



State of Washington  
PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908  
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**Toll Free 1-877-601-2828 • E-mail: [pdc@pdc.wa.gov](mailto:pdc@pdc.wa.gov) • Website: [www.pdc.wa.gov](http://www.pdc.wa.gov)**

November 25, 2019

Delivered electronically to Tom Leahy, legal counsel for International Association of Machinists Lodge W38 and International Association of Machinists Lodge W24

Subject: Complaint filed against International Association of Machinists Lodge W38, PDC Case 56888

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 International Association of Machinists Lodge W38 (IAM W38). These two letters also address the failure to timely file an Independent Expenditure report (C-6 report) disclosing expenditures made by IAM Lodge W24 (IAM W24), which was not listed in the complaint.

On November 12, 2019, the PDC received a completed Statement of Understanding (SOU) that was signed by Rick Simpson, President of IAM W38, and signed by Wayne Thompson on behalf of IAM W24 along with a \$450 civil penalty that was assessed in accordance with WAC 390-37-143 (Brief Enforcement Penalty Schedule). The \$450 penalty resolves the allegations listed in the complaint for failing to timely file C-6 reports disclosing legal fees paid to oppose City of Shelton Propositions 1 and 2.

By completing the SOU, IAM W38 and IAM W24 are acknowledging violations of RCW 42.17A.255 for failing to timely file C-6 reports disclosing expenditures made to the law firm of Reid, McCarthy, Ballew & Leahy, LLP for legal services related to City of Shelton Propositions 1 and 2.

Based on the resolution of this matter through an 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 Lavallee, Executive Director



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November 25, 2019

Sent electronically to Maxford Nelson with the Freedom Foundation

Subject: Complaint filed against International Association of Machinists Lodge W38, PDC Case 56888

Mr. Nelson:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on August 22, 2019, against the International Association of Machinists Lodge W38 (IAM W38), a local labor organization in Washington. The complaint alleged that IAM W38 may have violated RCW 42.17A.255 by failing to timely file Independent Expenditures report (C-6 report) disclosing expenditures made for legal services related to City of Shelton Propositions 1 and 2.

PDC staff reviewed the allegations listed in the complaint you filed, the statutes, rules and C-6 reporting requirements, reviewed the C-6 report filed by IAM W-38, and the responses to the complaint provided by Tom Leahy, legal counsel for the IAM W-38. Based on staff's review, we found the following:

- On October 8, 2019, IAM Lodge W38/IAM Lodge W24 filed one C-6 report disclosing expenditures totaling \$10,535.95 made to the law firm of Reid, McCarthy, Ballew & Leahy, LLP in November and December 2014 and January 2015. The C-6 report filed by IAM Lodge W38/IAM Lodge W24 included, in pertinent part, the following:
  1. On November 20, 2014, IAM Lodge W38/IAM Lodge W24 made a \$4,125 expenditure to Reid, McCarthy, Ballew & Leahy, LLP for October legal services incurred in opposition to the City of Shelton Propositions 1 and 2. The November 2014 C-6 report was due no later than December 10, 2014 and was filed 1,763 days late.
  2. On December 11, 2014, IAM Lodge W38/IAM Lodge W24 made a \$4,890 expenditure to Reid, McCarthy, Ballew & Leahy, LLP for November legal services incurred in opposition to the City of Shelton Propositions 1 and 2. The December 2014 C-6 report was due no later than January 10, 2015 and was filed 1,732 days late.
  3. On January 15, 2015, IAM Lodge W38/IAM Lodge W24 made a \$742 expenditure to Reid, McCarthy, Ballew & Leahy, LLP for December legal services incurred in opposition to the City of Shelton Propositions 1 and 2.

The January 2015 C-6 report was due no later than February 10, 2015 and was filed 1,701 days late.

- Mr. Leahy stated that IAM W38 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 stated by the time IAM W38 became involved in the litigation, the City of Shelton had already voted not to place either Proposition 1 or 2 on the ballot or to adopt the measures, and the city had already been sued by Diane Good with assistance from the Freedom Foundation.
- Mr. Leahy stated that the IAM W38 filed a motion to intervene in the City of Shelton lawsuit and proceeded to support the City of Shelton litigation in this matter arguing that the ballot propositions violated the city’s collective bargaining agreements and Washington state law.” He stated that IAM W38, “was driven into a unique position not occupied by the litigants in the Supreme Court case” and that IAM W38 was representing its members and defending the City of Shelton's position not to enact the Propositions (or place them on the ballot in violation of state law).
- Mr. Leahy stated the following in an October 18, 2019, letter to the Commission concerning the C-6 report:

**“IAMW 38 incurred the attorneys' fees and costs and was the represented party in the 2014 litigation related to this complaint. IAM District Lodge 24, the parent organization to IAM W38, paid the attorneys' fees and costs for IAM W38. This is why both IAM District Lodge 24 and IAM Local Lodge 38 are on the C6 PDC form. IAM District Lodge 24 files a LM-2 report (which would include the litigation expenses related to the 2014 litigation) and IAM Local Lodge 38 files a LM-3 report. Other than not being a direct party to the litigation, the same basic arguments for IAMW 38 (from my' recent submission) would also apply to IAM District Lodge 24.”**

- In addition, Mr. Leahy provided the following mitigating factors: (1) IAM W38 as a local labor union did not have much experience with the PDC and the reporting requirements, and did not think there was any disclosure requirements concerning the legal services since it only hired his firm “to defend the contractual and/or statutory rights of its members; conduct that it normally does not disclose to the PDC”; (2) IAM W38 did not hide “its involvement in this litigation” and it was clear that IAM W38 “was intervening in Ms. Good's lawsuit against the City of Shelton and the Mason County Auditor;” and (3) IAM W38 did not benefit either politically or economically from the failure to timely file C-6 reports.

On November 12, 2019, the PDC received a completed Statement of Understanding (SOU) that was signed by Rick Simpson, President of IAM W38, and Wayne Thompson on behalf of IAM W24. 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 IAM W38, and against IAM W24 as the entity paying for the legal services on behalf of IAM W38 for failing to timely file the C-6 report. By completing the SOU, both IAM W38 and IAM W24 are acknowledging three violations of RCW 42.17A.255 for failing to timely file C-6 reports disclosing legal services incurred in opposition to the City of Shelton Propositions 1 and 2.

Based on the resolution of this matter through an 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

