

**IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
(Civil Division)**

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| CARYN ANN HARLOS, | : | |
| c/o The Veritas Law Firm | : | |
| 1225 19 th Street, NW, Ste. 320 | : | |
| Washington, DC 20036 | : | |
| Plaintiff, | : | |
| | : | |
| v. | : | Civil Action No.: <u>2024-CAB-006230</u> |
| | : | |
| ANGELA MCARDLE, | : | |
| Serve: Oliver Hall, Counsel | : | |
| 1444 Duke Street | : | |
| Alexandria, VA 22314, and | : | |
| | : | |
| LIBERTARIAN NATIONAL COMMITTEE : | : | |
| Serve: Oliver Hall, Special Counsel | : | |
| Libertarian National Committee | : | |
| 1444 Duke Street | : | |
| Alexandria, VA 22314 | : | |
| Defendants. | : | |

COMPLAINT

COMES NOW, the Plaintiff, **CARYN ANN HARLOS** (“Harlos”), individually and on behalf of the Libertarian National Committee (“LNC”) as a derivative action, by and through undersigned counsel, against the Defendants, **ANGELA MCARDLE** (“McArdle”) and the **LIBERTARIAN NATIONAL COMMITTEE** (the “LNC”), and files the instant Complaint, and in support thereof, states as follows:

1. Defendant McArdle, Chair of the LNC, has violated her fundamental fiduciary duties and duties of loyalty to the LNC and to the Libertarian Party as a whole through self-dealing, divided loyalties, outright violations of core principles of the Party, diversion of Party assets to unrelated third-parties, misuse of Party assets, the ordering payments of tens of thousands of the Party’s funds in self-interested transactions, and the failure to disclose and/or to timely disclose clear conflicts of interest existing in several other transactions commanded by her

and through her repeated unilateral actions, without consulting the LNC as required so that they can fulfill their required fiduciary duties and potentially exercise their veto power. As Chair of the LNC, McArdle has an obligation to uphold her duties of loyalty, care and obedience.

However, time has revealed to Harlos and many others that McArdle's self-interest, divided loyalties, and deceptive division of the LNC and the Party have controlled the vast majority of her decisions. McArdle attempted to wrongfully conceal many transactions by selectively conferring with selected members of the LNC, many of whom also had divided loyalties.

McArdle has also permitted decisions to be made on behalf of the LNC that did not accurately reflect the vote or required decision making process rules of the LNC. McArdle's actions have consistently broken the LNC's own bylaws and rules, campaign finance regulations, and both federal and D.C. law, in a complete refusal to meet her fiduciary duties and obligations. Harlos as a current Officer of the LNC and the Party, as well as being a current Libertarian Party member who maintains the core beliefs of the Party, turns to this forum as a last resort to stop McArdle before her continued actions ultimately destroy the Libertarian Party.

2. McArdle, aided and abetted by other members of the LNC, often through incomplete or deceptive disclosures and unfair tactics, failed to take action after Harlos's sincere demand for McArdle to be removed as Chair. That demand followed the Party's 2024 National Convention, where McArdle's explicit, ruthless, and continual fiduciary duty violations were displayed. The Convention was held in a manner antithetical to the core values of the LNC, notably including another political party's presidential candidate being given a stage to hold a rally prior to the nomination of the Libertarian candidate and, in effect, to mock the idea of even running a Libertarian ticket at all. This event was allowed to proceed in part due misstatements and withholding of critical information from the Party's Convention Oversight Committee

("CoC") Chaired by McArdle. In fact, the prior CoC Chair resigned due to McArdle's constant sabotaging of his efforts. Not surprisingly, McArdle then sought and obtained nearly complete control of the convention.

3. McArdle's actions and obvious public disdain as Party Chair for a vast majority of Party membership have violated the fundamental purpose of a political party, causing members to leave in disgust. This mass exodus of members caused the Party to suffer some of the lowest fundraising in decades. Her abuses of power and breaches of her fiduciary duties will cause irreparable harm to the Libertarian Party, the nation's third largest political party, if she is not removed and trust restored.

4. As a result of Harlos' opposition to her post-convention breaches of duty, McArdle is attempting to remove her for completing paperwork to the state of Colorado to place the duly nominated Libertarian Party candidates on the Colorado ballot instead of a competing candidate who attempted to obtain the Party's nomination at its 2024 national convention and lost on the first of seven rounds of voting with zero votes from Colorado delegates. Upon information and believe, some of the members of the committee assigned to "investigate" Harlos (all of whom are LNC members and the majority of them close allies of McArdle with similar conflicts) have admitted that Harlos must be removed as quickly as possible so that she could no longer have standing to seek judicial relief for McArdle's breaches which would constitute irreparable harm to the corporation.

5. In a political party, a professional Executive Director, who would normally serve as a check on the power of the Chair, was absent until recently. The former Executive Director resigned, and then McArdle gave herself the role so she could have more control and less oversight. This was ostensibly due to a lack of funding which lies on the shoulders of McArdle

who had a duty to foresee and forestall this situation. Libertarians by nature hesitate before seeking a judicial remedy, but Harlos feels they she has no choice but to proceed in face of the grim conclusion that irreparable harm has already occurred and continues unabated and openly by McArdle, and necessitates court intervention due to her self-dealing, malfeasance, disdain for the purpose of the Party, divided loyalties, failure of her fiduciary duties on nearly every front, and dissipation of the Libertarian Party's assets.

