

**BEFORE THE SEATTLE ETHICS AND ELECTIONS COMMISSION**

In the Matter of	)	
CITIZENS FOR A	)	No. 96-2-0201-1
COMMUNITY BASED	)	
CITY COUNCIL	)	PROPOSED SETTLEMENT
	)	With Thomas Stewart

This proposed settlement is the culmination of an investigation, legal review and correspondence and discussion between the parties and their counsel pursuant to an audit of the Citizens For A Community Based City Council which produced evidence that gave the Executive Director reason to believe that a violation of the Seattle Elections Code had occurred. The following findings, conclusions and agreements will be binding upon the parties to this agreement, their successors, heirs and assigns, if the agreement is fully executed, and if accepted by the Seattle Ethics and Elections Commission, and not otherwise.

**STIPULATED FINDINGS OF FACT**

1. Thomas Stewart owns more than fifty percent (50%) of the voting shares of Services Group of America, a corporation located at 4025 Delridge Way S.W., Seattle, Washington 98106.
2. In June 1995, Mr. Stewart was informed by Richard Schrock, a campaign consultant for Citizens For A Community Based City Council (CCBCC), that CCBCC needed approximately thirty-five thousand dollars (\$35,000) to pay signature gatherers to ensure that the Fall ballot would include the proposed Seattle City Charter amendment that would change the election of city councilmembers from at-large to election from districts of residence.
3. Mr. Stewart supported a change in the way council members are elected, so he wanted to support this effort. Mr. Stewart did not, however, wish to have his name or Services Group of America on a list of contributors to the CCBCC campaign, because he was seeking a permit from the then current Seattle City Council to locate a helicopter pad on the Services Group of America property. Mr. Stewart's dispute with the City over the helicopter pad had been active for several years.
4. Thus, Mr. Stewart discussed with Larry Riggs, President of Services Group of America, the possibility of providing the funds for a thirty-five thousand dollar (\$35,000) CCBCC contribution to someone who would write the contribution check. Mr. Riggs agreed to ask Thomas Benton, a developer who had expressed frustration with the City in his business and who would probably agree to act as the contributor and accept reimbursement from Mr. Riggs.
5. On or about June 30, 1995, Mr. Riggs contacted Mr. Benton and gave him a check for thirty-five thousand dollars (\$35,000) drawn on Mr. Riggs's account, in return for a thirty-five thousand dollar (\$35,000) check written to CCBCC. Later, Mr. Stewart reimbursed Mr. Riggs for the thirty-five thousand dollars (\$35,000) from Services Group of America funds. This contribution was

reported by CCBCC as received from Mr. Benton on July 3, 1995 and appeared on a C-3 report timely filed on July 21, 1995 with the Seattle City Clerk and with the Washington State Public Disclosure Commission. Sufficient signatures were gathered to place the proposed charter amendment on the November 7, 1995 ballot.

6. In late October 1995, Mr. Schrock, or someone representing CCBCC, told Mr. Stewart that CCBCC needed twenty-five thousand dollars (\$25,000) for advertising just before the November 7 election, to counter advertising by the opponents to the charter amendment. Mr. Stewart was told or understood, however, that he could not just submit a twenty-five thousand dollar (\$25,000) check to the campaign, because the law prohibits contributions of more than five thousand dollars (\$5,000) during a period close to the general election.

7. Mr. Stewart and Mr. Riggs agreed that Mr. Stewart would find two people to write contribution checks to CCBCC for five thousand dollars (\$5,000) each and Mr. Stewart would use Services Group of America funds to give the two people the ten thousand dollars (\$10,000) to cover the checks. They further agreed that Mr. Riggs would find three people to write checks for five thousand dollars (\$5,000) each and Services Group of America would give Mr. Riggs the fifteen thousand dollars (\$15,000) to cover the checks, but Mr. Riggs would eventually pay back the fifteen thousand dollars (\$15,000) to Services Group of America.

