

BEFORE THE WASHINGTON STATE
EXECUTIVE ETHICS BOARD

In the Matter of:

Lori Hawley

Respondent.

No. 2018-063

STIPULATED FACTS,
CONCLUSIONS OF LAW AND
AGREED ORDER

THIS STIPULATION is entered into by Respondent, LORI HAWLEY, and Board Staff of the WASHINGTON STATE EXECUTIVE ETHICS BOARD (Board) through KATE REYNOLDS, Executive Director, pursuant to chapter 42.52 RCW, chapter 34.05 RCW, and WAC 292-100-090(1). The following stipulated facts, conclusions of law, and agreed order will be binding upon the parties if fully executed, and if accepted by the Board without modification(s), and will not be binding if rejected by the Board, or if the Respondent does not accept the Board's proposed modification(s), if any, to the stipulation. This stipulation is based on the following:

A. STIPULATED FACTS

1. On December 18, 2018, the Executive Ethics Board (Board) received a referral from the State Auditor's Office (SAO) Fraud Unit alleging that Lori Hawley (Ms. Hawley), a former Financial Service Specialist 5 with the Department of Social and Health Services (DSHS), may have violated the Ethics in Public Service Act. The complaint alleged that Ms. Hawley committed welfare fraud for the period of January 2014 through June 2016 by falsely submitting applications indicating that she was a single parent with five children who lived with her mother and was the sole source of income. The allegations are that Ms. Hawley actually lived with the father of three of the children and their combined income made them ineligible for benefits.

2. The Washington State Patrol (WSP) and the DSHS Office of Fraud and Accountability (OFA) initially investigated this case as a result of an anonymous complaint received by DSHS on October 15, 2015.

3. On October 15, 2015, DSHS received an anonymous email complaint alleging that DSHS Financial Service Specialist Lori Hawley was making fraudulent claims for food, Medicaid, and childcare benefits. The complaint alleged that Ms. Hawley claimed on her benefit application that she was living with her mother; Donna Lopez (Ms. Lopez) in Poulsbo, Washington when she was actually living with Andrew Hill (Mr. Hill), the father of three of her children, and that the complainant further believed that their combined income made her ineligible for benefits.

4. Ms. Hawley began her employment with DSHS in May 2012 as a Financial Service Specialist (FSS) 3. As an FSS Ms. Hawley's job duties included determining benefit eligibility for all public assistance programs by interviewing clients and verifying information through third parties and information systems. In February 2016, Ms. Hawley was promoted to FSS 5. As an FFS 5 her job duties included supervising financial workers who gather information regarding public assistance client's eligibility for the Childcare Subsidy Program, correctness of payments, and possible fraud.

5. As a result of the complaint, Randy Campbell from the Office of Fraud and Accountability (OFA) and Detective Jared Hoyt from the Washington State Patrol (WSP) DSHS Special Investigation Unit (SIU), conducted the investigation.

6. Ms. Hawley has been a DSHS client receiving food assistance since at least April 2011. At that time, Ms. Hawley reported that she was living with her boyfriend, Andrew Hill (Mr. Hill), in Bremerton, Washington. In April 2012, Ms. Hawley reported that she no longer lived with Mr. Hill and she had moved in with her mother, who lived in Poulsbo, Washington.

7. The DSHS/WSP Investigation obtained evidence that indicated Ms. Hawley had been cohabitating with Mr. Hill at his Bremerton residence for at least December 2014 through June 2016.

8. The DSHS/WSP investigators contacted neighbors of both Ms. Lopez and Mr. Hill and from those contacts it was established that Ms. Hawley was most likely living at Mr. Hill's residence for at least January 2014 through June 2016.

9. DSHS/WSP investigators contacted Lori Thompson (Ms. Thompson) at Mr. Hill's Bremerton residence and was told by her that she had been providing childcare for Ms. Hawley's children at Mr. Hill's residence for three years. She further indicated that Mr. Hill also lived at the residence but was often away for work related travel.

10. DSHS/WSP investigators contacted Mr. Hill and were told by him that Ms. Hawley and her children were living at his residence and that she used his address to receive child support checks from her ex-husband.

11. DSHS conducted an audit of Ms. Hawley's application for food and childcare benefits to review the information she provided regarding income and household members for 2014 through 2016. The audit showed that she omitted Mr. Hill as a member of her household and only identified her income and not the income from Mr. Hill for consideration of benefits, despite the application requiring her to do so. In addition, Ms. Hawley indicated that her residence was in Poulsbo, her mother's address, rather than Mr. Hill's address in Bremerton.

12. For the period of January 2014 through June 2016, DSHS determined that due to Ms. Hawley's fraudulent application for food and childcare benefits she was over paid \$30,876.91 for childcare and \$1,086 for food benefits.

