



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 5, 2019

Sent electronically by email to:

Dan Brady: dan@danbradylaw.com

Sean Flynn: sean.flynn@pdc.wa.gov

Chad Standifer: ChadS@atg.wa.gov

Dan Brady for:

Jeff Harvey, President. Enterprise Washington
Citizens for Progress Enterprise Washington
1603 116th Avenue NE, Suite 120
Bellevue, WA 98004

Subject: Commission Final Order, Citizens for Progress Enterprise Washington, PDC Case 39159

Dear Mr. Brady:

Enclosed is a copy of the Public Disclosure Commission's Final Order Imposing Fine that was entered in the above-referenced case concerning Citizens for Progress Enterprise Washington. Also enclosed is a copy of the Stipulation as to Facts, Violations and Penalty that was accepted as modified by the Commission.

At its March 28, 2019 meeting, the Commission found Citizens for Progress Enterprise Washington in violation of RCW 42.17A.305 and RCW 42.17A.240, and assessed a total civil penalty of \$21,000 of which \$10,500 is suspended on the following conditions: (1) the Respondent is not found to have committed any further violations of RCW 42.17A or WAC 390, as detailed in the Stipulation, within four years of the date of the Commission's Final Order; (2) the Committee files amended C-4 reports that are in full compliance with the disclosure requirements of RCW 42.17A.240, WAC 390-16-037, and WAC 390-16-205, within thirty days from the date of the final order, and is in compliance with all reporting requirements; and (3) the Respondent pays the non-suspended portion of the penalty (\$10,500) within thirty days from the date of the final order.

Please make your \$10,500 check or money order payable to the WA State Treasurer, and mail the payment to the address listed below:

**Public Disclosure Commission
PO Box 40908
Olympia, WA 98504-0908**

Citizens for Progress Enterprise Washington
Final Order Cover Letter
PDC Case 39159
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In the event Citizens for Progress Enterprise Washington fails to meet any of the above terms of this order, the entire \$21,000 penalty will become immediately due without any further intervention of the Commission.

If you have questions, please contact Phil Stutzman at (360) 664-8853; toll free at (877) 601-2828 or by email at phil.stutzman@pdc.wa.gov.

Sincerely,



Peter Lavallec
Executive Director

Enclosure: Final Order and Stipulation as to Facts, Violations and Penalty

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7 **BEFORE THE PUBLIC DISCLOSURE COMMISSION**
8 **OF THE STATE OF WASHINGTON**

9 In re the Matter of Enforcement Action
10 Against:

11 CITIZENS FOR PROGRESS ENTERPRISE
12 WASHINGTON,

Respondent.

PDC CASE NO. 39159

FINAL ORDER

13 **I. INTRODUCTION**

14 This matter was heard by the Washington State Public Disclosure Commission
15 (Commission) on March 28, 2019, at the Public Disclosure Commission Office, 711 Capitol
16 Way, Room 206, Olympia, Washington 98504. The hearing was held pursuant to Chapter 34.05
17 RCW, Chapter 42.17A RCW, and Chapter 390-37 WAC.

18 Commissioners present were Anne Levinson, Commission Chair (presiding); David
19 Ammons, Commission Vice-Chair; Commissioner William Downing; and Commissioner
20 Russell Lehman. Also present were Assistant Attorney General John S. Meader representing
21 the Commission; Phil Stutzman and Kurt Young, Senior Compliance Officers, Alice Fiman,
22 Compliance Officer, and Peter Lavalley, Executive Director, on behalf of PDC Staff; PDC
23 General Counsel Sean Flynn representing PDC Staff; Respondent Citizens for Progress
24 Enterprise Washington was represented by Dan Brady. Also present on behalf of the Respondent
25 was Jeffrey Harvey, President of Enterprise Washington. The proceeding was open to the public
26

1 and recorded.

2 The hearing concerned allegations that Respondent Citizens for Progress Enterprise
3 Washington violated RCW 42.17A.240 by failing to adequately describe the purpose of
4 expenditures on C-4 reports as required by RCW 42.17A.240, WAC 390-16-037, and WAC 390-
5 16-205. The Respondent was also alleged to have violated RCW 42.17A.305 by failing to timely
6 file C-6 reports of electioneering communications within 24 hours of presenting or mailing the
7 advertisements and communications to the public.

