Thomas Campaign until the December 11, 1996, C-4 report which was filed 36 days after the general election.

JOSEPH ZARELLI:

10.28 A letter from the WSRP dated November 13, 1996, was sent to Joseph Zarelli, a candidate for State Senator which stated "On your next report to the Public Disclosure Commission, please report $1,888.50 for postage, and $6,611.01 for printing as an "In-Kind" contribution..." The post-election C-4 report filed by the Zarelli Campaign on December 10, 1996, listed $8,499.52 for in-kind contributions from the WSRP on a schedule B, with the aggregate total from the WSRP as $14,295.52. See Exhibit #80.

10.29 It does not appear the Zarelli Campaign was timely and fully informed by the WSRP about the in-kind contributions referred to in the letter. The Zarelli Campaign filed one LMC report on November 1, 1996, listing $592.40 of in-kind contributions from the WSRP.

10.30 The public was not aware of the $7,907.84 worth of in-kind contributions from the WSRP to the Zarelli Campaign until the December 10, 1996, C-4 report which was filed 35 days after the general election.

TIM OLSEN:

10.31 A letter from the WSRP dated November 13, 1996, was sent to Tim Olsen, a candidate for State Representative which stated "On your next report to the Public Disclosure Commission, please report $12,796.31 for printing, $4,460.10 for postage, and $483.73 for mailing service as an "In-Kind" contribution..." See Exhibit #81.

10.32 The Olsen Campaign filed a LMC report as part of their 7-day pre-general election C-4 report on October 29, 1996., listing in-kind contributions from the WSRP in the amount of $5,864.80 for postage and printing. However, the post-election C-4 report filed by the Olsen Campaign on December 10, 1996, listed for in-kind contributions from the WSRP which included the $5,864.80 previously reported as a LMC.

10.33 It does not appear the Olsen Campaign was timely and fully informed by the WSRP about all of the in-kind contributions referred to in the letter. The public was not aware of the $13,223.29 worth of in-kind contributions from the WSRP to the Olsen Campaign until the December 10, 1996, C-4 report which was filed 35 days after the general election.

TOM MIELKE:

10.34 A letter from the WSRP dated November 13, 1996, was sent to Tom Mielke, a candidate for State Representative which stated "On your next report to the Public Disclosure Commission, please report $10,472.11 for printing, $1,512.55 for postage, and $483.73 for mailing service as an "In-Kind" contribution..." See Exhibit #82.

10.35 The Mielke Campaign filed a LMC report on November 5, 1996, listing in-kind contributions from the WSRP in the amount of $7,173.00 for printing and postage. However, the post-election C-4 report filed by the Mielke Campaign on December 9, 1996, listed $12,468.39 for in-kind contributions from the WSRP which included the $7,173.00 previously reported as a LMC.

10.36 It does not appear the Mielke Campaign was timely and fully informed by the WSRP about all of the in-kind contributions referred to in the letter..

The public was not aware of the $5,295.39 worth of in-kind contributions from the WSRP to the Mielke Campaign until the December 9, 1996, C-4 report which was filed 34 days after the general election.

ANTHONY LOWE:

10.37 A letter from the WSRP dated November 13, 1996, was sent to Anthony Lowe, a candidate for Insurance Commissioner which stated "On your next report to the Public Disclosure Commission, please report $1,739.66 for payroll and $11,805.41 for a tabloid as an "In-Kind" contribution..." See Exhibit #83.

10.38 The Lowe Campaign filed a LMC report on November 1, 1996, listing the tabloid as an in-kind contribution from the WSRP. The tabloid and the payroll were both reported as in-kind contributions from the WSRP on the post-election C-4 report filed by the Lowe Campaign on December 11, 1996.

BRUCE MACKEY:

10.39 A letter from the WSRP dated November 13, 1996, was sent to Bruce Mackey, a candidate for Public Lands Commissioner which stated "On your next report to the Public Disclosure Commission, please report $83,000.00 for media spots and $11,805.41 for a tabloid as an "In-Kind" contribution..." See Exhibit #84.

10.40 The Mackey Campaign filed a LMC report on November 2, 1996, which listed the tabloid and at least $11,000.00 of the media spots as contributions from the WSRP. The post-election C-4 report filed by the Mackey Campaign on December 11, 1996, listed both of the contributions referred to in the letter from the WSRP on a schedule B as in-kind contributions.

BRENDON HILL:

10.41 A letter from the WSRP dated November 13, 1996, was sent to Brendon Hill, a candidate for State Representative which stated "On your next report to the Public Disclosure Commission, please report $1,137.11 for mailing services and $440.84 for labels as an "In-Kind" contribution..." See Exhibit #85.

10.42 The Hill Campaign filed a LMC report on November 4, 1996, which listed the mailing as an in-kind contribution from the WSRP. The post-election C-4 report filed by the Hill Campaign on December 1996, listed both of the contributions referred to in the letter from the WSRP on a schedule B as in-kind contributions.

10.43 When asked if the WSRP had any system in place regarding the notification requirements of candidates during the 1996 election, Ms. Bedlington, bookkeeper of the WSRP, stated (See Exhibit #86):

> **"Pretty much whatever I could get done."** (Bedlington Interview Under Oath, page 34)

10.44 When asked she was aware of the notification requirements, Ms. Bedlington stated:

> **"It was probably in the book, but it was not in my mind. I was trying to keep all the balls in the air."** (Bedlington Interview Under Oath, page 35)

REPORT MODIFICATION

11.1 Since 1992, both the WSRP and WSDCC have been operating under a reporting modification granted by the Commission with respect to the requirements for reporting details of overhead, "joint benefit" expenditures, orders placed, and expenditures by the state parties federal committee. This request for a modification was due to a 1992 change in the federal law, which required all state parties with both federal and non-federal committees to pay all overhead and other allocable expenses out of the federal committee's funds.

11.2 On September 18, 1996, the WSRP was granted their request to obtain a reporting modification for calendar year 1996. See Exhibit #3.

11.3 The amount of WSRP state funds which were eligible during calendar year 1996 to be transferred to their federal account to cover the state committee's portion of the activity under federal law is determined by the ballot composition or ballot allocation. During calendar year 1996, both of the WSRP state accounts transferred a total of $4,356,911.96 to their federal account.

11.4 The WSRP transferred $4,247,600 from their state exempt account to the WSRP federal account, which accounted for 97.5% of all the funds transferred from WSRP state accounts to the federal account. Almost all of the transfers to the WSRP federal account from their state accounts were without any detailed itemization.

11.5 There appears to be at least two areas of the reporting modification granted for calendar year 1996 in which the WSRP failed to comply. One of those areas was Section 2 of the reporting modification which states the following:

> **"...the memorandum shall contain all expenditures made by the applicant's federal political committee during the reporting period covered by the applicable C-4 report if such expenditures, whether cash or in-kind contributions, or independent expenditures, in part or in whole supported or opposed specific state or local candidates or ballot propositions.**
>
> **The memorandum shall contain the name of the state or local candidate supported or opposed, or the ballot proposition supported or opposed.**
>
> **The memorandum shall state the date of the expenditure by the federal committee, the vendor's or recipient's name and address, the purpose and/or description of the expenditure, the total amount of the expenditure, even though only a portion of the expenditure may have been made to support or oppose specific state or local candidates, or ballot propositions, and the amount attributable to each state or local candidate or ballot proposition benefited."**

11.6 There are a number of instances in this report of investigation that shows the WSRP failed to comply with this provision of the reporting modification. The WSRP made expenditures from their federal account which supported or opposed specific state or local candidates without including a memorandum as prescribed by the report modification for the exempt funds account.

11.7 The other area was Section 5 of the reporting modification which states the following:

> **"If the applicant's federal committee makes direct contributions to any of the applicants state committees, or to Washington State political committees not otherwise reported in memorandum form as outlined in this order, the contributions shall be reported on PDC Form C-5."**

11.8 During calendar year 1996, the WSRP failed to comply with this provision of the reporting modification by making at least ten monetary or in-kind contributions totaling $36,617.59 made from their federal account to other republican party organizations, a caucus political committee, and candidates. No C-5 report was filed by the WSRP during calendar year 1996 to disclose to the public contributions made to any Washington state candidates or committees from the WSRP federal account.

11.9 In matters related to this investigation, the WSRP fully cooperated and assisted the PDC.

RESPECTFULLY SUBMITTED this 8th day of April, 1998.

Kurt Young

Kurt Young
Senior Political Finance Specialist

PENALTY PAID

gd. 8-16-96
CK # 18893

STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION
711 Capitol Way Rm 403, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX: (360) 753-1112

BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

IN THE MATTER OF COMPLIANCE WITH CHAPTER 42.17 RCW BY Washington State Republican Party Respondent.	))))))	PDC Case No: 96-581 Findings, Conclusions, and Order

An enforcement hearing was conducted before the Public Disclosure Commission on July 16, 1996 to determine whether the Respondent violated RCW 42.17.640 by using its exempt funds for purposes other than those allowed by law.

The hearing was held in the Second Floor Conference Room, Evergreen Plaza Bldg. Olympia, WA. The Commission staff was represented by John Gerberding, Assistant Attorney General. Kelley Rogers and Jim Coates were present and testified on behalf of the Respondent. Richard Derham was present as legal counsel to the Respondent. Testifying on behalf of PDC staff were Vicki Rippie, Assistant Director for Public Information and Policy Development, and Susan Harris, Assistant Director for Compliance and Enforcement.

The hearing was held pursuant to chapters 34.05 and 42.17 RCW and chapter 390-37 WAC. After due consideration of the evidence, the Commission made the following

I.
FINDINGS OF FACT

1.1 The Washington State Republican Party (WSRP) is a bona fide political committee, registered and filing with the PDC.

1.2 In 1992, the passage of Initiative 134 created campaign contribution limits. A bona fide political party is limited to receiving $2,750 per calendar year from non-individuals. The funds can be used for any purpose.

1.3 A bona fide political party may accept unlimited contributions from individuals, other political parties, and caucus political committees. The use of these moneys is strictly limited by RCW 42.17.640. A bona fide political party receiving exempt contributions must establish a separate bank account for the deposit of exempt contributions and out of which only expenditures for exempt activities may be made.

1.4 In 1995, the legislature amended portions of the Public Disclosure Law. RCW 42.17.630, which contained the definition of "candidate" for purposes of RCW 42.17.640, was repealed. The definition of "candidate" found in RCW 42.17.020 is now applicable to all sections of RCW Chapter 42.17, including RCW 42.17.640. The term "candidate", as used in RCW 42.17.640, now includes local and judicial, as well as state and legislative, candidates.

1.5 On July 27, 1995, Vicki Rippie mailed a flyer explaining the changes to the law. This was sent to Kelley Rogers. That mailer specifically outlined the changes of which the bona fide political parties needed to be aware, and discussed the use of exempt funds. It stated: "Parties may not use soft money to promote local office or judicial candidates."

1.6 In October, 1995, the Respondent produced political advertisements, containing language asking the reader to support either: a) Referendum 48; or b) Referendum 48 and certain local candidates up for election in 1995. These advertisements cost, in total, $69,495.

1.7 Prior to the publication of the advertisements, Jim Coates from the WSRP spoke with PDC staff to discuss the issue of Get-Out-The-Vote (GOTV) and the proper use of exempt funds as it relates to party activities.

1.8 During the conversation, PDC staff informed Mr. Coates that exempt funds could not be used to support candidates or ballot issues, and were limited to the following uses:

a. voter registration
b. absentee ballot information
c. precinct caucuses
d. GOTV campaigns
e. precinct judges or inspectors
f. ballot counting

In addition, PDC staff informed Mr. Coates that if exempt funds were used for any of the purposes listed above, the activity must also be "without direct association with individual candidates." (RCW 42.17.640(14)).

1.9 PDC staff further instructed Mr. Coates that if all elements of the activity were not eligible for payment from the exempt account, then non-exempt funds had to be used. The activity could not be paid from both accounts.

1.10 Mr. Coates reported this conversation to Kelley Rogers, Executive Director of WSRP, Ken Eikenberry, Chairman of WSRP and Richard Derham, legal counsel to the Respondent. Mr. Derham told Mr. Rogers and Mr. Eikenberry that PDC staff interpretation was incorrect, and that if the advertisements were not supporting or opposing candidates for state legislative or executive office, exempt funds could be used. Mr. Derham based this advice on the RCW 42.17.630 definition of candidate, which was repealed in July, 1995. Mr. Eikenberry directed his staff to follow the advice of Mr. Derham and pay for the advertisements from the exempt funds account.

1.11 Following the discussion among Mr. Coates, Mr. Rogers, Mr. Eikenberry and Mr. Derham, no one from WSRP contacted PDC staff to inform them of the disagreement over the interpretation of law.

1.12 Mr. Derham later acknowledged that he was in error regarding pieces which supported candidates. He was not aware of the changes in law, even though PDC staff had sent notice of the changes to the Respondent on July 27, 1995. He did not dispute the fact that when the Respondent sent the candidate pieces, using exempt funds, they in fact did so in direct contradiction of the law.

1.13 The Referendum 48/candidate pieces were produced in-house, sent to approximately 88,000 individuals, and cost $19,867.

1.14 The Referendum 48 piece was produced by the Madison Group. This advertisement was sent to approximately 175,000 people, and the cost was $49,528.

1.15 In order to pay for these advertisements, the Respondent conducted a fund-raising drive. Mr. Rogers sent letters or met in person with representatives from various corporations. Mr. Rogers indicated that WSRP was conducting a GOTV drive in support of Referendum 48.

1.16 Some of the corporations indicated they wanted their funds to be used for the GOTV drive for Referendum 48. Others indicated they wished to remain neutral on the referendum, and indicated their funds were to be used for a "generic" GOTV campaign.

1.17 These contributors had previously given the maximum amount allowed to the WSRP non-exempt fund, or had publicly stated they were remaining neutral on Referendum 48.

II.
CONCLUSIONS OF LAW

Based on the above facts, as a matter of law, the Commission concluded the following:

2.1 RCW 42.17.640(6) states: "No person, other than an individual, bona fide political party, or caucus political committee may make contributions under this chapter...to a bona fide political party that in the aggregate exceed two thousand five hundred dollars in a calendar year."[1]

2.2 Pursuant to RCW 42.17.640(13): "No person may accept contributions that exceed the contribution limitations provided in this section."

2.3 RCW 42.17.640(14) provides, in relevant part: "The following contributions are exempt from the contribution limits of this section:

a) An expenditure or contribution earmarked for voter registration, for absentee ballot information, for precinct caucuses, for get-out-the-vote campaigns, for precinct judges or inspectors, for sample ballots, or for ballot counting, all without promotion of or political advertising for individual candidates; or

b) An expenditure by a political committee for its own internal organization or fund raising without direct association with individual candidates."

2.4 Exempt funds may not be used to support candidates or ballot issues.

2.5 The Respondent violated RCW 42.17.640 by accepting contributions in excess of limits and by using exempt funds for the purpose of supporting a ballot measure and local candidates.

ORDER

ON the basis of the foregoing Findings and Conclusions,

IT IS HEREBY ORDERED that the Respondent pay a civil penalty of $2,500. This is a final order of the Public Disclosure Commission. The Respondent is legally obligated to pay the entire $2,500 pursuant to RCW 42.17.395.

---

[1] This limit, effective March 1, 1996, was adjusted for inflation. The new limit, per WAC 390-05-400 is two thousand seven hundred fifty dollars.)

The Respondent may ask for reconsideration of this final order. A request for reconsideration must be in writing, include the specific grounds or reasons for the request, and be received at the Public Disclosure Commission's office within 10 days after service of this order. If reconsideration is requested, enforcement of the penalty would be stayed pending the Commission's decision.

Under RCW 42.17.395(5), a final order issued by the Public Disclosure Commission is subject to judicial review under the Administrative Procedures Act, RCW 34.05. Under RCW 34.05.542(2), a petition for judicial review must be filed with the superior court in Thurston County or the county of the Respondent's residence or principal place of business, and served on the PDC, the Attorney General's office, and any other parties within 30 days of service of this final order, or if reconsideration is properly sought, within 30 days after the Commission acts on the Respondent's petition for reconsideration. The Respondent is not required to ask the PDC to reconsider the final order before seeking judicial review.

Dated this 31st day of July, 1996.

FOR THE PUBLIC DISCLOSURE COMMISSION

Melissa Warheit

Melissa Warheit
Executive Director

STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION
711 Capitol Way Rm 403, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112

MEMORANDUM

TO: File

FROM: Melissa Warheit, Executive Director Melissa Warheit

DATE: April 11, 1997

RE: Amended Complaint Against the Washington State Republican Party

The audit of the books and records of the Washington State Republican Party (WSRP) conducted by PDC staff revealed several areas in need of further investigation. Those areas are:

1. The WSRP appeared to have exceeded contribution limits in funds given to seven legislative candidates;
2. The WSRP appeared to have used exempt funds to support state and legislative candidates;
3. The WSRP appeared to have transfered exempt funds into its Federal account, using said funds to benefit state and legislative candidates;
4. The WSRP appeared to have accepted contributions into its non-exempt account in excess of legal limits;
5. The WSRP appeared to have not timely reported expenditures benefitting candidates;
6. The WSRP failed to timely notify candidates of contributions it made on the candidates' behalf.

I am hereby directing staff to begin an investigation against WSRP.

STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION
711 Capitol Way Rm 403, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112

MEMORANDUM

TO: File

FROM: Melissa Warheit, Executive Director

DATE: March 28, 1997

RE: Complaint Against the Washington State Republican Party

As a result of a staff audit conducted of the books and records of the Washington State Republican Party (WSRP), I am hereby filing a complaint against the WSRP.

The basis of this complaint is as follows:

1. The WSRP appeared to have exceeded contribution limits in funds given to seven candidates;
2. The WSRP appeared to have used exempt funds to support state and legislative candidates;
3. The WSRP appeared to have accepted contributions into its non-exempt account in excess of legal limits;
4. The WSRP failed to disclose expenditures made on its behalf by its agents;
5. The WSRP failed to timely notify candidates of contributions it made on the candidates' behalf.

This complaint lends cause to further investigation, which I am directing staff to commence immediately.

STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION
711 Capitol Way Rm 403, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112

March 28, 1997

KELLEY ROGERS EXECUTIVE DIRECTOR
WASHINGTON STATE REPUBLICAN PARTY
16400 SOUTHCENTER PARKWAY 200
SEATTLE WA 98188

Dear Mr. Rogers:

Enclosed is a copy of the audit report of the Washington State Republican Party (WSRP), covering its books and records from January 1, 1996 through December 31, 1996.

Please note the findings in section III, and the conclusions in section IV. While all of the findings cause concern, the most troubling is the use of exempt funds to benefit state legislative and executive candidates, in light of the 1996 enforcement hearing in which the WSRP was found to have violated the public disclosure law by using exempt funds that benefited candidates and ballot issues, and fined $2,500.

Because the audit was of limited scope, I have now directed staff to continue with the process, and have instructed them to begin a full investigation.

Within the next few days, staff will be contacting you asking for further documentation, and also setting up interviews with WSRP key staff.

If you have any questions regarding this matter, please contact Susan Harris, Assistant Director for Compliance and Enforcement, at 360-753-1111.

Sincerely,

Melissa Warheit

Melissa Warheit
Executive Director

STATE OF WASHINGTON

PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm 403, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX: (360) 753-1112

BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

IN RE COMPLIANCE WITH RCW 42.17 WASHINGTON STATE REPUBLICAN CENTRAL COMMITTEE	PDC CASE NO: 97-259 Report of Examination

I.

BACKGROUND

1.1 A limited scope audit has been conducted of the records and reports of the Washington State Republican Central Committee (WSRP). The period covered by the audit was from January 1, 1996 through December 31, 1996.

1.2 The audit was conducted to determine compliance with chapter 42.17 RCW.

II.

SCOPE

2.1 Public Disclosure C-Series reports which were submitted by the WSRP were reviewed, as well as Federal Election Commission (FEC) reports.

