



STATE OF WASHINGTON  
PUBLIC DISCLOSURE COMMISSION

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May 8, 2020

Delivered electronically to Glen Morgan at [glen@wethegoverned.com](mailto:glen@wethegoverned.com)

Subject: Complaint regarding Washington Teamsters Legislative League (WTLL), PDC Case 29978

Dear Mr. Morgan:

Public Disclosure Commission (PDC) staff has completed its investigation of your complaint received December 21, 2017, initially as a Citizen Action Notice filed under RCW 42.17A.765(4), and later converted to a PDC complaint following implementation of Engrossed Substitute House Bill 2938, which took effect June 7, 2018. Your complaint alleged that during 2016 and 2017, Washington Teamsters Legislative League (WTLL), its officers, and its treasurer, may have committed multiple violations of RCW 42.17A. Your complaint alleged WTLL may have:

1. Failed on numerous occasions to file accurate, timely C-3 and C-4 reports of contributions and expenditures (RCW 42.17A.235 & .240). The complaint included Exhibit A, a spreadsheet listing allegedly late-filed C-3 and C-4 reports.
2. Failed to accurately, and timely, report debt (RCW 42.17A.240(8)). The complaint included Exhibit B, a spreadsheet listing alleged debt that was not timely reported.
3. Failed to properly break down and describe expenses (RCW 42.17A.235) (See WAC 390-16-037 and WAC 390-16-205). Although the complaint alleged that this violation applied to multiple expenditures, it did not cite specific examples in support of the alleged violations. However, several of the expenditures included in Exhibit B to the complaint did not contain a complete description of the expenditure.
4. Failed to file various C-6 reports related to independent expenditures (RCW 42.17A.255, RCW 42.17A.260, or RCW 42.17A.305). The complaint did not provide evidence of these alleged violations. However, Exhibit B to the complaint included an expenditure with a description of "Independent Expenditure."

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

reports are also required 21 and 7 days before each election in which the committee makes expenditures, and in the month following the election. Contributions are reported weekly during this same time period, and must be disclosed on Monday for contributions deposited during the previous seven days.

**WAC 390-16-037** obligates any person required to report the “purpose” of an expenditure under RCW 42.17A.240(6) or 42.17A.255(5)(b) to identify any candidate(s) or ballot proposition(s) supported or opposed by the expenditure, and to describe in detail the goods and/or services provided by the expenditure. The rule includes two examples for disclosing the details of the goods and/or services provided.

**WAC 390-16-205** states expenditures by agents and agents’ sub-vendors, made on behalf of a candidate or political committee, shall be deemed expenditures by the candidate or committee. The rule states that in accordance with WAC 390-16-037, such expenditures shall be reported by the candidate or political committee as if made or incurred by the candidate or committee directly. The rule includes three examples for disclosing the details of the goods and/or services provided.

PDC staff reviewed your complaint, the response provided on behalf of WTLL by its counsel, and appropriate reports filed by the respondent with the Public Disclosure Commission.

As a result of the investigation, staff found the following:

*Alleged failure, on numerous occasions, to file accurate, timely C-3 and C-4 reports of contributions and expenditures (RCW 42.17A.235 & .240). (The complaint included Exhibit A, a spreadsheet listing allegedly late-filed C-3 and C-4 reports.)*

#### **C-4 Reporting**

- The complaint alleged four amended C-4 reports covering reporting periods in 2016 and 2017 were filed late. The C-4 amending January 2016 was filed 57 days late, the C-4 amending February 2016 was filed 28 days late, the C-4 amending November 2016 was filed 29 days late, and the C-4 amending October 17-30, 2017 was filed 22 days late. However, the original reports were all filed timely. Of these four amended reports, two were amended to include \$1,093 and \$222 for the in-kind value of wages and benefits for two employees loaned to WTLL by the Joint Council of Teamsters. One of the reports was amended to remove a \$250 campaign contribution included in error on the original report, and the fourth C-4 was amended to reduce a \$500 expenditure to the Washington Fair Trade Coalition from \$500 to \$400.
- The complaint also alleged that the 21 day pre-primary C-4, covering the period 6/1/16 – 7/11/16, due 7/12/16, was filed 24 days late on 8/5/16. However, the C-4 filed 8/5/16 was not the 21 day pre-primary C-4 report. Rather, it was a C-4 report covering the month of July, filed 8/5/16. During 2016, WTLL was involved in the primary and general elections, which required the committee to file 21 day, 7 day, and Post-election C-4 reports for both the primary and general elections. Instead, WTLL filed monthly C-4 reports through the month of August, and then filed reports for the special reporting periods of the general election, as follows:

- 21 day pre-primary C-4: One bank deposit totaling \$12,230.97 was listed on the July C-4, filed 8/5/16, 24 days after it was required to be reported on the 21 day pre-primary C-4, due 7/12/16.
- 21 day pre-primary C-4: Monetary expenditures totaling \$1,665.00 were reported on the July C-4, filed 8/5/16, 24 days after they were required to be reported on the 21 day pre-primary C-4, due 7/12/16.
- 7 day pre-primary C-4: One bank deposit totaling \$9,180.00 was listed on the July C-4, filed 8/5/16, 10 days after it was required to be reported on the 7 day pre-primary C-4, due 7/26/16.
- 7 day pre-primary C-4: Monetary expenditures totaling \$48,279.60 were reported on the July C-4, filed 8/5/16, 10 days after they were required to be reported on the 7 day pre-primary C-4, due 7/26/16.
- WTLL timely reported the receipts and expenditures that should have been reported on the Post-primary C-4 (7/26-8/31, due 9/12/16) by reporting the receipts and expenditures on an August C-4, filed 9/9/16.

### **C-3 Reporting**

Following is a list of nine original, late-filed, C-3 reports filed from 7-22 days late, totaling \$149,499. The late-filed reports represent deposits made in in June, July, August, and September 2016, and in August and October 2017. The contributions were from IBT DRIVE, an affiliated union in Washington D.C., and Joint Council of Teamsters 28 in Tukwila, Washington. The late-filed C-3 reports included significant contribution amounts and days late were significant.

- \$34,567, deposited 6/15/16, reported 18 days late on 7/8/16 (100705989)
- \$12,231, deposited 7/11/16, reported 18 days late on 8/5/16 (100714360)
- \$9,180, deposited 7/21/16, reported 11 days late on 8/5/16 (100714361)
- \$35,708, deposited 8/24/16, reported 11 days late on 9/9/16 (100719519)
- \$20,501, deposited 8/24/16, reported 11 days late on 9/9/16 (100719520)
- \$10,001, deposited 9/29/16, reported 11 days late on 10/14/16 (100726175)
- \$12,300, deposited 6/23/17, reported 22 days late on 7/18/17 (100776029)
- \$9,511, deposited 8/21/17, reported 11 days late on 9/8/17 (100785812)
- \$5,500, deposited 10/2/17, reported 7 days late on 10/16/17 (100792901)

Other C-3 reports, filed as amended reports, included a significant amount of contributions, and initially appeared to have been filed a significant number of days late. However, it was found that prior to filing the amended reports, WTLL filed the same C-3 reports, some timely, and some late, but less late than the amended reports. The violations concerning C-3 and C-4 reporting, as noted above, are being resolved through a Statement of Understanding with an admission of violations and payment of a penalty.

*Alleged failure to accurately and timely report debt (RCW 42.17A.240(8)). (The complaint included Exhibit B, a spreadsheet listing alleged debt that was not timely reported.)*

Exhibit B to the complaint included 45 entries for accounting services or office rent. Accounting fees are monthly payments against a retainer for accounting services, and rent is a monthly payment for office space. On June 7, 2018, Engrossed Substitute House Bill (ESHB) 2938 became effective, clarifying that for the purposes of reporting expenditures under RCW 42.17A.240, debt does not include “regularly recurring expenditures of the same amount that have already been reported at least once and that are not late or outstanding.”

