WASHINGTON STATE
DEMOCRATS
PAUL BERENDT, CHAIR

P.O. BOX 4027
SEATTLE, WA 98104

June 23,1998

Office of General Council
Federal Election Commission
999 E St. N.W.
Washington, DC 20463

RE: MUR 4737 and MUR 4693

Dear Sir/Madam,

In recent months, there have been several discoveries which may assist you in reviewing the Washington State Democratic Party's complaint against the Washington State Republican Party (WSRP), referenced as MUR 4737 and MUR 4693. Please file this information as an addendum to the original complaint. These additions are as follows:

1.) Washington State Republican Party's former Deputy Treasurer, Roma Zubrod, has recently filed a complaint with the Washington State Public Disclosure Commission against the WSRP for additional campaign violations. Attached are several news articles which outline Zubrod's claims and disclose illegal activities of the WSRP.

Zubrod has produced party documents which support her claim that top party officials, including the current Republican Party Chair Dale Foreman, knew about illegal spending and did not take appropriate actions. Additionally, she claims that she was directed to prepare fictitious invoices to help hide the illegal spending. Approximately $100,000 were spent and covered up by falsified documents and unreported expenses.

2.) The WSRP obtained a bank loan from the National Bank of Tukwila in the amount of $200,000. This amount was deposited to their Federal Account. The WSRP resources fail to demonstrate sufficient federal funds available

to secure the loan as is required by federal law. As of the March 31, 1998 reporting period, the WSRP did not have enough federal funds available to secure this loan. Therefore, this loan was obtained and secured illegally through non-federal means. Additionally, federal funds raised fall short of the federal dollars required to meet illegal transfers pay back schedule as reported.

These additional developments further bring to light ongoing Republican violations. The WSRP has continuously broken federal and state election laws and the facts are finally becoming apparent. It is my hope that this additional information will help speed the process of deliberation in the case against the WSRP, MUR 4737 and MUR 4693.

Thank you for your time and if you have any further questions, please feel free to contact me at (206) 583-0664.

Sincerely,

Paul Berendt, Chair
Washington State Democratic Central Committee

SCHEDULE C-1
Federal Election Commission
Washington, D.C. 20463

found on Page ___ of Schedule C

LOANS AND LINES OF CREDIT FROM LENDING INSTITUTIONS

MAY 22 1998

NAME OF COMMITTEE (IN FULL)	FEC IDENTIFICATION NUMBER
Washington State Republican Party-Federal Account	C-00031088

FULL NAME, MAILING ADDRESS AND ZIP CODE OF LENDING INSTITUTION (LENDER)	AMOUNT OF LOAN	INTEREST RATE (APR)
National Bank of Tukwila P. O. Box 58690 Tukwila, WA 98138	$200,000.00	6.95%
	DATE INCURRED OR ESTABLISHED 2/18/98	DATE DUE 9/30/98

A. Has loan been restructured? [X] No [ ] Yes If yes, date originally incurred: _____

B. If line of credit, amount of this draw: _____ ; total outstanding balance: _____

C. Are other parties secondarily liable for the debt incurred?
[X] No [ ] Yes (Endorsers and guarantors must be reported on Schedule C.)

D. Are any of the following pledged as collateral for the loan: real estate, personal property, goods, negotiable instruments, certificates of deposit, chattel papers, stocks, accounts receivable, cash on deposit, or other similar traditional collateral?
[ ] No [X] Yes If yes, specify: Primary-All business assets Secondary-Assigned Deposit

What is the value of this collateral? $650,000.00

Does the lender have a perfected security interest in it? [ ] No [X] Yes

E. Are any future contributions or future receipts of interest income, pledged as collateral for the loan?

[ ] No [ ] Yes If yes, specify: _____ What is the estimated value? _____

A depository account must be established pursuant to 11 CFR 100.7(b)(11)(I)(B) and 100.8(b)(12)(i)(B). Date account established: _____ Location of account: _____

F. If neither of the types of collateral described above was pledged for this loan, or if the amount pledged does not equal or exceed the loan amount, state the basis upon which this loan was made and the basis on which it assures repayment.

G. COMMITTEE TREASURER		DATE
Katherine Dawes TYPED NAME	Katherine Dawes SIGNATURE	5/1/98

H. Attach a signed copy of the loan agreement.

I. TO BE SIGNED BY THE LENDING INSTITUTION:

I. To the best of this institution's knowledge, the terms of the loan and other information regarding the extension of the loan are accurate as stated above.

II. The loan was made on terms and conditions (including interest rate) no more favorable at the time than those imposed for similar extensions of credit to other borrowers of comparable credit worthiness.

III. This institution is aware of the requirement that a loan must be made on a basis which assures repayment, and has complied with the requirements set forth at 11 CFR 100.7(b)(11) and 100.8(b)(12) in making this loan.

AUTHORIZED REPRESENTATIVE		TITLE	DATE
Ronald L. Bass TYPED NAME	[illegible] SIGNATURE	Senior Vice President	5/1/98

DETAILED SUMMARY PAGE AMENDED
OF RECEIPTS AND DISBURSEMENTS
PAGE 2, FEC FORM 3X

(revised 1/1/91)

NAME OF COMMITTEE Washington State Republican
Washington State Republican Party

REPORT COVERING PERIOD FROM: 1/1/98 TO: 3/31/98

		COLUMN A Total This Period	COLUMN B Calendar Year
	I. Receipts		
11.	Contributions (other than loans) From:		
	a. Individuals/Persons Other Than Political Committees		
	i. Itemized (use Schedule A)	60076.00	60076.00
	ii. Unitemized	245461.30	245461.30
	iii. Total (add i and ii)	305537.30	305537.30
	b. Political Party Committees		
	c. Other Political Committees (such as PACs)		
	d. Total Contributions (add a iii, b and c)	305537.30	305537.30
12.	Transfers From Affiliated/Other Party Committees		
13.	All Loans Received	200000.00	200000.00
14.	Loan Repayments Received		
15.	Offsets To Operating Expenditures (Refunds, Rebates, etc.)	3849.84	3849.84
16.	Refunds of Contributions Made to Federal Candidates and Other Political Committees		
17.	Other Federal Receipts (Dividends, Interest, etc.)	0.03	0.03
18.	Transfers from Nonfederal Account for Joint Activity	295000.00	295000.00
19.	Total Receipts (add 11d, 12, 13, 14, 15, 16, 17, and 18)	804387.17	804387.17
20.	Total Federal Receipts (subtract line 18 from line 19)	509387.17	509387.17
	II. Disbursements		
21.	Operating Expenditures:		
	a. Shared Federal/Non-Federal Activity (from Schedule H4)		
	i. Federal Share	194138.84	194138.84
	ii. Non-Federal Share	274189.42	274189.42
	b. Other Federal Operating Expenditures	1274.16	1274.16
	c. Total Operating Expenditures (Add a i, a ii, and b)	469602.42	469602.42
22.	Transfers to Affiliated/Other Party Committees		
23.	Contributions to Federal Candidates/Committees and Other Political Committees	10000.00	10000.00
24.	Independent Expenditures (use Schedule E)		
25.	Coordinated Expenditures Made by Party Committees (2 U.S.C 441a(d)) (use Schedule F)		
26.	Loan Repayments Made	345000.00	345000.00
27.	Loans Made		
28.	Refunds of Contributions To:		
	a. Individuals/Persons Other Than Political Committees		
	b. Political Party Committees		
	c. Other Political Committees (such as PACs)		
	d. Total Contribution Refunds (Add a, b and c)		
29.	Other Disbursements		
30.	Total Disbursements (add 21c, 22, 23, 24, 25, 26, 27, 28d, and 29)	824602.42	824602.42
31.	Total Federal Disbursements (subtract line 21 a ii from line 30)	550413.00	550413.00
	III. Net Contributions/Operating Expenditures		
32	Total Contributions (other than loans)(from line 11d)	305537.30	305537.30
33	Total Contribution Refunds (from line 28d)		
34	Net Contributions (other than loans)(subtract line 33 from 32)	305537.30	305537.30
35	Total Federal Operating Expenditures (add 21 a i and 21 b)	195413.00	195413.00
36	Offsets to Operating Expenditures (from line 15)	3849.84	3849.84

RECEIPTS AND EXPENDITURE

C4 (11/93)

POST MARK RECEIVED MAY 12 1998

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

Mailing Address
400 Southcenter Pkwy, #200

City: Seattle | State: WA | Zip + 4: 98188-

Office Sought (Candidates): STATE EXEMPT

Report Period Covered — From: (last C4) 04/01/1998 — To: (end of period) 04/30/1998

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) — 618255.26
2. Cash received (From line 2, Schedule A) — 25052.33
3. In kind contributions received (From line 1, Schedule B) — 0.00
4. Total Cash and in kind contributions received this period (Line 2 plus 3) — 25052.33
5. Loan principal repayments made (From line 2, Schedule L) — (0.00)
6. Corrections (From line 1 or 3, Schedule C) — Show + or (-) 0.00
7. Net adjustments this period (Combine line 5 & 6) — Show + or (-) 0.00
8. Total cash and in kind contributions during campaign (Combine lines 1, 4 & 7) — 643307.59
9. Total pledge payments due (From line 2, Schedule B) — 0.00

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) — 463236.41
11. Total cash expenditures (From line 4, Schedule A or line 5, Schedule A-s/l) — 75101.06
12. In kind expenditures (goods & services) (From line 1, Schedule B) — 0.00
13. Total cash and in kind expenditures made this period (Line 11 plus line 12) — 75101.06
14. Loan principal repayments made (From line 2, Schedule L) — (0.00)
15. Corrections (From line 2 or 3, Schedule C) — Show + or (-) -200000.00
16. Net adjustments this period (Combine lines 14 & 15) — Show + or (-) -200000.00
17. Total cash and in kind expenditures during campaign (Combine lines 10, 13 and 16) — 338337.47

CANDIDATES

Please complete:

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

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

CASH SUMMARY

18. Cash on hand (Line 6 minus line 17) — 304970.12
(Line 18 should equal your bank account balance(s) plus your petty cash balance.)
19. Liabilities: (Sum of loans and debts owed) — (1111.40)
20. Balance (Surplus or deficit) (Line 18 minus line 19) — 303858.72

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

Candidate's Signature — Date — Treasurer's Signature: Katherine Graves — Date

PDC form C4A (11/93)

SEE INSTRUCTIONS ON REVERSE

121994

CORRECTIONS

to C4

Candidate or Committee Name (Do not abbreviate. Use full name.)
Washington State Republican P[illegible]y State Exempt

Date
/ /

2 EXPENDITURES (Include mathematical corrections.)

Date of report	Vendor's name or description of correction	Amount reported	Corrected Amount	Difference (+ or -)
04/30/1998	National Bnk of Tukwila (A transfer from one Exempt Account to another.	200000.00	0.00	-200000.00
			Total corrections to expenditures Enter on line 15 of C4. Show + or (-).	-200000.00

CASH RECEIPTS AND EXPEN TURE

SCHEDULE A to C4 (11/93) MAR 1 0 1998

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

Washington State Republican Party State 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
02/02/1998	18250.00	02/11/1998	3500.00	02/26/1998	3500.00	
02/05/1998	10500.00	02/18/1998	500.00	02/26/1998	150000.00	
02/09/1998	250.00	02/19/1998	10000.00	02/27/1998	1750.00	

