

TEXAS ETHICS COMMISSION

IN THE MATTER OF
WANDA ADAMS,
RESPONDENT

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BEFORE THE
TEXAS ETHICS COMMISSION
SC-2906162

ORDER and AGREED RESOLUTION

I. Recitals

The Texas Ethics Commission (the commission) met on August 12, 2010, to consider sworn complaint SC-2906162. A quorum of the commission was present. The commission determined that there is credible evidence of violations of sections 253.032, 254.031, and 254.063 of the Election Code and sections 20.29 and 20.62 of the Ethics Commission Rules, and credible evidence of a technical or *de minimis* violation of sections 254.031, 254.061, and 254.091 of the Election Code, laws administered and enforced by the commission. To resolve and settle this complaint without further proceedings, the commission proposed this resolution to the respondent.

II. Allegations

The complaint alleged that the respondent incorrectly disclosed the total amount of political contributions maintained as of the last day of the reporting period and failed to disclose the aggregate principal amount of all outstanding loans as of the last day of the reporting period. The complaint also alleged that the respondent failed to include required information in campaign finance reports, accepted political contributions from corporations or labor organizations, and failed to disclose information related to contributions from out-of-state political committees. The complaint further alleged that the respondent improperly reported political expenditures as reimbursements, including political expenditures made from personal funds.

III. Facts Supported by Credible Evidence

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

1. The respondent is a member of the city council of Houston and was a successful candidate in the November 6, 2007, election and the ensuing runoff election on December 8, 2007.
2. The allegations were based on the respondent's July 2007 semiannual campaign finance report; 30-day and 8-day pre-election reports for the November 6, 2007, election; 8-day pre-election report for the December 8, 2007, runoff election; January 2008, July 2008, and January 2009 semiannual campaign finance reports.

3. The respondent's July 2007 semiannual report disclosed the following:
 - \$159 in total political contributions of \$50 or less
 - \$4,694 in total political contributions
 - A blank field for total political expenditures of \$50 or less, unless itemized
 - \$3,275.19 in total political expenditures
 - \$3,060.46 in total political contributions maintained as of the last day of the reporting period
 - A blank field for outstanding loans

4. The respondent's 30-day pre-election report for the November 2007 election disclosed the following:
 - \$1,161 in total political contributions of \$50 or less
 - \$7,461 in total political contributions
 - A blank field for total political expenditures of \$50 or less, unless itemized
 - \$6,564.28 in total political expenditures
 - \$3,957.18 in total political contributions maintained as of the last day of the reporting period
 - \$2,181.31 in outstanding loans

5. The respondent's 8-day pre-election report for the November 2007 election disclosed the following:
 - \$200 in total political contributions of \$50 or less
 - \$14,651 in total political contributions
 - \$324.55 in total political expenditures of \$50 or less
 - \$11,830.44 in total political expenditures
 - \$9,778.21 in total political contributions maintained as of the last day of the reporting period
 - \$1,547.98 in outstanding loans

6. The respondent's 8-day pre-election report for the December 2007 runoff election disclosed the following:
 - \$425 in total political contributions of \$50 or less
 - \$38,960 in total political contributions
 - \$42.21 in total political expenditures of \$50 or less
 - \$45,171.81 in total political expenditures
 - \$6,156.46 in total political contributions maintained as of the last day of the reporting period
 - A blank field for outstanding loans

7. The respondent's January 2008 semiannual report disclosed the following:
 - \$400 in total political contributions of \$50 or less
 - \$34,700 in total political contributions
 - \$121.68 in total political expenditures of \$50 or less
 - \$34,719.36 in total political expenditures
 - \$3,513.98 in total political contributions maintained as of the last day of the reporting period
 - A blank field for outstanding loans
8. The respondent's July 2008 semiannual report disclosed the following:
 - \$595 in total political contributions of \$50 or less
 - \$57,265 in total political contributions
 - \$268.68 in total political expenditures of \$50 or less
 - \$51,753.44 in total political expenditures
 - \$4,783.94 in total political contributions maintained as of the last day of the reporting period
 - A blank field for outstanding loans
9. The respondent's January 2009 semiannual report disclosed the following:
 - \$0 in total political contributions of \$50 or less
 - \$0 in total political contributions
 - \$239.98 in total political expenditures of \$50 or less
 - \$4,042.01 in total political expenditures
 - \$540.06 in total political contributions maintained as of the last day of the reporting period
 - A blank field for outstanding loans
10. The respondent has not filed corrections to the reports at issue.

Office Sought and Office Held

11. The complaint alleged that the respondent failed to disclose information regarding the office sought by the respondent in the 8-day pre-election report for the November 2007 election.
12. The complaint also alleged that the respondent failed to disclose information regarding the office held by the respondent in the January 2008 semiannual report.

13. For the 8-day pre-election report for the November 2007 election, the respondent left blank the field for “office sought” on the report’s cover sheet.
14. In response to the allegation, the respondent swore, “Entry left blank. Office sought was candidate for city council.”
15. For the January 2008 semiannual report, the respondent disclosed “City Council – District D” in the field for “office sought” and left blank the field for “office held” on the cover sheet.
16. In response to the allegation, the respondent swore, “This was my first time filing a campaign financial report as an office holder. This entry was not left blank purposely. The entry should have read Elected Official.”

Total Political Contributions Maintained

17. The complaint alleged that the respondent disclosed an incorrect amount for the total political contributions maintained as of the last day of the reporting period in the January 2008, July 2008, and January 2009 semiannual reports.
18. The allegations were based on a discrepancy that occurs by taking the amount of the total political contributions maintained disclosed in the immediately preceding report, adding the total amount of monetary political contributions disclosed in the report at issue, and subtracting the total amount of political expenditures disclosed in the report at issue. This calculation results in a higher amount of total political contributions maintained than the respondent actually disclosed on each of the reports at issue. Thus, the complaint alleged that the respondent must have incorrectly disclosed the total political contributions maintained at the end of the reporting period in each report at issue.

