

State of Washington  
PUBLIC DISCLOSURE COMMISSION

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**1MINUTES – Regular Meeting**

9:30 a.m. | October 25, 2018

Evergreen Plaza Building

Room 206, 711 Capitol Way

Olympia, Washington

**Commission Members Present**

Anne Levinson, Chair; David Ammons, Vice-Chair; Bill Downing, member.

**Staff Present**

Peter Lavallee, Executive Director; BG Sandahl, Deputy Director; Kim Bradford, Communications and Outreach Director; Sean Flynn, General Counsel; James Gutholm, Chief Information Officer; Jana Greer, Administrative Officer; Jennifer Hansen, Compliance Officer; Kurt Young, Compliance Officer; Fox Blackhorn-Delph, Compliance Coordinator; Tabatha Blacksmith, Compliance Coordinator; John Meader, Assistant Attorney General; Chad Standifer, Assistant Attorney General.

The regular meeting of the Public Disclosure Commission (PDC) was called to order by Commission Chair Anne Levinson at 9:30 a.m.

**Public Comments | [PDC Meeting Video](#)**

No comment was given.

**Meeting Minutes | [PDC Meeting Video](#)**

The Commission considered approval of the September 27, 2018, regular meeting minutes.

**MOTION 18-064** Moved by Commissioner Ammons, seconded by Commissioner Downing that:

**The Commission approve the September 27, 2018, regular meeting minutes, as presented.**

The motion passed 3-0.

**Rulemaking | [PDC Meeting Video](#)**

Deputy Director Sandahl summarized the updated PDC rulemaking and legislative calendar for November 2018 through January 2019, with its estimated timing for proposed rulemaking, interpretations, and legislation.

Staff anticipates a need for a special Commission meeting to be held by November 29, 2018, for consideration and possible adoption of [permanent rules for ESHB 2938](#), and discussion of proposed emergency rules for [SSB 5991](#).

Sean Flynn, General Counsel, presented [stakeholder comments](#) and [staff recommendations](#) for Commission's consideration of inclusion into the final rulemaking for ESHB 2938.

The Commission gave direction to staff regarding recommendations and requested additional amendments. Staff will make the suggested changes as discussed and send to the Commission for a final review and possible approval at a special meeting in November 2018. The Commission also asked the staff to let those who submitted APA petitions know about the Commission's decisions on their petitions.

*Next Steps/Follow-up:* General Counsel Flynn will prepare the next draft of the proposed rules. Deputy Director Sandahl will follow up with the APA petitioners and inform them of the Commission's decisions regarding their petitions.

**2017 F-1 Mandatory Filer Enforcement Hearings for F-1 Filings | [PDC Meeting Video](#)**

Adjudicative hearings

Tabatha Blacksmith and Fox Blackhorn-Delph, Compliance Coordinators, presented PDC cases alleging violations of [RCW 42.17A.700](#) by elected or appointed officials who held office in 2017 and failed to file or timely file a Personal Financial Affairs Statement (F-1 report), due by April 16, 2018, disclosing financial activities for calendar year 2017.

No respondents participated in-person.

*PDC Case No. 38862, Jay Boyle*

**MOTION 18-065** Moved by Commissioner Ammons, seconded by Commissioner Downing that:

**The Commission find a violation of RCW 42.17A.700 and assess a civil penalty of \$500 which is payable within 30 days from the date of the Final Order. Further, the Commission require Mr. Boyle to file required PDC reports in accordance with RCW 42.17A.755(4)**

The motion passed 3-0.

*PDC Case No. 38857, Brandi Holmes*

**MOTION 18-066** Moved by Commissioner Ammons, seconded by Commissioner Downing that:

**The Commission find a violation of RCW 42.17A.700 and assess a civil penalty of \$500 which is payable within 30 days from the date of the Final Order. Further, the Commission require Ms. Holmes to file required PDC reports in accordance with RCW 42.17A.755(4).**

The motion passed 3-0.

