



WASHINGTON STATE
DEMOCRATS
PA 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.

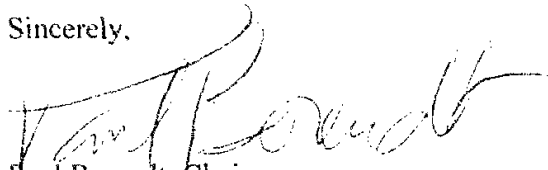
- 2.) The WSRP obtained a bank loan from the National Bank of Tukwila in the amount of \$200,000. This amount was deposited to their Federal Account. The WSRP resources fail to demonstrate sufficient federal funds available

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,

A handwritten signature in dark ink, appearing to read "Paul Berendt", with a stylized flourish at the end.

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) Washington State Republican Party-Federal	FEC IDENTIFICATION NUMBER C-00031088	
FULL NAME, MAILING ADDRESS AND ZIP CODE OF LENDING INSTITUTION (LENDER) National Bank of Tukwila P. O. Box 58690 Tukwila, WA 98138	AMOUNT OF LOAN \$200,000.00	INTEREST RATE (APR) 6.95%
	DATE INCURRED OR ESTABLISHED 2/18/98	DATE DUE 9/30/98

A. Has loan been restructured? ☒ 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?

☒ 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 ☒ 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 ☒ 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

Katherine Dawes
TYPED NAME

Katherine Dawes
SIGNATURE

DATE
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

Ronald L. Bosi
TYPED NAME

Ronald L. Bosi
SIGNATURE

TITLE *Senior Vice President*

DATE
5/1/98

1347553400

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

AMENDED

(revised 1/1/91)

NAME OF COMMITTEE <u>Washington State Republican Party</u>		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 line 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

2004-04-23 14:33

RECEIPTS AND EXPENDITURE

C4

MAY 12 1998

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

Washington State Republican Party / State Exempt

(11/93)

Mailing Address

400 Southcenter Pkwy, #200

City Seattle WA Zip + 4 98188-

Office Sought (Candidates)
STATE EXEMPT

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

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

1. 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:

Name not
on ballot

Primary Election Won Lost Unopposed
General Election

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

CASH SUMMARY

18. Cash on hand (Line 8 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 attachments is true to the best of my knowledge.

Signature

Date

Treasurer's Signature

Date

CORRECTIONS

to C4

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

Date

Washington State Republican y State Exempt

/ /

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 EXPENDITURE

SCHEDULE A
to C4 (1/1/93) MAR 10 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: One of the following codes is used to describe an expenditure, no other description is generally needed.

The exceptions are:

- 1) If expenditures are in-kind or earmarked contributions to a candidate or committee or independent expenditures that benefit a candidate or committee, identify the candidate or committee in the Description block;
- 2) When reporting payments to vendors for travel expenses, identify the traveller and travel purpose in the Description block; and
- 3) If expenditures are made directly or indirectly to compensate a person or entity for soliciting signatures on a statewide initiative or referendum petition, use code "V" and provide the following information on an attached sheet: name and address of each person/entity compensated, amount paid each during the reporting period, and cumulative total paid all persons to date to gather signatures.

CODE
DEFINITIONS
ON REVERSE

C - Contributions (monetary, in-kind & transfers)
 I - Independent Expenditures
 L - Literature, Brochures, Printing
 B - Broadcast Advertising (Radio, TV)
 N - Newspaper and Periodical Advertising
 O - Other Advertising (yard signs, buttons, etc.)
 V - Voter Signature Gathering

P - Postage, Mailing Permits
 S - Surveys and Polls
 F - Fundraising Event Expenses
 T - Travel, Accommodations, Meals
 M - Management/Consulting Services
 W - Wages, Salaries, Benefits
 G - General Operation and Overhead

3. EXPENDITURES

- a) Expenditures of \$50 or less, including those from petty cash, need not be itemized. Add up these expenditures and show the total in the amount column on the first line below.
- b) Itemize each expenditure of more than \$50 by date paid, name and address of vendor, code/description, and amount.
- c) For each payment to a candidate, campaign worker, PR firm, advertising agency or credit card company, attach a list of detailed expenses or copies of receipts/invoices supporting the payment.

