



State of Washington
PUBLIC DISCLOSURE COMMISSION

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January 11, 2024

Sent electronically to Michael Steadman

Subject: **AMENDED** Complaint return letter for Michael Steadman PDC Case 139325

Michael Steadman:

Enclosed is a copy of an electronic letter concerning the complaint filed by Glen Morgan against the 2020 and 2023 Campaigns of Michael Steadman for Thurston County Commissioner, and the Michael Steadman Surplus Funds account.

Specifically, the complaint alleged violations of RCW 42.17A.235 and .240 for failure to timely and accurately file contribution and expenditure reports. PDC staff did not find evidence of violations that would require conducting a more formal investigation into the complaint or pursuing further enforcement action in this instance.

However, pursuant to WAC 390-37-060(1)(d), this letter constitutes a formal written warning to you, the 2020 and 2023 Michael Steadman for Thurston County Commissioner Campaigns and the Michael Steadman Surplus Funds account concerning the requirements to: (1) timely and accurately file C-3 and C-4 reports; (2) only deposit surplus funds into the Michael Steadman Surplus Funds account in the future; and (3) to properly account for contribution and expenditure activities for all future elections, including the disposal of surplus funds and the proper accounting for surplus funds being carried forward into a future election.

The Commission will consider the formal written warning in deciding on further Commission action if there are future violations of PDC laws/rules. The PDC has dismissed this matter in accordance with RCW 42.17A.755(1).

If you have questions, please contact PDC Compliance Officer Kurt Young by e-mail.

Sincerely,

Endorsed by,

/s/

Electronically Signed Kurt Young
Compliance Officer

/s/

Electronically Signed Peter Lavalley, PDC Executive
Director



Public Disclosure Commission
Shining Light on Washington Politics Since 1972



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January 11, 2024

Sent electronically to Glen Morgan

Subject: **AMENDED** Complaint return letter concerning Michael Steadman, PDC Case 139325

Glen Morgan:

This letter is amending the complaint return letter previously sent to you on July 25, 2023, to address the two allegations that were not included in the prior resolution. Public Disclosure Commission (PDC) staff has completed its review and investigation of the complaint you filed against Michael Steadman, an incumbent Lacey City Councilmember and a candidate seeking the office of Thurston County Commissioner in 2023. The complaint alleged violations of RCW 42.17A.235 and .240 for failure to timely and accurately file contribution and expenditure reports for the 2020 and 2023 Campaigns of Michael Steadman for Thurston County Commissioner, and the Michael Steadman Surplus Funds account.

PDC staff reviewed and investigated the allegations listed in the complaint; the applicable statutes, rules, and the local candidate reporting requirements; the Monetary Contributions reports (C-3 reports) and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) filed by the 2020 and 2023 Michael Steadman Campaigns for Thurston County Commissioners Campaigns, the C-3 and C-4 reports filed by the 2018 Michael Steadman for Lacey City Council Campaign, the 2017 surplus funds, and the Michael Steadman Surplus Funds account; the email responses from Michael Steadman; 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:

- On January 5, 2023, Michael Steadman filed a Candidate Registration with the PDC declaring his candidacy for election to the office of Thurston County Commissioner, Position #5, selecting the Full Reporting option, and listing Jaclynn Simmons as Campaign Treasurer.
- Mr. Steadman is an incumbent Lacey City Councilmember since being elected to that position in 2013, and he was re-elected to that position in 2017 and 2021.
- On April 21, 2023, the 2023 Citizens for Michael Steadman for Thurston County Commissioner (Campaign) disclosed making a \$388.08 expenditure on the April 2023 C-4 report to Capitol City Press for "1,000 stickers for signs." Your complaint allegation questioned that expenditure and asked where the signs came from for the stickers that the campaign purchased.

