

SANDLER REIFF

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April 18, 2025

Washington Public Disclosure Commission
PO Box 40908
Olympia, WA 98504-0908
Attn: Jennifer Hansen, Compliance Officer

Re: PDC Case Number 169883

Via Email

To Whom It May Concern:

On behalf of our client, Housing Solutions Coalition (“HSC”), we are respectfully submitting this response to the above-referenced complaint filed by the Washington Housing Alliance Fund.

As you note, the Complaint alleges two things:

- **An alleged violation of RCW 42.17A.640 for failure to register and report a grassroots lobbying campaign**
- **An alleged violation of RCW 42.17A.640 for failure to include complete sponsor identification on grassroots lobbying materials**

While reserving the right to supplement and amend this response at a future date, the following is the response of HSC.

Factual Background

HSC is a 501(c)(4) tax-exempt corporation with an independent board of directors. HSC has an interest in legislative matters pending before the state legislature. HSC elected to retain the services of Dewey Square Group (“DSG”) to plan and execute a direct and grassroots lobbying effort aimed at specific legislation.

DSG, in turn, registered as a lobbyist on behalf of HSC on February 24, 2025. See <https://accesshub.pdc.wa.gov/node/123028>. DSG received income and incurred expenses related to that grassroots effort and, as required by applicable law, reported those expenses on its L-2 reports. See <https://apollo.pdc.wa.gov/lobbyist/public/-/#/public/12-report/2006795> (February Report) and <https://apollo.pdc.wa.gov/lobbyist/public/-/#/public/12-report/2007050> (March Report).

While HSC does accept donations, HSC did not solicit funds for purposes of this grassroots effort; nor did HSC receive any donations from third parties earmarked toward this grassroots effort. Rather, all funds related to the hiring of DSG and paying DSG’s expenses came from HSC’s general treasury funds.

The materials distributed by HSC’s lobbyists used a QR code to link through to a third-party site of a like-minded organization (BuildUpWashington). However, HSC did not take instruction from BuildUpWashington or any third party. HSC made all decisions on advocacy efforts on its own, including the content of the communications and the intended audiences of communications, and paid for those efforts entirely on its own.

Response to Specific Allegations

Allegation 1: Failure to register and report a grassroots lobbying campaign.

The Complaint alleges that HSC was required to file form L-6 and register as a grassroots lobbying campaign (See Complaint pp 3-4). As a matter of law, this is incorrect, and HSC had no obligation to register independently. The law is clear that registration as a sponsor is required by “[a]ny person who has made expenditures ***not reported by a registered lobbyist under RCW 42.17A.61*** exceeding \$3,000 in the aggregate within any three-month period or exceeding \$1,500 in the aggregate within any one-month period in presenting a campaign to the public, a substantial portion of which is intended, designed, or calculated primarily to solicit, urge, or encourage the public to influence legislation, ***is required to register and report as a sponsor of a grass roots lobbying campaign.***” Wash. Rev. Code § 42.17A.640(1) (emphasis added).

Based on the plain language of this statutory section, HSC was not required to register via Form L-6 or to report as a “sponsor” of a grassroots lobbying campaign. Because HSC was not a “sponsor” – all expenditures were duly reported by registered lobbyists – the rules that specifically apply to sponsors do not apply.

In this case, HSC’s lobbyist, Dewey Square Group, registered on behalf of HSC before engaging in any lobbying activity. The expenses for the grassroots lobbying activity were paid by Dewey Square Group, and in turn Dewey Square Group reported those expenses and costs on its L-2 report filed with the PDC on April 15, 2025. See <https://apollo.pdc.wa.gov/lobbyist/public/-/#/public/12-report/2007050>.

Furthermore, even assuming the PDC would require sponsor registration by an entity which raised third party funds specifically earmarked for grassroots lobbying, and even if those expenses were reported by the registered lobbyist, registration by HSC should still not be required. As noted above, HSC did not solicit donations for the purpose of engaging in grassroots lobbying activities or make any decisions regarding advocacy efforts with any third-party (including the third party referenced in the complaint itself). Indeed, in January 2025, Scott Haley of the Public Disclosure Commission confirmed informally that an entity that did not solicit funds specifically for a grassroots campaign and paid for those activities out of general treasury funds, and which did not coordinate with third parties, would generally not be required to register as a sponsor. Rather, it would simply be – as was the case here – a lobbyist employer.

