

Dear Democrats,

In recent weeks, I have had allegations launched against me that I would like to address. Before I do so, I would like to apologize to you and every Democrat in King County. It has become apparent that my behavior and the perception of my behavior has become a distraction during one of the most important elections of our time. When I was elected to lead our party at age 25, I had a lot of growing up to do, it has become evident to me that I still have an uphill climb to do in order to fulfill the potential I have in leading our party. To those of you who have felt unheard, unrecognized and unappreciated – I am sorry I made you feel that way.

While I do not believe my behavior warrants my resignation or removal as your Chair, I do believe that at times I acted inappropriately and that it is important to tell you the full story. I have written down the entire series of events involved in this with hopes to provide you clarity on the accusations and truthfulness or lack thereof in them and the narrative that has been spread. **(For more information please visit: <http://www.baileystober.com/allegations.html>)**

On January 27th, I attended the State Committee Meeting in Bellingham where I serve on the Chair's Organization Board as well as I was representing the King County Democrats as a proxy vote for our State Committeewoman. During that day, I was contacted by the venue management and notified a person in my party had acted inappropriately during the course of the day. They showed me a video of a person taking the lid off of their coffee cup and pouring coffee all over a parked and unoccupied vehicle. As I watched their video, I determined the person they had identified in the video was my Executive Director. I spoke with her and she quickly admitted the misconduct. I brought her to the venue management where she apologized for her actions and I believe she was very authentic in doing so.

Over the course of the 27th and 28th, I was unsure what do in regards to the employees behavior. I consulted with my First Vice Chair who was also at the event and we both came to the conclusion the employee should be terminated. My Vice Chair sent me a text on January 27th at 6:15pm mentioning that we should get out in front of this situation before others find out, her text to me confirms we spoke about it that day.

I also spoke to a couple of mentors who are party elders. One of them put it in perspective for me by asking; "What would your donors say if they say that behavior?"

Upon returning to Seattle and returning to my day job on **January 29th** I was sent to Olympia to brief legislators on upcoming tax bills and the impact the McCleary decision would have on those tax bills. I was in Olympia full time beginning the evening of the 29th and not returning to King County until February 1st only to attend one meeting and then back to Olympia the same day. I returned to King County outside of my work status on **February 2nd**.

Records show I sent a text message on **January 29th** to the Treasurer and Chair of the Finance Committee Nancy Podschwit. The text said ""Let's chat on the phone tomorrow – need to update you on a few things – 1 is super sensitive." To which she responded "Oh..of course."

My phone records show I placed a call to the Treasurer, Nancy Podschwit, on **February 1st at 1:18pm** and the call lasted for 7 minutes. During this call I shared with Nancy the previous incident involving the Executive Director and the conclusion that the Vice Chair and I had come to. I asked Nancy what her thoughts were and if she was in agreement. She indicated she was in agreement that terminating the employee seemed appropriate. My phone records also show I called Nancy again on February 1st at 6:27pm where I quickly asked her to look into how to stop regular recurrences from the payroll company for the employee we were terminating. My phone records

show that Nancy called me back on February 1st at 6:35pm where we briefly talked about the payroll situation.

On February 2nd at 1:53pm Nancy sent me a text saying “What is happening..should I have the debit card turned off.” I responded at 1:53pm and said “Not yet – I’m just getting to the office to meet with her. I’ll call you when it’s done.” She responded at 1:54pm with “Do you want me to turn off the card.” I responded at 1:54pm with “After I finish this we will turn it off.”

Phone records show I called Nancy again on **February 2nd at 2:38pm** to tell her I was about to meet with the employee. I asked her for any last minute advice on how to approach the subject. I also walked through a checklist with her of items the Party would need back and how paperwork should be done, etc. The phone conversation last 11 minutes.

My conversation with the Executive Director was very brief but very pleasant and productive. She indicated during the conversation she knew why I was taking the actions I was. It was so pleasant that I offered her 3 things: 1. I offered to write a letter of recommendation for her next opportunity. 2. I offered to be listed as a positive reference for her next employer. 3. I offered her an extra week on payroll to transition her projects to others.

