

# Following the money takes patience

By Sue Lani Madsen

FOR THE SPOKESMAN-REVIEW

It's all very well to require campaign finance transparency but who's watching? With tax lawyers developing sophisticated loopholes faster than the Public Disclosure Commission adopts new rules, following the money has become a tortuous task.

Washington's PDC was created by ballot initiative 50 years ago by the Coalition for Open Government, seeking transparency in the political influence of money. The PDC website at [pdc.wa.gov](http://pdc.wa.gov) boasts that "Washington state's law is one of the most exhaustive disclosure laws in the country."

The law was updated in 2018 with the Disclose Act, championed by Sen. Andy Billig, D-Spokane, after a campaign to oppose a ballot initiative shuffled donations through a nonprofit corporation, hiding the original source of funds. Washington Senate Democrats called it a "nation-leading transparency measure to ensure campaign finance disclosure by nonprofits" by bringing the political activities of all corporations into the PDC system.

Digging through PDC information is indeed exhausting.



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interpret the trail.

Jim Hedemark has both. Hedemark is a public affairs professional who started his political career interning on Rep. Tom Foley's 1994 campaign. He went on to work for a variety of clients on the West Coast and New England. He was founder and executive director of a nonprofit in Rhode Island focused on teaching financial literacy, and has also managed Democrat and nonpartisan campaigns in Washington dealing with PDC compliance.

Hedemark's background sharpens his pattern recognition, and he has the professional curiosity to dig deeper when

With ever-more data gathered, it becomes easy for superficial pie charts to replace meticulous connecting of dots. Following the money requires dogged persistence as well as the observation skills of a Sherlock Holmes to

a pattern is broken. He wasn't paid to put in hours poring over PDC records. It started with a simple post-election question. How did a campaign committee to defeat Measure 1 led by four individuals with no political campaign experience raise and spend over half a million dollars?

Raised \$505,208.91 cash and in-kind, to be precise.

"The financial largess funneled to and through Justice Not Jails campaign committee would make even George Santos blush. It's unethical even if it's legal," Hedemark said. "It's difficult to hold a rookie campaign committee responsible for the obvious money-funneling. To quote the character Maude in 'The Big Lebowski,' I believe they were 'taken for the proverbial ride' by ridiculously compensated consultants and shell game sharks who smelled chum."

Income was straightforward, with only four cash donors. Two minor donors are 501c(3) nonprofit corporations, forbidden under federal law from participating in political campaigns for candidates although they can tiptoe through the tax code to support issue-related advocacy like Measure 1. The Smith-Barbieri Progressive Fund put in \$2,400 and the Fuse Innovation

Fund contributed \$20,000.

The two primary cash donors are health-related 501c(4) nonprofits with more political flexibility. Inatai Foundation was formed when the nonprofit Group Health Cooperative was sold to Kaiser Permanente. Empire Health Community Advocacy Fund is a wholly owned subsidiary of the Empire Health Foundation, a 501c(3) nonprofit. Each corporation contributed \$240,500 cash to Justice Not Jails. The Empire Health Community Advocacy Fund also made in-kind contributions. According to detailed PDC reports, that included 5.5 hours staff time for "organizing and budget consulting," use of event space and phone banking.

Money goes in, money comes out and the PDC requires campaigns to report every penny. Where did it go? "To begin with, committee chairs paying themselves is highly irregular if not unheard of," Hedemark said. "Who suggested payment of \$30,000 to the four committee chairs and what services did they provide?"

Apparently the \$7,500 each for a "campaign administrative stipend" wasn't enough for Stanley Harewood and Angelique Sam. They each received an additional \$300 for "video testimony

stipend."

Then there's \$90,000 to Spokane Community Against Racism PAC from Justice Not Jails on Oct. 11. Three days later, SCAR reported sending \$89,910 to Seattle-based Our Votes Count PAC. According to Hedemark's digging, Our Votes Count then reported spending over \$13,000 on direct mail and canvassing to benefit Spokane mayoral candidate Lisa Brown, council president candidate Betsy Wilkerson and other Spokane council candidates.

"The Justice Not Jails campaign operations are an overt mockery of Sen. Billig's nonprofit transparency legislation," Hedemark said.

Somehow four campaign newbies managed to execute a highly sophisticated multistep transfer of funds originating from a Spokane nonprofit, passing through three PACs across the state and back to fund independent expenditures to support candidates in addition to defeating Spokane County Measure 1.

The Disclose Act needs work to make shuffling money going out through nonprofits and PACs as transparent as donations, or else it will be voters who are taken for a ride in 2024.

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