8 The Commissioners had before them the following materials:

- 9 • Report of Investigation prepared by PDC Senior Compliance Officer Phil Stutzman, dated
10 March 18, 2019, which included:
- 11 ○ Complaint against Citizens for Progress Enterprise Washington received
12 on August 2, 2018;
 - 13 ○ Committee Registrations filed by Citizens for Progress Enterprise
14 Washington in 2018;
 - 15 ○ C-4 Report for June 1 – July 16, 2018, filed July 17, 2018;
 - 16 ○ C-4 Report for June 1 – July 16, 2018, amended February 14, 2019;
 - 17 ○ C-4 Report for July 17 – July 30, 2018, filed July 31, 2018;
 - 18 ○ C-4 Report for July 17 – July 30, 2018, amended February 14, 2019;
 - 19 ○ C-4 Report for July 31 – August 31, 2018, filed September 10, 2018;
 - 20 ○ C-4 Report for July 31 – August 31, 2018, amended February 14, 2019;
 - 21 ○ C-4 Report for September 1 – October 15, 2018, filed October 16, 2018;
 - 22 ○ C-4 Report for September 1 – October 15, 2018, amended February 14,
23 2019;
 - 24 ○ C-6 and C-4 expenditure descriptions;
 - 25 ○ Timeliness of C-6 Reports chart;
 - 26 ○ Late filed C-6 Reports.

- 1 • Proposed Stipulation as to Facts, Violations, and Penalty submitted by the parties, signed on
2 March 25, 2019.

3 **II. STIPULATION**

4 The parties jointly submitted a signed Stipulation as to Facts, Violations, and Penalty
5 (Stipulation). Mr. Flynn presented the Stipulation, reviewed the aggravating and mitigating
6 factors, and asked the Commission to accept the Stipulation. Mr. Brady argued on behalf of
7 Citizens for Progress Enterprise Washington, explaining the factors that had led to the late
8 filings, noting that the Respondent took responsibility and had put different personnel and a
9 different treasurer in place. He also asked the Commission to accept the Stipulation.

10 The Commission proposed to the parties that the Stipulation be amended to reduce the
11 time to pay the penalty from 90 days to 30 days, in light of the proposed penalty amount. Both
12 parties accepted the amendment on the record and signed an Amended Stipulation at the hearing.
13 The Commission voted 4-0 to accept the Amended Stipulation.

14 **III. FINDINGS OF FACT**

15 1. Citizens for Progress Enterprise Washington is a continuing political committee
16 registered with the Public Disclosure Commission (PDC) and has been filing reports with the
17 PDC since April 28, 2016.

18 2. For the 2018 election, Citizens for Progress Enterprise Washington was also
19 registered with the PDC as a political committee, and Citizens for Progress Enterprise
20 Washington was sponsored by and affiliated with the Enterprise Washington Jobs PAC.

21 3. On March 2, 2018, Citizens for Progress Enterprise Washington filed an amended
22 Committee Registration (C-1 pc report) with the PDC as a continuing committee, selecting the
23 Full Reporting Option.

24 4. On October 7, 2018, Citizens for Progress Enterprise Washington filed an amended
25 Committee Registration (C-1 pc report) with the PDC as a continuing committee, selecting the
26 Full Reporting Option.

1 5. Citizens for Progress Enterprise Washington participated in the 2018 primary and
2 general elections by supporting Rodney Tom, a candidate for State Senate in the 48th
3 Legislative District, Wendy Weiker, a candidate for State Representative in the 41st Legislative
4 District, and Marty McClendon, a candidate for State Senate in the 26th Legislative District,
5 with independent expenditures that were reportable as electioneering communications.

6 6. Between July 6, 2018 and September 26, 2018, Citizens for Progress Enterprise
7 Washington filed ten C-6 reports disclosing \$408,058 in expenditures made for electioneering
8 communication advertisements. The expenditures included \$320,389 in support of Rodney
9 Tom, \$77,369 in support of Wendy Weiker, and \$10,300 in support of Marty McClendon. The
10 advertisements were presented to the public during the period of July 9 - August 4, 2018, and
11 each report was due within 24 hours of first presenting the material to the public.

12 7. Six expenditures totaling \$65,689 were filed between 39 and 71 days late, and 34 to
13 50 days after the 2018 primary election, as follows:

- 14 ○ \$10,300 in support of Marty McClendon for cable TV advertising, running
15 from August 1 – August 7, 2018. The C-6 was due August 2, 2018, five days
16 before the primary election. It was filed on September 10, 2018, 39 days late
17 and 34 days after the primary election.
- 18 ○ \$8,621 in support of Rodney Tom for direct mail advertising, consisting of
19 16,202 pieces, first presented to the public July 16, 2018. The C-6 report was
20 due July 17, 2018, but was filed September 26, 2018, 71 days late and 50
21 days after the primary election.
- 22 ○ \$8,048 in support of Rodney Tom for direct mail advertising, 14,119 pieces,
23 first presented to the public on July 25, 2018. The C-6 Report was due July
24 26, 2018, but was filed September 26, 2018, 62 days late and 50 days after
25 the primary election.
- 26 ○ \$11,538 in support of Rodney Tom for digital advertising, scheduled to run

1 from July 25 – August 7, 2018, first presented to the public July 30, 2018.

