



STATE OF WASHINGTON PUBLIC DISCLOSURE COMMISSION

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July 23, 2019

Delivered electronically to Paula Townsell, Chair of the 38th Legislative District Democrats

Subject: Two Complaints regarding the 38th Legislative District Democrats; PDC Cases 16901 & 27925

Dear Ms. Townsell:

Below is a copy of an electronic letter sent to Jackie Pryor (PDC Case 16901) and Glen Morgan (PDC Case 27925) concerning two complaints that were filed against the 38th Legislative District Democrats (Committee). As noted below in the electronic letter sent to Ms. Pryor and Mr. Morgan, the PDC will not be conducting a more formal investigation into these allegations or taking further enforcement action in this matter, since the Committee completed a Statement of Understanding and paid a \$150 civil penalty acknowledging one violation of RCW 42.17A.405 for exceeding the Non-Exempt funds contributions limits for a bona fide political party committee, resolving that issue.

However, pursuant to WAC 390-37-060(1)(d), PDC staff is hereby formally warning the Committee concerning the importance of timely and accurately filing C-3 and C-4 reports disclosing contribution and expenditure activities undertaken by a bona fide political party committee, including the disclosure of debts, detailed expenditure descriptions, sub-vendor breakdown for expenditures, and adhering to the contribution limits as required by PDC laws and rules. This formal written warning conveys staff's expectation that the 38th Legislative District Democrats will fully comply with the C-3 and C-4 reporting requirements in the future. The Commission will consider this formal written warning if there are any future PDC law or rule violations by the 38th Legislative District Democrats.

Based on this information, the PDC has dismissed these two matters, PDC Cases 16901 and 27925, in accordance with RCW 42.17A.755(1). If you have questions, you may contact me at (360) 664-8854, toll-free at 1-877-601-2828, or by e-mail at kurt.young@pdcc.wa.gov.

Sincerely,

Endorsed by:

s/ _____
Kurt Young, Compliance Officer

s/ _____
Peter Lavalley, Executive Director



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July 23, 2019

Delivered electronically to Jackie Pryor and Glen Morgan

Subject: Complaints regarding the 38th Legislative District Democratic Party; PDC Case 16901 & PDC Case 27925

Dear Ms. Pryor and Mr. Morgan:

The Public Disclosure Commission (PDC) has completed its review of the two complaints you filed against the 38th Legislative District Democratic Party (Committee), a bona fide legislative district political party committee registered with the PDC. Your complaints alleged the Committee may have violated: (1) RCW 42.17A.270 by receiving an earmarked contribution from the Everett Firefighters Local 46, and using those earmarked funds to make a contribution to Brian Sullivan, a candidate for Mayor of Everett in 2017; and (2) RCW 42.17A.235 and .240 for failing to timely and accurately file Monetary Contribution reports (C-3 reports) and Campaign Full Summary Contributions and Expenditures reports (C-4 reports) disclosing contribution and expenditure activities, including debts and obligations, and providing detailed expenditure descriptions and required sub-vendor breakdowns.

For your information, to more efficiently use PDC staff resources, we have combined both of your complaints into one letter. PDC staff reviewed the allegations listed in each of your complaints, the applicable statutes, rules, and reporting requirements for a bona fide political party committee, the responses provided by the Committee, the Committee Registration (C-1pc report), C-3 and C-4 reports filed by the Committee and data in the PDC contribution and expenditure database. As a result of staff's review, we found the following:

- On March 3, 2017, the Committee filed a C-1pc report as a Continuing Bona Fide Political Party Committee, selecting the Full Reporting Option and listing Charlene Rawson as Chair, and Victor Harris as Treasurer. The Committee has been registered as a Continuing Bona Fide Political Party Committee filing C-3 and C-4 reports with the PDC dating back to at least 1997.
- For the 2016 election cycle, the Committee disclosed \$13,922 in contributions received that included \$4,146 in committee funds carried forward from 2015, and \$9,768 in expenditures, with a \$4,154 cash on hand balance. The Committee spent more than \$3,923 on 2016 party caucus events which represented more than 40% of all expenditures.
- The Committee timely filed the April and May 2016 C-4 reports, the 7-Day Pre-Primary Election C-4 report, the 7-Day Pre-General Election C-4 report and the Post-General Election C-4 report. The Committee was not required to file a January 2016 C-4 report.

