

# STATE OF WASHINGTON PUBLIC DISCLOSURE COMMISSION

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## BEFORE THE PUBLIC DISCLOSURE COMMISSION OF THE STATE OF WASHINGTON

IN RE COMPLIANCE WITH RCW 42.17A	)	PDC CASE NO: 12-160
Aaron Reardon	)	REPORT OF INVESTIGATION
Respondent.	) ) )	

#### I. BACKGROUND

1.1 On February 22, 2012, Ms. Anne K. Block filed a complaint with the Public Disclosure Commission alleging that Aaron Reardon used or authorized the use of public facilities to assist his 2011 campaign for Snohomish County Executive, an alleged violation of RCW 42.17A.555 – Use of public office or agency facilities in campaigns – Prohibition – Exceptions. In addition, Block alleged that Reardon used public funds and county resources to support his personal affair with Snohomish County employee, Tamara Dutton in violation of RCW 42.20.070 – Misappropriation and Falsification of accounts by public officer.

## II. <u>ALLEGATIONS IN COMPLAINT</u>

- 2.1 In her complaint, Ms. Block alleged that Aaron Reardon violated RCW 42.17A.555 by allegedly using Snohomish County cell phones for campaign activities during his re-election campaign in 2011.
- 2.2 Block alleged that Reardon violated RCW 42.20.070 by using Snohomish County public funds and other county resources to support his personal affair with Snohomish County employee Tamara Dutton.

## III. <u>FINDINGS</u>

3.1 On March 8, 2012, PDC Staff notified Ms. Block that the PDC investigation had been put on hold due to an on-going Washington State Patrol criminal Aaron Reardon Report of Investigation PDC Case Number 12-160 Page - 2 -

> investigation into allegations of misuse of public funds and county resources by Mr. Reardon. This investigation was closed with no further action taken on the allegations.

- 3.2 On or about June 25, 2012,the Washington State Patrol completed their investigation. The PDC immediately initiated the investigation into the other portion of Block's complaint. Information was requested from the Island County Prosecutor and a Public Records Request was sent to Snohomish County requesting Reardon's calendars, electronic and hardcopy documents and Snohomish County Cell phone records.
- 3.3 The following individuals were interviewed during this investigation: Mr. Aaron Reardon, Mr. John Gary Haakenson, Ms. Nancy L. Peinecke and Mr. Brian Parry, individuals who had direct knowledge of activities within the Snohomish County Executive's Office and Mr. Reardon's personal friend Ms. Tamara Dutton. In addition, Mr. Colby Underwood, of Colby Underwood Consulting was interviewed and documents requested. Documents were also requested from Fletcher and Rowley Inc., Campaign Media team from Nashville, Tennessee and from TR Strategies (Political Consultants), Olympia, Washington.
- 3.4 An overview of the interviews indicated that there were many conflicts between the different parties' recollections of events that occurred in 2011.
  - a. Reardon, Peinecke, Haakenson and Parry all stated that Underwood meet with Reardon in his office on occasions. However Reardon qualified the statement by saying, campaigning issues were not discussed in the County Executive's office.
  - b. Reardon stated Underwood was under contract with Snohomish County to provide advice to the County Executive. Underwood and Snohomish County stated that Underwood was not under contract with Snohomish County. Underwood also stated that he performed no work for the county.
  - c. Reardon claimed that Underwood, Terry Thompson (TR Strategies) and John Rowley were close friends that advised him on current events within Snohomish County and the Puget Sound Region. However a check of Reardon's Snohomish County cellphone revealed that prior to the start of election season 2011 (January 2011), there were only 16 calls made to Reardon from Underwood and Thompson. There were no calls made from John Rowley, of Fletcher and Rowley, Inc.
  - d. Late in the investigation, during a review of Reardon's Snohomish County Cellphone records, a fourth political consultant was found to

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have phoned and texted Reardon on several hundred occasions. This consultant was Mr. Zachary Shelton, a management specialist, who was paid in excess of \$21,000 from Reardon's campaign funds.

e. During the period December 9, 2010 through November 2011, Reardon had 3019 minutes of telephone calls and 1186 text messages on his Snohomish County cellphone. These calls were to Mr. Colby Underwood of Colby Underwood Consultants (Campaign Fundraising specialists), Mr. Terry Thompson of TR Strategies (General Political consultants), Mr. John Rowley of Fletcher and Rowley Inc. of Nashville Tennessee (Campaign Media Specialists) and Mr. Zachary Shelton (Campaign management specialists). The total amount of time used equated to 50 hours and 20 minutes of usage by Reardon on his Snohomish County Cellphone for campaigning purposes. Also included in these figures is an overcharge of \$141.25 to the taxpayers of Snohomish County for exceeding the allotted minutes allowed on the Snohomish County Cellphone.