2 The C-6 was due July 31, 2018, but was filed September 26, 2018, 57 days
3 late and 50 days after the primary election.

4 ○ \$19,682 in support of Rodney Tom for direct mail advertising, 30,721 pieces,
5 first presented to the public on August 3, 2018. The C-6 Report was due
6 August 4, 2018, but was filed September 26, 2018, 53 days late, and 50 days
7 after the primary election.

8 ○ \$7,500 in support of Rodney Tom for video production, first presented to the
9 public August 4, 2018. The C-6 Report was due August 5, 2018, but was
10 filed September 26, 2018, 52 days late and 50 days after the primary election.

11 8. During 2018, Citizens for Progress Enterprise Washington filed C-4 reports covering
12 the period February 1, 2018, through December 31, 2018. The reports for February, March,
13 April, and May showed a carryforward balance of \$91.13 and no contribution or expenditure
14 activity. All campaign activity was reported on four C-4 reports covering the period June 1 -
15 October 15, 2018. These reports disclosed receipts of \$412,000, expenditures of \$408,047, and
16 an ending balance of \$4,044.37. Reports for October 16 - December 31, 2018, reported no
17 activity.

18 9. On July 17, 2018, Citizens for Progress Enterprise Washington timely filed its 21-day
19 Pre-Primary C-4 report, covering the period June 1 – July 16, 2018, disclosing \$200,000 in
20 receipts and three expenditures totaling \$172,000 to “Canal Partners Media, 900 Circle 75
21 Parkway, Suite, Atlanta, GA 30339.” The expenditures were made on July 5, July 13, and July
22 16, 2018. The purpose was listed as “TV Ad Placement.” The description did not include the
23 candidate(s) supported or opposed, the media outlet, or the dates the advertisements would be
24 running, as required by RCW 42.17A.240(6), WAC 390-16-037, and WAC 390-16-205.

25 10. On February 14, 2019, after repeated requests from PDC staff, Citizens for Progress
26 Enterprise Washington filed an amended C-4 report, including amended descriptions for each of

1 the three expenditures (“Cable TV advertising 7/17-30: Support Tom;” “Cable TV advertising
2 7/30-8/7: Support Tom;” and “Cable TV advertising 7/17-30: Support Tom”). The amended
3 description indicated that the candidate supported was Rodney Tom. The amended C-4 report
4 was filed 212 days late.

5 11. On July 31, 2018, Citizens for Progress Enterprise Washington timely filed its 7-day
6 Pre-Primary C-4 report, covering the period July 17 – July 30, 2018, disclosing \$55,000 in
7 receipts and two expenditures totaling \$50,000 to Canal Partners Media with a description of
8 “TV Ad Placement.” The expenditures were made on July 26 and July 30, 2018, and did not
9 include the candidate(s) supported or opposed, the media outlet, or the dates the advertisements
10 would be running, as required by RCW 42.17A.240(6), WAC 390-16-037, and WAC 390-16-
11 205.

12 12. On February 14, 2019, Citizens for Progress Enterprise Washington filed an amended
13 C-4 report including an amended description for the two expenditures (“Cable TV advertising
14 7/26-30: Support Tom;” and “Cable TV advertising 7/30-8/7: Support Tom”) indicating that the
15 candidate supported was Rodney Tom. The amended C-4 report was filed 198 days late.

16 13. On September 10, 2018, Citizens for Progress Enterprise Washington timely filed its
17 Post-primary C-4 Report covering the period July 31 – August 31, 2018, disclosing \$145,000 in
18 receipts and seven expenditures totaling \$130,658, made on July 31, August 2, August 3, and
19 August 9, 2018. One expenditure was to Canal Partners Media for \$43,000 with a description
20 of “TV Ad Placement.” Five expenditures totaling \$77,358 were to Sermo Digital, 7605 SE 27th
21 Street, Suite 204, Mercer Island, WA 98040, with descriptions of “Direct Mail & Postage” and
22 “Digital Ads.” The final expenditure was to Medium Buying LLC for \$10,300 with a description
23 of “TV Ad Placement.” The descriptions did not include the candidate(s) supported or opposed,
24 subvendors used, the media outlet, or the dates the ads would be running, as required by RCW
25 42.17A.240(6), WAC 390-16-037, and WAC 390-16-205.

26 14. On February 14, 2019, Citizens for Progress Enterprise Washington filed an amended

1 C-4 report, including an amended description for the seven expenditures. The \$43,000
2 expenditure to Canal Partners Media included an amended description of “Cable TV advertising
3 7/30-8/7: Support Tom.” The expenditures to Sermo Digital totaling \$77,358 included amended
4 descriptions of “Direct Mail: Support Weiker-21247 pieces,” and “Digital Advertising: Support
5 Weiker.” The expenditure to Medium buying LLC for \$10,200 included an amended description
6 of “Cable TV advertising 8/1-7: Support McClendon.” The amended descriptions indicated that
7 the candidates supported were Rodney Tom, Wendy Weiker, and Marty McClendon. The
8 amended C-4 report was filed 157 days late.

