



STATE OF WASHINGTON  
PUBLIC DISCLOSURE COMMISSION

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BEFORE THE PUBLIC DISCLOSURE COMMISSION  
OF THE STATE OF WASHINGTON

In RE COMPLIANCE WITH  
RCW 42.17 and RCW 42.17A

New Majority (Reagan Fund) PAC

Respondent.

PDC Case No. 15-038

Report of Investigation

**I.**

**Background**

- 1.1 On June 24, 2014, New Majority (Reagan Fund) PAC (NMRF PAC) filed a Political Committee Registration (C-1pc report) as a continuing political committee. **Exhibit #1.** The registration disclosed that Jeffrey Possinger is the committee's sole officer, and serves as the committee's campaign treasurer, campaign manager/media contact, and chair. The name "Reagan Fund" is included in the name of the committee because the caucus-related Reagan Fund political committee is a "sponsor" of New Majority PAC as defined in RCW 42.17A.005(42)(b).
- 1.2 Previously, on September 13, 2012, New Majority PAC filed a C-1pc report disclosing that Mr. Possinger was the committee's campaign manager/media contact and chairman, Blair Anderson was the campaign treasurer, and Chad Minnick was a board member. **Exhibit #2.**
- 1.3 On July 23, 2014, Tony Yuchasz, Executive Director of the House Democratic Campaign Committee, filed a complaint alleging that NMRF PAC failed to file a Independent Expenditures/Electioneering Communications Report (C-6 report) disclosing independent expenditures that were made in opposition to a candidate running in the primary election in 2014. **Exhibit #3.**

**II.**

**Allegations in Complaint and Summary of Investigative Findings**

- 2.1 The complaint alleged that NMRF PAC failed to file a report of Independent Expenditures (C-6 report) disclosing independent expenditures or electioneering communications made in opposition to Roger Goodman, an incumbent State Representative in the 45<sup>th</sup> Legislative District seeking re-election in 2014.

- 2.2 On August 26, 2014, NMRF PAC filed a C-6 report disclosing \$44,454 in expenditures for television and direct mail advertising for electioneering communications made in opposition to Roger Goodman. The C-6 report was filed between 25 and 42 days late, and more than three weeks after the August 5, 2014 primary election. (In contrast, Joel Hussey, Representative Goodman's opponent, disclosed making \$45,940 in expenditures during the entire election campaign. Representative Goodman reported making \$299,385 in expenditures.)
- 2.3 NMRF PAC filed Monetary Contributions reports (C-3 reports) and Summary, Full Report Receipts and Expenditures reports (C-4 reports) during the 2014 election disclosing the receipt of \$50,000 in contributions, all from The Reagan Fund, a political committee related to the House Republican Organizational Committee (HROC), which is the Caucus Committee for the House Republicans, and \$49,954 in expenditures made in opposition to State Representative Roger Goodman.
- 2.4 NMRF PAC timely filed: (a) both of the committee's C-3 reports disclosing two contributions from The Reagan Fund totaling \$50,000 (a C-3 report disclosing \$35,000 of this amount was initially filed manually on paper, and amended 25 days later electronically); and (b) the 7-day pre-primary election C-4 report disclosing five expenditures totaling \$14,954 to Minnick & Minnick, Inc. for two mailers that opposed Roger Goodman.
- 2.5 On July 18, 2014, NMRF PAC filed its 21-day pre-primary election C-4 report three days late disclosing the receipt of \$35,000 in contributions, and \$35,000 in independent expenditures for media production and web media. The C-4 report did not describe the media used or provide a detailed breakdown of the expenditures, and failed to identify that independent expenditures were being made to oppose Roger Goodman. On July 29, 2014, NMRF PAC filed an amended 21-day pre-primary C-4 report, disclosing that the independent expenditures opposed Roger Goodman.

