



State of Washington
PUBLIC DISCLOSURE COMMISSION

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9:30 a.m.

March 28, 2013

MINUTES-REGULAR MEETING

Evergreen Plaza Bldg. Room 206
711 Capitol Way South
Olympia, Washington

COMMISSION MEMBERS PRESENT

Amit Ranade, Chair
Barry Sehlin, Vice Chair
Kathy Turner, Member
Grant Degginger, Member

STAFF PRESENT

Andrea McNamara Doyle, Executive Director
Nancy Krier, General Counsel
Lori Anderson, Communications & Training Officer
Phil Stutzman, Director of Compliance
Jennifer Hansen, Filer Assistance Specialist
Michael Smith, Chief Information Technology Officer
Jana Greer, Confidential Secretary

The regular meeting of the Public Disclosure Commission was called to order by Commission Chair Amit Ranade at 9:31 a.m. in the Evergreen Plaza Building, Room 206 Olympia, Washington.

Opening Comments

Chair Ranade called the meeting to order.

Citizens Comments/Concerns

No comment or concern expressed.

Commissioner Comments/Concerns

No comment or concern expressed.

Minutes

Motion 13-010

Moved by Commissioner Sehlin, seconded by Commissioner Turner that:

The Commission adopt the minutes of February 28, 2013.

The motion passed.

Commissioner Degginger arrived at 9:32 a.m.

Executive Session

The Commission went into executive session at 9:32 a.m. to discuss pending and potential litigation with legal counsel.

The Commission returned to public session at 10:00 a.m.

Rulemaking

- Draft possible amendments to Title 390 WAC regarding Internet

Guest speaker Jared DeMarinis, Director of Maryland State Board of Elections Candidacy and Campaign

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- campaign activity
 - WAC 390-05-290 Definition – political advertising
 - WAC 390-05-520 Periodical
 - WAC 390-18-030 Advertising exemptions from identification
 - WAC 390-17-405 Volunteer services
- Draft Possible New Rule
 - WAC 390-18-XXX Online political advertising.

Finance Division (MSBE) participated via teleconference and addressed the Commission concerning Maryland's experience with issues of campaign activity on the Internet.

Mr. DeMarinis provided background and shared Maryland's experiences of providing additional disclosures for online campaign activity.

He stated that he reviewed the proposed amendments to Washington's rules; he commended the Commission on its efforts, and suggested the Commission may want to include social media within its definition of mass communications.

Ms. Krier reviewed and summarized the draft possible amended rules and a draft possible new rule in Title 390 WAC addressing campaign activities on the Internet. She explained the scheduling constraints and options for completing the rulemaking process either before June 30 or after the November general election.

Nancy Krier also provided the Commission with copies of additional stakeholder comments submitted during the Commission meeting.

The Commission discussed the drafts, suggested several changes, and asked staff to incorporate changes into draft language for consideration and potential approval at a future meeting in time to hold a public hearing at the May 22, 2013 special meeting, so rules could become effective by June 30.

The Commission went into executive session at 12:02 p.m. to discuss pending and potential litigation with legal counsel.

The Commission returned to public session at 1:00 p.m.

Executive Session/Working Lunch

Enforcement

James Fossos, Case No. 12-159, involving alleged violations of RCW 42.17.080 and 42.17.090 by:

- A. Failing to timely report expenditures and in-kind contributions for political advertising, including newspaper advertising, printing and mailing, and signs on Campaign Summary Receipts and Expenditures reports (C-4 reports); and
- B. Failing to timely disclose monetary

Commissioner Turner stated that she is an acquaintance of James Fossos. She stated that she would recuse herself if the Commission requested, but that she believed she would be able to make a fair decision in this matter.

The Commission and the parties did not ask Commissioner Turner to recuse herself from the matter.

Phil Stutzman summarized the allegations and the information presented with the Stipulation as to Facts, Violations and Penalty involving James Fossos. Mr. Fossos was present at the hearing and addressed the

contributions on Cash Receipts Monetary Contributions reports (C-3 reports).

