Executive Summary and Staff Analysis ACLU-National; ACLU-WA; ACLU-WA Foundation; and ACLU-WA Endowment

PDC Case No. 13-019

This summary highlights staff's findings, conclusions, and recommendations regarding the allegations contained in PDC Case No. 13-019, a 45-day citizen action letter (Citizen Action Complaint) filed on October 2, 2012, by Steve Sarich, Arthur West, John Worthington, and Saroj Sidhu against the American Civil Liberties Union (ACLU-National) and its affiliated entities in Washington State: American Civil Liberties Union – Washington (ACLU-WA); American Civil Liberties Union – Washington Foundation (ACLU-WA Foundation); and American Civil Liberties Union – Washington Endowment (ACLU-WA Endowment).

Background

The Citizen Action Complaint was filed with the Washington Attorney General's Office and the King County Prosecuting Attorney's Office, and referred to the PDC for investigation and possible action in October 2012. Before staff could bring its Report of Investigation to the Commission concerning this matter, the complainants filed suit in Thurston County Superior Court in December 2012 as provided under the citizen action provisions of RCW 42.17A.765. Once that suit was filed, staff suspended its investigation and all work on the matter. In July 2013, the suit against ACLU was dismissed, after which staff resumed completion of its Report of Investigation. The results of that investigation are now being brought to the Commission with our recommendation that the allegations be dismissed.

Allegations

The Citizen Action Letter alleged that ACLU-National; ACLU-WA; ACLU-WA Foundation; and ACLU-WA Endowment violated RCW 42.17A.205, 42.17A.235, and 42.17A.240 ¹ as follows:

- A. Failed to register as a political committee. The complaint alleged that ACLU-National; ACLU-WA; ACLU-WA Foundation; and ACLU-WA Endowment failed to register with the PDC as a political committee in support of I-502, a statewide initiative on the November 6, 2012 general election ballot in Washington State.
- B. Failed to file reports of contribution and expenditure activities as a political committee. The complaint alleged that ACLU-National; ACLU-WA; ACLU-WA Foundation; and ACLU-WA Endowment failed to file Cash Receipts Monetary Contributions reports (C-3 reports), and Campaign Summary Receipts &

¹ Effective January 1, 2012, RCW 42.17.040, 42.17.080, and 42.17.090 were re-codified as RCW 42.17A.205, 42.17A.235, and 42.17A.240.

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Expenditures reports (C-4 reports) disclosing contribution and expenditure activities undertaken as a political committee in support of I-502.

Applicable Statutes, Rules, and Interpretations

RCW 42.17A.005(39) defines "political committee" as "any person (except a candidate or an individual dealing with his or her own funds or property) having the expectation of receiving contributions or making expenditures in support of, or opposition to, any candidate or any ballot proposition."

RCW 42.17A.205 require political committees to register with the PDC if they have the expectation of receiving contributions or making expenditures in support a statewide ballot proposition.

RCW 42.17A.235 states that RCW 42.17A.240 require political committees, including bona fide political party committees, to timely and accurately file reports of contributions and expenditures, including the disclosure of contributions made to candidates for public office. Under the full reporting option, until five months before the general election, Summary Contribution and Expenditure Reports (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, and in the month following the election, regardless of the level of activity. Contribution deposits made during this same time period must be disclosed on the Monday following the date of deposit.

PDC Interpretation 07-02, *Primary Purpose Test Guidelines*, distills relevant case law and other legal guidance (AGO 1973 no. 14, *State v. Dan Evans Committee*, and *Evergreen Freedom Foundation v. Washington Education Association*) concerning the definition of "political committee" in RCW 42.17.020(39). As discussed in the Interpretation, a person is a political committee if that person becomes a "receiver of contributions" to support or oppose candidates or ballot propositions, or if expenditures to support or oppose candidates or ballot propositions become one of the person's primary purposes.

Investigative Findings: Background

ACLU-National is a nationwide, non-profit, non-partisan, member organization that defends civil rights and civil liberties in the United States. ACLU-National has headquarters in New York City and Washington D.C., and there are ACLU affiliates in all 50 states, including the State of Washington.

ACLU-WA is comprised of three separate corporations: (1) ACLU-WA; (2) ACLU-WA Foundation; and (3) ACLU-WA Endowment). ACLU-WA has been registered with the PDC as a Lobbyist Employer, and filing annual Employers of Lobbyist reports (L-3 report) dating back to at least 1997.

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On June 1, 2011, New Approach Washington filed a Committee Registration (C-1pc report) with the PDC, registering as a ballot committee in support of the legalization of marijuana in Washington State for 2012. The initial C-4 report filed by New Approach Washington listed in-kind contributions from ACLU-WA totaling \$8,709.

New Approach Washington disclosed receiving in-kind contributions from ACLU-WA every month on its C-4 reports during the period June 1, 2011, through the end of the 2012 election cycle, as detailed in the staff Report of Investigation.

On May 17, 2012, New Approach Washington filed an amended C-1pc listing I-502 as the number assigned to the initiative proposing to legalize marijuana, and stating that Allison Holcomb was the committee's campaign manager or media contact. Ms. Holcomb is the Drug Policy Director for ACLU-WA.

American Civil Liberties Union-National

Based on the evidence reviewed, staff found no reason to believe that ACLU-National had an obligation to register and report as a political committee in Washington State in relation to I-502.

ACLU-WA; ACLU-WA Foundation; ACLU-WA Endowment:

Matthew J. Segal, an attorney with the Pacifica Law Group, a firm representing ACLU-WA, ACLU-WA Foundation,; and ACLU-WA Endowment, provided a copy of a two-page document entitled "The ACLU-WA: An Overview" which provided information about the three ACLU Washington State entities, including the following summary:

- ACLU of Washington: ACLU-WA is a registered 501(c)(4) non-partisan membership organization with 20,000 members, 30 employees, and numerous volunteers.
 ACLU-WA engages in lobbying and other public policy issues dealing with civil liberties, and its dues and contributions are not tax deductible.
- ACLU of Washington Foundation: ACLU-WA Foundation is a registered 501(c)(3) organization that accepts tax deductible contributions and "engages in litigation, research, and educational programming."
- ACLU of Washington Endowment Fund: ACLU-WA Endowment is also a 501(c)(3) organization that accepts tax deductible contributions and gifts and "secures and manages funds" for the ACLU-WA Foundation.

ACLU-WA and ACLU-WA Foundation: Monetary and In-kind contributions to New Approach Washington and Washington United for Marriage

Staff reviewed the PDC database and C-4 reports filed by New Approach Washington (I-502) and Washington United for Marriage (R-74), for total monetary and in-kind contributions received from ACLU-WA. Those reports disclosed the following:

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- New Approach Washington (I-502): The C-4 reports filed by New Approach
 Washington disclosed that ACLU-WA made monetary and in-kind contributions in
 the aggregate totaling \$433,255 during the period May of 2011 through October 31,
 2012.
- Washington United for Marriage (R-74): The C-4 reports filed by Washington
 United for Marriage disclosed that ACLU-WA made monetary and in-kind
 contributions in the aggregate totaling \$30,082 during the period December of 2011
 through October 31, 2012.

PDC staff also reviewed budgetary information about ACLU-WA and ACLU-WA Foundation to determine whether one of the primary purposes of ACLU-WA was to affect governmental decision making by supporting ballot propositions, thus requiring them to register and report as a political committee.

ACLU-WA: Budgetary totals for April 1, 2012 through October 31, 2012:

The budgetary information reviewed disclosed that ACLU-WA total contributions to ballot propositions in Washington State represented six percent of total ACLU-WA expenditures for the organization's fiscal year that included the bulk of the 2012 election cycle.

When the projected monetary and in-kind contributions are factored in for the remainder of ACLU-WA's fiscal year (ending March 31, 2013), the projected percentages of total contributions to total expenditures will likely represent 12 percent of the overall budget for ACLU-WA for the relevant period.

ACLU-WA: Fiscal Year April 1, 2011 through March 31, 2012:

The information reviewed also disclosed that for the prior fiscal period (April 1, 2011 through March 31, 2012) ACLU-WA total contributions to I-502 and R-74 represented seven percent of total ACLU-WA expenditures.

ACLU-WA Foundation: April 1, 2012 through October 31, 2012:

The budgetary information reviewed for ACLU-WA Foundation disclosed that ACLU-WA Foundation total contributions to ballot propositions in Washington State represented six percent of total ACLU-WA Foundation expenditures for the fiscal year that included the bulk of the 2012 election cycle.

When the projected monetary and in-kind contributions are factored in for the remainder of the foundation's fiscal year (ending March 31, 2013), the projected percentages of contributions to total expenditures will still only represent six percent of the ACLU-WA Foundation overall budget for the relevant fiscal period.

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ACLU-WA Foundation: Fiscal Year April 1, 2011 through March 31, 2012:

The information reviewed further disclosed that for the Foundation's prior fiscal year (April 1, 2011 through March 31, 2012), ACLU-WA Foundation contributions to I-502 and R-74 represented eight percent of total ACLU-WA Foundation expenditures.

ACLU-WA Primary Purpose Test:

The information from ACLU-WA suggests that donations received by ACLU-WA were not designated for any electoral or political purpose. A representative of ACLU-WA stated that ACLU-WA does not accept contributions that would be specifically used, "set aside or earmarked" to support or oppose ballot measures, and that if such an offer was made, it would be "respectfully declined."

ACLU-WA does not consider itself a political committee based on the "making of expenditures" prong since "making expenditures is not its primary purpose, or even one of its primary purposes." Their representative stated that ACLU-WA Foundation annually approves that a portion of its earnings be transferred to be used for the Foundation's general operations, and went on to state the following concerning those transfers:

"On occasion, support or oppositions to initiative or referenda is part of the organizations' activities to achieve civil liberties goals. But such support or opposition occurs sporadically, not on a regular basis. Electoral political contributions in short represent a tiny and only occasional fraction of ACLU-WA's activities."

ACLU-WA and ACLU-WA Foundation disclosure of contributions:

ACLU-WA: Reporting Contributions as a Lobbyist Employer

As a Lobbyist Employer, ACLU-WA was required to disclose monetary and in-kind contributions made to support or oppose statewide ballot propositions, which they elected to report on the Monthly Lobbyist Employer Contribution reports (L-3c). The L-3c report is required to be filed by the 15th of the month, disclosing reportable contributions made by a Lobbyist Employer during the previous calendar month.

ACLU-WA timely filed monthly L-3c reports disclosing: (1) Monetary and in-kind contributions totaling \$81,651 made to New Approach Washington during the period May 2011 through October of 2012; and (2) In-kind contributions totaling \$30,684 made to Washington United for Marriage during the period December of 2011 through October 2012.

ACLU-National; ACLU-WA; ACLU-WA Foundation; and ACLU-WA Endowment

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ACLU-WA Foundation: Reporting Contributions as a non filing entity (C-7 report):

The Special Political Expenditures report (C-7 report) is required to be filed by the last day of February by any business, union, association, organization or other entity (except for the Employer of a Lobbyist, or a registered political committee that files campaign disclosure reports) that during the preceding calendar year contributed over \$16,000 in the aggregate to committees formed to support or oppose a statewide ballot measure or state office candidates.

On September 28, 2012, ACLU-WA Foundation filed a C-7 report disclosing monetary and in-kind contributions made by the foundation during calendar year 2011, totaling \$168,165. All of the ACLU-WA Foundation monetary and in-kind contributions were made to New Approach Washington in support of I-502. The C-7 report was required to be filed by February 29, 2012, and was filed by ACLU-WA Foundation 212 days late. It was filed before the Citizen Action suit was filed, and the contribution information was made available to the public more than one month before the 2012 general election.

Conclusion

Contributions Prong

ACLU-WA does not accept contributions to be used to support or oppose ballot propositions. No evidence was provided that ACLU-WA solicited contributions for the purpose of supporting I-502. The evidence provided by ACLU-WA confirmed that ACLU-WA and ACLU-WA Foundation had no expectation of receiving contributions and did not receive any contributions for the purpose of supporting I-502. Under the "receiver of contributions" prong, there is no reason to believe ACLU-WA was required to register and report as a political committee.