#### 3.5 **Snohomish County Cellphone Usage for Campaign Activities:**

December 9, 2010 through November 2011 Snohomish County telephone records indicate that Snohomish County Executive Aaron Reardon used his county issued cellphone for campaign related activities. A total of **3019** minutes of call time and **1251** text messages.

**Exhibit 1** shows a total of **1640** minutes, with a \$141.25 overcharge to the citizens of Snohomish County for calls and **246** text messages made between Reardon and Terry Thompson of TR Strategies, Olympia, WA (General Political Consulting activity).

**Exhibit 2** shows a total of **196** minutes with no overcharge for calls and **85** text messages made between Reardon and John Rowley of Fletcher and Rowley, Inc., Nashville, Tennessee (Political Media Consultants – produced campaign commercials for Reardon).

**Exhibit 3** shows a total of **591** minutes with no overcharge for calls and **314** texts messages made between Reardon and Colby Underwood of Colby Underwood Consultants, Seattle, WA (Fund Raising specialists).

**Exhibit 4** shows a total of **592** minutes with no overcharge for calls and **606** text messages made between Reardon and Zachary Shelton, Campaign Management.

#### 3.6 **Snohomish County Facilities Usage for Campaign Activities:**

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Reardon mentioned he held meetings in his county office with Colby Underwood. Reardon said Colby Underwood was a contracted advisor to the Snohomish County Executive. (**Exhibit 5** – Reardon Interview). When Colby Underwood was interviewed he stated he held no meetings in the county executive's office and would only go to the county executive's office to get Reardon and take him off campus to discuss campaign strategies and issues. Underwood said he did not have any official business with Snohomish County. (**Exhibit 6** – Interview of Underwood) Haakenson, Parry and Peinecke saw Underwood in Reardon's office on occasion, however did not know what was being discussed, since they was not invited to join the conversation. Peinecke added that most of the time Reardon and Underwood would go off campus. (**Exhibit 7** – Interview with Haakenson, **Exhibit 8** – Interview with Parry and **Exhibit 9** – Interview with Peinecke)

Hulten wrote a journal (**Exhibit 10** – Hulten's Journal) that was uncovered on his laptop when the county confiscated the laptop. The following are excerpts from that journal:

- a. "...Am I just a tool to be used for the black hat jobs..."
- b. "My special projects work doesn't seem to count for anything with regard to my career, but it is sure used against me."
- c. "I spent thousands of dollars to create a series of shell companies so I can engage in battle with the f\*\*\*\*\*\*\* PA and the council on your behalf."

Reference excerpt C above, the HeraldNet on July 7, 2014 (**Exhibit 11**-HeraldNet Article) wrote in part:

"The materials were found as part of the investigation into Hulten's "Edmond Thomas" activities. The same investigation turned up hundreds of records that had been earlier deleted, detailing political work Hulten did for Reardon while on the county's time."

During the interview with Reardon, he stated that Underwood was on contract with Snohomish County as an Advisor for the County Executive. I requested that Snohomish County verify whether Underwood was under contract with Snohomish County. The response from Snohomish County indicated that Colby Underwood was not directly paid or under contract with the Snohomish County. (Exhibit 12)

- 3.7 The following are brief synopsis of the interviews conducted:
  - I. On July 30, 2015, Tamara Dutton was interviewed and confirmed she had an affair with Reardon for approximately six years. During that time Reardon discussed his political activities in the car, restaurants, in motels while on vacations and in his office. Reardon went to Olympia on county time to conduct campaign business.

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Reardon would disguise appointments on his calendar so he could spend time with Dutton. Reardon fired his executive assistant (Amy Ockerlander) so he would be able to hire Kevin Hulten to conduct "dirty" work on behalf of Reardon. One of the activities Hulten was involved with was "Clowns of Midnight". This group was used to bash people and Reardon's opponent, Mike Hope.

