

1 **II. PARTIES**

2 2.1 Plaintiff is the STATE OF WASHINGTON (State). Acting through the
3 Washington State Public Disclosure Commission, Attorney General, or a local
4 prosecuting attorney, the State enforces the state campaign finance disclosure laws
5 contained in RCW 42.17A.

6 2.2 Defendant TERESA PURCELL (Purcell) was a 2016 candidate for the
7 state House of Representatives (19th Legislative District) during the relevant time
8 periods. As such, she was expected to comply with the provisions of RCW 42.17A.

9 2.3 Defendant PEOPLE FOR TERESA PURCELL (Campaign) is a political
10 committee registered by Defendant Purcell as her candidate committee on April 29,
11 2016. As such, the Campaign was expected to comply with the provisions of RCW
12 42.17A.

13 **III. JURISDICTION AND VENUE**

14 3.1 This Court has subject matter jurisdiction over the present case, in
15 accordance with RCW 42.17A. The Attorney General has authority to bring this action
16 pursuant to RCW 42.17A.765.

17 3.2 This Court has personal jurisdiction over the Defendants, a resident of the
18 State of Washington and a political committee registered and reporting in the State of
19 Washington, respectively. Additionally, some or all of the acts complained of here took
20 place in Thurston County in the State of Washington.

21 3.3 Venue is proper in this Court pursuant to RCW 4.12.020(1).

22 **IV. FACTUAL ALLEGATIONS**

23 4.1 RCW 42.17A declares as a matter of public policy “[t]hat political
24 campaign and lobbying contributions and expenditures be fully disclosed to the public
25 and that secrecy is to be avoided.” RCW 42.17A.001(1). Further the statute provides

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1 that the provisions of the law “shall be liberally construed to promote complete
2 disclosure of all information respecting the financing of political campaigns. . . .”

3 4.2 Washington’s campaign finance law requires a campaign to timely report
4 contributions received. The information required to be disclosed includes the name and
5 address of the source of contributions that exceed \$25 in the aggregate, and the
6 employer and occupation of any individual contributor giving more than \$100 in the
7 aggregate. RCW 42.17A.240; WAC 390-16-037. Contribution disclosures are reported
8 on a Public Disclosure Commission form “C3” which is called the “Cash Receipt
9 Monetary Contributions” form.

10 4.4 Washington’s campaign finance law also requires a campaign to timely
11 report expenditures of a candidate’s campaign including any debts incurred by the
12 campaign. RCW 42.17A.235, .240(8); RCW 42.17A.005(20). The PDC form to report
13 expenditures is called a “Summary, Full Report Receipts and Expenditures” and is a
14 form “C4.” An expenditure is defined to include “a *promise to pay*, For the
15 purposes of this chapter, agreements to make expenditures, contracts, and promises to
16 pay may be reported as estimated obligations until actual payment is made.” RCW
17 42.17A.005(20). Thus, a campaign is required to report debts incurred.

18 Citizen Action Notice

19 4.5 On or about April 18, 2016, Defendant Purcell registered and paid for a
20 web domain name called “peopleforPurcell.com.” On April 29, 2016, Defendant
21 Purcell filed a Candidate Registration form C1, registered her candidate committee
22 (Defendant People for Teresa Purcell).

23 4.6 On or about October 14, 2016, the Attorney General’s Office and
24 prosecuting attorney for Cowlitz County received a citizen action notice (Notice)
25 submitted pursuant to RCW 42.17A.765 from complainant Glen Morgan. Mr. Morgan

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1 | alleged multiple violations of the state campaign finance disclosure laws by
2 | Defendants.

3 | 4.7 Defendants were provided a copy of the Morgan Notice and submitted a
4 | response on October 30, 2016. Defendants' responses to the allegations that are
5 | contained in this Complaint are identified separately below.

6 | Failure to Report Debts, Orders Placed, and Obligations

7 | 4.8 During the course of the campaign, Defendants purchased services to
8 | promote Defendant Purcell's election to the state representative position. These services
9 | included video and film creation, written political advertising, cable advertising, digital
10 | ads, radio spots, and yard signs. These services were used during both the primary and
11 | general election time frames for the campaign.

