



STATE OF WASHINGTON PUBLIC DISCLOSURE COMMISSION

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Toll Free 1-877-601-2828 • E-mail: pdcc@pdc.wa.gov • Website: www.pdc.wa.gov

October 8, 2019

Delivered electronically to Mark Lamb, on behalf of Shelly Short

Subject: PDC Cases 33367 & 27156

Dear Mr. Lamb,

Below is a copy of an electronic letter sent to Walter Smith concerning the two complaints he filed with the Public Disclosure Commission (PDC) against your client Shelly Short for PDC Cases 33367 & 27156. As noted below to Walter Smith, the PDC has dismissed this matter in accordance with RCW 42.17A.755(1) and will not be conducting a more formal investigation into these allegations or taking further enforcement action in this matter.

Staff's review found no evidence concerning the allegation of violating RCW 42.17A.560 by soliciting or accepting contributions during the 2017 Legislative Session. Staff also reviewed the November 6, 2018 Stipulation and Order of Dismissal, and the June 15, 2018 Letter Ruling from Thurston County Superior Court Judge Carol Murphy for Thurston County case No. 18-2-00456-34.

While the case was stipulated by both parties as "dismissed with prejudice" without any penalties, costs or attorney's fees being paid by either party, the Letter Ruling from Judge Murphy granted the Plaintiff's motion concerning the late filed reports, and that the Plaintiff was entitled to judgement as a matter of law concerning the late debt reporting violations. The PDC has dismissed the two complaints in PDC Cases 27156 and 33367, in accordance with RCW 42.17A.755(1).

However, staff is reminding the Shelly Short Campaign concerning the importance of timely and accurately disclosing all contribution and expenditure activities, including orders-placed, debts and obligations, especially those involving the candidate's spouse as a Campaign consultant and vendor, for all future campaigns in accordance with PDC statutes, rules and reporting requirements. If you have questions, you may contact Kurt Young at 360-664-8854, toll-free at 1-877-601-2828, or by e-mail pdcc@pdc.wa.gov.

Sincerely,

/s _____
Kurt Young
Compliance Officer

Endorsed by,

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



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October 8, 2019

Delivered electronically to Walter Smith

Subject: Complaints filed against Shelly Short, PDC Cases 27156 and 33367

Dear Mr. Smith:

The Public Disclosure Commission (PDC) staff has completed its review of the two complaints you filed against Shelly Short, an incumbent State Senator in the 7th Legislative District and a candidate for election to that office in 2017 on behalf of your client, Karen Hardy.

Your complaints alleged that Shelly Short may have violated: (1) RCW 42.17A.235 and .240 by failing to timely and accurately file Monetary Contribution reports (C-3 reports) and Campaign Full Summary Contributions and Expenditures reports (C-4 reports) disclosing contribution and expenditure activities, including debts and obligations owed to The ROC Foundation, providing detailed expenditure descriptions and the required sub-vendor breakdowns; and (2) RCW 42.17A.560 and WAC 390-17-400, by receiving contributions from the 7th Legislative District Republican Party during the 2017 Legislative session.

For your information, to more efficiently use PDC staff resources, we have combined both of your complaints into one letter. PDC staff reviewed the allegations listed in the two complaints, the statutes, rules and reporting requirements for legislative candidates, the Candidate Registration (C-1 report), C-3 and C-4 reports, queried the PDC database for contribution and expenditure information for the Shelly Short for State Senate (Campaign) and the responses from Mark Lamb, legal counsel for Senator Short.

Staff reviewed the Citizens Action Notice (CAN) that you filed against Senator Short that included similar allegations to the two complaints, the November 6, 2018 Stipulation and Order of Dismissal, and the June 15, 2018 Letter Ruling from Thurston County Superior Court Judge Carol Murphy for Thurston County case No. 18-2-00456-34. Based on staff's review, we found the following:

- On May 2, 2017, Shelly Short filed a C-1 report declaring her candidacy for State Senator in the 7th Legislative District, selecting the Full Reporting Option and disclosing that Steve Oswin was the Campaign Treasurer, and that Mitch Short was Campaign Manager. The 2017 Campaign disclosed receiving \$123,609 in total monetary contributions and making \$64,952 in total expenditures.
- Senator Short was elected State Representative, Position 1 representing the 7th Legislative District in 2008, and was re-elected to that office in 2010, 2012, 2014, and 2016.

