



State of Washington

PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908

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November 19, 2019

Sent electronically to Mark Lamb at mark@northecreeklaw.com

Subject: Complaint regarding Senate Republican Campaign Committee (PDC Case 39244); The Leadership Council (PDC Case 39242); and Washington Forward (PDC Case 39241)

Mr. Lamb:

Below is a copy of an electronic letter sent to Ben Strafford, an attorney with Perkins Coie concerning the three complaints he filed with the Public Disclosure Commission (PDC) on behalf of the Washington Senate Democratic Campaign against your clients, the Senate Republican Campaign Committee, The Leadership Council, and Washington Forward.

As noted in the letter to Mr. Stafford, the PDC will not be conducting a more formal investigation into these allegations or taking further enforcement action in this matter.

Based on this information, the PDC has dismissed the allegations listed in the three complaints that were filed against the Senate Republican Campaign Committee, The Leadership Council and Washington Forward in accordance with RCW 42.17A.755(1).

If you have questions, you may contact Kurt Young at (360) 664-8854, toll-free at 1-877-601-2828, or by e-mail at kurt.young@pdcc.wa.gov.

Sincerely,

Endorsed by:

s/_____
Kurt Young, Compliance Officer

s/_____
BG Sandahl, Deputy Director
For Peter Lavalley, Executive Director



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Sent electronically to Ben Stafford, with Perkins Coie

Subject: Complaint regarding the Senate Republican Campaign Committee (PDC Case 39244); The Leadership Council (PDC Case 39242), and Washington Forward (PDC Case 39241).

Dear Mr. Stafford:

The Public Disclosure Commission (PDC) has completed its investigation of the three complaints you filed on August 8, 2018, against the Senate Republican Campaign Committee (SRCC), The Leadership Council (TLC PAC), and Washington Forward (WA Forward), on behalf of your client the Washington Senate Democratic Campaign. The complaint alleged that the 2018 electioneering communications (EC) advertisements paid for by WA Forward sponsored by The Leadership Council, were actually contributions to the 2018 Republican candidates for the State Legislature that were featured in the advertisements, since the WA Forward EC advertisements were coordinated, collaborated, or consulted with the SRCC and TLC PAC, and the candidates they recruited, endorsed and supported in violation of WAC 390-05-210 and RCW 42.17A.405. The complaint also alleged WA Forward violated RCW 42.17A.320 by failing to include the party preference for the Republican candidates featured or mentioned in the EC advertisements opposing Senator Steve Hobbs (D-44) and Claire Wilson (D-26).

For your information, PDC staff has combined the three complaints into one response letter to more efficiently use staff resources. PDC staff reviewed the allegations listed in your complaint; the applicable statutes, rules, and reporting requirements; the Committee Registrations (C-1pc reports), Monetary Contributions reports (C-3 reports) and Summary Full Campaign Contributions and Expenditures reports (C-4 reports) filed by the SRCC, TLC PAC, and WA Forward, queried the PDC contribution and expenditure databases for information concerning all three committees, the independent expenditure or EC reports (C-6 reports) filed by WA Forward; and the responses provided by Mark Lamb, legal counsel on behalf of the SRCC, TLC PAC, and WA Forward.

PDC staff conducted an Initial Hearing on October 29, 2018. Based on staff's investigation, we found the following:

Senate Republican Campaign Committee:

- The SRCC has been registered and reporting with the PDC as a caucus political committee dating back to at least the 1980's.
- On February 10, 2017, the SRCC, the Republican Senate caucus political committee in Washington State, filed an amended C-1pc report as a Continuing Caucus Political Committee, and disclosing its Officers at the time the complaint was filed as Justin Matheson and Senator John Braun, and listing Tom Perry as a Ministerial Treasurer.