9 15. On October 16, 2018, Citizens for Progress Enterprise Washington timely filed its
10 21-day Pre-General C-4 report, covering the period September 1 – October 15, 2018, disclosing
11 \$12,000 in receipts and five expenditures totaling \$55,388, made on September 10, 2018 to
12 Majority Strategies, Inc., 12854 Kenan Drive, Suite 145, Jacksonville, FL 32258. One
13 expenditure for \$19,682 included a description of “Direct Mail-30,721 Pieces.” Two
14 expenditures totaling \$20,158 had a description of “Media Ad.” One expenditure for \$8,048
15 included a description of “Direct Mail-14,119 pieces.” The final expenditure for \$7,500 had a
16 description of “Video Production.” The descriptions did not include the candidate(s) supported
17 or opposed, subvendors used, the media outlet, or the dates the advertisements would be running
18 as required by RCW 42.17A.240(6), WAC 390-16-037, and WAC 390-16-205.

19 16. On February 14, 2019, Citizens for Progress Enterprise Washington filed an amended
20 C-4 report, including an amended description for the five expenditures. For the \$19,682
21 expenditures, there was an amended description of “Direct Mail: Support Tom-30721 pieces.”
22 For the two expenditures totaling \$20,158, there was an amended description of “Digital
23 Advertising 7/25-8/7: Support Tom” and “Direct mail: Support Tom – 16202 pieces.” For the
24 \$8,048 expenditures there was an amended description of “Direct mail: support Tom – 14,119
25 pieces.” For the final expenditures of \$7,500, there was an amended description of “Direct mail:
26 Support Tom – 16202 pieces.” The amended descriptions indicated that the candidate supported

1 was Rodney Tom. The amended C-4 report was filed 121 days late.

2 17. The amended C-4 reports included additional information about the
3 purpose/description of expenditures, as required by WAC 390-16-037 and WAC 390-16-205,
4 but did not include media outlets used, and did not appear to include subvendors, when used.

5 IV. CONCLUSIONS OF LAW

6 1. The Commission has jurisdiction over this proceeding pursuant to Chapter 42.17A
7 RCW, the State campaign finance and disclosure law; Chapter 34.05 RCW, the Administrative
8 Procedure Act; and Title 390 WAC.

9 2. Citizens for Progress Enterprise Washington violated RCW 42.17A.240 by failing to
10 adequately describe the purpose of expenditures on C-4 reports as required by RCW 42.17A.240,
11 WAC 390-16-037, and WAC 390-16-205.

12 3. Citizens for Progress Enterprise Washington violated RCW 42.17A.305 by failing to
13 timely file C-6 reports of electioneering communications within 24 hours of presenting or
14 mailing the advertisements and communications to the public.

15 V. ORDER

16 Based upon the stipulated Findings and Conclusions, the Commission accepts the
17 Amended Stipulation of the parties and orders that:

18 1. Respondent Citizens for Progress Enterprise Washington is assessed a total civil
19 penalty of \$21,000, with \$10,500 suspended, on the following conditions:

20 a. Citizens for Progress Enterprise Washington is not found to have
21 committed any further violations of Chapter 42.17A RCW or Title 390
22 WAC within four years of the date of the Final Order in this matter. The
23 suspended penalty shall not be assessed based solely upon any remediable
24 violation, minor violation, or error classified by the Commission as
25 appropriate to address by a technical correction.

26 b. Citizens for Progress Enterprise Washington files amended C-4 reports

1 that are in full compliance with the disclosure requirements of RCW
2 42.17A.240, WAC 390-16-037, and WAC 390-16-205, and is in
3 compliance with all reporting requirements within thirty days from the
4 date of the Final Order in this matter.

5 c. The non-suspended portion of the penalty (\$10,500) is paid by the
6 Respondent within 30 days of the date of the Final Order in this matter.

7 2. If the Respondent fails to comply with any of the conditions of this Order, the
8 suspended portion of the penalty shall immediately become due without further
9 action by the Commission.

10 So ORDERED this 4th day of April, 2019.

11 WASHINGTON STATE PUBLIC
12 DISCLOSURE COMMISSION

13 FOR THE COMMISSION:

14 
15

16 Anne Levinson
17 Chair, Public Disclosure Commission

18
19 *Copy of this Order mailed and/or emailed to:*

20 Dan Brady, Attorney for Citizens for Progress Enterprise Washington,
21 1200 4th Ave.
22 Seattle, WA 98112
(dan@danbradylaw.com)

23 Phil Stutzman, Senior Compliance Officer, PDC Staff, Phil.Stutzman@pdc.wa.gov;
24 Chad Standifer, Assistant Attorney General, Counsel for PDC Staff (ChadS@atg.wa.gov)

1 I, Phil Stutzman, certify that I mailed a copy of this order to the Respondent/
2 Applicant at his/her respective address ~~postage pre paid~~ ^{electronically} on the date stated herein.