January 2008 Semiannual Report

19. In the January 2008 semiannual report, the respondent disclosed \$3,513.98 in total political contributions maintained as of the last day of the reporting period.
20. The complaint alleged that the total amount of political contributions maintained should be at least \$6,137.10.
21. In response to the allegation, the respondent swore, “The amount listed on the entry is the correct amount at the time of filing.”

July 2008 Semiannual Report

22. In the July 2008 semiannual report, the respondent disclosed \$4,783.94 in total political contributions maintained as of the last day of the reporting period.

23. The complaint alleged that the total amount of political contributions maintained should be at least \$11,648.66.
24. In response to the allegation, the respondent swore, "The amount time of filing was correct. Amount reflected actual money's in bank account."

January 2009 Semiannual Report

25. In the January 2009 semiannual report, the respondent disclosed \$540.06 in total political contributions maintained as of the last day of the reporting period.
26. The complaint alleged that the total amount of political contributions maintained should be at least \$741.93.
27. In response to the allegation, the respondent swore, "Entry was correct at time of report filing."

Total Outstanding Loans

28. The complaint alleged that the respondent failed to disclose the total principal amount of all outstanding loans as of the last day of the reporting period on her July 2007 semiannual report, 8-day pre-election report for the December 2007 runoff election, January 2008, July 2008, and January 2009 semiannual reports.
29. The reports disclose that the field for entering the total principal amount of all outstanding loans was left blank on each report.
30. In response to the allegation, the respondent swore either that the entry in the field for the total principal amount of outstanding loans as of the last day of the reporting period was correct or should have been zero.
31. There is no evidence that the respondent had outstanding loans during the reporting periods at issue.

Political Contributions from Corporations

32. The complaint alleged that the respondent accepted political contributions from a corporation or labor organization based on disclosures in the 8-day pre-election report for the November 2007 election, January 2008, and July 2008 semiannual reports.

8-day Pre-election Report for the November 2007 Election

33. Out of 47 total political contributions itemized in the 8-day report, the complaint alleged that one political contribution of \$561.82 from "Academy Awards and Trophy" on October 5, 2007, was made by a corporation/labor organization. The complaint included information

from the comptroller's website for an incorporated entity (Academy Awards of Texas Inc., 1812 W. Sam Houston Pky. N., Houston, TX 77043-2725), which has a name and address that are not identical to the name and address of the contributor at issue.

34. In response to the allegation, the respondent swore:

Entry is an in-kind contribution from Mr. James Donatto. He is the owner of Academy Awards is the business used to print signs. The Academy Awards of Texas, Inc. on Sam Houston Parkway is the incorrect business. The correct business is Academy Awards and the address is 4102 Fannin, Houston, Texas 77004.

35. Records of the Texas Secretary of State (SOS) disclose that "Academy Awards of Texas, Inc." forfeited its existence in 1991. The SOS does not have a record for Academy Awards and Trophy.

January 2008 Semiannual Report

36. Out of 63 total political contributions itemized in the report, the complaint alleged that one political contribution of \$500 from "Pipefitters Local Union No. 211" on December 24, 2007, was made by a corporation/labor organization. The complaint included information from the Pipe Fitters Local Union No. 211's website.
37. In response to the allegation, the respondent swore that she "should have added PAC ID 52-614771."
38. Pipe Fitters Local Union 211 Political Action Committee is registered with the Texas Ethics Commission as a general-purpose committee (TEC ID #00056575).
39. Commission records disclose a contribution by the political committee to the respondent approximately one month prior to the acceptance date disclosed by the respondent.

July 2008 Semiannual Report

40. Out of 99 total political contributions itemized in the report, the complaint alleged that two political contributions totaling \$2,250 were made by corporations/labor organizations.
41. The allegations were based on a political contribution of \$2,000 from "American Federation of State, County and Municipal Employees-AFL-CIO" on January 7, 2008, and a political contribution of \$250 from "Frost National Bank" on February 11, 2008. The complaint included information from afscme.org and a Wikipedia entry concerning Frost National Bank.

42. In response to the allegation regarding American Federation of State, County, and Municipal Employees-AFL-CIO, the respondent provided the out-of-state Federal Election Commission PAC ID number C00011114.
43. Federal Election Commission (FEC) records disclose that “American Federation of State County & Municipal Employees PEOPLE” is a committee registered with the FEC under that ID number.
44. Federal Election Commission records do not disclose a contribution by the political committee to the respondent.
45. In response to the allegation regarding Frost National Bank, the respondent swore, “The contribution was in a form of cashier’s check from Frost Bank. The contributor is Larry Hunt.”
46. The respondent submitted a copy of the contribution check as supporting evidence. The check provided by the respondent is a cashier’s check showing Frost National Bank as the drawer and Larry Hunt as the remitter.

Political Contributions from Out-of-State Political Committees

47. The complaint alleged that the respondent failed to disclose information related to political contributions from out-of-state political committees in the January 2008 semiannual report.
48. Out of 63 total political contributions itemized in the January 2008 semiannual report, the complaint alleged that two political contributions totaling \$3,000 were contributed by out-of-state committees and did not include the identification numbers that the Federal Election Commission (FEC) has assigned to registered political committees or any additional information regarding the committees.
49. In her affidavit submitted in response to the allegation, the respondent disclosed the FEC ID numbers for the contributors at issue.
50. Federal Election Commission records disclose that the committees (SEIU COPE Service Employees International Union Committee on Political Education and International Brotherhood of Electrical Workers Political Action Committee) are registered with the FEC, and made political contributions in the amounts disclosed by the respondent during the general time period at issue.

