



**State of Washington
PUBLIC DISCLOSURE COMMISSION**

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August 28, 2019

Delivered electronically to Glen Morgan at glen@wethegoverned.com

Subject: Complaint regarding Shelley Kloba, PDC Case 25129

Dear Mr. Morgan:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on September 9, 2017. Your complaint alleged that Shelley Kloba, a candidate for State Representative in the 1st Legislative District in 2016, may have violated RCW 42.17A.235 by failing to timely and accurately file C-3 and C-4 reports, including the failure to properly report the purpose of expenditures, as required WAC 390-16-037 and WAC 390-16-205, and RCW 42.17A.240 by failing to properly report debt.

PDC staff reviewed your allegations; the applicable statutes, rules, and reporting requirements; the C-3 and C-4 reports filed by the Shelley Kloba For State House (Campaign); and the response provided by the Campaign.

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

- On April 11, 2016, Shelley Kloba timely filed a C-1 report declaring her candidacy for State Representative for the 1st Legislative District in 2016 and selected the Full Reporting Option.

Allegation One: Failure to timely file C-3 and C-4 reports.

- PDC staff reviewed the seven alleged late C-3 reports (Exhibit A) and 244 C-4 reports (Exhibit B) you included in your complaint. Staff found that for the seven C-3 reports included with your complaint (Exhibit A), five reports were filed timely, while the remaining two reports were filed between two and 113 days late, accounting for \$350 in late reported contributions. For the C-4 reports (Exhibit B), more than 95% of the alleged late reports on the exhibit were amendments that were originally filed timely.

Allegation Two: Failure to timely and accurately report debt.

- PDC staff reviewed the 78 alleged unreported debts you attached in the spreadsheet (Exhibit C). Staff found that 24 items on the spreadsheet appear to be orders placed and paid for during the same reporting period or payments made for recurring monthly obligations like salary/payroll taxes or retainer payments made by the campaign and were therefore not required to be reported as debt. For example, the recurring payments made to *Paycheck* for salary and payroll taxes between May 31 and November 15, 2016, is a recurring monthly payment that was already reported by the Committee in prior reporting periods. The same applies to expenditures for

event venue or office rent/space. For the remaining items, staff noted that they appear to be obligations or debts that should have been reported on earlier C-4 reporting cycles prior to the payments being made. However, you did not provide any evidence to show that any of the expenditure depicted in your spreadsheet, was preceded by a promise to pay in an earlier reporting period.

Allegation Three: Failure to properly report the purpose of the expenditures.

- Staff reviewed the description of the 33 payments/expenditures made by the Campaign (Exhibit D) and found that most of the expenses lacked proper description(s) or additional information as required by law/rule. For example, all the 18 payments made to *Northwest Passage Consulting* between May and November 2016 did not include the subvendor information. A more detailed description that includes the subvendor identity should have been included in the report by the Campaign.

Staff noted that there were expenditures made by the Campaign either to a vendor or consultant for which a more detailed explanation or description should have been provided. However, this shortcoming is mitigated by the fact that Shelley Kloba has no prior violations.

Based on these findings staff has determined that, in this instance, the Campaign's failure to properly and accurately describe the purpose of expenditures and report debt, does not amount to a violation warranting further investigation.

However, staff is reminding Shelley Kloba about the importance of filing timely and accurate C-3 and C-4 reports disclosing contribution and expenditure activities undertaken by her Campaign, including for debt and the importance of properly reporting the purpose of expenditures, as required by RCW 42.17A.240, WAC 390-16-037 and WAC 390-16-205.

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 Erick Agina at 360-586-2869, toll-free at 1-877-601-2828, or by e-mail at erick.agina@pdc.wa.gov

Sincerely,

Endorsed by,

s/ _____
Erick Agina, Compliance Officer

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

cc: Shelley Kloba