8. On or about October 26, 1995, Mr. Stewart had lunch with Mr. John Y. Kita at the Busch Garden Restaurant in the International District. Mr. Stewart has known Mr. Kita for nearly 30 years. Mr. Stewart told Mr. Kita that he had a ten thousand dollar (\$10,000) check for him, drawn on the Services Group of America account, and asked that Mr. Kita write a five thousand dollar (\$5,000) check to CCBCC and ask his partner, Cody Rembe, to do the same. Mr. Stewart gave Mr. Kita the address of CCBCC, so he could mail the checks to them.

9. After lunch, Mr. Kita took the ten thousand dollar (\$10,000) check from Mr. Stewart, returned to his office and asked Mr. Rembe to write a five thousand dollar (\$5,000) check to CCBCC to assist Mr. Stewart who had provided the money to reimburse him for the five thousand dollar (\$5,000) contribution. Mr. Rembe wrote a five thousand dollar (\$5,000) personal check to CCBCC. Mr. Kita then wrote a five thousand dollar (\$5,000) personal check to CCBCC and mailed his check and Mr. Rembe's check to CCBCC. These contribution checks were reported by CCBCC as received from Mr. Kita and Mr. Rembe on October 28, 1995 on a C-3 which CCBCC filed with the Seattle City Clerk and with the Washington State Public Disclosure Commission on October 31, 1995.

10. On or about October 28, 1995, Mr. Riggs played golf with Mr. Neil F. Wakley and asked him to write a check for five thousand dollars (\$5,000) to CCBCC and he would pick up the contribution check and leave a check for five thousand dollars (\$5,000) to cover the contribution. On October 30, 1995, Mr. Riggs went to Mr. Louis Cozzetti's business on N.E. 116th in Bellevue, Washington, gave Mr. Cozzetti a personal check for five thousand dollars (\$5,000) and asked him to write a check to CCBCC, which he would then have delivered to the campaign. Mr. Cozzetti took Mr. Riggs's check, wrote a personal check to CCBCC and gave it to Mr. Riggs. Mr. Riggs

then went to the office across from Mr. Cozzetti and gave Mr. Lewis Brunhaver a personal check for five thousand dollars (\$5,000) and asked that he write a personal check for five thousand (\$5,000) to CCBCC, which Mr. Riggs then took with him. Mr. Riggs then went to Mr. Wakley's office on N.E. 108th, in Bellevue, Washington, and picked up Mr. Wakley's personal check for five thousand dollars (\$5,000) payable to CCBCC. Mr. Riggs took the checks back to his office and asked a Services Group of America employee to have the three checks delivered to CCBCC.

11. The contribution checks from Mr. Wakley, Mr. Cozzetti and Mr. Brunhaver were deposited by CCBCC on November 1, 1995. They should have been reported on November 3, 1995, but CCBCC did not report them until January 10, 1996. On a C-3 filed by CCBCC on January 10, 1996 with the Seattle City Clerk and with the Washington State Public Disclosure Commission the checks were reported as received on November 3, 1995.

12. Mr. Stewart admits that he intended to conceal his identity and the identity of Services Group of America as the source of the sixty thousand dollars (\$60,000) campaign contributions made to CCBCC in 1995 (\$45,000 from Mr. Stewart and Services Group of America and \$15,000 from Mr. Riggs). Mr. Stewart wished to conceal from the then current City Council his identity as a major contributor to the CCBCC campaign, because for the past few years, he had been involved in a dispute with the City regarding a helicopter pad that he wanted a City Council permit to locate on his business property. In addition, Mr. Stewart wished to conceal from the public his identity as the source of the contributions because he did not want the public to perceive that the CCBCC campaign was only supported by large corporate interests. Mr. Stewart assumed that if he contributed to the campaign in his own name or in the name of Services Group of America, that would become known to the City Council and to the public.