Dutton stated that Reardon played "Dirty Politics" and was a member of a Secret Club. She believed members of the Secret Club consisted of Senator Steve Hobbs, Jon Rudicil, John Pennington, Terry Thompson and Bryan (LNU).

II. On December 9, 2011, Amy P. Ockerlander was interviewed by the Washington State Patrol, as part of their on-going investigation. During the interview Ms. Ockerlander stated that she had worked for the Snohomish County Executive from July 2007 through January 2011. When Ockerlander was asked what prompted her to be moved to the Surface Water Management Division she stated the following:

"Uh, I was brought in the Monday after Christmas last year to the Deputy Executive's office and told I no longer had a position in the executive office, that I'd been replaced and that there was a uh, identified means in the Surface Water Management Division and I had an opportunity to take that role if I so chose. In other words I was no longer employed with the county....they had hired Kevin Hulten as my replacement."

III. On September 10, 2015, Colby Underwood was interviewed and stated he provided political consulting services for the Reardon campaigns from 2003 through 2011. Underwood states that none of his discussions with Reardon were county business. Underwood was a political consultant and friend, who would sit on top of the kitchen cabinet and discuss current policies and issues floating around Snohomish County and the Puget Sound Region.

On occasion Underwood would meet Reardon at his county office, they would walk off county property, go to a coffee shop, Reardon's home or other locations and discuss campaign issues. Underwood stated that no campaigning was discussed in the Executive's Office.

Underwood had no formal contracts with Snohomish County to provide advice to Reardon. Underwood would email list of donors to Reardon, who would in-turn call the potential donors. Underwood qualified the statement by saying that Reardon would call the potential donors on his own time. These phone calls were for political

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fundraising and strategic planning. Underwood again stated he had no business with Snohomish County and all campaign work was done off site.

Underwood had not heard anything about a "Slush Fund", however had heard of "Office Funds", which elected officials would use to pay for their expenditures while travelling.

IV. On October 23, 2015, Aaron Reardon was telephonically interviewed and stated that meetings with Underwood could take place at his office, however if campaign related they would take place off campus at a Starbucks, at his home or some other location. Reardon said meetings he had with Underwood in the County Executive's Office were to discuss county business with Reardon and County staff. Underwood was not a county employee or with the county staff, he was on contract with Snohomish County as an advisor to the County Executive.

Reardon stated Ockerlander was not terminated just transferred to a position with the Surface Water Management Division as a project manager/developer. Hulten was hired due to the existing opening.

Information given by Reardon, lead me to conduct further research of the phone and text records received from the Washington State Patrol's investigation in 2012. The information indicated that prior to the 2011 campaign season, Reardon only made a total of **16** calls (totaling 41 minutes) to TR Strategies (Terry Thompson) and to Colby Underwood from November 2008 through December 2010 on his Snohomish County cellphone. Also during this time no calls were made to Rowley at Fletcher and Rowley, Inc. Nashville, Tennessee.

- a. In 2008, Reardon's County Executive cell phone showed 2 calls to Terry Thompson on November 7, 2008 and December 6, 2008 for a total of 2 minutes. 5 calls to Underwood on October 29, 2008 through December 6, 2008 for a total of 13 minutes and \$2.80 over minutes charge. No calls were made to John Rowley of Fletcher and Rowley, Nashville, Tennessee.
- b. In 2009, Reardon's County Executive cell phone showed 2 calls to Colby Underwood on January 23, 2001 totaling 8 minutes of air time. John Rowley of Fletcher and Rowley in Nashville Tennessee and Terry Thompson of TR Strategies had no calls recorded on Reardon's county phone.
- c. In 2010, Reardon's County Executive cell phone showed 2 calls to Terry Thompson with a surcharge of \$2.25 for a total of 9 minutes.
   5 calls to Colby Underwood between December 9, 2010 and

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December 14, 2010 for a total of 9 minutes. There were no calls to John Rowley of Fletcher and Rowley in Nashville Tennessee on Reardon's county phone.

V. On October 30, 2015, Nancy L. Peinecke was interviewed and stated she maintained Reardon's county calendars. Peinecke knew Colby Underwood and when told Reardon and Underwood's calendars had dates and times that coincided with each other, Peinecke did not seem surprised. When told Reardon's calendars had the time blocked off as "In-Office Staff Meetings", she appeared surprised. Peinecke would occasionally see Underwood meet with Reardon in his office, however most of the time they would go off campus, especially if it was to discuss campaign business. Peinecke did not know what Reardon and Underwood discussed in Reardon's office.

