

PDC Case Number 34595

[Barney](#) reported (Tue, 15 May at 10:23 PM) via Email

To: pdc@pdc.wa.gov

Hello PDC,

Please find attached the response to the above complaint filed against Karen Hardy by Glenn Morgan. In addition to the response are two attachments responding to specific items in his complaint. If you have any questions please feel free to reach out with any questions. Thank you for your help in working through this process.

Regards,

Barney Brockwell

Karen For Senate, Treasurer



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May 15, 2018

Fox Blackhorn, Compliance Coordinator
Public Disclosure Commission
pdc@pdc.wa.gov

RE: Candidate Karen Hardy
PDC Case Number 34595

Dear Mr. Blackhorn,

Thank you for the opportunity to respond to this complaint. I am the Treasurer for Karen Hardy's campaign and am responsible for filing all of her PDC reports. We spoke on the phone a couple of times on May 3rd and I greatly appreciate your direction in responding to the claims filed by Mr. Morgan.

From the moment Karen announced her candidacy last May, it has been her focus to run a transparent, open and honest campaign. Being completely new to politics, the learning curve has been steep but manageable with a lot of time and effort. Most of the claims put forth by Mr. Morgan are without merit and appear to be fishing expeditions as many of them are, to use his own words, "Based on information and belief," and in those instances would appear to have only belief on his side. With that being said, we actually appreciate the fact that he's taken the time to look so closely at a rural race in NE Washington and we will be more focused and even tighter in our reporting going forward.

We wish to address Mr. Morgan's claims in detail here:

1. Illegal Personal Use of Campaign Funds

a. Using campaign funds to pay filing fees for complaints against Senator Shelly Short and Rep. Joel Kretz on January 18. This was a misunderstanding at the outset of the process and Ms. Hardy has personally reimbursed the campaign the full \$680 on May 16, 2018.

b. Used campaign funds to purchase clothes for \$76.08. These clothes were purchased specifically for use at candidate forums and are to

be donated to charity at the end of the campaign. This is a valid campaign expense.

c. Purchased a computer for \$1550. This laptop was purchased specifically for the campaign and is still in use by and for the campaign.

d. Reimbursed for mileage without keeping a log. Mr. Morgan provided no examples for this claim and has no basis for this assertion.

2. Failure to file accurate, timely C3 and C4 reports. See attachments A and B for detailed responses.

a. Photography not reported. I took all photos for the campaign. As her husband and treasurer there were no costs, in-kind or otherwise incurred. There is no basis for this charge.

b. PO Box not disclosed as debt. The original cost of PO Box was reported at the beginning of the campaign in May of 2017 and the item he listed was the renewal for the PO Box going forward. No debt was incurred or owed.

c. Website cost. The candidate built the campaign website herself as she has the skill to do so. Therefore there was no cost incurred other than her own time.

d. Mailing list. There was no cost for mailing list as she built it using access to database for which the campaign paid for and received in-kind from the State Democratic Party as reported.

e. Legal work. There has been no legal work done on behalf of the campaign for which any debt or amount due would be incurred.

3. Failure to accurately, timely report debt. The campaign has handled all expenses in a pay as we go manner. There has been no debt incurred or owed to any entities throughout the campaign. Per WAC 390-05-295, if no debt is more than 30 days old it does not need to be reported as debt. None of the items Mr. Morgan listed were ever anywhere close to 30 days old.

4. Failure to properly breakdown, describe expenses. The campaign failed to include specific number of printed items in reporting. Per your suggestion Mr. Blackhorn, these have been updated in the system and will be included going forward. Other issues are addressed in Attachment B.

5. Failure to timely file C1/C1-pc. The candidate personally purchased the web domain name when she was considering whether or not to run for office. She spent \$11.99 when she realized the domain “karenforsenate.com” was available and the campaign reimbursed her for the cost on day one of the campaign. The website was not viewable by the public until after she announced her candidacy on May 1, 2017.

6. Failure to file reports of contributions received and expenditures made prior to filing of C1 on the same day that C1 is filed. Mr. Morgan gave no examples of this. There is no basis for this charge.