Political Expenditures of \$50 or Less

51. The complaint alleged that the respondent failed to disclose the total amount of political expenditures of \$50 or less in her July 2007 semiannual report and 30-day pre-election report for the November 2007 election.

52. The field for total political expenditures of \$50 or less, unless itemized, in the totals section was left blank on each report.
53. Out of 13 political expenditures itemized on Schedule F (used to disclose political expenditures from political contributions) in the July 2007 semiannual report, the report disclosed one expenditure of \$7.17 to a single payee.
54. Out of 24 political expenditures itemized on Schedule F in the 30-day pre-election report for the November 2007 election, the report disclosed five expenditures totaling approximately \$140 that in the aggregate did not exceed \$50 to one person.
55. In response to the allegation, the respondent swore that the entry in the field for the total political expenditures of \$50 or less, unless itemized, should have been “zero dollars” in the reports at issue.

Payees of Political Expenditures

56. The complaint alleged that the respondent failed to disclose the payees, dates, and amounts “pertaining to the stated purpose” of political expenditures in the July 2007 semiannual report, 30-day and 8-day pre-election reports for the November 2007 election, 8-day pre-election report for the December 2007 runoff election, January 2008, July 2008, and January 2009 semiannual reports.

July 2007 Semiannual Report

57. Out of 27 total political expenditures itemized in the July 2007 semiannual report, the complaint alleged that the respondent failed to disclose the actual vendor payee, date, and amount “pertaining to the stated purpose” of a \$400 political expenditure to Archie McCoy for “Campaign Logo” on March 22, 2007.
58. In response to the allegation, the respondent swore, “Mr. McCoy is the payee. He designed my campaign logo. He is an individual not a company.”

30-day Pre-election Report for the November 2007 Election

59. Out of 26 total political expenditures itemized in the 30-day pre-election report, the complaint alleged that the respondent failed to disclose the actual vendor payee, date, and amount “pertaining to the stated purpose” of a \$550 political expenditure to Cornelius McKinney for “September office space rent” on September 14, 2007.
60. In response to the allegation, the respondent swore, “Mr. McKinney is the Landlord of office space used for the campaign.”

8-day Pre-election Report for the November 2007 Election

61. Out of 45 total political expenditures itemized in the 8-day pre-election report, the complaint alleged that the respondent failed to disclose the actual vendor payee, date, and amount “pertaining to the stated purpose” for five political expenditures totaling approximately \$2,890. The complaint included a list of political expenditures that were disclosed in the respondent’s report.
62. On July 17, 2009, the respondent responded to the allegations as follows:
- \$50 to Wanda Adams for “Reimbursement for refreshments for Saturday BlockWalk” on October 10, 2007.
 - The respondent swore that the “campaign reimbursed for gas.”
 - \$20 to an individual for “Volunteer for gasoline” on October 10, 2007.
 - The respondent swore that the “campaign paid for volunteer gas.”
 - \$550 political expenditure to an individual for “Rent of Building” on October 9, 2007.
 - The respondent swore that the payee is the “landlord for campaign office.”
 - \$768 to Wanda Adams Campaign for “Contract Labor” on October 26, 2007.
 - The respondent swore, “Campaign check was written to account for block walkers and phone banker for campaign.”
 - \$1,500 to Wanda Adams Campaign for “Contract Labor for block walks” on October 27, 2007.
 - The respondent swore, “Campaign check was written to account for block walkers and phone bankers for campaign. This is how we withdrew funds.”

8-day Pre-election Report for the December 2007 Runoff Election

63. Out of 63 total political expenditures itemized in the 8-day pre-election runoff report, the complaint alleged that the respondent failed to disclose the actual vendor payee, date, and amount “pertaining to the stated purpose” for 11 political expenditures totaling approximately \$11,700. The complaint included a list of political expenditures that were disclosed in the respondent’s report.

64. On July 17, 2009, the respondent responded to the allegations as follows:
- \$750 to Wanda Adams Campaign for “Block Walkers in Fort Bend County” on October 31, 2007.
 - The respondent swore, “Campaign check was written to account for block walkers and phone bankers for campaign. This is how we withdrew funds.”
 - \$305 to Wanda Adams Campaign for “Phone Bankers” on October 31, 2007.
 - The respondent swore, “Campaign check was written to account for expenditure. Paid for block walkers and phone bankers.”
 - \$1,550 to Wanda Adams Campaign for “12 Phone Bankers and 25 Block Walkers” on November 1, 2007.
 - The respondent swore the expenditure was for “Block Walkers and Phone Bankers.”
 - \$150 to an individual for “Community Partnership Breakfast” on November 2, 2007.
 - The respondent swore, “Community leader hosted a community breakfast and requested for candidates to donate to participate to meet attendees. Check was written to purchase food for event.”
 - \$4,000 to Wanda Adams Campaign for “Election Day Workers/Poll/Bankers/Blocker Walkers” on November 6, 2007.
 - The respondent swore, “Check written for block walkers and phone bankers. This was the actual Election Day activity.”
 - \$550 political expenditure to an individual for “Campaign office rental” on November 9, 2007.
 - The respondent swore that the payee is the “Land Lord for Campaign Office Space.”
 - \$280 to Wanda Adams Campaign for “Rental of Computers (Rent 2 Center)” on November 13, 2007.
 - The respondent swore, “Made check payable to campaign to withdraw cash to pay Renter Center for computer rental. Renter Center did not accept checks.”

