



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

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November 6, 2015

CATHY DAHLQUIST
1800 41ST STREET N-100
EVERETT WA 98203

Subject: Final Order, Cathy Dahlquist, PDC Case No. 15-036

Dear Ms. Dahlquist:

Enclosed is a copy of the Public Disclosure Commission's Final Order for PDC Case No. 15-036. The Order assesses a civil penalty of \$300 against you. Also enclosed is a copy of the Stipulation of Facts. Thank you for your cooperation throughout this process.

Please submit payment of the \$300 penalty within 60 days of the date of the final order. The payment should be made payable to "WA STATE TREASURER" and should reference Case No. 15-036.

If you have questions, please contact me at (360) 586-1042; toll free at (877) 601-2828 or by email at tony.perkins@pdc.wa.gov.

Sincerely,

Tony Perkins
Acting Director of Compliance

Enclosures: Final Order in Case Nos. 15-036
Information about Appeals and Enforcement of Final Orders

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

IN RE COMPLIANCE WITH RCW 42.17A:

Cathy Dahlquist

Respondent.

PDC CASE NO. 15-036

FINAL ORDER OF THE PUBLIC
DISCLOSURE COMMISSION

I. INTRODUCTION

This matter was heard by the Washington State Public Disclosure Commission (PDC) at its regularly scheduled meeting on October 22, 2015 at the PDC Offices, 711 Capitol Way, Room 206, Olympia, Washington 98504. The hearing was held pursuant to RCW 34.05, RCW 42.17A, and WAC 390-37. The proceeding was open to the public and recorded.

Commissioners Katrina Asay, Chair of the Commission, recused herself from the proceedings, and was not present during the Commission’s consideration of this matter. Commission Vice-Chair Anne Levinson presided over the hearing. Member John Bridges was present in person, and Member Grant Degginger participated by telephone. Acting Director of Compliance Tony Perkins presented the case on behalf of PDC staff. Respondent, Cathy Dahlquist, was present and addressed the Commission.

The PDC had before it and considered the following materials:

- Notice of Administrative Charges dated October 12, 2015;
- Report of Investigation and attached Exhibits 1–4, dated October 12, 2015;

- 1 • Stipulation as to Facts, signed by Ms. Dahlquist and PDC Executive Director Evelyn
2 Fielding Lopez on October 21, 2015; and
3 • List of past Commission final orders.

4 The hearing concerned allegations that Ms. Dahlquist 1) violated RCW 42.17A.405 by
5 spending \$3,697.33 in general election designated monetary contributions for her 2014 primary
6 election campaign for State Senator in the 31st Legislative District, in a manner that exceeded
7 primary election limits; 2) violated RCW 42.17A.405 by accepting two \$1,900 in-kind
8 contributions for the 2014 primary election in a manner that exceeded primary election limits;
9 and 3) violated RCW 42.17A.235 and RCW 42.17A.240 by failing to accurately disclose
10 contributions and expenditures, including debts and obligations, received and incurred in
11 connection with joint campaign expenses.

12 **Stipulation**

13 The parties jointly submitted a signed Stipulation as to Facts. Mr. Perkins summarized
14 the Stipulation and asked the Commission to accept the Stipulation. Ms. Dahlquist also urged
15 the Commission to accept the Stipulation.

16 The Commission voted 3-0 to accept the Stipulation as to Facts. After accepting the
17 Stipulation as to Facts, the Commission heard and considered presentations from the PDC staff
18 and Ms. Dahlquist as to whether her conduct constituted a violation of RCW 42.17A and
19 provisions of WAC 390, and if so, what penalty should be assessed.

20 **I. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

21 Based upon the Stipulation as to Facts, which is hereby attached and incorporated by
22 reference, and following deliberation, the Commission voted 3-0 to find and concluded as
23 follows:
24

- 25 1. The Jurisdiction and Facts are established as provided in the Stipulation.
26