3 Philip E. Stutzman 4/5/2019
4 Signed Date

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8 **NOTICE: RECONSIDERATION**

9 Pursuant to the provisions of RCW 34.05.470 and WAC 390-37-150, you may file a Petition for
10 Reconsideration with the PDC within ten (10) days from the date this Final Order is served upon
11 you. Any Request for reconsideration must state the specific grounds for the relief requested.
12 Petitions must be delivered or mailed to the Washington State Public Disclosure Commission,
711 Capitols Way, Room 206, Box 40908, Olympia WA 98504-0908.

13 **NOTICE: PETITION FOR JUDICIAL REVIEW**

14 You have the right to appeal this Final Order to Superior Court, pursuant to the Petition for
15 Judicial Review provisions of RCW 34.05.542. Any Petition for Judicial Review of this Final
16 Order must be filed with the court and also served upon both the Commission and the Office of
the Attorney general within thirty (30) days after the date this Final Order is served upon you.
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**BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON**

In the Matter of Enforcement Action
Against:

Citizens for Progress Enterprise
Washington

Respondent.

Case No. 39159

STIPULATION AS TO FACTS,
VIOLATIONS AND PENALTY

The parties to this Stipulation, namely, the Public Disclosure Commission Staff, through its Executive Director, Peter Lavallee, and Respondent Citizens for Progress Enterprise Washington, through its attorney, Dan Brady, submit this Stipulation as to Facts, Violations and Penalty in this matter. The parties agree that the Commission has the authority to accept, reject or modify the terms of this Stipulation. The parties further agree that in the event that the Commission suggests modification to any term of this agreement, each party reserves the right to reject that modification. In the event either party rejects a modification, this matter will proceed to hearing before the Commission.

JURISDICTION

The Public Disclosure Commission has jurisdiction over this proceeding pursuant to RCW 42.17A, the state campaign finance and disclosure laws; RCW 34.05, the Administrative Procedure Act; and WAC 390.

FACTS

1. Citizens for Progress Enterprise Washington is a continuing political committee registered with the Public Disclosure Commission (PDC) and has been filing reports with the PDC since April 28, 2016.

2. For the 2018 election, Enterprise Washington's Jobs PAC was also registered with the PDC as a political committee, and Citizens for Progress Enterprise Washington was sponsored by and affiliated with the Enterprise Washington's Jobs PAC.
3. On March 2, 2018, Citizens for Progress Enterprise Washington filed an amended Committee Registration (C-1pc report) with the PDC as a continuing committee, selecting the Full Reporting Option and listing Jeffrey D. Harvey as President, Jon Devaney as Chairman/Committee Officer, Gary Strannigan as Treasurer, and Janette Roberts as Financial Controller.
4. On October 7, 2018, Citizens for Progress Enterprise Washington filed an amended Committee Registration as a continuing committee, selecting the Full Reporting Option and listing Jeffrey D. Harvey as President, Jon Devaney as Chairman/Committee Officer, and Gary Strannigan as Treasurer. There was no Financial Controller listed.

Failure to timely file C-6 reports:

5. Citizens for Progress Enterprise Washington participated in the 2018 primary and general elections by supporting Rodney Tom, a candidate for State Senate in the 48th Legislative District, Wendy Weiker, a candidate for State Representative in the 41st Legislative District, and Marty McClendon, a candidate for State Senate in the 26th Legislative District, with independent expenditures that were reportable as electioneering communications.
6. Between July 6, 2018 and September 26, 2018, Citizens for Progress Enterprise Washington filed 10 C-6 reports disclosing \$408,058 in expenditures made for electioneering communication advertisements. The expenditures included \$320,389 in support of Rodney Tom, \$77,369 in support of Wendy Weiker, and \$10,300 in support of Marty McClendon. The advertisements were presented to the public during the period July 9 through August 4, 2018, and each report was due within 24 hours of first presenting the material to the public.
7. Six expenditures totaling \$65,689 were filed between 39 and 71 days late, and 34 to 50 days after the 2018 primary election, as follows:

