



# MajorityRules Blog

Promoting Citizen Awareness and Participation for a Sustainable Democratic Future

February 14<sup>th</sup>, 2008

Ms. Vickie Rippie  
Executive Director  
Public Disclosure Commission  
711 Capitol Way No 206  
Olympia, WA 98504

Dear Ms. Rippie,

The complainant named below hereby gives notice of a formal complaint against Voters Want More Choices (VWMC), Help Us Help Taxpayers (HUHT), ReduceCongestion PAC, and their officers, including Tim Eyman, Jack Fagan and Mike Fagan. The complainant requests a full investigation of the allegations within, and expect enforcement actions consistent with Mr. Eyman's long documented history of public disclosure violations and the Public Disclosure Commission's repeated warnings that subsequent violations would not be tolerated.

## Background

As PDC commissioners and staff are well aware, Mr. Eyman and his associates have repeatedly run afoul of the public disclosure law, overwhelmingly approved by Washington State voters in 1971 to increase openness and transparency in the political process.

In 2002, the Commission found that Mr. Eyman had violated the law by concealing from the public hundreds of thousands of dollars raised from his contributors that were used to pay his personal and business expenses. The Commission also found that Mr. Eyman had failed to properly report finances, and referred the matter to the Attorney General's office.

The Attorney General pursued the matter in court, and in August of 2002, settled with Mr. Eyman, who agreed to pay the state \$50,000 and never again serve as treasurer for a campaign.

On May 19<sup>th</sup>, 2003, the complainant asked the PDC to investigate Mr. Eyman's efforts to raise money for himself (thus circumventing his agreement with the Attorney General not to serve as a treasurer) while Mr. Eyman was simultaneously donating in-kind services to his Initiative 807 campaign committee (Exhibit A). On August 13<sup>th</sup>, 2003, the PDC dismissed this complaint, concluding that no evidence was found suggesting violation of the disclosure law (Exhibit B).

On March 17<sup>th</sup>, 2004, the complainant and two other co-complainants asked the PDC to investigate the failure of Mr. Eyman's committee to timely report the names and addresses of



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contributors on C3 forms, and file a committee registration 14 days after he expected to receive or spend money on campaign. (Exhibit C).

On March 30<sup>th</sup>, 2004, the PDC responded to the co-complainants, affirming the complainants' allegations: "VWMC [Voters Want More Choices] and HUHT [Help Us Help Taxpayers] did not timely disclose the details of monetary contributions received during the months of January and February of 2004." (Exhibit D). Despite this finding, the PDC dismissed the complaint, offering the following justification in a letter to the co-complainants. From Exhibit D:

*We do not condone late filings or late reporting of campaign-related activities. However, because of extenuating circumstances involving the illness of the committees' data-entry operator (confirmed by PDC staff), the fact that certain information was reported only 11 days late, the misunderstanding by Mr. Eyman that his request for an extension had been approved, the filing history of both committees, and because all information was submitted well in advance of the due date to turn in signatures and the date of the 2004 general election, no enforcement action against Voters Want More Choices and Help Us Help Taxpayers is warranted.*

*Although we determined that the late reporting of contributor information did not warrant enforcement action, VWMC, HUHT and Tim Eyman will be cautioned to comply with all provisions of the disclosure law in future campaigns, including the timely disclosure of contributor information.*

*This action is consistent with previous action taken by Commission staff and the chair in dealing with similar complaints.*

That same day the Public Disclosure Commission sent a separate letter to Mr. Eyman, notifying him of the dismissal but warning him that future violations would be intolerable (Exhibit E):

*While we do not condone late filings or late reporting of campaign contribution information and related activities, the reports filed by VWMC and HUHT, and the failure to timely report contributor information do not warrant further enforcement action in this instance.*

*We are advising you to implement a back-up system for processing contributions and other PDC reporting requirements for any possible future contingency. **We will not entertain similar arguments from your committees in the future.***



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*Although we did not determine that the late reporting of those contributions rose to the level of enforcement action, **we hereby caution you that future failure to timely report all contribution and expenditure information will not be tolerated, and may result in enforcement action.***

On March 31<sup>st</sup>, 2004, co-complainant David Goldstein responded to the PDC's letter dismissing the complaint, inquiring as to why Mr. Eyman was dealt with so leniently, given his past violations of the public disclosure law (Exhibit F).

On August 26<sup>th</sup>, 2004, the complainant and two other co-complainants filed a new complaint against Mr. Eyman, his committees, and his associates, accusing them of a broad array of campaign finance and public disclosure violations, including conspiracy to commit wire fraud and mail fraud (Exhibit G).

On January 20<sup>th</sup>, 2005, PDC staff notified the co-complainants that the PDC had completed its investigation and had scheduled a Brief Enforcement Hearing for the following Tuesday (Exhibit H). On January 25<sup>th</sup>, 2005, the PDC fined Voters Want More Choices and Help Us Help Taxpayers \$150 each for multiple violations of RCW 42.17.080 and .090 (Exhibit I).

In light of these past transgressions, it is clear that Mr. Eyman and his associates have a reputation for blatantly disregarding the public disclosure law of Washington State. It is an understatement to say that the Public Disclosure Commission has treated Mr. Eyman and his committees with extreme patience and lenience in dismissing many past complaints. This generosity has not deterred Mr. Eyman and his associates from continuing to break the law.

The complainant requests that the PDC investigate the following violations of the public disclosure law promptly, and expects that enforcement action will be significant in keeping with the PDC's prior warnings to Mr. Eyman.

**Multiple Serious Violations of RCW 42.17.080 and 42.17.090:** The complainant alleges that as of February 14<sup>th</sup>, 2008, no *contribution or expenditure reports* have been filed by Mr. Eyman's committees for his most recent initiative effort, Initiative 985.

