



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

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May 7, 2019

Delivered electronically to Dmitri Iglitzin, legal counsel for Service Employees International Union Political Education & Action Fund (SEIU PEAFF)

Subject: Complaint regarding the SEIU PEAFF, PDC Case 47303

Dear Mr. Iglitzin:

Below is a copy of an electronic letter sent to Maxford Nelson with the Freedom Foundation, concerning a complaint he filed with the Public Disclosure Commission (PDC) against your client, the SEIU PEAFF in PDC Case 47303. As noted below in the electronic letter to Mr. Nelson, the PDC will not be conducting a more formal investigation into these allegations or taking further enforcement action in this matter.

Pursuant to WAC 390-37-060(1)(b), PDC staff is hereby formally warning SEIU PEAFF concerning the importance of timely and accurately filing C-5 reports disclosing contributions received and expenditures made in Washington state by an out-of-state political committee in accordance with PDC laws and rules, especially the contributions received by the SEIU PEAFF from SEIU in Washington, DC. This formal written warning conveys staff's expectation that SEIU PEAFF will fully comply with the C-5 reporting requirements in the future, should the committee make additional contributions to candidates or political committees registered with the PDC in Washington State. The Commission will consider this formal written warning if there are any future PDC law or rule violations by SEIU PEAFF.

Based on this information, the PDC has dismissed this matter 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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May 7, 2019

Delivered electronically to Maxford Nelson with the Freedom Foundation

Subject: Complaint regarding the Service Employees International Union Political Education & Action Fund PAC, PDC Case 47303

Dear Mr. Nelson:

The Public Disclosure Commission (PDC) has completed its initial review of the complaint you filed against the Service Employees International Union Political Education & Action Fund (SEIU PEAFF) on February 18, 2019. The complaint alleged that the SEIU PEAFF, a federal political committee, may have violated: (1) RCW 42.17A.250 by failing to timely and accurately file Out-of-State Political Committee reports (C-5 reports) as an out-of-state committee; (2) RCW 42.17.405 by failing to receive \$10 from ten registered voters in Washington State prior to making contributions to candidates; and (3) RCW 42.17A.442 by failing to received \$10 from ten registered voters in Washington State prior to making contributions to another political committee.

PDC staff reviewed the allegations listed in the complaint you filed, the statutes, rules and reporting requirements for an out-of-state committee, queried the PDC contribution and expenditure database for SEIU PEAFF activities, reviewed the Out-of-State Political Committee reports (C-5 reports) and amended C-5 reports filed by the SEIU PEAFF, and the response and attached exhibits provided by Dmitri Iglitzin, an attorney with Schwerin Campbell Barnard Iglitzin & Lavitt LLP on behalf of his client SEIU PEAFF. As a result of staff's review, we found the following:

- SEIU PEAFF PAC has been filing C-5 reports with the PDC dating back to August of 2004.
- For 2018 SEIU PEAFF filed five C-5 reports disclosing contribution and expenditure activities undertaken in Washington State in 2018. The C-5 reports listed a Washington DC mailing address, included a statement on line #3 SEIU PEAFF "is the IRS Section 527 account connected to the Service Employees International Union, identified Mary Kay Henry as Chairperson and Gerald Hudson, as Treasurer, and stated that the committee was registered as a PAC in California, Nevada, New York and Ohio
- The C-5 reports disclosed that SEIU PEAFF made \$747,983 in total expenditures in Washington state during calendar year 2018 for contributions to Washington State political committees registered with the PDC. In addition, the C-5 reports disclosed that SEIU PEAFF received a total of \$6,593,275 in contributions from SEIU, and included the following:

February 2018: On March 7, 2018, the SEIU PEAFF timely filed a C-5 report for February of 2018 disclosing a \$139,849.02 contribution was made to SEIU 775 Quality Care Committee, and the receipt of three contributions from SEIU in Washington, DC, totaling \$247,315.

May 2018: On June 18, 2018, the SEIU PEAFF filed a C-5 report for May of 2018 disclosing a \$206,562 contribution was made to SEIU 775 Quality Care Committee, and the receipt of eight contributions from SEIU in Washington, DC, totaling \$1,864,835.

June 2018: On July 11, 2018, the SEIU PEAFF filed a C-5 report for June of 2018 disclosing a \$148,073 contribution was made to SEIU 775 Quality Care Committee, and the receipt of two contributions from SEIU in Washington, DC, totaling \$328,073.

July 2018: On August 13, 2018, the SEIU PEAFF filed a C-5 report for July of 2018 disclosing a \$203,499 contribution was made to SEIU Local 925 Public Service PAC, and the receipt of one contribution from SEIU in Washington, DC, totaling \$203,499.

