



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

August 21, 2020

Sent electronically to John Ley at electjohnley@gmail.com

Subject: Complaints filed by Carolyn Crain and Jonathan Alvarado, PDC Cases 71928 and 74589

Dear Mr. Ley:

Below is a copy of an electronic letter sent to Carolyn Crain and Jonathan Alvarado concerning two complaints filed with the Public Disclosure Commission (PDC) on June 12, 2020 and July 30, 2020, respectively.

As noted below in the letter to Ms. Crain and Mr. Alvarado, the PDC has dismissed both matters in accordance with RCW 42.17A.755(1) and will not conduct a more formal investigation into these allegations or take further enforcement action in this matter.

However, pursuant to WAC 390-37-060(1)(d), this letter constitutes a formal warning to you concerning the failure to timely and accurately file contribution (C-3) and expenditure (C-4) reports, and the failure to properly break down or describe monetary campaign expenditures in the 2020 election year. The Commission will consider the formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

If you have questions, you may contact Erick Agina, Compliance Officer at (360) 586-2869, toll-free at 1-877-601-2828, or by e-mail at pdc@pdc.wa.gov.

Sincerely,

Endorsed by:

s/ _____
Erick Agina, Compliance Officer

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



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August 21, 2020

Sent electronically to Carolyn Crain at hazel_x2@comcast.net and Jonathan Alvarado at johnny@serr.org

Subject: Complaints regarding John Ley, PDC Cases 71928 and 74589

Dear Ms. Crain and Mr. Alvarado:

The Public Disclosure Commission (PDC) has completed its review of the complaints filed on June 12, 2020 and July 30, 2020. The complaints alleged that John Ley, a 2020 candidate for State Senate in the 18th Legislative District, may have violated RCW 42.17A.235 for failure to timely and accurately report contribution (C-3) and expenditure (C-4) reports and RCW 42.17A.240 for failure to properly break down and describe expenditure details, as required in WAC 390-16-037 and WAC 390-16-205.

PDC staff reviewed your allegations; the applicable statutes, rules, and reporting requirements; the C-3 and C-4 reports filed by the Friends to Elect John Ley (Campaign); and the June 28, 2020 and August 6, 2020, responses to the complaints provided by John Ley on behalf of his Campaign.

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

- On May 20, 2020, John Ley timely filed a Candidate Registration (C-1) report for State Senator for the 18th Legislative District in 2020 and selected the Full Reporting Option. Mr. Ley has been filing statutory reports with the PDC since 2014.

Alleged failure to file timely contribution (C-3) and expenditure (C-4) reports – (RCW 42.17A.235)

C-3 reports

- On June 18, 2020, the Campaign filed a single C-3 report for contributions received depicting contributions from 11 different individuals between May 16 and June 13, 2020. Beginning June 1, 2020, political candidates were required to begin filing C-3 reports weekly, each Monday, for deposits made during previous seven days (Monday through Sunday). The Campaign should have filed three separate C-3 reports as follows:
 - The contributions received between May 16 and May 31, 2020, should have been deposited within five days of receipt and reported on the same C-3 report no later than June 10, 2020. This report was filed eight days late.

- The contributions received between June 1 and June 7, 2020, should have been deposited within five days of receipt and reported on a C-3 report no later than June 8, 2020. This report was filed ten days late.
- The contributions received between June 9 and June 14, 2020, should have been deposited within five days of receipt and reported on a C-3 report no later than June 15, 2020. This report was filed three days late.
- On July 9, 2020, the Campaign filed a C-3 report depicting contributions received between June 12 and July 9, 2020, for contributions received between June 12 and July 9, 2020, for a total of \$1,300 in contributions received. The C-3 reports for the contributions received on June 12, 19, 24 and 28, 2020, were due no later than June 15, June 22 and June 29, 2020, respectively. These reports were filed between 11 and 25 days late. The Campaign also failed to deposit contributions received during the time frame depicted above within five days of receipt as required by law.
- On July 20, 2020, the Campaign filed a C-3 report depicting contributions ranging from July 10 through July 14, 2020, for a total of \$12,231.20 in contributions received. The C-3 report for the contributions received on July 10 and July 12, 2020, was due no later than July 13, 2020. This report was reported 7 days late. The \$12,231.20 in contributions included a \$10,000 personal loan from Mr. Le to his Campaign which should have been reported on the C-3 report that was due no later than July 14, 2020 and was filed six days late. The Campaign also failed to deposit the contributions received during the time frame depicted above within five days of receipt as required by law.

C-4 report(s)

- On June 23, 2020, the Campaign filed its May C-4 report depicting a \$1,105.43 expenditure paid to *International Graphics* for *sign stickers* on May 29, 2020, and an additional \$1,152.38 in-kind contributions/ expenditures (ranging from May 15 through May 28, 2020), from Mr. Ley to his Campaign for *business cards*, *website host fee*, *video production* and *yard signs*. This report was due no later than June 10, 2020 and was filed 13 days late.

Alleged failure to properly break down and describe expenses – (RCW 42.17A.240, WAC 390-16-037 and WAC 390-16-205)

- Staff reviewed the description of the payments/expenditures made by the Campaign on the May and July 2020 C-4 reports and found that the expenses lacked proper description(s) and break down required by law/rule. For example, the Campaign did not break down and/or include the number of items purchased for *sign stickers* from *International Graphics* for \$1,075.33 and *yard signs* purchased by the Campaign. The Campaign also failed to include the sub-vendor information/details for the in-kind video production. The same applies to all the individual vendors paid in the month of May and July 2020 for items like *business cards*, *banner ads*, and *lumber – signs*. A more detailed description that includes the number of items bought, including sub-vendor information/identity should have been included in the May and July 2020 C-4 reports by the Campaign.
- In his response to the complaints, received on June 28, 2020 and August 6, 2020, Mr. Ley stated... “I do NOT pretend to be an expert in all matters of the law, let alone in PDC rules and requirements. I am a “one man show” in terms of my campaign, handling the money, paying the bills, submitting PDC reports, etc. I have tried to be as compliant as possible. It took me a bit long to figure out why I couldn’t “submit” my expenses. There was some type of button I had to turn on, or something, in the software, for a 2020 campaign. Once that was done, it showed separate dates for reports being due with individual expenses. With that now showing, I was able to officially “submit” my expenses.”

- On August 20, 2020, Mr. Ley submitted C-4 amendments with detailed descriptions that include the number of items bought and the sub-vendor information/identity.

While staff found the Campaign's reporting deficient, John Ley has no prior PDC violations. Mr. Ley also fully acknowledged violations of RCW 42.17A.235, .240, and WAC 390-16-037 and WAC 390-16-205, and fully cooperated with the PDC staff during the entirety of this review by timely responding to both complaints and amending the reports that needed to be corrected.

Based on the above staff has determined that, in this instance, the Campaign's failure to timely file C-3 and C-4 reports and the failure to properly break down or describe monetary campaign expenditures, do not warrant further investigation.

However, pursuant to WAC 390-37-060(1)(d), John Ley will receive a formal written warning concerning the failure to timely and accurately file contributions (C-3) and expenditures (C-4) reports and the failure to properly break down or describe monetary campaign expenditures in the 2020 election year. The Commission will consider the formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

Based on this information, the PDC has dismissed this matter in accordance with RCW 42.17A.755(1).

If you have questions, you may contact Erick Agina, Compliance Officer at (360) 586-2869, toll-free at 1-877-601-2828, or by e-mail at pdc@pdc.wa.gov.

Sincerely,

Endorsed by:

s/ _____
Erick Agina, Compliance Officer

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

cc: John Ley