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of \$50 or less	N/A	N/A	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 312186.41

4. TOTAL CASH EXPENDITURES

Enter also on line 11 of C4 312186.41

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		FEC ID No C00031088	
Federal Committee			
A. Full Name, Mailing Address and ZIP Code of Loan Source Washington State Republican Party State Exempt Account 16400 Southcenter Pkwy, #200 Seattle, WA		Original Amount of Loan 365520.11	Cumulative Payment To Date 226000.00
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):		Balance Outstanding at Close of This Period 139520.11	
Terms: Date Incurred 10/18/97 Date Due Interest Rate 0.000 % (apr) <input type="checkbox"/> 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 National Bank of Tukwila 505 Industry Dr Tukwila, WA 98188		Original Amount of Loan 200000.00	Cumulative Payment To Date -0-
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):		Balance Outstanding at Close of This Period 200000.00	
Terms: Date Incurred 2/26/98 Date Due 9/30/98 Interest Rate 6.950 % (apr) <input checked="" type="checkbox"/> 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			

9324 565 40 02

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 shells from domestic dangers. D1

The Olympian

SERVING WASHINGTON'S SOUTH PUGET SOUND

35 CENTS

JUNE 6, 1998

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 — The former deputy treasurer 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 sys-

tem 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 \$150,000 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."

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. *Aug 11/98*

By Bob Parlow
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 of-

ficials 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 sub-

mitted 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 Parlow 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 Parlow
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 Speaker's 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

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 Parlow covers state government for The Olympian. He can be reached at 753-1686.

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 contention, 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, Norma 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 Brickford — 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 this 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 \$235,000 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 disbursements
of Mr Rogers by Mr Coates -

FEC 1995 \$5,000 paid to
Don Rypke (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.

- 20.04.95.12.2
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

**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 ☒ 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 outstanding 1996 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

H-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

Figure 1 displays 12 line drawings of the dorsal view of the carapace of various shrimp species. The drawings are numbered 1 through 12, corresponding to the species listed in the table to the right. Each drawing illustrates the specific morphology of the carapace, including the rostrum, eyes, and various spines.

PO 4037

Date 8/24/97

Please provide the following goods and/or services:

[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: Vote 9'

Terms: ☐ Bill WSRP
☐ COD
☒ Check with order
☐ Other (specify)

Are there additional PO's for this project? ☒ Yes ☐ No

Check number: 4

Requested by: 7K

Approved by: _____ WSRP Executive Director

White copy — accounting Yellow copy — division staff file



September 5, 1997

Director

Marketing Services

111

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

111

Tom Hockaday

Suite 400

Executive Director

111

100 88-1048

100

100

100 88-1048

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 Hockaday
Senior Vice President



INVOICE

Direct Impact

Marketing Services

L.L.C.

November 7, 1996

1029

North Royal Street

Suite 400

Alexandria, Virginia

22314

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

Attn: Kelley Rogers

Invoice # DIMS 961042

703/684-1245

fax

703/684-1249

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

\$ 15,842.44

Washington DC

September 1996



INVOICE

Direct Impact
Marketing Services,
LLC.

November 7, 1996

1029
North Royal Street
Suite 400
Alexandria, Virginia
22314

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

Attn: Brian Curb

753/684-1245

Invoice # DIMS 961040A

Fax

703/684-1249

Re: Doc Hastings

GOTV calls

3,750.00

TOTAL THIS INVOICE

\$ 3,750.00

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. 20,592.44

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, 1977, at _____

First Promisor
WASHINGTON STATE REPUBLICAN PARTY

By: Kelley Rogers (Political Director)
KELLEY ROGERS, EXECUTIVE DIRECTOR
WASHINGTON STATE REPUBLICAN PARTY

9/11/77
This means that
the bill will be
paid but first.

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

FAX COVER SHEET

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

Number of pages including cover sheet: 7

Message

Per your request -- outstanding invoices

Promissory note

Letter of agreement

20.04.395.4759



INVOICE

Direct Impact

Marketing Services

LLC

November 7, 1996

1029

North Blvd. Street

Suite 400

Alexandria, Virginia

22314

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

Attn: Kelley Rogers

Invoice # DIMS 951042

703/354-1245

Fax

703/454-1249

DESCRIPTION	Qty	Unit Price	Total
Absentee Ballots	51,333	0.46	23,613.18
GOTV calls	128,291	0.45	58,009.25
Less: Payment received on invoice # 961032			(65,780.00)

BALANCE DUE

\$ 16,842.44

Washington, DC

2000-04-14



INVOICE

Direct Impact

Marketing Services

L.L.C.

November 7, 1996

1025

North Royal Street

Suite 400

Alexandria, Virginia

22314

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

Attn: Brian Curb

703/634-1245

Fax

703/634-1249

Invoice # DIMS 961040

Re: Doc Hastings

GOTV calls

3,750.00

TOTAL THIS INVOICE

\$ 3,750.00

Washington DC

Seattle, WA

09/04/96 14:36:40

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 _____

08/13/97 10:13:30 FAX 100 007 1-70 DIRECT

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.

