

Respondent Name
509 Forward Sponsored by Lisa Brown for Congress
Complainant Name
Glen Morgan
Complaint Description
<p><u>Glen Morgan</u> reported via the portal (Tue, 6 Jun 2023 at 12:45 PM) To whom it may concern,</p> <p>It has come to my attention that the 509 Forward PAC, sponsored by Lisa Brown for Congress has committed significant and serious violations of Washington States Campaign Finance laws (RCW 42.17A) once again. These violations continue despite the fact this PAC has recently been warned by the PDC for previous violations of the law. The Specific additional violation is identified as follows:</p> <p>1. Failure to report in-kind contributions made in support of a PAC (Violation of RCW 42.17A.240)</p> <p>Specifically, the 509 Forward PAC, sponsored by Lisa Brown for Congress has failed to report significant legal services provided to the PAC while defending against their most recent legal violation committed by this PAC in their continuing attempts to conceal information from the public (See PDC Case #122194 – see warning letter attached). In this new case, this PAC relied heavily on legal services provided by expensive Seattle based law firm Barnard, Iglitzen, and Lavitt, LLP. Please feel free to review the extensive correspondence provided to the PDC during this investigation (I've included a 4-page, extensively researched and produced letter drafted by this law firm dated April 11th as an example and evidence). This law firm is often hired by PACs or candidates to represent themselves after I have caught them breaking the law. I believe my complaints over the years have generated significant billing hours for this firm, and while I expect nothing from this obvious benefit to this firm's billable hours and expanding client list, I would not consider a Thank you card out of line or unethical.</p> <p>If 509 Forward PAC sponsored by Lisa Brown for Congress was interested in even pretending to comply with Washington State's campaign finance laws, they would have reported these secretive legal expenses – whether they are in-kind, or cash payments for these legal services last month, yet, consistent with past behavior they have chosen to conceal the truth from the public and the PDC. This is unfortunate, but I will point out it is consistent behavior by this organization since inception and sponsorship by the Lisa Brown for Congress campaign.</p> <p>This is further evidence that this PAC and the officers involved with this PAC have a pattern of concealing their PAC's shady actions (whatever name they use), and the only way the public can ever discover these concealed contributions is when someone files a complaint. Time after time. We are left to always wonder what we have failed to uncover even after these complaints we have filed.</p>

I do appreciate that these stealth attorneys were willing to admit in their April 11th response that the Lisa Brown for Congress contributions were used to help collect information beneficial to the now open Lisa Brown for Mayor of Spokane race. This was suspected, but now we have confirmation it is true.

Regardless, this political action committee has clearly violated the law and the PDC should take steps to ensure the law is followed in this matter. Obviously, Warnings are not enough. The PDC may be forced, however reluctantly, to impose fines that are large enough to not be mocked every time they are imposed.

Please feel free to contact me if you need further information.

Best Regards,

Glen Morgan

What impact does the alleged violation(s) have on the public?

The public has a right to know how much money this secretive PAC, sponsored by a failed candidate's defunct campaign for Congress, is actually spending on high-priced law firms based out of Seattle to help conceal their previous legal violations. If these expenditures are provided as an in-kind contribution, they should also be reported so the public has a right to know the obligations this PAC and its officers and its sponsor has to the special interests in Seattle.

List of attached evidence or contact information where evidence may be found

Referenced in the complaint draft and attached as evidence. Very clear and obvious.

List of potential witnesses with contact information to reach them

All officers associated with this PAC, Lisa Brown as the prime sponsor of this law-breaking, secretive PAC, and the attorneys involved, who clearly know better than to facilitate lawbreaking for their clients should all be contacted.

Certification (Complainant)

I certify (or declare) under penalty of perjury under the laws of the State of Washington that information provided with this complaint is true and correct to the best of my knowledge and belief.



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Derek Schoonmaker
Of Counsel
DIR (206) 257-6009
schoonmaker@workerlaw.com

***Sent via email to:
pdc@pdc.wa.gov***

April 11, 2023

Phil Stutzman
Compliance Officer
Public Disclosure Commission
P.O. Box 40908
Olympia, WA 98504

Re: Case Number 122194 (509 Forward)
BIL File No. 6655-001

Dear Mr. Stutzman,

I write on behalf of 509 Forward in connection with PDC Case Number 122194 to offer 509 Forward's response to the complaint and the specific questions you have posed. The complaint is based on contributions that Lisa Brown for Congress made to 509 Forward in 2022 and alleges that such contributions triggered campaign finance rules related to sponsorship and affiliation.