PARTIES AND JURISDICTION

6. At all times relevant, Harlos was and remains an Officer of the LNC despite continuing self-serving and retaliatory attempts by McArdle to inappropriately remove her. She has standing to bring this action under the laws of the District of Columbia, including under D.C. Code § 29-411.02. Harlos brings this direct action as she has suffered a "special injury" as she has a personal stake in McArdle's misuse of LNC's assets, to which Harlos has contributed, including monetary contributions and the devoted assets of her experience, time, and work as an Officer of LNC and the reputational damage she is suffering by the LNC's public attempts to remove her against the Party's purpose at the direct encouragement and inappropriate interference of McArdle who should have immediately ruled such public accusations as out of order under the Party's rules. Harlos has also suffered a "special injury" as Harlos' challenging of McArdle's breach of her fiduciary duties, and McArdle's subsequent denunciation and accusations, have caused her constituents and professional acquaintances to question Harlos' integrity. McArdle and other LNC members repeated inappropriate secret "Mises PAC" group discussions and McArdle's private discussions with her similarly conflicted allies have excluded Harlos in decision-making processes and meetings, thus violating her member rights on the committee and depriving her constituents of the representation to which they were entitled. McArdle, supported by other LNC members, has engaged in retaliatory behavior due to Harlos'

insistence that the Party keep to its purposes, ensure that its Presidential and Vice-Presidential candidates appear on state ballots, and engaging in internal complaint processes against a paid staff member who is a McArdle ally and a chief architect of attempting to displace the duly nominated Libertarian ticket in Colorado. Harlos also brings claims as a derivative action against McArdle as she is an Officer of the LNC and, despite a clear demand, the LNC has failed to suspend McArdle which can lead to her removal and, in fact, has not undertaken any action to remove her as Chair. Further, the law in the District of Columbia supports removal through Court order of McArdle in these circumstances as she has grossly abused the position of Chair and intentionally inflicted harm on the LNC.

7. McArdle is the Chair of the LNC, which is a non-profit organization registered in the District of Columbia and of the Libertarian Party which is an unincorporated assembly. McArdle is an individual, upon information and belief, who resides in Texas, but has taken many if not all of the relevant actions and transactions referenced herein through domineering control, repeated unilateral actions despite LNC and Party member protests, and wrongful executive orders through her position as Chair of the District of Columbia non-profit political entity which is the administrative arm of the unincorporated assembly, the Libertarian Party.

8. The LNC is a non-profit organization that was created under the laws of the District of Columbia and has a principal place of business in Alexandria, Virginia. The LNC operates under its Bylaws, Convention Special Rules, and Judicial Committee Rules of Appellate Procedure as well as its Policy Manual and parliamentary authority, Robert's Rules of Order. In its applicable Bylaws and Rules and Policy Manual, the LNC has the power to suspend an officer for cause which is limited in its Policy Manual to failure to perform the duties of office (which includes the duties owed to the non-profit corporation and its membership) and gross

malfesance. If an officer is suspended for cause, he/she is considered suspended from duties with a short period of time for appeal to the Judicial Committee, the majority of which are part of the Mises PAC with goals contrary to the Party's stated purpose. If the Judicial Committee fails to review or upholds the LNC's decision, the position is considered vacant, subject to replacement under the procedures for appointment of officers.

9. This Court has jurisdiction over this matter under District of Columbia law, including pursuant to D.C. Code § 29–411.01, *et seq.*

FACTUAL BACKGROUND

10. This action centers on McArdle's abuse of power and breaches of her fundamental fiduciary duties to the LNC undertaken through her tenure as Chair through several terms, exemplified by self-dealing and unilateral actions that circumvented required participation by the rest of the LNC, and misuse of the Party's remaining assets.

11. The Chair, along with all members of the LNC, comprise the board of directors of the nonprofit corporation, Libertarian National Committee, Inc. (LNC) and owe the LNC and the Libertarian Party the fiduciary duties set forth under common law and demanded by statute. As the manager of the LNC's affairs, the Chair owes fiduciary duties to the nonprofit corporation. The law requires that the Chair "must act in the utmost good faith, and this good faith forbids placing [herself] in a position where [her] individual interest clashes with [her] duty to the" LNC. As Chair, McArdle's fiduciary obligations to the LNC means that she must manage the LNC solely in its best interest, not as a vehicle for promoting her personal beliefs or causes, including transforming the organization contrary to its purposes under its Bylaws nor undermining the will of the Libertarian Party delegates assembled in convention. Under District of Columbia law, McArdle had the fundamental duty not to engage in self-interested transactions and had to pre-disclose potential conflicts of interest to the persons charged with approving

transactions. The LNC Policy Manual has a similar provision. McArdle had the obligation to adhere to duties of loyalty, disclosure, and obedience to the mission of the LNC as its Chair, as well as the duty to avoid the wasting of the Party's assets. Further, McArdle has the fiduciary duty to act in the utmost good faith in her decisions as LNC Chair.

