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FY 2013

The public's right to know of the financing of political campaigns and lobbying and the financial affairs of elected officials and candidates far outweighs any right that these matters remain secret and private.

RCW 42.17A.001(10)

Washington State Public Disclosure Commission 711 Capitol Way Rm 206 | P O Box 40908 Olympia WA 98504-0908 (360) 753-1111 | Toll-free 1-877-601-2828 www.pdc.wa.gov | e-mail: pdc@pdc.wa.gov

Letter from the Executive Director

am pleased to present the Public Disclosure Commission's annual report for fiscal year 2013.

This year we enter our fourth decade of shining the light of public disclosure on money in Washington politics. The Commission's vision to ensure and enhance public confidence in the political process and government is as relevant now as it was forty years when the voters created the PDC. While our vision has remained constant, the amount of money in politics increased dramatically over recent years, and the environment in which we operate has evolved considerably.

We are proud to report that this year Washington was one of just 11 states to receive an "A" grade from the National Institute of Money in State Politics for disclosure requirements related to independent spending in campaigns. As a result of our robust disclosure system, the PDC was able to make available to the public information about \$173 million dollars spent on 1,274 state and local campaigns conducted in Washington in 2012. Details about the source of contributions and expenditures were available on the PDC's website within an hour of receipt from the committees filing their required reports with us.

While maintaining this tradition of timely disclosure, the Commission has been challenged to keep up with the evolution of our customers' expectations, particularly in the areas of technology and the demand for quick turnaround of complaint investigations. After absorbing the loss of twenty-five percent of our funding and one quarter of our staff during the cutbacks caused by the great recession, we have struggled to do more with less. We have taken advantage of opportunities to review operations and revise procedures to make our enforcement program more efficient. And we continue to look for ways to innovate and adapt within our currently available resources.

The Commission is committed to adopting a long-term sustainable plan to achieve and maintain a state-of-the-art system that supports a user-friendly interface with our filers and the public.

Thank you for your interest in the Public Disclosure Commission.

Sincerely,

Andrea McNamara Doyle Executive Director

Executive Summary	.Authority & Jurisdiction3 .Funding4 .Accomplishments/Awards5 .Challenges6
Policy	.2013 Legislation.7.FY 13 Rulemaking.8.Interpretations.9.Litigation.10
Office Overview	Administration14 .IT & Data Entry15 .Compliance & Training16 .Outreach & Training24

Commissioners/Executive Staff

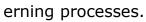
- Members of the Commission..26
- Executive Staff Members.....29

Authority and Jurisdiction

ashington State's public disclosure law, RCW 42.17A, contains five main areas of jurisdiction:

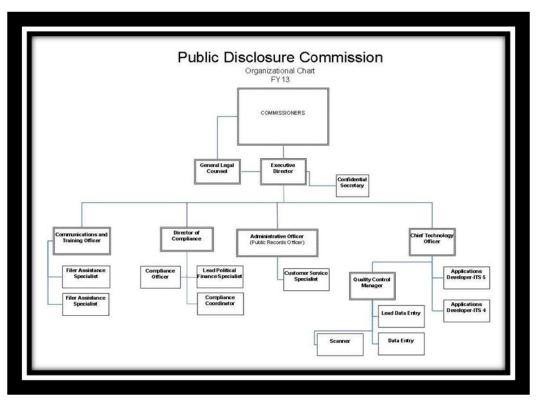
- 1. campaign finance disclosure,
- 2. contribution limits,
- 3. political advertising,
- 4. personal financial affairs disclosure by candidate, elected officials, and executive state officers, and
- 5. lobbyist disclosure.

The Public Disclosure Commission enables public access to campaign finance data, lobbyist expenditures, and the financial affairs of public officials and candidates. The PDC also works to ensure compliance with and equitable enforcement of Washington's disclosure and campaign finance laws. The Commission's work is crucial to the State's mission and goes directly to the heart of the State's political and gov-



93,228 visitors accessed the PDC's website during FY 13. Total number of visits = 286,310

We are pleased to present this report highlighting the important activities of the Public Disclosure Commission during fiscal year 2013 (July 2012 – June 2013). This annual report shares information about the agency's significant accomplishments and challenges, as well as its ongoing efforts to fulfill its mission " *to provide timely and meaningful public access to accurate information about the financing of political campaigns, lobbyist expenditures, and the financial affairs of public officials and candidates, and to ensure compliance with and equitable enforcement of Washington's disclosure and campaign finance laws."*



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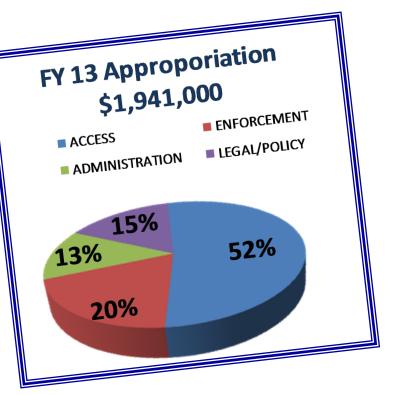
Funding

he agency is funded entirely from state general fund appropriations. During FY 2013, the agency's total appropriation was \$1.94 million, down from FY12's \$2.02, and continues to be at its lowest level since 2007. FY13 staffing and budget information are summarized below.

Employees

- 13 Classified employees
 - 1 Exempt employee
 - 2 Washington Management Service employees
 - 3 Exempt Management Service employees

Operating Budget



Our budget appropriation is allocated across four general areas, reflecting our highest priorities: providing public access to our data, and providing fair, equitable, and timely enforcement of our laws.

Category	FY Allotment	FYTD Expenditures
Salaries and Wages	1,093,090	1,088,559
Employee Benefits	358,056	354,853
Professional Service Contracts	0	2,360
Goods and Other Services	241,224	244,360
Attorney General Services	203,848	137,166
Travel	13,640	8,725
Capital Outlays	31,142	47,499
Grants, Benefits & Client Services	0	797
Total	<u>1,941,000</u>	<u>1,884,319</u>

Accomplishments/Awards

The PDC's FY 13 progress towards the goals contained in its 2011-13 strategic plan includes:

Goal I.

Identify and implement strategies to make prevention and enforcement efforts more effective;

- a. Changes were made to how complaints are processed to make intake and triaging more efficient and to streamline the investigation phase.
- Efforts are underway to create a resource tool for commissioners summarizing enforcement history and penalties, which will allow commissioners to easily research compara-

Goal II.

Provide quick and easy public access to information;

a. In FY 12, the PDC launched an electronic filing application for public agency lobbying activity. Outreach efforts to encourage public agencies to use the application continued through FY 13 resulting in 114 agencies creating user ac-

Goal III.

