



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](mailto:pdc@pdc.wa.gov) • Website: [www.pdc.wa.gov](http://www.pdc.wa.gov)

November 8, 2017

Sent electronically by email to:

Danielle Franco-Malone: [franco@workerlaw.com](mailto:franco@workerlaw.com)

Randy Marler: [spokaneforhonestgovernment@gmail.com](mailto:spokaneforhonestgovernment@gmail.com)

Danielle Franco-Malone  
Schwerin Campbell Barnard  
Iglitzin & Lavitt LLP  
18 West Mercer St, Ste 400  
Seattle, WA 98119

Subject: Commission Final Order, Spokane for Honest Government, PDC Case 9059

Dear Ms. Franco-Malone:

Enclosed is a copy of the Public Disclosure Commission's Final Order Imposing Fine that was entered in the above-referenced case concerning Spokane for Honest Government.

At its October 26, 2017 meeting, the Commission found Spokane for Honest Government in violation of RCW 42.17A.260, 42.17A.305, and 42.17A.240, and assessed a total civil penalty of \$10,000, with \$3,000 suspended on the condition that the Respondent is in compliance with all current reporting requirements, has no further violations of law or PDC rules for four years from the date of this Order, and pays the non-suspended portion of the penalty within 90 days from the date of this Order.

Please make your \$7,000 check or money order payable to the WA State Treasurer, and mail the payment to the address listed below:

**WA State Treasurer - Public Disclosure Commission  
Financial Office  
PO Box 41465  
Olympia, WA 98504-1465**

In the event Spokane for Honest Government fails to meet any of the above terms of this order, the entire \$10,000 penalty will become immediately due without any further intervention of the Commission.

Spokane for Honest Government  
Hearing Order Cover Letter  
PDC Case 9059  
Page 2

If you have questions, please contact Phil Stutzman at (360) 664-8853; toll free at (877) 601-2828 or by email at [phil.stutzman@pdc.wa.gov](mailto:phil.stutzman@pdc.wa.gov).

Sincerely,



Philip E. Stutzman  
Sr. Compliance Officer

Enclosure: Final Order

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

9 IN RE THE MATTER OF ENFORCEMENT  
10 ACTION AGAINST

11 SPOKANE FOR HONEST GOVERNMENT

12 Respondent.

PDC CASE NO. 9059

FINDINGS OF FACT,  
CONCLUSIONS OF LAW, AND  
ORDER IMPOSING FINE

13 **I. INTRODUCTION**

14 This matter came before the Washington State Public Disclosure Commission on October  
15 26, 2017, at the PDC office, Room 206, Evergreen Plaza Building, 711 Capitol Way, Olympia,  
16 Washington. The matter was held in accordance with Chapters 34.05 and 42.17A RCW and  
17 Chapter 390-37 WAC.

18 Commissioners present included Anne Levinson, Commission Chair (presiding); Jack  
19 Johnson, Commission Vice-Chair; and Commissioners John Bridges, Katrina Asay, and David  
20 Ammons. Assistant Attorney General Chad Standifer presented the matter on behalf of PDC  
21 Staff. Respondent Spokane for Honest Government (SFHG) was represented through its attorney  
22 Danielle Franco-Malone, who participated by phone. Also present were Assistant Attorney  
23 General Scott Douglas representing the Commission; PDC Executive Director Peter Lavallee;  
24 and PDC staff member Jana Greer as recorder of the proceedings. The proceeding was open to  
25 the public and recorded.

26 The PDC had before it the following materials:

- 1 1. Commission Staff's Witness and Exhibit List submitted July 18, 2017;
- 2 2. Complaint received on October 15, 2016 from Gretchen McDevitt against SFHG, with
- 3 exhibits (Exhibit 1);
- 4 3. Form C-1 pc filed by SFHG on May 1, 2015 (Exhibit 2);
- 5 4. SFHG's response to complaint dated October 25, 2016 (Exhibit 3);
- 6 5. C-6 report filed by SFHG on October 16, 2015 (Exhibit 4);
- 7 6. C-6 report filed by SFHG on October 22, 2015 (Exhibit 5);
- 8 7. C-6 report filed by SFHG on October 27, 2015 (Exhibit 6);
- 9 8. C-6 report filed by SFHG on June 20, 2016 (Exhibit 7);
- 10 9. Summary of late-filed C-6 reports filed by SFHG (Exhibit 8);
- 11 10. C-4 report for period of September 1, 2015 - October 12, 2015 (Exhibit 9);
- 12 11. Report of Investigation, PDC Case 9059, dated June 12, 2017 (Exhibit 10);
- 13 12. Addendum to Report of Investigation, PDC Case 9059, dated June 29, 2017 (Exhibit 11);
- 14 13. Amended Notice of Administrative Charges; and
- 15 14. Table of comparable PDC cases listing violations and penalties assessed.

