



**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.pdcc.wa.gov

June 7, 2019

Delivered electronically to “mbkreibler@hotmail.com”

Subject: Complaint filed by Glen Morgan, PDC Case 24661

Dear Mike Kreidler:

Below is a copy of an electronic letter sent to Glen Morgan concerning a complaint filed with the Public Disclosure Commission (PDC).

As noted in the letter to Glen 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.

PDC staff is reminding you about the importance of providing a more detailed breakdown for expenditures made to reimburse individuals or payments made to consultants or vendors, including the sub-vendor and TV station breakdown, in the future in accordance with PDC laws and rules. In addition, please be aware of the changes to the disclosure of debt and other reporting requirements as part of the passage of ESHB 2938 (2018).

If you have questions, you may contact Fox Blackhorn at 1-360-753-1980 toll-free at 1-877-601-2828, or by email at pdcc@pdcc.wa.gov.

Sincerely,

/s _____
Fox Blackhorn
Compliance Coordinator 2

Endorsed by,

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



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June 7, 2019

Delivered electronically to “glen@wethegoverned.com”

Subject: Complaint regarding Glen Morgan, PDC Case 24661

Dear Glen Morgan:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on August 22, 2017. The complaint alleged that Myron (Mike) Kreidler, the incumbent Washington State Insurance Commissioner and a candidate for re-election to that office in 2016, may have violated Chapter 42.17A RCW as detailed below.

PDC staff reviewed the allegations; the applicable statutes, rules, and reporting requirements; the responses provided by Mike Kreidler; queried the Respondent’s data in the PDC contribution and expenditure database; and reviewed the Candidate Registrations (C-1 reports), Monetary Contributions reports (C-3 reports), and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) filed by the 2016 Friends of Mike Kreidler Campaign (Campaign) to determine whether the record supports a finding of one or more violations.

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

- On January 22, 2013, Mike Kreidler filed a C-1 report with the PDC declaring candidacy for re-election to the office of Washington State Insurance Commissioner in election year 2016, selecting the Full Reporting Option. The C-1 report listed Mike Watson as the non-ministerial Treasurer for the Campaign. Mike Kreidler was elected Insurance Commissioner in 2000, was re-elected to that office in 2004, 2008, 2012, and 2016.
- On May 4, 2015, the Campaign amended the C-1 report to disclose James Odiorne as Treasurer for the Campaign in place of Mike Watson, but did not check the box indicating whether the treasury services being provided were solely ministerial.
- On August 22, 2017, you filed a complaint with the PDC and a 45-Day Citizens Action Notice (CAN) with the Washington State Attorney General’s Office, alleging multiple violations of Chapter 42.17A RCW.
- On October 25, 2017, the Campaign Finance Unit (CFU) of the Attorney General’s Office notified you of their decision to forego judicial enforcement based on the facts that your allegations could not be substantiated or the facts were not as you alleged, the limited resources of the CFU, and the high volume of CANs filed with the office.

- For the 2016 election cycle, the Campaign disclosed receiving \$131,954 in contributions received, and \$121,651 in expenditures made that included a \$40,000 transfer to the Mike Kreidler Surplus Funds Account, with a \$10,303 cash on hand balance.
- The 2016 Campaign timely filed the January, February, March, April, and May 2016 C-4 reports, the 7-Day and 21-Day Pre-Primary Election C-4 reports, the 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 2016 Campaign timely filed its C-3 reports for the period April through November 7, 2016, with many of the C-3 reports filed early within one to two days of the contributions having been received.

Allegations: Failure to timely disclose contribution and expenditure information on C-3 and C-4 reports

The complaint alleged violations of RCW 42.17A.235 by failing to timely disclose contribution and expenditure activities undertaken by the Campaign on C-3 and C-4 reports.

Of the six allegations listed for this section, three of the allegations were for failing to disclose outstanding debts and obligations on earlier C-4 reports for expenditures that had been timely disclosed by the Campaign on a C-4 report, as detailed below. One of the allegations was beyond the PDC's five-year statute of limitations for taking action, and the remaining two allegations involved late filed or amended reports submitted by the Campaign.

- The changes on the amended reports filed by the Campaign were minor in nature and included filing an amended C-3 report changing the date of deposit listed on a previously timely filed C-3 report, and a C-4 report was filed late disclosing a 2017 transfer to surplus after being successfully re-elected Insurance Commissioner in 2016.
- Both of the reports filed by the Campaign had been electronically submitted prior to the complaint being filed, appear to have timely amended filings as new information was provided, and disclosed the required information outside of the time-sensitive periods before elections.

Allegations: Failure to timely disclose debts and obligations

The complaint alleged violations of RCW 42.17A.240 by failing to timely disclose debts, obligations, and promises to pay made by the Campaign on C-4 reports.