Expenditures/Primary Purpose Prong

ACLU-WA did expend funds to support I-502 and R-74. However, the budgetary evidence provided by ACLU-WA disclosed that during the organization's last two fiscal years, total contributions from ACLU-WA to the ballot measure committees represented six and seven percent of the total overall budgeted expenditures.

In addition, ACLU-WA Foundation expended funds to support I-502 and R-74. However, the budgetary evidence provided by ACLU-WA Foundation disclosed that during the last two fiscal years total contributions to the ballot measure committees represented six and eight percent of the total overall budgeted expenditures.

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Primary purpose factors considered

The stated goals and mission of ACLU-WA and ACLU-WA Foundation clearly extend far beyond the legalization of marijuana and same sex marriage. It appears the majority of ACLU-WA and ACLU-WA Foundation activities do not address the legalization of marijuana or same sex marriage, and do not appear to involve electoral political activity at all. In addition, the approval of I-502 and R-74 by the voters of Washington State did not substantially achieve either the ACLU-WA or the ACLU-WA Foundation organizations' diverse goals.

Although ACLU-WA made expenditures in support of I-502, the totality of the evidence does not suggest that ACLU-WA is a political committee, because the making of those expenditures was not its primary purpose, or even one of its primary purposes.

For these reasons, staff concludes that ACLU-WA and ACLU-WA Foundation were not political committees during the period May 2011 through October 31, 2012 as alleged in the citizen action letter.

Recommendation

PDC staff recommends that the Commission:

- 1) Enter an order dismissing the allegations that ACLU-National, ACLU-WA, ACLU-WA Foundation, and ACLU-WA Endowment were political committees required to register and report with the Public Disclosure Commission, and recommend that the Attorney General and county prosecuting attorneys take no further action on this matter.
- 2) Caution the ACLU-WA Foundation regarding its late-filed C-7 report and remind the Foundation to file any C-7 reports required in the future in a timely manner.



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

BEFORE THE PUBLIC DISCLOSURE COMMISSION OF THE STATE OF WASHINGTON

In RE COMPLIANCE WITH RCW 42.17

American Civil Liberties Union (ACLU-National); ACLU Washington (ACLU-WA); ACLU-WA Foundation; and ACLU-WA Endowment

Respondent.

PDC Case No. 13-019

Report of Investigation

I.

Background

- 1.1 The American Civil Liberties Union (ACLU-National) is a nationwide, non-profit, non-partisan organization that defends civil rights and civil liberties in the United States. ACLU-National has headquarters in New York City and Washington D.C., and there are ACLU affiliates in all 50 states, including the State of Washington.
- 1.2 The Washington State affiliate is named ACLU of Washington (ACLU-WA) and is comprised of three separate entities: (1) ACLU-WA; (2) ACLU Washington Foundation (ACLU-WA Foundation); and (3) ACLU Washington Endowment (ACLU-WA Endowment). ACLU-WA is made up of a variety of organizations and members that the organization states are "dedicated to protecting, fostering, and extending the civil liberties principles embodied in the Bill of Rights and the Washington State Constitution."
- 1.3 ACLU-WA has been registered with the PDC as a Lobbyist Employer dating back to at least 1997, and has been filing annual Lobbyist Employer reports (L-3 reports) since its registration with the PDC.
- 1.4 On October 2, 2012, a 45-day Citizen Action Letter was filed by Steve Sarich, Arthur West, John Worthington, and Saroj Sidhu pursuant to RCW 42.17A.765(4) with the Washington State Attorney General, King County Prosecuting Attorney, Pierce County Prosecuting Attorney, and Thurston County Prosecuting Attorney.

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The complainants alleged that ACLU National; ACLU-WA; ACLU-WA Foundation; and ACLU-WA Endowment have violated provisions of RCW 42.17A by failing to register and report as a political committee for their combined support of I-502, a statewide initiative on the November 6, 2012 general election ballot in Washington State. **See Exhibit #1.**

1.5 The Citizen Action Letter was received by the Washington State Attorney General's Office (AGO) on October 2, 2012, and by the King County and Pierce County Prosecuting Attorney's Offices on October 9, 2012. The complaint was referred to the PDC by the AGO for investigation on October 9, 2012.

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45-Day Citizen Action Letter Allegations

- 2.1 Specifically, the 45-day Citizen Action Letter alleged that the ACLU-National; ACLU-WA; ACLU-WA Foundation; and ACLU WA Endowment violated RCW 42.17A.205, .235 and .240 by failing to register and report as a political committee disclosing its activities undertaken in support of I-502, a statewide initiative on the November 6, 2012 general election ballot in Washington State.
- 2.2 The letter stated the complainants alleged that "ACLU groups, acting through ACLU WA Drug Policy Director Alison Holcomb....devised a scheme" to allow them to use their "nonpolitical charitable organizations" to support I-502 and the New Approach Washington committee. The complainants alleged that the ACLU is "conducting what can only be described as substantial campaign activity as their primary purpose" in support of I-502, which required them to register and report with the PDC as a political committee.

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Findings

- 3.1 On June 1, 2011, New Approach Washington filed a Committee Registration (C-1pc report) with the PDC, registering as a ballot committee in support of the legalization of marijuana in Washington State for 2012.
- 3.2 On May 17, 2012, New Approach Washington filed an amended C-1pc report listing 502 as the number assigned to the initiative proposing to legalize marijuana, and stating that Alison Holcomb was the committee's campaign manager or media contact. Ms. Holcomb is the Drug Policy Director for ACLU-WA.
- 3.3 The initial Summary Contribution and Expenditure reports (C-4 report) filed by New Approach Washington listed in-kind contributions from ACLU-WA totaling \$8,709. During the period June 1, 2011, through October 31, 2012 election cycle New Approach Washington disclosed receiving in-kind contributions from ACLU-WA for every C-4 reporting period.

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American Civil Liberties Union-National

- 3.4 On October 25, 2012, Terrence Dougherty, an attorney with ACLU-National submitted a response to the allegations listed in the Citizen Action Letter. See Exhibit #2. Mr. Daugherty stated that ACLU-National is affiliated with ACLU-WA, but that "it is a separately-incorporated organization."
- 3.5 Mr. Daugherty stated that "ACLU National does not control either ACLU-WA or ACLU-WA-Foundation, and it does not direct either organization's activities." He stated that Alison Holcolmb, spokesperson for the ACLU-WA and I-502, is not an employee of ACLU-National. He stated that based on the separation between ACLU-National, ACLU-WA, and ACLU-WA Foundation, none of the allegations listed in the Citizen Action Letter pertain to ACLU National.
- 3.6 PDC staff reviewed the PDC database and the campaign finance reports filed by New Approach Washington and found no monetary or in-kind contributions had been received from ACLU-National.

ACLU-WA; ACLU-WA Foundation; and ACLU-WA Endowment

- 3.7 Matthew J. Segal, an attorney with the Pacifica Law Group, a firm representing ACLU-WA and the ACLU-WA Foundation, submitted documents providing the following information for the ACLU-WA, ACLU-WA Foundation; and ACLU-WA Endowment.
 - ACLU of Washington: ACLU-WA is a registered 501(c)(4) membership organization with 20,000 members, 30 employees, and numerous volunteers. ACLU WA is a non-partisan organization that engages in lobbying and other public policy issues dealing with civil liberties. ACLU-WA dues and contributions it receives are not tax deductible.
 - ACLU of Washington Foundation: ACLU-WA Foundation is a registered 501(c)(3) organization that accepts tax deductible contributions and "engages in litigation, research, and educational programming."
 - ACLU of Washington Endowment Fund: ACLU-WA Endowment is also a 501(c)(3) organization that "secures and manages funds" for the ACLU of Washington Foundation. ACLU-WA Endowment accepts tax-deductible contributions or gifts.
- 3.8 Mr. Segal stated that the Board of Directors of the ACLU-WA Foundation and the ACLU-WA Endowment are currently comprised of the 9 members of the Executive Committee of the ACLU-WA Board of Directors. The annual budget for each entity to fund its various programs are drafted and proposed by ACLU staff under the oversight of the ACLU-WA Executive Director. He said the proposed budgets for each entity are then reviewed by a budget committee, and presented to the ACLU-WA Board of Directors for final approval.

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PDC Interpretation #07-02 "Primary Purpose Test Guidelines"

- 3.9 On May 2, 2007, the Commission adopted PDC Interpretation #07-02, which is based on a formal Attorney General's Opinion (AGO) and two court cases that were decided after Initiative 276 was approved by voters in 1972. The interpretation describes a "primary purpose" test or analysis that is used to assist in determining when an entity may become a political committee and be required to register and report in accordance with the disclosure requirements. See Exhibit #3.
- 3.10 Specifically, the interpretation referenced the trial court's decision in *Evergreen Freedom Foundation v. Washington Education Association* which adopted a standard for determining "one of the primary purposes" of an entity, and applied it by stating:
 - "An organization is a political committee if one of its primary purposes is to affect governmental decision making by supporting or opposing candidates or ballot propositions, and it makes or expects to make contributions in support of or in opposition to a candidate or ballot measure."
- 3.11 The interpretation discussed two possible prongs or scenarios under which an entity (person) may become a political committee. The two prongs include: (1) Having the expectation to receive or receiving contributions that are used to support or oppose candidates or ballot propositions; or (2) Having the expectation of making expenditures to further the electoral political goals of an organization.
- 3.12 When the evidence indicates that one of an organization's primary purposes is electoral political activity during a specific period of time, the organization may be a political committee and be required to comply with the appropriate disclosure requirements.

ACLU-WA response concerning primary purpose

- 3.13 On October 22, 2012, Mr. Segal transmitted an e-mail to the PDC stating that he would not be able to provide response by October 29, 2012, since he had just received the 45-day Citizen Action Letter. He disputed the allegations in the Citizen Action Letter, and stated that he would begin working to provide a response with supporting materials, but said it would likely be at least two weeks before a response could be submitted.
- 3.14 On November 13, 2012, Mr. Segal submitted a four-page response along with a number of attachments on behalf of the ACLU-WA, ACLU-WA Foundation, and ACLU-WA Endowment. He said the three entities would be referred to collectively as ACLU-WA. See Exhibit #4. The attachments included:
 - A two-page document entitled "The ACLU-WA: An Overview" which provided information about ACLU-National and the three affiliated Washington State entities;

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- Attachments B and C which provided information concerning: (1) ACLU-WA and ACLU-WA Foundation total projected and actual monetary and in-kind contributions made in support of I-502 and R-74; and (2) actual and projected percentages that the contributions represented as a percentage of the overall budget totals; and
- Copies of previously filed: (1) Monthly Employer Contribution reports (L-3c reports) filed by ACLU-WA; (2) Monthly Lobbyist Expense reports (L-2 reports) filed by Shanker Narayan, an ACLU staff member on behalf of ACLU-WA; (3) Special Political Expenditures reports (C-7 reports); and (4) An ACLU staff generated log of Shanker Narayan's L-2 reports and a spreadsheet of ACLU reportable expenses for 2011.
- 3.15 Mr. Segal referred to the PDC definition of a political committee, and PDC Interpretation #07-02 and the "two prong" committee test, which includes a "receiver of contributions" prong and a "making of expenditures" prong. He stated that donations received by ACLU-WA are used for non-political purposes, and are not designated for any electoral or political purpose.
- 3.16 Mr. Segal stated that ACLU-WA does not accept contributions that would be specifically used, "set aside or earmarked" to support or oppose ballot measures, and that if such an offer was made, it would be "respectfully declined." He asserted that the evidence provided by ACLU-WA, confirms that ACLU-WA is not a political committee under the contribution prong, since it had no expectation of receiving contributions and did not receive any contributions.
- 3.17 Mr. Segal further asserted that ACLU-WA is not a political committee based on the expenditures prong since "making expenditures is not its primary purpose, or even one of its primary purposes" based on the evidence he provided. He stated that ACLU-WA Foundation annually approves that a portion of the Foundations fund's earnings be transferred to be used for the Foundations general operations, and went on to state the following concerning those transfers:

"On occasion, support or oppositions to initiative or referenda is part of the organizations' activities to achieve civil liberties goals. But such support or opposition occurs sporadically, not on a regular basis. Electoral political contributions in short represent a tiny and only occasional fraction of ACLU-WA's activities."