- Mr. Steadman stated his 2020 Thurston County Commissioner Campaign had yard signs leftover after the 2020 general election was held, and that he stored for possible use in a future campaign. He stated his Campaign has “amended the May 10th C-4 report to show the reused signs at the value purchased in 2020 with the sizes and quantity.”
- On July 7, 2023, the Campaign filed an amended C-4 report for April of 2023, disclosing two in-kind contributions totaling \$4,552.49 from Mr. Steadman and both made on April 21, 2023, for yard signs left over and reused from the 2020 Campaign. Those two in-kind contributions included: (1) 500-yard signs reused from 2020 totaling \$2,145.69; and (2) 250-yard signs reused from 2020 totaling \$2,406.80.
- On February 8, 2023, the Campaign filed the January 2023 C-4 initial report disclosing a \$1,000 beginning cash on hand balance in surplus funds carried forward into the current campaign. Mr. Steadman stated that The Michael Steadman Surplus Fund account had a balance of \$950 leftover from the 2020 Campaign for Thurston County Commissioner.
- Mr. Steadman stated that he deposited \$50 in personal funds into the surplus funds account on February 28, 2022, and that he filed a C-3 report disclosing that deposit on July 10, 2023. He stated that the Michael Steadman surplus funds account also filed a C-4 report on July 10, 2023, disclosing the \$1,000 in surplus funds “being brought into the 2023 campaign” or carried forward from the 2020 Campaign.
- For the 2020 campaign, Mr. Steadman stated that his Campaign has filed amended C-4 reports for calendar years 2019 and 2020 correcting the reporting “errors” that failed to include the number of items printed/mailed, the quantities of yard signs purchased, and the description details for expenditures. The Campaign filed a total of six amended C-4 reports disclosing the following:
 1. 10/27/2020 to 11/30/2020: The amended Post-General Election C-4 report listed a \$1,682.74 expenditure made on November 6, 2020, to Capitol City Press to print 9,694 pieces for a 5-way mailer.
 2. 9/1/2020 to 10/12/2020: The amended the 21-Day Pre-General Election C-4 report listed: a) a \$1,868.85 expenditure made on October 8, 2020, to Capitol City Press for postage to mail 9,694 pieces for a 5-way mailer; and b) a \$2,406.80 expenditure to Capitol City Press to print 250-yard signs and purchase 250 stakes.
 3. 7/28/2020 to 8/31/2020: The amended the Post-Primary Election C-4 report listed a \$500 expenditure made to Mike Whitlatch on June 6, 2020, for design of yard signs/website etc.
 4. 12/1/2019 to 12/31/2019: The amended December 2019 C-4 report listing a \$408.22 expenditure made on December 24, 2019, to Capitol City Press to print 500 slim jims.
 5. 6/01/2019 to 6/30/2019: The amended June 2019 C-4 report listed a \$837.49 expenditure made on June 11, 2019, to Inbound Designs for 5 96” x 48” yard signs.
 6. 4/1/2019 to 4/30/2019: The amended April 2019 C-4 report listed a \$2,326.52 expenditure made on April 12, 2019, to Inbound Designs to 250-yard signs.
- Mr. Steadman stated that his treasurer for the 2023 campaign “is a paid volunteer and is not a ‘professional’ as alleged in the complaint.” He stated that his current “treasurer is resigning from the campaign. Effective 7/15/23.”

AMENDED Complaint return letter addressing the two remaining allegations

- On July 25, 2023, PDC staff sent Mr. Steadman an email with an attached a letter stating that staff found no evidence of a violation that would require scheduling an enforcement proceeding into the complaint allegations.

- PDC staff had resolved three of the allegations with a warning letter being issued to the 2020 and 2023 Michael Steadman for Thurston County Commissioner Campaigns, and the Michael Steadman Surplus Funds account. The letter included a warning concerning the requirements to timely and accurately file C-3 and C-4 reports in the future, and only surplus funds may be deposited into the surplus funds account in the future, and a technical correction for the yard signs carried forward from the 2020 Campaign.
- On August 3, 2023, PDC staff sent an email to Mr. Steadman informing him that after receiving your email concerning the remaining allegations staff had re-opened the case for: (1) the discrepancy with the 2017 City Council surplus funds total and the 2021 Lacey City Council race beginning balance of funds carried forward; and (2) the 2018 C-3 report and C-4 reports filed for a Lacey City Council race that did not appear on the ballot and what election the \$3,000 in contribution and \$5,700 in expenditures were actually attributed to.
- On August 10, and September 6, 2023, Mr. Steadman sent emails to PDC staff confirming that the PDC had re-opened the matter concerning the remaining two allegations, and that Andy Lo was hired as a new Treasurer to: (1) reconcile the 2018 Lacey City Council and 2020 Thurston County Commissioner activities; (2) re-file the necessary C-3 and C-4 reports disclosing the 2018 City Council activities under the 2020 Thurston County Commissioner Campaign; and (3) address the 2017 surplus funds and the discrepancy in the surplus funds carried forward to the 2020 and 2021 Campaigns.
- On October 19, 2023 the Campaign filed three new C-4 reports for the 2020 Campaign for Thurston County Commissioner, one new C-3 report, and one amended C-3 report disclosing the following:
 1. A C-4 report covering the period February 1 through September 30, 2018, disclosed \$3,000 in monetary contributions were received and deposited on September 11, 2018; one expenditure for \$2,000 was made to Inbound Designs on September 11, 2018, for website design; and the report included a small un-itemized \$40 expenditure.
 2. A C-4 report covering the period October through December 31, 2018, disclosed no new contributions were received; a \$3,700 expenditure was made to Sounds Sports Net on October 27, 2018, for other advertising; and a small un-itemized \$15 expenditure.
 3. A C-4 report covering the period January 1 through February 28, 2019, disclosed no new contributions were received, and a small un-itemized \$10 expenditure.
 4. A new C-3 report was filed disclosing \$3,000 in contributions received and deposited on September 11, 2018, that included \$1,000 in candidate's personal funds; a \$1,000 monetary contribution from James Steadman in Arizona; and a \$1,000 monetary contribution from the Steadman Family Trust, both designated for the 2020 primary election.
 5. An amended C-3 report disclosing \$7,000 in contributions received and deposited on March 8, 2019, comprising \$5,000 in candidate's personal funds; a \$1,000 contribution from James Steadman in Arizona for the general election; and a \$1,000 contribution from the Steadman Family Trust, also in Arizona, for the general election.
- Concerning the 2017 surplus funds balance and the discrepancy in the surplus funds carried forward to the 2021 Campaign, Mr. Lo stated: "the surplus for the 2017 campaign was transferred with permission to the 2020 campaign. The \$1,000 discrepancy between the final 2017 amount and what was reported to have been transferred is because one of the checks" that was made out to a non-profit using 2017 surplus funds was never cashed by the recipient.