12. District of Columbia law recognizes that the fiduciary duties of the Chair include completely revealing all material information and that nondisclosure of material information could not only breach a fiduciary duty, but also constitute fraud. As the District of Columbia's highest court has explained, "The gist of the action of deceit is the producing, with fraudulent intent, of a false impression upon the mind of the other party. It is unimportant, if this result is accomplished, whether the means employed are affirmative or negative, that is, whether they consist of words or acts, or amount to no more than a concealment or suppression of material facts peculiarly within the knowledge of the guilty party."

13. The Libertarian Party is the third-largest political party in the United States.

14. Per the Party bylaws, "[t]he Chair is the chief executive officer of the Party with full authority to direct its business and affairs." The Chair is a member of the LNC which was established to control and manage the affairs, properties, and funds of the Party consistently with the purposes of the Party and has power and control through actions requiring the vote of the LNC as well as through powers that can be exerted, rightfully or wrongfully, through closed, executive sessions or even unilaterally. Since the Chair has such power, including the power to take unilateral actions which can be overridden by the full LNC, she has a particular duty to inform the LNC of her actions so that they can exercise their duties and veto her actions if necessary. The LNC cannot veto or divert actions of which it has no or incomplete knowledge.

15. As a District of Columbia non-profit, the LNC and its directors and board members are subject to District of Columbia laws, including D.C. Code § 29-406.30(a) (“Standards of conduct for directors: Each member of the board of directors, when discharging the duties of a director, shall act: (1) In good faith; and (2) In a manner the director reasonably believes to be in the best interests of the nonprofit corporation.”) when managing the affairs of the LNC. The members of the LNC are empowered to manage the affairs of the LNC, and as such, are the LNC’s directors and board members. In order to do so, they must have full and truthful disclosure from its Chair.

16. On or around May 28, 2022, McArdle was elected Chair of the LNC.

17. On or around May 25, 2024, McArdle was re-elected Chair of the LNC.

18. As the Chair of the LNC, McArdle is bound to adhere to D.C. Code § 29-406.30 and common law fiduciary duties to the nonprofit corporation.

19. Directors must act in the utmost good faith, and this good faith forbids placing themselves in a position where their individual interests and beliefs clash with their duty to the nonprofit corporation. The director’s fiduciary obligation to a nonprofit means that they must manage it solely in its best interest, not as a vehicle for promoting their personal beliefs or causes.

20. Under District of Columbia law, directors of nonprofit corporations must not engage in self-interested transactions and must fully pre-disclose potential conflicts of interest to the persons charged with approving such transactions.

21. It is axiomatic that the board of directors of a nonprofit is charged with the duty to ensure that the mission of the non-profit corporation is carried out. This duty has been referred to as the duty of obedience. It requires the director of a not-for-profit corporation to be faithful to

the purposes and goals of the organization, since unlike business corporations, whose ultimate objective is to make money, nonprofit corporations are defined by their specific objectives.

22. District of Columbia law has recognized those components of the fiduciary duties of managing directors and, in fact, found that nondisclosure of material information may constitute fraud.

23. The fiduciary duties of nonprofit directors also include a duty not to waste corporate assets.

24. McArdle has undergone a series of actions in breach of her fiduciary duties to the LNC, some of which are outlined here but may not be comprehensive as to all of her breaches of duty. Upon information and belief, some actions remain hidden as of this date, as Ms. McArdle has acted unilaterally most of the time and even the LNC itself has no knowledge of her dealings. Even more pressing for purpose of this lawsuit, there is little doubt that McArdle will continue to act in line with her prior breach of fiduciary duties that could continue to negatively impact the LNC and Libertarian Party and cause them to suffer irreparable damages.

Breach of Loyalty - Self-Interested Diversion of LNC Resources

25. As Chair, McArdle made decisions to divert scarce and valuable LNC resources to hold a past fundraiser on behalf of "Rage Against the War Machine," a separate organization formed in conjunction with Nick Brana ("Brana") from the Movement to Form a People's Party, a competing political group, who now is believed to work with Robert F. Kennedy, Jr. in his bid to elect former President Donald J. Trump. The organization was organized by McArdle and Brana personally but used the 1444 Duke Street address of the LNC's headquarters building for a mailing address with no express authority of the LNC and no documented exchange of benefit given to the LNC. An additional "Rage Against the War Machine" event happened on

September 28, 2024, for which McArdle, upon information and belief, may receive remuneration as she may have in the past, none of which have been definitely disclosed.

26. The supposed purpose of the separate organization was to hold coalition events billed as a joint fundraisers that would benefit the LNC. The LP was listed as a cosponsor of the organization in public promotional materials in the first event (but is listed as "Organizer" for the second event without the approval of the LNC), the Party logo was used on the website and materials for the organization prior to any endorsement vote, and McArdle was and is involved with hosting the events. Upon information and belief, McArdle personally answered email for these events as well and is using her Party title to boost her personal public profile in a way that serves no benefit to the LNC or the Party but great personal benefit to her.

