



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112 • Toll Free 1-877-601-2828 • E-mail: pdcc@pdcc.wa.gov • Website: www.pdcca.wa.gov

August 30, 2018

Sent electronically by email to:
John McCoy at johnmccoyle@me.com
Chad Standifer: ChadS@atg.wa.gov

John R. McCoy
P.O. Box 1821
Marysville, WA 98270

Subject: Commission Final Order, John McCoy (Re-Elect John McCoy Campaign), PDC Case 34985

Dear Senator McCoy:

Enclosed is a copy of the Public Disclosure Commission's Final Order Imposing Fine that was entered in the above-referenced case concerning John McCoy (Re-Elect John McCoy Campaign). Also enclosed is a copy of the Stipulation as to Facts, Violations and Penalty that was accepted by the Commission.

At its August 23, 2018 meeting, the Commission found John McCoy (Re-Elect John McCoy Campaign) in violation of RCW 42.17A.235, 42.17A.240, and 42.17A.220, and assessed a total civil penalty of \$5,000 of which \$2,500 is suspended on the condition that the Respondent is in compliance with all current reporting requirements, have no further violations of RCW 42.17A or PDC rules as promulgated in WAC 390 for four years from the date of this Order, and pay the non-suspended portion of the penalty (\$2,500) within 30 days from the date of this Order.

Please make your \$2,500 check or money order payable to the WA State Treasurer, and mail the payment to the address listed below:

**Department of Enterprise Services
Small Agency Services
PO Box 41465
Olympia, WA 98504-1465**

In the event John McCoy (Re-Elect John McCoy Campaign) fails to meet any of the above terms of this order, the entire \$5,000 penalty will become immediately due without any further intervention of the Commission.

John McCoy (Re-Elect John McCoy Campaign)

Final Order Cover Letter

PDC Case 34985

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If you have questions, please contact Phil Stutzman at (360) 664-8853; toll free at (877) 601-2828 or by email at phil.stutzman@pdc.wa.gov.

Sincerely,

A handwritten signature in black ink that reads "BA Gurdahl for". The signature is written in a cursive, somewhat stylized font.

Peter Lavalley

Executive Director

Enclosure: Final Order and Stipulation as to Facts, Violations and Penalty

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

In re the Matter of Enforcement Action
Against:

JOHN McCOY (Re-elect John McCoy),
Respondent.

PDC CASE NO. 34985

FINAL ORDER

I. INTRODUCTION

This matter was heard by the Washington State Public Disclosure Commission (Commission) on August 23, 2018, at the Public Disclosure Commission Office, 711 Capitol Way, Room 206, Olympia, Washington 98504. The hearing was held pursuant to Chapter 34.05 RCW, Chapter 42.17A RCW, and Chapter 390-37 WAC.

Commissioners present were Anne Levinson, Commission Chair (presiding); David Ammons, Commission Vice-Chair; and Commissioners Jack Johnson and William Downing. Also present were Assistant Attorney General John S. Meader representing the Commission; Philip Stutzman, Senior Compliance Officer on behalf of PDC Staff; and Assistant Attorney General Chad Standifer representing PDC Staff. Respondent Senator John McCoy and campaign treasurer Richard Dean Ledford were present on behalf of Re-elect John McCoy. The proceeding was open to the public and recorded.

The hearing concerned allegations that Respondent John McCoy (Re-elect John McCoy)

1 violated RCW 42.17A.235 and .240 by failing to timely report contributions totaling \$38,926
2 and expenditures totaling \$5,089 from 2015-2018 and violated RCW 42.17A.220 by failing to
3 deposit contributions within five business days of receipt totaling \$17,700 from 2015-2017.

