

## File a Formal Complaint - Glen Morgan

[Glen Morgan](#) reported days ago (Wed, 11 Apr at 4:34 PM) via Portal [Meta](#)

To Whom it May Concern --

It has come to my attention that Karen Hardy, her campaign committee, her committee officers, and her treasurer (hereafter collectively referred to as "Hardy") have habitually and willfully committed frequent and multiple violations of RCW 42.17A. Additionally, I have reason to believe that other violations of this chapter have occurred beyond what I have identified below.

### **1) Illegal Personal Use of Campaign Funds (Violation of RCW 42.17A.445, see WAC 390-16-238)**

On 1/18/2018, Hardy used campaign funds to file two lawsuits against Shelly Short (the candidate who Hardy unsuccessfully ran against two months prior), and Joel Kretz (a state representative that she did not run against). *See \$680 payments to Smith and Dietrich law firm.*

Hardy is using 2018 campaign funds to attack her former opponent for purported 2017 campaign violations. Her lawsuit against Rep. Kretz (a non-party to Hardy's campaign) is brought for pure political purposes unrelated to either her 2017 or 2018 campaign. Hardy is bringing these actions as an individual, not on behalf of her campaign committee.

These expenditures qualify as illegal uses of personal funds.

Additionally, on 9/26/2017, Hardy used campaign funds to purchase clothes (valued at \$76.08) at the Burlington Coat Factory. This is another clear use of Hardy using campaign funds for personal purchases.

Furthermore, on 8/28/2017, Hardy used campaign funds to purchase a computer (valued at \$1550) from Santa Fe Mac Repair. This laptop continues to be the property of the campaign, and if it is determined that Hardy used this laptop for anything other than campaign purposes, it constitutes an illegal personal use of campaign funds.

Finally, on information and belief, Hardy illegally reimbursed certain individuals (and herself) for mileage without keeping a corresponding documented log of gasoline used by a vehicle in relation to campaign purposes, as required per **WAC 390-16-238 (3)(a)**.

### **2) Failure to file accurate, timely C3 and C4 reports. (Violation of RCW 42.17A.235)**

State law requires that candidates and committees file frequent, accurate reports of contributions, expenditures, in-kind contributions, and debt. Unfortunately, Hardy has failed on numerous occasions to do this.

**(See Exhibits A - "Illegally late reported C3 and C4 reports")**

Additionally, the respondent failed to report the following in-kind contributions:

- a) Photography
- b) PO Box (not disclosed until 10/27/2017, should have been disclosed at the beginning of campaign or reported as debt)
- c) Website
- d) Mailing List

e) Legal Work

**3) Failure to accurately, timely report debt. (Violation of RCW 42.17A.240 (8), see WAC 390-05-295)**

State law requires that the name and address of any person and the amount owed for any debt, obligation, note, unpaid loan, or other liability in the amount of more than two hundred fifty dollars or in the amount of more than fifty dollars that has been outstanding for over thirty days be reported on form C4. Per **WAC 390-05-295**, this includes any oral or written order placed, debt or obligation to purchase goods or services or anything of value, or any offer to purchase advertising space, broadcast time or other advertising related product or service.

Hardy has failed to report a single debt during her campaign. She has apparently failed to report the debt she owes to the Smith and Dietrich law firm for legal fees associated with bringing two lawsuits against Shelly Short and Joel Kretz.

Hardy illegally failed to report the following debts: (**See Exhibit B - "Illegal failure to timely report debts"**).

**4) Failure to properly break down, describe expenses. (Violation of RCW 42.17A.235, see WAC 390-16-205, WAC 390-16-037)**

State law requires that expenditures made on behalf of a candidate or political committee by any person, agency, firm, organization, etc. employed or retained for the purpose of organizing, directing, managing or assisting the candidate's or committee's efforts shall be deemed expenditures by the candidate or committee. In accordance with **WAC 390-16-037** and **WAC 390-16-205**, such expenditures shall be reported by the candidate or committee as if made or incurred by the candidate or committee directly. Additionally, in accordance with **WAC 390-16-037**, the exact purpose of the expenditure, the quantity of items printed, and the individual value of broadcast ads distributed on various media outlets must be disclosed on form C4.

Hardy illegally failed to break down the following expenses. (**See Exhibit C - "Illegal failure to break down expenditures"**)

**5) Failure to timely file C1/C1-pc. (Violation of RCW 42.17A.205)**

State law requires that candidates/committees file their C1/C1-pc statement of organization within 2 weeks of accepting contributions or making expenditures, whichever is sooner.

Karen Hardy reserved the domain name for her campaign "KarenForSenate.com" on 2/9/2017, but failed to file until 5/1/2017, well past the statutory deadline.

