

# TEXAS ETHICS COMMISSION

IN THE MATTER OF  
JAMES C. DOYAL,  
RESPONDENT

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BEFORE THE  
TEXAS ETHICS COMMISSION  
SC-31108180

## ORDER and AGREED RESOLUTION

### I. Recitals

The Texas Ethics Commission (the commission) met on April 3, 2014, to consider sworn complaint SC-31108180. A quorum of the commission was present. The commission determined that there is credible evidence of violations of sections 253.041 and 254.031 of the Election Code and sections 20.61 and 20.62 of the Ethics Commission Rules, 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: 1) did not properly disclose political contributions, political expenditures and loans; 2) converted political contributions to personal use; 3) accepted political contributions from a corporation or labor organization, and 4) made or authorized political expenditures from political contributions to a spouse or dependent child.

### III. Facts Supported by Credible Evidence

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

#### **Political Contributions and Political Expenditures of \$50 or Less**

1. The respondent is a county commissioner in Montgomery County.
2. The complaint alleged that the respondent did not disclose the total amount of political contributions of \$50 or less in the 30-day pre-election report for the March 2010 election.
3. In the totals section of the report at issue, the respondent left blank the field provided for the total political contributions of \$50 or less, unless itemized. The respondent disclosed two political contributions of over \$50 on Schedule A (used for itemized political contributions).

There is no evidence to show that there were undisclosed political contributions for the reporting period at issue.

4. The complaint also alleged that the respondent did not disclose the total amount of political expenditures of \$50 or less in all six campaign finance reports at issue.
5. In the totals section of the January 2010 semiannual report, the respondent entered “—” in the field provided for the total political expenditures of \$50 or less, unless itemized. In the other five reports at issue, the respondent left blank the field provided for the total political expenditures of \$50 or less, unless itemized. The respondent disclosed political expenditures, including political expenditures of \$50 or less, on Schedule F (used for itemized political expenditures) in the reports at issue. There is no evidence to show that there were undisclosed political expenditures for the reporting periods at issue.

### **Total Outstanding Loans**

6. The complaint alleged that the respondent did not disclose the total principal amount of all outstanding loans as of the last day of the reporting period in all six reports at issue.
7. The respondent left blank the field provided in the totals section on the cover sheet for total outstanding loans in the reports at issue. There is no evidence to show that there were undisclosed outstanding loans for the reporting periods at issue.
8. In response to the allegations, the respondent swore that there were no outstanding loans to report.

### **Names and Addresses of Persons Making Political Contributions**

9. The complaint alleged that the respondent failed to fully disclose the names of 21 persons making political contributions totaling approximately \$11,900 in the January 2010, July 2010, January 2011, and July 2011 semiannual reports at issue. The complaint also alleged that the respondent failed to fully disclose the address of a person making a \$500 political contribution in the July 2011 semiannual report.
10. For nine political contributions at issue totaling approximately \$3,700, the contributor's name was disclosed using initials for the individual's first name. The contributors' names were not correctly disclosed because the full names of the individuals were not disclosed.
11. For the remaining 12 political contributions at issue totaling approximately \$8,200, the evidence shows that the contributor name was correctly disclosed because the acronym disclosed as the contributor name was on file with the commission or was the full name of the entity.

12. The full address was not correctly disclosed for the \$500 political contribution at issue because the respondent did not disclose the payee's P.O. Box number.

### **Names and Addresses of Persons Receiving Political Expenditures**

13. The complaint alleged that the respondent failed to fully disclose the names and/or addresses of 22 persons receiving political expenditures totaling approximately \$11,600 in the January 2010, July 2010, January 2011, and July 2011 semiannual reports at issue.
14. For a \$50 political expenditure to "C.R.E.A.M." in the January 2010 semiannual report, the full name of the entity was not disclosed and the acronym is not commonly known. For seven political expenditures totaling approximately \$1,715 in the reports at issue, the full address was not correctly disclosed because either the street address or the city, state, and zip code were left blank.
15. For the remaining 13 political expenditures at issue totaling approximately \$9,835, the full payee name was correctly disclosed because the acronym disclosed as the payee name was either a commonly used acronym or the full name, and the street address, city, state, and zip code were correctly disclosed.

