



State of Washington

PUBLIC DISCLOSURE COMMISSION

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May 5, 2022

Sent electronically to Rob Maguire, legal counsel for The Seattle Foundation

Subject: Complaint filed by Steven Sharkansky, PDC Case 92059

Dear Mr. Maguire,

Enclosed is a copy of an electronic letter sent to Steven Sharkansky concerning a complaint filed on May 25, 2021.

As noted in the electronic letter, that this was the initial complaint and first formal investigation conducted by PDC staff in which penalties are being assessed concerning an Incidental Committee since the statute took effect in 2019. The funds received or collected by the Seattle Foundation prior to January 1, 2019, that were part of interfund transfers that occurred after that date, were not subject to the Top 10 disclosure requirement since they were received prior to the statute's effective date.

PDC staff found the Seattle Foundation had no filing requirements with the PDC prior to 2019 as a political committee, had no prior PDC violations nor complaints previously filed against them, and that the Seattle Foundation, through its legal counsel, fully cooperated throughout staff's review and subsequent investigation. The Seattle Foundation completed a Statement of Understanding (SOU), acknowledged eight separate PDC violations and paid a \$1,000 civil penalty to resolve the allegations concerning the four late filed C-1ic Incidental Committee registrations and the four late filed C-8 Incidental Committee reports.

PDC staff has determined that, in this instance, the facts do not warrant further investigation or any additional enforcement action be taken against the Seattle Foundation. However, PDC staff is reminding the Seattle Foundation about the importance of timely filing incidental committee registrations, reporting and disclosure, and to comply with the incidental committee reporting requirements in the future, should additional contributions be made.

Based on this information, the PDC has dismissed this matter in accordance with RCW 42.17A.755(1). If you have any questions, please contact PDC Compliance Officer Kurt Young by e-mail at [pdc@pdc.wa.gov](mailto:pdc@pdc.wa.gov).

Sincerely,

Endorsed by:

s/ \_\_\_\_\_  
Electronically Signed Kurt Young,  
PDC Compliance Officer

s/ \_\_\_\_\_  
Electronically Signed Peter Lavalley  
PDC Executive Director



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May 5, 2022

Sent electronically to Stefan Sharkansky

Subject: Complaint regarding The Seattle Foundation, PDC Case #92059

Dear Mr. Sharkansky:

The Public Disclosure Commission (PDC) has completed its investigation of the complaint you filed against the Seattle Foundation on May 25, 2021. Specifically, the complaint alleged that the Seattle Foundation, a 501(c)(3) nonprofit community-based foundation violated: (1) RCW 42.17A.207 by failing to timely register a statement of organization (PDC Form C-1ic) for four Incidental Committees as required within two weeks for contributions made to four political committees in excess of \$25,000, and having received at least one payment in excess of \$10,000 in calendar years 2019, 2020 and 2021; and (2) RCW 42.17A.235 and .240 by failing to timely file Incidental Committee reports (PDC Form C-8) disclosing the monetary or in-kind contributions made from the Incidental Committee, and the ten largest sources of payments received above \$10,000 during the calendar year as required for the sponsor.

PDC staff reviewed your allegation listed in the complaint; the applicable statute(s) and rule(s) for an Incidental Committee, and the registration and reporting requirements for an Incidental Committee; and the responses to the complaint submitted by Rob Maguire, an attorney with Davis, Wright, Tremaine, a Seattle law firm representing the Seattle Foundation. Based on staff's review, we found the following:

