



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

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April 21, 2016

Sent electronically to Karen Tennyson "karen.tennyson@gmail.com"

Subject: Complaint filed against Jane Hague, PDC Case 1068

Ms. Tennyson:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on October 22, 2015. Your complaint alleged that Jane Hague, an incumbent King County Council member, and a 2015 candidate seeking re-election to that office, violated RCW 42.17A.405 by accepting contributions from affiliated entities that exceeded the \$950 per election contribution limits from any one contributor.

Specifically, you alleged that the Friends of Jane Hague (Campaign) received 16 contributions totaling more than \$14,000 from entities that are associated with Ed Springman, Ms. Hague's spouse, and several contributions were received on the same date from the same mailing address. PDC staff reviewed your allegations in light of RCW 42.17A.405 and WAC 390-16-309 (as detailed on page 3) in order to determine whether a formal investigation or enforcement action is warranted.

RCW 42.17A.405, for the 2015 election, for each election in which the candidate's name appears on the ballot, candidates for county-wide office were subject to a \$950 limit on contributions received from individuals, corporations, unions, and other non-individual entities other than a bona fide political party or a caucus political committee.

Staff reviewed your complaint, the Monetary Contributions reports (C-3 reports) and Campaign Summary Contribution and Expenditures reports (C-4 report) filed by the Friends of Jane Hague (Campaign), and email exchanges between Mark Lamb, an attorney representing Ed Springman and the Campaign, and PDC staff. Based on staff's review, we found that:

- On June 18, 2012, Jane Hague filed a Candidate Registration (C-1 report) declaring her candidacy for re-election to King County Council member, Position No. 6 in 2015, and selecting the Full Reporting option. Ms. Hague is an incumbent King County Council member dating back to at least 1994.
- During the 2015 election, the Campaign disclosed receiving 16 monetary contributions that included the following:

October 2015 contributions (\$6,650): (1) A \$950 contribution from Belmont-Covin LLC (rec'd 10/10/2015); (2) A \$950 contribution from Belmont Republican Associates, LLC (rec'd 10/10/2015); (3) A \$950 contribution from Brandon Mill LLC (rec'd 10/10/2015); (4) A \$950 contribution from Highlander Associates (rec'd 10/10/2015); (5) A \$950 contribution from Mickelberry Self Storage (rec'd 10/10/2015); (6) A \$950 contribution from Woodwind Associates (rec'd 10/17/2015); and (7) A \$950 contribution from Pleasant Creek Association (rec'd 10/17/2015).

September 2015 contributions (\$2,850): (1) A \$950 contribution from CES Properties (rec'd 9/4/2015); (2) A \$950 contribution from Lake Sawyer Loan Fund, LLC (rec'd 9/8/2015); and (3) A \$950 contribution from Market Street Townhomes, LLC (rec'd 9/27/2015).

August 2015 contributions (\$1,900): (1) A \$950 contribution from Forum Real Estate Group, LLC (rec'd 8/22/2015); (2) A \$950 contribution from Benson Crest Loan Fund (rec'd 8/14/2015);

July 2015 contributions (\$1,400): (1) A \$950 contribution from Westwood Associates (rec'd 7/4/2015); and (2) A \$650 contribution from Guardian Self Storage Association (rec'd - 7/4/2015)

April 2015 contributions (\$1,100): (1) A \$150 contribution from Sherron Associates Inc, (rec'd 4/23/2015); and (2) A \$950 contribution from Empire Way Associates (rec'd 4/30/2015).

- Staff's review found that Mr. Springman has a 100% ownership interest in two of the entities, CES Properties and Sherron Associates.
- Mr. Springman is a managing member of four of the entities domiciled in Texas that made contributions to the Campaign, and included the following: Westwood Associates; Pleasant Creek Associates; Brandon Mill, LLC; and Woodwind Associates. In addition, Mr. Springman is a managing member of Guardian Self Storage Association, an entity from New Mexico.
- Mr. Springman authorized, directed, wrote and signed the five contribution checks for the five out-of-state entities, and the checks were mailed directly to the Campaign. He has a nominal ownership interest in each of the five out-of-state entities of less than five percent.
- Mr. Springman is a managing member of nine of the entities located in Washington State that included: (1) Market Street Townhomes, LLC; (2) Belmont Covin, LLC; (3) Forum Real Estate Group, LLC; (4) Empire Way Associates; (5) Benson Crest Loan Fund; (6) Lake Sawyer Loan Fund, LLC; (7) Mickelberry Self Storage; (8) Belmont Republican Associates; and (9) Highlander Associates. He has a nominal ownership interest of less than five percent for each of the nine entities.

- Mr. Springman authorized, directed, wrote and signed the contribution checks for the nine Washington State entities listed above, and that the contribution checks from each of the entities were mailed directly to the Campaign.
- Mr. Springman confirmed that five of the entities (Benson Crest Loan Fund; Lake Sawyer Loan Fund, LLC; Forum Real Estate Group, LLC; Empire Way Associates; and CES Properties) all have the same mailing address. He noted that each of the five entities make expenditures for their proportional share of expenses to conduct business.
- When the Campaign was made aware of your complaint and the allegations, they promptly refunded the contributions in question to 15 of the entities prior to the 2015 general election being held. Staff reviewed the C-4 reports filed by the Campaign which confirmed that on October 29, 2015, 15 expenditures totaling \$13,950 were itemized on the Schedule A to C-4 report disclosing the refunds of the monetary contributions associated with Mr. Springman. Staff noted that the Campaign received the 16 contributions during the period of April 23 through October 17, 2015.
- In the response from Mr. Lamb, he stated that at the time the Campaign's "compliance team" did not believe that the contributions from the 16 entities constituted "...shared ownership or control because none of the entities own or control the other, have an integrated vertical ownership corporate structure, and because Mr. Springman is no more than a small owner of the overwhelming majority of the companies at issue."
- Mr. Lamb added that "...After the press release by FUSE it was determined that the contributions should be refunded to avoid any suggestion that they were improper."

When considering whether one or more entities should be considered to be affiliated and share one contribution limit, PDC staff reviewed 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, or position that an individual may have with several entities that are making contributions to the same candidate. The rule applies to entities having control over other entities, and does not mention or reference an individual or person. An individual or person having a connection with various entities that made contributions to a candidate, including the spouse of a candidate, does not create affiliated entities under this rule.

No evidence was found during our review, demonstrating that the Friends of Jane Hague received affiliated contributions from any of the 16 entities that have connections with her spouse, Ed Springman in accordance with WAC 390-16-309. When the Friends of Jane Hague Campaign were made aware of your complaint and the allegations, they promptly refunded the contributions in question to 15 of the entities prior to the 2015 general election being held.

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.

Staff also plans to discuss the provisions of WAC 390-16-309 with the Commission to determine if the rule should be amended. 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.

Sincerely,


Kurt Young
PDC Compliance Officer

Endorsed by:


Evelyn Fielding Lopez
Executive Director



cc: Jane Hague
Mark Lamb, attorney representing Ed Springman