- \$10,300 in support of Marty McClendon for Cable TV advertising, running from August 1-August 7, 2018. The C-6 was due August 2, 2018, five days before the primary election. It was filed on September 10, 2018, 39 days late and 34 days after the primary election.
- \$8,621 in support of Rodney Tom for direct mail advertising, 16,202 pieces, first presented to the public July 16, 2018. The C-6 was due July 17, 2018, but was filed September 26, 2018, 71 days late, and 50 days after the primary election.
- \$8,048 in support of Rodney Tom for direct mail advertising, 14,119 pieces, first presented to the public on July 25, 2018. The C-6 was due July 26, 2018, but was filed September 26, 2018, 62 days late, and 50 days after the primary election.
- \$11,538 in support of Rodney Tom for digital advertising, scheduled to run from July 25-August 7, 2018, first presented to the public July 30, 2018. The C-6 was due July 31, 2018, but was filed September 26, 2018, 57 days late, and 50 days after the primary election.
- \$19,682 in support of Rodney Tom for direct mail advertising, 30,721 pieces, first presented to the public on August 3, 2018. The C-6 was due August 4, 2018, but was filed September 26, 2018, 53 days late, and 50 days after the primary election.
- \$7,500 in support of Rodney Tom for video production, first presented to the public August 4, 2018. The C-6 was due August 5, 2018, but was filed September 26, 2018, 52 days late, and 50 days after the primary election.

Failure to Disclose Required Purpose/Descriptions for Expenditures

8. During 2018, Citizens for Progress Enterprise Washington filed C-4 reports covering the period February 1, 2018 through December 31, 2018. The reports for February, March, April, and May showed a carryforward balance of \$91.13, and no contribution or expenditure activity. All campaign activity was reported on four C-4 reports covering the period June 1 through October 15, 2018. These reports disclosed receipts of \$412,000, expenditures of

\$408,047, and an ending balance of \$4,044.37. Reports for October 16, 2018 through December 31, 2018, reported no activity.

21 Day Pre-Primary C-4 Report

9. On July 17, 2018, Citizens for Progress Enterprise Washington timely filed its 21 day pre-primary C-4 report, covering the period June 1-July 16, 2018, disclosing \$200,000 in receipts and three expenditures totaling \$172,000 to “Canal Partners Media, 900 Circle 75 Parkway, Suite, Atlanta, GA 30339.” The expenditures were made on July 5, July 13, and July 16, 2018. The purpose/description was listed as “TV Ad Placement.” The description did not include the candidate(s) supported or opposed, the media outlet, or the dates the ads would be running, as required by RCW 42.17A.240(6), WAC 390-37-037 and WAC 390-16-205.
10. On February 14, 2019, after repeated requests from PDC staff, Citizens for Progress Enterprise Washington filed an amended C-4 report, including amended descriptions for each of the three expenditures (“Cable TV advertising 7/17-30: Support Tom;” “Cable TV advertising 7/30-8/7: Support Tom;” and “Cable TV advertising 7/17-30: Support Tom.”) The amended descriptions indicated that the candidate supported was Rodney Tom. The amended C-4 report was filed 212 days late.

7 Day Pre-Primary C-4 Report

11. On July 31, 2018, Citizens for Progress Enterprise Washington timely filed its 7 day pre-primary C-4 report, covering the period July 17-July 30, 2018, disclosing \$55,000 in receipts and two expenditures totaling \$50,000 to Canal Partners Media with a description of “TV Ad Placement.” The expenditures were made on July 26 and July 30, 2018, and did not include the candidate(s) supported or opposed, the media outlet, or the dates the ads would be running, as required by RCW 42.17A.240(6), WAC 390-37-037 and WAC 390-16-205.
12. On February 14, 2019, Citizens for Progress Enterprise Washington filed an amended C-4 report, including an amended C-4 report including amended descriptions for the two expenditures (“Cable TV advertising 7/26-30: Support Tom;” and “Cable TV advertising 7/30-8/7: Support Tom.” indicating that the candidate supported was Rodney Tom) The

amended descriptions indicated that the candidate supported was Rodney Tom. The amended C-4 report was filed 198 days late.

Post-Primary C-4 Report

13. On September 10, 2018, Citizens for Progress Enterprise Washington timely filed its Post-primary C-4 report, covering the period July 31-August 31, 2018, disclosing \$145,000 in receipts and seven expenditures totaling \$130,658, made on July 31, August 2, August 3, and August 9, 2018. One expenditure was to Canal Partners Media for \$43,000 with a description of "TV Ad Placement." Five expenditures totaling \$77,358 were to Sermo Digital, 7605 SE 27th Street, Suite 204, Mercer Island, WA 98040, with descriptions of "Direct Mail & Postage" and "Digital Ads." The final expenditure was to Medium Buying LLC for \$10,300 with a description of "TV Ad Placement." The descriptions did not include the candidate(s) supported or opposed, sub-vendors used, the media outlet, or the dates the ads would be running, as required by RCW 42.17A.240(6), WAC 390-37-037 and WAC 390-16-205.
14. On February 14, 2019, Citizens for Progress Enterprise Washington filed an amended C-4 report, including an amended description for the seven expenditures. The \$43,000 expenditure to Canal Partners Media included an amended description of "Cable TV advertising 7/30-8/7: Support Tom." The expenditures to Sermo Digital totaling \$77,358 included amended description (e.g. "Direct Mail: Support Weiker-21247 pieces"; "Digital Advertising: Support Weiker." The expenditure to Medium Buying LLC for \$10,200 included an amended description of "Cable TV advertising 8/1-7: Support McClendon." The amended descriptions indicated that the candidates supported were Rodney Tom, Wendy Weiker, and Marty McClendon. The amended C-4 report was filed 157 days late.