- 1 2. As established in the Stipulation, under RCW 42.17A.405, for the 2014 election legislative
2 candidates were subject to a \$950 limit on contributions from individuals, corporations,
3 unions, and other non-individual entities, for each election in which the candidate's name
4 appeared on the ballot.
- 5 3. As established in the Stipulation, WAC 390-17-300(4) provides that contributions for the
6 primary election shall be accounted for separately from those for the general election, such
7 that campaign records reflect one aggregate contribution total for each contributor giving in
8 the primary election as well as one aggregate contribution total for each contributor giving
9 in the general election.
- 10 4. As established in the Stipulation, WAC 390-17-300(5) provides that general election
11 contributions shall not be spent for the primary election if to do so would cause the
12 contributor of the general election contribution to exceed that contributor's contribution
13 limit for the primary election.
- 14 5. Respondent did not violate RCW 42.17A.405 and WAC 390-17-300(5) by accepting over-
15 limit in-kind contributions for her 2014 primary election.
- 16 6. Respondent did not violate RCW 42.17A.235 and RCW 42.17A.235 by failing to
17 accurately disclose contributions and expenditures, including debts and obligations,
18 received and incurred in connection with joint campaign expenses.
- 19 7. Respondent violated RCW 42.17A.405 and WAC 390-17-300(5) by spending \$3,697.33 in
20 general-election designated monetary contributions for her 2014 primary election campaign
21 for State Senator in the 31st Legislative District, in a manner that exceeded primary
22 election limits.
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1 8. Respondent did not act intentionally to violate provisions of RCW 42.17A and that a
2 modest civil penalty of \$300 is appropriate for the violations identified in paragraph 7.

3 Based upon the findings and conclusions, the Commission orders that:

4
5 **II. ORDER**

6 Respondent, Cathy Dahlquist, is assessed a civil penalty of \$300.

7 The Executive Director is authorized to enter this order on behalf of the Commission.

8 So ORDERED this 6th day of November, 2015.

9
10 WASHINGTON STATE PUBLIC
DISCLOSURE COMMISSION

11 FOR THE COMMISSION:

12 
13 Evelyn Fielding Lopez
Executive Director

14 **ATTACHMENTS:**

- 15 (1) *Stipulation as to Facts (October 21, 2015)*
16 (2) *Appeals and Enforcement of Final Orders*

17 *Copy of this Order to:*

18 Cathy Dahlquist, Respondent

19 I, EW, certify that I mailed a
20 copy of this order to the Respondent/Applicant at
21 his/her respective address postage pre-paid on the date
22 stated herein.

23 **NOTICE: RECONSIDERATION**

24 PURSUANT TO THE PROVISIONS OF RCW 34.05.470 AND WAC 390-37-150, YOU MAY
25 FILE A PETITION FOR RECONSIDERATION WITH THE PDC WITHIN TWENTY-ONE
26 (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 WITHIN THE TIMEFRAME
IDENTIFIED ABOVE.

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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.

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

In the Matter of Enforcement Action
Against:

Cathy Dahlquist

Respondent.

Case No. 15-036

STIPULATION AS TO FACTS

The parties to this Stipulation, namely, the Public Disclosure Commission Staff, through its Executive Director, Evelyn Fielding Lopez, and Respondent Cathy Dahlquist submit this Stipulation as to Facts in this matter.

I. JURISDICTION

The Public Disclosure Commission has jurisdiction over this proceeding pursuant to RCW 42.17A, the state campaign finance disclosure law; RCW 34.05, the Administrative Procedure Act; and the Commission's rules located at WAC 390.

II. STIPULATED FACTS

1. In 2014, Cathy Dahlquist was an incumbent State Representative from the 31st Legislative District. She was elected to that office in 2010, and re-elected to that office in 2012. Prior to that, Ms. Dahlquist was a School Director representing the Enumclaw School District after being elected to that office in 2005 as a first-time candidate and re-elected in 2009. Ms. Dahlquist is not a licensed attorney in the state of Washington.

2. On August 1, 2013, Ms. Dahlquist filed a Candidate Registration (C-1 report) registering her candidacy for re-election to State Representative in the 31st Legislative District in 2014 and selecting the Full Reporting option.

3. On April 14, 2014, Ms. Dahlquist filed a C-1 report registering her candidacy to seek a different office in 2014, State Senator in the 31st Legislative District. As before, she registered under the Full Reporting option.

4. Under RCW 42.17A.405, for the 2014 election, legislative candidates were subject to a \$950 limit on contributions from individuals, corporations, unions, and other non-individual entities, for each election in which the candidate's name appeared on the ballot.

5. Under WAC 390-17-300(4), contributions for the primary election shall be accounted for separately from those for the general election, such that campaign records reflect one aggregate contribution total for each contributor giving in the primary election as well as one aggregate contribution total for each contributor giving in the general election. Staff acknowledges that WAC 390-17-300(4) does not require contributions for the primary and general elections to be kept in separate accounts, and that they therefore may be comingled within a single account.

6. Under WAC 390-17-300(5), general election contributions shall not be spent for the primary election if to do so would cause the contributor of the general election contribution to exceed that contributor's contribution limit for the primary election.

7. Under WAC 390-17-300(6), if a candidate loses in the primary election, or otherwise is not a candidate in the general election, all contributions attributed to the general election shall be returned to the contributors of the funds in an amount equal to the contributor's general election aggregate total.