*PDC Case No. 38837, Kevin Hickson*

**MOTION 18-067** Moved by Commissioner Ammons, seconded by Commissioner Downing that:

**The Commission find a violation of RCW 42.17A.700 and assess a civil penalty of \$1,500 which is payable within 30 days from the date of the Final Order. Further, the Commission require Mr. Hickson to file required PDC reports in accordance with RCW 42.17A.755(4).**

The motion passed 3-0.

*PDC Case No. 38838, Dayn Brunner*

**MOTION 18-068** Moved by Commissioner Downing, seconded by Commissioner Ammons that:

**The Commission find a violation of RCW 42.17A.700 and assess a civil penalty of \$1500 which is payable within 30 days from the date of the Final Order. Further, the Commission require Ms. Boyle to file required PDC reports in accordance with RCW 42.17A.755(4).**

The motion passed 3-0.

*PDC Case No. 38965, Warren Small.*

**MOTION 18-069** Moved by Commissioner Ammons, seconded by Commissioner Downing that:

**The Commission find a violation of RCW 42.17A.700 and assess a civil penalty of \$1,500 which is payable within 30 days from the date of the Final Order. Further, the Commission require Mr. Small to file required PDC reports in accordance with RCW 42.17A.755(4).**

The motion passed 3-0.

*PDC Case No. 38864, Jeff Jernigan*

**MOTION 18-070** Moved by Commissioner Downing, seconded by Commissioner Ammons that:

**The Commission find a violation of RCW 42.17A.700 and assess a civil penalty of \$2,500 which is payable within 30 days from the date of the Final Order. Further, the Commission require Mr. Jernigan to file required PDC reports in accordance with RCW 42.17A.755(4).**

The motion passed 3-0.

*PDC Case No. 38754, Robert Callahan.*

Staff made numerous attempts to contact Mr. Callahan by phone to allow him to participate in the hearing as he requested. There was no answer on each attempt.

**MOTION 18-071** Moved by Commissioner Ammons, seconded by Commissioner Downing that:

**The Commission find a violation of RCW 42.17A.700 and assess a civil penalty of \$250 which is payable within 30 days from the date of the Final Order. Further, the Commission require Mr. Callahan to file required PDC reports in accordance with RCW 42.17A.755(4).**

The motion passed 3-0.

## **Requests for Review of Initial Orders from September 24, 2018, Brief Adjudicative Hearings for F-1 and C-1 Filings | PDC Meeting Video**

### Review Hearings

On September 24, 2018, the PDC conducted brief adjudicative hearings alleging violations of [RCW 42.17A.205](#) and [RCW 42.17A.700](#), for failure to file or timely file a Personal Financial Affairs Statement (F-1 report) or a Candidate Registration (C-1 report), assessing penalties according to the Brief Adjudicative Proceeding Penalty Schedule at [WAC 390-37-143](#). Initial Orders were issued on October 5, 2018, memorializing the Presiding Officer's rulings.

Fox Blackhorn-Delph, Compliance Coordinator, presented Respondents' requests for review of their Initial Orders by the full Public Disclosure Commission, pursuant to [WAC 390-37-144](#).

*PDC Case No. 38939, John Bosche*

Mr. Bosche participated via conference call.

**MOTION 18-072** Moved by Commissioner Ammons, seconded by Commissioner Downing that:

**The Commission amend the October 5, 2018, Initial Order in PDC Case 38939, find a violation of RCW 42.17A.700, and vacate the civil penalty assessed.**

The motion passed 3-0.

*PDC Case No. 38777, Stephen Holman.*

Mr. Holman participated via conference call.

**MOTION 18-073** Moved by Commissioner Ammons, seconded by Commissioner Downing that:

**The Commission amend the October 5, 2018, Initial Order in PDC Case 38777, find a violation of RCW 42.17A.700, and vacate the civil penalty assessed.**

The motion passed 3-0

*PDC Case No. 39053, Mickiel Smith.*

Mr. Smith participated via conference call.

