

Federal Elections Commission  
Office of Complaints Examination and Legal Administration  
1050 First Street, NE  
Washington, DC 20463  
Attention Kathryn Ross, Paralegal

**Ref: MUR# 7574**

Dear Ms. Ross,

I received notice of a complaint filed with your office on March 15. I have prepared the following response for your review.

I am the treasurer of the Santa Barbara County Republican Party and have acted in that capacity for a number of years. I am not compensated for my work and serve voluntarily at the pleasure of the SBGOP. I act as a member of the Executive Committee and am active in the general business of the local party committee. I retain and store the financial records of previous year's activities of the committee.

Pursuant to a decision of the Executive Committee of the Santa Barbara County Republican Party (SBGOP), the party contracted with Gandrud Financial Services Corporation to serve as a professional employer organization in order to reduce the cost of workers compensation insurance and the cost of payroll processing. Gandrud Financial Services Corporation (GFS) paid the employees and billed SBGOP for the exact cost of wages, payroll taxes, and insurance. The party paid GFS for those exact costs and nothing more. Additionally, there were some minimal expenses paid to Gregory Gandrud to reimburse him for party expenses that he had charged to his personal credit card.

There was no misappropriation, co-mingling, or misclassification. All campaign finance regulations were followed and all required reports were filed. Treasurer reports detailing all transactions were presented at every meeting of the Executive Committee and Central Committee of the SBGOP.

All campaign finance regulations were followed. Federal Form 3X and California Form 460 were filed which properly detailed all payments to GFS and to Gregory Gandrud and to others as required by state or federal regulations. Treasurer reports detailing all transactions were presented at every meeting of the Executive Committee and Central Committee of the SBGOP.

Since early 2016, Political Finance Solutions(PFS) has prepared and submitted each of the California Form 460 and F.E.C. Form 3X reports for monthly or semi-annual submission based on data supplied by myself. PFS at no time instructed or suggested that I discontinue the practice of dealing with GFS. Witness Dale Francisco who served as local party committee chairman did not instruct, or suggest to me that the practice of dealing with GFS should be discontinued.

The federal forms 2678, 8566, and 940 that Valerie Watson alleges were required to be filed by SBGOP were, I am told, not required to be filed.

Valerie Watson is a very disgruntled former employee. She filed two actions against us with the California Division of Labor Standards Enforcement and twice had her case dismissed.

I declare under penalty of perjury under the laws of the State of California that the forgoing is true and correct to the best of my knowledge and belief.

Ronald Hurd

Treasurer of Santa Barbara County Republican Party

March 20, 2019