2.2 Tests and other procedures were used to determine compliance with Public Disclosure law. Those tests and procedures included, but were not limited to the following:

a. reviewed a random sampling of campaign records to determine timely and accurate reporting of contributions;

b. reviewed a random sampling of campaign records and C-3 reports for contributor information to determine whether the WSRP adhered to the contributions limits established under I-134;

c. reviewed a random sampling of campaign records and C-3 reports for contributor information to determine whether the prohibition for receiving contributions in the aggregate in excess of $5,000 during the 21 day period prior to the general election were adhered to;

d. reviewing a random sampling of invoices to determine timely and accurate reporting of expenditures;

e. reviewed a random sampling of expenditures and vendor invoices from the WSRP non-exempt account to determine if $.55 per registered voter limitations for legislative and executive candidates were adhered to;

f. vendor invoices were reviewed to determine if the WSRP complied with the reporting requirements for orders placed and last minute contributions to candidates during the 21 day reporting period prior to the general election;

g. reviewed a random sampling of transfers from the WSRP exempt account to the WSRP federal account (which covered joint overhead costs) to determine if any state executive or legislative candidates or ballot propositions were being supported. A sampling of some of the largest monetary disbursements from the WSRP federal, state exempt, and state non-exempt accounts were reviewed to determine if the WSRP was in compliance;

h. interview with Joan Bedlington, bookkeeper for the WSRP. An interview with Kelley Rogers, Executive Director of the WSRP was also conducted;

i. other procedures as were considered necessary under the circumstances.

III.

FINDINGS

3.1 Total contributions and expenditures for the three accounts as reported by the WSRP for calendar year 1996 were as follows:

Washington State Republican Central Committee
Report of Examination
PDC Case No: 97-259

WSRP STATE EXEMPT ACCOUNT:

Contributions	$4,466,155.46
Expenditures	$4,456,414.59
Cash on hand	$ 9,700,87

WSRP STATE NON-EXEMPT ACCOUNT:

Contributions	$1,507,464.73
Expenditures	$1,495,801.82
Cash on hand	$ 11,662.91
Liabilities	(184,508.31)
Balance	(172,845.40

WSRP STATE FEDERAL ACCOUNT: (*)

Total Federal Receipts	$1,685,457.79
Total Federal Disbursements	$1,862,205.49

(*) (Note-period covered by totals 01/01/96-11/25/96)

TIMELINESS OF BANK DEPOSITS (RCW 42.17.060)

3.2 A limited review of the cash receipts journal for contributions received by the WSRP for the period of September 1-December 31, 1996, indicated that funds were timely deposited within five days of receipt.

TIMELINESS OF C-3 & C-4 REPORTS (RCW 42.17.080)

3.3 A limited scope review of the PDC reports filed by the WSRP from September 1-December 31, 1996, indicated that most of the C-3 reports were timely filed. In addition, all of the C-4 reports were timely filed by the WSRP during calendar year 1996, except for the April C-4 report covering March 1-31, 1996, for the non-exempt account which does not appear to have been filed.

REPORTING VENDOR/AGENT EXPENDITURES (WAC 390-16-205)

3.4 The WSRP failed to properly provide an itemized breakdown of expenditures made to vendors, consultants, and agents in accordance with WAC 390-16-205 which states the following:

> **"Expenditures made on behalf of a candidate or political committee by any person, agency, firm, organization, etc. employed or retained for the purpose of organizing, directing, managing or assisting the candidate's or committee's efforts shall be deemed expenditures by the candidate or committee. Such expenditures shall be reported by the candidate or committee as if made or incurred by the candidate or committee directly."**

3.5 The WSRP failed to properly breakdown the bulk payments made to selected vendors, consultants, and agents for a variety of political services. See Exhibit #1.

3.6 The complete description of the payment should have listed all of the vendors who provided services for labels, printing, and any other costs associated with the distribution of the piece of political advertising. An example of how to report the activity is listed below:

DATE	VENDOR	PURPOSE/DESCRIPTION	AMOUNT
xx-xx-96	XYZ Company	Joe's Print Shop-printing	$XXX.00
		US Postal Service-postage	XXX.00
		Acme Label Company-labels	XXX.00
		XYZ Company-consulting fee	XXX.00

3.7 The WSRP filed a C-4 report on December 11, 1996, listing $346,705.58 on Schedule B as orders placed which supported legislative and executive candidates for the November 5, 1996 election. None of those activities had been previously reported. See exhibit #1 & #2.

CONTRIBUTION LIMITS TO CANDIDATES (RCW 42.17.640)

3.8 The $.55 per registered voter limit appears to have been exceeded for at least seven legislative candidates. The WSRP did not appear to monitor expenditures made from the WSRP non-exempt account in support of legislative and executive candidates.

3.9 The WSRP stated they were aware that a $.55 per registered voter limit was part of I-134, however they were not aware of the total contributions they could make to a candidate for a given legislative district. No year-to-date totals

appear to have been kept in order to ensure compliance with those limits, the WSRP indicated they would have computed the $.55 per registered voter limit based on the most recent voter registrations in 1996.

RCW 42.17.640 requires the number of registered voters to be computed by using the figures from the most recent general election, in this case it was the total as of November, 1995.

NON-EXEMPT CONTRIBUTION LIMITS (RCW 42.17.640)

3.10 A review of the cash receipts journal from September 1-December 31, 1996, showed the following were contributions received, deposited, and reported by the WSRP into their non-exempt account. The following contributions by non-individuals appear to have exceeded the $2,750 limit to the WSRP non-exempt account:

10/12/96	The Speakers Roundtable	$12,500;
10/14/96	Senate Republican Leadership Fund	$10,000;
10/14/96	The Leadership Council	$10,000.

3.11 Contributor information was also reviewed to determine if the WSRP received a single campaign contribution in excess of the non-exempt limit of $2,750, divided the contribution and deposited it into the exempt and non-exempt accounts. No evidence was found that this had occurred.

3.12 The review of the cash receipts journal indicated the WSRP had photocopied a check received from the House Republican Organizational Committee (HROC) on October 14, 1996, in the amount of $225,000. However, the C-3 report filed on October 15, 1996, reported the contribution from HROC in the amount of $25,000. See Exhibit #3.

EXPENDITURES FROM THE EXEMPT FUNDS ACCOUNT (RCW 42.17.640)

3.13 Records show that on October 17, 1996, the WSRP paid $150,000 to the Madison Group from WSRP exempt funds account for a media buy. A copy of the script indicated the advertisement was an anti-Gary Locke piece. It possibly could have been reported by the WSRP as an in-kind contribution to the Ellen Craswell Campaign.

WAC 390-17-060(6) states the following:

> **"activities that oppose one or more clearly identified candidates are presumed to promote the opponent(s) of the candidate(s)."**

3.14 The $150,000 expenditure made to the Madison Group should not have been paid from the WSRP exempt account. See Exhibit #4.

3.15 In a memorandum from Brett Bader with the Madison Group to Kelley Rogers, Executive Director of the WSRP dated October 18, 1996, Mr. Bader had spoken with the PDC regarding the issue of whether exempt funds could be used by the WSRP to pay for "Issue Ads" similar to those at the federal level (advocacy ads). Mr. Bader advised the WSRP that absent a response from the staff of the PDC, not to undertake any "issue type" advertisements using state exempt funds. See Exhibit #5.

3.16 A random sampling of selected transfers from the WSRP state exempt account to the WSRP federal account indicated that exempt funds were used for GOTV and absentee ballot programs that featured legislative candidates.

TRANSFERS FROM STATE EXEMPT ACCOUNT TO FEDERAL ACCOUNT

3.17 A random sampling of transfers from the WSRP exempt account to the WSRP federal account was conducted to determine whether any of those transfers may have benefitted legislative or executive candidates. A majority of the transfers reviewed indicated those expenditures were to cover joint overhead and administrative costs incurred as a result of sharing a federal/state organization headquarters and staff.

3.18 Of the invoices reviewed, at least two indicated the expenditures were for GOTV or absentee ballot activities sponsored by the WSRP out of the federal account. Those funds were transferred from the WSRP exempt account to the federal account to help pay for activities which clearly featured, identified, and benefited specific legislative and executive candidates. The portion of the GOTV or absentee ballot activity that benefitted state legislative or executive candidates should have been paid for with funds from the WSRP non-exempt account. See exhibit #6.

LAST MINUTE CONTRIBUTION REPORTS (RCW 42.17.105)

3.19 The WSRP appears to have substantially complied with the last minute contribution reports for contributions they made and received in excess of $500 during the 21 days preceding the general election. Those reports were filed with the PDC within 48 hours of receiving a contribution in excess of $500.

3.20 The WSRP failed to timely inform legislative candidates they had received an in-kind contribution in excess of $500 during the 21 days preceding the general election from the WSRP. The WSRP provided us with a partial list of letters to a number of legislative candidates dated November 13, 1996, which detailed in-kind contributions from the WSRP on behalf of candidates for the period October 11 through November 4. See exhibit #7.

IV.

CONCLUSIONS

4.1 The WSRP was substantially out of compliance with RCW 42.17.640 in the following areas:

- the WSRP exceeded the contribution limitations to candidates for state legislative office;
- the WSRP used exempt funds to benefit state legislative and executive candidates;
- the WSRP accepted contributions into the non-exempt account in excess of the $2,750 limitation.

4.2 The WSRP was out of compliance with WAC 390-16-205 by not itemizing expenditures made by agents of the WSRP.

4.3 The WSRP was substantially out of compliance with RCW 42.17.105 by failing to timely notify legislative and state executive candidates of contributions made by the WSRP.

Washington State Republican Central Committee
Report of Examination
PDC Case No: 97-259

V.

RECOMMENDATIONS/STAFF COMMENTS

5.1 The records maintenance and organization of documents provided by the WSRP as part of our audit were in good order.

5.2 Joan Bedlington and other staff members of the WSRP cooperated and assisted fully with the PDC during this audit.

5.3 It is recommended that the WSRP maintain a tighter system of internal controls to monitor the $.55 per registered voter limits for legislative and executive candidates.

5.4 It is also recommended that the WSRP develop a process by which information is communicated to legislative candidates in a more timely manner that they received an in-kind contribution in excess of $500 during the 21 days preceding the general election from the WSRP.

5.5 The WSRP needs to review the relevant statutes and regulations, and adopt the necessary internal controls to insure state exempt funds are not being expended to support state executive and legislative candidate or statewide ballot propositions.

RESPECTFULLY SUBMITTED this 20th day of March, 1997.

Kurt Young
Political Finance Specialist

Doug Ellis
Political Finance Specialist

PUBLIC DISCLOSURE COMMISSION

SUMMARY, FULL REPORT RECEIPTS AND EXPENDITURES

C4 (11/93)

FOR OFFICE USE — POST MARK RECEIVED DEC 10 1996

Candidate or Committee Name (Do not abbreviate. Use full name.): Washington State Republican Party NON-Exempt

Mailing Address: 16400 Southcenter Parkway # 200

City: Seattle, WA 98188 Zip + 4

Office Sought (Candidates):

Report Period Covered: From (see C-4) October 29 ,1996 - To (end of period) 11/30/96

Is this your final report? Yes ____ No X

RECEIPTS

1. Previous total cash and in kind contributions (From line 8, last C-4) (If beginning a new campaign or calendar year, see instruction booklet)		1,158,295.50
2. Cash received (From line 2, Schedule A)	173,953.75	
3. In kind contributions received (From line 1, Schedule B)		
4. Total Cash and in kind contributions received this period (Line 2 plus 3)		173,953.75
5. Loan principal repayments made (From line 2, Schedule L)	( )	
6. Corrections (From line 1 or 3, Schedule C) Show + or (-)	(75.00)	
7. Net adjustments this period (Combine line 5 & 6) Show + or (-)		(75.00)
8. Total cash and in kind contributions during campaign (Combine lines 1, 4 & 7)		1,332,174.25
9. Total pledge payments due (From line 2, Schedule B)		

EXPENDITURES

10. Previous total cash and in kind expenditures (From line 17, last C-4) (If beginning a new campaign or calendar year, see instruction booklet)		1,029,697.76
11. Total cash expenditures (From line 4, Schedule A or line 5, Schedule A-or/l)	299,678.51	
12. In kind expenditures (goods & services) (From line 1, Schedule B)		
13. Total cash and in kind expenditures made this period (Line 11 plus line 12)		299,678.51
14. Loan principal repayments made (From line 2, Schedule L)	( )	
15. Corrections (From line 2 or 3, Schedule C) Show + or (-)		
16. Net adjustments this period (Combine lines 14 & 15) Show + or (-)		
17. Total cash and in kind expenditures during campaign (Combine lines 10, 13 and 16)		1,329,376.27

CANDIDATES

Please complete:

	Won	Lost	Unopposed	Name not on ballot
Primary election	☐	☐	☐	☐
General election	☐	☐	☐	☐

Treasurer's Daytime Telephone No.: ( )

CASH SUMMARY

18. Cash on hand (Line 8 minus line 17) (Line 18 should equal your bank account balance(s) plus your petty cash balance.)	2,797.98
19. Liabilities (Sum of loans and debts owed)	(346,705.58)
20. Balance (Surplus or deficit) (Line 18 minus line 19)	(343,907.60)

CERTIFICATION: I certify that the information herein and on accompanying schedules and attachments is true to the best of my knowledge.

Candidate's Signature ____ Date ____ Treasurer's Signature: Gwen E Bedlington Date ____

SEE INSTRUCTIONS ON REVERSE

IN KIND CONTRIBUTIONS, PLEDGES, ORDERS, DEBTS, OBLIGATIONS

SCHEDULE B to C4 (11/92)

Candidate or Committee Name (Do not abbreviate. Use full name.)

Washington State Republican Party NON-Exempt

1. IN KIND CONTRIBUTIONS RECEIVED (goods, services, discounts, etc.)

Date Received	Contributor's Name and Address	Description of Contribution	Fair Market Value	Aggregate Total	PRI	GEN	If $100 or more, Emp Name, City, State & O
							Occupation
							Occupation
	☐ Check here if additional pages are attached	TOTAL (Enter also on line 3 and line 12 of C4)					Occupation

2. PLEDGES RECEIVED BUT NOT YET PAID. List each pledge of $100.00 or more.

Date Notified of Pledge	Name and Address of Pledge Maker	Fair Market Value	Aggregate Total	PRI	GEN	If $100 or more, Emp Name, City, State & C
						Occupation
	☐ Check here if additional pages are attached	TOTAL. (include new pledges above and all other outstanding pledges. (Enter also on line 9 of C4)				Occupation

3. ORDERS PLACED, DEBTS, OBLIGATIONS. (Give estimate if actual amount not know. Exclude loans. Report loans on Schedule L.)

a. List each debt, obligation or estimated expenditure that is more than $250.00.

b. List each debt, obligation or estimated expenditure that is more than $50.00 and has been outstanding for over 30 days.

Expenditure Date	Vendor's/Recipient's Name and Address)	Amount Owed	Code*	OR	Description of Obligat
	Attached	346,705.58			
	☐ Check here if additional pages are attached TOTAL (Include in line 19 of C4)	346,705.58			

FEC form C4B (11/92) * 1

*Code Definitions on Reverse

Attachment to Schedule B - Debts and Obligations Page 1
Washington State Republican Party - October 29, 1996 - November 30, 1996

ABC Printing Inc 7009 Martin Way Lacey, WA	C	Printing - In-Kind to Thelma Jackson	6,974.64
Dot to Dot 11308 183rd Dr NE Granite Falls, WA	C C	Mailing/Printing In-Kind to Keith Groen John Koster	 3,473.33 3,621.82
Garland Printing Co 833 West Garland Spokane, WA	C	Printing - In -Kind to Jim McCune Keith Groen Mike Floyd Roger Bush John Koster Duane Sommers	 48.75 444.48 156.85 305.44 270.14 4,698.57
Glacier Graphics 17251 138th Ave SE Renton, WA	C	Printing - In-Kind to Jim Buck Marilyn Sears Bob Ryan Allan Panasuk Budd Gilbert	 810.20 810.20 810.20 810.20 810.20
Greater Seattle Printing & Mail 15277 NE 92nd St Redmond, WA	C	Printing - In-Kind Mike Sherstad Tim Olsen Joseph Zarelli Jim McCune Val Stevens Lois McMahan Tom Mielke Marc Boldt Joyce McDonald Roger Bush Mike Floyd	 13,078.68 10,043.66 6,611.02 12,543.68 11,528.71 724.58 724.58 724.58 5,951.00 4,463.25 4,500.04
Graphic Communications 109 N Columbia Olympia, WA		Printing - In-Kind Ellen Craswell Jim Youngsman Eugene Goldsmith Richard DeBolt	 3,577.17 2,115.48 9,257.54 5,260.46

115109

Attachment to Schedule B - Debts and Obligations NON EXEMPT Page 2
Washington State Republican Party - October 29 - 11/30/96

Graphic Communications 109 N Columbia Olympia, Wa	C	Printing - In-Kind	
		Scott Smith	7,072.90
		Tom Mielke	4,086.21
		Lois McMahan	3,095.41
Labels and Lists 2500 116th Ave NE Bellevue, WA	C	Labels - In-Kind	
		Brendon Hill	440.84
		Joyce McDonald	471.89
		Phil Dyer	227.89
		Dino Rossi	227.89
		Brian Thomas	227.89
James Maryea & Asso 8161 Rockview Circle Westminster, CA	C	Mailing Service In-Kind	
		Steve Hargrove	8,977.32
		Tom Campbell	6,738.00
		Dan Swecker	2,346.00
		Dino Rossi	3,381.00
Olympus Press 3400 South 150th St Seattle, WA	C	Printing -In-Kind	
		Marilyn Sears	2,921.40
P.I.P Printing 1009 Main St Vancouver, WA	C	Gary Kaster	402.42
Polis Political Service Inc. 1008 Western Ave Ste 301 Seattle, WA	C	Printing/Mailing - In-Kind	
		John Moyer	21,524.69
		Don Benton	21,565.68
		Bryan Alford	22,177.02
		Ian Elliot	22,502.67
Print Time 12001 NE 12th St Bellevue, WA	C	Printing In-Kind	
		Steve Hargrove	2,637.92
		Dino Rossi	886.16
		Ellen Craswell	9,232.94
Snohomish Publishing 114 Ave C Snohomish, WA	C	Printing - In-Kind	
		Keith Groen	4,904.20

Attachment to Schedule B - Debts and Obligations NON EXENPT Page 3
Washington State Republican Party - October 29 - November 30, 1996

South Sound Printing 525 South Columbia Olympia, WA	C	Printing - In-Kind	
		Brendon Hill	2,047.95
		Brad Benson	21,736.35
		David Morrell	5,443.20
		Jack Cairnes	3,996.00
		Barney Beeksma	4,406.40
		Paul Zellinsky	5,398.65
		Karen Frederick	3,326.40
		Joyce McDonald	2,597.40
		Jerry Blanton	1,798.20
		Mike Carrell	3,780.00
The Madison Group 500 108th Ave NE Ste 1950 Bellevue, WA	C	Printing & Mailing - In-Kind	
		Grant Pelesky	30,977.24

85507

PUBLIC DISCLOSURE COMMISSION

SUMMARY, FULL REPORT RECEIPTS AND EXPENDITURE

C4 (11/93)

POST MARK RECEIVED — PDC OFFICE USE: OCT 29 1996

Candidate or Committee Name (Do not abbreviate. Use full name.)

