

TEXAS ETHICS COMMISSION

IN THE MATTER OF
JERRY PATTERSON,
RESPONDENT

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BEFORE THE
TEXAS ETHICS COMMISSION
SC-2612266

ORDER and AGREED RESOLUTION

I. Recitals

The Texas Ethics Commission (the commission) held a preliminary review hearing on June 10, 2008, to consider sworn complaint SC-2612266. A quorum of the commission was present. The commission determined that there is credible evidence of violations of sections 253.035, 254.031, and 254.035 of the Election Code and sections 20.59 and 20.63 of the Ethics Commission Rules, laws 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 improperly reported political expenditures made by credit card, improperly reported political expenditures made with personal funds, improperly reported political expenditures as reimbursements, and converted political contributions to personal use.

III. Facts Supported by Credible Evidence

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

1. The respondent is the Commissioner of the General Land Office (GLO) and was an incumbent candidate for that office in the 2006 general election. He was also an unopposed candidate in the 2006 primary election. The respondent is also the chair of the Veterans Land Board (VLB).
2. The campaign finance reports at issue are the respondent's January 2005, July 2005, January 2006, and July 2006 semiannual reports and the respondent's 30-day pre-election report for the 2006 general election.

3. In response to the complaint, the respondent filed corrections to the reports at issue.
4. The respondent's campaign finance reports disclosed approximately \$70,670 in political expenditures to credit card companies. In most cases, the reports disclosed the purposes of the expenditures in such a format as, for example, "a/c GPS & weather service-2717.63 auto gas & parts-489.15 meals-101.00 car rental-62.94."
5. Of the expenditures made by credit card, approximately \$640 of the expenditures were disclosed with a purpose of "interest/fees," "finance charge," "bank card fee," "interest payment," and "interest/late fee."
6. The respondent corrected the credit card expenditures at issue and disclosed a total of approximately \$62,668 in itemized expenditures to various payees. Of these expenditures, approximately \$3,561 in expenditures were made to payees to whom the respondent disclosed a total of \$50 or less in political expenditures in the respective reporting period. Political expenditures totaling approximately \$657 were also paid to credit card companies for bank fees and interest. Other political expenditures that are at issue in the complaint, totaling approximately \$8,556 that were disclosed with a credit card company as the payee, were not corrected.
7. The itemized expenditures regarding the credit card payments that were added to the respondent's corrected reports also used the same dates that were originally disclosed as the dates for the respective expenditures made to the credit card companies. The respondent's pre-election reports for the 2006 general election disclosed a total of approximately \$12,663 in political expenditures that use the same date as the credit card expenditures that were originally disclosed in the respondent's reports. Of those expenditures, approximately \$788 in expenditures were made to payees to whom the respondent disclosed a total of \$50 or less in political expenditures in the respective reporting period.
8. The respondent's January 2005 semiannual report disclosed a political expenditure of \$1,110.51 on July 1, 2004, to the respondent from political contributions for "reimbursement for CY 2004 Insurance on 51 Ford P/U and 50% on 2000 Expedition insurance" and a political expenditure of \$1,645.92 on October 12, 2004, to the respondent for "reimbursement for 6mos auto insurance on campaign autos, office supplies and expenses." The respondent's 30-day pre-election report disclosed a political expenditure of \$977.03 on August 14, 2006, for "Reimbursement for 6 months insurance on campaign vehicles."
9. In response to the complaint, the respondent corrected the 30-day pre-election report and corrected the purpose of the \$977.03 expenditure to "reimbursement for auto insurance prorated for 6 months campaign/officerholder use." The first report filed by the respondent after the complaint was filed was his January 2007 semiannual report, in which the respondent disclosed an \$833.39 political expenditure to the respondent on November 10, 2006, for "reimbursement for campaign vehicle insurance (will be reimbursed to campaign)."

