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**BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON**

In re the Matter of Enforcement Action
Against:

The Reagan Fund,

Respondent.

PDC CASE NO. 9343

FINAL ORDER

I. INTRODUCTION

This matter was heard by the Washington State Public Disclosure Commission (Commission) on December 7, 2017 at the Public Disclosure Commission Office, 711 Capitol Way, Room 206, Olympia, Washington 98504. The hearing was held pursuant to RCW 34.05, RCW 42.17A, and WAC 390-37.

Commissioners present included Anne Levinson, Commission Chair (presiding); Jack Johnson, Commission Vice-Chair; and Commissioners John Bridges, Katrina Asay, and David Ammons. Also present were Assistant Attorney General Scott Douglas representing the Commission; Kurt Young, Compliance Officer on behalf of PDC Staff; and Assistant Attorney General Chad Standifer on behalf of PDC Staff. Respondent The Reagan Fund (TRF) was represented by attorney Mark Lamb. The proceeding was open to the public and recorded.

The hearing concerned allegations that Respondent TRF violated RCW 42.17A.235 and .240 by failing to timely disclose \$84,640 in expenditures for contributions to political party organizations, contributions to political committees, and expenditures for political advertising,

1 surveys and research, and get-out-the-vote telephone calls.

2 The PDC had before it the following materials:

- 3 • Notice of Administrative Charges dated November 1, 2017;
- 4 • Report of Investigation prepared by PDC Compliance Officer Kurt Young, dated October
- 5 25, 2017;
- 6 • Complaint filed on October 23, 2016 against The Reagan Fund by Jessica LaVigne;
- 7 • C-4 report filed by The Reagan Fund dated September 12, 2016;
- 8 • C-3 report filed by King County Republican Central Committee Exempt dated July 25, 2016;
- 9 • C-3 report filed by King County Republican Central Committee Exempt dated August 15,
- 10 2016;
- 11 • Amended C-4 report filed by The Reagan Fund dated October 28, 2016;
- 12 • Email response to complaint from Mark Lamb to Kurt Young dated September 20, 2017;
- 13 • Spreadsheet of comparable PDC cases with violations and penalties; and
- 14 • Stipulation As To Facts, Violations, and Penalty submitted by the parties, signed on
- 15 November 21, 2017 and December 7, 2017.

16 **II. STIPULATION**

17 The parties jointly submitted a signed Stipulation as to Facts, Violations, and Penalty
18 (Stipulation). Mr. Standifer summarized the Stipulation and asked the Commission to accept the
19 Stipulation. Mr. Lamb likewise asked the Commission to accept the Stipulation. Mr. Young
20 provided testimony regarding related compliance issues with TRF's C-4 reports filed in 2017.
21 Mr. Young testified that TRF inadvertently carried forward the contribution and expenditure
22 totals for the 2016 election which resulted in TRF overstating its beginning balance on the C-4
23 report filed in January 2017. That overstated balance was carried through on all subsequent C-4
24 reports filed by TRF. TRF agreed that all C-4 reports for 2017 would be amended prior to filing
25 the Post-Election Report due on December 11, 2017. Staff testified that TRF was otherwise in
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1 compliance with RCW 42.17A and WAC 390 as of the date of the hearing.

2 The Commission voted 5-0 to accept the Stipulation as to Facts, Violations, and Penalty.

3 **III. FINDINGS OF FACT**

4 1. The Reagan Fund (TRF) is a political committee registered with the PDC, with ties to
5 the House Republican Organizational Committee, a caucus political committee made up of
6 Republican members of the Washington State House of Representatives. TRF has been
7 registered and reporting with the PDC since March 8, 2007.

8 2. TRF and the House Republican Organizational Committee share staff, office space,
9 and overhead costs as related political committees.

10 3. In 2016, TRF made expenditures for contributions to political party organizations,
11 contributions to political committees making independent expenditures and electioneering
12 communications in support of Republican legislative candidates, monetary contributions to
13 candidates for State Representative, and to the House Republican Organizational Committee for
14 shared overhead and staffing costs.

15 4. On October 9, 2015, TRF filed an amended Committee Registration (C-1pc report)
16 registering as a Continuing “Other” Political Committee, and listing Army Davis as COO-CFO,
17 and Andrew Aboen as Treasurer. The amended C-1pc report filed by TRF was in effect
18 throughout the 2016 election cycle.