27. McArdle, however, breached her fiduciary duty to safeguard LNC's assets by permitting "Rage Against the War Machine" to take more than its share of the raised funds, not accounting for the funds at all to the FEC or the LNC, and not submitting approval of the formation of "Rage Against the War Machine" or the fundraising agreement to a full vote of the LNC as required by the rules of the Party, and breaching her duty of disclosure of relevant financial and legal information to the entire board and is upon information and belief using these events to raise her personal profile for future financial prospects at the expense of the Party.

28. McArdle has now further founded another organization "Rescue the Republic - Join the Resistance" which is joined with the "Rage Against the War Machine" on its website, listed herself with her Party title as a founder, all without the approval of the LNC and without the knowledge of many on the LNC. Further, this separate event which took place on September 29, 2024, is intrinsically tied to the promotion of the election of Donald Trump, a non-Libertarian, a recurring pattern behind her actions. McArdle caused a promotional email for this

event to be sent to the Party email list, with a link that contains a donation link to that organization, which she founded and has yet to disclose. In so doing, she bypassed the internal Party procedures for approval to which Harlos expressly objected.

29. Such actions violated DC Code § 29–406.30(c), which states, “In discharging board or committee duties a director shall disclose, or cause to be disclosed, to the other board or committee members information not already known by them but known by the director to be material to the discharge of their decision-making or oversight functions, except that disclosure is not required to the extent that the director reasonably believes that doing so would violate a duty imposed by law, a legally enforceable obligation of confidentiality, or a professional ethics rule.”

30. Upon information and belief, the past fundraiser resulted in the raising and spending of over \$100,000.00, using Party resources for fundraising and advertising the fundraising event to the detriment of other essential functions. It is unknown how much additional monies will be diverted from last weekend’s events and the harm to the purpose of the Party to nominate Vice-Presidential and Presidential candidates and provide them full support of the LNC.

31. The Party did not receive any compensation for this fundraising event. There was never an internal accounting of all of the Party resources used for this event. No accounting has ever been forthcoming, despite Harlos (as well as other members and state board members) making several official enquiries.

32. It is anticipated that the future rallies will hold similar issues and information on such has been refused despite requests from Harlos.

33. McArdle informed the LNC after the fact that she had created the “Rage Against the War Machine” organization and demanded a donation of about \$1,500.00 of LNC funds for the new organization. This organization was created by at least December 2022 but was not included in her official required potential conflicts of interest until March 2023. This breached her duty of disclosure and loyalty to her organization.

34. McArdle has yet to inform the LNC that she is a co-founder of "Rescue the Republic – Join the Resistance" and attempted to use Party resources to promote the event which was thwarted by the actions of Harlos. This organization has yet to be included on McArdle's required potential conflicts of interest disclosures with her Party title already being used to promote the event on its website as well as tying it to the "Rage Against the War Machine" event the day prior. No vote was ever taken and attempts by Harlos and at least one other LNC member to hold McArdle to account was met with refusal.

35. Throughout her time as Chair, McArdle has diverted Party resources towards groups and candidates outside of the Libertarian Party, in specific contravention of the party bylaws, without LNC involvement or approval, as well as in personal babysitting duties such as using a paid staff member to mind her very young son while nomination papers were signed following the 2024 Convention.

36. Around April or May 2024, McArdle unilaterally made a deal with the Donald Trump Campaign that would give Donald Trump, a candidate for the Republican presidential nomination, a prime time speaking slot at the Libertarian National Convention in Washington, D.C. The LNC was not consulted nor was a vote held on this matter before the agreement was reached. Minimal and changing details were given to the Convention Oversight Committee.

37. By inviting and allowing the Republican presidential nominee to speak at the Libertarian National Convention, McArdle created the appearance that the LNC supports Donald Trump, which contravenes LNC Bylaws. Although that speaking opportunity may initially may have been described as simply giving him a forum to hear the Party's views, her future actions make that interpretation impossible, including a mocking "endorsement video" for the Party's official candidates in which she wore a clown nose and explicitly stated that the purpose of her endorsement and support was to make sure that Biden (the Democrat nominee at the time) was not re-elected. McArdle additionally used her status as LNC Chair to support political candidates from other political parties, encouraging Robert Kennedy Jr. to seek the Libertarian presidential nomination despite not being eligible, as he was running as an Independent and/or on the ticket of several other competing political parties in various states.

38. McArdle scheduled the Trump appearance for a prime Saturday night slot during the LNC Convention, traditionally when the LNC presidential candidates would debate before a vote to select the LP presidential nominee. This scheduling meant that the LNC presidential candidates had an abbreviated debate during business hours on Saturday morning, which not only caused there to be less attention on LNC candidates but breached her obligation to support only LNC candidates. McArdle's scheduling of another political party's presidential nominee disrupted LNC business and has damaged the LNC's reputation.

39. Upon information and belief, the funds used to schedule and support Donald Trump's appearance likely wasted LP assets as the party was required to expend its resources to host the Republican presidential nominee, at an increased cost and with no financial benefit to the LNC and at the loss of time needed to make much needed changes to the Party's Bylaws, which changes were never heard despite Party volunteer meeting twice monthly.