4 The Commissioners had before them the following materials:

- 5 • Report of Investigation prepared by PDC Senior Compliance Officer Philip Stutzman, dated
6 August 17, 2018, which included:
 - 7 ○ Complaint against Re-elect John McCoy by the Senate Republican
8 Campaign Committee, received by the PDC staff on May 1, 2018;
 - 9 ○ Letter in response to the complaint to the PDC from Re-elect John McCoy
10 treasurer Dean Ledford dated July 24, 2018;
 - 11 ○ Charts showing late filed C-3 and C-4 reports filed by Re-elect John
12 McCoy;
 - 13 ○ C-3, and C-4 reports filed by Re-elect John McCoy on March 31, 2018,
14 April 11, 2018, June 10, 2018, and July 16, 2018;
- 15 • Memo to Commissioners from Phil Stutzman dated August 17, 2018;
- 16 • Chart with penalty factors and comments from Phil Stutzman; and
- 17 • Proposed Stipulation as to Facts, Violations, and Penalty submitted by the parties, signed on
18 August 22, 2018.

19 **II. STIPULATION**

20 The parties jointly submitted a signed Stipulation as to Facts, Violations, and Penalty
21 (Stipulation). Mr. Standifer presented the Stipulation, reviewed the aggravating and mitigating
22 factors, summarized cases with comparable fact-patterns and penalties that had been imposed by
23 the Commission in those cases, and asked the Commission to accept the Stipulation. Mr.
24 Stutzman provided testimony regarding mitigating factors, including that the Respondent had no
25 prior reporting or enforcement issues, and that the Respondent was otherwise now in compliance
26

1 with PDC reporting requirements. Senator McCoy provided testimony, explaining the factors
2 that had led to the late filings, taking full responsibility, and also asked the Commission to accept
3 the Stipulation. Mr. Ledford testified, providing additional detail regarding several medical and
4 traumatic events that contributed to the late reporting, and also accepted responsibility. Senator
5 McCoy was asked about the plans for another individual assuming the treasurer role going
6 forward, and stated that those arrangements had been made.

7 The Commission voted 4-0 to accept the Stipulation as to Facts, Violations, and Penalty.

8 III. FINDINGS OF FACT

9
10 1. John McCoy is the incumbent Democratic State Senator from the 38th Legislative
11 District. He is running for re-election in 2018. Senator McCoy was appointed to the Senate in
12 2013 and was elected to a full, four-year term in 2014. Prior to serving in the Senate, John
13 McCoy was elected in 2002 to serve as a House member in the legislature from 38th
14 Legislative District.

15 2. Richard Dean Ledford has served as Senator McCoy's treasurer during his entire
16 time in the House and Senate. John McCoy has not previously been the subject of a complaint
17 or enforcement action. In July 2016, Mr. Ledford experienced a computer virus that resulted in
18 the corruption and deletion of the PDC's filing software (ORCA) and dataset from Mr.
19 Ledford's computer.

20
21 3. On August 21, 2016, Senator McCoy manually filed a Candidate Registration (PDC
22 Form C-1) stating that he was a candidate for re-election in 2018. On September 9, 2016,
23 Dean Ledford corresponded with PDC Filer Assistance Specialist Jennifer Hansen, and
24 discussed the new C-1 initiated by Senator McCoy. Because the handwritten C-1 was not part
25 of the PDC's ORCA filing system, Mr. Ledford electronically filed an amended C-1 for
26 Senator McCoy's 2018 campaign on September 8, 2016. Mr. Ledford understood from Ms.

1 Hansen that if the campaign started August 21, 2016, the date the C-1 was filed by Senator
2 McCoy, then that is the date he should use as the campaign start date for the 2018 campaign.
3 On September 13, 2016, Mr. Ledford also contacted PDC staff and attempted to learn how to
4 reconstruct his campaign with a start date of January 2015.
5

6 4. Mr. Ledford had trouble when he attempted to download the latest version of ORCA
7 to his computer, and asked for help from PDC Filer Assistance Specialists Jennifer Hansen and
8 Chip Beatty. Mr. Ledford's difficulties in attempting to initiate a start date for the 2018
9 campaign of January 1, 2015, rather than August 21, 2016, contributed to the campaign's late
10 reporting.