Washington State Republican Party NON-EXEMPT

Mailing Address: 16400 Southcenter Parkway # 200

City: Seattle, WA Zip + 4: 98188

Office Sought (Candidates):

Report Period Covered — From: (last C-4) 10/11/96 To: (end of period) 10/28/96

Is this your final report? Yes ____ No X

RECEIPTS

1. Previous total cash and in kind contributions (From line 8, last C-4) (If beginning a new campaign or calendar year, see instruction booklet)		714,279.68
2. Cash received (From line 2, Schedule A)	444,015.82	
3. In kind contributions received (From line 1, Schedule B)		
4. Total Cash and in kind contributions received this period (Line 2 plus 3)		444,015.82
5. Loan principal repayments made (From line 2, Schedule L)	( )	
6. Corrections (From line 1 or 3, Schedule C) Show + or (-)		
7. Net adjustments this period (Combine line 5 & 6) Show + or (-)		
8. Total cash and in kind contributions during campaign (Combine lines 1, 4 & 7)		1,158,295.50
9. Total pledge payments due (From line 2, Schedule B)		

EXPENDITURES

10. Previous total cash and in kind expenditures (From line 17, last C-4) (If beginning a new campaign or calendar year, see instruction booklet)		517,224.81
11. Total cash expenditures (From line 4, Schedule A or line 5, Schedule A-all)	512,472.95	
12. In kind expenditures (goods & services) (From line 1, Schedule B)		
13. Total cash and in kind expenditures made this period (Line 11 plus line 12)		512,472.95
14. Loan principal repayments made (From line 2, Schedule L)	( )	
15. Corrections (From line 2 or 3, Schedule C) Show + or (-)		
16. Net adjustments this period (Combine lines 14 & 15) Show + or (-)		
17. Total cash and in kind expenditures during campaign (Combine lines 10, 13 and 16)		1,029,697.76

CANDIDATES

Please complete:

	Won	Lost	Unopposed	Name not on ballot
Primary election	☐	☐	☐	☐
General election	☐	☐	☐	☐

Treasurer's Daytime Telephone No.: ( )

CASH SUMMARY

18. Cash on hand (Line 9 minus line 17) [Line 18 should equal your bank account balance(s) plus your petty cash balance.]		128,597.74
19. Liabilities: (Sum of loans and debts owed)		21,932.81
20. Balance (Surplus or deficit) (Line 18 minus line 19)		106,664.93

CERTIFICATION: I certify that the information herein and on accompanying schedules and attachments is true to the best of my knowledge.

Candidate's Signature ____ Date ____ Treasurer's Signature: Grant E Bedlington Date ____

PDC form C-4 (11/93) * * 1

SEE INSTRUCTIONS ON REVERSE

IN KIND CONTRIBUTIONS, PLEDGES, ORDERS, DEBTS, OBLIGATIONS

SCHEDULE B to C4 (11/93)

Candidate or Committee Name (Do not abbreviate. Use full name.)

Washington State Republican Party NON~EXEMPT

1. IN KIND CONTRIBUTIONS RECEIVED (goods, services, discounts, etc.)

Date Received	Contributor's Name and Address	Description of Contribution	Fair Market Value	Aggregate Total	PRI / GEN	If $100 or more, Employer Name, City, State & Occup
						Occupation
						Occupation
	☐ Check here if additional pages are attached	TOTAL (Enter also on line 3 and line 12 of C4)				Occupation

2. PLEDGES RECEIVED BUT NOT YET PAID. List each pledge of $100.00 or more.

Date Notified of Pledge	Name and Address of Pledge Maker	Fair Market Value	Aggregate Total	PRI / GEN	If $100 or more, Employer Name, City, State & Occup
					Occupation
	☐ Check here if additional pages are attached — TOTAL (include new pledges above and all other outstanding pledges. (Enter also on line 9 of C4)				Occupation

3. ORDERS PLACED, DEBTS, OBLIGATIONS. (Give estimate if actual amount not know. Exclude loans. Report loans on Schedule L.)

a. List each debt, obligation or estimated expenditure that is more than $250.00.
b. List each debt, obligation or estimated expenditure that is more than $50.00 and has been outstanding for over 30 days.

Expenditure Date	Vendor's/Recipient's Name and Address)	Amount Owed	Code*	OR	Description of Obligation
	Attached	21,932.81			
	☐ Check here if additional pages are attached — TOTAL (Include in line 19 of C4)	21,932.81			

PDC form C4B (11/93) * * 1

*Code Definitions on Reverse

Attachment to Schedule B - Debts and Obligations NON-EXEMPT
Washington State Republican Party 10/11/96 - 10/18/96

ABC Printing 7009 Martin Way Lacey, WA	C	Printing - In-Kind Thelma Jackson	2,149.20
APEX Mailing Services P.O. Box 7034 Olympia, WA	C	Mailing - In-Kind Thelma Jackson	2,015.13
APEX Mailing Services P.O. Box 7034 Olympia, WA	C	Mailing Service - in-Kind Ellen Craswell	13,341.37
Garland Printing 833 W Garland Spokane, WA	C	Printing - In-Kind Mike Floyd Roger Bush John Koster Keith Groen	 156.85 295.44 270.14 333.92
Print Time 12001 N.E. 12th Street Bellevue, WA	C	Printing - In-Kind Ellen Craswell	991.76
Seattle Post 1114 Post Avenue Seattle, WA	C	Video taping - In-Kind Ellen Craswell	2,214.00
Washington State Conv & Trade Center 800 convention Place Seattle, WA	C	Rally accomodations Ellen Craswell	165.00
			21,932.81

HOUSE REPUBLICAN
ORGANIZATIONAL COMMITTEE
P.O. BOX 7222
OLYMPIA, WA 98507

PUGET SOUND NATIONAL BANK
OLYMPIA BRANCH
105 E. 8TH
OLYMPIA, WASHINGTON 98501
34-7/1251

3309

10-12-96

PAY TO THE ORDER OF WSRP $ 225,000.00

Two Hundred Twenty Five Thousand dollars + 00/

DOLLARS

Lisa Mart

MEMO

LUF96
State
10/14/94

THE SPEAKER'S ROUNDTABLE
P.O. BOX 6032
OLYMPIA, WA 98502-0032

KEY BANK

KEY BANK OF WASHINGTON
OLYMPIA OFFICE 148
OLYMPIA, WA 98501
19-57/1250

113

10-12-96

PAY TO THE ORDER OF W.S.R.P. $ 12,500.00

Twelve Thousand five hundred dollars + 00/

DOLLAR

MEMO:

Lisa Mart

LUF96
State
10/14/94

PUBLIC DISCLOSURE COMMISSION

CASH RECEIPTS MONETARY CONTRIBUTIONS

C3 (11/93)

POST MARK RECEIVED — PDC OFFICE USE — OCT 15

Candidate or Committee Name (Do not abbreviate. Use full name.)

WASHINGTON STATE REPUBLICAN PARTY

Mailing Address: 16400 Southcenter Parkway #200

City: Seattle, WA 98188 — Zip + 4

Office Sought (candidate): Non Exempt

1. MONETARY CONTRIBUTIONS DEPOSITED IN ACCOUNT

Date Received	Please type or print clearly in ink.	Amount	Total
	a. Anonymous		
	b. Candidate's personal funds deposited in the bank (include candidate loans in 1c)		
	c. Loans, notes, security agreements. Attach Schedule L		
	d. Miscellaneous receipts (interest, refunds, auctions, other). Attach explanation		
	e. Small contributions $25.00 or less not itemized and number of persons giving _____ (persons)		

2. CONTRIBUTIONS OVER $25.00

Date Received	Contributor's Name, Address, City, State, Zip	Contributions of $100 or more: * Employer's Name, City and State / Occupation	PRI	GEN	Amount	Aggregate Total*
	☐ Check here if additional pages are attached	Sub-total Amount from attached pages			68110.00	

*S Rev For D

3. TOTAL FUNDS RECEIVED AND DEPOSITED OR CREDITED TO ACCOUNT

Sum of parts 1 and 2 above. Enter this amount in line 1, Schedule A to C4. 68110.00

4. Date of Deposit 10-14-96

I certify that this report is true and complete to the best of my knowledge

Treasurer's Signature: Jean E Bedlington

Treasurer's Daytime Telephone No.: (206) 575-2900

PDC form C-3 (11/93)

Account	Name/Address	Employer/Occupation	Date	Amount	YTD
S	Mr. E. C. Schindler 34114 21st Ave S. Federal Way, WA		10/14/96	$2,000.00	$2,000.00
S	Hampton Tree Farms, Inc. 9400 S.W. Barnes Road Ste. 400 Portland, OR		10/14/96	$2,750.00	$2,750.00
S	C & B Logging P.O. Box 698 Elma, WA		10/14/96	$2,750.00	$2,750.00
S	The Leadership Council P.O. Box 66030 Seattle, WA		10/14/96	10,000.00	10,000.00
S	Sen Republican Leadership Fund P.O. Box 48079 Seattle, WA		10/14/96	10,000.00	10,000.00
S	The Speaker's Roundtable P.O. Box 6032 Olympia, WA		10/14/96	12,500.00	15,250.00
S	House Repub. Organ. Committee PO Box 7222 Olympia, WA		10/14/96	25,000.00	25,000.00
				68,110.00	

1021

SENATE REPUBLICAN LEADERSHIP FUND
P.O. BOX 48079 246-7003
SEATTLE, WA 98148

10-14 19 96 19-2/1250

PAY TO THE ORDER OF WSRP $10,000 00/XX

Ten Thousand and 00/100 DOLLARS

SEAFIRST BANK
Burien Branch 008904
P.O. Box "F"
Seattle, WA 98166

FOR Contrib

LVF96
State
10/14/96

2121

THE LEADERSHIP COUNCIL
P.O. BOX 66030
SEATTLE, WA 98166-0030

10-14 19 96 19-2/1250

PAY TO THE ORDER OF WSRP $10,000 00/XX

Ten Thousand and 00/100 DOLLARS

SEAFIRST BANK
Burien Branch 008904
P.O. Box "F"
Seattle, WA 98166

FOR Contrib

HOUSE REPUBLICAN
ORGANIZATIONAL COMMITTEE
P.O. BOX 7222
OLYMPIA, WA 98507

PUGET SOUND NATIO
OLYMPIA BRAN
105 E. 8TH
OLYMPIA, WASHINGT
34-7/1251

PAY TO THE ORDER OF MSRP

Two Hundred Twenty Five Thousand dollars + 00/ DOLLAR

MEMO

LUF96 State 10/14/96

THE SPEAKER'S ROUNDTABLE
P.O. BOX 6032
OLYMPIA, WA 98502-0032

KEY BANK

KEY BANK OF WASHINGTON
OLYMPIA OFFICE 148
OLYMPIA, WA 98501
19-57/1258

11

10-12-96

PAY TO THE ORDER OF M.S.R.P. $ 12,500.00

Twelve Thousand Five Hundred dollars + 00/ DOLLAR

MEMO:

LUF96 State 10/14/96

MGI

THE MADISON GROUP, INC.

INVOICE

CLIENT

WSRP
16400 Southcenter Pkwy #200
Seattle, WA 98188

ATTN: Kelley Rogers

SERVICES

Media Buy #2 — $150,000.00
October 16-21, 1996

KING, KOMO, KIRO, KSTW
KAPP/KVEW, KNDU/KNDO,
KEPR/KIMA, KHQ, KXLY, KREM

INVOICE NO.

WAGOP2655

DATE DUE

10/15/96

Exempt Account
pd 10-17-96

Please pay upon receipt of this invoice.
Invoices due over 10 days are subject to an interest charge of 1.5% per month.

Please remit to
THE MADISON GROUP, INC.
500 - 108th Avenue NE, Suite 1950
Bellevue, WA 98004

Thank you!

TOTAL DUE $150,000.00

WASHINGTON STATE REPUBLICAN PARTY
16400 Southcenter Parkway
Suite #200
Seattle, WA 98188
(206) 575-2900
Fax (206) 575-1730

PURCHASE ORDER

PO 3791

Date _____

TO: The Madison Group

Address _____

City _____ State _____ Zip _____

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
7200	Crime Education Ad			$150,000
				Exempt
	Call Barry Lake			
			1181	1-96
			10-1	

PLEASE NOTE: Purchase Orders are not valid unless an authorized signature appears on the approved line. All invoices, statements and bills must include the PO number in order to be processed for payment.

Project name: Issue Ad 1 9c

Are there additional PO's for this project? [ ] Yes [✓] No

Check number: _____

Requested by: _____

Terms: [ ] Bill WSRP
[ ] COD
[✓] Check with order
[ ] Other (specify)

Approved by: _____ WSRP Executive Director

White copy — accounting; Yellow copy — division staff file

VIDEO RUN SHEET

"TOUGH ON CRIME"

TRT :30

VIDEO	AUDIO
B/W LOCKE PUSHING IN	V/O:
	What does Gary Locke have to say about crime in our neighborhoods?
CG1	When 76 percent of voters said yes to "Three Strikes, You're Out," Gary Locke said no.
CG2	When people asked for more cops on the streets in King County, Gary Locke said no.
CG3	But Gary Locke said "yes" to a plan which would give self-esteem training to prostitutes and pay for a newsletter for those employed in the "sex industry," a plan so ridiculous that both Republicans and Democrats condemned it.
	Tell Gary Locke that's not what we call getting tough on crime. Tell Gary Locke we deserve better.
	Paid for by the Washington State Republican Party.
BLACK/ SLATE/ DISLAIMER	

THE MADISON GROUP, INC.
STRATEGY
COMMUNICATIONS
MEDIA
DIRECT MAIL
PUBLIC AFFAIRS

MEMORANDUM

DATE; OCTOBER 18, 1996

TO: KELLEY ROGERS
WSRP

FROM: BRETT BADER
THE MADISON GROUP, INC.

I have made some inquiries regarding issues advertising by the WSRP and wanted to share some of the information with you. I first contacted Doug Ellis at the PDC who told me he was busy on the WEA case, but didn't see a lot of problems with issues ads that did not expressly advocate the election or defeat of candidates. He expressed some uncertainty as to whether or not the commission had taken any sort of position on the matter, or had adopted a rule. He stated that he would fax me any information that they had.

After a day passed and I had still not received any information from the PDC that could further clarify the matter, I phoned Vickie Rippie, also of the PDC and had another conversation on the subject where I received information that was somewhat different from my earlier conversation. I did not give her the specific client or script, but rather, spoke of a party that wanted to use corporate dollars for issues advocacy. She told me that the commission was basically using their ruling on the WSRP's Referendum 48 matter, that "soft money" could not be used to promote a single candidate or ballot issue. She even told me that they were going to be quite specific about what constituted an appropriate expenditure, and what did not pass the test. Particularly as it applied to slate mailers and cards.

I then got more specific and inquired about an issue expenditure that did not expressly advocate the election or defeat of a candidate. She said that it was fine, but might not be if the individual mentioned was on the ballot at the time. I asked how that reasoning was made, and she did not have a ready answer. She promised to fax me the information regarding the Ref. 48 decision after I told her that I had still not received any materials from them. That was yesterday morning, and I have still not heard anything further.

500 - 108th Avenue NE, Suite 1950 • Bellevue, WA 98004 • 206 453 7961 • 206 453 9568 FAX

The advertising currently being aired in federal races, that speaks of individuals who are on the ballot across the country, and in Washington state, has been paid for with exempt funds, and in the case of The Coalition (a group of chamber of commerce types) is made up of used corporate funds nearly exclusively. Those ads highlight the records of individuals who are on the ballot, and do not expressly advocate the defeat or election of the individuals mentioned.

I understand that these are matters of federal election law, but they provide some further information to you as you consider this matter. I do not know at this time what the PDC's position is on these ads, nor am I able to judge the situation as I am not an attorney. Of course, the safest tactic would be to do nothing. I will inform you if I ever receive the information that the commission staff promised me.

Please contact me if you have any further questions.

FROM FED ACCOUNT

Washington Lincoln Group, Ltd.
14042 NE 8th Suite 206
Bellevue, WA 98007

Invoice

DATE	INVOICE #
10/17/96	960938

BILL TO:

WSRP
Attn: Kelley Rogers
16400 Southcenter Parkway #200
Seattle, WA 98188

DESCRIPTION	AMOUNT
For Printing of 82,000 "Snap Pac Forms" 5 1/2 x 8 1/2, two colors over three colors	4,920.00
For Laser printing of form for purpose of personalization and addressing, burst, sort, tie and tray for bulk mailing and mail qualification	2,400.60
Delivery to Huntington Beach Post Office	75.00
Preparation of Statewide Slate lists (80,045 records) run selection and audit. Write program to fill slate names into data records and check. Run address-standardization and cass report. Rerun job with CD/LD corrections	895.00
Commission for above work	1,243.59
TOTAL	$9,534.19

Yes
State Sen.

Bob Dole for President and Jack Kemp for Vice President

United States Representative Randy Tate	State Treasurer Lucy DeYoung	Insurance Commissioner Anthony "Tony" Lowe
Governor Ellen Craswell	State Auditor Robert B. Keene, Jr.	State Senator
Lieutenant Governor Ann Anderson	Attorney General Richard Pope	State Representative Position 1 Tim Hickel
Secretary of State Ralph Munro	Commissioner of Public Lands Bruce Mackey	State Representative Postion 2 Maryann Mitchell

YOUR 1996 REPUBLICAN TEAM NEEDS YOU TO VOTE AND RETURN YOUR BALLOT TODAY!

This slate ballot prepared especially for:

**********ECRLOT**R-004
Jennell Boote
37415 51st Ave. S.
Auburn, WA 98001

THE COUNTY AUDITOR REPORTS THAT YOUR OFFICIAL BALLOT HAS BEEN MAILED - IF YOU HAVE NOT YET RECEIVED IT PLEASE CONTACT YOUR AUDITOR IMMEDIATELY!

G/R/A/P/H/I/C
COMMUNICATIONS
360-786-5110
109 N. Columbia
Olympia, WA 98501

INVOICE

No. 1042

Date 10/2/96

Customer P.O. No.

SOLD TO WA.STATE REP PARTY

QUANTITY	DESCRIPTION	AMOUNT
360,000	Slim Jims, 4.25 x 11 wht Moisterite Matte Cover, printed 8 up 2 colors front 2 colors back	~~39,214.37~~ 14,226.90

Do N fed state cards

Account Type: Charge	SUB	~~39,214.37~~
	TAX	3,137.15
	SHIPPING	
	TOTAL	42,351.52

Joan
Sue Kelly
Lean Appl

JAN. 15 HONE NO. : 362 54 7354

VOTE REPUBLICAN

LOWER TAXES.

LESS GOVERNMENT.

MORE FREEDOM.

NOVEMBER 5, 1996

Paid for by the Washington State Republican Party

FROM : GRAPHIC COMMUNICATIONS

VOTE REPUBLICAN

LOWER TAXES.

LESS GOVERNMENT.

MORE FREEDOM.

NOVEMBER 5, 1996

Paid for by the Washington State Republican Party

"For voters seeking vital and independent leadership, Smith has proven to be an inexhaustible breath of fresh air."

The Seattle Times 10/20/96

The Seattle Times, October 20, 1996

Return Metcalf, Dicks and Smith to Congress

THE Republican Class of 1994 promoted an agenda that went well beyond the comfort zone of many voters. But the political revolution, however short-lived, also broadened the national debate, broaching once-taboo issues such as welfare and Medicare reform, means-testing of entitlements and campaign-finance reform.

Because that debate must continue, we find ourselves supporting the re-election of some freshman Republicans with whom we disagree on specific issues.

3rd District

As irritating as secondhand smoke." That's how one GOP colleague describes freshman Linda Smith of southwest Washington's 3rd district. Business-as-usual politicians on both sides of the aisle echo that complaint. But for voters seeking vital and independent leadership, Smith has proven to be an inexhaustible breath of fresh air. She, too, deserves re-election.

> **"Smith gained national prominence for her tenacious efforts to...clean up Congress...she resisted federal tobacco subsidies (and) supported tax relief for seniors..."**

Democrat Brian Baird is a smart newcomer who surprised many with a strong showing in the primary. But he has no legislative experience and has waged a needlessly negative campaign characterizing Smith as a loyal partisan soldier of the Republican revolution.

She is anything but. In her first term, the dynamic grandmother riled GOP leaders, won praise from liberal advocacy groups like Common Cause and the League of Women Voters, wowed Ross Perot, supported local unions and still maintained her grass-roots conservative base.

Smith gained national prominence for her tenacious efforts to pass campaign-finance reform and clean up Congress. But she resisted federal tobacco subsidies, supported tax relief for seniors, and held nationwide town meetings on deficit reduction and Medicare reform. In her next term, Smith should move small-business relief to the top of her agenda. With 14 years' experience as a private tax consultant and the chairmanship of a small business subcommittee, she's well-equipped to do the job.

