

# TEXAS ETHICS COMMISSION

IN THE MATTER OF  
PEGGY HAMRIC,  
RESPONDENT

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BEFORE THE  
TEXAS ETHICS COMMISSION  
SC-2612254

## ORDER and AGREED RESOLUTION

### I. Recitals

The Texas Ethics Commission (the commission) met on October 26, 2007, to consider sworn complaint SC-2612254. A quorum of the commission was present. The commission determined that there is credible evidence of violations of sections 253.035(h) and 254.031(a)(3) of the Election Code and section 20.59 of the Ethics Commission Rules, laws and a rule administered and enforced by the commission. To resolve and settle this complaint without further proceedings, the commission proposes this resolution to the respondent.

### II. Allegations

The complaint alleges that the respondent failed to properly report political expenditures made by credit card, failed to properly report, and improperly reimbursed, political expenditures made from personal funds, and failed to properly report reimbursements to staff.

### III. Facts Supported by Credible Evidence

Credible evidence available to the commission supports the following findings of fact:

1. The respondent is a former state representative.
2. The allegations of failure to properly report political expenditures made by credit card are based on the respondent's July 2005 and January 2006 semiannual reports.
3. On these reports the respondent disclosed the credit card company as payee for political expenditures totaling approximately \$2,400.
4. The respondent disclosed the expenditures on Schedule I, which is used for reporting non-political expenditures. The respondent's sworn response indicates she was unsure of the

distinction between political and non-political expenditures. The evidence indicates that the expenditures at issue were related to her activities and duties as a candidate and as an officeholder.

5. The complaint also alleged that the respondent violated section 254.035 of the Election Code by failing to disclose the expenditures at issue during the proper reporting period. There is no evidence to support that allegation.
6. The respondent filed corrections for expenditures that were in the aggregate over \$50 to a single payee.
7. The allegations that the respondent failed to properly report, and improperly reimbursed, political expenditures made with personal funds are based on the respondent's July 2005 semiannual report.
8. On the July 2005 semiannual report the respondent made approximately \$500 in political expenditures to herself to reimburse herself for political expenditures made from personal funds for these expenditures. The report discloses that the respondent did not properly disclose the original payees and that she did not indicate that she intended to reimburse herself for the expenditures using political contributions.
9. The respondent filed corrections to her report that disclose that these political expenditures were made with personal funds, including the names and addresses of the actual businesses that the respondent paid with her personal funds and the dates, amounts, and purposes of the expenditures.
10. The allegations of failure to properly report political expenditures made by staff, which were subsequently reimbursed, are based on the respondent's July 2005 semiannual report.
11. On the July 2005 semiannual report the respondent disclosed making approximately \$200 in expenditures for staff reimbursement but did not disclose the full name and address of the actual payees or the date, amount, and purpose of the expenditures.
12. The respondent filed corrections to her report that disclose the actual payees, the dates, amounts, and purposes of the expenditures.

#### **IV. Findings and Conclusions of Law**

The facts described in Section III support the following findings and conclusions of law:

1. A campaign finance report must include the full name and address of the payees, and the dates and purposes of political expenditures that in the aggregate exceed \$50 to a single payee in the reporting period. ELEC. CODE § 254.031(a)(3).
2. A report of a political expenditure by credit card must identify the vendor who receives payment from the card company. Ethics Commission Rules § 20.59.
3. Although the respondent disclosed the expenditures at issue on Schedule I, the evidence shows that the expenditures were related to her activities and duties as a candidate and officeholder. Therefore, the expenditures at issue were political expenditures. On the reports at issue, the respondent disclosed the name of the credit card company and not the names or addresses of the vendors who actually received payment from the company for approximately \$2,400 in political expenditures. The improper reporting was clear from the face of the reports. Therefore, there is credible evidence of violations of section 254.031(a)(3) of the Election Code and section 20.59 of the Ethics Commission Rules.
4. There is no evidence to show that the respondent violated section 254.035 of the Election Code, which provides for the date that is to be used when reporting a political expenditure. The evidence shows that the respondent's reports at issue are semiannual reports. Therefore, the date to be used for the credit card expenditures is the date the filer received the credit card statement. There is no evidence that the respondent disclosed the expenditures in the wrong reporting period. Therefore, there is no evidence that the respondent violated section 254.035 of the Election Code.
5. A candidate or officeholder who makes political expenditures from his or her personal funds may reimburse those personal funds from political contributions in the amount of those expenditures only if the expenditures from personal funds were fully reported as political expenditures, including the payees, dates, purposes, and amounts of the expenditures, in the report that covers the period during which the expenditures from personal funds were made and the report on which the expenditures from personal funds are disclosed clearly designates those expenditures as having been made from the person's personal funds and that the expenditures are subject to reimbursement. ELEC. CODE § 253.035(h).
6. The evidence shows that the respondent made approximately \$500 in political expenditures with personal funds and reimbursed herself from her political contributions for these expenditures. The respondent did not properly disclose the original payees and indicate that she intended to reimburse herself for the expenditures using political contributions. Therefore, there is credible evidence that the respondent violated sections 253.035(h) and 254.031(a)(3) of the Election Code.
7. In Ethics Advisory Opinion No. 450 (2003), the commission determined that a political expenditure made to reimburse a staff member may be reported in one of two ways: (1) reporting it as a loan to the candidate from the staff member and then as an expenditure by