2. TOTAL CASH RECEIPTS — Enter also on line 2 of C4 198250.00

CODES FOR CLASSIFYING EXPENDITURES If one of the following codes is used to describe an expenditure, no other description is generally needed. The exeptions 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	0
02/06/1998	US Postmaster		Unitemized Fund Raiser Amount Stamps Legs Reception	112.00
02/06/1998	Washington Fund 4428 133rd Mukilteo, WA 98275-0000		Miscellaneous Repay Loan	10000.00
02/25/1998	Ramada Inn 621 S Capitol Way Olympia, WA 98501-0000		Unitemized Fund Raiser Amount Legs Reception	2074.41
02/26/1998	WSRP Federal		Miscellaneous Transfer	100000.00
02/27/1998	State Exempt Money Market National Bank of Tukwila		Monetary Contributions	200000.00

Total from attached pages 0.00

4. TOTAL CASH EXPENDITURES — Enter also on line 11 of C4 312186.41

PDC form C4A (11/93)

CODE DEFINITIONS ON REVERSE

SCHEDULE C
(Revised 3/80)

LOANS AMENDED

Page 4 of 4 for
LINE NUMBER 10
(Use separate schedules for each numbered line)

Name of Committee (in Full) Washington State Republican Party
Federal Committee FEC ID No C00031088

A. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
Washington State Republican Party State Exempt Account 16400 Southcenter Pkwy, #200 Seattle,WA Election: ☐ Primary ☐ General ☒ Other (specify):	365520.11	226000.00	139520.11

Terms: Date Incurred 10/18/97 Date Due _____ Interest Rate 0.000 % (apr) ☐ Secured

List All Endorsers or Guarantors (if any) to Item A

1. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: $		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: $		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: $		

B. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
National Bank of Tukwila 505 Industry Dr Tukwila, WA 98188 Election: ☐ Primary ☐ General ☒ Other (specify):	200000.00	-0-.	200000.00

Terms: Date Incurred 2/26/98 Date Due 9/30/98 Interest Rate 6.950 % (apr) ☒ Secured

List All Endorsers or Guarantors (if any) to Item B

1. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: $		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: $		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: $		

SUBTOTALS This Period This Page (optional)	339520.11
TOTALS This Period (last page in this line only)	339520.11

Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.

COACH SEARCH

Former Seattle player Paul Silas and former Phoenix coach Paul Westphal are reportedly among candidates for the Sonics job. **B1**

SATURDAY

Families open homes, hearts

Foster children find caring shelters from domestic dangers. **D1**

The Olympian

JUNE 6, 1998

SERVING WASHINGTON'S SOUTH PUGET SOUND

35 CENTS

Memo: GOP hid campaign spending

■ STATE PARTY: An ex-treasurer says a party official made false invoices to cover up spending.

By Peter Eichstaedt
The Olympian

OLY[illegible] — The former deputy [illegible]surer of the state Republican Party on Friday said top party officials knew of illegal campaign spending in 1996 and 1997 but did nothing about it.

The state Public Disclosure Commission has accused the party of using about $400,000 illegally during the 1996 election campaign. Party leaders blame irregularities on an antiquated record-keeping system they say made it hard to keep track of money.

But Roma Zubrod, a University Place resident who kept the GOP books for more than a year, said former GOP executive director Kelley Rogers and other party officials knew about illegal spending.

Zubrod produced party documents that appear to support her contentions, including one that says Rogers prepared fictitious invoices to help hide how 1996 campaign money really was used.

"Kelley Rogers knew what he was doing," Zubrod said, and so did the GOP executive committee. "That makes them accountable because they knew."

Rogers, state GOP Chairman Dale Foreman and the current executive director, Frank Bickford, could not be reached Friday. A source close to Foreman and Bickford who asked not to be named said they would not comment on the matter. But the source attempted to discredit Zubrod.

Zubrod acknowledged that she was fired by the party in April after offering to quit.

"I had participated in a major cover-up for Kelley Rogers," Zubrod said. "He had about $100,000 of bills that were never reported. I couldn't cover it up any more. ...

"I took this job thinking I was going into an honest situation. I began to ask a lot of questions. ... (GOP officials) want someone who does what they're told."

Last year, she said, she discovered falsified documents and unreported expenses for the 1996 elections that totaled nearly $100,000.

Most of the money in question is discussed in a memo dated Oct. 10, 1997, and written by GOP controller Jim Coates of Olympia.

See GOP / **A2**

GOP director stayed on party payroll

■ 1996: The party's lawyer says Kelley Rogers was not, as earlier maintained, fired quickly.

Olympian 6/13/98

By Bob Parilow
The Olympian

OLYMPIA — The state Republican Party kept its top staffer on the payroll for more than five months last year after learning he had covered up illegal campaign spending.

So acknowledged party GOP lawyer-spokesman Bill Glueck this week in response to charges by former party deputy treasurer Roma Zubrod.

Earlier, Glueck had countered Zubrod's allegations of a wider cover-up by top party officials by saying they acted quickly after learning of former executive director Kelley Rogers' alleged activities.

Glueck said the party replaced Rogers and reported all irregularities to the state Public Disclosure Commission. The PDC has accused the party of spending $400,000 illegally in the 1996 election campaign.

But Glueck on Thursday chose not to dispute Zubrod's chronology of Rogers' last several months with the party. It is as follows:

The allegations about Rogers, which include charges that he falsified documents to hide 1996 campaign expenses that the party failed to report, came to light about mid-June 1997. That's when Rogers submitted his resignation.

But he stayed on as executive director until his replacement, Frank Bickford took over Aug. 1. Then, Rogers became finance director for two months and continued to draw his $75,000-a-year salary. Then he was given a two-month, $1,000-a-month consulting contract.

Zubrod said the party had no ethical or financial grounds to keep Rogers on board at a time when it was struggling to stay solvent.

But Glueck insists that there were good reasons to keep Rogers on the payroll as finance director and give him the contract, even though the allegations against him involved financial improprieties.

"Kelley was kept on because he is a really good fund-raiser," Glueck said. "And there is a certain transition period that he was able to help with."

Rogers works for the National Federation of Independent Business in Washington, D.C. He has declined to comment.

Foreman and Bickford are speaking only through Glueck on matters related to alleged financial improprieties. The PDC has scheduled a hearing for June 22 on the charges it has brought.

Glueck has repeatedly called Zubrod a "disgruntled ex-employee" with a personal vendetta. Zubrod has called that charge "ridiculous."

Bob Parilow covers state government for The Olympian. He can be reached at 753-1688

GOP denies illegal spending

■ **REBUTTAL:** The state party's lawyer says a former deputy treasurer is "out for revenge."

The Olympian

OLYMPIA — The state Republican Party late Monday denied charges by a former staffer that its leaders covered up illegal campaign spending in 1996 and 1997.

Party lawyer Bill Glueck distributed a fax Monday night saying allegations Friday by Roma Zubrod, a University Place resident who kept the GOP books for more than a year, "are full of errors."

Glueck could not be reached for comment late Monday. State GOP chairman Dale Foreman and executive director Frank Bickford also remained unavailable for comment despite repeated phone calls that began Friday, when Zubrod leveled her charges.

"It is regrettable," Glueck's fax said, "that internal personnel matters have become news because a disgruntled ex-employee out of revenge is trying to create the impression that there was some impropriety that does not exist."

The state Public Disclosure Commission has accused the party of using $400,000 illegally during the 1996 election campaign. Party leaders blame irregularities on an antiquated record-keeping system they say made it hard to keep track of money.

The fax said the party notified the PDC as soon as it discovered some campaign finance reporting errors, replaced executive director Kelley Rogers and installed a computerized bookkeeping system.

Zubrod, the former deputy treasurer, left the party after she sought — and was refused — a "lucrative consulting contract," the fax said. Included with the fax was a memo from Zubrod that proposed she work part-time without benefits but contained no dollar figures.

Contacted Monday night, Zubrod stood behind her claim that Rogers and other party officials knew about illegal spending and that Rogers prepared fictitious invoices to help hide how 1996 campaign money was used.

She denied that she demanded a lucrative contract and repeated Friday's explanation that she left the party because she had been forced

GOP

From Page One

to participate in a cover-up.

"My only motive in coming forward was to let the donors to the state party know that, as treasurer, I tried to properly use their money and I was not allowed to do so," Zubrod said.

"My 'lucrative consulting contract' was telling them I would work part-time, without benefits, for two months to help upgrade their computer equipment," Zubrod said.

On Friday, Zubrod said that last year she discovered falsified documents and unreported expenses for the 1996 elections that totaled nearly $100,000.

Most of the money in question is discussed in a memo dated Oct. 10, 1997, and written by GOP controller Jim Coates of Olympia. In the memo, Coates informed Foreman and Bickford of $82,886 in 1996 campaign expenses that had gone unreported by Rogers, but were submitted as expenditures in 1997.

"Kelley (Rogers) was directing the payment against a debt he knew existed, but which had never appeared on the books," Coates wrote.

In the memo, Coates said Rogers had ordered Zubrod to write the checks as if they were for new projects, when in fact they were for old debts.

"Kelley directed payment to them and even prepared a fictitious purchase order indicating a new project," Coates wrote.

Zubrod said many of Rogers' questionable expenses were approved by Foreman.

Rogers could not be reached for comment Friday or Monday.

On Friday, Coates did not deny the substance of Zubrod's allegations, but declined to comment other than to suggest that Zubrod might have acted illegally by removing the documents from the GOP offices.

The PDC charges against the GOP involve the use of so-called "soft money" contributions that are not limited by law but can be used only for issues, and "hard money" donations, which are limited and can be used only for specific candidates. The GOP is accused of spending soft money on candidates and improperly reporting the source of that money.

Zubrod rejected the contention in Glueck's fax that the party had already reported the details of Zubrod's allegations to the PDC.

"When I met with the PDC," she said, "they didn't indicate at all they heard that Kelley had intentionally done all this."

PDC officials were not available for comment late Monday.

Hearings on the charges are to begin in Olympia on June 22.

Added Zubrod: "The more they attack my character, the more I'm going to tell."

Ex-GOP worker appeals to PDC

6/11 Olympian

■ **COMPLAINT:** An attorney for the GOP calls Roma Zubrod's new allegation "almost laughable."

By Bob Partlow
The Olympian

OLYMPIA — Former state Republican Party bookkeeper Roma Zubrod on Wednesday sent a formal complaint to the state Public Disclosure Commission, raising questions about party finances.

Zubrod, who has made a series of hotly disputed accusations against the party in the past week, also accused party Chairman Dale Foreman of using the party organization to run for governor in 2000.

Among the new financial irregularities she says she saw: Money that came into and out of a House Republican-related organization called the Speaker's Roundtable exceeded amounts allowed under state law.

Party attorney Bill Glueck said late Wednesday night that most of what Zubrod has alleged is already under investigation by the PDC. Glueck dismissed her assertion about Foreman's use of the party as a personal campaign machine as "almost laughable."

But he said the party is checking into the allegation about the Speaker's Roundtable.

Zubrod said the Speakers Roundtable, an adjunct of the state House Republican Organizing Committee, gave the party a $30,000 contribution in 1997.

That would have been illegal because the group is a political action committee and the amount exceeded PAC

See GOP / A2

GOP

From Page One

contribution limits, she said. The party turned around and wrote the same group a check for the same amount on the same day, she asserted.

Zubrod worked as the party's bookkeeper from February 1997 until April this year. She quit, saying the stress of covering up for party officials drove her out. She said she testified Friday under oath to the PDC and later that day went to the media with information.

The state party has been charged by the PDC with campaign finance violations dating to 1996, before current chairman Dale Foreman and executive director Frank Bickford took over. A hearing is set for June 22 on those allegations. The PDC says the party illegally accepted and spent more than $400,000 during the 1996 statewide election, funneling more money than was allowed to certain candidates.

Zubrod said the former executive director, Kelley Rogers, repeatedly manipulated the finances of the party. Once, she said, he falsified $82,000 in purchase orders in 1997 to cover debts from the 1996 campaign — actions party officials knew about and covered up.

