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

June 7, 2016

National Rifle Association of America (NRA) & NRA-WA Opposed to I-594
Attn: Jason Torchinsky and Steve Donaldson
Holtzman Vogel Josefiak Torchinsky PLLC
45 North Hill Drive, Suite 100
Warrenton, VA 20186

Subject: Final Order, NRA and NRA - WA Opposed to I-594, PDC Case 735

Dear Mr. Torchinsky and Mr. Donaldson:

Enclosed is a copy of the Public Disclosure Commission's (PDC) Final Order for PDC Case 735 concerning the National Rifle Association of America and National Rifle Association of America - WA Opposed to I-594. The Order reflects the amended language that was added to the Stipulation at the May 26, 2016 Commission meeting to include the following:

- Respondent, National Rifle Association of America Washingtonians Opposed to I-594: The Commission accepted the amended Stipulation against the National Rifle Association of America Washingtonians Opposed to I-594, which assessed a civil penalty of $10,000 for the violations of RCW 42.17A.235 and .240 to be paid within 60 days of the date of the Order.

- Respondent, National Rifle Association of America: The Commission accepted the amended Stipulation against the National Rifle Association of America assessing a civil penalty of $10,000 for the violations of RCW 42.17A.630, of which $5,000 is suspended on the conditions that there are no further material violations of RCW 42.17A or PDC Rules resulting in a Full Commission Hearing or a PDC Brief Adjudicative Proceeding for four years from the date of the Order, and the $5,000 non-suspended portion of the penalty is to be paid within 60 days of the date of the Order.

Under the terms of the Order and Stipulation, the $10,000 penalty assessed against the National Rifle Association of America Washingtonians Opposed to I-594, and the $5,000 non-suspended portion of the penalty assessed against the National Rifle Association of America is required to be paid within 60 days of the date of the Final Order, or not later than **August 1, 2016.**

The penalty payments should be made payable to the "WA STATE TREASURER", and reference PDC Case 735. Please mail the penalty payments to the following address:

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

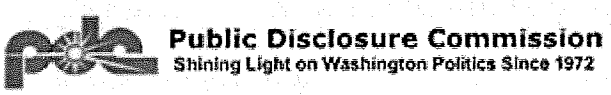
Thank you both for your cooperation concerning this matter and your participation in the Commission enforcement hearing. Please let me know if you need a hard copy mailed to either of you for your file or for your client.

If you have questions or require reporting materials, please contact me toll free at 1-877-601-2828.

Sincerely,

Kurt Young
PDC Compliance Officer

Enclosures: Final Order in Case No. 735



BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

IN RE COMPLIANCE WITH RCW 42.17A: National Rifle Association of America Washingtonians Opposed to I-594, and National Rifle Association of America Respondents.	PDC CASE 735 FINAL ORDER

I. INTRODUCTION

This matter was heard by the Washington State Public Disclosure Commission (PDC) on May 26, 2016 at the PDC Office, 711 Capitol Way, Room 206, Olympia, Washington 98504. The hearing was held pursuant to RCW 34.05, 42.17A, and WAC 390-37. The proceeding was open to the public, recorded, and videotaped.

Commission Chair, Katrina Asay, and Vice Chair, Anne Levinson, and Commission Members John Bridges and Jack Johnson were present. PDC Compliance Officer Kurt Young presented on behalf of PDC staff. Respondents, National Rifle Association of America Washingtonians Opposed to I-594 (NRA WA PAC), and National Rifle Association of America (NRA of America) appeared through their legal counsel, Jason Torchinsky and Steve Donaldson, attorneys with Holtzman, Vogel, Josefiak, Torchinsky, PLLC, who participated by telephone and addressed the Commission.

The PDC had before it the following materials:

1. Notice of Administrative Charges dated January 22, 2016.
2. Report of Investigation and attached Exhibits 1–16, dated January 19, 2016.

3. Stipulation As To Facts, Violations, and Penalty, signed by legal counsel for the Respondent and PDC staff on May 5, and 9, 2016.

The hearing concerned allegations that Respondent, NRA WA PAC, violated RCW 42.17A.235, and 42.17A.240 by failing to timely: (1) File seven Monetary Contribution reports (C-3 reports) disclosing contributions received by the committee; and (2) Disclose committee expenditure information on a Campaign Summary Contribution and Expenditure report (C-4 report).

The hearing also concerned allegations that Respondent, National Rifle Association of America (NRA of America), violated RCW 42.17A.630 by failing to timely file two Monthly Lobbyist Employer Contribution reports (L-3c report) as required for a Lobbyist Employer registered in Washington State, disclosing contributions made in opposition to I-594.