2004-04-30 15:56:40

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, 1973, at _____

First Promisor

WASHINGTON STATE REPUBLICAN PARTY

By:

Kelley Rogers (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)	<u>13,294</u>
	<u>\$82,886</u>

*\$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 Reg Survey Per Session			\$ 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

Terms: ☐ Bill WSRP
☐ COD
☒ Check with order
☐ Other (specify)

Are there additional PO's for this project? ☐ Yes ☒ No

Check number: 123

Requested by: [Signature]

Approved by: _____ WSRP Executive Director

White copy — accounting Yellow copy — division staff file

20.04.395.4767

**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.*

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

PURCHASE ORDER

PO 4037

Date 8/24/97

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 Is			\$ 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

Terms: ☐ Bill WSRP
☐ COD
☒ Check with order
☐ Other (specify)

Are there additional PO's for this project? ☒ Yes ☐ No

Check number: _____

Requested by: TK

Approved by: _____ WSRP Executive Director

White copy — accounting Yellow copy — division staff file



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 Hockaday
Senior Vice President



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		<u>\$ 15,592.44</u>

#4

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

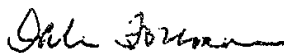
From: Chairman and Executive Director

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, Chairman

Frank Bickford, Executive Director

MEMO

Washington State Republican Party

To: Accounting

From: Chairman and Executive Director

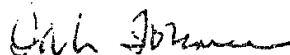
Date: April 15, 1997

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, 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.

20040604 10:04

October 3, 1997

MEMORANDUM 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.

^{Rec'd to}
You will 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 Date 10/3/97
Dale Foreman, Chairman

3 weeks * 4687.50
- 3225.00
1462.50

Total Due Accounting Services:	\$3800.00
Advance Expense:	<u>1425.00</u>
Total:	\$5225.00

Deductions Payroll:	-2000.00
---------------------	----------

Deduction vacation check, 10/3/97:	<u>-3225.00</u>
------------------------------------	-----------------

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

11/97 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 03/27

TO: THE OUTREACH
Address 1
City _____ State _____ Zip _____

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	<u>1 - copy</u>			<u>24.95</u>

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: _____

Terms: ☐ Bill WSRP

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

☐ COD

☐ Check with order

☐ Other (specify)

Check number: _____

Requested by: _____

Approved by: _____

WSRP Executive Director

White copy — accounting Yellow copy — division staff file

PURCHASE ORDER

Date 2-2-57

Please provide the following goods and/or services:

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.

Requested by: _____

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
	<i>Part 1</i>			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: _____

Terms: ☐ Bill WSRP

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

☐ COD

☐ Check with order

☐ Other (specify)

Check number: _____

Requested by: _____

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: Allen Regan
Address _____
City _____ State _____ Zip _____

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	<u>best Dec 1/2</u>			<u>3000⁰⁰</u>

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: _____

Terms: ☐ Bill WSRP

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

☐ COD

☐ Check with order

☐ Other (specify)

Check number: _____

Requested by: _____

Approved by: _____ WSRP Executive Director

White copy — accounting Yellow copy — division staff file

2004-04-29 05:14:02

[illegible]

PO 4149

Date 5/30/97

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 6/5/95

TO: _____
Address _____
City _____ State _____ Zip _____

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
				254.00

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: _____

Terms: ☐ Bill WSRP

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

☐ COD

☐ Check with order

☐ Other (specify)

Check number: _____

Requested by: _____

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 4147

Date 2/13/97

TO: Kelly...
Address _____
City _____ State _____ Zip _____

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	ART-L...			1650.00

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: _____

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

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

Check number: _____

Requested by: _____

Approved by: [Signature] 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

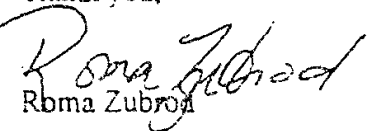
Dear Board Members:

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 Zubron

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.

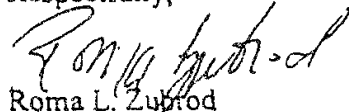
- ▶ I was told by Mr. Foreman and Mr. Coates last year to begin keeping track of vacation and sick time. There was to be no comp time. However, Mr. Bickford has been allowed to take one week vacation before his first six months and has taken at least 10 days by April 15th of this year when he is not 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

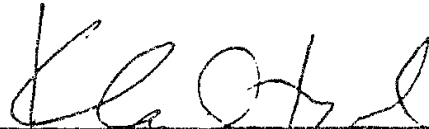
Former Bookkeeper/Deputy Treasurer

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.