ACLU-WA and ACLU-WA Foundation: Monetary and In-kind contributions to New Approach Washington and Washington United for Marriage

3.18 Staff reviewed the PDC database and C-4 reports filed by New Approach Washington (I-502) and Washington United for Marriage (R-74), for the total monetary and in-kind contributions received from ACLU-WA during a portion of 2011, and the relevant portion of 2012. Those reports disclosed the following:

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- New Approach Washington (I-502): The C-4 reports disclosed that ACLU-WA made total aggregate contributions to New Approach WA of \$433,255 which included monetary and in-kind contributions.
- Washington United for Marriage (R-74): The C-4 reports disclosed that ACLU-WA made monetary and in-kind contributions in the aggregate totaling \$30,082 to Washington United for Marriage.

ACLU-WA Contributions disclosed as a Lobbyist Employer (L-3c report):

- 3.19 As a Lobbyist Employer, ACLU-WA was required to disclose monetary and in-kind contributions made to support or oppose statewide ballot propositions either:
 - (1) On the Monthly Lobbyist Employer Contribution reports (L-3c); or
 - (2) Through the registered lobbyist on the Monthly Lobbyist Expense reports (L-2).
- 3.20 ACLU-WA disclosed their contribution activities on the L-3c report, which is required to be filed by the 15th of the month, disclosing reportable contributions made by a Lobbyist Employer during the previous calendar month.
- 3.21 During the period May 2011 through October of 2012, ACLU-WA timely filed monthly L-3c reports disclosing monetary and in-kind contributions made to New Approach Washington (I-502). In addition, beginning in December of 2011 through October 2012, the L-3c reports filed by ACLU-WA also disclosed in-kind contributions made to Washington United for Marriage (R-74).
- 3.22 The L-3c reports filed by ACLU-WA disclosed: (1) Monetary and in-kind contributions made to New Approach Washington totaling \$81,651 (during the period May 16, 2011 through October 31, 2012); and (2) In-kind contributions made to Washington United for Marriage totaling \$30,684 (during the period December 1, 2011 through October 31, 2012). See Exhibit #5, PDC staff generated chart.

ACLU-WA Foundation Contributions disclosed as a non filing entity (C-7 report):

- 3.23 The Special Political Expenditures report (C-7 report) is required to be filed by the last day of February by any business, union, association, organization or other entity (except for the Employer of a Lobbyist, or a registered political committee that files campaign disclosure reports) that during the preceding calendar year: (1) contributed over \$16,000 in the aggregate to committees formed to support or oppose a statewide ballot measure or state office candidates; or (2) made independent expenditures of more than \$900 to support or oppose a statewide ballot measure or state office candidates.
- 3.24 On September 28, 2012, ACLU-WA Foundation filed a C-7 report disclosing monetary and in-kind contributions made by the foundation during calendar year 2011, totaling \$168,165. See Exhibit #6.

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- 3.25 All of the ACLU-WA Foundation monetary and in-kind contributions were made to New Approach Washington in support of I-502. The C-7 report was required to have been filed by February 29, 2012, and was filed by ACLU-WA 212 days late.
- 3.26 The C-7 report was filed by ACLU-WA Foundation before the Citizen Action complaint was filed, and the contributions were disclosed to the public more than one month before the general election.

ACLU-WA response

- 3.27 Mr. Segal provided information about ACLU-WA and ACLU-WA Foundation in Exhibits B and C attached to his November 13, 2012, response to the PDC in order for PDC staff to determine whether one of the ACLU-WA primary purposes was to affect governmental decision making by supporting ballot propositions, thus requiring them to register and report as a political committee.
- 3.28 The charts below list ACLU-WA and ACLU-WA Foundation total expenses as detailed in Exhibits B and C over two fiscal years covering the following: (1) April 1, 2011 through March 31, 2012: and (2) April 1, 2012 through March 31, 2013.
- 3.29 The charts in Exhibits B and C provided information concerning ACLU-WA and ACLU-WA Foundation total projected and actual monetary and in-kind contributions made in support of I-502 and R-74. The exhibits also included actual and projected percentages that the contributions represented to ACLU-WA and ACLU-WA Foundation overall budgeted expenditure totals.

ACLU-WA: Budgetary totals for April 1, 2012 through October 31, 2012:

- 3.30 ACLU-WA disclosed in the chart below that total expenses through October 31, 2012, of the fiscal year ending March 31, 2013 were \$810,753, and that the actual monetary and in-kind contributions totaled \$65,137. The \$65,137 in ACLU-WA contributions represented six percent of total ACLU-WA expenditures for the current fiscal year.
- 3.31 When the projected monetary and in-kind contributions are factored in for the fiscal year, it appears that ACLU-WA contributions will likely total \$98,621, and the projected percentages of contributions to total expenditures will likely represent 12 percent of the overall budget for the current fiscal year.

	Total	Contributions	% of	Projected	Projected
	Expenses FY	made: FY	total	contributions	% of `
	through	through	ACLU	through end of	ACLU
	10/31/2012	10/31/2012	expenses	FY	expenses
ACLU-WA	\$ 810,753	\$ 65,137	6%	\$ 98,621	12%

ACLU-National; ACLU-WA; ACLU-WA Foundation; and ACLU-WA Endowment Report of Investigation PDC Case No. 13-019 Page - 8 -

ACLU-WA: Fiscal Year April 1, 2011 through March 31, 2012:

3.32 ACLU-WA disclosed in the chart below that total expenses for the fiscal year April 1, 2011 through March 31, 2012 were \$766,160, and that the actual monetary and in-kind contributions totaled \$51,561. The \$51,561 in ACLU-WA contributions represented seven percent of total ACLU-WA expenditures for the prior fiscal year.

	Total Expenses FY	Contributions made:	Total % of
	through 3/31/2011	FY through 3/31/2011	ACLU expenses
ACLU-WA	\$ 766,160	\$ 51,561	7%

ACLU-WA Foundation: April 1, 2012 through October 31, 2012:

- 3.33 ACLU-WA Foundation disclosed in the chart below that total expenses through October 31, 2012, of the fiscal year ending March 31, 2012 were \$2,648,300, and that the actual monetary and in-kind contributions totaled \$163,828. The \$163,828 in ACLU-WA Foundation contributions represented six percent of total ACLU-WA Foundation expenditures for the current fiscal year.
- 3.34 When the projected monetary and in-kind contributions are factored in for the fiscal year, ACLU-WA Foundation contributions will likely total \$168,388, and the projected percentages of contributions to total expenditures will likely still represent six percent of the overall budget.

	Total	Contributions	% of	Projected	Projected
	Expenses FY	made: FY	total	contributions	% of
,	through	through	ACLU	through end of	ACLU
	10/31/2012	10/31/2012	expenses	FY	expenses
ACLU-WAF	\$ 2,648,300	\$ 163,828	6%	\$ 168,388	6%

ACLU-WA Foundation: Fiscal Year April 1, 2011 through March 31, 2012:

3.35 ACLU-WA Foundation disclosed in the chart below that total expenses for the fiscal year April 1, 2011 through March 31, 2012 were \$2,518,605, and that the actual monetary and in-kind contributions totaled \$194,211. The \$194,211 in ACLU-WA Foundation contributions represented eight percent of total ACLU-WA Foundation expenditures for the prior fiscal year.

	Total Expenses FY	Contributions made:	Total % of
	through 3/31/2012	FY through 3/31/2012	ACLU expenses
ACLU-WAF	\$ 2,518,605	\$ 194,211	8%

Additional breakdown of ACLU-WA and ACLU-WA Foundation in-kind contributions:

3.36 On November 27, 2012, Mr. Segal submitted an e-mail with three attachments in response to PDC staff's request for additional information. See Exhibit #7.

ACLU-National; ACLU-WA; ACLU-WA Foundation; and ACLU-WA Endowment Report of Investigation PDC Case No. 13-019 Page - 9 -

3.37 Staff reviewed the attached ACLU-WA and ACLU-WA Foundation staff time spreadsheets, which included ACLU-WA total staff costs, and direct and indirect costs that comprised the in-kind contributions donated to I-502 and R-74. The total in-kind contributions to I-502 and R-74 were as follows:

For I-502: ACLU-WA (April 1, 2011 through October 31, 2013)

• \$73,514 for total in-kind contributions that included: (1) \$64,519 in total staff expenses; (2) \$1,228 in direct expenses; and (3) \$7,767 for indirect Expenses.

For I-502: ACLU-WA Foundation (April 1, 2011 through October 31, 2013)

• \$178,039 for total in-kind contributions that included: (1) \$138,167 in total staff expenses; (2) \$21,670 in direct expenses; and (3) \$18,202 for indirect Expenses.

R-74: ACLU-WA (April 1, 2011 through October 31, 2013)

- \$30,684 for total in-kind contributions that included: (1) \$24,098 in total staff expenses; (2) \$4,023 in direct expenses; and (3) \$2,563 for indirect Expenses.
- 3.38 Mr. Segal stated that the direct costs included ACLU: (1) staff travel; (2) photocopies; (3) polling; (4) literature and handouts; (5) coffee; and (6) costs of holding conference calls. He stated that the indirect expenses included the pro rata share of ACLU office expenses that were considered to be in-kind contributions in the event that staff contributed time while on ACLU-WA time and premises. The indirect expenses included the pro rata share of ACLU-WA: (1) rent; (2) insurance; (3) phone service; (4) copier service; and (5) supplies. He stated the pro rata share was based on ACLU-WA totaling all of the staff hours compiled and reported as in-kind contributions for the month at issue, and dividing those hours by the total number of all staff hours worked during that month.
- 3.39 Mr. Segal stated that concerning the \$35,303 in staff expenses disclosed as in-kind contributions for I-502 for the period April 1 through October 31, 2012 (detailed in Exhibit B of his November 13, 2012 response), the total in-kind contributions was for services provided by eight ACLU-WA employees.
- 3.40 Mr. Segal stated that concerning the \$29,216 in staff expenses disclosed as in-kind contributions for I-502 for the period April 1, 2011 through March 31, 2012 (as detailed in Exhibit C), the total in-kind contributions was for services provided by 11 ACLU-WA employees. Mr. Segal noted that the totals listed in Exhibits B and C "captures any employee's time that might be considered an in kind donation, although a number of these donations were extremely limited."
- 3.41 Mr. Segal stated that three ACLU-WA employees comprised the \$22,665 in total staff expenses for R-74 as listed in Exhibit B, and two ACLU-WA employees comprised the that \$5,766 in Exhibit C.

ACLU-National; ACLU-WA; ACLU-WA Foundation; and ACLU-WA Endowment Report of Investigation PDC Case No. 13-019
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3.42 Mr. Segal stated that the combined ACLU staff time reported as in-kind contribution for fiscal year 2012 was less than six percent of total ACLU hours worked.

IV. Scope

- 4.1 Staff reviewed the following documents and information as part of its investigation:
 - Citizen Action Letter filed against the ACLU National, and ACLU-WA, ACLU-WA Foundation, and ACLU WA Endowment.
 - The PDC database for ACLU-WA monetary and in-kind contribution made to New Approach Washington, and the C-4 reports filed by New Approach Washington disclosing in-kind contributions received from ACLU-WA.
 - October 25, 2012, one-page response letter to the Citizen Action Letter from Terence Doughterty, an attorney representing the ACLU National.
 - November 13, 2012, four-page response and attachments to the Citizen Action Letter from Matthew J. Segal, an attorney with the Pacifica Law Group, a firm representing ACLU-WA.
 - November 27, 2012, two-page e-mailed response with three attachments in response to PDC staff's request for additional information concerning the Citizen Action Letter.

V. Law

- 5.1 **RCW 42.17A.005(39)** defines "political committee" as "any person (except a candidate or an individual dealing with his or her own funds or property) having the expectation of receiving contributions or making expenditures in support of, or opposition to, any candidate or any ballot proposition."
- 5.2 **RCW 42.17A.205** require political committees to register with the PDC if they have the expectation of receiving contributions or making expenditures in support a statewide ballot proposition.
- 5.3 RCW 42.17A.235 states that RCW 42.17A.240 require political committees, including bona fide political party committees, to timely and accurately file reports of contributions and expenditures, including the disclosure of contributions made to candidates for public office. Under the full reporting option, until five months before the general election, Summary Contribution and Expenditure Reports (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, and in the month following the election, regardless of the level of activity. Contribution deposits made during this same time period must be disclosed on the Monday following the date of deposit.

