

TEXAS ETHICS COMMISSION

IN THE MATTER OF

JEFFREY HONS, CAMPAIGN
TREASURER, WINNING FOR
WOMEN: A PAC FOR THE
GOVERNMENT AFFAIRS
COUNCIL AT PPSASCT,

RESPONDENT

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BEFORE THE

TEXAS ETHICS COMMISSION

SC-2912306

ORDER and AGREED RESOLUTION

I. Recitals

The Texas Ethics Commission (the commission) met on August 12, 2010, to consider sworn complaint SC-2912306. A quorum of the commission was present. The commission determined that there is credible evidence of violations of sections 254.031 and 254.157 of the Election Code, and credible evidence of technical or *de minimis* violations of section 254.151 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, as campaign treasurer of a political committee, failed to properly disclose total political contributions maintained, failed to properly disclose political expenditures, failed to disclose the name of each identified candidate supported or opposed by the committee and the name of each identified officeholder assisted by the committee, and failed to timely file a campaign finance report.

III. Facts Supported by Credible Evidence

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

1. The respondent is the campaign treasurer for Winning for Women: A PAC for the Government Affairs Council at PPSASCT (WWPAC), a general-purpose committee.

Total Political Contributions Maintained

2. The complaint alleged that the respondent incorrectly reported the amount of total political contributions maintained on 22 campaign finance reports. The reports at issue are each monthly reports from February 2008 through November 2009.
3. In response to the complaint, the respondent submitted an affidavit in which he swore that the total political contributions maintained disclosed on each monthly report was correct, as he reported the bank balance at the end of the reporting period.

Disclosure of Political Expenditures

4. The complaint alleged that the respondent failed to properly disclose political expenditures on 12 campaign finance reports. In each case, the respondent disclosed an expenditure, or expenditures on Schedule I (used to disclose non-political expenditures) and did not include the amount in the total political expenditures section of the report. In a sworn response, the respondent stated that he believed each report properly disclosed expenditures as non-political expenditures.
5. The respondent's January 2008 monthly report disclosed no political expenditures but disclosed a \$10,000 non-political expenditure on December 14, 2007, to "The Government Affairs Council at Planned Parenthood" with the stated purpose of "transfer for c4 permissible activities." In response to the complaint, the respondent filed a corrected report and changed the purpose of expenditure to "check to 501 c4 for staff time office expenses and supplies and event expenses."
6. The respondent's May 2008 monthly report disclosed no political expenditures but disclosed a \$10,000 non-political expenditure on March 31, 2008, to "The Government Affairs Council at Planned Parenthood" with the stated purpose of "transfer for c4 permissible activities." In response to the complaint, the respondent filed a corrected report and changed the purpose of the expenditure to "check to 501 c4 for staff time facility costs office supplies and event expenses."
7. The respondent's June 2008 monthly report disclosed no political expenditures but disclosed a \$10,000 non-political expenditure on May 25, 2008, to "The Government Affairs Council at Planned Parenthood" with the stated purpose of "transfer for c4 permissible activities." In response to the complaint, the respondent filed a corrected report and changed the purpose of the expenditure to "check to 501 c4 for staff time facility and office expenses and supplies."
8. The respondent's September 2008 monthly report disclosed no political expenditures. The respondent filed a corrected report on September 5, 2008, and added two non-political expenditures totaling approximately \$7,420 made on August 25, 2008, to "The Government Affairs Council at Planned Parenthood." The stated purposes of the expenditures were "transfer for start-up of website" and "transfer of funds for c4 permissible activities."

9. The respondent's October 2008 monthly report disclosed \$15,500 in total political expenditures. The report disclosed two non-political expenditures totaling approximately \$990 made on September 12, 2008 to an individual and Thompson Printing and Mailing. The stated purposes of the expenditures were "graphic design services" and "printing services" respectively. In response to the complaint, the respondent filed a corrected report and changed the purposes of the expenditures to "graphic design services for event invitation" and "printing services for event invitation" respectively.
10. The respondent's November 2008 monthly report disclosed \$4,000 in total political expenditures. The report disclosed four non-political expenditures totaling approximately \$3,300 made from September 30, 2008, through October 23, 2008, to American Express, Spice of Life, Thompson Printing and Mailing, and Trans Valet Parking Service. The stated purposes of the expenditures were "supplies for event," "catering service for event," "printing services," and "valet parking service for event" respectively. In response to the complaint, the respondent filed a corrected report and changed the purposes of the expenditures to American Express to "envelopes for event invitations," "printed programs for event," and "decoration supplies for event."
11. The respondent's January 2009 monthly report disclosed \$500 in total political expenditures. The report disclosed three non-political expenditures totaling approximately \$730 made from December 2, 2008, through December 18, 2008, to Affiliate Risk Management Services, an individual, and the Texas Ethics Commission. The stated purposes of the expenditures were "insurance," "graphic design for fundraising event," and "payment for late file fee" respectively. In response to the complaint, the respondent filed a corrected report and changed the purposes of the expenditures to Affiliate Risk Management Services and the individual to "liability insurance" and "payment to graphic design consultant for work on fundraising event," respectively.
12. The respondent's March 2009 monthly report disclosed no political expenditures but disclosed three non-political expenditures totaling approximately \$640 made from January 28, 2009, through February 9, 2009, to American Express, G2E Services, and an individual. The stated purposes of the expenditures were "event supplies," "website maintenance," and "speaker fee for event," respectively. In response to the complaint, the respondent filed a corrected report and changed only the payee and purpose of the expenditure to American Express, with the new payee as "Fed Ex" and the new purpose as "priority letter cost for event."
13. The respondent's April 2009 monthly report disclosed no political expenditures but disclosed a \$10 non-political expenditure made on March 18, 2009, to American Express with a stated purpose of "website expense." In response to the complaint, the respondent filed a corrected report and changed the purpose of the expenditure to "expense for website maintenance fee; cost to be online."
14. The respondent's May 2009 monthly report disclosed no political expenditures but disclosed two non-political expenditures totaling approximately \$3,976 made on April 14, 2009, to The Government Affairs Council at Planned Parenthood. The stated purposes of the expenditures were "expenses." In response to the complaint, the

