September 18, 2017

B.G. Sandahl, Deputy Director
Public Disclosure Commission
711 Capitol Way, Suite 206
Olympia, WA 98504-0908
barbara.sandahl@pdc.wa.gov

Re: Public Disclosure Commission Complaint Concerning MTM Spokane

Dear Deputy Director Sandahl,

I write to submit a complaint to the Public Disclosure Commission as provided by RCW 42.17A.105(5). As explained below, there is good reason to believe several violations of chapter 42.17A RCW, Washington State’s campaign finance law, have been committed by participants in a group called March to the Majority Spokane (MTM Spokane or the "Respondents"), between 2016 and the present. MTM Spokane apparently did business as a political committee in at least the summer of 2016, without filing the statement of organization or other regular reports of contributions and expenditures required by law. I encourage the Commission staff to investigate the below allegations and verify who the responsible parties are, and whether violations of the campaign finance laws have occurred, as seems to be the case—and to initiate enforcement action for any violations.

Individual candidates for the House of Representatives identified in this letter reportedly gave funds to MTM Spokane from their active campaign accounts, and received contributions from MTM Spokane, yet the other (non-candidate) contributors to MTM Spokane and its full, itemized list of expenditures have apparently not been disclosed to date. The candidates whose campaigns either gave contributions to MTM Spokane, or received contributions from MTM Spokane, or both, are Thomas Dent, Mary Dye, Joel Kretz, Mathew Manweller, Robert McCaslin, Joseph Schmick, Matthew Shea, and Shelly Short, all of whom were running for the State House during the 2016 general election.

**Background to March to the Majority Spokane Fundraising Activity**

In the summer of 2016, seven candidates for the State House of Representatives reported paying expenditures to an entity called March to the Majority (or MTM) Spokane. Data reported to the Public Disclosure Commission shows the following candidates paid authorized committee funds to MTM Spokane:
The funds were reportedly paid out by the seven candidates’ authorized committees’ active campaign funds, as stated in form C-4 filings. A search of the PDC database reveals no other reported payments to MTM Spokane (or March to Majority Spokane or March to the Majority Spokane).

A few weeks after the initial payments to MTM Spokane, seven candidates reported receiving contributions from MTM Spokane in their form C-3 filings. The list of recipients included the candidates who reported making expenditures to MTM Spokane, other than Mary Dye, plus one candidate who did not report making expenditures to MTM Spokane: Thomas Dent. The $9,100 worth of contributions issued by MTM Spokane were reported as follows:

---

<table>
<thead>
<tr>
<th>Name</th>
<th>Contributor</th>
<th>Date</th>
<th>Amount</th>
<th>P/G</th>
</tr>
</thead>
<tbody>
<tr>
<td>MANWELLER MATHEW S</td>
<td>MTM SPOKANE</td>
<td>2016-08-10</td>
<td>1000</td>
<td>P</td>
</tr>
<tr>
<td>MANWELLER MATHEW S</td>
<td>MTM SPOKANE</td>
<td>2016-08-10</td>
<td>300</td>
<td>G</td>
</tr>
<tr>
<td>DENT THOMAS E</td>
<td>MTM SPOKANE</td>
<td>2016-08-03</td>
<td>1000</td>
<td>P</td>
</tr>
<tr>
<td>DENT THOMAS E</td>
<td>MTM SPOKANE</td>
<td>2016-08-03</td>
<td>300</td>
<td>G</td>
</tr>
<tr>
<td>SHEA MATTHEW T</td>
<td>MTM SPOKANE</td>
<td>2016-08-02</td>
<td>1000</td>
<td>P</td>
</tr>
<tr>
<td>SHEA MATTHEW T</td>
<td>MTM SPOKANE</td>
<td>2016-08-02</td>
<td>300</td>
<td>G</td>
</tr>
<tr>
<td>MCCASLIN ROBERT B</td>
<td>MTM SPOKANE</td>
<td>2016-08-01</td>
<td>1300</td>
<td>P</td>
</tr>
<tr>
<td>KRETZ JOEL A</td>
<td>MTM SPOKANE</td>
<td>2016-07-27</td>
<td>1000</td>
<td>P</td>
</tr>
<tr>
<td>SCHMICK JOSEPH S</td>
<td>MTM SPOKANE</td>
<td>2016-07-27</td>
<td>1000</td>
<td>P</td>
</tr>
<tr>
<td>SHORT SHELLY A</td>
<td>MTM SPOKANE</td>
<td>2016-07-27</td>
<td>1000</td>
<td>P</td>
</tr>
<tr>
<td>KRETZ JOEL A</td>
<td>MTM SPOKANE</td>
<td>2016-07-27</td>
<td>300</td>
<td>G</td>
</tr>
<tr>
<td>SCHMICK JOSEPH S</td>
<td>MTM SPOKANE</td>
<td>2016-07-27</td>
<td>300</td>
<td>G</td>
</tr>
<tr>
<td>SHORT SHELLY A</td>
<td>MTM SPOKANE</td>
<td>2016-07-27</td>
<td>300</td>
<td>G</td>
</tr>
</tbody>
</table>

