



**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: pdcc@pdcc.wa.gov • Website: www.pdcca.wa.gov

May 17, 2019

Sent electronically to ryanandpaula@juno.com and mrbelcpa@gmail.com and ewan@workerlaw.com

Subject: Complaint filed by Glen Morgan, PDC Case 26602

Dear: Ryan Grant and Michael Bell:

Enclosed is a copy of an electronic letter sent to Glen Morgan, concerning a complaint filed October 13, 2017 with the Public Disclosure Commission (PDC) alleging the 7th Legislative District Democrats (Committee) violated RCW 42.17A.235 and .240 for failure to timely and accurately report contributions, expenditures, and debt.

As noted in the letter to Mr. Morgan, the PDC has dismissed this matter 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)(b), this letter serves as a formal written warning concerning your failure to comply with the filing requirements noted in the enclosed letter to Mr. Morgan. This formal written warning comes with staff's expectation you to file timely and complete reports in future years in accordance with PDC laws and rules. This includes reporting subvendor information and debt under WAC 390-16-042.

In the response filed on behalf of the 7th District Democrats regarding disclosing debts and obligations, Laura Ewan stated, "the word 'may' is permissive here, and this should be taken into account." Please note, the permissive "may" does not allow filers to decide whether to disclose debts and obligations. Rather, it means that the filer may, or is permitted to, include an estimate of the total obligation in lieu of the actual cost, if the actual cost is not known when the filer enters into a purchase agreement. This understanding is supported by the context of the statement which states obligations "*may be reported as estimated obligations until actual payment is made . . .*" (emphasis added).

The Commission will consider this 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 Alice Fiman at 1-360-586-4746 or toll-free at 1-877-601-2828, or by e-mail pdcc@pdcc.wa.gov.

Sincerely,

/s_____

Alice Fiman
Compliance Officer

Endorsed by,

/s_____

Peter Lavalley
Executive Director



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May 17, 2019

Delivered electronically to glen@wethegoverned.com

Subject: Complaint regarding 7th Legislative District Democrats

Dear Glen Morgan:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed October 13, 2017.

Your complaint alleged that the 7th Legislative District Democratic Central Committee (Committee) may have violated: (1) RCW 42.17A.235 and .240 for failure to accurately and timely file Monetary Contributions reports (C-3 reports) and Summary Full Campaign Contribution and Expenditure reports (C-4 reports); and (2) RCW 42.17A.240 for failure to properly report expenditures and debts on C-4 reports, including the failure to provide proper expenditure descriptions.

PDC staff reviewed your allegations; the applicable statutes, rules, and reporting requirements; the C-3 and C-4 reports filed by the Committee, and the response of Laura Ewan, legal counsel, on behalf of the Committee, submitted to the PDC and the Washington State Attorney General's Office (AGO), to determine whether the record supports a finding of one or more violations.

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

- The 7th Legislative District Democratic Central Committee is a Bona Fide Political Party Committee for the 7th Legislative District, with its address listed as Nine Mile Falls, Stevens County.
- The Committee's most recent Political Committee Registration (C1-pc) was filed January 9, 2019 and most recently amended March 26, 2019, with the Committee choosing the Full Reporting option on its amended C1-pc and listing Michael Bell as campaign manager and treasurer and Randy Michaelis as chairman.

Allegation #1: Failure to timely and accurately file C-3 and C-4 reports

- The complaint alleged the Campaign failed to timely file C-3 and C-4 reports due during 2015, 2016 and 2017. You attached a spreadsheet of those reports.
- In the response, Ewan stated, "These filings pale in comparison to the overwhelmingly successful and timely ones over the Committee's reporting history. The Committee asserts that any instances of late filings were never done intentionally or willfully and were certainly not so widespread as to merit intervention by any court."
- The Committee filed 25 C-3 and C-4 reports during the 2015 campaign, amending one report. For the 2015 campaign, the Committee filed under full reporting but was eligible for mini reporting, reporting \$3,133.65 in contributions and \$1,593.20 in expenditures.
- The Committee filed 26 C-3 and C-4 reports during the 2016 campaign, reporting \$6,332.66 in contributions and \$5,186.15 in expenditures. The Committee filed one amended report. Five reports were filed late; however, they covered minimal campaign activity.
- The Committee filed 23 C-3 and C-4 reports during the 2017 campaign, reporting \$4,692.00 in contributions and \$5,571.60 in expenditures. The Committee filed six amended reports. In addition, the Committee filed six C-3 and C-4 reports late in 2017, although, the reports contained minimal campaign activity.

Allegation #2: Failure to disclose debts and obligations on C-4 reports.

- The complaint alleged that the Committee failed to disclose debts and obligations on C-4 reports and properly provide detailed breakdown descriptions of expenditures. You attached a spreadsheet of those expenditures.
- In the Committee's response, Ms. Ewan cited RCW 42.17A.005(20): "For the purposes of this chapter, agreements to make expenditures, contracts, and promises to pay may be reported as estimated obligations until actual payment is made," adding, "the word 'may' is permissive here, and this should be taken into account."
- The PDC informed Ms. Ewan and the Committee that the permissive "may" does not allow filers to decide whether to report an expenditure. Rather, it means that the filer may, or is permitted to, include an estimate of the total expenditure in lieu of the actual cost, if the actual cost is not known when the filer enters into a purchase agreement. This understanding is supported by the context of the statement which states obligations "*may be reported as estimated obligations until actual payment is made . . .*" (emphasis added).
- Staff expects the 7th Legislative District Democrats to timely file all future required reports and disclose debts and obligations in future years.

Allegation #3: Failing to breakdown sub-vendor information for expenditures disclosed on C-4 reports

- The complaint alleged that the Committee failed to properly provide detailed breakdowns of expenditures. You attached a spreadsheet of those expenditures.
- Ewan responded, stating “the public was not deprived of meaningful information by the Committee’s actions here. The Committee believes that its overall successful reporting record in this category should be taken into account, and this allegation should be dismissed outright.”
- The Committee made good faith efforts to comply with the reporting requirements of RCW 42.17A.240 concerning expenditures undertaken by the campaign on their C-4 reports. The public was not deprived of critical information as the dates, amounts, and purposes of the expenditures were disclosed, and requiring further amendments to disclose the subvendors would not have a significant or material impact on the public.

Based on these findings, staff has determined that in this instance, the failure to timely file reports of contributions and expenditures and disclose debts and obligations does not amount to an actual violation warranting further investigation.

However, pursuant to WAC 390-37-060(1)(d), the 7th Legislative District Democrats will receive a formal written warning concerning the Committee’s failure to comply with filing requirements as noted in this letter.

The formal written warning will include staff’s expectation that the 7th Legislative District Democrats timely file all future required reports of contributions and expenditures and disclose debts and obligations. 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 finds that no further action is warranted and has dismissed this matter in accordance with RCW 42.17A.755(1).

If you have questions, you may contact Alice Fiman at 1-360-586-4746 or toll-free at 1-877-601-2828, or by e-mail pdcc@pdcc.wa.gov.

Sincerely,

/s _____
Alice Fiman
Compliance Officer

Endorsed by,

/s _____
Peter Lavalley
Executive Director