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The following documents the claims made in detail in the Finance Committee [Call for Removal](#). If you are reading a PDF copy, it was generated on March 12, 2018.

Information Sources

- The regular PDC website, including C3s and C4s.
- A full ORCA dump of the organizations expenses and revenues in 2017 as exported by Nancy Podschwit, the treasurer.
- The adopted [2017 budget](#) as posted by the secretary to the website. Note that this was the final version before adoption. At the March meeting and then later throughout the year, minor amendments were made to add expenditures including:
 - \$3,375 for the salmon bake (Amendment made as part of adoption of budget at March meeting)
 - \$57,000/year for staff. The staff member was hired in late August for a pro-rated budget spend of around \$19,000. (Amendment made at June meeting)
 - \$7,000 for officers insurance. (Amendment made at June meeting).
 - \$3,877 for furniture (Amendment made at July meeting).
- The “budget vs actuals” report from the treasurer which was provided in paper form to the full body at both the January and February meeting.
- The draft meeting minutes as posted by the secretary. Few if any amendments were made to minutes throughout the year. They are linked below
- Statements from the following individuals: Andrew Everett and Tara Gallagher.
- Emails and text message conversations provided by Nancy.

We are maintaining a copy of all original sources which we intend to have available at meetings, except for direct PDC data like C3s and C4 which is hosted by the State of Washington.

KCDCC Executive Board Meeting Minutes:

<https://s.kcdems.org/eb/meetings/min-eb-2018-01.html>
<https://s.kcdems.org/eb/meetings/min-eb-2017-11.html>
<https://s.kcdems.org/eb/meetings/min-eb-2017-10.html>
<https://s.kcdems.org/eb/meetings/min-eb-2017-09.html>
<https://s.kcdems.org/eb/meetings/min-eb-2017-08.pdf> (can't find html)
<https://s.kcdems.org/eb/meetings/min-eb-2017-07.html>
<https://s.kcdems.org/eb/meetings/min-eb-2017-06.html>
<https://s.kcdems.org/eb/meetings/min-eb-2017-05.html>
<https://s.kcdems.org/eb/meetings/min-eb-2017-04.html>
<https://s.kcdems.org/eb/meetings/min-eb-2017-03.html>
<https://s.kcdems.org/eb/meetings/min-eb-2017-02.html>
<https://s.kcdems.org/eb/meetings/min-eb-2017-01.html>

The PDF versions of these are saved to Google Drive.

A verbal Treasurer's Report is not noted in the minutes in the following months: January, February, March (but budget discussed at these), May, June, July (chair asked for budget amendment), August, September (fundraising in chair's report), and November. The Treasurer provided printed financial updates at all meetings at the credentials table.

Claims

1. Most Candidate Contributions Made in Violation of Bylaws

This is a full list of candidate contributions as extracted from the ORCA dump:

NAME	AMOUNT	DATE	DESCRIPTION	category
BAILEY STOBER	70.00	6/21/17	south king county democrats	contribution
BAILEY STOBER	75.00	8/21/17	34th Id garden party	contribution
BAILEY STOBER	15.00	9/20/17	snohomish county dems	contribution
BAILEY STOBER	150.00	10/19/17	Kristin Reeves event sponsorship	contribution
CITIZENS TO ELECT JOHN MURPHY	1,500.00	10/16/17	contribution	contribution

COMMITTEE TO ELECT MICHELLE RYLAND	5,000.00	8/1/17	political contribution	contribution
COMMITTEE TO ELECT MICHELLE RYLAND	5,000.00	10/16/17	political contribution	contribution
ELECT NATE LOWRY	2,500.00	7/25/17	political contribution	contribution
FRIENDS OF MANKA	3,000.00	10/16/17	contribution	contribution
FRIENDS OF KRYSTAL MARX	1,000.00	11/14/17	contribution from fund raiser	contribution
FRIENDS OF MANKA	5,000.00	7/25/17	contribution to candidate	contribution
JESSEE JOHNSON	1,000.00	10/16/17	contribution	contribution
JIMMY MATTA FOR BURIEN	1,000.00	11/8/17	check for candidate	contribution
LEAGUE OF WOMEN VOTERS	250.00	3/17/17	annual contribution	contribution
PATTY KUDERER	2,500.00	7/25/17	contribution to campaign	contribution
PEDRO OLGUEIN FOR BURIEN	1,000.00	11/9/17	from Burien fundraiser	contribution
SUTHERLAND FOR WASHINGTON	75.00	11/20/17	contribution 11/22/17	contribution
ZACHARY DEWOLF	1,000.00	10/16/17	contribution	contribution

