



**State of Washington
PUBLIC DISCLOSURE COMMISSION**

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908
(360) 753-1111 • FAX (360) 753-1112

Toll Free 1-877-601-2828 • E-mail: pdcc@pdcc.wa.gov • Website: www.pdca.wa.gov

December 5, 2019

Delivered electronically to "karen@karenforsenate.com"

Subject: Complaint filed by Glen Morgan, PDC Case 34595

Dear Karen Hardy:

Below is a copy of an electronic letter sent to Glen Morgan concerning a complaint filed with the Public Disclosure Commission (PDC).

As noted in the letter to Glen Morgan, the PDC has dismissed this matter in accordance with RCW 42.17A.755(1) and will not conduct a more formal investigation into these allegations or take further enforcement action in this matter.

However, pursuant to WAC 390-37-060(1)(d), this serves as a formal written warning concerning your failure to timely and accurately register as a candidate and report financial affairs; failure to timely, accurately and completely report contribution and expenditure activity; and personal use of campaign funds to pay for legal services for filing PDC complaints. Staff expects you to timely, accurately, and completely file all future required reports, and abide by the restrictions on the use of campaign funds in the future. The Commission will consider this formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

If you have questions, you may contact Fox Blackhorn at 1-360-753-1980 toll-free at 1-877-601-2828, or by e-mail at pdcc@pdcc.wa.gov.

Sincerely,

/s

Fox Blackhorn
Compliance Coordinator 2

Endorsed by,

/s

Peter Lavalley
Executive Director



**State of Washington
PUBLIC DISCLOSURE COMMISSION**

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908
(360) 753-1111 • FAX (360) 753-1112

Toll Free 1-877-601-2828 • E-mail: pdc@pdc.wa.gov • Website: www.pdc.wa.gov

December 5, 2019

Delivered electronically to “glen@wethegoverned.com”

Subject: Complaint regarding Karen Hardy, PDC Case 34595

Dear Glen Morgan:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on April 11, 2018. The complaint alleged that Karen Hardy (Respondent), a 2017 and 2018 candidate for State Senator for Legislative District 07, may have violated RCW 42.17A.445 for unauthorized use of campaign funds; RCW 42.17A.235 and .240 for failure to timely and accurately file Monetary Contribution reports (C-3 reports) and Summary Campaign Full Contribution and Expenditure reports (C-4 reports), disclosing contributions and expenditures undertaken by the Campaign, and to have both the candidate and treasurer certify the reports as correct, and to maintain documents and books of account for five years following the year in which the transaction occurred; RCW 42.17A.205 for failure to timely file Candidate Registrations within two weeks of becoming a candidate, and to accurately and completely disclose committee officers on the Candidate Registrations; RCW 42.17A.265 for failure to timely report last minute contributions of \$1,000 or more within special reporting periods before elections; RCW 42.17A.220 and .425 for allowing undisclosed committee officers to deposit contributions and authorize expenditures on behalf of the campaign; RCW 42.17A.320 for failure to accurately and completely disclose sponsor identification on digital political advertising; and RCW 42.17A.700 for failure to timely file Personal Financial Affairs Statements (F-1 reports) disclosing financial activities for twelve calendar months prior to becoming a candidate, due within two weeks of becoming a candidate.

PDC staff reviewed the allegations; the applicable statutes, rules, and reporting requirements; the response provided by the Respondent; the applicable PDC reports filed by the Respondent; and queried the Respondent’s data in the PDC contribution and expenditure database, to determine whether the record supports a finding of one or more violations.

Based on staff’s review, we found the following:

- The alleged violations of RCW 42.17A.205 for failure to accurately and completely disclose committee officers on the Candidate Registration; RCW 42.17A.220 and .425 for allowing undisclosed committee officers to deposit contributions and authorize expenditures on behalf of the campaign; RCW 42.17A.235 to have both the candidate and treasurer certify C-3 and C-4 reports as correct, and to maintain documents and books of account for five years following the year in which the transactions occurred; and RCW 42.17A.320 for failure to accurately and completely disclose sponsor identification

on digital political advertising provided no information to substantiate the allegations made in the complaint save for *“information and belief.”*