Still on February 2nd at 3:00pm, I sent an email calling for a Special Meeting of the Executive Board. This was necessary for 2 reasons: 1. I needed to discuss (unrelated) pending litigation with the board. 2. I needed to inform them that the Executive Director had moved on to other opportunities and I would be their point of contact going forward. There has been an allegation made by folks that I had no plan to notify the Executive Board of the actions taken. This is untrue but I didn’t feel it was appropriate to do via email – I felt a special meeting would be more appropriate so the communication wasn’t forwarded.

Our Treasurer, Nancy Podschwit, texted me again on **February 2nd at 7:27pm** with “Done” indicating she had turned off the debit card in the Executive Director’s possession.

There has been an allegation made by folks that I came to the decision to terminate the employee alone and I didn’t concur with the Treasurer/Chair of the Finance Committee which would violate the bylaws of the organization. Not only is this not true but quite the opposite – in addition completing the termination with the Treasurer, I brought in the opinion of the First Vice Chair for an additional set of eyes looking at the issue.

In addition to the financial charges to which I am responding in this Rebuttal I was accused by my Vice-Chairs of making derogatory or improper comments in the workplace and the Vice-Chair’s accusations were leaked to news outlets and published. Some of the allegations that were leaked are false, some are taken out of context. I will not repeat here the comments but previously I have posted a detailed response to those charges at www.baileystober.com.

On March 12th – I received an email from Treasurer Nancy Podschwit informing me the Finance Committee had conducted an audit of the books and determined I had violated the Section 10.4, 11.4, 10.1, 10.3 and 10.6 of the bylaws. First, I must admit that I was amazed that there now existed a Finance Committee. I, along with the Executive Director held a weekly call for the Finance Committee to discuss finances and ensure we were on the same page. During these calls it was clear and communicated that the only two members of the Finance Committee were Nancy Podschwit and Committee Vice Chair Andrew Everett. Now, in this new report, the Committee had gained 3 additional members – 2 of which had already signed on to a public letter calling for me to resign before joining the committee in recent days. Their report alleges the following:

Made most financial contributions to candidates and political committees in 2017 in violation of bylaws sections 10.4 and 11.4 requiring contributions to be made only with majority vote of the board approving the amounts and candidates, after giving seven days notice of said vote;

- A member did email all of the officers of the board on 10/12/2017 and state they believed our candidate contributions violated the bylaws because they were not authorized by the full executive board.
- On 10/12 I emailed Parliamentarian Bryan Kesterson and David McDonald

“Bryan and David,

A member below has raised concerns about contributions we made during the Primary Election and are in the middle of making in the General Election. While I hear her points I am confused and looking to you both for guidance.

We have been spending under the authority of an approved, authorized and voted on budget that our Executive Board voted on.

Section 10.1: Budget

The Executive Board shall approve a budget for KCDCC. The Finance and Development Committee shall propose a budget for each calendar year and submit this budget to the Executive Board each year no later than its February meeting. The budget shall include proposed spending with as much particularity in itemization as could be reasonably expected.

The budget must be adopted, and may be amended, by a majority vote of the Executive Board. Notice¹ of the proposed budget or amendment must be published at least seven days before the meeting at which action on the budget will be considered.

Section 10.4: Contributions to Campaigns

Contributions to any candidate, ballot issue, or political committee must be specifically approved by the Executive Board prior to the contribution. Notice¹ of a proposed contribution must be published at least seven days before the meeting at which the contribution is to be considered.

In the budget I listed a chunk of dollars for contributions but did not itemize which candidates.

Section 10.7: Financial Authority

The KCDCC or its Executive Board may vest financial authority in the KCDCC officers or employees in accordance with adopted programs and budget.

Lastly, with a passed and approved budget, I assumed the Executive Board was vesting financial authority in the officers / Chair / Treasurer to execute that budget.

I need your guidance please.