---

1 An analysis of PDC filings shows that Ms. Dye reported neither any contributions to her campaign from MTM Spokane, nor any refund of the $500 her candidate authorized committee paid to MTM Spokane.
Brief online research confirms that on July 19, 2016, a fundraiser billed by its sponsors under the name “March to the Majority” was held in the City of Spokane’s Manito Park. The $25 fee for attending the event apparently paid for dinner, with an option of beef or salmon entrees; the dinner was followed by a dessert auction, and the evening was capped by the award of a door prize, a $500 gift certificate from Sharp Shooting Indoor Range. Id.

**Lack of PDC Reporting for MTM Spokane’s Contributions, Expenditures, or Organization as a Political Committee**

Searches of the PDC’s database reveal no reporting by any entity with “MTM,” “March to Majority,” or “March to the Majority” in its name. Additionally, searches of the PDC database reveal no reporting by any entity that it received the funds paid by the seven candidates who themselves reported putting money toward MTM Spokane. Finally, searches of the PDC database reveal no reporting by any entity that it paid out the expenditures to the seven candidates which they reported as campaign contributions from MTM Spokane.

PDC reporting by the individual candidates who made expenditures to, or received contributions from, MTM Spokane shows no itemization of expenditures related to the fundraiser, aside from the initial $500-per-donor amounts summarized above. Additionally, the contributors to MTM Spokane (other than the campaigns themselves) were apparently not reported by the individual candidates who received contributions from MTM Spokane.

In fact, the contributions reportedly received by the above candidates between July 19 and August 23, 2016 show only one common contributor reported by all the candidates: MTM Spokane. It appears the individual candidates involved in MTM Spokane did not report receiving contributions from a common set of contributors who purchased auction items from MTM Spokane for the benefit of the several candidates participating in the fundraiser. While Sharp Shooting Indoor Range has reportedly made contributions to and received expenditures from other committees and campaigns, no such in-kind contribution or expenditure was reported related to the MTM Spokane event.

Given how the MTM Spokane event was conducted, it is apparently not possible to determine from data reported to the PDC who the contributors were who gave the funds later divided up among seven candidates as contributions from “MTM Spokane.” Additionally, it is not possible to determine what amounts were raised by MTM Spokane, or what it spent its money on, aside from the known contributions it paid to seven campaigns (for example, how much MTM Spokane spent on catering, event space, auction items, and other expenses, and how many in-kind contributions were received). Finally, it is not possible to determine from PDC records who managed MTM Spokane, or where it kept its deposit accounts.

---

MTM Spokane and Its Participants Violated Washington Campaign Finance Laws and Regulations

1. MTM Spokane operated as an unregistered political committee, and has failed to file forms C-1, C-3, or C-4 required for its activities during summer 2016.

Washington’s campaign finance laws provide that “[n]o candidate or authorized committee may transfer funds to any other candidate or other political committee.” RCW 42.17A.430(8). This limitation notwithstanding, the law permits “joint fund-raising efforts by candidates when a separate political committee is established for that purpose and all contributions are disbursed to and accounted for on a pro rata basis by the benefiting candidates.” RCW 42.17A.440 (emphasis added).

The law also provides that a political committee is subject to deadlines for filing its statement of organization and reports of contributions received and expenditures made:

Every political committee shall file a statement of organization with the commission. The statement must be filed within two weeks after organization or within two weeks after the date the committee first has the expectation of receiving contributions or making expenditures in any election campaign, whichever is earlier.

RCW 42.17A.205(1); see also RCW 42.17A.235 (deadlines for filing contribution and expenditure reporting). Here, the participants in MTM Spokane collected funds from active candidate campaigns, spent them on a fundraising effort to benefit various candidates, then paid out thousands of dollars in campaign contributions. In doing so, MTM Spokane had the “expectation of receiving contributions or making expenditures in support of, or opposition to, any candidate,” making it a political committee as defined by RCW 42.17A.005(37).

Moreover, MTM Spokane qualifies as a political committee under both the PDC’s “receiver of contributions” test, and most likely, under the “maker of expenditures” prong as well. See State ex rel. Evergreen Freedom Foundation v. Washington Educ. Ass’n, 111 Wn. App. 586, 598, 49 P.3d 894 (Div. 2 2002) (“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”). It is not currently clear whether MTM Spokane spent a majority of the funds it raised on contributions, but it appears that the primary purpose of MTM Spokane was to raise contributions for candidates—which would make it a political committee.