The statutory exemption for a lobbyist employer makes sense. In the case where a corporation hires a lobbyist to engage in direct and grassroots lobbying, pays for that lobbyist out of its own general funds, and the lobbyist in turn reports the expenses, requiring the lobbyist employer to

file Form L-6 and report as a sponsor would be merely duplicative of the information already being reported by the lobbyists.

Therefore, the first allegation is without merit and should be dismissed.

If, however, the PDC believes that HSC was nevertheless required to register as a Sponsor, any failure to do so was inadvertent and based upon a good faith reading of the statutory text, and any harm to the public was minimized vis-à-vis disclosure. HSC's name was plainly visible on the materials. HSC is searchable as a lobbyist employer in PDC's database. All related expenses and activities were reported by HSC's registered lobbyist, so there was no impact on the public caused by lack of disclosure. In fact, HSC's lobbyists registered *before engaging in lobbying*, which is earlier than would be required of a grassroots lobbying campaign sponsor filing a L-6 registration during the legislative session. Additionally, HSC has not been found in violation of any provision of the RCW previously and is a new lobbyist employer registrant in the state. All of these are mitigating factors as set forth in WAC 390-37-062 and WAC 390-37-182.

Allegation 2: Violation of RCW 42.17A.640 for failure to include complete sponsor identification on grassroots lobbying materials.

The Complaint's second allegation is that any "written advertising or other mass communication produced as part of a grassroots lobbying campaign must include the *sponsor's name and address*." Complaint p. 3 (emphasis added). The Complaint proceeds to allege that the "mailer failed to disclose the organization's address in its Sponsor ID" and that the mailer QR code "links to a webform that does not include any Sponsor ID." Id. at 4.

Grassroots lobbying campaign "sponsors" *who trigger registration* are also required to include a disclaimer that includes the sponsor's name, address, and top contributors on "any advertising or other mass communication produced as part of a campaign." Wash. Rev. Code § 42.17A.640(5)(a). That statutory provision is a sub-section of the overall registration requirement for "sponsors" of campaigns, which plainly exempts entities whose expenses are reported by registered lobbyists.

The bulk of the second allegation is premised on the faulty assumption that HSC was a "sponsor" required to register by filing Form L-6 and obtain a Sponsor ID. As noted above, it was not required to register as a sponsor, and accordingly the detailed disclaimer requirements are inapplicable.

Assuming *arguendo* that it is the position of the PDC that a disclaimer – including the address – were required notwithstanding the language set forth in the statute, it is HSC's contention that any such error was inadvertent and based upon the good faith reading of the law set forth above.

Furthermore, the mailer was clear on its face as to whom was paying for the campaign; and the public's interest was not undermined in any way, as HSC is searchable as a lobbyist employer on PDC's website, as are the lobbyists registered on behalf of HSC. There was no attempt to obfuscate or conceal the identity of HSC; even the Complainant was able to do a simple Google search and locate HSC's headquarters.

There are, as well, additional mitigating factors here as set forth in WAC 390-37-062 and WAC 390-37-182. There was no impact on the public caused by lack of disclosure because HSC's address was readily accessible on the PDC's website as a lobbyist employer. Additionally, the informal guidance provided by Scott Haley was that a disclaimer that included the address was not required for lobbyist employers that do not qualify as "sponsors" – and HSC relied in good faith on that guidance.

Housing Solutions Coalition acted in good faith to comply with the law and guidance by ensuring that its lobbyists were registered and would report all lobbying expenses and activity on its behalf. Housing Solutions Coalition pays for all lobbying communications with its own general treasury funds, and did not solicit any contributions to pay for the communications. The communications at issue were paid for in March and were reported as required on Dewey Square Group's March 2025 report. Dewey Square Group is the registered lobbying firm that paid for the mailers at issue. As such, we respectfully request that the Complaint be dismissed.

Respectfully submitted,

A handwritten signature in black ink that reads "Christina Bustos". The signature is written in a cursive, flowing style.

Joshua Ian Rosenstein
Christina Bustos

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