Bailey”

- On 10/12 I received an email response from David McDonald that said “You are probably correct in connection with 10.7 but in connection with 10.4 the use of the phrase *specifically approved* versus *approved* and the requirement of advance notice of contributions leave some question as to whether itemization may be required. (I’m making that comment without knowledge of context or history surrounding the contribution process at KCDCC). Bryan?”
- On 10/12 Treasurer Nancy Podschwit concurred we were NOT in violation of the bylaws when she emailed back the member and said “Tara...the contributions to candidates was approved in the budget approval which was voted on. We approved \$20k and spent \$15k...thus far...”
- I emailed the member on 10/23 and offered to meet with her, the 1st Vice Chair, the 2nd Vice Chair and the Treasurer to discuss the concern.
- I met with the member on 10/25 at 10am to discuss her concerns. I told the member I definitely understood their concern and point of view but felt I had acted within the bylaws. However, I did agree to bring it up at the next board meeting to inform the board of our actions.
- On 11/28 at the executive board meeting we went into executive session for about 20 minutes. One of the topics broached was the campaign contributions. I explained to the board my different view of the bylaws vs. the member’s complaint and interpretation of the bylaws. I told the board that I was sorry and it wouldn’t happen again and that every contribution would be voted on by the full board.
- I also raised an idea to the member who complained and the board that we should look at enabling the candidate support committee to make candidate contribution decisions rather than a full board vote in the event we needed to respond to something quickly.
- Lastly, I would point out the primary contribution decisions were not made alone. It was done after a meeting in the Mercer Island Library conference room at the instance of the 1st Vice Chair. Left in the room was the 1st Vice Chair, Treasurer Nancy Podschwit and DNC member Sharon Mast. The Vice Chair was insistent that we support our endorsed candidates quickly and the rest of the room, including the Treasurer, concurred.

Made contributions to an unendorsed candidate outside King County without approval or notice to the board in violation of bylaw section 11.4;

- The claim is that I donated \$75 to Matthew Sutherland running for the legislature in Eastern Washington. This contribution was not made by me and was made in error by the Executive Director. While we attended an event I was invited to speak at, as Chair, there were remit envelopes on the table. The event was being hosted by the Whitman County Democrats and they were requesting small contributions to cover the food and event. The Executive Director filled out a remit envelope with a \$75 contribution for the Sutherland campaign when in fact it was supposed to be a \$75 contribution to the Whitman County Democrats. The Executive Director made me aware of the mistake several weeks later when we were back in Seattle and frankly, I was unsure what to do at that point since it had already been processed. I asked her to look into a resolution and I know she made several calls about it but I was unaware of the outcome nor did I follow up. I accept full responsibility for not following up on that. If it pleases the Executive Board I will personally make a \$75 contribution to our organization or the Whitman County Democrats.

Exceeded the budget for candidate contributions by \$10,135, spending \$30,135 in total in 2017 against an approved budget of \$20,000, without votes by the board to increase spending;

- The claim is that I exceeded the budget by over \$10,000 in candidate contributions. The complaint states that we spent \$30,135 in contributions but were approved for \$20,000. First, I dispute the amount spent on candidate contributions. If you look at the intended candidate contributions spreadsheet the committee provided there is only \$29,500 spent on candidates. This would if their allegations were true I would have overspent by \$9,500. However, they are not telling readers the whole story.
- On November 1st, the King County Democrats hosted a fundraiser for the “Burien Fantastic 4” along with Senator Rebecca Saldana. The point of us hosting the event is that we would collect donations, aggregate the money, and split it for the candidates in a contribution. The event raised roughly over \$4,000. The 4 candidates each received a \$1,000 contribution. However, one candidate felt they were well-funded and declined the contribution. So the 3 candidates received a total of \$3,000. We simply acted as an aggregator and distributor. This was not budgeted revenue money.
- On 10/16 we received a \$5,500 contribution from the Kennedy Fund. This is a fund established and staffed by the Senate Democratic Campaign Committee. The fund issues money to local parties to distribute to their targeted races. The \$5,500 was immediately distributed to our targeted senate races. We simply acted as an aggregator and distributor. This was not budgeted revenue money.
- Again, the claim is that I overspent \$9,500 on candidate donations. If you subtract the \$3,000 disbursed from the Burien fundraiser (that wasn't our money) and the \$5,500 disbursed from the Kennedy Fund (that wasn't our money) removes \$8,500 from their \$9,500 claim. This means the total overspend on candidate contributions was \$1,000. I accept full responsibility for this oversight and can assure the board it will not happen again.
- Also worth noting – the \$2,500 donation we made to Senator Kuderer for her race earned us a \$2,500 donation from the Senator's surplus funds meaning the total outgoing net spend on candidates was \$1,500 under budget rather than over budget.

