



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112
Toll Free 1-877-601-2828 • E-mail: pdcc@pdcc.wa.gov • Website: www.pdca.wa.gov

May 19, 2020

Delivered electronically to Dmitri Iglitzin, on behalf of the Washington State Federation of State Employees

Subject: Complaint regarding the Washington State Federation of State Employees, PDC Case 62411

Dear Mr. Iglitzin:

Enclosed 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, Washington State Federation of State Employees (WFSE).

As noted in the letter to Mr. Nelson, there was no evidence provided or found that the \$200,000 in AFSCME funds received by WFSE was deposited into its Separate Segregated Fund (SSF). The PDC will not be conducting further investigation into these allegations or taking any enforcement action in this matter.

PDC staff is dismissing 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 pdcc@pdcc.wa.gov.

Sincerely,

Endorsed by,

/s _____
Electronically Signed, Kurt Young
Compliance Officer

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





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May 19, 2020

Delivered electronically to Maxford Nelson with the Freedom Foundation

Subject: Complaint regarding the Washington State Federation of State Employees, PDC Case 62411

Dear Mr. Nelson:

The Public Disclosure Commission (PDC) has completed its investigation of the complaint you filed against the Washington State Federation of State Employees (WFSE), relating to WFSE's Separate Segregated Fund (SSF). The complaint alleged that WFSE's SSF may have violated RCW 42.17A.205 by failing to register as a political committee by completing a Committee Registration (C-1pc report), and RCW 42.17A.235 and .240 by failing to timely file Monetary Contributions reports (C-3 reports) and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) disclosing contribution and expenditure activities undertaken during calendar year 2016.

PDC staff reviewed the allegations listed in the complaint you filed, the statutes, rules and reporting requirements, queried the PDC contribution and expenditure database for WFSE activities, reviewed the Annual Report of Lobbyist Employers (L-3 reports) and the Monthly Lobbyist Expenditure information disclosed by the lobbyist filing on behalf of the WFSE for calendar year 2016, including Dennis Eagle.

In addition, staff reviewed: the responses and exhibits to the complaint provided by Dmitri Iglitzin, an attorney with Schwerin Campbell Barnard Iglitzin & Lavitt LLP on behalf of WFSE; PDC Case 14266, a complaint that was filed by the Freedom Foundation (FF) in 2017 against WFSE alleging similar violations; and PDC Case 54145, a complaint filed against American Federation of State, County, and Municipal Employees. Based on staff's investigation, we found the following:

- As noted in PDC Case 14266, the WFSE is a statewide labor organization that is affiliated with American Federation of State, County, and Municipal Employees (AFSCME). WFSE or AFSCME Council 28 has a Separate Segregated Fund (SSF) that is registered under Section 527 of the Internal Revenue Code, and reports to the Internal Revenue Service (IRS) under the name WFSE – SSF.
- WFSE AFSCME Council 28 is also a Lobbyist Employer that has been registered and reporting with the Public Disclosure Commission (PDC) since the 1970s.
- Mr. Iglitzin stated that the complaint in this matter, “is identical, in all key respects, to at least one portion of a complaint the FF filed against WFSE almost exactly three years ago, on January 17, 2017 (PDC Case Number 14266).”

- In that matter, PDC staff determined WFSE was not required to register the SSF as a political committee, because “the SSF is an account established, controlled, and funded by WFSE, such that expenditures from the SSF are the equivalent of expenditures from WFSE’s general fund.” On March 28, 2017, PDC Case Number 14266 was referred to the Attorney General’s Office (AGO). The AGO ultimately declined to take action, concluding in part that, “the WFSE’s Separate Segregated Fund should not be considered as a person in its own right under state campaign finance laws.”
- In responding to the complaint in this matter, Mr. Iglitzin stated that an SSF is not a separate person. Further, he clarified that the SSF “is merely a separate bank account, or fund, within the total control of the labor organization that has created it.” Mr. Iglitzin also clarified that the fact that WFSE’s SSF has filed an IRS Form 8871 does not change this analysis. Rather, “[t]he obligation to file a Form 8871 flows from federal tax law, but does not materially change the nature or status of an entity for purposes of state law.” He also stated, “there is no dispute that WFSE’s SSF is managed, operated, funded and directed entirely by WFSE itself. WFSE’s Executive Director makes all final approvals of monies provided to and spent from the SSF.”
- In responding to the complaint, Mr. Iglitzin also addressed PDC Case 54145, involving a transaction made by American Federation of State, County and Municipal Employees Special Account (AFSCME), as disclosed on an Out-of-State Political Committee report (C-5 report). On August 14, 2019, AFSCME filed a C-5 report disclosing that a \$200,000 contribution had been made on September 9, 2016, to AFSCME Washington Council 28 (WFSE) in Olympia, Washington, and listing the purpose as “Grant to an affiliate”.
- Mr. Iglitzin stated FF has provided no evidence indicating that the \$200,000 in question was deposited into WFSE’s SSF. Mr. Iglitzin confirmed that the \$200,000 was deposited into WFSE’s member dues account, the primary account used by WFSE to pay for all of its representational and operational expenses.

Based on the above information, PDC staff found no evidence requiring further inquiry into whether SSF was acting as a political committee. In addition, there is no evidence that the \$200,000 in AFSCME funds received by WFSE was deposited into the SSF, such that further inquiry is necessary as to whether the SSF was a political committee as a receiver of contributions.

PDC staff is dismissing 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 pdcc@pdcc.wa.gov.

Sincerely,

Endorsed by,

/s _____
 Electronically Signed, Kurt Young
 Compliance Officer

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

cc: Dmitri Iglitzin, on behalf of the WFSE