- 1. 509 Forward acknowledges that it should have amended its name to "509 Forward Sponsored by Lisa Brown for Congress" 60 days prior to the 2022 election.*

Under RCW 42.17A.005, a political committee may become a sponsored committee where it "receives eighty percent or more of its contributions from [a] person[.]" WAC 390-16-011A specifies that this eighty percent threshold is calculated based on "all contributions received in the previous 12 months."

509 Forward was formed in 2021 to support progressive causes and candidates in Eastern Washington. In its first year, it received a relatively broad base of contributions, primarily from individual donors. Lisa Brown for Congress made one contribution that first year, which amounted to about 20% of 509 Forward's total contributions. In 2022, 509 Forward did not receive as broad a base of contributions. At the beginning of August 2022, Lisa Brown for Congress's contributions totaled less than 50% of the total contributions 509 Forward had raised in the preceding 12 months. By the end of the month, however, Lisa Brown for Congress's contributions crossed the 80% threshold.

509 Forward acknowledges that it should have amended its C-1pc to include Lisa Brown for Congress as a sponsor by Friday, September 9, 2022—60 days prior to the November 8, 2022, election. But the committee did not realize that it had crossed the threshold to be considered a sponsored political

committee. This was a new and relatively small political committee. It did not track its past donations closely enough to know when it had tipped past the 80% threshold.

509 Forward further acknowledges that because of this oversight, it failed to use its amended committee name in the one mailer it sent out in the 2022 election cycle. This was an innocent mistake and in no way reflected an effort to hide the significant contributions 509 Forward had received from Lisa Brown for Congress. 509 Forward accurately reported its contributions on C-3 reports, and the contributions were also publicly reported by Lisa Brown for Congress on FEC Form 3. Furthermore, in its sole political advertisement for 2022, 509 Forward included the top five contributors and top three donors, as required under WAC 390-18-010, with Lisa Brown for Congress listed first.

509 Forward has now filed an updated Form C-1pc to correct this error by amending its registration to include the sponsor's name.

2. *509 Forward and Lisa Brown for Congress are not affiliated under WAC 390-16-309.*

Two entities share campaign contribution limits under WAC 390-16-309(3) "if one of the entities is established, financed, maintained, or controlled by the other[.]" The regulation enumerates several factors to assess such affiliation.

509 Forward and Lisa Brown for Congress do not meet the test for affiliation. Lisa Brown for Congress was a federal candidate committee established and controlled by the candidate, Lisa Brown, in the 2018 campaign. The committee raised over \$5.7 million dollars to support Lisa Brown's congressional campaign, receiving its last contributions in 2018. In the process of winding down, Lisa Brown for Congress has given donations and contributions totaling over \$125,000 to a number of entities. In March 2023, Lisa Brown for Congress filed its termination report with the FEC, having distributed its remaining funds.

509 Forward was not established, financed, maintained, or controlled by Lisa Brown for Congress. As noted, 509 Forward was established in 2021 to advance progressive causes in Eastern Washington. In its first year, it received a relatively small percentage of its funding from Lisa Brown for Congress. It has three officers, Camlynne Scott, Paul Dillon and Melanie Klitzke. It has no overlap in officers or membership with Lisa Brown for Congress. Neither committee had authority or the ability to direct or participate in the governance of the other, whether formally or informally. Moreover, 509 Forward did not and does not expect ongoing contributions or support from Lisa Brown for Congress, a federal candidate committee that has now distributed all its remaining funds. Finally, 509 Forward did not coordinate with or communicate with Lisa Brown for Congress with respect to any of its campaign contribution decisions or other expenditures. For these reasons, the contributions that Lisa Brown for Congress made to 509 Forward are not sufficient to establish affiliation.

As you know, political committees routinely make contributions to other politically aligned committees. If all such contributions were deemed to create affiliation under WAC 390-16-309, a political committee would need to track the political spending decisions of every entity from which it had received contributions in the past before making campaign contributions itself. Such an interpretation would make compliance and enforcement related to campaign contribution limits extraordinarily difficult.