Month: 8/26/97

Signature: [Signature]
Dale Foreman, Chairman
Kelley Rogers, Executive Director

28.77

*For master
marty glynn*

SEATTLE
WA 98101

THE SEATTLE
STADIUM
SALE

DATE 8/19/97
TIME 4:00 PM
SEAT 111

PRICE \$41.69

TAX \$

TOTAL \$41.69

[Signature]

I AGREE TO PAY FOR THE PARKING
AND TO DO THE CHECKOUT

U.S. BANK

1000 1st Ave

SEATTLE, WA 98101

ACCOUNT NO. 00000000000000000000
DATE 8/19/97
AMOUNT \$41.69

[Signature]

714 500
COP
ERIC
Bentle

I HAVE CASH
1000 1st Ave
SEATTLE, WA 98101

TERMS: 1/10, NET 30
DATE: 8/19/97

AMOUNT \$41.69

QUANTITY 1
SALE
BATCH: 000104
DATE: 8/19/97
TIME: 4:00 PM
AUTH: 00

AMOUNT \$41.69

TOTAL \$41.69

PORT OF SEATTLE

TICKET NO. 24957194
CARRIER 0031 SC 00914

TIME	8/19/97	9:27 AM
ARRIVED	8/19/97	9:16 AM
PARKING		\$ 4.00
AMOUNT TENDERED		\$ 4.00
CHANGE		\$ 0.00

I AGREE TO PAY THE TOTAL AMOUNT
ACCORDING TO THE INVOICE
MERCHANT AGREEMENT IS CREDIT CARD

[Signature]

TERMS: 1/10, NET 30

Bain

SEAFIRST

SALES DRAFT

SEANABY'S RESTAURANT
1401 WEST VALLEY RD
TUKWILA, WA 98136
R01

Texaco
1439 Auburn Way
Auburn, WA

Merchant: 09006073002020010001
Date: 08/20/97 10:29
Root:

Invoice # 0342899
Date 08/21/97
Time 10:15PM
Auth # 00086140

F SICKFORD

Exp: 10/99 Batch: 104 Shift:
Card: AMEX Card: 1364

TEXACO Acct #
ANN E WICKFORD

AMOUNT \$19.07

Pump Gallons Pri
05 9.756 \$1.4

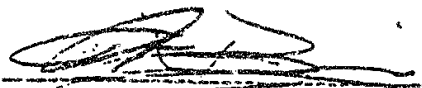
TAX 3 -

Product Amou
Power Plus \$13.

TOTAL: 22.07

Total Sale \$13.

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


I HEREBY CERTIFY ABOVE TOTAL AMOUNT
CORRECTLY TO DATE ISSUED THEREON.

AMOUNT: 094995

FILE: _____ SERIAL: 711

FOR COPY-REMARK SETTER COPY-CUSTOMER

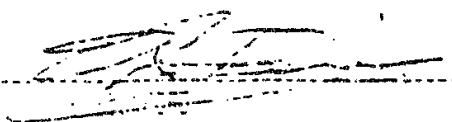
T4 (S)
I LOVE TUSHI
10816 NE 8TH STREET
BELLEVUE, WA 98005

TERMINAL 1111 08/20/97
INTERACT 21

DATE 08/21/97
ORACLE 08/21/97
INVOICE: 08/21/97
DATE: 08/21/97
AUTH: 08/21/97

AMOUNT \$71.73
TAX 3 -
TOTAL 74.73

I HEREBY CERTIFY ABOVE TOTAL AMOUNT
CORRECTLY TO DATE ISSUED THEREON.




I HEREBY CERTIFY ABOVE TOTAL AMOUNT
CORRECTLY TO DATE ISSUED THEREON.

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	PRING					122.0

WASHINGTON STATE REPUBLICAN PARTY

Parking

122

1/13/98

13941

Frank Bickford

\$12

PRINTED REP USE WITH 5010 50-A USE ENVELOPE. NERS, INC. GROTON, MA 01471. TO REORDER PHONE TOLL FREE 1 800-225-9550. 7

1394

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	FRING					122.1

WASHINGTON STATE REPUBLICAN PARTY

Parking

122

1/13/98

13941

Frank Bickford

\$1.

PREMIER SIGN USE WITH 3500 DL-4-ONE ENVELOPE. HESL, INC. GROTON, MA 01471. TO REORDER PHONE TOLL FREE 1 800-225-8530.

1396

Totals						122.

