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

IN RE THE MATTER OF ENFORCEMENT
ACTION AGAINST

PDC CASE NO. 13-023

ORDER OF DISMISSAL

Michael King
Senate Democratic Campaign Committee
The Roosevelt Fund,

Respondents.

This matter came before the Washington State Public Disclosure Commission on October 24, 2013 at the PDC Office, 711 Capitol Way, Room 206, Olympia, Washington. Those present included Amit Ranade, Commission Chair; Grant Degginger, Vice Chair; Barry Sehlin, Member; and Kathy Turner, Member.

In attendance were Phil Stutzman, PDC Director of Compliance and Kurt Young, Compliance Officer, representing PDC Staff. No representatives of Respondents Michael King, Senate Democratic Campaign Committee (SDCC), or The Roosevelt Fund were present. Also present were: Andrea McNamara Doyle, Executive Director; Nancy Krier, Commission General Counsel; and PDC staff member Nancy Coverdell as recorder/reporter of the proceeding. The proceeding was recorded and open to the public.

This case concerns allegations in a PDC staff-generated complaint alleging that Michael King had violated RCW 42.17A.435 by concealing the true nature of committee

1 expenditures, and RCW 42.17A.445 by converting committee funds to his personal use from
2 both SDCC and The Roosevelt Fund. In addition, the PDC staff complaint alleged that SDCC
3 and The Roosevelt Fund violated RCW 42.17A.240 by filing inaccurate C-4 reports.

4 The Commission considered an October 17, 2013 memorandum from Mr. Stutzman
5 and Mr. Young summarizing the complaint (with attachments). The memorandum described
6 staff findings to date, action taken in the King County Superior Court against Mr. King, and
7 Commission options. The Commission also considered the oral presentation of staff.

8 The Commission voted unanimously to dismiss the staff allegations and take no further
9 action on the condition that SDCC and The Roosevelt Fund timely file amended reports of
10 contributions and expenditures accurately reflecting the nature and amount of funds diverted to
11 personal use by Mr. King.

12 The Commission hereby enters the following Findings of Fact, Conclusions of Law,
13 and Order.

14 I. FINDINGS OF FACT AND CONCLUSIONS OF LAW

15 Jurisdiction

16 1. The Commission has jurisdiction to hear this matter as provided in RCW
17 42.17A.

18 Findings of Fact

19 2. Since 1993, and through 2012, SDCC has been the official caucus political
20 committee of the Senate Democratic Caucus. Since 1993, and through 2012, SDCC has been
21 timely filing its Cash Receipts Monetary Contributions reports (C-3 reports) and Campaign
22 Summary Receipts & Expenditures reports (C-4 reports) with the PDC disclosing its
23 contribution and expenditure activities.

24 3. Since 1994, and through 2012, The Roosevelt Fund has been the registered
25 caucus-related political committee for SDCC, and has been timely filing its C-3 and C-4
26 reports.

1 4. During 2012, Michael King served as the Executive Director of both SDCC and
2 The Roosevelt Fund.

3 5. On February 21, 2013, officials of SDCC and The Roosevelt Fund notified PDC
4 staff that it had referred to the King County Prosecuting Attorney's Office evidence that Mr.
5 King had allegedly misappropriated SDCC and Roosevelt Fund money for his personal use.
6 Officials of SDCC and The Roosevelt Fund also noted that the alleged misappropriation of
7 funds over the course of several months had resulted in inaccurate reporting by SDCC and The
8 Roosevelt Fund.

9 6. On September 24, 2013, the King County Prosecutor filed criminal charges
10 against Mr. King in King County Superior Court alleging four counts of Theft in the First
11 Degree and four counts of Theft in the Second Degree. The Information cited suspicions of
12 financial irregularities concerning Mr. King and the SDCC that came to light after the
13 November 2012 general election.

14 7. A review of SDCC expenditures revealed that thousands of dollars were spent
15 by Mr. King for online polling and auto-dialing companies that appeared unnecessary.

16 8. The treasurer hired by SDCC discovered these irregularities and notified SDCC
17 co-chairs in February 2013. SDCC hired the Pacifica Law Group to investigate these matters.
18 That review indicated that Mr. King deposited thousands of dollars of SDCC funds into his
19 personal bank accounts.

20 9. During his interview with the Seattle Police Department, Mr. King admitted to
21 stealing SDCC funds. He acknowledged taking between \$200,000 and \$300,000. Mr. King
22 said he took this money because he had a drinking and gambling problem.

23 10. No information was found demonstrating that SDCC or The Roosevelt Fund
24 knew or had reason to know that committee C-4 reports were inaccurate at the time they were
25 filed.

1 11. On October 3, 2013, Mr. King appeared in King County Superior Court and
2 pleaded guilty to four counts of Theft in the First Degree and four counts of Theft in the
3 Second Degree for embezzling at least \$250,000 in funds from the SDCC. Mr. King is
4 scheduled for sentencing on November 22, 2013, and the prosecutor is recommending that Mr.
5 King serve two years in prison and pay \$250,000 in restitution.

6 12. On October 9, 2013, representatives of SDCC and The Roosevelt Fund
7 provided PDC staff with spreadsheets indicating that Mr. King had diverted \$158,248 in SDCC
8 committee expenditures for his personal use between November 10, 2011 and February 14,
9 2013, and \$127,124 in Roosevelt Fund committee expenditures for his personal use during the
10 period December 12, 2011 through February 14, 2013.

