State of Washington PUBLIC DISCLOSURE COMMISSION

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MINUTES - Regular Meeting

9:30 a.m. | October 26, 2017 Evergreen Plaza Building, Room 206 711 Capitol Way Olympia, Washington

Commission Members Present

Anne Levinson, Chair; Jack Johnson, Vice Chair; John Bridges, Member; Katrina Asay, Member; David Ammons, Member.

Staff Present

Peter Lavallee, Executive Director; BG Sandahl, Deputy Director; Kim Bradford, Communications and Outreach Director; Kurt Young, Compliance Officer; Phil Stutzman, Compliance Officer; Fox Blackhorn-Delph, Compliance Coordinator; Micaiah Ragins, Compliance Coordinator; James Gutholm, Chief Information Officer; Jana Greer, Administrative Officer; Toni Lince, Customer Service Representative; Scott Douglas, Assistant Attorney General; Chad Standifer, Assistant Attorney General.

The regular meeting of the Public Disclosure Commission was called to order by Commission Chair Anne Levinson at 9:30 a.m.

Public Comments | PDC Meeting Video

Mr. Glen Morgan discussed campaign reform concepts, and his concerns with conflicts that sometimes exist between the RCW and the WAC.

Meeting Minutes | PDC Meeting Video

The Commission considered approval of the meeting minutes from the September 28, 2017, regular Commission meeting.

Motion 17-050 Moved by Commissioner Asay, seconded by Commissioner Ammons that:

The Commission approve the September 28, 2017, regular meeting minutes.

The motion passed.

Possible Adoption – WAC 390 – Removing Filer Forms from Rules | PDC Meeting Video

BG Sandahl, Deputy Director, presented proposed rule amendments to WAC 390 – removing PDC filer forms (images embedded in WAC):

- Proposed amendment to: WAC 390-16-011: Committee Registration Form (C-1pc report)
- Proposed amendment to: WAC 390-16-012: Candidate Registration Form (C-1 report)
- Proposed amendment to: WAC 390-16-031: Monetary Contributions Form (C-3 report)
- Proposed amendment to: WAC 390-16-032: Auction Report Form (AU report)
- Proposed amendment to: WAC 390-16-033: Earmarked Contributions Form (Special Report E)
- Proposed amendment to: WAC 390-16-041: Campaign Summary Contributions and Expenditures Form and Schedules A, B, C, and L (C-4 report w/attached Schedules)
- Proposed amendment to: WAC 390-16-050: Out of State Political Committee Finance Report Form (C-5 report)

- Proposed amendment to: WAC 390-16-060: Independent Expenditure and Electioneering Communications Form (C-6 report)
- Proposed amendment to: WAC 390-16-071: Special Political Expenditures Form (C-7 report)
- Proposed amendment to: WAC 390-20-20: Lobbyist Monthly Expense Report Form (L-2 report)
- Proposed amendment to: WAC 390-20-110: Employer's Annual Lobbying Expenses Report Form (L-3 report)
- Proposed amendment to: WAC 390-20-111: Employer of Lobbyist Monthly Political Contribution Report Form (L-3c report)
- Proposed amendment to: WAC 390-20-120: Lobbying by State and Local Government Agencies Report Form (L-5 report)
- Proposed amendment to: WAC 390-20-125: Grass Roots Lobbying Report Form (L-6 report)
- Proposed amendment to: WAC 390-20-130: Employers of State Legislators/Officers/Employees Report Form (L-7 report)
- Proposed amendment to: WAC 390-24-010: Personal Financial Affairs Statement Form (F- 1 report) and F-1 Supplement Form
- Proposed amendment to: WAC 390-24-020: Personal Financial Affairs Statement Short Form (F-1A report)

An open public meeting was held on October 10, 2017, to elicit comments on the proposed amendments. No members of the public attended in person.

Written commentary, submitted by Conner Edwards, was read into the meeting record. He objected to the removal of the forms, citing concern that the proposed amendments would allow PDC staff to make substantive changes to the filer forms. He did agree that removing the image would be acceptable to him if all the filing requirements were included in the WAC.