10. The respondent began disclosing political expenditures related to a “parade vehicle” in his July 1995 semiannual report. In that report, the respondent disclosed a \$1,500 political expenditure from personal funds for insurance for a parade vehicle, described as a “51 Ford Pickup.” The respondent also disclosed a political expenditure of \$482 to himself from political contributions for a reimbursement of 12 months of insurance on a “1951 Ford Truck parade vehicle” on March 5, 1996. He also disclosed a political expenditure of \$165 to American Collectors Insurance for “parade vehicle insurance” and a reimbursement of \$247 for “51 Ford Insurance” on July 12, 1998. The respondent also disclosed a political expenditure of \$420.07 in July 2007 for maintenance on a “campaign parade vehicle (1951 Ford)” and a political expenditure of \$61.80 in July 2007 for “Texas GLO plates for 1951 Ford Campaign Truck.” The respondent also disclosed additional political expenditures of \$60.80 and \$61.80 in 2005 and 2006, respectively, for license plates.
11. The respondent disclosed two political expenditures totaling \$3,400 to an individual in Austin for “Purchase Of Airport Vehicle” on June 5, 2004. Subsequently, the respondent disclosed a political expenditure of \$287.30 to the Travis County Tax Assessor-Collector for “airport vehicle registration” in June 2004 and \$369.56 to USAA for “auto insurance on airport car” in July 2004. The respondent also disclosed a political expenditure of \$7,226.12 to “Ford Motor Credit” for “purchase of vehicle to leave at Houston airport” in October 2004. The respondent also disclosed approximately \$1,398 in additional political expenditures that appear to be in connection with one or more “airport vehicles” from 2005 to 2007.
12. The respondent disclosed approximately \$7,598 in additional political expenditures related to unspecified vehicles, including the purchase or lease of one or more vehicles.
13. The respondent disclosed approximately \$2,983 in political expenditures to USAA for vehicle insurance from October 2002 to April 2007. The respondent also disclosed a \$482 political expenditure to himself from political contributions for 12 months of insurance on the 1951 Ford in March 1996 and a reimbursement of \$247 for insurance on the 1951 Ford in July 1998.
14. In response to the allegations regarding the reimbursements for insurance, the respondent swears:

Regarding the allegations concerning the “reimbursements” to me reported on Schedule F, I did not violate any Election Code provision or Ethics Commission Rule. I use my personal vehicle, purchased with personal funds, for political purposes. In conformity with Ethics Advisory Opinion No. 347, I pay myself reasonable reimbursement from political contributions for the use of my personal automobile for political purposes. As provided in Ethics Advisory Opinion No. 129, I appropriately prorate expenses between political use (officeholder or campaign use)

- and personal use. As required by Ethics Advisory Opinion No. 347, I report such payment on Schedule F as an “expenditure from political contributions.”
15. The respondent provided no additional information regarding which vehicles were connected to the insurance payments, which vehicles were used for personal purposes, how many vehicles the respondent owns or uses for political purposes, or how he determined that the amount paid to reimburse himself for the political use of his personal vehicle was a reasonable amount.
 16. The respondent’s reports disclosed political expenditures totaling approximately \$31,788 to Lilly & Company LLC for reimbursements, postage reimbursements, and “consulting fees/reimbursements.” His reports also disclosed political expenditures totaling approximately \$4,308 to various individuals for reimbursements for dinner meetings, General Land Office (GLO) events, lodging, signs, gifts, and “website renewal.”
 17. In response to the allegations regarding the reimbursements to other entities or individuals, the respondent swears:

The “reimbursements” described were billed to me by vendors as part of their fee for services. I had no control over the decisions of these vendors nor do I have any way of knowing or discovering who sold the items or when the items were sold to my vendors. As is common business practice, I was invoiced for services and reimbursements (printing, mailing, travel, food, etc.) and I paid the full amount of the invoice. These “reimbursements” were to vendors over whom I had no control. I paid the bill that they sent me.
 18. The respondent’s reports disclosed approximately \$24,661 in political expenditures from political contributions for fuel, maintenance, insurance, and hangar fees for aircraft; \$99 for “a/c title research;” \$2,972.90 for an annual inspection of an aircraft; approximately \$448 for newsletters and memberships to four associations related to aircraft; approximately \$2,367 for a global positioning system (GPS) and a GPS receiver; and approximately \$350 to “XM Satellite Radio” for “A/C Weather Radar And Radio Service.” The complaint alleges that the expenditures constituted a conversion to personal use but provided no evidence to support the allegation.
 19. The respondent swears that all of the payments for travel were permissible because his flight activity was in connection with officeholder or campaign activities.
 20. The respondent’s reports disclosed approximately \$12,065 as political contributions from the State of Texas between August 2004 and December 2007 for various reimbursements from the state for travel in which the respondent used his campaign aircraft. The respondent disclosed approximately \$6,935 in reimbursements from the state during the period when the respondent made the aircraft expenditures at issue, from July 2004 to October 13, 2007.