Signature: _____
 Dale Foreman, Chairman
 Frank Bickford, Executive Director

NO

44 DOUBLETREE HOTELS - GUEST SUITES

800 800-8000
SEATTLE, WA 98101
(206) 441-8000
RESERVATIONS 1800 800-8000

SCHNEIDER, FRANK
10000 1ST AVE
SEATTLE, WASHINGTON 98101
ANCHORAGE 905 555-1111

ROOM NUMBER - 107
DAILY RATE - \$9.00
ROOM TYPE - XKN
NUMBER OF GUESTS - 1

ARRIVAL	DEPARTURE	MKT GROUP	ACCOUNT
8/11/87	8/18/87	EE	505512


DATE	ROOM NO.	DESCRIPTION	REFERENCE	AMOUNT
8/11	107	8500 BOTTOM TREE / ROOM SERVICE 8:00 P.M.	18:45	\$9.00
8/11	107	0001 LOCAL PHONE	17:41	\$1.00
8/11	107	0003 VIDEO SERVICES	0001 18:00 MOVIE-1	\$3.00
8/11	107	0003 VIDEO SERVICES	0002 18:00 MOVIE-1	\$3.00
8/11	107	1101 ROOM		\$8.00
8/11	107	1102 ROOM TAX		\$1.00
8/11	107	8500 BOTTOM TREE / ROOM SERVICE 8:00 P.M.	07:08	\$9.00
8/11	107	0001 LOCAL PHONE	18:00	\$1.00
8/11	107	8901 CREDIT CARD PAYMENT	WAX1895	\$51.00
8/11	107	0004 LAUNDRY	18:00 45 LAUNDRY CHARGE	\$15.00
8/11	107	0003 VIDEO SERVICES	0003 18:00 MOVIE-1	\$3.00
8/11	107	0003 VIDEO SERVICES	0004 18:00 MOVIE-1	\$3.00
8/11	107	0003 LONG DISTANCE	18:00	\$4.00
8/11	107	1101 ROOM		\$8.00
8/11	107	1102 ROOM TAX		\$1.00
8/11	107	8500 BOTTOM TREE / ROOM SERVICE 8:00 P.M.	18:00	\$9.00

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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:

Address

City

Honoa Auto Center of Bellevue
13271 SE 36th ST
Bellevue State WA Zip 98006

Please provide the following goods and/or services:

Account Number	Description	Quantity	Cost Each	Total Cost
	Auto AORTAL			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: _____

Terms: ☐ Bill WSRP

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

☐ COD

☒ Check with order

☐ Other (specify)

Check number: _____

Requested by: Frank Bickel

Approved by: [Signature] WSRP Executive Director

White copy — accounting Yellow copy — division staff file

No, ca

WASHINGTON STATE REPUBLICAN PARTY

14124

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

\$504.99

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

AUTHORIZED SIGNATURE

WASHINGTON STATE REPUBLICAN PARTY

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

\$504.99

44-45-299

DATE: 02/13/78 14:19
 TIME: 03/07/78 14:24
 11:15:
 10:00:
 0:00:

[illegible]

FIN#	CHARGES	RATE	* BALANCE *
2782	27.00/DAY		\$21.00
3483	170.00/HR		\$110.00
	SALES TAX @ 6.50000%		150.00
	TOTAL PAYMENT DUE		\$481.00

*** DISCOUNT ***

3 DAYS @ 20 = 60

3 WKS @ 135 = 405

TAX = 39.99

\$ 504.99

VEHICLE CONDITION	
LEFT FRONT	OUT IN
RIGHT FRONT	OUT IN
LEFT REAR	OUT IN
RIGHT REAR	OUT IN
GLASS	OUT IN
HEAD/TRUNK	OUT IN
INTERIOR	OUT IN

100-443887-1

Check by:



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 tabs from my next check as well as my recent Honda rental.

Thank you, FB

? 4/2 Room charge why

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

Confidentiality Notice

The document accompanying this telecopy transmission contains confidential information belonging to the sender which is legally privileged. The information is intended only for the use of the individual or entity named above. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or the taking of any action in relation to the contents of this telecopied information is strictly prohibited. If you have received this telecopy in error, please immediately notify us by telephone to arrange for return of the original documents to us.

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 Rome 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 possession of her formal letter of resignation. This type of story, without any regard for facts, is an example of tabloid journalism.
- Rome 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.

Jun 12 '98 :23 P.03

- 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

June 29, 1998

RUTH HEILIZER
FEDERAL ELECTIONS COMMISSION
999 E ST NE
SUITE 643
WASHINGTON DC 20463

Dear Ms. Heilizer:

MUR 4693/4737

Enclosed is a copy of the order as a result of the enforcement hearing held against the Washington State Republican Party. As we discussed today, this is only part of the entire case.

In addition to the settlement agreement and order, our Commissioners found no violation in regards to use of exempt funds for slate cards, and was split 2-2 on the use of exempt funds for surveys and polls.

The matter of the use of exempt funds for the "issue" ad critical of Gary Locke was referred to the Office of the Attorney General for court action.

I hope this is of help to you. If you have further questions, please feel free to call me.

Sincerely,

Susan Harris
Assistant Director
Compliance and Enforcement

BEFORE THE PUBLIC DISCLOSURE COMMISSION
STATE OF WASHINGTON

NO. 97-268

IN THE MATTER OF ENFORCEMENT
ACTION AGAINST

WASHINGTON STATE
REPUBLICAN PARTY,

STIPULATION OF
VIOLATIONS AND PENALTIES

Respondent.