### **Purpose Descriptions of Political Expenditures**

16. The complaint alleged that the respondent failed to fully disclose the purpose descriptions of 213 political expenditures totaling approximately \$135,780 in the January 2010, July 2010, January 2011, and July 2011 semiannual reports and the 30-day pre-election report for the March 2010 election. The complaint alleged that the purpose descriptions were inadequate and vague.

#### January 2010 Semiannual Report

17. For 14 political expenditures at issue totaling approximately \$10,025, the respondent disclosed that the payments were for political or candidate/officeholder purposes, such as "Duck Race," "Paintings for Auction," "Golf Tournament Prizes," "Golf Tournament Lunch," "Propane-Golf Tournament," "Chili Day-Courthouse," "Tournament Cash," "Birthday for Seniors," "Golf Committee Lunch," "Senior Thanksgiving Luncheon," "Golf Tournament Gifts," "Thanksgiving Luncheon," and "Christmas Gifts and Donations."
18. The respondent did not sufficiently describe the purposes for three political expenditures at issue totaling approximately \$13,720, as follows:
  - \$292.17 to Food Basket on August 6, 2009, purpose field left blank
  - \$3,300 to Magnolia ISD Livestock Show on October 27, 2009, for "Auction"

- \$10,126 to Woodforest Golf Club on November 19, 2009, for “Golf Tournament”

#### 30-day Pre-election Report for the March Election

19. For a \$571.60 political expenditure to a vendor, the respondent disclosed that the payment was for a political or candidate/officeholder purpose, such as “Magnolia Group Donation.”

#### July 2010 Semiannual Report

20. For nine political expenditures at issue totaling approximately \$12,490, the respondent disclosed that the payments were for political or candidate/officeholder purposes, such as “Clean Up Day Lunches,” “Fundraiser Auction,” “Cash for Fish Fry,” “Senior Cakes,” “Fair Auction,” and “Senior 4th of July BBQ.”
21. The respondent did not sufficiently describe the purpose for a \$200 political expenditure at issue to Top Hat Balloons on April 27, 2010, for “Fish Fry.”

#### January 2011 Semiannual Report

22. For all 102 political expenditures at issue totaling approximately \$55,935, the respondent did not sufficiently describe the purpose because he disclosed the purpose category but left blank the field provided for the purpose description.

#### July 2011 Semiannual Report

23. For 81 political expenditures at issue totaling approximately \$42,840, the respondent did not sufficiently describe the purpose because he disclosed the purpose category but left blank the field provided for the purpose description. For two political expenditures at issue totaling approximately \$500, the respondent left blank both the purpose category and description.

#### **Actual Vendor Payees of Political Expenditures**

24. The complaint alleged that the respondent failed to disclose “the actual vendor payee, address, date, and amount pertaining to the stated purpose” for 25 political expenditures in the January 2010, July 2010, January 2011, and July 2011 semiannual reports at issue. The complainant did not provide any evidence other than the fact that the reports at issue disclosed political expenditures paid to what appeared to be individuals and not business entities.

January 2010 Semiannual Report

25. For eight political expenditures at issue totaling approximately \$990, the payee was disclosed as an individual who was paid for the goods or services. In response to the allegations, the respondent swore that the expenditures were properly reported.
26. A \$600 political expenditure at issue disclosed the respondent as the payee for "Tournament Cash." In response to the allegation, the respondent swore that he withdrew \$600 in cash to provide change at a golf tournament and the \$600 was returned to the bank account within a week.
27. A \$50 political expenditure at issue disclosed an individual as the payee for "Cameron Hood Education Fund." In response to the allegation, the respondent swore that the donation request he received stated that all checks should be made payable to the individual, although the true recipient was Cameron Hood Education Fund. The respondent swore that he would correct the expenditure to disclose the actual vendor payee. The respondent has not filed a correction to the report at issue.