40. McArdle's unilateral decision to schedule and support Donald Trump speaking at the LNC convention constituted a breach of the LNC's Bylaws, fundamental principles of good governance, and a breach of the duties of good faith and disclosure as to her ultimate intent.

41. McArdle has repeatedly caused the Executive Committee, a subset of seven members of the larger board, to hold closed-door executive sessions and to restrict votes to her hand-picked executive committee. This is in direct violation of the letter and the spirit of the LNC bylaws, which require full LNC participation for nearly all meetings and strictly limiting the use of confidential executive sessions.

42. Regional Representatives from Region 3 and Region 7 have been excluded from Executive Committee Executive Session meetings with McArdle's encouragement, which violated the rights of all Libertarians in Region 7 and Region 3, since their representatives were not allowed to participate in any discussion or decision of the committee.

43. McArdle has terminated the staff who were working in the 1444 Duke Street office, a real estate asset purchased through donations of party members specifically for the purpose of being used as the LNC headquarters with Party property being stored in disarray in the basement. With the building emptied of staff and operational activities, against the purpose and desires of the many donors who contributed in excess of \$1,000,000 to its purchase, she has proposed renting it to a potential tenant. She has not accounted to the Committee regarding any such arrangements, nor has she stated that she will adhere to Federal Election Commission rules regarding how the party may rent out facilities paid for with donations. The property has further fallen into disrepair with no attempts to solicit assistance from the membership to bring it back into prime condition. Further, no one answers the phone and members constantly complain that messages are not returned.

Breach of Obedience and Loyalty to the LNC – Reducing Ballot Access

44. To effectuate change in a democracy, political parties must put up candidates for office, especially for important elections such as for the President of the United States.

However, McArdle has breached her fiduciary duty to act in good faith to the LNC by failing to zealously maintain ballot access to Libertarian Party candidates across the country. She has done this by supporting other party candidates by inviting the Republican frontrunner to speak at a prime-time slot during the party convention and encouraging the presidential nomination of an independent candidate who also runs under various other party labels in various states, none of them Libertarian, and attempting to remove the Libertarian Party Presidential and Vice-Presidential electors from Colorado and publicly intimidating Harlos for her ensuring that that duly nominated candidates appeared on the ballot against McArdle's wishes. While McArdle was violating the Bylaws, claiming herself as the ultimate authority who shall not be undermined, Harlos obeyed the purposes stated in the Party bylaws including upholding the will of the delegates in convention.

45. McArdle has made a mocking video, complete with a clown nose, of the Libertarian candidates with a faux endorsement that is a Trump endorsement in disguise. The Party bylaws require the LNC to fully support the properly nominated candidate chosen at convention. The current properly chosen candidates have suffered from little to no support from McArdle. To the contrary, in coordination with a state chair to collude in breaking both national and state bylaws, McArdle contacted at least one secretary of state to facilitate the removal of electors for the Libertarian candidate in favor of an independent candidate, in a strict violation of the Party bylaws and actively condemned Harlos in her act to ensure the inclusion of the Libertarian candidates in Colorado. In some states this may lead to the Party losing even more

ballot access. In this particular state, it would have given ammunition to an attempt to nearly destroy the Party in that state by restricting choices to a top-four scheme.

46. McArdle further failed to instruct staff to automatically send the second set of the Certificates of Nomination signed at the 2024 National Convention to each Secretary of State after she learned that some state affiliates may attempt to refuse their appearance on ballot. Instead, she insisted, contrary to all past practices, that only one set would be sent out—to state chairs—despite the known issues of absent or unknown state chairs and lack of proper mailing addresses.

47. By inviting other party candidates to take time during the Libertarian National Convention, she caused the serious decline of members and funds to accelerate. The massive drop in funds after convention has been cited by McArdle as the reason for proposing to process donations for a presidential candidate who is directly competing with the Libertarian nominee in the 2024 election. The party did not have enough funds to meet its mandate of fielding candidates for office this election cycle due to McArdle’s continued breach of duties in allowing excessive entanglements with other party candidates as a way to fund the Party, resulting in record low numbers of Libertarians running across the country in 2024.

48. The Bylaws of the Party clearly states that the purpose of the Party includes “electing Libertarians to public office to move public policy in a libertarian direction” and to “nominat[e] candidates for President and Vice-President of the United States and supporting Party and affiliate party candidates for political office.”

49. As Chair, however, McArdle independently made the decision to disregard ballot access for Libertarian candidates in all fifty states for the 2024 Presidential Election while making public comments about working with the Republican nominee’s campaign. As an

example, in one state where under 300 signatures were needed to complete the process, McArdle did nothing to assist where both cost and effort would have been minimal.

50. As Chair, McArdle excoriated Harlos for signing the nomination papers to put the official Libertarian Party Presidential and Vice-Presidential Candidates on the Colorado ballot, instead, upon information and belief, thwarting the will of the affiliate to put Robert F. Kennedy, Jr. on its ballot line in direct contradiction to Colorado and national bylaws.