Commission.

He noted that he had made mistakes and attempted to correct them, but it was too late. He stated that he is in agreement with the stipulation presented.

Staff recommended the Commission accept the stipulation as presented and assess a penalty of \$750, with \$250 suspended on the condition that no further violations occur within the next four years and that the non-suspended portion of the penalty be paid within 30 - days from the date of the final order.

Motion 13-011

Moved by Commissioner Sehlin, seconded by Commissioner Degginger that:

The Commission accept the Stipulation as to Facts, Violations and Penalty as proposed.

The motion passed unanimously.

Mr. Stutzman summarized the remaining allegations from the complaint and investigation, and presented the basis for staff recommendation that they be dismissed.

The remaining allegations allege that Mr. Fossos:

- accepted anonymous contributions in excess of the \$300 statutory limit and/or failed to properly report the identity of contributors, and
- failed to make his campaign books of account available for public inspection

Motion 13-012

Moved by Commissioner Sehlin, seconded by Commissioner Degginger that:

The Commission accept the Staff recommendation to dismiss the remaining allegations on the basis that the investigation revealed Mr. Fossos substantially complied with the applicable laws and regulations within the Commission's jurisdiction.

The motion passed unanimously.

Rulemaking (Continued)

Draft proposed amendments to WAC 390-17-100 Contribution withholding authorizations

Ms. Krier outlined the latest draft proposed amendments to WAC 390-17-100 Contribution withholding authorizations, which were prepared in response to the Commission discussion of "Option 2" from the February Commission meeting.

Dmitri Iglitzin, an attorney working with labor organizations, participated via telephone. He stated that he has no further concerns with the proposed language in light of the latest revisions.

Motion 13-013

Electronic Filing Wavier Request

Mark Miloscia, a former candidate for State Representative from the 30th Legislative District, requests a limited exemption from the electronic filing requirements for the 2012 campaign's final report.

Motion 13-014

Reporting Modifications

Renewals – No Change

- *William Chapman*, Member, Recreation & Conservation Funding Board
- *Drew Hansen*, State Representative, 23rd Legislative District
- *Kathleen O'Sullivan*, Member, Commission on Judicial Conduct
- *Karen Donohue*, Judge, Seattle Municipal Court
- *Leila Mills*, Judge, Kitsap County District Court
- *Deborah Ehrlichman*, School Director, Shoreline School Board
- *William Ayer*, Regent, University of Washington
- *Kristianne Blake*, Regent, University of Washington
- *Barre Seibert*, Councilmember, City of Clyde Hill

Staff recommended approval. If approved, a public hearing will be scheduled for May 22.

Moved by Commissioner Sehlin, seconded by Commissioner Degginger that:

The Commission approve the proposed language to amend WAC 390-17-100 as submitted.

The motion passed unanimously.

Lori Anderson presented Mark Miloscia's request for an electronic filing waiver.

Ms. Anderson summarized the reasons for Mr. Miloscia's request; his computer hard drive used for his State Auditor campaign had crashed in May 2012, and he is unable to retrieve this information electronically in order to file a final report.

Staff recommended that the Commission grant Mr. Miloscia's request as presented.

Moved by Commissioner Sehlin, seconded by Commissioner Turner that:

The Commission grant an exception from electronic filing requirement for the 2012 Miloscia for State Representative Final C-4 report (November 2011 – December 2012).

The motion passed unanimously.

Jennifer Hansen presented to the Commission for consent, the requests for reporting modification renewals with no change. Staff recommended approval of the requests.

- *Linda Lee*, Judge, Pierce County Superior Court

Motion 13-015

Moved by Commissioner Sehlin, seconded by Commissioner Turner that:

The Commission grant the partial reporting modifications as requested, finding that literal application would cause a manifestly unreasonable hardship on the applicants and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

Renewals With Change

- *Michael Finkle*, Judge, King/Snohomish Counties District Court – Northeast

Ms. Hansen presented Michael Finkle's request for renewal of his reporting modification with change.

