



**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: pdc@pdc.wa.gov • Website: www.pdc.wa.gov

April 20, 2020

Delivered electronically to Josie Olsen, Treasurer for Mike Kreidler Surplus Funds Account

Subject: Complaint regarding Mike Kreidler, the incumbent Washington State Insurance Commissioner, PDC Case 65459

Dear Ms. Olsen and Commissioner, Kreidler:

Below is a copy of an electronic letter sent to Glen Morgan, concerning a complaint he filed with the Public Disclosure Commission (PDC) against Myron (Mike) Kreidler, the incumbent Washington State Insurance Commissioner. As noted below in the electronic letter sent to Mr. Morgan, the PDC will not be conducting a more formal investigation into the allegations listed in the complaint or taking further enforcement action in this matter.

On April 16, 2020, you completed a Statement of Understanding (SOU) and paid a \$150 civil penalty in accordance with WAC 390-37-143 (Brief Enforcement Penalty Schedule), acknowledging a violation of RCW 42.17A.430 by using surplus funds to make a prohibited \$500 monetary contribution to the 2018 Denny Heck for Congress Campaign. The \$150 penalty assessed in this matter resolves the issue of making a prohibited surplus expenditure.

The PDC has dismissed the complaint in accordance with RCW 42.17A.755(1). Thank you for your cooperation in resolving this matter. If you have questions, you may contact Kurt Young at (360) 664-8854, toll-free at 1-877-601- 2828 or by e-mail at pdc@pdc.wa.gov.

Sincerely,

Endorsed by,

/s

Electronically Signed, Kurt Young
Compliance Officer

/s

Electronically Signed BG Sandahl, Deputy Director
for Peter Lavalley, Executive Director



Public Disclosure Commission
Shining Light on Washington Politics Since 1972



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April 20, 2020

Delivered electronically to Glen Morgan

Subject: Complaint regarding Mike Kreidler, the incumbent Washington State Insurance Commissioner, PDC Case 65459

Dear Glen Morgan:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on February 12, 2020. The complaint alleged that Myron (Mike) Kreidler, the incumbent Washington State Insurance Commissioner, may have violated Chapter 42.17A.430 by making prohibited expenditures from the Mike Kreidler Surplus Funds Account.

PDC staff reviewed the allegations; the applicable statutes, rules, and reporting requirements for a surplus funds account; the response provided by Josie Olson, Treasurer for the Mike Kreidler Surplus Funds account; and the Candidate Registrations (C-1 reports), Monetary Contributions reports (C-3 reports), and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) filed by the Mike Kreidler Surplus Funds Account to determine whether the record supports a finding of one or more violations. Based on staff's review, we found the following:

- On March 12, 2017, Mike Kreidler filed a C-1 report with the PDC declaring candidacy for re-election to the office of Washington State Insurance Commissioner in election year 2020, selecting the Full Reporting Option. Mike Kreidler was elected Insurance Commissioner in 2000, was re-elected to that office in 2004, 2008, 2012, and 2016.
- Mike Kreidler has been filing surplus fund C-3 and C-4 reports dating back to before calendar year 2008, and based on a limited review, those reports have been timely filed and listed Josie Olson, Treasurer for the Mike Kreidler Surplus Funds account.
- RCW 42.17A.430 defines surplus campaign funds as being contributions received by a candidate for an election that remain after the election has been held and all expenditures, loans, debts and obligations have been paid. An election campaigns surplus funds may only be disposed of in one or more of the ways permitted in the statute that includes depositing those funds into a separate Surplus Funds Account and then using those funds to pay for non-reimbursed public office related expenses.
- WAC 390-24-032 defines a "non-reimbursed public office-related expense" as an expenditure incurred by an elected or appointed official, or a member of his or her immediate family, solely because of being an official.

\$500 Contribution made to Denny Heck for Congress

- Ms. Olsen stated that the \$500 contribution made to the Denny Heck for Congress Campaign in August of 2017 from the Mike Kreidler Surplus funds account had been made in error. She stated that after being made aware of the mistake once the complaint was filed, the Mike Kreidler Surplus funds account requested the Denny Heck Campaign refund the contribution.
- Ms. Olsen stated that the \$500 contribution was refunded and received by the Mike Kreidler Surplus funds account on March 9, 2020. On April 9, 2020, Ms. Olsen filed the March 2020 C-3 and C-4 reports for the Mike Kreidler Surplus funds account disclosing the deposit date of the \$500 refunded contribution from the Denny Heck Campaign as being March 10, 2020.

Surplus Fund Expenditures for Insurance Commissioner Office-related activities: The following expenditures were made for activities related to the Insurance Commissioner's Office:

- A January 2019 surplus funds expenditure for \$600.67 was made to Annalisa Gellermann reimbursing her for expenses related to the annual Insurance Commissioner Officer staff holiday and appreciation event. Ms. Olsen stated the expenses were properly itemized and listed the appropriate "sub-vendor information on the C4 report" and staff's review found included Wagner's Bakery, Cherry Street Coffee, and WinCo Foods.
- An August 2018 surplus funds expenditure totaling \$2,839.64 was made to Mr. Kreidler reimbursing him for expenses related to an office retirement party for his Chief Deputy Commissioner Jim Odiorne, a 30-year Insurance Commissioner staff member. Ms. Olsen stated the surplus funds expenditure was for facilities rental and catering at The River's Edge (\$2,279.58), and Well 80 (\$476.40).
- A December 2017 surplus funds expenditure totaling \$807.32 was made to Mr. Kreidler reimbursing him for expenses related to the annual Office staff holiday and appreciation event. Ms. Olsen stated the reimbursement expenditure included two expenditures that were made to Wagner's Bakery.
- A December 2017 surplus funds expenditure was made to made to Mr. Kreidler on August 1, 2018 totaling \$83.66 reimbursing him for an interview/meeting with Senior Climate Policy Advisors.