Promote external communications:

 a. The number of PDC Facebook "fans" increased to 325.
 Staff have been researching records retention issues related to social media tools as well as best practices as the Commission considers using other social media platforms.

Goal IV.

Increase Commission and staff capacity to meet organizational challenges.

- a. Standardizing computer drives and Email folders is underway. More details about the work done so far can be found on <u>p. 15</u>.
- b. Commissioners received training on the Open Public Meetings Act, changes to the PDC's penalty authority that took effect in 2012, and other topics. The PDC's compliance and outreach staff received training as the PDC implemented new laws and rules. New hires and the commissioner appointed in FY 13 were trained on public records requirements, records retention, and the State Ethics Law.
- c. Agency request legislation was proposed in 2013 to recommend repeal of a provision in RCW 42.17A.420 that was found unconstitutional. The PDC also participated in a legislative briefing following a ruling in a case the challenged contribution limits on recall campaigns.
- d. The Commission updated its public records rules. More details can be found on p. 7.

Washington State was one of only 11 states to receive an **A** grade from the National Institute on Money in State Politics for disclosure requirements related to independent spending in campaigns.

5

EXECUTIVE SUMMARY

6

Challenges

hile all areas of the agency have seen resources reduced, the Compliance Division was most severely impacted in FY 13 by the elimination of one FTE (due to budget cuts) and the departure of an employee (who accepted a promotion to another agency). The vacant position was left unfilled for three months and then reclassified to absorb further budget reductions. These reductions have contributed to a larger backlog of complaint investigations, and a scaling back of our audit activities, but the PDC took advantage of the opportunity to review operations, reassign certain job duties, and revise procedures to make the enforcement program more efficient.

Keeping abreast of evolving technology has been another significant challenge for the PDC on several fronts. Transitioning from "old school" manual, paper reporting methods to electronic reporting has dramatically enhanced public access to campaign and lobbyist data. The PDC's small IT staff is spread thin maintaining and updating the agency's e-filing and public access applications in order to keep up with changing Internet browser technology and other user-end software updates. "Platform proliferation" such as tablets, smart phones, and other types of new personal computing devices has outpaced the IT staff's capacity to adapt existing applications to these new platforms. Securing adequate funding for basic IT maintenance and disaster recovery continues to challenge the PDC. Another way in which rapidly evolving technology challenges the Commission is in addressing how technology is being used by campaigns in their advertising and fundraising efforts. Applying laws and regulations written in the pre-Internet era to a continually changing environment is an ongoing challenge.

...PDC took advantage of the opportunity to review operations, reassign certain job duties, and revise procedures to make the enforcement program more efficient.

Legislation Passed in 2013

Campaign Disclosure Related Legislation:

SB 5258 (agency request legislation)

Aggregating the cost of related ballot measures for purposes of Top Five sponsor identification requirements

Chapter 138, 2013 Laws, Effective July 28, 2013

Summary: Requires a political committee to aggregate the cost of advertisements it sponsors about a particular ballot measure and include the committee's top five contributors in the sponsor identification when the cost of the ads reaches \$1,000 or more.

SB 5748

Extending contribution limits to candidates for public hospital districts boards of commissioners.

Chapter 311, 2013 Laws, Effective July 28, 2013

\$800 per election contribution limit enacted for hospital commissioner candidates seeking election to public hospital district commission in a district with a population exceeding 150,000.

SB 5507

Increasing transparency of donors to candidates and ballot measures

Chapter 283, 2013 Laws, Effective July 28, 2013

Requires the statement "for a list of the people and organizations that donated to state and local candidates and ballot measure campaigns, visit www.pdc.wa.gov" in a prominent position in the voters' pamphlet and on ballots. A county auditor or local election official has the discretion to place the statement on the ballot envelope rather than on the ballot.

Lobbying Related Legislation:

HB 1093

Regarding state agency lobbying activities

Chapter 166, 2013 Laws, Effective January 1, 2014

Imposes personal liability, in the form of a civil penalty of \$100 per statement, on a state agency director who knowingly fails to file quarterly lobbying disclosure statements pertaining to the lobbying activities of the agency. Subjects state agency official, officer, or employee to potential civil penalty for knowingly directing or spending public funds in violation of agency lobbying restrictions. Requires state agencies to file quarterly lobbying reports electronically.

FY13 Rulemaking

PDC Public Records Rules:

The Commission updated its public records rules to recognize the recodification of the Public Records Act, adopt relevant provisions of the state's model public records rules, and address modern types of public records requests such as for electronic records.

New: WAC 390-14-011, 390-14-027, 390-14-028

Amended: WAC 390-14-015, 390-14-020, 390-14-025, 390-14-030, 390-14-035, 390-14-040, 390-14-045, 390-370-001, 390-37-060

Repealed: WAC 390-13-010

Campaign Finance Rules:

Contribution Limits

Newly enacted contribution limits for school board candidates (Chapter 292, 2012 Laws) were adjusted so as to be consistent with contribution limits in place for other candidates.

Amended: WAC 390-05-400

Electronic Filing

Redefined when a returning candidate must begin electronically filing contribution and expenditure reports.

Amended: WAC 390-19-030

Contribution Withholding Authorizations

Allow for an employee's electronic authorization to qualify as a "written request" directing payroll deductions for political contributions.

Amended: WAC 390-17-100

Political Advertising Rules:

Campaign Activities on the Internet

Incorporate online campaign activities into PDC's political advertising rules and clarify when sponsor identification is required.

New: WAC 390-18-015

Amended: WAC 390-05-290, 390-05-520, 390-17-405, 390-18-030

Sponsor ID – "Top Five" Contributors

Newly enacted requirement that political committees include top five contributors in sponsor identification for ballot measure related political ads that cost \$1,000 or more.

Amended: WAC 390-18-010 and 390-18-025

Other Rules:

Enforcement – Penalty Factors

Describes factors the Commission may consider when assessing a penalty.

New: WAC 390-37-182

Personal Financial Affairs Disclosure

Modifies the process by which the Commission annually receives professional staff member lists from the governor, senate, and house of representatives.

Amended: WAC 390-24-160

PDC Administration

Removed "secretary" from PDC officers. Amended: WAC 390-12-170

FY13 Interpretive Statements

Online Campaign Activities, Interpretation 07-04

FY 13 update addresses new technologies to emerge since the interpretation was adopted in 2007 and inserts references to PDC rule making regarding online campaign activities.

