



State of Washington  
PUBLIC DISCLOSURE COMMISSION

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Toll Free 1-877-601-2828 • E-mail: [pdc@pdc.wa.gov](mailto:pdc@pdc.wa.gov) • Website: [www.pdc.wa.gov](http://www.pdc.wa.gov)

October 30, 2018

Delivered electronically to Dan Brady, legal counsel for Michael Waite

Subject: Michael Waite Complaint Return Letter with Reminder, PDC Case 8734

Mr. Brady:

Below is a copy of an electronic letter sent to John Geniuch concerning a complaint he filed with the Public Disclosure Commission (PDC) against your client, Michael Waite, a candidate for State Treasurer in 2016. As noted below in the electronic letter to Mr. Geniuch, the PDC will not be conducting a more formal investigation into the allegations listed in the complaint he filed against your client Mr. Waite due to a number of mitigating factors.

Those mitigating factors included Mr. Waite being a first-time candidate for a statewide partisan office who contributed more than \$32,000 in personal funds to his 2016 Campaign and was clearly campaigning at each of the political party organization and candidate events that he attended. In addition, Mr. Waite has taken corrective action concerning the allegation of using Campaign funds to make contributions to political party organizations and candidates.

PDC staff is reminding Mr. Waite about the importance of complying with the PDC statutes, rules and candidate reporting requirements, should he declare his candidacy for a future election. Based on these findings, the PDC has dismissed this matter in accordance with RCW 42.17A.755(1).

If you have questions, please contact PDC staff member Kurt Young by e-mail at [kurt.young@pdc.wa.gov](mailto:kurt.young@pdc.wa.gov).

Sincerely,

Endorsed by,

/s \_\_\_\_\_  
Kurt Young, Compliance Officer

/s \_\_\_\_\_  
Barbara Sandahl, Deputy Director  
For Peter Lavalley, Executive Director



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October 30, 2018

Sent electronically to John Genuich at “john@dsdevgroup.com”

Subject: Complaints filed against Michael Waite, PDC Case 8734

Mr. Genuich:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on October 6, 2016, against Michael Waite, a candidate for Washington State Treasurer in 2016.

The complaint alleged that Michael Waite, may have violated: (1) RCW 42.17A.235 and .240 by failing to disclose debts and obligation incurred by his campaign on Summary Full Report of Contributions and Expenditures (C-4 report); and (2) RCW 42.17A.430(8) by using campaign funds to make expenditures to attend 2016 political party organization and candidate events to campaign for statewide office, and a portion of the expenditure resulted in contributions being received by the party organizations or candidates. Shortly after filing your complaint, you withdrew a third allegation you made against an individual that had been paid for services performed for the Campaign, so PDC staff did not review that allegation.

PDC staff reviewed the allegations listed in your complaint, the statutes, rules and reporting requirements, the C-4 reports filed by the Hire Michael Waite for State Treasurer (Campaign) and the responses from Mr. Waite, and Dan Brady, legal counsel for Mr. Waite to the allegations listed in the your complaint. As a result, we found the following:

- On January 7, 2016, Michael Waite filed a Candidate Registration (C-1 report) declaring his candidacy for Washington State Treasurer, selecting the Full Reporting option, and listing Sidney Pepple, as the Campaign Treasurer. On August 29, 2016, Mr. Waite filed an amended C-1 report listing Ben Katon as Treasurer, and Ms. Pepple as Deputy Treasurer. Mr. Waite was a first-time candidate for public office in 2016.
- Concerning the debt allegation, Mr. Waite stated his Campaign timely and accurately reported expenditures for digital political advertisements, “as we were evaluating and refining our ads leading up to the August primary. Our campaign paid in advance for advertising, and reported those expenditures on July 8, July 16, and July 28.” He stated the July 16, 2016 expenditure listed in the complaint “was for advertising after that date, not before as the complainant alleges. There was no debt incurred, and therefore none to report.”
- Mr. Waite stated the complaint alleged failure to report debt for polling and added “The reality is that we commissioned some poll questions after the primary, to prepare for the general election, and thus the expenditure was reported after the primary.”