ACLU-National; ACLU-WA; ACLU-WA Foundation; and ACLU-WA Endowment Report of Investigation PDC Case No. 13-019
Page - 11 -

5.4 **PDC Interpretation 07-02,** *Primary Purpose Test Guidelines,* distills relevant case law and other legal guidance (AGO 1973 no. 14, *State v. Dan Evans Committee,* and *Evergreen Freedom Foundation v. Washington Education Association*) concerning the definition of "political committee" in RCW 42.17.020(39). As discussed in the Interpretation, a person is a political committee if that person becomes a "receiver of contributions" to support or oppose candidates or ballot propositions, or if expenditures to support or oppose candidates or ballot propositions become one of the person's primary purposes.

Respectfully submitted this 18th day of October, 2013.

Kurt Young

PDC Compliance Officer

List of Exhibits

- Exhibit #1 45-Day Citizen Action Letter filed against the ACLU by filed by Steve Sarich, Arthur West, John Worthington, and Saroj Sidhu.
- Exhibit #2 October 25, 2012, letter from Terrence Dougherty, an attorney with the American Civil Liberties Union in New York City (ACLU-National).
- Exhibit #3 PDC Interpretation #07-02 "Primary Purpose Test Guidelines"
- Exhibit #4 November 13, 2012, four-page response letter with attachments from Matthew Segal on behalf of the ACLU of Washington, ACLU of Washington Foundation, and ACLU of Washington Endowment.
- Exhibit #5 PDC staff generated chart detailing ACLU-WA contributions as reported on the Monthly Lobbyist Employer contribution report (L-3c report).
- Exhibit #6 September 28, 2012, Special Political Expenditures report (C-7 report) filed by ACLU-WA Foundation disclosing monetary and in-kind contributions made during calendar year 2011.
- Exhibit #7 November 27, 2012, email from Mr. Segal with three attachments in response to PDC staff's request for additional information.

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Public Disclosure Commission

TO:

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Josure Commission
September 29, 2012 a PROCY

OF. WASHINGTON ATTORNEY GENERAL ROB McKENNA, PIERCE. THURSTON, AND KING COUNTY PROSECUTORS,

AND THE WASHINGTON STATE PUBLIC DIS-

CLOSURE COMMISSION

RE:

CITIZEN'S ACTION LETTER RE UNLAWFUL CAMPAIGN ACTIVITY BY THE ACLU, ACLU

FOUNDATION, AND ACLU ENDOWMENT

FROM:

NO ON I-502, STEVE SARICH, ARTHUR WEST;

JOHN WORTHINGTON, AND SAROJ SIDHU

Please consider this as a formal citizen's action letter under RCW 42.17.460 concerning the continuing unregistered campaign activity, unregistered PAC activity, and campaign related receipts and expenditures to support I-502 by The American Civil Liberties Union, by and through the ACLU's Washington Chapter, and the ACLU Washington's Foundation and Endowment, all 501 (c) 3 organizations prohibited by Federal and State law from conducting "substantial" campaign or "lobbying!" activity on behalf of a Referendum or Initiative.

The Complainants believe that these ACLU groups, acting through ACLU Drug Policy Director Allison Holcolm, in concert with the National and State NORML organization (and some ex law enforcement officers of the federal and State government) devised a scheme and artifice to employ their status as "nonpolitical" charitable organizations to unlawfully combine and form New Approach Washington to allow the ACLU and NORML and their out of State principals to substantially participate in and dominate and control the political process in the State of Washington pertaining to the

 $^{^{1}}$ As opposed to State law, the Federal Tax Code 501(c) 3, defines campaigning for an initiative is defined as "lobbying"

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Public Disclosure Commission

regulation of Marijuana, as a primary function of both the ACLU and NORML.

The complaining citizens allege that the ACLU envisioned and created New Approach Washington, and that the ACLU's organizations have been directly conducting and financing "substantial" "staff work" for the I-502 campaign directly through the person of their campaign director, Allison Holcolm. Holcolm confesses to the media and files PDC reports declaring that she is simultaneously the drug policy director for the ACLU Washington as well as the author, sponsor, and chief proponent of NAW's drug policy Initiative, I-502. Holcolm also campaigns for and expends ACLU staff resources on behalf of NAW and I-502 on a daily basis.

Further, it is evident from what PDC filings do exist that the ACLU drug policy director Holcolm formed the idea for NAW and I-502 on ACLU funded time, planned and executed the creation of NAW and Initiative I-502 on ACLU funded time, and acting simultaneously as ACLU Drug Policy Director, Board member of NAW, and the sponsor of I-502, carried forth the ACLU-NORML-NAW Initiative campaign itself in a directing and commanding role while being employed by the ACLU and using its staff, office equipment and resources, and did so in conjunction with the aid of various chapters of another National 501 (c) organization, NORML.

In the most recent report, the ACLU Foundation admits to \$1303.57 in "staff expenses" and \$7857.40 in staff services (presumably the salary of the ACLU's "drug Policy Director-Drug Policy Initiative Promoter), while the ACLU of Washington admits to spending 2394.14 in additional "Staff Services". This amounts to over \$10,000 a month of substantial campaign activity by paid employees and a additional \$1,493.93 in "staff expenses" as

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if the ACLU was actually hiring Allison Holcolm to run I-502 and facilitating her efforts by providing staff support and "expenses" related to supporting substantial campaign activity.

In reality, this is exactly what is taking place, with the ACLU and NORML conducting what can only be described as substantial campaign activity as their primary purpose, under false color of their tax exempt status as charitable organizations acting for the public good, and under false color of deceptive PDC filings as to in kind contributions of staff time and staff support, when both the ACLU and NORML were engaged in blatant, palpable, and undeniably "substantial" campaign activity to promote I-502.

Reports filed with the Washington State Public Disclosure Commission in May and June of 2011 alone show nearly \$40,000 in expenditures by the ACLU prior to the \$5.00 filing fee the ACLU's policy Director paid for the filing of I-502.

The PDC filings of May 2011 through September of 2012 demonstrate that the ACLU paid Alison Holcolm and her ACLU assistants over \$10,000 monthly in what it described as "In Kind Contributions" of Staff Services. In addition, the ACLU staff campaigning for I-502 under false color of being a separate organization also used over \$500 a month in ACLU "Staff Expenses" presumably to run and support the ACLU office that NAW campaigned out of with the aid of NORML volunteers and volunteer coordinators.

The complainants allege that the ACLU of Washington, and the ACLU Foundation, and the ACLU endowment directly paid Allison Holcolm and ACLU staff to create NAW and to basically envision, effectuate and run the I-502 campaign, which Holcolm did, with the aid and

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assistance of another group of 501(c) "Charitable" organizations, the dozen-State and National NORML organization chapters (See previous NORML complaint incorporated herein by reference)

By so acting, The ACLU and NAW and NORML employed Allison Holcolm as the focal point for the ACLU and NORML and various disaffected former State And Federal Government officials to employ the vast resources of the various 501(c)3 and (possibly in NORML's Case), (c)4 organizations who supplied Allison Holcolm (of both NAW and the ACLU) with a willing crew of paid operatives to pursue the grand plan of the ACLU, NORML, and the ACLU's Drug Policy Director Allison Holcolm.

Through the use of the vast financial and fund raising connections and databases of NORML and the ACLU, I-502 and NAW were designed, funded and operated by ACLU staff and staff expenses, mailings were sent out to ACLU and NORML donors soliciting contributions for I-502, and a willing crew of NORML-ACLU-NAW volunteers was created and maintained.

This was all done deliberately with the intent and effect of creating a shadow organization to veil the reality that the ACLU and NORML were employing the vast resources of 501(c)3 charitable organizations to substantially promote and campaign for and organize the campaign for a State Initiative as one of their primary purposes. This type of overwhelming influence and control of politics by unregistered political action committees is exactly what the Washington State primary function test enunciated in the WEA case is designed to disclose.

All of this conduct constitutes overwhelming political activity by the ACLU, in combination with NORML and NAW (and their various well

CITIZENS' ACTION LETTER RE: VIOLATION OF THE CAMPAIGN LAWS BY THE ACLU 4

PDC Exhibit # 1
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connected rogue government allies) for as a primary function, a purpose prohibited under 26 USC 501(c) for such Corporations, Foundations and endowments.

Such conduct also expressly violates the Articles of the ACLU of Washington, the ACLU of Washington Foundation, and its Endowment which require them all to act within the proper scope of such tax exempt charitable public benefit groups.

The actions, statements, expenditures, and (lack of) reports of the various ACLU organizations clearly demonstrate that one of the primary purposes of the ACLU (as well as NORML) is to affect the citizens' and governmental decision making by supporting I-502.

Incorporated by reference is a link to NAW's PDC filings that demonstrates beyond a shadow of a doubt that the ACLU has been running and directing the NAW campaign by and through its Drug Policy Director.

The previous complaint filed concerning NORML reveals that the I-502 campaign has been supported and staffed by NORML representatives, including Pierce County NORML, which openly declares that it is "campaigning to support I-502" virtually every day, presumably in connection with the ACLU staff and Drug Policy Director paid for and operated by the ACLU.

The ACLU Drug Policy Director, along with her support staff and the Pierce County and Washington chapters of NORML appear to have no other real function other than to campaign for I-502, and there is no real distinction between the members of the ACLU, NORML and the NAW campaign staff promoting I-502.

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The ACLU created NAW, and NORML, ACLU and NAW staff at events are often indistinguishable, as they are often the very same individuals. The line between the NAW, the ACLU, and NORML has blurred, as these organizations have in essence merged into a unified whole campaigning for I-502 under the aegis of the ACLU's Drug Policy Director, Allison Holcolm.

As the attached complaint and exhibits demonstrate, The ACLU's Washington organization, foundation and endowment acting in conjunction with the ACLU national organization, as well as the Pierce County and Washington divisions or NORML have violated State law by entering into a scheme and artifice to conduct substantial campaign activities under false color of "education" and in kind contributions, and they have colluded to veil their campaigning under false reporting of "in kind contributions when the ACLU is actually campaigning full time along with NORML and failing to report campaign receipts and expenditures made or the purpose of substantial partisan electoral campaign activity to support I-502.

By so acting, the ACLU's various organizations violated their articles of incorporation and failed to register or report campaign related expenditures made by the ACLU to conduct substantial political campaigning to support I-502 and in addition the various ACLU chapters failed to register or report as PACs as required by RCW 42.17A. 205-240 of organizations supporting a ballot proposition like I-502.

This violated the intent of RCW 42.17.0001, including section (1) That political campaign and lobbying contributions and expenditures be fully disclosed to the public and that secrecy is to be avoided.

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There is also a valid concern that the actions and finances of the ACLU's and NORML's sister 501 (c) 3 and/or 501(c) 4 organizations have overlapped in an impermissible manner in violation of the requirements that such operations be at arms length.

In addition, due to the conduct of what is defined in federal law as substantial "lobbying" activity, under the facts and circumstances test, the ACLU and NORML organizations may be in violation of the terms of their federal tax exempt status under 26 USC 501(c) 3 and/or 4.

Please investigate and take any necessary action in regard to this complaint and Citizen's Action Letter.

Done September 29, 2012, in Seattle. I, Arthur West, an officer of No On I-502, certify the foregoing to be correct and true under penalty of law.



LINK TO PDC WEBSITE

http://www.pdc.wa.gov/MvcQuerySystem/CommitteeData/inkind? param=TkVXIEFXIDExMQ%3D%3D%3D%3D&year=2012&type=in itiative



OCT 25 2012

Public Disclosure Commission

October 24, 2012

VIA UPS and Email

Kurt Young Washington Public Disclosure Commission 711 Capitol Way Room 206 P.O. Box 40908 Olympia, WA 98504-0908

AMERICAN CIVIL LIBERTIES UNION FOUNDATION HATIONAL OFFICE

175 BROAD STREET, SHIFFL NEW YORK, HAR TO MAKE THE TAKE T

OFFICERS AND DIRECTORS SUSAN M. HERMAN PRESIDENT

ANTHONY D ROMERO EXECUTIVE DIRECTOR

Re: 45 Day Citizen Action Letter filed by No on I-502, et al. (Complaint filed against American Civil Liberties Union; ACLU Foundation;

and ACLU Endowment) PDC Case No. 13-019

Dear Mr. Young:

I have received the Washington Public Disclosure Commission's October 18, 2012 letter forwarding the Citizen Action Letter by No on I-502, et al., which makes claims about activities allegedly conducted by "The American Civil Liberties Union, by and through the ACLU's Washington Chapter, and the ACLU Washington's Foundation and Endowment."