21 Day Pre-General C-4 Report

15. On October 16, 2018, Citizens for Progress Enterprise Washington timely filed its 21 day pre-general C-4 report, covering the period September 1-October 15, 2018, disclosing \$12,000 in receipts and five expenditures totaling \$55,388, made on September 10, 2018 to Majority Strategies, Inc., 12854 Kenan Drive, Suite 145, Jacksonville, FL 32258. One

expenditure for \$19,682 included a description of “Direct Mail-30,721 Pieces.” Two expenditures totaling \$20,158 had a description of “Media Ad.” One expenditure for \$8,048 included a description of “Direct Mail-14,119 pieces.” The final expenditure for \$7,500 had a description of “Video Production.” The descriptions did not include the candidate(s) supported or opposed, sub-vendors used, the media outlet, or the dates the ads would be running, as required by RCW 42.17A.240(6), WAC 390-37-037 and WAC 390-16-205.

16. On February 14, 2019, Citizens for Progress Enterprise Washington filed an amended C-4 report, including an amended description for the five expenditures. For the \$19,682 expenditure, there was an amended description of “Direct Mail: Support Tom-30721 pieces.” For the two expenditures totaling \$20,158, there was an amended description of “Digital Advertising 7/25-8/7: Support Tom” and “Direct mail: Support Tom – 16202 pieces.” For the \$8,048 expenditure there was an amended description of “Direct mail: Support Tom – 14119 pieces.” For the final expenditures of \$7,500, there was an amended description of “Direct mail: Support Tom – 16202 pieces.” The amended descriptions indicated that the candidate supported was Rodney Tom. The amended C-4 report was filed 121 days late.
17. The amended C-4 reports included additional information about the purpose/description of expenditures, as required by WAC 390-16-037 and WAC 390-16-205, but did not include media outlets used, and did not appear to include sub vendors, when used.

Factors in Mitigation

18. Citizens for Progress Enterprise Washington has not been the subject of a prior PDC enforcement action.
19. Citizens for Progress Enterprise Washington entered the 2018 election cycle with every intention of complying with public disclosure requirements, and no intentional violations of RCW 42.17A or WAC 390 have been found.
20. Citizens for Progress Enterprise Washington on its own identified that additional C-6 reports beyond the scope of the complaint were not filed.

21. Citizens for Progress Enterprise Washington, in conjunction with Enterprise Washington's Jobs PAC, and its other affiliated committees, recently hired Tom Perry, to take over the PDC reporting requirements. Mr. Perry is a professional, experienced treasurer with many years of reporting for numerous candidates and political committees in Washington State.
22. The three candidates supported by Citizens for Progress Enterprise Washington were not elected to office in 2018.

Factors in Aggravation

23. The complaint in this matter was filed on August 2, 2018. Despite repeated requests, Citizens for Progress Enterprise Washington failed to acknowledge the complaint, provide a response, or file any amended reports until February 14, 2019.
24. While the amended C-4 reports filed February 14, 2019 included additional required information, the reports did not include media outlets used, and did not appear to include sub vendors, when used, as required by WAC 390-16-037 and WAC 390-16-205.
25. Citizens for Progress Enterprise Washington was directed by Enterprise Washington, and affiliated with the Enterprise Washington's Jobs PAC, which is an experienced political committee that has been filing PDC reports dating back to 2008.
26. For the 2018 election, Enterprise Washington's Jobs PAC made contributions to five affiliated and sponsored political committees totaling more than \$1.75 million, including \$382,000 in contributions to Citizens for Progress Enterprise Washington. Enterprise Washington and Enterprise Washington's Jobs PAC had resources available to comply with the reporting requirements in accordance with RCW 42.17A and WAC 390.
27. Citizens for Progress Enterprise Washington failed to implement the necessary internal controls during the 2018 election cycle to comply with the statutes, rules and reporting requirements.
28. The public was deprived of significant Citizens for Progress Enterprise Washington expenditure information during the 2018 election cycle, concerning the disclosure of

\$408,058 in expenditures made for electioneering communications advertisements supporting three legislative candidates.