**MOTION 18-074** Moved by Commissioner Downing, seconded by Commissioner Ammons that:

**The Commission amend the October 5, 2018, Initial Order in PDC Case 39053, find a violation of RCW 42.17A.700, and suspend \$400 of the \$500 civil penalty assessed with payment of the unsuspended portion to be made within 30 days of the Final Order.**

The motion passed 3-0

*PDC Case No. 38824, Mike Bishoff*

Mr. Bishoff had requested the opportunity to participate by phone, but was not reachable by phone and did not participate.

**MOTION 18-075** Moved by Commissioner Ammons, seconded by Commissioner Downing that:

**The Commission amend the Sept. 24, 2018, Initial Order in PDC Case 38824, find a violation of RCW 42.17A.700, and assess \$150 civil penalty with payment to be made within 30 days of the Final Order.**

### **Executive Session**

The Commission went into Executive Session at 12:05 a.m. to discuss matters allowed in Executive Session pursuant to [RCW 42.30.110](#), including but not limited to discussion of enforcement matters, and pending and potential litigation with legal counsel. Any action regarding pending litigation, or other matters properly discussed during executive session, would be taken following the Executive Session.

Returned to open meeting at 1:00 p.m.

### **Enforcement Hearing** | [PDC Meeting Video](#)

Chad Standifer, AAG, presented the proposed Stipulation as to facts, violations, and penalty for the Commission's consideration and possible approval.

Representative Bruce Chandler participated in-person.

Jennifer Hansen, Compliance Officer, participated in the hearing.

Bruce Chandler, State Representative, 15<sup>th</sup> Legislative District (Bruce Chandler 2014, 2016, 2018 Campaigns & Surplus Funds Account), [PDC Case 24627](#), involving alleged violations of [RCW 42.17A.235](#) and [.240](#) by failing to timely report contributions and expenditures, [RCW 42.17A.220](#) by failing to timely deposit monetary contributions within five business days of receipt and [RCW 42.17A.235](#) by failing to maintain records and books of accounts.

**MOTION 18-076** Moved by Commissioner Ammons, seconded by Commissioner Downing that:

**The Commission accept the Stipulation as to facts, violation, and penalty; and assess a civil penalty of \$25,000 with \$10,000 suspended on the following conditions:**

- a. The Respondent is compliant with all PDC reporting requirements.**
- b. The non-suspended portion of the penalty (\$15,000) is paid by the Respondent within 30 days of the date of the Final Order.**
- c. In any future campaign in which Mr. Chandler is a candidate, he may not serve as his campaign treasurer, or as treasurer for his surplus accounts, and he will use an experienced and trained treasurer for any future campaigns.**

The motion passed 3-0.

Chair Levinson closed the hearing and returned to the public meeting.

#### **Enforcement and Compliance Update | [PDC Meeting Video](#)**

Kurt Young, Compliance Officer, provided an update on the status of complaints and enforcement cases from September 24<sup>th</sup> through October 24<sup>th</sup>.

Compliance Case Summary:

Total number of open/active cases as of October 22, 2018: **421 cases**

Total number of cases closed during the period: **38 cases**

#### **Case categorization summary for the current period:**

New complaints received, and cases opened during the period: **42** new complaints filed with the PDC during the period covered by this report.

The following list of open complaints were filed with the PDC after ESHB 2938 took effect on June 7, 2018:

1. Complaints received 11-20 days: **1** complaint.
2. Complaints received 21-30 days: **9** complaints.
3. Complaints received 31-40 days: **10** complaints.
4. Complaints received 41-50 days: **25** complaints.
5. Complaints received 51-60 days: **12** complaints.
6. Complaints received 61-70 days: **3** complaints.
7. Complaints received 71-80 days: **4** complaints.
8. Complaints received 81-90 days: **0** complaints.