Guidelines for Contributions Made Over the Internet, Via 1-900 Telephone Numbers and Other Technologies Such as Text Messages, Interpretation 00-02

FY 13 update combined two interpretations that addressed contributions made by 1) 1-900 telephone number and 2) credit card and addressed evolving methods, such as text messaged contributions.

Guidelines for Local Government Agencies in Election Campaigns, Interpretation 04-02

FY 13 update answers frequently asked questions about using public facilities, specifically uniforms, to support or oppose candidates or ballot measures.

Litigation

he following is a summary of major litigation occurring in FY 2013 and other pending litigation in which the Washington State Public Disclosure Commission was or is a party, or in cases that were referred to or investigated at the request of the Attorney General's Office. This summary does not include the superior court cases pursued to collect unpaid penalties imposed by the PDC.

Federal Courts Ninth Circuit Court of Appeals

Farris, Recall Dale Washam, Oldfield & Helsdon v. Seabrook et al., Ninth Circuit Court of Appeals No. 11-35620; U.S. District Court No. C11-05431-RJB. (Pending.) This is a federal First Amendment challenge to a contribution limit applicable to a committee seeking to recall a county official, and to a campaign contributions timing provision. The recall effort sought to recall Pierce County Assessor-Treasurer Dale Washam. Those leading the recall effort—Robin Farris, the Recall Dale Washam political committee, and their law firm—sued the State in U.S. District Court in June 2011. They sought to enjoin the contribution limit in former RCW 42.17.640(3) (now codified at RCW 42.17A.405) applicable to county official recall committees. They also sought to enjoin the 21-day/\$5,000 timing provision for contributions in former RCW 42.17.105(8)(now codified at RCW 42.17A.420)(the same statute that was challenged in the *Family PAC* case—see discussion of that case below). They sought to enjoin the state from enforcing the statutes against them or anyone else.

In June 2011 the District Court stayed the issue concerning the 21-day/\$5,000 timing provision pending the Ninth Circuit's consideration of the *Family PAC* case. In July 2011, the District Court entered a preliminary injunction enjoining the State from applying the statutory contribution limit in RCW 42.17.640 (3) to the Plaintiffs. In July 2011 the State appealed that decision to the Ninth Circuit Court of Appeals. Upon the State's motion the District Court stayed further District Court proceedings pending the appeal, but denied the State's request that the injunction itself be stayed pending approval. In September 2011, the recall effort failed to qualify for the ballot due to an insufficient number of qualified signatures. In January 2012, the Ninth Circuit Court of Appeals upheld the preliminary injunction order, enjoining the State from applying the contribution limits to the Plaintiffs. The case returned to the District Court for further proceedings and for a final order.

In November 2012 the District Court granted Plaintiff's Motion for Summary Judgment, enjoining the

Policy

State from applying the statutory contribution limit in RCW 42.17.640(3) to the Plaintiffs. The court did not enjoin the State from applying the limits to others (facially). In January 2013, the District Court struck the Plaintiffs' motion for attorneys fees and costs because it was untimely filed. Plaintiffs filed on appeal to the Ninth Circuit Court of Appeals from the order denying attorneys fees and appealed the District Court's decision enjoining the State from applying RCW 42.17A.405 (3) to the Plaintiffs only because they want the State enjoined from applying the limits to any and all recall committees. Those Ninth Circuit appeals are pending. Farris et al. are represented by the Institute for Justice, the same counsel as in *Many* Cultures One Message et al. and Institute for Justice et al. cases (see below).

Family PAC v. McKenna et al., Ninth Circuit Court of Appeals Nos. 10-35832, 10-35893. (Attorneys' fees issue pending.) This was a federal First Amendment challenge to disclosure requirements and other provisions governing campaigns in Washington State. The political committee Family PAC filed this civil rights challenge in U.S. District Court in October 2009, seeking a temporary restraining order, preliminary injunction and other relief. Family PAC sought to enjoin as unconstitutional the disclosure and other provisions at former RCW 42.17.090 (disclosure of contributors giving more than \$25, now codified at RCW 42.17A.240), WAC 390-16-034 (disclosure of occupation and employer of contributors giving more than \$100) and RCW 42.17.105(8)(a 21-day/\$5,000 timing provision, now codified at RCW 42.17A.420).

In October 2009, the District Court denied Plaintiff's request for a temporary restraining order and preliminary injunction. In September 2010, the District Court denied permanent relief for the Plaintiff, except for granting relief related to RCW 42.17.105(8), holding that it cannot be constitutionally applied to ballot measures. The State appealed the latter decision and obtained (from the Ninth Circuit Court of Appeals) a stay of that portion of the District Court decision while the appeal was pending. Plaintiff cross-appealed the remaining parts of the District Court's decision concerning disclosure, and also asked the U.S. Supreme Court to overturn the Ninth Circuit's stay. The Supreme Court denied Plaintiff's stay request in October 2010 (U.S. Supreme Court No. 10-A-357). The Ninth Circuit affirmed the District Court in December 2011, upholding the disclosure of the contributor information, and enjoining the application of RCW 42.17.105(8), the 21-day provision, to ballot measure committees.

In January 2012, the Ninth Circuit transferred the attorneys fees award issue back to the District Court, which awarded Plaintiff more than

Litigation (Continued)

\$146,000 in fees and expenses. The State appealed the award to the Ninth Circuit and asked the District Court to stay payment until the appeal concludes. The District Court granted the stay. The State's appeal regarding fees is pending.

Many Cultures, One Message and Red State Politics d/b/a "Conservative Enthusiasts" v. Clements et al., Ninth Circuit Court of Appeals No. 11-36008. This was a federal First Amendment challenge to Washington State's grassroots lobbying disclosure law at former RCW 42.17.200 (now codified at RCW 42.17A.640), and to exemptions from registration and reporting requirements under former RCW 42.17.160 (now codified at RCW 42.17A.610). The complaint was filed in April 2010. Plaintiffs challenged the law as unconstitutional, facially and as applied to them. Among other claims, they asserted RCW 42.17.200 places undue burdens on filers. In November 2011, the District Court entered a summary judgment order denying all of Plaintiffs' claims, upholding all the challenged grassroots disclosure provisions, and awarding judgment for the State. Plaintiffs appealed to the Ninth Circuit Court of Appeals in December 2011. The Ninth Circuit affirmed the District Court's dismissal of Plaintiffs' action based upon their lack of standing and, upon remand, ordered the District Court to vacate the remainder of its judgment in March 2013. No appeal petition was filed with the United States Supreme Court. The case has concluded, and all the challenged grassroots disclosure provisions remain in effect.

United States District Court

Farris, Recall Dale Washam, Oldfield & Helsdon v. Seabrook et al., See description of *Farris* case above under Ninth Circuit Court of Appeals cases.

