



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

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September 12, 2019

Delivered electronically to Michelle Kaplan at mpettigrew@yahoo.com

Subject: Complaint regarding Patrick M. Shanahan, PDC Case No. 53342

Dear Ms. Kaplan:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on June 13, 2019. Your complaint alleged that Patrick M. Shanahan, a University of Washington Board of Regents trustee from January 17, 2012 to September 30, 2016, may have violated RCW 42.17A.710 by failing to accurately and completely disclose real property, creditors and intangible personal property on the Personal Statement of Financial Affairs (F-1 report) for the reporting periods of calendar year 2014, 2015 and 2016.

PDC staff reviewed your allegations; the applicable statutes, rules, and reporting requirements; the applicable PDC reports filed by the Respondent; and reviewed the Respondent's F-1 reports, to determine whether the record supports a finding of one or more violations.

Based on staff's review, we found the following:

- RCW 42.17A.710(1) requires that certain specific information about a candidate or appointed official be disclosed on the F-1 form.
- Staff reviewed the F-1 forms filed by Mr. Shanahan between April 2012 and May 2017 and determined that he did not disclose all information required by the law. However, Mr. Shanahan has since amended his F-1 reports to reflect the disclosure of both his residence and brokerage accounts.

The Shanahan Residence

- Mr. Shanahan purchased the residence located on NE Surber Drive in Seattle from a family trust on March 6, 2012. Prior to that time, he was renting the residence from the family trust. Prior to the purchase he was not required to report the residence. He was required to report the residence on: (1) The F-1 report covering the 12 months preceding his appointment, filed April 4, 2012; (2) The F-1 covering calendar year 2012, filed April 15, 2013; (3) The F-1 covering 2013, filed April 28, 2014; The F-1 covering 2014, filed April 15, 2015; The F-1 covering 2015, filed April 11, 2016; and the F-1 covering calendar year 2016, filed May 3, 2017. (The failure to include his residence on the F-1 reports covering the 12 months before his appointment and covering calendar years 2012 and 2013 are beyond the five-year statute of limitations, and are not being reviewed.) The residence was not included on the F-1s covering 2012, 2013, and 2014 because Mr. Shanahan was experiencing security concerns at his residence, and was under the impression that discussions between his assistant and PDC staff were a sufficient basis to not report the residence. He now understands that a formal request for a reporting modification was required. For calendar year 2014,

Mr. Shanahan has amended his F-1 to include the residence. The F-1 reports covering calendar years 2015 and 2016 properly include his residence.

Stock Brokerage Accounts

- The stock brokerage accounts for 2012 were broker-managed by McAdams, Wright, Ragen in Bellevue, and Mr. Shanahan was not required to list the individual stocks being managed. The McAdams accounts were essentially liquidated in 2012 to finance the purchase of the Surber residence and were therefore not required to be listed for calendar years 2012 and 2013. For calendar year 2014, McAdams, Wright, Ragen merged with Robert W. Baird & Company, keeping the same address. Mr. Shanahan stated that through an oversight, Robert W. Baird & Company was not listed on his F-1 covering calendar year 2014. He has amended his F-1 for calendar year 2014 to reflect Robert W. Baird & Company.
- On behalf of Mr. Shanahan, his legal counsel stated: “The shortcomings in the filings were inadvertent and not the product of any intent to conceal or fail to comply with all the reporting requirements. This reality is underscored by the fact that the existence of the residence (at the time it was owned) was disclosed in the Senate Questionnaire filed in January 2012. As soon as the security features at the residence were installed, the residence was appropriately disclosed in the F-1 filings for 2015 and 2016. Similarly, the broker-managed account was appropriately disclosed in the first F-1 filed in 2012. Unbeknownst to the complainant, it was not active for a period afterward and was inadvertently left off of the F-1s when refunded. It was disclosed in the 2016 F-1 filed in 2017. Mr. Shanahan’s F-1s always reported several other stock ownerships and financial accounts. By the time the 2016 F-1 was filed in 2017 on behalf of Mr. Shanahan, the residence, the residence debt, and the brokerage accounts were all appropriately disclosed.”

Based on these findings staff has determined that, in this instance, failure to accurately and completely disclose certain financial information and intangible personal property on the F-1 report by the respondent does not amount to a violation that warrants further investigation.

However, pursuant to WAC 390-37-060(1)(b), Patrick Shanahan will receive a formal written warning concerning his failure to disclose his residence on the F-1 report covering calendar year 2014, and for failing to report a broker-managed stock account on the F-1 reports covering calendar years 2014 and 2015. The Commission will consider the formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

Based on this information, the PDC finds that no further action is warranted and has dismissed this matter in accordance with RCW 42.17A.755(1)(a).

If you have questions, you may contact Erick Agina at (360) 586-2869, toll-free at 1-877-601-2828, or by e-mail at erick.agina@pdc.wa.gov.

Sincerely,

Endorsed by:

s/ _____

Erick Agina
Compliance Officer

s/ _____

Peter Lavalley
Executive Director

cc: Jim Frush