



STATE OF WASHINGTON  
PUBLIC DISCLOSURE COMMISSION

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April 7, 2016

Sent via email to Matt Loschen "mattloschen@frontier.com"

Subject: Complaint filed against Jason Chinchilla, PDC Case No. 1337

Mr. Loschen:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on November 2, 2015. Your complaint alleged that Jason Chinchilla, a 2015 candidate seeking the office of Kirkland City Council member, violated: (1) RCW 42.17A.245 by failing to file contribution and expenditure reports electronically as required for a candidate; and (2) RCW 42.17A.405 by accepting contributions from affiliated entities that exceeded the \$950 per election contribution limits from any one contributor in 2015.

PDC staff reviewed your allegations in light of PDC laws and rules in order to determine whether a formal investigation or enforcement action is warranted. With regard to the question of whether reports were required to be filed electronically, RCW 42.17A.245 requires candidates expending or expecting to expend \$5,000 in the current year to comply with the law and file the C-3 and C-4 reports electronically using the PDC's Online Reporting of Campaign Activities (ORCA) software or similar campaign finance filing software.

With regard to your concerns about receipt of over-limit contributions from affiliated entities, you indicated that the Friends of Jason Chinchilla received four contributions totaling \$3,800 from four entities that are associated with Ed Springman, including Market Street Townhomes LLC, CES Properties, Forum Real Estate Group LLC, and Empire Way Associates. You further alleged that three of the companies made contributions that were received on the same date, and listed the same mailing address, 12301 NE 10th Pl, Suite 303 Bellevue, WA 98005.

Staff reviewed your complaint, the Monetary Contributions reports (C-3 reports) and Campaign Summary Contribution and Expenditures reports (C-4 report) filed by Jason Chinchilla, both electronically and on paper, email exchanges between Mr. Chinchilla and PDC staff, and email

exchanges between Ed Springman's legal counsel and PDC staff. Based on staff's review, we found the following:

- On June 3, 2015, Jason Chinchilla filed a Candidate Registration (C-1 report) declaring his candidacy for Kirkland City Council member, Position No. 2 in 2015, and selecting the Full Reporting option. Mr. Chinchilla was a first-time candidate for public office in 2015.

### **1. Electronic Reports**

- Between June 10 and October 21, 2015, the Friends of Jason Chinchilla Campaign (Campaign) filed 16 C-3 and five C-4 reports manually on paper.
- Staff reconciled the expenditures made by the Campaign and found that the Campaign exceeded the \$5,000 electronic filing expenditure threshold on September 26, 2015, when it made a \$248.55 expenditure to Office Depot. The September 26, 2015 expenditure exceeded the electronic filing threshold bringing the Campaign's expenditure total to \$5,004.
- Mr. Chinchilla stated that his campaign became aware of the requirement to electronically file its C-3 and C-4 reports on or about October 20, 2015, when his campaign treasurer received a telephone call from a PDC staff member. PDC staff informed his treasurer that filing the C-3 and C-4 reports electronically was a requirement, and requested the Campaign get caught up by October 31, 2015. He stated that all the C-3 and C-4 reports that were paper filed by his Campaign were current and up to date and remained so until the electronic reports were filed.
- On October 30, 2015, the Campaign electronically filed the C-3 and C-4 reports 34 days late based on the required electronic filing date of September 26, 2015, and four days prior to the November 3, 2015 general election.

In accordance with Public Disclosure Commission practice to issue a warning for first-time minor violations for failing to timely file C-3 and C-4 reports via the electronic filing method, a warning letter is being sent to Jason Chinchilla. The warning letter will caution Mr. Chinchilla that failing to timely file his campaign contribution and expenditure reports electronically for all future campaigns, could result in enforcement action before the Commission.

### **2. Contributions from Affiliated Entities**

- During the 2015 election, the Campaign disclosed receiving: (1) A \$950 monetary contribution from Market Street Townhomes LLC on September 14, 2015; (2) A \$950 monetary contribution from CES Properties on October 12, 2015; and (3) Two \$950 in-kind contributions for postage from Forum Real Estate Group LLC, and Empire Way Associates, both also received on October 12, 2015.

