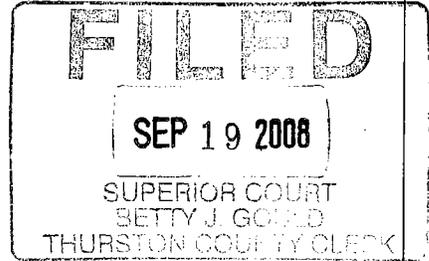


1 EXPEDITE
2 Hearing is Set
3 Date:
4 Time:



7
8 STATE OF WASHINGTON
9 THURSTON COUNTY SUPERIOR COURT

10 STATE OF WASHINGTON, *ex rel.*
11 WASHINGTON STATE PUBLIC
12 DISCLOSURE COMMISSION,

13 Plaintiff,

14 v.

15 MASTER BUILDERS ASSOCIATION
16 OF KING AND SNOHOMISH
17 COUNTIES,

18 Defendant.

NO. 08-2-2192-8

COMPLAINT FOR CIVIL
PENALTIES AND FOR INJUNCTIVE
RELIEF FOR VIOLATIONS OF
CHAPTER 42.17 RCW

19 The Plaintiff, for causes of action against the Defendant, alleges as follows:

20 I. PARTIES

21 1.1 Plaintiff is the State of Washington, standing in relation to the Washington State
22 Public Disclosure Commission. The Washington State Public Disclosure Commission
23 ("Commission") was established by RCW 42.17.350 and is charged by RCW 42.17.360 - .370
24 with, among other things, responsibility for enforcing the state public disclosure laws
25 contained in RCW 42.17. The Commission's office is located in Olympia, Washington.

26 1.2 Defendant, the Master Builders Association of King and Snohomish Counties
("MBA K&S"), is a trade association founded in 1909, representing more than 4,100 members

1 in the housing industry. Its office is located in Bellevue, Washington. MBA K&S provides
2 state and local governmental representation to its members, as well as accredited builders'
3 education programs, builder safety programs, vocational and college scholarship programs,
4 health and workers' compensation insurance, and other savings opportunities for homebuilding
5 professionals. MBA K&S is affiliated with its political committee, Affordable Housing
6 Council ("AHC PAC"), which is registered with and reports to the Commission under
7 RCW 42.17.

8 II. JURISDICTION AND VENUE

9 2.1 This Court has subject matter jurisdiction over MBA K&S, pursuant to
10 RCW 42.17, and the Attorney General has authority to bring this action pursuant to
11 RCW 42.17.400, RCW 42.17.395(3) and RCW 42.17.360(5).

12 2.2 MBA K&S has carried out the violations alleged below, in whole or in part, in
13 Thurston County.

14 2.3 Venue is proper in this Court pursuant to RCW 4.12.

15 III. FACTUAL ALLEGATIONS

16 3.1 Pursuant to RCW 42.17.080(1), each political committee as defined in
17 RCW 42.17.020 must file with the Commission periodic reports of political contributions and
18 expenditures. A political committee is defined in RCW 42.17.020(39) as "any person (except
19 a candidate or an individual dealing with his or her own funds or property) having the
20 expectation of receiving contributions or making expenditures in support of, or opposition to,
21 any candidate or any ballot proposition."

22 "Just 10%" Program

23 3.2 In 1996, MBA K&S began its "Just 10%" program. This program was designed
24 to fund MBA K&S electoral political activity. MBA K&S funded the "Just 10%" program
25 with member company unit dues and voluntary contributions from member companies.
26

1 **Unit Dues**

2 3.3 During all relevant times hereto, unit dues were paid by MBA K&S member
3 companies for every finished housing unit sold during a given period of time. The unit dues
4 are received on a monthly basis from MBA K&S member companies. The amount averages
5 approximately \$15 per unit.

6 3.4 MBA K&S leadership determined that 100% of the unit dues would be
7 dedicated to the "Just 10%" program. From January 1, 2006 to June 30, 2008, those funds
8 amounted to \$382,293.

9 **Voluntary Contributions**

10 3.5 The Return on Industrial Insurance Program ("Retro Program") is a pooled
11 workers' compensation insurance program authorized under the rules of the Washington State
12 Department of Labor and Industries ("the Department") and administered by the Building
13 Industry Association of Washington's Member Services Corporation ("BIAW-MS"). BIAW-
14 MSC is not a party in this case. Under the Retro Program, participating member companies
15 pay insurance premiums to the Department based on predicted workers' compensation claims
16 for a three-year period. The Department pays refunds into a benefit trust account administered
17 by BIAW-MS for the benefit of participating member companies whose claims are less than
18 the anticipated number of claims for which they obtained insurance.

19 3.6 Both BIAW-MS and MBA K&S offer builder safety programs to participants
20 with the aim of increasing workplace safety and lowering worker compensation claims.
21 Eighty percent of the Retro Program refunds are distributed to participating companies
22 annually in June. BIAW-MS annually receives 10% of the refunds for administering the
23 program, and the local associations including MBA K&S share the remaining 10% of the
24 refunds.
25
26

1 3.7 Each summer, when the annual Retro Program refunds were distributed, MBA
2 K&S solicited, in writing, voluntary contributions from its member companies for the “Just
3 10%” program. In certain years, MBA K&S sent follow up letters asking for contributions to
4 the “Just 10%” program. Since 2006, those voluntary contributions amounted to \$325,657.

5 3.8 Contributions received from its member companies for the “Just 10%” program
6 were deposited into MBA K&S’ regular checking account and maintained in a separate line
7 item in MBA K&S’ financial records.

8 3.9 The “Just 10%” program is administered and managed by MBA K&S’ Board of
9 Directors, its Executive Officer, and its Public Policy Director. The persons serving as the
10 Executive Officer and Public Policy Director are also officers of the AHC PAC and from that
11 perspective provided oversight regarding expenditures, strategies and tactics.

12 **“Just 10%” Program Expenditures**

13 3.10 From its “Just 10%” program, MBA K&S made monetary contributions to
14 various political committees and paid for candidate polling and other items such as production
15 of voter data files. MBA K&S shared the poll results with one candidate and the voter data
16 files with another.

17 3.11 Since 2006, MBA K&S made political contributions totaling \$360,694 from the
18 “Just 10%” program to the following political committees: Citizens for Seattle Schools - \$250;
19 Lake Stevens PAC – a total of \$8,000; Lake Stevens Concerned Citizens Committee (also
20 referred to as the Lake Stevens Campaign for Schools) – a total of \$500; Citizens for
21 Marysville Schools - \$1,000; Washington Affordable Housing Council – a total of \$125,444;
22 Citizens for Bellevue Schools - \$5,000; Citizens for Bridging the Gap - \$5,000; Forward
23 Seattle PAC – a total of \$10,000; Coalition for Quality Communities - \$85,000; Citizens for
24 Schools District #15 Levy Committee - \$500; and its affiliated political committee, Affordable
25 Housing Council - \$120,000.
26