13. On January 26, 2017, WSP Detective Hoyt filed the case with the Kitsap County Prosecutor's Office believing there was probable cause to believe that Ms. Hawley committed the

crime(s) of RCW 9A.56.030 – Theft in the first-degree, RCW 74.08.331 – Unlawful Practices-Obtaining Assistance, and RCW 74.08.055 – Verification of Applications.

14. On May 18, 2017, Ms. Hawley attended a pre-disciplinary meeting with Ronnie-Sue Johnson (Ms. Johnson), Statewide CSCC Administrator. Others in attendance were her Attorney Kevin Peck (Mr. Peck), Angela Hagen (Ms. Hagen), DSHS Community Services Customer Connection (CSCC) Childcare, West Administrator, and Pam Vance (Ms. Vance), HR Manager.

15. On August 17, 2017, Ms. Hawley entered a Declaration of Defendant, Waiver of Jury Trial, and Stipulation to Facts Sufficient to Prove Guilt (Declaration), in the Kitsap County District Court for consideration for entry into the Kitsap County Diversion Program. She agreed to pay a basic program fee of \$600, plus a \$250 contribution to the Kitsap County Crime Victims Fund. In addition, Ms. Hawley agreed to complete 48 hours of community service and to pay \$31,962.91 in restitution to DSHS.

16. In the Declaration above, Ms. Hawley stipulated that the Kitsap County Superior Court may determine her guilt of the charges filed against her by examining the investigative reports. She further stipulated that the facts contained within the investigative report would be sufficient for a judge to find her guilty of the charges filed against her.

17. Prior to the above Declaration, on August 15, 2017, Ms. Hawley provided DSHS' Office of Financial Recovery a cashier's check for \$31,962.91.

18. Ms. Hawley was terminated from state service on October 13, 2017. Ms. Johnson indicated in her termination letter to Ms. Hawley that Ms. Hawley's work history showed her to be an intelligent, well-trained, and a competent employee with no previous discipline. However, that very competence lead her to believe that Ms. Hawley's failure to provide accurate information to DSHS

about Ms. Hawley's children's living situation was intentional in order for her to maximize the benefits her family received.

19. Ms. Johnson further indicated in the termination letter that she could find no evidence that Ms. Hawley misunderstood the rules regarding these benefits. Rather, the evidence showed that Ms. Hawley should have known a) that she was required to report Mr. Hill in the household and that childcare was being provided in Mr. Hill's home not her mother's home; and b) that Mr. Hill's income would have made her family ineligible for the benefits that she had received.

20. The Order of Restitution was entered into the Kitsap County District Court on January 10, 2018, indicating that the full amount of \$31,962.91 was repaid to DSHS.

B. CONCLUSIONS OF LAW

1. The Ethics in Public Service Act, Chapter 42.52 RCW, prohibits state employees from conducting activities incompatible with their public duty (conflict of interest). RCW 42.52.020 states:

No state officer or state employee may have an interest, financial or otherwise, direct or indirect, or engage in a business or transaction or professional activity, or incur an obligation of any nature, that is in conflict with the proper discharge of the state officer's or state employee's official duties.

2. Based on the stipulated facts above, Ms. Hawley conducted activities incompatible with her official duties by fraudulently applying for and receiving benefits from the state in which she was not eligible to receive in violation of RCW 42.52.020.

3. The Ethics in Public Service Act, Chapter 42.52 RCW, prohibits state employees from securing special privileges. RCW 42.52.070 states:

Except as required to perform duties within the scope of employment, no state officer or state employee may use his or her position to secure special privileges or exemptions for himself or herself, or his or her spouse, child, parents, or other persons.

4. Based on the stipulated facts, Ms. Hawley secured a special privileges by using her position as a Financial Service Specialist to secure benefits from the state in which she was not entitled to receive, in violation of RCW 42.52.070.

5. The Board is authorized to impose sanctions for violations to the Ethics Act pursuant to RCW 42.52.360. The Board has set forth criteria in WAC 292-120-030 for imposing sanctions and consideration of any mitigating or aggravating factors.

C. AGGRAVATING AND MITIGATING FACTORS

In determining the appropriateness of the civil penalty, the Board reviewed the criteria in WAC 292-120-030. In the matter at hand, it is an aggravating factor these types of violations significantly reduce the public respect and confidence in state government employees, they were continuous in nature, were motivated by financial gain, and criminal in nature. In the matter at hand, it is a mitigating factor that Ms. Hawley was terminated from state employment and entered a Declaration of the Defendant, Waiver of Jury Trial, and Stipulation to the Facts Sufficient to Prove Guilt, in Kitsap County Superior District Court for consideration for entry into the Kitsap County Diversion Program, including payment of \$31,962.91 in restitution to DSHS.

D. STIPULATION AND AGREED ORDER

1. Pursuant to chapter 42.52 RCW, the Executive Ethics Board has jurisdiction over Lori Hawley and over the subject matter of this complaint.

