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Via Electronic Delivery

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Re: *Citizen Action Notice Against State Representative Matthew Shea*

Dear Attorney General Ferguson and County Prosecuting Attorneys Tunheim and Haskell,

I write to notify you that there is good reason to believe several violations of chapter 42.17A RCW, Washington State's campaign finance law, have been committed by State Representative Matthew Shea and the Committee to Elect Matt Shea, a political committee (the "Respondents"), between 2015 and the present. Please note that, as provided by RCW 42.17A.765(4), in the event that you do not initiate an action against the Respondent within the applicable statutory notice periods for this Citizen Action Notice, I intend to satisfy any applicable notice requirements and proceed with an action in the name of the State. This message is being sent to each of you at the e-mail address you have provided to the Washington State Bar Association to ensure you receive notification of these allegations as required by RCW 42.17A.765(4).

This notice and the attached spreadsheet detail 58 apparent violations of various provisions of Washington's campaign finance law by the Respondents, which took place during their campaign to elect Mr. Shea to the Washington House of Representatives for the 4th Legislative District in 2016. The cumulative days late for the apparently untimely reporting included in this notice is 9,293 days as of today. The Respondents have apparently violated chapter 42.17A RCW as follows:

A. Failure to timely file and/or amend Public Disclosure Commission form C-3 and C-4 reports ("Summary, Full Report Receipts and Expenditures" and "Cash Receipts Monetary Contributions") (33 Apparent Violations)

The Respondents filed a significant volume of late reporting of their contributions and expenditures on forms C-3 and C-4 between 2015 and 2017. The attached spreadsheet identifies thirty-three apparent violations of the law requiring timely reporting of contributions and expenditures during this period. RCW 42.17A.235, .240. Notably, one report due prior to the August 2016 primary election was not filed until after it was over.

The apparent violations break down as follows:

TOTAL DAYS LATE / REPORTS (2015)	360
TOTAL DOLLAR VALUE LATE (2015)	\$9,680.25

TOTAL DAYS LATE / REPORTS (2016)	656
TOTAL DAYS LATE / DEPOSITS (2016)	15
TOTAL DOLLAR VALUE LATE (2016)	\$27,317.71

GRAND TOTAL DAYS LATE (2015-16)	1,031
GRAND TOTAL DOLLAR VALUES LATE (2016-17)	\$36,997.96
GRAND TOTAL NUMBER OF LATE REPORTS	33

B. Failures to timely report orders, debts, and obligations in Public Disclosure Commission form C-4 reports and Schedule B ("In Kind Contributions, Pledges, Orders, Debts, Obligations") (22 Apparent Violations)

Respondent apparently filed no Schedule B reporting of debts, obligations, or orders from 2015 to the present. This would be appropriate if no orders, debts, or obligations exceeding \$250 in value (or over \$50 in value and outstanding for over 30 days) were incurred in any given reporting period, but paid in full at a later time. RCW 42.17A.235, .240. It appears, however, that unreported activity occurred, and that various reports of debts, orders, and obligations remain outstanding to date.

The following 22 expenditures correspond to apparently unreported orders placed, debts, and obligations in a prior reporting period. The cumulative lateness for these outstanding Schedule B reports would be a total of at least 8,262 days as of today, although the delinquency period continues to grow. The specific instances of apparent violations include the following:

1. *July 2015 radio advertising (One violation)*. An expenditure was reported of \$1,000 to ACN for "July Radio" (dated 8/25/15). This reported expenditure shows that the Respondents incurred at least one reportable order, obligation, or debt related to radio advertising, incurred no later than July of 2015 and not paid in full until the next month. If the radio spots were ordered prior to July, it would also be reportable on Schedule B at an earlier time, but was not disclosed. At least one required report of a debt on Schedule B would be due no later than July 28, 2015, and would be at least 766 days late as of today, and still outstanding—thus constituting an ongoing violation.
2. *August 2015 radio advertising (One violation)*. An expenditure was reported of \$1,000 to ACN for "August Radio Broadcast" (dated 9/11/15). This reported expenditure shows that the Respondents incurred at least one reportable order, obligation, or debt related

to radio advertising, incurred no later than August of 2015 and not paid in full until the next month. If the radio spots were ordered prior to August, it would also be reportable on Schedule B at an earlier time, but was not disclosed. At least one required report of a debt on Schedule B would be due no later than September 10, 2015, and would be at least 722 days late as of today, and still outstanding—thus constituting an ongoing violation.