11 **Conclusions of Law**

12 13. RCW 42.17A.435 states, "No contribution shall be made and no expenditure
13 shall be incurred, directly or indirectly, in a fictitious name, anonymously, or by one person
14 through an agent, relative, or other person in such a manner as to conceal the identity of the
15 source of the contribution or in any other manner so as to effect concealment."

16 14. RCW 42.17A.445 states that contributions received and reported in accordance
17 with RCW 42.17A.220 through 42.17A.240 and 42.17A.425 may only be paid to a candidate,
18 or a treasurer or other individual or expended for such individual's personal use under specific
19 circumstances, including: (1) Reimbursement for or payments to cover lost earnings incurred
20 as a result of campaigning or services performed for the political committee; (2)
21 Reimbursement for direct out-of-pocket election campaign and postelection campaign related
22 expenses made by the individual; or (3) Repayment of loans made by the individual to political
23 committees.

24 15. RCW 42.17A.235 states that RCW 42.17A.240 requires political committees,
25 including bona fide political party committees, to timely and accurately file reports of
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1 contributions and expenditures, including the disclosure of contributions made to candidates
2 for public office.

3 16. Although the evidence shows that Mr. King likely violated RCW 42.17A.435
4 and 42.17A.445, the Commission concludes that the criminal sanctions that are expected to be
5 imposed by King County Superior Court are a sufficient remedy for Mr. King's violations of
6 the law, and further investment of limited state resources with respect to this matter is not in
7 the public interest.

8 17. Although the evidence shows that SDCC and The Roosevelt Fund filed
9 inaccurate reports of its expenditures, no evidence was found that the committees knew or had
10 reason to know that their C-4 reports were inaccurate, and both committees have agreed to file
11 amended reports disclosing the funds diverted by Mr. King for personal use.

12 18. Based upon the record herein, the Commission finds and concludes the
13 allegations made in the PDC staff-generated complaint that Michael King, SDCC, and The
14 Roosevelt Fund violated RCW 42.17A should be dismissed.

15 II. ORDER OF DISMISSAL

16 By unanimous vote, the Commission:

17 (1) Dismisses the allegations in the complaint against Michael King; and

18 (2) Dismisses the allegations in the complaint against SDCC and The Roosevelt Fund,
19 on the condition that SDCC and The Roosevelt Fund timely file amended reports of
20 contributions and expenditures accurately reflecting the nature and amount of funds diverted to
21 personal use by Mr. King.

22
23 The Executive Director is authorized to enter this order on behalf of the Commission.
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1 So ORDERED this 5th day of November, 2013.

WASHINGTON STATE PUBLIC
DISCLOSURE COMMISSION

FOR THE COMMISSION:

Andrea M. Doyle
Andrea McNamara Doyle
Executive Director

6 *Copy of this Order of Dismissal to:*

7 Michael King
8 c/o Lyle Tenpenny
9 Yarmuth Wilsdon PLLC
818 Stewart St, Suite 1400
Seattle, WA 98101

10 Philip Lloyd, Treasurer
11 Senate Democratic Campaign Committee
603 Stewart St., Suite 819
12 Seattle, WA 98101

13 Jay Petterson, Treasurer
14 The Roosevelt Fund
3518 Fremont Ave. North, Suite 345
Seattle, WA 981023

16 I, Philip E. Stutzman, certify that I mailed a copy of this order to the
17 Respondents at their respective addresses above, postage prepaid, on the date stated
herein.

18 *Philip E. Stutzman*
19 Signature

11/5/2013
Date

INFORMATION ABOUT APPEALS AND ENFORCEMENT OF FINAL ORDERS

APPEALS

RECONSIDERATION OF FINAL ORDER – BY THE COMMISSION

Any party may ask the Commission to **reconsider** a final order. Parties seeking reconsideration must:

- Make the request in writing;
- Include the specific grounds or reasons for the request; and
- Deliver the request to the PDC office so it is received within **TWENTY-ONE (21) BUSINESS DAYS** of the date that the Commission serves this order upon the party. *WAC 390-37-150*. (Note that the date of service by the Commission on a party is considered the date of mailing by U.S. mail if the order is mailed, or the date received if the order is personally served. RCW 34.05.010(19). The Commission orders are generally mailed via U.S. mail.)

Within twenty (20) business days after the petition for reconsideration is filed, the Commission may either act on the petition or notify the parties in writing of the date by which it will act. If neither of these events happens within twenty business days, the Commission is deemed to have denied the petition for reconsideration. *WAC 390-37-150*.

A Respondent is not required to ask the Commission to reconsider a final order before seeking judicial review by a superior court. *RCW 34.05.470(5)*.

FURTHER APPEAL RIGHTS – SUPERIOR COURT

A final order issued by the Public Disclosure Commission is subject to **judicial review** under the Administrative Procedure Act (APA), chapter 34.05 RCW. *RCW 42.17A.755*. The procedures are provided in the APA at RCW 34.05.510 - .574.

ENFORCEMENT OF FINAL ORDERS

If **enforcement** of a final order is required, the Commission may seek to enforce a final order in superior court under RCW 42.17A.755 - .760, and recover legal costs and attorney's fees if a penalty remains unpaid and no petition for judicial review has been filed. This action will be taken without further order by the Commission.