11 5. Candidates and political committees are required to disclose contributions received
12 on Monetary Contributions reports (PDC Form C-3). A review of the C-3 reports filed by the
13 Campaign during the period 2015-2018 revealed that 18 reports were filed between 80 and 842
14 days late, with late-reported contributions totaling \$38,926. Nearly all contributions were from
15 organizations and entities. The late-reported contributions were from 60 contributors.
16

17 6. In addition, contributions totaling \$17,700 were not timely deposited within five
18 business days of receipt, as required by RCW 42.17A.220. These contributions were deposited
19 from 1 to 66 days late.

20 7. Candidates and political committees are required to disclose the amount of each bank
21 deposit made by the Campaign and the total contributions received during the period, and list
22 expenditures, on Summary, Full Report Contributions and Expenditures forms (PDC Form C-
23 4). The report is not required in months where contributions or expenditures do not exceed
24 \$200, until the cumulative contributions or expenditures since the last C-4 report exceed \$200.
25
26

1 A review of C-4 reports filed by the Campaign during the period 2015-2018 revealed that 15
2 C-4 reports were filed from 58 to 1,062 days late.

3
4 8. Six of the 15 late-filed C-4 reports were required to be filed by the Campaign because
5 total expenditures from previous months had reached an aggregate of over \$200. In addition,
6 nine of the late-filed reports were required to be filed by the Campaign because campaign activity
7 in that month exceeded \$200. The late-reported expenditures during this period totaled \$5,089.

8 9. Respondent has worked cooperatively with PDC staff to come into compliance with
9 all reporting requirements.

10 **IV. CONCLUSIONS OF LAW**

11
12 1. The Commission has jurisdiction over this proceeding pursuant to Chapter 42.17A
13 RCW, the State campaign finance and disclosure law; Chapter 34.05 RCW, the Administrative
14 Procedure Act; and Title 390 WAC.

15 2. Respondent violated RCW 42.17A.235 and .240 by failing to report monetary
16 contributions totaling \$38,926 from 80 to 842 days late during the period of 2015-2018, and by
17 failing to report expenditures on C-4 reports from 58 to 1,062 days late during the same period.

18 3. Respondent violated RCW 42.17A.220 by failing to deposit \$17,700 received in
19 monetary contributions within five business days of receipt between 1 to 66 days late during the
20 period of 2015-2017.

21 **V. ORDER**

22 Based upon the stipulated Findings and Conclusions, the Commission accepts the
23 Stipulation of the parties and orders that:

1 1. Respondent John McCoy (Re-Elect John McCoy) is assessed a total civil penalty
2 of \$5,000 for violations of RCW 42.17A.235, RCW 42.17A.240, and RCW
3 42.17A.220, of which \$2,500 is suspended upon the following conditions:

4
5 a. The remaining \$2,500 civil penalty is paid by the Respondent within thirty
6 days from the date of this final order.

7
8 b. The Respondent remains in compliance with all PDC reporting
9 requirements.

10 c. The Respondent is not found to have committed any further violations of
11 Chapter 42.17 RCW or Title 390 WAC within four years of the date of
12 the final order in this matter.

13 2. If the Respondent fails to comply with any of the conditions of this Order, the
14 suspended portion of the penalty shall immediately become due without further
15 action by the Commission.

16
17 So ORDERED this 28th day of August, 2018.

18 WASHINGTON STATE PUBLIC
19 DISCLOSURE COMMISSION

20 FOR THE COMMISSION:

21 

22 _____
23 Anne Levinson
24 Chair, Public Disclosure Commission

25 *Copy of this Order mailed and/or emailed to:*

26 John McCoy (Re-elect John McCoy), Respondent (sdc.wastateleg.org/mccoy/)
Phil Stutzman, PDC Staff (phil.stutzman@pdc.wa.gov)
Chad Standifer, Assistant Attorney General, Counsel for PDC Staff (ChadS@atg.wa.gov)

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Electronically

I, Philip E. Stutzman, certify that I mailed a copy of this order to the Respondent/
Applicant at his/her respective address ~~postage pre-paid~~, on the date stated herein.