After reviewing the record and considering argument, the Commission determined that Respondent, NRA WA PAC violated RCW 42.17A.235 and .240, and Respondent, NRA of America, violated RCW 42.17A.630.

II. FINDINGS OF FACTS

1. The parties jointly submitted a signed Stipulation as to Facts, Violations, and Penalty (Stipulation). Mr. Young summarized the Stipulation, and asked the Commission to accept the Stipulation. Mr. Donaldson and Mr. Torchinsky urged the Commission to accept the Stipulation.

2. The Commission voted 4-0 to amend the Stipulation as to Facts, Violations and Penalty, to include that the $5,000 suspended portion of penalty against Respondent NRA of America, is suspended on the condition there are no further material violations of RCW 42.17A or PDC rules resulting in a Full Commission Hearing or a PDC Brief Adjudicative Proceeding for four years from the date of the Order.

3. The parties (Respondents and PDC staff) accepted the Commission's amendment to the Stipulation. The Stipulation, as amended, is incorporated by reference into this order.

4. The Commission voted 4-0 to accept the amended Stipulation, and approve the amended violations and penalties

5. The PDC finds that Respondent NRA WA PAC failed to timely report monetary contributions received and one committee expenditure, and also failed to accurately disclose the required sub-vendor breakdown for two committee expenditures.

6. The PDC finds that Respondent NRA of America failed to timely file Monthly Lobbyist Employer Contribution reports disclosing contributions made in opposition to I-594.

III. CONCLUSIONS OF LAW

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

2. RCW 42.17A.235 and .240 provides:

> Political committees are required to file timely, accurate reports of contributions and expenditures. Under the full reporting option, C-4 reports are required 21 and 7 days before each election, and in the month following the election, regardless of the level of activity. Beginning five months before the election, weekly C-3 reports are required to be filed every Monday disclosing contributions received and deposited during the previous week.

3. RCW 42.17A.630 provides:

> An employer of a lobbyist shall file a special report with the commission if the employer makes a contribution or contributions aggregating more than one hundred dollars in a calendar month disclosing the date and amount of each such contribution and the name of the recipient committee receiving the contribution the contribution. The report shall be filed within fifteen days after the last day of the calendar month during which the contribution was made.

4. The PDC Staff has the burden of proving a violation of RCW 42.17A.235 and .240, and RCW 42.17A.630 by a preponderance of the evidence.

5. The Parties agree that Respondent NRA WA PAC violated RCW 42.17A.235 and .240 by failing to timely file PDC reports of contribution and expenditure activities, and that Respondent NRA of America violated RCW 42.17A.630 by failing to timely disclose funds spent in opposition of a statewide ballot measure as required for a lobbyist employer .

IV. ORDER

Based upon the findings and conclusion that a violation occurred, the Commission orders:

1. The amended Stipulation of Facts, Violations and Penalty is accepted.

2. The Respondent, National Rifle Association of America Washingtonians Opposed to I-594, is assessed a civil penalty of $10,000 for the violations of RCW 42.17A.235 and .240 to be paid within 60 days of the date of this Order.

3. The Respondent, National Rifle Association of America, is assessed a civil penalty of $10,000 for the violations of RCW 42.17A.630, of which $5,000 is suspended on the conditions that there are no further material violations of RCW 42.17A or PDC Rules resulting in a Full Commission Hearing or a PDC Brief Adjudicative Proceeding for four years from the date of the Order, and the $5,000 non-suspended portion of the penalty is to be paid within 60 days of the date of this Order.

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

So ORDERED this 3rd day of June, 2016.

WASHINGTON STATE PUBLIC
DISCLOSURE COMMISSION

FOR THE COMMISSION:

Evelyn Fielding Lopez
Executive Director

ATTACHMENT:
(1)Stipulation as to Facts, Violations, and Penalty (May 5 and 9, 2016)

Copies of this Order emailed to:

Steve Donaldson, and Jason Torchinsky, Attorneys with Holtzman, Vogel, Josefiak, Torchinsky, PLLC

I, Kurt Young, certify that I emailed a copy of this order to the Respondent/Applicant at his/her respective address postage pre-paid on the date stated herein. 6/7/16