16 The hearing concerned allegations that SFHG violated RCW 42.17A.260 and .305 by  
17 failing to timely file C-6 reports of independent expenditures and electioneering communications  
18 within 24 hours of presenting or mailing the ads and communications to the public, and violated  
19 RCW 42.17A.240 by failing to adequately describe the purpose of \$50,000 of expenditures.

## 20 **II. PROCEDURAL HISTORY**

21 This matter first came before the Commission on July 27, 2017, at which time a proposed  
22 stipulation was presented which included a proposed penalty of \$10,000 with \$5,000 suspended.  
23 The Commission voted to reject the stipulation on the grounds that the penalty was insufficient  
24 for the violations alleged. At a subsequent pre-hearing conference held on September 7, 2017,  
25 the matter was set for evidentiary hearing before the Commission.  
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1 On September 29, 2017, counsel for SFHG sent a letter to AAG Standifer and AAG  
2 Douglas stating that SFHG would not participate in the evidentiary hearing, but would honor the  
3 terms of the stipulated agreement previously rejected by the Commission if the Commission  
4 were to accept that stipulation. Counsel for SFHG further stated that if a monetary penalty was  
5 ordered in excess of what had been proposed in the stipulation, SFHG intended to cease  
6 operations as a political committee.

7 Counsel for Respondent SFHG presented no testimony and submitted no exhibits. AAG  
8 Standifer submitted eleven exhibits, listed above as document 2 through 12. Ms. Franco-Malone  
9 was asked if she had any objections to admission of Staff's exhibits. She stated that she had not  
10 reviewed the exhibits but had no objection to their admittance. Staff's Exhibits 1 through 11  
11 were admitted into evidence. Chair Levinson made note of the September 29, 2017 letter sent by  
12 counsel for SFHG to AAGs Standifer and Douglas. The Chair had been provided a copy of the  
13 letter prior to the hearing, and asked the parties if there was any objection to it being included in  
14 the record. The letter was admitted into evidence as Exhibit 12 without objection.

15 Philip Stutzman, Senior Compliance Officer, was sworn in and presented testimony on  
16 behalf of PDC Staff. Mr. Stutzman's testimony included discussion of three prior PDC cases  
17 with fact patterns comparable to this case, and the penalties assessed therein. In all three  
18 comparable cases, the C-6 reports were filed untimely but within roughly one month or less of  
19 the required reporting date.

20 Each party was provided the opportunity to make a closing argument. AAG Standifer  
21 summarized the evidence presented, and addressed the factors in this case which warrant a higher  
22 penalty than had been assessed by the Commission in three specific comparable PDC cases with  
23 similar fact patterns. SFHG failed to timely file seven C-6 reports, exceeding the number of late-  
24 filed reports in the comparable cases. The late reports filed by SFHG were between 212 and 283  
25 days late, far exceeding the timeframe in the comparable cases, where the latest-filed report was  
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1 42 days late. SFHG did not file the required C-6 forms until well after the election in which the  
2 expenditures were made, thus depriving the public of material information about who was  
3 making the expenditures at the time when voters were making their decisions and casting their  
4 ballots. The amount unreported until after the election - \$94,134.75 – is a significant amount of  
5 money, especially for a local municipal election. Staff reiterated their recommendation that a  
6 penalty of \$10,000 be assessed, but did not make a specific recommendation on whether or how  
7 much of the penalty should be suspended.

### 8 **III. FINDINGS OF FACT**

9 1. Spokane for Honest Government is a political committee that participated in the  
10 2015 Spokane City Council elections by supporting Lori Kinnear and Karen Stratton with  
11 independent expenditures and electioneering communications. Both candidates were successful  
12 in the November 3, 2015 general election.

13 2. On October 15, 2016, Gretchen McDevitt filed a complaint with the PDC, alleging  
14 that Spokane for Honest Government had failed to timely file reports of independent  
15 expenditures during the 2015 Spokane City Council elections.

16 3. Spokane for Honest Government first filed a committee registration (Form C-1 pc) on  
17 May 1, 2015, listing Deborah Gaddess, Campaign Manager; Melissa Olson, Treasurer; and  
18 Rich Bruce, Renee Barkart, and Randy Marler, Committee Members.

19 4. On October 16, 2015, Spokane for Honest Government paid Lawton Printing  
20 \$2,938.00 for mailers supporting Karen Stratton for Spokane City Council.

21 5. On October 22, 2015, Spokane for Honest Government paid Lawton Printing  
22 \$2,512.16 for mailers supporting Lori Kinnear.