State Courts

State Supreme Court

No cases to report for FY 2013

Policy

Litigation (Continued)

Court of Appeals

Baker v. PDC, Court of Appeals No. 435888. Mr. Baker was a candidate for Pierce County Auditor in 2009. In December 2009 he appealed from a Commission order finding his C-1 (candidate registration) and F-1 (personal financial affairs disclosures) reports were not timely filed and also reinstating a previously suspended penalty. In May 2012, the Thurston County Superior Court dismissed Mr. Baker's appeal. Mr. Baker appealed to the Court of Appeals in June 2012. In March 2013, the Court entered a Conditional Ruling of Dismissal if the Court did not receive Mr. Baker's brief and cure of prior sanctions accrued since June 2012. No brief was filed. Following a further motion by Mr. Baker, the appeal was finally dismissed in July 2013. The case has concluded.

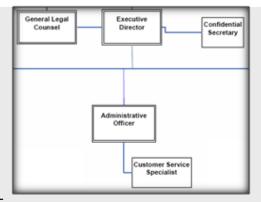
Superior Court

Institute for Justice, Robin Farris, Recall Dale Washam, Oldfield & Helsdon v. State of Washington, PDC, et al., Pierce County Superior Court No. 13-2-10152-7. (Pending.) Plaintiffs are challenging as unconstitutional RCW 42.17A's definition of reportable contribution to the extent it includes contributed legal services donated to a recall committee for its civil rights litigation. In June 2013, the Court granted Plaintiffs' Motion for Preliminary Injunction. The Court enjoined the State from requiring Recall Dale Washam to report as in-kind contributions any pro bono legal services provided by the Institute for Justice and Oldfield & Helsdon to Recall Dale Washam related to civil rights litigation. The Court also enjoined the State from taking any action against Recall Dale Washam or Farris for failing to report pro bono legal services provided by the Institute and Oldfield & Helsdon for the committee's civil rights litigation. The injunction applies to the Plaintiffs only. Plaintiffs are also involved in *Farris et al*. See above Ninth Circuit Court of Appeals case description. Trial on the merits is pending.

"The caption was later updated to reflect changes in State Defendants serving in the named positions."

Administration

he Administration Division is responsible for Commission support, policy development, monitoring legislation and preparing fiscal notes, and carrying out the agency's business functions such as records management, budget and financial operations, personnel and payroll functions, and facilities management. As the PDC's chief administrative officer, the Executive Director is responsible for budget administration and also oversees the day-to-day operations and work of the PDC's staff, the performance of the agency's statutory and administrative functions, and acts as agency spokesperson and liaison with the governor's office, legislature, and other stakeholders. The General Counsel is the PDC's legal advisor and, together with the Executive Director, makes recommendations to the Commission on interpretations and enforcement of RCW 42.17A, rule making, and litigation.



Adapting to Change

During FY 13, the Administration Division was challenged by the customer service specialist's extended medical leave during the final months of the 2012 election cycle. Critical front office functions such as in-person customer assistance, processing the mail, etc. were performed by other agency staff. For the first time ever, the PDC began using an automated telephone system to answer incoming calls. A self-service filing station with an automated time/date stamp was also installed so that individuals who file their reports in person could leave them for processing at the end of the day with the assurance that reports would show the accurate filing date. These were necessary but difficult concessions for the PDC, since it strives to provide excellent, personalized customer service.

The PDC adapted to change once again when its long-time administrative officer left for another job near the end of FY 13. After reviewing operations, the PDC significantly changed employees' administrative responsibilities at the start of FY 14 by consolidating the Administrative Officer and Confidential Secretary roles into one Executive Assistant position.

Improving Business Functions

The PDC's collections process was modified in an effort to ensure that the penalties assessed by the PDC are paid by the due date and to reduce or eliminate the need to refer matters to the Attorney General's Office or a collection agency.

The agency's extensive public records The PDC collected \$99,865 in fines and penalties in FY 13. Total collected during the biennium = \$210,165.

review that began in FY 12 concluded with rule making in FY 13 and the development of a new records management system. The PDC received and processed 81 formal records requests during FY 13, the most requests ever received in a single fiscal year. These formal requests were in addition to the hundreds of routine, informal requests for records that are fulfilled each year from filers, the media, and the general public seeking copies of reports or other PDC forms.

Information Technology & Data Entry

he PDC's IT and data entry staff develops and maintains software and other electronic filing applications for reporting and disclosing campaign, lobbying, and personal financial data; performs data base administration and data entry; builds and maintains applications that allow public access to the PDC's data and reports; and provides telephone, computer, and other technical support to the Commission members and staff.

Automating Agency Processes

1,274 campaigns ...

on the PDC's website

Contribution and expendi-

ture details were available

within one hour of receipt.

Public Records Requests: During FY 2013, the IT staff developed an online public records request application with internal management controls. This application contains prompts designed to solicit enough detail in the initial requests so that they can be fulfilled more quickly. The PDC is one of the first state agencies to offer an online option for making public records requests. In conjunction with improving the public records request process, the IT staff launched

a major effort to improve the management of the agency's electronic records by cleaning up shared computer files and standardizing computer drives for agency employees. This involved a thorough review of file structures and contents

to ensure that emails and other electronic records are stored and maintained in accor-**Following the Money-2012** dance with the PDC's retention schedules and best practices. **Elections**

Collecting last minute contribution data: IT staff built and launched an online application for campaigns to electronically file certain required reports concerning large contributions given or received in the last weeks before an election. Prior to this ... \$173 Million spent new e-filing application, PDC staff had to spend many hours processing and data entering these special reports that were faxed or e-mailed (more than 1,200 during the 2012 election alone!). Receiving these reports electronically will eliminate considerable staff processing time, as the data will be automatically loaded into the publicly available database.

Improving Public Access to PDC Data

Last minute contribution data: The development of the electronic filing application allowed the PDC to expand its public database search capability to include last minute contribution data. This replaced an archaic manual compilation that was updated twice daily that resulted in a very large PDF document that had to be combed through page-by-page.

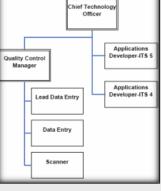
Lobbyist and lobbyist employer e-filing application improvements: IT staff made improvements to the PDC's filing applications to prevent users from filing incomplete or incorrect reports that required many staff hours to correct through data

cleanup efforts. The improvements ensure that lobbyists who report electronically do not omit or overlook employers when reporting monthly activity. They also ensure that employers who engage multiple lobbyists include compensation paid to all lobbyists when electronically filing their annual reports.

