



P O R T L A N D  
CITY AUDITOR  
**Elections**

September 1, 2020

Sarah Iannarone  
333 SE 2nd Ave  
Portland, OR 97214

Friends of Sarah for Portland  
4417 SE Windsor Court  
Portland, OR 97206

**DELIVERED ELECTRONICALLY**

sarah@sarah2020.com  
info@sarah2020.com  
james@ofsink.today

**NOTICE OF DETERMINATION**

Campaign Regulations Complaint Nos.: 2020-32-SI, 2020-33-SI, & 2020-34-SI  
**- Letter of Warning and Education for Violations -**

Dear Sarah Iannarone and Friends of Sarah for Portland:

On July 31, 2020, the City of Portland Auditor's Office received the three complaints named above, alleging campaign disclosure violations of Portland City Charter section 3-303 and corresponding Portland City Code (PCC) chapter 2.10. Specifically, the complaints alleged a lack of prominent campaign funding disclosures on a series of campaign-related emails, a video, a tweet, and a flyer provided to voters by Sarah Iannarone's campaign, Friends of Sarah for Portland.

**After an investigation, I have identified two violations of City campaign regulations and I am issuing this Letter of Warning and Education. The violations result from failures to prominently disclose required campaign contribution information on campaign emails and a Twitter post.**

I am issuing this Letter of Warning and Education, pending remedy of the required disclosures as specified on page 4, within **ten (10) business days** or by **September 16, 2020**. Failure to provide this information by September 16, 2020 may result in civil penalties of up to \$3,000 for each violation.

I also find no violations for the allegations that Friends of Sarah for Portland failed to prominently disclose required campaign funding information on a YouTube campaign video and on a campaign flyer.



## **1. Complaint No. 2020-32-SI: Violation of City Campaign Regulations**

*Emails lacked required campaign funding information*

Complaint No. 2020-32-SI alleged Friends of Sarah for Portland failed to include required funding disclosure information on 15 campaign emails sent to voters from May 6, 2020 through July 22, 2020. Each of the emails in the complaint included a 2020 copyright notice from Friends of Sarah for Portland. One email also stated, "Paid for by Friends of Sarah for Portland," and included, "Largest donor: Portland Open and Accountable Elections."

In its response, the campaign stated it had no "contributions" to disclose on the emails as all campaign funds came from either small contributions or matching Open and Accountable Elections (OAE) Program funds. However, City Charter Section 3-303(a)(2) and corresponding City Code Section 2.10.030 A. 2. require disclosure of dominant contributors providing the largest amounts of "funding" to the political committee, not merely "contributions." Records provided by the campaign support that the campaign received over \$1,000 in matching funds from the OAE Program. No other individual or entity provided more funding to the campaign than the OAE Program. Therefore, the OAE Program should have been listed as a dominant contributor<sup>1</sup> on each of the campaign emails at issue.

In addition, the Auditor's Office identified in the Oregon Elections System for Tracking and Reporting (ORESTAR) one record of over \$1,000 contributed to the campaign on June 11, 2019 by individual Julian Bell (Transaction ID: 3198473). When questioned, the campaign acknowledged it received this contribution as seed money. The campaign also stated it later refunded part of this contribution. ORESTAR records reflect the campaign did issue a refund on May 29, 2020 (Transaction ID: 3477802), almost a year after receiving the seed money. Since the campaign did not immediately refund the contribution and retained possession of the funds for a significant period of time before the refund, and moreover did not issue the refund until after some of the emails were sent, Julian Bell is a disclosable dominant contributor on each of the campaign's voter communications. The campaign also did not disclose corresponding funding information related to contributor Julian Bell. **Based on the foregoing, I find the campaign emails from May 6 through July 22, 2020 violated campaign finance regulations by failing to provide timely, prominent disclosure of required campaign finance funding information.**

More information on original sources of campaign funding that should have been disclosed in the emails is available in item 4 below.

## **2. Complaint No. 2020-33-SI: Violations of City Campaign Regulations**

*YouTube video exempt from City funding disclosure requirements*

Complaint No. 2020-33-SI alleged Friends of Sarah for Portland failed to include required funding disclosure information on a campaign video posted on YouTube July 9, 2020. In its response, the campaign clarified that the video was actually posted on July 9, 2019, and

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<sup>1</sup> City Charter Section 3-308(f) and corresponding City Code Section 2.10.080 F. define "Dominant Contributor" to include any individuals or entities which contribute more than \$1,000 to a candidate committee or political committee during an election cycle.

therefore was not subject to City disclosure requirements. In its investigation, the Auditor's Office confirmed the video at issue was posted on July 9, 2019.

Although voters passed the City Campaign Finance Regulations in November 2018, the Auditor's Office did not begin enforcement of disclosure requirements until September 1, 2019.<sup>2</sup> **Since the video was posted prior to the enforcement date, it is exempt from campaign disclosure requirements and I find no violation.**

### **3. Complaint No. 2020-34-SI: No Violation of City Campaign Regulations**

*Flyer exempt from City funding disclosure requirements;  
Social media post lacked required campaign funding information*

Complaint No. 2020-34-SI alleged Friends of Sarah for Portland failed to include required funding disclosure information on a campaign flyer and additional tweet to voters. In its response, the campaign stated the flyers did not qualify as "communications" subject to funding disclosures because the campaign did not distribute 500 or more flyers, or any similar literature, within any 10 business-day period. The Auditor's Office did not discover evidence contradicting the campaign's representation. **Therefore, I find the flyers are not "communications"<sup>3</sup> subject to campaign funding disclosure requirements and there are no disclosure violations for the campaign flyers.**

