



State of Washington  
PUBLIC DISCLOSURE COMMISSION

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October 3, 2018

Delivered electronically to Joel White with Spokane Home Builders Association

Subject: Spokane Home Builders Association Complaint SOU & Warning Cover Letter;  
PDC Case 27641

Mr. White:

Below is a copy of an electronic letter sent to Walter Smith concerning the complaint he filed with the Public Disclosure Commission (PDC) against the Spokane Home Builders Association (Association), and the 10-Day Notice that he filed on September 27, 2018. You confirmed in an email that on October 3, 2018, you completed and mailed a Statement of Understanding (SOU) along with the \$150 penalty payment on behalf of the Association. In addition, you provided PDC staff with a signed copy of the SOU from the Association acknowledging a violation of RCW 42.17A.255 and dated October 3, 2018.

Pursuant to WAC 390-37-060(1)(b), this letter is a formal written warning for the Association concerning the importance of including a complete sponsor identification on all future political advertisements, including independent expenditure advertisements that are being displayed on the Associations own electronic reader board. The PDC will not be conducting a more formal investigation into the allegations listed in the complaint, since you completed the SOU and paid a civil penalty. The PDC will consider this formal written warning if there are future PDC law or rule violations committed by the Association.

Based on this information, the PDC has dismissed the allegation concerning the sponsor identification in accordance with RCW 42.17A.755(1). If you have questions, please contact PDC staff member Kurt Young by e-mail at [kurt.young@pdc.wa.gov](mailto:kurt.young@pdc.wa.gov).

Sincerely,

Endorsed by,

/s \_\_\_\_\_  
Kurt Young, Compliance Officer

/s \_\_\_\_\_  
Sean Flynn, General Counsel  
For Peter Lavallee, Executive Director



**Public Disclosure Commission**  
Shining Light on Washington Politics Since 1972



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October 3, 2018

Sent electronically to Walter Smith

Subject: Complaint filed against the Spokane Home Builders Association; PDC Case 27641

Mr. Smith:

The Public Disclosure Commission (PDC) has completed its review of the complaint filed on behalf of your client, Karen Hardy, on November 16, 2017 against the Spokane Home Builders Association (Association). The complaint alleged the Association violated RCW 42.17A by failing to disclose making in-kind contributions for political advertisements that appeared on the Association's "jumbotron-style" electronic reader board near Interstate 90 in October 2017, in support of four 2017 city council candidates.

PDC staff reviewed the allegations listed in the complaint you filed, the statutes, rules and reporting requirements, the Committee Registrations (C-1pc report), Monetary Contributions reports (C-3 reports), and Summary Full Campaign Contribution and Expenditures report (C-4 reports) filed by the Spokane Home Builders Association PAC, the Independent Expenditure reports (C-6 reports) filed by the Association, and the responses from Joel White, Executive Officer for the Association.

As a result of this review, we found the following:

- The Spokane Home Builders Association PAC had been registered with the PDC and filing as a continuing political committee dating back to 1996. In addition, the Association has also been registered with the PDC as a lobbyist employer in the past.
- In October 2017, the Association displayed election related information on its electronic billboard in support of eight 2017 candidates for public office, and in opposition to a local City of Spokane ballot proposition. The content of the billboard advertisements supported four 2017 City of Spokane Valley candidates, two 2017 City of Spokane candidates, two 2017 legislative candidates, and opposed Proposition No. 2, a 2017 City of Spokane ballot proposition concerning the regulation of coal and oil trains. The Association's billboard advertisements were presented to the public between October 17 and 19, 2017.
- RCW 42.17A.255 requires any independent expenditure of \$100 or more to be disclosed on a C-6 report within five business days of the first advertisement being presented to the public. The Association was required to file a C-6 report by October 24, 2017, disclosing the independent expenditure advertisements displayed on the electronic reader board.

- On May 8, 2018, the Association filed C-6 reports 196 days after the advertisements were presented to the public and 182 days after the November 7, 2017 general election, disclosing that the Association made \$1,555 in total independent expenditures undertaken for the billboard advertisements. The C-6 reports disclosed the Association's opposition to Proposition No. 2, and its support of the following candidates: (1) 2017 Spokane Valley City Council candidates Caleb Collier, Rod Higgins, Pam Haley, & Mike Munch; (2) 2017 Spokane City Council candidates Tim Benn & Andy Dunau; and (3) 2017 Legislative candidates Senator Shelly Short, and State Representative Jaquelin Maycumber.
- Mr. White stated in his response that the Association "has not and never has charged for space on our reader board. As such, there is no normal charge we would make." He stated the candidate and ballot proposition information "displayed on the electronic reader board were intended as a temporary expression" of the Associations endorsements of 2017 candidate and ballot proposition. He stated the Association was not aware of the C-6 reporting requirements. When asked about the cycle time for the advertisements, Mr. White stated the following:

Candidates Higgins, Hayley, Collier, Benn and initiative Prop 2 appeared beginning October 18 and images appeared for 5 seconds every 45 seconds. Candidate Munch appeared on October 19th and images appeared for 5 seconds every 50 seconds. Candidates Short, Maycumber and Dunau appeared October 20 and images appeared for 5 seconds every 65 seconds. Between October 18 and November 7 four additional images were part of the cycle appearing for 5 seconds per cycle.

- Mr. White stated that the Association's fair market value of the advertisements was difficult to determine, since the Association does not charge for the content placed on its reader board, but they believed the amounts reported was a good faith estimate of the value. He stated the election related advertisements were not displayed until late October of 2017, and indicated that the billboards proximity to Interstate 90, placed additional advertising restrictions under the Highway Beautification Act.

Mr. White confirmed in an email to PDC staff that he completed and mailed a Statement of Understanding (SOU) on behalf of Association along with a \$150 civil penalty to the address listed on the SOU. Mr. White also sent PDC staff a signed copy of the SOU. The \$150 penalty assessed in the SOU was in accordance with WAC 390-37-143, (Brief Enforcement Penalty Schedule), and resolves the allegation listed in your complaint for the late filed C-6 reports. By completing the SOU, the Association acknowledged violations of RCW 42.17A.255 by failing to timely file the C-6 reports.

While the electronic billboard was located on the property of the Association, it was not clear who paid for or sponsored each of the election related advertisements, since the advertisements failed to include any sponsor identification. Pursuant to WAC 390-37-060(1)(b), this letter is a formal written warning for the Association concerning the importance of including a complete sponsor identification on all future political advertisements, including independent expenditure advertisements that are being displayed on the Associations own electronic reader board.

This formal written warning covers our expectation that the Association will include the required sponsor identification on all future political advertisements. The Commission will consider this formal written warning if there are future PDC law or rule violations by the Association. Based on these findings, the PDC has dismissed the allegations concerning the sponsor identification issue in accordance with RCW 42.17A.755(1).

If you have questions, you may contact Kurt Young at (360) 664-8854 or by e-mail at [kurt.young@pdc.wa.gov](mailto:kurt.young@pdc.wa.gov).

Sincerely,

Endorsed by:

/s \_\_\_\_\_  
Kurt Young  
PDC Compliance Officer

/s \_\_\_\_\_  
Sean Flynn, General Counsel  
For Peter Lavallee, Executive Director

cc: Spokane Home Builders Association