Linking PDC data to online voter's pamphlet: During FY 13, considerable work was invested in making PDC campaign contribution and expenditure data available through website links embedded in the Secretary of State's online voter's pamphlet. The PDC and Secretary of State have been and will continue synchronizing their systems with a goal of completing the project in FY 14 so that voters reviewing the online voter's pamphlet will have direct links to the campaign finance reports of candidates and ballot measure committees.

Provide quick & easy access to information:

40,943	pages scanned for internet access			
180,104	e-filed pages proc- essed for internet access.			



Compliance & Enforcement

One of the most visible roles of the PDC is to ensure compliance with and equitable enforcement of Washington's campaign finance disclosure laws and rules. This is accomplished through audits, and investigating and adjudicating complaints. Most of the complaints alleging violations of Chapter 42.17A RCW are filed by members of

the public, while a very small percentage are generated by PDC staff. In addition to the complaints filed directly with the PDC, certain complaints filed with the Attorney General or a county prosecutor ("45-day citizen action letters") may also be referred to the PDC for investigation and possible adjudication.

Staff Reductions

Budget cuts resulted in the elimination of one position from the Compliance & Enforcement Division at the beginning of FY 13, and another position was vacant for three months after a compliance staff member promoted to another agency. As a result of these staffing reductions, the PDC's audit activities were severely curtailed and limited to ensuring that lobbyists, lobbyist employers, candidates, and elected officials timely filed routine reports.



<u>Audits</u>

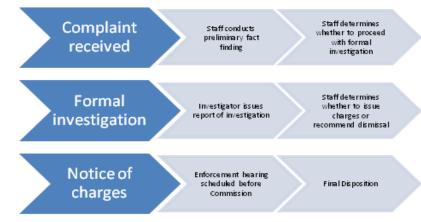
Staff focused its limited audit functions on maximizing voluntary compliance by 2012 candidates, 2012 lobbyist employers, and lobbyists who registered in 2013. This was accomplished by coupling audits with reminders, offers of filer assistance, and ultimately warning letters and enforcement as follows:

- 2012 Candidates Warning letters with filing instructions were sent to 159 candidates who filed a declaration and then failed to register the campaign with the PDC and/or file a personal financial affairs statement (out of a total of more than 2,800 state and local candidates with PDC filing requirements). The letters proved effective in that only 8 candidates required further enforcement – 3 candidates paid a modest \$100 penalty and waived the hearing, and hearings were held for the remaining 5 candidates.
- 2013 Lobbyists Staff shortages delayed the start of our annual lobbyist audits until April, at which time January and February reports were reviewed. Sixty four of the 800+ registered lobbyists received first offense warning letters for failing to file a monthly activity report. Second offense hearing notices were sent to nine lobbyists five filed, waived the hearing, and paid the penalty and hearings were held for the remaining four.
- 2012 Lobbyist employers 249 lobbyist employers receiving warning letters with filing instructions upon failing to file an end-of-year report disclosing their 2012 lobbying expenditures. Just 38 of the more than 1,240 registered lobbyist employers failed to heed the warning and were scheduled for an enforcement hearing.

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Compliance

Each complaint undergoes a preliminary review to ensure that the PDC has jurisdiction over the alleged violations and to determine whether a formal investigation is warranted. The bulk of compliance staff hours are spent conducting these preliminary reviews. Many complaints concerning minor or technical violations are resolved with a warning letter after the subject of the complaint takes corrective action. Only a relatively small percentage of the complaints are formally investigated, but due to resource constraints, the PDC currently has a backlog of such investigations. The results of the investigation determine whether the staff issues



charges for an enforcement hearing or recommends that the Commission dismiss the complaint. The Commission has authority to hold an administrative hearing, determine whether violations of RCW 42.17A have occurred and, if so, assess a civil penalty. When charges are filed, the staff will work to reach a stipulated agreement with the respondent which the Commission may accept in lieu of holding a hearing.

Complaints received in FY 13:

- **132** filed by citizens
 - **3** generated by staff
 - **4 45-day citizen action letters referred by the Attorney General and/or a county prosecutor.**

As of June 30, 2013, 33 formal investigations were initiated from the 139 complaints received during FY 13.

Enforcement

The Commission conducts two types of enforcement hearings. The *brief enforcement hearing* is conducted by a single commissioner and appropriate for cases in which the facts are undisputed and the violations appear to be relatively minor in nature. The Commission's penalty authority for a case heard in the brief enforcement venue is \$500. Cases that do not fit the criteria for a brief enforcement hearing are heard by the full Commission. In these cases, the Commission's maximum penalty authority is

\$10,000 per violation. campaign The Commission adjudifinance cated 23 formal enforcement cases in FY 13 that use of facilities alleged violations of campaign finance laws, nonpersonal disclosure of a candidate's financial affairs or official's personal financial information, and using FY 13 adjudications: public facilities to support or oppose a campaign. 14 brief hearings The following pages con-9 full commission hearings tain case synopses. **23 TOTAL** 18 resulted in violations* **Results:** 4 dismissed <u>1</u> referred to AG for further action 23 TOTAL *includes 8 stipulations negotiated by staff Total penalties assessed = \$15,800

Six additional complaints were dismissed by the Executive Director with the concurrence of the Chair for lack of evidence or because the respondent took corrective action to remedy a minor violation.

Compliance & Enforcement (Continued)

Case Synopses - Campaign Finance:

Respondent: Case No. Complainant: Allegation: Result:	 New Americans for Accountable Government 12-109 Steve Finley Campaign finance – political committee filed 2010 post-election report and independent expenditure reports late Brief enforcement hearing held 1/18/13. Respondent found in violations of RCW 42.17.080, 42.17.090 and 42.17.103. \$300 penalty assessed
Respondent: Case No. Complainant: Allegation: Result:	Anne Blair 12-156 Sharon Gilpin Campaign finance – 2011 city council candidate's summary contribution & ex- penditure (C-4) reports filed late Brief enforcement hearing held 10/2/12. Respondent found in violations of RCW 42.17.080 and 42.17.090. \$200 penalty assessed, \$100 suspended with terms
Respondent: Case No. Complainant: Allegation: Result:	Concerned Citizens of Kirkland 12-154 Toby Nixon Campaign finance – political committee exceeded mini reporting limits Brief enforcement hearing held 10/2/12. Respondent found in violations of RCW 42.17.080 and 42.17.090 and WAC 390-16-125. \$200 penalty assessed, \$100 suspended with terms
Respondent: Case No. Complainant: Allegation: Result:	Scott Higgins 12-155 Kenton Kakuk Campaign finance – 2011 mayoral campaign's summary contribution & expen- diture (C-4) reports filed after the general election Brief enforcement hearing held 10/2/12. Respondent found in violations of RCW 42.17.080 and 42.17.090. \$500 penalty assessed, \$200 suspended with terms