2. Under RCW 34.05.060, the Board can establish procedures for attempting and executing informal settlement of matters in lieu of more formal proceedings under the Administrative Procedures Act, including adjudicative hearings. The Board has established such procedures under WAC 292-100-090.

3. Pursuant to WAC 292-100-090(1), the parties have the authority to resolve this matter under the terms contained herein, subject to Board approval.

4. Lori Hawley agrees that if any or all of the alleged violations were proven at a hearing, the Board may impose sanctions, including a civil penalty under RCW 42.52.480(1)(b) of up to \$5,000, or the greater of three times the economic value of anything received or sought in violation of chapter 42.52 RCW, for each violation found. The Board may also order the payment of costs, including reasonable investigative costs, under RCW 42.52.480(1)(c).

5. Lori Hawley further agrees that the evidence available to the Board is such that the Board may conclude she violated the Ethics in Public Service Act. Therefore, in the interest of seeking an informal and expeditious resolution of this matter, the parties agree to entry of the stipulated findings of fact, conclusions of law and agreed order.

6. Lori Hawley waives the opportunity for a hearing, contingent upon acceptance of this stipulation by the Board, or her acceptance of any modification(s) proposed by the Board, pursuant to the provisions of WAC 292-100-090(2).

7. If the Board accepts this stipulation, the Board agrees to release and discharge Lori Hawley from all further ethics proceedings under chapter 42.52 RCW for any allegations arising out of the facts in this matter, subject to payment of the full amount of the civil penalty due and owing, any other costs imposed, and compliance with all other terms and conditions of the stipulation. Lori Hawley in turn agrees to release and discharge the Board, its officers, agents and employees from all claims, damages, and causes of action arising out of this complaint and this stipulation.

8. If the Board accepts this stipulation, it does not purport to settle any other claims between Lori Hawley and the Washington State Executive Ethics Board, the State of Washington, or other third

party, which may be filed in the future. No other claims of alleged violations are pending against Lori Hawley at this time.

9. If the Board accepts this stipulation, it is enforceable under RCW 34.05.578 and any other applicable statutes or rules.

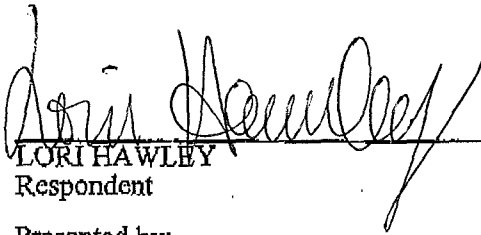
10. If the Board rejects this stipulation, or if Lori Hawley does not accept the Board's proposed modification(s), if any, this matter will be scheduled for an administrative hearing before the Board. If an administrative hearing is scheduled before the Board, Lori Hawley waives any objection to participation by any Board member at the hearing to whom this stipulation was presented for approval under WAC 292-100-090(2). Further, Lori Hawley understands and agrees that this stipulation as well as information obtained during any settlement discussions between the parties shall not be admitted into evidence during the administrative hearing, unless otherwise agreed by the parties.

11. Lori Hawley agrees to pay a civil penalty in the amount of three-thousand, two-hundred and fifty dollars (\$3,250.00) associated with violations of, RCW 42.52.

12. The civil penalty in the amount of three-thousand, two-hundred and fifty dollars (\$3,250.00) is payable in full to the Washington State Executive Ethics Board within forty-five (45) days after this stipulation is signed and accepted by the Board, or as otherwise agreed to by the parties.

II. CERTIFICATION

I, Lori Hawley, hereby certify that I have read this stipulation in its entirety, that my counsel of record, if any, has fully explained the legal significance and consequence of it. I further certify that I fully understand and agree to all of it, and that it may be presented to the Board without my appearance. I knowingly and voluntarily waive my right to a hearing in this matter and if the Board accepts the stipulation, I understand that I will receive a signed copy.



LORI HAWLEY
Respondent

10-18-2019

Date

Presented by:



KATE REYNOLDS
Executive Director

10/29/18

Date

II. ORDER

Having reviewed the proposed stipulation, WE, THE STATE OF WASHINGTON EXECUTIVE ETHICS BOARD, pursuant to WAC 292-100-090, HEREBY ORDER that the Stipulation is

✓ ACCEPTED in its entirety;

REJECTED in its entirety;

MODIFIED. This stipulation will become the order of the Board if the Respondent approves* the following modification(s):

DATED this 8th day of November, 2019

Shirley Battan
Shirley Battan, Chair

Absent
Gerri Davis, Vice-Chair

Lisa Marsh
Lisa Marsh, Member

Approved via telephone
Anna Dudek Ross, Member

* I, Lori Hawley, accept/do not accept (circle one) the proposed modification(s).

Lori Hawley, Respondent Date