- \$3,500 to an individual for “Consultant Program” on November 16, 2007.
 - The respondent swore, “Campaign consultant for campaign. She had her own staff. She was responsible for paying her staff for campaign outreach.”
- \$212 to an individual for “Phone Bill” on November 21, 2007.
 - The respondent swore, “Payment should have been paid to Sprint cell phone carrier. Office holder paid the difference on phone bill directly to campaign staffer. Cell phone was used for campaign activity.”
- \$264.68 to Wanda Adams for “Reimbursement for Production of Radio Ads” on November 23, 2007.
 - The respondent swore, “Entry should have been to KWWJ Gospel for radio ads for campaign. Check was written to reimburse office holder for expense.”
- \$130 to Wanda Adams Campaign for “Blockerwalkers” on November 26, 2007.
 - The respondent swore, “Check written to campaign account for campaign workers/block walkers.”

January 2008 Semiannual Report

65. Out of 36 total political expenditures itemized in the January 2008 semiannual report, the complaint alleged that the respondent failed to disclose the actual vendor payee, date, and amount “pertaining to the stated purpose” for 14 political expenditures totaling approximately \$14,420. The complaint included a list of political expenditures that were disclosed in the respondent’s report.
66. On July 17, 2009, the respondent responded to the allegations as follows:
- \$750 to an individual for “Flyers” on November 29, 2007.
 - The respondent swore, “Independent individual who designed and printed campaign flyers. [An individual] was the payee.”
 - \$1,500 to Wanda Adams Campaign for “Blockwalkers” on November 29, 2007.
 - The respondent swore, “Check written to campaign account for block walkers.”
 - \$1,350 to Wanda Adams Campaign for “Poll Workers/Blockwalkers” on November 30, 2007.

- The respondent swore, “Check written to campaign account for block walkers.”
- \$1,365 to Wanda Adams Campaign for “Blockwalkers/Churches” on December 1, 2007.
 - The respondent swore, “Check written to campaign account for block walkers.”
- \$99.25 to an individual for “Reimbursement for Montrose Expenses” on December 3, 2007.
 - The respondent swore, “[The individual] is the payee for buying paper and making copies for campaign. This was a reimbursement for those items. I am made aware that entry should have reflected where the items was actually purchased.”
- \$1,500 to Wanda Adams Campaign for “Poll Workers/Blockwalkers” on December 4, 2007.
- \$755 to Wanda Adams Campaign for “Contract Labor” on December 5, 2007.
- \$705 to Wanda Adams Campaign for “Phone Bankers” on December 6, 2007.
- \$320 to Wanda Adams Campaign for “Phone Bankers” on December 7, 2007.
- \$4,600 to Wanda Adams Campaign for “Poll Workers/Blockwalkers” on December 7, 2007.
 - The respondent swore, “All items above are the same. Checks were written to campaign account to pay for block walkers and phone bankers.”
- \$600 political expenditure to an individual for “Rent-Dec.07” on December 10, 2007.
 - The respondent swore that the payee is the “Land lord for campaign office space. [The individual] is the payee.”
- \$50 political expenditure to an individual for “Photographs for Watch Party” on December 11, 2007.
 - The respondent swore, “Campaign purchased campaign photos on disc. [The individual] is the payee on this entry.”
- \$326.69 to an individual for “Reimbursement for Montrose Expenses” on December 18, 2007.

- The respondent swore, “[The individual] is the payee. [He] led the outreach efforts in the Montrose Community. Check made payable to [the individual] for campaign mailer.”
- \$500 to an individual for “Reissued check” on December 22, 2007.
 - The respondent swore, “Campaign had to reissue check to [an individual]. He wrote original check from his campaign account.”

July 2008 Semiannual Report

67. Out of 72 total political expenditures itemized in the July 2008 semiannual report, the complaint alleged that the respondent failed to disclose the actual vendor payee, date, and amount “pertaining to the stated purpose” for 24 political expenditures totaling approximately \$17,655. The complaint included a list of political expenditures that were disclosed in the respondent’s report.
68. On July 17, 2009, the respondent responded to the allegations as follows:
- \$250.65 to Wanda Adams Campaign for “Computer Rental” on January 2, 2008.
 - The respondent swore, “Made check payable campaign to withdraw cash to pay Renter Center for computer rental. Renter Center did not take checks.”
 - \$50.17 to an individual for “Inaugural Breakfast” on January 3, 2008.
 - The respondent swore, “Check reimbursed to [an individual] for food purchase at Sams Club.”
 - \$120 to Wanda Adams for “Reimbursement for gas during runoff” on January 3, 2008.
 - The respondent swore that the expenditure was for “gas for campaign office holder.”
 - \$77.09 to an individual for “Reimbursement for Staff Lunch” on January 18, 2008.
 - The respondent swore, “Reimbursed [an individual] for food purchase for City Council Members Breakfast. I was not aware that I could not reimburse for food purchase. Now I was informed that check should have been made payable directly to food vendor Sams Club.”

- \$204.75 to an individual for “Reimbursement for Refrigerator and Snacks for Office” on January 22, 2008.
 - The respondent swore, “Purchased Supplied at Sams Club for office. Check written to [an individual] to withdraw money for purchase.”
- \$35.70 to Wanda Adams for “Reimbursement for gas” on January 28, 2008.
 - The respondent swore that the expenditure was for “Gas for Office Holder.”
- \$35.98 to an individual for “Reimbursement for Coffee and Office celebration” on January 22, 2008.
 - The respondent swore, “Entry should have been to Sams Club. Check made payable to [an individual] for reimbursement.”
- \$10,000 to an individual for “Reimbursement for activity during campaign” on January 22, 2008.
 - The respondent swore, “[An individual] was paid for consulting services. Entry should have read Consultant for campaign strategies.”
- \$1,500 to Wanda Adams for “Reimbursement for activity during campaign” on January 22, 2008.
 - The respondent swore, “Campaign reimbursed Office Holder for campaign ads placed on Radio-One and Community Meet and Greet at Wyatt's Cafeteria. Office Holder did not know to place as loan to campaign.”
- \$53.03 to an individual for “Reimbursement for breakfast” on February 7, 2008.
- \$70.07 to an individual for “Reimbursement for breakfast for Seniors” on February 17, 2008.
 - The respondent swore, “Both entries above were reimbursement for food purchase for staff meeting.”
- \$2,000 to Wanda Adams for “Reimbursement for Yard Signs” on March 3, 2008.
 - The respondent swore, “Office Holder bought campaign signs from sprint digital print. This was a reimbursement from

campaign. Office Holder was not made aware to make a loan to campaign.”