Through Glueck, party leaders have denied the charges or offered explanations for them. For instance, they said that when they learned of Rogers' activities, he was replaced.

They also called Zubrod a "disgruntled ex-employee." Glueck has said she quit because she didn't get what he called a "lucrative consulting contract" — a part-time job with no medical benefits to upgrade the party's computer system and train a new bookkeeper.

Party officials also have said that much of what the PDC is investigating occurred before they, including Foreman, took over in early 1997.

Zubrod also alleged that Foreman, who ran for governor in 1996, put numerous members of his campaign on the party staff. Five of the current nine party employees, including Foreman, were either on his campaign or worked for the Madison Group, the political consultant for Foreman's 1996 campaign, Zubrod said.

"They talked about the campaign all the time," she said. She said Bickford often clipped out news stories about Democratic Gov. Gary Locke and his campaign contributions in preparation for the 2000 race.

"That's ridiculous," Bickford told the Associated Press. "This is all very sad. She will continue trying to get attention with nuisance complaints because she didn't get what she wanted."

"If (Foreman) is using the state party as a de facto campaign machine, that would be illegal," said PDC director Melissa Warheit. "Theoretically, if any party or PAC is set up to promote a candidate it has to be reported. You have to tell what money is being raised. You have to tell what it's being spent for. And (campaign finance) limits apply."

Foreman was accused of similar behavior in 1995-96. The PDC staff claimed he set up a group to get around restrictions on fund-raising while he was preparing his bid for governor.

However, by a 3-to-2 vote, the commission exonerated him.

Bob Partlow covers state government for The Olympian. He can be reached at 753-1688.

Report: GOP bosses knew of illegalities

Fired deputy treasurer says documents show leaders OK'd questionable payments

THE ASSOCIATED PRESS

OLYMPIA – State Republican Party officials knew about illegal campaign spending in 1996 and '97 but did nothing about it, a former GOP deputy treasurer says.

The state Public Disclosure Commission has accused the party of using $400,000 illegally during the 1996 election campaign.

Party leaders blame irregularities on an antiquated record-keeping system that they say made it hard to keep track of money.

But Roma Zubrod, a University Place resident who kept the GOP books for more than a year before she was fired in April, told The Olympian newspaper that former GOP executive director Kelley Rogers and other party officials knew about illegal spending.

Zubrod produced party documents that the newspaper said appear to support her contentions, including one that says Rogers prepared fictitious invoices to help hide how 1996 campaign money really was used.

"Kelley Rogers knew what he was doing," Zubrod said, as did the party's executive committee.

Rogers, state GOP Chairman Dale Foreman and the current executive director, Frank Bickford, couldn't be reached for comment Saturday. Efforts to reach the Republican Party's state committee were also unsuccessful.

Zubrod acknowledged that she was fired by the Republican Party in April after she offered to quit. "I had participated in a major cover-up for Kelley Rogers," she told The Olympian. "He had about $100,000 of bills that were never reported. I couldn't cover it up any more. ..."

Last year, she said, she discovered falsified documents and unreported expenses for the 1996 elections that totaled nearly $100,000.

According to The Olympian, most of the money in question is discussed in a memo dated Oct. 10, 1997, and written by GOP controller Jim Coates of Olympia.

In the memo, Coates informed Foreman and Bickford of $82,886 in 1996 campaign expenses that had gone unreported by Rogers, but were submitted as expenditures in 1997.

"Kelley was directing the payment against a debt he knew existed, but which had never appeared on the books," Coates wrote.

In the memo, Coates said Rogers had ordered Zubrod to write the checks as if they were for new projects, when in fact they were for old debts.

Coates on Friday said of Zubrod: "We have a disgruntled employee" who might have acted illegally by removing the documents from the GOP offices.

Republicans lash out at whistle-blower

6/10/98
Seattle PI

THE ASSOCIATED PRESS

OLYMPIA – The state Republican Party yesterday launched an attack on a former bookkeeper who has accused the GOP of illegally spending campaign money and covering it up.

The war of words between the GOP and its former employee, Roma Zubrod, offered a preview of hearings, tentatively scheduled to start June 22, at which the state Public Disclosure Commission will hear allegations that the party illegally spent more than $400,000 on its candidates in the 1996 campaign.

In sworn statements Friday, Zubrod said she told the commission that the party made illegal expenditures and tried to hide them from PDC auditors. She said she also gave the commission documents to support her assertions.

Among her allegations is a contention that the party's former executive director, Kelly Rogers, prepared fictitious invoices to help hide the ways that 1996 campaign funds were spent.

Rogers, now a lobbyist with the National Federation of Independent Businesses in Washington, D.C., declined comment through a secretary.

State Republican Party Chairman Dale Foreman and Executive Director Frank Bickford – neither of whom worked for the GOP when the alleged activities occurred – have declined to comment on Zubrod's contentions.

Zubrod stood her ground yesterday after Bill Glueck, a Seattle attorney representing the GOP, said Zubrod is falsely accusing the party to get revenge. After she was denied a "lucrative contract," Glueck said Zubrod "began circulating allegations of misconduct."

In a subsequent interview, Zubrod responded, "I am a disgruntled employee, or maybe disillusioned is a better word, because they treated me terribly.

"But that doesn't mean I'm lying, and I have the proof to show I'm not lying."

Zubrod denies ever seeking a lucrative contract.

"I left my job because of the way I was being treated," she said.

She said she resigned in April, rather than be fired. Party officials confirmed yesterday that she had resigned.

Glueck says Zubrod should have come forward last year if she had proof of wrongdoing by past officials of the state party.

"If she thought there was something crooked going on, she should have come forward much earlier. Disgruntled employees sometimes have true things to say, but this isn't one of them," he said.

Zubrod said she did not learn of the irregularities until fairly recently.

PDC Executive Director Melissa Warheit declined to comment when asked if Zubrod's information would strengthen her staff's case against the Republican Party.

"She did bring us new information, and we are looking at that now to decide really how that fits into our case," Warheit said.

Republican Party spokesmen have disputed the bulk of the PDC's charges, saying they are based on faulty interpretation of campaign finance law. They acknowledged some violations, blaming them on bad bookkeeping.

The PDC staff contends the party:

- Illegally used $236,000 in "soft money" to finance ads attacking Democrat Gary Locke, who was running for governor against Republican Ellen Craswell, and to finance state GOP legislative political action committees.
- Transferred $104,023 in soft money to its "federal account," and used the funds illegally to pay consultants for campaign work.
- Exceeded contribution limits to six legislative candidates by $37,000.
- Accepted contributions of $24,250 over legal limits from three organizations.

May 1997 - Kelley asked that all picnic expense items be posted to grassroots so the PDC would not see them. Mr. Coates was present, and I asked isn't this picnic legal? He said yes, he didn't know what Kelley's point was in doing this but do it.

May 5, 1997 - Kelley asks for a check to be given to him for $3000.00 made to him to pay Clowns Unlimited for the picnic. Also a $3500.00 to a David Galbreath for picnic cleanup after the event. I tried to phone a number that was a listing in the Seattle directory for a David Galbreath in order to get a social security number but never received an answer. When the 1099 was returned in March, 1998 I informed Mr. Coates. It was returned with no such address.

At the end of May Kelley asked for an advance of $700.00 for expense associated with county travel.

Kelley submitted invoices charged to his Visa for "Leadership Directories" which were reimbursed to him beginning Jan 23, 1997 when Joan was still employed. When he asked me to order these on the party's Visa, I did. I asked Kelley if they had arrived and he said he had to pick them up which I knew was wrong because I told them to deliver them to the party.

I began to be suspicious of several things and called Mr. Coates and told him that we needed to talk because I wasn't comfortable with the things going on.

Mr. Coates came in and looked at the orders to Leadership Directories, called them, and they stated they only had the one order that was placed by me.

He immediately informed John White, Legal Counsel and Dale Foreman, Chairman.

June 1997
Mr. Foreman phoned me and told me he had a trip planned to Europe for his 25th wedding anniversary and he would have to deal with Kelley when he returned. He said he would be sending a fax to me, Kathy Dawes, and Arlene Hilmer. This fax would state that any unusual expenditures would be authorized by Arlene Hilmer, Vice Chairman, while he was away from the country.

At this time Kelley began to tell everyone in the office that he was probably going to resign as the work was getting to be too much for him.

When Mr. Foreman returned approximately 3 weeks later, Mr. Rogers met with Mr. Foreman in his office right away. Then a meeting was held in Mr. Foreman's his office. Arlene Hilmer, Dale Foreman, Jim Coates, Roma Zubrod, and Kelley Rogers were present.

Mr. Foreman stated that Mr. Rogers had explained to him all of the misdirected payments to Leadership Directories. Mr. Rogers explained that he had been doing "lucrative list development" where he could not identify the vendors. I asked him at that time if he didn't understand that we were being audited by the PDC and that they were auditing and interviewing all of our vendors. He stated yes. I then asked him about the falsified contract with Clowns Unlimited where he had changed $6800 to $9800 to cover his $3000.00 check I had given him in May. He stated that this went to list development also.

- Item #1 - The first six were recorded by Mr. Rogers as purchases of Leadership Directories. The last was a falsified contract.

- 1/23/97 2499.
- 2/6/97 694.
- 4/25/97 665.
- 5/30/97 1399.
- 6/5/97 2544.
- 6/13/97 1600.
- 5/2/97 3000.

Mr. Rogers then told Mr. Coates that he could check his bank account if he wanted to. Mr. Coates replied that he knew no embezzler would take money and deposit it into his bank account.

Mr. Foreman then informed Mr. Rogers that Arlene Hilmer, Mr. Coates, and Roma Zubrod thought he might have a gambling problem. This was denied by Mr. Rogers.

The conclusion of this meeting ended with Mr. Foreman accepting Mr. Rogers explanation. Mr. Rogers resigned from the Executive Director position and become Finance Director. There would be a new Executive Director by August 1. There was no change in pay status for Mr. Rogers at this time.

We were told he would stay in this position until September 30, 1997.

August 1997
Mr. Bickford started on August 1, 1997. After the change in position status Mr. Rogers began telling everyone he was going to stay on working out of our office part time as a Fundraising Consultant.

It was also in August that I discovered that Mr. Rogers had been hiding 1996 debts. On August 21, when left in the office at the direction of Mr. Rogers to pay accounts payable, he had me pay several vendors for so called 1997 projects which turned out to be 1996 debts. This is recorded also in Mr. Coates memo to Mr. Foreman and Mr. Bickford in October.

On August 22, when Mr. Foreman realized that we had paid more in debts that he had directed, he came into the office and was angry with me. Jim Coates informed him that Mr. Rogers should not have even been there at all, at which time Mr. Foreman informed us that "I'm the boss". This was the reason that Mr. Coates did the October 10, 1997 memo.

September 1997

Item #2
We discovered that Mr. Rogers had ordered $6948.87 worth of office supplies from a company in Florida. This was for post it notes, staples, and tape. This was ordered in June and hidden from bookkeeping.

I was able to get them to accept $5500 for total payment for these in Feb, 1998.

Item #3
Sep 19 - Direct Impact informed me that Mr. Rogers had asked for a "political invoice" for an upcoming meeting with the board. See explanation in item #3.

After all of this was communicated to Mr. Foreman, Mr. Rogers was still stating that he was staying on with the party in a fundraising consulting position. Mr. Foreman was also publicly praising Mr. Rogers which confused me a lot.

I phoned Mr. Foreman in mid September and told him that I did not trust Mr. Rogers and I did not want him in the office any longer. I also told Mr. Coates this. Mr. Coates contacted Al Symington and Ron Carlson with his evidence and they made plans to bring this up at the September 20, 1997 meeting. I was told that Mr. Symington informed the Budget Committee of what had been discovered. Mr. Symington stated that Mr. Rogers should have been prosecuted.