You sent your letter to the American Civil Liberties Union, Inc. ("ACLU National"). While ACLU National is an affiliate of ACLU of Washington, it is a separately-incorporated organization. ACLU National does not control either ACLU of Washington or ACLU of Washington Foundation and it does not direct either organization's activities. Given this separation, none of the activities allegedly undertaken by ACLU of Washington and ACLU of Washington Foundation that are outlined in the Citizen Action Letter pertain to ACLU National and, other than general unsupported allegations, the Citizen Action Letter contains no allegations that ACLU National controlled or directed these activities. Further, Alison Holcolm is not an employee, volunteer or contractor of ACLU National.

We will be happy to cooperate with PDC if you seek any additional information or supporting materials from ACLU National. If you do not, we respectfully request your written acknowledgment that this matter is resolved as to ACLU National.

voly many mans,

Terence Dougherty, Esq.

Cc: Matthew Segal, Attorney for ACLU of Washington and ACLU of

Washington Foundation

PDC Fxhibit # 2 Page 1 of 1

PDC Interpretation

APPROVAL DATE: May 2, 2007

NUMBER:

07-02

STATUS:

Effective May 2, 2007

SUPERSEDES:

REFERENCES:

RCW 42.17.020(38)

APPROVED BY: The Commission

SEE ALSO: AGO 1973 No. 14; Evergreen Freedom Foundation v. Washington

Education Assn., 111 Wn. App. 386, 49 P.3rd 894 (2002); State v. Evans,

86 Wn.2d 503, 546 P.2d 75 (1976)

"Primary Purpose Test" Guidelines

The following is a summary of the "primary purpose test" as it relates to "political committees" under Washington State law.¹

RCW 42.17.020(38) defines "political committee" as "any person (except a candidate or an individual dealing with his or her own funds or property) having the expectation of receiving contributions or making expenditures in support of, or opposition to, any candidate or any ballot proposition."

After Initiative 276 passed, the question arose as to whether corporations or similar associations or organizations may also constitute a "political committee." Specifically, the question involved entities engaging in some or limited activities related to an election campaign for a candidate or ballot measure, and some or greater activities not related to a campaign and implicated what level of financial disclosure by these entities was required to be made in filings with the Public Disclosure Commission, as disclosures are required of "political committees." A formal Attorney General's Opinion (AGO) and two court cases decided after I-276 passed used a "primary purpose" analysis to assist in applying the statutory definition of political committee in the potential filing and disclosure requirements. Each is discussed below.

AGO 1973, June 8, 1973, No 14

[The AGO reviewed the definition of "political committee." The question was, "If a corporation or similar association or organization makes a contribution to a political committee or candidate, does it thereby itself become a political committee as defined in RCW 42.17.020 (22)"[former location of statutory definition]? Following analysis of the initiative's language in several

¹ Readers are advised that Interpretation 07-02 does not seek to be an exhaustive analysis of relevant court decisions, but rather represents a distillation of some of the key points of the opinions. The Commission could, in an advisory or enforcement setting, rely on portions of the decisions not cited in this Interpretation or on other relevant case law.

sections and its purpose, and case law, the AGO answered, "We therefore conclude that expenditures made by a corporation or other organization in the form of contributions to political committees or candidates do not make that organization a political committee; and for this reason we answer this question in the negative." The AGO provided in part the following analysis, and used the phrase "primary purpose." Quotes are excerpted here, emphasis added, and page numbers noted]:

- In the first place it will be seen that if such a corporation or organization as you have described were itself considered to be a political committee, it would have to do several things which bear no relation to the purposes of the initiative. For example, it would have to indicate what distribution of surplus funds will be made in the event of its dissolution (see, RCW 42.17.040 (2) (h); it would have to appoint a campaign treasurer and depository to hold its money (RCW 42.17.050); all monetary contributions received by it would have to be placed in a special bank account designated the "campaign fund of______" (RCW 42.17.060 (1));20/ all deposits made by the corporation or other organization would have to be accompanied by a statement naming the person contributing the funds deposited (RCW 42.17.060 (2); and it would have to file detailed reports of contributions and expenditures (RCW 42.17.080 and 42.17.090.) (Pages 25-26)
- In short, if such a technical construction were to be given the statute, it would require that any corporation or other organization which made a political contribution would thereby have to disclose all of its financial dealings and internal accounts, and comply with an overall statutory scheme which clearly was only meant to affect those organizations whose primary purpose is to attempt to influence elections. All this would contravene the well-established rule of statutory construction that absurd constructions are to be avoided whenever possible. Accord, AGO 1973 No. 5 [[to Wayne Ehlers, State Representative on February 5, 1973]], supra; see, also, In re Horse Heaven Irrigation District, 11 Wn.2d 218, 118 P.2d 972 (1941); and Discargar v. Seattle, 25 Wn.2d 306, 171 P.2d 205 (1946). (Pages 25-26)

State v. Evans, 86 Wn.2d 503, 546 P.2d 75 (1976)

[The question considered by the State Supreme Court was whether a committee bearing the governor's name that made a single contribution to the fund of the state Republican Central Committee became a political committee within the meaning of RCW 42.17. The Court held that in the absence of showing that such committee made expenditures for the purpose of supporting or opposing a specific candidate or ballot proposition, or contribution of similar nature, and in the absence of evidence that the committee solicited, received, or had the expectation of receiving contributions to be used in support of or opposition to candidates or ballot propositions, such a committee was not a political committee and not subject to the disclosure requirements of RCW 42.17. Quote – emphasis added, and page number noted:]

Where the surrounding facts and circumstances indicate that The primary or one of the primary purposes of the person making the contribution is to affect, directly or indirectly, governmental decision-making by supporting or opposing candidates or ballot propositions, then that person becomes a 'political committee' and is subject to the Act's disclosure requirements. See A.G.O. 1973, June 8, 1973, No. 14, at 25--26. The Primary purpose of the Dan Evans Committee was not to influence the political process by supporting or opposing candidates or ballot propositions through

expenditures of its funds, but to pay for miscellaneous expenses incurred by Governor Evans and his staff in connection with his position as a public official. Plaintiff's contention to the contrary creates no material issue of fact. (Page 509)

Evergreen Freedom Foundation v. Washington Education Association,

111 Wn. App. 586, 49 P.3d 894 (2002), review denied 148 Wn.2d 1020, 66 P.3d 639 (2003)

[Plaintiff filed a citizens' lawsuit against a teachers' union, alleging, among other claims, that the union was a political committee. The Court of Appeals, citing to the <u>Evans</u> test, held that the WEA was not a political committee under either the "maker of expenditures" or "receiver of contributions" prongs. Quotes – emphasis added, and page numbers noted:]

• The Act sets forth two alternative prongs under which an individual or organization may become a political committee and subject to the Act's reporting requirements. "Political committee' means any person ... having the expectation of receiving contributions or making expenditures in support of, or opposition to, any candidate or any ballot proposition." RCW 42.17.020(33). Thus, a person or organization may become a political committee by either (1) expecting to receive or receiving contributions, or (2) expecting to make or making expenditures to further electoral political goals.

[Footnote: We use the phrases "electoral political goals" and "electoral political activity" to convey the statutory language "support of, or opposition to, any candidate or any ballot proposition" from RCW 42.17.020(33).] (Page 598)

- In the only Washington Supreme Court case to interpret the statutory definition of "political committee," the Court added a new requirement to the "making of expenditures" prong. State v. Dan J. Evans Campaign Comm., 86 Wash.2d 503, 509, 546 P.2d 75 (1976). The organization making expenditures must have as its "primary or one of the primary purposes ... to affect, directly or indirectly, governmental decision making by supporting or opposing candidates or ballot propositions...."
 Evans, 86 Wash.2d at 509, 546 P.2d 75 (emphasis omitted). (Pages 598-599)
- The trial court here adopted the broad standard "one of the primary purposes" and applied it in formulating its own rule: An organization is a political committee if one of its primary purposes is to affect governmental decision making by supporting or opposing candidates or ballot propositions, and it makes or expects to make contributions in support of or in opposition to a candidate or ballot measure. We begin our analysis by noting that the trial court correctly formulated this rule. First, as the only mandatory authority on this issue, Evans controls interpretations of the "maker of expenditures" prong. Second, the declaration of policy at the beginning of the Act states that its provisions are to be liberally construed "to promote complete disclosure of ... political campaigns...." RCW 42.17.010(11). (Page 599)
- EFF challenges the trial court's method for determining whether electoral political activity is one of WEA's primary purposes. Specifically, EFF argues that the trial court's means/ends analysis is faulty because it ignores that all "political" organizations are able to articulate goals that do not identify immediate political objectives. To give guidance

to the courts in this case of first impression, we hold that an appropriate framework for determining whether electoral political activity is one of an organization's primary purposes should include an examination of the stated goals and mission of the organization and whether electoral political activity was a primary means of achieving the stated goals and mission during the period in question. (Page 599)

- Under this analysis, a nonexclusive list of analytical tools a court may use when evaluating the evidence includes: (1) the content of the stated goals and mission of the organization; (2) whether the organization's actions further its stated goals and mission; (3) whether the stated goals and mission of the organization would be substantially achieved by a favorable outcome in an upcoming election; and (4) whether the organization uses means other than electoral political activity to achieve its stated goals and mission. (Page 600)
- This analysis avoids the means/end formula against which EFF argues. For example, if the organization has merely restated its primary political purpose in broad nonpolitical terms, the organization's purpose will likely be achieved in an upcoming election. But if electoral political activity is merely one means the organization uses to achieve its legitimate broad nonpolitical goals, electoral political activity cannot be said to be one of the organization's primary purposes. (Page 600)
- But this analysis should not be applied as a formula. These are analytical tools
 meant to guide the court's determination of the equitable issues presented. They are
 intended to reach all relevant evidence, but they are not exclusive. For example, by
 examining the totality of the circumstances, a fact finder may look at all of the
 organization's actions, including those in addition to its stated goals. If the activities
 of an organization reveal that a majority of its efforts are put toward electoral
 political activity, the fact finder may disregard the organization's stated goals to
 the contrary. (Page 600)
- If, after making these considerations, the fact finder determines that, on the whole, the evidence indicates that one of the organization's primary purposes was electoral political activity during the period in question, and the organization received political contributions as defined in the Act, then the organization was a **political committee for that period** and should comply with the appropriate disclosure requirements. (Page 600)



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Public Disclosure Commission

T 206.245.1700 1191 2nd Avenue, Suite 2100 Seattle, WA 98101-2945 pacificalawgroup.com

Matthew J. Segal matthew.segal@pacificalawgroup.com

November 9, 2012

VIA E-MAIL & FEDERAL EXPRESS

Mr. Kurt Young State of Washington Public Disclosure Commission 711 Capitol Way Rm. 206, PO Box 40908 Olympia, WA 98504-0908

Re: PDC Case No. 13-019

Dear Mr. Young:

This letter follows up on our telephone conversations and emails regarding the above case. As you know, we represent the ACLU of Washington, ACLU of Washington Foundation, and ACLU of Washington Endowment, three of the named respondents in the 45-day letter that began the above case. I will refer to these three entities collectively as ACLU-WA.

As I noted in my email to you of October 22, 2012, the allegations in the 45-day letter are unfounded. The suggestion in the letter appears to be that ACLU-WA is a de facto political committee. The statute and case law do not support this conclusion.

"Political committee' means any person (except a candidate or an individual dealing with his or her own funds or property) having the expectation of receiving contributions or making expenditures in support of, or opposition to, any candidate or any ballot proposition." RCW 42.17A.005 (37).