It appears that, to date, the participants in MTM Spokane have violated state law by operating an unregistered political committee, which should have registered and begun reporting by at least July 7, 2016, the date two weeks after it received its first contribution. The initial form C-1 registration and reporting of contributions received and expenditures made to date would currently be 438 days overdue, and still outstanding; an unknown number of other reports
would also be due dependent upon the nature and extent of MTM Spokane’s unreported contribution and expenditure activity.

2. **The fundraising activities of MTM Spokane did not comply with PDC guidance for operating joint fundraising activities, and therefore MTM Spokane should not be excused from its duty to register and report as a political committee.**

The Public Disclosure Commission has issued guidance suggesting an alternative reporting method that “eliminates establishment of a separate joint fund raising committee, while still satisfying the legal requirements that all expenditures be reported and all contributions to the effort are attributed to the individual candidates involved.”

Per the guidance, candidates engaged in joint fundraising may operate a joint account for fundraising purposes, provided that “[a]fter expenses are paid, the remaining funds are distributed to all participants on a pro-rated basis. For example, if there are four candidates participating, each receives one-fourth of the net receipts.” *Id.* The guidance requires that each participating candidate receive a list of contributor names and addresses and the full amount of each candidate's pro-rated share. For example, if a donor gave $500 to the joint fund raising effort of four candidates, the list would show this contributor giving each candidate $125....

Each candidate uses the information on the list to complete his or her C-3 report that represents the deposit of the check from the joint fund raising account. It is understood that the C-3 will not match the amount of the deposit. (The difference will be the candidate’s share of the expenditures for the joint fund raising.)

Then, on the candidate’s next C-4, he or she will report on the Schedule A his or her portion of each expenditure made by the joint fund raising account. Again, if there were four candidates participating in a joint fund raiser, each would itemize the expenses made by the joint account showing one-fourth of each expense. Even though each candidate reports his or her share of the expenses on the Schedule A, no actual payment is made by the individual candidates to the vendors involved (since the vendors have already been paid by the joint account).

*Id.* MTM Spokane and its participants should not be excused from their duty to register and report as a political committee based upon the PDC’s above-cited guidance, because MTM Spokane and its participating candidates did not comply with the guidance.

First, the guidance requires that each participating candidate would need to report (on the form C-3 listing the contribution from MTM Spokane) all contributions to MTM Spokane, prorated to him- or herself in equal, fractional amounts, which would add up to the amount of

---

each contribution taken in by MTM Spokane. But the candidates have apparently not reported
the common set of donors to MTM Spokane, let alone fractional contribution amounts they
each received from those donors. Nor is there any identifiable setoff in the candidates’
reporting for the joint fundraiser expenses; form C-3 reporting filed around the time of the
MTM Spokane event shows no discrepancy between the amount deposited and the amount
listed on form C-3.

Second, the candidates would need to report paying the expenses of the joint fundraiser in
equal, fractional amounts. But the candidates have not reported making any expenditures for
the MTM Spokane fundraiser aside from the initial $500 contributions noted above—much less
fractional amounts, identical to the shares paid by other participating candidates.

Finally, there is a significant discrepancy between the list of candidates who participated in
MTM Spokane by giving $500 each from their own authorized committee funds, and the list of
candidates who reported receiving contributions from MTM Spokane. How can the proceeds be
equally awarded among the “participating” candidates as required by the guidance, when
different candidates take money out of the fundraising effort than put money in?

The guidance requiring joint fundraiser proceeds be distributed pro-rata states not only that
equal shares be paid out, but that they must be given to the participating candidates. Because
different candidates received proceeds of the fundraiser than paid into the effort, the guidance
was not followed by MTM Spokane. Moreover, it appears that by taking in and giving out funds
to different lists of candidates, MTM Spokane facilitated unlawful contributions between
candidate authorized committees, as explained below.

In short, the Respondents violated what the guidance itself recognizes as “the legal
requirements that all expenditures be reported and all contributions to the effort are attributed
to the individual candidates involved.” Neither the individual contributions to MTM Spokane
nor the itemized expenditures by MTM Spokane have been reported to date by any identifiable
entity, nor did the candidates who participated in paying the costs of MTM Spokane share
equally in the contributions it raised. Because MTM Spokane and its participants have not
followed the PDC guidance for operating a joint fundraiser, they were required to register and
report as a political committee, as explained above.

3. MTM Spokane received unlawful contributions from candidate authorized committees
and/or facilitated unlawful contributions between candidate authorized committees.

