



MARYLAND DEMOCRATIC PARTY

September 9, 2014

Via E-Mail and First Class U.S. Mail

Jared DeMarinis
Director, Division of Candidacy and Campaign Finance
Maryland State Board of Elections
151 West Street, Suite 200
Annapolis, Maryland 21401-0486

RECEIVED
SEP 09 2014
STATE BOARD OF ELECTIONS

Dear Mr. DeMarinis:

The Maryland Democratic Party (the "MDP") files this complaint against Republican gubernatorial candidate Larry Hogan, Republican candidate for Lieutenant Governor, Boyd Rutherford and their campaign committee Hogan-Rutherford Committee to Change Maryland (collectively "Hogan-Rutherford") for violations of Maryland campaign finance laws. Specifically, Hogan-Rutherford has failed to properly report or account for the use of a recreational vehicle owned by Mr. Hogan (the "Hogan RV") being used as campaign asset. The MDP asks that the State Board of Elections ("SBE" or the "Board") take immediate action to sanction this unlawful behavior and ensure full compliance with Maryland campaign finance laws.

On June 9, 2014, the Hogan-Rutherford campaign launched a statewide "bus tour" in the Hogan RV, which is "wrapped" in the Hogan-Rutherford campaign logo.¹ See, tweet @LarryHoganforGovernor (attached hereto as *Exhibit 1*). Since that time, the Hogan-Rutherford campaign continues to use the Hogan RV extensively for travel to and from campaign events and for travel around the State. See, Erin Cox, *Hogan Bus Draws Stares, Raises Eyebrows*, Baltimore Sun (Sept. 6, 2014) available at: <http://www.baltimoresun.com/news/maryland/politics/campaign-2014/bs-md-hogan-campaign-bus-20140906,0,2409470.story>. The Hogan RV reportedly contains "a shower, Wi-Fi capability, computer equipment and [a] custom campaign medallion affixed to a dining table." *Id.* Online sales information indicates that similar models retail for between \$97,000 and \$225,000. *Id.*

¹ Despite the fact that the wrapped Hogan RV is clearly an enormous "rolling billboard" supporting Hogan-Rutherford, the Hogan RV apparently does not contain the authority line required for campaign material under Md. Code Ann. Elec. Law §13-401; Erin Cox, *Hogan Bus Draws Stares, Raises Eyebrows*, BALTIMORE SUN (Sept. 6, 2014). See pictures attached hereto as *Exhibit 2*.

According to press accounts, the Hogan RV was purchased by, and is owned personally, by Mr. Hogan. Erin Cox, *Hogan Bus Draws Stares*, cited above. While a candidate is permitted to make unlimited contributions to his or her campaign under Maryland law, those contributions must be handled and reported like any other contribution. Md. Code Ann. Elec. Law §13-231(a)(1) & (b). Contributions include *anything* of value given to a campaign finance entity to “promote or assist in the promotion of the success or defeat of a candidate,” and are not limited solely to monetary donations. Md. Code Ann. Elec. Law §1-101(o)(1).

The Hogan RV is a valuable asset being used by the Hogan-Rutherford campaign to promote Mr. Hogan and Mr. Rutherford’s candidacies across the State. Accordingly, the cost of operating the Hogan RV must be reported as an in-kind contribution from Mr. Hogan to the Hogan-Rutherford Committee to Change Maryland. While various in-kind contributions from Mr. Hogan have been reported on the Committee’s reports, namely for fuel and food, none of the reports reflect any in-kind contributions from Mr. Hogan for the use of the Hogan RV. In addition, notably absent from the Committee’s reports is any reported expenditure or in-kind contribution for the cost of “wrapping” the Hogan RV with the Hogan-Rutherford logo.

Under Maryland law, the amount of an in-kind contribution is the “fair market value of the item at the time the contribution is made. *See*, State Board of Elections, Summary Guide at § 8.4. Based on information gathered from several local RV rental outfits, the cost of operating an RV comparable to the Hogan RV is between approximately \$500 and \$700 *per day*. *See* rate quotes attached hereto as *Exhibit 3*. Similarly, according to a local vendor, the cost of wrapping a vehicle similar to the Hogan RV would be approximately \$10,000. *See* rate quote attached hereto as *Exhibit 4*. Accordingly, Hogan-Rutherford *has failed to report tens of thousands of dollars in in-kind contributions or expenditures made by Mr. Hogan for the use of the Hogan RV in violation of Md. Code Ann. Elec. Law §§ 13-304(b)(1) and 13-604.1(b)(5)*.