the candidate to repay the staff member; or (2) if the expenditure and reimbursement occur during the same reporting period, report a single expenditure by listing the name of the individual or entity paid by the campaign worker as the payee, showing the date of the expenditure as the date the staff member made the expenditure, and explaining in the “purpose” section that a staff member made the expenditure from personal funds and that the candidate subsequently reimbursed the staff member.

8. The respondent was not required to provide detailed disclosure information for payments for expenses that were in the aggregate \$50 or less to any single payee. However, the respondent was required to disclose the full name and address of the actual payees, and the date and purposes for political expenditures that exceeded \$50 to any one payee.
9. The respondent did not use either of the two proper methods set out in Ethics Advisory Opinion No. 450 to report approximately \$200 in staff reimbursements. Therefore, there is credible evidence of a violation of section 254.031(a)(3) of the Election Code.

#### **V. Representations and Agreement by Respondent**

By signing this order and agreed resolution and returning it to the commission:

1. The respondent neither admits nor denies the facts described under Section III or the commission’s findings and conclusions of law described under Section IV, and consents to the entry of this order and agreed resolution solely for the purpose of resolving this sworn complaint.
2. The respondent consents to this order and agreed resolution and waives any right to further proceedings in this matter.
3. The respondent acknowledges that a campaign finance report must include the full name and address of the payees, and the dates and purposes of political expenditures that in the aggregate exceed \$50 to a single payee in the reporting period. The respondent also acknowledges that a report of a political expenditure by credit card must identify the vendor who receives payment from the card company. The respondent also acknowledges that a candidate or officeholder who makes political expenditures from his or her personal funds may reimburse those personal funds from political contributions in the amount of those expenditures only if the expenditures from personal funds were fully reported as political expenditures, including the payees, dates, purposes, and amounts of the expenditures, in the report that covers the period during which the expenditures from personal funds were made and the report on which the expenditures from personal funds are disclosed clearly designates those expenditures as having been made from the person’s personal funds and that the expenditures are subject to reimbursement. The respondent acknowledges that the proper way to report reimbursement to staff is in accordance with section 20.62 of the Ethics Commission Rules. The respondent agrees to comply with these requirements of the law.

**VI. Confidentiality**

This order and agreed resolution describes violations that the commission has determined are neither technical nor *de minimis*. Accordingly, this order and agreed resolution is not confidential under section 571.140 of the Government Code and may be disclosed by members and staff of the commission.

**VII. Sanction**

After considering the seriousness of the violations described under Sections III and IV, including the nature, circumstances, and consequences of the violations, and after considering the sanction necessary to deter future violations, the commission imposes a \$300 civil penalty.

**VIII. Order**

The commission hereby orders that if the respondent consents to the proposed resolution, this order and agreed resolution is a final and complete resolution of SC-2612254.

AGREED to by the respondent on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Peggy Hamric, Respondent

EXECUTED ORIGINAL received by the commission on: \_\_\_\_\_.

Texas Ethics Commission

By: \_\_\_\_\_  
David A. Reisman, Executive Director