Thus, there are two prongs to this definition – the "receiving contributions" prong and the "making expenditures" prong. *State ex rel. Evergreen Freedom Found. v. Washington Educ. Ass'n*, 111 Wn. App. 586, 598, 49 P.3d 894 (2002).

ACLU-WA is not a political committee under the first prong because it has no expectation of receiving, and does not accept, contributions in support of or opposition to candidates or ballot measures. In the event a member of the public offers such a contribution, it is respectfully declined. Donations to ACLU-WA are accepted for the organizations' account for its own non-

¹ We do not represent the fourth respondent, the American Civil Liberties Union, which is represented by Terrence Dougherty, who responded by separate letter on October 24, 2012.

Mr. Kurt Young November 9, 2012 Page 2

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political purposes, and not set aside or earmarked for any electoral purpose.² An organization is not a political committee under the "receiving" prong unless "the members are called upon to make payments that are segregated for political purposes and the members know, or reasonably should know, of this political use." *Washington Educ. Ass'n*, 111 Wn. App. at 602 (citing 1973 Letter Op. Att'y Gen. No. 114, at 4). Such is not the case here.

In order to be considered a political committee under the second prong, "[t]he organization making expenditures must have as its 'primary or one of the primary purposes ... to affect, directly or indirectly, governmental decision making by supporting or opposing candidates or ballot propositions...." Washington Educ. Ass'n, 111 Wn. App. at 599 (quoting State v. Dan J. Evans Campaign Comm., 86 Wn.2d 503, 509, 546 P.2d 75 (1976)).

In the WEA case the Court of Appeals elaborated on the "primary purpose" test:

[A]n appropriate framework for determining whether electoral political activity is one of an organization's primary purposes should include an examination of the stated goals and mission of the organization and whether electoral political activity was a primary means of achieving the stated goals and mission during the period in question.

Under this analysis, a nonexclusive list of analytical tools a court may use when evaluating the evidence includes: (1) the content of the stated goals and mission of the organization; (2) whether the organization's actions further its stated goals and mission; (3) whether the stated goals and mission of the organization would be substantially achieved by a favorable outcome in an upcoming election; and (4) whether the organization uses means other than electoral political activity to achieve its stated goals and mission.

Washington Educ. Ass'n, 111 Wn. App. at 599-600.

Under this now well established test, ACLU-WA is not a political committee because making expenditures in favor of ballot measures is not its primary purpose, or even one of its primary purposes. Moreover, use of the initiative process is only one of many activities the ACLU-WA uses to support and achieve its goals of advancing civil liberties and rights.

ACLU-WA is comprised of non-partisan organizations dedicated to protecting, fostering, and extending the civil liberties principles embodied in the Bill of Rights and the Washington State Constitution. ACLU WA pursues this work through myriad means including litigation, legislation, non-partisan lobbying, education, public speaking and writing, community outreach, and other communications in accordance with the mission and purposes of the American Civil

² In August 2012, the ACLU of Washington did receive 501(c)(4) grant funding to conduct outreach to persons of color in support of marriage equality. Donated staff time paid for by this grant funding is included in the budget reconciliation data referenced below.

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Liberties Union and its Foundation. The ACLU of Washington is a 501(c)(4) organization, and donations to it are not tax deductible. The ACLU of Washington Foundation is a 501(c)(3) organization and accepts tax deductible donations. The ACLU-WA Endowment Fund is a 501(c)(3) organization that owns and manages endowment funds for the exclusive benefit of the ACLU of Washington Foundation. Annually, the Board of the Endowment Fund approves the transfer of a portion of the Endowment Fund's earnings to the Foundation for its general operations. See the Overview attached as Exhibit A for additional details. On occasion, support or opposition to initiatives or referenda is part of the organizations' activities to achieve civil liberties goals. But such support or opposition occurs sporadically, not on a regular basis. Electoral political contributions in short represent a tiny and only occasional fraction of ACLU-WA's activities.

This is further evidenced by review of the relevant financial data. Each of these organizations has separate budgets and accounts. As can be seen from the chart below, for the current fiscal year to date (which began April 1, 2012), overall electoral political activity amounted to just 8% of the ACLU of Washington's budget, and just 6% of the ACLU of Washington Foundation's budget through October 31. Projections for the complete fiscal year fall in the same range.

	Total <u>Donations</u>		tions
	Budgeted Expenses	YTD as of <u>10/31/12</u>	Projected <u>Year-End</u>
Union Exps:	810,753	65,137	98,621
% of Total Union Exps:	100%	8%	12%
Fdn Exps:	2,648,300	163,828	168,388
% of Total Foundation Exps:	100%	6%	6%

These numbers reflect 100% of both organizations' electoral political activity for the fiscal year, which encompasses contributions in support of both Initiative 502 and Referendum 74. These numbers also include all in-kind donations. See the Summary attached as Exhibit B for additional details.⁴

³ Percentages were roughly the same for the 2011-2012 fiscal year. Electoral contributions comprised 7% of the annual budget for the ACLU of Washington, and 8% of the annual budget for the ACLU of Washington Foundation. See attached Exhibit C.

⁴ Contributions in the summary are divided into four categories. Cash, "Indirect" (which reflects indirect in-kind contributions such as copies and telephone use), "Staff" (which reflects donations of staff time), and "Direct (which reflects reimbursement of staff expenses, such as mileage, for donated time).

Mr. Kurt Young November 9, 2012 Page 4

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The 45-day letter makes much of the donations of Alison Holcomb's time to the campaign. But, as the letter itself acknowledges, these in kind contributions have been tracked, documented and reported to the PDC.⁵ Contributions of Ms. Holcomb's time are included in the Foundation's "Staff" category of in-kind contributions reflected in Exhibit B. Thus, the contribution of Ms. Holcomb's time is part of the relatively small part of the organizations' efforts and budgets directed to political contributions.

The ACLU of Washington, ACLU of Washington Foundation, and ACLU of Washington Endowment are committed to compliance with Washington's public disclosure laws. They understand the importance of transparency in the electoral politics. Their efforts with regard to support of I-502 fully reflect that commitment to compliance with the laws and to the importance of transparency.

Thank you for your consideration, and please let us know what, if any, additional information you may require to complete your review of this matter.

Sincerely,

PACIFICA LAW GROUP LLP

Matthew J. Segal

Enclosure(s)

⁵ See L2, L3c and C7 submissions previously filed with the PDC and attached as Exhibit D.

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EXHIBIT A

PDC Exhibit # 4
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THE ACLU-WA: An Overview

The American Civil Liberties Union is the premier civil rights and civil liberties organization in the country. It is a nationwide, nonprofit and nonpartisan organization, backed by more than 500,000 members and supporters.

A Nationwide Organization. The ACLU is headquartered in New York and Washington, D.C. and has professionally staffed affiliates in every state. The national ACLU has more than 300 employees and programs arranged in four centers: *Democracy:* national security, human rights, first amendment, and technology and liberty; *Equality:* immigrants' rights, racial justice, voting rights and disability rights; *Justice:* criminal justice, drug policy, prison and jails, death penalty; and *Liberty:* LGBT, reproductive freedom, women's rights, and religious freedom and belief.

A Powerful Presence. The ACLU appears before the U.S. Supreme Court more often than any entity except the government itself. The Washington, D.C. Legislative Office is renowned for its expertise and nonpartisanship. The ACLU's influential communications operation helps shape the public dialogue through message development, media relations, advertising and Internet advocacy. And an affiliate support and advocacy department provides extensive guidance, resources and training to the network of state affiliates.

The ACLU of Washington

Headquartered in Seattle, the ACLU-WA advances civil liberties across the entire state through litigation, legislative advocacy,

organizing, policy analysis, and educational programming.

The ACLU-WA is powered by more than 20,000 members, 30 employees, scores of volunteers, and a strong board of directors. We are engaged in every major civil liberties battle in the state – including racial justice, LGBT rights, voting rights, women's rights, education equity, technology, the drug war and the death penalty.

Members and volunteers participate in our programs as cooperating attorneys, public speakers, board members, student club leaders, issue experts, event staff, and office workers. Highly regarded within the national organization, the ACLU-WA is among the top 10 ACLU affiliates in size and strength.

Legal Work. The Legal Department engages in impact litigation, through direct representation and amicus briefs. It also provides information, resources and advocacy short of litigation. A legal committee of volunteer attorneys provides strategic and legal advice on proposed litigation. Cases are approved by the Executive Director, subject to Board review.

Greatly expanding our strength are the cooperating attorneys - volunteer attorneys in private practice – who collaborate with staff on our docket of 40-some cases. The ACLU pays case expenses and fees are never charged to ACLU clients.

Policy Advocacy. The ACLU promotes specific pro-civil liberties policies and laws bills and works to prevent anti-civil liberties legislation at the state, local and national level.

PDC Exhibit # Li Page 6 of 13

Public Disclosure Commission

The ACLU-WA Legislative Director, in Olympia during the state legislative session, works closely with legislators and allies to promote, amend or defeat legislation. On federal issues, we take our lead from the ACLU's national legislative office in Washington D.C.

The Field Director leads our outreach and coalition work, informing and mobilizing allies and activists throughout the state. We provide resources and technical assistance through meetings, trainings, the website, and an action alert system.

The ACLU-WA has established three staffed programs to bring legal and policy expertise to key civil liberties issues. The **Drug Policy Program** works to replace the unjustly harsh, racially-biased and costly Drug War with approaches that treat drug use as a public health matter.

The **Technology and Liberty Program** works to safeguard privacy and freedom as public, private and government entities adopt new technologies.

The Education Equity Program seeks to promote equal opportunities, civil liberties and civil rights in school through education of students, parents and school officials.

Communications. The Communications Department aims to explain in clear, simple terms what the ACLU-WA is doing to defend and extend individual freedom and why people should stand up for their rights.

The Communications Director is in daily contact with media outlets to develop articles, frame issues and influence editorials. The communications team coordinates events, a speakers' bureau, student clubs and education, and an annual high school conference. We maintain a newspaper, Civil Liberties, a web site, www.ACLU-WA.org, and engage supporters via a variety of social media.

Funding the ACLU. Our Development Department works with the Board and other volunteers to raise money and to strengthen support and commitment to the ACLU. We believe that a growing, informed and engaged group of supporters is key to our vigorous defense of liberty.

The Annual Fund Campaign is our largest single source of income. The campaign, in which all Board members participate, raises about half of our annual income. It is a program of face-to-face meetings with current supporters during which we ask for annual, tax-deductible gifts of \$1,000 and up. The ACLU offers a range of planned giving opportunities and encourages members to include the ACLU in their estate plans.

Membership recruitment, while primarily handled by the national office, is augmented by local efforts. We promote membership at events and ask members to recommend acquaintances who share our values.

Fund sharing. The national ACLU and the state affiliates fully collaborate in fundraising. All gifts by ACLU supporters in Washington are shared between the national ACLU and the ACLU-WA, regardless of which entity receives the gift.

Corporate Structure. In Washington, the ACLU is comprised of three separate corporations which share the same mission, and which are all part of the national ACLU. This paper refers to them collectively as the ACLU-WA. The 501(c)4 membership organization engages in non-partisan lobbying, and dues and contributions to it are not tax-deductible. The ACLU-WA Foundation engages in litigation, research, and educational programming and, as a 501(c)3 organization, it accepts tax-deductible contributions. The Endowment Fund secures and manages funds for the benefit of the Foundation. It is also able to accept tax-deductible gifts.