None appear to have a specific vote noted in the meeting minutes for the year. Tara Gallagher specifically emailed the chair and other officers on October 12, 2017 challenging contributions made outside of the bylaws. Numerous candidate contributions were made after this. Further, Tara and Bailey agreed that he would apologize to the board at the November meeting. While contributions were briefly discussed during executive session in the November meeting, the chair did not explicitly discuss the full list of candidates or the amounts, nor did it appear to be an apology.

Note that in previous years candidate contributions were voted on by the board. For example in the [October 2016 minutes](#) it is noted:

The teleconference Executive Board meeting on Sunday, October 16 approved campaign contributions of up to \$5000 to Mark Mullet and up to \$20,000 to Jason

Ritchie, dependent on funds received. A motion to raise limit to Jason Ritchie by an additional \$2,500 **PASSED** (29-4).

This demonstrates that in previous years, the executive board called for special meetings in order to approve candidate contributions in a timely fashion. Additionally, at the [November 2016 meeting](#), the current chair challenged the previous chair on media expenditures that seemed to support a particular candidate, with Tara Gallagher in concurrence that these should have been voted on by the board as a candidate contribution. The body decided to allow it and instructed the Platform & Rules Committee to propose updates to the bylaws for greater flexibility (no such rule changes were made).

2. Contribution to Unendorsed Candidate Outside King County

A \$75.00 contribution was made to “Sutherland for Washington” on 11/20/2017. According to the [candidate C1 on record with the PDC](#), filed 11/21/2017, Matthew Sutherland is running in LD9 in Eastern Washington. The chair visited eastern Washington in November. No mention of this contribution was made at the November meeting. The candidate was not endorsed by the body.

3. Exceeded Approved Budget for Candidate Contributions

The adopted budget allowed \$20,000 in direct support to candidate and campaign committees. According to the “budget vs actuals” spreadsheet, we spent \$30,135.

4. Made Contributions in Violations of Bylaws After Reminders

No candidate contributions appear to have had a specific vote noted in the meeting minutes for the year. Tara Gallagher specifically emailed the chair and other officers on October 12, 2017 challenging contributions made outside of the bylaws. Numerous candidate contributions were made after this email. Further, Tara reports that:

“I met with only Bailey in November; he said he would bring up to the body that he had improperly made these contributions (maintaining that he did not violate the bylaws). At the next meeting he went into executive session to discuss the budget, which is weird, and mumbled something about the contributions when it would not show up in the minutes.”

The other members of the finance committee in attendance at this meeting agree that contributions were briefly mentioned during executive session in the November meeting, but that the chair did not explicitly discuss the full list of candidates or the amounts, nor did it appear to be an apology.

5. Office Space Rent Exceeded Budget Without Clear Communication

The board budgeted \$800/month for rent. A lease was signed in May 2017 for \$1800/month with some months partly refunded to allow time for renovations. The board was not asked about this increase in cost before the lease was signed and the minutes do not note that the chair asked

for an increase in this line item after the fact nor can any members of the committee recall the chair noting the specific difference in monthly rent. There was no verbal treasurer's report until October. The lease was also signed through Dec 2018 which does not seem to have been communicated to the board. The financial data and lease shows that the security deposit was \$1500, rent was waived from June 1 through August 15 to allow for improvements, the last half of August was \$900 and then the rest of the months were \$1800. In total in 2017, the total money paid for rent was \$8100 and deposit of \$1500, against a budget of \$6,650. The organization will be required per the lease to pay \$21,600 in office rent in 2018.