E-mail

Philip E. Stutzman 8/30/18
Signed Date

NOTICE: RECONSIDERATION

Pursuant to the provisions of RCW 34.05.470 and WAC 390-37-150, you may file a Petition for Reconsideration with the PDC within ten (10) 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 Capitols Way, Room 206, Box 40908, Olympia WA 98504-0908.

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:

John McCoy (Re-Elect John McCoy)

Respondent.

Case No. 34985

STIPULATION AS TO
FACTS, VIOLATIONS AND
PENALTY

The parties to this Stipulation, namely, the Public Disclosure Commission Staff, through its Executive Director, Peter Lavallee, and Respondent John McCoy (Re-Elect John McCoy), submit this Stipulation as to Facts, Violations and Penalty in this matter. The parties agree that the Commission has the authority to accept, reject or modify the terms of this Stipulation. The parties further agree that in the event the Commission suggests modification to any term of this agreement, each party reserves the right to reject that modification. In the event either party rejects a modification, this matter will proceed to hearing before the Commission.

JURISDICTION

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

FACTS

1. John McCoy is the incumbent Democratic State Senator from the 38th Legislative District. He is running for re-election in 2018. Senator McCoy was appointed to the Senate in 2013 and was elected to a full, four-year term in 2014. Prior to serving in the Senate, John McCoy was elected in 2002 to serve as a House member in the legislature from 38th Legislative District.
2. Richard Dean Ledford has served as Senator McCoy's treasurer during his entire time in the House and Senate. John McCoy has not previously been the subject of a complaint or

enforcement action. In July 2016, Mr. Ledford experienced a computer virus that resulted in the corruption and deletion of the PDC's filing software (ORCA) and dataset from Mr. Ledford's computer.

3. On August 21, 2016, Senator McCoy manually filed a Candidate Registration (PDC Form C-1) stating that he was a candidate for re-election in 2018. On September 9, 2016, Dean Ledford corresponded with PDC Filer Assistance Specialist Jennifer Hansen, and discussed the new C-1 initiated by Senator McCoy. Because the handwritten C-1 was not part of the PDC's ORCA filing system, Mr. Ledford electronically filed an amended C-1 for Senator McCoy's 2018 campaign on September 8, 2016. Mr. Ledford understood from Ms. Hansen that if the campaign started August 21, 2016, the date the C-1 was filed by Senator McCoy, then that is the date he should use as the campaign start date for the 2018 campaign. On September 13, 2016, Mr. Ledford also contacted PDC staff and attempted to learn how to reconstruct his campaign with a start date of January 2015.
4. Mr. Ledford stated that when he attempted to download the latest version of ORCA to his computer, he had trouble using his new operating system, and asked for help from PDC Filer Assistance Specialists Jennifer Hansen and Chip Beatty. Mr. Ledford stated that the difficulties he experienced attempting to initiate a start date for the 2018 campaign of January 1, 2015, rather than August 21, 2016, contributed to the campaign's late reporting.
5. Candidates and political committees are required to disclose contributions received on Monetary Contributions reports (PDC Form C-3). A review of the C-3 reports filed by the Campaign during the period 2015-2018 revealed that 18 reports were filed between 80 and 842 days late, with late-reported contributions totaling \$38,926. Nearly all contributions were from organizations and entities. The late-reported contributions were from 60 contributors.
6. In addition, contributions totaling \$17,700 were not timely deposited within five business days of receipt, as required by RCW 42.17A.220. These contributions were deposited from one to 66 days late.