- The Committee filed the 21-Day Pre-Primary Election C-4 report nine days late, disclosing no contribution or expenditure activities, and the 21-Day Pre-General Election C-4 report late, disclosing minor contribution and expenditure activities.
- For the 2017 election cycle, the Committee disclosed \$21,865 in contributions received that included \$4,154 in committee funds carried forward from 2016, and \$19,773 in expenditures, with a \$2,092 cash on hand balance. The 2017 Committee expenditures included a \$10,000 contribution made to the Brian Sullivan campaign that was timely disclosed on the April 2017 C-4 report.
- The Committee timely filed the April and May 2017 C-4 reports, the 21-Day Pre-Primary Election C-4 report, the Post-Primary Election C-4 report, and the Post-General Election C-4 report. The Committee filed the 2017, 7-Day Pre-Primary Election C-4 report, and the 21-Day and 7-Day Pre-General Election C-4 reports late, including three contributions totaling \$2,500 made by the Committee to local 2017 candidates.

Allegations concerning earmarked contributions:

- On December 13, 2016, Brian Sullivan filed a Candidate Registration (C-1 report) declaring his candidacy for Mayor of Everett in 2017. Brian Sullivan is an incumbent Snohomish County Councilmember, having been elected to that in office in 2007, and re-elected in 2011, and 2015. He is also a former Democratic State Representative from the 21st Legislative District.
- On March 22, 2017, the Committee received a \$10,500 monetary contribution from the Everett Firefighters Local 46.
- Later, on the evening of March 22, 2017, Victor Harris, Committee Finance Chairman called a meeting of the 38th District Democrats Finance Committee. At the meeting, Mr. Harris requested that the party make a \$10,000 monetary contribution to the Brian Sullivan campaign, Committee member Tracy Hofstaedter-Pirtle seconded the request, and the motion was adopted by the Finance Committee. Mr. Harris provided PDC staff a copy of the meeting minutes.
- On April 10, 2017, the Committee timely filed a C-3 report disclosing the receipt of \$10,861 in monetary contributions that were deposited on March 23, 2017, which included the \$10,500 monetary contribution from the Everett Firefighters Local 46 (IAFF Local 46) that was received on March 22, 2017.
- On April 10, 2017, the Friends of Brian Sullivan Campaign timely filed a C-3 report disclosing the receipt of a \$10,000 monetary contribution from the Committee, received on April 3 and deposited on April 7, 2017.
- On May 10, 2017, the Committee timely filed the April 2017 C-4 report disclosing \$676 in contributions received and \$10,193 in expenditures that included the \$10,000 expenditure in the form of a monetary contribution made to the Brian Sullivan campaign on April 10, 2017. (Note: On November 12, 2017, the Committee filed an amended April 2017 C-4 report disclosing that the \$10,000 contribution was made to the Brian Sullivan campaign on April 3, 2017.)
- Mr. Harris stated in the response that Brian Sullivan received the sole endorsement of the Committee party organization in January of 2017.

- Mr. Harris stated the party recognized at that early date that the candidates seeking the office of Mayor of Everett in 2017 was likely to be the most important election in the legislative district that year. He stated that several party members were interested in the Committee contributing to the Brian Sullivan Campaign, with the initial amount being discussed being around \$5,000. He stated after the March 17, 2017, party fundraising event had been held, the Committee had funds available to make a larger contribution to the Brian Sullivan Campaign for Mayor in 2017, and he added:

“With the Fire Fighter's contribution (a sponsorship of the March 17th, 2017 event), we were able to contribute a larger amount and stay within our .50/voter limit (35,000). Given the overwhelming support for sole-endorsement, and the defeat of reconsideration, the importance of the Mayoral race, putting a large amount of our resources toward... this campaign is necessary in what is anticipated to be a highly contested race.”

- On May 5, 2017, Mr. Harris signed and completed a declaration prepared by PDC staff in which he denies that the Committee received an earmarked contribution from IAFF Local 46 in behalf of the Brian Sullivan Campaign. He stated that the Committee made the contribution to Brian Sullivan at his request and not at the request for the IAFF Local 46, and that the request was approved by the 38th Legislative District Democratic Party Finance Committee.
- On August 23, 2017, Paul Gagnon, President of IAFF Local 46, signed and completed a declaration prepared by PDC staff, in which he stated:

“The IAFF Local 46 (IAFF 46) did not provide an earmarked contribution to the 38th LDDCC, and did not direct or designate that the 38th LDDCC pass-through any portion of the \$10,500 contribution to the Brian Sullivan Campaign.” . . . “The \$10,500 contribution provided to the 38th LDDCC on March 22, 2017, from the IAFF Local 46, was not earmarked for the Brian Sullivan Campaign, and was not otherwise directed or encumbered to be spent on a specific candidate.”