- \$1,450 to Wanda Adams for “Reimbursement for Radio Ad and Pancake Breakfast” on March 10, 2008.
 - The respondent swore, “Campaign ads for radio was paid by Office Holder. Campaign reimbursed office holder for expense. Office Holder was not aware to make loan to campaign in order to get reimbursement.”

- \$247.35 to an individual for “Reimbursement for Staff Lunch and SAMS” on March 10, 2008.
 - The respondent swore, “Entry should have read Sams Club. Campaign reimbursed staff for purchase.”

- \$60.73 to an individual for “Reimbursement for food for office” on March 13, 2008.
 - The respondent swore, “Campaign reimbursed [an individual] for food purchase for office. Entry should have been paid to Sams Club.”

- \$155.66 to Wanda Adams for “Reimbursement for Gas” on April 21, 2008.
 - The respondent swore that the expenditure was for “Gas reimbursement for campaign. Gas for Office Holder.”

- \$50 to an individual for “Reimbursement for staff lunch” on April 28, 2008.
 - The respondent swore that the expenditure was for “reimbursement for staff lunch. [An individual] purchased lunch and campaign reimbursed.”

- \$165.65 to Wanda Adams for “Reimbursement for Gas” on May 1, 2008.
 - The respondent swore that the expenditure was for “Gas for office holder for campaign. This entry is a reimbursement to office holder.”

- \$300 to Wanda Adams for “Reimbursement for Parade giveaways” on May 2, 2008.
 - The respondent swore, “Candidate was a participant in a community parade. Office holder purchased items to participate in parade. Check should have been paid to Arnies.”

- \$110.04 to Wanda Adams for “Staff Appreciation Luncheon” on May 30, 2008.
 - The respondent swore that the expenditure was for “Reimbursement for staff appreciation luncheon.”
- \$231.42 to an individual for “Reimbursement for Community Breakfast” on May 29, 2008.
 - The respondent swore, “Office Holder participated in a community Breakfast. Office Holder was asked to make a donation for breakfast. Staff paid and campaign reimbursed.”
- \$162 to Wanda Adams for “Staff Luncheon” on June 23, 2008.
 - The respondent swore, “Check written to office holder for payment for staff luncheon. Campaign reimbursed office holder.”
- \$226.09 to an individual for “Breakfast for Council” on June 6, 2008.
 - The respondent swore, “Campaign reimbursed for City Council Breakfast. Entry should have been made to Chick Fil-A.”
- \$100 to an individual for “Reimbursement for snacks for meeting” on June 6, 2008.
 - The respondent swore, “GLBT Meeting for candidate. Campaign paid for rental space for candidates meeting and food. Check written to [an individual] to withdraw money to purchase items. Entry should have been to Pizza Hut and the GLBT Political Caucus.”

January 2009 Semiannual Report

69. Out of 28 total political expenditures itemized in the January 2009 semiannual report, the complaint alleged that the respondent failed to disclose the actual vendor payee, date, and amount “pertaining to the stated purpose” for 17 political expenditures totaling approximately \$1,680. The complaint included a list of political expenditures that were disclosed in the respondent’s report.
70. On July 17, 2009, the respondent responded to the allegations as follows:
- \$65 to Wanda Adams for “Reimbursement for Gas” on July 3, 2008.
 - \$65 to Wanda Adams for “Reimbursement for Gas” on July 10, 2008.
 - The respondent swore, “Above items are for gas for office holder. This was a reimbursement.”

- \$450 to an individual for “Gas Cards for Constitutes [sic]” on July 17, 2008.
 - The respondent swore, “Office Holder was invited to speak at a community event. Candidate was asked to purchase Gas Cards for families. Campaign wrote check to [an individual] to withdraw money for gas cards. Checks should have been written to Exxon and Chevron.”

- \$217 to Wanda Adams for “Gas Cards for Constitutes [sic] and Gas” on July 18, 2008.
- \$40 to Wanda Adams for “Reimbursement for Gas” on July 22, 2008.
- \$122 to Wanda Adams for “Reimbursement for Gas” on August 1, 2008.
- \$100 to Wanda Adams for “Reimbursement for Gas” on August 4, 2008.
- \$50 to Wanda Adams for “Reimbursement for Gas” on August 11, 2008.
- \$50 to Wanda Adams for “Reimbursement for Gas” on August 15, 2008.
- \$62.74 to Wanda Adams for “Reimbursement for Gas” on August 22, 2008.
- \$65 to Wanda Adams for “Reimbursement for Gas” on August 27, 2008.
 - The respondent swore, “All above is gas reimbursement for Office Holder. Office Holder purchased gas for travel. Provided receipt for reimbursement. Receipts were provided for all transaction.”

- \$26.12 to an individual for “Reimbursement for refreshments for Seniors” on August 29, 2008.
 - The respondent swore, “Office Holder sponsored a senior citizen meeting. Made a donation to purchase food. Check made payable to community leader. Entry should have been made payable to location of purchase.”

- \$30 to Wanda Adams for “Reimbursement for Gas” on September 29, 2008.
- \$112.01 to Wanda Adams for “Reimbursement for Gas” on October 3, 2008.
 - The respondent swore, “Above are gas reimbursements for office holder. Receipts were provided. Office holder understands that payments should be made to vendor.”