Responding to the allegation regarding a social media campaign funding disclosure violation on Twitter, the campaign reiterated that it did not have any dominant contributors to disclose due to funds provided by either small contributors or the OAE Program. The Auditor's Office's investigation revealed that the campaign did disclose the OAE Program on its static Twitter profile page. No additional funding information was provided. As detailed in item 1 above (related to Complaint No. 2020-32-SI), receipt of over \$1,000 in seed money qualified contributor Julian Bell as a disclosable dominant contributor. The campaign did not disclose Julian Bell or corresponding funding information for this contributor on their campaign Twitter post. **Therefore, I find the campaign's Twitter post violated campaign finance regulations by failing to disclose required campaign funding information.**

More information on original sources of campaign communication funding that should have been disclosed in the tweet can be found in item 4 immediately below.

### **4. Original Sources of Campaign Communication Funding**

*Funding original sources for campaign emails and campaign tweet*

ORESTAR records reflect that for this election cycle, the disclosable dominant contributors and campaign funding information for Friends of Sarah for Portland that were required on the campaign emails and tweet at issue in Complaint Nos. 2020-32-SI and 2020-34-SI are as follows:

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<sup>2</sup> See Auditor Administrative Rule 13.02(D)(2)(c).

<sup>3</sup> "Communication" is defined in City Charter Section 3-308(d) and corresponding City Code Section 2.10.080 D. The definition specifically excludes "a distribution of 500 or fewer substantially similar pieces of literature within any 10 business-day period." See City Code Section 2.10.080 D.

- Dominant Contributor #1: City of Portland Open and Accountable Elections
- Dominant Contributor #2: Julian Bell\*

***\*Additional Follow Up Required***

In order to meet the requirements for prominent disclosure and avoid penalties up to \$3,000 per violation, Friends of Sarah for Portland must provide the following information to the Elections Office by 5:00 PM on September 16, 2020:

- The types of business from which Dominant Contributor #2 (Julian Bell) has obtained a majority of income over the previous five years. See Portland City Charter Section 3-303(a)(2)(b) and corresponding City Code 2.10.030 A. 2. b.

**City Campaign Regulation Background & Education**

City Campaign Regulations

Portland Charter Chapter 3, Article 3 and City Code Chapter 2.10 (collectively, the “City Campaign Regulations” or “regulations”) were passed by voters in November 2018 and are administered and enforced by the City Auditor’s Office. The regulations require certain campaign contributors and their respective sources of income be prominently listed on campaign communications, including mailers to voters. PCC 2.10.030. The regulations also specifically require disclosures for printed communications.

Provisions regarding campaign disclosures were upheld and have been in effect and enforceable for all candidates as of September 1, 2019.<sup>4</sup> Candidates qualified to appear on the ballot for the May 19, 2020, Primary Election were given notice of the City Campaign Regulations and guidance at the time of candidacy determination.<sup>5</sup>

City Campaign Regulations require disclosures on communications as follows (in relevant part):

- A. Each Communication to voters related to a City of Portland Candidate Election shall Prominently Disclose the true original sources of the Contributions and/or Independent Expenditures used to fund the Communication, including:
  1. The names of any Political Committees and other Entities that have paid to provide or present it; and
  2. For each of the five Dominant Contributors providing the largest amounts of funding to each such Political Committee or Entity in the current Election Cycle:
    - a. The name of the Individual or Entity providing the Contribution.
    - b. The types of businesses from which the maker of the Contribution has obtained a majority of income over the previous 5 years, with each business identified by the name associated with its 6-digit code of the North American Industry Classification System (NAICS).

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<sup>4</sup> See *In re. Validation Proceeding to Determine the Legality of City of Portland Charter Chapter 3, Article 3 and Portland City Code Chapter 2.10 Regulating Campaign Finance and Disclosure* (Multnomah County Circuit Court Case No. 19CV06544).

<sup>5</sup> On September 13, 2019, the City Elections Office apprised candidate Sarah Iannarone of the Campaign Finance Regulation requirements in person.

- B. If any of the five largest Dominant Contributors or Dominant Independent Spenders is a Political Committee (other than a Small Donor Committee) or nonprofit organization, the prominent disclosure shall include its top three funders during the current Election Cycle.
- C. The disclosure shall be current to within ten (10) days of the printing of printed material or within five (5) days of the transmitting of a video or audio communication. PCC 2.10.030. A. 1.–2., B.

City Campaign Regulations define “communications” needing disclosures, “dominant contributors” that must be disclosed, and what it means to “prominently disclose,” as follows:

D. “Communication” means any written, printed, digital, electronic or broadcast communications[.] PCC 2.10.080 D.

F. “Dominant Contributor” means any Individual or Entity which contributes more than \$1,000 during an Election Cycle to a Candidate Committee or Political Committee. PCC 2.10.080 F.

O. “Prominently Disclose” means that the disclosure shall be readily comprehensible to a person with average reading, vision, and hearing faculties, with:

1. any printed disclosure appearing in a type of contrasting color and in the same or larger font size as used for the majority of text in the printed material[.] PCC 2.10.080 O.

### **Appeals**

Pursuant to PCC 2.10.050 I., an appeal may be filed with the Multnomah County Circuit Court within 30 days of the issuance of a decision.

Sincerely,



Louise Hansen  
City Elections Officer