July 2010 Semiannual Report

28. For two political expenditures at issue totaling \$1,250, the payee was disclosed as an individual who was paid for the goods or services. In response to the allegations, the respondent swore that the expenditures were proper and correct.
29. A \$100 political expenditure at issue disclosed the payee as an individual who was paid for the goods or services. The payee address was not correctly disclosed because the zip code was not disclosed. In response to the allegation, the respondent swore that he would correct the expenditure to disclose the zip code. The respondent has not filed a correction to the report at issue.
30. A \$1,000 political expenditure at issue disclosed the respondent as the payee for "Cash for Fish Fry." In response to the allegation, the respondent swore that he withdrew \$1,000 in cash to provide tips to all servers at the fish fry. The respondent swore that he would file a corrected report to disclose the 10 actual payees who received the tips. The respondent has not filed a correction to the report at issue.

January 2011 Semiannual Report

31. For five political expenditures at issue totaling approximately \$570, the payee was disclosed as an individual who was paid for the goods or services. In response to the allegations, the respondent swore that the expenditures were properly reported.

32. A \$650 political expenditure at issue disclosed the respondent as the payee for “Golf Tourney (Cash).” In response to the allegation, the respondent swore that he withdrew \$650 in cash to provide change at the golf tournament and the \$650 was returned to the bank account, with the proceeds from the event, within a week.
33. Three political expenditures at issue totaling approximately \$390 incorrectly disclosed the payee name as the campaign employee seeking reimbursement rather than the actual vendor of the goods or services purchased. The political expenditures were disclosed, as follows:
- \$141.25 to an individual on July 14, 2010, for “South County Chamber Gold Tourney Sponsor”
  - \$75.70 to an individual on October 14, 2010, for “Golf Tourney Shirts”
  - \$175.47 to an individual on November 1, 2010, for “Reimbursement – food cost”
34. In response to the allegations, the respondent swore that the expenditures would be corrected to show that they were made as reimbursements and will reflect the true vendor payees. The respondent has not filed a correction to the report at issue.

#### July 2011 Semiannual Report

35. For the two political expenditures at issue totaling \$350, the payee was disclosed as an individual who was paid for the goods or services. In response to the allegations, the respondent swore that the expenditures were properly reported.

#### **Payments from Political Contributions to Spouse or Dependent Child for Personal Services**

36. The complaint alleged that the respondent used political contributions to pay his spouse or dependent child for campaign work, based on two political expenditures in the July 2011 semiannual report. The two political expenditures at issue totaling \$2,000, were disclosed as follows:
- \$1,000 to Lindsey Doyal on January 25, 2011, for “campaign report prep.”
  - \$1,000 to Amy Doyal on July 14, 2011, for “campaign report preparation”
37. In response to the allegations, the respondent swore:
- The expenditure to Lindsey Doyal [respondent’s daughter] for work performed for the campaign was appropriate. She is an independent adult. The expenditure to Amy Doyal [respondent’s wife] has been returned to the campaign account and will be reported appropriately. I did not understand that I could not pay her for work performed for the campaign.

38. The January 2012 semiannual report filed by the respondent on January 13, 2012, with the county filing authority disclosed on Schedule K (used for interest earned, other credits/gains/refunds, and purchase of investments) a \$1,000 reimbursement from Amy Doyal on August 10, 2011.

### **Political Contributions from Corporations**

39. The complaint alleged that the respondent accepted 13 political contributions totaling approximately \$5,200 from corporations, based on disclosures in the January 2010, July 2010, January 2011, and July 2011 semiannual reports. The political contributions, and whether the evidence (based on public records) shows that the source of the contribution is a corporation, are as follows:
- August 31, 2009, \$150; October 18, 2010, \$150; and March 29, 2011, \$250; from Grand Oaks I, LP – limited partnership with a corporate partner
  - September 22, 2009, \$150; from Klein Funeral Home – assumed name of a professional corporation
  - November 15, 2010, \$1,000; from Valley Ranch Town Center, LTD – limited partnership with a corporate partner
  - November 15, 2010, \$150; Gullo Ford-Mercury – assumed name of limited partnership with a corporate partner
  - April 20, 2011, \$100; from Pine Forest, LTD – limited partnership with a corporate partner
  - April 20, 2011, \$100; from AIA Engineers LTD – limited partnership with a corporate partner
  - September 30, 2009, \$1,000; from Quadvest, LP – limited partnership, no corporate partners
  - October 16, 2009, \$150; from Alliance Realty Advisors – assumed name of limited partnership, no corporate partners
  - April 20, 2011, \$500; from High Meadow J.V. – not a corporation
  - October 12, 2009, \$1,000; and May 27, 2010, \$500; from Crown Ranch, LTD, in Montgomery, Texas – Secretary of State records show that “Crown Ranch Development, Ltd.” in Lufkin, Texas, is a limited partnership with a

corporate partner; it is unclear whether or not this is the same entity as the contributor