STATUTORY AND RULE AUTHORITY

RCW 42.17A.305 requires the sponsor of an electioneering communication to report to the commission within twenty-four hours of, or on the first working day after, the date the electioneering communication is broadcast, transmitted, mailed, erected, distributed, or otherwise published, and include: (a) Name and address of the sponsor; (b) Source of funds for the communication, (c) Name and address of the person to whom an electioneering communication related expenditure was made; (d) A detailed description of each expenditure of more than one hundred dollars; and (e) The date the expenditure was made and the date the electioneering communication was first broadcast, transmitted, mailed, erected, distributed, or otherwise published.

RCW 42.17A.235 and **RCW 42.17A.240** requires continuing political committees to file timely, accurate reports of contributions and expenditures under the full reporting option. C-4 reports are required monthly when contributions or expenditures exceed \$200 since the last report was filed and C-4 reports are also required 21 and 7 days before each election, and in the month following the election. Subsection (6) states that the report shall accurately disclose contribution and expenditure information, including the name and address of each person to whom an expenditure was made in the aggregate amount of more than fifty dollars during the period covered by this report, the amount, date, and the detailed description or purpose of each expenditure, and the total sum of all expenditures.

WAC 390-16-037 states that any person required to report the “purpose” of an expenditure under RCW 42.17A.240(6) shall identify any candidate(s) or ballot proposition(s) that are supported or opposed by the expenditure unless such candidate(s) or ballot proposition(s) have been previously identified in a statement of organization of the person required to be filed under RCW 42.17A.205 (2)(f) and (g). In addition, WAC 390-16-037 requires the expenditure descriptions for broadcast political advertisements to include the following details: Vendor Name; Purpose, to include the name of the media outlet, the amount paid for each media outlet; and the total expenditure amount.

WAC 390-16-205 states that (1) expenditures made on behalf of a candidate or political committee by any person, agency consultant, firm, organization, etc., employed or retained for the purpose of organizing, directing, managing or assisting the candidate's or committee's efforts shall be deemed expenditures by the candidate or committee. In accordance with WAC 390-16-037, such expenditures shall be reported by the candidate or committee as if made or incurred by the candidate or committee directly. (2) If any person, agency, consultant, firm, organization, etc., employed or retained by the candidate or political committee, subcontracts or otherwise has an agreement with a sub vendor or other third party to provide or perform services, the expenditures paid to that sub vendor or other third party must also be disclosed. (3) Fees paid to consultants or other agents must be disclosed by candidates or political committees as an

expenditure. In addition, when sub vendors are used, the candidate or political committee must disclose any portion of the expenditure retained by the consultant or other agent.

VIOLATIONS

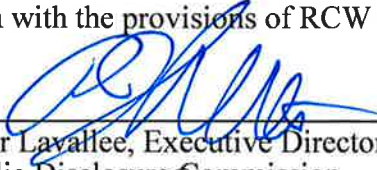
1. Based on the Stipulation of Facts set forth above, Respondent Citizens for Progress Enterprise Washington stipulates that the committee violated RCW 42.17A.305 by failing to timely file C-6 reports of electioneering communications within 24 hours of presenting or mailing the ads and communications to the public.
2. The Respondent also stipulates to violating RCW 42.17A.240 by failing to adequately describe the purpose of expenditures on C-4 reports as required by RCW 42.17A.240, WAC 390-16-037, and WAC 390-16-205.

PENALTY

1. Based upon the Stipulation of Facts and Violations set forth above, Respondent Citizens for Progress Enterprise Washington agrees to pay a total civil penalty of \$21,000 with \$10,500 suspended on the following conditions:
 - a. Respondent Citizens for Progress Enterprise Washington is not found to have committed any further violations of RCW 42.17A or WAC 390 within four years of the date of the final order in this matter. The suspended penalty shall not be assessed based upon any remediable violation, minor violation, or error classified by the commission as appropriate to address by a technical correction.
 - b. The Committee files amended C-4 reports that are in full compliance with the disclosure requirements of RCW 42.17A.240, WAC 390-16-037, and WAC 390-16-205, within thirty days from the date of the final order, and is in compliance with all reporting requirements.
 - c. Respondent Citizens for Progress Enterprise Washington pays the non-suspended portion of the penalty (\$10,500) within thirty days from the date of the final order.

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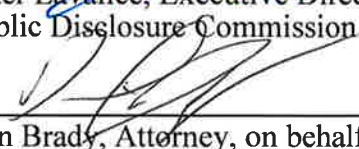
Respondent Citizens for Progress Enterprise Washington affirms its intention to comply in good faith with the provisions of RCW 42.17A and WAC 390 in the future.



Peter Lavalley, Executive Director
Public Disclosure Commission

3/28/19

Date Signed



Dan Brady, Attorney, on behalf of
Citizens for Progress Enterprise Washington

3/28/19

Date Signed