

Respondent, Newcastle WatchDogs ("WD"), is a public interest unincorporated community group of over 300 members dedicated to transparency and good government in the City of Newcastle. The group was co-founded by Nola Coston and Bill Erxleben, Newcastle residents, on March 6, 2017, under the following articles of statement and purpose:

Organization Charter

Newcastle WatchDogs (NW)

Citizens organized to restore financial discipline and good governance in the City of Newcastle.

Strategy: Educate citizenry about the City of Newcastle's structural tax base problems that threaten the long-term survivability of Newcastle as an independent city.

Tactics:

- . Develop a credible City financial plan that reduces expenses, replenishes depleted cash reserves, avoids additional debt, and prioritizes public safety and the maintenance of the City's infrastructure.
- . Explore a win-win opportunity for consolidation with adjacent cities (Bellevue, Issaquah, Renton) that protects local property values and enhances services.
- . Oppose any tax increase, especially the enactment of a utilities tax, until the City gets its financial house in order and confidence in City government is restored.
- . Request the formation of a Citizens Ethics Commission empowered to investigate and report on City Council conflicts of interest.

City Founders Advisory Board Garry Kampen, retired Seattle University Professor; President, Newcastle Trails. Bruce Morgan, semi-retired attorney; former Newcastle Councilmember. Giles Velte, former President, Newcastle Chamber of Commerce, and former Newcastle Planning Commission.

Co-Chairs:

Nola Coston, citizen activist, former small business owner.
Bill Erxleben, retired attorney; former technology CEO, UW Business Professor, Newcastle Councilmember, and Chair, Newcastle Planning Commission.

Relevant History of Complaint and Rebuttal of Allegations

With the demise of the local newspaper, WD became the only Newcastle community source for oversight of city government and intelligent analysis of city policies. The organization posts position papers from time-to-time on the internet for citizen education, holding local government accountable for its actions, and encouraging citizens to participate in the political process.

Complainant, Allen Dauterman, is a former Newcastle city councilman who in 2019, served as Mayor of the city and was involved in a contested campaign with a first-time candidate, Tom Griffin, for reelection to the city council. The major issue was financial mismanagement of the city and the disputed need for a broad-based utility tax. Mayor Dauterman favored the utility tax, and candidate Griffin opposed the utility tax. Together with his deputy mayor, Linda Newing, Mr. Dauterman attempted to derail Mr. Griffin's campaign by charging him on September 13, 2019, with the illegal distribution of campaign materials in violation of RCW 42.17A.555. The case was summarily dismissed by the PDC in accordance with RCW.42.17A.755(1) (Case #57396). Mr. Dauterman was thereafter defeated in the general election by a 63%-37% vote of the people. WD did not endorse any candidate for office in the 2019 election.

Currently, there is a local ballot issue, Referendum 2, to repeal a utility tax enacted in June 2020, under the leadership and sponsorship of now Mayor Newing. It is on the November 3 ballot for a vote to repeal. Mr. Dauterman out-of-office is now a major donor to "Friends for Newcastle," a recently formed political action committee to advocate for the utility tax. Newcastle WatchDogs has long opposed a utility tax as a good solution to Newcastle's financial problems. To insert himself into the Referendum 2 campaign to help Mayor Newing maintain the tax, he seeks to undermine the credibility of WD. To that end, he has filed a totally speculative and unfounded series of allegations on matters that occurred in an election one year ago when he was still mayor. And, still bitter about his defeat for office, he also tries to insinuate, without any proof of a violation except gross speculation, that Councilmember Griffin used illegal tactics together with WD to get elected last year.

1. Newcastle WatchDogs Is not required to register as a political action committee.

Mr. Dauterman refers to two events in 2019 that he claims required WD to register as a political action committee. One, the use of a video produced by Mr. Glen Morgan and uploaded to the public domain; and Two the use by candidate Griffin of WD position papers that were available in the public domain on social media.

First, Nola Coston and Bill Erxleben, WD co-chairs, participated as guests in a public service video by investigative journalist Glen Morgan, "We The Governed" (WTG). WTG provides analysis on the financial health of cities around Puget Sound and posts them as videos on the internet in the public domain for public use. Here is a short biography of Mr. Morgan:

Glen grew up in Newcastle and is currently the Executive Director for Citizens Alliance for Property Rights. Glen Morgan was the Grassroots Director and the Property Rights Director at the Freedom Foundation 2011-2015. He enjoys creating videos documenting Big Government's abuses of citizens – particularly on property rights issues. Glen founded "We the Governed" in 2016. He is a frequent writer and speaker on property rights, the environmental movement, Big Government, and the importance of citizen activism. In June 2019, Glen was awarded the "Citizen Activist of the Year 2019" award by the Olympic Conference. In 2015, Glen was also honored with the annual Rodney & Laurel McFarland Award presented by the Citizen's Alliance for Property Rights (CAPR) "for exemplary performance in preserving and protecting property rights for the year 2014."

The Glen Morgan video challenged by Mr. Dauterman was issue oriented and did not mention any political candidate. Mr. Morgan is a journalist. A review of other videos on his WTG channel and articles on WTG's website cover a broad range of topics all over Washington State. Mr. Morgan is

not part of a political committee and his services in making the video were donated by him. The questioned video was uploaded by Mr. Morgan to the public domain on YouTube for free use by the public. This video was later referenced by an internet link as a source of public information in some of Mr. Griffin's campaign materials. Clearly, none of this activity constitutes a violation of the election laws.

Two, WD's uploading its policy position papers on financial matters to the internet also does not constitute a violation of election laws, nor does the incorporation of public documents in a candidate's campaign literature. The use or republication by any candidate for political office of any WD position paper is welcomed by WD.

2. WD failed to report contributions and or expenses with the PDC in 2019

.WD is not a political action committee and is not required to report any contributions or operating expenses to the PDC as it is organized and operates.

Since WD is not a political action committee, it is not required to report contributions or expenditures or expenses to the PDC. WD has no website and minimal email service expenses. From time-to-time WD receives small contributions to help cover the email service provider expense, but following an inquiry by WD, the PDC advised WD that no PAC filing was required under the described circumstances. This summer, WD provided community education for citizens regarding Referendum 2, the utility tax, a local ballot measure; this activity does not violate election laws.

WD often coordinates its activities with the PDC and has on several occasions sought advice regarding the receipt of small contributions, the use of its email for mass communications, and reporting on city council actions and policy. We believe WD is in full compliance with all applicable statutes and regulations. This filing by Mr. Dauterman provides no proof otherwise.

3. WD failed to register as a political action committee in 2020

.WD is not a political action committee and is not required to registered.

4. WD failed to report contributions or expenses with the PDC in 2020

.WD is not a political action committee and is not required to report any contributions or expenses to the PDC as it is organized and operates.

Action Requested

WD requests that this complaint be summarily dismissed with prejudice.

Witness

Bill Erxleben, co-founder, Newcastle WatchDogs. email: billerx3@yahoo.com