Made contributions to candidates in violation of bylaws even after private objections from members that the spending was inappropriate, never informing the board fully of the contribution expenditures;

- This is not true. The member raised the concern on 10/12 and the only contributions that went out after 10/12 was to the Burien candidates where we hosted a fundraiser for the sole purpose of redistribution. This was not raised money being distributed.
- Further, the board was informed of this at the November board meeting during executive session.

Rented office space with a monthly rent of \$1800, 2.25 times that approved by the board, without approval or clearly communicating the excess cost, and putting the organization at significant risk, in total spending \$2950 more than was budgeted for 2017; Agreed to a lease through December 2018, putting mandatory expenditures on the organization of \$21,600 in 2018;

- This is half of the truth but I do concur I rented an office space that costs \$1,800 per month.
- When I did so I informed the Treasurer we would find tenants to offset the costs so we were within our proper range. When we signed the lease we had commitments from 6 co-tenants for a total of \$1,400 per month of rent revenue. This would have made our total rent costs \$400 per month.
- Unfortunately, several of those tenants didn't hold up their end of the commitment. However, we still had 4 tenants commit to a total of \$950 per month bringing our total rent cost down to

\$850 per month which is \$50 over the allotted budget line item per month. Line 29 of the budget under the title "Administration" has a \$100 per month line item for "Misc." and I felt we could take the \$50 out of that line item.

- We understood that tenants weren't always the most reliable and we shouldn't rely on campaigns to assist in this commitment. So, for 2018, we properly line itemed office rent at \$1,800 per month in the unanimously approved budget.
- We also had begun negotiations with a permanent, year round, tenant to pay \$1,500 per month for 3 desk spaces. This is in addition to the other tenants who agreed to pay \$200 per month for 2018. This would have reduced our rent to \$100 per month for 2018. Those negotiations have stopped due to these accusations.

Renovated the office space without budgetary authority or vote from the board with excess spending in the amount of \$2723;

- Had the Finance Committee bothered to look at the lease compared to the budget they would have noticed I negotiated 3 months' rent free (May 15-Aug15) as our tenants improvement budget for the spaces. This amounts to \$5,400 (minus \$600 deposit) that was budgeted for rent (with co-tenants rent) that was available for space improvements. We could have paid the rent directly and had the landlord return the amount of improvements but it would have balanced to the same amount.
- So rather than spending \$4,800 on rent (board approved) we spent \$2,723 on space improvement, which waived our rent, and we saved the organization \$2,077.
- In the October 2017 meeting of the board under the Treasurer's report the Treasurer gave a full financial report and stated "since we now have office rental/maintenance expenses and an employee, we now need to be keeping a cushion of \$25,000-\$26,000 in the account every month." Also "The Auburn office is now fully set up and we don't anticipate any significant further outlays." The treasurer very clearly talked about the maintenance expenses to the board in a full board meeting.

Exceeded budgetary authority in spending on utilities for the office by authorizing services totaling more than \$500/month against a budget of \$250/month;

- When I setup the internet package I did so at a much lower level. Melissa Taylor complained to the Executive Director that their speeds were too slow when they have volunteers connected to the network. The Executive Director asked me if she could increase the speed until the end of the election. I told her she could if she billed back the difference in cost to the campaign and to talk to the Treasurer about it. She called Comcast and increased the speed, failed to bill the campaign and failed to return it to its original service levels after the campaign. I have called Comcast to verify who made these changes, etc. I was not a part of this process.

Exceeded the budgetary authority for office supplies by spending \$4,982.42 more than budgeted for 2017, without requesting additional spending authority from the body or justifying such high spending;

- When the Executive Director was hired the board approved an annual expenditure for staff of \$57,000 per year at the June meeting.
- As the Executive Director was hired it was apparent she would need tools and supplies necessary to complete her job such as a laptop, printer, etc. Those purchases were made

under the understanding it would come out of the approved \$57,000 line item for staff since staff would not be paid that entire amount during the remainder of the year. We also used this line item for payroll processing and other staff related costs not specifically line itemed out. All of those costs were directly related to having staff.