- The Seattle Foundation is a 501(c)(3) nonprofit community-based foundation that was founded in 1946 and “*serves as a public charity facilitating and pooling donations used to address community needs and to support local nonprofits.*” The Seattle Foundation receives donations from individuals, families, businesses, and other organizations “*many of which are maintained in donor advised funds and/or subject to donor-imposed restrictions, such as endowments or scholarships.*”
- The complaint alleged that the Seattle Foundation (SF) failed to timely register and report as an incidental committee during calendar years 2019 and 2020 for making the following contributions: (1) a \$50,000 monetary contribution was reported as having been received from the Seattle Foundation on October 22, 2020, by Yes for Transit, a 2020 local City of Seattle transportation ballot measure; (2) a \$50,000 monetary contribution was reported as having been received from the Seattle Foundation on October 21, 2019, by Washington Fairness Coalition; and (3) a \$50,000 contribution was reported as having been received from the Seattle Foundation on October 18, 2019, by Keep Washington Rolling.
- PDC staff reviewed information on the SF website that included a link to the 2019 Form 990 filed by SF with the Internal Revenue Service (IRS), and under the Endowment Funds section of the form SF listed a beginning funds balance of more than \$328 million.

- The information indicated that in 2019, SF received more than \$18 million in contributions, more than \$61 million in Net Investments, earnings, gains and losses, and received more than \$11 million in grants and scholarships. Mr. Maguire stated that SF currently manages more than 1,200 separate and unique funds, which offer “a variety of grantmaking mechanisms, including grantmaking from unrestricted funds, advised funds, designated funds, area of interest funds, scholarship funds, and supporting organizations.”
- Mr. Maguire explained that the 1,200 separate funds under SF include four different types of funds including “designated funds”, which are funds established to benefit an identified public charity and may not be used to make political contributions or to contribute to a political committee. SF also has “advised funds,” which are funds from which a donor or designee may recommend distributions for specific charitable purposes or organizations, but funds may not be used to make political contributions or to contribute to a political committee.
- Mr. Maguire stated that most of the funds administered by SF “cannot contribute to political committees and are used for charitable purposes” and added that only Area of Interest Funds and Unrestricted Funds may make contributions to political committees. He stated “area of interest funds” are “established to benefit specific charitable purposes, geographic regions, and/or types of charities”, but that there is an exception for an SF donor who completes an SF intake form that allows the donor “the option of creating an Area of Interest Fund.” He stated “unrestricted funds” are funds that are received by the SF but are not subject to the restrictions listed for the other fund types, but he noted that unrestricted funds make up a small percentage or amount of the total donations received by SF.
- Mr. Maguire stated that unrestricted funds “are distributed in accordance with the standards and criteria set forth” in SF’s Operating Guidelines that includes prioritizing “certain community charitable needs in Washington, and specifically in King County.” He stated that while a donor may indicate the donor’s preference for an area of interest fund, all decisions about the donor’s gift are made relying on SF’s “extensive experience and reach with the community to know which needs are most pressing within your stated interest area(s). Accordingly, donors may not direct the funds to any particular recipient only indicate broad areas of interest.”
- Mr. Maguire confirmed SF made three contributions to the political committee and ballot measure committees listed in the complaint, and all three were made from different SF Area of Interest funds. In addition, Mr. Maguire acknowledged that the Seattle Foundation made a fourth contribution during calendar year 2021, from the same area of interest fund that made a contribution during calendar year 2020, as outlined below. The SF area of interest funds that made contributions to political committee or ballot measure committees included the following:

1. SF’s Climate Justice Area of Interest fund (CJF): CJF made a \$50,000 monetary contribution to Keep Washington Rolling on October 18, 2019. Mr. Maguire stated that CJF was created by SF in 2019, to develop strategies and partnerships to address and decrease the effects of climate change on low-income people and communities of color. He stated CJF exists to align SF’s philanthropic efforts towards “increasing climate justice for the most vulnerable communities.” He stated that CJF received \$265 in new donations during 2019, with the remainder of the funding coming from SF interfund transfers of \$254,250 from funds which were created prior to calendar year 2019, and that the gifts had not been designated or earmarked for political contributions.

Mr. Maguire stated that the \$254,250 included a total of \$54,500 received by CJF prior to making the contribution from eight donor advised fund (DAF) transfers, for an average of \$6,813 per transfer, and \$199,750 from ten interfund DAF transfers for an average of \$19,975, received after October 18, 2019. He stated CCI also received \$554,000 as an interfund transfer from an area of interest fund prior to the contribution being made.