40. In response to the allegations, the respondent swore that the contributions did not appear to be from corporations. The respondent swore that the contributions from Quadvest, LP; Alliance Realty Advisors; and High Meadow J.V. were permissible. The respondent swore that he returned the contributions from Grand Oaks I, LP; Klein Funeral Home, Valley Ranch Town Center, LTD; Gullo Ford-Mercury; Pine Forest, LTD; AIA Engineers LTD; and Crown Ranch, LTD, after learning that those entities contained corporate members. The January 2012 semiannual report filed by the respondent on January 13, 2012, with the county filing authority disclosed that the contributions were returned on September 10, 2012.

### **Total Political Contributions Maintained**

41. The complaint alleged that the respondent did not properly disclose the amount of total political contributions maintained as of the last day of the reporting period in the July 2010, January 2011, and July 2011 semiannual reports at issue.

#### July 2010 Semiannual Report

42. The report disclosed \$232,926.27 in total political contributions maintained. The complaint alleged that the correct amount of total political contributions maintained should be \$231,903.89. The difference is \$1,022.38.

#### January 2011 Semiannual Report

43. The report disclosed \$241,320.50 in total political contributions maintained. The complaint alleged that the correct amount of total political contributions maintained should be \$240,298.12. The difference is \$1,022.38.

#### July 2011 Semiannual Report

44. The report disclosed \$278,462.02 in total political contributions maintained. The complaint alleged that the correct amount of total political contributions maintained should be \$277,440.14. The difference is \$1,021.88.
45. In response to the allegations, the respondent swore that total contributions balance is correct in the reports at issue.



**Personal Use of Political Contributions**

46. The complaint alleged that the respondent converted political contributions to personal use based on five political expenditures disclosed in the January 2010, July 2010, and January 2011 semiannual reports.

January 2010 Semiannual Report

47. The report disclosed three political expenditures totaling approximately \$690 as follows:

- \$35 to Sam's Club on July 24, 2009, for "Membership"
- \$56.85 to Food Basket on October 12, 2009, for "Lunch-Golf Tournament"
- \$600 to Craig Doyal on October 13, 2009, for "Tournament Cash"

48. In response to the allegations, the respondent swore that the Sam's Club membership was for the campaign and he had a separate membership for personal purposes. The respondent swore that the expenditure to Food Basket was to feed golf tournament workers and participants and was not a personal expense. The respondent also swore that he withdrew \$600 in cash to provide change at the golf tournament and the \$600 was returned to the bank account within a week.

July 2010 Semiannual Report

49. The report disclosed a \$1,000 political expenditure to the respondent on April 27, 2010, for "Cash for Fish Fry." In response to the allegation, the respondent swore that he withdrew \$1,000 in cash to provide tips to all servers at an event. The respondent swore that he would file a corrected report to disclose the 10 vendors who received the tips. The respondent has not filed a correction to the report at issue.

January 2011 Semiannual Report

50. The report disclosed a \$650 political expenditure to the respondent on October 12, 2010, for "Golf Tourney (Cash)." In response to the allegation, the respondent swore that he withdrew \$650 in cash to provide change at the golf tournament and the \$650 was returned to the bank account, with the proceeds from the event, within a week.

**IV. Findings and Conclusions of Law**

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

**Political Contributions and Political Expenditures of \$50 or Less**

1. Each campaign finance report must include the total amount or a specific listing of the political contributions of \$50 or less accepted and the total amount or a specific listing of the political expenditures of \$100<sup>1</sup> or less made during the reporting period. ELEC. CODE § 254.031(a)(5).
2. With respect to the January 2010 semiannual report, the respondent entered a dash in the totals section for total political expenditures of \$50 or less, unless itemized, which indicated that the total amount of unitemized expenditures was zero. Therefore, there is credible evidence of no violation of section 254.031(a)(5) of the Election Code with respect to the January 2010 semiannual report.
3. There is no evidence to show that there were undisclosed political contributions of \$50 or less or political expenditures of \$50 or less for the reporting periods. With respect to the 30-day pre-election report for the March 2010 election, the respondent did not disclose a zero in the fields in the totals section for total political contributions of \$50 or less, unless itemized, and total political expenditures of \$50 or less, unless itemized. With respect to the remaining reports, the respondent did not disclose a zero in the totals section for total political expenditures of \$50 or less, unless itemized. Therefore, there is credible evidence of technical or *de minimis* violations of section 254.031(a)(5) of the Election Code with respect to the remaining five reports at issue.