13. When he became aware of the Executive Director's investigation of this matter, Mr. Stewart came forward with his admission of the facts stated above and cooperated fully with the Executive Director. In fact, he advised the Executive Director of three contributions about which she had no previous knowledge ( contributions to CCBCC from Benton, Kita and Rembe).

#### RELEVANT PROVISIONS OF LAW

14. SMC 2.04.290(A) provides:

No contribution shall be made and no expenditure shall be incurred, directly or indirectly, in a fictitious name, anonymously, or by one person through an agent, relative, or other person in such a manner as to conceal the identity of the source of the contribution or in any other manner so as to effect concealment.

15. Seattle Ethics and Elections Commission Elections Code Rule 4.13 provides:

Any contribution made by a corporation in which one individual owns a majority of the voting shares of such corporation shall be attributed to the individual owning

the majority of the voting shares. Such contributions shall be reported on a C-3 as contributions from the individual owning the shares and the amount of the contribution shall be included in the individual's aggregate contributions to the campaign. A note shall accompany the C-3 report that includes the amount of the contribution, the name and address of the corporate entity and the name of the individual to whom the contribution was attributed.

## CONCLUSIONS OF LAW

16. The Executive Director finds that there are reasonable grounds to believe that Mr. Thomas Stewart violated SMC 2.04.290(A) when, through Mr. Riggs, he provided Mr. Thomas Benton with thirty-five thousand dollars (\$35,000) to make a campaign contribution to CCBCC with Mr. Benton's personal check and the contribution was made and reported as a contribution from Thomas Benton.
17. The Executive Director finds that there are reasonable grounds to believe that Mr. Thomas Stewart violated SMC 2.04.290(A) when Mr. Stewart gave Mr. John Y. Kita ten thousand dollars (\$10,000) from which Mr. Kita was to make a campaign contribution of five thousand dollars (\$5,000) to CCBCC with his personal check, and that contribution was made and reported as a contribution from Mr. John Y. Kita.
18. The Executive Director finds that there are reasonable grounds to believe that Mr. Thomas Stewart violated SMC 2.04.290(A) when Mr. Stewart gave Mr. John Y. Kita ten thousand dollars (\$10,000) from which Mr. Rembe was to make a campaign contribution of five thousand dollars (\$5,000) to CCBCC with his personal check, and that contribution was made and reported as a contribution from Mr. Cody Rembe.
19. The Executive Director finds that there are reasonable grounds to believe that Mr. Thomas Stewart violated SMC 2.04.290(A) when Mr. Stewart authorized the use of fifteen thousand dollars (\$15,000) in Service Group of America funds for Mr. Riggs to distribute to three persons who would each make campaign contributions to CCBCC by writing five thousand dollars (\$5,000) personal checks to CCBCC and one of those contributions was made and reported as a contribution from Mr. Neil F. Wakley.
20. The Executive Director finds that there are reasonable grounds to believe that Mr. Thomas Stewart violated SMC 2.04.290(A) when Mr. Stewart authorized the use of fifteen thousand dollars (\$15,000) in Service Group of America funds for Mr. Riggs to distribute to three persons who would each make campaign contributions to CCBCC by writing five thousand dollars (\$5,000) personal checks to CCBCC and one of those contributions was made and reported as a contribution from Mr. Louis Cozzetti.
21. The Executive Director finds that there are reasonable grounds to believe that Mr. Thomas Stewart violated SMC 2.04.290(A) when Mr. Stewart authorized the use of fifteen thousand

dollars (\$15,000) in Service Group of America funds for Mr. Riggs to distribute to three persons who would each make campaign contributions to CCBCC by writing five thousand dollars (\$5,000) personal checks to CCBCC and one of those contributions was made and reported as a contribution from Mr. Lewis Brunhaver.