NOTICE: RECONSIDERATION

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

NOTICE: PETITION FOR JUDICIAL REVIEW

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

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BEFORE THE PUBLIC DISCLOSURE COMMISSION OF THE STATE OF WASHINGTON

In the Matter of Enforcement Action Against: National Rifle Association of America Washingtonians Opposed to I-594, and National Rifle Association of America Respondents.	Case No. 735 **Stipulation as to Facts, Violations and Penalty**

The parties to this Stipulation, namely, the Public Disclosure Commission Staff, through its Executive Director, Evelyn Fielding Lopez, and Respondent National Rifle Association of America Washingtonians Opposed to I-594, and National Rifle Association of America, through its legal counsel, Jason Torchinsky and Steve Donaldson, submit this Stipulation as to Facts, Violations and Penalty in this matter. The parties agree that the Commission has the authority to accept, reject or modify the terms of this Stipulation. The parties further agree that in the event that the Commission suggests modification to any term of this agreement, each party reserves the right to reject that modification. In the event either party rejects a modification, this matter will proceed to hearing before the Commission.

JURISDICTION

The Public Disclosure Commission has jurisdiction over this proceeding pursuant to RCW 42.17A, the state campaign finance and disclosure laws; RCW 34.05, the Administrative Procedure Act; and WAC 390.

FACTS

1. On June 26, 2014, National Rifle Association of America: Washingtonians Opposed to I-594 (NRA WA No on I-594 PAC) filed a Committee Registration (C-1pc report) disclosing their opposition to Initiative 594, a Washington State statewide initiative.

2. The C-1pc report disclosed the mailing address for NRA WA No on I-594 PAC was 111250 Waples Mill Road, Fairfax Virginia, and its principal officers, Chris Cox, Chairman, and MaryRose Adkins, Treasurer, also were from Virginia.

3. During the 2014 election, NRA – WA No on I-594 PAC disclosed receiving $489,331 in monetary contributions, and making expenditures totaling $482,510 in opposition to I-594. Of the total contributions received by NRA – WA No on I-594 PAC, $485,383 in monetary contributions were received from the National Rifle Association of America in Fairfax Virginia.

4. The National Rifle Association of America contributions were disclosed on eight C-3 reports filed by NRA – WA No on I-594 PAC and represented 99.1% of all contributions received by the committee.

5. NRA – WA No on I-594 PAC failed to timely file seven C-3 reports disclosing $431,348 in monetary contributions received from the National Rifle Association. Those contributions were disclosed on C-3 reports between one and 35 days late. All C-3 reports filed by NRA – WA No on I-594 PAC were filed prior to the November 4, 2014, general election and included the complete name and address of each contributor including the aggregate totals, and the date each contribution was received and deposited.

6. On October 22, 2014, the NRA – WA No on I-594 PAC filed an amended Post-primary election C-4 report disclosing $14,868 in previously unreported expenditures, and providing a sub-vendor breakdown of two previously reported committee expenditures made to Starboard Strategic, Inc.

7. The Post-Primary C-4 report was due to be filed by September 10, 2014, covering the period July 29 through August 31, 2014, and the amended information was disclosed 42 days late by NRA – WA No on I-594 PAC.

8. The information disclosed on the amended C-4 report included a $14,868 expenditure made to Master Print on August 7, 2014 for printing No on I-594 initiative inserts, and a detailed breakdown of two expenditures made to Starboard Strategic, Inc. that included: (1) $81,728 to Starboard Strategic, Inc. for an internet media buy; (2) $22,950 to Starboard Strategic, Inc. for billboard advertisements with Dish Network and Direct TV; (3) $16,852.50 for two expenditures for professional fees to AMAG ($14,422.50) and Starboard Strategic, Inc.($2,430); and (4) $10,001 through Starboard Strategic, Inc. to AMAG for production and

installation costs for the ads and taxes ($4,531), Service Fees ($3,850), and Commissions ($810).

9. The National Rifle Association of America (NRA America) is a Lobbyist Employer in Washington State which required them to file a monthly L-3c report if they made contributions to support or oppose a statewide ballot proposition. The L-3c reports are required to be filed by a Lobbyist Employer no later than the 15th of the month, disclosing contributions made during the previous calendar month.

10. On October 14, 2014, NRA America filed two L-3c reports for July and August of 2014 disclosing the following NRA contributions made to the initiative PAC:

    - The July 2014 L-3c report filed by NRA America disclosed a $25,000 contribution made to NRA – WA No on I-594 PAC on July 11, 2014. The L-3c report was required to have been filed by NRA America no later than August 15, 2014, and was filed 60 days late.