**6) Failure to file reports of contributions received and expenditures made prior to filing of C1 on the same day that C1 is filed. (Violation of RCW 42.17A.205)**

State law requires that – on the day the C1/C1-pc is filed – that the candidate or committee file reports containing contributions received or expenditures made prior to registration.

Hardy failed to abide by this requirement.

**7) Failure to report last minute contributions. (Violation of RCW 42.17A.265)**

Respondent failed to report last minute contributions (@ aggregate of \$1000 or higher) from the following groups within the 48 hour time limit on an LMC or C3 form, as required by law:

a) 07/31/2017      7TH DISTRICT DEMOCRATIC COMMITTEE SPOKANE WA      Cash      Primary      1,000.00

This contribution was not reported until 9/11/2017, well past the statutory deadline.

**8) Failure to list committee officers. (Violation of RCW 42.17A.205 (2)(c), see WAC 390-05-245)**

Respondent failed to list all committee officers on form C-1/C1-pc, which is required by RCW 42.17A.205(2)(c).

The committee is required to list all individuals who, in conjunction with others, likely made, directed, or authorized expenditures, strategic or policy decisions on behalf of the committee.

**WAC 390-05-245** defines committee officer as: "...any person designated by the committee as an officer on the C-1 or C-1pc registration statement and any **person** who alone or in conjunction with other persons makes, directs, or authorizes contribution, expenditure, strategic or policy decisions on behalf of the committee" .

Please note that **RCW 42.17A.005 (35)** defines "person" as: "...an individual, partnership, joint venture, public or private corporation, association, federal, state, or local governmental entity or agency however constituted, candidate, committee, political committee, political party, executive committee thereof, or any other organization or group of persons, however organized."

**9) Illegal unauthorized expenditure of funds by an individual not listed as an officer on form C-1/C1-pc. (Violation of RCW 42.17A.425)**

State law requires that no expenditures may be made or incurred by any candidate or political committee unless authorized by the candidate or the person or persons named on the candidate's or committee's registration form.

On information and belief, certain individuals made illegal unauthorized expenditures on the committee's behalf.

**10) Failure to timely update C1-pc. (Violation of RCW 42.17A.205(4))**

On information and belief, Respondents failed to update their C1-pc to include changes in officers and other information required to be included on their C1-pc, in violation of **RCW 42.17A.205(4)**.

**11) State law requires that both the treasurer and the candidate must certify all contribution and expenditure reports as correct and accurate. RCW 42.17A.235 (7).**

On information and belief, Hardy has failed to certify these reports. Instead, Hardy's electronic signature is being auto-generated on these contribution and expenditure reports by her treasurer, in violation of state law. This practice must cease immediately.

**12) Illegal depositing of campaign funds into bank account by person other than the treasurer or deputy treasurer. (Violation of RCW 42.17A.220 (1))**

On information and belief, Hardy has allowed individuals other than her treasurer or deputy treasurer to deposit checks into her campaign bank account.

**13) Failure to include sponsor ID. (Violation of RCW 42.17A.320)**

State law requires that all political advertisement/independent expenditures contain sponsor identification, which includes the sponsor's name and address. Mediums defined as political advertisement that are required to contain sponsor ID include Facebook pages and advertisements per **WAC 390-05-290**.

On information and belief, Hardy failed to abide by this requirement. This failure includes, but is not limited to, political advertisement that was disseminated on Facebook.

**14) Failure to maintain campaign records for 5 years. (Violation of RCW 42.17A.235(6))**

State law requires that the committee treasurer preserve books of account, bills, receipts, and all other financial records of the campaign or political committee for not less than five calendar years following the year during which the transaction occurred.

On information and belief, Hardy has failed to do this.

**15) Failure to timely submit accurate F-1. (Violation of RCW 42.17A.700, .710)**

Hardy failed to submit an accurate F1 containing all the information required by state law within 14 days allowed by state law from the time she announced her candidacy for both 2017 and 2018.

For her 2018 campaign she submitted an F1 on 2/7/2018, yet reported contributions/expenditures as early as 1/1/2018, making her severely late. For her 2017 campaign she submitted an F1 on 6/7/2017, yet reported contributions as early as 5/1/2017, making her severely late.

The PDC should investigate the possibility that Hardy committed the above violations maliciously, which would be a class C felony per **RCW 42.17A.750 (2)(c)**. If the PDC determines that is the case, they should refer the case to the Attorney General's office for criminal prosecution immediately.

Please don't hesitate to contact me if you need any additional information.

Please note, I have provided all three spreadsheets in two different file formats for staff convenience.

Best Regards,

Glen Morgan