Based on these findings, PDC staff found no evidence of a violation that would require conducting a more formal investigation into the complaint or pursuing further enforcement action in this instance.

As noted above, the yard signs were initially purchased by Mr. Steadman's 2020 Campaign for Thurston County Commissioner and were disclosed by the 2020 Campaign, and the Campaign timely disclosed the purchase of the 1,000 stickers for campaign signs. One day after receiving an email from PDC staff concerning the case opening and being notified that his 2023 Campaign needed to place a value and report the signs on a C-4 report.

The Campaign filed an amended April 2023 C-4 report disclosing the in-kind contributions for the signs. The amended April 2023 C-4 report filed by the Campaign disclosed two in-kind contributions totaling \$4,552.49 for the yard signs. Based on WAC 390-37-060(1)(b), PDC staff is resolving this allegation as a Technical Correction and dismissing this allegation in accordance with RCW 42.17A.755(1).

The six amended C-4 reports filed by the 2020 Michael Steadman for Thurston County Commissioner Campaign, corrected the reporting errors that were made on the initial C-4 reports filed by the 2020 Campaign. Those errors included the failure to provide required expenditure details such as the number of items printed or mailed, the quantities of yard signs purchased, and the description for some of the expenditures.

As noted in staff's review and Mr. Steadman's response, some of the C-3 and C-4 reports filed by the Michael Steadman Surplus Account were not timely filed. In addition, concerning the \$50 in personal funds deposited into the surplus funds account, WAC 390-16-236(2)(b) states, "Only surplus funds may be deposited in a surplus funds account." The \$50 contribution deposited into the surplus fund account is mitigated by the facts: (1) the contribution is from the candidate using his personal funds; (2) the surplus funds were transferred into his 2023 Campaign; (3) a candidate does not have a contribution limit to his own Campaign; and (4) the \$50 in personal funds only represented five percent of the total surplus funds transferred.

In accordance with WAC 390-37-060(1)(d), PDC staff is issuing a formal written warning to the 2020 and 2023 Michael Steadman for Thurston County Commissioner Campaigns and the Michael Steadman Surplus Funds account concerning: (1) the requirement to timely and accurately file C-3 and C-4 reports for the remainder of the 2023 election cycle; (2) to only deposit surplus funds into the Michael Steadman Surplus Funds account in the future; and (3) to properly account for contribution and expenditure activities for all future elections, including the disposal of surplus funds and the proper accounting for surplus funds being carried forward into a future election. The Commission will consider the formal written warning in deciding on further Commission action if there are future violations of PDC laws/rules.

The PDC has dismissed this matter in accordance with RCW 42.17A.755(1). If you have questions, please contact PDC Compliance Officer Kurt Young by e-mail.

Sincerely,

Endorsed by,

/s

Electronically Signed Kurt Young
Compliance Officer

/s

Electronically Signed Peter Lavallee, PDC Executive
Director



cc: Michael Steadman