51. Decreasing ballot access and supporting another party's presidential candidate runs antithetical to the fundamental purpose of the Libertarian Party, and the Party bylaws. Her actions continue to breach her fundamental fiduciary duties as the LNC Chair and as a board member. While quick action may help counter the negative consequences of her disregard of Party ballot access for the 2024 election cycle, her continued control will very likely deepen the destructive impact of her continued breach of fiduciary duty on the LNC and the Libertarian Party.

Breach of Loyalty - Self-Interested Appointments

52. In a serious breach of her duty of loyalty, McArdle appointed herself as the Executive Director of the organization, filling a position vacated previously by an individual with the power to place checks on some of the Chair's power, and ability to interfere with staff and other operations. Key aspects of the Party, including decisions on employees' and consultants' retention and termination and acts as the direct report for employees and volunteers are normally handled by a full-time executive director. She has created a conflict of interest in appointment and retention decisions, since she can now also vote to take actions against staff.

53. McArdle, in her capacity as Chair and Executive Director, hired her life partner and father of her son, Austin Padgett, as a Fundraising Director for the LP despite his lack of

professional fundraising experience and initially provided deceptive information to the LNC that his contract was fully internally approved by a committee assigned to that task. She refused Harlos' multiple attempts to put a supervisory barrier between the two rightfully noting that McArdle could not possibly objectively supervise Padgett.

54. In assigning him to the position, McArdle failed to ever seek outside applications or otherwise to post for the position of Fundraising Director, nor did she consult the LNC and ask for a pre-hire vote of disinterested directors as to whether his appointment would be good for the Party, as she should have when seeking to self-deal through the board. Upon information and belief, that McArdle failed to disclose her clear conflict of interest with respect to Padgett. Instead, she merely appointed Padgett to that role with compensation in excess of market rates, at least for someone whose resume scarcely reflects any substantial, professional fundraising experience. Mr. Padgett was paid several thousand dollars during his tenure as fundraiser, all money that flowed into McArdle's household and to her benefit.

55. The LNC Policy Manual requires "[e]ach LNC Member" to "disclose to the LNC situations in which such person's own economic or other interests, or duties to others, might conflict with the interests of the Party in the discharge of their duties" at the "earliest opportune moment."

56. Since Mr. Padgett's hiring, donations to the party have been on a steady decrease and membership in the LP has decreased.

57. Despite such serious concerns during his time sitting as Fundraising Director and without LNC approval, McArdle continued to pay him with LNC assets, and as acting Executive Director, she was the only person who could remove him from his position.

58. She had also refused to permit a committee consideration on the retention of another to serve as Executive Director in charge of Padgett, and since the executive director is in charge of employee hiring and firing, she had permitted his retention to continue despite the clear conflict of interest, breaching multiple fiduciary duties including failing to act solely in good faith and loyalty to the Party and the LNC, and failing to disclose conflicts of interest. Despite the initial approval of his contract after the fact including a clear end date, McArdle's failure to recruit for a replacement led to his retention for additional months complete with arguments that it takes that amount of time to bear fruit making the initial acquiescence of a limited emergency time frame disingenuous.

59. In her second term, McArdle appointed former Mises PAC Chair Michael Heise for fundraising development while waiting nearly two weeks to inform the entire LNC continuing her practice of insider hiring without responsible recruitment and vetting. Upon information and belief, she did inform select political allies so no excuse can be made that this non-disclosure was mere forgetfulness or due to lack of time.

Lack of Accountability

60. McArdle has acted unilaterally, independently and without the advice or consent of the entire LNC on numerous occasions. Her partnership with Nick Brana, who controls “The Movement to Form a People’s Party” and who is now on the Robert F. Kennedy, Jr. team who is openly endorsing Donald Trump. Ms. McArdle created a third-party organization, “Rage Against the War Machine,” with Brana, using the address of the Party headquarters on the third-party filing, and setting the Party up a co-sponsor of the Rage Against the War Machine rally.

61. Another example of her lack of accountability surrounds her launch of a seemingly failed national billboard campaign. As Chair, McArdle purportedly began a billboard

campaign requiring significant LNC funding, raised directly from the membership, to challenge federal candidates with the goal of removing them from office. McArdle, however, has failed to disclose any information about this program, including any form of accounting or the manner by which billboards were being placed, funded, and controlled. It is not known for certain how many billboards were purchased, it is certain there were at least two, and no report to the membership or LNC was made.

Breaching Obligations to LNC regarding Candidates

62. Upon information and belief, McArdle has been engaged in numerous conversations and negotiations with Colorado to deny the rightful Libertarian Party candidates their place on the Colorado ballot line in violation of both the Colorado and national bylaws. McArdle was aware that Colorado was considering putting Robert F. Kennedy, Jr. on its ballot line through both her meetings with Colorado and through discussion groups. These plans included the involvement of an LNC employee. These plans were never fully revealed to the LNC or to the special ad hoc committee she created to deal with recalcitrant states. Once it was revealed to Harlos, she filed a formal internal complaint with the internal employee oversight committee and requested that the complaint not be given to McArdle as her involvement was suspect and she was already retaliating against Harlos for her advocacy to place the official Libertarian ticket on the ballot line. To the best of knowledge of Harlos, no action has been taken despite this clear breach and conflict of duties.