Peinecke was not privy to why Ockerlander was suddenly moved from the executive's office to another role in a different department. Peinecke knew Kevin Hulten and stated the process used to hire Hulten consisted of couple of interviews. Peinecke acknowledged that Reardon knew Hulten when he was a Legislative aide to Senator Steve Hobbs.

Hulten was very contentious and believed he reported directly to Reardon, although he should have been reporting to Haakenson, Deputy Executive Officer.

Peinecke did not know Hulten was using county equipment for campaigning for Reardon. If she knew she would have turned him in to the authorities. Peinecke described Hulten has a mysterious worker who struggled to deliver on the functionality of the office. Hulten's position was supposed to give prompt and efficient responses to the constituency. However, others had to pick up the slack for Hulten since he was rarely in the office. Peinecke did not get along with Hulten very well, since Hulten believed he was above working the menial tasks of the position he was assigned.

VI. On November 3, 2015, Brian Parry was interviewed and stated he worked for Reardon from February 2005 through 2012. Parry was an Executive Director, who reported to the Deputy County Executive (Haakenson) or directly to Reardon depending on the project he was working.

Parry knew Kevin Hulten, however did not know who hired Hulten or how the hiring process worked. Parry would supervise Hulten depending on the project Hulten was working at the time. Aaron Reardon Report of Investigation PDC Case Number 12-160 Page - 8 -

Parry knew Colby Underwood, Terry Thompson and John Rowley. Parry stated that he volunteered to work on Reardon re-election campaign and was involved with Rowley on creating and producing Reardon's campaign media commercials.

VII. On November 3, 2015, John Gary Haakenson was interviewed and stated he was the Deputy County Executive for Reardon. Haakenson worked for Reardon from July 2010 through 2012.

Haakenson knew Colby Underwood and that he was a political consultant, who specialized in fund raising. When shown Reardon and Underwood's calendars, Haakenson said he saw Underwood in Reardon's office, however did not know what they were discussing.

When asked why Ockerlander was terminated, Haakenson explained typically when someone was terminated they did something that desired termination or the executive believed they needed a change in the office. He believed the executive wanted to make a change in the position Ockerlander was filling. Haakenson believed Reardon was looking for someone more inclined to work with the legislature and work on policy issues. Haakenson did not know if Reardon had someone in mind to replace Ockerlander before she was terminated.

Within a couple of weeks of Ockerlander's termination, Reardon introduced Hulten to Haakenson and had Haakenson introduce Hulten during the cabinet meeting that morning. Haakenson did not believe there was an interview process prior to hiring Hulten. Hulten was hired to work as a Legislative Liaison and conduct lobbying activities, along with other tasks assigned, such as answering constituents' concerns/complaints.

On occasion Hulten would do his assigned tasks, Haakenson said. Even though he did not hire Hulten, he wrote Hulten's performance evaluations. Hulten had problems with attitude and did not fit in with the rest of the workers in the executive's office. Haakenson would never have hired Hulten, since he was normally the hiring authority for the executive's staff, however he did not have a choice in this case. There were only two occasions where Haakenson was left out of the loop when individuals were being hired, those occasions dealt with the hiring of Hulten and Rudicil, who replaced Nancy Peinecke as Reardon's Executive Assistant.

## IV SCOPE

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- Complaint against Aaron Reardon submitted by Anne K. Block, on February 22, 2012.
- Washington State Patrol Investigation into criminal activities of Ex-County Executive Aaron Reardon.
- Revised Codes of Washington (RCW) 42.17A.555 Use of Public Office or agency facilities in campaigns – Prohibition – Exceptions.
- Washington Administrative Codes (WAC) 390-32-010 Fair Campaign Practices Code for candidates and political committees.
- Interviews of the following individuals:
  - Tamara Dutton
  - o John Gary Haakenson
  - o Nancy L. Peinecke
  - o Brian Parry
  - o Colby Underwood
  - Aaron Reardon
- Served Subpoenas on the following, and received the requested documentation:
  - o Fletcher and Rowley Inc., Nashville, Tennessee
  - Colby Underwood Consulting, Seattle, Washington
  - o TR Strategies, Olympia, Washington
- Prior to the undersign working this case telephonic interviews were also made with the following individuals:
  - Brad Boswell
  - o Connie Niva
  - o Dean Shelton
  - Jerald Farley
  - o Linda Lanham
  - Mark Doumit
  - Steve Gano
  - o Tom Walker