Mr. Foreman was upset and verbally attacked Mr. Coates I was told by Mr. Carlson and Mr. Coates.

October 1997
Item # 4 - On October 3, 1997 I paid Mr. Rogers for 3 weeks of vacation and from that amount $3800 was deducted and $1425 for an advance for a trip that Mr. Rogers never took was deducted. He was told again by Mr. Foreman to produce invoices for his so called list development. They were never received.

There is a letter dated May 12, 1998 which outlines Mr. Bickford's problems. I also have another file which documents that Jill Johnson falsified invoices, etc. and the problems I had with her and what happened when I informed Mr. Foreman.

Item #5 - This is a letter to Mr. Foreman from Jim Coates

Roma Zubrod

June 13, 1998

I was told of 1995 discretions of Mr Rogers by Mr Coates —

FEC 1995 $5,000 paid to Doug Rogers (employee) list development

July 12. 1997

Dale Foreman, Chairman
Washington State Republican Party
16400 Southcenter Parkway, #200
Seattle, Washington 98188-3302

Dear Mr. Foreman:

In light of my recent internal audit findings, I am writing to communicate some of my concerns which have arisen over the past six months.

During the 1996 campaign, as you know, many of the controls and procedures long established at the party collapsed under the heavy volume of activity. Primarily this resulted from the fact that too much reliance was placed on the political director and executive director to monitor compliance with the required spending limits. Also, the bookkeeper was unable to keep pace with the activity which meant that the overspending was not even identified until it was too late to take any corrective actions.

After the campaign was over, and the failures had come to light, I expected that the controls and procedures which had previously worked could be reinstated. Roma was hired with the intention that our systems would be updated during 1997 to accommodate the greater volume of activity which is again anticipated in 1998.

However, the current executive director and staff have shown little interest in adhering to basic controls, and I believe the office atmosphere has sunk to a level of (un)professionalism which is unacceptable. It may seem irrelevant to consider staff dress, telephone courtesy, and missed appointments in an evaluation of accounting controls, but the failures in these areas seem to be a symptom of an overall lack of proper supervision over the staff.

As well as the items we have discussed there are other issues of accounting concerns I would like to make you aware of. I have included an attachment to this letter outlining those concerns.

The dress in the office on days when the chairman is not expected to be in the office is unprofessional. The staff, excluding Roma and Arlene, are made aware when the chairman is to be in the office. The creation of a professional atmosphere, including appropriate dress, in an office where members of the press and public may arrive at any time seems to me to be one of the basic principles of good business. Although I am in the office not more than two days a week, I have been aware of several incidents which lead me to the conclusion that the

staff is not being properly supervised. The political director has had meetings scheduled with county or district activists, changed plans, and not communicated the change to the activists. In two instances of which I was aware, the people involved called the office, or arrived at the office, only to find that Eric and Kelley would not be available to meet with them. Roma took these calls since she was the staff member in the office after normal hours (5pm).

Kelley does not like to have staff meetings although I have suggested the advisability and advantage of having them with him several times. My experience with the party over the years is that staff meetings, attended by the chairman and the controller as well as all of the staff, make the differentiation of duties clear, facilitate the communication of policies and procedures, ensure that all staff members are aware of the current calendar of events, and make the planning for and execution of major events much more thorough and efficient.

I have discussed many of these items with Roma and Arlene. They may have further comments, but I hope this letter provides you with the basic information needed to improve the operation of the party and make it much more positive and productive.

I would be pleased to discuss this letter with you at your soonest convenience.

Sincerely,

Jim Coates
Controller

encl.

1. In the past six months, Kelley Rogers has increasingly asked Roma to pay him in cash for expenses which should be paid directly out of the checkbook to vendors, or should be reimbursed on the standard employee reimbursement request form. I have repeatedly instructed Roma to obtain documentation supporting these payments, even to the point of having her prepare written memos clearly marked with "cc" to me. Kelley is always cooperative in attitude, but the needed documentation have not been provided. These payments included:

$3000.00 - Picnic expense

$1425.00 - Upcoming RNC meeting

2. The agreement with Jennifer Feeney by which she went from full-time employee to contract employee was generous. Under its terms, Jennifer was able to be paid for two weeks vacation, then get married and go on her honeymoon while being paid a full-time salary. Was this agreement undertaken with the knowledge and consent of the chairman? If not, it is clear that greater oversight needs to exist regarding entering the party into binding commitments.

3. Vacation and sick time are not being recorded for accrual purposes. Doug Roepke was paid for three weeks vacation, one week from 1996 and two weeks from 1997, upon his departure April 15. Vacation should be accrued monthly, not given at the beginning of each calendar year. There was no written notice of termination from the employee, a memo from Kelley was given to the bookkeeper on the last day this employee worked.

4. Staff salary raises have been communicated to Roma by Kelley, retroactive to January 1, 1997. It is not documented if you approved these raises, and the salary levels for some members of the staff have increased dramatically since last year. I have no problem with them as long as a written directive from the chairman to the bookkeeper is documented.

16400 Southcenter Pkwy, #200 * Seattle, WA 98188
Phone: 206-575-2900 FAX: 206-575-1730

#3

Washington State Republican Party
Dale Foreman, Chairman

Fax

To:	Dale Foreman, Chairman	**From:**	Jim Coates and Roma Zubrod
Fax:	509-662-9606	**Pages:**	3, including cover sheet
Phone:	509-662-9602	**Date:**	09/15/97
Re:	Direct Impact	**CC:**	

☐ **Urgent** **For Review** **Please Comment** XX **Please Reply** ☐ **Please Recycle**

• **Comments:**

Dale,

A letter arrived today from Direct Impact This is one of the vendors Kelley had Roma send a check to on the evening of Aug. 21, 1997. The purchase order prepared by Kelley for that check showed the purpose to be "Vote-97, GOTV calls - King Co."

However, their letter indicates that the $5,000 payment was applied to outstanding1996 invoices totaling $20,592.44. Interestingly, we have not recorded any such 1996 invoices on our books. Kelley was receiving accounts payable aging lists at least monthly throughout 1997, but never made note of the fact that he knew that Direct Impact was not on any of those lists. If he had been in regular contact with them as indicated by Mr. Hockaday of Direct Impact in the letter, it is hard to believe that he would never have noticed the omission from the accounts payable lists.

Upon further investigation we found that Eric Berger signed a promissory note on September 11, 1997, at Kelley's direction, which includes acknowledgement of the old outstanding balance.

We need to review all of this activity with you at your soonest convenience.

Jim and Roma

October 17, 1997

#3

Direct Impact
Attached is a promissory note signed by Eric Berger according to him at Kelley Rogers' direction. Also attached are the invoices, 1997 purchase order, and letter documenting the thank you to Kelley Rogers from this vendor.

This note was signed on September 11, 1997 when Kelley Rogers was no longer Executive Director. This is one of the vendors whom we owed money to for 1996 that was hidden from bookkeeping and a $5000.00 payment was made to for a new 1997 project which was applied to the 1996 account. This vendor also is the one who told me that on September 19, 1997 Mr. Rogers asked for a falsified invoice of 25,000.00 be sent to him on the fax for a meeting, "a political invoice". I informed this vendor that date to send this office the correct invoice. Jim Coates, Al Symington and later Dale Foreman were all given the memo documenting this conversation.

Roma Zubrod

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

PURCHASE ORDER

PO 4037

Date 8/21/97

TO: Direct Impact

Address

City State Zip

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	GOTV Calls - King Co			$5,000.00

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: Vote 97

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

Check number:

Requested by: TK

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

Approved by: WSRP Executive Director

White copy — accounting Yellow copy — division staff file

DIRECT IMPACT

Direct Impact
Consulting Services
[illegible]
[illegible]
[illegible] Rock Street
Suite 400
Alexandria, Virginia
[illegible]
703 684-[illegible]
Fax
703 684-[illegible]

September 5, 1997

Kelley Roger
Executive Director
Washington State Republican Party
16400 Southcenter Parkway
Suite 200
Seattle, Washington 98188

Dear Kelly:

Thanks so much for the check towards the outstanding balance due from the "Get out the Vote" work we conducted last fall on behalf of the Washington State Republican Party. I know that you have many bills to pay and fundraising is tight, but I greatly appreciate your making payment against the outstanding debt. And as I have indicated in previous conversations, we will be glad to carry the outstanding balance while you are still undertaking your fundraising efforts.

For your records, I have attached an updated statement of your account, reflecting your payment and the current balance due.

Again, many thanks for the initial payment. If you have any questions, or if I can provide additional information, please give me a call.

Sincerely yours,

Tom

Tom Hockaday
Senior Vice President

DIRECT IMPACT

INVOICE

Direct Impact
Marketing Services
L.L.C.

1029
North Royal Street
Suite 400
Alexandria, Virginia
22314

703/684-1245
Fax
703/684-1249

November 7, 1996

Washington State Republican Party
16400 South Center Parkway # 200
Seattle, WA 98111

Attn: Kelley Rogers

Invoice # DIMS 961042

DESCRIPTION	Qty	Unit Price	Total
Absentee Ballots	51,333	0.46	23,613.18
GOTV calls	128,281	0.46	59,009.26
Less: Payment received on invoice # 961032			(65,780.00)
BALANCE DUE			$ 16,842.44

DIRECT IMPACT

INVOICE

Direct Impact
Marketing Services,
L.L.C.

1029
North Royal Street
Suite 400
Alexandria, Virginia
22314

703/684-1245
Fax
703/684-1249

November 7, 1996

Washington State Republican Party
16400 South Center Parkway # 200
Seattle, WA 98111

Attn: Brian Curb

Invoice # DIMS 961040A

Re: Doc Hastings

GOTV calls	3,750.00
TOTAL THIS INVOICE	**$ 3,750.00**

Washington, DC
•
Sacramento

PROMISSORY NOTE

$ 17,594.40 Date: September 11, 1997

For value received, the undersigned WASHINGTON STATE REPUBLICAN PARTY ("the Promisor") promises to pay to the order of DIRECT IMPACT MARKETING SERVICES, LLC, (the "Payee"), at 1029 NORTH ROYAL ST. #400, ALEXANDRIA, VIRGINIA 22314, (or at such other place as the Payee may designate in writing) the sum of $ 17,594.40 with no interest.

Unpaid principal after the Due Date shown below shall accrue interest at a rate of 18.00 % annually until paid.

The unpaid principal shall be payable in full on September 17, 1997 (the "Due Date").

All payments on this Note shall be applied first in payment of accrued interest and any remainder in payment of principal.

Promisor acknowledges that a balance of $15,592.44 remains outstanding from November 1996 and is due in addition to the above amounts. 2 0,592-44

If any payment obligation under this Note is not paid when due, the Promisor promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events of default occur, this Note and any other obligations of the Promisor to the Payee, shall become due immediately, without demand or notice:

1) the failure of the Promisor to pay the principal and any accrued interest in full on or before the Due Date;

2) the death of the Promisor(s) or Payee(s);

3) the filing of bankruptcy proceedings involving the Promisor as a Debtor;

4) the application for appointment of a receiver for the Promisor;

5) the making of a general assignment for the benefit of the Promisor's creditors;

6) the insolvency of the Promisor; or

7) the misrepresentation by the Promisor to the Payee for the purpose of obtaining or extending credit.

If any one or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Promisor waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Payee under this Note, or assignment by Payee of this Note shall affect the liability of the Promisor. All rights of the Payee under this Note are cumulative and may be exercised concurrently or consecutively at the Payee's option.

This Note shall be construed in accordance with the laws of the State of VIRGINIA.