**Total Outstanding Loans**

4. 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).
5. The respondent left blank the field for the total principal amount of all outstanding loans as of the last day of the reporting period in six reports at issue. Although there is no evidence to show that there were undisclosed outstanding loans for the reporting periods at issue, the respondent did not disclose a zero in the field for total outstanding loans in the totals section on the cover sheets. Therefore, there is credible evidence of technical or *de minimis* violations of section 254.031(a)(2) of the Election Code with respect to the six reports at issue.

**Names and Addresses of Persons Making Political Contributions**

6. Each campaign finance report must include the amount of political contributions from each person that in the aggregate exceed \$50 and that are accepted during the reporting period by the person or committee required to file the report, the full name and address of the person making the contributions, and the dates of the contributions. ELEC. CODE § 254.031(a)(1).

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<sup>1</sup> \$50 during the time at issue.

7. The name of an entity that is required to be included in the name of a general-purpose committee may be a commonly recognized acronym by which the entity is known. *Id.* § 252.003(d).
8. The respondent failed to disclose the contributor's full name for nine political contributions at issue totaling approximately \$3,700. The respondent failed to disclose the contributor's full address for a \$500 political contribution at issue. Therefore, there is credible evidence of violations of section 254.031(a)(1) of the Election Code with respect to political contributions totaling \$4,200.
9. The remaining political contributions were disclosed correctly or in substantial compliance. Therefore, there is credible evidence of no violation of section 254.031(a)(1) of the Election Code with respect to those political contributions.

#### **Names and Addresses of Persons Receiving Political Expenditures**

10. A campaign finance report must include, for all political expenditures that in the aggregate exceed \$100<sup>2</sup> and that are made during the reporting period, the full name and address of the persons to whom political expenditures are made and the dates and purposes of the expenditures. ELEC. CODE § 254.031(a)(3).
11. The name of an entity that is required to be included in the name of a general-purpose committee may be a commonly recognized acronym by which the entity is known. *Id.* § 252.003(d).
12. The respondent failed to disclose the payee's full name for a \$50 political expenditure at issue. The respondent failed to disclose the payee's full address for seven political expenditures totaling approximately \$1,715. Therefore, there is credible evidence of violations of section 254.031(a)(3) of the Election Code, with respect to political expenditures totaling approximately \$1,715.
13. The remaining political expenditures at issue were disclosed correctly or in substantial compliance. Therefore, there is credible evidence of no violation of section 254.031(a)(3) of the Election Code, with respect to those political expenditures.

#### **Purpose Descriptions of Political Expenditures**

14. A campaign finance report must include, for all political expenditures that in the aggregate exceed \$100<sup>3</sup> and that are made during the reporting period, the full name and address of the

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<sup>2</sup> \$50 during the time at issue.

<sup>3</sup> \$50 during the time at issue.

persons to whom political expenditures are made and the dates and purposes of the expenditures. ELEC. CODE § 254.031(a)(3).

15. Prior to July 1, 2010, Ethics Commission Rule § 20.61 required that the report of a political expenditure for goods or services must describe the categories of goods or services received in exchange for the expenditure. Ethics Commission Rules § 20.61.
16. On December 2, 2009, the commission adopted changes to rule 20.61 to require additional information concerning the purpose of expenditures. This rule affected expenditures made after July 1, 2010. Rule 20.61 currently states that the purpose of an expenditure means a description of goods, services, or other thing of value *and* must include a brief statement or description of the candidate, officeholder, or political committee activity that is conducted by making the expenditure. The brief statement or description must include the item or service purchased and must be sufficiently specific, when considered within the context of the description of the category, to make the reason for the expenditure clear. Merely disclosing the category of goods, services, or other thing of value for which the expenditure is made does not adequately describe the purpose of an expenditure. Ethics Commission Rules § 20.61.
17. The respondent did not disclose sufficient purposes or descriptions for 189 political expenditures totaling approximately \$112,700. Therefore, there is credible evidence of violations of section 254.031(a)(3) of the Election Code and section 20.61 of the Ethics Commission Rules, with respect to those expenditures.
18. The purpose of the remaining political expenditures at issue were adequately described. Therefore, there is credible evidence of no violation of section 254.031(a)(3) of the Election Code and section 20.61 of the Ethics Commission Rules, with respect to those expenditures.