63. Upon information and belief, despite McArdle's agreement with Harlos that two notarized sets of Nomination Certificates were prepared immediately after convention to send one set to state chairs and the others to the Secretaries of State, McArdle and the LNC later refused to send a copy to the Secretaries of State but only the state chairs. This is grossly

negligent as information sent solely to state chairs is an outdated process and state chairs are often inactive or unknown, as well as other valid reasons.

64. Upon information and belief, McArdle improperly delegated a decision to a seven-person sub-portion of the LNC, to form a “Joint Fundraising Committee” in which the LNC would allow Robert F. Kennedy, Jr. to borrow the LNC's FEC fundraising limits for a ten percent commission and would be required to coordinate the remaining 90% to promote the RFK, Jr. Victory. With Robert F. Kennedy, Jr. now suspending his campaign and openly endorsing Trump, this amounts to McArdle causing the LNC endorsing and fundraising Trump through proxy in violation of its purpose and bylaws.

Failed Demands by Harlos and Right to Remove McArdle

65. On September 22, 2024, Harlos, through undersigned counsel, sent a demand to the LNC demanding that the LNC immediately suspend McArdle as Chair of the LNC, which would result in her removal as Chair, or otherwise take decisive action to address her extremely significant and repeated breaches of her fiduciary duties.

66. The LNC did not agree to take action and McArdle refused to step down.

67. Due to McArdle remaining in the role of LNC Chair, irreparable harm is and will occur and this action is necessary to stop such harm from continuing, harm that could ultimately result in a self-implosion and extinction of the Libertarian Party.

68. Considering the entirety of McArdle’s actions and conduct as Chair, she has grossly abused the power and position of Chair and/or intentionally inflicted harm on the LNC, including through destruction of its fundamental principles, its funding, its membership base, and its position as an independent American political party.

69. Under D.C. Code § 26-409.09, the Superior Court may remove McArdle from office in these circumstances and may bar her from being reelected, redesignated, or reappointed.

70. Further, equity supports her removal in these circumstances.

**COUNT I – BREACH OF BY-LAWS AND FUNDAMENTAL RULES AND
PURPOSE OF THE LNC / DERIVATIVE ACTION FOR IMMEDIATE SUSPENSION
OF MCARDLE
(Against McArdle and the LNC)**

71. Harlos incorporates all prior paragraphs of this Complaint as if fully set forth herein, which includes every factual allegation of McArdle’s reckless breaches of her fiduciary duties (including, among others, those of loyalty, disclosure, and obedience and to fully disclose conflicts and to prohibit corporate waste).

72. Taken individually and certainly as a whole, McArdle’s wrongful actions and breaches of fiduciary duty constitute good cause for her immediate suspension and removal.

73. On September 22, 2024, Harlos, through undersigned counsel, sent a demand to the LNC demanding that the LNC immediately suspend McArdle as Chair of the LNC, which would result in her removal as Chair, or otherwise take decisive action to address her extremely significant and repeated breaches of her fiduciary duties.

74. The LNC did not agree to take action and McArdle refused to step down.

75. In its applicable Bylaws and Rules, the LNC has the right and power to suspend an officer for cause as defined in the Policy Manual as failure to fulfill the duties of office or gross malfeasance. If an officer is suspended for cause, he/she is considered immediately removed from office and the position considered vacant, subject to replacement under the procedures for appointment of officers.

76. The LNC has refused to undertake any action to remove McArdle as Chair or address her breaches of fiduciary duties.

77. As such, Harlos satisfied all requirements to bring this claim and action under D.C. Code § 29–411.01 *et seq.* To the extent that ninety days have not elapsed since the Harlos demand, relief should be awarded and standing should be granted as irreparable damage would occur if not, such as McArdle through her conflicted allies simply removing her to extinguish her standing in this matter.

78. McArdle was elected and currently serves as Chair of the LNC and her actions reveal that she will continue to abuse her power and committed breaches of her fiduciary duties that have caused and will cause irreparable harm to the LNC and the Libertarian Party as a whole, including but not limited to, depletion of donations and loss of members, many of all of which is likely permanent, which is antithetical to a political party with the fundamental principles of electing Libertarians to public office, to move public policy in a libertarian direction, and promoting the growth and activities of the Libertarian Party and its local affiliates.

79. Under clear law, as Chair of a nonprofit corporation, McArdle was required to act in good faith, which forbids placing herself in positions where her individual interests clash with the duty to the nonprofit corporation. McArdle was prohibited under applicable law to engage in self-interested transactions and had to disclose potential conflicts of interest to the persons charged with approving such transactions.