Voters who believe the task of reforming Congress is unfi

VOTE REPUBLICAN!

LOWER TAXES. LESS GOVERNMENT.
MORE FREEDOM.

✓ President ____ **Bob Dole**

✓ Vice-President ____ **Jack Kemp**

✓ U.S. Congress ____ **Jack Metcalf**

✓ Governor ____ **Ellen Craswell**

✓ Lt. Governor ____ **Ann Anderson**

✓ Secretary of State ____ **Ralph Munro**

✓ State Treasurer ____ **Lucy DeYoung**

✓ State Auditor ____ **Robert Keene**

✓ Attorney General ____ **Richard Pope**

✓ Public Lands Commissioner ____ **Bruce Mackey**

✓ Insurance Commissioner ____ **Anthony Lowe**

OUR STATE TAX-CUTTING TEAM:

✓ State House 1 ____ **Jim Buck**

✓ State House 2 ____ **Jan Christenson**

Paid for by the Washington State Republican Party

VOTE REPUBLICAN!

LOWER TAXES. LESS GOVERNMENT.
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✓ President ____ **Bob Dole**

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OUR STATE TAX-CUTTING TEAM:

✓ State House 1 ____ **Jim Buck**

✓ State House 2 ____ **Jan Christenson**

Paid for by the Washington State Republican Party

#1042

WASHINGTON STATE REPUBLICAN PARTY

KEN EIKENBERRY • CHAIRMAN

November 13, 1996

Mr Steve Hargrove
31209 State Hwy 3 NE
Poulsbo, WA 98370

Dear Mr Hargrove

On your next report to the Public Disclosure Commission, please report $1,179.26 for labels and $11,899.80 for printing and mailing ,$7,607.59 for postage,and $17,150.41 for consulting as an "In-Kind" contribution from the Washington State Republican Party for mailings we did on you behalf during the period October 11 through November 4, 1996.

Respectfully,

Joan E Bedlington
Accountant

WASHINGTON STATE REPUBLICAN PARTY

KEN EIKENBERRY • CHAIRMAN

November 13, 1996.

Me. Brad Benson
66901 Skyline Dr
Spokane, WA 99208

Dear Mr Benson,

On your next report to the Public Disclosure Commission, please report $216.94 for labels and $16,293.30 for printing ,$3,660.23 for postage,and $483.73 for mailing service as an "In-Kind" contribution from the Washington State Republican Party for mailings we did on you behalf during the period October 11 through November 4, 1996.

Respectfully,

Joan E Bedlington
Accountant

STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION
711 Capitol Way Rm 403, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX: (360) 753-1112

September 18, 1996

KELLY ROGERS, EXECUTIVE DIRECTOR
WA STATE REPUBLICAN PARTY
16400 SOUTHCENTER PARKWAY STE 200
SEATTLE WA 98188

Subject: 1996 Reporting Modification

Dear Mr. Rogers:

Enclosed is order Number 2053 for the reporting modification of the Washington State Republican Party (WSRP) covering 1996. Your request for a renewal of the 1995 modification was approved on August 26, 1996.

The existing language in paragraph 2 of the order concerning independent expenditures was left unchanged. Staff made the Commission aware that WAC 390-16-312(2) (Independent Expenditure--Definition and Application) needs to be revisited in light of the recent United States Supreme Court ruling in Colorado (FEC v Colorado Republican Federal Campaign Committee). The only change to the modification was in paragraph 2 which requires the WSRP to identify the amount attributable to each state or local candidate, or ballot proposition benefited when "joint benefit" expenditures are made by the federal committee.

The Commission approved identical modifications for both the WSRP and the Washington State Democratic Central Committee. If you have questions, please feel free to give me a call.

Sincerely,

Melissa Warheit

Melissa Warheit
Executive Director

Enclosure

cc: Jim Coates

STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION
711 Capitol Way Rm 403, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX: (360) 753-1112

BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

IN THE MATTER OF THE APPLICATION OF THE WA STATE REPUBLICAN PARTY FOR A REPORTING MODIFICATION	))))	PDC NO. 2053 Findings, Conclusions and Order

I.

This matter came on for hearing before the Public Disclosure Commission on the application of the Washington State Republican Party ("WSRP") 16400 Southcenter Parkway, Suite 200, Seattle, Washington, 98188, for a renewal of the modification of the reporting requirements of RCW 42.17.080 and .090. Consideration of the request was made pursuant to RCW 42.17.370(9) and WAC 390-28 by the entire Commission. The proceedings were held in Senate Hearing Room #2, First Floor, John A. Cherberg Building, Capitol Campus, Olympia, Washington on the afternoon of Monday, August 26, 1996. The Washington State Republican Party, by letter, requested a renewal of the modification of the requirements for reporting details of overhead, "joint benefit" expenditures, orders placed, and expenditures by the state party's federal committee when a state or local candidate or ballot proposition is supported or opposed. "Joint benefit" expenditures are expenditures that support or oppose a combination of state or local candidates or ballot propositions and federal candidates.

II.

Based on the testimony offered at the hearing, the Commission makes the following

FINDINGS OF FACT

1. The applicant has previously been granted the requested modification, the most recent order being Number 1948.

2. The applicant is a bona-fide political party organization.

3. In a letter to the Commission, Kelley Rogers, Executive Director of the WSRP, requested that the reporting modification that has been in place since 1992 be renewed for 1996.

4. Mr. Rogers stated that his request was due to the inter-workings of federal and state election law, as they relate to reporting by state parties. In prior requests, the WSRP has stated that the modification agreement provided for timely reporting of information, and at the same time relieved the party of a requirement which represented a manifestly unreasonable hardship.

5. Under a law effective January 1, 1992, all state parties with both federal and non-federal committees are required to pay all overhead and other allocable expenses out of the federal committee's funds. Each expense which is allowed to be allocated between state and federal dollars is itemized on FEC form H-4 as required by the Federal Election Commission.

6. State dollars can only be transferred to the federal account to cover the state share of overhead and other allocable expenses. The allocation methods and amounts are clearly detailed on the FEC forms.

III.

Having made these Findings of Fact, the Commission makes the following

CONCLUSIONS OF LAW

1. Literal compliance with all the provisions of RCW 42.17.080 and .090 would work a manifestly unreasonable hardship on the applicant.

2. Limited suspension or modification of the reporting requirements as specified in the Order would not frustrate the purposes of the Act in this particular case.

IV.

Having made these Findings of Fact and Conclusions of Law, the Commission issues the following

ORDER

For calendar year 1996:

1. The applicant may satisfy the reporting requirements of RCW 42.17.080 and .090 by reflecting on its Schedule A to PDC Form C-4, as expenditures, the bulk transfer payments that are made to its federal committee without having to itemize the specific overhead and joint expenses that are being paid with respect to those transfers, with the proviso that the state committee attach to each C-4, Schedule A, a memorandum that references the particular H-4 form that has been or will be filed with the Federal Election Commission ("FEC") stating when such H-4 form will be, or has been filed.

2. In addition, the memorandum shall contain all expenditures made by the applicant's federal political committee during the reporting period covered by the applicable C-4 report if such expenditures, whether cash or in-kind contributions, or independent expenditures, in part or in whole supported or opposed specific state or local candidates or ballot propositions. The memorandum shall contain the name of the state or local candidate supported or opposed, or the ballot proposition supported or opposed. The memorandum shall state the date of the expenditure by the federal committee, the vendor's or recipient's name and address, the purpose and/or description of the expenditure, the total amount of the expenditure, even though only a portion of the expenditure may have been made to support or oppose specific state or local candidates, or ballot propositions, and the amount attributable to each state or local candidate or ballot proposition benefited. The expenditures contained in the memorandum will be considered reported and will not need to be reported again on PDC form C-5.

3. A memorandum shall also be attached to each PDC Form C-4, Schedule B, Part 3 to report orders placed, debts, and obligations of the applicant's federal committee for the reporting period covered by the applicable C-4 report, if such orders placed, debts, and obligations, in part or in whole, support or oppose specific state or local candidates or ballot propositions. The memorandum shall include all orders placed, debts, and obligations which are more than $250.00, or which are more than $50.00 if outstanding for over 30 days. If the exact amount of the order placed, debt, or obligation is not known, an estimate shall be listed.

4. The information required on Schedule B, Part 3 shall include the expenditure date (the date the order was placed, or the date the debt or obligation was first known) the vendor's or recipient's name and address, the amount owed, and a description of the obligation. The amount owed shall be an estimate of the total amount of the expenditure, even though only a portion of the expenditure may be to support or oppose specific state or local candidates or ballot propositions.

5. If the applicant's federal committee makes direct contributions to any of the applicant's state committees, or to Washington State political committees not otherwise reported in memorandum form as outlined in this order, the contributions shall be reported on PDC form C-5.

6. The applicant shall include with its FEC reports, for all contributions between $25.00 and $200.00, contributor information showing the date received, the contributor's name and address, and the amount received.

7. When filing PDC form C-5, the applicant need not submit a list of contributions received from Washington residents, as required by the form, provided the contributor information required by the FEC and this modification is filed with the Public Disclosure Commission in compliance with the reporting due dates of the FEC.

8. In all other matters required to be reported, the applicant shall comply in full with the reporting requirements of RCW 42.17.

DATED this 18th day of September, 1996.

FOR THE PUBLIC DISCLOSURE COMMISSION

Melissa Warheit

Melissa Warheit, Executive Director

\modif\wsrp96.doc

BRYAN ALFORD

EXPENDITURES REPORTED ON SCHEDULE A TO C-4

10/17/96	155.39	Walts mailing
10/21/96	695.39	Walts mailing
10/28/96	1,404.51	Polis/Reed Harris
10/28/96	3,600.00	Walts mailing
10/29/96	3,300.00	Walts mailing
01/10/97	12,846.00	Polis
01/23/97	2,491.81	Walts mailing
01/29/97	3,150.00	Polis
02/03/97	1,903.73	Polis - labels
03/06/97	3,233.55	Polis - markup
04/14/97	1,491.84	Polis - Walts mailing
	34,272.22	

16 LD Limit	28,343.70
Total contr	34,272.22
Over limit	5,928.52

"This exhibit was generated internally by PDC staff."

DON BENTON

EXPENDITURES REPORTED ON SCHEDULE A TO C-4

09/12/96	1,160.54	postmaster
09/12/96	1,846.49	Reed Harris
09/12/96	101.00	postmaster - not attr on sch A: ck register says Benton
09/17/96	3,385.88	Madison Grp
09/19/96	5,127.01	Polis - attr to Galloway on sch A
10/21/96	638.08	postmaster
10/24/96	3,168.13	Reed Harris - inv is for 3186.13
10/28/96	3,300.00	Reed Harris
10/29/96	1,155.00	Reed Harris
01/23/97	1,051.44	Reed Harris
01/29/97	4,483.68	Graphic Com
01/29/97	3,200.00	Polis
02/21/97	5,993.10	Graphic Com
02/21/97	2,259.10	Labels
03/06/97	2,266.45	Polis
03/20/97	1,461.39	Polis - markup
04/07/97	106.61	Polis - markup
	40,703.90	

17 LD Limit	33,638.55
Total contr	40,703.90
Over limit	7,065.35

"This exhibit was generated internally by PDC staff."

TOM CAMPBELL

EXPENDITURES REPORTED ON SCHEDULE A TO C-4

08/28/96	2,608.00	DNB Mailing
09/17/96	2,167.56	Capitol City Press *
09/17/96	357.59	Labels & Lists
09/26/96	3,000.00	Contribution
10/15/96	952.09	Postmaster
10/24/96	1,801.29	Washington Lincoln Group
10/24/96	1,935.23	Postmaster
10/25/96	4,063.50	Washington Lincoln Group
10/28/96	459.00	Washington Lincoln Group
10/31/96	2,191.57	Washington Lincoln Group
11/05/96	4,338.24	Washington Lincoln Group
12/02/96	6,738.00	James Maryea & Associates
	30,612.07	

2 LD Limit	21,969.20
Total contr	30,612.07
Over limit	8,642.87

* The in-kind contribution for 2,167.56 is listed on the schedule A for Doug Campbell. Invoice 53618 from Capitol City Press states the work is for Tom Campbell.

"This exhibit was generated internally by PDC staff."

IAN ELLIOT

EXPENDITURES REPORTED ON SCHEDULE A TO C-4

10/22/96	1,275.25	postmaster
10/25/96	1,275.32	postmaster
10/25/96	881.22	AAA Printing
10/29/96	758.85	AAA Printing
10/30/96	1,800.00	postmaster
11/01/96	1,537.81	postmaster
11/01/96	1,537.81	Direct Mail Network
01/15/97	5,476.06	Graphic Com - Polis
01/23/97	55.00	Capitol Courier - Polis
01/23/97	7,585.09	Garphic Com - Polis
01/29/97	3,950.00	Polis
02/03/97	446.70	Labels
02/21/97	2,282.45	Labels
04/07/97	2,393.39	Polis - markup
04/14/97	767.41	Polis - markup
	32,022.36	

1 LD Limit	30,961.15
Total contr	32,022.36
Over limit	1,061.21

There are three invoices for 2718.07; inv 352, inv 353, & inv 1188. It appears that only two have been paid. The amount over limit may increase by 2718.07.

"This exhibit was generated internally by PDC staff."

STEVE HARGROVE

EXPENDITURES REPORTED ON SCHEDULE A TO C-4

10/14/96	1,179.26	Data Resources
10/15/96	974.34	Postmaster
10/23/96	2,628.00	Postmaster
10/23/96	2,225.79	James Maryea & Associates
10/24/96	4,226.68	Washington Lincoln Group
10/24/96	1,014.46	Postmaster
10/24/96	765.00	Postmaster
10/25/96	4,995.00	Washington Lincoln Group
10/28/96	774.00	Washington Lincoln Group
10/31/96	3,619.35	Washington Lincoln Group
11/05/96	3,535.58	Washington Lincoln Group
12/02/96	11,899.80	James Maryea & Associates
12/12/96	2,637.92	Print Time
	40,475.18	

23 LD Limit	36,797.75
Total contr	40,475.18
Over limit	3,677.43

"This exhibit was generated internally by PDC staff."

GRANT PELESKY

EXPENDITURES REPORTED ON SCHEDULE A TO C-4

10/21/96	2,000.00	Postmaster
10/25/96	1,300.00	Postmaster
10/28/96	4,024.00	Postmaster
10/30/96	2,200.00	Postmaster
12/18/96	6,111.51	Madison Group
02/21/97	16,076.84	Madison Group
02/27/97	8,842.79	Madison Group
	40,555.14	

25 LD Limit	29,928.80
Total contr	40,555.14
Over limit	10,626.34

"This exhibit was generated internally by PDC staff."

of....of....at what time period would you look to determine how many voters were in a legislative district?

WHITE: Object to the extent it calls for legal conclusion from the witness.

COATES: I was not aware of at one time.

GERBERDING: Now, to your knowledge, did the party keep track of....did the party have a method of ensuring that the contributions to these candidates did not go over the limits?

COATES: Yes.

GERBERDING: What was that method?

COATES: Brian Curb was our Political Dir....Director, Kelley Rogers our Executive Director. I spoke with both of them about the limits and how we were going to track our spending. My understanding was that they knew what the limits were and/or had calculated the limits for the....for each race which we were...

GERBERDING: Was it also your understanding that they were, during the course of the election, keeping a....keeping track?

WHITE: I'll object to the form of the question.

GERBERDING: You can go ahead and answer.

COATES: Correct.

GERBERDING: Okay. And did....did you ever....did they ever tell you how they were doing that?

COATES: Yes, before we got into the heat of the campaign, probably late September, I spoke with both of them to....at....to discuss how they were going to do that, and Brian Curb said that he was going to use a....an Excel spreadsheet to keep track of expenses to...

GERBERDING: For each candidate?

COATES: For each candidate to....to track available funds.

GERBERDING: Do you know whether Joan Bedlington was involved at all with tracking the limits?

COATES: I would say that she was not. Joan's role would be after the fact. In other words, Joan would have no....Joan wasn't placing any orders. So

COATES: No, I did not.

GERBERDING: So he didn't ask you....or did he ask you what method the party had used?

COATES: I don't believe so.

YOUNG: Do you know if that computer generated spreadsheet that Brian Curb was working on...if that exists?

COATES: I'd try to look for this week. I found....it may have been begun, not in anyway that I found useful.

GERBERDING: Did you print out a copy of this spreadsheet?

COATES: What I found was I found a spreadsheet created November 1st, and it had...I think it said accounts payable on it. And it had the first sheet was just a listing of some accounts payable, but very incomplete. And then it had and I don't know....I don't know how this works, so....It had 16 sheets. I....I don't know if you know about Excel, but you can make many sheets within one spreadsheet. It had 16 sheets, but they were all blank, except for the front one. I think that you have to actually create those sheets. I don't think that....I mean, it to be.....my understanding of Excel that I've used is that....is that those just don't appear when you open a file.

GERBERDING: Right.

COATES: You have create them, so it sort of indicated that to me that maybe there's been an attempt to do something here, but there was no information on any of those 16 sheets. So.....

GERBERDING: Or there was some information on the first sheet but.....

COATES: That's correct.

GERBERDING: Incomplete?

COATES: There was some information on the first sheet and just a small little list of vendors and amounts and that's all it was.

GERBERDING: Okay.

COATES: And.....and the rest of it was....it was just blank.

GERBERDING: Okay.

MEMORANDUM

TO: Susan Harris

FROM: Phil Stutzman

DATE: December 23, 1996

SUBJECT: Telephone Call From Jim Coates, WSRP

On December 17, 1996, Jim Coates called to tell me that the WSRP had overspent on two candidates (Steve Hargrove and Grant Polesky). He was referring to the limit of $.55 per registered voter. He said the party lost control of the amount spent, and didn't realize they had exceeded the spending limit. He said both candidates lost and are not in a position to repay the party.

Jim said Joan Bedlington was overwhelmed with work and was trying to keep a manual spreadsheet of spending for the various candidates. He said the volume of work leading up to the election was horrendous. Jim also said the party hired a person to work on the campaigns, and thought he was tracking the in-kind contributions. Jim said the person seemed quite knowledgeable and knew about the limits, but obviously didn't follow through with tracking the expenditures. He said the party supported 55 separate candidates with in-kind contributions for the general election.

Jim said the vendors were made aware of the limits, but said the party used more than one vendor for some of the candidates, which means the vendors wouldn't necessarily know if the $.55 limit had been exceeded. It is the party's, not the vendor's, responsibility to monitor in-kind contributions to candidates.

I told Jim that we had already noticed the problem of the party exceeding the $.55 limit. I told him we had already identified around six candidates that received more than $.55 per registered voter. Jim asked if we would let him know which candidates we had identified. I told him we would probably send the party a letter asking for an explanation.

PS\MEMO\WSRP96-1.DOC

GERBERDING: And how....how far in advance of each piece going out would you provide them with that amount?

SHORE: Well, we would give them the postal amount a day or two in advance. Which, you know, in some cases even more, but generally, the mailhouse would provide us with the exact postage amounts so that it....it could be put there, so it would a day or two in advance. And they know....knew in a general sense that we were charging or had hoped to charge 38 cents per piece, and so they would also have the total amount.

GERBERDING: Oh, you mean, they could tell from the amount that you were going to...you were asking them to put for the postage?

SHORE: Yeah, they could tell from the number of pieces how much the total cost of the piece would be. And we also told 'em....told them verbally how much they would be billed for each one, so that they could track it, and not exceed the maximums.

GERBERDING: Okay.

YOUNG: And that would have been told to?

SHORE: Brian Curb.

GERBERDING: Okay. Do you have anything you'd like add to your interview?

SHORE: Sure. I think that they did a terrible job of bookkeeping and that Brian Curb was put in a position that he wasn't qualified for and....so they kept very poor records. I've worked with the state party since 1982 in various ways on direct mail pieces and each year, they keep close track of how much their committing to each candidate with the exception of '96 when their record keeping was very poor, and that very difficult situation, then was compounded, I think, when Kelley....after Brian left, Kelley decided that they would not pay the bills as invoiced and so...prior to the election, the consultants were responsible for tracking how much money was being spent for each candidate, and then after the election, Kelley, undid that. At least with me, and so their own records didn't allow them to track how much they were spending for each candidate, and they had rejected my records, which tracked....