Ms. Hansen stated that Judge Finkle is requesting a reporting modification to exempt him from reporting his residential address.

She stated that in addition to renewing his prior modification, Judge Finkle has also requested his residential address be redacted from his F-1 filed in 2000. Because there are no other reports filed between 2000 and 2010, the year 2000 is the only retroactive F-1 modification he is requesting.

Staff recommended approval of the request for a reporting modification renewal with change as presented.

Motion 13-016

Moved by Commissioner Sehlin, seconded by Commissioner Turner that:

The Commission grant the partial reporting modification as requested, finding that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

- *Steven Hill*, Member, Washington State Investment Board (Director of Retirement Systems in 2012)

Ms. Hansen presented Steven Hill's request for renewal of his reporting modification with change.

Ms. Hansen stated that Mr. Hill requested a renewal of the reporting modification that would exempt him from reporting the business and other governmental customers that paid \$10,000 or more during 2012 to entities for which he serves as a director or trustee. Mr. Hill is no longer the Director of the Washington State Department of Retirement Systems and is now a mentor of with the Washington State Investment

Motion 13-017

Board.

Staff recommended approval of the request for a reporting modification renewal as presented.

Moved by Commissioner Sehlin, seconded by Commissioner Turner that:

The Commission grant the partial reporting modification as requested, finding that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

Training

Ms. Hansen provided a brief training to the Commission on the topic of commonly missed or incomplete items on Personal Financial Affairs Statements (F-1 form).

Advisory Matter

Andrea McNamara Doyle provided the updated list professional staff members of Governor Inslee's office.

She reminded the Commission on the status of the role of the Commission in reviewing and approving the lists of professional staff members from the Legislature and Governor. She stated that the lists of professional staff members are now posted on the agency website.

Ms. Doyle noted that the Commission has approved draft language for a rule that would remove the Commission from the role of approving or rejecting the lists and would instead have the Commission receive the lists and make them publicly available.

Until the new rule goes into effect, the Commission is required to review the list and approve, reject, or modify it.

Motion 13-018

Moved by Commissioner Sehlin, seconded by Commissioner Degginger that:

The Commission accept the list of professional staff of the Governor's office as presented.

The motion passed unanimously.

Legislative/Budget Update

Ms. Doyle reported on pending legislative matters of interest to the Commission.

She summarized the bills that staff are following and discussed their status in the legislative process.

She reported on the State's March revenue forecast.

Governor Inslee has released his proposed budget and there appears to be no additional reductions proposed for the PDC beyond the reductions taken in the last supplemental budget.

Ms. Doyle highlighted changes in the status of certain matters that occurred since the distribution of her Legislative Report for March 2013.

Both Commissioner Degginger and Commissioner Turner's Gubernatorial appointments were approved by the Senate Governmental Operations Committee and have been moved to the Rules committee.

Ms. Doyle reported on the status of agency-request bills and other measures staff is monitoring.

Staff Reports

Executive Director

Ms. Doyle introduced new staff member Jacob Berkey, Compliance Coordinator.

She highlighted items from her Executive Director monthly staff report noting that this is the time of session when the agency receives a larger amount of information requests from legislative staff and legislators.

PDC continues to remain in contact with the Governor's Office in regards to filling the vacancy created by the expiration of Commissioner Clements term.

The summer staff and Commission retreats approaching and Ms. Doyle asked the Commission to forward to her any questions or agenda items they would like to consider at the retreat.

No additional information to report.

General Counsel

Chief Information Technology Officer

Michael Smith reported on working with the Secretary of State's Office to add links in the online voters guide to candidate's contribution and expenditure report pages on the PDC website.

Adjournment

Chair Ranade adjourned the meeting at 2:05 p.m.

Approved

April 25, 2013.