



State of Washington

PUBLIC DISCLOSURE COMMISSION

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June 19, 2020

Sent electronically to Glen Morgan at glen@wethegoverned.com

Subject: Complaint regarding Sharon Santos, PDC Case 23826

Dear Mr. Morgan:

The Public Disclosure Commission (PDC) has completed its investigation of your complaint received on August 11, 2017 against the Friends of Sharon Santos campaign (Campaign). Your complaint alleged that Sharon Santos, an incumbent state representative representing the 37th legislative district committed violations of RCW 42.17A in the 2016 and 2018 election years.

Specifically, your complaint alleged that the Campaign may have:

1. Failed to timely file a Committee Registration (C-1) report (RCW 42.17A.205).
2. Failed to file timely Monetary Contribution reports (C-3 reports) and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) – RCW 42.17A.235. You provided/attached an Excel spreadsheet to the complaint (Exhibit A and B) to document the alleged violations.
3. Failed to accurately and timely report debt – RCW 42.17A.240(8). You provided/attached an Excel spreadsheet to the complaint (Exhibit C) to document the alleged violations.
4. Failed to properly break down and describe expenses – RCW 42.17A.235; WAC 390-16-037; and WAC 390-16-205. You provided/attached an Excel spreadsheet to the complaint (Exhibit D) to document the alleged violations.

RCW 42.17A.205 requires political candidates to file a candidate registration report with the Commission within two weeks of declaring candidacy. The candidate registration report is required to include the name, address, and electronic contact information of its treasurer and depository, including the names, addresses, and titles of officers.

RCW 42.17A.235 and **.240** require candidates, single election political committees, and continuing political committees to file timely, accurate reports of contributions and expenditures. Under the full reporting option, until five months before the general election, C-4 reports are required monthly when contributions or expenditures exceed \$200 since the last report. C-4 reports are also required 21 and 7 days before each election in which the committee makes expenditures, and in the month following the election. Contributions are reported

weekly during the same time period, and must be disclosed on Monday for contributions deposited during the previous seven days.

WAC 390-16-037 obligates any person required to report the “purpose” of an expenditure under RCW 42.17A.240(6) or RCW 42.17A.255(5)(b) to identify any candidate(s) or ballot proposition(s) supported or opposed by the expenditure, and to describe in detail the goods and/or services provided by the expenditure. The rule includes two examples for disclosing the details of the goods and/or services provided.

WAC 390-16-205 states that expenditures by agents and agent’s sub-vendors, made on behalf of a candidate or political committee, shall be deemed expenditures by the candidate or committee. The rule states that in accordance with WAC 390-16-037, such expenditures shall be reported by the candidate or political committee as if made or incurred by the candidate or committee directly. The rule includes three examples for disclosing the details of the goods and/or services provided.

PDC staff reviewed your complaint, the response from the Campaign, and the appropriate reports filed by the respondent with the PDC.

As a result of the investigation, staff found the following:

Alleged failure to timely file a Candidate Registration (C-1) report within two weeks of receiving contributions towards the 2016 election campaign, and for failing to accurately and completely report all committee officers (RCW 42.17A.205).

- The Sharon Santos Campaign’s first expenditure toward the 2016 election year was made on January 5, 2015, for stamps totaling \$107.80, with total expenditures in that month totaling \$234.75. The Campaign’s C-1 report was due no later than January 19, 2015, and was filed 490 days late.
- The Campaign filed its C-1 report on May 23, 2016, and selected the “Full Reporting” option. In its response, the Campaign, by way of Ms. Santos, stated... “I wrongly assumed that I had filed as a candidate earlier in this year. I additionally erred in not double-checking this assumption before accepting campaign contributions in December 2015. I accept responsibility for this failure to register as a candidate as required.”
- The Campaign also failed to list Derek Ishihara as a non-ministerial campaign officer authorized to make expenditures on behalf of Campaign as required by the law.

Alleged failure to file timely C-3 and C-4 reports (RCW 42.17A.235). The complaint included an attached Excel spreadsheet (Exhibit A and B) to document the alleged violation(s).

- The statutory requirement in effect during 2015 and 2016 election years required C-3 and C-4 reports to be filed on the date of the registration, disclosing “all contributions received and expenditures made prior to that date, if any,” thus the C-4 report disclosing the expenditure on January 5, 2015, was due no later than January 19, 2015. The Campaign failed to report this initial expenditure on a C-4 report until July 10, 2016, 23 days before the 2016 Primary Election, which was 538 days after the statutory deadline.
- In its response, the Campaign, by way of Sharon Santos, indicated, “I had lost the services of my volunteer campaign treasurer in 2015 and accept responsibility for the failure to report contributions received in December 2015. I recruited a new volunteer campaign treasurer on May 22, 2016 who

reported these contributions as soon as he learned to operate ORCA. With respect to expenditures, I note that the first three items listed (Constant Contact, Washington State Labor & Industries, and the U.S. Post Office) are expenses associated with the 2014 campaign.”