GERBERDING: Why....why do you say their own records didn't allow them to track how much they were spending on candidate?

SHORE: That's a supposition, I'm sorry. They...they appeared, from our conversations, to have kept no track of what they were spending.

GERBERDING: From your conversations with?

SHORE: From our....from....the conversations between myself and Joan, between my partner, Sally Poliak and Joan and Kelley, and my employee, Gary Jacobson and Joan and Brian. It was clear that they had not kept track of how much money they were spending on each candidate. That would not have been fatal if they had then accepted our records of how much should be paid for each candidate, but instead they rejected our records, which would have totaled an amount below the maximums in each case. And then launch their own bookkeeping and reconstruction, and apparently missed the mark by some degree.

GERBERDING: Okay. Thank you. At this time we'll go ahead and conclude the interview. Thank you very much.

PUBLIC DISCLOSURE COMMISSION

CASH RECEIPTS MONETARY CONTRIBUTIONS

C3 (11/93)

POST MARK RECEIVED

PDC OFFICE USE

OCT 15

Candidate or Committee Name (Do not abbreviate. Use full name.)

WASHINGTON STATE REPUBLICAN PARTY

Mailing Address: 16400 Southcenter Parkway #200

City: Seattle, WA 98188 Zip + 4

Non Exempt

Office Sought (candidates)

1. MONETARY CONTRIBUTIONS DEPOSITED IN ACCOUNT

Date Received	Please type or print clearly in ink.	Amount	Total
	a. Anonymous		
	b. Candidate's personal funds deposited in the bank (include candidate loans in 1c)		
	c. Loans, notes, security agreements. Attach Schedule I.		
	d. Miscellaneous receipts (interest, refunds, auctions, other). Attach explanation		
	e. Small contributions $25.00 or less not itemized and number of persons giving _____ (persons)		

2. CONTRIBUTIONS OVER $25.00

Date Received	Contributor's Name, Address, City, State, Zip	Contributions of $100 or more: * Employer's Name, City and State / Occupation	PRI	GEN	Amount	Aggregate Total*
	☐ Check here if additional pages are attached	Sub-total Amount from attached pages			68110.00	

3. TOTAL FUNDS RECEIVED AND DEPOSITED OR CREDITED TO ACCOUNT

Sum of parts 1 and 2 above. Enter this amount in line 1, Schedule A to CA. 68110.00

Re For

4. Date of Deposit 10-14-96

I certify that this report is true and complete to the best of my knowledge

Treasurer's Signature: Jeane Bedlington

Treasurer's Daytime Telephone No.: (206) 575-2900

PDC form C-3 (11/93) * * 1

Account	Name/Address	Employer/Occupation	Date	Amount	YTD
S	Mr. E. C. Schindler 34114 21st Ave S. Federal Way, WA		10/14/96	$2,000.00	$2,000.00
S	Hampton Tree Farms, Inc. 9400 S.W. Barnes Road Ste. 400 Portland, OR		10/14/96	$2,750.00	$2,750.00
S	C & B Logging P.O. Box 698 Elma, WA		10/14/96	$2,750.00	$2,750.00
S	The Leadership Council P.O. Box 66030 Seattle, WA		10/14/96	10,000.00	10,000.00
S	Sen Republican Leadership Fund P.O. Box 48079 Seattle, WA		10/14/96	10,000.00	10,000.00
S	The Speaker's Roundtable P.O. Box 6032 Olympia, WA		10/14/96	12,500.00	15,250.00
S	House Repub. Organ. Committee PO Box 7222 Olympia, WA		10/14/96	25,000.00	25,000.00
				68,110.00	

HOUSE REPUBLICAN
ORGANIZATIONAL COMMITTEE
P.O. BOX 7222
OLYMPIA, WA 98507

PUGET SOUND NATIO
OLYMPIA BRAN
105 E. 8TH
OLYMPIA, WASHINGT
34-7/1251

PAY TO THE ORDER OF WSRP

Two Hundred Twenty Five Thousand dollars +00/ DOLLARS

MEMO

LUF96 State 10/14/94

113

THE SPEAKER'S ROUNDTABLE
P.O. BOX 6032
OLYMPIA, WA 98502-0032

KEY BANK

KEY BANK OF WASHINGTON
OLYMPIA OFFICE
OLYMPIA, WA 98501
19-57/1250

10-12-96

PAY TO THE ORDER OF W.S.R.P. $ 12,500.00

Twelve Thousand Five Hundred dollars + 00/ DOLLAR

MEMO:

LUF96 State 10/14/94

1021

SENATE REPUBLICAN LEADERSHIP FUND
P.O. BOX 48079 246-7003
SEATTLE, WA 98148

10-14 19 96 19-2/1250

PAY TO THE ORDER OF WSRP $10,000 00/xx

Ten thousand and no/100 DOLLARS

SEAFIRST BANK
Burien Branch 008904
P.O. Box "F"
Seattle, WA 98166

FOR Contrib

Sandra Allen

LV 8 96
State
10/14/96

2121

THE LEADERSHIP COUNCIL
P.O. BOX 66030
SEATTLE, WA 98166-0030

10-14 19 96 19-2/1250

PAY TO THE ORDER OF WSRP $10,000 00/xx

Ten thousand and no/100 DOLLARS

SEAFIRST BANK
Burien Branch 008904
P.O. Box "F"
Seattle, WA 98166

FOR Contrib

Sandra Allen

CASH RECEIPTS AND EXPENDITURE SCHEDULE A

Candidate or Committee Name (Do not Abbreviate)
WASHINGTON STATE REPUBLICAN PARTY EXEMPT 10/11/96 - 10/28/96

.. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted

Date of Deposit	Amount	Date of Deposit	Amount	Date of Deposit	Amount	Total Deposits

2. TOTAL CASH RECEIPTS — Enter also on Line 2 of C-4 — 1,431,285.00

Date Paid	Vendor or Recipient (Name and Address	Code	Purpose of Expense and or Description	Amount
10/17/96	The Madison Group 500 108th Ave NE Bellevue, WA	B	Issue education	150,000.00
10/17/96	WSRP Federal		Transfer	25,000.00
10/18/96	WSRP Federal		Transfer	425,000.00
10/23/96	WSRP Federal		Transfer	50,000.00
10/24/96	S.L. Fetters P.O. Box 966 Solala, WA	F	Auction prize	683.28
10/24/96	WSRP Federal		Transfer	41,000.00
10/25/96	WSRP Federal		Transfer	225,000.00
10/28/96	WSRP Federal		Transfer	25,000.00
				941,683.28

WASHINGTON STATE REPUBLICAN PARTY
16400 Southcenter Parkway
Suite #200
Seattle, WA 98188
(206) 575-2900
Fax (206) 575-1730

PURCHASE ORDER

PO 3791 Date_____

TO: The Madison Group
Address
City State Zip

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
7200	Crime Education Ad		$	150,000
				Exempt
	Call Dave Lake		# 1181	1-96
			10-1	

PLEASE NOTE: Purchase Orders are not valid unless an authorized signature appears on the approved line. All invoices, statements and bills must include the PO number in order to be processed for payment.

Project name: Issue Ad 1 96

Are there additional PO's for this project? [ ] Yes [✓] No

Terms: [ ] Bill WSRP
[ ] COD
[✓] Check with order
[ ] Other (specify)

Check number:

Requested by:

Approved by: WSRP Executive Director

White copy — accounting Yellow copy — division staff file

MGI

THE MADISON GROUP, INC.

INVOICE

CLIENT

WSRP
16400 Southcenter Pkwy #200
Seattle, WA 98188

ATTN: Kelley Rogers

SERVICES

Media Buy #2 — $150,000.00
October 16-21, 1996

KING, KOMO, KIRO, KSTW
KAPP/KVEW, KNDU/KNDO,
KEPR/KIMA, KHQ, KXLY, KREM

INVOICE NO.

WAGOP2655

DATE DUE

10/15/96

Exempt Account
Pd 10-17-96

Please pay upon receipt of this invoice.
Invoices due over 10 days are subject to an interest charge of 1.5% per month.

Please remit to
THE MADISON GROUP, INC.
500 - 108th Avenue NE, Suite 1950
Bellevue, WA 98004

Thank you!

TOTAL DUE $150,000.00

VIDEO RUN SHEET

"TOUGH ON CRIME"

TRT :30

VIDEO	AUDIO
B/W LOCKE PUSHING IN	V/O:
	What does Gary Locke have to say about crime in our neighborhoods?
CG1	When 76 percent of voters said yes to "Three Strikes, You're Out," Gary Locke said no.
CG2	When people asked for more cops on the streets in King County, Gary Locke said no.
CG3	But Gary Locke said "yes" to a plan which would give self-esteem training to prostitutes and pay for a newsletter for those employed in the "sex industry," a plan so ridiculous that both Republicans and Democrats condemned it.
	Tell Gary Locke that's not what we call getting tough on crime. Tell Gary Locke we deserve better.
	Paid for by the Washington State Republican Party.
BLACK/ SLATE/ DISLAIMER	

WHITE: I'll object to the extent it ask the witness to call for legal conclusion.

GERBERDING: But you can answer the question.

WHITE: You can answer the question. I don't want you getting into a debate on it.

ROGERS: My interpretation of 14A is as it relates to the absentee ballot, to get-out-the-vote campaigns and things of this nature. Education is a completely separate and different issue around the state party in terms of the way we raise money, the things that we do with it. This particular ad was not political in nature, any more than all the other ads that didn't specifically address or ask for someone to be defeated or someone to win an election. Nowhere in the ad does it mention vote for Ellen Cra...Craswell. As a matter of fact, it says a plan so ridiculous that Republicans and Democrats condemned it. It's an educational ad. It's not advocating to vote for anyone. It's not a direct candidate expense. It is an expression of the state party on education.

GERBERDING: But I...but the question was and I...I realize there's a...a standing objection from Mr. White on this question, but the question to you is where would you place it under sub-section 14?

WHITE: I'll object to extent it calls for a legal conclusion. I'll object to the extent that it assumes that the only exemptions from what must be reported or treated as a non-exempt contribution are contained in section 14. I'll object to the extent that it assumes that if indeed section 14 would prohibit this sort of advertisement and would require it to be a reportable contribution that assumes the constitutionality of section 14 as your hypothesizing. Giving those series of objections, if you can answer the question, go ahead.

ROGERS: I don't believe I can. I mean...

GERBERDING: Was there...

ROGERS: If...if you let me...I need to ask...I need to ask John one...

GERBERDING: Well...I don't...

ROGERS: Yeah, I need to ask him a question before I say anything else.

GERBERDING: On what grounds?

ROGERS: On the grounds, I guess, he's my attorney.

GERBERDING: Is this an...is there in...incriminating aspect here that you want to ask him questions about?

ROGERS: No, I just want....I just want a clarification of...of a point here. Based....

GERBERDING: Well, maybe...

ROGERS: Based on his objection. Can I not do that?

THE MADISON GROUP, INC.
STRATEGY
COMMUNICATIONS
MEDIA
DIRECT MAIL
PUBLIC AFFAIRS

MEMORANDUM

DATE; OCTOBER 18, 1996

TO: KELLEY ROGERS
WSRP

FROM: BRETT BADER
THE MADISON GROUP, INC.

I have made some inquiries regarding issues advertising by the WSRP and wanted to share some of the information with you. I first contacted Doug Ellis at the PDC who told me he was busy on the WEA case, but didn't see a lot of problems with issues ads that did not expressly advocate the election or defeat of candidates. He expressed some uncertainty as to whether or not the commission had taken any sort of position on the matter, or had adopted a rule. He stated that he would fax me any information that they had.

After a day passed and I had still not received any information from the PDC that could further clarify the matter, I phoned Vickie Rippie, also of the PDC and had another conversation on the subject where I received information that was somewhat different from my earlier conversation. I did not give her the specific client or script, but rather, spoke of a party that wanted to use corporate dollars for issues advocacy. She told me that the commission was basically using their ruling on the WSRP's Referendum 48 matter, that "soft money" could not be used to promote a single candidate or ballot issue. She even told me that they were going to be quite specific about what constituted an appropriate expenditure, and what did not pass the test. Particularly as it applied to slate mailers and cards.

I then got more specific and inquired about an issue expenditure that did not expressly advocate the election or defeat of a candidate. She said that it was fine, but might not be if the individual mentioned was on the ballot at the time. I asked how that reasoning was made, and she did not have a ready answer. She promised to fax me the information regarding the Ref. 48 decision after I told her that I had still not received any materials from them. That was yesterday morning, and I have still not heard anything further.

The advertising currently being aired in federal races, that speaks of individuals who are on the ballot across the country, and in Washington state, has been paid for with exempt funds, and in the case of The Coalition (a group of chamber of commerce types) is made up of used corporate funds nearly exclusively. Those ads highlight the records of individuals who are on the ballot, and do not expressly advocate the defeat or election of the individuals mentioned.

I understand that these are matters of federal election law, but they provide some further information to you as you consider this matter. I do not know at this time what the PDC's position is on these ads, nor am I able to judge the situation as I am not an attorney. Of course, the safest tactic would be to do nothing. I will inform you if I ever receive the information that the commission staff promised me.

Please contact me if you have any further questions.

GERBERDING: Okay. Kurt, do you have the exhibits? Do you have your copy of...of the documents that we...

WHITE: From yesterday, no.

GERBERDING: Okay. Well, do we have...

YOUNG: I have my set. If he'd (inaudible)

WHITE: I work off, whichever (inaudible)

GERBERDING: (inaudible) We have...we will have two copies of most everything. It's just the first set of documents that we're looking at are documents that we looked at in an interview yesterday and that have already been marked. So...any...anyway, I'm referring to an exhibit that was marked as exhibit number 73. This is a memorandum dated October 18, 1996, to Kelley Rogers, WSRP, from Brett Bader from the Madison Group. Do you recognize this letter, Mr. Bader?

BADER: Yes, I do.

GERBERDING: And did you write this letter?

BADER: Yes, I did.

GERBERDING: Okay. And the letter...I won't try to characterize the letter, but how...how did this letter come about? What prompted you to write this letter to Mr. Rogers?

BADER: I was requested by the party to consider the possibility of placing issues advertising that was non-advocacy in nature on the television at the time of the gubernatorial race.. As you know, at the time Labor

Unions nationwide and the Chamber of Commerce were doing the same things and had been for several months in Federal races. So, I had some early familiarity with the issue. The ability to place ads that were...did not express the election or defeat of a candidate, but merely informed the public about them. I was asked to research if that might be possible, and if so, perhaps the party might do some. I did what any good republican consultant does. I phoned the Public Disclosure Commission, not once but twice. I first spoke with Doug Ellis and we had a brief conversation. I could not, of course, disclose the client in the like, so this was not a formal inquiry in writing it. It was a phone conversation. At which point Doug didn't see a problem with it, but also didn't say so you have...you know, he also didn't grant tacit approval. I was seeking advice, not seeking approval. At which point, I had...

GERBERDING: Wait. I...I'm sorry. When...when you say that Doug Ellis granted approval, approval of...or he didn't grant approval, what...what did you tell Doug you were going to do or thinking about doing?

BADER: But...Bear in mind, please, the conversation was, you know, nearly a year ago. That my question was simply, you know, to paraphrase can we...could we put advertising on the air that was not candidate eligible money, but instead that it expressed...excuse me, did not express vic...election or defeat, but focused on issues surrounding candidates

BADER: I was not....I was never told how this was to be paid for that I can recall specifically, other than can...you know, is it possible that...that...that you know...and I'm not an expert on the state party finance line, you know, I send the bills in and they paid them with whatever funds, okay? Them hopefully, they do that right. I don't know. But I was speaking of...of...of...you know, there are limits on what they can do for candidates, and there is money that comes in that can go to candidates, and I was assuming this instead was money outside of that.

GERBERDING: Okay.

BADER: Which I thought...I mean as...as I said which you...and that's best I...you know, that's as much as I was told and...and that's hence right in with the information.

GERBERDING: Okay. Had...well, turning your attention to exhibit number 72 which is the next document there.

BADER: Um-hum.

GERBERDING: Do you recognize that purchase order?

BADER: No. That appears to be their internal.

GERBERDING: The party's?

BADER: Yeah.

GERBERDING: Do y...the next page of that exhibit is a script?

BADER: Um-hum.

BADER: They have lawyers that are and they typically...I can't speak for a station. I can't speak for what each station would have done. I just...I just think it's an interesting point to make that...that these did not receive candidate rates. They were obviously not seen as candidate ads.

GERBERDING: Okay. And when you sent this letter to Kelley Rogers, exhibit 72, did he ever...

WHITE: You mean exhibit 73?

GERBERDING: Yes. Thank you. Did...did he ever get back to you to tell you whether he had used corporate dollars? You're shaking you head as no.

BADER: I'm sorry. No, and...and I will say that I'm....as a vendor of the party, never told the source of the funds. We simply asked to perform tasks and then get paid.

GERBERDING: Okay. In taking a look at exhibit number 74, does...

WHITE: It's this one here.

GERBERDING: Okay. Why...why don't we take a look at the third page of exhibit number 74, that's an invoice of the Madison Group for $30,000.

BADER: Um-hum.

GERBERDING: Does that...do you recognize that invoice?

BADER: I...I didn't prepare it. I recognize it as one of ours.

GERBERDING: Okay. And then on page two, one page of...actually back, there is a script. Again do you recognize that script?

Washington State Republican Party [redacted]ON-EXEMPT- October 11 - October 28, 1[redacted]

10/14/96	World Class Mailing 15520 Woodinville-Duval Rd Building D, Ste 200 Woodinville, WA	C	Mailing Service -In-Kind	8,222.29
10/15/96	Kurt Stender 8818 Parkridge Dr W University Place, WA	C	Payroll - In-Kind Anthony Lowe	869.83
10/15/96	US Postmaster Seattle, WA	C	Postage - In-Kind Steve Hargrove Tom Campbell	 974.34 952.09
10/15/96	US Postmaster Seattle, WA	C	Postage - In-Kind Dino Rossi	622.58
10/15/96	US Postmaster Seattle, WA	C	Postage - In-kind Ellen Craswell Joseph Zarelli	 28,359.88 1,296.10
10/15/96 10/17/96	AmeriCam 814 31st Ave S Seattle, WA	C	Filming - In-Kind Ellen Craswell	616.52 459.63
10/16/96	World Class Mailing 15520 Woodinville-Duval Rd Building D, Ste 200 Woodinville, WA	C	Mailing Service - In-Kind Doug Campbell	1,105.17
1/16/96	US Postmaster Seattle, WA	C	Postage-In-Kind Doug Cambell	2,053.01
10/16/96	Targeted Communications Strategies 704 228th BE # 735 Redmond, WA	C	Produce GOTV Card-In-Kind Dino Rossi - Phil Dyer Brian Thomas	 1,543.31 1,543.31 1,543.33
10/16/96	People to Elect Sarah Casada 4441 S Meridian Puyallup, WA	C	Contribution	2,500.00
10/16/96	Southside Republican Action Committ W 2415 Dean St. Spokane, WA	C	Contribution Candidate Rally	1,500.00
10/17/96	The Madison Group 500 108th AAve NE Ste 1950 Bellevue, WA	C	Anti-Gary Locke Ad - In-Kind Ellen Craswell	30,000.00
10/17/96	US Postmaster Seattle, WA	C	Postage - In-Kind Jim McCune	889.41
10/17/96	Walt's Mailing 9610 E 1st Ave Spokane, WA	C	Mailing Service- In-Kind Bryan Alford	155.39
				85206.19

WASHINGTON STATE REPUBLICAN PARTY
16400 Southcenter Parkway
Suite #200
Seattle, WA 98188
(206) 575-2900
Fax (206) 575-1730

PURCHASE ORDER

PO 3792

Date _____

TO: THE MADISON GROUP

Address _____

City _____ State _____ Zip _____

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
9505	TV Ads Anti Locke			30,000
	X ALL STATE Candidate Fund			

PLEASE NOTE: Purchase Orders are not valid unless an authorized signature appears on the approved line. All invoices, statements and bills must include the PO number in order to be processed for payment.

