



State of Washington  
PUBLIC DISCLOSURE COMMISSION

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November 19, 2019

Delivered electronically to Tom Leahy, legal counsel for Teamsters Local 589

Subject: Teamsters Local 589; PDC Case 56886

Mr. Leahy:

Below is a copy of an electronic letter sent to Maxford Nelson with the Freedom Foundation concerning the complaint filed with the Public Disclosure Commission (PDC) against your client, the Teamsters Local 589.

On November 14, 2019, the PDC received a completed Statement of Understanding (SOU) that was signed by Mark Fuller on behalf of Teamsters Local 589 along with a \$450 civil penalty payment. The \$450 penalty that was assessed in accordance with WAC 390-37-143 (Brief Enforcement Penalty Schedule), resolves the allegations listed in the complaint for failing to timely file C-6 reports disclosing legal fees paid by Teamsters Local 589 to oppose City of Sequim Propositions 1 and 2.

By completing the SOU, Teamsters Local 589 acknowledged violations of RCW 42.17A.255 by failing to timely file C-6 reports disclosing expenditures made to Reid, McCarthy, Ballew & Leahy, LLP for legal services related to the City of Sequim Propositions 1 and 2.

Based on the resolution of this matter through a SOU completed by your client, the PDC has dismissed this matter in accordance with RCW 42.17A.755(1). If you have questions, please contact PDC staff member Kurt Young by e-mail at [kurt.young@pdc.wa.gov](mailto:kurt.young@pdc.wa.gov).

Sincerely,

Endorsed by,

/s \_\_\_\_\_  
Kurt Young, Compliance Officer

/s \_\_\_\_\_  
BG Sandahl, Deputy Director for  
Peter Lavalley, Executive Director



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November 19, 2019

Sent electronically to Maxford Nelson with the Freedom Foundation

Subject: Teamsters Local 589, PDC Case 56886

Mr. Nelson:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on August 22, 2019 against the Teamsters Local 589, a local labor organization in Port Angeles Washington. The complaint alleged that the Teamsters Local 589 may have violated RCW 42.17A.255 by failing to timely file Independent Expenditures reports (C-6 reports) disclosing expenditures made for legal services related to City of Sequim Propositions 1 and 2.

In addition, on September 25, 2019, you submitted supplemental information concerning the complaint you filed against Teamsters Local 589. PDC staff reviewed the allegations listed in the complaint you filed, the supplemental information you provided, the statutes, rules and C-6 reporting requirements, the C-6 report filed by the Teamsters Local 589, and the responses to the complaint provided by Tom Leahy, legal counsel for Teamsters Local 589.

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

- On September 23, 2019, Teamsters Local 589 filed a C-6 report disclosing \$35,608.70 in total expenditures made to the law firm of Reid, McCarthy, Ballew & Leahy, LLP covering the period July 1 through December 31, 2014. The C-6 report filed by Teamsters Local 589 disclosed the following:
  1. On November 17, 2014, Teamsters Local 589 made a \$10,550 expenditure to Reid, McCarthy, Ballew & Leahy, LLP for October legal services incurred in opposition to the City of Sequim Propositions 1 and 2. A November 2014 C-6 report was required to have been filed no later than December 10, 2014 and the information was filed 1,748 days late.
  2. On December 12, 2014, Teamsters Local 589 made a \$3,859.50 expenditure to Reid, McCarthy, Ballew & Leahy, LLP for November legal services incurred in opposition to the City of Sequim Propositions 1 and 2. A December 2014 C-6 report was required to have been filed no later than January 10, 2015 and the information was filed 1,717 days late.
  3. On January 12, 2015, Teamsters Local 589 made a \$60 expenditure to Reid, McCarthy, Ballew & Leahy, LLP for December services incurred in opposition to the City of Sequim Propositions 1 and 2.

A January 2015 C-6 report was required to have been filed no later than February 10, 2015 and the information was filed 1,686 days late.

- The C-6 report also disclosed legal services provided by Reid, McCarthy, Ballew & Leahy, LLP to Teamsters Local 589 as follows: (1) July legal services totaling \$60 for an expenditure made on August 11, 2014; (2) August legal services totaling \$360 for an expenditure made on September 15, 2014; and (3) September legal services totaling \$18,830 for an expenditure made on October 14, 2014.
- Mr. Leahy stated that Teamsters Local 589 was not aware of a requirement to file a C-6 report with the PDC regarding “its litigation expenses” until the complaint was received from PDC staff. He added that “by the time the Teamsters Local 589 became a party to this litigation, the City of Sequim had already (1) decided not to place the Propositions on the ballot or adopt them; and (2) been sued by Brautigam (who was getting help from the Evergreen Freedom Foundation).”
- Mr. Leahy stated that the Teamsters Local 589 filed a motion to intervene in the City of Sequim lawsuit and proceeded to support the City of Sequim litigation in this matter arguing that the ballot propositions violated the cities collective bargaining agreements and Washington state law.” He stated Teamsters Local 589 “was driven into a unique position not occupied by the litigants in the Supreme Court case. Teamsters Local 589 had a duty to represent its members and defend the City's position not to enact the Propositions (or place them on the ballot in violation of state law). This is what labor unions, including Teamsters Local 589, are required to do on daily basis in their normal course of business: Defend the contractual and/or statutory rights of its members.”
- Mr. Leahy stated that the litigation costs paid by Teamsters Local 589 “related to Propositions 1 and 2 at the City of Sequim was no different”, and was “one of the reasons why the union did not think it had a filing obligation “to disclose its litigation expenses related to the 2014 Propositions at the City of Sequim,” He added that the unions hiring of attorneys to defend its members contractually and/or statutorily, is typically not reportable to the PDC.

On November 14, 2019, the PDC received a completed Statement of Understanding (SOU) that was signed by Mark Fuller, on behalf of Teamsters Local 589. The SOU was accompanied by a \$450 payment for the civil penalty that was assessed in this matter in accordance with WAC 390-37-143 (Brief Enforcement Penalty Schedule).

The \$450 civil penalty assessed resolves the allegations listed in your complaint against the Teamsters Local 589 for failing to timely file C-6 reports. By completing the SOU, the Teamsters Local 589 acknowledged three violations of RCW 42.17A.255 for failing to timely file C-6 reports disclosing legal services incurred in October, November and December of 2014, that were paid in November and December of 2014, and January of 2015 in opposition to the City of Sequim Propositions 1 and 2.

Concerning the three additional expenditures made by the Teamsters Local 589 for legal services provided in July, August, and September of 2014, while those expenditures were also disclosed late on the C-6 report, the activities were beyond the five-year statute of limitations in accordance with RCW 42.17A.770, and were not reviewed by staff.

Based on the resolution of this matter through a SOU, PDC staff is dismissing 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@pdc.wa.gov](mailto:kurt.young@pdc.wa.gov).

Sincerely,

Endorsed by:

s/ \_\_\_\_\_  
Kurt Young, Compliance Officer

s/ \_\_\_\_\_  
BG Sandahl, Deputy Director for  
Peter Lavalley, Executive Director

cc: Thomas Leahy, legal counsel Teamsters Local 589

