City of Seattle

Ethics and Elections Commission

December 15, 2011

Vinh Tang, Treasurer
Friends of Bruce Harrell
PO Box 21208
Seattle, WA 98111

Dear Mr. Tang:

The Friends of Bruce Harrell committee (the "Committee") filed two incomplete reports this election season that went uncorrected for more than two months. In light of the amount of the unreported activity, the fact that staff alerted you to one of the issues in June, and late filing penalties I have leveled against committees for similar violations, I am imposing a $150 penalty.

FACTS

Failure to report obligations

During a pre-election audit of the campaign records, SEEC staff determined that the Committee had failed to timely report several obligations. Staff reviewed two invoices dated at the end of August totaling $6,820 that were not included on the August C-4. In addition, records showed that Rule Seven, a consultant for the Committee, provided services to the campaign with a value of $2,450 during the month of August and made expenditures totaling $2,315.59 in July and August on the Committee's behalf.

The Committee should have reported these obligations totaling $11,585.59 on the August C-4. (Approximately $1,000 of these charges should have been reported as an obligation on the Committee's *May* C-4, but I am focused on the three reports filed immediately prior to the General election (August C-4, 21-day C4 and 7-day C4).

In addition to the $2,000 in obligations reported on an amended 21-day C-4 filed on October 28, the Committee should have also reported obligations totaling $5,735.38, $2,450 of which were carried over from August, plus $3,285.38 in new obligations incurred in September.

Subvendor Reporting

On the C-4 filed three weeks before the General Election, the Committee reported a September 23 payment of $6,632.81 to Rule Seven. After SEEC staff contacted the Committee, you amended the report on October 27 to reflect that the payment to Rule Seven reimbursed that vendor for payments to eight different subvendors in amounts ranging from $60 to $2,518.50.

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RELEVANT LAW

The Seattle Elections Code authorizes the Commission's Executive Director to impose late filing penalties of $10 per day for each day each report is late filed. During the final seven days before the election, those penalties increase to $50 per day. SMC 2.04.330.B through D.

The Commission's Elections Code Administrative Rule 4.B states that reports that contain "substantial omissions of fact" are not considered filed, and subject the committee to late filing penalties."

The failure to report obligations and the failure to include details on payments to subvendors both constitute substantial omissions of fact. These legal requirements serve important purposes. Failing to report obligations denies the public the opportunity to learn to whom the Committee owes money, and also can provide a skewed picture of a committee's financial situation. Failing to detail subvendors denies the public the opportunity to learn with whom the Committee is conducting business.

LATE FILING PENALTIES

Although you have discussed doing so with SEEC staff, the Committee has yet to file a substantially accurate August C-4. You filed a substantially accurate 21-day pre-General election C-4 on October 27, seven days late.[1] In total, the Committee is subject to $1,280 in late-filing penalties as of today.

In deciding on an appropriate penalty, I have taken into account (1) the large amount of obligations that went unreported, (2) the fact that staff first raised issues with you in June regarding the need to report payments to subvendors, and (3) the need to be consistent with late-filing penalties imposed in this cycle on other candidates with comparable issues. Weighing these factors, I am imposing a penalty of $150.

RIGHT TO APPEAL

You may appeal this decision by submitting to this office, by 4:00 p.m., December 29, 2011, a written request for appeal, pursuant to the Commission's Administrative Rule 4, which provides in relevant part:

> A. Upon the written request of a party aggrieved by the executive director's decisions to…impose lat-filing penalties under SMC 2.04.330, the action may be reviewed by the Commission.

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[1] The report is "substantially accurate" insofar as it details Rule Seven's subvendors. As staff discussed with you, the Committee still needs to amend the report to reflect approximately $5,000 in obligations. (Since I am already penalizing the Committee for failing to report obligations, I am not focusing on that issue with the 21-day C-4 here.)

C. An appeal of late-filing penalties shall be served at the Commission's office no later than 14 days after the date of mailing the decision of which review is sought.

ACTION TO TAKE

No later than December 29, 2011, file the amended August C-4 and 21-day C-4, and deliver payment or your request for appeal to the Commission at 700 Fifth Avenues, Suite 4010, P.O. Box 94729, Seattle, WA 98124-4729. (If you fail to file the reports, you will be subject to additional penalties.)

CONCLUSION

A major purpose of the Seattle Elections Code is to give the public timely access to information regarding all contributions and expenditures (including obligations) made supporting or opposing City candidates. The Committee's delay in reporting inhibited this purpose, and therefore I am compelled to impose these penalties.

If you have any questions, please call me at 684-8577.

Very truly, yours,

Wayne Barnett
Executive Director

cc: Councilmember Bruce Harrell
Seattle Ethics and Elections Commission
Public Disclosure Commission