Cases Referred to Attorney General's Office (AGO) = **1**

Case Status Reviews (Initial Hearings) held = **0**

Cases closed – no violation occurred – [\(WAC 390-37-060\(1\)\(a\)\)](#) = 11

Resolved through issuance of Reminder Letter - Minor Violation occurred [\(WAC 390-37-060\(1\)\(c\)\)](#) = 7

Resolved through issuance of Warning Letter - Minor Violation occurred, with mitigating circumstances [\(WAC 390-37-060\(1\)\(c\)\)](#) = 6

Resolved through Statement of Understanding – Violation found, fine and conditions imposed [\(WAC 390-37-143\)](#) = 6

## **Management Team Updates | [PDC Meeting Video](#)**

### F-1 Website Publication

Chair Levinson noted that discussion of the online publication of F-1s will be revisited at the March 2019 meeting. This will allow time for any legislative movement on the issue before a stakeholder process begins.

*Next steps/Follow-up:* Revisit in March with any updates during the session as relevant.

### Legislative

Executive Director Lavallee and General Counsel Flynn have had numerous meetings with legislators to discuss the PDC-request legislation as part of the stakeholder input process prior to finalizing the proposed legislation. One area of clarification has been that the proposed language on subpoenas is a limitation on the PDC's existing subpoena power, to comply with State Supreme Court precedent, not a request for additional subpoena authority.

### Budget and Supplemental

Executive Director Lavallee explained that the PDC is currently on schedule for submitting its decision packages and that staff have had discussions with OFM to explain the intricacies of our budget.

### Communication and Outreach

Communications and Outreach Director Bradford highlighted items from her report. The PDC is working on a training schedule for the upcoming months and working in partnership with the Seattle Ethics and Elections Committee as well as the City of Spokane. Director Bradford discussed the staff's successful promotion of C-1 registration through the Online Reporting of Campaign Activity system, which reduces errors, through visual cues on the website.

The annual report is progressing. Staff will be hiring a graphic artist to assist in its production.

### IT Activity Report

Chief Information Officer James Gutholm highlighted the two major projects that are currently ongoing in the IT department: C-1 registration and Case Tracking.

The C-1 project will help to consolidate information and provide a more user-friendly interface. Currently staff are working on understanding the internal tools and developing a communication plan to do outreach in November to recruit stakeholders to provide input.

The case tracking project is about providing better tools to the compliance team so the requirements under ESHB 2938 for timely triaging and assessment can be met. The case tracking project allows compliance staff to view how many cases they have, as well as where the cases are in the 90-day window for assessment.

CIO Gutholm also noted Fast Lane Friday projects recently completed, including giving customer service access to help lobbyists register and the ability to correct registrations.

### Strategic Plan Update

Executive Director Lavalley reported on four measurement updates from the strategic plan:

- One outreach session per quarter: Executive Director Lavalley attended the Washington Association of County Officials conference and the Washington State Fire Commissioners Association conference. The latter was also attended by Filer Assistance Specialist Chip Beatty.
- Four website homepage highlights of general interest: Featured content was added for record-setting campaigns.
- Establish a current baseline based on the quantity of filers who presently use ORCA and determine how many filers used ORCA for C-3/C-4 filing but used the web C-1 for registration: The percentage of ORCA users filing their registrations through the web system has dropped, consistent with our goal, most recently to 10 percent in 2018 from 15 percent in 2016.
- Track the quantity of training video participants through web traffic monitoring software: Filer Assistance Specialist Chip Beatty's compliance video had a total of 1,306 and former Filer Assistance Specialist Jennifer Hansen's ORCA video had 1,932 views.

### **Requests for Review of Initial Orders from September 24, 2018, Brief Adjudicative Hearings for F-1 and C-1 Filings - Continued | [PDC Meeting Video](#)**

Chair Levinson opened the hearing at 2:05 p.m.