Signed this 11 day of September, 19[illegible], at _____

First Promisor
WASHINGTON STATE REPUBLICAN PARTY

By: [signature] (Political Director)
KELLEY ROGERS, EXECUTIVE DIRECTOR
WASHINGTON STATE REPUBLICAN PARTY

This means that the bill will be paid at that time.

THE DIRECT IMPACT COMPANY
1029 North Royal St. # 400
Alexandria, Va 22314

F A X C O V E R S H E E T

DATE:	September 15, 1997	TIME:	6:19 PM
TO:	Roma Zubrod Jim Coats	PHONE: FAX:	 206-575-1730
FROM:	Nicki Brintzenhofe	PHONE: FAX:	703-684-1245 703-684-1249
RE:			

Number of pages including cover sheet: 7

Message

Per your request – outstanding invoices

Promissory note

Letter of agreement

DIRECT IMPACT

INVOICE

Direct Impact
Marketing Services
INC.

1029
North Royal Street
Suite 400
Alexandria, Virginia
22314

703/684-1245
Fax
703/684-1249

November 7, 1996

Washington State Republican Party
16400 South Center Parkway # 200
Seattle, WA 98111

Attn: Kelley Rogers

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Less: Payment received on invoice # 961032			(65,780.00)
BALANCE DUE			$ 16,842.44

Washington DC
Baltimore

DIRECT IMPACT

INVOICE

Direct Impact
Marketing Services,
L.L.C.

1225
North Royal Street
Suite 400
Alexandria, Virginia
22314

703/684-1245
Fax
703/684-1249

November 7, 1996

Washington State Republican Party
16400 South Center Parkway # 200
Seattle, WA 98111

Attn: Brian Curb

Invoice # DIMS 961040

Re: Doc Hastings

GOTV calls	3,750.00
TOTAL THIS INVOICE	$ 3,750.00

Date: September 10, 1997

To: Eric Berger

From: Tom Hockaday

Re: Washington State Republican Party "Get Out The Vote" Program

Direct Impact Marketing Services (DIMS) appreciates the opportunity to present the Washington State Republican Party (WSRP) with this memorandum of agreement for conducting "Get Out The Vote" (GOTV) calls for the September 16, 1997 primary election.

Seattle Area Calling Program

As we understand, you would like calls to be placed to a universe of 48,875 numbers. Of this universe, 20,610 require an absentee ballot script, and 28,265 require a straight GOTV call that will send voters to the polls.

Calling times will be as follows: Friday, September 12, from 9:00 A.M. to 9:00 P.M.; Saturday, September 13, from 10:00 A.M. to 8:30 P.M.; Sunday, September 14, from noon to 8:00 P.M.; and Monday, September 15, from 9:00 A.M. to 9:00 P.M. All times are PST. We will attempt to reach each number a minimum of three times.

Based on 1996 results and our understanding that we will be using a recent file, we estimate that 75 percent of the universe will result in completed calls. For absentee ballots calls, we will complete 15,457 calls from the universe of 20,610 records. Of these calls, 7,729 will be completed on Friday, September 12, 1997, and 7,728 on Saturday, September 13, 1997. We will complete 21,198 GOTV calls for poll voters out of a universe of 28,265. For poll voters, 8,500 calls will be completed on Sunday, September 14, 1997, and 12,698 on Monday, September 15, 1997. The breakout by day will be as close as possible to the estimates provided.

Below are the current drafts of scripts that you have provided. The scripts may be altered, as long as each remains below 30 seconds.

Straight GOTV Script

"Hello, Mr./Mrs. _____. This is _____ calling on behalf of your Republican Party.

"I'm just calling to remind you to vote Republican in the election this Tuesday, September 16".

"With the election on Tuesday, every vote is going to make a tremendous difference in our effort to cap government spending and provide safe communities for our families. Thank you and be sure to vote on Tuesday."

Absentee Ballot Script

"Hello, Mr./Mrs. _____ This is _____ calling on behalf of your local Republican Party.

"I'm just calling to remind you to vote Republican and return your absentee ballot today.

"With the election this Tuesday, every vote is going to make a tremendous difference in our effort to cap government spending and provide safe communities for our families. Thank you and remember to mail your absentee ballot today."

For the purposes of pricing, a completed call is defined as one in which any adult member of the household listens to the script or a message is left on an answering machine.

Price Per Completed Call $0.48

These fees do not include miscellaneous out-of pocket expenses, such as overnight mail, which will be billed separately at cost.

Program Fee.....$17,594.40

This fee represents 36,655 completes at $0.48 each. Before calls can begin, we will need all funds in house, delivered by check or wired funds. We will not make any calls beyond those you have authorized, and prorated payment will be refunded for call levels below the targeted budgets. All wire payments should be directed to Direct Impact Marketing Services, Account Franklin National Bank, 1421 Prince Street, Alexandria, VA. 22314, ABA#054001547.

Agreement

Please indicate your agreement with the terms set forth herein by executing two (2) copies of this document in the space provided below and returning both copies to us. One (1) executed copy will be returned to WSRP.

Direct Impact Marketing Services, L.L.C.	Agreed and accepted on behalf of the Washington State Republican Party
By: Tom Hockaday Date	By: Date

PROMISSORY NOTE

$ 17,594.40 Date: September 11, 1997

For value received, the undersigned WASHINGTON STATE REPUBLICAN PARTY ("the Promisor") promises to pay to the order of DIRECT IMPACT MARKETING SERVICES, LLC, (the "Payee"), at 1029 NORTH ROYAL ST. #400, ALEXANDRIA, VIRGINIA 22314, (or at such other place as the Payee may designate in writing) the sum of $ 17,594.40 with no interest.

Unpaid principal after the Due Date shown below shall accrue interest at a rate of 18.00 % annually until paid.

The unpaid principal shall be payable in full on September 17, 1997 (the "Due Date").

All payments on this Note shall be applied first in payment of accrued interest and any remainder in payment of principal.

Promisor acknowledges that a balance of $15,592.44 remains outstanding from November 1996 and is due in addition to the above amounts.

If any payment obligation under this Note is not paid when due, the Promisor promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events of default occur, this Note and any other obligations of the Promisor to the Payee, shall become due immediately, without demand or notice:

1) the failure of the Promisor to pay the principal and any accrued interest in full on or before the Due Date;

2) the death of the Promisor(s) or Payee(s);

3) the filing of bankruptcy proceedings involving the Promisor as a Debtor;

4) the application for appointment of a receiver for the Promisor;

5) the making of a general assignment for the benefit of the Promisor's creditors;

6) the insolvency of the Promisor; or

7) the misrepresentation by the Promisor to the Payee for the purpose of obtaining or extending credit.

If any one or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Promisor waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Payee under this Note, or assignment by Payee of this Note shall affect the liability of the Promisor. All rights of the Payee under this Note are cumulative and may be exercised concurrently or consecutively at the Payee's option.

This Note shall be construed in accordance with the laws of the State of VIRGINIA.

Signed this 11 day of September 19 [illegible], at _____,

First Promisor
WASHINGTON STATE REPUBLICAN PARTY

By: [signature] (Political Director)
KELLEY ROGERS, EXECUTIVE DIRECTOR
WASHINGTON STATE REPUBLICAN PARTY

Memo

To: Dale Foreman and Frank Bickford

From: Jim Coates

Date: October 10, 1997

Re: Unrecorded accounts payable

This week we discovered another $25,000 in invoices that had not previously been recorded. The invoice was from Public Opinion Strategies for $25,000 and was issued in January 1997 for the commissioning of a survey poll at that time. The existence of this debt helped me to more clearly understand exactly what happened on the night of August 21, 1997 when Kelley Rogers requested that Roma send checks to a number of vendors in addition to paying approximately $50,000 to vendors on the aged payable listing.

Among the vendors Kelley had Roma send checks to were Direct Impact and Public Opinion Strategies. Both of these vendors had performed services for the party in 1996 and in January 1997 (Public Opinion Strategies), but neither vendor was listed on the accounts payable aging. In both cases Kelley instructed Roma to write checks, ostensibly as advance payment on new projects (copies of the purchase orders are attached). In fact, he was making payments on old outstanding obligations that he knew existed.

At least twice each month in 1997 Roma prepared aged payables lists for Kelley to use in deciding which outstanding invoices to pay. Based on the correspondence received from Direct Impact, Kelley was aware of the obligation, discussed payment more than once with the vendor, but never noticed that it was not on the aged payables. It appears that the same was true for Public Opinion Strategies because Kelley directed payment to them and even prepared a fictitious purchase order indicating a new project. In fact, Kelley was directing the payment against a debt he knew existed, but which had never appeared on the books.

By keeping the existence of these obligations from the bookkeeper, Kelley was able to make the party's financial position appear to be $45,592 better than it actually was throughout 1997. In addition, Kelley represented that obligations shown on the statements of The Madison Group ($24,000) and Polis Political ($13,294) were not correct, thus keeping those amounts off the books as well. Kelley had made very strong statements to the Executive Board and State Committee that the debts would all be paid off by the time of the Organizational Meeting at the end of January.

In fact, even though the party had raised record amounts of money in the first eight months of the year, the debts had not been paid off. The previously prepared list of 1996 expenses not recorded in 1996 consisted of fairly small amounts for several vendors that certainly could have been honest oversights due to the volume of activity involved.

However, the above items were for significant amounts, involved only a few vendors, and clearly should have been identified in the Executive Director's review of the aged accounts payable. A summary of the amounts follows:

Direct Impact (GOTV-96)	$20,592
Public Opinion Strategies (Jan-97 survey)	25,000
The Madison Group (1996 consulting)	24,000*
Polis Political (1996 consulting)	13,294
	$82,886

*$14,000 of this amount is still in dispute. Thus, the total that appears to have been improperly omitted from the books is $68,886.

Copies are attached of the fictitious purchase orders prepared on August 21, and the letter received from Direct Impact mentioning previous conversations with Kelley.

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

PURCHASE ORDER

PO 4036

Date 8/21/97

TO: Public Opinion Strategies

Address

City State Zip

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	97 Leg Survey Perception			$ 7500.00

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: Survey Research 97

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

Check number:

Requested by:

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

Approved by: WSRP Executive Director

White copy — accounting Yellow copy — division staff file

PUBLIC OPINION STRATEGIES

INVOICE

FOR PROFESSIONAL SERVICES

January 10, 1997

Mr. Kelley Rogers
Washington State Republican Party
16400 Southcenter Pkwy, Suite 200
Seattle, WA 98188

Project: 2XG 97008 Washington State

Invoice: 5440

Description: For a survey of 500 voters in the state of Washington, plus an oversample of 130 voters in King County (for a total of 300 King County voters) conducted on January 8-9, 1997.

Amount Due: $25,000.00

Please make check payable to: **PUBLIC OPINION STRATEGIES, L.P.**
EIN # 54-1586480

Please include invoice number with your payment.
Thank you very much for your attention to this matter.

PUBLIC OPINION STRATEGIES, LP
1033 North Fairfax Street • Suite 120 • Alexandria, VA 22314 • (703) 836-7655 • FAX: 703-836-8117
E-MAIL: info@pos.org • Web Site: www.pos.org

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

PURCHASE ORDER

PO 4037

Date 8/21/97

TO: Direct Impact

Address

City State Zip

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	GOTV Calls - King Co.			$ 5,000.00

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: Vote 97

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

Check number:

Requested by: TK

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

Approved by: WSRP Executive Director

White copy — accounting Yellow copy — division staff file

DIRECT IMPACT

[illegible]
Suite [illegible]
Alexandria [illegible]
[illegible]
[illegible]
Fax
[illegible]

September 5, 1997

Kelley Roger
Executive Director
Washington State Republican Party
16400 Southcenter Parkway
Suite 200
Seattle, Washington 98188

Dear Kelly:

Thanks so much for the check towards the outstanding balance due from the "Get out the Vote" work we conducted last fall on behalf of the Washington State Repuplican Party. I know that you have many bills to pay and fundraising is tight, but I greatly appreciate your making payment against the outstanding debt. And as I have indicated in previous conversations, we will be glad to carry the outstanding balance while you are still undertaking your fundraising efforts.