7. Failure to report last minute contributions. This was a bookkeeping error. The check in question was dated 7/31/17 but not actually received until 9/5/17 or 9/6/17. The Treasurer from the 7th LD had misplaced the check and didn’t get it to the campaign until after Labor Day, at which time it was immediately deposited. The campaign keyed the date on the check instead of the date received. This has been corrected in the system.

8. Failure to list committee officers. All officers are and have been listed accurately on C1 form. There is no basis for this charge.

9. Illegal unauthorized expenditure of funds by an individual not listed as an officer on form C1. Mr. Morgan provided no examples for this claim. There is no basis for this charge.

10. Failure to timely update C1. Again, Mr. Morgan provided no examples to this claim. There is no basis for this charge.

11. State Law requires both treasurer and candidate certify all contributions and expenditure reports as correct and accurate. Yet again, Mr. Morgan provided no examples to this claim. There is no basis for this charge.

12. Illegal depositing. One more time, Mr. Morgan provided no examples to this claim. There is no basis for this charge.

13. Failure to include sponsor ID on Facebook. And again, Mr. Morgan provided no examples to this claim. The PDC does have an exemption in

WAC 390-18-030. “As an alternative, small online advertising may provide the required disclosures by using an automatic display with the advertising that takes the reader directly to the required disclosures.” All Facebook posts have a link that takes the user to the campaign homepage with all required disclosure information.

14. Failure to maintain campaign records for five year. Absolutely no basis for this claim as Karen has only been a candidate since May 1, 2017.

15. Failure to timely submit accurate F-1. The dates Mr. Morgan provided are accurate. For the 2017 campaign it was simply due to being a brand new candidate and the F1 was filed as soon as we realized it was late. For the 2018 campaign, the F1 was filed as soon as the candidates 2017 tax information was available to submit an updated F1 report. Mr. Morgan’s suggestion of any malice involved in either case is completely unfounded. This will not happen again and we are willing to pay any fines associated with these two items.

The Karen For Senate Campaign and Karen Hardy work hard to be transparent and above board in all we do and this is no exception. The violations alleged by Mr. Morgan are either completely without merit or involve *de minimus* and technical violations that are best handled by the PDC and clearly do not merit judicial enforcement.

Thank you again for your time and consideration. Please feel free to contact either Karen or me with any questions you may have about anything to do with these charges.