6. Unbudgeted Office Space Renovation

The "Budget vs Actuals" data shows an unbudgeted remodel costing \$6,600. Few if any of these expenses were explained to the board and most came in over the summer when most meetings were filled with endorsements. Despite Section 10.6 of the bylaws, these expenses were not approved and the Chair had no authority to spend as there was neither specific expenditure or a line item in the budget. In July, the chair asked the board for an additional \$3877 for office furniture (this is noted in the meeting minutes). At no point did the chair ask the body for approval of spending on remodeling, only furniture. It is atypical for commercial space to require the tenant to so significantly remodel. Normal business practice with commercial space is for the landlord to pay for remodels. Per the treasurer, the spreadsheet's \$6,600 includes the furniture authorized by the board. However, \$2723 was spent without budgetary authority. The exact amount requested for furniture suggests that the money had already been spent and that should be clarified. The Treasurer reports that she had already received a receipt for this expenditure before the body voted on it.

7. Utilities Spending Exceeded Budget

The internet and phone service (until March 2018) to the office costs over \$500 a month. The budget authorized \$250 a month for all utilities. The service in question is a Comcast "Deluxe 250" package which Comcast recommends for offices of 12 or more employees with extensive network use including video streaming and conferencing. We do not recall and the minutes do not show that the chair ever requested an amendment to the budget. The treasurer reduced the service level to lower costs in March. This should have been done immediately after the election and we argue that such a high level of service was unnecessary in the first place, as even during phone banking events the bandwidth requirements for OpenVPB and VoteBuilder are fairly small.

8. Office Supplies Exceeded Budget

In around 6 months in 2017 of having the office, we spent \$5,499.95 on office supplies against a budget of \$517.54. It is unclear why this is so far over budget, however the treasurer notes that a laptop for the executive director, a printer and other items for the office were purchased. As far as I know, the chair has never explained this or asked for additional spending authority.

9. Travel Exceeded Budget, Spent on Unapproved Travel

The category "travel and entertainment" in 2017 was \$10,194.04 vs \$3100 originally budgeted. Per the budget this was intended to be a \$100 stipend per state party meeting for the chair and state committee people to attend the three state party meetings, as well as sponsorship for the WSDCC meetings. However, it appears to include many other trips, and includes mileage, hotels and restaurants. The board was not asked to approve reimbursement for members for trips other than the \$100 per trip to state party meetings. At no point has the chair asked for budgetary authority for general entertainment or travel purposes. The Leadership Council has not been called on any regular basis (source: chair's statements Feb 27, 2018 during debate) so could not have approved the expenses below \$200.

10. Spent on Meals, Accommodations & Mileage/Parking Outside Budget

Some notable meals and accommodations outside the budget include:

- In 2017, the chair spent \$2,336.47 on vehicle mileage and parking according to the ORCA dump. According to expense reports, this included trips to downtown Seattle for meetings at the state party office, trips to LD meetings, trips to candidate fundraisers and numerous parking fees, as well as mileage for trips to the WSDCC meetings and various trips outside King County unrelated to WSDCC meetings.
- The chair, accompanied often by the executive director and/or the state committeeman, traveled to Eastern Washington in September and November and included hotel charges over \$500 and hundreds more in food. While the body was informed he was making these trips, at no point did he indicate that he was expensing any part of these trips against party funds.
- The chair rented an AirBnB, paid in December, for the Jan 2018 WSDCC meeting to the cost of \$857.77. As noted, the budget authorized \$100 per person. The conference rate (\$91 plus tax) offered for the state party would likely have been lower cost with reasonable occupancy. In any case, the AirBnb far exceeds the budget.
- An AirBnB was reserved in December costing \$968.23 for purposes of holding a leadership retreat in January 2018. It was reserved for three days even though most officers and committee chairs were asked to only reserve time for a daytime meeting on Sunday. The chair and some others stayed at the facility for Friday night and Saturday, posting on social media about grilling and drinking, giving the appearance that the chair was partying on contributions to the organization. Of the two days that were not open to the majority of King County officers and chairs, only Saturday was spent planning with Raven McShane and her associates, from McShane Strategies, for 2018 fundraising goals. Notably, these meetings failed to include the Treasure while strategies were being developed. Additionally, according to the [C4](#), additional expenses of \$299.19 and \$195.32 were made for food over the weekend which seems excessive. Unlike at regular board meetings, the attendees weren't asked to chip in.