- \$79.56 to an individual for “Reimbursement-Food for Council” on October 16, 2008.
 - The respondent swore, “Reimbursed for City Council Breakfast. Food was purchased at Sams Club.”

- \$43.86 to an individual for “Reimbursement-Food for Council” on October 28, 2008.
 - The respondent swore, “Reimbursed for City Council Breakfast. Food was purchased at Chick Fil-A.”
- \$100 to Wanda Adams for “Reimbursement for Gas” on December 31, 2008.
 - The respondent swore, “Above is gas reimbursement for Office Holder. Office Holder purchased gas for travel. Provided receipt for reimbursement. Receipts were provided for all transaction.”

Timely Filing of Campaign Finance Report

71. The complaint alleged that the respondent failed to file the 30-day pre-election report for the November 2007 election and the January 2008 semiannual report by the reporting deadlines.
72. The respondent filed a campaign treasurer appointment with the local filing authority on February 14, 2007.
73. The respondent was an opposed candidate for city council in the November 6, 2007, uniform election. The reporting deadline for the 30-day pre-election report for the November 2007 election was October 9, 2007.
74. The local filing authority confirmed that the respondent filed her 30-day pre-election report with the local filing authority on October 9, 2007.
75. The reporting deadline for the January 2008 semiannual report was January 15, 2008.
76. The respondent filed her January 2008 semiannual report with the local filing authority on March 4, 2008. The respondent swore, “This was my first time filing a campaign financial report as an office holder, I did not know to report the January report. Soon as I realized it was delinquent I filed.”

IV. Findings and Conclusions of Law

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

Office Sought and Office Held

1. In addition to the contents required by section 254.031 of the Election Code, each report by a candidate must include the candidate’s full name and address, the office sought, and the identity and date of the election for which the report is filed. ELEC. CODE § 254.061(1).

2. In addition to the contents required by section 254.031 of the Election Code, each report by an officeholder must include the officeholder's full name and address and the office held. ELEC. CODE § 254.091(1).
3. The respondent did not disclose the "office sought" information and left this field blank on the cover sheet of the 8-day pre-election report for the November 2007 election.
4. The respondent did not disclose the "office held" information and left this field blank on the cover sheet of the January 2008 semiannual report. The respondent did disclose office information in the "office sought" field on the cover sheet of the January 2008 semiannual report.
5. The reports filed before and after the reports at issue also disclosed the office information. Therefore, there is credible evidence of a technical or *de minimis* violation of sections 254.061(1) and 254.091(1) of the Election Code.

Total Political Contributions Maintained

6. A campaign finance report must include, as of the last day of a reporting period for which the person is required to file a report, the total amount of political contributions accepted, including interest or other income on those contributions, maintained in one or more accounts in which political contributions are deposited as of the last day of the reporting period. ELEC. CODE § 254.031(a)(8).
7. The complaint alleged that the respondent did not correctly disclose the total political contributions maintained as of the last day of the reporting period in the January 2008, July 2008, and January 2009 semiannual reports because the amount disclosed in each report is less than it should be, according to a calculation performed by the complainant.
8. However, the amount of total political contributions maintained is not determined by performing such a calculation. Rather, the appropriate method of determining the total political contributions maintained is by determining the balance of any and all accounts in which political contributions are maintained as of the last day of the reporting period. The campaign finance reporting system is not an accounting system and political contributions and political expenditures may be properly disclosed in a report without correlating to an actual movement of money during that reporting period. Thus, the fact that the respondent's amounts of total political contributions maintained do not equal the amounts that result from the complainant's calculation is not credible evidence in and of itself that the amounts of political contributions disclosed in the reports at issue are incorrect.
9. There is no evidence that the amounts on the reports are inaccurate. Therefore, there is insufficient evidence that the respondent violated section 254.031(a)(8) of the Election Code.

Total Outstanding Loans

10. Each campaign finance report must include the aggregate principal amount of all outstanding loans as of the last day of the reporting period. ELEC. CODE § 254.031(a)(2).
11. For each of the reports at issue, the respondent swore that the total principal amount of outstanding loans as of the last day of the reporting period was zero.
12. The respondent did not disclose this information and left this field blank in the totals section of each report. However, there is no evidence that the respondent had accepted any loans during the reporting periods that required disclosure. Therefore, there is credible evidence of a technical or *de minimis* violation of section 254.031(a)(2) of the Election Code.

Political Contributions from Corporations

13. A person may not knowingly accept a political contribution that the person knows was made in violation of chapter 253 of the Election Code. ELEC. CODE § 253.003.
14. A corporation may not make a political contribution or political expenditure that is not authorized by subchapter D, chapter 253, Election Code. ELEC. CODE § 253.094.
15. The prohibition applies to corporations that are organized under the Texas Business Corporation Act, the Texas For-Profit Corporation Law, the Texas Non-Profit Corporation Act, the Texas Nonprofit Corporation Law, federal law, or law of another state or nation. ELEC. CODE § 253.091.
16. In order to show a violation of section 253.003 of the Election Code, the evidence must show that the contributor was a corporation, that at the time the respondent accepted the contribution she knew that corporate contributions were illegal, and that the respondent knew the particular contribution at issue was from a corporation.

8-day Pre-election Report for the November 2007 Election

17. The respondent swore that the \$561.82 political contribution disclosed in the 8-day pre-election report for the November 2007 election from Academy Awards and Trophy was from the owner of the business and not the business itself.
18. There is no evidence to dispute this statement and records of the SOS do not show an incorporated entity with that name. Therefore, there is credible evidence that the respondent did not violate section 253.003 of the Election Code by accepting a political contribution that is illegal under section 253.094 of the Election Code in connection with the contribution.