### Review Hearings

On September 24, 2018, the PDC conducted brief adjudicative hearings alleging violations of [RCW 42.17A.205](#) and [RCW 42.17A.700](#), for failure to file or timely file a Personal Financial Affairs Statement (F-1 report) or a Candidate Registration (C-1 report), assessing penalties



according to the Brief Adjudicative Proceeding Penalty Schedule at [WAC 390-37-143](#). Initial Orders were issued on October 5, 2018, memorializing the Presiding Officer's rulings.

Tabatha Blacksmith and Fox Blackhorn-Delph, Compliance Coordinators, presented Respondents' requests for review of their Initial Orders by the full Public Disclosure Commission, pursuant to [WAC 390-37-144](#).

Respondents waived their right to participate in-person or by phone.

*PDC Case No. 38860, Ronald Busby*

**MOTION 18-077** Moved by Commissioner Ammons, seconded by Commissioner Downing that:

**The Commission amend the Initial Order and vacate the initial \$250 civil penalty assessed on the condition that he file the missing F-1 report by November 2, 2018. If the F-1 report is not filed by that date, the total civil penalty of \$250 is due and payable within 30 days of the Final Order.**

The motion passed 3-0.

*PDC Case No. 38822, Iris Carias*

**MOTION 18-078** Moved by Commissioner Downing, seconded by Commissioner Ammons that:

**The Commission amend the Initial Order and suspend \$150 of the total civil penalty of \$250 under the condition that she file the missing F-1 report by November 2, 2018 and pay the remaining \$100 fine within 30 days from the date of the Final Order.**

The motion passed 3-0.

*PDC Case No. 38936, Catherine Gotts*

**MOTION 18-079** Moved by Commissioner Downing, seconded by Commissioner Ammons that:

**The Commission vacate the Initial Order and the civil penalty of \$250 and require the Respondent to timely file all required PDC reports and have no further violations of RCW 42.17A or WAC 390.**

The motion passed 3-0.

*PDC Case No. 38748, Travis McGregor*

**MOTION 18-080** Moved by Commissioner Downing, seconded by Commissioner Ammons that:

**The Commission amend the Initial Order and suspend \$150 of the \$250 civil penalty contingent on the following:**

- a. **The non-suspended civil penalty of \$100 is paid within 30 days from the date of the Final Order.**
- b. **The Respondent files all required PDC reports in accordance with RCW 42.17A and has no further violations of WAC 390 within four years from the date of the Final Order.**

The motion passed 3-0.

*PDC Case No. 38998, Sheryl Miller*

**MOTION 18-081** Moved by Commissioner Ammons, seconded by Commissioner Downing that:

**The Commission amend the Initial Order and suspend \$100 of the \$250 civil penalty contingent on the following:**

- a. **The Respondent file the missing F-1 report by November 2, 2018 and pay the unsuspended amount of \$150 within 30 days from the date of the Final Order.**
- b. **The Respondent timely file future F-1 reports as required by RCW 42.17A.**
- c. **The Respondent shall commit no further violations of Chapter 42.17A RCW or Title 390 WAC for a period of four years from the date of the Final Order.**

The motion passed 3-0.

*PDC Case No. 38750, Zachary Smith*

**MOTION 18-082** Moved by Commissioner Downing, seconded by Commissioner Ammons that:

**The Commission uphold the Initial Order and the Respondent pay the \$250 civil penalty assessed within 30 days from the date of the Final Order.**

The motion passed 3-0.

Chair Levinson closed the hearing and returned to the public meeting.

### **Rulemaking Continued | [PDC Meeting Video](#)**

The Commission continued the review of stakeholder comments and staff recommendations for consideration of inclusion into the final rulemaking for ESHB 2938, considering in the afternoon session proposed changes to WAC 390-18-050, concerning the public inspection of commercial advertisers' records.

The Commission gave direction to staff regarding requested additional amendments. Staff will make the suggested changes and amendments as discussed and send to the Commission for a final review and possible approval at a special meeting in November 2018.

The meeting Adjourned at 3:30 p.m.

Approved December 6, 2018