

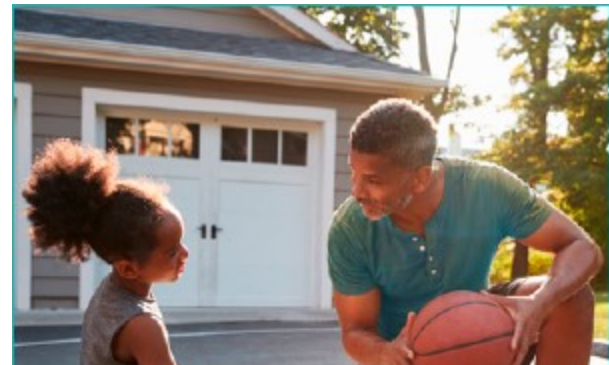


EvergreenHealth in Kirkland. Reporter file photo

Disclosure complaints filed against EvergreenHealth Foundation

Alleged violations include failing to adhere to reporting required by recently passed DISCLOSE Act.

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By Ashley Hiruko

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Alleged disclosure violation complaints have cropped up against the EvergreenHealth Foundation.

The complaints filed through the state's Public Disclosure Commission (PDC) are related to the nonprofit's financial reporting activity in its campaign to approve a \$345 million bond in August. It was slated to fund upgrades and new construction at the Kirkland medical center.

Even before the Prop. 1 bond failed to achieve the needed supermajority of 60 percent, residents raised eyebrows when they received numerous fliers in support of the campaign in the mail. The "Voter Report Card" compared the voting habits of a resident to their neighbors. It wasn't how they voted in elections, but rather how often they participated.

On a thread on the Be Neighborly Kirkland Uncensored Facebook group, the flier drew a negative reaction. Not just for the comparison of voting frequency among neighbors, but also the frequency of fliers people were receiving.

David Johnson said he too received multiple fliers. Sometimes they came three at a time. They fueled his curiosity about the money source that was funding the fliers.

The foundation paid for the fliers, but who gave the organization the money to do so?

When Johnson attempted to track down these dollars, he couldn't locate the nonprofit's newly required paperwork on the PDC website.

Fuller disclosure

Last year, lawmakers approved the DISCLOSE Act, a piece of legislation that sheds light on the source of "dark money." Dark money refers to political spending by nonprofit agencies that are not required to disclose their backers. It is sometimes big-dollar donors who want to remain anonymous, who funnel their money into one organization then ends up in the hands of another.

With the passage of the state's DISCLOSE Act, beginning in January of this year, nonprofits that anticipate spending more than \$25,000 on ballot measure campaigns are required to register as an "incidental committee."

The new law also requires that incidental committees disclose their top 10 payments above \$10,000 received during the current calendar year to the PDC in a C-8 form. In a few instances, some payments are exempt from being included. And subsequent C-8s must be filed when the committee makes new expenditures or its top 10 payments changes.

Approve Prop 1 — a political action committee (PAC) sponsored by the EvergreenHealth Foundation, had \$746,912 in contributions and \$761,816 in total expenditures, according to the PDC. A total of \$735,000 of the donation dollars were from a foundation contribution.

The foundation hadn't yet filed its C-8 but did so after Johnson made an inquiry to the PDC about the missing form. Johnson said he reached out to the PDC in early August and heard back from the organization on Aug. 6, the day of the primary election.

In an email, Kim Bradford of the PDC wrote that “incidental committees must file a C-1IC and a C-8 within two weeks after the date the committee meets both of these tests: It has the expectation of making expenditures of \$25,000 or more this calendar year in any election campaign or to a political committee, and has received a payment of \$10,000 or more that it is required to disclose.”

After his discovery, Johnson reached out to Glen Morgan, a person experienced in filing complaints via the PDC and affiliated with We the Governed. Morgan volunteered to file complaints against the foundation, Johnson said. This includes a complaint on the foundation's missing C-8 form.

Foundation response

In a statement from the EvergreenHealth Foundation, vice president and executive director Kae Peterson wrote, “The Foundation has cooperated fully and responded to the PDC regarding the complaint that was filed. We believe that any errors were unintentional and inadvertent and were due to a new law that just went into effect earlier this year. We will have no further public comment until the conclusion of this matter.”

In a response to the complaints against the foundation on the PDC, Mark Lamb of the North Creek Law Firm — who is representing the foundation — wrote that his client was unaware of the requirements related to the new law and that they were contacted by the PDC on election day and made aware of the oversight. The reports were mailed on Aug. 7.

Responding to another complaint filed by Morgan, Randy Pepple of the foundation wrote “I regret that our using volunteer compliance people for this campaign to support a public hospital district measure has caused any confusion. It is a mistake that I certainly won’t repeat, as I will recommend the hiring of a professional compliance person should I be involved in any future campaigns.”

When there’s a violation

Bradford said after a complaint is filed, 90 days are given to assess the complaint. The respondent is asked to write a response on the allegation and a decision is made. Sometimes the solution is at the staff level, resulting in a dismissal or warning. Sometimes there's a penalty.

“If the case is more complex and involves more serious possible violations, it's likely to become a formal violation. This step is taken toward the end of 90 days and most likely cases head to the commission for adjudication,” Bradford said.

Where the money comes from

While a PAC takes in contributions for political causes and spends money on political causes, the top 10 largest sources of payments to a nonprofit (of \$10,000 or more outlined in the C-8) could be funds coming from donors unaware of the money going to a political cause, Bradford said.

“Nonprofits sometimes have donors, sometimes payments for services...you can't think of it as the traditional political donation,” Bradford said. “It's a different kind of thing.”

The DISCLOSE Act only requires disclosure of top donors to the foundation itself and not top donors connected to the campaign. The form only lists one donor connected to the campaign that accounted for a fraction of the money received this year.

“But it gives us a picture of why this money was kept in the dark,” Johnson said by email.

According to the nonprofit’s records, Whidbey Coffee Company donated \$88,998 to the foundation and were the only cash funds on the top-donor list that were used to support any campaign. The company has locations around the Puget Sound, including three in the medical center’s complex.

In an email, Dan Ollis of the coffee company wrote “Whidbey Coffee is and has been a proud partner with the EvergreenHeath Foundation for many years. Whidbey Coffee does not in any way influence how our funds are used by the Foundation. This holds true in all of our partnerships. We enjoy making smiles one cup of coffee at a time, nothing more.”

Despite what the coffee company’s intent was, Johnson said knowing where the money is coming from is beneficial to the voters.

“With people influencing elections one way or another, if someone is dumping money to try to buy your vote, you should at least know who they are and their reason for that,” he said.

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