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Public Disclosure Commission

EXHIBIT B

PDC Exhibit # 4
Page 8 of 13

04/01/12 - 10/31/12

Summary - Current & Projected Campaign Donations

	Total	<u>Donations</u>			
	Budgeted	YTD as of	Projected		
	Expenses	<u>10/31/12</u>	Year-End		
Union Exps:	810,753	65,137	98,621		
% of Total Union Exps:	100%	8%	12%		
Fdn Exps:	2,648,300	163,828	168,388		
% of Total Foundation Exps:	100%	6%	6%		

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Details

<u>Details</u>								
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<u>Union</u>		Year-end		YTD	YTD	YTD		
	<u>TOTAL</u>	<u>NAWA</u>	<u>WaUm</u>	<u>Total</u>	<u>NAWA</u>	<u>WaUm</u>		
Staff Exps:	60,490	37,825	22,665	53,635	35,303	18,332		
Direct:	30,720	858	29,862	4,720	801	3,919		
Indirect:	7,411	5,116	2,295	6,782	4,775	2,008		
Cash:	-			-	-			
Union Totals:	98,621	43,799	54,822	65,137	40,879	24,259		·
<u>Foundation</u>		11010/A	10/-11	\	NIANAIA	\A/=1.1		
	TOTAL	<u>NAWA</u>	<u>WaUm</u>	YTD	NAWA	<u>WaUm</u>		
Staff Exps:	60,494	60,494		56,461	56,461			
Direct - other:	17	17		15	15			·
Indirect:	7,877	7,877		7,352	7,352			
Cash:	100,000	100,000		100,000	100,000			
Foundation totals:	168,388	168,388	-	163,828	163,828	-		

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Public Disclosure Commission

EXHIBIT C

PDC Exhibit # 4 Page 10 of 13

04/01/11 -

Summary - Current & Projected Campaign Donations

	Total	<u>Donations</u>			
	Budgeted	YTD as of	Projected		
	Expenses	03/31/12	Year-End		
Union Exps:	766,160	51,561	51,561		
% of Total Union Exps:	100%	7%	7%		
Fdn Exps:	2,518,605	194,211	194,211		
% of Total Foundation Exps:	100%	8%	8%		

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<u>Details</u>									
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<u>Union</u>			Estimates		YTD	YTD			 7
	TOTAL		<u>WaUm</u>		<u>Total</u>	<u>NAWA</u>		•	İ
Staff Exps:	34,983	29,216	5,766		34,983	29,216	5,766		ı
Direct:	532	427	104		532	427	104		
Indirect:	3,547	2,992	555		3,547	2,992	555		1
Cash:	12,500	12,500			12,500	12,500			ļ
Union Totals:	51,561	45,136	6,426		51,561	45,136	6,426		
			-						٦
<u>Foundation</u>	TOTAL	NAWA	. <u>WaUm</u>		YTD	<u>NAWA</u>	<u>WaUm</u>		
Staff Exps:	81,706		TOTAL SECTION		81,706	81,706			١
Direct - other:	21,655	21,655			21,655	21,655			
Indirect:	10,850	10,850			10,850	10,850			1
Cash:	80,000	80,000		AAAAAA TAAAA	80,000	80,000			
Foundation totals:	194,211	194,211	-	Management of the Control	194,211	194,211	-		

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EXHIBIT D

PDC Exhibit # 4 Page 12 of 13

Shankar Narayan

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Notes

a. Need to amend? >PvslySave&Submitted>Amend[appropriate month] Change as needed & add new date on 1st page.

b. Item #9 does NOT include \$ spent for outside lobbyist since ACLU pays lobbyist directly, not through ACLU Lobbyist.

(You'll report \$ paid to outside lobbyist on EOY L-3 form.)

C Shankar on LOA

C:\ajwdocs\01 Acctg\Tax & Regs\WA PDC\[PDC L-2 log.xls]L2-SN

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PDC Exhibit # 4 Page 13 of 13

Public Disclosure Commission

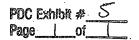
ACLU-WA contributions reported as a Lobbyist Employer: May 16, 2011 through October 30, 2012

ACLU-WA timely filed monthly L-3c reports disclosing monetary and in-kind contributions made to New Approach Washington totaling \$81,651 covering the period May 16, 2011 through October 31, 2012 as detailed below.

Date		
Contribution		ľ
Made	Name/Description of Contributions on L-3c reports	Total
5/16 through	New Approach Washington: in-kind staff services	\$ 4,844
5/31/2011		
June 2011	New Approach Washington: in-kind staff services	\$ 4,706
July 2011	New Approach Washington: in-kind staff services	\$ 3,703
August 2011	New Approach Washington: in-kind staff services	\$ 4,132
September 2011	New Approach Washington: in-kind staff services	\$ 2,183
October 2011	New Approach Washington: in-kind staff services	\$ 1,174
November 2011	New Approach Washington: in-kind staff services	\$ 1,558
December 2011	New Approach Washington: in-kind staff services	\$ 1,839
January 2012	New Approach Washington: in-kind staff services	\$ 2,701
February 2012	New Approach Washington: in-kind staff services	\$ 2,740
February 2012	New Approach Washington: Monetary contribution	\$ 12,500
March 2012	New Approach Washington: in-kind staff services	\$ 2,637
April 2012	New Approach Washington: in-kind staff services	\$ 4,099
May 2012	New Approach Washington: in-kind staff services	\$ 4,580
June 2012	New Approach Washington: in-kind staff services	\$ 3,743
July 2012	New Approach Washington: in-kind staff services	\$ 3,383
August 2012	New Approach Washington: in-kind staff services	\$ 4,665
September 2012	New Approach Washington: in-kind staff services	\$ 6,789
October 2012	New Approach Washington: in-kind staff services	\$ 9,675
Totals		\$ 81,651

In addition, ACLU-WA disclosed on the L-3c reports filed with the PDC, in-kind contributions made to Washington United for Marriage (R-74) totaling \$30,684 as follows:

Date Contribution		
Made	Name/Description of Contributions on L-3c reports	Total
December 2011	Washington United for Marriage: in-kind staff services	\$ 2,390
January 2012	Washington United for Marriage: in-kind staff services	\$ 1,148
February 2012	Washington United for Marriage: in-kind staff services	\$ 1,201
March 2012	Washington United for Marriage: in-kind staff services	\$ 1,687
April 2012	Washington United for Marriage: in-kind staff services	\$ 775
May 2012	Washington United for Marriage: in-kind staff services	\$ 687
June 2012	Washington United for Marriage: in-kind staff services	\$ 945
July 2012	Washington United for Marriage: in-kind staff services	\$ 1,213
August 2012	Washington United for Marriage: in-kind staff services	\$ 5,275
September 2012	Washington United for Marriage: in-kind staff services	\$ 5,491
October 2012	Washington United for Marriage: in-kind staff services	\$ 9,872
Totals	,	\$ 30,684







OCT 0 1 2012

Public Disclosure Commission

September 28, 2012

Public Disclosure Commission P.O. Box 40908 Olympia, WA 98504-0908

Dear PDC staff:

AMERICAN CIVIL LIBERTIES UNION OF WASHINGTON

901 5TH AVENUE, SUITE 630 SEATTLE, WA 98164

FOUNDATION

T/206.624.2184 WWW.ACLU-WA.ORG

BOARD PRESIDENT

KATHLEEN TAYLOR

EXECUTIVE DIRECTOR

JESSE WING

Re: C7 Special Political Expenditures report for 2011

Enclosed is the ACLU of Washington Foundation's C7 report for 2011. I just learned this week that such a report should have been filed in February of this year, and apologize for its delay. I want to assure you that we made the necessary monthly reports to the recipient of the donations, New Approach Washington, but did not realize that a year-end C7 report was also required. We intend to be timely with our 2012 C7 report.

Please contact me if you have any questions. Again, I apologize for the delay, and appreciate your work for timely and transparent campaign reporting.

Sincerely,

Kathleen Taylor

Executive Director

PDC Exhibit # 6
Page 1 of 3

DISCLOSURE COMMISSION 711 CAPITOL WAY RM 206 OLYMPIA WA 98504-0908

Special Political Expenditures

C7	
12/08	

(Items 2 thru 6)

DATE PALED PUC

PDC OFFICE USE

SEP 28.2012

(360) 753-1111

TOLL FREE 1-877-601-2828

1. Name (Use complete company, association, union or entity name.)

American Civil Liberties Union of Washington Foundation, Attention (Identify person to whom inquiries about the information below should be directed.)

att: Kathleen Taylor

Mailing Address

Telephone

Seattle, WA

THIS REPORT MUST BE FILED BY THE LAST DAY OF FEBRUARY. Disclose all payments or expenditures the reporting entity made and accrued during the previous calendar year for the types of activities described below. Complete all sections. Use "none" or "0" when applicable. Follow the directions on the attached instructions.

<u>St</u>	mmary of Expenditures		Amount
2.	Political contributions to candidates for legislative or statewide executive office, common candidates, or committees supporting or opposing statewide ballot measures. Also candidates, or committees supporting or opposing statewide ballot measures.	nittees supporting or opposing these omplete item 8.	
	a. Aggregate contributions made by the filer.		\$168,164.7
	 b. If contributions were made by a political committee associated, affiliated or sponsobelow. (Information reported by the PAC on C-4 reports need not be again includ Name of PAC 	ored by the employer, show the PAC name led as part of this report.)	<u> </u>
3.	Independent expenditures supporting or opposing a candidate for legislative or statew measure. Show aggregate amount. Also complete Item 9.	vide executive office or a statewide ballot	
4.	Expenditures for entertainment, gifts, tickets, passes, transportation and travel expenses) provided to legislators, state officials, state employees and members of the amount. Also complete Item 10.	ses (including meals, lodging and related eir immediate families. Show aggregate	
5.	Expenditures to or on behalf of legislators, state officials, their spouses and depender benefiting the legislator or official. Show aggregate amount. Also complete Item 13.	nts for the purpose of influencing, honoring or	
6.	Other expenditures related to lobbying state officials, whether payment is made to, the Attach list itemizing each expense. Show date, recipient, purpose and amount.	rough or on behalf of a registered lobbyist.	
	Please see attached letter.	7. Total Reportable Expenses	\$168,164.7

Itemized Expenditures

8. Contributions totaling over \$25 to a legislative or statewide executive office candidate, a committee formed to support or oppose one of these candidates or a committee supporting or opposing a statewide ballot measure.

Name of Recipient New Approach Washington		Amount		Date
	98111	\$6,572.11	May 2011 - In	Kind
· · · · · · · · · · · · · · · · · · ·		30,626.96	Jun 2011 - In	Kind
(New Approach was recipient o	of all	50,000.00	Jun 2011 - Ca	sh
donations.)		9,144.75	Jul 2011 - In	Kind
		8,235.74	Aug 2011 - In	Kind
		9,013.81	Sep 2011 - In	Kind
		8,192.32	Oct 2011 - In	Kind
		7,986.24	Nov 2011 - In	Kind
•		8,392.82	Dec 2011 - In	Kind
		30,000.00	Dec 2011 - Ca	sh
☐ Information continued on attached pages	PDC Exhibit #	<u>&</u>		
	Page 2 of S	3		

Independent expenditures in support of or opposition instructions for definition of "independent expenditures".	to a) a legislative or statewide	executive office can	didate or b) a statewide ballot measure. See
Candidate's Name, Office Sought & Ballot Measure & Brief Descrip	Party or	Amount	Date and Description of Expense (Note if Support or Oppose)
		Ψ	Date fileu puc
			SEP 28 2012
Information continued on attached pages 10. Entertainment, gifts, tickets, passes, transportation a	ind travel expenses (including m	eals, lodging and re	lated expenses) provided to legislators, state officials,
state employees and members of their immediate familie Name and Title	es.	Cost or Value	Date and Description of Entertainment, Gift or Travel
		\$	
	;		
☐ Information continued on attached pages			
11. Compensation of \$2,000 or more during the preceding candidates for state office and each member of their	ng calendar year for employmen	t or professional ser	vices paid to state elected officials, successful
candidates for state office and each member of their Name	Relationship to Candidate or Official, if Family Member	Amount (Code)	Description of Consideration or Services Exchanged for Compensation
		·	
☐ Information continued on attached pages			
Compensation of \$2,000 or more during the preceding other entity in which state elected official, successful interest of 10% or more.	ng calendar year for professional state candidate or member of t	I al services paid to ar heir immediate famil	y note office, partnership, directorship of ownership
Firm Name	Person's Name	Amount (Code)	Description of Consideration or Services Exchanged for Compensation
•			
☐ Information continued on attached pages			
 Any expenditure, not otherwise reported, made direct immediate family, if made to honor, influence or ben Name 	ally or indirectly to a state electe efit the person because of his or	d official, successful r her official position I Amount	candidate for state office or member of their . Date and Description of Expense
Name		\$	
		*	·
			·
Information continued on attached pages			
14. This report must be certified by the president, secret	tary-treasurer or similar officer o	f reporting entity.	
Certification: I certify that this report is true, comple		Signature of Office	er Date
my knowledge. Kathleen M Printed Name and Title of Officer: Executive	1. Taylor Director	LMAR	Cen M (Cep9-28-12
		I F	

PDC Exhibit # 6
Page 3 of 3

Kurt Young

NUV 27 2012

From:

Matthew Segal [Matthew.Segal@pacificalawgroup.com]

Sent:

Monday, November 26, 2012 7:18 PM

Public Disclosure Commission

To: Cc: Kurt Young Paul Lawrence

Subject:

ACLU-WA Citizen Action Letter: PDC Case No. 13-019

Attachments:

Combined Campaign donations - FY11-12.pdf.pdf; Combined Campaign donations - FY12-13

ytd Oct2012.pdf.pdf; ytd FY12-13 exps & hrs.pdf.pdf

Importance:

High

Dear Mr. Young:

Below please find responses to the questions posed in your email of 11/20/12. If you have further questions once you have reviewed the answers below, please don't hesitate to call or email.