Public Disclosure Commission Enforcement Staff (Staff) and the Respondent, Washington State Republican Party (Party) have already stipulated to facts as they prepare for the hearings set for June 23 and 24, 1998. Those stipulated facts are incorporated by reference into this Stipulation and provide the factual bases for the stipulated violations and proposed penalties below. Based upon the factual record, and in response to the Commission's directives to narrow the issues to be presented at the June 23, 24, 1998 hearing, the Staff and the Party recommend that the Commission adopt the violation stipulation and accept the proposed penalties for those violations.

STIPULATED VIOLATIONS:

Staff and Party stipulate to the following violations of chapter 42.17 RCW should the Commission choose to adopt them by way of a Final Order. By stipulating to the violations, neither Staff nor the Party intend to prevent the Commission from rejecting all or any part of the stipulated violations or proposed penalties. By stipulating to the violations, neither Staff nor the

1 Party intend to prevent the Commission from referring all or any part of the charged violations to
2 the Attorney General's Office for civil remedies and potentially-higher penalties under chapter
3 42.17 RCW. Any stipulated violation rejected by the Commission and referred to the Attorney
4 General's Office shall no longer be subject to the stipulations or proposed penalties listed below.
5 All stipulated violations and proposed penalties are, for the purposes of the violation stipulation,
6 non intentional but are the result of Party staff's misunderstandings of public disclosure laws,
7 failure of the Party's pre-existing internal accounting systems to adequately track the volume of
8 1996 activity, or miscommunication between Party staff and vendors.

- 9 1. The Party's payment of \$24,000 to Dave Mortenson and Associates on October 30,
10 1996 from its exempt contributions account (See, Stipulation of Facts, page 6, lines 4-
11 18) violated RCW 42.17.640.
- 12 2. The Party's payment of \$2500 to Polis Political Services, Inc. on January 10, 1996 for
13 consulting services and \$500 for a survey in the 18th Legislative District from its
14 exempt contributions account (See, Stipulation of Facts, page 11-14) violated RCW
15 42.17.640.
- 16 3. The Party's payment of \$1800 to Polis Political Services, Inc. for a survey of the 22nd
17 Legislative District from its exempt contributions account (See, Stipulation of Facts,
18 pages 13-14, lines 25-18) violated RCW 42.17.640.
- 19 4. The Party's acceptance of \$12,500 from The Speakers Roundtable; \$10,000 from the
20 Senate Leadership Fund; and \$10,000 from the Leadership Council (See, Stipulation
21 of Facts, pages 19-20, lines 24-11) exceeded contribution limits and violated RCW
22 42.17.640.
- 23 5. The Party's payment of \$84,000 from its exempt contributions account to The
24 Speakers Roundtable for its direct-mail program, while based on Kim Martin's
25 representations and in reliance on Staff Quick Reference Sheets (See, Stipulation of
26 Facts, pages 22-23, lines 7-4) violated RCW 42.17.640.

- 1 6. The Party's payment of \$2,000 on May 23, 1997 from its exempt contributions
- 2 account to the Capitol Fund (See, Stipulation of Facts, page 23, lines 6-9).violated
- 3 RCW 42.17.640.
- 4 7. The Party's payment to Don Benton (See, Stipulation of Facts, page 17, line 22)
- 5 exceeded the 17th Legislative District contribution limit by \$7,065.35 and violated
- 6 RCW 42.17.640.
- 7 8. The Party's payment to Steve Hargrove (See, Stipulation of Facts, page 17, line 23)
- 8 exceeded the 23rd Legislative District contribution limit by \$3,677.43 and violated
- 9 RCW 42.17.640.
- 10 9. The Party's in-kind contribution to Grant Pelesky (See, Stipulation of Facts, page 17,
- 11 line 24) exceeded the 25th Legislative District contribution limit by \$10,626.34 and
- 12 violated RCW 42.17.640.
- 13 10. The Party's amended post-election C-4 report untimely reported orders placed (See,
- 14 Stipulation of Facts, page 23, lines 12-18) violating RCW 42.17.080 and RCW
- 15 42.17.090.
- 16 11. The Party's non-reporting to 10 candidates of expenditures made on their behalf
- 17 during the 21-days preceding the 1996 general election (See, Stipulation of Facts,
- 18 pages 23-24, lines 22-15) violated RCW 42.17.105.
- 19 12. The Party's reporting of transfers to its federal account should have included greater
- 20 detail (See, Stipulation of Facts, page 17, lines 9-17) and violated RCW 42.17.080
- 21 and RCW 42.17.090.