### **Actual Vendor Payees of Political Expenditures**

19. A campaign finance report must include, for all political expenditures that in the aggregate exceed \$100<sup>4</sup> and that are made during the reporting period, the full name and address of the persons to whom political expenditures are made and the dates and purposes of the expenditures. ELEC. CODE § 254.031(a)(3).
20. Political expenditures 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: the amount of political

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<sup>4</sup> \$50 during the time at issue.

expenditures that in the aggregate exceed \$100<sup>5</sup> 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 included with the total amount or a specific listing of the political expenditures of \$100<sup>5</sup> or less made during the reporting period. Except as provided above, a political expenditure made out of personal funds by a staff member of an officeholder, a candidate, or political committee with the intent to seek reimbursement from the officeholder, candidate, or political committee must be reported as follows: 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; the expenditure made by the staff member is reported as a political expenditure by the officeholder, candidate, or political committee; and 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.

21. The respondent failed to disclose the actual vendor of the goods or services purchased for five political expenditures totaling approximately \$1,440 in the four reports at issue. The respondent failed to disclose the full address of the actual vendor of the goods or services purchased for a \$100 political expenditure in the July 2010 semiannual report. Therefore, there is credible evidence of violations of section 254.031(a)(3) of the Election Code and section 20.62 of the Ethics Commission Rules with respect to political expenditures totaling approximately \$1,540.
22. The respondent swore that two political expenditures totaling \$1,250 were for cash to provide change at events held by the respondent. The respondent also swore that the same amount withdrawn was deposited back into the account after the events. In that case, the transactions were not reportable political expenditures. Therefore, there is credible evidence of no violation of section 254.031(a)(3) of the Election Code and section 20.62 of the Ethics Commission Rules with respect to those expenditures.
23. The respondent swore that the remaining expenditures at issue totaling \$3,160 were to the individuals from whom the respondent purchased goods or services. In that case, the expenditures were not reimbursements to the respondent's staff, but actual payments for goods and services provided by those individuals and were reported correctly. The complainant did not provide any evidence other than the fact that the reports at issue disclosed political expenditures to what appeared to be individuals and not business entities. Therefore, there is insufficient evidence of violations of section 254.031(a)(3) of the Election Code and section 20.62 of the Ethics Commission Rules with respect to political expenditures totaling approximately \$3,160.

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<sup>5</sup> \$50 during the time at issue.

**Payments from Political Contributions to Spouse or Dependent Child for Personal Services**

24. In pertinent part, a candidate or officeholder may not knowingly make or authorize a payment from a political contribution if the payment is made for personal services rendered by the spouse or dependent child of the candidate or officeholder to the spouse or dependent child of the candidate or officeholder. ELEC. CODE § 253.041(a)(2).
25. The \$1,000 political expenditure at issue made on July 14, 2011, was from political contributions for personal services rendered by the respondent's spouse. Therefore, there is credible evidence of a violation of section 253.041 of the Election Code with respect to the expenditure.
26. The \$1,000 political expenditure at issue made on January 25, 2011, was from political contributions for personal services rendered by the respondent's adult child who was not the respondent's dependent. Therefore, there is credible evidence of no violation of section 253.041 of the Election Code with respect to the expenditure.