23 6. On October 27, 2015, Spokane for Honest Government paid Lawton Printing  
24 \$4,992.30 for mailers supporting Lori Kinnear (\$2,598.15) and Karen Stratton (\$2,394.15).  
25  
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1 7. Melissa Olson, Treasurer for Spokane for Honest Government, filed all three C-6  
2 reports related to the October 16, 22, and 27, 2015 expenditures in a timely manner, within 24  
3 hours of presenting or mailing the ads and communications to the public.

4 8. On June 20, 2016, Spokane for Honest Government filed a C-6 report disclosing  
5 multiple independent expenditures and electioneering communications totaling \$94,134.75  
6 made between September and November 2015, supporting Lori Kinnear and Karen Stratton.  
7 The report disclosed \$46,080.40 supporting Ms. Kinnear and \$48,054.35 supporting Ms.  
8 Stratton. The expenditures were required to be reported on seven separate C-6 reports within  
9 24 hours of presenting or mailing the ads and communications to the public, but were reported  
10 between 212 and 283 days late, and more than seven months after the 2015 election. The  
11 expenditures were primarily for political ads in the form of broadcast advertising and direct  
12 mail pieces.

13 9. Spokane for Honest Government timely filed a Campaign Summary Receipts and  
14 Expenditures Report (PDC Form C-4) covering the period September 1, 2015 through October  
15 12, 2015 (the 21-day pre-general election report) on October 12, 2015. It included an  
16 expenditure dated September 10, 2015 totaling \$50,000, to API, PO Box 251, Spokane, WA  
17 99210. The Purpose of Expense column stated only "Media Buy." It did not identify the two  
18 candidates supported by the media buy, or include a listing of the media outlets used.

#### 19 **IV. CONCLUSIONS OF LAW**

20 1. Spokane for Honest Government violated RCW 42.17A.260 and .305 by failing to timely  
21 file C-6 reports disclosing expenditures for political advertising and electioneering  
22 communications.

23 2. Spokane for Honest Government violated RCW 42.17A.240 by failing to adequately  
24 describe the purpose of \$50,000 of expenditures as required in RCW 42.17A.240 and WAC  
25 390.16.037.  
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V. ORDER

Spokane for Honest Government is hereby ordered to pay a penalty of \$10,000 of which \$3,000 is suspended on the condition that the Respondent is in compliance with all current reporting requirements, has no further violations of law or PDC rules for four years from the date of this Order, and pays the non-suspended portion of the penalty within 90 days from the date of this Order. The Executive Director is authorized to enter this Order on behalf of the Commission.

SO ORDERED this 8<sup>th</sup> day of November, 2017.

WASHINGTON STATE PUBLIC  
DISCLOSURE COMMISSION

FOR THE COMMISSION:

  
Peter Lavallee  
Executive Director

*This order sent by mail to:*

Danielle Franco-Malone  
Schwerin Campbell Barnard  
Iglitzin & Lavitt LLP  
18 West Mercer St, Ste 400  
Seattle, WA 98119

*And by email to:*  
franco@workerlaw.com

I, Phil Stutzman certify that I emailed a copy of this order to the Respondent at his respective email address.

Philip E. Stutzman 11/8/2017  
Signed Date

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## Appeals and Enforcement of Commission Final Order

NOTICE: RECONSIDERATION

PURSUANT TO THE PROVISIONS OF RCW 34.05.470 AND WAC 390-37-150 YOU MAY FILE A PETITION FOR RECONSIDERATION WITH THE PDC WITHIN TWENTY-ONE (21) DAYS FROM THE DATE THIS FINAL ORDER IS SERVED UPON YOU. ANY REQUEST FOR RECONSIDERATION MUST STATE THE SPECIFIC GROUNDS FOR THE RELIEF REQUESTED. PETITIONS MUST BE DELIVERED OR MAILED TO THE WASHINGTON STATE PUBLIC DISCLOSURE COMMISSION, 711 CAPITOL WAY, ROOM 206, BOX 40908, OLYMPIA WA 98504-0908.

NOTICE: PETITION FOR JUDICIAL REVIEW

YOU HAVE THE RIGHT TO APPEAL THIS FINAL ORDER TO SUPERIOR COURT, PURSUANT TO THE PETITION FOR JUDICIAL REVIEW PROVISIONS OF RCW 34.05.542. ANY PETITION FOR JUDICIAL REVIEW OF THIS FINAL ORDER MUST BE FILED WITH THE COURT AND ALSO SERVED UPON BOTH THE COMMISSION AND THE OFFICE OF THE ATTORNEY GENERAL WITHIN THIRTY (30) DAYS AFTER THE DATE THIS FINAL ORDER IS SERVED UPON YOU.