



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: pdc@pdc.wa.gov • Website: www.pdc.wa.gov

December 21, 2016

Sent electronically Dan Brady, legal counsel for Ann Rivers at "dan@danbradylaw.com"

Ann Rivers
PO Box 957
LaCenter WA 98629

Subject: Final Order, Ann Rivers, PDC Case 15-94

Dear Senator Rivers:

Enclosed is a copy of the Public Disclosure Commission's (PDC) Final Order for PDC Case 15-94 concerning the complaint filed against Ann Rivers, an incumbent State Senator in the 18th Legislative District and a candidate seeking re-election to that office in 2016.

The Order and agreed upon Stipulation to Facts, Law and Penalty assessed a civil penalty of \$4,000 for violations of RCW 42.17A.235 and .240 of which \$3,000 is suspended on the following conditions:

1. Senator Rivers complies with all current PDC reporting obligations and pays the \$1,000 non-suspended portion of the penalty within 60 days.
2. Senator Rivers commits no further violations of RCW 42.17A or WAC 390 for a period of four years from the date of this Order.

In the event Senator Rivers fails to comply with any of the terms of the suspended penalty, the \$3,000 suspended portion of the penalty shall become due without any further action by the Commission.

The \$1,000 non-suspended portion of the penalty is due within 60 days or **not later than February 19, 2017.** The \$1,000 penalty payment should be made payable to the "WA STATE TREASURER", reference PDC Case 15-94, and mailed to the following address:

WA State Treasurer - Public Disclosure Commission
Financial Office
PO Box 41465
Olympia, WA 98504-1465

Thank you for your cooperation concerning this matter and your participation in the Commission enforcement hearing.

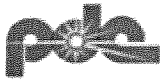
Ann Rivers
Order Cover Letter
PDC Case 15-94
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Please let me know if you need a hard copy mailed to you, or if you have any questions, please contact me at (360) 664-8854.

Sincerely,


Kurt Young
PDC Compliance Officer

Enclosures: Final Order in Case No. 15-94



Public Disclosure Commission
Shining Light on Washington Politics Since 1972

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7 **BEFORE THE PUBLIC DISCLOSURE COMMISSION**
8 **OF THE STATE OF WASHINGTON**

9 In re the Matter of Enforcement Action Against
10 2016 Ann Rivers Campaign,
11 Respondent.

PDC CASE NO. 15-094
FINAL ORDER

12 **I. INTRODUCTION**

13 This matter was heard by the Washington State Public Disclosure Commission
14 (Commission) on December 8, 2016 at the Public Disclosure Commission Office, 711 Capitol
15 Way, Room 206, Olympia, Washington 98504. The hearing was held pursuant to RCW 34.05,
16 RCW 42.17A, and WAC 390-37. The proceeding was open to the public and recorded.

17 Commissioners Anne Levinson, Chair, John Bridges, Vice Chair (by phone), Katrina
18 Asay and Jack Johnson were present. Kurt Young, Compliance Officer, presented the matter
19 on behalf of Public Disclosure Commission Staff (Staff). Chad Standifer, Assistant Attorney
20 General, was also present on behalf of Staff. Also present was Dan Brady who represented
21 Respondent Senator Ann Rivers. Senator Ann Rivers appeared by phone.

22 The parties submitted to the Commission proposed Stipulations as to Jurisdiction,
23 Facts, Violation and Penalty. The Commission determined that the Stipulations would be
24 accepted without modification.

25 Based on those Stipulations, the Commission HEREBY ORDERS that the following
26 Findings of Fact, Conclusions of Law, and Final Order of the Commission be entered:

II. FINDINGS OF FACT

1. On September 12, 2013, Ann Rivers filed a Candidate Registration (C-1 report) declaring her candidacy for re-election to the office of State Senator in 2016 for the 18th Legislative District, selecting the Full Reporting option, listing Fred Rivers as Treasurer and CAM Consulting (CAM) as PDC Compliance. CAM has provided professional PDC compliance services to numerous candidates for the state legislature since 2003. Senator Rivers was first elected to the legislature as State Representative, Position No. 1 in the 18th Legislative District in 2010, and served one-term in the House before being elected to the Senate in 2012. CAM has provided PDC compliance services to Senator Rivers' various campaign committees from January 2010 through October 2014.

2. In December 2014, Senator Rivers discovered errors in CAM's PDC reporting on behalf of her 2016 State Senate campaign. Senator Rivers then ended the relationship with CAM and retained Liz Coleman to correct all errors and omissions with any PDC reports filed by the campaign during the election cycle and to fill all campaign PDC reports for the duration of the election cycle.