Regards,

Barney Brockwell
Karen For Senate, Treasurer

Violation #	Report #	Report Type	Amended? Y/N	Deposit Date	Due Date	Day Reported	Complaint Approximate Days Late	Campaign Days Late Calculation	Response
1	100792120	C3	N	9/1/2017	9/4/17	10/13/17	39		\$0.40 bank interest - Was not reportable until monthly statement was available and is not required to be reported.
2	100821788	C3	N	1/3/18	2/11/18	3/19/2018	36		36 Campaign reported this deposit late. This was human error. Amended C4 report due to missed deposit in above C3-100821788. Original C4 was reported on 33 time.
3	100821652	C4	Y		2/12/18	3/17/18	33		\$0.28 bank interest - Was not reportable until monthly statement was available and is not required to be reported.
4	100785437	C3	N	8/1/17	8/7/17	9/6/17	30		\$2009.07 Electronic Refund from Vendor for double billing was applied to the original transaction date though it was refunded later.
5	100792121	C3	N	9/21/17	9/25/17	10/13/17	18		Amended C4, removal of duplicate expenditures from original report that was submitted on 14 time.
6	100777486	C4	Y		7/11/17	7/25/17	14		13 Amended C4, originally filed on 7/11
7	100776911	C4	Y		7/11/17	7/24/2017	13		\$0.46 bank interest - Was not reportable until monthly statement was available and is not required to be reported.
8	100792122	C3	N	10/1/17	10/2/17	10/13/17	11		\$0.26 bank interest - Was not reportable until monthly statement was available and is not required to be reported.
9	100773540	C3	N	7/1/17	7/3/17	7/10/17	7		2 Check dated 6/1 but received in mail on or about 6/6. Data entry error.
10	100768417	C3	N	6/1/17	6/5/17	6/12/17	7		Campaign was late reporting this donation but disagree with Mr. Morgan's calculation of days late. It was reported on the sixth business day after deposit.
11	100768418	C3	N	6/2/17	6/5/17	6/12/17	7		1 9/22 was a Friday, report was one business day late
12	100789472	C3	N	9/22/17	9/25/17	10/1/17	6		1 9/22 was a Friday, report was one business day late
13	100789474	C3	N	9/22/17	9/25/17	10/1/17	6		1 9/22 was a Friday, report was one business day late
14	100789473	C3	N	9/22/17	9/25/17	10/1/17	6		1 9/22 was a Friday, report was one business day late
15	100821653	C4	Y		3/12/18	3/17/18	5		5 Amended C4 report due to missed deposit in above C3-100821788. Original report was timely.
16	100776249	C3	Y	7/11/17	7/17/17	7/20/17	3		3 Amended report with no visible changes to donors or dollar amounts
17	100780391	C3	N	7/24/17	7/31/17	8/2/17	2		1 Campaign was late reporting this donation by one business day.
18	100780389	C3	N	7/27/17	7/31/17	8/2/17	2		0 Not late, deposited on Thursday 7/27, reported Tuesday 8/2.
19	100780390	C3	N	7/27/17	7/31/17	8/2/17	2		0 Not late, deposited on Thursday 7/27, reported Tuesday 8/2.
20	100778911	C4	Y		7/25/17	7/26/17	1		1 Amended report, adding expense of \$39.97
21	100795690	C3	N	10/20/17	10/23/17	10/24/17	1		0 Not late, deposited Friday 10/20 and reported on Tuesday 10/24
22	100782480	C3	N	8/12/17	8/14/17	8/15/17	1		0 Not late, deposited Saturday 8/12 and reported on Tuesday 8/15
23	100782479	C3	N	8/11/17	8/14/17	8/15/17	1		0 Not late, deposited 8/11 and reported Tuesday 8/15
24	100782481	C3	N	8/9/17	8/14/17	8/15/17	1		0 Not late, deposited 8/9 and reported Tuesday 8/15
25	100781312	C3	N	8/2/17	8/7/17	8/8/17	1		0 Not late, deposit made on Wednesday 8/2, reported Tuesday 8/8
26	100781314	C3	N	8/6/17	8/7/2017	8/8/17	1		0 Not late, deposit made on 8/6, reported 8/8
27	100781313	C3	N	8/3/17	8/7/17	8/8/17	1		0 Not late, deposited Thursday 8/3 and reported Tuesday 8/8

Total Days Late: 255

Our calculations show a total of 112 days late with 96 days being due to the missed deposit that impacted four different reports. If the original error that was 36 days late is counted and the other three impacted reports are dropped, the total days late then drops to 47 total days late. 112 Either way the total is far less than the 255 days Mr. Morgan came up with.