### Detailed Findings

#### C-6 Reports filed by NMRF PAC for the 2014 Election

- 3.1 A Political Committee is required to file a C-6 report within twenty-four hours of, or on the first working day after, the date it first publishes, mails, or otherwise presents Independent Expenditure political advertising valued at \$1,000 or more to the public, and within twenty-four hours of, or on the first working day after, the date it first broadcasts, transmits, mails, erects, distributes, or otherwise publishes an electioneering communication.
- 3.2 NMRF PAC filed a C-6 report on August 26, 2014, disclosing \$44,454 for electioneering communications made in opposition to Roger Goodman and presented to the public between July 14 and July 31, 2014. **Exhibit #4.** Based on the timing, media, and value of their advertisements identifying a candidate, NMRF PAC was required to file three C-6 reports disclosing the advertisements as electioneering

communications. This information was filed between 25 and 42 days late, disclosing the following:

- \$29,500 for Electioneering Communications presented to the public on July 14, 2014, for television advertisements in opposition to Roger Goodman. NMRF PAC was required to electronically file a C-6 report by July 15, 2014.
- \$7,477 for an Electioneering Communication presented to the public on July 28, 2014, for direct mail advertising identified as “Mailer #1” in opposition to Roger Goodman. NMRF PAC was required to electronically file a C-6 report by July 29, 2014.
- \$7,477 for an Electioneering Communication presented to the public on July 31, 2014, for direct mail advertising identified as “Mailer #2” in opposition to Roger Goodman. NMRF PAC was required to electronically file a C-6 report by August 1, 2014.

#### C-3 and C-4 Reports filed by NMRF PAC for the 2014 Election

3.3 Committees registered under the Full Reporting option that made expenditures to support or oppose candidates in the 2014 primary election were required to file weekly C-3 reports beginning June 1, 2014. Such committees were also required to file the following C-4 reports:

- Monthly C-4 reports by the 10<sup>th</sup> of each month disclosing contribution and expenditure activities incurred in the previous calendar month, if more than \$200, provided no special reports were due during that month;
- A 21-day pre-primary election C-4 report due on July 15, 2014, covering the period June 1 through July 14, 2014;
- A 7-day pre-primary election C-4 report due on July 29, 2014, covering the period July 15 through July 28, 2014; and
- A post-primary election C-4 report by September 10, 2014, covering the period July 29 through August 31, 2014.

Political committees that expended five thousand dollars or more in the preceding year, or expect to expend five thousand dollars or more in the current year, are required to file all contribution and expenditure reports electronically.

3.4 NMRF PAC filed C-3 and C-4 reports for the 2014 primary election, disclosing that the committee received \$50,000 in contributions and made \$49,954 in independent expenditures in opposition to State Representative Roger Goodman. NMRF PAC filed the following C-3 and C-4 reports:

- On June 24, 2014, NMRF PAC timely filed a C-3 report, manually on paper, disclosing the receipt of a \$35,000 monetary contribution from the Reagan Fund received and deposited on June 20, 2014.
  - On July 8, 2014, NMRF PAC received notification from PDC staff that its electronic filing account had been activated, but NMRF PAC did not file an electronic version of the C-3 report disclosing the receipt of a \$35,000 monetary contribution from the Reagan Fund until 10 days later on July 18, 2014.
  - On July 18, 2014, NMRF PAC filed the 21-day pre-primary election C-4 report electronically disclosing the receipt of \$35,000 in monetary contributions, and expenditures made during the reporting period. The C-4 report filed by NMRF PAC: (1) disclosed three expenditures to Minnick & Minnick, Inc. on June 24, 2014 for “Media Production” (\$24,100 and \$5,400), and “Web Media” (\$5,500); (2) checked the independent expenditure (IE) box on the front of the C-4 report; and (3) listed “I” in the expenditure code, but failed to identify the candidate supported or opposed by the IE on the schedule A to C-4 report. The report was filed three days late.
  - On July 25, 2014, NMRF PAC timely filed a C-3 report electronically disclosing the receipt of a \$15,000 monetary contribution from the Reagan Fund that was received and deposited on July 24, 2014.
  - On July 29, 2014, NMRF PAC timely filed the 7-day pre-primary C-4 report electronically disclosing the receipt of \$15,000 in monetary contributions and \$14,954 in expenditures made during the reporting period. The C-4 report filed by NMRF PAC: (1) disclosed five expenditures to Minnick & Minnick, Inc. on July 26, 2014 for “printing, postage and sales tax” for two mailers in opposition to Roger Goodman from the 45<sup>th</sup> Legislative District.
  - On July 29, 2014, NMRF PAC filed an amended 21-day pre-primary C-4 report, disclosing that the independent expenditures it sponsored during that reporting period opposed Roger Goodman. This information was disclosed 14 days late.
- 3.5 During the 2014 election cycle, the Friends of Roger Goodman disclosed receiving \$314,915 in contributions and made \$299,385 in expenditures. Representative Goodman’s opponent, Joel Hussey, disclosed receiving \$53,628 in contributions as of October 31, 2014. As of the close of the 21-day C-4 reporting period, Mr. Hussey disclosed making \$45,940 in expenditures. (Mr. Hussey did not file a 7-day or post-election C-4 report.) Three political committees sponsored independent expenditure political advertising or electioneering communications to support or oppose Representative Goodman. Of the \$50,719 in independent spending to oppose Representative Goodman during the 2014 election, \$44,454 was sponsored by NMRF PAC during the primary election campaign.

Responses from Jeffrey Possinger and NMRF PAC

- 3.6 On August 22, 2014, Jeffrey Possinger, treasurer for NMRF PAC, responded in writing to the complaint's allegations. **Exhibit #5.** Mr. Possinger stated that he realized his mistake in not timely filing the C-6 report "*...after looking into the rules surrounding this, it appears that an inadvertent mistake was made on our part.*" He stated that he was preparing to file the missing C-6 report at that time. He stated further that there was no intent on his part or by NMRF PAC to conceal the source of funds or how the committee's funds were to be spent, and that the information was disclosed on NMRF PAC's C-3 and C4 reports.
- 3.7 Mr. Possinger stated that while he has worked on several campaigns (including his own campaign on two occasions as a candidate for State Representative), he indicated that this "*... has been the first time that I have worked as a treasurer for a PAC, and previously that work had been designated to others...*" He stated that to determine the filing requirements for NMRF PAC, he relied on the PDC's "Key Reporting Dates for Committees" calendar. He stated that the ORCA software did not inform him or make "*...any reference to C-6 reports, and as such [I] mistakenly believed that I had fully complied with the reporting rules with the filing of our C3s and C4s.*" Mr. Possinger stated that when he became aware that it was a reporting issue, he amended the committee's 21-day pre-primary election C-4 report to disclose that NMRF PAC's expenditures were made in opposition to Roger Goodman.
- 3.8 On July 21, 2014, prior to the complaint being filed, Mr. Possinger submitted a letter to PDC staff concerning problems he was having filing the C-3 and C-4 reports electronically using the PDC's Online Reporting of Campaign Activity (ORCA) filing software. Mr. Possinger stated that he was mailing paper copies of the C-4 reports for NMRF PAC, and said he had attempted to file those missing reports electronically but was experiencing problems "uploading" the reports.

Prior Filing History

- 3.9 C-3 and C-4 reports filed by New Majority PAC for the 2012 election disclosed that the committee received \$165,000 in monetary contributions and \$19,000 in in-kind contributions (for polling and polling data), all from the Reagan Fund, and made \$184,000 in expenditures. While the C-4 reports were filed timely, they failed to identify any candidates that were opposed by the expenditures, and failed to indicate that an independent expenditure or electioneering communication was undertaken during the reporting period. (The committee's C-6 filings disclosed that these expenditures paid for electioneering communications in opposition to State Representative candidates Roger Goodman in the 45th Legislative District; Tami Green in the 28th Legislative District; Lynda Ring-Erickson in the 35th Legislative District; and Bud Sizemore in the 47<sup>th</sup> Legislative District.)
- 3.10 New Majority PAC timely filed five C-6 reports during the 2012 general election, disclosing \$158,031 in expenditures for electioneering communications opposing the candidates identified above.

