

## Description or Summary of Alleged Violation

AS 15.13.040(d) requires that, every person making an independent expenditure shall make a full report of the expenditures made and contribution received. The report must be filed in accordance with AS 15.13.110(h) and must contain an itemized list of all expenditures and detail about all contributions (AS 15.13.040(e)).

According to statute, an expenditure is “a purchase or a transfer of money or anything of value, or promise or agreement to purchase or transfer money or anything of value, incurred or made for the purpose... of influencing the outcome of a ballot proposition or question” (15.13.400(6)). An expenditure is independent if it “is made without the direct or indirect consultation or cooperation with, or at the suggestion or the request of, or with the prior consent of, a candidate, a candidate's campaign treasurer or deputy campaign treasurer, or another person acting as a principal or agent of the candidate” (15.13.400(10)). A contribution includes the gift of services for which charge is ordinarily made, that is made for the purpose of influencing a ballot proposition or question (15.13.400(4)). And, according to APOC regulations, a contribution does not include the provision of a service or facility to a group if the entity providing the service or facility is paid at a commercially reasonable rate within a commercially reasonable time (2 AAC 50.990((7)(vii)).

According to reports available on the APOC website, the respondent has reported only 3 expenditures to Northwest Strategies in independent expenditure reports since beginning to work with the agency in April of 2014 – a single payment to Northwest Strategies for “social media” on June 10th, a liability incurred for “logo, website and social media development” on May 23rd and another liability incurred for “media and advertising” on July 10th. Respondent has not reported any contributions from Northwest Strategies.

Based on publicly available materials and information, we know that Northwest Strategies has done considerable work for the respondent. The respondent has employed the facilities and resources of Northwest Strategies to write and distribute press releases, work with reporters and members of the media, arrange media interviews, design and manage the campaign website, design logos, presentations and other materials, design and manage social media channels, and engage in public speaking (see Attachment A). Based on public statements made by Kristina Woolston, spokesperson for respondent and majority owner of Northwest Strategies (see Attachment B), we know that Northwest Strategies is “donating its time for the cause” (see Attachment C).

We also know that they believe describing themselves in this way is politically beneficial to their efforts. At the Anchorage Chamber of Commerce debate on July 21, 2014, Ms. Woolston described herself consistently as a “volunteer,” based on her representation of the relationship between the “Vote No” campaign and her advertising firm which is “donating its time to the cause,” and she even went so far as to attack a representative of the “Vote Yes” campaign as being a “paid spokesperson” (see audio recording available at <http://www.alaskapublic.org/2014/07/18/marijuana-legal/>).

Based on this information, it is clear that respondent is not disclosing their contributions as required by AS 15.13.040. Despite Ms. Woolston's statement that her agency is "donating its time" and the evidence of all the work done by various employees of Northwest Strategies, respondent has not disclosed even a single contribution from Northwest Strategies. There is no disclosure about how services provided by Northwest Strategies' employees that do not fit within the description of the independent expenditures already disclosed were paid for, such as the various media relations activities (writing and distribution of press releases, interactions with reporters and members of the media, arrangement of media interviews, etc) that have been provided since April of 2014. Unless respondent has failed to disclose additional expenditures, Northwest Strategies is not being paid a commercially reasonable rate for the performance of these services that they ordinarily charge a fee to perform. The contributions of Northwest Strategies' staff time are a gift of services for which charge is ordinarily made for the purpose of influencing the election. For this reason, the value of these services must be reported by respondent as a contribution from Northwest Strategies.

Additionally, the Northwest Strategies activities that were disclosed as "debts incurred" (such as the \$11,650 paid for "logo, website and social media development" on May 23rd) or expenditures paid (such as the \$5,000 "social media" expenditure on June 10th) should have been reported as in-kind contributions if Northwest Strategies is truly "donating its time" to the campaign.

The only reasonable alternative is Northwest Strategies and their employees are in fact paid consultants and not actually donating their "time for the cause," despite their public statements to the contrary. If this is the case, then they are engaged in a duplicitous campaign to deceive the media and the public into believing that they are volunteers, ostensibly because they feel this will help them defeat Ballot Measure 2. Again, Northwest Strategies' majority owner, Kristina Woolston, is serving as the official spokesperson for "Big Marijuana. Big Mistake. Vote No on 2." She can only call herself a volunteer (and attack the "Vote Yes" spokesperson for being paid) if it is true that her advertising agency has been "donating its time" to the campaign since April of 2014.

I hereby request that the Alaska Public Offices Commission investigate and examine all reports, statements and records required to be maintained by respondent, and require respondent to comply with Alaska political disclosure laws. APOC should seek to obtain any and all relevant documents, including 1) any signed contractual agreement(s) that may or may not exist between the respondent and Northwest Strategies, 2) any detailed invoice(s) that may have been issued from Northwest Strategies to the respondent, and 3) any other relevant documents detailing hours spent, hourly rates, so-called "hard costs" of advertising, etc.