3. On January 8, 2015, Ann Rivers filed an amended C-1 report which still listed Fred Rivers as Treasurer, but included Liz Coleman as a "Ministerial Employee."

4. Ms. Coleman used bank and other records to reconstruct campaign contributions and expenditures, and amended various PDC C-3 and C-4 reports as appropriate. However, Ms. Coleman mistakenly only audited campaign records and filings from January 2014 forward, and Ms. Coleman's amended campaign filings did not reflect errors in prior filings that were subsequently carried forward.

5. After learning from the PDC that errors existed in filings prior to January 2014, Senator Rivers and Ms. Coleman again reconciled campaign revenue and expenditures and amended all appropriate reports.

1 6. Senator Rivers paid Ms. Coleman \$4,250.00 for her services in reconciling
2 campaign records, amending all reports and filing reports through the remainder of the election
3 cycle.

4 **Allegation No. 1: Failure to timely file Monetary contribution reports**
5 **(C-3 reports) (RCW 42.17A.235 and .240)**

6 7. On February 20, 2015, the 2016 Ann Rivers Campaign (Campaign) filed 13
7 new C-3 reports and one amended C-3 report disclosing \$21,085.00 in monetary contributions
8 that had been received by the Campaign during the period May 8 to December 9, 2014.

9 8. The C-3 reports submitted by the Campaign were filed between 63 and 246
10 days late, and more than a month after the 2015 Legislative session begin. The C-3 reports
11 disclosed a number of the monetary contributions received by the Campaign were from
12 corporations and organizations that employed a lobbyist in Washington or was from a political
committee registered in Washington State.

13 **Allegation No. 2: Failure to timely file C-4 reports (RCW 42.17A.235)**

14 9. The Campaign failed to timely file a number of C-4 reports for calendar years
15 2014 and 2015, that included the initial C-4 reports for some months, and a number of
16 amended C-4 reports for other months. Some of the 61 late filed C-4 reports disclosed total
17 contributions that had been received by the 2012 Campaign, and when combined with the
18 Campaign failed to properly carry forward previous expenditure totals from the last C-4 report,
19 dramatically over-stated contribution by as much as \$182,000.00 as detailed under Allegation
20 No. 3.

21 10. Those late filed C-4 reports submitted by the Campaign, amended and/or
22 replaced previously disclosed contribution and expenditure information for calendar years
23 2014 and 2015. In some instances, the C-4 reports filed by the Campaign reported contribution
24 or expenditure information that had not been disclosed on a prior C-4 report.

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Allegation No. 3: Failure to accurately disclose campaign contribution and expenditure totals and activities.

11. On February 10, 2015, the Campaign filed its initial March 2014 C-4 report, which incorrectly carried forward \$182,221.00 in contributions from the 2012 Campaign, and disclosed \$0 in total expenditures on line No. 10 of the C-4 report.

12. Staff reviewed and reconciled the Campaign filings and discovered that the "Final" 2012 Campaign C-4 report (filed September 12, 2013), disclosed \$182,221.00 in total contributions received, and \$182,221.00 in total expenditures.

13. The C-3 and C-4 reports were filed electronically by the 2016 Campaign using the Online Reporting of Campaign Activities (ORCA) software. It is not clear, but somehow the Campaign managed to carry forward the 2012 "Final" contribution totals of \$182,221.00 into 2016 Campaign contribution totals, but none of the 2012 expenditure totals.

14. The initial March 2014 C-4 report was filed 255 days late disclosing \$182,221.00 in contributions carried forward, that no new contributions had been received or expenditures made, listed \$0 in total expenditures made, with a cash on hand balance of \$182,221.00.

15. Based on staff's review and reconciliation, the February 2014 C-4 report filed by the Campaign should have carried forward \$7,050.00 in total contributions received on Line No. 1, and \$6,548.00 in total expenditures made on Line No. 10. The Campaign continued to file C-4 reports that included the Final 2012 contribution totals on the C-4 totals filed for the remainder of 2014, all of calendar year 2015, and into January of 2016.

16. During the period April 1, 2014 through January 31, 2016, whenever the Campaign received new contributions for the 2016 election cycle, they were added on the C-4 reports to the 2012 contribution totals, which significantly over reported total contributions received. Since the C-4 reports filed by the Campaign during this timeframe failed to carry forward any of the expenditure totals from the prior C-4 reports and each C-4 report began with \$0 expenditures on Line No. 10 so the cash on hand balance was over-stated even more.

