

TEXAS ETHICS COMMISSION

IN THE MATTER OF
SAM G. TOROLOPOULOS,
RESPONDENT

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BEFORE THE
TEXAS ETHICS COMMISSION
SC-31305108

ORDER and AGREED RESOLUTION

I. Recitals

The Texas Ethics Commission (Commission) met on December 2, 2014, to consider sworn complaint SC-31305108. A quorum of the Commission was present. The Commission determined that there is credible evidence of violations of sections 253.003 and 253.094 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. Allegation

The complaint alleged that the respondent accepted political contributions totaling \$2,000 in the form of loans from prohibited entities.

III. Facts Supported by Credible Evidence

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

1. The respondent was an unsuccessful candidate for Carroll Independent School District (CISD) Board of Trustees, Place 6, in the May 2013 general election.
2. The complaint alleged that the respondent accepted political contributions in the form of loans from two prohibited sources. The loans were accepted by the respondent on March 7, 2013, and disclosed on the respondent's 30-day pre-election report for the May 2013 general election.
3. The first loan was from "ATI Capital Group." Although the "Loan Amount" section of the report was left blank, the respondent wrote "\$1,000" in the "Amount Guaranteed" section.
4. The second loan was for \$1,000 from "Brookriver Kent Investments."

5. The address for both lenders was “1674 Keller Pkwy #140 Keller TX 76248.”
6. In the “Total of Unitemized Loans” section, the respondent wrote “\$2,000.” It appears that the total for the two loans at issue was \$2,000, although the respondent filled out the form incorrectly.
7. According to records from the Texas Secretary of State (SOS), ATI Capital Group, Inc. (ATI) is a domestic for-profit corporation located in Keller, Texas. The respondent is the president and director of ATI.
8. According to SOS records, there is a domestic limited partnership called “Brookriver Kent Investments I, L.P.” The only general partner in the limited partnership is a domestic for-profit corporation called “Brookriver Kent, Inc.” The address for both entities is 1674 Keller Parkway, #140, Keller Texas, 76248.
9. There is no evidence indicating that either ATI or Brookriver LP were legally and continuously engaged in the business of lending money.
10. In response to the complaint, the respondent stated that he had accepted \$1,000 loans from both ATI and Brookriver Kent Investments I, L.P. (Brookriver LP). The respondent also stated that both loans were repaid in full on May 10, 2013. The respondent described in detail the structure of the entities at issue and stated that he and his spouse were the only officers, directors, and employees of each entity. The respondent concluded that the loans at issue were personal loans, and therefore permissible under the Election Code.

IV. Findings and Conclusions of Law

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

1. 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.
2. A corporation may not make a political contribution that is not authorized by subchapter D, chapter 253, Election Code. *Id.* § 253.094.
3. 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.

4. A corporation may not make a loan to a candidate, officeholder, or political committee for campaign or officeholder purposes unless the corporation has been legally and continuously engaged in the business of lending money for at least one year before the loan is made; and the loan is made in the due course of business. *Id.* § 253.103.
5. A partnership that has corporate partners is subject to the same restrictions on political activity that apply to corporations. Ethics Advisory Opinion No. 221 (1994).
6. The respondent accepted political contributions in the form of loans from a corporation and a limited partnership with a corporate general partner. There is no evidence indicating that either ATI or Brookriver LP were legally and continuously engaged in the business of lending money for at least one year before making the loans at issue. Regardless of the respondent's relationship with the entities at issue, the loans were political contributions from prohibited sources. Therefore, there is credible evidence of violations of sections 253.003 and 253.094 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: 1) a candidate may not knowingly accept a political contribution that the person knows was made in violation Chapter 253 of the Election Code; 2) a corporation may not make a political contribution or political expenditure that is not authorized by chapter 253 of the Election Code and that chapter does not authorize a political contribution to a candidate; and 3) a corporation may not make a loan to a candidate, officeholder, or political committee for campaign or officeholder purposes unless the corporation has been legally and continuously engaged in the business of lending money for at least one year before the loan is made and the loan is made in the due course of business. The respondent agrees to comply with this requirement 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 after considering the sanction necessary to deter future violations, the Commission imposes a \$200 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-31305108.

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

Sam G. Torolopoulos, Respondent

EXECUTED ORIGINAL received by the Commission on: _____.

Texas Ethics Commission

By: _____
Natalia Luna Ashley, Executive Director