Project name: CRASWELL 96

Are there additional PO's for this project? [ ] Yes [✓] No

Check number: _____

Requested by: _____

Terms: [ ] Bill WSRP
[ ] COD
[✓] Check with order
[ ] Other (specify)

Approved by: Kelly [signature] WSRP Executive Director

White copy — accounting Yellow copy — division staff file

THE MADISON GROUP, INC.

INVOICE

CLIENT

WSRP
16400 Southcenter Pkwy #200
Seattle, WA 98188

ATTN: Kelley Rogers

SERVICES

Locke: Crime TV Buy October 16-21, 1996 KING, KOMO, KIRO, KSTW	$30,000.00

INVOICE NO.:

WAGOP2653

DATE DUE

10/15/96

Please pay upon receipt of this invoice.
Invoices due over 10 days are subject to an interest charge of 1.5% per month.

Please remit to
THE MADISON GROUP, INC.
500 - 108th Avenue NE, Suite 1950
Bellevue, WA 98004

Thank you!

TOTAL DUE $30,000.00

	Gary Locke TV AD In-Kind Craswell		30,000.00
10/17/96	1183	The Madison Group	$30,000.00 18989

MGI

THE MADISON GROUP, INC.

INVOICE

CLIENT	SERVICES	
WSRP 16400 Southcenter Pkwy #200 Seattle, WA 98188 ATTN: Kelly Rogers	**Media Services** KIRO, KING, KOMO, KSTW KIMA/KEPR, KNDU/KNDO KAPP/KVEW, KHQ, KXLY, KREM	**$135,000.00**

INVOICE NO.

WAGOP2611

DATE DUE

10/4/96

Please pay upon receipt of this invoice.
Invoices due over 10 days are subject to an interest charge of 1.5% per month.

Please remit to
THE MADISON GROUP, INC.
500 - 108th Avenue NE, Suite 1950
Bellevue, WA 98004

Thank you!

TOTAL DUE **$135,000.00**

TOTAL P.02

30,000

STATE CANDIDATES FUND

VIDEO RUN SHEET

"LOCKE: CRIME"

TRT :30

VIDEO	AUDIO
B/W LOCKE PUSHING IN	V/O:
	What does Gary Locke have to say about crime in our neighborhoods?
CG1	When 76 percent of voters said yes to "Three Strikes, You're Out," Gary Locke said no.
CG2	When people asked for more cops on the streets in King County, *Gary Locke said no.*
CG3	But Gary Locke said "yes" to a plan which would give self-esteem training to prostitutes and pay for a newsletter for those employed in the "sex industry," a plan so ridiculous that both Republicans and Democrats condemned it.
	And now he wants to be our governor?
	Gary Locke: another extreme liberal we just can't afford.
	Paid for by the Washington State Republican Party.
BLACK/ SLATE/ DISLAIMER	

Candidate or Committee Name (Do not abbreviate)
Washington State Republican Party Non Exempt

Report Date
9/10/96 - 10/10/96

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
9/17/96	Greater Seattle Printing 153 NE 92nd St Redmond, Wa	C	Printing - In-Kind Mark Schoesler Marilyn Sears Lucy DeYoung	 1,402.03 1,262.69 3,735.28
9/17/96	US Postmaster	G	Post Office Boxes	137.00
9/19/96	Polls Political Service 1008 Western Ave Ste 301 Seattle, WA	C	Consulting - In-Kind Galloway	 5,127.01
9/23/96	Ellen Craswell for Governor 20730 Bond Rd NE # 101 Poulsbo, WA	C	Contribution	25,000.00
9/23/96	The Madison Group 500 108th Ave NE Ste 1950 Bellevue, WA	C	Locke Opposition Piece In-Kind - Craswell	135,000.00
9/26/96	Committee to Elect Tom Campbell P.O. Box 443 Spanaway, WA	C	Contribution	3,000.00
9/30/96	National Bank of Tukwila 505 Industry Drive Tukwila, WA	G	Bank Charge	15.00
9/30/96	United Parcel Service Seattle, WA	G	Express Mail	14.45
9/30/96	WSRP Federal	C	Kurt Stender payroll In-Kind Anthony Lowe	 1,083.34
10/2/96	Zarelli for Senate 2809 NW 100th St Vancouver, WA	C	Contribution	2,500.00
			Page Total	178,276.80

965-24 EP NOV 21 1995

SEP 18 1995

REGISTRATION: POLITICAL COMMITTEES

C1F (11/93)

RECEIVED SEP 19 1995 Public Disclosure Commission

THE TAXPAYERS ROUNDTABLE

PO 4032

OLYMPIA THURSTON 98507-0032

NONE

KIM MARTIN 2210 COLUMBIA SW OLYMPIA, WA 98501 (360) 352-8100

JAY VANDERSTOEP 727 SW 16th STREET CHEHALIS (360) 748-9281

JAY VANDERSTOEP, FINANCE CHAIR
William Polk, CHAIRMAN

KEY BANK - OLYMPIA
DOWNTOWN OLYMPIA

10/10/95

Please check one of the following boxes:

☐ I already have forms and instructions.

☐ I will get forms and instructions from my county elections office.

☒ I want the Public Disclosure Commission to mail me the proper forms and instructions. Sent 9/19/95

Joan –

Please mail this check today.

Speakers Roundtable
PO Box 6032
Olympia, WA 98502

Attn: Lisa Master

Thanks

Ken

What account?

#1202
12-18-96

WASHINGTON STATE REPUBLICAN PARTY
16400 Southcenter Parkway
Suite #200
Seattle, WA 98188
(206) 575-2900
Fax (206) 575-1730

PURCHASE ORDER

PO 3989

Date Dec 16, 1996

TO: Speakers Roundtable
Address PO Box 6032
City Olympia State WA Zip 98502

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
6084	Contribution			15,000

PLEASE NOTE: Purchase Orders are not valid unless an authorized signature appears on the approved line. All invoices, statements and bills must include the PO number in order to be processed for payment.

Project name: Leg. Victory

Are there additional PO's for this project? [ ] Yes [✓] No

Check number:

Requested by:

Terms: [ ] Bill WSRP
[ ] COD
[✓] Check with order
[ ] Other (specify)

Approved by: WSRP Executive Director

White copy — accounting Yellow copy — division staff file

CASH RECEIPTS AND EXPENDITURE

SCHEDULE A to C4 (11/93)

Candidate or Committee Name (Do not abbreviate. Use full name.)
Washington State Republican Party EXEMPT

1. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted.

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total deposits
12/4/96	10,000.00			12/23/96	2,000.00	12,500.00
12/19/96	500.00					

2. TOTAL CASH RECEIPTS — Enter also on line 2 of C4 _____

CODES FOR CLASSIFYING EXPENDITURES: If one of the following codes is used to describe an expenditure, no other description is generally needed. The exceptions are:

1) If expenditures are in-kind or earmarked contributions to a candidate or committee or independent expenditures that benefit a candidate or committee, identify the candidate or committee in the Description block;
2) When reporting payments to vendors for travel expenses, identify the traveller and travel purpose in the Description block; and
3) If expenditures are made directly or indirectly to compensate a person or entity for soliciting signatures on a statewide initiative or referendum petition, use code "V" and provide the following information on an attached sheet: name and address of each person/entity compensated, amount paid each during the reporting period, and cumulative total paid all persons to date to gather signatures.

CODE DEFINITIONS ON REVERSE

C - Contributions (monetary, in-kind & transfers)
I - Independent Expenditures
L - Literature, Brochures, Printing
B - Broadcast Advertising (Radio, TV)
N - Newspaper and Periodical Advertising
O - Other Advertising (yard signs, buttons, etc.)
V - Voter Signature Gathering
P - Postage, Mailing Permits
S - Surveys and Polls
F - Fundraising Event Expenses
T - Travel, Accommodations, Meals
M - Management/Consulting Services
W - Wages, Salaries, Benefits
G - General Operation and Overhead

3. EXPENDITURES

a) Expenditures of $50 or less, including those from petty cash, need not be itemized. Add up these expenditures and show the total in the amount column on the first line below.
b) Itemize each expenditure of more than $50 by date paid, name and address of vendor, code/description, and amount.
c) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of detailed expenses or copies of receipts/invoices supporting the payment.

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	
12/12/96	W.S.R.P Federal		Transfer	25,000.00
12/17/96	W.S.R.P. Federal		Transfer	12,000.00
12/31/96	W.S.R.P. Federal		Transfer	15,000.00
	Ntl Bk of Tukwila	G	Check Order	7.99
MEMO:	Detail for the above transfers will be found on the report to the Federal Election Commission at 12/31/96-- Report submitted 1/31/97			

Total from attached pages _____

4. TOTAL CASH EXPENDITURES — Enter also on line 11 of C4 67,007.99

CODE DEFINITIONS ON REVERSE

WASHINGTON STATE REPUBLICAN PARTY
16400 Southcenter Parkway
Suite #200
Seattle, WA 98188
(206) 575-2900
Fax (206) 575-1730

PURCHASE ORDER

PO 3271

Date _____

TO: Speakers Roundtable

Address _____

City _____ State _____ Zip _____

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	Contract			11,500.00
			Exempt	
			# 1207	97
			1-23	

PLEASE NOTE: Purchase Orders are not valid unless an authorized signature appears on the approved line. All invoices, statements and bills must include the PO number in order to be processed for payment.

Project name: Fall 96

Are there additional PO's for this project? [ ] Yes [ ] No

Check number: _____

Requested by: _____

Terms: [ ] Bill WSRP
[ ] COD
[ ] Check with order
[ ] Other (specify)

Approved by: Kelly WSRP Executive Director

White copy — accounting Yellow copy — division staff file

WASHINGTON STATE REPUBLICAN PARTY
16400 Southcenter Parkway
Suite #200
Seattle, WA 98188
(206) 575-2900
Fax (206) 575-1730

PURCHASE ORDER

PO 3279

Date _____

TO: Speaker's Roundtable
Address Box 6032
City Olympia State Wa Zip 98502

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	Contribution			$5,000

PLEASE NOTE: Purchase Orders are not valid unless an authorized signature appears on the approved line. All invoices, statements and bills must include the PO number in order to be processed for payment.

Project name Leg. Victory

Are there additional PO's for this project? [ ] Yes [ ] No

Check number: _____

Requested by: _____

Terms: [ ] Bill WSRP
[ ] COD
[✓] Check with order
[ ] Other (specify)

Approved by: _____ WSRP Executive Director

White copy — accounting Yellow copy — division staff file

CASH RECEIPTS AND EXPENDITURE SCHEDULE A

Candidate or Committee Name (Do not Abbreviate
Washington State Republican Party EXEMPT 1/1/97 - 1/31/97

1. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted

Date of Deposit	Amount	Date of Deposit	Amount	Date of Deposit	Amount	Total Deposits

2. TOTAL CASH RECEIPTS Enter also on line 2 of C-4 49,150.00

Date Paid	Vendor or Recipient (Name and Address	Code	Purpose of Expense and or Description	Amount
1/17/97	Washington State Republican Fed		Transfer	6,000.00
1/23/97	WSRP Federal - Repay postage	P	Legislative Reception	96.00
1/23/97	Speaker's Roundtable Box 6032 Olympia, WA		Transfer-Contribution	11,500.00
1/24/97	Washington State Republican Fed		Transfer	10,000.00
1/29/97	Holiday Inn Select 2300 Evergreen Park Drive Olympia, WA 98502	F	Reception Accomodations	3,000.00
1/29/97	Print Time 12001 NE 12th Street Bellevue, WA	F	Print Invitations Leg Reception	266.39
1/29/97	Kinko's P.O. Box 6033 Ventura, CA	F	Print Invitations Le Reception	7.57
1/29/97	Speaker's Roundtable Box 6032 Olympia, WA	F	Transfer-Contribution	5,000.00
1/31/97	Washington State Republican Fed		Transfer	20,580.00
				56,449.96

WASHINGTON STATE REPUBLICAN PARTY
16400 Southcenter Parkway
Suite #200
Seattle, WA 98188
(206) 575-2900
Fax (206) 575-1730

PURCHASE ORDER

PO 3303

Date Feb 20, 1997

TO: Speakers Roundtable

Address

City State Zip

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	Contribution			5,000.00
	Exempt			
	#1217			
	2-19-97			

PLEASE NOTE: Purchase Orders are not valid unless an authorized signature appears on the approved line. All invoices, statements and bills must include the PO number in order to be processed for payment.

Project name:

Are there additional PO's for this project? [ ] Yes [ ] No

Check number:

Requested by: Eric

Terms: [ ] Bill WSRP
[ ] COD
[✓] Check with order
[ ] Other (specify)

Approved by: WSRP Executive Director

White copy — accounting Yellow copy — division staff file

CASH RECEIPTS AND EXPENDITURE

SCHEDULE A to C4 (11/93)

Candidate or Committee Name (Do not abbreviate. Use full name.)

Washington State Republican Party State Exempt

1. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted.

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total Deposits
02/24/1997	49750.00					

2. TOTAL CASH RECEIPTS — Enter also on line 2 of C4 — 49750.00

CODES FOR CLASSIFYING EXPENDITURES: one of the following codes is used to describe an expenditure, no other description is generally needed. The exeptions are:

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3) If expenditures are made directly or indirectly to compensate a person or entity for soliciting signatures on a statewide initiative or referendum petition, use code "V" and provide the following information on an attached sheet: name and address of each person/entity compensated, amount paid each during the reporting period, and cumulative total paid all persons to date to gather signatures.

CODE DEFINITIONS ON REVERSE

C - Contributions (monetary, in-kind & transfers)
I - Independent Expenditures
L - Literature, Brochures, Printing
B - Broadcast Advertising (Radio, TV)
N - Newspaper and Periodical Advertising
O - Other Advertising (yard signs, buttons, etc.)
V - Voter Signature Gathering
P - Postage, Mailing Permits
S - Surveys and Polls
F - Fundraising Event Expenses
T - Travel, Accommodations, Meals
M - Management/Consulting Services
W - Wages, Salaries, Benefits
G - General Operation and Overhead

3. EXPENDITURES

a) Expenditures of $50 or less, including those from petty cash, need not be itemized. Add up these expenditures and show the total in the amount column on the first line below.
b) Itemize each expenditure of more than $50 by date paid, name and address of vendor, code/description, and amount.
c) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of detailed expenses or copies of receipts/invoices supporting the payment.

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	37.52
02/10/1997	WSRP Federal		Miscellaneous Transfer	4700.00
02/14/1997	Speakers Roundtable Box 6032 Olympia, WA 98502-0000		Miscellaneous Transfer	5000.00
02/14/1997	WSRP Federal		Miscellaneous Transfer	20000.00
02/24/1997	WSRP Federal		Miscellaneous Transfer	17000.00
02/27/1997	WSRP Federal		Miscellaneous Transfer	5000.00

Total from attached pages — 0.00

4. TOTAL CASH EXPENDITURES — Enter also on line 11 of C4 — 51737.52

CODE DEFINITIONS ON REVERSE

WASHINGTON STATE REPUBLICAN PARTY
16400 Southcenter Parkway
Suite #200
Seattle, WA 98188
(206) 575-2900
Fax (206) 575-1730

PURCHASE ORDER

PO 3316

Date 3/4/97

TO: Speakers Roundtable
Address PO
City State Zip

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
				30,000
	Contribution			
	Exempt			
	#1222			
	Acct #1090			
	3/4/97			

PLEASE NOTE: Purchase Orders are not valid unless an authorized signature appears on the approved line. All invoices, statements and bills must include the PO number in order to be processed for payment.

Project name: _____

Are there additional PO's for this project? [ ] Yes [ ] No

Check number: _____

Requested by: Ken

Terms: [ ] Bill WSRP
[ ] COD
[✓] Check with order
[ ] Other (specify)

Approved by: KB WSRP Executive Director

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CASH RECEIPTS AND EXPENDITURE

SCHEDULE A to C4 (11/93)

Candidate or Committee Name (Do not abbreviate. Use full name.)

Washington State Republican Party State Exempt

1. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted.

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total Deposits
03/03/1997	3500.00	03/17/1997	20222.00	03/26/1997	5100.00	
03/04/1997	35600.00	~~03/20/1997~~	~~20500.00~~			
03/12/1997	3500.00	03/18/1997	15155.00			83077.00

2. TOTAL CASH RECEIPTS — Enter also on line 2 of C4 ~~103377.00~~

CODES FOR CLASSIFYING EXPENDITURES: one of the following codes is used to describe an expenditure, no other description is generally needed. The exeptions are:

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P - Postage, Mailing Permits
S - Surveys and Polls
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c) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of detailed expenses or copies of receipts/invoices supporting the payment.

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	0
03/04/1997	WSRP Federal		Miscellaneous Transfer	3800.00
03/04/1997	Speakers Roundtable Box 6032 Olympia, WA 98502-0000		Monetary Contributions Transfer	30000.00
~~03/05/1997~~	~~WSRP Federal~~		~~Miscellaneous Transfer~~ Corrected	~~3800.00~~
03/05/1997	WSRP Federal		Miscellaneous Transfer	5000.00
03/11/1997	Jennifer Feeney		Unitemized Fund Raiser Amount Reimburse Auction 1997	91.62
03/13/1997	WSRP Federal		Miscellaneous Transfer	4200.00
03/19/1997	WSRP Federal		Miscellaneous Transfer	20000.00

Total from attached pages 15000.00

4. TOTAL CASH EXPENDITURES — Enter also on line 11 of C4 81091.62

CODE DEFINITIONS ON REVERSE

CASH RECEIPTS AND EXPENDITURE

SCHEDULE A to C4 (11/93)

Candidate or Committee Name (Do not abbreviate. Use full name.)

Washington State Republican Party State Exempt

1. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted.

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total Deposits
04/04/1997	15400.00	04/25/1997	500.00			
04/16/1997	74714.27	04/28/1997	3239.00			
04/24/1997	10250.00					

2. TOTAL CASH RECEIPTS — Enter also on line 2 of C4: 104103.27

CODES FOR CLASSIFYING EXPENDITURES If one of the following codes is used to describe an expenditure, no other description is generally needed. The exceptions are:

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Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	167.95
04/02/1997	Barr-Audio Visual 309 South Cloverdale, B3 Seattle, WA 98108-0000		Unitemized Fund Raiser Amount Auction 1997	832.96
04/02/1997	WSRP Federal		Miscellaneous Transfer	10000.00
04/08/1997	Mr. Formal		Unitemized Fund Raiser Amount Auction 97	90.71
04/14/1997	Speakers Roundtable Box 6032 Olympia, WA 98502-0000		Monetary Contributions Transfer Cauc Committee	10000.00
04/14/1997	Martha E. Harris Flowers 4733 University Village Plaza NE Seattle, WA 98105-0000		Unitemized Fund Raiser Amount Auction 1997	2339.45
04/14/1997	Cut the Corner Frame Shop 750 Andover Park E, #26 Tukwila, WA 98188-7624		Unitemized Fund Raiser Amount Auction 1997	233.49

Total from attached pages: 85554.49

4. TOTAL CASH EXPENDITURES — Enter also on line 11 of C4: 109741.77

CASH RECEIPTS AND EXPENDITURE

SCHEDULE A to C4 (11/93)

Candidate or Committee Name (Do not abbreviate. Use full name.)

Washington State Republican Party State Exempt

1. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted.

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total Deposits
08/01/1997	10250.00	08/15/1997	1000.00	08/18/1997	2500.00	
08/12/1997	178000.00	08/15/1997	5000.00	08/19/1997	6000.00	
08/12/1997	32500.00	08/18/1997	26000.00	See attached		

2. TOTAL CASH RECEIPTS — Enter also on line 2 of C4: 426250.00

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S - Surveys and Polls
F - Fundraising Event Expenses
T - Travel, Accommodations, Meals
M - Management/Consulting Services
W - Wages, Salaries, Benefits
G - General Operation and Overhead

3. EXPENDITURES

a) Expenditures of $50 or less, including those from petty cash, need not be itemized. Add up these expenditures and show the total in the amount column on the first line below.
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c) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of detailed expenses or copies of receipts/invoices supporting the payment.