- On August 14, 2018, the SRCC filed an amended C-1pc report removing Senator John Braun as an officer, listing Justin Matheson as Campaign Manager, and Senator Steve O'Ban as an officer.
- In the 2018 election campaign, the C-3 and C-4 reports filed by the SRCC disclosed \$868,617 in monetary and in-kind contributions received which included \$127,943 in leftover funds carried forward from calendar year 2017, and \$946,368 in total expenditures made. For the 2018 election cycle, the SRCC could make contributions to Washington State Legislative candidates total \$1.00 per registered voter times the number of registered voters in each legislative district. The 2018 SRCC expenditures included the following contributions to 2018 legislative candidates political party:
 1. Four monetary contributions totaling \$247,000 were made to the Washington State Republican Party.
 2. Two monetary contributions totaling \$77,463 were made to Joe Fain, an incumbent State Senator from the 47th Legislative District and a candidate seeking re-election to that office in 2018.
 3. Four monetary contributions totaling \$65,000 were made to Doug Roulstone, a candidate for State Senator in the 44th Legislative District.
 4. Three monetary contributions totaling \$62,609 were made to Mark Miloscia, an incumbent State Senator from the 30th Legislative District and a candidate seeking re-election to that office in 2018.
 5. A \$50,000 monetary contribution was made on October 4, 2018 to Doug Ericksen, an incumbent State Senator from the 42nd Legislative District and a candidate seeking re-election to that office in 2018.
 6. Three monetary contributions totaling \$49,000, and a \$15,106 in-kind contribution for polling was made to Tim Sheldon (D), an incumbent State Senator from the 35th Legislative District and a candidate seeking re-election to that office.
 7. A \$30,000 monetary contribution made to the King County Republican Party.
 8. A \$20,000 monetary contribution made to Jeff Holy, an incumbent State Senator from the 6th Legislative District and a candidate seeking re-election to that office.
- Mr. Lamb stated Senator Schoesler and Senator Braun separated from SRCC in May of 2018, and at that time the SRCC established a firewall between its staff, consultants and agents, and Senators Schoesler and Braun. At a June 2018 SRCC meeting, the caucus committee Officers "formally ratified that (Senators) Schoesler and Braun were fully separated from SRCC and screened from any and all candidate coordination."
- Mr. Lamb stated that at the June 2018 meeting, the SRCC selected Senator Steve O'Ban as Chair, and Senator Hans Zeiger was also added as a Committee Officer. He noted that when Senator Braun left the SRCC as an Officer the SRCC failed to timely file an amended C-1pc report "reflecting his removal from the leadership of the SRCC" but noted the Senator hadn't been involved with any SRCC activities "since May and only remained on the outdated C-1 because of an administrative mistake."
- Mr. Lamb stated that once the SRCC realized the oversight, an amended C-1pc report was immediately filed disclosing that Senator Braun had withdrew from his position with the SRCC. He added that at all times relevant in the complaint filed by Mr. Stafford, Senator Braun "has been screened off from all activities of WA Forward and will continue to do so under our existing structure."

The Leadership Council (TLC PAC):

- On June 1, 2017, TLC PAC filed an amended C-1pc report registering as a continuing political committee, selecting the Full Reporting Option, and disclosing its Officers at the time the complaint was filed as Senator Mark Schoesler and Peter Graves. The C-1pc report filed by TLC PAC listed Tom Perry as a Ministerial Treasurer, is related to the SRCC sharing the same staff and consultants and has been registered and reporting with the PDC as a continuing political committee since 2002.
- In the 2018 election campaign, the C-3 and C-4 reports filed by TLC PAC disclosed \$2,150,967 in monetary and in-kind contributions received which included \$201,978 in leftover funds carried forward from calendar year 2017, and \$2,333,235 in total expenditures made. For the 2018 election cycle, TLC PAC could make contributions to Washington State Legislative candidates of \$1,000 per election in which the candidates name appeared on the ballot. The 2018 TLC PAC expenditures included the following contributions to WA Forward, 2018 legislative candidates and political party organizations:
 1. 12 monetary contributions totaling \$1,675,000 were made to WA forward between June 5 through October 15, 2018.
 2. Five monetary contributions totaling \$40,000 were made to the Washington State Republican Party.
 3. A \$5,000 monetary contribution was made to the King County Republican Party and the Pierce County Republican Party, and a \$2,500 monetary contribution was made to the Snohomish County Republican Party.
 4. Seven monetary contributions were made to six 2018 candidates totaling \$7,000 that included Jeff Holy, Marty McClendon, and Doug Roulstone.
- Mr. Lamb stated Senator Schoesler was the primary decision maker for TLC PAC in 2018. He stated TLC PAC made expenditures to the SRCC during calendar year 2018 to pay the Committee's pro-rata share of administrative expenses for staff and the fixed overhead costs that are shared with the SRCC.
- Mr. Lamb stated in 2018, Justin Matheson assisted TLC PAC only with its fundraising activities, and that he had no other strategic involvement in the committee's expenditure activities. He stated Mr. Matheson was not a principal decision for TLC PAC, and that Peter Graves did not have involvement with TLC PAC activities during calendar year 2018.
- TLC PAC disclosed making expenditures to two consulting firms on its C-4 reports associated with Justin Matheson totaling \$62,243 during calendar year 2018 to Axiom Strategies, and \$4,818 to Revolvus Consulting, Inc from July 5 through December 31, 2017.
- Mr. Lamb reiterated that Mr. Matheson only assisted TLC PAC with administrative matters related to fundraising only and had no strategic involvement on behalf of the Committee. He stated that Axiom Strategies and Josalun Hasz also handled administrative and fundraising activities for TLC PAC, but that neither of them was involved with the formation, the ongoing operations or the decision-making for WA Forward contribution or expenditure activities in any way.
- Mr. Lamb stated that TLC PAC did not share administrative resources or provide any of the overhead for the costs of running WA Forward, and did not instruct or otherwise advise WA Forward to target its electioneering communications in support or opposition to any specific candidate, or target its message to a specific audience. In addition, he stated that TLC PAC did not assist WA Forward or provide information concerning the content or the message in the electioneering communications advertisements.

