



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

July 8, 2016

The Honorable Robert Ferguson
Attorney General
1125 Washington St SE
PO Box 40100
Olympia, WA 98504-0100

RE: Washington State Public Disclosure Commission Recommendation Following Staff Investigation re: *Bring Back Our \$30 Car Tabs – VWMC – 2016* and officers Tim Eyman, Jack Fagan, Mike Fagan, and Barbara Smith, PDC Case No. 5729

Dear Attorney General Ferguson:

This letter concerns the matter that your office referred to the Public Disclosure Commission for review and possible investigation on June 7, 2016 in response to a 45-day Citizen Action Complaint (Complaint) filed with the Attorney General on May 25, 2016 by Washingtonians for Ethical Government. The Complaint alleged that Respondents the *Bring Back Our \$30 Car Tabs – VWMC – 2016* committee and its officers Tim Eyman, Jack Fagan, Mike Fagan, and Barbara Smith failed to properly disclose expenses incurred to sponsor 21 independent expenditure Web videos opposing 54 candidates for legislative office, alleged violations of RCW 42.17A.235 and RCW 42.17A.240. The Complaint further alleged that the communications at issue failed to comply with the sponsor identification requirement for independent expenditure political advertising, alleged violations of RCW 42.17A.320.

Staff reviewed the complaint and prepared a Report of Investigation, Executive Summary, and Staff Analysis concerning the alleged violations by *Bring Back Our \$30 Car Tabs – VWMC – 2016*, Tim Eyman, Jack Fagan, Mike Fagan, and Barbara Smith. Copies of the Report of Investigation, exhibits, and Executive Summary and Staff Analysis are enclosed with this letter.

The Commission considered the results of staff's investigation at a special Commission meeting held July 8, 2016. At the meeting, PDC staff presented its Executive Summary and Staff Analysis, which included a recommendation regarding the allegations.

Staff Conclusion

As noted in the attached Executive Summary and Staff Analysis, staff concluded that:

Bring Back Our \$30 Car Tabs – VWMC – 2016, Tim Eyman, Jack Fagan, Mike Fagan, and Barbara Smith violated RCW 42.17A.240 by failing to disclose expenses incurred to oppose

candidates for legislative office in a complete and timely manner; violated RCW 42.17A.205 by failing to supplement the committee's political committee registration in a timely manner, disclosing updated information concerning the committee's purpose; and violated RCW 42.17A.320 by failing to include complete and accurate sponsor identification and contributor information in the committee's independent expenditure political advertising.

Staff noted that compliance issues involving the Respondents were first raised by Washingtonians for Ethical Government, and were not self-reported by the Respondents. Staff noted further that as recently as 2015, the Commission found multiple apparent violations by two committees that Respondents Tim Eyman, Jack Fagan, and Mike Fagan served as officers (*Protect Your Right to Vote on Initiatives* and *Voters Want More Choices*, PDC Case Numbers 13-027 and 15-078), and referred those violations to your office for investigation and possible court action.

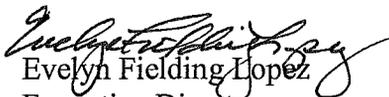
Commission Recommendation

In a unanimous vote, the Commission found multiple apparent violations of RCW 42.17A.205, RCW 42.17A.240, and RCW 42.17A.320 by *Bring Back Our \$30 Car Tabs – VWMC – 2016*, Tim Eyman, Jack Fagan, Mike Fagan, and Barbara Smith. The Commission recommends that the Attorney General take appropriate action concerning the Respondents' apparent violations.

In making this recommendation, the Commission wishes to convey its concerns about the possible use of the initiative process for self-advantage, when a sponsor files a number of different initiatives without intending to collect signatures to qualify those initiatives for the ballot. The Commission notes that such efforts appear to allow a sponsor to raise significant sums of money and then transfer, comingle, and ultimately use those funds for purposes other than that for which the funds were ostensibly raised. The Commission stated that current law and rules may not sufficiently address this issue. They indicated that the PDC will continue to study the issue independently of any action the Attorney General may take to address the instant case.

If you have questions, please contact me at (360) 664-2735. Thank you.

Sincerely,


Evelyn Fielding Lopez
Executive Director

Enclosure

cc: Commissioners
Linda A. Dalton, Sr. Assistant Attorney General
Knoll Lowney, Counsel, Washingtonians for Ethical Government
Mark Lamb, Counsel, *Bring Back Our \$30 Car Tabs – VWMC – 2016* et al.