For your records, I have attached an updated statement of your account, reflecting your payment and the current balance due.

Again, many thanks for the initial payment. If you have any questions, or if I can provide additional information, please give me a call.

Sincerely yours,

Tom

Tom Hockaday
Senior Vice President

DIRECT IMPACT

Direct Impact
Fundraising Services
[illegible]

1629
North Royal Street
Suite 400
Alexandria, Virginia
22314

703 684-1045
Fax
703 684-1049

STATEMENT

September 5, 1997

Washington State Republican Party
16400 South Center Parkway # 200
Seattle, WA 98111

WASHINGTON STATE REPUBLICAN PARTY

DATE OF INVOICE	OUR INVOICE NUMBER	INVOICE AMOUNT
11/7//97	961040	3,750.00
11/7//97	961042	16,842.44
Less: Amount received August 25, 1997		(5,000.00)
BALANCE DUE AS OF SEPTEMBER 5, 1997		**$ 15,592.44**

#4

Washington State Republican Party

Memo

To: Dale Foreman, Chairman

From: Roma Zubrod, Bookkeeping

CC: Jim Coates, *Controller*

Date: September 18, 1997

Re: Kelley Rogers, Vacation

Dale,

Per Kelley he has five weeks vacation due upon termination. One week from 1995, two weeks from 1996, and two weeks from 1997. Kelley took two weeks vacation in August and asks that the three weeks be paid upon his ending date of September 30, 1997.

Please see the attached page from the employee manual regarding vacation.

Thanks,

Roma

Bookkeeper, Deputy Treasurer

MEMO

Washington State Republican Party

To: Accounting

From: Chairman and Executive Director

Date: August 1, 1997

RE: Salaries for 1997 Staff

The following staff positions and salaries are in accordance with the WSRP Guidelines and are authorized by the Chairman.

Frank Bickford	Executive Director	65,000	
		10,000	End of year bonus if budget met
Kelley Rogers	Finance Director	75,000	
Eric Berger	Political Director	36,000	
Jill Johnson	Finance Events/Cty Svcs Coord	32,000	
Brian Jones	Communications Director	30,000	
Katherine Dawes	Administrative Assistant	13.00/Hour	
Scott Wyatt	County Services Tech Advisor	28,000	
Matt Pilla	Computer Programmer/Analyst	33,000	
Jeff Rogers	Political Assistant	22,000	will be terminating on 8/15/97
Nancy Horejsi	Satellite Office Secretary	24,000	
Roma Zubrod	Bookkeeping	20.00/hour	
Dale Foreman	Chairman	63,000.	
		12,000	End of year bonus if budget met

Dale Foreman

Dale Foreman, Chairman

Frank Bickford, Executive Director

MEMO

Washington State Republican Party

To: Accounting

From: Chairman and Executive Director

Date: April 15, 1997

RE: Salaries for 1997 Staff

The following staff positions and salaries are in accordance with the WSRP Guidelines and are authorized per review at the spring meeting.

Retroactive to January 1, 1997 Kelley Rogers and Eric Berger.

Kelley Rogers	Executive Director	75,000
Eric Berger	Political Director	36,000
Jill Johnson	Finance Director/Cty Svcs Coord	32,000
Brian Jones	*Communications Director*	*30,000*
Jennifer Feeney	Events Director	30,000
Doug Roepke	Computer Services	36,000
Katherine Dawes	Administrative Assistant	13.00/Hour
Scott Wyatt	Grassroots Advisor	28,000
Jeff Rogers	Political Assistant	22,000
Sharon Davis	Receptionist	23,000
Nancy Horejsi	*Satellite Office Secretary*	24,000
Roma Zubrod	Bookkeeping	20.00/hour
Dale Foreman	Chairman	63,000.
		12,000 End of year bonus if budget met

Dale Foreman

Dale Foreman, Chairman

Kelley Rogers, Executive Director

event, however, shall more than one year's vacation allowance be carried forward. Employees are not allowed to take pay in lieu of vacation time.

If a scheduled holiday falls within a vacation period, it will not count as part of the vacation allowance and an extra day off will be granted in its place.

You may receive in advance the paycheck which would ordinarily have been paid during your vacation leave. Arrangements for such advance payment must be made at least one week before the vacation leave with Accounting.

No payment for accrued and unused vacation benefits will be made in case of termination of employment for cause by the WSRP.

Holidays

Any employee working at least 1,600 hours per year is eligible for paid holidays.

Employees may not elect financial compensation in lieu of taking time off for a holiday. If an exempt employee is requested to work on a holiday, an alternate day off will be allowed in lieu of taking the holiday. If a non-exempt employee is requested to work on a holiday, he/she will be paid at the rate of one and one-half the regular rate.

The following paid holidays will be observed:

New Year's Day
President's Day
Memorial Day
Independence Day
Labor Day
Veterans Day
Thanksgiving Day
Christmas Day

If a holiday falls on a weekend, the holiday will be observed in accordance with the official federal observation of the holiday.

Sick Leave

Full-time exempt employees working at least 1,600 hours per year may earn one sick leave day per month until such time as they have accrued 10 days. New employees are eligible to use sick leave at the completion of the introductory period.

When sick leave days are used, the employee may again begin accruing one day per month. The maximum allowable sick leave is ten days for all employees.

Sick days are not considered additional vacation time. Misuse of sick leave days is grounds for termination. Sick leave is a benefit solely to assist employees during employment, and will not be paid at termination. Sick leave may be used for personal illness or injury, illness or injury of a minor child that requires treatment or supervision, or temporary disability (e.g. associated with pregnancy).

Non-exempt and temporary employees are not eligible for sick leave.

October 17, 1997

Attached is a copy of the memo from Kelley Rogers, signed by Mr. Dale Foreman, authorizing payment of vacation.

The amounts deducted from his pay are listed on this memo.

October 3, 1997

MEMORNADUM TO: Roma Zubrod

FROM: Kelley Rogers

SUBJECT: My Vacation Pay

I have one week of vacation from 1995 and two weeks in 1996. Our consistent policy is to pay employees for unused vacation pay at the end of their employment, at their current rate, when their employment as a full time worker at the WSRP ends. This policy has been used in every instance since 1995 and several times in 1997 as a full time employee departs.

You will need to prepare my vacation pay check for 3 weeks at my current rate of $75,000 per year.

I will expect to pick up the check October 3rd by 3:00pm.

Authorized:

Dale Foreman, Chairman Date 10/3/97

3 weeks 4687.50
- 3225.00
1462.50

Total Due Accounting Services:	$3800.00
Advance Expense:	1425.00
Total:	$5225.00
Deductions Payroll:	-2000.00
Deduction vacation check. 10/3/97:	-3225.00
	0

#1

October 17, 1997

Attached are purchase orders which were written in October of this year to correct falsified invoices that had been given by Kelley Rogers to bookkeeping.

Under Dale Foreman and Jim Coates direction I changed the postings of these falsified purchases of directories to a company called Leadership Directories which were reimbursed to Mr. Rogers who said they were charged to his Visa, to the category of list development.

Mr. Rogers was instructed in July by Mr. Coates to produce invoices after Mr. Foreman instructed bookkeeping to redirect these postings according to Kelley Rogers statements that he was doing lucrative list development and falsified invoices to Clowns Unlimited and Leadership Directories. Arlene Hilmer, Jim Coates, Dale Foreman, and Roma Zubrod were present in the office at this time.

Mr. Rogers was instructed on October 3, 1997 to produce invoices for these Purchase orders, Mr. Foreman was present at this desk signing these purchase orders when this was done.

Two of these reimbursements were recorded on Mr. Rogers's expense reports, which are now missing from the files.

Roma Zubrod

11/95 Mr Rogers was subsequently paid $1000.00 in October and $1000.00 in November for so-called Fundraising Consulting? at Frank Bickford's direction - per ~~Dale~~ Foreman? If Dale really authorized or not??

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

PURCHASE ORDER

PO 4145

Date [illegible]

TO: [illegible]
Address [illegible]
City _____ State _____ Zip _____

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	[illegible]			[illegible]

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: _____

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

Approved by: _____ 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 4146

Date [illegible]

TO: [illegible]
Address
City State Zip

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	[illegible]			[illegible]

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: _____

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

Approved by: _____ 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 4148

Date 4/25/97

TO: _____

Address _____

City _____ State _____ Zip _____

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	[illegible]			665.00

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: _____

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

Approved by: _____ 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 4151

Date 5/2/97

TO: [illegible]

Address

City State Zip

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	[illegible]			300.00

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: _____

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

Approved by: _____ 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 4149

Date 5/30/92

TO: [illegible]

Address

City State Zip

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	[illegible]			1399.00

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: _____

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

Approved by: [illegible] 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 4150

Date [illegible]

TO: [illegible]
Address
City State Zip

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	[illegible]			[illegible]

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: _____

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

Approved by: [illegible] 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 4147

Date 5/13/97

TO: Kelley

Address

City State Zip

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	Ad Tab			1600.00

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: _____

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

Approved by: _____ WSRP Executive Director

White copy — accounting Yellow copy — division staff file

May 14, 1998

Washington State Republican Party
Ron Carlson, National Committeeman
Gretchen Horton, National Committeewoman
Arlene Hilmer, Vice-Chairman
James E. Coates, CPA, Controller
Beth Jensen, State Committeewoman, Pierce County & Executive Board Member
Klaus Snyder, State Committeeman Pierce County

RE: Change in policy, adherence to bylaws, Compliance & Computer upgrades
Proposed Solutions to current compliance and employee problems

Dear Board Members:

As I have previously spoken to all of you regarding the recent issue of my employment with the WSRP as Bookkeeper/Deputy Treasurer and the problems encountered in the past three months, the following are my suggestions submitted for serious consideration.

1. The WSRP Bylaws should be followed, reference Article 5-4 State Treasurer
The person in the role of Deputy Treasurer must be given some authority to be sure that the receipts, expenditures, and reporting requirements are strictly adhered to. During the time that I was Deputy Treasurer and from what I can determine from the testimony of Joan Bedlington, former Bookkeeper/Deputy Treasurer and James Coates, Controller in the PDC testimony this was not practiced before. The statement I refer to from Mr. Coates is that Joan only knew after the fact of any transaction being placed. Most of the time it has been true in my position that I have questioned all of these as I thought it was my responsibility and duty since I signed the reports and verified their validity.
3. The second statement in the first paragraph should be changed to read: This Controller will be appointed by the Executive Committee (Chairman, Vice-Chairman, National Committeeman, and National Committeewoman) and/or Executive Board, ratified by the Executive Board if appointed by the Executive Committee, and report directly to the Executive Committee or Executive Board. Due to the past two years experience of dealing with the problems encountered by the Controller this is a change that must take place immediately to assure appropriate financial security of the party.
4. The Bookkeeper/Deputy Treasurer position should be accountable to the Controller and Executive Committee and not be under the jurisdiction of the Executive Director.

My experience while trying to learn this complex job when the Executive Director was deliberately lying to me and withholding information was extremely difficult. The problems of being harrassed by Jill Johnson were also unnecessary if she had been corrected the first time. I did my job honestly and reported to Mr. Coates and Mr. Foreman all of the problems. On two occasions I was verbally reprimanded by Mr. Foreman for something other employees did. I would hope that no employee of this party is ever treated this way again, but I am afraid with my experience with Mr. Bickford this will not be the case.

