



**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: pdc@pdc.wa.gov • Website: www.pdc.wa.gov

July 5, 2019

Delivered electronically to "dan@danbradylaw.com"

Subject: Complaint filed by Walter Smith, PDC Case 24640

Dear Melanie Stambaugh:

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

As noted in the letter to Walter Smith, 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 the timely, accurate, and complete disclosure of all contribution and expenditure activities, including debts and obligations, and the timely filings of all future PDC reports in accordance with the statutes and rules. PDC staff expects in the future that you will timely, accurately, and completely file all future reports in accordance with PDC laws and rules.

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 pdc@pdc.wa.gov.

Sincerely,

/s

Fox Blackhorn
Compliance Coordinator 2

Endorsed by,

/s

Barbara Sandahl
Deputy Director
For Peter Lavallee
Executive Director



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July 5, 2019

Delivered electronically to “walter@smithdietrich.com”

Subject: Complaint regarding Melanie Stambaugh, PDC Case 24640

Dear Walter Smith:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on September 1, 2017. The complaint alleged that Melanie Stambaugh, a 2016 candidate for State Representative of Legislative District 25, may have violated RCW 42.17A.205 for failure to timely file a Candidate Registration (C-1 report) within two weeks of the expectation of receiving contributions or making expenditures in an election campaign; RCW 42.17A.235 for failure to timely and accurately file Monetary Contribution reports (C-3 reports) and Summary Full Campaign Contribution and Expenditure reports (C-4 reports), disclosing contributions and expenditures undertaken by the 2016 Friends of Melanie Stambaugh Campaign (Campaign); and RCW 42.17A.240 for failure to timely, completely, and accurately report debts and obligations.

PDC staff reviewed the allegations; the applicable statutes, rules, and reporting requirements; the response provided by the Campaign; the applicable PDC reports filed by the Campaign; and queried the Campaign’s data in the PDC contribution and expenditure database, to determine whether the record supports a finding of one or more violations.

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

- The Campaign’s first expenditures to support the 2016 election campaign were made on January 26, 2015, which required the Campaign to file a C-1 report within two weeks of the expectation of receiving contributions or making expenditures in an election campaign, or not later than February 9, 2015.
- The Campaign failed to timely file their C-1 report until May 19, 2015, 99 days beyond the statutory deadline of RCW 42.17A.205.
- In accordance with the version of RCW 42.17A.235 in effect in calendar years 2015 and 2016, the Campaign was also required to file C-3 and C-4 reports disclosing any contribution or expenditure activity prior to registration, or not later than February 9, 2015.
- The Campaign failed to timely file the initial C-4 report until September 1, 2015, disclosing \$0 in contributions and \$430 or .3% of expenditures in that election cycle, 310 days beyond the statutory deadline of RCW 42.17A.235.
- The Campaign filed an additional four late C-4 reports due for calendar year 2015, disclosing \$1,405 or 1.1% of contributions in that election cycle, and \$1,096 or 0.8% of expenditures in that election cycle, between 128-310 days beyond the statutory deadlines of RCW 42.17A.235.

- The response provided by the Campaign indicated that the initial expenditures from January were not related to a campaign purpose, that the Campaign was told by their consultant that registration was only required after solicitation of contributions, and that no C-4 reports would be due during the session freeze established by RCW 42.17A.560, when contributions could be accepted and C-3 reports could be filed.
- The complaint further alleged that a \$12,500 debt owed to the Campaign's consultant in the 2014 campaign, constituting 9.5% of total expenditures in the 2016 election campaign, should have been reported as a debt from at least January through November of 2015, and that every C-4 report in this period was inaccurate as to the requirements of RCW 42.17A.240.
- This debt was not disclosed until a series of amended C-4 reports were filed on December 16, 2015, between 6-310 days beyond the statutory deadlines of RCW 42.17A.235.
- The response from the Campaign indicates this was due to a dispute for responsibility for the \$12,500 and a good-faith uncertainty from the Campaign regarding whether this was their debt or a debt to be paid by the Washington State Republican Party, and once the Campaign took responsibility for the debt and paid it on December 14, 2015, they amended the relevant C-4 reports to disclose the debt as required by RCW 42.17A.240.
- The complaint also seven other campaign expenditures whose purpose descriptions indicated payment for services rendered in previous months, that were not disclosed as debts in those reporting periods as required by RCW 42.17A.240.
- The response indicated that the expenditure details for four of the expenditures, such as "April 2016" indicated the date that invoices were submitted, but payments were for work to be performed in the month the expenditure was performed, such as "May 2016."
- The version of RCW 42.17A.240(8) in effect at the time required reporting of any orders placed or promises to pay whose value exceeded \$50 that had been overdue for more than 30 days, or whose value exceeded \$250 with no time restrictions.
- The Campaign acknowledged that they received invoices from prior reporting periods but paid them in the next reporting period when services were rendered, which would have required these payments to be reported as debt under the version of RCW 42.17A.240(8) in effect at the time.
- In August of 2016, the Campaign paid three expenditures to Tina Stambaugh for treasurer services in January, February, and July of 2016, totaling \$1,650 or 1.3% of total expenditures in that election campaign, and provided documentation that these payments were made at the request of Tina Stambaugh in August 2016 and paid upon agreement of the parties.
- A review of the C-4 reports in January and February of 2016 shows no debt or expenditures made for Tina Stambaugh's services, and the C-4 report filed 21-days before the 2016 Primary Election showed payment to Tina Stambaugh only for invoices submitted in March and June of 2016.
- Responsibility for compliance with the reporting requirements set by Chapter 42.17A RCW and Title 390 WAC rests upon the candidate, however the late reports were filed before the Primary Election of 2016, late and incomplete contribution and expenditure activity was minor in proportion to overall contribution and expenditure activity, and the public was not deprived of critical information during a time-sensitive period.

Based on our findings staff has determined that, in this instance, failure to timely register as a candidate and to timely, completely, and accurately disclose contribution and expenditure

activity, including debts and obligations, do not amount to violations warranting further investigation.

PDC staff is reminding Melanie Stambaugh about the importance of the timely, accurate, and complete disclosure of all contribution and expenditure activities, including debts and obligations, and the timely, accurate, and complete filings of all future PDC reports in accordance with the statutes and 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 Fox Blackhorn at 1-360-753-1980 toll-free at 1-877-601-2828, or by e-mail at pdcc@pdc.wa.gov.

Sincerely,

/s

Fox Blackhorn
Compliance Coordinator 2

Endorsed by,

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Barbara Sandahl
Deputy Director
For Peter Lavallee
Executive Director

cc: Melanie Stambaugh