Deputy Director Sandahl noted that any substantive changes to forms would still have to be made by the Public Disclosure Commission in an open public meeting with an opportunity for public input. The proposed changes would allow PDC staff to make minor and technical changes to forms as needed without changing the RCW or WAC. If approved, the proposed language will be filed with the Code Reviser's Office and will become effective 31 days after filing.

She provided an overview of the PDC website page where all the forms are shown, and explained that links referencing WACs and RCWs have been added to the forms page on the website for quick reference.

Staff recommended that the Commission adopt the rules amendments as presented.

Motion 17-051 Moved by Commissioner Johnson, seconded by Commissioner Ammons that:

The Commission adopt the amended rules as proposed.

The motion passed.

Public Comments | PDC Meeting Video

Commission Chair Levinson read David Preston's written submission asking the Commission to consider rulemaking on Facebook-sponsored advertisements known as "boosts".

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Executive Director Lavallee explained the current PDC rule that requires small online ads that link to websites to have sponsor ID visible one mouse click away. The PDC does have requirements and guidance about the one-click-away rule, which the Facebook ads (boosts) currently fall under.

PDC staff will continue to look at evolving social media advertising and give guidance as applicable.

Town of Skykomish Request to Void Order | PDC Meeting Video

Kim Bradford, Communications and Outreach Director, presented the Skykomish Town Council's request to void the Commission's April 7, 2006 order requiring members of the Skykomish Town Council and the Mayor to file annual F-1 financial affairs disclosure forms with the PDC.

In 2006, the PDC began requiring members of the Skykomish Town Council to file annual F-1 financial affairs disclosure forms with the PDC, after a sufficient number of registered voters of Skykomish petitioned the PDC to require the filing.

Skykomish Mayor Alan Grider recently requested the PDC rescind its order. PDC staff advised Mayor Grider that voiding the 2006 order would require action by the Town Council or a petition containing the signatures of 15 percent of the town's registered voters, per RCW 42.17A.135. At its Sept. 20, 2017, meeting, the Skykomish Town Council voted unanimously to approve Resolution 461 asking the PDC to void its 2006 order.

Staff recommended that the Commission find that the Town of Skykomish has met the requirements of RCW 42.17A.135(4), requiring the Commission to void its April 7, 2006 order in Case 27-11. Skykomish Town Councilmembers and Mayor would no longer be required to file F-1 reports for either the CY 2017 reporting period nor subsequent reporting periods. This action does not waive the requirement for previous reporting periods.

Motion 17-052 Moved by Commissioner Ammons, seconded by Commissioner Johnson that:

The Commission find that the Town of Skykomish has meet the requirements of RCW 42.17A.135(4) and that the Commission Void the April 7, 2006, Order in PDC case 2711.

Further, the Skykomish Town Council and Mayor will not be required to file F-1 annual financial reports for the 2017 or subsequent filing periods.

This action does not waive the requirement for previous reporting periods.

The motion passed.

Enforcement | PDC Meeting Video

Fox Blackhorn-Delph, Compliance Coordinator, and Micaiah Ragins, Compliance Coordinator, presented requests for reconsideration of orders issued at the August 23, 2017, brief enforcement proceedings.

Motion 17-053 Moved by Commissioner Johnson, seconded by Commissioner Asay that:

The Commission grant reconsideration of the matters presented and discuss the merits of the matters separately.

The motion passed.

Vincent Koester: PDC Case 22115 | PDC Meeting Video

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Vincent Koester, an incumbent Sewer Commissioner for the Highline Water District, did not participate in the hearing.

Fox Blackhorn-Delph presented Vincent Koester's request for reconsideration of the penalty assessed in PDC Case 22115 on August 23, 2017. Mr. Koester was found in violation of RCW 42.17A.700 for failing to timely file a Personal Financial Affairs Statement (F-1 report) due no later than April 17, 2017, disclosing financial information for calendar year 2016, and was assessed a \$300 penalty.

Mr. Koester inadvertently filed an amended F-1 report for calendar year 2015, rather than a new report for calendar year 2016. He has since filed, on August 2, 2017, the correct F-1 report for calendar year 2016 and requests a review of the Initial Order and waiver of any penalties assessed.

PDC Staff recommended that the Commission waive the \$300 penalty assessed, on the basis that Mr. Koester attempted to submit the F-1 report prior to hearing notices being issued, but inadvertently amended an old report rather than submitting a new one.