- Some expenses on entertainment do not have known legitimate party business purposes, in addition to being outside budget. For example, in C4 report [100806510](#), the chair spent \$99.50 at the Alibi Room which is a bar/restaurant in Post Alley in downtown Seattle on Dec 5, 2017. There is no indication what purpose this is for. The treasurer received this expense along with others but without details. Similarly, on 12/29/2017, the chair had lunch for \$74 with an recruited candidate who won their race in November. While it's reasonable to be glad a candidate won, the organization was already low in funds at this point so it is unclear why this is the best use of funds. The elected official in question is also someone the chair is seen frequently on social media hanging out with and appear to be good friends making the appearance of this expenditure worse.

11. Mislead Body on Effectiveness of Salmon Bake Fundraising

The Salmon Bake fundraiser lost money despite the chair's claim. In the [June minutes](#), it is claimed that we made \$17,100. However, it was both over budget and lost money.

- In [March minutes](#), the budget was amended to increase fundraising event expenses in June by \$3375 to a total of \$4800. The estimated revenues were \$12,000.
- However, according to the full ORCA dump, we spent \$7,803.69 on the salmon bake and raised \$7073.66 for a net loss of \$730.09. Per the treasurer, some contributions came in late and were not marked as part of the salmon bake revenues, bringing the total contributions attributable to the salmon bake to about \$8436.

12. Mislead Other Organizations on Fundraising

At the 37th LD meeting on January 8th 2018, Bailey told that body that the KC Dems raised \$167k in 7 months which is misleading given it is more accurately less than \$130k for all of 2017. This is documented in the minutes for the meeting. It is reasonable to believe he has made this claims to other organizations.

13. Mislead Body on Achieving Yearly Fundraising Goals

On numerous regular meetings and other occasions, the chair has said that we were meeting or exceeding fundraising goals. According to the "Budget vs Actuals" data, however, we raised about \$18,000 less than originally planned. At no point in the year did the chair mention that fundraising events were not meeting their targets even though all made less money than planned and may have lost money in some cases.

Attempts to Correct Inappropriate Spending and Increase Transparency

On numerous occasions, the treasurer and others attempted to rein in some form of inappropriate spending. However, due to how the chair structured meetings and reports, it was hard for folks to notice issues as well. Attempts or opportunities to communicate spending included:

- The office was rented in May. The chair never mentioned the actual rent for the office at a meeting to anyone's memory (also not noted in minutes). The chair did not allow the treasurer time to give a verbal report throughout the summer, but due to the rent being skipped for renovations, the line item for rent would have been low or zero and thus not noticeable in the printed financial report as being higher than the approved budget. While members may have been able to notice at the September meeting, at this point everyone was in full campaign mode.
- The chair agreed to update the budget in July when the treasurer asked for justifications on expenses he was asking to be reimbursed for. This never happened for most expenses and he instead claimed that he was permitted to move funds between approved budget line items as long as he stayed within the total budget, including claiming that the executive director salary for the year that wasn't spent (since the employee hadn't been hired yet) could be used for other purposes.
- The treasurer challenged the chair's public statements about fundraising for the salmon bake as being inaccurate. This was never resolved or clarified to the board and year end financial information demonstrates the organization never raised anywhere near the chair's public statements.
- Tara Gallagher on October 12 emailed the chair and other officers privately challenging candidate contribution spending as being done outside the bylaws. The chair continued to make contributions after this date without a vote of the executive board. Further, he agreed to apologize to the board and failed to do so. He has not to date clearly communicated to the board which candidates and how much were spent on them, thus requiring board members to use PDC data which is not transparent or reasonable.

Modification Log for PDF Version

- 2018-03-12, 6:45PM. Corrected typo in section about claim 13 with missing word "less" in "less than originally planned".