Violation #	Vendor	Date	Amount	Description	Violation	Report#	Days Late	Response
1	AMERICAN PRIDE PRINTING	6/8/17	\$2,554.00	500 YARD SIGNS	Failure to list number of items printed.	100777486	268	Updated in ORCA and uploaded to PDC
2	AMERICAN PRIDE PRINTING	6/20/17	\$1,412.60	100 - T SHIRTS	Failure to list number of items printed.	100777486	268	Updated in ORCA and uploaded to PDC
3	FLEMING JOANNE	7/11/17	\$80.00	4 HOURS WORK - Administrative				Updated in ORCA and uploaded to PDC
4	FLEMING JOANNE	7/31/17	\$300.00	HOURS WORKED - Administrative	Failure to identify work performed.	100786787 206	206	Updated in ORCA and uploaded to PDC
5	FLEMING JOANNE	9/6/17	\$400.00	AUGUST HOURS - Administrative	Failure to identify work performed.	100794148 170	170	Updated in ORCA and uploaded to PDC
6	FLEMING JOANNE	10/2/17	\$550.00	SEPTEMBER HOURS - Administrative	Failure to identify work performed.	100794148 170	170	Updated in ORCA and uploaded to PDC
7	FLEMING JOANNE	1/19/18	\$500.00	JAN HOURS - Administrative	Failure to identify work performed.	100821652 52	52	Updated in ORCA and uploaded to PDC
8	FLEMING JOANNE	2/5/18	\$250.00	FEBRUARY - Administrative	Failure to identify work performed.	100821653 24	24	Updated in ORCA and uploaded to PDC
9	FLEMING JOANNE	2/18/18	\$250.00	FEB 2 OF 2 - Administrative	Failure to identify work performed.	100821653 24	24	Updated in ORCA and uploaded to PDC
10	HARDY KAREN	6/6/17	\$239.68	REIMBURSE KAREN 25 - T SHIRTS American Pride Printing	Failure to list subvendor, number of items printed.	100777486	268	Updated in ORCA and uploaded to PDC
11	LAWTON PRINTING	8/13/17	\$546.38	500 Remit Envelopes	Failure to list number of items printed.	100786787	206	Updated in ORCA and uploaded to PDC
12	LAWTON PRINTING	8/18/17	\$717.06	150 YARD SIGNS	Failure to list number of items printed.	100786787	206	Updated in ORCA and uploaded to PDC
13	LAWTON PRINTING	8/27/17	\$423.36	2500 Rack Cards	Failure to list number of items printed.	100786787	206	Updated in ORCA and uploaded to PDC
14	LAWTON PRINTING	8/31/17	\$144.08	250 RACK CARDS	Failure to list number of items printed.	100786787	206	Updated in ORCA and uploaded to PDC
15	LAWTON PRINTING	9/1/17	\$144.08	250 HANDOUT POSTCARD	4X6" Failure to list number of items printed.	100794148	170	Updated in ORCA and uploaded to PDC
16	LAWTON PRINTING	9/20/17	\$2,009.07	50 - 4X8 SIGNS (Later Credited)	Failure to list number of items printed.	100794148	170	Updated in ORCA and uploaded to PDC
17	LAWTON PRINTING	9/21/17	\$3,901.04	0 50 - 4X8 SIGNS	Failure to list number of items printed.	100794148	170	Updated in ORCA and uploaded to PDC
18	LAWTON PRINTING	10/16/17	\$2,095.65	17,649 - PRINTING FOR POSTCARD SPLIT WITH SUSAN SW	Failure to list number of items printed.	100794148	170	Updated in ORCA and uploaded to PDC
19	LAWTON PRINTING	10/26/17	\$1,099.67	4,093 CHANGE MAILER	Failure to list number of items printed.	100797066	156	Updated in ORCA and uploaded to PDC
20	SMITH & DIETRICH	1/18/18	\$340.00	Kretz complaint FILING	Failure to describe campaign nexus.	100821652	52	Updated in ORCA and uploaded to PDC
21	SMITH & DIETRICH	1/18/18	\$340.00	Short complaint FILING	Failure to describe campaign nexus.	100821652	52	Updated in ORCA and uploaded to PDC
22	THOMPSON VERLON	8/1/17	\$1,000.00	BALLOTS AND BALLADS EVENT	Failure to identify work performed.	100786787	206	Updated in ORCA and uploaded to PDC
23	WASHINGTON STATE DEMOCRATS	7/14/17	\$180.00	4 MONTHS LAPTOP RENTAL	Failure to identify subvendor.	100778911	254	In-Kind Donation, campaign was not given that level of detail.
24	WASHINGTON STATE DEMOCRATS	7/24/17	\$204.12	RELAY SYSTEM FOR TEXTING	Failure to identify subvendor.	100778911	254	In-Kind Donation, campaign was not given that level of detail.
25	WASHINGTON STATE DEMOCRATS	7/31/17	\$343.37	GRASSROOTS TEXTING	Failure to identify subvendor.	100786787	206	In-Kind Donation, campaign was not given that level of detail.
26	WINPOWER STRATEGIES	5/17/17	\$1,275.00	1000 POSTCARDS, 250 REMITS AND 1 BANNER	Failure to identify subvendor, number of items	100769025	299	Updated in ORCA and uploaded to PDC

None of these items were material to the expense listed, simply additional detail added to each.