



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

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Toll Free 1-877-601-2828 • E-mail: pdcc@pdcc.wa.gov • Website: www.pdca.wa.gov

July 30, 2019

Delivered electronically to Danielle Franco-Malone, legal counsel for Washington State Council of County and City Employees

Subject: Complaint regarding the Washington State Council of County and City Employees PAC, PDC Case 51086

Dear Ms. Franco-Malone:

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 Washington State Council of County and City Employees PAC in PDC Case 51086. 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)(d), however, PDC staff is hereby formally warning the Washington State Council of County and City Employees PAC concerning the importance of timely and accurately filing C-3 and C-4 reports disclosing contribution and expenditure activities undertaken by a continuing political committee, in accordance with PDC laws, rules and reporting requirements. This formal written warning conveys staff's expectation that the Washington State Council of County and City Employees PAC will fully comply with the reporting requirements for a continuing political committee in the future, including the timely disclosure of the WSCCE staffing and overhead costs of running the PAC. The Commission will consider this formal written warning if there are any future PDC law or rule violations by the Washington State Council of County and City Employees PAC.

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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July 30, 2019

Delivered electronically to Maxford Nelson with the Freedom Foundation

Subject: Complaint regarding the Washington State Council of County and City Employees,
PDC Case 51086

Dear Mr. Nelson:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed against the Washington State Council of County and City Employees PAC on May 3, 2019. The complaint alleged that the Washington State Council of County and City Employees PAC (Committee), a continuing political committee registered with the PDC, may have violated RCW 42.17A.235 and .240 by failing to timely file Campaign Full Summary Contributions and Expenditures reports (C-4 reports) disclosing contribution and expenditure activities, including staff time and the overhead costs to operate and maintain the committee for calendar years 2014 through 2018.

PDC staff reviewed the allegations listed in the complaint you filed, the statutes, rules and reporting requirements for a political committee, queried the PDC contribution and expenditure database for the Committee's activities, reviewed the Monetary Contributions reports (C-3 reports) and C-4 reports filed by the Committee, and the responses provided by Danielle Franco-Malone, an attorney with Schwerin Campbell Barnard Iglitzin & Lavitt LLP on behalf of her client the Washington State Council of County and City Employees and the Committee. As a result of staff's review, we found the following:

- The Committee has been registered with the PDC as a political committee filing C-3 and C-4 reports dating back to at least 1996.
- Ms. Franco-Malone stated that some of the reports that were alleged to have been filed late by the Committee were in fact timely filed. One alleged late C-3 filing included Report #100629885, which was filed on March 10, 2015, on the required due date but based on a typographical error, the report incorrectly listed the deposit date as February 27, 2014, when the contributions were received and deposited on February 27, 2015. She stated this *"example, which at first glance to be a report filed a year late, was in fact not late at all."* She added that *"the vast majority of the allegedly late C-3 reports were filed less than a month late (and in most cases far less than that), due to the fact that they were filed on or before the date monthly C-4 reports would have been due."*
- Ms. Franco-Malone stated the Committee respectfully requests that the Commission take this misunderstanding into account and consider the fact that the Committee made a good faith effort to comply with reporting and disclosure requirements. She stated that WSCCE staff over the years had consistently been in contact with PDC staff when they had questions about how to comply with PDC laws, rules and reporting requirements.