- Staff reviewed the March 2017 C-3 reports and C-4 reports filed by Committee, disclosing the Committee had \$17,380 as a cash-on-hand balance as of March 31, 2017, after receiving the \$10,500 contribution from IAFF Local 46, and other monetary contributions received in March of 2017.
- The \$17,380 cash on hand balance included \$6,880 in other monetary contributions that had been received by the Committee. PDC practice for treating contributions received by a filer is that the first contributions received are the first contributions spent (absent evidence to the contrary), so that in making the \$10,000 contribution to Mr. Sullivan, the Committee used \$3,220 of the \$10,500 contribution received from the IAFF Local 46 to make the contribution to the Brian Sullivan Campaign, or 30.7 percent of the IAFF Local 46 contribution.
- For 2017, the Non-Exempt funds account of a bona fide legislative district political party committee was limited to receiving \$5,500 in aggregate contributions from any one source, except for contributions received from an individual, another bona fide political party committee, or from a caucus political committee.
- After being notified about exceeding the Non-Exempt funds contributions after receiving the \$10,500 contribution from IAFF Local 46, the Committee agreed to refund the \$5,000 overage, but they did not have the funds on hand to do so at that time.

- On January 8, 2018, the Committee filed an amended 2017 Post-General Election C-4 report, disclosing a \$5,000 outstanding obligation owed to the IAFF Local 46 to refund a portion of the contribution. The Committee continued to disclose a \$5,000 outstanding obligation owed to the IAFF Local 46 as a refunded contribution through the first five months of 2018.
- The Committee disclosed making a \$5,000 expenditure on June 20, 2018, to IAFF Local 46 refunding the \$5,000 portion of the original \$10,500 contribution that exceeded limits.
- The Committee has no prior PDC violations.

No evidence was found that the \$10,500 contribution received by the Committee from IAFF Local 46 was earmarked, designated or otherwise directed through the Committee to be contributed to the Brian Sullivan Campaign. Both Mr. Harris and Mr. Gagnon submitted declarations affirming that the contribution received by the Committee from IAFF Local 46 was “not earmarked ...or otherwise directed or encumbered to be spent” for Brian Sullivan or any specific candidate.

The Committee completed a Statement of Understanding (SOU) and paid a \$150 civil penalty in accordance with WAC 390-37-143 (Brief Enforcement Penalty Schedule), acknowledging a violation of RCW 42.17A.405 for exceeding the \$5,500 contribution limits for a Non-Exempt funds account of a bona fide political party committee for calendar year 2017.

The \$150 penalty assessed in this matter resolves the issue of exceeding the Non-exempt contributions limits by the Committee. Based on the Committee having no prior violations, completing the SOU, and refunding \$5,000 of the \$10,500 contribution received from the IAFF Local 46 that exceeded the Non-Exempt funds limits, staff has determined that, in this instance, the remaining allegations do not warrant further investigation.

However, pursuant to WAC 390-37-060(1)(d), PDC staff is formally warning the Committee concerning the importance of timely and accurately filing C-3 and C-4 reports disclosing contribution and expenditure activities undertaken by the party organization, including the disclosure of debts, expenditure descriptions and sub-vendor breakdown, and adhering to the contribution limits as required by PDC laws and rules. This formal written warning conveys staff’s expectation that the Committee will fully comply with the C-3 and C-4 reporting requirements in the future. The Commission will consider this formal written warning if there are any future PDC law or rule violations by the Committee.

The PDC has dismissed these two matters, PDC Cases 16901 and 27925, in accordance with RCW 42.17A.755(1). If you have questions, you may contact Kurt Young at 360-664-8854, toll-free at 1-877-601-2828, or by e-mail at kurt.young@pdc.wa.gov.

Sincerely,

Endorsed by,

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Kurt Young, Compliance Officer

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Peter Lavalley, Executive Director

cc: 38th Legislative District Democratic Party Committee