22 PROPOSED PENALTIES:


- 23 1. The Party will pay a \$5000 penalty to the Commission within 5 working days of the
- 24 Commission's Order accepting this proposed penalty.
- 25 2. The Party will pay \$1,000 in Staff attorney's fees within 5 working days of the
- 26 Commission's Order accepting this proposed penalty.

3. The Party will reimburse \$147,300 from its non-exempt contributions account into its exempt contributions account. The Party will reimburse the funds according to the following payment structure. The Party will reimburse \$94,000 within 5 working days of the Commission's Order accepting this proposed penalty. The Party will provide staff with written documentation of the account transfer. At the end of each following month, until March 31, 1999, the Party will reimburse 5% of the prior month's total deposits into its non-exempt contributions account (or \$2500 whichever is greater) into its exempt contributions account and provide written documentation to Staff. Any amount remaining to be reimbursed from the non-exempt contributions account to the exempt contributions account, under the terms of this proposed penalty, on March 31, 1999 shall be transferred in full by April 1, 1999. Staff agrees to provide Staff interpretation to the Party, within thirty working days of the of the Commission's Order accepting this penalty proposal, regarding the applicability of the session-freeze to this time-period and whether legislators may assist in Party fundraising during this period.
4. The Party will provide a half-day training course before the 1998 elections to County and Legislative District Party staff. The training course will include presentations by Staff and will focus on complying with chapter 42.17 RCW. Further details of the training course will be agreed upon by the Party and the Staff.
5. The Party and Staff will consult to reach a coordinated and agreed upon format for reporting transfers to its federal account.
6. The Party agrees to design and complete an internal compliance manual to assist Party staff in complying with campaign-finance laws..
7. The Party agrees to computerize it's internal accounting controls to ensure timely and accurate reporting and monitoring of contributions accepted and expenditures made.

- 1 8. The Party agrees to establish internal protocol to improve communication between
2 political and accounting staff relating to compliance with chapter 42.17 RCW.
3 9. The Party agrees to immediately begin an interview process aimed at retaining a part-
4 time campaign-finance law compliance specialist.

5 Agreed and Jointly-Presented to the Commission this 12th day of June,

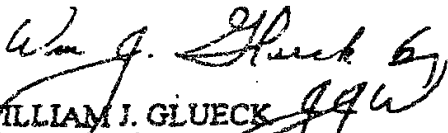
6 CHRISTINE O. GREGOIRE
7 Attorney General

8 
9 STEPHEN T. REINMUTH
10 Assistant Attorney General
11 Attorneys for Public Disclosure Commission
12 Enforcement Staff

13 LIVENGOOD, CARTER, TIOSSEM,
14 FITZGERALD & ALSKOG, LLP

15 
16 JOHN J. WHITE, JR.
17 Attorney for Respondent
Washington State Republican Party

18 APPEL & GLUECK, P.C.

19 
20 WILLIAM J. GLUECK
21 Co-Counsel for Respondent
Washington State Republican Party

20.04.395.4813
1184 563 40 02

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

NO. 97-268

IN THE MATTER OF ENFORCEMENT
ACTION AGAINST

WASHINGTON STATE
REPUBLICAN PARTY,

ORDER FINDING VIOLATIONS
AND ASSESSING PENALTIES

Respondent.

The Commission adopts the following stipulated violations and penalties by unanimous vote on June 16, 1998.

STIPULATED VIOLATIONS:

Staff and Party stipulate to the following violations of chapter 42.17 RCW. By stipulating to the violations, neither Staff nor the Party intend to prevent the Commission from rejecting all or any part of the stipulated violations or proposed penalties. By stipulating to the violations, neither Staff nor the Party intend to prevent the Commission from referring all or any part of the charged violations to the Attorney General's Office for civil remedies and potentially higher penalties under chapter 42.17 RCW. Any stipulated violation rejected by the Commission and referred to the Attorney General's Office shall no longer be subject to the stipulations or proposed penalties listed below. All stipulated violations and proposed penalties are, for the purposes of the violation stipulation, non intentional but are the result of Party staff's misunderstandings of public disclosure laws, failure of the Party's pre-existing internal

1 accounting systems to adequately track the volume of 1996 activity, or miscommunication
2 between Party staff and vendors.