    - The August 2014 L-3c report filed by NRA America disclosed three monetary contributions totaling $166,555 made to NRA – WA No on I-594 PAC as follows: (1) A $35,000 contribution made on August 7, 2014; (2) A $100,024 contribution made on August 18, 2014; and (3) A $31,531 contribution made August 27, 2014. The L-3c report was required to have been filed by NRA America no later than September 15, 2014, and was filed 30 days late.

11. NRA – WA No on I-594 PAC:

    - Inadvertently failed to note the weekly reporting requirement for C-3 reports, and acknowledged the contribution information was "... disclosed days to weeks later..." than the required report dates.

    - Prior to becoming aware of the weekly C-3 reporting requirement, the committee "...had been filing C-3 report contemporaneously..." whenever the political committee electronically filed the required C-4 reports using the PDC's Online Reporting of Campaign Activity (ORCA) campaign software.

    - "...detected this discrepancy during an internal review of its operations in connection with the PDC Complaint..." and has timely and accurately filed the contributions received since becoming aware of the weekly filing requirements.

- "...believes it has undertaken all remedial action that it is possible to undertake with regards to this matter..." and that the corrective action undertaken...will ensure timely and accurate reporting.

- The Commission staff found no attempt on the part of the National Rifle Association to hide any information regarding contributions or expenditures from the Commission or the public. Because no further late filed reports have been found by the Commission, the Commission staff recognizes that the National Rifle Association and the NRA – WA No on I-594 PAC demonstrated a good faith effort to comply with the Commission regulations and reporting requirements. The Commission staff has no reason to believe that any violations described herein committed by National Rifle Association or the NRA – WA No on I-594 PAC were intentional.

- All of the contributions received by NRA – WA No on I-594 PAC were disclosed well in in advance of the November 5, 2014 general election.

STATUTORY AND RULE AUTHORITY

RCW 42.17A.235 and **RCW 42.17A.240** require political committees to file timely, accurate reports of contributions and expenditures. Under the full reporting option, until five months before the general election, C-3 and 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, and in the month following the election, regardless of the level of activity. Beginning five months before the election, weekly C-3 reports are required to be filed every Monday disclosing contributions received and deposited during the previous week.

RCW 42.17A.630(2) states in part that an employer of a lobbyist shall file a special report with the commission if the employer makes a contribution or contributions aggregating more than one hundred dollars in a calendar month disclosing the date and amount of each such contribution and the name of the recipient committee receiving the contribution the contribution. The report shall be filed within fifteen days after the last day of the calendar month during which the contribution was made.

VIOLATIONS

1) Based on the Stipulation of Facts set forth above, Respondents National Rifle Association of America Washingtonians Opposed to I-594, and National Rifle Association of America violated RCW 42.17A as follows:

National Rifle Association of America Washingtonians Opposed to I-594: Violated RCW 42.17A.235, and 42.17A.240 on eight occasions by: (1) failing to timely file seven C-3 reports disclosing contributions received by the committee; (2) by failing to timely and fully disclose expenditure information on a C-4 report for expenditures undertaken in opposition to I-594.

National Rifle Association of America: Violated RCW 42.17A.630 on two occasions by failing to timely file two Monthly Lobbyist Employer Contribution reports (L-3c report) as required for a Lobbyist Employer registered in Washington State, disclosing contributions made in opposition to I-594.

PENALTY

2) Based upon the Stipulation of Facts and Violations set forth above, the Respondents agree to the following:

- National Rifle Association of America Washingtonians Opposed to I-594 agrees to pay a $10,000 civil penalty, which is payable within 60 days of the date of the Order.
- National Rifle Association of America agrees to pay a $10,000 civil penalty, of which $5,000 is suspended on the following conditions:
  a. The National Rifle Association of America, and any future political committee sponsored by National Rifle Association of America, is not found to have committed any of the same or similar violations of the disclosure provisions of RCW 42.17A within four years of the date of the final order in this matter.
  b. The National Rifle Association of America pays the $5,000 non-suspended portion of the penalty within 60 days of the date of the final order.

3) Respondents National Rifle Association of America Washingtonians Opposed to I-594, and National Rifle Association of America PAC affirms its intention to comply in good faith with the provisions of RCW 42.17A in the future.

Evelyn Fielding Lopez, Executive Director
Public Disclosure Commission

5/9/2016
Date Signed

Steven Donaldson, STEVEN DONALDSON
Name and Title, National Rifle Association
COUNSEL TO NRA, HOLTZMAN VOGEL JOSEFIAK TORCHINSKY, PLLC

5/5/16
Date Signed