Surplus Fund Expenditures for Insurance Commissioner's Office Softball Team: The following expenditures were made for the Office softball team to play in the State Agency Softball League:

- A March 2019 surplus funds expenditure was made to Darryl Coleman reimbursing him \$325 for the registration costs in the State Agency Softball League.
- A March 2018 surplus funds expenditure totaling \$625 was made to pay the registration fees for the 2018 office softball team to play in State Agency Softball League.
- An August 2017 surplus funds expenditure was made to Mr. Kreidler reimbursing him \$149.61 for an expense he made to Dirty Dave's Pizza Parlor buying dinner for his office staff after the State Agency Softball League concluded.

- An April 2017 surplus funds expenditure totaling \$655 was made to pay the registration fee for Insurance Commission officer staff participation in the 2017 State Agency Softball League.

Surplus Fund Expenditures for Insurance Commissioner travel: The following expenditures were made for Commissioner Kreidler to attend the annual National Association of Insurance Commissioner's (NAIC), Insurance industry-related meetings and roundtables, etc....:

- A May 2019 surplus funds expenditure totaling \$143 was made to Mr. Kreidler reimbursing him for a food and beverages at Hank's Capitol Hill Restaurant while the in Washington DC in his official capacity as Insurance Commissioner for the annual NAIC conference.
- Nelson-Taplin-Goldwater Consultants (NTG), a government-relations firm primarily focused on the insurance industry with client's represented "in all 56 insurance jurisdictions, and at the federal level." Concerning the \$40 and \$75 expenditures made to NTG in December of 2017, they were both reimbursements for a portion of a dinner at the NAIC Fall National Meeting in Honolulu, HI and an Insurance Industry Roundtable held in Santa Fe, NM (\$40). Staff's review of the other surplus fund expenditures found other payments made to NTG in 2016 and prior years reimbursing NTG for meals.
- A December 2017 surplus funds expenditure was made to Mr. Kreidler reimbursing him for dinner in association with the NAIC Fall National Meeting. The \$807.32 expenditure was made to the Fresco Italian Restaurant in Honolulu, HI.
- An October 30, 2017 surplus funds expenditure totaling \$61.18 was made to Jennifer Kraft reimbursing her for expenses incurred related to NAIC Western Zone meetings which Washington hosted September 28 through October 1, 2017. Ms. Olsen stated that Ms. Kraft was reimbursed for gifts she had purchased from the Legislative Gift Center for attendees.
- A July 2018 surplus funds expenditure totaling \$50.11 was made to Mr. Kreidler reimbursing him for food and beverages he purchased at Din Tai Fung for him and a staff member who traveled to Seattle to attend a press conference with Congressman Suzanne DelBene regarding the Affordable Care Act.
- A May 2018 surplus funds expenditure totaling \$148.70 was made to Mr. Kreidler reimbursing him for the cost of a meal at Sonoma DC while attending the NAIC All Commissioner Fly-In Meeting in Washington DC.
- A March 2017 \$18.56 surplus funds expenditure was made to Mr. Kreidler reimbursing him for a February 2017 meal for the NAIC Conference in Orlando, FL.
- A January 2018 surplus funds expenditure totaling \$223.92 was made to Mr. Kreidler reimbursing him for lunches he purchased for staff during an official meeting held in Seattle.
- Two November 2016 surplus funds expenditure totaling \$62.88 were made Mr. Kreidler reimbursing him for meals he purchased at the National Council of Insurance Legislators Annual Meeting for a meal at Anthony's Restaurant, and he also purchased a meal at Taramind Tree while attending the NAIC Government Relations Leadership Council in Seattle.

On April 16, 2020, Commissioner Kreidler completed a Statement of Understanding (SOU) and paid a \$150 civil penalty in accordance with WAC 390-37-143 (Brief Enforcement Penalty Schedule), acknowledging a violation of RCW 42.17A.430 by using surplus funds to make a prohibited \$500 monetary contribution to the 2018 Denny Heck for Congress Campaign. The \$150 penalty assessed in this matter resolves the issue of making a prohibited surplus expenditure.

PDC staff found no evidence of a material violation that would require conducting a more formal investigation into the complaint or pursuing enforcement action in this instance. Staff found that the surplus fund expenditures identified in your complaint, with the exception of the \$500 contribution to the Denny Heck Campaign, were for official office related and/or team building activities, and for official office related travel, and thus permissible expenditures.

Those permissible expenditures included: (1) office parties, annual holiday events, retirement parties for Insurance Commissioner Office staff; (2) entry fees and other costs associated with joining the State Agency Softball League, and other activities that boost Insurance Commissioner Officer morale and promote team building; and (3) expenditures made to Commissioner Kreidler reimbursing him for out-of-pocket expenses he incurred while attending the annual National Association of Insurance Commissioner's (NAIC), and other insurance industry-related meetings, roundtables, etc. while serving in his official capacity.

The PDC has dismissed the complaint in accordance with RCW 42.17A.755(1). If you have questions, you may contact Kurt Young at (360) 664-8854, toll-free at 1-877-601-2828 or by e-mail at pdcc@pdcc.wa.gov.

Sincerely,

Endorsed by,

/s _____
Kurt Young
Compliance Officer

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

cc: Josie Olson, with Mike Kreidler Surplus Funds Account