- The Respondent refutes the validity of these unsupported allegations.
- The response to the allegations explains how expenditures for clothing and a computer were valid uses of campaign funds, and acknowledges that use of campaign funds for legal services to file PDC complaints against Joel Kretz and Shelly Short was a personal use of campaign funds, for which the Respondent reimbursed the 2018 campaign for the \$680 value of these legal services.
- The 7th Legislative District wrote a check to the Respondent’s 2017 campaign on July 31, 2017, but did not deliver the check to the Respondent’s campaign *“until 9/5/17 or 9/6/17.... The campaign keyed the date on the check instead of the date received. This has been corrected in the system.”*
- As this contribution was received outside of a special reporting period before elections, the Respondent did not fail to report a last-minute contribution of \$1,000 or more within 48 hours of receipt, as required by RCW 42.17A.265.
- The complaint alleged that 27 C-3 and C-4 reports in both the 2017 campaigns were filed after the statutory deadlines of RCW 42.17A.235.
- Of these reports, the Respondent filed 16 late C-3 reports in the 2017 campaign, disclosing \$8,558 in contributions, or 17.44% of total contributions in that election cycle between 1-18 days after the statutory deadlines of RCW 42.17A.235.
- Of these reports, the Respondent filed one late C-3 report in the 2018 campaign, disclosing \$900 or 1.86% of total contributions in that election cycle, 74 days beyond the statutory deadline of RCW 42.17A.235.
- The remaining reports were either amendments to timely filed reports, duplicates, or voluntary reports disclosing only bank interest.
- The complaint alleged that 36 line-item expenditures likely should have been reported as debts or obligations in reporting periods prior to their payment, under the version of RCW 42.17A.240 in effect at the time, which required campaigns to report any orders placed or promises to pay whose value exceeded \$50 that had been outstanding for over 30 days, or whose value exceeded \$250 with no time limitations.
- The complaint provided no evidence to support the allegation that any of these expenditures were for orders placed or promises to pay which were placed in reporting periods prior to payment as an expenditure.
- The Respondent acknowledged failure to provide complete, accurate, and detailed descriptions of expenditures, and amended their reports to disclose the level of detail required by RCW 42.17A.240, WAC 390-16-037, and WAC 390-16-205, including the number of items printed for political advertising, and sub-vendors utilized to facilitate expenditures undertaken by the Respondent’s campaigns.
- The Respondent paid \$11.99 to purchase the domain name *“karenforsenate.com”* on February 9, 2017, and was required by RCW 42.17A.205 to file a Candidate Registration, and by RCW 42.17A.700 to file an F-1 report, both due within two weeks of becoming a candidate, or no later than February 23, 2017.
- The Respondent filed a Candidate Registration for the 2017 campaign on May 1, 2017, 67 days beyond the statutory deadline of RCW 42.17A.205; and filed an F-1 report for the 2017 campaign on June 7, 2017, 104 days beyond the statutory deadline of RCW 42.17A.700.
- The Respondent made a loan to the 2018 campaign from the candidate’s personal funds on January 1, 2018, requiring a new Candidate Registration and corresponding C-3 and C-4 reports to be filed no later than January 16, 2019.

- The Respondent timely filed a Candidate Registration for the 2018 campaign on January 4, 2018, but failed to file an initial C-3 report disclosing this loan until March 19, 2018, 74 days beyond the statutory deadline of the version of RCW 42.17A.235 in effect at the time, as mentioned above; and failed to file an F-1 report until February 7, 2018, 34 days beyond the statutory deadline of RCW 42.17A.700.
- The Respondent acknowledged and took responsibility for the non-compliance, and took corrective action once notified of non-compliance.
- The Respondent has no prior violations of PDC laws and rules.

Based on our findings staff has determined that, in this instance, failure to timely and accurately register as a candidate, report financial affairs, report contribution and expenditure activity, and use of campaign funds to file PDC complaints, do not amount to violations that warrants further investigation.

Pursuant to WAC 390-37-060(1)(d), Karen Hardy will receive a formal written warning concerning failure to timely and accurately register as a candidate and report financial affairs; failure to timely, accurately and completely report contribution and expenditure activity; and personal use of campaign funds to pay for legal services for filing PDC complaints. The formal written warning will include staff's expectation that Karen Hardy timely, accurately, and completely files all future required reports, and abides by the restrictions on the use of campaign funds in the future. The Commission will consider the formal written warning in deciding on further Commission action if there are future violations of PDC laws or rules.

Based on this information, the PDC finds that no further action is warranted and has dismissed this matter in accordance with RCW 42.17A.755(1).

If you have questions, you may contact Fox Blackhorn at 1-360-753-1980 toll-free at 1-877-601-2828, or by e-mail at pdcc@pdcc.wa.gov.

Sincerely,

Endorsed by,

/s

Fox Blackhorn
Compliance Coordinator 2

/s

Peter Lavalley
Executive Director

cc: Karen Hardy