- Ms. Franco-Malone stated these efforts demonstrated “the Committee's good faith intent to fully comply with the law and utilization of best efforts. No deadlines were violated in bad faith, and efforts were made to file timely forms in all cases....Ms. [Barbara] Corcoran [WSCCE Business Manager] has made significant efforts to ensure the Committee's reporting is accurate.” She added that Ms. Corcoran has also worked to timely file amended reports ensuring “that any errors or late reports were corrected quickly to ensure the Committee's reporting is as accurate as possible.”
- Ms. Franco-Malone acknowledged that the Committee received administrative support from the Washington State Council of County and City Employees (WSCCCE) from 2014 through 2018 to operate its political committee. She stated that WSCCE provided administrative support to the Committee, but that information was not disclosed “due to a misunderstanding of the Committee's reporting obligation.”
- Ms. Franco-Malone stated the administrative support provided to the Committee by WSCCCE involved only two employees during the timeframe covered by the complaint, and that Ms. Corcoran provided most of the support to the Committee. She stated Ms. Corcoran wrote the checks for the monetary contributions made by the Committee and filed the required PDC reports for calendar years 2014-2016. She stated that WSCCE had employee timekeeping records that Ms. Corcoran maintained, which provided an accurate depiction of the amount of time she spent operating the Committee.
- For calendar years 2017-2018, Ms. Franco-Malone stated that Ms. Corcoran estimated the amount of time she spent on Committee related activities and determined “*that each check she wrote on the PAC's behalf took a few minutes to execute....each C-4 (report) took between five and 55 minutes to submit, depending on the number of expenditures to be reported. She estimates that each C-3 report took between five and ten minutes...and that each LMC [Last Minute Contribution] report took 15 minutes.*” Ms. Corcoran calculated she spent 10.15 hours on assisting the Committee in 2017, and 10.67 hours assisting the Committee in 2018. Ms. Franco-Malone stated those numbers were “*consistent with the amount of time Ms. Corcoran recorded herself as having spent in 2014-2016.*”
- Ms. Franco-Malone stated that in addition to Ms. Corcoran, Pat Thompson, WSCCCE Deputy Director and registered lobbyist, provided support to the Committee during calendar years 2014 through 2018. She stated that once a candidate had been formally endorsed by WSCCCE, the local unions affiliated with WSCCCE would request the Committee contribute to the endorsed candidate, and Mr. Thompson would facilitate that request by completing a short form memorializing the request, and he presents that form to Chris Dugovich, Committee President and WSCCE President. She stated Mr. Dugovich approves the request and signs the form, and that he spends “*a de minimus amount of time*” on that activity. Mr. Thompson estimated that he spent two hours or less each year receiving requests from the local union affiliates for the PAC to make a contribution and filling out the forms.
- Ms. Franco-Malone stated the WSCCE determined the number of staff hours provided to the Committee, the total hourly value of Ms. Corcoran’s and Mr. Thompson's time, and a corresponding pro-rata share of WSCCCE's overhead expenditures. Based on that information, the WSCCE determined the amount of in-kind contributions provided to the Committee each year, accurately reflecting the total staff wages and overhead costs.
- On July 23, 2019 the Committee filed five amended December C-4 reports for 2014 through 2018, disclosing \$3,843.78 for in-kind contributions received from WSCCE for the staffing and overhead costs of running the PAC. Those in-kind contributions and the amended C-4 reports disclosed the following:

1. CY 2018: A \$852.48 in-kind contribution was received by the Committee for \$91,802 in total contributions and \$87,495 in expenditures made;
2. CY 2017: A \$799.04 in-kind contribution was received by the Committee for \$53,099 in total contributions and \$63,603 in expenditures made.
3. CY 2016: A \$863.36 in-kind contribution was received by the Committee for \$159,759 in total contributions and \$168,132 in expenditures made.
4. CY 2015: A \$718.09 in-kind contribution was received by the Committee for \$171,919 in total contributions and \$188,185 in expenditures made.
5. CY 2014: A \$610.82 in-kind contribution was received by the Committee for \$134,461 in total contributions and \$135,678 in expenditures made.

As noted above, the Committee failed to timely report \$3,843.78 for in-kind contributions received from WSCCE for calendar years 2014 through 2018, and that information was not disclosed until July 23, 2019, when the amended C-4 reports were filed.

Based on the findings and the information listed below, PDC staff has determined that the facts in this instance do not amount to a finding of a violation warranting further investigation. Staff considered several mitigating factors that included: (1) the \$3,843.78 in late disclosed in-kind contributions received by the Committee from WSCCE for staffing and overhead costs of running the PAC was not material in amount and had no impact on the public; (2) the Committee timely disclosed the majority of the C-3 and C-4 reports for calendar years 2014 through 2018; and (3) neither the WSCCE nor the Committee has any prior PDC violations.

However, pursuant to WAC 390-37-060(1)(d), PDC staff will be 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 continuing political committee, in accordance with PDC laws, rules and reporting requirements. This formal written warning conveys staff's expectation that the Committee will fully comply with the reporting requirements for a continuing political committee in the future, including the timely disclosure of the WSCCE staffing and overhead costs of running the PAC. The Commission will consider this formal written warning if there are any future PDC law or rule violations by Committee.

Based on this information, PDC staff is dismissing the remaining allegations in this matter against the Washington State Council of County and City Employees 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 Lavallee, Executive Director

cc: Danielle Franco-Malone, on behalf of Washington State Council of County and City Employees PAC