21. The respondent disclosed a \$10,000 political expenditure from political contributions to the Pat Lyons Campaign in New Mexico in October 2006 for “New Mexico Land Commissioner campaign contribution.” The respondent swears that the expenditure was not a conversion to personal use and that he received no personal benefit from the expenditure.
22. Campaign finance reports filed with the New Mexico Secretary of State indicate that Pat Lyons was a candidate for Commissioner of Public Lands of New Mexico in the 2006 general election and that Mr. Lyons disclosed a \$10,000 contribution from the respondent on October 30, 2006.
23. The respondent also disclosed a \$750 political expenditure from political contributions to an individual for “Painting for GLO entrance.” The respondent swears that office furnishings are a permissible use of officeholder funds and that the expenditure was for “GLO furnishings.”
24. The respondent’s reports disclosed approximately \$1,012 in political expenditures from political contributions in connection with two trips to Iraq, which included \$144 for immunizations; approximately \$525 for meals, lodging, supplies, and shipping expenses; \$84 for gifts and supplies; \$134.94 for photos and photocopies; \$23.85 for maps; and \$100 to a foundation for an “Iraq internet project.” The complaint alleges that the expenditures constituted a conversion to personal use but provided no evidence to support the allegation.
25. In response to the allegations regarding the trips to Iraq, the respondent swears:

All air travel that I paid with political funds was for campaign or officeholder purposes. None of it was for personal purposes. As you know I am also the Chairman of the Texas Veterans Land Board. That job can entail significant travel, such as the trip to Iraq, which concerned Texas Veterans Land Board business. All air travel was related to my officeholder (or campaign) activities.
26. A Winter 2005 edition of a newsletter published by the GLO states that the respondent spent eight days in August 2005 on a tour with the National Commander of the Veterans of Foreign Wars (VFW). It states: “He carried word to Texas troops of the benefits they have earned through their service and saw the results of the war effort for himself.” The newsletter also states that the respondent spent time traveling throughout Iraq, speaking with troops, and distributing brochures and information regarding service available from the VLB.
27. An article in the *El Paso Courier* (date of publication unknown) referred to a trip the respondent took to tour Iraq with the Commander in Chief of the VFW. The article stated that the respondent intended to inform Texas soldiers of the benefits available to them through the VLB.

28. The respondent posted information regarding the 2005 trip to Iraq to a campaign website. The information included a photograph of the respondent with two soldiers and a copy of an image of the respondent's name, both of which have been used in campaign flyers. The website also included two live interviews that were broadcast over radio stations in Houston and Austin on or about August 3, 2005. In one interview, the respondent discussed his efforts to inform veterans about the VLB and services provided by the VLB.
29. Campaign materials on the respondent's current campaign website include a campaign flyer that lists reasons to vote for the respondent on November 7, 2006, including the respondent's raising funds to build an Internet café for Texas troops in Iraq and the respondent's visits to troops in Iraq to explain benefits. A section of the respondent's website regarding the respondent's issues also refers to the trips to Iraq.
30. A letter dated April 29, 2006, was posted to the website of the GLO regarding a trip to Iraq in August 2005. The respondent signed the letter as the commissioner of the GLO and chairman of the VLB and provided his contact information at the GLO for more information on making a contribution to the VFW Foundation's fundraising effort to establish an Internet Café in Taji, Iraq, so that soldiers may have access to e-mail from family. The letter stated that the fundraising effort was a "private fundraising effort" by the respondent that was a "personal priority" of the respondent and did not address services provided by, or duties of, the GLO or the VLB.