Motion 17-054 Moved by Commissioner Ammons, seconded by Commissioner Asay that:

The Commission accept the staff recommendation and waive the \$300 penalty assessed.

The motion passed.

Commissioner Asay stated that this is a common problem and asked if there is anything the staff can do, within the instructions, to add a type of warning that would alert filers to pay attention to the year they are filing for.

Follow up/Next Steps: Communications and Outreach will determine if there is a way to add to the F-1 filing instructions a warning to the filer about the need for filing the correct year.

John Zingg: PDC Case 22197 | PDC Meeting Video

Debra Zingg, on behalf of John Zingg, a former incumbent School Director for the Freeman School District, participated by phone.

Fox Blackhorn-Delph presented John Zingg's request for reconsideration of the \$250 penalty assessed in PDC Case 22197 on August 23, 2017. Mr. Zingg was found in violation of RCW 42.17A.700 for failing to file a Personal Financial Affairs Statement (F-1 report) due no later than April 17, 2017, disclosing financial information for calendar year 2016.

Ms. Zingg explained that Mr. Zingg had failed to file due to his failing health over the last 18 months. The missing F-1 report for calendar year 2016 has since been filed on September 12, 2017. Ms. Zingg requested that the penalty assessed be waived.

PDC Staff recommended that, considering Mr. Zingg's diminished capacity, and Ms. Zingg's efforts to promptly help her husband get back into compliance, the \$250 penalty assessed in the Initial Order be waived.

Motion 17-055 Moved by Commissioner Asay, seconded by Commissioner Ammons that:

The Commission accept the staff recommendation and waive the \$250 penalty assessed.

The motion passed.

Jack Bermingham: PDC Case 22205 | PDC Meeting Video

Jack Bermingham, a former incumbent College President for the Highline Community College, did not participate in the hearing.

Commissioner Asay disclosed that she knows Dr. Bermingham professionally and that she believes she can deliberate fairly in this matter.

Fox Blackhorn-Delph presented Jack Bermingham's request for reconsideration of the \$250 penalty assessed in PDC Case 22205 on August 23, 2017. Dr. Bermingham was found in violation of RCW 42.17A.700 for failing to timely file a Personal Financial Affairs Statement (F-1 report) due no later than April 17, 2017, disclosing financial information for calendar year 2016.

Dr. Bermingham was on medical leave since December 2016 and was unable to file the required report. He has resigned from his position and requested that initial penalty assessed be waived.

As of this meeting date, Dr. Bermingham's missing F-1 report had not been filed.

PDC Staff recommended that the Commission suspend the \$250 penalty, upon the condition that Dr. Bermingham files the missing F-1 report within 30 days of the date of the Final Order, or the entire \$250 penalty will become payable at that point.

Motion 17-056

Moved by Commissioner Ammons, seconded by Commissioner Johnson that:

The Commission accept the staff recommendation and waive the \$250 penalty assessed, upon receipt of the missing F-1 report within 30days from the date of the Final Order.

The motion passed.

Paul Mosbrucker: PDC Case 22138 | PDC Meeting Video

Paul Mosbrucker, an incumbent School Director for the White Salmon District, did not participate in the hearing.

Fox Blackhorn-Delph presented Paul Mosbrucker's request for reconsideration of a \$300 penalty assessed in PDC Case 22138 on August 23, 2017. Mr. Mosbrucker was found in violation of RCW 42.17A.700 for failing to timely file a Personal Financial Affairs Statement (F-1 report) due no later than April 17, 2017, disclosing financial information for calendar year 2016.

Mr. Mosbrucker appears to have inadvertently saved his F-1 report in his account on April 17, 2017, rather than submit it. The missing F-1 report was successfully submitted on July 31, 2017.

Staff recommended that the Commission waive the \$300 penalty assessed, on the basis that Mr. Mosbrucker attempted to timely submit the F-1 report, but inadvertently saved the report rather than submitting it.

Motion 17-057

Moved by Commissioner Bridges, seconded by Commissioner Asay that:

The Commission accept the staff recommendation and waive the \$300 penalty assessed.

The motion passed.