As the Board is aware, Mr. Hogan and Mr. Rutherford have opted to take advantage of Maryland’s public financing system. In exchange for accepting close to \$2.6 million in tax-payer dollars for the general election, the Hogan-Rutherford ticket has agreed to abide by strict expenditure limits and cannot spend more than that amount on their campaign. Md. Code Ann. Elec. Law § 15-105(a)(1). The full amount of the fair market value of the in-kind contributions from Mr. Hogan to Hogan-Rutherford for use of the Hogan RV must not only be reported on campaign finance reports filed with the Board, but must also count towards the \$2.6 million spending cap to which Hogan-Rutherford agreed as a condition of accepting public funds. *See*, State Board of Elections, Summary Guide at § 13.6 (requiring in-kind contributions of more than \$51 to count towards public financing campaign expenditure limit).

Further, While Md. Code Ann. Elec. Law §13-233(1) permits *individuals* to use their “personal vehicles” in the course of volunteering for a political campaign without the use counting as a contribution, the plain language of the statute clearly contemplates a campaign volunteer (not a candidate) who drives

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Paid for by the Maryland Democratic Party, www.mddems.org, and not authorized by any candidate or candidate's committee. By authority of Robert J. Kresslein, Treasurer.

herself to events for the candidate or to other campaign related activities in her own car. In any event, the Hogan RV, purchased by Mr. Hogan “a few weeks before the June 24, 2014 primary” for use as a “mobile campaign office” to transport the candidate and campaign staff around the State is clearly not Mr. Hogan’s personal vehicle. Erin Cox, *Hogan Bus Draws Stares*, cited above. Similarly, though “expenditures from personal funds by the candidate or the candidate’s spouse for *personal expenses* of the candidate for filing fees, telecommunication services, travel, and food are not contributions” under the law, the statute would not apply to the operation of a campaign asset like the Hogan RV. Md. Code Ann. Elec. Law §13-231(a)(2)(emphasis added).

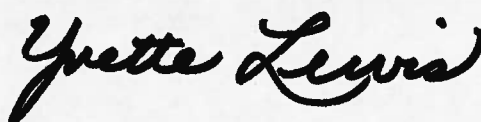
Hogan-Rutherford has stated it reimburses Mr. Hogan \$683.77 a month “as ‘office rent’ to use the bus.” Erin Cox, *Hogan Bus Draws Stares*, cited above. This approach is problematic for at least two reasons. First, as noted above, the fair market value of the contribution must be reported. According to vendors, the amount Hogan-Rutherford is allegedly reimbursing Mr. Hogan per month, \$683.77, reflects what it costs to operate the Hogan RV *per day*, not per month. Accordingly, Hogan-Rutherford is grossly undervaluing the cost of the RV and failing to report the full amount of in-kind contributions being made by Mr. Hogan to Hogan-Rutherford in violation of Maryland campaign finance law.

Second, while public funds may be spent “to further the gubernatorial ticket’s nomination or election,” and for other lawful expenditures, it is unclear whether it is appropriate for Mr. Hogan to be reimbursed personally from the public, tax-payer dollars his campaign has received for the use of the Hogan RV, regardless of the amount of the reimbursement. Md. Code Ann. Elec. Law §15-107(a)(1) & (2). The MDP asks that the Board clarify whether the practice of reimbursing a candidate with public funds for the use of a personally-owned asset is permissible under Maryland campaign finance law.

The MDP asks the Board to investigate these on-going violations thoroughly. If an investigation confirms that violations of the law have occurred, the MDP urges the Board to impose the full civil penalties provided by law.

Thank you for your prompt attention to this serious matter.

Sincerely,



Yvette Lewis, Chair

Maryland Democratic Party

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Exhibit 1

June 9th Picture of Bus



Larry Hogan
@Hogan4Governor



Follow

On the road for our bus tour! If you see us on the road be sure to say HEY!
#mdpolitics #mdreps #mdgop
#TeamHogan pic.twitter.com/03POVsOK7q