January 2008 Semiannual Report

19. The respondent swore that the \$500 political contribution disclosed in the January 2008 semiannual report was from a general-purpose committee registered with the commission and not from the labor organization itself. Commission records verify that statement. Therefore, there is credible evidence that the respondent did not violate section 253.003 of the Election Code by accepting a political contribution that is illegal under section 253.094 of the Election Code in connection with the contribution.

July 2008 Semiannual Report

20. There were two political contributions totaling \$2,250 at issue in the July 2008 semiannual report.
21. The respondent swore that the \$250 political contribution from Frost National Bank was a cashier's check from an individual and not from the bank itself. The evidence of the check verifies that statement. Therefore, there is credible evidence that the respondent did not violate section 253.003 of the Election Code by accepting a political contribution that is illegal under section 253.094 of the Election Code in connection with the contribution.
22. The respondent swore that the \$2,000 political contribution from American Federation of State, County and Municipal Employees-AFL-CIO was from the registered federal political action committee and in response to the complaint provided the FEC ID number for the American Federation of State County & Municipal Employees PEOPLE. However, FEC records do not disclose the contribution. There is insufficient evidence that the respondent violated section 253.003 of the Election Code by accepting a political contribution that is illegal under section 253.094 of the Election Code in connection with the contribution.

Political Contributions from Out-of-State Political Committees

23. A person who files a report with the commission by electronic transfer and who accepts political contributions from an out-of-state political committee required to file its statement of organization with the Federal Election Commission shall either enter the out-of-state committee's federal PAC identification number in the appropriate place on the report or timely file a certified copy of the out-of-state committee's statement of organization that is filed with the Federal Election Commission. ELEC. CODE § 253.032; Ethics Commission Rules § 20.29(a).
24. The respondent accepted two political contributions totaling \$3,000 from out-of-state political committees during the period covered by her January 2008 semiannual report.
25. The committees filed their statements of organization with the FEC.

26. In her affidavit submitted in response to the allegation, the respondent disclosed the FEC PAC ID number for each contributor.
27. The respondent did not include the committees' statements of organization or FEC ID numbers in the report at issue. Therefore, there is credible evidence that the respondent violated section 253.032 of the Election Code and section 20.29(a) of the Ethics Commission Rules in connection with the contributions.

Political Expenditures of \$50 or Less

28. Each campaign finance report must include the total amount or a specific listing of the political expenditures of \$50 or less made during the reporting period. ELEC. CODE § 254.031(a)(5).
29. The respondent disclosed political expenditures of \$50 or less in an itemized listing rather than disclosing the expenditures as a lump sum total amount in the reports at issue.
30. Although the respondent left blank the field for disclosing total political expenditures of \$50 or less, unless itemized, it is apparent when viewing the report that the respondent detailed all of her expenditures, even those of \$50 or less. Therefore, there is credible evidence of a technical or *de minimis* violation of section 254.031(a)(5) of the Election Code.

Payees of Political Expenditures

31. 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).
32. Each campaign finance report must include the total amount or a specific listing of the political expenditures of \$50 or less made during the reporting period. ELEC. CODE § 254.031(a)(5).
33. A political expenditure made out of personal funds by a staff member of an officeholder, a candidate, or a political committee with the intent to seek reimbursement from the officeholder, candidate, or political committee that in the aggregate do not exceed \$5,000 during the reporting period may be reported as follows if the reimbursement occurs during the same reporting period that the initial expenditure was made: (1) 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; and (2) included with the total amount or a specific listing of the political expenditures of \$50 or less made during the reporting period. Except as provided by subsection (a) of this section, a political expenditure made out of personal funds by a staff member of an officeholder, a candidate, or a political committee with the intent to

seek reimbursement from the officeholder, candidate, or political committee must be reported as follows: (1) the aggregate amount of the expenditures made by the staff member as of the last day of the reporting period is reported as a loan to the officeholder, candidate, or political committee; (2) the expenditure made by the staff member is reported as a political expenditure by the officeholder, candidate, or political committee; and (3) the reimbursement to the staff member to repay the loan is reported as a political expenditure by the officeholder, candidate, or political committee. Ethics Commission Rules § 20.62.

34. For the disclosures at issue the respondent generally described the purposes of the expenditures, but incorrectly disclosed the payees.
35. For the July 2007 semiannual report and the 30-day pre-election report for the November 2007 election, the allegations related to two political expenditures totaling \$950. The evidence indicated that the payees for the expenditures at issue were disclosed correctly when the reports were filed. Therefore, there is credible evidence of no violations of section 254.031 of the Election Code and section 20.62 of the Ethics Commission Rules in connection with the expenditures.

8-day Pre-election Report for the November 2007 Election

36. For the 8-day pre-election report for the November 2007 election, the allegations related to five political expenditures totaling approximately \$2,890.
37. The payee for a \$550 expenditure to an individual was disclosed correctly when the report was filed.
38. The other political expenditures at issue totaling approximately \$2,340 were not properly disclosed when the report was filed. The respondent disclosed either herself or a staff member as the payee instead of the vendor who actually received payment for each expenditure at issue. Therefore, there is credible evidence of violations of section 254.031 of the Election Code and section 20.62 of the Ethics Commission Rules in connection with approximately \$2,340 in expenditures in the 8-day pre-election report for the November 2007 election.

8-day Pre-election Report for the December 2007 Runoff Election

39. For the 8-day pre-election report for the December 2007 runoff election, the allegations related to 11 political expenditures totaling approximately \$11,700.
40. The payees for two expenditures totaling \$4,050 were disclosed correctly when the report was filed.
41. The other political expenditures at issue totaling approximately \$7,650 were not properly disclosed when the report was filed. The respondent disclosed either herself or a staff member as the payee instead of the vendor who actually received payment for each

expenditure at issue. Therefore, there is credible evidence of violations of section 254.031 of the Election Code and section 20.62 of the Ethics Commission Rules in connection with approximately \$7,650 in expenditures in the 8-day pre-election report for the December 2007 runoff election.