Christopher Coleman: PDC Case 22823 | PDC Meeting Video

Christopher Coleman, candidate for School Director of the Mossyrock School District 206, did not participate in the hearing.

Micaiah Ragins presented Christopher Coleman's request for reconsideration of a \$250 penalty assessed in PDC Case 228123 on August 23, 2017. Mr. Coleman was found in violation of RCW 42.17A.700 for failing to timely file a Personal Financial Affairs Statement (F-1 report) due to be filed within two weeks of declaring candidacy or no later than June 2, 2017, disclosing financial information for the preceding twelve months.

Mr. Coleman withdrew from the election campaign, said he was not previously aware that he had to file a statement of campaign termination with the PDC and that he assumed he would automatically be removed from the candidate list after not filing the form. Because of the date of his withdrawal, his name is still on the election ballot.

The statement of termination was emailed to PDC staff on October 3, 2017, on the same date as the written appeal.

Staff recommended that the Commission suspend the \$250 penalty, on the condition that Christopher Coleman upholds his statement of campaign termination and declines the School Director position of the Mossyrock School District 206 regardless of the ballot results.

Motion 17-058 Moved by Commissioner Johnson, seconded by Commissioner Asay that:

The Commission accept the staff recommendation and waive the \$250 penalty assessed. Because Mr. Coleman remains on the ballot, the waiver is conditioned on confirmation from the School District by December 31, 2017 that Mr. Coleman does not assume the position if elected.

The motion passed.

Janine Ledford: PDC Case 23031 | PDC Meeting Video

Janine Ledford, candidate for School Director of the Cape Flattery School District 401, did not participate in the hearing.

Micaiah Ragins presented Janine Ledford's request for reconsideration of a \$250 penalty assessed in PDC Case 23031 on August 23, 2017. Ms. Ledford was found in violation of RCW 42.17A.700 for failing to timely file a Personal Financial Affairs Statement (F-1 report) due to be filed within two weeks of declaring candidacy or no later than June 2, 2017, disclosing financial information for the preceding twelve months.

Ms. Ledford has indicated that an email issue, combined with the hearing notice going to the wrong P.O. box, interfered with her ability to submit the F-1 before the hearing deadline.

The F-1 report was emailed to PDC staff on August 4, 2017, two days after the hearing notice was sent on August 2, 2017. PDC Staff instructed Ms. Ledford to mail the F-1 report again or to file electronically by October 16, 2017.

PDC Staff recommended that the Commission waive the \$250 penalty assessed, on the basis that the hearing notice was mailed to the incorrect P.O. box for Janine Ledford, and on the basis that Ms. Ledford emailed the F-1 report when she became aware of the violation.

Motion 17-059

Moved by Commissioner Asay, seconded by Commissioner Ammons that:

The Commission accept the staff recommendation and waive the \$250 penalty assessed.

The motion passed.

Commission Chair Levinson noted that filers updating street and email addresses is an ongoing issue. She asked that PDC staff say in a bigger and bolder way on the filing forms that these addresses are the way the PDC communicates with the filers and it is important to keep them updated.

Next Steps/Follow-up: Communications and Outreach staff will discuss ways to add a reminder/notice to assist filers in understanding the importance of keeping their contact information up-to-date.

Reid Campion: PDC Case 22599 | PDC Meeting Video

Reid Campion, candidate for Fire Commissioner of the Whatcom Fire Protection District 21, did not participate in the hearing.

Micaiah Ragins presented Reid Campion's request for reconsideration of a \$500 penalty assessed in PDC 22599 on August 23, 2017. Mr. Campion was found in violation of RCW 42.17A.205 and RCW 42.17A.700 for failing to timely file a Candidate Registration (C-1 report) and Personal Financial Affairs Statement (F-1 report) due to be filed within two weeks of declaring candidacy or no later than June 2, 2017, disclosing candidate status and financial information for the preceding twelve months.

Mr. Campion attempted to file both the C-1 and F-1 reports through email prior to the hearing date and apparently did not understand that fax or email was not approved for filing purposes (despite staff efforts to clarify). He emailed the C-1 and F-1 reports on July 27, 2017.