1 17. The Campaign filed numerous new and amended C-4 reports, that included
2 three to six new or amended C-4 reports being filed for each month. Each of C-4 reports
3 disclosing differing contributions, expenditure, or outstanding liabilities information than what
4 was disclosed on the initial C-4 report, the prior amendment, or the most recent C-4 filing.

5 18. No evidence was found that Ann Rivers or her Campaign intentionally filed
6 inaccurate or misleading C-4 reports with the PDC.

7 19. Senator Rivers warrants that all errors and omissions that are the subject of this
8 enforcement action have been corrected.

9 **III. CONCLUSIONS OF LAW**

10 1. The Commission has jurisdiction to hear this matter pursuant to
11 RCW 42.17A.755.

12 2. RCW 42.17A.235 and RCW 42.17A.240 requires candidates to timely file
13 accurate and complete reports of contribution and expenditure activities undertaken by a
14 campaign. Under the full reporting option, until five months before the general election C-4
15 reports are required monthly when contributions or expenditures exceed \$200 since the last
16 report.

17 3. Respondent Ann Rivers (and/or her Campaign) violated RCW 42.17A.235 and
18 RCW 42.17.240 by:

19 a. Failing to timely file Monetary Contribution reports (C-3 reports)
20 and Campaign Summary Contribution and Expenditure report (C-4
reports) for calendar years 2014 and 2015 disclosing contribution and
expenditure activities undertaken for the 2016 election cycle.

21 b. Inaccurately filing C-4 reports that over reported the total
22 Contributions and Cash on hand balances, and under-reported total
expenditures on C-4 reports filed by the Campaign by more than
\$182,000.00.

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IV. ORDER

Based upon the findings and conclusions, the Commission orders that:

1. Respondent Ann Rivers is assessed a total civil penalty of \$4,000.00 of which \$3,000.00 is suspended on the following conditions:

- a. Respondent Rivers pays the \$1,000.00 non-suspended portion of the penalty within 60 days of receiving this Order.
- b. Respondent Rivers commits no further violations of RCW 42.17A or WAC 390 for four years from the date of the Order.
- c. In the event Senator Rivers fails to meet any of the terms of the suspended penalty, the suspended portion of the penalty (\$3,000.00) shall become due without any further intervention of the Commission.

2. Respondent Ann Rivers affirms her intention to comply in good faith with the Provisions of RCW 42.17A in the future.

The Executive Director is authorized to enter this order on behalf of the Commission.

So ORDERED this 21st day of December, 2016.

WASHINGTON STATE PUBLIC
DISCLOSURE COMMISSION

FOR THE COMMISSION:

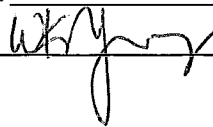

Evelyn Fielding Lopez
Executive Director

Copy of this Order mailed and emailed to:

Dan Brady, attorney for Respondent Rivers (dan@danbradylaw.com)

Chad Standifer, AAG, Attorney for PDC Staff (chads@atg.wa.gov)

emailed

I, Kurt Young, certify that I mailed a *legal counsel*
copy of this order to the Respondent/Applicant at his/her
respective address postage pre-paid on the date stated
herein.
Signed  Date 12/21/2016

1 NOTICE: RECONSIDERATION

2 PURSUANT TO THE PROVISIONS OF RCW 34.05.470 AND WAC 390-37-150 YOU
3 MAY FILE A PETITION FOR RECONSIDERATION WITH THE PDC WITHIN TWENTY-
4 ONE (21) DAYS FROM THE DATE THIS FINAL ORDER IS SERVED UPON YOU. ANY
5 REQUEST FOR RECONSIDERATION MUST STATE THE SPECIFIC GROUNDS FOR
6 THE RELIEF REQUESTED. PETITIONS MUST BE DELIVERED OR MAILED TO THE
7 WASHINGTON STATE PUBLIC DISCLOSURE COMMISSION, 711 CAPITOL WAY,
8 ROOM 206, BOX 40908, OLYMPIA WA 98504-0908.

9 NOTICE: PETITION FOR JUDICIAL REVIEW

10 YOU HAVE THE RIGHT TO APPEAL THIS FINAL ORDER TO SUPERIOR COURT,
11 PURSUANT TO THE PETITION FOR JUDICIAL REVIEW PROVISIONS OF
12 RCW 34.05.542. ANY PETITION FOR JUDICIAL REVIEW OF THIS FINAL ORDER
13 MUST BE FILED WITH THE COURT AND ALSO SERVED UPON BOTH THE
14 COMMISSION AND THE OFFICE OF THE ATTORNEY GENERAL WITHIN THIRTY
15 (30) DAYS AFTER THE DATE THIS FINAL ORDER IS SERVED UPON YOU.
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