Respondent:	James Fossos and 2011 James Fossos Campaign
Case No.	12-159
Complainant:	Jerry Galland
Allegation:	Campaign finance – incomplete reports filed for 2011 fire commissioner cam- paign
Result:	Stipulated to violation of RCW 42.17.060 and \$750 penalty, \$250 suspended with terms
Respondent:	Brian Brooks
Case No.	12-162
Complainant:	Tom Staley, Jr.
Allegation:	Campaign finance – candidate exceeded mini reporting limits
Result:	Brief enforcement hearing held 10/2/12. Respondent found in violations of RCW 42.17.080 and 42.17.090 and WAC 390-16-125. \$200 penalty assessed, \$100 suspended with terms
Respondent:	Ron Maybry
Case No.	12-162
Complainant:	Tom Staley, Jr.
Allegation:	Campaign finance – candidate exceeded mini reporting limits
Result:	Brief enforcement hearing held 10/2/12. Respondent found in violations of RCW 42.17.080 and 42.17.090 and WAC 390-16-125. \$200 penalty assessed, \$100 suspended with terms
Respondent:	Benjamin Messinger
Case No.	12-164
Complainant:	Tom Staley, Jr.
Allegation:	Campaign finance – candidate exceeded mini reporting limits
Result:	Brief enforcement hearing held 10/2/12. Respondent found in violations of RCW 42.17.080 and 42.17.090 and WAC 390-16-125. \$200 penalty assessed, \$100 suspended with terms

19

Compliance & Enforcement (Continued)

Respondent:	Brad Owen, Citizens to Re-Elect Brad Owen Lieutenant Governor, and Brad Owen Surplus Funds Account
Case No.	12-167
Complainant:	Joel Graves
Allegation:	Campaign finance – incomplete reports filed for 2012 lieutenant governor cam- paign; failure to report surplus account expenditures
Result:	Stipulated to violations of RCW 42.17 despite respondents' good faith attempts to file such reports and determine their filing requirements. Commission assessed \$1,000 penalty, \$500 suspended with terms
Respondent:	Family PAC and Joseph Backholm, Treasurer
Case No.	12-168
Complainant:	PDC Staff
Allegation:	Campaign finance – failure to disclose legal services contributed to Family PAC in multiple years beginning in September 2009
Result:	Referred to Attorney General for further enforcement action
Respondent:	Friends of Rob McKenna (McKenna for Governor) Campaign
Case No.	13-004
Complainant:	Kelly Wicker
Allegation:	Campaign finance – incomplete reports filed for 2012 gubernatorial campaign; failed to pay the Re-elect AG Rob McKenna campaign for items and services used by the gubernatorial campaign; and failed to timely disclose payments or reimburse- ments made to the Re-elect AG Rob McKenna campaign
Result:	Dismissed

Respondent:	Inslee for Governor Campaign			
Case No.	13-011 [45-day citizen action letter]			
Complainant:	Randy Pepple			
Allegation:	Campaign finance – late campaign registration; illegal transfer of congressional cam- paign contributions to gubernatorial campaign, failed to timely disclose transfers; and failed to obtain contributors' permission before transferring contributions			
Result:	Dismissed			
Respondent:	Washington United for Marriage and Sensa Salon			
Case No.	13-015 [45-day citizen action letter]			
Complainant:	Rebecca Foust			
Allegation:	Campaign finance – Sensa Salon illegally bundled contributions to Washington United for Marriage; Sensa Salon did not make available for public inspection employees' authori- zation to withhold wages for the purpose of making a political contribution			
Result:	Dismissed			
Respondent:	45th Legislative District Democrats			
Case No.	13-020			
Complainant:	Kevin Carns, Political Director, House Republican Organizational Committee			
Allegation:	Campaign finance – a bona fide political party legislative district committee filed late re-			
	ports during 2012 depriving the public of timely information about contributions it re- ceived in excess of \$54,000.			
Result:	ports during 2012 depriving the public of timely information about contributions it re-			
Result: Respondent:	ports during 2012 depriving the public of timely information about contributions it re- ceived in excess of \$54,000. Stipulated to multiple violations; Commission assessed \$2,500 penalty, suspended			
	ports during 2012 depriving the public of timely information about contributions it re- ceived in excess of \$54,000. Stipulated to multiple violations; Commission assessed \$2,500 penalty, suspended \$1,250 with terms			
Respondent:	ports during 2012 depriving the public of timely information about contributions it re- ceived in excess of \$54,000. Stipulated to multiple violations; Commission assessed \$2,500 penalty, suspended \$1,250 with terms North Central Affordable Housing Council			
Respondent: Case No.	 ports during 2012 depriving the public of timely information about contributions it received in excess of \$54,000. Stipulated to multiple violations; Commission assessed \$2,500 penalty, suspended \$1,250 with terms North Central Affordable Housing Council 13-029 			

Compliance & Enforcement (Continued)

Respondent:	Tacomans for Integrity in Government
Case No.	13-012
Complainant:	James L. King, Jr.
Allegation:	Campaign finance – a political committee's lack of timely disclosure (late C-4 reports) and lack of timely electioneering communication disclosure (late C-6 reports) during the 2012 election cycle
Result:	Brief enforcement hearing held 5/22/13. Respondent stipulated to multiple violations. Penalty of \$200 assessed

Case Synopses - Use of Public Facilities:

Respondent:	Mia Gregerson
Case No.	12-165
Complainant:	Aileen Fisher
Allegation:	SeaTacCity council member used public facilities to oppose a ballot measure and support candidates
Result:	Brief enforcement hearing held 6/27/13. Respondent found in violation of RCW 42.17.130. \$400 penalty assessed, \$200 suspended with terms
Respondent: Case No. Complainant:	Todd Blackman 13-001 Roger Lenk
Allegation:	Use of public facilities (Franklin Co. Fire Dist. 3) to support candidate
Result:	Brief enforcement hearing held 10/2/12. Respondent found in violations of RCW 42.17.130. \$100 penalty assessed, \$100 suspended with terms
Respondent:	Tami Herman
Case No.	13-003
Complainant:	Tami Herman
Allegation:	Use of public facilities (North Beach Water Dist.) to support a candidate
Result:	Brief enforcement hearing held 5/22/13. Respondent found in violation of RCW 42.17A.555. \$500 penalty, \$350 suspended with terms