Mr. Campion also stated over the phone in his discussion with staff that the \$500 penalty would cause an undue financial hardship for him and his family as a single father with four children.

There is no record that PDC staff advised Reid Campion that it was acceptable to submit the reports by email or by fax without filing electronically or through postal mail. The missing C-1 and F-1 reports have not been received through an approved filing method to date.

Staff recommended that the Commission suspend the \$500 penalty, if both the C-1 and F-1 reports have been properly filed within 5 business days from the date of the Final Order.

Motion 17-060

Moved by Commissioner Johnson, seconded by Commissioner Asay that:

The Commission accept the staff recommendation and waive the \$500 penalty assessed, on the condition that both reports are filed within 5 business days of the Final Order.

Commissioner Bridges indicated he would vote No. He said Mr. Campion has had numerous opportunity to file correctly.

Commission Chair Levinson also indicated she would vote No, noting that in many past cases respondents missed deadlines and raised similar challenges. By granting this waiver, the Commission would not be treating all similarly situated filers equitably.

She noted that there had been communication with PDC staff and that Mr. Campion missed the brief hearing deadline.

Commissioner Johnson stated that this information has weight and asked for the Commission to deliberate the matter.

Commissioner Johnson withdrew Motion 17-060, Commissioner Asay seconded.

Motion 17-061 Moved by Commissioner Asay that:

The Commission uphold the initial \$500 penalty assessed, with \$250 suspended if in full compliance by November 15, 2017.

The motion died for lack of second.

Motion 17-062 Moved by Commissioner Ammons, seconded by Commissioner Asay that:

The Commission hold the matter of PDC Case 22599 over until the December 2017 regular Commission Meeting.

Commissioner Bridges noted that there is no reason to hold the matter over, because, based on the information provided by the PDC staff, there has been no cooperation on Mr. Campion's part.

The Commission went into deliberation to discuss the matter of PDC Case 22599 at 10:43 a.m.

The Commission returned to open public meeting at 10:50 a.m.

Commissioner Ammons withdrew Motion 17-062, Commissioner Asay seconded.

Motion 17-063 Moved by Commissioner Asay, seconded by Commissioner Johnson that:

The Commission amend the initial order and uphold the penalty of \$500 with \$250 suspended if Mr. Campion is in full compliance by November 15, 2017.

Commissioners Asay, Johnson, Ammons voted Yes.

Commissioners Levinson, and Bridges voted No.

The motion passed 3 votes to 2.

Enforcement | PDC Meeting Video

Spokane for Honest Government: PDC Case 9059

Daniel Franco-Malone, counsel for the respondent, participated in the hearing via telephone.

Chad Standifer, Assistant Attorney General, presented PDC Case 9059, Spokane for Honest Government, involving alleged violations of RCW 42.17A.260 and .305 for failure to timely file C-6 special reports disclosing expenditures for political advertising and electioneering communications, and RCW 42.17A.240 for failure to disclose a proper description of expenditures on a C-4 expenditure report during the 2015 Spokane City Council elections.

Phil Stutzman, Compliance Officer, testified about PDC Staff's investigation of the facts alleged in the Amended Notice of Administrative Charges, as well as the Report of Investigation and Addendum to Report of Investigation filed in this matter.

PDC staff alleged that Spokane for Honest Government violated RCW 42.17A.260 and .305 by failing to timely file C-6 reports. The PDC staff also alleged that Spokane for Honest Government violated RCW42.17A.240 by failing to adequately describe the purpose of \$50,000 of expenditures as required in RCW 42.17A.240 and WAC 390.16.037.

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Executive Director Lavallee reminded the Commission that PDC Staff had previously recommended the Commission accept a stipulation that included a penalty of \$10,000 with \$5,000 suspended, which the Commission did not accept.

He stated that the PDC staff would not make a different recommendation at this time.

Mr. Standifer stated that a penalty of \$10,000, with no less than \$5,000 suspended, would be appropriate in this matter.

The Commission went into deliberations 11:48 a.m.

The Commission returned to the Open Meeting 12:00 p.m.