7. Candidates and political committees are required to disclose the amount of each bank deposit made by the Campaign and the total contributions received during the period, and list expenditures, on Summary, Full Report Contributions and Expenditures (PDC Form C-4). The report is not required in months where contributions or expenditures do not exceed \$200, until the cumulative contributions or expenditures since the last C-4 report exceed \$200.
8. A review of C-4 reports filed by the Campaign during the period 2015-2018 revealed that 15 C-4 reports were filed late, from 58 to 1,062 days late.
9. Six of the 15 late-filed C-4 reports were required to be filed by the Campaign because total expenditures from previous months had reached an aggregate of over \$200. In addition, nine of the late-filed reports were required to be filed by the Campaign because campaign activity in that month exceeded \$200. The late-reported expenditures during this period totaled \$5,089.

Factors in Mitigation Offered by John McCoy (Re-Elect John McCoy)

10. Richard Dean Ledford has been the treasurer for Senator McCoy since 2000, with no reporting or enforcement issues. Mr. Ledford cited several medical and traumatic events in his life, and the life of his spouse, that contributed to the late reporting. In addition, he stated that losing the PDC's ORCA filing software and dataset due to a computer virus contributed to the campaign's late reporting.
11. Senator McCoy acknowledged being aware of Mr. Ledford's and his spouse's medical issues. He said he was not campaigning during that time and assumed everything was up to date because he did not expect contributions to be coming in. Senator McCoy said he takes full responsibility for the late reporting.
12. Senator McCoy stated that until these reporting problems, Mr. Ledford has always been on time over the previous 16 years, noting that Mr. Ledford has communicated frequently with the PDC about anything and everything. He said it was for this reason that he did not think anything was amiss. He said while Mr. Ledford was recuperating, he thought about

replacing him, but wanted Mr. Ledford to tell him when it was time. He said Mr. Ledford recently advised him it was time, and he has taken steps to set this in motion.

STATUTORY AND RULE AUTHORITY

RCW 42.17A.235 and **RCW 42.17A.240** require candidates to file timely, accurate reports of contributions and expenditures. Under the full reporting option, until five months before the general election, C-3 and C-4 reports are required monthly when contributions or expenditures exceed \$200 since the last report.

RCW 42.17A.220 states that all monetary contributions received by a candidate or political committee shall be deposited by candidates, political committee members, paid staff, or treasurers in a depository in an account established and designated for that purpose. Such deposits shall be made within five business days of receipt of the contribution.

VIOLATIONS

Based on the Stipulation of Facts, and Factors in Mitigation set forth above, Respondent John McCoy (Re-Elect John McCoy) stipulates that his 2018 campaign committee violated:

1. RCW 42.17A.235 and .240 by failing to timely report contributions totaling \$38,926 and expenditures totaling \$5,089 from 2015-2018; and
2. RCW 42.17A.220 by failing to timely deposit contributions within five business days of receipt totaling \$17,700 from 2015-2017.

PENALTY

1. Based upon the Stipulation of Facts and Violations set forth above, John McCoy (Re-Elect John McCoy) agrees to pay a total civil penalty of \$5,000 with \$2,500 suspended on the following conditions:

- a. That the Respondent is not found to have committed any further violations of RCW 42.17A or WAC 390 within four years of the date of the final order in this matter.
- b. That the Respondent is in compliance with all reporting requirements.
- c. That the non-suspended portion of the penalty (\$2,500) is paid within thirty days of the date of the final order in this matter.

Respondent John McCoy (Re-Elect John McCoy) affirms his intention to comply in good faith with the provisions of RCW 42.17A and WAC 390 in the future.



Peter Lavalley, Executive Director
Public Disclosure Commission

8/22/2018
Date Signed



John McCoy
State Senator, 38th Legislative District

8, 22, 2018
Date Signed

STIPULATION AS TO 1
FACTS, VIOLATIONS AND PENALTY
PDC CASE 34985