Concerning the expenditures to attend Republican party and candidate events:

- Mr. Waite stated that as a first-time candidate he took “advantage of the opportunity to attend other candidate’s events and political party activities featuring potential grassroots supporters and donors. I paid the requested entry fee to attend these events and reported those expenditures to the PDC.” Mr. Brady confirmed Mr. Waite “sought opportunities to market and promote his campaign to potential donors and grassroots supporters” and that he used Campaign funds to purchase tickets and attend Republican party and Republican candidate events and to pay a booth rental fee where applicable.
- Mr. Brady stated that Mr. Waite did not intend “to make a political contribution to another political committee from his campaign funds but instead simply sought access to events he would not otherwise be allowed to attend.” He stated the Campaign consultant contacted PDC staff to determine if the campaign was in compliance with the reporting requirements for such expenditures and was advised “to obtain verification” from the party organizations and candidates “about the actual costs of the event, to avoid any actual contribution.” He stated the Campaign sent letters to each Republican party committee and candidate that “received marketing expenditures”, and they received a total of 10 responses which “varied in the amount of the ticket price which were hard costs, as opposed to contributions, with four of them indicating that the ticket price paid was the full event cost.”
- Mr. Brady stated “To ensure that the campaign was appropriately reimbursed for any expenditure which might be deemed a contribution, Mr. Waite made a \$5,000 personal donation to the campaign on September 7, 2016, and earmarked up to \$3,000 of that contribution as reimbursement for marketing expenditures which might later be determined to be contributions.”
- PDC staff reviewed the letters and confirmed the Campaign made \$2,405.74 in actual expenditures to attend the party and candidate event, and created a spreadsheet listing the expenditure amount, the costs of the event, and the “contribution amount” derived from the difference. For the events in which no response was received, staff estimated that an 80% figure was the total costs and that 20% of the total expenditure likely represented a contribution. Based on these estimates, staff determined that the likely contributions to all of the party organizations and candidate events was \$533.85, and provided that information to the Campaign, advising Mr. Waite to reimburse the campaign for that amount.

Michael Waite used campaign funds to attend political party organizations and 2016 candidate events, and that a portion of his campaign funds were determined by PDC staff to have been contributions since the costs of hosting the event were less than the total amount paid. However, Mr. Waite was a first-time candidate for public office in 2016 who ran for a statewide partisan office, and he was clearly campaigning at each of the political party organization and candidate events that he attended, soliciting endorsements from the sponsoring organizations and candidates, and support, contributions and votes from those in attendance.

Mr. Waite and his Campaign made a good faith effort to contact the political party organizations and candidates concerning this matter in an attempt to ascertain the costs of hosting those events. In addition, he provided \$32,068 in personal funds and candidate loans to his 2016 Campaign for State Treasurer.

Michael Waite has taken corrective action concerning the allegation of using Campaign funds to make contributions to political party organizations and candidates by:

1. Reimbursing his Campaign \$534 on October 1, 2018, for the portion of funds received by the political party organizations and by the candidates as contributions that were in excess of the costs to host each event; and
2. Filing a C-3 report on October 19, 2018, disclosing the deposit of \$534 in personal funds received and deposited on October 1, 2018, and a C-4 report on October 22, 2018, disclosing the deposit of \$534 in the candidate' personal funds reimbursing the Campaign for the portion of funds used to make the contributions to political party organizations and candidates.

PDC staff is reminding Mr. Waite about the importance of complying with the statutes, rules and reporting requirements, should he declare his candidacy for a future election. Based on these findings, the PDC has dismissed this matter in accordance with RCW 42.17A.755(1). If you have questions, you may contact Kurt Young by e-mail at [kurt.young@pdc.wa.gov](mailto:kurt.young@pdc.wa.gov).

Sincerely,

Endorsed by:

/s \_\_\_\_\_  
Kurt Young  
PDC Compliance Officer

/s \_\_\_\_\_  
Barbara Sandahl, Deputy Director  
For Peter Lavalley, Executive Director

cc: Dan Brady, legal counsel for Michael Waite