19 5. On September 12, 2016, TRF timely filed the 2016 Post-Primary Election C-4 report
20 covering the period of July 26 through August 31, 2016. The C-4 report disclosed TRF received
21 \$348,550 in monetary contributions and made \$16,163 in expenditures that included a \$10,000
22 contribution to a political committee which in turn made independent expenditures during the
23 2016 election, and seven expenditures for Facebook advertising totaling \$4,417. No additional
24 expenditures were disclosed on the 2016 Post-Primary Election C-4 report filed by TRF.

25 6. On October 28, 2016, TRF filed an amended 2016 Post-Primary Election C-4 report,
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1 which included the previously reported \$348,550 in monetary contributions received and
2 \$16,163 in expenditures made, but also disclosed \$84,640 in previously unreported expenditures.

3 7. The \$84,640 in new expenditures included contributions to political party
4 organizations and political committees, for political advertising, surveys and research, and get-
5 out-the-vote telephone calls (GOTV), and were disclosed by TRF 46 days late, and 11 days prior
6 to the November 8, 2016 general election being held.

7 8. The late-reported expenditures disclosed by TRF included \$27,000 in monetary
8 contributions to political party organizations and to a political committee, including \$10,000
9 each to the King County Republican Central Committee and the Washington State Republican
10 Party; \$37,000 for surveys and research conducted in the 5th and 17th Legislative Districts;
11 \$15,000 for online political advertisements; and \$2,912 for GOTV telephone calls.

12 9. TRF inadvertently carried forward the contribution and expenditure totals for the 2016
13 election which resulted in TRF overstating its beginning balance on the C-4 report filed in
14 January 2017. That overstated balance was carried through on all subsequent C-4 reports filed
15 by TRF.

16 10. TRF was otherwise in compliance with RCW 42.17A and WAC 390 as of the date
17 of the hearing in this matter.

18 **IV. CONCLUSIONS OF LAW**

19 1. The Commission has jurisdiction over this proceeding pursuant to RCW 42.17A, the
20 State campaign finance and disclosure law; RCW 34.05, the Administrative Procedure Act; and
21 WAC 390.

22 2. Respondent The Reagan Fund violated RCW 42.17A.235 and 42.17A.240 by failing
23 to timely disclose \$84,640 in expenditures for contributions to political party organizations,
24 contributions to political committees, and expenditures for political advertising, surveys and
25 research, and get-out-the-vote telephone calls.
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V. ORDER

Based upon the stipulated Findings and Conclusions, the Commission accepts the stipulation of the parties and orders that:

1. Respondent The Reagan Fund is assessed a total civil penalty of \$4,000 for violation of RCW 42.17A.235 and 42.17A.240, with \$2,000 of the penalty suspended on the following conditions:

a. Respondent The Reagan Fund amends its 2017 C-4 reports to accurately reflect the assets and expenditures of TRF.

b. Respondent The Reagan Fund pays the non-suspended portion of the penalty (\$2,000) within 30 days from the date of entry of this Final Order.

c. Respondent The Reagan Fund is not found to have committed any further violations of RCW 42.17A WAC 390 within four years of the date of the Final Order in this matter.

2. If Respondent The Reagan Fund fails to comply with any of the conditions of this Order, the suspended portion of the penalty shall immediately become due without further action by the Commission.

So ORDERED this 20th day of December, 2017.

WASHINGTON STATE PUBLIC
DISCLOSURE COMMISSION

FOR THE COMMISSION:



Anne Levinson
Chair, Public Disclosure Commission

Copy of this Order mailed and/or emailed to:

Mark Lamb, Counsel for Respondent
Phil Stutzman, PDC Staff (phil.stutzman@pdc.wa.gov)

I, Jana Y. Greer, certify that I mailed a copy of this order to the Respondent/
Applicant at his/her respective address postage pre-paid on the date stated herein.

Jana Y. Greer 12/20/17
Signed Date

1 **NOTICE: RECONSIDERATION**

2 Pursuant to the provisions of RCW 34.05.470 and WAC 390-37-150, you may file a Petition for
3 Reconsideration with the PDC within twenty-one (21) days from the date this Final Order is
4 served upon you. Any Request for reconsideration must state the specific grounds for the relief
5 requested. Petitions must be delivered or mailed to the Washington State Public Disclosure
Commission, 711 Capitols Way, Room 206, Box 40908, Olympia WA 98504-0908.

6 **NOTICE: PETITION FOR JUDICIAL REVIEW**

7 You have the right to appeal this Final Order to Superior Court, pursuant to the Petition for
8 Judicial Review provisions of RCW 34.05.542. Any Petition for Judicial Review of this Final
9 Order must be filed with the court and also served upon both the Commission and the Office of
10 the Attorney general within thirty (30) days after the date this Final Order is served upon you.