January 2008 Semiannual Report

42. For the January 2008 semiannual report, the allegations related to 14 political expenditures totaling approximately \$14,420.
43. The payees for two expenditures totaling \$1,350 were disclosed correctly when the report was filed.
44. The other political expenditures at issue totaling approximately \$13,070 were not properly disclosed when the report was filed. The respondent disclosed either herself or a staff member as the payee instead of the vendor who actually received payment for each expenditure at issue. Therefore, there is credible evidence of violations of section 254.031 of the Election Code and section 20.62 of the Ethics Commission Rules in connection with approximately \$13,070 in expenditures in the January 2008 semiannual report.

July 2008 Semiannual Report

45. For the July 2008 semiannual report, the allegations related to 24 political expenditures totaling approximately \$17,655.
46. The political expenditures at issue were not properly disclosed when the report was filed. The respondent disclosed either herself or a staff member as the payee instead of the vendor who actually received payment for each expenditure at issue. Therefore, there is credible evidence of violations of section 254.031 of the Election Code and section 20.62 of the Ethics Commission Rules in connection with approximately \$17,655 in expenditures in the July 2008 semiannual report.

January 2009 Semiannual Report

47. For the January 2009 semiannual report, the allegations related to 17 political expenditures totaling approximately \$1,680.
48. The political expenditures at issue were not properly disclosed when the report was filed. The respondent disclosed either herself or a staff member as the payee instead of the vendor who actually received payment for each expenditure at issue. Therefore, there is credible evidence of violations of section 254.031 of the Election Code and section 20.62 of the Ethics Commission Rules in connection with approximately \$1,680 in expenditures in the January 2009 semiannual report.

Timely Filing of Campaign Finance Report

49. “Candidate” means a person who knowingly and willingly takes affirmative action for the purpose of gaining nomination or election to public office or for the purpose of satisfying financial obligations incurred by the person in connection with the campaign for nomination or election. Examples of affirmative action include the filing of a campaign treasurer appointment. ELEC. CODE § 251.001(1)(a).
50. A candidate shall file two reports for each year. The first report shall be filed not later than July 15. The report covers the period beginning January 1, the day the candidate’s campaign treasurer appointment is filed, or the first day after the period covered by the last report, as applicable, and continuing through June 30. The second report shall be filed not later than January 15. The report covers the period beginning July 1, the day the candidate’s campaign treasurer appointment is filed, or the first day after the period covered by the last report required to be filed, as applicable, and continuing through December 31. ELEC. CODE § 254.063.
51. In addition to other required reports, for each election in which a person is a candidate and has an opponent whose name is to appear on the ballot, the person shall file two reports. ELEC. CODE § 254.064(a). The first report must be received by the authority with whom the report is required to be filed not later than the 30th day before election day. The report covers the period beginning the day the candidate’s campaign treasurer appointment is filed or the first day after the period covered by the last report required to be filed under this chapter, as applicable, and continuing through the 40th day before election day. *Id.* § 254.064(b).
52. The respondent was an opposed candidate for city council in the November 2007 election. Thus, the respondent was required to file the 30-day pre-election report for the November 2007 election due October 9, 2007. (The 30th day before the election fell on Sunday, October 7, 2007. Monday, October 8, 2007, was a postal holiday. Therefore, the reporting deadline was extended to the next business day.)
53. The respondent filed her 30-day pre-election report timely on October 9, 2007, with the local filing authority. Therefore, there is credible evidence of no violation of section 254.064 of the Election Code in connection with the 30-day pre-election report for the November 2007 election.
54. The respondent filed her campaign treasurer appointment on February 14, 2007, with an authority other than the commission and the campaign treasurer appointment has not been terminated. Thus, the respondent was a candidate with an active campaign treasurer on file and was required to file the January 2008 semiannual report due January 15, 2008.
55. The respondent did not file the January 2008 semiannual report with the local filing authority until March 4, 2008. Therefore, there is credible evidence of a violation of section 254.063 of the Election Code in connection with the January 2008 semiannual report.

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 candidate shall file two reports for each year. The second report shall be filed not later than January 15. The report covers the period beginning July 1, the day the candidate's campaign treasurer appointment is filed, or the first day after the period covered by the last report required to be filed, as applicable, and continuing through December 31. The respondent also 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 further acknowledges that the proper way to report reimbursements to staff is in accordance with section 20.62 of the Ethics Commission Rules. The respondent also acknowledges that a person who files a report by electronic transfer and who accepts political contributions from an out-of-state political committee required to file its statement of organization with the Federal Election Commission shall either enter the out-of-state committee's federal PAC identification number in the appropriate place on the report or timely file a certified copy of the out-of-state committee's statement of organization that is filed with the Federal Election Commission. The respondent further acknowledges that, in addition to the contents required by section 254.031 of the Election Code, each report by a candidate must include the candidate's full name and address, the office sought, and the identity and date of the election for which the report is filed, and each report by an officeholder must include the officeholder's full name and address and the office held. The respondent also acknowledges that each campaign finance report must include the aggregate principal amount of all outstanding loans as of the last day of the reporting period. 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 \$1,500 civil penalty.

The respondent agrees that the Texas Ethics Commission, P. O. Box 12070, Austin, Texas 78711, must receive from the respondent full payment of the \$1,500 civil penalty no later than February 28, 2011, and agrees to waive any right to a hearing related to this sworn complaint. The respondent further agrees that if the full amount is not received by February 28, 2011, the matter of the collection of the civil penalty will be referred to the Office of the Attorney General of Texas.

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-2906162.

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

Wanda Adams, Respondent

EXECUTED ORIGINAL received by the commission on: _____.

Texas Ethics Commission

By: _____
David A. Reisman, Executive Director