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 amount of political expenditures that in the aggregate exceed \$50 and that are made during the reporting period, the full name and address of the persons to whom the expenditures are made, and the dates and purposes of the expenditures. 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. For purposes of reporting under this chapter, a political expenditure is not considered to have been made until the amount is readily determinable by the person making the expenditure. ELEC. CODE § 254.035(a). The amount of a political expenditure made by credit card in a period other than a period covered by a 30-day or 8-day pre-election report is readily determinable by the person making the expenditure on the date the person receives the credit card statement that includes the expenditure. *Id.* § 254.035(c).

4. A political expenditure means a campaign expenditure or an officeholder expenditure. *Id.* § 251.001(10).
5. A campaign expenditure means, in pertinent part, a payment of money or any other thing of value and includes an agreement made or other obligation incurred, whether legally enforceable or not, to make a payment in connection with a campaign for an elective office. *Id.* §§ 251.001(6), (7).
6. An officeholder expenditure means, in pertinent part, a payment of money or any other thing of value and includes an agreement made or other obligation incurred, whether legally enforceable or not, to make a payment to defray expenses that are incurred by an officeholder in performing a duty or engaging in an activity in connection with the office and are not reimbursable with public money. *Id.* §§ 251.001(a)(6), (9).
7. The respondent made approximately \$70,670 in political expenditures using credit cards and disclosed the name and address of a credit card company as the payee and address for each expenditure. Expenditures totaling approximately \$3,561 were paid to various payees to whom the respondent made political expenditures of only \$50 or less within the respective reporting period. Thus, there is credible evidence that the respondent did not violate section 254.031(a)(3) of the Election Code or section 20.59 of the Ethics Commission Rules in connection with approximately \$3,561 in political expenditures because itemization of the expenditures was not required.
8. Of the remaining approximate \$67,109 in political expenditures at issue, the respondent paid approximately \$657 to credit card companies for bank fees and interest charges. In an instance where an expenditure is made for bank fees or interest charges, the credit card company is the actual payee. Thus, there is credible evidence that the respondent did not violate section 254.031(a)(3) of the Election Code or section 20.59 of the Ethics Commission Rules in connection with the expenditures for bank fees and interest because the respondent correctly disclosed the payees of those expenditures.
9. Regarding the approximate \$66,452 in political expenditures that were for purposes other than bank fees and interest charges, the credit card companies were not the actual payees. Therefore, there is credible evidence that the respondent violated section 254.031(a)(3) of the Election Code and section 20.59 of the Ethics Commission Rules in connection with approximately \$66,452 in political expenditures.
10. The respondent disclosed the dates of the corrected expenditures made by credit card by using the same date for each respective expenditure that was disclosed in the respondent's original reports, which appears to be either the dates the respondent made payments to the credit card companies or the dates that he received credit card statements. In the case of an expenditure made during the period covered by a pre-election report, a filer may not use the date the credit card statement is received by the filer. Thus, the evidence indicates that the

respondent used an incorrect date for approximately \$12,663 in political expenditures made by a credit card that were disclosed in his pre-election reports because he used either the dates that he made the payment to the credit card company or the dates the credit card statements were received. Of those expenditures, approximately \$788 in expenditures did not require itemization. Therefore, there is credible evidence that the respondent violated section 254.035 of the Election Code in connection with approximately \$11,875 in political expenditures.

