



**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.pdcc.wa.gov

June 20, 2019

Delivered electronically to “abbot@abbottaylor.com”

Subject: Complaint filed by Glen Morgan, PDC Case 19370

Dear Tina Podlodowski:

Below is a copy of an electronic letter sent to Glen Morgan concerning a complaint filed with the Public Disclosure Commission (PDC).

As noted in the letter to Glen Morgan the PDC has dismissed this matter in accordance with RCW 42.17A.755(1) and will not conduct a more formal investigation into these allegations or take further enforcement action in this matter.

PDC staff is reminding you about the importance of providing a complete and detailed breakdown of expenditures made to reimburse individuals, or payments made to consultants or vendors, including the sub-vendor and number of items breakdowns in the future of PDC laws and rules. In addition, please be aware of the changes to the disclosure of debt and other reporting requirements as part of the passage of ESHB 2938 (2018).

If you have questions, you may contact Fox Blackhorn at 1-360-753-1980 toll-free at 1-877-601-2828, or by email at pdcc@pdcc.wa.gov.

Sincerely,

/s _____
Fox Blackhorn
Compliance Coordinator 2

Endorsed by,

/s _____
Barbara Sandahl
Deputy Director
For Peter Lavalley
Executive Director



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Toll Free 1-877-601-2828 • E-mail: pdcc@pdcc.wa.gov • Website: www.pdca.wa.gov

June 20, 2019

Delivered electronically to “glen@wethegoverned.com”

Subject: Complaint regarding Tina Podlodowski, PDC Case 19370

Dear Glen Morgan:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on June 2, 2017. The complaint alleged that Tina Podlodowski, a 2016 candidate for the office of Washington State Secretary of State, may have violated several provisions of Chapter 42.17A RCW as detailed below.

PDC staff reviewed the allegations; the applicable statutes, rules, and reporting requirements; the responses provided by Tina Podlodowski; queried the Respondent’s data in the PDC contribution and expenditure database; and reviewed the Candidate Registrations (C-1 reports), Monetary Contributions reports (C-3 reports), and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) filed by the 2016 Voters for Tina Campaign (Campaign) to determine whether the record supports a finding of one or more violations.

Based on staff’s review, we found the following:

- On January 5, 2016, Tina Podlodowski filed a C-1 report with the PDC declaring candidacy for election to the office of Washington State Secretary of State in election year 2016, selecting the Full Reporting Option. The C-1 report listed Abbot Taylor as the ministerial-only Treasurer for the Campaign. Tina Podlodowski lost in the General Election of November 8, 2016. Ms. Podlodowski is the current Chair of the Washington State Democratic Party, and previously served on the Seattle City Council.
- On June 2, 2017, you filed a complaint with the PDC and a 45-Day Citizens Action Notice (CAN) with the Washington State Attorney General’s Office, alleging multiple violations of Chapter 42.17A RCW.
- On June 15, 2017, the Campaign Finance Unit (CFU) of the Attorney General’s Office requested that PDC staff review, and if appropriate, investigate the allegations prior to the expiration date of the 45-Day CAN on July 17, 2017.
- The PDC has not received notice that an action was either filed in Superior Court, or that action was declined by the CFU or the complainant as of the date of this letter.

- For the 2016 election cycle, the Campaign disclosed receiving \$923,668 in total contributions received, and \$923,668 in total expenditures made, with a \$0 cash on hand balance.
- The Campaign timely filed the January, February, March, April, and May 2016 C-4 reports, the 7-Day and 21-Day Pre-Primary Election C-4 reports, the Post-Primary Election C-4 report, the 21-Day and 7-Day Pre-General Election C-4 reports and the Post-General Election C-4 report. In addition, the Campaign timely filed its C-3 reports for the period January through November 7, 2016, with many of the C-3 reports filed early within one to two days of the contributions having been received.

Allegations: Failure to timely disclose contribution and expenditure information, on C-3 and C-4 reports due the date of Registration.

The complaint alleged violations of RCW 42.17A.235 by failing to timely disclose contribution and expenditure activities undertaken by the Campaign, prior to registration as a candidate, on the date that the Treasurer is designated and the initial C-1 report for the campaign is filed.

The complaint listed three contributions and expenditures allegedly undertaken prior to the Campaign's initial filing of the C-1 report on January 5, 2016. The Campaign provided a response with a copy of their C-1 report stamped with the words "SHIPPED JAN 4 2016" and the C-1 report was correspondingly signed and certified on January 4, 2016.

The official filing record for the Campaign indicates that this report was postmarked and filed on January 5, 2016, and in the absence of evidence to the contrary, the Campaign's C-1 report was filed on that date.

- The Campaign's initial activities included a \$500 contribution made by Tina Podlodowski to the Campaign on January 4, 2016, which was disclosed on a C-3 report filed on February 5, 2016, and a \$34 in-kind contribution from Tina Podlodowski also received on January 5, 2016, which was disclosed on a C-4 report filed on February 8, 2016. The initial C-3 and C-4 reports were filed late and also included \$23 in un-itemized expenditures that had been undertaken prior to January 5, 2016. However, these initial C-3 and C-4 reports were filed more than three months prior to the 2016 Candidate Filing week.

Allegations: Failure to timely disclose contribution and expenditure information on C-3 and C-4 reports

The complaint alleged violations of RCW 42.17A.235 by failing to timely disclose contribution and expenditure activities undertaken by the Campaign on C-3 and C-4 reports.

- Of the seven reports allegedly filed beyond the statutory deadline listed for this section, all were amendments to reports that were originally filed on or before the deadlines set forth by RCW 42.17A.235, reporting additional information as it became available.