Spent \$7,094.04 in excess of the budget for travel intended for attending state party meetings, instead going to many meetings and events around the state unrelated to the business of electing Democrats in King County;

- As the person who wrote and proposed the budget I think I can clearly speak to intent of the budget rather than speculation. Some of this travel was donor relations, some was travel to LD meetings or the State Committee, some was travel to provide training and some travel was party building activities. As such, it not only falls under administration mileage in the budget it would also fall under outreach, development and party affairs committee budgets as well and should have been line itemed as such depending on the activity. Those combined committees / line items have budgets of \$27,825 and we have underspent in most of them. The claim that I overspent is not true.

Spent money outside of budget on meals, accommodations, mileage, parking and entertainment in a way that brings disrepute to the organization such as renting a house on Vashon Island for a leadership retreat in which the officers and committee chairs only attended for one day but which was rented for three during which the chair posted on public social media his use of organization money for what appeared to be unprofessional and non-business socializing;

- The leadership retreat venue was rented for a total of 3 days. The first day the Chair, Executive Director, Fundraiser and 2 Fundraising Associates arrived during the evening (Friday evening) to setup the venue. We had dinner, which the Chair made, and I bought it out of my own pocket to thank them for their hard work. The next day (Saturday) we worked for over 8 hours reviewing the previous year fundraising and setting fundraising goals for 2018. We flushed out what worked and didn't work. Sunday over 20 officers and committee chairs came to the venue and we had an all-day work session to lay out goals and plans for 2018. I specifically informed the body of the leadership retreat AND it was approved in the supplemental budget request for the month of January.
- The accusers claim I made a social media post relating to the use of organization money during this retreat. I did make a social media post noting I had made staff and the fundraising team. What the accuser failed to actually investigate is if I had used organization money to do so. I did not. I bought all of the dinner supplies out of my own pocket and cooked the meal from scratch as a way to say thank you to staff and the fundraising team.

Mislead the body on the effectiveness of fundraising including telling the body at the June meeting that the Salmon Bake had raise \$17,100 when according to financial data it only raised \$8436;

- I did not speak to the body regarding the salmon bake nor was I in charge of it. The officer who reported to the board was the First Vice Chair Cat Williams who disputes the Finance Committee's mischaracterization of this event and has notified them via email.

March 14th - Hi Finance Committee (minus Steve; I couldn't find his email),

Thank you for your work auditing KCDCC. I have a small concern on the findings from the salmon bake.

1. **Bailey wasn't the person who said the salmon bake raised \$17K.** I was the one who announced that at the meeting.

2. Nancy and I exchanged several emails about donations that came in for the salmon bake but were counted as "general donations." For example, I believe the state party sponsorship for \$1,000 was counted as general contributions. I raised these concerns at the time and there was an email thread on July 27th discussing this (I include the date so that Nancy can reference it more easily if needed). I ended up saying that I did not care which "category" the donations were recorded in, as long as the money was raised, but now I feel the need to correct the record for the sake of accuracy.

3. Here is transcript from an email I sent to Nancy breaking down the numbers. After this email was sent, we subsequently (after the meeting) corrected the amount to \$16,350 after realizing that one donation was already counted in the action network amount.

"We took in \$7,850 for the salmon bake via action network
+2,560 in donations at the event
+531 at the door
+450 in new memberships at the event
+859 from the bar

That is a total of \$12,250.

+ \$1,500 event sponsorship from Courtney Gregoire
+ \$1,000 event sponsorship from state party
+ \$500 from Jeanne Kohl-Welles
+ \$500 from Mia Gregerson
+ \$500 from Bob Hasegawa (part of his \$5,000 pledge was for a table at the event, it wasn't free)
+ \$350 from Michelle Rylands
+ \$350 from Sheriff Urqhart

Grand Total is \$16,950.

In addition to that, I also have three remits from the salmon bake in my car that I forgot to give you on Tuesday (my fault) that total \$325. I can call you today and read you off the numbers or send you scanned copies of the remits via email. What works for you?"

4. I know the salmon bake did not cost more than that \$16K number. Additionally, when we talk about money raised, I mean total revenue, not profits. Total revenue is how we calculate fundraising so that's how I calculated the salmon bake.