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	0
08/04/1997	WSRP Federal Account		Miscellaneous Transfer	90000.00
08/06/1997	Exquisite Ice Sculptures 12010 82nd Place NE Kirkland, WA 98034-0000		Unitemized Fund Raiser Amount TLB Fundraiser	200.91
08/06/1997	Silver Cloud Valet 3901 Stoneway North, Ste 100 Seattle, WA 98103-0000		Unitemized Fund Raiser Amount TLB Fundraiser	275.00
08/08/1997	WSRP Federal Account		Miscellaneous Transfer	60000.00
08/12/1997	WSRP Federal Account		Miscellaneous Transfer	50000.00
08/12/1997	Speaker's Roundtable PO Box 6032 Olympia, WA 98504-0000	C	Contrib. to Other Committees Contrib to Legs Cauc Committee	7500.00
08/12/1997	Fast Signs 725 Pike St, Ste 7 Seattle, WA 98101-0000		Unitemized Fund Raiser Amount Auction 97 Fundraiser	1112.69

Total from attached pages: 139000.00

Enter also on line 11 of C4: 348088.60

4. TOTAL CASH EXPENDITURES

GERBERDING: We're on the record. This is tape number 3 in the interview of Kelley Rogers. It's 3:30 p.m. on September 17,1997. And we're marking exhibits. Exhibit number 76 contains five purchase orders from the Washington State Republican Party to the Speakers Round Table. First one is purchase order 3271, the second one is purchase order 3279, the third one is purchase order 3303, the fourth is purchase order 3316, and the fifth is purchase order 3989. Exhibit number 77 is a handwritten note...appears to be to Joan...or Joan who it is address to. And 78 is a Schedule A to C-4, Washington State Republican Party exempt account; the...under the cash receipts. it has a date of deposit 12-04-96; amount $10,000 as the first entry. and that will be exhibit 78. Exhibit number 79 is a document provided by the Washington State Republican Party, an account register; the top...at the top left hand corner, it says 1-10-97 at 032711.34 and it's an account register for the period December 1,'96 to December 31, 1996. Exhibit number 80 is a Schedule A to a C-4, Washington State Republican Party exempt account, the date being 1-1-97 through 1-31-97; first entry is date paid 1-17-97; Washington State Republican fed. transfer $6,000. Exhibit number 81...

WHITE: Is this...is this the attachment to the C-4 or is the attachment Schedule A or is this Schedule A itself?

GERBERDING: This is a Schedule A itself. And then 81 is another Schedule A, Washington State Republican Party State exempt account. The first entry under expenses of $50 or less is WSRP Federal 2-10-97, miscellaneous transfer $4700. Exhibit number 82 is another Schedule A to a C-4, Washington State Republican Party exempt account dated 3-4-97, expenses is listed WSRP federal, this is the first entry, miscellaneous transfer $3,800. And finally, exhibit number 83 is another Schedule A to C-4, Washington State Republican Party exempt account; the first entry under expenses is 4-2-97, Bar Audio Visual for $832.96. Mr. Rogers, what is your understanding of...what is the Speaker's Round Table, do you know?

ROGERS: It's an organization that supports the Republican House activities. It's my understanding that it doesn't directly benefit their candidate. It would be...I think this is their soft money. I believe...I...there's a better way to describe it than that, but it's their...it's not the fund that contributes to candidates.

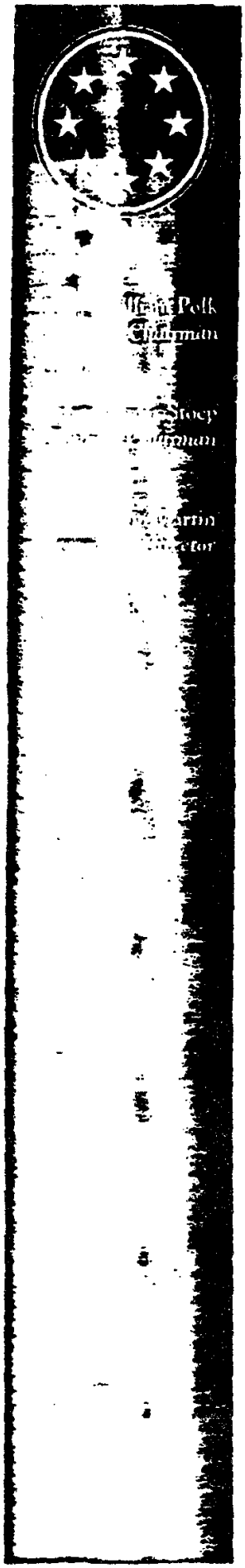
GERBERDING: When you say it's the fund, you mean the House...the House Republican fund that...

ROGERS: Right. There's a HROC Committee that gives money to candidates and then there's a soft money account called the Speaker's Round Table that does infrastructure and things of that nature...or not infrastructure, but rather maintenance, or assistance, or whatever the case maybe.

GERBERDING: Maintenance or assistance for what?

ROGERS: To...to have an on going pro...an on going activity for Republicans as an organized block. The best way to describe is the...is the House Republicans State exempt account.

GERBERDING: Taking a look at exhibit 76, do you recognize these purchase orders, the five purchase orders?



THE SPEAKER'S ROUNDTABLE

PO Box 6032 • Olympia, Washington 98502-0032 • (360) 352-7015

June 26, 1997

Susan Harris
Public Disclosure Commission
PO Box 40908
Olympia, WA 98504

Dear Ms. Harris:

This letter will respond to your request dated June 11, 1997 regarding your investigation of the Washington State Republican Party.

While I do not have first hand knowledge of the WSRP's accounting procedures, I can confirm the following as it relates to your question:

A. The Speakers Roundtable contributed $2750 to the WSRP non-exempt account on 10/8/96.

B. The Speakers Roundtable did contribute $ 12,500 to the WSRP on 10/14/96.

C. The 10/14/96 contribution was solicited by telephone by WSRP Executive Director Kelley Rogers. There was no written correspondence between Mr. Rogers and The Speakers Roundtable.

D. The contribution was requested for, and contributed to the WSRP's Exempt (party building) account.

E. Since all contributions that were requested for the WSRP's exempt account were solicited by telephone by Kelley Rogers, the Speakers Roundtable has no written correspondence to provide you.

F. The Speakers Roundtable did receive a note from Chairman Ken Eikenberry thanking the Speakers Roundtable for contributions in 1996. I have not located that note and I will continue looking for it.

Regarding your request for information concerning contributions from the WSRP exempt account to the Speakers Roundtable I can offer you the following information:

A. The contributions that I solicited from the WSRP on behalf of the Speakers Roundtable were from the WSRP's exempt account.

B. These contributions were solicited in person while I was visiting the WSRP's office and there is no written correspondence relating to the contribution with the exception of an acknowledgment of receipt.

C. The contributions were solicited for a special direct mail project which I have designed for the Speakers Roundtable. The Speakers Roundtable has never had a direct mail program and we have decided to develop one. The expenses were for prospect fundraising list rentals from Atlantic List Company (invoices enclosed). We are currently in the development stages and will be sending out various letters in the future.

I would request that you treat answer "C" in a confidential manner as I do not want my counterparts to have knowledge of our plans. I am providing this detail for your use only to aid with your current investigation of the WSRP.

I hope this information will be of some assistance to you.

Sincerely,

Kim Martin

Kim Martin

GERBERDING: Okay. And did you during that conversation did you talk about which account the state party would make the contribution from?

MARTIN: I don't believe that I said now this, of course, is from your exempt account, but I think in everybody's office that grid is posted, and it's understood that....that legally we...there's contribution limit on the non-exempt account, and no contribution between political action committees in the exempt account.

O'BAN: For the record, I want to clarify. So you don't have any direct knowledge from anyone at the party what account this money came from? You're...you're making a assumption based upon your understanding of what restrictions are there in place for non-exempt accounts that this money must have come from the exempt account or not...or exempt account?

MARTIN: Correct, because the state party has...uses different terminology. I mean, they have a federal account and I don't know what that federal account is. But that legally there was one account that I could obtain a contribution from.

GERBERDING: Okay. And then you said that you told Kelley Rogers what your plan was...

MARTIN: Um-hum

GERBERDING: And in your....your letter here, you said that the contributions were solicited for a special direct mail project?

MARTIN: Um-hum.

GERBERDING: What...what is that special direct mail project?

MARTIN: Well, it's a fu....

GERBERDING: Or does that...I'm sorry. Does that accurately reflect what the contributions were solicited for?

MARTIN: Well, as it...as it relates to the invoices, and the question was directed back to the Atlantic List Company. And the Atlantic List Company were expenditures for a list for the special direct mail project.

GERBERDING: Okay. And what was the special direct mail project?

MARTIN: Well, it's a direct mail project to recruit candidates and raise funds.

GERBERDING: And how....what types of letters would...would be sent out or what type of direct mail would be sent out to further the...the purpose of recruiting?

MARTIN: Well, there's a letter or a series of letters that have gone to different legislative districts where there are either people retiring from the legislature requesting names and phone numbers of activists and community leaders and others that might be interested in...in talking about running for the legislature.

GERBERDING: So has this...have you actually started working on this project?

MARTIN: Um-hum.

GERBERDING: Okay. And what...when you....have you received responses as to some people that, you know, might be worth looking at?

MARTIN: We've got far more names and phones numbers than funds.

GERBERDING: Okay. And have....did you provide this information to the party, the names and address?

MARTIN: No.

GERBERDING: This was just for the internal...the...the Speakers Round Table to use?

MARTIN: Um-hum.

GERBERDING: Okay. And as far as raising money was that....for....for what purposes were you soliciting money?

MARTIN: To keep the organization going.

GERBERDING: And when you say the organization that's.....

MARTIN: The Speakers Round Table.

GERBERDING: Okay. Okay. And you mentioned an expenditure to the Atlantic List Company.

MARTIN: Um-hum.

GERBERDING: What...was that an expenditure made for fund raising purposes?

MARTIN: To obtain the...well, we....we purchased a lists from Atlantic Lists Company and we have mailed to those lists a letter which would do

both, raise funds and solicit names and phone numbers of community activists.

GERBERDING: Okay. And so that....what...what are the....what would make someone appear on that list?

MARTIN: What's the criteria? To....

GERBERDING: Yeah.

MARTIN: I believe on one of the lists it was anybody who contributed over $500 to a Republican initiative or a Republican leaning initiative or a Republican candidate in the State of Washington within the last 6 months.

GERBERDING: Okay. And....

MARTIN: A series of criterias that we...that we even run list from.

GERBERDING: Okay. So there are dif....they provided you with different types of lists?

MARTIN: Yes.

GERBERDING: Okay. In these letters then that were sent...combined both the recruiting and the fund-raising aspects?

MARTIN: Correct.

GERBERDING: Okay. Kurt, do you have any follow-up on that?

YOUNG: You not...The list were those of ID Republicans also that the Atlantic List Company had compiled?

O'BAN: Well, let me clarify. What's ID Republican?

YOUNG: If a...you had...if they had been contracted before and had already obtained...

O'BAN: Contacted before?

YOUNG: Contracted before by somebody to compile a list that they would already use for their purposes, they would have a data base of an ID Republican already.

GERBERDING: Who would?

YOUNG: The Atlantic List Company.

0454-2 EZ 7-18-94

FEB 10 1994

PUBLIC DISCLOSURE COMMISSION
711 CAPITOL WAY RM 206
PO BOX 40908
OLYMPIA WA 98504-0908
(360) 753-1111

REGISTRATION: POLITICAL COMMITTEES

C.1 PC (11/93)

POC OFFICE USE
POSTMARK
RECEIVED
FEB 14 1994
Public Disclosure Commission

Committee Name (Full and / Show actual official name) The Capitol Fund

Acronym N/A

Address N 5901 Ledgerwood #233

City Spokane County Spokane Zip + 4 99207

NEW REGISTRATION OR UPDATE OF PRIOR REGISTRATION?

* NEW Complete all items in the registration
* AMENDED Supply the information below which has changed *

COMMITTEE STATUS

☒ Continuing committee
☐ 19 ____ election year; election date ____

What is the purpose or designation of the committee?

☐ Bona Fide Political Party Committee (official state or county based committee or legislative district committee). If you are not supporting the entire party ticket, attach a list or specify here the names of the candidates you support. ____

☐ Ballot Committee (Initiative, Bond, Levy, Recall, etc.) Name or description of ballot measure ____ Ballot Number ____ FOR ☐ AGAINST ☐

☒ Political Action Committee, Political Club or Organization (including party state), if PAC is associated with a business, association, labor union, or similar entity, specify name: NONE

☐ Other. Explain on attached sheet.

Related or affiliated committees. List name, address and relationship.

NONE

HOW MUCH DO YOU PLAN TO SPEND DURING THIS ENTIRE ELECTION CAMPAIGN, INCLUDING THE PRIMARY AND GENERAL ELECTIONS? BASED ON THAT ESTIMATE, CHOOSE ONE OF THE REPORTING OPTIONS BELOW. (If the committee is a continuing organization, estimate spending on a calendar year basis.)

If no box is checked you are obligated to use Full Reporting. See reporting instruction booklets for information about reports required and changing reporting options.

☐ **ABBREVIATED REPORTING**
We will use the Abbreviated Reporting System. We will raise and spend no more than $2,000 and will accept no more than $200 in the aggregate from any one contributor.

☒ **FULL REPORTING**
We will use the Full Reporting System. We understand this means we must file the frequent, detailed reports required by law.

Campaign Manager's or Media Contact's Name and Address: JOHN CONDON N5901 Ledgerwood #233 Spokane, WA 99207 — Daytime Telephone Number (509) 489-4763

Treasurer's Name and Address (List deputy treasurers on attached sheet.): JOHN CONDON N5901 Ledgerwood #233 Spokane, WA 99207 — Daytime Telephone Number (509) 489-4763

Committee's Principal Officers and/or Decision-Makers. List name, title, and address. Continue on attached sheet if necessary.

JOHN CONDON, FUND MANAGER
N5901 Ledgerwood #233
Spokane, WA 99207
(SUBJECT TO AMENDMENT/ADDITIONS AT A LATER DATE)
see attached Sheet

Financial Bank or Depository: WASHINGTON TRUST BANK

Branch: DIVISION BRANCH — City: SPOKANE

Campaign records are to be open for public inspection the last eight days before the election. (Two hours daily between 9 AM - 5 PM, Monday - Friday.) Show location and hours below.

Street Address (Do not use a Post Office Box Number): 538 W. SUMNER, SPOKANE, WA 99204

Hours: 6pm - 8pm Monday - Friday

Eligibility to Give to State Office Candidates: During the six months prior to making a contribution to a state office candidate, your committee must have received contributions of $10 or more from at least ten persons registered to vote in Washington State.

☒ A check here indicates your awareness of and pledge to comply with this provision. A blank or a check mark means your committee does not qualify to give to legislative and executive statewide candidates.

10. Signature and Certification. I certify that this statement is true, complete and correct to the best of my knowledge.

Committee Treasurer's Signature: [signature] Date: 2-8-94

Need campaign finance forms and instructions for the reporting system selected?
Please check one of the following boxes:

☐ I already have forms and instructions.
☐ I will get forms and instructions from my county elections office.
☒ I want the Public Disclosure Commission to mail me the proper forms and instructions. Sent 2/17/94 MG

C.1 PC (Rev 11/93)

See instructions on reverse

Washington State Public Disclosure Commission
Contributors and their Recipients

Contributor	Recipient Occupation/Employer/City/State	Date	Prm/Gnrl	Amount	Election Year
CAPITOL FUND					96
	ALFORD BRYAN				
		10/24/96	G	550.00	
	BENSON BRADLEY				
		09/17/96	P	550.00	
		10/27/96	G	550.00	
	BENTON DONALD				
		11/05/96	G	550.00	
	BUSH ROGER				
		10/28/96	G	550.00	
	CAMPBELL DOUGLAS				
		09/16/96	P	550.00	
	CROUSE LARRY				
		07/20/96	P	550.00	
	DE BOLT RICHARD				
		07/23/96	P	550.00	
	DUNN JAMES KENT				
		11/03/96	G	550.00	
	DYER PHILIP				
		10/29/96	G	550.00	
	ELLIOT IAN				
		11/01/96	G	550.00	
		11/01/96	G	550.00	
	FLOYD MICHAEL				
		09/17/96	P	550.00	
		10/01/96	G	550.00	

Contributor	Recipient Occupation/Employer/City/State	Date	Prm/Gnrl	Amount	Election Year
	HARGROVE STEVEN				
		10/28/96	G	550.00	
	HILL BRENDON				
		09/16/96	P	550.00	
		10/23/96	G	550.00	
	JACKSON THELMA				
		10/28/96	G	550.00	
	KOSTER JOHN				
		10/31/96	G	550.00	
	LOWE ANTHONY				
		09/17/96	P	1100.00	
	MCCUNE JAMES				
		11/04/96	G	550.00	
	MCDONALD JOYCE				
		10/25/96	G	550.00	
	MIELKE THOMAS				
		07/22/96	P	550.00	
		11/01/96	G	550.00	
	MORELL DAVID				
		10/28/96	G	550.00	
	MOYER JOHN				
		07/23/96	P	550.00	
		10/23/96	G	550.00	
	OLSEN TIMOTHY				
		10/28/96	G	550.00	
	PANASUK ALLEN				
		09/17/96	P	550.00	
	PELESKY GRANT				

Contributor	Recipient Occupation/Employer/City/State	Date	Prm/Gnrl	Amount	Election Year
	ROSSI DINO	10/25/96	G	550.00	
	RYAN ROBERT (BOB)	10/26/96	G	550.00	
	SOMMERS DUANE	07/24/96	P	550.00	
	WEST JAMES	10/23/96	G	550.00	
		07/23/96	P	550.00	
	WHITEHALL KENNETH	09/16/96	P	550.00	
		08/23/96	P	550.00	
	ZELLINSKY PAUL	10/23/96	G	550.00	
		11/05/96	G	550.00	
					21450.00

DISCLAIMER:
The information contained in this report is unaudited and the Washington State Public Disclosure Commission disclaims any attestation as to the accuracy of the information.

Report Form : (rpt9.frx) Report Run Date: December 9, 1997

RECEIPTS AND EXPENDITURE

SCHEDULE A to C4

RECEIPTS (Contributions) which have been reported on C3. List cash deposits made since last C4 report was submitted

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total deposits
				Attached		

TOTAL CASH RECEIPTS 149,369.76

Enter also on line 2 of C4

CODES FOR CLASSIFYING EXPENDITURES: If one of the following codes is used to describe an expenditure, no other description is generally needed. The exceptions are:

1) If expenditures are in-kind or earmarked contributions to a candidate or committee or independent expenditures that benefit a candidate or committee, identify the candidate or committee in the Description block;
2) When reporting payments to vendors for travel expenses, identify the traveller and travel purpose in the Description block; and
3) If expenditures are made directly or indirectly to compensate a person or entity for soliciting signatures on a statewide initiative or referendum petition, use code "V" and provide the following information on an attached sheet: name and address of each person/entity compensated, amount paid each during the reporting period, and cumulative total paid all persons to date to gather signatures.

CODE DEFINITIONS ON REVERSE

C - Contributions (monetary, in-kind & transfers)
I - Independent Expenditures
L - Literature, Brochures, Printing
B - Broadcast Advertising (Radio, TV)
N - Newspaper and Periodical Advertising
O - Other Advertising (yard signs, buttons, etc.)
V - Voter Signature Gathering
P - Postage, Mailing Permits
S - Surveys and Polls
F - Fundraising Event Expenses
T - Travel, Accommodations, Meals
M - Management/Consulting Services
W - Wages, Salaries, Benefits
G - General Operation and Overhead

1. EXPENDITURES

a) Expenditures of $50 or less, including those from petty cash, need not be itemized. Add up these expenditures and show the total in the amount column on the first line below.
b) Itemize each expenditure of more than $50 by date paid, name and address of vendor, code/description, and amount.
c) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of detailed expenses or copies of receipts/invoices supporting the payment.