80. Even citation to a portion of McArdle’s breaches of fiduciary duties provide full support for an order requiring her immediate suspension and removal. As Chair of the LNC, McArdle has breached her fiduciary duty to the LNC by failing to provide ballot access to LP candidates across the country. As Chair of the LNC, McArdle is a director of the LNC and as such has a duty of obedience to the nonprofit corporation. The Bylaws of the nonprofit corporation require all attempts to gain ballot access for LP candidates, including for the

Presidential election, but McArdle has ignored and acted in violation of her obligation and fiduciary duty to seek such access. Throughout her time as Chair of the LNC, McArdle diverted LP and LNC assets and funds to another organization under her control. McArdle disrupted LNC business and undermined support for LP presidential candidates seeking the party's nomination by bringing the Republican presidential nominee, Donald Trump, to speak at the LNC Convention. McArdle also unilaterally contracted to use and used LNC resources to host that Donald Trump speech at and during the LNC Convention. McArdle further evaded making a request for this funding to the Convention Oversight Committee, as required. McArdle launched a national billboard campaign of which she had failed to disclose the nature and details, ignoring repeated requests for substantive explanations. McArdle has a duty to disclose to the other members and directors of the LNC material information which is relevant to their duties to manage the affairs of the LNC. By failing to disclose details of the national billboard campaign, McArdle is in violation of her duty to disclose. As Chair of the LNC, McArdle appointed herself the Executive Director of the LNC. Using her hiring power as Executive Director, McArdle hired her life partner, Austin Padgett, who resides with her, as Fundraising Director for the organization. This is a clear conflict of interest and in breach of McArdle's duty to act in the best interest of the nonprofit corporation as Mr. Padgett has no professional experience fundraising yet was hired as the Fundraising Director. Since hiring Mr. Padgett, fundraising has dropped significantly. As the Chair of the LNC, McArdle has been interfering with the autonomy of state affiliates of the LP. This is in breach of the LP Bylaws and a breach of McArdle's duty to act in good faith.

81. McArdle has failed to disclose the amount of staff time used to promote the "Joint Fundraising Committee," particularly by Michael Heise.

82. Considering the entirety of McArdle's actions and conduct as Chair, she has grossly abused the power and position of Chair and/or intentionally inflicted harm on the LNC, including through destruction of its fundamental principles, its funding, its membership base, and its position as an American political party.

83. Under D.C. Code § 29-406.09 (a) The Superior Court may remove a director from office in a proceeding commenced by or in the right of the corporation if the court finds that:

- (1) The director engaged in fraudulent conduct with respect to the corporation or its members, grossly abused the position of director, or intentionally inflicted harm on the corporation; and
- (2) Considering the director's course of conduct and the inadequacy of other available remedies, removal would be in the best interests of the corporation.

84. Under D.C. Code § 29-406.09(c) The court, in addition to removing the director, may bar the director from being reelected, redesignated, or reappointed for a period prescribed by the court.

85. Under the power vested with this Court D.C. Code § 29-406.09 and due to equity clearly favoring Harlos and the LNC, the Superior Court must remove McArdle from office in these circumstances and bar her from being reelected, redesignated, or reappointed in the future.

86. Good and just cause certainly exists for her removal.

WHEREFORE, Harlos, as a Director and an Officer of the LNC and having fulfilled her requirements to bring this derivative claim on behalf of a LNC apparently too fearful of McArdle to act on its own, respectfully requests that the Court order the suspension and/or removal of McArdle as Chair of the LNC and bar her from holding any LNC post in the future.

**COUNT II – BREACH OF FIDUCIARY DUTY
(Against McArdle)**

87. Harlos incorporates all prior paragraphs of this Complaint as if fully set forth herein, which includes every factual allegation of McArdle’s reckless breaches of her fiduciary duties (including, among others, those of loyalty, disclosure, and obedience and to fully disclose conflicts and to prohibit corporate waste).

88. At all times relevant, Harlos was an Officer of the LNC.

89. McArdle owes fiduciary duties to the LNC, including to Harlos and breached those duties repeatedly.

90. Harlos brings this direct action as she has suffered a “special injury” as she has a personal stake in McArdle’s misuse of LNC’s assets, to which they have extensively contributed, including monetary contributions and the devoted assets of her experience, time, and work as an Officer of the LNC. Further she has suffered reputational harm.

WHEREFORE, Harlos, as an Officer of the LNC respectfully requests that the Court order the suspension and ultimate removal of McArdle as Chair of the LNC and bar her from holding any LNC post in the future as well as any other further relief available.

Respectfully submitted,

THE VERITAS LAW FIRM

/s/ Scott H. Rome
Scott H. Rome, Esq. [476677]
Christopher L. LaFon, Esq. [483740]
Lindsey Dennis, Esq. [1764782]
1225 19th St., NW, Suite 320
Washington, DC 20036
(202) 686-7600 (Phone)
(202) 293-3130 (Fax)
srome@theveritaslawfirm.com
clafon@theveritaslawfirm.com
ldennis@theveritaslawfirm.com

Counsel for Plaintiffs

ZIPIN AMSTER & GREENBERG

/s/
Theodore Godfrey, Esq. [494595]
8757 Georgia Ave. #400
Silver Spring, MD 20910
(301) 587-9373 (Phone)
(240) 839-9142 (Fax)
bgodfrey@zagfirm.com
Counsel for Plaintiffs