3. *September and October 2015 radio advertising (Two violations)*. An expenditure was reported of \$2,000 to ACN for “Sept & Oct Broadcasting” (dated 11/5/15). This reported expenditure shows that the Respondents incurred at least two reportable orders, obligations, or debts related to radio advertising, incurred starting no later than September of 2015 and not paid in full until November of the same year. If the radio spots were ordered prior to September, the debt would also be reportable on Schedule B at an earlier time, but was not disclosed. At least two required reports of a debt on Schedule B would be due no later than October 10, 2015 (692 days late, for September reporting period), and November 10, 2015 (661 days late, for October reporting period), totaling at least 1,353 days late as of today, and still outstanding—thus constituting an ongoing violation.
4. *November and December 2015 radio advertising (One violation)*. An expenditure was reported of \$700 to Redoubt Broadcasting for “November & December Invoicing” (dated 12/1/15). This reported expenditure shows that the Respondents incurred at least one reportable order, obligation, or debt related to radio advertising, incurred starting no later than November of 2015 and not paid in full until the next month. If the radio spots were ordered prior to November, the debt would also be reportable on Schedule B at an earlier time, but was not disclosed. At least one required reports of a debt on Schedule B would be due no later than December 10, 2015, which would be at least 631 days late as of today, and still outstanding—thus constituting an ongoing violation.
5. *December 2015 and January 2016 radio advertising (Two violations)*. An expenditure was reported of \$2,000 to ACN for “December & January Invoicing” (dated 2/10/16). This reported expenditure shows that the Respondents incurred at least two reportable orders, obligations, or debts related to radio advertising, incurred starting no later than December of 2015 and not paid in full until February 2016. If the radio spots were ordered prior to December, the debt would also be reportable on Schedule B at an earlier time, but was not disclosed. At least two required reports of a debt on Schedule B would be due no later than January 10, 2016 (600 days late, for December reporting period), and February 10, 2016 (569 days late, for January reporting period), totaling at least 1,169 days late as of today, and still outstanding—thus constituting ongoing violations.
6. *November 2015 and January-February 2016 radio advertising (Four violations)*. Expenditures were reported of \$1,050 to Redoubt Broadcasting for “Jan, Feb, Mar Invoice” (dated 3/23/16); \$1,000 to CAN for “February Invoice” (dated 3/23/16); and \$1,000 to CAN for “November Invoice” (dated 3/1/16). These reported expenditures show that the Respondents incurred orders, obligations, or debts reportable during four months that were related to radio advertising, starting no later than November of 2015;

these amounts were not settled until March 2016. If the radio spots were ordered prior to November, the debts would also be reportable on Schedule B at an earlier time, but were not disclosed. The delinquency of the reports is apparently as follows for these continuing violations:

- a. *November 2015 Schedule B (due 12/10/15)*: 631 days late as of today.
 - b. *December 2015 Schedule B (due 1/10/16)*: 600 days late as of today.
 - c. *January 2016 Schedule B (due 2/10/16)*: 569 days late as of today.
 - d. *February 2016 Schedule B (due 3/10/16)*: 540 days late as of today.
7. *March 2016 radio advertising (One violation)*. An expenditure was reported of \$1,000 to ACN for “March Invoice” (dated 4/19/16). This reported expenditure shows that the Respondents incurred at least one reportable order, obligation, or debt related to radio advertising, incurred starting no later than March of 2016 and not paid in full until the next month. If the radio spots were ordered prior to March, the debt would also be reportable on Schedule B at an earlier time, but was not disclosed. At least one required report of a debt on Schedule B would be due no later than April 10, 2016, which would be at least 509 days late as of today, and still outstanding—thus constituting an ongoing violation.
 8. *April 2016 radio advertising (One violation)*. An expenditure was reported of \$1,000 to ACN for “April Invoice” (dated 5/5/16). This reported expenditure shows that the Respondents incurred at least one reportable order, obligation, or debt related to radio advertising, incurred in April of 2016 and not paid in full until the next month. If the radio spots were ordered prior to April, the debt would also be reportable on Schedule B at an earlier time, but was not disclosed. At least one required report of a debt on Schedule B would be due no later than May 10, 2016, which would be at least 479 days late as of today, and still outstanding—thus constituting an ongoing violation.
 9. *May 2016 radio advertising (One violation)*. An expenditure was reported of \$800 to ACN for “May Invoice” (dated 6/10/16). This reported expenditure shows that the Respondents incurred at least one reportable order, obligation, or debt related to radio advertising, incurred in May of 2016 and not paid in full until the next month. If the radio spots were ordered prior to May, the debt would also be reportable on Schedule B at an earlier time, but was not disclosed. At least one required report of a debt on Schedule B would be due no later than June 10, 2016, which would be at least 448 days late as of today, and still outstanding—thus constituting an ongoing violation.
 10. *July 2016 radio advertising (One violation)*. An expenditure was reported of \$1,000 to ACN for “July Invoice” (dated 8/10/16). This reported expenditure shows that the Respondents incurred at least one reportable order, obligation, or debt related to radio advertising, incurred starting no later than July of 2016 and not paid in full until the next month (it may be, depending on the dates of the radio spots, that *two* Schedule B reports were due for July, to account for the 3-week and 1-week pre-primary reporting periods). If the radio spots were ordered prior to July, the debt would also be reportable on Schedule B at an earlier time, but was not disclosed. It appears that at least one required report of a debt on Schedule B would be due no later than July 26, 2016, which would be at least 402 days late as of today, and still outstanding—thus constituting an ongoing violation.

11. *August 2016 radio advertising and campaign services (Two violations)*. Expenditures were reported of \$1,000 to ACN for “August Invoice” (dated 9/9/16), and \$1,000 to Trista Hopkins (dated 9/20/16) for “Aug-Sept Invoice.” These reported expenditures show that the Respondents incurred at least two reportable orders, obligations, or debts related to radio advertising and campaign services, incurred starting no later than August of 2016 and not paid in full until the next month. If the radio spots and services were ordered prior to August, the debts would also be reportable on Schedule B at an earlier time, but were not disclosed. It appears that at least one required report of a debt on Schedule B would be due no later than September 10, 2016, which would be at least 356 days late as of today, and still outstanding—thus constituting an ongoing violation.
12. *August-October 2016 radio advertising and campaign services (Four violations)*. Expenditures were reported of \$1,000 to Trista Hopkins for “Oct-Nov 2016 Invoice” (dated 11/29/16), \$250 to Redoubt Broadcasting (dated 11/30/16) for “August 2016,” \$250 to Redoubt Broadcasting (dated 11/30/16) for “September 2016,” and \$1,000 to CAN (dated 11/1/16) for “October Invoice.” These reported expenditures show that the Respondents incurred four reportable orders, obligations, or debts related to radio advertising and campaign services, incurred starting no later than August of 2016 and not paid in full until November—well after the general election, except in one instance. If the radio spots and services were ordered prior to August, the debts would also be reportable on Schedule B at an earlier time, but were not disclosed. It appears that at least four required reports of debts on Schedule B are still outstanding—thus constituting ongoing violations:
 - a. *August 2016 Schedule B (due 9/10/16)*: 356 days late as of today.
 - b. *September 2016 Schedule B (due 10/18/16)*: 318 days late as of today.
 - c. *October 2016 Schedule B (due 11/1/16)*: 304 days late as of today.
 - d. *November 2016 Schedule B (due 12/10/16)*: 265 days late as of today.
13. *November-December 2016 radio advertising (One violation)*. Expenditures were reported of \$1,000 to Trista Hopkins for “Nov-Dec 2016 Services” (dated 12/12/16) and \$1,000 to ACN for “November Weekdays 4-5pm Live & 9-10pm” (dated 12/12/16). These reported expenditures show that the Respondents incurred reportable orders, obligations, or debts related to radio advertising and campaign services, incurred starting no later than November of 2016 and not paid in full until the next month. If the radio spots were ordered prior to November, the debts would also be reportable on Schedule B at an earlier time, but were not disclosed. At least one required report of a debt on Schedule B would be due no later than December 10, 2016, which would be at least 265 days late as of today, and still outstanding—thus constituting an ongoing violation.

