



**State of Washington
PUBLIC DISCLOSURE COMMISSION**

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Oct. 23, 2018

Sent electronically to Kelsey Hulse at “kelseyhulse@gmail.com”

Subject: Complaints #5 (24451), #6 (25896) and #7 (28241); Complaint return letters

Dear Ms. Hulse:

Enclosed is a copy of an electronic letter sent to Glen Morgan, concerning three of the complaints he filed with the Public Disclosure Commission (PDC) against your 2016 campaign alleging that you violated RCW 42.17A. and WAC 390 as detailed in the letter to him.

As noted in the letter to Mr. Morgan concerning the three complainants, the PDC will not be conducting a more formal investigation into these allegations or taking enforcement action in this matter. The PDC has closed these three complaints. If you have questions, you may contact Alice Fiman at 360-586-4746 toll-free at 1-877-601-2828, or by e-mail alice.fiman@pdcc.wa.gov.

Sincerely,

s/_____
Alice Fiman
PDC Compliance Officer

Endorsed by,
/s/_____
Barbara Sandahl
Deputy Director
For Peter Lavalley
Executive Director

Oct. 23, 2018

Sent Electronically to Glen Morgan at "glenmorgan89@gmail.com"

Subject: Kelsey Hulse Complaints #5 (24451), #6 (25896) and #7 (28241); Complaint return letters

Dear Glen Morgan:

The Public Disclosure Commission (PDC) has completed its review of three of the complaints you filed against Kelsey Hulse, that staff had identified as Complaint #5, #6, and #7. Your complaints alleged Kelsey Hulse, a first-time candidate for Thurston County Commissioner in 2016, may have violated: (1) 42.17A.205 for failure to timely and accurately update the Candidate Registration (C-1 report); (2) RCW 42.17A.220 for allowing an unauthorized persons to deposit funds into the campaign bank account; (3) RCW 42.17A.235 for failure to accurately and timely file Monetary Contributions reports (C-3 reports) and Summary Full Campaign Contribution and Expenditure reports (C-4 reports) and for failing to properly certify C-3 and C-4 reports by both the treasurer and candidate; (4) RCW 42.17A.240 for failing to disclose in-kind contributions, expenditures and debts on C-4 reports, and (5) RCW 42.17A.405 for exceeding contribution limits.

PDC staff reviewed the allegations listed in the three complaints, the statutes, rules, and reporting requirements, the C-1, C-3, and C-4 reports filed by the Friends of Kelsey Hulse (Campaign), and the responses from Kelsey Hulse submitted to the PDC and to the Washington State Attorney General's Office (AGO).

As a result of staff's initial review of the documents, we found the following:

- On April 1, 2016, Kelsey Hulse filed a C-1 report declaring her candidacy for Thurston County Commissioner as a first-time candidate, selecting the Full Reporting option and listing Josie Olsen as the Campaign Treasurer.
- PDC staff's review found that the Campaign filed a total of 117 reports during the 2016, including a total of nine filed as amended reports. The amended reports were filed to make the required corrections in order to be in full compliance with the PDC reporting requirements.

Complaint #5: PDC Case 24451:

- As a candidate that appeared on the November 8, 2016 general election ballot, Ms. Hulse was required to file a C-4 report on the 10th of the month whenever "expenditures total \$200 or more since the last C-4 was filed."
- Ms. Hulse stated that "In an abundance of transparency, my treasurer continued to file monthly C-4 reports." She stated that in July of 2017, she contacted PDC staff who advised her via telephone to only file C-4 reports when there has been more than \$200 in activity, or until the campaign files a "Final report."

- Concerning the debts obligations, on December 21, 2016, the Campaign filed an amended Post-General Election C-4 report disclosing \$6,000 in debts and obligations that included: (1) \$4,750 owed to Karla Davison for Media Production as of November 27, 2016; and (2) \$1,250 owed to Pacifica Law Group for legal services. Staff's review indicated that \$1,250 debt owed to Pacifica Law Group was paid on December 12, 2016, and that the \$4,750 was owed to Ms. Davison, until a partial payment was made in August of 2017 as detailed below. She stated "as for the debt owed to a vendor, it continues to be listed on the C-4 report as debt and my committee must remain open until I am able to discharge the debt via one of the options specified by the PDC.
- With regards to both the legal expenses and settlement fines and fees concerning the AGO lawsuit, Ms. Hulse stated those costs were incurred by her personally and will be paid out using her personal funds. She added that none of these expenses, fines or fees will be paid out of campaign or donated funds.

Complaint #6: PDC Case 25896:

- Concerning the exceeding contribution limits, JZ Knight is an individual that had a \$1,000 general election contribution limit in 2016. In addition, JZK Inc. is considered to be a separate corporate entity not affiliated with Ms. Knight's personal contribution, and with its own separate \$1,000 contribution limit. Thus, contribution limits were not exceeded in this instance.
- Ms. Hulse stated that a number of the reports listed in the complaint were filed as amended C-3 or C-4 reports and acknowledged "There is one report for which I cannot determine the cause of its late filing, other than human error."
- Concerning Report #100720174, Ms. Hulse stated "This was a refund from a vendor who had been overpaid. My treasurer and I determined that filing an additional C-3 was the most transparent way to report the additional cash on hand." She stated the C-3 and C-4 reports that were alleged to have been filed late on Sept. 6, 2016 were timely filed since Sept. 5, 2016 was the Labor Day holiday.

Complaint #7: PDC Case 28241:

- On September 11, 2018, the Campaign filed a C-4 report for the period August of 2017, disclosing no contributions were received and one \$827 expenditure was made on Aug. 31, 2017, to Karla Davison for media production, and \$3,923 in outstanding debt still owed to Ms. Davison. The expenditure was a partial payment for the \$4,750 in outstanding debt owed to Ms. Davison for media production, which was initially disclosed on the amended 2016 Post-General Election C-4 report filed on December 21, 2016.
- Ms. Hulse stated the expenditures made to Blue Wave Political Partners, LLC (Blue Wave LLC), were Campaign related expenditures for accounting services, and were not contributions or outstanding debts owed by her Campaign. The expenditures were for recurring expenditures made monthly to Blue Wave LLC to ensure compliance with the PDC reporting requirements, and they were not considered as debt.
- Concerning the three remaining allegations, you stated in your complaint you stated "On information and belief" for each of the allegations, but you failed to provide any evidence to substantiate the allegations. Therefore, staff did not review those allegations.

- Nonetheless, Ms. Hulse stated there were no required changes, or amendments that needed to be made to her C-1 report, and that her “campaign remains open due to existing debt.” She stated that she and her Treasurer have certified all of the reports filed to date, and “continues to certify all reports” filed related to her 2016 Campaign, and that only her and her treasurer deposited monetary contributions received.
- As noted above, Ms. Hulse stated that the legal costs and penalties incurred by her for the lawsuit filed by the AGO for three of the complaints you filed against her as Citizens Action Notices (CAN) were “borne by” her personally.

Based on these facts, staff has determined that in this instance, no evidence to support finding a material violation warranting a more formal investigation into your three complaints or pursuing further enforcement action in these cases. The PDC has resolved this matter and will be closing these three case.

If you have questions, you may contact Alice Fiman at 360-586-4746 toll-free at 1-877-601-2828, or by e-mail alice.fiman@pdc.wa.gov.

Sincerely,

s/ _____
Alice Fiman
PDC Compliance Officer
Endorsed by,
/s _____
Barbara Sandahl
Deputy Director
For Peter Lavallee
Executive Director

cc: Kelsey Hulse