- On July 10, 2016, the Campaign filed two late C-3 reports, disclosing \$12,000 in total contributions in that election cycle, thus filed 181 late; and 17 late C-4 reports, disclosing \$18,290 of total contributions, and \$1,990 of total expenditures in that election cycle. These reports were filed between 60 and 156 days late.
- On July 30, 2016, the Campaign filed the 7-day pre-general C-4 disclosing \$12,807 in contributions received and \$0 in expenditure made. This report was required to be filed no later than July 26, 2016, and was thus filed four days late.
- On January 15, 2017, the Campaign filed the post-general C-4 report. This report was required to be filed no later than December 12, 2016, and was thus filed three days late. This report disclosed an additional \$12,710 in contributions and \$215 in expenditures.
- Cumulatively, the late and missing reports of contribution and expenditure activity in the 2016 election year detailed about \$43,807 in total contributions and \$12,871 in total expenditures.
- In January 2018, the Campaign filed C-3 and C-4 reports covering January through October 2017, disclosing \$500 in contributions received and \$21,751 in expenditures made. These reports were filed 62 – 334 days late.
- The Campaign acknowledged and took responsibility for this non-compliance, stating... “As expressed above, I accept responsibility for the failure to report contributions in December 2015. Additionally, while the volunteer campaign treasurer received information about the requirement to timely report contributions as required, I did not adequately oversee that this occurred. I accept responsibility for this failure as well. The late filing of expenditures made between March 2, 2015 and May 23, 2016 are related to the absence of a campaign treasurer. I accept responsibility for the failure to report these expenses.”

Alleged failure to accurately and timely report debt – RCW 42.17A.240(8). The complaint included an attached Excel spreadsheet (Exhibit C) to document the alleged violation(s).

- The Campaign failed to properly report debts and obligations in accordance with the law. Specifically, the Campaign failed to report expenditures for payroll services, salary, rent, post office boxes, a \$500 expenditure paid to the 37th District Democrats for “Campaign Ad,” and a \$500 expenditure for printing.
- In its response, the Campaign stated that they received an invoice for the \$500 campaign ad on August 23, 2016, and did not pay it until September 9, 2016, which would have required it to be reported as a debt or obligation on the post-primary C-4 report as provided by the version of the RCW 42.17A.240 in effect at the time.
- The Campaign acknowledged and accepted responsibility for failing to properly report a \$642 expenditure for “Salary” on June 6, 2016, to Derek Ishihara, and a \$88.61 expenditure for “Payroll Taxes” on January 21, 2015, to the Washington State Department of Labor & Industries, as debt in prior reporting periods. The Campaign also stated that the \$500 expenditure for “Printing” on June 20, 2016, to *Overnight Printing and Graphics*, and a \$300 expenditure for “Facility Rental” on July 2, 2016, were

orders placed and paid in the same reporting period, and thus were not reportable as debt. The remaining alleged debts for payroll services do not appear to be reportable as debt under the version of the statute in effect at the time.

Alleged failure to properly break down and describe expenses – RCW 42.17A.235; WAC 390-16-037; and WAC 390-16-205. The complaint included an attached Excel spreadsheet (Exhibit D) to document the alleged violation(s).

- The Campaign failed to provide detailed descriptions of expenditures regarding the number of items printed and sub-vendors breakdowns for expenditures undertaken by the campaign. Specifically, the Campaign failed to identify details regarding the Campaign's payroll taxes for campaign staff salaries.
- The Campaign acknowledged and accepted responsibility for failure to identify which employees' payroll taxes were paid, and for failing to disclose that the June 20, 2016 expenditure of \$500 for "Printing" was for \$1,000 mailers and 500 business cards.

Pursuant to WAC 390-37-060(1)(f), the Campaign completed a Statement of Understanding (SOU) and paid a \$900.00 civil penalty in accordance with WAC 390-37-143 (Brief Enforcement Penalty Schedule), acknowledging the following violations: (1) the failure to file a Candidate Registration (C-1) report within two weeks of the Campaign's expectation of receiving contributions or making expenditures in the 2016 election year (RCW 42.17A.205; and (2) the failure to timely and accurately file statutorily required C-3 and C-4 reports (RCW 42.17A.235). The \$900.00 assessed penalty resolves this complaint.

Pursuant to WAC 390-37-060(1)(d), Sharon Santos will receive a formal written warning concerning her 2016 and 2018 campaigns' failure to properly breakdown or describe monetary campaign expenditures, the failure to list sub-vendor payments, and the failure to list underlying vendors. The Commission will consider the formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

Since staff's investigation did not find evidence of violations warranting enforcement action beyond the Statement of Understanding and Formal Written Warning described above, I am dismissing the remaining alleged violations in your complaint in accordance with WAC 390-37-070.

If you have questions, you may contact Erick Agina, Compliance Officer, at (360) 753-1111, toll-free at 1-877-601-2828, or by e-mail at pdc@pdc.wa.gov.

Sincerely,

/s/ Peter Lavallee

Peter Lavallee
Executive Director

cc: Sharon Santos