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	
1/17/96	Greater Seattle & Printing 15327 NE 92nd Redmond, WA	c	Printing - GOTV	6,646.09
1/3/96	WSRP Federal Account		Transfer	17,000.00
1/17/96	WSRP Federal Account		Transfer	35,000.00
1/24/96	WSRP Federal Account		Transfer	50,000.00

Total from attached pages

4. TOTAL CASH EXPENDITURES

Enter also on line 11 of C4 108,646.09

CASH RECEIPTS AND EXPENDITURE

SCHEDULE A to C4 (11/93)

Committee Name (Do not abbreviate. Use full name.)
Washington State Republican Party Exempt Activities

1. CASH RECEIPTS (Contributions which have been reported on C3. List each deposit made since last C4 report was submitted.

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total deposits
				Attached		113,000.00

2. TOTAL CASH RECEIPTS Enter also on line 2 of C4 _____

CODES FOR CLASSIFYING EXPENDITURES: If one of the following codes is used to describe an expenditure, no other description is generally needed. The exceptions are:

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S - Surveys and Polls
F - Fundraising Event Expenses
T - Travel, Accommodations, Meals
M - Management/Consulting Services
W - Wages, Salaries, Benefits
G - General Operation and Overhead

3. EXPENDITURES

a) Expenditures of $50 or less, including those from petty cash, need not be itemized. Add up these expenditures and show the total in the amount column on the first line below.
b) Itemize each expenditure of more than $50 by date paid, name and address of vendor, code/description, and amount.
c) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of detailed expenses or copies of receipts/invoices supporting the payment.

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	
2/29/96	Bank of Tukwila	G	Bank Charge	17.38
2/5/96	W.S.R.P. Federal Account		Transfer	50,000.00
2/16/96	W.S.R.P. Federal Account		Transfer	50,000.00
2/29/96	W.S.R.P.		Transfer	35,000.00

Total from attached pages 135,017.38

4. TOTAL CASH EXPENDITURES Enter also on line 11 of C4 _____

POC form C4A (11/93) [illegible]

C 4 RECEIPTS AND EXPENDITURE

SCHEDULE A to C4

Washington State Republican Party EXEMPT

CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total deposits
				Attached		57,862.83

2 TOTAL CASH RECEIPTS — Enter also on line 2 of C4 _____

CODES FOR CLASSIFYING EXPENDITURES: If one of the following codes is used to describe an expenditure, no other description is generally needed. The exceptions are:

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c) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of detailed expenses or copies of receipts/invoices supporting the payment.

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	
/6/96	Washington State Republican Party - Federal Account		Transfer	30,000.00
/13/96	Washington State Republican Party - Federal Account		Transfer	25,000.00
/25/96	Events by Roberta 26026 225th Ct SE Maple Valley, WA		Decorations - Auctio	500.00
3/4/96	All NIght Printery P.O. Box 6196 Federal Way, WA	F	Auction Invitations	1,949.38
3/25/96	Washington State Republican Party - Federal Account		Transfer	20,000.00

Total from attached pages 59,449.38

4 TOTAL CASH EXPENDITURES — Enter also on line 11 of C4 _____

HKG 7/19/96

RECEIPTS AND EXPENDITURE

SCHEDULE A to C4 (11/83)

Washington State Republican Party EXEMPT

Date deposited	Amount	Date of deposit	Amount	Date of deposit	Amount	Total deposits
				Attached		

TOTAL CASH RECEIPTS 203,485.55 Enter also on line 2 of C4

CODES FOR CLASSIFYING EXPENDITURES: If one of the following codes is used to describe an expenditure, no other description is generally needed. The exceptions are:

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T - Travel, Accommodations, Meals
M - Management/Consulting Services
W - Wages, Salaries, Benefits
G - General Operation and Overhead

2. EXPENDITURES

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b) Itemize each expenditure of more than $50 by date paid, name and address of vendor, code/description, and amount.
b) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of detailed expenses or copies of receipts/invoices supporting the payment.

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	
4/ 1/96	Seattle Sheraton 1400 Sixth Ave, Seattle	F	Auction accomodations	15,657.00 2,439.04
4/ 1/96	David Cooley P.O. Box 2086, Vancouver, WA	F	Music	475.00
4/ 3/96 4/ 5/96	Jodi Vines 4317 N Foxglove Dr NW, Gig Harbor, WA	F	Misc Auction Expense	361.39 287.58
4/ 11/96	Jill Johnson 505 Crescent Harbor Rd Oak Harbor, WA	F	Misc Auction Expense	122.58
4/ 3/96	Dan Schorno 16946 156th Lane SE Yelm, WA	F	Auctioneer	900.00
4/ 3/96	Events by Roberta 26026 225th Ct SE Maple Valley, WA	F	Decorations	1,750.00
4/ 3/96	Buck's Courier Sve P.O. Bpx 2645 Seattle, WA	F	Delivery	16.90

Totals from attached pages 175,983.85

4 TOTAL CASH EXPENDITURES 197,992.94 Enter also on line 11 of C4

PDC form C4A (11/89)

ENDITURES CONTINUATION SHEET (Attachment to Schedule A)

Page 7

Name of Committee (Be not abbreviated. Use full name.): Washington State Republican Party

Report Date: 4/30/96

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
4 /96	Fast Signs 16846 Southcenter Prkwy Seattle, WA	P	Signage for Auction	226.14
4 5/96	Change Fund	P	Change Fund	1,700.00
11/96	Pacific Deserts 516 Broadway, Seattle, WA	P	Auction items	142.50
11/96	Jerry Blanton 22007 Makah Rd Edmonds, WA	P	Refund Dinner	300.00
11/96	Costco 1160 Saxon Dr, Seattle, WA	P	Auction supplies	23.00
2/96 /96 2/96	WSRP Federal WSRP WRP		Transfer Transfer Transfer	60,000.00 40,000.00 25,000.00
22/96	All Night Printery P.O. Box 6196, Federal Way	P	Printing	2,026.26
23	Pierce County Rep CC 739 St Helens, Tacoma, WA	P	Auction Share	340.00
/23/96	Clark Co Rep CC 610 Devine Rd, Vancouver, WA	P	Auction Share	90.00
/23/96	Lewis County Rep CC 1617 S Scheuber Rd Centralia, WA	P	Auction Share	67.50
/23/96	Skagit County Rep CC 34 Skokomish, Lacontent, WA	P	Auction Share	91.00
/23/96	Garfield County Rep CC P.O. Box 728, Pomeroy, WA	P	Auction Share	~~207.50~~ VOID
4/23/96	Clallam County Rep CC P.O. Box 808 Port Angeles, WA	P	Auction Share	32.75
4/23/96	San Juan County Rep CC 5186 San Juan Dr Friday Harbor, WA	P	Auction Share	405.00
23/96	Fifth Legislative Dist Comm 3623 E 34th, Spokane, WA	P	Auction Share	300.00

(Attached Total) 130,944.15

Page Total 130,744.1

Rec. 7/19/96

ENDITURES CONTINUATION SHEET (Attachment to Schedule A)

Page 3

Candidate or Committee Name (Do not abbreviate. Use full name.)

Report Date

Washington State Republican Party

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
/23/96	Whidbey Island Animal Shelter 2216 N Conniston Way Oak Harbor, WA 98277	F	Auction Share	100.00
/25/96 /30/96	WSRP Federal Account		Transfer	30,000.00 15,000.00
/23/96	King County Republican CC 1305 Republican St, Seattle	F	Auction Share	139.70
				45,239.70

14 AKG 7/24/96

CASH RECEIPTS AND EXPENDITURE

SCHEDULE A to C4 (11/93)

Committee Name (Do not abbreviate. Use full name.)
Washington State Republican Party EXEMPT

1. CASH RECEIPTS (Contributions which have been reported on C3. List each deposit made since last C4 report was submitted.

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total deposits
				Attached		379,457.15

2. TOTAL CASH RECEIPTS Enter also on line 2 of C4 _____

CODES FOR CLASSIFYING EXPENDITURES: If one of the following codes is used to describe an expenditure, no other description is generally needed. The exceptions are:

1) If expenditures are in-kind or earmarked contributions to a candidate or committee or independent expenditures that benefit a candidate or committee, identify the candidate or committee in the Description block;
2) When reporting payments to vendors for travel expenses, identify the traveller and travel purpose in the Description block; and
3) If expenditures are made directly or indirectly to compensate a person or entity for soliciting signatures on a statewide initiative or referendum petition, use code "V" and provide the following information on an attached sheet: name and address of each person/entity compensated, amount paid each during the reporting period, and cumulative total paid all persons to date to gather signatures.

CODE DEFINITIONS ON REVERSE

C - Contributions (monetary, in-kind & transfers)
I - Independent Expenditures
L - Literature, Brochures, Printing
B - Broadcast Advertising (Radio, TV)
N - Newspaper and Periodical Advertising
O - Other Advertising (yard signs, buttons, etc.)
V - Voter Signature Gathering
P - Postage, Mailing Permits
S - Surveys and Polls
F - Fundraising Event Expenses
T - Travel, Accommodations, Meals
M - Management/Consulting Services
W - Wages, Salaries, Benefits
G - General Operation and Overhead

3. EXPENDITURES

a) Expenditures of $50 or less, including those from petty cash, need not be itemized. Add up these expenditures and show the total in the amount column on the first line below.
b) Itemize each expenditure of more than $50 by date paid, name and address of vendor, code/description, and amount.
c) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of detailed expenses or copies of receipts/invoices supporting the payment.

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	
5/1/96	National Bank of Tukwila Tukwila, WA	G	Bank Charges	15.89
5/16/98	W.S.R.P. Federal		Transfer	25,000.00
5/20/96	W.S.R.P. Federal		Transfer	10,000.00
5/28/96	W.S.R.P. Federal		Transfer	4,000.00
5/30/96	W.S.R.P. Federal		Transfer	160,000.00

Total from attached pages _____

4. TOTAL CASH EXPENDITURES 199,015.89 Enter also on line 11 of C4 _____

16-26 1-27H 1/17/96

C SH RECEIPTS AND EXPENDITURE

SCHEDULE A to C4 (11/93)

Committee Name (Do not abbreviate. Use full name.)

Washington State Republican Party EXEMPT

1. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted.

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total deposits
				Attached		

2. TOTAL CASH RECEIPTS Enter also on line 2 of C4 384,565.00

CODES FOR CLASSIFYING EXPENDITURES: If one of the following codes is used to describe an expenditure, no other description is generally needed. The exceptions are:

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3. EXPENDITURES

a) Expenditures of $50 or less, including those from petty cash, need not be itemized. Add up these expenditures and show the total in the amount column on the first line below.
b) Itemize each expenditure of more than $50 by date paid, name and address of vendor, code/description, and amount.
c) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of donated expenses or copies of receipts/invoices supporting the payment.

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	
5 5/96	WSRP Federal Account		Transfer	275,000.00
5 17/96	WSRP Federal Account		Transfer	50,000.00
6 20/96	WSRP Federal Account		Transfer	35,000.00
26/96	WSRP Federal Account		Transfer	200,000.00
/27/96	WSRP Federal Account		Transfer	11,000.00
/30/96	WSRP Federal Account		Transfer	12,000.00
/30/96	WSRP Federal Account		Transfer	10,000.00

Total from attached pages

4. TOTAL CASH EXPENDITURES Enter also on line 11 of C4 593,000.00

CASH RECEIPTS AND EXPENDITURE

SCHEDULE A to C4 (11/93)

Candidate or Committee Name (Do not abbreviate. Use full name.)
Washington State Republican Party EXEMPt

1. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted.

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total deposits
				Attached		566,470.61

2. TOTAL CASH RECEIPTS Enter also on line 2 of C4 _____

CODES FOR CLASSIFYING EXPENDITURES: If one of the following codes is used to describe an expenditure, no other description is generally needed. The exceptions are:

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Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	
7/22/96	W.S.R.P. Federal		Transfer	160,000.00
7/22/96	Central Washington Fair Assn P.O. Box 1583, Yakima, WA	G	Fair Booth rental	645.00
7/30/96	State Dept of Revenue Olympia, WA	F	State Taxes for Auction	658.86
8/1/96	W.S.R.P. Federal		Transfer	225,000.00
8/7/96	Whatcom County Rep CC P.O. Box 5292, Bellingham, WA	F	Auction Share	713.75
8/14/96	W.S.R.P. Federal		Transfer	90,000.00
8/15/96	W.S.R.P. Federal		Transfer	25,000.00

Total from attached pages _____

4. TOTAL CASH EXPENDITURES 502,017.61 Enter also on line 11 of C4 _____

CASH RECEIPTS AND EXPENDITURE

SCHEDULE A to C4 (11/93)

Candidate or Committee Name (Do not abbreviate. Use full name.)

CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted.

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total deposits
				Attached		288,208.52

2. TOTAL CASH RECEIPTS — Enter also on line 2 of C4 _____

CODES FOR CLASSIFYING EXPENDITURES: If one of the following codes is used to describe an expenditure, no other description is generally needed. The exceptions are:

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c) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of detailed expenses or copies of receipts/invoices supporting the payment.

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	
8/26/96	WSRP Federal		Transfer	80,000.00
8/27/96	WSRP Federal		Transfer	45,000.00
8/28/96	WSRP Federal		Transfer	30,000.00
8/30/96	WSRP Federal		Transfer	100,000.00
9/3/96	WSRP Federal		Transfer	15,600.00
9/6/96	WSRP Federal		Transfer	25,000.00

Total from attached pages _____

4. TOTAL CASH EXPENDITURES — Enter also on line 11 of C4 295,600.00

CODE DEFINITIONS ON REVERSE

CASH RECEIPTS AND EXPENDITURE SCHEDULE A

Candidate or Committee Name (Do not Abbreviate)
Washington State Republican Party EXEMPT 9/10/96 - 10/10/96

. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted

Date of Deposit	Amount	Date of Deposit	Amount	Date of Deposit	Amount	Total Deposits

2. TOTAL CASH RECEIPTS Enter also on line 2 of C-4 819,850.06

Date Paid	Vendor or Recipient (Name and Address	Code	Purpose of Expense and or Description	Amount
9/10/96	WSRP Federal		Transfer	35,000.00
9/12/96	Skagit County CC	C	Radio Ad – G.o.T.V.	1,000.00
10/10/96	1126 Marine Drive Anacortes, WA	C	Matching Funds-Computer	500.00
9/12/96	WSRP Federal		Transfer	25,000.00
9/17/96	WSRP Federal		Transfer	175,000.00
9/23/96	WSRP Federal		Transfer	85,000.00
9/24/96	Norm Proctor P.O. Box 1518 Bellevue, WA	C	Refund Golf Tour payment double pay	250.00
9/26/96	WSRP Federal		Transfer	25,000.00
9/30/96	WSRP Federal		Transfer	70,000.00
10/2/96	WSRP Federal		Transfer	10,000.00
10/3/96	WSRP Federal		Transfer	250,000.00
10/8/96	WSRP Federal		Transfer	160,000.00
10/10/96	Pierce County Republican CC 739 St Helens Tacoma, WA	C	Matching Funds- Computer	170.65
9/10/96	Yakima County Republican CC P.O. Box 1583 Yakima, WA		Fair Booth	645.00
			Page Total	837,565.65

CASH RECEIPTS AND EXPENDITURE SCHEDULE A

Candidate or Committee Name (Do not Abbreviate)
WASHINGTON STATE REPUBLICAN PARTY EXEMPT 10/11/96 - 10/28/96

.. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted

Date of Deposit	Amount	Date of Deposit	Amount	Date of Deposit	Amount	Total Deposits

2. TOTAL CASH RECEIPTS — Enter also on Line 2 of C-4 1,431,285.00

Date Paid	Vendor or Recipient (Name and Address	Code	Purpose of Expense and or Description	Amount
10/17/96	The Madison Group 500 108th Ave NE Bellevue, WA	B	Issue education	150,000.00
10/17/96	WSRP Federal		Transfer	25,000.00
10/18/96	WSRP Federal		Transfer	425,000.00
10/23/96	WSRP Federal		Transfer	50,000.00
10/24/96	S.L. Fetters P.O. Box 966 Solalla, WA	F	Auction prize	683.28
10/24/96	WSRP Federal		Transfer	41,000.00
10/25/96	WSRP Federal		Transfer	225,000.00
10/28/96	WSRP Federal		Transfer	25,000.00
				941,683.28

MGI

THE MADISON GROUP, INC.

INVOICE

CLIENT	SERVICES	
WSRP 16400 Southcenter Pkwy #200 Seattle, WA 98188 ATTN: Kelley Rogers	Media Buy #2 October 16-21, 1996 KING, KOMO, KIRO, KSTW KAPP/KVEW, KNDU/KNDO, KEPR/KIMA, KHQ, KXLY, KREM	$150,000.00

INVOICE NO.

WAGOP2653

DATE DUE

10/15/96

Exempt Account
pd 10-17-96

Please pay upon receipt of this invoice.
Invoices due over 10 days are subject to an interest charge of 1.5% per month.

Please remit to
THE MADISON GROUP, INC.
500 - 108th Avenue NE, Suite 1950
Bellevue, WA 98004

Thank you!

TOTAL DUE $150,000.00

CASH RECEIPTS AND EXPENDITURE

SCHEDULE A to C4 (11/93)

Candidate or Committee Name (Do not abbreviate. Use full name.)
Washington State Republican Party EXEMPT

CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted.

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total deposits

2. TOTAL CASH RECEIPTS — Enter also on line 2 of C4 34,755.0

CODES FOR CLASSIFYING EXPENDITURES: If one of the following codes is used to describe an expenditure, no other description is generally needed. The exceptions are:

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Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	
10/30/96	Washington State Republican Federal Account		Transfer	75,000.0
10/30/96	Washington State Republican Federal Account		Transfer	40,000.0
30/96	Washington State Republican Federal Account		Transfer	75,000.0
10/31/96	Washington State Republican Federal Account		Transfer	130,000.0
11/8/96	Washington State Republican Federal Account		Transfer	50,000.0
11/13/96	Washington State Republican Federal Account		Transfer	55,000.0
11/14/96	WAshington State Republican Federal Account		Transfer	75,000.0

Total from attached pages 1,000.0

4. TOTAL CASH EXPENDITURES — Enter also on line 11 of C4 501,000.0

EXPENDITURES CONTINUATION SHEET (Attachment to Schedule A)

Page _____

Candidate or Committee Name (Do not abbreviate. Use full name.) | Report Date

Washington State Republican Party | EXEMPT | !!?#)?(¢

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
11/30/96	Whatcom County Republ P.O. Box 5292, Bellingham, WA	B	Radio Ad	1,000.00

(Adopted 3/93) ***

Page Total 1,000.00

CASH RECEIPTS AND EXPENDITURE

SCHEDULE A to C4 (11/93)

Candidate or Committee Name (Do not abbreviate. Use full name.)
Washington State Republican Party EXEMPT

1. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted.

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total deposits
12/24/96	10,000.00			12/23/96	2,000.00	12,500.0
12/19/96	500.00					

2. TOTAL CASH RECEIPTS — Enter also on line 2 of C4 _____

CODES FOR CLASSIFYING EXPENDITURES: If one of the following codes is used to describe an expenditure, no other description is generally needed. The exceptions are:

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c) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of detailed expenses or copies of receipts/invoices supporting the payment.

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	
12/12/96	W.S.R.P Federal		Transfer	25,000.00
12/17/96	W.S.R.P. Federal		Transfer	12,000.00
12/31/96	W.S.R.P. Federal		Transfer	15,000.00
	Ntl Bk of Tukwila	G	Check Order	7.99
MEMO:	Detail for the above transfers will be found on the report to the Federal Election Commission at 12/31/96-- Report submitted 1/31/97			

Total from attached pages _____

4. TOTAL CASH EXPENDITURES — Enter also on line 11 of C4 67,007.99