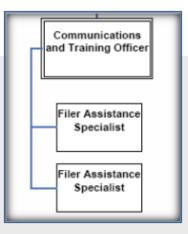
Respondent:	Steve Strachan, King County Sheriff			
Case No.	13-013[45-day citizen action letter]			
Complainant:	Alex Wilford			
Allegation:	Use of public facilities to support a candidate			
Result:	Brief enforcement hearing held 4/25/13. Respondent found in violation of RCW 42.17A.555. \$250 penalty, \$125 suspended with terms			
Respondent:	Pete Holmes, Seattle City Attorney, employees Kim Garrett, Kimberly Mills, John Scho- chet, and the City of Seattle			
Case No.	13-021 [45-day citizen action letter]			
Complainant:	Arthur West			
Allegation:	Use of public facilities to support a ballot measure			
Result:	Brief enforcement hearing scheduled 1/18/13. Presiding officer accepted Pete Holmes' and Kim Garrett's Stipulation of Facts, Violation, and Penalty (monetary penalty waived). Re-maining allegations dismissed			
Respondent:	Colleen Brandt-Schluter			
Case No.	13-034			
Complainant:	Aileen Fisher			
Allegation:	Use of public facilities (City of SeaTac) to oppose a ballot measure & support candidates			
Result:	Brief enforcement hearing held 6/27/13. Respondent found in violation of RCW 42.17.130. \$100 penalty assessed, \$50 suspended with terms			
Case Synopses	s - Personal Financial Affairs:			
Respondent:	Troy Kelley			
Case No.	13-017 [45-day citizen action letter]			
Complainant:	Kirby Wilbur, Chair, Washington State Republican Party			
Allegation:	Personal financial affairs disclosure – state representative filed incomplete annual reports in 2008 - 2012			
Result:	Brief enforcement hearing held 12/6/12. Respondent found in violation of RCW 42.17.241. \$200 penalty, \$100 suspended with terms			
Respondent:	James Watkins			
Case No.				
	13-018 [45-day citizen action letter]			
Complainant:	Bob Bennett			
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23

Office Overview

Outreach & Training

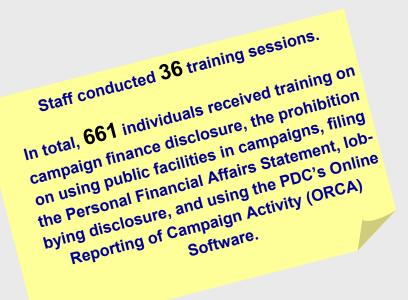
The PDC emphasizes outreach and training to boost compliance and reduce the need for enforcement. Our three Outreach & Training staff members focus their educational efforts on conducting workshops, answering compliance questions, keeping filers apprised of statute and rule changes, supporting the PDC's online filing software and seven electronic filing applications, regularly reminding campaigns, lobbyists, and other filers of deadlines and key dates, producing filer instructions, and assisting those who seek campaign finance data. The PDC communicates directly with individuals under its jurisdiction as well as through associations that represent elected



officials. Outreach & Training staff members work closely with the Compliance & Enforcement Division to ensure that individuals and political committees who are the subject of complaints take corrective action when necessary.

The PDC's goal is 100% compliance by all who have a disclosure requirement in Washington State. The PDC's outreach efforts are critical in reaching a high compliance rate, and we are pleased to report that 98.42% of candidates, lobbyists, lobbyist employers, and public officials met statutory filing deadlines in FY 2013.

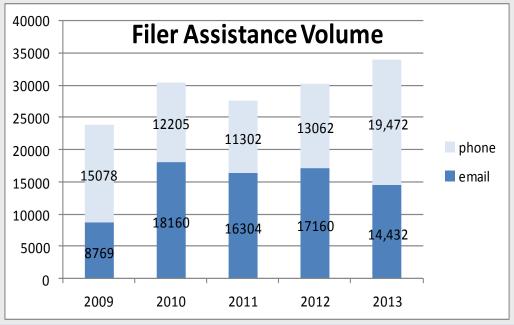
FY13 Filers		<u>% E-filed</u>
573	Political Committees	84%
552	Candidates	96%
831	Independent Expenditure	es <mark>96%</mark>
724	Lobbyist	65%
1,129	Lobbyist Employers	65%
156	Public Agency Lobbying	28%

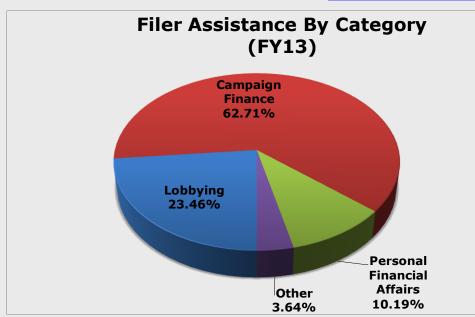


igh profile initiative campaigns for same sex marriage and marijuana legalization, as well as open races for Governor, Attorney General, Secretary of State, and Auditor, attracted money to Wash-

ington State campaigns from all over the country in 2012.

D uring the first half of FY 13, campaign disclosure compliance questions related to the 2012 election dominated the PDC's two filer assistance specialists' time. The majority of the nearly 34,000 PDC compliance questions we received in FY 13 were answered by these two staff members, who saw a 12 percent increase in filer assistance requests from FY 12 and an approximately 30 percent increase





over the last gubernatorial election year in FY 09. This was due in large part to out-of-state spenders who were sorting through Washington State's disclosure laws. In the second half of FY 13, the filer assistance specialists' focus switched to ensuring that elected officials across the state complied with the annual personal financial disclosure requirement and answering lobbying questions during the 2013 regular and two special legislative sessions.

Office Overview

Members of the Commission – Fiscal Year 2013

<u>Amit Ranade, Chair</u> was appointed to the Public Disclosure Commission by Governor Christine Gregoire on December 1, 2011.



Commissioner Ranade is a litigation partner in the law firm of Hillis Clark Martin & Peterson P.S. in Seattle, where his practice focuses on commercial, banking, and real estate disputes as well as bankruptcy. Commissioner Ranade is an adjunct faculty member of the University of Washington School Of Law, and a former member of the Seattle Ethics & Elections Commission. He also serves on a variety of committees and task forces for the Washington State Bar Associa-

tion. Commissioner Ranade previously served as Chair of the Seattle Parks & Recreation Commission and as a student member of the University of Washington Board Of Regents while in law school. Commissioner Ranade earned his Bachelor's Degree from the University of Washington in 1998 and his law degree from the University of Washington, School of Law in 2003. Commissioner Ranade lives in Seattle's Beacon Hill neighborhood with his wife, Jennifer.

