

TEXAS ETHICS COMMISSION

IN THE MATTER OF	§	BEFORE THE
	§	
SARA TAYLOR,	§	
CAMPAIGN TREASURER,	§	TEXAS ETHICS COMMISSION
FRIENDS OF CECIL BELL JR.,	§	
	§	
RESPONDENT	§	SC-31408174

ORDER and AGREED RESOLUTION

I. Recitals

The Texas Ethics Commission (Commission) met on April 8, 2016, to consider sworn complaint SC-31408174. A quorum of the Commission was present. The Commission determined that there is credible evidence of violations of sections 253.003, 253.094, 254.031 and 254.1212 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, as the campaign treasurer of Friends of Cecil Bell Jr., a specific-purpose committee: 1) did not properly disclose political contributions, political expenditures, and loans; 2) accepted prohibited political contributions from corporations or labor organizations; and 3) did not include on campaign finance reports, for each individual from whom the committee accepted political contributions that in the aggregate equaled or exceeded \$500 during the reporting period, the individual's principal occupation or job title and the full name of the individual's employer.

III. Facts Supported by Credible Evidence

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

1. The respondent was the campaign treasurer of Friends of Cecil Bell Jr. (committee), a specific-purpose committee, at the time at issue. Sara Taylor was appointed campaign treasurer for the committee on May 16, 2012, and was the treasurer during the period at issue and until the committee was dissolved on October 27, 2014.

2. There are five reports at issue: the committee's January 2013 semiannual report, corrected on February 13, 2013, the July 2013 semiannual report, the January and July 2014 semiannual reports, and the 30-day pre-election report for the March 2014 primary election.

Total Political Contributions Maintained

3. The complaint alleged that the respondent, as the campaign treasurer of the committee, did not disclose the correct amount of total political contributions maintained as of the last day of the reporting period on the following four campaign finance reports: the July 2013 semiannual report, the January and July 2014 semiannual campaign finance reports, and the 30-day pre-election report.
4. The July 2013 semiannual report disclosed \$2,384.65 for total political contributions maintained.
5. In response to the allegation regarding the July 2013 semiannual report, the respondent swore that the amounts reported were based on the cash on hand as of the report due date, as opposed to the last day of the reporting period.
6. The respondent provided a copy of the bank statement for the committee's political funds for the period at issue that showed that the balance of the account on July 15, 2013, the day the report was due, was \$2,384.65 and that the balance of the account on June 30, 2013, the end of the reporting period, was \$2,206.91. The difference between the amount disclosed on the report and the balance of the account shown on the bank statement for June 30, 2013, is \$177.74.
7. The bank statements for the committee's political funds for the other periods at issue showed that the respondent reported the correct amounts for total political contributions maintained on the other three reports at issue.

Total Outstanding Loans

8. The complaint alleged that the respondent disclosed an incorrect amount for total outstanding loans on the January and July 2014 semiannual reports and the 30-day pre-election report.

9. Each of the reports at issue disclosed \$0 for total outstanding loans.
10. In response to the allegation regarding each of the reports at issue, the respondent swore that total outstanding loan amounts were inadvertently left off the reports and that the respondent was unaware of the errors until being notified. The respondent submitted an additional response to the complaint that stated that the total of outstanding loans was \$82,140.
11. The committee had disclosed \$77,140 of loans from Cecil Bell Jr. as of the deadline for filing the January 2014 semiannual report. The committee had not reported repaying any of those loans as of that date. The 30-day pre-election report did not disclose any additional loans from Cecil Bell Jr. or the repayment of any loans. The July 2014 semiannual report disclosed an additional \$5,000 loan from Cecil Bell Jr., for a total of \$82,140 in loans, and no repayments of the loans.

Full Name of Contributor

12. The complaint alleged that the respondent did not disclose the full name of a person or entity that made a political contribution on Schedule A (used to disclose political contributions) of the January 2013 semiannual report that was corrected on February 13, 2013.
13. The respondent disclosed as the name of the contributor a last name and a first and middle initial. The contribution was in the amount of \$500.
14. In response to the complaint, the respondent provided a copy of the check for the contribution at issue. The name on the check is the same as the name that was disclosed on Schedule A of the campaign finance report.

Principal Occupation or Job Title and Full Name of Employer of Contributors of \$500 or More

15. The complaint alleged that the respondent did not disclose the principal occupation or job title and full name of the employer of contributors of \$500 or more on the January 2013 semiannual report, corrected on February 13, 2013, the January 2014 semiannual report, the July 2014 semiannual report, and the 30-day pre-election report.
16. On the corrected January 2013 semiannual report, the respondent did not disclose the principal occupation or job title and full name of the employer of 16 contributors that contributed a total of \$9,100.
17. On the January 2014 semiannual report, the respondent did not disclose the principal occupation or job title and full name of the employer of 12 contributors that contributed a total of \$10,250.

18. On the 30-day pre-election report, the respondent did not disclose the principal occupation or job title and full name of the employer of 12 contributors that contributed a total of \$13,000.
19. On the July 2014 semiannual report, the respondent did not disclose the principal occupation or job title and full name of the employer of two contributors that contributed a total of \$1,500.
20. The four reports at issue contain 42 contributions that are at issue which total approximately \$33,850.
21. In response to the allegation, the respondent swore that the missing principal occupation/job title and/or full name of employer of many of these contributors are listed in prior and subsequent reports. The respondent contends that, in the case of those contributors that were not in previous reports and therefore were not contained in the software's function that populates the respective fields, the required information was omitted after taking all reasonable measures to find such information.