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### RCW 42.17A.555 – Use of Public Office or Agency Facilities in Campaigns – **Prohibition – Exceptions.** In part states:

No elective official nor any employee of his or her office nor any person appointed to or employed by any public office or agency may use or authorize the use of any of the facilities of a public office or agency, directly or indirectly, for the purpose of assisting a campaign for election of any person to any office or for the promotion of or opposition to any ballot proposition. Facilities of a public office or agency include, but are not limited to, use of stationery, postage, machines, and equipment, use of employees of the office or agency during working hours, vehicles, office space, publications of the office or agency, and clientele lists of persons served by the office or agency.

### WAC 390-32-010 – Fair Campaign Practices Code for candidates and political committees. In part states:

I shall refrain from any misuse of the Public Disclosure Law, chapter 42.17A RCW to gain political advantage for myself or any other candidate.

Respectfully submitted this 1st of December 2015.

William A. Lemp III Lead Political Financial Investigator

#### **EXHIBIT LIST**

- **EXHIBIT 1:** Excel spreadsheet of calls made between Reardon and Terry Thompson/TR Strategies, Olympia, Washington
- **EXHIBIT 2:** Excel spreadsheet of calls made between Reardon and John Rowley of Fletcher and Rowley Inc. Nashville Tennessee.
- **EXHIBIT 3:** Excel spreadsheet of calls made between Reardon and Colby Underwood, Colby Underwood Consulting, Seattle, Washington
- **EXHIBIT 4:** Excel spreadsheet of calls made between Reardon and Zachary Shelton, Campaign Management Specialists.
- **EXHIBIT 5:** Reardon-Underwood Calendars 2011
- **EXHIBIT 6:** Interview with Tamara Dutton on July 30, 2015
- **EXHIBIT 7:** Telephone conversation with Tamara Dutton on August 18, 2015
- **EXHIBIT 8:** Interview with Colby Underwood on September 10, 2015
- **EXHIBIT 9:** Interview with Aaron Reardon on October 23, 2015
- **EXHIBIT 10:** Interview with Nancy L. Peinecke on October 30, 2015
- **EXHIBIT 11:** Interview with John Gary Haakenson on November 3, 2015
- **EXHIBIT 12:** Interview with Brian Parry on November 3, 2015
- **EXHIBIT 13:** Certification of Hulten's Journal and where it was found.
- **EXHIBIT 14:** Herald Article dated July 7, 2014, Titled: Former Reardon aide sentenced in evidence-tampering.
- **EXHIBIT 15:** Herald Article dated July 11, 2013, Titled: Reardon aide complained of no reward for dirty tricks.
- **EXHIBIT 16:** Underwood Contract with Snohomish County- Public Records Request
- **EXHIBIT 17:** Documentation from Fletcher and Rowley, Inc., Nashville Tennessee
- **EXHIBIT 18:** Documentation from Colby Underwood Consulting,

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#### Seattle, Washington

- **EXHIBIT 19:** Documentation received from TR Strategies, Olympia, Washington
- **EXHIBIT 20:** 2011 Detailed expenditures sorted by Consultant/Vendor Reardon Campaign
- **EXHIBIT 21:** Reardon Calendars for 2011.
- **EXHIBIT 22:** Underwood Calendars for 2011
- **EXHIBIT 23:** 2011 Calendar comparing Reardon and Underwood Calendars
- **EXHIBIT 24:** Kevin Hulten Document Log Partial listing of Mike Hope research documents.
- **EXHIBIT 25:** Hulten Welcome Letter/Email and Job Description
- **EXHIBIT 26:** Snohomish County Phone Records for County Executive Nov thru Dec 2008
- **EXHIBIT 27:** Snohomish County Phone Records for County Executive Jan thru Dec 2009
- **EXHIBIT 28:** Snohomish County Phone Records for County Executive Jan thru Dec 2010
- **EXHIBIT 29:** Snohomish County Phone Records for County Executive Jan thru Nov 2011
- **EXHIBIT 30:** Report of Investigation Kevin Hulten Case