Thank you,

Roma Zubrod

Roma Zubrod

May 12, 1998

Washington State Republican Party Executive Board Members

Dear Board Members:

I am writing this letter to inform you of the serious misuse of the party's funds and management problems that I encountered during my employment from February, 1997 thru April, 1998. In discussing this with Ron Carlson, National Committeeman, he encouraged me to share this information with you. I shared with Mr. Coates, the controller in October, 1997 and several times after that that I did not feel Mr. Bickford understood the concept of the federal dollar problem and that his spending of those donor dollars was irresponsible. The following is a list of the problems:

- I requested that the office door locks be changed per Mr. Symington after Kelley Rogers left employment with the party.
- Mr. Bickford would not authorize the changing of the locks even though Mr. Coates and I told him it was very important to do so. We asked for approximately three weeks, he finally agreed. I had also asked Mr. Bickford to have Mr. Rogers return his key, he did not. ***The party discovered in late February or early March that our main contributors list had been stolen and apparently given away or sold. I was told probably in October.***

- Mr. Bickford mentioned to me in January that he was going to ask Mr. Foreman about a car allowance, I informed him that this was a policy decision of the board and a budget item and that Mr. Foreman could not just give him an auto allowance.
- ***On March 9, 1998 Mr. Bickford falsified an official purchase order of the party for his personal rental car.*** He had Kathy Dawes do the check and sign it with him that morning. He knew that he was not allowed an auto allowance. A copy of this falsified purchase order will be with Mr. Carlson at the meeting.
- ***There are many other questionable expense items to include personal airport parking charges on his expense reports for times he went home to Alaska, a $609 phone equipment reimbursement, cell phone bills, and many expensive meals with staff members, and lounge charges.***
- The policy for expense reimbursement is to submit them on the day before paydays, the 15th and 30th of each month. Mr. Bickford brought in expense reports almost every other day to me or Kathy and asked for a check and had us cash it at the bank for him. This made it more difficult to examine these thoroughly.
- ***Since Mr. Foreman is not in the office, the reports are then left on his desk and he authorizes them after the checks have been paid.***
- In early February, 1998 an expense was submitted by Matt Pilla, Communications Director, for a dinner charge on 1/23/98 for Matt, Pam McCormick, Events Director, and Frank Bickford. When I realized the date and place was the same as the date of the State Committee meeting at the Bellevue Hilton, Mr. Bickford authorized this. The meeting ended before dinner. This is the only time that a dinner expense for employees living within driving distance of a meeting was ever reimbursed by me.
- It was at the time in early February that I began to question Mr. Bickford regarding expenses and had to say no to disbursing a check (when Mr. Coates had told me not to), that I sensed his attitude towards me change.

- Mr. Bickford asked for his paycheck to be advanced on 8/28/97, this was one day early. I tried to reach Mr. Foreman by phone and he was not able to be reached. Mr. Coates was in the office that day and I asked him.. He told me to go ahead and do it. When Mr. Foreman contacted me the next day, I informed him that this was the reason I called and that Mr. Coates had instructed me to go ahead. ***I was not told at that time not to advance payroll again***. Mr. Bickford asked for his paycheck to be advanced again on 9/08/97 which was one week early. There were other times when paychecks were issued one day or more early.
- In November 1997, Mr. Bickford left to go to Alaska before the office closed for the Thanksgiving break on November 16, 1997. He asked for his paycheck to be advanced and wired early. I did this. On November 26, 1997 we did not have enough money to meet payroll. Mr. Foreman informed me to hold his check and Mr. Bickfords. I informed him that Frank already had his on 11/24. Mr. Foreman commented that this was two days early. ***He did not inform me at this time not to advance paychecks early to Mr. Bickford.***
- Mr. Bickford's paycheck was wired to his bank on 2/13/98, he left for Alaska on Thursday 2/12. On 2/17/98 he returned and told me to wire his next check to his bank. On 3/24/98, I was home sick and Mr. Bickford called and had me wire his check one week early to his bank.

- In September, 1997 a Federal Election Commission Seminar was held in Seattle. Mr. Foreman directed me, Mr. Coates, and Mr. Bickford to attend. The $175 registration fee was paid for Mr. Bickford. The seminar consisted of Weds afternoon, Thursday all day, and Friday morning. Mr. Bickford showed up on Friday morning, picked up his registration packet, came into the welcome room, his cell phone rang, and he then disappeared. He never attended one session of the seminar that was paid for. He had been scheduled out of the office for the entire seminar.

- In early September I noticed that I was not receiving my contribution receipt reports on a timely basis to submit to the PDC. I went to ask Scott Wyatt to get them done, he said he did not have time. I asked an intern who told us he was doing a project for Eric. I then asked Matt Pilla, Computer Programmer at that time, and he said he did not do data entry. Mr. Coates was there.
- I told Mr. Bickford of this problem. He said he was trying to get a receptionist hired to back the data entry person up. On September 17, 1997 I sent a fax to Al Symington and Jim Coates informing them of this problem. I went to Mr. Bickford every day for more than a month telling him these had to be done. Finally in mid October when the pre-general C4 was due, Mr. Coates told me I would have to do these by hand. I told him I would not do them by hand. On October 13 I faxed a memo to Dale Foreman informing him of this problem and a problem encountered with fellow employee Jill Johnson. Mr. Foreman called the office and spoke to Arlene Hilmer and Scott Wyatt and the reports were finished that day. I also later told Mr. White that they were filed late.

- I informed Mr. Coates of some of these problems in January with Mr. Bickford and again in April of 1998 I told him that I was not emotionally up to dealing with Mr. Foreman and he would have to present this information to him. I told him that if this problem with Mr. Bickford was dealt with in the same way as the problems with Kelley Rogers and Jill Johnson last year I would not be able to survive it. I never intentionally covered anything, but at the time I was physically and emotionally exhausted from the year before and became even more stressed with my personal problems.

- In January, 1998 I discovered that Mr. Bickford had taken $60 from the petty cash fund, which Kathy keeps, in October, he had left IOUs. I added this amount to his bill for shipping.

- I was told by Mr. Foreman and Mr. Coates last year to begin keeping track of vacation and sick time. There was to be no comp time. However, Mr. Bickford has been allowed to take one week vacation before his first six months and has taken at least 10 days by April 15th of this year when he is not entitled to two more weeks of vacation until August 1, 1998. I told Mr. Coates that there was no use in keeping track of vacation usage if favoritism would be shown anyway.

- Mr. Carlson also gave Mr. Foreman a list of policy changes he felt were needed after his internal audit. One of these was the competitive bidding process. The Madison Group was contracted with in April of 1997 and continued until September of 1997 to do major donor fundraising at $3000/mo plus expenses. Mr. Kelley Rogers was also paid in October and November $1000/mo to do major donor fundraising. We did not meet the budget and most of the year money was very tight. Now the Madison Group has the contract to do all of our direct mail fundraising.

- When Mr. Foreman was informed of these indiscretions he had Mr. Bickford inform me to deduct these from his paycheck. I asked Jim Coates, Controller and my supervisor if I had falsified a purchase order for my car payment and he caught me a month later, would he just take it out of my paycheck or fire me. He answered that I would be fired. I agree 100 percent and am at a loss to understand why it is not as serious a matter when an Executive Director does the same thing.

- ***This is the second time I have watched these things happen, first with Kelley Rogers and now with Frank Bickford.***

Lastly, I want to apologize to the Board for the last two months of my employment. My performance was not up to standards. My husband of 25 years left in mid February and started a painful divorce, my oldest brother who was like my father (since my father died before I was born) became ill again in mid March and died in April. At the same time I was discovering the misuse of funds by Mr. Bickford. I was also being pressured by Mr. Bickford. This stress aggravated my juvenile diabetic condition extremely. On March 6, 1998 if Mr. Coates had informed me that Joan Bedlington would come in and help, I would have taken a week or two off and worked part-time until some of my personal stress was better.

I resigned my position on April 17, 1998 when Mr. Bickford informed me to deduct these amounts from his next check because I felt I could not deal with a dishonest Executive Director again. I had changed my mind after speaking directly with Mr. Foreman, but through a misunderstanding was asked to leave on Tuesday, April 28, 1998. I was very hurt and upset at first, but now I am thankful that Mr. Bickford and Mr. Foreman decided to do this. I was compromising my beliefs and principles as I will not stand by and continue to cover for the blatant misuse of the party's funds.

I am asking you to institute policy changes to ensure that this does not continue to happen. I have spoken to and given suggestions to your Executive Committee (Dale Foreman, Ron Carlson, Gretchen Horton, Arlene Hilmer, Al Symington, and Jim Coates).

Respectfully,

Roma L. Zubrod
Former Bookkeeper/Deputy Treasurer

CERTIFICATION OF RECORDS

I CERTIFY THAT I HAVE REVIEWED THE ORIGINALS OF THE DOCUMENTS ATTACHED HERETO AS COPIES.

I FURTHER CERTIFY THAT THE ATTACHED DOCUMENTS ARE TRUE AND CORRECT COPIES OF THE ORIGINALS.

CERTIFIED BY THE UNDERSIGNED NOTARY PUBLIC THIS 7th DAY OF **MAY, 1998.**

KLAUS O. SNYDER. Notary Public in and for the State of Washington. residing at **Puyallup.**
My Comm. Expires: **10-10-98.**

EXPENSE REPORT

Employee: FRANK BICKFORD
Department: E.D.
Month: 8/26/97

Date	Description	Miles	Lodging	Meals	Other	Total
8/12	Lunch w/ Flynn & MARTIN			46.69		46.69
8/18	Parking	45.00				45.00
8/19	Parking	4 —				4 —
8/15	Lunch w/ Eric B.			65.82		65.82
8/17	Dinner Kelly - Jill			79.73		79.73
8/20	Park	3.50				3.50
8/20	Lunch w/ BRIAN			22.07		22.07
8/21	[illegible] Gas	13.96				13.96

Kim Martin
Marvin Flynn

SALE

$41.69

46.69

U.S. BANK

$45.60

GOP
ERIC
Benge

SALE

$57.

TOTAL 65.8

PORT OF SEATTLE

TICKET NO. 24957194
CASHIER 0031 . SC 00914

TIME	8/19/97	9:27 AM
ARRIVED	8/19/97	9:14 AM
PARKING		$ 4.00
AMOUNT TENDERED		$ 4.00
CHANGE		$ 0.00

Brian

SEAFIRST

SALES DRAFT

BARNABY'S RESTAURANT
1401 WEST VALLEY RD
TUKWILA, WA 98138
#01

Merchant: 0000007362220010001
Date: 08/20/97 11:29
Acct:
F BICKFORD
Exp: 12/99 Batch: 184 Draft:
Card type: AMEX Trans: 1364

AMOUNT $19.07
TIP: 3 —
TOTAL: 22.07

I agree to pay above total amount according to card issuer agreement.

APPROVAL: 054995

TELE: ____ CLERK: 72

YOUR COPY-MERCHANT BETTER COPY-CUSTOMER

Texaco
1439 Auburn Way
Auburn, WA

Invoice # 0342899
Date 08/21/97
Time 18:15PM
Auth # 00086140

TEXACO Acct #

ANN E BICKFORD

Pump	Gallons	Pri
05	9.766	$1.4

Product	Amou
Power Plus	$13.

Total Sale $13.

Thank You For
Shopping Star Mar
Please Come Back
Again!!