- Mr. Chinchilla stated during a conversation he had with Mr. Springman, he informed him that he knew of two businesses that shared office space with him that would be willing to contribute to his Campaign. He stated he discussed with Mr. Springman that he was planning on sending out a campaign mailer, and Mr. Springman informed him to “come to his office to meet with someone who would help with the postage for that.”
- Mr. Chinchilla stated that he was told by Mr. Springman that Forum Real Estate Group LLC, and Empire Way Associates, two of the tenants in a large office building in Bellevue, were each going to make made in-kind contributions for the postage for the mailer. Mr. Chinchilla stated that he took the Campaign envelopes and ran them through a postage meter from Forum Real Estate Group LLC, and Empire Way Associates, and then his Campaign reported the two in-kind contributions.
- Mr. Chinchilla stated that he did not solicit the contribution from Market Street Townhomes LLC, and that Mr. Springman mailed the Campaign the \$950 contribution “of his own volition.” He stated that he thanked Mr. Springman for the contribution, and during the course of their conversation they discussed how expensive it was to run as a candidate for public office. He stated that he asked Mr. Springman if he knew anyone else who might make a contribution to his Campaign.
- Mr. Chinchilla stated that his campaign received the \$950 contribution from CES Properties Inc. “approximately 3-4 weeks later.” He stated he assumed Mr. Springman “...had some kind of interest in Market Street Townhomes LLC, however I certainly did not know any details in that regard. I was also not aware of any common or overlapping ownership or managerial interests in any of the other entities.”
- Mr. Chinchilla stated it was his sense that the four entities were completely separate and that they only shared office space.
- Staff’s review found that Mr. Springman: (1) Owns 100% of CES Properties; and (2) is a managing member of the other three entities, Market Street Townhomes LLC, Forum Real Estate Group LLC, and Empire Way Associates, but he only has a nominal ownership interest in each of those three entities of less than five percent.

When determining whether one or more entities should be considered to be affiliated and share one contribution limit, PDC Staff review the provisions of WAC 390-16-309, which provides:

[T]wo or more entities shall be treated as one entity and share a contribution limit under RCW 42.17A.405 and 42.17A.410 if one of the entities is established, financed, maintained or controlled by the other, as evidenced by any one of the following factors:

(a) Whether one entity owns a controlling interest in the voting stock or securities of another entity; or

(b) Whether one entity has authority or the ability to direct or participate, other than through a vote as a member, in the governance of another entity through provisions of constitution, bylaws, contract or other formal or informal procedure or has authority or the ability to hire, appoint, demote or otherwise control, other than through a vote as a member, the officers or other decision making employees or members of another entity; or

(c) Whether (i) one entity has a common or overlapping membership with another which indicates either a formal or ongoing relationship between the two organizations or the creation of a successor entity and (ii) the entity has an active or significant role in the formation of the other entity and (iii) the entities have similar patterns of contributions or contributors which indicate a formal or ongoing relationship between the entities; or

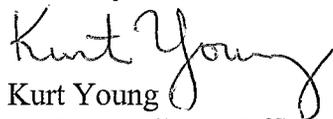
(d) Whether one entity provides, causes or arranges, funds, services or goods in a significant amount or on an ongoing basis, through direct or indirect means to the other entity, for less than full consideration. Full consideration includes the payment of membership dues.

This rule does not address the role/responsibility that an individual may have with several entities that are making contributions to the same candidate, and it applies to entities having control over other entities—it does not refer to individuals or persons. A person having a connection with various entities does not create affiliated entities under this rule. No evidence was found during our review, demonstrating that the Friends of Jason Chinchilla accepted affiliated contributions from the four entities that have connections with Ed Springman.

For these reasons, PDC staff will not be conducting a more formal investigation into your complaint or pursuing enforcement action in this case. Thank you for bringing this matter to our attention. The process relies on citizens monitoring campaign activity to promote full compliance with the law. Your actions will contribute to better awareness of campaign restrictions and prohibitions.

If you have questions, you may contact me at (360) 664-8854, toll-free at 1-877-601-2828, or by e-mail at [kurt.young@pdc.wa.gov](mailto:kurt.young@pdc.wa.gov).

Sincerely,



Kurt Young  
PDC Compliance Officer

Endorsed by:



Evelyn Fielding Lopez  
Executive Director



cc: Jason Chinchilla