Alleged Violations of RCW 42.17A.560 (Session Freeze)

- CW 42.17A.560 states that during the period 30 days prior to a regular legislative session convening and continuing through the until adjournment, “no state official or a person employed by or acting on behalf of a state official or state legislator may solicit or accept contributions to a public office fund, to a candidate or authorized committee, or to retire a campaign debt.”
- Wes McCart, Chairman of the 7th Legislative District Republicans (Committee), stated that the Committee made expenditures to Shelly Short to purchase 4' x 8' campaign yard signs and standard sized yard signs from her Campaign and the Committee to Elect Jacquelin Maycumber. He stated that the expenditures made by the Committee to the two campaigns were to reimburse them for the cost of what they paid for the signs, and that those Committee expenditures were not contributions to either candidate.
- The Committee provided staff with a copy of the May 2017 email string between PDC staff and Mr. Short questioning if a county political party committee could purchase campaign signs from two candidates for the fair market value, and then distribute the signs at their meetings without having the expenditures considered contributions in violation of the Legislative Session freeze statute and rule. Staff stated in the email that the Committee payments for the signs would not violate the Legislative Session prohibition against soliciting or accepting contributions. Staff advised the two campaigns to report the payments received from the Committee as a Miscellaneous Receipt on the C-3 report.
- The Committee email also provided information concerning Shelly Shorts campaign sign purchases that included documentation for 50 4x8 signs at a cost of \$30 per sign, for a total cost of \$1,618, and 200 standard sized yard signs at a cost of \$3.57 per sign without h-posts, for a total cost of \$714. The Campaign timely filed C-3 reports disclosing the receipt of funds from the Committee as a Miscellaneous Receipt, as advised by staff.

Alleged Violations of RCW 42.17A.235 and .240

- Staff’s review found the Campaign timely filed the May 2017 C-4 report, the 21-Day and 7-Day Pre-Primary Election C-4 reports and Post Primary Election C-4 report, the 21-Day and 7-Day Pre-General Election C-4 reports and the Post-General Election C-4 report. In addition, the Campaign timely filed its C-3 reports as required, monthly through May 31st, and then weekly every Monday beginning June 1, 2017.
- Staff’s review also found the Campaign failed to disclose \$20,000 in outstanding debts and obligations owed to The ROC Foundation, a political consulting firm owned by Mitch Short, Senator Short’s spouse. Your complaint indicated that allegation was based on a “pre-election inspection” of the books of account conducted by your client, Karen Hardy. During the inspection, your client discovered “Senator Short had signed an agreement with the ROC Foundation on July 1, 2017 to compensate the vendor in the amount of \$10,000, contingent on winning the August 2017 primary, and again in the amount of \$10,000, contingent on winning the November 2017 general election.”
- On May 8, 2019, the Campaign filed six amended C-4 reports for the 2017 election that included the 21-Day and 7-Day Pre-Primary Election C-4 reports, the Post-Primary Election C-4 report, and the 21-Day and 7-Day Pre-General Election C-4 reports, and the Post-General Election C-4 report. The amended C-4 reports filed by the Campaign disclosed a total of \$20,000 in outstanding debts and obligations owed to the ROC Foundation for 2017 consulting services, that included \$10,000 in “Primary Campaign Management Services”, and \$10,000 in “General Campaign Management Services.

While the case was stipulated by both parties as "dismissed with prejudice" without any penalties, costs or attorney's fees being paid by either party, the Letter Ruling in Thurston County case No. 18-2-00456-34 stated that Judge Murphy granted the Plaintiff's motion concerning the late filed reports, and that the Plaintiff was entitled to judgement as a matter of law concerning the late debt reporting violations.

PDC staff is reminding the Shelly Short Campaign concerning the importance of timely and accurately disclosing all contribution and expenditure activities, including orders-placed, debts and obligations, especially those involving debts and contingency winning bonuses to the candidate's spouse, for all future campaigns.

Concerning the Legislative Session freeze allegation staff found that the expenditures made by the 7th Legislative District Republicans to purchase the signs from the Shelly Short Campaign were properly disclosed as Miscellaneous Receipts and were not contributions subject to the legislative session freeze.

Based on this information, the PDC has dismissed the two complaints in PDC Cases 27156 and 33367, in accordance with RCW 42.17A.755(1). If you have questions, you may contact me at (360) 664-8854, toll-free at 1-877-601-2828, or by e-mail at kurt.young@pdc.wa.gov.

Sincerely,

Endorsed by:

s/_____
Kurt Young, Compliance Officer

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

cc: Mark Lamb, attorney representing Shelly Short