C. Failure to report sub-vendor receiving campaign expenditures (Three violations)

A political committee making expenditures is required to report the vendor to whom payment is made and, to the extent services are performed by a sub-vendor, the sub-vendor as well. RCW 42.17A.240(6); WAC 390-16-037. On the following occasions, the Respondents apparently failed to report a sub-vendor the campaign paid to perform services for its benefit. Mr. Shea

was paid expenditures on three occasions (on dates 12/22/15, 3/23/16, and 8/31/16) totaling \$1,237.87 for "security," "campaign security," and "secure email, security." To the extent these expenditures were for direct out-of-pocket election campaign expenses reimbursable to the candidate under RCW 42.17A.445(3), the campaign must amend its reporting to reveal any sub-vendor hired to provide the campaign-related security services.

I await your position as to whether there is reasonable cause for a civil enforcement action based on these allegations, and whether you will file such an action in the name of the State.

Sincerely,



Walter M. Smith

Enclosures: Microsoft Excel spreadsheet identifying reporting violations

cc: Linda A. Dalton, Senior Counsel, Attorney General's Office (via e-mail)
Public Disclosure Commission staff (via e-mail)

Number	Report Type	Date Filed	Amd.	Report due	Report days late	(C3's: Deposit date if weekly)	(C3's: Deposit days late)	Amount reported (total contributions for C3 / expenditures for C4)
100677890	C3	2/10/2016	N	1/10/2016	31			125.00
100677888	C3	2/10/2016	N	1/10/2016	31			5300.00
100677889	C3	2/10/2016	N	1/10/2016	31			950.00
100677891	C3	2/10/2016	N	1/10/2016	31			50.00
100721037	C3	9/13/2016	N	8/8/2016	36			50.00
100720996	C3	9/13/2016	N	8/1/2016	43			4000.00
100721046	C3	9/13/2016	N	8/22/2016	22			375.00
100720994	C3	9/13/2016	N	8/15/2016	29			1700.00
100720993	C3	9/13/2016	N	8/22/2016	22			966.00
100720995	C3	9/13/2016	N	8/8/2016	36			8475.00
100722093	C3	9/20/2016	N	8/8/2016	43			100.00
100727405	C3	10/17/2016	N	9/19/2016	28	9/13/2016	4	600.00
100727410	C3	10/17/2016	N	10/3/2016	14			100.00
100727377	C3	10/17/2016	N	9/5/2016	42			100.00
100727375	C3	10/17/2016	N	9/5/2016	42			75.00
100727368	C3	10/17/2016	N	9/5/2016	42			275.00
100727365	C3	10/17/2016	N	9/5/2016	42			25.00
100727430	C3	10/18/2016	N	10/17/2016	1	10/11/2016	11	1250.00
100738184	C3	12/12/2016	N	11/14/2016	28			100.00
100677897	C3	2/10/2016	N	1/10/2016	31			2307.45
100700672	C4	6/10/2016	Y	5/10/2016	31			394.26

TOTAL DAYS LATE / REPORTS (2016)	656.00
TOTAL DAYS LATE / DEPOSITS (2016)	15.00
TOTAL DOLLAR VALUE LATE (2016)	27317.71

GRAND TOTAL DAYS LATE (2015-16)	1031.00
GRAND TOTAL DOLLAR VALUES LATE (2015-16)	36997.96
GRAND TOTAL NUMBER OF LATE REPORTS	33