11. A candidate is required to report a campaign expenditure from personal funds. *Id.* § 20.63(a).
12. 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); Ethics Commission Rules § 20.63(d).
13. In Ethics Advisory Opinion No. 347 (EAO 347), the commission stated that a candidate or officeholder may pay himself reasonable reimbursement from political contributions for the use of a personal asset for political purposes and that any such payment must be reported on Schedule F. Ethics Advisory Opinion No. 347 (1996). If a candidate or officeholder uses a personal car for political purposes, reporting is required only if and when the candidate or officeholder pays himself reimbursement from political contributions. *Id.*
14. EAO 347 does not apply to a situation in which a vehicle is purchased for political purposes.
15. In Ethics Advisory Opinion No. 129 (EAO 129), the commission stated that it is permissible for an officeholder to use political contributions to pay the expenses of maintaining and operating a personal asset for campaign or officeholder purposes. Ethics Advisory Opinion No. 129 (1993). The commission also stated that if necessary, expenses should be prorated between political use (officeholder or campaign use) and personal use. *Id.*
16. Regarding the specific reimbursements at issue, the earliest expenditure was for \$1,110.51, which the respondent disclosed as a reimbursement for "CY 2004 Insurance on 51 Ford P/U and 50% on 2000 Expedition insurance." There is insufficient evidence that the respondent violated section 253.035(h) of the Election Code in connection with the expenditure.
17. Regarding the second expenditure of \$1,645.92, which was disclosed as a reimbursement for six months of auto insurance on unspecified campaign vehicles and "office supplies and

- expenses,” the respondent did not specify the vehicles for which the insurance payments were made. The purpose of the expenditure indicates that the reimbursement was made in part for insurance payments the respondent made on campaign vehicles and that were used for campaign or officeholder purposes. The evidence also indicates that the respondent used personal funds to purchase office supplies and make other political expenditures, for which no additional information has been provided. There is no evidence that the respondent disclosed the use of his personal funds for the payments in a report. Therefore, there is credible evidence that the respondent violated section 253.035(h) of the Election Code in connection with the \$1,645.92 expenditure.
18. Regarding the third expenditure of \$977.03, which was originally disclosed as a reimbursement for 6 months of insurance on unspecified “campaign vehicles,” there is insufficient evidence that the respondent violated section 253.035(h) of the Election Code in connection with the expenditure.
 19. In Ethics Advisory Opinion No. 450 (EAO 450), the commission stated that in a situation in which a member of a candidate’s campaign staff makes a campaign expenditure on behalf of the candidate and later receives reimbursement from the candidate, the candidate is required to 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 campaign worker made the expenditure, and explaining in the “purpose” section that a campaign worker made the expenditure from personal funds and that the candidate subsequently reimbursed the campaign worker. Ethics Advisory Opinion No. 450 (2003).
 20. The respondent made approximately \$37,386 in political expenditures to a consulting company and to eight individuals who made purchases or expenditures for which the respondent provided reimbursements using his political contributions. The evidence indicates that the company and the individuals billed him as part of their fee for services they provided to his campaign or office and that the respondent had no control over their decisions to make the purchases or expenditures and that he had no way of determining the vendors to whom the payments were actually made. Therefore, there is credible evidence that the respondent did not violate section 254.031(a)(3) of the Election Code or section 20.61(a) of the Ethics Commission Rules in connection with the expenditures.
 21. A person who accepts a political contribution as a candidate or officeholder may not convert the contribution to personal use. ELEC. CODE § 253.035(a). The prohibition includes the personal use of an asset purchased with contributions and the personal use of any interest and other income earned on the contributions. *Id.* § 253.035(c).
 22. “Personal use” means a use that primarily furthers individual or family purposes not connected with the performance of duties or activities as a candidate for or holder of a public office. *Id.* § 253.035(d). It does not include payments made to defray ordinary and necessary