- respondent filed a corrected report and changed the purposes of the expenditures to “check to 501 c4 for staff time staff insurance office facilities supplies and event expenses” and “check to 501 c4 organization for staff time,” respectively.
15. The respondent’s October 2009 monthly report disclosed no political expenditures but disclosed two non-political expenditures totaling approximately \$133 on September 11, 2009, to American Express and an individual. The stated purposes of the expenditures were “website expense” and “website maintenance,” respectively. In response to the complaint, the respondent filed a corrected report and changed the purposes of the expenditures to “postage for priority letter,” “website maintenance fee for online services and updates,” and “website maintenance from IT consultant,” respectively.
 16. The respondent’s November 2009 monthly report disclosed no political expenditures but disclosed two non-political expenditures totaling \$630 in October 2009 to Affiliate Risk Management Services and San Antonio Parking Consultants. The stated purposes of the expenditures were “insurance” and “parking for event,” respectively. In response to the complaint, the respondent filed a corrected report and changed the purposes of the expenditures to “annual payment for liability insurance” and “valet parking for fall event,” respectively.
 17. Promotions for a January 2008 event held in San Antonio included solicitations for contributions to WWPAC.

Disclosure of Names of Candidates and Officeholders Supported or Assisted by the Committee

18. The complaint alleged that the respondent failed to disclose the names of each identified candidate supported or opposed by the committee, and each identified officeholder assisted by the committee on four campaign finance reports. The respondent’s October 2008 monthly report, filed on October 5, 2008, disclosed \$6,125 in total political contributions, \$15,500 in total political expenditures, and \$20,945.77 in total political contributions maintained. The “Committee Activity” section of the report’s cover sheet did not disclose that the committee supported or opposed any candidates, or that the committee assisted any officeholders. Schedule F disclosed that the committee made eight political expenditures totaling \$14,500 to eight candidates (six were also officeholders) with the stated purpose of “direct expenditure to campaign” or “direct expenditure campaign contribution.” In response to the complaint, the respondent stated that the candidate information was listed on Schedule F, and that all candidates and officeholders supported or assisted by the committee are “unidentified,” as the committee is a general-purpose political committee devoted to particular issues and points of public policy rather than to particular candidates.
19. The respondent’s November 2008 monthly report, filed on November 6, 2008, disclosed \$5,205 in total political contributions, \$4,000 in total political expenditures, and \$11,812.45 in total political contributions maintained. The “Committee Activity” section of the report’s cover sheet did not disclose that the committee supported or opposed any candidates, or that the committee assisted any officeholders. Schedule F disclosed that the committee made three political expenditures totaling \$4,000 to three officeholders

with the stated purpose of “direct expenditure campaign contribution” or “campaign contribution.” In response to the complaint, the respondent stated that the candidate information was listed on Schedule F, and that all candidates and officeholders supported or assisted by the committee are “unidentified,” as the committee is a general-purpose political committee devoted to particular issues and points of public policy rather than to particular candidates.

20. The respondent’s December 2008 monthly report disclosed \$2,167 in total political contributions, \$1,250 in total political expenditures, and \$12,617.50 in total political contributions maintained. The “Committee Activity” section of the report’s cover sheet did not disclose that the committee supported or opposed any candidates, or that the committee assisted any officeholders. Schedule F disclosed that the committee made three political expenditures totaling \$1,250 to three candidates (one of whom was also an officeholder) with the stated purpose of “contribution to candidate.” In response to the complaint, the respondent stated that the candidate information was listed on Schedule F, and that all candidates and officeholders supported or assisted by the committee are “unidentified,” as the committee is a general-purpose political committee devoted to particular issues and points of public policy rather than to particular candidates.
21. The respondent’s January 2009 monthly report disclosed \$583 in total political contributions, \$500 in total political expenditures, and \$11,969.67 in total political contributions maintained. The “Committee Activity” section of the report’s cover sheet did not disclose that the committee supported or opposed any candidates, or that the committee assisted any officeholders. Schedule F disclosed that the committee made one political expenditure totaling \$500 to a candidate with the stated purpose of “campaign contribution for state senate district 17.” In response to the complaint, the respondent stated that the candidate information was listed on Schedule F, and that all candidates and officeholders supported or assisted by the committee are “unidentified,” as the committee is a general-purpose political committee devoted to particular issues and points of public policy rather than to particular candidates.