3. *The \$37,200 contribution from Lisa Brown for Congress to 509 Forward was made with no implicit or explicit expectation for how the funds should be spent.*

As noted, Lisa Brown for Congress made its contributions to 509 Forward without any implicit or explicit expectation regarding how the funds should be spent, and Lisa Brown for Congress did not coordinate or communicate with 509 Forward regarding its political contributions or expenditures.

4. *509 Forward sent one mailer in 2022, which was mailed on October 31, 2022, and reported on Form C-6.*

509 Forward sent out only one mailer in 2022. The mailer was a political advertisement in opposition to Al French, a candidate for Spokane County Commissioner, which was mailed on or about October 31, 2022. The mailer included a list of 509 Forward's top five contributors, with Lisa Brown for Congress listed first. The mailer was reported on a Form C-6 filed by 509 Forward on November 5, 2022. The December 5, 2022, date asserted in the complaint is merely the date on which 509 Forward paid an invoice for this mailer by check to Publishers Mailing Service.

The apparent confusion regarding this mailer likely resulted from it involving two separate expenditures as reflected in 509 Forward's December 2022 and January 2023 C-4 reports. The mailer was designed and printed by Capitol City Press and NWP Consulting and was mailed out by Publisher's Mailing Service. The total expenditure for the mailer was \$8,640.20, which included \$4,375 for the design and printing and \$4,265.20 for the mailing. The invoices for that work are attached. In reviewing this expenditure, 509 Forward has realized that, because of a miscommunication, the C-6 report it submitted mistakenly included only the \$4,375 expense. 509 Forward has now filed an amended C-6 to correct that error.

5. *The \$25,000 research expenditure was for polling intended to help 509 Forward determine funding priorities at County and City levels.*

The \$25,000 payment to Searchlight Research was for assistance with polling intended to help 509 Forward assess where best to focus their limited resources. The poll included questions on local and County races and candidates as well as questions regarding priority issues for the City and County. The bulk of the poll focused on County political races and issues. Just one out of the twenty-seven questions in the poll asked about Lisa Brown as a potential candidate for Mayor of Spokane. The poll reflects the best efforts of a local political committee to gain insights about where to focus its resources at the County and City levels. It was not focused on exploring a possible future run for Mayor by Lisa Brown.

Conclusion

509 Forward recognizes that it erred in connection with the sponsorship regulations. The committee has sought in good faith to maintain compliance with election laws and made this error through a simple oversight.

The PDC has frequently resolved similar cases through an alternate response to a formal investigation and enforcement under WAC 390-37-061. *See, e.g.,* 45th Legislative District Democrats (PDC Case 102360), Written Warning (March 1, 2022) (failure to timely file an amended committee registration and campaign reports reflecting the committee sponsor "does not amount to a finding of a

April 11, 2023

Page 4 of 4

violation that warrants further investigation”); Citizens for Lopez Solid Waste Levy (PDC Case 59315, Reminder Letter (November 22, 2019) (failure to include sponsor name in registered committee name on reports during election years 2016 & 2019 “does not amount to a violation that warrants further investigation”); Whatcom County Affordable Housing Council (PDC Case 57738), Reminder Letter (October 29, 2019) (finding failure to include sponsor name in the name of the committee was a violation “that does not warrant further investigation”).

Accordingly, 509 Forward requests that the PDC resolve this matter through a written reminder or an alternative response rather than a full investigation and adjudicative hearing. Such resolution is warranted here under the factors enumerated in WAC 390-37-061: (1) 509 Forward’s noncompliance resulted from a good faith error and did not reflect any intentional effort to conceal information; (2) 509 Forward is a small organization that was formed just two years ago and has limited experience navigating Washington’s complex campaign finance regulations; (3) 509 Forward’s noncompliance reflects an isolated good faith error, not a systematic issue with compliance; (4) the impact on the public was limited because 509 Forward accurately reported the contributions it received from Lisa Brown for Congress and listed Lisa Brown for Congress as a top five contributor on the only political advertisement it distributed in 2022; (5) 509 Forward’s expenditures were relatively modest, with just one public mailer that should have included 509 Forward’s amended name; (6) there is no evidence that any person benefited from the noncompliance; and (7) 509 Forward is cooperating with PDC staff in order to assist with the resolution of this investigation and ensure compliance with campaign finance regulations.