- expenses incurred in connection with activities as a candidate or in connection with the performance of duties or activities as a public officeholder. *Id.* § 253.035(d)(1).
23. In Ethics Advisory Opinion No. 269 (EAO 269), the commission stated that an airplane purchased or leased with political contributions is not converted to personal use in violation of the Election Code as long as reimbursement is made to political funds based on the reasonable value of any personal use. Ethics Advisory Opinion No. 269 (1995).
 24. The complaint alleges that the respondent converted approximately \$30,899 in political contributions to personal use by making various expenditures in connection with aircraft from July 2004 to October 13, 2006. At the time the expenditures at issue were made, the respondent owned at least two small aircraft that were purchased with political contributions and that he personally operated as a licensed pilot.
 25. The evidence indicates that approximately \$30,549 of the expenditures made in connection with the aircraft were related to the respondent's activities as a candidate or officeholder and are permissible according to EAO 129. Therefore, there is credible evidence that the respondent did not violate section 253.035(a) of the Election Code in connection with the expenditures for fuel, maintenance, insurance, hangar fees, title research, newsletters and memberships, and GPS.
 26. Regarding the approximate \$350 in political expenditures for "A/C Weather Radar And Radio Service," there is insufficient evidence that the respondent violated section 253.035(a) of the Election Code in connection with the expenditures.
 27. In Ethics Advisory Opinion No. 296 (EAO 296), the commission considered whether a statewide officeholder may use political contributions to purchase mounted game to display in his Capitol office. Ethics Advisory Opinion No. 296 (1995). The commission stated that the use of political contributions to purchase furnishings and decorations for an officeholder's Capitol office is a use connected with officeholder activities and is therefore not a violation of the personal use prohibition. Further, the commission stated that the purchased items may not be converted to a personal use at the end of the officeholder's tenure in office and would need to be disposed of in a permissible manner. *Id.*
 28. In Ethics Advisory Opinion No. 199 (EAO 199), the commission determined that an expenditure by a retiring judge to purchase a portrait of himself for the county courthouse where the judge presided is connected to the duties and activities associated with the office and is therefore a permissible use of political contributions. Ethics Advisory Opinion No. 199 (1994).
 29. In Ethics Advisory Opinion No. 47 (EAO 47), the commission stated that using political contributions to make a political contribution to a candidate or officeholder would not

- constitute a conversion of political contributions to personal use. Ethics Advisory Opinion No. 47 (1992).
30. “Candidate” means a person who knowingly and willingly takes affirmative action for the purpose of gaining nomination or election to public office.” ELEC. CODE § 251.001(1).
 31. Regarding the purchase of the painting for display in the respondent’s GLO office, there is credible evidence that the respondent did not violate section 253.035(a) of the Election Code in connection with the expenditure.
 32. Regarding the political contribution to the candidate for an out-of-state office, there is credible evidence that the respondent did not violate section 253.035(a) of the Election Code in connection with the expenditure.
 33. In Ethics Advisory Opinion No. 417 (EAO 417), the commission stated that the personal use provision that allows the use of political funds to pay for costs connected to the activities and duties of a “holder of a public office” also applies to holders of public offices generally, not just to elected public officers. Ethics Advisory Opinion No. 417 (1999).
 34. Regarding the expenditures for the trip to Iraq in 2005, the evidence indicates that the expenditures were made in connection with the respondent’s position as chairman of the VLB. The evidence also indicates that the trip was made in connection with the respondent’s activities as a candidate. Therefore, there is credible evidence that the respondent’s expenditures in connection with the 2005 Iraq trip did not violate section 253.035(a) of the Election Code.
 35. Regarding the expenditures for the trip to Iraq in 2006, the evidence indicates that the expenditures were made to establish an Internet café to provide e-mail and Internet access for soldiers to stay in touch with family. The evidence also indicates that the expenditures were not made for the respondent’s personal use. Therefore, there is credible evidence that the respondent’s expenditures in connection with the 2006 Iraq trip did not violate section 253.035(a) 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 amount of political expenditures that in the aggregate exceed \$50 and that are made during the reporting period, the full name and address of the persons to whom the expenditures are made, and the dates and purposes of the expenditures. The respondent also acknowledges that a report of a political expenditure by credit card must identify the vendor who receives payment from the credit card company. The respondent also acknowledges that, for reporting purposes, a political expenditure is not considered to have been made until the amount is readily determinable by the person making the expenditure and that the amount of a political expenditure made by credit card in a period covered by a 30-day or 8-day pre-election report is readily determinable on the date the person makes the expenditure. 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 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 \$10,000 civil penalty. If the respondent corrects his January 2005 semiannual report by July 10, 2008, to properly disclose the missing information regarding the political expenditures made by credit card the civil penalty will be reduced to \$7,000.

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-2612266.

AGREED to by the respondent on this _____ day of _____, 20____.

Jerry Patterson, Respondent

EXECUTED ORIGINAL received by the commission on: _____.

Texas Ethics Commission

By: _____
David A. Reisman, Executive Director