

The Finance Committee of the King County Democrats has reviewed financial information, PDC filings, meeting minutes and other information from 2017. We find that the chair, Bailey Stober, has spent outside approved expenditures, including violating the following bylaws:

- Sections 10.4 and 11.4. The bylaws require that all contributions made to candidates be made by majority vote of the executive board, including the amounts and candidates, after seven days notice has been given.
- Sections 10.1, 10.3 and 10.6. The bylaws require that reimbursement for expenses must be made with written authorization of the board, with only small amounts not given as part of the budget approved by the Leadership Council.

This has happened when he:

1. Made most financial contributions to candidates and political committees in 2017 in violation of bylaws sections 10.4 and 11.4 requiring contributions to be made only with majority vote of the board approving the amounts and candidates, after giving seven days notice of said vote;
2. Made contributions to an unendorsed candidate outside King County without approval or notice to the board in violation of bylaw section 11.4;
3. Exceeded the budget for candidate contributions by \$10,135, spending \$30,135 in total in 2017 against an approved budget of \$20,000, without votes by the board to increase spending;
4. Made contributions to candidates in violation of bylaws even after private objections from members that the spending was inappropriate, never informing the board fully of the contribution expenditures;
5. Rented office space with a monthly rent of \$1800, 2.25 times that approved by the board, without approval or clearly communicating the excess cost, and putting the organization at significant risk, in total spending \$2950 more than was budgeted for 2017; Agreed to a lease through December 2018, putting mandatory expenditures on the organization of \$21,600 in 2018;
6. Renovated the office space without budgetary authority or vote from the board with excess spending in the amount of \$2723;
7. Exceeded budgetary authority in spending on utilities for the office by authorizing services totalling more than \$500/month against a budget of \$250/month;
8. Exceeded the budgetary authority for office supplies by spending \$4,982.42 more than budgeted for 2017, without requesting additional spending authority from the body or justifying such high spending;
9. Spent \$7,094.04 in excess of the budget for travel intended for attending state party meetings, instead going to many meetings and events around the state unrelated to the business of electing Democrats in King County;
10. Spent money outside of budget on meals, accommodations, mileage, parking and entertainment in a way that brings disrepute to the organization such as renting a house on Vashon Island for a leadership retreat in which the officers and committee chairs only

attended for one day but which was rented for three during which the chair posted on public social media his use of organization money for what appeared to be unprofessional and non-business socializing;

11. Mislead the body on the effectiveness of fundraising including telling the body at the June meeting that the Salmon Bake had raised \$17,100 when according to financial data it only raised \$8436;
12. Mislead other progressive organizations in the region by exaggerating the ability of the King County Democrats to raise money including telling LD organizations that the county party raised \$167,000 in seven months when that had not occurred;
13. Mislead the organization by claiming we met or exceeded fundraising expectations during the year, when in reality we failed to meet the budget plan for fundraising by around \$18,000.

Throughout 2017, the chair was informed that the spending was inappropriate by multiple parties, including the treasurer, other members of the finance committee as well as board members, both in meetings and privately. Despite this, he continued to spend beyond the budget both in terms of the type of spending and total amounts permitted. The currently documented spending outside the budget in 2017 amounts to nearly \$25,000. The original budget called for \$106,547.96 in total expenses, amended to include \$3,375 for the salmon bake, \$57,000/year for staff (hired in late August for actual intended budget spend of around \$19,000), \$7,000 for officers insurance, and \$3,877 for furniture. Thus the excess expenditures are nearly 20% of all expenditure approved by the board. While the total money spent is similar to the total budget approved, fundraising was about \$18,000 lower than planned for the year, so much of this money was not prudent to spend even if it had been authorized.

While the Finance Committee acknowledges that the organization is “all volunteer” (except for part of the year our paid executive director) and thus not every expenditure will be perfectly made per the bylaws, the degree and consistency of the chair spending beyond our means, resisting correction and avoiding full transparency, demonstrates a lack of due care for the financial security and reputation of the organization. Given this, the Finance Committee believes it is appropriate for the body to call for a meeting of the full KCDCC for the purposes of removing the chair pursuant to section 5.9.

Signed,

Nancy Podschwit, Treasurer
Andrew Everett
Tara Gallagher
Steve Kasner
Rachael Ludwick

March 12, 2018