



**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: pdcc@pdcc.wa.gov • Website: www.pdcc.wa.gov

Oct. 24, 2018

Delivered electronically to “info@votenoona1631.com and dan@danbradylaw.com”

Subject: PDC Case 40372

Dear Dan Brady:

Below is a copy of an electronic letter sent to Jim Lazar concerning a complaint filed with the Public Disclosure Commission (PDC) against your client, the No on I-1631 Committee Sponsored by Western States Petroleum Association. As noted below to Jim Lazar, the PDC will not be conducting a more formal investigation into these allegations or taking further enforcement action in this matter.

However, pursuant to WAC 390-37-060(1)(b), this letter serves as a warning letter concerning the No on I-1631 Committee Sponsored by Western States Petroleum Association failure to comply with the political committee reporting requirements including with WAC 390-16-037, which requires political committees to disclose the goods and/or services to be provided by vendors for the work being performed.

The formal written warning includes staff's expectation the No on 1631 Committee Sponsored by Western States Petroleum Association files timely and complete reports for the 2018 election and in future years in accordance with PDC laws and rules.

If you have questions, you may contact Alice Fiman at 1-360-586-4746 or toll-free at 1-877-601-2828, or by e-mail pdcc@pdcc.wa.gov.

Sincerely,

/s _____

Alice Fiman
Compliance Officer
Endorsed by,

/s _____
Barbara Sandahl
Deputy Director
For Peter Lavallee
Executive Director

Oct. 24, 2018

Delivered electronically to "jim@jimlazar.com"

Subject: Complaint regarding No on 1631, PDC Case 40732

Dear: Jim Lazar

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed Aug. 31, 2018 against the No on 1631 Committee Sponsored by Western States Petroleum Association (Committee), a 2018 election year Ballot Committee to support No on Initiative 1631.

The complaint alleged that the Committee violated RCW 42.17A.240 and WAC 390-16-037 by failing to provide a detailed description of an expenditure made to Amplified Strategies on a Campaign Summary Receipts and Expenditure reports (C-4 report) filed Aug. 10, 2018. PDC staff reviewed the allegations listed in the complaints, the statutes, rules, and reporting requirements, the C-4 reports filed by the Committee and the response from Dan Brady, of Dan Brady Law, counsel for the Committee.

Based on staff's review, we found the following:

- On April 25, 2018, the No on 1631 Committee Sponsored by Western States Petroleum Association (the Committee) filed a Committee Registration (C-1pc report) registering with the PDC as a 2018 election year Ballot Committee to oppose Initiative 1631 on the November 6, 2018 general election ballot.
- On October 16, 2018, the Committee timely filed the 21-Day Pre-General Election C-4 report disclosing the receipt of \$22,127,180 in total monetary and in-kind contributions and \$18,761,333 in expenditures made.
- On Aug. 10, 2018, the Committee timely filed the July 2018 C-4 report disclosing a July 26, 2018 expenditure for \$154,548 made to Amplified Strategies, and listing the purpose and/or description as "Mail."
- In his Sept. 7, 2017 response, Mr. Brady stated "WAC 390-16-037 does not require a specific level of detail in disclosure of political advertising by mail." He added "If it is the PDC's opinion that disclosure of the number of mail pieces ultimately produced and mailed is required, then the Committee is willing to disclose that information on the appropriate C4 filing."
- On September 12, 2018, the Committee filed an amended C-4 for July of 2018, providing additional details for the \$154,548 expenditure made to Amplified Strategies that included two entries for the prior expenditure: (1) a \$101,150 expenditure with the description

“Deposit for direct mail – printing (Aaron Thomas) 289,000 pieces”; and (2) a \$53,398 expenditure with the description Deposit for direct mail –creative project fees 289,000 pieces.”

- On Oct. 12, PDC staff provided Mr. Brady with additional information on WAC 390-16-037(3), which requires “detail the goods and/or services to be provided by the recipient of the expenditure” and includes the following example of the detail needed if the expenditure is for printing: Vendor Name, Purpose, Amount: ABC Printing, 5,000 brochures, \$3,000.
- On Oct. 12, Mr. Brady responded he had discussed his concerns with PDC staff on Sept. 10 and “While disagreeing on the interpretation of the law, I indicated that the Committee would amend its C-4 to reflect the detail requested...and would adhere to that standard going forward.” In this response, Mr. Brady noted that on September 12, 2018, the Committee filed an amended July 2018 C-4 report (Rep #100858770).

Based on these initial findings, staff has determined that in this instance, failure to provide a detailed description of expenditure does not amount to a material violation warranting further investigation.

Pursuant to WAC to WAC 390-37-060(1) the No on 1631 Committee Sponsored by Western States Petroleum Association will receive a formal written warning concerning the failure to comply with the legal requirement.

The formal written warning will include staff's expectation the No on 1631 Committee Sponsored by Western States Petroleum Association files timely and complete reports for the remainder of the 2018 election cycle, including the complete breakdown for all Committee expenditures. The Commission will consider the formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

Based on these findings, the PDC has dismissed this matter in accordance with RCW 42.17A.755(1). If you have questions, you may contact Alice Fiman at 1-360-586-4746 toll-free at 1-877-601-2828, or by e-mail at alice.fiman@pdc.wa.gov

Sincerely,

/s_____

Alice Fiman
Compliance Officer

Endorsed by,

/s_____

Barbara Sandahl
Deputy Director
For Peter Lavallee
Executive Director

cc: Dan Brady, legal counsel for No on 1631 Committee Sponsored by Western States Petroleum Association