



State of Washington  
PUBLIC DISCLOSURE COMMISSION

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July 8, 2019

Delivered electronically to "walter@smithdietrich.com"

Subject: Complaint regarding Norman Johnson, PDC Case 24630

Dear Walter Smith:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on September 1, 2017. Your complaint alleged that State Representative Norman Johnson may have violated:

- Allegation One: RCW 42.17A.445 for the personal use of campaign funds when Rep. Johnson made a \$3,000 contribution to the House Republican Organizational Committee (HROC) using campaign funds, and when he made a \$1,038.55 contribution to the West Valley Fair, described as "Donation to Fair," using campaign funds.
- Allegation Two: RCW 42.17A.430 for disposing of surplus funds in a manner not allowed under RCW 42.17A.430, by making a \$3,000 contribution to HROC, and an alleged violation of RCW 42.17A.240 and WAC 390-16-236 for failing to report the \$3,000 Surplus Funds expenditure to HROC.
- Allegation Three: RCW 42.17A.235 and .240 for failing to accurately and timely report debts and obligations in the form of "orders placed" totaling \$36,655.77 with Smith Phillips Dipietro Advertising for advertising and related expenses.
- Allegation Four: Violation of RCW 42.17A.235 and .240 for failing to accurately and timely report two Summary, Full Report Receipts and Expenditures (PDC Form C-4) reports during Rep. Johnson's 2016 campaign.

PDC staff reviewed your allegations; the applicable statutes, rules, and reporting requirements; the response(s) provided by or on behalf of Respondent Norman Johnson; and the applicable PDC reports filed by the Respondent, to determine whether the record supports a finding of one or more violations.

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

- Norman M. Johnson served eight years in the Washington State Legislature as a House member, with his final term ending in early January 2019.
- Allegation One: Rep. Johnson did not use campaign funds to make a \$3,000 “contribution” to the House Republican Organizational Committee, as alleged. Rather, he made a “Transfer of Surplus Funds” from his surplus funds account on September 30, 2016. In addition, the \$1,038.55 expenditure reported as “Donation to Fair” was not a contribution to the West Valley Fair with campaign funds, as alleged. Rather, it was a campaign advertising expense incurred when Rep. Johnson sponsored the purchase of two farm animals at the fair, and used the publicity of the purchase to promote his 2016 campaign.
- Allegation Two: Rep. Johnson did not violate RCW 42.17A.430 by disposing of surplus funds in a manner not allowed, as alleged in the complaint, when he transferred \$3,000 to HROC on September 30, 2016. The transfer was allowable under RCW 42.17A.430 because HROC is a caucus political committee. Also, although the complaint alleged Rep. Johnson did not report the transfer to HROC, he did report the transfer. However, he reported the transfer 183 days late on 4/11/17 on a C-4 report covering the period 5/1/16 to 1/31/17. Rep. Johnson said he did not understand that Surplus Funds account reporting was due monthly, but now understands that reports are due by the 10<sup>th</sup> of the month, following any month in which expenditures exceed \$200.
- Staff learned during its review that Rep. Johnson's Surplus Funds account C-4 filed 4/11/17 had a cash on hand balance of \$39,339.96 as of 1/31/17, and that he transferred in an additional \$4,352.95 on 12/28/18 when he filed his final campaign C-4 report, reducing its balance to zero. No additional Surplus Funds account C-4 reports were filed after 4/11/17, until 7/8/19, when Rep. Johnson filed all outstanding Surplus Funds account reports. Rep. Johnson will receive a formal written warning concerning his late-filed Surplus Funds account C-4 reports filed 4/11/17 and July 8, 2019. The warning will inform Rep. Johnson that he is expected to continue filing C-4 reports on a monthly basis when expenditures exceed \$200 since the last report.
- Allegation Three: Rep. Johnson timely reported a monetary expenditure totaling \$36,655.77, but failed to report the expense as “orders placed” on earlier reports, in violation of RCW 42.17A.240. The orders placed were for an obligation with Smith Phillips Dipietro Advertising for advertising and related expenses. On December 12, 2016, Rep. Johnson filed a C-4 report covering the period 11/1/16 to 11/30/16 that included a monetary expenditure paid to Smith Phillips, totaling \$36,655.77, paid on November 10, 2016. Rep. Johnson received an invoice for these services dated October 31, 2016. He said he was not informed of this obligation to Smith Phillips before receiving the October 31, 2016 statement. He said he did not report this expenditure as an order placed on the C-4 reports due October 18, 2016 and November 1, 2016 because he had not been informed of the obligation when he filed those reports. Rep. Johnson said over the eight years he served as a House member, he routinely reported his

campaign expenses on a cash basis, and did not understand he needed to report an obligation for the month in which it was incurred even though it had not yet been paid. He said he now understands this requirement. Rep. Johnson said that, to correct this discrepancy, he filed an amended C-4 report on 10/11/17, one year late, covering the period October 18, 2016 to October 31, 2016, that included “orders placed” totaling \$36,655.77. This violation is being addressed through a Statement of Understanding (SOU) with the Respondent, which includes a stipulated violation and monetary penalty.

- Allegation Four: Rep. Johnson filed his February 2016 report, due 3/10/16, 124 days late, on 7/12/16. The only expenditure was \$714 for accounting services. The campaign also filed its May 2016 report, due 6/10/16, 32 days late on 7/12/16. The expenditures totaled \$961 and were for stamps, filing fees to run for office, and campaign expense reimbursements.
- The Respondent has no prior violations within the five years preceding the date the complaint was received, and is no longer in office.

Based on these findings, staff has determined that in this instance, the failure to timely file Surplus Funds account C-4 reports, and the failure to timely file two campaign C-4 reports does not amount to an actual violation warranting further investigation.

- On July 8, 2019, Rep. Johnson submitted a signed Statement of Understanding acknowledging a violation of RCW 42.17A.235 and .240 for failing to timely report orders placed totaling \$36,655.77.
- On July 8, 2019, Rep. Johnson paid a \$150 civil penalty in accordance with WAC 390-37-143 (Brief Enforcement Penalty Schedule) for the violation. The \$150 penalty resolves this allegation.

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 Phil Stutzman at 360-664-8853, toll-free at 1-877-601-2828, or by e-mail at [pdcc@pdc.wa.gov](mailto:pdcc@pdc.wa.gov).

Sincerely,

/s \_\_\_\_\_

Phil Stutzman  
Compliance Officer

Endorsed by,

/s \_\_\_\_\_

Peter Lavalley  
Executive Director

cc: Norman Johnson