#### **IV.** **Scope**

4.1 PDC staff reviewed the following documents:

- the complaint filed by Tony Yuchasz against NMRF PAC on July 23, 2014;
- C-3 reports, C-4 reports, and C-6 reports filed by NMRF PAC for the 2014 election cycle;
- an August 22, 2014, response submitted by Jeffrey Possinger on behalf of NMRF PAC; and
- C-3 reports, C-4 report and C-6 reports filed by New Majority PAC for the 2012 election cycle.

#### **V.** **Laws**

**RCW 42.17A.005(19)(a)** defines "Electioneering communication" to mean any broadcast, cable, or satellite television or radio transmission, United States postal service mailing, billboard, newspaper, or periodical that: (i) Clearly identifies a candidate for a state, local, or judicial office either by specifically naming the candidate, or identifying the candidate without using the candidate's name; (ii) Is broadcast, transmitted, mailed, erected, distributed, or otherwise published within sixty days before any election for that office in the jurisdiction in which the candidate is seeking election; and (iii) Either alone, or in combination with one or more communications identifying the candidate by the same sponsor during the sixty days before an election, has a fair market value of one thousand dollars or more.

**RCW 42.17A.305** requires that the sponsor of an electioneering communication shall report to the commission within twenty-four hours of, or on the first working day after, the date the electioneering communication is broadcast, transmitted, mailed, erected, distributed, or otherwise published, and include: (a) Name and address of the sponsor; (b) Source of funds for the communication, (c) Name and address of the person to whom an electioneering communication related expenditure was made; (d) A detailed description of each expenditure of more than one hundred dollars; (e) The date the expenditure was made and the date the electioneering communication was first broadcast, transmitted, mailed, erected, distributed, or otherwise published; (f) The amount of the expenditure; and (g) The name of each candidate clearly identified in the electioneering communication, the office being sought by each candidate, and the amount of the expenditure attributable to each candidate.

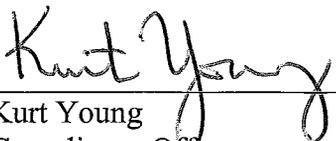
**RCW 42.17A.225, 235 and 240** require continuing political committees to file timely, accurate reports of contributions and expenditures. Under the full reporting option, until five months before the general election, C-4 reports are required monthly when contributions or expenditures exceed \$200 since the last report. C-4 reports are also required 21 and 7 days before each election in which the committee makes expenditures, and in the month following the election. Contributions are reported weekly during this same time period, and must be disclosed on Monday for contributions deposited the previous seven days.

**WAC 390-16-037** requires political committees to disclose the purpose of expenditures reported under RCW 42.17A.240, including the name of any candidate supported or opposed by the

expenditure, and the details of goods and services to be provided by the recipient of the expenditure.

**RCW 42.17A.245** requires political committees that expended five thousand dollars or more in the preceding year, or expect to expend five thousand dollars or more in the current year, to file all required contribution reports and expenditure reports electronically.

Respectfully submitted this 7<sup>th</sup> day of January, 2015.

  
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Kurt Young  
Compliance Officer

**List of Exhibits**

- Exhibit #1** June 24, 2014 NMRF PAC Political Committee Registration (C-1pc report).
- Exhibit #2** September 13, 2012 New Majority PAC C-1pc report.
- Exhibit #3** Complaint filed July 23, 2014 by Tony Yuchasz against NMRF PAC.
- Exhibit #4** C-6 report filed by NMRF PAC on August 26, 2014.
- Exhibit #5** August 22, 2014, response from Jeffrey Possinger, treasurer for NMRF PAC, to the allegations in the complaint.