Reply Retweet Favorite More



RETWEETS 5 FAVORITES 3



9:46 AM - 9 Jun 2014

Flag media

<https://twitter.com/Hogan4Governor/status/476012562728103936>

Exhibit 2



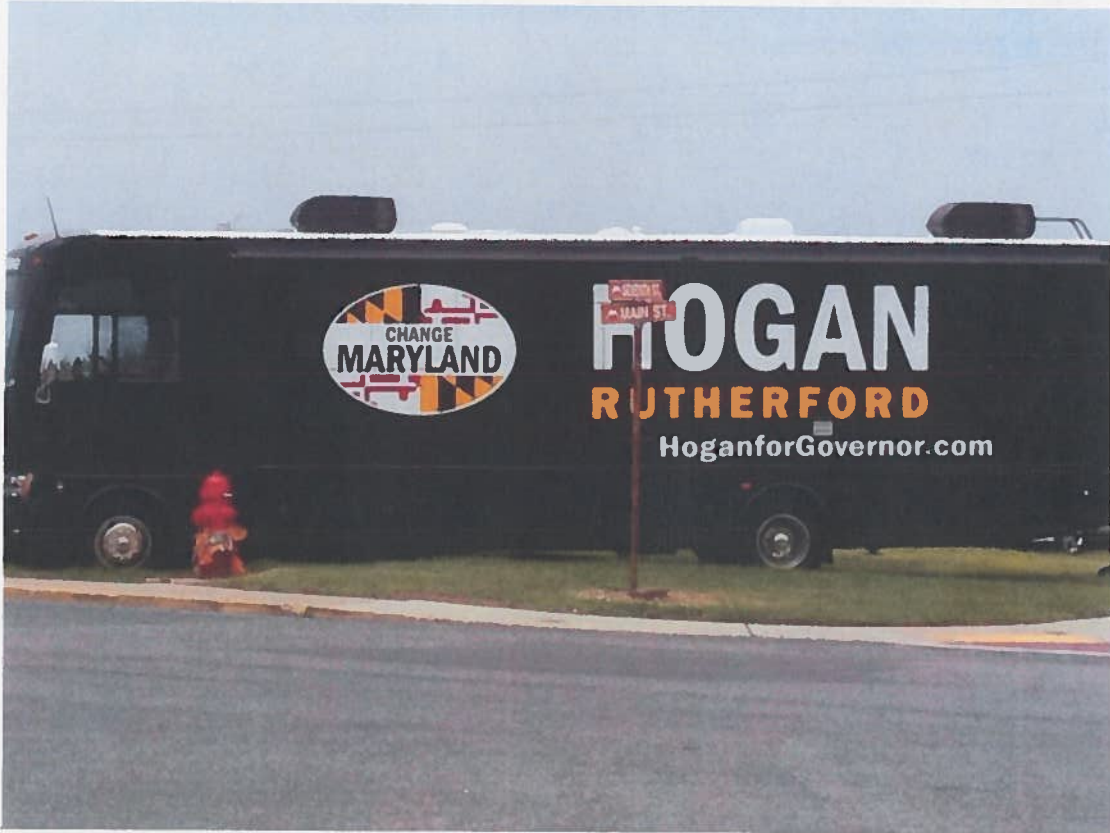


Exhibit 3



Thank you for your interest in Ace RV Rentals. I have quoted you below for Pursuit / 34

For the dates of 8/23/14 return on 8/29/14.

RV RATE 7 DAYS	\$3,083.00
OPTIONAL COLLISION COVERAGE	\$140.00
CLEANING/PREP (Mandatory)	\$0.00
ADDITIONAL MILEAGE CHARGES	\$0.00
PET CHARGES	\$0.00
DROP OFF/PICK UP CHARGES	\$0.00
DRIVER	\$1,575.00
GENERATOR CHARGES	\$0.00
SUB TOTAL	\$4,798.00
RENTAL TAX	\$599.75
TOTAL COST	\$5,397.75
SECURITY DEPOSIT RV Pursuit / 34	\$1,700.00

We rent by day. Example: (Pick Up Monday Return on Thursday would be considered as 4 days)

Our daily rate includes 50 miles per day and 3 hours of generator use per day. Additional generator hours are charged at \$5.00 per hour.

We do offer extra mileage prepaid for .22 cent per mile. All prepaid mileage not used is nonrefundable. Mileage paid after you return will be .32 cent per mile.

We offer unlimited generator usage for a flat fee of \$75.00 for up to 7 days. Any rental exceeding 7 days will be subject to additional charges. Our standard rate for additional hours is \$5.00 per hour.

The Security Deposit on the RV is due at the time of booking. This ensures that you receive the RV of your choice for the dates you request. It is **Nonrefundable** if you cancel your booking.

The Security Deposit will be refunded to you once the RV is returned, subject to additional charges/damages. This can take up to 30 business days.