Thank you,

Matt Segal

Mr. Segal,

This e-mail is a follow-up to the voice messages I left for you this afternoon and yesterday.

Sorry about the changing status of the report and our deadlines, but such is the nature of the 45-day Citizen Action Letter. After reviewing your response, I had just a couple of additional questions concerning ACLU-WA and ACLU-WA Foundation as follows:

Do the two entities have separate boards?

Yes.

Do the two entities have some overlapping board members?

Yes. The Boards of the Foundation and the Endowment are currently comprised of the 9 members of the Executive Committee of the Board of the Union. Under the bylaws of the Foundation, its board is comprised of the Executive Committee plus other directors as may be nominated by the Board of the Union. Under the bylaws of the Endowment, the board is comprised of those directors nominated by the Board of the Foundation (nominees must be members of the ACLU of Washington and Washington State residents).

I am unclear if these questions pertain to potential aggregation, but if so please note that in our letter dated November 5, we took the most conservative approach in our "primary purpose" analysis. To the extent the numbers of the three organizations were aggregated, the relevant percentages would be lower. See the attached schedules for detail.

• In your response you footnoted the Staff, Direct, Indirect, and Cash categories for expenditures for each. Can you quantify the number of ACLU-WA employees that comprised the \$37,825 in total staff expenses for I-502 as listed in Exhibit B, and \$29,216 as listed in Exhibit C?

Regarding the \$37,825 in total staff expenses for I-502 as listed in Exhibit B, eight employees. Regarding the \$29,216 in total staff expenses for I-502 as listed in Exhibit C, 11 employees. Note this captures any employee's time that might be considered an in kind donation, although a number of these donations were extremely limited. For example, combined staff time donations for the 2012 fiscal year were less than 6% of total hours worked. See the attached staff time spreadsheets.

Were all of the ACLU-WA Foundation staff expenses for Ms. Holcomb, or did they include other ACLU staff?

No. Any and all volunteered time that could be considered a potential in kind contribution was included. In this case, that included limited time from one additional staff person, Mark Cook.

• Please provide a more detailed summary of the types of Direct and Indirect expenses incurred (no dollar totals but examples).

Direct expenses included travel, copies, polling, handouts, coffee and costs of conference calls. Indirect expenses captured the pro rata share of office expenses that might be considered an in kind contribution in the event staff contributed time while on ACLU WA premises. This would include a pro rata share of ACLU WA rent, insurance, phone service, copier service, and supplies. The pro rata share was determined by totaling all hours compiled and reported as in kind staff contributions in the month at issue, and dividing those hours by the total number of staff hours worked in that month.

• Please explain the decision making process whether or not ACLU-WA or ACLU-WA Foundation funds were used for a specific activity.

Annual program budgets are drawn up by staff under the oversight of the Executive Director of ACLU-WA. The proposed budget is then reviewed by a budget committee, and presented for final approval to the Boards of Directors.

Concerning the ACLU-WA in-kind contributions to Washington United for Marriage

• Can you quantify the number of ACLU-WA employees that comprised the \$22,665 in total staff expenses for R-74 as listed in Exhibit B, and \$5,766 in Exhibit C?

For the staff expenses in Exhibit B, three employees. For the staff expenses in Exhibit C, two employees.

Thank you in advance for your continued assistance and cooperation in this matter. I am out of the office until Monday, November 26, 2012.

2

If you have any questions tomorrow, please contact Phil Stutzman, Director of Compliance at (360) 664-8853. If he hears any additional information from the Attorney General's Office tomorrow, he will contact you. Have a great Thanksgiving holiday.

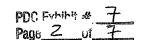
Sincerely,

Kurt Young
PDC Compliance Officer

Matthew J. Segal



T 206,245.1700 D 206,245.1718 F 206,245.1768



1191 Second Avenue, Suite 2100, Seattle, WA 98101 matthew.segal@pacificalawgroup.com

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FY11-12: 04/01/11 - 03/31/12

Summary		<u>Union</u>	<u>Foundation</u>	<u>E</u>	ndowment	<u>C</u>	Combined
# of Staff contributing:	•	11	2		0		13
Total campaign donations YTD:	\$	51,572	\$ 194,213	\$	-	\$	245,785
% of FY11-12 Expenses:		8%	8%		0%		7%
Total FY11-12 Expenses:	\$	658,793	\$ 2,547,407	\$	290,667	\$ 3	3,496,867

Details

	To the second or the second of the second	Control of the second second second	a now and the contract of
<u>Union</u>		New Approach	Washington United for
	<u>Combined</u>	<u>Washington</u>	<u>Marriage</u>
# of staff:	11*	11	2
Staff & Contractor:	34,983	29,216	5,766
Direct:	532	427	104
Indirect:	3,547	2,992	555
InKind Total:	39,061	32,647	6,425
Cash Gifts:	12,500	12,500	-
Grand Totals:	51,572	45,147	6,425
* 2 staff worked	on both campai	gns	

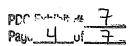
Washington **Foundation** New United for Approach Combined Washington <u>Marriage</u> # of staff: 81,706 81,706 Staff Exps: Direct: 21,655 21,655 10,850 10,850 Indirect: 114,213 114,213 InKind Total: Cash Gifts: 80,000 80,000 **Grand Totals:** 194,213 194,213 (no donations) (no donations) **Endowment Fund** (no donations)

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Public Disclosure Commission

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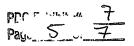
YTD FY12-31: 04/01/12 - 10/31/12

Summary - Projected Year-End	<u>Union</u>	Foundation Programme 1	<u>E</u>	ndowment	9	Combined
# of Staff contributing:	9	2		0		11
Total campaign donations - Projected Year-end:	\$ 98,621 12%	\$ 168,390 6%	\$	- 0%	\$	267,011 7%
Total FY12-13 Budget:	\$ 810,753	\$ 2,648,300	\$	310,544	\$	3,769,597

Details - Projected Year-End

<u>Union</u>			New Approach		Washington United for	
	<u>Combined</u>		<u>Washington</u>		<u>Marriage</u>	Francisco de la companya del la companya de la comp
# of staff:	9*		8		3	RECEIVED
Staff & Contractor:	60,490		37,825		22,665	The state of the s
Direct:	30,720		858		29,862	NOV 2 7 2012
Indirect:	7,411		5,116		2,295	Public Disclosure Commission
InKind Total:	98,621		43,799		54,822	1 apric Proplodure Commission
Cash Gifts:	-		-		-	
Grand Total:	98,621		43,799		54,822	
* 2 staff worked	on both campai	g	ns	200		
						levine and the second s
<u>Foundation</u>	0		New Approach	and of the same of the same of	Washington United for <u>Marriage</u>	
# -t -t-tt.	Combined 2		<u>Washington</u> 2	and the best days	warrage	
# of staff: Staff Exps:	60,494		60,494	distribution.	_	
Direct:	. 17	200	17		_	
Indirect:	7,877		7,877	S. S. Salas diam		
i indirect.	7,077		7,077			
InKind Total:	68,390		68,390		-	
Cash Gifts:	100,000		100,000		-	
Grand Total:	168,390		168,390	donation	-	
		П				
Endowment Fund	(no donations)		(no donations)		(no donations)	

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NAWA Campaign Work - Staff Expenses YTD FY12-31: 04/01/12 - 10/31/12 Public Disclosure Commission ACLU-WA

		ACLU-WA	WA			ACLU-WA Fdn	Fdn			Combined	hed		
		Expenses	%			Expenses	%			Expenses	%		
Total dona	Total donated exps:		86.6		\$	56,461	5.3%		↔	91,764	6.5%		
. Total all s	Total all staff exps:	\$356,622	100.0%		€	\$1,063,633	100.0%		€	\$1,420,255	100.0%	<u> </u>	
	Note:		es include sa	alaries, all pa	ıyroli taxes, a	Staff expenses include salaries, all payroll taxes, and all benefits	ts						
		12	7	10	თ	ω	7	9	Ŋ	4	ო	2	₩.
		8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
<u>ID</u> staffer	Total	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	<u>Inl</u>	<u>unl</u>	May	Apr
ACLU-WA Fdn:													
hola Alison	54,206						7,732.01	7,980.61	7,881.18	7,632.56	7,577.61	7,576.23	7,826.15
coom Mark	2,254				in die		482.93	571.27	139.14	347.85	208.71	261.00	243.58
Total ACLU-WA Fdn:	56,461												
ACLU-WA (Union):													
robb Brian R.	17,801						4,581.21	3,046.72	2,935.53	1,628.72	2,220.71	1,929.75	1,458.40
hond Doug H.	756	PI Pa					187.94	1	93.97	46.99	94.79	47.41	284.42
shaj Jennifer	2,124	OC I					687.59	229.20	. 229.20	343.80	171.93	231.29	231.22
tayk KT	3,205	Fythi					203.86	474.14	489.95	316.10	256.83	987.99	476.23
weil Larry	272	ibin 2											272.25
rebl Liezl	1,906	# U:					627.30	48.46	114.77	205.67	254.15	231.57	423.58
gagm Mary	5,293	7 7					1,669.12	2,281.14	1	278.19	222.72	449.15	392.94
nars Shankar	3,947						•	387.63	532.99	436.08	927.74	488.92	1,173.20
Total ACLU-WA Union:	35,303	ا بــــــر											
Total Combined Donated:	91,764	,	•	ı	•	ı	16,171.96	15,019.17	12,416.73	11,235.96	11,935.19	12,203.31	12,781.98
		Ī											

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NOV 27 2012

NAWA Campaign Work - Staff Time Tracked YTD FY12-13: 04/01/12 - 10/31/12 8.3% 156.00 32.50 6.00 Apr 5.8% 100.0% 8.3% 151.00 1.00 Мау N Combined 8.3% 1.0 16.7 Jun 151.50 6.00 FTES 49.50 ო 1,878.9 32,554.5 8.3% 153.50 10.00 Hrs 36.50 킈 8.3% Aug 158.50 4.00 99.00 2.00 1950hrs/year S 4.7% 100.0% Sep 8.3% 160.50 16.50 68.50 9 ACLU-WA Fdn 37.5hrs/week 8.3% Oct 12.6 155.50 9.0 14.00 103.00 4.00 Public Disclosure Commission 24,655.0 Nov 8.3% ΞĽ 1,151.5 ω The ACLU's standard work hours are: 7.5hrs/day Dec 8.3% თ 9.2% 100.0% Jan 8.3% 9 ACLU-WA 8.3% Feb FTEs 4.1 9.7 7 8.3% Mar 727.4 7,899.4 Hrs PDC EVELLE 4 7 Note: Total all staff time: 1,086.5 65.0 399.016.0 Total donated time: Total ACLU-WA Fdn: 1,151.5 Hrs hond Doug H. robb Brian R. ACLU-WA (Union): staffer hola Alison coon Mark ACLU-WA Fdn: ACLU-WA

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263.33

242.92

244.75

230.26

254.65

305.75

337.28

1,878.9

total combined donated:

Total ACLU-WA Union:

nars Shankar

gagn Mary rebl Liezl

4.00 6.00 10.00 10.83 7.00 24.00

4.00 12.50

3.00 3.25

6.00 4.00

4.00 6.20

4.00 6.00

12.00 2.60

37.0 40.6 10.0 48.9 95.0 81.0 727.4

shaj Jennifer

weil Larry

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