## AGREEMENT

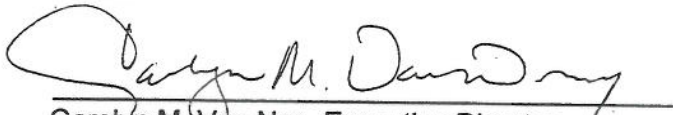
22. Thomas Stewart admits that he has violated the Seattle Elections Code by concealing the source of the contributions that he and his company, Services Group of America, made to the CCBCC campaign in 1995. As a result, he agrees to pay the City the amount of the illegal forty-five thousand dollar (\$45,000) campaign contributions that were made by him and his company. Therefore, he agrees to deliver to the Commission at the meeting at which this agreement is accepted, tentatively June 5, 1996, forty-five thousand dollars (\$45,000) in a negotiable instrument, payable to the City of Seattle.
23. The signatory parties, including the Executive Director, the Seattle Ethics and Elections Commission and Mr. Thomas Stewart (the parties), agree that this settlement agreement, upon the Commission's approval, will constitute, insofar as is legally possible, a full and final settlement between the parties, as to all facts, actions, controversies and matters that have occurred or may have occurred relating to campaign contributions to CCBCC in the names of Thomas Benton, John Kita, Cody Rembe, Neil F. Wakley, Louis Cozzetti, and Lewis Brunhaver when the source of the funds was Services Group of America, Thomas Stewart or Larry Riggs, and each of the parties does forever release, acquit and discharge each party, its present or former officials, employees, agents, representatives, heirs and assigns from all present and future claims, demands, damages, costs (specifically including attorneys' fees and costs), action or cause of action arising out of or in any way related to campaign contributions to CCBCC in the names of Thomas Benton, John Kita, Cody Rembe, Neil F. Wakley, Louis Cozzetti, and Lewis Brunhaver when the source of the funds was Services Group of America, Thomas Stewart or Larry Riggs, or arising out of or in any way related to the acts or omissions of the Commission, its members, agents, or employees in handling the matter filed under Ethics and Elections Commission Case No. 96-2-0201-1 and any events related thereto.
24. The parties agree that the Commission's review of this proposed settlement agreement does not preclude the Commission from hearing this case in the event that the Commission rejects this agreement and calls for a hearing or that Thomas Stewart rejects this agreement or any modification thereof and requests a hearing.
25. The parties agree that this settlement agreement incorporates and supersedes any and all other oral and written agreements and assurances of any and all kinds between the parties, and that there are no other written or oral agreements that alter or modify this agreement.
26. The parties agree that if Mr. Stewart breaches this agreement, the Commission will be entitled to hold a special meeting or a regular public meeting to issue a determination that Mr. Stewart has

violated the Seattle Elections Code and to issue an order imposing a sanction of one thousand dollars (\$1,000) for each violation listed in this agreement in paragraphs 16, 17, 18, 19, 20 and 21 under **CONCLUSIONS OF LAW**, pursuant to SMC 2.04.500.

Date: 5/28/96  
Seattle, Washington

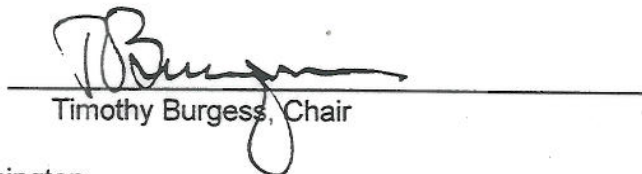
  
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THOMAS STEWART

Date: 5-28-96  
Seattle, Washington

  
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Carolyn M. Van Noy, Executive Director,  
Seattle Ethics and Elections Commission

FOR THE SEATTLE ETHICS AND ELECTIONS COMMISSION

Date: 6/5/96

  
\_\_\_\_\_  
Timothy Burgess, Chair

Executed at Seattle, Washington

This action was reviewed and approved by the Commission at its regular meeting of June 5, 1996.  
The Commission members voting to take this action were:

- Timothy Burgess, Chair
- Lue Rachelle Brim-Atkins
- Daniel J. Ichinaga
- John A. Loftus
- Catherine L. Walker
- Jeri A. Rowe

Commission member Marc A. Boman has recused himself from this matter.