Please contact me with any questions or concerns at (206) 257-6009.

Sincerely,

A handwritten signature in black ink, appearing to read "Derek Schoonmaker".

Derek Schoonmaker
Counsel for 509 Forward



**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

May 31, 2023

Delivered electronically to "kitty509forward@gmail.com"

Subject: PDC Case 122194

Dear 509 Forward PAC:

Enclosed is a copy of an electronic letter sent to Glen Morgan concerning a complaint filed with the Public Disclosure Commission (PDC).

As noted in the enclosed letter to Glen Morgan, the PDC has dismissed this matter in accordance with RCW 42.17A.755(1) and will not be conducting a more formal investigation into these allegations or taking further enforcement action in this matter.

However, pursuant to WAC 390-37-060(1)(d), this letter serves as a formal warning concerning your failure to update your committee's name 60 days before the 2022 general election and your failure to use the required updated name when identifying yourself as the sponsor of political advertising. PDC staff expects 509 Forward PAC to carefully monitor its contributions to ensure the committee's name is properly updated if it becomes a sponsored political committee in the future. The Commission will consider this formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

If you have questions, you may contact Phil Stutzman at 360-664-8853, toll-free at 1-877-601-2828, or by e-mail at pdc@pdc.wa.gov.

Sincerely,
Electronically Signed Philip E. Stutzman
Phil Stutzman
Compliance Officer

Endorsed by,
Electronically Signed Peter Frey Lavallee
Peter Frey Lavallee
Executive Director



**State of Washington
PUBLIC DISCLOSURE COMMISSION**

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May 31, 2023

Delivered electronically to "glen@wethegoverned.com"

Subject: Complaint regarding 509 Forward PAC, PDC Case 122194

Dear Glen Morgan:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on March 2, 2023. Your complaint alleged that 509 Forward PAC may have violated RCW 42.17A.205(5) and WAC 390-16-011A by failing to include an 80 percent sponsor (Lisa Brown for Congress) in the name of the committee; RCW 42.17A.405 by making over-limit contributions when its contributions were combined with the contributions of its 80 percent sponsor; and RCW 42.17A.320 by failing to include the name of its 80 percent sponsor in the sponsor identification for political advertising.

PDC staff reviewed your allegations; the applicable statutes, rules, and reporting requirements; the response provided by 509 Forward PAC; the applicable PDC reports filed by Respondent; and other relevant information, to determine whether the record supports a finding of one or more violations.

Based on staff's review, we found the following:

Sponsored Political Committee (RCW 42.17A.205(5) and WAC 390-16-011A)

- RCW 42.17A/205(5) and WAC 390-16-011A require a sponsored political committee to include the name of at least one sponsor in the committee's name. A sponsored political committee is required to amend its committee registration 60 days before an election in which it participates if the committee's name on its most recently filed committee registration does not include at least one current sponsor.
- 509 Forward PAC received \$38,555 in contributions in 2022 with \$37,200 of that amount coming from Lisa Brown for Congress. The contributions included \$12,200 on April 14, 2022 and \$25,000 on August 9, 2022.
- 509 Forward PAC was formed in 2021, and stated its purpose was to support progressive causes and candidates in Eastern Washington. In 2021, 509 Forward PAC received one contribution from Lisa Brown for Congress totaling about 20 percent of 509 Forward PAC's total contributions.

- At the beginning of August 2022, Lisa Brown for Congress had contributed less than 50 percent of the total contributions received by 509 Forward PAC during the preceding 12 months. However, by the end of August 2022, Lisa Brown for Congress's contributions exceeded 80 percent of the contributions received by 509 Forward PAC during the preceding 12 months.
- 509 Forward PAC acknowledged that it should have amended its name to "509 Forward PAC Sponsored by Lisa Brown for Congress" by Friday, September 9, 2022, 60 days before the November 8, 2022 general election, and failed to do so. 509 Forward PAC stated it was a new and relatively small political committee and did not track its past donations closely enough to realize it had exceeded the 80 percent threshold and become a sponsored political committee. 509 Forward PAC has updated its committee registration to include the sponsor's name in the committee's name.