September 2018: On October 10, 2018, the SEIU PEAFF timely filed a C-5 report for September of 2018 disclosing a \$50,000 contribution was made to New Directions PAC, and the receipt of nine contributions from SEIU in Washington, DC, totaling \$2,534,249

- Mr. Iglitzin acknowledged that there were discrepancies between SEIU PEAFF's "Form 8872's that were filed with Internal Revenue Service and the C-5 reports filed by SEIU PEAFF with the PDC." He stated that there were four instances in which SEIU PEAFF received contributions from SEIU's general fund account that were designated for political activities in other states for the 2018 election cycle.
- Mr. Iglitzin stated that due to an inadvertent error, SEIU funds were not "deposited into the particular bank account that SEIU PEAFF uses for its Washington State expenditures." He stated the SEIU PEAFF compliance staff did not include those contributions on the C-5 reports "either as amounts received from SEIU International on a particular date or as part of the aggregate YTD [year-to-date] amount received from that source."
- Mr. Iglitzin stated that none of the SEIU contributions were spent on "electoral political activity in Washington State" but noted that "it is correct that both the receipt of this money, and the expenditures from the non-Washington State bank accounts, should have been reported by SEIU PEAFF on its C-5 filings. SEIU PEAFF has already filed amended C-5 reports that correct this mistake."
- On March 12, 2019, the SEIU PEAFF filed five amended C-5 reports, disclosing the same \$747,983 in total expenditures made in Washington state in 2018 for contributions to SEIU Washington state political committees. However, the amended C-5 reports disclosed that SEIU PEAFF received an additional \$1,534,947 in contributions received from SEIU in Washington, DC during 2018 for an aggregate total of \$8,128,222.
- Of the \$8,128,222 in total contributions received in 2018 by SEIU PEAFF from SEIU in Washington, DC, only \$747,983 was spent in Washington state as contributions to other SEIU political committees which represented only 9.2 percent of the committee's total political activities. The remaining \$7,380,239 in contributions received by SEIU PEAFF from SEIU in Washington, DC in 2018, were used for contributions made to political committees registered in other states, or for candidate activities in other states and at the federal level.

- Mr. Iglitzin stated that the allegations concerning violations of RCW 42.17A.405 and RCW 42.17A.442 by SEIU PEAFF for failing to receive \$10 from 10 registered voters in Washington state is not accurate since the C-5 report does not require contributions of \$25 or less to be itemized on the report, “that SEIU PEAFF has, in fact, received \$10 from 10 Washington voters.” In addition, he noted that RCW 42.17A.442 was found unconstitutional by Judge Schaller based on a Thurston County Superior Court case involving the State of Washington vs. Grocery Manufacturers Association.

As noted above, SEIU PEAFF failed to timely report \$1,534,947 in contributions received from SEIU in Washington, DC for the 2018 elections, and that information was not disclosed until March 12, 2019 when the amended C-5 reports were filed. While the amount of late reported contributions was significant, there were several mitigating factors considered by staff that included SEIU PEAFF: (1) disclosed no additional expenditures as having been made in 2018 on the amended C-5 reports; (2) timely disclosed the \$747,983 in expenditures made as contributions to political committees in Washington state and registered with the PDC on the initial C-5 reports; (3) did not spend any of the \$1,534,947 in late reported contributions received from SEIU in Washington state; and (4) received a total of \$8,128,222 in aggregate contributions from SEIU in Washington, DC, so the \$747,983 spent in Washington state in 2018 by SEIU PEAFF, represented 9.2% of total expenditure activities.

Based on the findings and the information listed above, PDC staff has determined that the facts in this instance do not amount to a finding of an actual violation warranting further investigation. However, pursuant to WAC 390-37-060(1)(b), PDC staff will be formally warning SEIU PEAFF concerning the importance of timely and accurately filing C-5 reports disclosing contribution and expenditure activities undertaken by an out-of-state political committee as required by PDC laws and rules.

This formal written warning conveys staff’s expectation that SEIU PEAFF will fully comply with the C-5 reporting requirements in the future, should the committee make additional contributions to candidates or political committees registered with the PDC in Washington State. The Commission will consider this formal written warning if there are any future PDC law or rule violations by SEIU PEAFF.

Based on this information, PDC staff is dismissing the remaining allegations in this matter against the Service Employees International Union Political Education & Action Fund PAC 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@pdc.wa.gov.

Sincerely,

Endorsed by:

s/ _____
Kurt Young, Compliance Officer

s/ _____
Peter Lavalley, Executive Director

cc: Dmitri Iglitzin, on behalf of SEIU PEAFF PAC