Grant Degginger, Vice Chair was appointed to the Public Disclosure Commission by Governor Christine Gregoire on July 2, 2012.



An attorney, Commissioner Degginger is chair of the Construction and Environmental Practice Group at Lane Powell PC. His law practice focuses on environmental, construction, and commercial disputes.

His public service includes three terms as a Bellevue City Council member (1999-2011) and two terms as Mayor (2006-10). Commissioner Degginger has volunteered on numerous committees and boards addressing water supply and transportation issues, including the Cascade Water Alliance, the I-405 Executive Committee, and the King County Metro Regional Transit Task Force. Before being elected to the city council, he served seven years as a member of the Bellevue Planning Commission.

Commissioner Degginger and his wife, Kathy, live in Bellevue.

Barry Sehlin, Member was appointed to the Public Disclosure Commission by Governor Christine Gregoire on November 17, 2009.



A retired U. S. Navy Captain, Commissioner Sehlin served as the base commander of Naval Air Station Whidbey Island. He also completed five terms as an elected State Representative from the 10th Legislative District, which includes all of Island County, northwest Snohomish County, and western Skagit County. He currently volunteers as a board member for New Leaf, an Oak Harbor based non -profit organization that provides job training and rehabilitation services. Additionally, Commissioner Sehlin is a volunteer board member with Island Thrift, a Whidbey Island non-profit thrift shop providing financial support to a variety of local services. Commissioner Sehlin graduated from Western Washington Uni-

versity in 1992 with a Master's Degree in political science. He is a Distinguished Alumnus and a member of the Hall of Fame at Skagit Valley College.

Kathy Turner, Member was appointed to the Public Disclosure Commission by Governor Christine Gregoire on November 20, 2012.



Commissioner Turner retired in 2000 after a successful 27 year career in real estate during which she received the 1997 Realtor Award for Community Service for Pierce County and the 1998 Community Service Award for the State of Washington.

A resident of Puyallup since 1974, she has served on numerous community and city boards and commissions. First elected to the Puyallup City Council in 1993, she was re-elected to 4 more terms before her retirement at the end of 2011. During her 18 years on the city council, she served 3 terms as Mayor and 2 terms as Deputy Mayor. Commissioner Turner is a past president of the Asso-

ciation of Washington Cities and was instrumental in Washington State's adoption of the Military Community Covenant, which fosters and sustains effective state and community partnerships with the military to improve the quality of life for service members and their families. Commissioner Turner has received many community service awards and is honored to have been one of the first women inducted into the Fort Lewis Civilian Hall of Fame.

Commissioner Turner and her husband, Gary, are the proud parents of Angelic, an attorney currently living and working in Washington D.C. **James Clements (Commissioner in FY 2013)** was appointed to the Public Disclosure Commission by Governor Christine Gregoire on January 9, 2008 and completed his term on December 31, 2012.



Commissioner Clements represented the 14th Legislative District as a State Senator and Representative. The 14th District includes Yakima, Union Gap, Selah, Naches, Tieton, Cowiche and all of Western Yakima County. A long-time orchardist in Selah, he was the president of his family's business and corporation for 10 years. Commissioner Clements is a former high school principal and teacher and served six years as a Washington State Apple Commissioner. Commissioner Clements has held membership in the Yakima Valley Chamber of Commerce, the Farm Bureau, Yakima River Watershed Council, and the Washington State Growers

League. An avid outdoorsman and hunter, Commissioner Clements is also a member of Ducks Unlimited, Pheasants Forever, and the Rocky Mountain Elk Foundation. Commissioner Clements graduated from the University of Idaho with a B.A. in Education, secondary majors in Social Science and English, and received a Masters in School Administration from the College of Idaho.

Jennifer Joly (Commissioner in FY 2013) was appointed to the Public Disclosure Commission by Governor Christine Gregoire on January 15, 2010. She resigned October 2012.



Commissioner Joly also served as a trustee of Group Health Cooperative, a nonprofit health care system that provides both medical coverage and care for 600,000 residents in Washington State and North Idaho. She is one of the 11 trustees elected by her fellow health plan members to the governing board. In that role, she reviews and approves strategic plans, insurance policy rates and design, and operating and capital budgets. An attorney, Ms. Joly served as General Counsel to Governor Gary Locke from 2002-04. Between 1992 and 2002, Com-

missioner Joly held various policy and executive staff positions in the Washington State Legislature and Governor's Office. Her volunteer activities included Tacoma's Old Town Cooperative Preschool and serving as a board members with YUCA Youth & Government. Commissioner Joly graduated from the University of Washington and earned her law degree from Seattle University School of Law.

29

The Public Disclosure Commission's Executive Director and General Counsel:

The Executive Director is responsible for the day-to-day operation of the agency and is also the Commission's primary spokesperson and liaison with the legislature, other governmental agencies, and the citizens of the state.

The General Counsel provides legal advice to the Commission and the Executive Director regarding policy matters and agency functions, such as risk management and contracting. The General Counsel also serves as the Commission's legal advisor during adjudicative proceedings and meetings.

Andrea McNamara Doyle, Executive Director was appointed by the Commission in October



2012. Prior to being appointed Executive Director, Ms. McNamara Doyle adjudicated environmental permitting and enforcement matters as a gubernatorialappointed member of the Pollution Control Hearings Board, Shorelines Hearings Board, and Environmental and Land Use Hearings Board. During her decade of service to the legislature, Ms. McNamara Doyle held positions as a non-partisan staff attorney and committee coordinator for various policy committees of the state Senate, where she drafted and analyzed legislation, and advised members of both political parties regarding policy matters in the areas of energy, environ-

ment, and telecommunications regulations. She also has 2 years of private sector legal experience in government relations. Ms. McNamara Doyle earned a BA from Western Washington University and a JD from the University of Washington, School of Law.

Nancy Krier, General Counsel, has been in-house counsel to the Commission since 2007 and,



prior to that, had represented the Commission as an assistant attorney general since 1999. Prior to joining the PDC staff, Ms. Krier was a member of the Washington State Attorney General's Office for more than 20 years, where she had been designated Senior Counsel and served as a Senior Assistant Attorney General/Division Chief of the Licensing and Administrative Law Division. A recognized campaign finance expert, Ms. Krier is frequently invited to speak at seminars and other events. She is a past

president of Washington Women Lawyers and the Government Lawyers Bar Association. Ms. Krier earned her BA from the University of North Dakota, where she graduated summa cum laude. She earned her JD at the University of Washington, School of Law. Ms. Krier has been a member of the Washington State Bar since 1986, and is admitted to the bars of the U.S. District Courts in Washington and the U.S. Court of Appeals for the 9th Circuit.