- 3 1. The Party's payment of \$24,000 to Dave Mortenson and Associates on October 30,
4 1996 from its exempt contributions account (See, Stipulation of Facts, page 6, lines 4-
5 18) violated RCW 42.17.640.
- 6 2. The Party's payment of \$2500 to Polis Political Services, Inc. on January 10, 1996 for
7 consulting services and \$500 for a survey in the 18th Legislative District from its
8 exempt contributions account (See, Stipulation of Facts, page 11-14) violated RCW
9 42.17.640.
- 10 3. The Party's payment of \$1800 to Polis Political Services, Inc. for a survey of the 22nd
11 Legislative District from its exempt contributions account (See, Stipulation of Facts,
12 pages 13-14, lines 25-18) violated RCW 42.17.640.
- 13 4. The Party's acceptance of \$12,500 from The Speakers Roundtable; \$10,000 from the
14 Senate Leadership Fund; and \$10,000 from the Leadership Council (See, Stipulation
15 of Facts, pages 19-20, lines 24-11) exceeded contribution limits and violated RCW
16 42.17.640.
- 17 5. The Party's payment of \$84,000 from its exempt contributions account to The
18 Speakers Roundtable for its direct-mail program, while based on Kim Martin's
19 representations and in reliance on Staff Quick Reference Sheets (See, Stipulation of
20 Facts, pages 22-23, lines 7-4) violated RCW 42.17.640.
- 21 6. The Party's payment of \$2,000 on May 23, 1997 from its exempt contributions
22 account to the Capitol Fund (See, Stipulation of Facts, page 23, lines 6-9).violated
23 RCW 42.17.640.
- 24 7. The Party's payment to Don Benton (See, Stipulation of Facts, page 17, line 22)
25 exceeded the 17th Legislative District contribution limit by \$7,065.35 and violated
26 RCW 42.17.640.

- 1 8. The Party's payment to Steve Hargrove (See, Stipulation of Facts, page 17, line 23)
2 exceeded the 23rd Legislative District contribution limit by \$3,677.43 and violated
3 RCW 42.17.640.
- 4 9. The Party's in-kind contribution to Grant Pelesky (See, Stipulation of Facts, page 17,
5 line 24) exceeded the 25th Legislative District contribution limit by \$10,626.34 and
6 violated RCW 42.17.640.
- 7 10. The Party's amended post-election C-4 report untimely reported orders placed (See,
8 Stipulation of Facts, page 23, lines 12-18) violating RCW 42.17.080 and RCW
9 42.17.090.
- 10 11. The Party's non-reporting to 10 candidates of expenditures made on their behalf
11 during the 21-days preceding the 1996 general election (See, Stipulation of Facts,
12 pages 23-24, lines 22-15) violated RCW 42.17.105.
- 13 12. The Party's reporting of transfers to its federal account should have included greater
14 detail (See, Stipulation of Facts, page 17, lines 9-17) and violated RCW 42.17.080
15 and RCW 42.17.090.

16 PENALTIES:

- 17 1. The Party will pay a \$5000 penalty to the Commission within 5 working days of the
18 Commission's Order accepting this proposed penalty.
- 19 2. The Party will pay \$1,000 in Staff attorney's fees within 5 working days of the
20 Commission's Order accepting this proposed penalty.
- 21 3. The Party will reimburse \$147,300 from its non-exempt contributions account into its
22 exempt contributions account. The Party will reimburse the funds according to the
23 following payment structure. The Party will reimburse \$94,000 within 5 working
24 days of the Commission's Order accepting this proposed penalty. The Party will
25 provide staff with written documentation of the account transfer. At the end of each
26 following month, until March 31, 1999, the Party will reimburse 5% of the prior

month's total deposits into its non-exempt contributions account (or \$2500 whichever is greater) into its exempt contributions account and provide written documentation to Staff. Any amount remaining to be reimbursed from the non-exempt contributions account to the exempt contributions account, under the terms of this proposed penalty, on March 31, 1999 shall be transferred in full by April 1, 1999. Staff agrees to provide Staff interpretation to the Party, within thirty working days of the of the Commission's Order accepting this penalty proposal, regarding the applicability of the session-freeze to this time-period and whether legislators may assist in Party fundraising during this period.

4. The Party will provide a half-day training course before the 1998 elections to County and Legislative District Party staff. The training course will include presentations by Staff and will focus on complying with chapter 42.17 RCW. Further details of the training course will be agreed upon by the Party and the Staff.
5. The Party and Staff will consult to reach a coordinated and agreed upon format for reporting transfers to its federal account.
6. The Party agrees to design and complete an internal compliance manual to assist Party staff in complying with campaign-finance laws..
7. The Party agrees to computerize its internal accounting controls to ensure timely and accurate reporting and monitoring of contributions accepted and expenditures made.
8. The Party agrees to establish internal protocol to improve communication between political and accounting staff relating to compliance with chapter 42.17 RCW.
9. The Party agrees to immediately begin an interview process aimed at retaining a part-time campaign-finance law compliance specialist.

Entered by Direction of the Commission on this 23rd day of June,

Melissa Warheit

MELISSA A. WARHEIT

Executive Director