



State of Washington
PUBLIC DISCLOSURE COMMISSION

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November 25, 2019

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

Subject: WA State Council of County and City Employees, AFL-CIO; PDC Case 56889

Ms. Franco-Malone:

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 WA State Council of County and City Employees, AFL-CIO (WSCCCE, AFL-CIO).

On November 4, 2019, the PDC received a completed Statement of Understanding (SOU) that was signed by Chris Dugovich on behalf of the WSCCCE, AFL-CIO along with a \$450 civil penalty payment 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 by WSCCCE, AFL-CIO to oppose City of Chelan Propositions 1 and 2.

By completing the SOU, the WSCCCE, AFL-CIO acknowledged 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 Chelan 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.

Sincerely,

Endorsed by,

/s _____
Kurt Young, Compliance Officer

/s _____
BG Sandahl, Deputy Director for
Peter Lavalley, Executive Director



Public Disclosure Commission
Shining Light on Washington Politics Since 1972



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

November 25, 2019

Sent electronically to Maxford Nelson with the Freedom Foundation

Subject: WA State Council of County and City Employees, AFL-CIO; PDC Case 56889

Mr. Nelson:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on August 28, 2019 against the WA State Council of County and City Employees, AFL-CIO, a statewide labor council for county and city municipal employees headquartered in Everett, Washington. The complaint alleged that the WA State Council of County and City Employees, AFL-CIO (WSCCCE, AFL-CIO) 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 Chelan 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 reports filed by the WSCCCE, AFL-CIO and the response to the complaint provided by Danielle Franco-Malone, legal counsel for the WSCCCE, AFL-CIO. Based on staff's review, we found the following:

- On September 25, 2019, WSCCCE AFL-CIO filed three C-6 reports disclosing expenditures totaling \$28,923 made to the law firm of Reid, McCarthy, Ballew & Leahy, LLP for legal services in January, February and March of 2015. The C-6 reports filed by WSCCCE, AFL-CIO disclosed the following:
 1. On January 15, 2015, WSCCCE AFL-CIO made a \$3,205 expenditure to Reid, McCarthy, Ballew & Leahy, LLP for legal services incurred in opposition to the City of Chelan Propositions 1 and 2. The January 2015 C-6 report was required to have been filed no later than February 10, 2015 and was filed 1,688 days late.
 2. On March 9, 2015, WSCCCE AFL-CIO made a \$15,411 expenditure to Reid, McCarthy, Ballew & Leahy, LLP for legal services incurred in opposition to the City of Chelan Propositions 1 and 2. The March 2015 C-6 report was required to have been filed no later than April 10, 2015 and was filed 1,629 days late.
 3. On April 16, 2015, WSCCCE AFL-CIO made a \$10,306 expenditure to Reid, McCarthy, Ballew & Leahy, LLP for legal services incurred in opposition to the City of Chelan Propositions 1 and 2. The April 2015 C-6 report was required to have been filed no later than May 10, 2015 and was filed 1,599 days late.

- Ms. Franco-Malone stated that the independent expenditures made by WSCCCE, AFL-CIO in question concerned legal services relating to two local proposed ballot propositions submitted to the Chelan City Clerk in the fall of 2014. She stated the Chelan City Council determined that the two proposed ballot propositions “were not proper subjects of the municipal initiative power” and the city directed the Chelan City Attorney “to initiate a legal action to determine the lawfulness of the propositions.”
- Ms. Franco-Malone stated the Freedom Foundation filed a lawsuit “seeking to compel the Chelan City Council to call an election on the proposed propositions” and that the city “filed a counterclaim requesting that the Foundation’s claims be dismissed because the proposed propositions were not a valid exercise of the municipal initiative power.” She stated that WSCCCE, AFL-CIO intervened in support of the City of Chelan’s position, and “that the proposed ballot propositions were not proper subjects for the municipal ballot power. The Court granted summary judgment in favor of the City and WSCCCE, AFL-CIO and the two proposed propositions were never voted upon.”
- Ms. Franco-Malone included the following facts in her response letter: (1) the WSCCCE, AFL-CIO’s failure to timely file the three C-6 reports had minimal impact on the public, since the two proposed propositions were never placed on the ballot by the Chelan City Council; (2) WSCCCE, AFL-CIO’s independent expenditures were made for legal services to oppose the two proposed propositions and that information “was hardly secret (since) the litigation was publicly reported on as it progressed”; and (3) WSCCCE, AFL-CIO promptly took corrective action when its alleged noncompliance was brought to its attention. While WSCCCE, AFL-CIO did not realize the need to file C-6 reports prior to the complaint being filed against it, it has since filed reports fully disclosing the costs of legal fees it paid opposing the two propositions.”

On November 4, 2019, the PDC received a completed Statement of Understanding (SOU) that was signed by Chris Dugovich, President of the WSCCCE, AFL-CIO. 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 resolves the allegations listed in your complaint against the WSCCCE, AFL-CIO for failing to timely file three C-6 reports.

By completing the SOU, the WA State Council of County and City Employees, AFL-CIO acknowledged 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 Sequim 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.

Sincerely,

Endorsed by:

s/ _____
Kurt Young, Compliance Officer

s/ _____
BG Sandahl, Deputy Director for
Peter Lavallee, Executive Director

cc: Danielle Franco-Malone