Mr. Maguire further stated that after October 18, 2019, CJF received: (1) a \$265 online contribution through the SF website; (2) a \$25,000 individual gift received on December 31, 2019; and (3) a \$150,000 interfund transfer of an unrestricted bequest received post 10/18. SF listed that CJF made \$610,000 in total expenditures and disbursements in CY 2020, which included the \$50,000 monetary contribution made to Keep Washington Rolling, as well as the following: (1) \$100,000 to the Transportation Choices Coalition; (2) \$75,000 each to Na'ah Illahee Fund and Duwamish River Clean; and (3) \$50,000 each to 350 Seattle, Got Green, and the WA Environmental Council.

2. SF's Catalyzing Community Impact fund (CCI): CCI made a \$50,000 monetary contribution to Washington Fairness Coalition on October 21, 2019. Mr. Maguire stated that CCI was created by SF in 2019, to develop strategies and partnerships where people live to increase local civic participation, leadership and community organizing efforts. He stated CCI received \$5 in donations through SF's website in 2019, with the remainder of funding, totaling \$147,000, coming from SF interfund transfers of gifts that had been received in previous years and were not designated or earmarked for political contributions.

Mr. Maguire stated that the \$147,000 included \$47,000 in funds received by CCI prior to making the contribution from five DAF transfers for an average of \$9,400 per transfer, and \$100,000 from six interfund DAF transfers for an average of \$16,667, that was received after October 18, 2019. He stated CCI also received \$58,995 as an interfund transfer from an area of interest fund prior to the Washington Fairness Coalition contribution being made, and a \$150,000 interfund transfer of an unrestricted bequest received by SF in 2017 and transferred after the contribution had been made.

SF listed that CCI made \$50,750 in total expenditures and disbursements in CY 2020 that included the \$50,000 monetary contribution made to Washington Fairness Coalition and three \$250 grants to Eastside Pathways, India Association of Western WA, and Latino Community Fund.

3. SF's Civic Leadership Area of Interest fund 2020 (2020 CLF): 2020 CLF made a \$50,000 monetary contribution to Yes for Transit on October 22, 2020, as disclosed by the ballot committee. Mr. Maguire stated that the CLF fund was created in 2017, received most of its funding during calendar years 2017- 2020, and listed more than \$392,000 as the starting fund balance as of January 1, 2020.

During calendar year 2020, 2020 CLF received \$31,728 in donations from 86 donors through the SF website; \$4,000 in DAF grant transfers; \$1,150 through an employee giving program; \$1,000 as a corporate gift; and a \$25,000 individual gift received on December 31, 2020. Mr. Maguire stated that the 2020 CLF did receive one donation/gift more than \$10,000 after it made the \$50,000 contribution to Yes for Transit 2020, the \$25,000 gift listed above.

SF stated that 2020 CLF made \$58,000 in total expenditures and disbursements in CY 2020 that included the \$50,000 monetary contribution made to Yes for Transit, and an \$8,000 grant that was "made to Byrd Barr Place to support research on Black-led organizations."

4. SF's Civic Leadership Area of Interest fund 2021 (2021 CLF): 2021 CLF made a \$40,000 monetary contribution to Best Starts for Kids, a 2021 local ballot committee supporting a King County levy to benefit children on the August 3, 2021, primary election ballot. The beginning balance of the 2021 CLF was \$397,327.96 as a January 1, 2021, and during the year the fund received a \$150,000 "Interfund Transfer (Interest from per-existing funds Area of Interest and Community Funds"; a total of \$9,754 in "New Gifts" through the SF website from 41 donors; and a \$2,000 DAF Grant Transfer from one donor.

Mr. Maguire noted that after making the \$40,000 contribution to Best Start for Kids, the 2021 CLF “paused all grant-making until the incidental committee registration and reporting issue is resolved with the PDC.”