5. Overall, I think the conclusion that Bailey misrepresented the salmon bake amount is incorrect. I also think the conclusion that the salmon bake lost money, or made \$650, is false. I wanted to make

you all aware of this because I believe this should be corrected.

Thank you again for your work. I know this probably took a lot of time and I only raise this concern because I believe all KCDCC findings should be as accurate as possible to avoid confusion.

Cat Williams

Mislead other progressive organizations in the region by exaggerating the ability of the King County Democrats to raise money including telling LD organizations that the county party raised \$167,000 in seven months when that had not occurred;

- I have always talked about our fundraising the last 8 months of the year because that is when Cat and I really got to roll up our sleeves and fundraising. If I said we raised \$167,000 in the last 8 months I apologize for my gross oversight. It turns out we only raised \$155,992 during that period. I stand corrected by 6.6% and do apologize.

Mislead the organization by claiming we met or exceeded fundraising expectations during the year, when in reality we failed to meet the budget plan for fundraising by around \$18,000.

- Our 2017 budget was passed by the Executive Board in March with a total revenue line of \$128,444.14. In 2017 we raised \$163,033 which is a **27% increase over projected revenue**. The 10 year average for King County Democrats is \$50,343 per year and I am proud of the fact that we **increased that by 224% in a single year**.
- By the Finance Committee's own account we passed a budget with expenditures of \$108,547.96. We passed expenditure amendments to the budget amounting to \$71,252 for a combined budget expenditure of \$179,799.96. However, the total expenditures according to the PDC for 2017 were \$135,378.53 which means we underspent by 33%.

To summarize: revenues were 27% over the projected budget and expenditures were 33% below budget.

Another key fact: I, as the Chair, do not have a debit card or check book. I cannot spend money. I can submit a reimbursement request which then must be signed and authorized by the Treasurer. How can you misappropriate money if you don't have access to it?

Another allegation that has been made multiple times is that the executive board was left in the dark and had no clue how the finances were going within the organization.

- I do admit that the Treasurer violated their job description laid out within the bylaws that states they will "Prepare, and cause to be transmitted to the Executive Board at least seven days prior to each of its regular meetings, and to the KCDCC prior to its reorganization meeting, a written financial report reflecting the approved budget and its status to date. Printed copies shall be provided upon request." During my time as Chair, I have never seen

the Treasurer perform that function to enlighten the board. However, almost every, if not every, agenda or approved set of minutes show there was time for officer reports, a treasurer report or a finance committee report. So while the Treasurer may have failed to do their job as set in the bylaws, they did make monthly reports or have the opportunity to do so. So to say the board was uninformed is simply not accurate.

The allegations against me change regularly and new ones are launched routinely. Most of them are easily disproven given the chance for an explanation. The Vice Chair's didn't interview me as part of their investigation nor did the Finance Committee interview me as part of their investigation. Some folks have found it easier to make allegations, launch them into the public and ask the court of public opinion to make a judgment before actual due process is utilized. That shows how political this is – it isn't done in hopes for justice. As County Party Chair, I give a minimum of 25 hours per week to the Party but most times it is closer to 40. As do you, I've made huge personal sacrifices with my family, friends and career to dedicate my life to the Party. All I have asked for is fairness and to be heard. Most of the allegations made against me are absolutely false. What is true is that **I am sorry. I am sorry for causing division within the Party. I am sorry that I befriended an employee and engaged in slang and sloppy, unprofessional communication with that friend, even if it was outside of work, it was inappropriate. I am sorry that text messages between friends have been released, taken out of context and used and more importantly, that I participated in them to begin with. I can acknowledge I have made significant mistakes. I acknowledge that people have been hurt because of my actions.** I understand that many now question my leadership abilities. I acknowledge I have growing up to do and more answers to provide. But, I pour my heart and soul into this Party every single day. My intentions have always been good. I am not perfect, none of us are. I ask for your forgiveness as I acknowledge my mistakes and move forward in my career and our community.

I ask you to look past the rhetoric, the media and the accusations and examine the facts. Look at the allegations versus the answers and decide what you believe the intent was.

Thank you for your consideration,

Bailey Stober