Pick Up any time after 9am EST, Return before 5pm EST. We are closed on SUNDAYS. If you wish to return the RV on a Sunday or Holiday there will be a \$50.00 surcharge. If you wish to return after business hours additional charges will apply.

You will need to ensure that your insurance company covers the RV for the dates you have it rented. All drivers (25 and older) MUST show proof of insurance at time of pickup. We can offer COLLISION COVERAGE ONLY for \$40.00 per day of rental with a \$1500.00 Deductible.

The gas/diesel tank is full when the RV goes out and must come back full. If not returned full, there will be a \$25.00 service charge plus the cost of fuel. The propane tank is full when the RV goes out and must come back full. If not returned full, there will be a \$25.00 service charge plus the cost of fuel.

The holding tanks (Gray/Black) go out empty and they must be returned empty. If not returned empty there will be a \$99.00 dump fee.

There will be a 3% service fee if you choose to pay by Credit Card. The Security Deposit it is excluded from this fee. We accept cash /cashier's check/certified check/money order. We do not accept American Express Cards or personal checks.

Pets are accepted/allowed subject to additional charges. Please let us know if you want to take one on your trip.

Reyes RV Rentals

8000 Deering Avenue Canoga Park, CA 91304

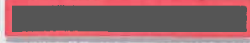
Tel: 855-739-3700
Fax: 818-337-2194

Special Pick Up Time:

Pick Up Time: 1:00 PM
Drop Off Time: 11:00 AM

Destination: **6** Holiday Rambler Scepter A5
 Vin #: 1RF43561483046567 Lic. Plate # **41811RVB**
 Odometer Out: 0 Leave On: **10/20/2014 1:00:00 PM**
 Generator Hrs.Out: 0 Return On: **10/25/2014 11:00:00 AM**

Renter: 1227 Phone: 202-550-2285
 People Total: 0



Additional Options/Equipment

6	Driver Per Diem	\$35.00	\$210.00
6	Driver	\$350.00	\$2,100.00

Additional Options/Equipment Total \$2,310.00

IMPORTANT INFORMATION! READ CAREFULLY!

This is NOT a rental agreement, and does NOT reserve any vehicle until this reservation has been accepted by both the customer and us in writing.

The specific dates, destinations, estimated miles to be traveled and list of passengers you gave us are included. To avoid hidden charges at time of return, all the normal charges (estimated) for a typical rental trip such as this are also included. Additional non-essential, optional items & services are also available for an additional charge. Please ask us about them. A complete list will be provided in writing when you accept this Reservation.

PAYMENT of half the base rental is due with rental contract approval. Balance due 00 days before departure.

A REFUNDABLE SECURITY & DAMAGE DEPOSIT, has been included in the list of estimated charges. This deposit covers any damage to the vehicle, regardless of fault. It also covers any additional charges (fuel, additional mileage, additional days, lost items, etc) related to the rental. The unused portion will be refunded within 7 business days. Any moving violations, tickets, are the renters responsibility.

DEPARTURE & RETURN: Normal departure times are after 1:00 pm on the day of departure. Earlier times may be arranged, depending on availability. There may be an additional charge for early pick up. Normal return time is by 11:00am on the day of return. Later return may be arranged, depending on availability. There may be an additional charge for late returns.

All vehicles not returned within 24 hours of return will be reported as stolen and behind our control.

Estimated Charges

Rental Nights: 6

Base Rental Sub Total:	\$3,900.00
Return Cleaning Fee:	\$150.00
Prep Fee	\$100.00
Estimated Miles:	0
Free Miles:	600
Estimated Extra Miles:	
Extra Charges:	\$0.00
Protection Plan	\$0.00
Equipment Total:	\$2,310.00

Rental Total: \$6,460.00

Tax Total: \$0.00

Estimate Total: \$6,460.00

Payment Total: \$0.00

Balance: \$6,460.00

Above does not include the Security Deposit: \$2,500.00

10/20/2014

Signature below indicates acceptance of the charges and information herein. My signature also authorizes _____ to process my reservation for final approval. Upon approval, I also authorize _____ to charge my credit card on file for the charges listed as "Estimated Charges".

I understand that I will return the RV in the same condition it was in when I picked it up, and that I am responsible for all damage incurred during the rental period, regardless of fault.