Timely Filing of Report

22. The complaint alleged that the respondent failed to timely file the November 2008 monthly report. The report was due on November 5, 2008. The respondent filed the report on November 6, 2008, one day after the reporting deadline. In response to the complaint, the respondent stated that the committee was fined \$250 by the commission for filing the report late and that fine was paid by the committee on December 18, 2008. Commission records show that the \$250 fine was received on December 22, 2008.

IV. Findings and Conclusions of Law

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

Total Political Contributions Maintained

1. Each report must include as of the last day of the reporting period, 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).

2. The evidence did not show that the respondent incorrectly disclosed total political contributions maintained. Therefore, there is insufficient evidence of violations of section 254.031(a)(8) of the Election Code.

Disclosure of Political Expenditures

3. Each 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).
4. A campaign treasurer is also required to include the amount of each payment made during the reporting period from a political contribution if the payment is not a political expenditure, the full name and address of the person to whom the payment is made, and the date and purpose of the payment. ELEC. CODE § 254.031(a)(4).
5. Each report must include the total amount of all political contributions and the total amount of all political expenditures made during the reporting period. ELEC. CODE § 254.031(a)(6).
6. The respondent disclosed expenditures totaling approximately \$48,000 as non-political expenditures. Non-political expenditures are not required to be included in the totals section of a campaign finance report. The respondent filed corrections to 11 reports to more specifically disclose the purposes of each non-political expenditure. However, the descriptions on the original reports were vague, and the corrections still provide vague descriptions. It appears that the WWPAC was involved in political fundraising events during this time and such expenditures should have been disclosed on Schedule F (used to disclose political expenditures) and should have been included in the section for total political contributions and expenditures. If some of the expenditures were valid non-political expenditures, then the respondent did not adequately describe the purposes of the expenditures. Therefore, there is credible evidence of violations of sections 254.031(a)(3), 254.031(a)(4), and 254.031(a)(6) of the Election Code.¹

Disclosure of Names of Candidates and Officeholders Supported or Assisted by the Committee

7. Each report by a campaign treasurer of a general-purpose committee must include the name of each identified candidate or measure or classification by party of candidates supported or opposed by the committee, indicating whether the committee supports or opposes each listed candidate, measure, or classification by party of candidates, and the

¹ Although section 20.59 of the Ethics Commission Rules applies to political expenditures, even if the credit card expenditures at issue were non-political expenditures, section 254.031(a)(4) of the Election Code required that the actual vendors be disclosed.

name of each identified officeholder or classification by party of officeholders assisted by the committee. ELEC. CODE § 254.151(4) and (5).

8. As a general-purpose political committee that supported or assisted candidates and officeholders by making campaign contributions or direct expenditures to their campaigns, the respondent was required to disclose the names of the candidates and officeholders supported or assisted in the “Committee Activity” section of its campaign finance reports. The reports were not corrected to include this information. Although the committee’s reports disclosed political expenditures to candidates and officeholders on Schedule F, the reports did not disclose the information in the “Committee Activity” section of the report cover sheets. However, the information was readily apparent to anyone who may have viewed the reports. Therefore, there is credible evidence of technical or *de minimis* violations of sections 254.151(4) and 254.151(5) of the Election Code.

Timely Filing of Report

9. The campaign treasurer of a general-purpose committee filing monthly reports shall file a report not later than the fifth day of the month following the period covered by the report. A report covering the month preceding an election in which the committee is involved must be received by the authority with whom the report is required to be filed not later than the fifth day of the month following the period covered by the report. ELEC. CODE § 254.157.
10. The respondent’s November 2008 monthly report was filed late. The committee was fined \$250 by the commission for filing a late report. The fine was paid by the committee. Therefore, there is credible evidence of a violation of section 254.157 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 each 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 each report must include the total amount of all political contributions and the total amount of all political expenditures made during the reporting period. The respondent also acknowledges that each report by a campaign treasurer of a

general-purpose committee must include the name of each identified candidate or measure or classification by party of candidates supported or opposed by the committee, indicating whether the committee supports or opposes each listed candidate, measure, or classification by party of candidates, and the name of each identified officeholder or classification by party of officeholders assisted by the committee. The respondent also acknowledges that the campaign treasurer of a general-purpose committee filing monthly reports shall file a report not later than the fifth day of the month following the period covered by the report. A report covering the month preceding an election in which the committee is involved must be received by the authority with whom the report is required to be filed not later than the fifth day of the month following the period covered by the report. 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 \$1,000 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-2912306.

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

Jeffrey Hons, Respondent

EXECUTED ORIGINAL received by the commission on: _____.

Texas Ethics Commission

By: _____
David A. Reisman, Executive Director