Exhibit B listed examples of other monetary expenditures the complaint alleged should have been reported as “debts or obligations” on the preceding report. Of the examples cited, staff had concerns about the periods immediately preceding and following the 2016 and 2017 primary and general elections. On the four post-election reports, WTLL reported expenditures to Cerillion N4 Partners for services allegedly ordered prior to the respective elections. Staff confirmed that the 12 expenditures to Cerillion N4 Partners (three for each of the four elections) likely should have been reported as orders placed/debts on the pre-election C-4 reports for the primary and general elections in 2016 and 2017. The expenditures totaled \$5,447.81 on 8/24/16; \$31,642 on 11/3/16; \$5,990.68 on 8/4/17; and \$29,130 on 11/9/17. The Respondent said the mailings in question were sent to union members, and could have been paid for using general treasury funds instead of PAC funds. The violations concerning proper reporting of debt on C-4 reports, as noted above, are being resolved through a Statement of Understanding with an admission of violations and payment of a penalty.

*Alleged failure to properly break down and describe expenses (RCW 42.17A.235) (See WAC 390-16-037 and WAC 390-16-205). Although the complaint did not provide specific examples in support of the alleged violations, several expenditures listed in Exhibit B to the complaint appeared to lack complete descriptions.*

- The Respondent acknowledged that for the 12 payments to Cerillion N4 Partners for the four elections noted above, sub-vendors were paid by Cerillion, but were not disclosed in C-4 reports. In addition, staff identified several expenditures from Exhibit B to the complaint that were credit card payments or reimbursements for travel related expenses that failed to list the vendors where the original purchases were made. These expenditures totaled \$19,078.38. This allegation is being dismissed. However, staff will issue a formal written warning to WTLL concerning these discrepancies.

*Alleged failure to file various C-6 reports related to independent expenditures (RCW 42.17A.255, RCW 42.17A.260, or RCW 42.17A.305). (The complaint did not provide evidence of these alleged violations.)*

- Mr. Iglitzin stated that WTLL has never made any independent expenditures, and is not required to file C-6 reports for its expenditures. He said the items identified in the complaint as being independent expenditures included a description of “Independent Expenditure” because they were expenditures to committees who themselves make independent expenditures. For example, the \$10,000 expenditure on 10/12/17 to People for Jenny Durkan was an expenditure to a political committee making expenditures supporting Jenny Durkan. No evidence of a violation was found.

After a careful review of the alleged violations and relevant facts, PDC staff has concluded its investigation.

Pursuant to WAC 390-37-060(1)(f), Washington Teamsters Legislative League completed a Statement of Understanding (SOU) and paid a \$1,000.00 civil penalty in accordance with WAC 390-37-143 (Brief Enforcement Penalty Schedule), acknowledging the following violations: (1) the failure to file timely, accurate C-3 and C-4 reports of contributions and expenditures (RCW 42.17A.235 & .240); and (2) the failure to accurately and timely report debt (RCW 42.17A.240(8)). The \$1,000.00 assessed penalty resolves these allegations.

Pursuant to WAC 390-37-060(1)(d), Washington Teamsters Legislative League will receive a formal written warning concerning its failure to properly report sub-vendor information, including the underlying vendors when reimbursements for out-of-pocket expenditures were made. The formal written warning will include staff's expectation that WTLL will report the required vendor and sub-vendor information, including the underlying vendors when reimbursements are made, on future reports. The Commission will consider the formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

Because staff's investigation did not find evidence that Washington Teamsters Legislative League failed to file required C-6 reports (RCW 42.17A.255, RCW 42.17A.260, or RCW 42.17A.305), I am dismissing that portion of your complaint in accordance with WAC 390-37-070.

If you have questions, you may contact Phil Stutzman, Compliance Officer, at 360-753-1111; toll-free at 877-601-2828; or by e-mail at [pdcc@pdc.wa.gov](mailto:pdcc@pdc.wa.gov).

Sincerely,

*Electronically Signed Peter Lavallee*

Peter Lavallee  
Executive Director

cc: Carson Phillips-Spotts, Counsel, Washington Teamsters Legislative League  
Dmitri Iglitzin, Counsel, Washington Teamsters Legislative League