- On March 4, 2022, SF filed four Incidental Committee Registrations (C-1ic reports) and four Incidental Committee reports (C-8 report) disclosing information for four SF Area of Interest Funds for calendar years 2019 through 2021 for CJF, CCI, 2020 CLF and 2021 CLF.
- For calendar year 2019, CJF was required to file a C-1ic report within two weeks of making the \$50,000 contribution to Keep Washington Rolling or no later than November 1, 2019. In addition, CJF was required to file a C-8 report no later than November 1, 2019, disclosing the \$50,000 contribution made to Keep Washington Rolling, and the top 10 largest sources of payments of more than \$10,000.
- For calendar year 2019, CCI was required to file a C-1ic within two weeks of making the \$50,000 contribution to the Washington Fairness Coalition or no later than November 4, 2019. In addition, CCI was required to file a C-8 report no later than November 4, 2019, disclosing the \$50,000 contribution to the Washington Fairness Coalition, and the top 10 largest sources of payments of more than \$10,000.
- For calendar year 2020, based on the date 2020 CLF made the \$50,000 contribution to the 2020 Yes for Transit Committee, a C-1ic report was required to have been filed within two weeks of making the contribution or no later than November 5, 2020. In addition, 2020 CLF was required to file a C-8 report no later than December 10, 2020, disclosing the \$50,000 contribution made to Yes for Transit, and the top 10 largest sources of payments of more than \$10,000.
- For calendar year 2021, based on the date 2021 CLF made the \$40,000 contribution to Best Starts for Kids, a C-1ic was required to have been filed by CLF 2021 within two weeks of making the contribution or no later than August 6, 2021. In addition, 2021 CLF was required to file a C-8 report no later than September 10, 2021, disclosing the \$40,000 contribution made to Best Starts for Kids, and the top 10 largest sources of payments of more than \$10,000.
- On April 13, 2022, PDC staff received a Statement of Understanding (SOU) completed by the Seattle Foundation acknowledging a total of eight violations and paying a civil penalty of \$1,000 in accordance with WAC 390-17-143, the Brief Enforcement Penalty Schedule that included: (1) a \$500 penalty for four violations of RCW 42.17A.207, \$125 for each violation, for failing to timely register four statements of organization (PDC Form C-1ic) for four incidental committees as required for contributions made during calendar years 2019, 2020, and 2021; and (2) a \$500 penalty for four violations of RCW 42.17A.235 and .240, \$125 for each violation, for failing to timely file incidental committee reports (C-8 reports) for four incidental committees as required for contributions made during calendar years 2019, 2020, and 2021.

Staff’s findings include that: (1) this was the initial complaint and first formal investigation conducted by PDC staff in which penalties are being assessed concerning an Incidental Committee since the statute took effect in 2019; (2) the funds received or collected by the Seattle Foundation prior to January 1, 2019, and that were part of an interfund transfer that occurred after that date, were not subject to the Top 10 disclosure requirement since they were received prior to the statute’s effective date; (3) the Seattle Foundation had no filing requirements with the PDC prior to 2019 as a political committee; (4) the Seattle Foundation has no prior PDC violations nor complaints previously filed against them; and (5) the Seattle Foundation fully cooperated throughout staff’s review and subsequent investigation.

The Seattle Foundation completed the SOU, acknowledged eight separate PDC violations and paid a \$1,000 civil penalty to resolve the allegations concerning the four late filed C-1ic Incidental Committee registrations and the four late filed C-8 Incidental Committee reports.

Based on these findings staff has determined that, in this instance, the facts do not warrant further investigation or any additional enforcement action. However, PDC staff is reminding the Seattle Foundation about the importance of timely filing incidental committee registrations, reporting and disclosure, and to comply with the incidental committee reporting requirements in the future, should additional contributions be made.

Based on this information, the PDC has dismissed the allegations against the Seattle Foundation, in accordance with RCW 42.17A.755(1).

If you have questions, you may contact Kurt Young, Compliance Officer, by e-mail at [pdc@pdc.wa.gov](mailto:pdc@pdc.wa.gov).

Sincerely,

Endorsed by:

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

s/ \_\_\_\_\_  
Electronically Signed Peter Lavalley  
PDC Executive Director

cc: Rob Maguire, legal counsel for the Seattle Foundation