**Political Contributions from Corporations**

27. 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.
28. A corporation may not make a political contribution or political expenditure that is not authorized by subchapter D, chapter 253, Election Code. *Id.* § 253.094.
29. 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. *Id.* § 253.091.
30. 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 he knew that corporate contributions were illegal, and that the respondent knew the particular contribution at issue was from a corporation.
31. Secretary of State records showed that eight of the political contributions at issue totaling \$2,050 appeared to be from either corporations or limited partnerships that had a corporate partner. However, the evidence is insufficient to show that the respondent knew that the contribution was from a corporation at the time he accepted the contribution. With respect to two political contributions at issue totaling \$1,500, there is insufficient evidence to show whether or not the contributor was a limited partnership with a corporate partner. Therefore, there is insufficient evidence of a violation of sections 253.003 and 253.094 of the Election Code with respect to political contributions totaling approximately \$3,550.

32. The remaining three political contributions at issue totaling \$1,650 appeared to be from either a limited liability partnership with no corporate partners or were not a corporate entity. Therefore, there is credible evidence of no violation of sections 253.003 and 253.094 of the Election Code with respect to those political contributions.

### **Total Political Contributions Maintained**

33. Each 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).
34. A *de minimis* error in calculating or reporting a cash balance under Subsection (a)(8) is not a violation of section 254.031. *Id.* § 254.031(a-1).
35. The respondent denied that he disclosed the incorrect amount of total political contributions maintained on the three reports at issue. The commission has previously determined that there is no violation of section 254.031(a)(8) of the Election Code if the difference between the amount of political contributions maintained as originally disclosed and the corrected amount, or amount alleged, does not exceed the lesser of 10% of the amount originally disclosed or \$2,500. The allegations concerning the reports at issue are within that threshold. Thus, even if the amounts were disclosed as the complaint alleged there would be no violation. Therefore, there is credible evidence of no violation of section 254.031(a)(8) of the Election Code with respect to the reports at issue.

### **Personal Use of Political Contributions**

36. 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). Personal use is a use that primarily furthers individual or family purposes not connected with the performance of duties or activities as a candidate or officeholder. *Id.* § 253.035(d). Personal use 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).
37. The political expenditures at issue were in connection with campaign or officeholder activities. Therefore, there is credible evidence of no violation of section 253.035 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 candidate or officeholder or a specific-purpose committee for supporting, opposing, or assisting the candidate or officeholder may not knowingly make or authorize a payment from a political contribution if the payment is made for personal services rendered by the candidate or officeholder or by the spouse or dependent child of the candidate or officeholder to a business in which the candidate or officeholder has a participating interest of more than 10 percent, holds a position on the governing body of the business, or serves as an officer of the business; or the candidate or officeholder or the spouse or dependent child of the candidate or officeholder.

The respondent acknowledges that each campaign finance report must include the amount of political contributions from each person that in the aggregate exceed \$50 and that are accepted during the reporting period by the person or committee required to file a report, the full name and address of the person making the contributions, and the dates of the contributions.

The respondent acknowledges that each campaign finance report must include the amount of loans that are made during the reporting period for campaign or officeholder purposes to the person or committee required to file the report and that in the aggregate exceed \$50, the dates the loans are made, the interest rate, the maturity date, the type of collateral for the loans, if any, the full name and address of the person or financial institution making the loans, the full name and address, principal occupation, and name of the employer of each guarantor of the loans, the amount of the loans guaranteed by each guarantor, and the aggregate principal amount of all outstanding loans as of the last day of the reporting period.

The respondent acknowledges that each campaign finance report must include the amount of political expenditures that in the aggregate exceed \$100 (\$50 during the period of time at issue) 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 acknowledges that the purpose of a political expenditure must be described in compliance with section 20.61 of the Ethics Commission Rules.

The respondent acknowledges that each campaign finance report must include the total amount or a specific listing of the political contributions of \$50 or less accepted and the total



amount or a specific listing of the political expenditures of \$100 (\$50 during the period of time at issue) or less made during the reporting period.

The respondent acknowledges that staff reimbursement must be reported in compliance with section 20.62 of the Ethics Commission Rules.

The respondent agrees to comply with these requirements of the law.

**VI. Confidentiality**

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

**VII. Sanction**

After considering the nature, circumstances, and consequences of the violations described under Sections III and IV, and the sanction necessary to deter future violations, the commission imposes a \$2,000 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-31108180.

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

\_\_\_\_\_  
James C. Doyal, Respondent

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

Texas Ethics Commission

By: \_\_\_\_\_  
Executive Director