Facts (in chronological order);

- On December 18<sup>th</sup>, 2007, one of Mr. Eyman's associates (Leo Fagan) registered the domain name [www.reducecongestion.org](http://www.reducecongestion.org) for their initiative campaign. This expense has not been reported (Exhibit J).
- On December 30<sup>th</sup>, 2007, one of Mr. Eyman's committees (Voters Want More Choices) expended a "pledge to committee work" for the amount of \$42,029.77 to ReduceCongestion.org (Exhibit K). This pledge has not been reported by the recipient.



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- On January 3<sup>rd</sup>, 2008, Mr. Eyman and his associates filed a C1-PC form registering a new committee with the Public Disclosure Commission (ReduceCongestion.org). The PDC database, however, lists the date as January 8<sup>th</sup>, 2008 (Exhibit L).
- Initiative 985, referred to by Mr. Eyman as the ReduceCongestion initiative, was filed with the Secretary of State's office on January 4<sup>th</sup>, 2008.
- The complainant has obtained copies of fundraising solicitations from Mr. Eyman, by both U.S. mail and e-mail, urging supporters to contribute to the ReduceCongestion campaign (Exhibits M and N).
- The complainant has obtained a copy of a petition for Initiative 985, which contains the statement "Paid for by ReduceCongestion.org" with the corresponding address and telephone number provided on ReduceCongestion.org's C1-PC form (Exhibit O).
- An exhaustive search of the PDC's database (View Actual Reports, Search the Database sections on PDC website) show that as of February 14<sup>th</sup>, 2008 no other forms have been filed for ReduceCongestion.org since January 8<sup>th</sup>, 2008 besides the C1-PC. The deadline for filing contribution and expenditure reports each month, as established by RCW 42.17.080, is the 10<sup>th</sup> of each month (Exhibit P).
- The ReduceCongestion committee shares a U.S. post office mailbox with another of Mr. Eyman's committees, Voters Want More Choices, according to Mr. Eyman's website and the Initiative 985 petition sheet. The in-kind expenditure for this mailbox has not been reported by ReduceCongestion (Exhibit Q).
- The ReduceCongestion committee has undoubtedly expended funds to print petitions and fundraising letters for the purpose of qualifying Initiative 985 to the November 2008 general election ballot. These expenditures, and the minimal contributions received to permit said expenditures, have not been reported.
- On February 8<sup>th</sup>, 2008, in an email to supporters, Mr. Eyman wrote: "You'll be glad to know that super supporter Mike Dunmire has donated \$50,000 to I-985 -- let his support and generosity serve as a catalyst and inspiration for all of you to join him in supporting this common sense measure." This sizable contribution has not been reported. (See Exhibit M, page 58 for this e-mail).
- On February 11<sup>th</sup>, 2008, another of Mr. Eyman's committees (Help Us Help Taxpayers) did file its monthly reports. Listed on Schedule B was "a partial pledge for January office compensation" in the amount of \$7,650.03 to ReduceCongestion.org (Exhibit R). ReduceCongestion has not reported this pledge.

Mandatory regular forms not filed include:

- No C4 forms have been filed for ReduceCongestion since the date of the committee's organization. PDC rules, based on RCW, state that a "summary of Receipts and Expenditures is due with initial C-1PC report if contributions were received or



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expenditures made prior to registration and on the 10th of each month covering the proceeding months activity through July 10th of election year.”

- No Schedule A forms, which are due with the C4, have been filed for ReduceCongestion since the date of the committee’s organization. Each Schedule A form “identifies itemized expenses and deposits made for defined period.”
- No C3 forms have been filed for ReduceCongestion since the date of the committee’s organization. PDC rules, based on RCW, state that “All monetary contributions must be deposited within 5 business days of receipt; fill out a C-3 for each deposit. Prior to July 1, C-3 is due monthly; after July 1, file C-3 reports weekly on Monday.”

Schedule B forms may also be missing, if ReduceCongestion has received in kind contributions, pledges (as VMWC and HUHT reports indicate), orders, debts, or obligations, and Schedule L forms may be missing if ReduceCongestion has received any loans.

Finally, another of Mr. Eyman’s committees (Voters Want More Choices) has failed to timely submit contribution and expenditure reports for the month of January 2008. The last forms on record are dated January 11<sup>th</sup>, 2008, in the PDC database.

Given the seriousness of these allegations, the weight of Mr. Eyman’s history of public disclosure violations, the complainant requests a full investigation of all these matters, and any others that might turn up in the course of further investigation.

Mr. Eyman’s persistent efforts to obscure the source of contributions and the true nature of expenditures renders the public disclosure process useless, and thus warrants a thorough audit of all his recently active committees, including, but not limited to:

- ReduceCongestion.org,
- SaveOur30Tabs.com,
- Help Us Help Taxpayers,
- Voters Want More Choices

...as well as their officers’ personal financial records, and the records of major vendors, including Data Resources, Inc., Citizen Solutions, and Hawthorne & Co.

The complainant looks forward to cooperating with the Commission, and will provide supporting documentation upon request.



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The complainant further request being kept informed of the progress of the investigation, and be given the opportunity to comment on or refute any supposedly exculpatory evidence provided by Mr. Eyman and his associates.

A copy of this formal complaint has been forwarded to the Attorney General, the media, and other interested parties.

Thank you for your time and consideration,

Steve Zemke  
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[www.majorityrules.org/blog](http://www.majorityrules.org/blog)

CC: Knoll Lowney  
Smith & Lowney PLLC  
CC: Attorney General Rob McKenna  
CC: Traditional media and bloggers

(Encl separately: Documentation provided in Appendices.)