T4 (S)

I LOVE SUSHI
11016 NE 8TH STREET
BELLEVUE, WA 98005

TERMINAL I.D.: 20AUG97
MERCHANT #:

SALE
ENTRY MODE: INVOICE: 00[illegible]
DATE AND TIME: TIME: [illegible]
[illegible] AUTH #: [illegible]

[illegible] $71.73
TIP: 8.—
TOTAL 79.73

I AGREE TO PAY ABOVE TOTAL AMOUNT
ACCORDING TO CARD ISSUER AGREEMENT
(MERCHANT AGREEMENT IF CREDIT VOUCHER)

SIGNATURE

MERCHANT COPY / CARDHOLDER COPY

CERTIFICATION OF RECORDS

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CERTIFIED BY THE UNDERSIGNED NOTARY PUBLIC THIS 7th DAY OF **MAY, 1998.**

KLAUS O. SNYDER, Notary Public in and for the State of Washington, residing at **Puyallup.**
My Comm. Expires: **10-10-98.**

Employee: Bickford

Department:

Month: 1/13/98

Date	Description	Miles	Lodging	Meals	Other	Total
1-5-98	PKING					122.0

WASHINGTON STATE REPUBLICAN PARTY

Parking 122

1/13/98 13941 Frank Bickford $12

1394

PRODUCT 3000 SHK WITH 3000 SU-0-VUE ENVELOPE. HEBEL, INC. GROTON, MA 01471. TO REORDER PHONE TOLL FREE 1 800-225-9550. F

	Totals					122.0

Signature: _____

Dale Foreman, Chairman

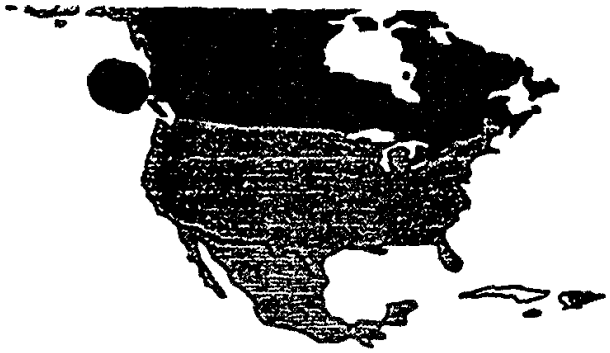
Frank Bickford, Executive Director

NO

Employee: Bickford

Department:

Month: 1/13/98



Date	Description	Miles	Lodging	Meals	Other	Total
1-5-98	PARING					122.0

WASHINGTON STATE REPUBLICAN PARTY

Parking 122

1/13/98 13941 Frank Bickford $1

PRODUCT 6000 USE WITH 6000 SU-A-PAE ENVELOPE. HEBEL, INC. GROTON, MA 01471. TO REORDER PHONE TOLL FREE 1 800-225-9550. F

139

	Totals					122.

Signature: _____

Dale Foreman, Chairman

Frank Bickford, Executive Director

NO

DOUBLETREE
HOTELS · GUEST SUITES

[illegible] STRANDER BOULEVARD
SEATTLE, WA [illegible]
(206) 246-8201
RESERVATIONS (800) 222-TREE

[illegible], FRANK
LEISURE GUEST
[illegible] TURNAGAIN PKWY
ANCHORAGE AK [illegible]

ROOM NUMBER - 107
DAILY RATE - 89.00
ROOM TYPE - XKN
NUMBER OF GUESTS - 1

ARRIVAL	DEPARTURE	MKT GROUP		ACCOUN
3/11/97	3/13/97	IE	- PRE CHECK-OUT FOLIO -	60[illegible]

DATE	ROOM NO.	DESCRIPTION	REFERENCE	AMOUNT
3/11	107	2600 DOUBLE TREE / ROOM SERV	87[illegible]42 F.C.E 15:42	32.32
3/11	107	0001 LOCAL PHONE	17:41 E	.75
3/11	107	0003 VIDEO SERVICES	0021 18:22 MOVIE-E	3.95
3/11	107	0003 VIDEO SERVICES	0042 21:32 MOVIE-E	3.95
3/10	107	1101 ROOM		89.00
3/10	107	1110 ROOM TAX		10.68
3/11	107	2600 DOUBLE TREE / ROOM SERV	872000 F.C.E 07:08	7.35
3/11	107	0001 LOCAL PHONE	13:05 F	.75
3/11	107	9901 CREDIT CARD PAYMENT	VAX1299	151.13-
3/11	107	0004 LAUNDRY	45 LAUNDRY CHARGE	19.00
3/11	107	0003 VIDEO SERVICES	0013 21:32 MOVIE-1	3.95
3/11	107	0003 VIDEO SERVICES	0019 21:47 MOVIE-1	3.95
3/11	107	0102 LONG DISTANCE	22:29 E	[illegible]
3/11	107	1101 ROOM		89.00
3/11	107	1110 ROOM TAX		10.68
3/11	107	2600 DOUBLE TREE ROOM SERV	87322 F.C.E 19:02	41.45

THANK YOU FOR CHOOSING DOUBLETREE HOTELS SEATTLE. HOPE TO SEE YOU AGAIN SOON.

1-800-222-TREE

TERMS: DUE AND PAYABLE UPON PRESENTATION.
I AGREE THAT MY LIABILITY FOR THIS BILL IS NOT WAIVED AND I AGREE TO BE HELD PERSONALLY LIABLE IN THE EVENT THAT THE INDICATED PERSON, COMPANY OR ASSOCIATION FAILS TO PAY FOR ANY PART OR THE FULL AMOUNT OF THESE CHARGES.

TOTAL DUE
[illegible]
157.12

CERTIFICATION OF RECORDS

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I FURTHER CERTIFY THAT THE ATTACHED DOCUMENTS ARE TRUE AND CORRECT COPIES OF THE ORIGINALS.

CERTIFIED BY THE UNDERSIGNED NOTARY PUBLIC THIS 7th DAY OF **MAY, 1998.**

KLAUS O. SNYDER. Notary Public in and for
the State of Washington, residing at **Puyallup.**
My Comm. Expires: **10-10-98.**

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

PURCHASE ORDER

PO 4307

Date 3/9/98

TO: Honda Auto Center of Bellevue
Address 13271 SE 36th ST
City Bellevue State WA Zip 98006

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	Auto Rental			504.99

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: Frank Bickford

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

Approved by: _____ WSRP Executive Director

White copy — accounting Yellow copy — division staff file

No, 9

WASHINGTON STATE REPUBLICAN PARTY 14124

Honda Auto Center of Bellevue $504.99
Auto Rental / Frank Bickford
P. O. #4307 3/9/98

Honda Auto Center of Bellevue $504.99

WASHINGTON STATE REPUBLICAN PARTY
FEDERAL ACCOUNT
16400 SOUTHCENTER PARKWAY #200
SEATTLE, WASHINGTON 98188

NATIONAL BANK OF TUKWILA
505 INDUSTRY DRIVE P.O. BOX 58690
TUKWILA, WASHINGTON 98188

14124

19-798/1250 CHECK NO.

March 9, 1998 DATE $504.99 AMOUNT

Five Hundred Four and 99/100 Dollars

PAY TO THE ORDER OF
Honda Auto Center of Bellevue
13291 S.E. 36th Street
Bellevue, WA 98006

QUALIFIED AS A MULTI-CANDIDATE COMMITTEE

Katherine Hawes

AUTHORIZED SIGNATURE

WASHINGTON STATE REPUBLICAN PARTY

Honda Auto Center of Bellevue $504.99
Auto Rental / Frank Bickford
P. O. #4307 3/9/98

HONDA AUTO CENTER OF BELLEVUE

INTRACOT NO. 9[illegible]4

RENTAL DEPARTMENT
[illegible] 60TH STREET, BELLEVUE WA 98[illegible] 1328 425-643-3770

CONTRACT NO. [illegible] RENTAL UNIT: 977015 LICENSE NO. WA 987HTF

RENTED: 02/13/98 14:17
RETURN: 03/07/98 14:54
MI. OUT: [illegible]
MI.DUT: [illegible]
DRIVEN: [illegible]

RENTER: BIRKFORD,FRANK [illegible]
[illegible] PARKWAY
ANCHORAGE, AK 99517
[illegible]

DRIVER: BIRKFORD,FRANK [illegible]
[illegible] PARKWAY
ANCHORAGE, AK 99517

[illegible]
[illegible] DRIVE
[illegible]

FINAL CHARGES	RATE * HOURS *
2*R2*27.00/DAY.....	$81.00
3*R3*170.00/WK.....	$510.00
SALES TAX *8.500000%.....	$50.83
TOTAL AMOUNT DUE	$641.83

VEHICLE CONDITION

RIGHT FRONT FENDER/FENDER	OUT	IN	RIGHT REAR DOOR/FENDER	OUT	IN
LEFT FRONT DOOR/FENDER	OUT	IN	LEFT REAR DOOR/FENDER	OUT	IN
GLASS	OUT	IN	GLASS	OUT	IN
HOOD/TRUNK	OUT	IN	HOOD/TRUNK	OUT	IN
WHEEL COVERS			INTERIOR		

Check By:

[illegible]

* DISCOUNT *

3 DAYS @ 20 = 60
3 WKS @ 135 = 405
TAX = 39.99
$ 504.99

WASHINGTON STATE REPUBLICAN PARTY

DALE FOREMAN • CHAIRMAN

FACSIMILE TRANSMITTAL SHEET

TO Roma 4/17/98

FAX

FROM FB

DATE

TOTAL PAGES (including this sheet) 1

COMMENTS/INSTRUCTIONS Please deduct camp College bar tab from my next check as well as my recent ~~[illegible]~~ Honda rental. Thank you, FB

? 4/2 Roomcharge only

Washington State Republican Party fax: (206) 575-1730
In case of problem with transmission, call: (206) 575-2900

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16400 SOUTHCENTER PARKWAY, SUITE 200 • SEATTLE, WASHINGTON 98188

Washington State Republican Party

206 525 2219

Memo

To: WSRP Executive Board Members
WSRP State Committee Members

From: Frank Bickford, Executive Director

Date: 06/09/98

Re: Ex-Employee Accusations

You may have read recently in the Daily Olympian and other papers that ex-WSRP employee Roma Zubrod is attacking the party for allegedly mishandling funds.

Here is some background information you should be aware of:

- The Daily Olympian's story contains errors and omissions of facts. For instance, Peter Eichstaedt, the reporter who covered the story, wrote that the WSRP did nothing after committing illegal campaign spending. This is not true – when we realized the error in 1996, we fulfilled our obligations and paid our bills. The party openly disclosed its knowledge of the mistake. Second, the story states that Zubrod was fired. This is totally false, as evidenced by our posession of her formal letter of resignation. This type of story, without any regard for facts, is an example of tabloid journalism.

- Roma Zubrod is simply a disgruntled ex-employee.

- She resigned voluntarily from the state party, and became vindictive when she was denied a lucrative consulting contract. She only made allegations against the party after she was turned down because of poor work performance.

- She committed a host of serious errors – including losing bills, not paying bills, double-paying bills and a $2 million "typo" that raised the attention of some reporters. Her performance was such that she could not be considered for the consulting contract.

- Zubrod's contention that the current executive director continues the pattern of questionable spending is inaccurate because the items in question were reviewed as a personnel matter and were found to be without merit.

- Interestingly, in her proposal to earn the party consulting contract, she did not criticize the party's operations, and even went so far as to thank the executive director and chairman for their understanding of problems in her personal life.

- Compliance is something we take very seriously. It is unfortunate when an internal employee issue tarnishes our very good record of proactive, full and public disclosure of accounting errors. Because of the public nature of our organization, these internal issues end up in the press quite easily.

- Why is the WSRP attorney serving as the party spokesman on this issue? First, this is a matter involving employment issues, and therefore, statements from our attorney are appropriate. Second, Zubrod may have obtained documents illegally from the WSRP. Her activities may be actionable.

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	)	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.

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;

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

IT IS ALLEGED as follows:

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