WA Forward:

- On June 1, 2018, WA Forward filed its initial C-1pc report listing The Leadership Council as a sponsor in its committee name, selecting the Full Reporting Option and disclosing as its Committee Officers, Senator Steve O'Ban and Senator Mark Schoesler, and Tom Perry as a Ministerial Treasurer. On June 8, 2018, WA Forward filed an amended its C-1pc report adding Senator John Braun as a Committee Officer and removing Senator Steve O'Ban.
- In the 2018 election campaign, WA Forward received \$1,675,000 in total monetary contributions received and \$1,693,786 in total expenditures made. In 2018, WA Forward received 98.89% of its contributions from the TLC PAC which required TLC PAC to be included as the sponsor on the C-1pc report in the Committee name field, on all C-3, C-4 and C-6 reports filed with the PDC, and electioneering communications, and political advertisements undertaken by the Committee.
- WA Forward made \$1,616,157 in expenditures for EC's during the 2018 election cycle that supported Marty McClendon, a candidate for State Senator in the 26th Legislative District, Mark Miloscia, a candidate for State Senator in the 30th Legislative District.
- The bulk of the EC's made by WA Forward in 2018 opposed the following Democratic candidates: (1) Jessa Lewis, a candidate for State Senator in the 6th Legislative District; (2) Emily Randall, a candidate for State Senator in the 26th Legislative District; (3) Claire Wilson, a candidate for State Senator in the 30th Legislative District; (4) Pinky Vargas, a candidate for State Senator in the 6th Legislative District, (5) Steven Hobbs, a candidate for State Senator in the 44th Legislative District comprising 95.4% of their total \$1,693,786 expenditures in election year 2018.
- During the 2018 election cycle, WA Forward received one monetary contribution from another contributor and there was a \$20,000 contribution from The Citizens Alliance for a Legislative Majority, which represented 1.18% of total contributions received.
- WA Forward's principal decision makers are Senator Mark Schoesler and Senator John Braun, and they made the decision for the Committee to contract with DMM Media, a full-service political consulting firm located in Washington DC, to provide media production and direct mail pieces for the 2018 election. DMM Media worked with Senators Schoesler and Braun to conduct the IE's and EC's undertaken by WA Forward during the 2018 election. DMM Media also made the decision to contract with Strategic Media Services in Washington DC for the media and cable TV advertising buys for the EC advertisements paid for by WA Forward.

WAC 390-05-210 defines contribution and when consulting with a caucus political committee would make an expenditure a contribution, to be when: "(1) Any arrangement, coordination or direction by the caucus political committee, its agent or another political committee financed, controlled or operated by the caucus is given to the expending person prior to the publication, distribution, display or broadcast of political advertising or electioneering communications...; or (2) An expenditure is made based on information about the caucus political committee's plans, projects or needs provided to the expending person by the caucus political committee, its agent or another political committee financed, controlled or operated by the caucus with a view toward having an expenditure made..."

Staff found no evidence that the EC expenditures made by WA Forward featuring or mentioning Republican candidates for office in 2018 were conducted in cooperation, consultation, concert, or collaboration with the SRCC, or any of the candidates supported by the SRCC.

The expenditures made by WA Forward during the 2018 election cycle did not meet the statutory definition of a “contribution” in accordance with RCW 42.17A.005(13)(a)(ii), RCW 42.17A.310, and WAC 390-05-210.

As noted by Mr. Lamb in the responses, the SRCC and TLC PAC created a “firewall” which screened off State Senators Mark Schoesler and John Braun from all SRCC activities undertaken after June of 2018 through the end of the 2018 election cycle. Thus, WA Forward and the SRCC did not exceed the contribution limitations found in RCW 42.17A.405 for the electioneering communications WA Forward produced and distributed featuring or mentioning 2018 candidates.

Based on these findings staff has determined that, in this instance, the Senate Republican Campaign Committee, The Leadership Council, and Washington Forward, 2018 committee activities did constitute a violation warranting further investigation.

Based on this information, the PDC has dismissed the allegations listed in three complaints you filed against the Senate Republican Campaign Committee (PDC Case 39244); The Leadership Council (PDC Case 39242), and Washington Forward (PDC Case 39241), in accordance with RCW 42.17A.755(1).

If you have questions, you may contact Kurt Young at (360) 664-8854, toll-free at 1-877-601-2828, or by e-mail at kurt.young@pdc.wa.gov.

Sincerely,

Endorsed by:

s/_____
Kurt Young, Compliance Officer

s/_____
BG Sandahl, Deputy Director
For Peter Lavalley, Executive Director

cc: Mark Lamb, Legal Counsel for the Senate Republican Campaign Committee, The Leadership Council, and Washington Forward