8. Ms. Dahlquist was one of the top two candidates in the August 5, 2014, primary election, and appeared on the November 4, 2014 general election ballot.

9. In response to a complaint filed against Ms. Dahlquist, PDC staff queried the PDC contribution database for information filed by the Cathy Dahlquist Campaign (the Campaign), and found that the Campaign disclosed receiving \$77,163 in contributions designated for, or eligible for use in, the 2014 primary election. Staff queried the PDC expenditure database and found that the Campaign disclosed making \$87,090 in expenditures up to the date of the August 5, 2014, primary election. Expenses the Campaign incurred during the primary election thus appeared to exceed contributions eligible for use in that election.

10. In responding to the complaint, Ms. Dahlquist addressed her Campaign's use of general-election designated contributions. She stated that the Campaign made a number of expenditures prior to the August 5, 2014 primary election to sponsor goods and services that were not for the primary election, but were held in reserve for the general election. She stated that the expenditures were made with a mix of primary- and general-election designated contributions, and that only the portion reserved for the general election was paid with general-election designated contributions. These general election expenditures included the following:

- \$2,926 for campaign signs used only for the general election;
- \$2,351 for campaign flyers that were used only to doorbell and leaflet for the general election;
- \$2,809 for filming and production costs for a broadcast ad aired only in the general election; and
- \$222 for printed campaign letterhead used only in the general election.

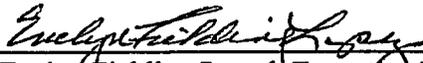
11. In responding to the complaint, Ms. Dahlquist described other expenditures the Campaign made during the primary election campaign with a mix of primary- and general-election designated contributions, including \$3,697.33 in contributions designated for the general election. These expenses included the following:

- \$2,809 in expenditures on July 28, 2014 for a broadcast ad aired during the 2014 primary and general elections (filming and production costs, exclusive of air time).
- \$3,482.66 in expenses paid between June 12 – July 11, 2014 for food, printing and mailing of invitations, and insurance costs incurred in connection with two campaign events held on June 24 and 25, 2014 that raised money for both the primary and general election.
- An \$860 payment on May 13, 2014 for campaign software used during the primary and general elections to micro-target registered voters within each precinct of the legislative district for door-belling and get-out-the-vote (GOTV) activities.
- A \$150 expenditure on April 30, 2014 for a campaign website, including web-hosting fees for one year and the functionality to frequently update the website throughout the primary and general election.
- A \$93 expenditure on May 29, 2014 to purchase a drill that was used throughout the 2014 campaign to construct, assemble, and repair campaign yard signs.

12. PDC staff believes that Ms. Dahlquist exceeded contribution limits as described in paragraph 11, above.

13. Notwithstanding PDC staff's belief that she exceeded contribution limits, Ms. Dahlquist stated that she believes Public Disclosure Commission rules and reporting materials offer insufficient guidance to candidates on how to properly account for contributions that are subject to per-election limits. For example, she noted that the rules do not indicate whether or how a campaign may prepay for general election goods and services during the primary election using general-election designated contributions. Further, she noted that if a campaign uses general-election designated contributions to purchase tangible goods during the primary, the rules do not offer standards or other guidance on how those goods must be held in reserve during the primary election in order to respect contribution limits. The term "continued use" or "reserved" are terms and definitions not defined in rule or law, nor explained in the Legislative Candidate Handbook, two terms that staff used in the methodology of deciding which expenses would be allowed to qualify as a primary expenses during the investigation of this case. All the above referenced expenses listed by Staff as "continued use" were all expenses that would have been realized had the campaign not purchased any of them during the primary campaign and waited until August 6, 2014 to purchase and/or secure those items. She noted that ORCA, the Commission's electronic filing software, does not provide the functionality to enter expenditures and designate them for the primary or general election, so that expenditures may be applied to appropriate balances of primary- and general-election designated contributions. Had this function (ORCA tool to delineate between primary and general election expenses) been in place, then the "continued use" and "reserved" terms would have been available and examples of qualifying/non-qualifying expenses available. Finally, Ms. Dahlquist stated that throughout her 2014 campaign she fully intended to respect contribution limits and followed the rules and laws defined in the PDC Legislative Candidate Handbook, and without being an attorney in the state of Washington, to the best of her ability. She stated that if she spent in excess of her primary-designated contributions during the primary election campaign, she did so without the

knowledge and resources needed to make an informed decision, therefore it was done inadvertently.



Evelyn Fielding Lopez Executive Director Date Signed
Public Disclosure Commission



Cathy Dahlquist Date Signed
10/21/2015

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.