Sponsor Identification in Political Advertising (RCW 42.17A.320)

- 509 Forward PAC further acknowledged that because it did not realize it was a sponsored political committee, it failed to include the name "509 Forward PAC Sponsored by Lisa Brown for Congress" in the sponsor identification for its one political advertising mailer sent out during the 2022 election cycle.
- 509 Forward PAC stated that not including the proper sponsor identification on its political advertising mailer was an innocent misstate that was not an effort to hide the significant contributions 509 Forward PAC had received from Lisa Brown for Congress.
- 509 Forward PAC stated it accurately reported its contributions on C-3 reports with the PDC and noted the contributions were publicly reported as expenditures by Lisa Brown for Congress on her Federal Election Commission reports. In addition, 509 Forward PAC stated it included the Top Five Contributors and Top Three Donors in its sponsor identification, listing Lisa Brown for Congress first.

Exceeding Contribution Limits if Affiliated with Lisa Brown for Congress (RCW 42.17A.405)

- Two entities share campaign contribution limits if the two entities are affiliated because one of the entities is established, financed, maintained, or controlled by the other.
- 509 Forward PAC stated Lisa Brown for Congress was a federal candidate committee established and controlled by the candidate, Lisa Brown, for the purpose of supporting her 2018 congressional campaign. 509 Forward PAC stated that during the process of winding down, Lisa Brown for Congress made donations and contributions to several entities and in March 2023 filed its termination report with the Federal Election Commission after distributing its remaining funds.
- 509 Forward PAC stated it was not established, financed, maintained, or controlled by Lisa Brown for Congress and its officers did not overlap with the officers of Lisa Brown for Congress. 509 Forward PAC stated neither committee had the authority or ability to direct or participate in the governance of the other, and 509 Forward PAC stated it did not coordinate or communicate with Lisa Brown for Congress with respect to any of its campaign contribution decisions or other expenditures.

Expenses for 509 Forward PAC's One Mailer

- 509 Forward PAC sent one mailer in 2022, a political advertisement opposing Al French, a candidate for Spokane County Commissioner, mailed on or about October 31, 2022. The mailer was reported as an Independent Expenditure on PDC form C-6 on November 5, 2022 but because of a miscommunication, the initial C-6 included only the design and printing costs totaling \$4,375. On December 5, 2022, 509 Forward PAC paid an invoice from Publishers Mailing Service for \$4,265.40 which may have resulted in the appearance of a possible second mailing.

- 509 Forward PAC's one mailer was designed by NWP Consulting and printed by Capitol City Press for \$4,375, and was mailed by Publishers Mailing Service for \$4,265.20, for a total cost of \$8,640.20. The expenses were reported on the December 2022 C-4 report and the January 2023 C-4 report. 509 Forward PAC amended its C-6 report to reflect both expenditures for a total cost of \$8,640.20.
- 509 Forward stated its \$25,000 expenditure to Searchlight Research was for assistance with polling to help assess where best to focus their resources. 509 Forward PAC stated the poll focused on City and County races and issues and included one question about Lisa Brown as a potential candidate for Mayor of Spokane. 509 Forward PAC stated the poll was not focused on exploring a possible future run for Mayor by Lisa Brown.

Based on these findings, staff has determined that in this instance, the failure of 509 Forward PAC to update its committee registration 60 days before the November 8, 2022 general election to include the name of its 80 percent sponsor and to use the required updated name when identifying itself as the sponsor of political advertising during the 2022 election cycle does not amount to a violation warranting further investigation.

However, pursuant to WAC 390-37-060(1)(d), 509 Forward PAC will receive a formal written warning concerning its failure to update its committee name 60 days before the 2022 general election and its failure to use the required updated name when identifying itself as the sponsor of political advertising. The formal written warning will include staff's expectation that 509 Forward PAC carefully monitor its contributions to ensure the committee's name is properly updated if it becomes a sponsored political committee in the future. The Commission will consider the formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

Based on this information, the PDC finds that no further action is warranted and has dismissed this matter in accordance with RCW 42.17A.755(1).

If you have questions, you may contact Phil Stutzman at 360-664-8853, toll-free at 1-877-601-2828, or by e-mail at pdcc@pdcc.wa.gov.

Sincerely,
Electronically Signed Philip E. Stutzman
Phil Stutzman
Compliance Officer

Endorsed by,
Electronically Signed Peter Frey Lavalley
Peter Frey Lavalley
Executive Director

cc: 509 Forward PAC