Motion 17-064

Moved by Commissioner Bridges, Seconded by Commissioner Ammons that:

The Commission adopt the findings of fact and conclusions of law that were contained in the report of investigation and find the Respondent, Spokane for Honest Government, in violation of RCW 42.17A.260 and .305 for failure to file C-6 reports disclosing expenditures for political advertising and electioneering communications; and also in violation of RCW 42.17A.240 for failure to disclose a proper description of expenditures on a C-4 expenditure report.

The Commission assesses a penalty of \$10,000 of which \$3,000 is suspended under the condition that the Respondent is in compliance with all reporting requirements, has no further violations of law or PDC rules for four years from the date of the Final Order, and pays the non-suspended portion of the penalty within 90 days from the date of the Final Order.

Penalty payment for the non-suspended portion to be paid within 90 days from the date of the Final Order.

The motion was approved.

Executive Session

The Commission went in to Executive Session at 12:05 pm to discuss matters allowed in Executive Session pursuant to RCW 42.30.110, including but not limited to discussion of enforcement matters, pending and potential litigation with legal counsel. Any action regarding pending litigation, or other matters properly discussed during executive session, would be taken following the Executive Session.

The Commission returned to the open public meeting at 1:00 pm.

Strategic Plan | PDC Meeting Video

Executive Director Lavallee and PDC staff members presented the Draft 2017-2020 PDC Strategic Plan.

Executive team members worked with cross-agency groups of staff members to develop strategies, goals, and action plans that will help the agency fulfill its mission.

The Commission asked that the Executive team report progress and outcomes from the plan quarterly throughout the upcoming year.

Executive Director and Deputy Director Updates | PDC Meeting Video

Executive Director Lavallee reported that James Gutholm, Chief Technology Officer, did an amazing job on the TVW show "The Impact," where he was interviewed about the rollout of the PDC's next-generation, data-access features.

Director Lavallee presented handouts that will be used for discussion during the upcoming legislative discussions. PDC legislative priorities for 2018 will focus on:

- Sufficient resources to meet PDC workload and duty to the public.
- HB 1834: Accelerated large-contribution reporting; eliminate out-of-state committee disclosure allowance so that out-of-state and in-state contributors have the same reporting requirement.
- HB 1833: Modernize financial disclosure (F-1) reports.
- Modification of the 45-day Citizen Action complaint process.

Motion 17-065 Moved by Commissioner Ammons, Seconded by Commissioner Asay that:

The Commission adopt the 2018 legislative priorities as presented.

The motion was approved.

Compliance and Enforcement Update | PDC Meeting Video

Kurt Young, Compliance Officer, presented the compliance status update for September 27 through October 25, 2017.

- 72 new complaints filed, of which 34 were Citizen Action complaints.
 - 45 of those complaints have been opened as cases, and the remaining 27 are in process.
 - 25 of the 34 Citizen Action complaints have cases created, and the remaining 9 are in the process of having cases opened.
- 10 complaint return letters after initial review (unfounded or no evidence that a material violation may have occurred) <u>WAC 390-37-060(1)(a)</u>.
- 8 cases were resolved by PDC staff since they were litigated in Thurston County Superior Court by the complainant and the respondent under RCW 42.17A.765(4).
- 5 complaint return letters with reminder (minor/technical filing issues with mitigating circumstances, no evidence that a material violation may have occurred).
- 2 complaint return letters with formal written warning after initial review or after formal investigation (minor/technical violations with mitigating circumstances, no evidence that a material violation may have occurred WAC 390-37-060(1)(b).

Communications and Outreach Report | PDC Meeting Video

Kim Bradford, Director of Communications and Outreach, noted that there were 374 Freshdesk tickets that customer service assisted with this month. Staff is continuing to work on resolution times. Complex requests continue to require additional time to resolve.

Process Improvement | PDC Meeting Video

Chip Beatty, Filer Specialist, reported on the Compliance/Filer Assistance Forum, a meeting of the two divisions on a regular basis to discuss current issues/topics and how staff approach them. This meeting time is also used for any training opportunity, as well as discussing upcoming events/issues.

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Information Technology Report | PDC Meeting Video

James Gutholm, Chief Technology Officer, announced that the year-long updates of various features on the PDC website are up and running. He also mentioned the updated priority list of IT projects, which was made available to the Commission.

Meeting adjourned at 2:22 p.m.

Approved December 7, 2017.