Finally, because MTM Spokane was a political committee separate from each of its contributing
candidates’ campaigns, each of the seven candidates who gave $500 contributions to the
committee apparently thereby violated RCW 42.17A.430(8). Additionally, one candidate—Mary
Dye—reportedly put money toward the fundraising efforts of MTM Spokane without receiving
any refund, or any contribution from MTM Spokane in return. Even if MTM Spokane were
analyzed only as a joint fundraiser under the rules in the PDC guidance discussed above,
because the fundraiser did not benefit Ms. Dye, her contribution unlawfully went to the seven candidates who benefited from it in equal shares (of $71.43). *Id.*

On the other hand, one candidate—Thomas Dent—apparently received contributions from MTM Spokane without sharing in the cost of the fundraising effort. Even if MTM Spokane were analyzed only as a joint fundraising effort, and not as a political committee, *all* of the candidates who gave funds to defray its costs benefited the one that did not, but received proceeds from the fundraiser anyway. Each of the six contributing candidates other than Ms. Dye effectively gave $71.43 (either as a contribution or an in-kind contribution) to Mr. Dent. It appears that *all* of the eight candidates (or authorized committees) that participated in MTM Spokane—either as a funder or as a recipient of its fundraising proceeds—either made or received contributions from given candidates to other candidates or committees, which is prohibited by RCW 42.17A.430(8).

Please advise if you should have any question about this complaint, and please let me know if the Commission schedules any hearing, or Commission staff takes enforcement action or issues any other final action about the allegations listed above.

Sincerely,

Walter M. Smith

Enclosures: Spokane County Republican Central Committee webpage detail for March to the Majority fundraiser, July 19, 2016
Don’t miss this!!! Republican “March to the Majority 2016” in Washington State

July 19, 2016 @ 5:30 pm - 9:00 pm

$25

The Washington State House Republicans are hosting a fundraiser for Districts 4, 6, 7, 9, and 13. Please come and meet all the Republican Representatives from our area. Help us take the majority in the Washington State House of Representatives.

Dinner & Fundraiser: Beef and Salmon
Dessert Auction
Door Prize: $500 Gift Certificate from Sharp Shooting Indoor Range
Must be present to win!

RSVP Brian Short 509.994.2382
Shelly Short 509.994.7862
Joe Schmick 509.879.2078
Or: www.Facebook.com/MtMSpokane
Don't miss this!!! Republican “March to the Majority 2016” in Washington State – Spokane GOP

+ ICAL EXPORT (HTTP://SPOKANEGOP.COM/EVENT/REPUBLICAN-MARCH-TO-THE-MAJORITY-2016-IN-WASHINGTON-STATE/?ICAL=1&TRIBE_DISPLAY=)

### Details

**Date:**
July 19, 2016 (2016-07-19)

**Time:**
5:30 pm - 9:00 pm

**Cost:**
$25

### Venue

- Lower Manito Park Picnic Shelter
  (http://spokanegop.com/venue/manito-park-gazebo/)
- 1702 S. Grand Blvd.
  Spokane, WA (Washington)
  99203
  + Google Map (https://maps.google.com/maps?f=q&source=s_q&hl=en&geocode=&q=1702+S.+Grand+Blvd.+Spokane+WA+99203)
Calendar powered by The Events Calendar (https://theeventscalendar.com/product/wordpress-events-calendar/?utm_medium=plugin-tec&utm_source=banner&utm_campaign=in-app)

Search Our Website

Search

Spokane GOP
1011 E 2nd Ave
Spokane, WA 99202
Phone: (509) 838-6162
Email: info@spokanegop.com (mailto:info@spokanegop.com)

Site Map (http://www.spokanegop.org/site-map/)

Latest News

- Statement on the Commissioner Vote 9-12-2017 (http://spokanegop.com/statement-on-the-commissioner-vote-9-12-2017/)
  - September 12, 2017 (http://spokanegop.com/statement-on-the-commissioner-vote-9-12-2017/)
- Spokane GOP statement on Lisa Brown entering Congressional race for Washington's 5th District (http://spokanegop.com/spokane-gop-statement-on-lisa-brown-entering-congressional-race-for-washingtons-5th-district/)
  - September 1, 2017 (http://spokanegop.com/spokane-gop-statement-on-lisa-brown-entering-congressionral-race-for-washingtons-5th-district/)
- Spokane County GOP Rebukes WSU for Involvement in Lisa Brown Campaign (http://spokanegop.com/for-immediate-release/)
  - September 1, 2017 (http://spokanegop.com/for-immediate-release/)
- Spokane GOP reaffirms pro-life values in Resolution (http://spokanegop.com/spokane-gop-reaffirms-pro-life-values-in-resolution/)
  - May 19, 2017 (http://spokanegop.com/spokane-gop-reaffirms-pro-life-values-in-resolution/)

Please LIKE Our Facebook Page
Spokane GOP’s Facebook Feed

- Some positive news. We love this kid’s initiative! #growthandopportunityparty

The negativity pervading today's politics can be a severe mood-killer some days. Time to inject some positive energy into this downer fest.

Read More... (https://www.facebook.com/permalink.php?id=330027520345469&story_fbid=1856825907665615)

12 hours ago