- The complaint alleged that a \$1,250 expenditure paid on August 1, 2016 to Michelle Fowler for "contract professional services thru 7/3-16" should have been disclosed as a debt on the 21-Day Pre-Primary Election C-4 report. The 21-Day Pre-Primary Election C-4 report covered the period June 1 through July 12, 2016, and the period covered by the services ran through July 16th, so the \$1,250 should have been disclosed as debt on the 7-Day Pre-Primary Election C-4 report.
- The complaint also alleged that a \$3,750 expenditure paid on November 21, 2016 to Michelle Fowler for "3 month service as campaign manager" should have been disclosed as a debt on prior C-4 reports. The Campaign should have disclosed the outstanding debt

on the Post-Primary Election C-4 report (\$1,250), and the 21-Day and 7-Day Pre-General Election C-4 reports C-4 reports (\$2,500 and \$3,750 respectively) as the services had been provided to the Campaign.

- Though the Campaign should have reported these expenditures as debt, these expenditures totaled \$5,000, comprising only 4% of total expenditures undertaken by the 2016; the expenditures were not for political advertisements but were for professional services; the public was not deprived of critical information in a time-sensitive period before an election; and there was no significant or material impact to the public.

Allegations: Failure to timely report accurate expenditures

The complaint alleged violations of RCW 42.17A.240 for failure to disclose expenditures for a flight to Chicago and lodging during the trip, that the complaint speculates must have been incurred.

- The Campaign stated that “Mr. Kreidler’s primary purpose for being in Chicago was not campaign related. Therefore these costs are not campaign expenses. All campaign-related expenses from this trip have been properly reported.”
- On June 1, 2016, the Campaign timely file the May 2016 C-4 report, disclosing one expenditure to Myron Kreidler reimbursing him \$57 for a taxi in Chicago, and three expenditures totaling \$189 reimbursing Goldwater Taplin Group (currently Nelson Taplin Goldwater, a government relations firm primarily focused on the insurance industry) for one meal and two Uber car services.
- The Campaign properly and timely reimbursed Mike Kriedler and Goldwater Taplin Group for the campaign-related portion of his trip, and your complaint failed to provide any evidence to substantiate these allegations.

Allegations: Failure to provide a breakdown of sub-vendors and/or detailed description of services provided

The complaint alleged violations of RCW 42.17A.235 and .240, as well as WAC 390-16-037 and WAC 390-16-205 for failing to timely: (1) provide a proper detail and sub-vendor breakdown for expenditures made for work contracted out to a third party, and reimbursements made to individuals, including the candidate, for out-of-pocket expenditures; and (2) descriptions of services provided by vendors and number of political advertisements printed or mailed.

Staff reviewed the allegations, which included 49 separate expenditures disclosed by the Campaign on C-4 reports as follows:

- Six expenditures made in 2013 which occurred outside the PDC’s five-year statute of limitations.
- Six expenditures made to Capitol City Press totaling \$5,274 for Printing; Remits; Flyers; Invoice 109721; and Solicitation Materials.

- Five expenditures for reimbursements made to Myron a.k.a. Mike Kreidler, totaling \$1,581 for Broadband Wireless; the Filing Fee with the Washington State Secretary of State; and Travel Reimbursements.
- One expenditure to Cerillion N4 Partners totaling \$48,000 for a Cable TV Buy.
- The remaining expenditures included reimbursements to twelve persons for minor expenses such as travel, food and beverage, and utilities totaling \$5,616.

As noted above, a number of the allegations listed in your complaint concerned information disclosed on amended C-3 and C-4 reports filed by the Campaign. Staff's review of the initial and amended C-3 and C-4 reports filed by the Campaign confirmed a good faith effort was made to comply with the PDC reporting requirements for the 2016 election. Staff found that the Campaign filed 22 amended C-3 reports and 39 amended C-4 reports dating back to 2004, demonstrating a good faith effort to provide additional and/or updated disclosure information as the Campaign became aware of it.

Staff did note there were expenditures made by the Campaign, either as reimbursements to individuals or volunteers, or payments made to a consultant or vendor for which it appears a more detailed description and possibly a sub-vendor breakdown likely should have been provided. At the request of staff, the Campaign amended their reports to provide additional detailed disclosures and bring the 2016 Campaign into compliance, which included filing an amended C-4 report disclosing the station by station breakdown for the \$48,000 expenditure made to Cerillion N4 Partners for a Cable TV Buy. Staff would classify these issues as reporting discrepancies which are minor or technical in nature, and does not believe the violations rise to the level of any enforcement action.

The issues above are mitigated by the fact that the Campaign was in frequent contact with PDC staff throughout the 2016 election in order to comply with the reporting requirements, and timely filed the overwhelming majority of the initially filed C-3 and C-4 reports. In addition, the Campaign disclosed receiving more than \$130,000 in contributions received and spent more than \$120,000 in expenditures.

PDC staff found no evidence of a material violation that would require conducting a more formal investigation into the complaint or pursuing enforcement action in this instance. However, staff has reminded the Campaign to provide a more detailed breakdown for expenditures made to reimburse individuals or payments made to consultants or vendors, including the sub-vendor and TV station breakdown, in the future. In addition, please be aware of the changes to the disclosure of debt and other reporting requirements as part of the passage of ESHB 2938 (2018).

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 Fox Blackhorn at 1-360-753-1980 toll-free at 1-877-601-2828, or by e-mail at pdcc@pdcc.wa.gov.

Sincerely,

/s _____
Fox Blackhorn
Compliance Coordinator 2

Endorsed by,

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

cc: Mike Kreidler Campaign