- The changes on the amended reports filed by the Campaign were minor in nature and included filing an amended C-4 report for failing to include the amount of a tip for an expenditure made to purchase pizza that was originally reported at cost, and for the fair market value of in-kind contributions received for political advertising.

Allegation: Failure to timely disclose debts and obligations

The complaint alleged one violation of RCW 42.17A.240 by failing to timely disclose debts, obligations, and promises to pay made by the Campaign on C-4 reports.

- The complaint alleged that a \$3,000 expenditure paid on December 12, 2016, to Moxie Media for “Madeleine Foutch - bonus” should have been disclosed as a debt on every C-4 report filed by the Campaign since filing the C-1 report in January 2016 through discharge as an expenditure in December 2016.
- The Campaign response stated that the contract with Madeleine Foutch did not contain a provision to pay a bonus in the event of the campaign losing the election, and further that the bonus was “an unplanned bonus paid for good work from the surplus funds at the end of the campaign.” Therefore, the bonus paid by the Campaign was not considered a debt required to have been disclosed on a C-4 report in this instance.

Allegations: Failure to provide a breakdown of sub-vendors and/or detailed description of services provided

The complaint alleged violations of RCW 42.17A.235 and .240, as well as WAC 390-16-037 and WAC 390-16-205 for failing to timely: (1) provide a proper detail and sub-vendor breakdown for expenditures made for work contracted out to a third party, and reimbursements made to individuals, including the candidate, for out-of-pocket expenditures; (2) descriptions of services provided by vendors and number of political advertisements printed or mailed; and (3) run dates for political advertising.

Staff reviewed the allegations, which included 187 separate debts, expenditures, and in-kind contributions disclosed by the Campaign on C-4 reports as follows:

- Twenty-five debts and expenditures made to Moxie Media, and in-kind contributions made by Moxie Media, totaling \$97,671 for Campaign Management, Campaign Consulting, Research, and Political Advertising.
- Six debts and expenditures made to Newman Partners, totaling \$31,500 for Fundraising.
- Fourteen debts and expenditures made to Raven McShane Strategies, totaling \$25,397 for Event Supplies, Fundraising, and Political Advertising.
- Sixty-six debts and expenditures made to Tina Podlodowski, and in-kind contributions made by Tina Podlodowski, totaling \$20,048 for Event Tickets, Event Supplies, Travel Expenses, Campaign Utilities, and Political Advertising.

- Eighteen debts and expenditures made to Abbot Taylor totaling \$17,849 for Treasury Services.
- Two debts and expenditures made to Darci Larsen totaling \$11,300 for Website Development & Branding.
- The remaining twelve debts, expenditures, and in-kind contributions totaled \$20,377 for Event Tickets, Event Supplies, and Political Advertising.

Staff did note there were expenditures made by the Campaign, either as reimbursements to individuals or volunteers, or payments made to a consultant or vendor for which it appears a more detailed description and possibly a sub-vendor breakdown likely should have been provided. The response provided by the Campaign identified several items where run dates and number of items printed should have been included.

At the request of staff, the Campaign amended their reports to provide additional detailed disclosures and bring the 2016 Campaign into compliance, which included filing amended C-4 reports disclosing the run dates and the number of items printed for political advertising expenditures. Staff would classify these issues as reporting discrepancies which are minor or technical in nature and does not believe the violations rise to the level of any enforcement action.

Allegations: Failure to disclose Committee Officers and individuals that are authorized to make expenditures, and to timely amend Candidate Registration (C-1 report)

The complaint alleged violations of RCW 42.17A.205 by failing to disclose committee officers and individuals authorized to make expenditures and to process and deposit contributions on the C-1 report, and to timely amend the C-1 report within two weeks of any material changes to the campaign. The complaint further alleges violations of RCW 42.17A.425 by allowing persons other than committee officers to make or incur expenditures on behalf of the Campaign.

- The response provided by the Campaign indicates that Moxie Media and Madeleine Fouch were not authorized to make, direct, or authorize contribution, expenditure, strategic, or policy decisions on behalf of the Campaign but were consultants and campaign vendors not required to have been disclosed on the C-1 report.

As noted above, several the allegations listed in your complaint concerned information disclosed on amended C-3 and C-4 reports filed by the Campaign. Staff's review of the initial and amended C-3 and C-4 reports filed by the Campaign confirmed a good faith effort was made to comply with the PDC reporting requirements for the 2016 election. Staff found that the Campaign: (1) filed 6 amended C-3 reports and 18 amended C-4 reports, demonstrating a good faith effort to provide additional and/or updated disclosure information as the Campaign became aware of it; (2) were in frequent contact with PDC staff throughout the 2016 election in order to comply with the reporting requirements; and (3) timely filed the overwhelming majority of the initially filed C-3 and C-4 reports disclosing \$923,668 in total contributions received and total expenditures made.

PDC staff found no evidence of a material violation that would require conducting a more formal investigation into the complaint or pursuing enforcement action in this instance. However, staff has reminded the Campaign to provide a more detailed breakdown for expenditures made to reimburse individuals or payments made to consultants or vendors, including the sub-vendor and TV station breakdown, in the future. In addition, Tina Podlodowski will be made aware of the changes to the disclosure of debt and other reporting requirements as part of the passage of ESHB 2938 (2018).

Based on this information, the PDC finds that no further action is warranted and has dismissed this matter in accordance with RCW 42.17A.755(1).

If you have questions, you may contact Fox Blackhorn at 1-360-753-1980 toll-free at 1-877-601-2828, or by e-mail at fdc@fdc.wa.gov.

Sincerely,

/s

Fox Blackhorn
Compliance Coordinator 2

Endorsed by,

/s

Barbara Sandahl
Deputy Director
For Peter Lavalley
Executive Director

cc: Tina Podlodowski Campaign