12 | 4.9 One such service was for production of a film/video used during the pre-
13 | primary election stage to support the campaign. The cost of the production was \$8,000
14 | which Defendants paid to Guenter Creative on August 16, 2016. On September 6, 2016,
15 | Defendants reported paying Guenter Creative. On October 30, 2016, Defendants
16 | admitted that the debt was incurred prior to August 16, 2016, and should have been
17 | disclosed on a prior disclosure report. This debt should have been reported no later than
18 | July 26, 2016. As such, it was reported at least 42 days late.

19 | 4.10 Based on information and belief, during the course of the campaign,
20 | Defendants failed to timely or properly disclose on their Summary, Full Report
21 | Receipts and Expenditures form C4, *any* debts, orders placed, or obligations incurred
22 | by the campaign. Rather, Defendants only reported expenditures once an invoice for
23 | services was provided and paid. Defendants admit not timely reporting certain debts,
24 | orders placed, or obligations. Disclosure would have been required on the report for the
25 | period the debt or obligation was incurred or when the order was placed, and payment
26 | not yet rendered.

1 Failure to Report Contributor Employer and Occupation Information

2 4.11 On or about May 10, 2016, Defendants began disclosing receipt of
3 contributions on the PDC form C3. Defendants failed to identify the employer and
4 occupation information for contributors for whom such a disclosure obligation existed
5 because the contributor gave more than \$100 to Defendants' campaign. The following
6 chart identifies the instances in which the reports were filed, the number of contributors
7 giving more than \$100 for which information was required, and the number of
8 contributors for whom Defendants failed to provide employer and occupation
9 information:

Date of C3 Report	Number of Contributors on Report Requiring Employer/Occupation Information	Number of Individuals on Report WITHOUT Required Employer/Occupation Information
11/29/16	1	1
11/3/16	2	1
11/1/16	2	1
10/25/16	5	1
10/23/16	2	1
10/20/16	3	1
10/18/16	8	1
10/11/16	3	1
10/10/16	2	2
10/1/16	5	2
9/26/16	4	1
9/21/16	4	2
9/9/16	10	3
7/26/16	2	1
7/25/16	2	1
7/19/16	1	1
7/11/16	2	1
7/6/16	4	1
7/2/16	3	1
6/20/16	11	4
6/13/16	13	1
6/3/16	4	2
5/19/16	2	2
5/13/16	7	7
5/13/16	1	1
5/10/16	19	3

1 4.12 On or about October 30, 2016 and in response to the Morgan Notice,
2 Defendants admitted to failing to provide employer and occupation information on 36
3 contributors and included the information on the response. They did not amend any of
4 Defendants' form C3 contribution disclosure reports to provide the required
5 information as required by law.

6 4.13 Additionally, after October 30, 2016, Defendants failed to provide all
7 employer and occupation information for all additional contributors of over \$100 for
8 whom the information was required.

9 4.14 In total, Defendants failed to properly and timely report employer and
10 occupation information for 42 contributors.

11 V. CLAIMS

12 The State re-alleges and incorporates by reference all the factual allegations
13 contained in the preceding paragraphs, and based on those allegations, makes the
14 following claims:

15 5.1 First Claim: The State reasserts the factual allegations made above and
16 further asserts that Defendants in violation of RCW 42.17A.235 and .240 failed to
17 timely and properly report debts, orders placed, and obligations as those debts and
18 obligations were incurred by Defendants.

19 5.2 Second Claim: The State reasserts the factual allegations made above and
20 further asserts that Defendants in violation of RCW 42.17A.235 and .240 failed to
21 properly and timely report the required employer and occupation for those contributors
22 providing more than \$100 in contributions to Defendants.

23 5.3 Third Claim: The State reasserts the factual allegations made above and
24 further asserts that the actions of Defendants stated in the above claims were negligent
25 and/or intentional.

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1 **VI. REQUEST FOR RELIEF**

2 WHEREFORE, the State requests the following relief as provided by statute:

3 6.1 For such remedies as the court may deem appropriate under RCW
4 42.17A.750, including but not limited to imposition of a civil penalty, all to be
5 determined at trial;

6 6.2 For all costs of investigation and trial, including reasonable attorneys'
7 fees, as authorized by RCW 42.17A.765(5);

8 6.3 For temporary and permanent injunctive relief, as authorized by
9 RCW 42.17A.750(1)(h); and

10 6.4 For such other legal and equitable relief as this Court deems appropriate

11 DATED this 19th day of December, 2016.

12 ROBERT W. FERGUSON
13 Attorney General

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