Renter: _____

BY: _____

AS AGENT FOR Reyes RV Rentals

From: [REDACTED] &
Subject: FW: ALLSTAR COACHES RV RENTAL QUOTE
Date: August 28 2014 at 12:40 PM
To: [REDACTED]

From: [REDACTED]
Sent: Tuesday, August 19, 2014 2:26 PM
To: [REDACTED]
Subject: Fwd: ALLSTAR COACHES RV RENTAL QUOTE

----- Forwarded message -----
From: [booking@allstarcoaches.com] <booking@allstarcoaches.com>
Date: Tue, Aug 19, 2014 at 2:18 PM
Subject: ALLSTAR COACHES RV RENTAL QUOTE
To: [REDACTED]
Cc: [REDACTED]

Hi [REDACTED] - I have attached the proposal you've requested for your review. Please take a moment to browse the email below, as it details what is included with your rental. Insurance on this coach is approx. \$30.00 per day. Allstar Coach rentals always include 24 hour roadside assistance and technical support, unlimited generator usage and convenience/housekeeping kits. RV rentals are on a first come first serve basis, and quotes are valid for seven days. Also, just FYI, it is Allstar Coaches company policy to meet or beat any written, verifiable quote for a comparable RV rental. Should you have any questions not answered here, please feel free to contact us directly and we will be more than happy to assist. I would like to personally thank you for choosing Allstar Coaches, and we look forward to meeting you soon. Best wishes and good luck with your vacation planning. Regards; Gail B (954)552-2366 or toll free (866)838-4465 option 1

[REDACTED]
Allstar Coaches Central
Reservations
2421 South State Road 7
FORT LAUDERDALE, FL, 33317

TollFree: [1-866-838-4465](tel:1-866-838-4465)
Phone: [866-838-4465](tel:866-838-4465)
Fax: [954-337-8344](tel:954-337-8344)
Email: info@allstarcoaches.com

Quote

Quote Number: 1162
Date: Tuesday, August 19, 2014
Quote By: [REDACTED]
First Name: [REDACTED]
Last Name: [REDACTED]
Email: [REDACTED]

Phone: 555

Your Vehicle

40 Gulfstream Crescendo

0 Doors

0 Passengers

0 Luggages

Your Time and Place


Pickup Location: Allstar Coaches Central Reservations
Return Location: Allstar Coaches Central Reservations
Pickup Date: 9/6/2014 2:12 PM
Return Date: 9/12/2014 12:00 AM
Rental Days: 7 Day(s)
Total Mileage Included: 1000
Mileage Included: Daily: 150, Weekly: 1000, Monthly: 4000
Fuel Charge: 5.99
Grace Minutes: 480

Weekly	1	\$3,277.00	\$3,277.00
Miles Allowed	1000		
Total T&M			\$3,277.00
Options Total			\$0.00
Processing Fee	1	3.5%	\$226.70
Sanitation Fee	1	\$50.00	\$50.00
State Sales Tax	1	6%	\$402.22
DRIVERS FEE X 7 DAYS(EXCLUDES LODGING & FOOD)			\$3,150.00
Sub Total			\$7,105.92
EFM Administration Fee	7	\$10.00	\$70.00
Total			\$7,175.92

Visit our website at <http://www.allstarcoaches.com>

To confirm your Reservation Please Call Allstar Guest Services (866) 838-4465

Exhibit 4

From: [REDACTED] 
Subject: cost to wrap the RV number #2
Date: August 19 2014 at 4:18 PM
To: [REDACTED]

From: [REDACTED]
Sent: Tuesday, August 19, 2014 4:10 PM
To: [REDACTED]
Subject: Fwd: Motor Home

[REDACTED]
202.550.2285

Begin forwarded message:

From: [REDACTED]
Date: August 19, 2014 at 4:03:39 PM EDT
To: [REDACTED]
Subject: Motor Home

Hi [REDACTED]
I'm glad that you called in today and we had a chance to discuss wrapping your motorhome. Based on the 38'x12' measurement that you gave me I was able to estimate a price for printing and installation of \$10,500 for the two sides and the rear of the motorhome. I know that you had said that you were still in the preliminary stages of this project. If you have any further questions or need guidance feel free to give me a call or send me an email. I'll be happy to help.

Thanks,

[REDACTED]
Project Coordinator

Absolute Perfection Vehicle Wrapping
3M Certified Graphics Installation Company
5397 Enterprise Street
Sykesville, MD 21784
410-549-4285 x114

We were featured by Sign and Digital Graphics Magazine as Top Ten vehicle wrap installers in the U.S. and Canada!!