Name of Payee of Political Expenditure

22. The complaint alleged that the respondent did not disclose the full name of the payee of a political expenditure on the July 2014 semiannual report. Schedule F (used to disclose political expenditures) of the report at issue disclosed the following (the address was disclosed):

02/17/14	\$500.00	TCC / Purpose Category (PC): Fees; Purpose Description (PD): Membership dues
----------	----------	--

23. In response to the allegation, the respondent swore that she used the common and well known acronym, TCC, for Texas Conservative Coalition.
24. An Internet search of "TCC" did not list Texas Conservative Coalition in the first 100 results.

Actual Payee of Political Expenditures

25. The complaint alleged that the respondent did not disclose the actual payee, address, date, and/or amount pertaining to the stated purpose of 18 political expenditures totaling approximately \$11,650 disclosed on each of the five reports at issue. The complaint alleged that the expenditures were made as reimbursements and that the respondent did not disclose the original expenditures for which the reimbursements were made. The expenditures at issue were disclosed on Schedule F of the reports as follows (addresses were disclosed) (the responses of the respondent are included):

January 2013 Corrected Semiannual Report

11/07/12	\$1,079.02	[individual #1] / PC: Event Expense; PD: Campaign food for pigeon shoot fundraiser
12/06/12	\$720.98	[individual #1] / PC: Event Expense; PD: Campaign food for pigeon shoot fundraiser
11/27/12	\$1,000.00	[individual #2] / PC: Event Expense; PD: Tab luncheon set up
11/27/12	\$150.00	[individual #3] / PC: Office Overhead/Rental Expense; PD: Fridge for campaign office in Austin
09/27/12	\$456.30	[individual #4] / PC: Advertising Expense; PD: Cecil Bell birthday card mail out

The five expenditures at issue on this report total approximately \$3,410.

In response to the allegation regarding this report, the respondent swore that the four vendors/consultants were all listed and reported accurately. The respondent also swore: that individual #1 was the caterer for an event; that individual #2 assisted in the organization of an event; that individual #3 sold a refrigerator to the campaign for the office; and that individual #4 was a campaign consultant who owns his own mailing company.

July 2013 Semiannual Report

05/01/13	\$220.00	[individual #5] / PC: Advertising Expense; PD: Campaign T-Shirts
02/25/13	\$136.79	[individual #6] / PC: Loan Repayment/Reimbursement; PD: Reimbursement for office expenses
6/04/13	\$452.43	[individual #6] / PC: Loan Repayment/Reimbursement; PD: Reimbursement for office supplies
1/30/13	\$600.00	[individual #7] / PC: Loan Repayment/Reimbursement; PD: Reimbursement for Crystal Springs fundraiser

The four expenditures at issue on this report total approximately \$1,410.

In response to the allegation regarding this report, the respondent swore that the four vendors/staff were all listed and reported accurately. The respondent's affidavit stated: that individual #5 supplied t-shirts from her screen printing business; that the remaining

expenditures were reimbursements to staff; and that the reimbursements were reported in the same report as the expenditures.

The report at issue does not disclose the original expenditures for office expenses, office supplies, and the Crystal Springs fundraiser for which two of the individuals were reimbursed.

January 2014 Semiannual Report

09/18/13	\$450.00	[individual #8] / PC: Event Expense; PD: Food for fundraiser
10/14/13	\$250.00	[individual #9] / PC: Loan Repayment/Reimbursement; PD: Reimbursement for golf fundraiser
07/16/13	\$281.77	[individual #6] / PC: Office Overhead/Rental Expense; PD: Flags & picture frames for office
12/18/13	\$2,120.00	[individual #4] / PC: Loan Repayment/Reimbursement; PD: Holiday card mailout/print-mail

The four expenditures at issue on this report total approximately \$3,100.

In response to the allegation regarding this report, the respondent swore that the four vendors/staff were all listed and reported accurately with the exception of individual #9. The respondent's affidavit stated: that the expenditure to individual #9 was miscategorized as a reimbursement and should have been listed as a consulting fee; that individual #8 provided food and catering for an event; that the remaining expenditures were reimbursements to staff; and that the reimbursements were reported in the same report as the expenditures.

In the respondent's response to the allegations regarding the corrected January 2013 semiannual report, the respondent swore that individual #4 is a campaign consultant who owns his own mailing company.

The report at issue does not disclose the expenditures for flags and picture frames for which one of the individuals was reimbursed.

30-Day Pre-Election Report

01/07/14	\$345.00	[individual #10] / PC: Event Expense; PD: Auction item for fundraiser
01/03/14	\$350.00	[individual #7] / PC: Office Overhead/Rental Expense; PD: Envelopes & stamps for mail out

The two expenditures at issue on this report total approximately \$700.

In response to the allegation regarding this report, the respondent swore: that the vendors/staff were all listed and reported accurately; that the remaining expenditures were reimbursements to staff; and that the reimbursements were reported in the same report as the expenditures.

The report at issue does not disclose the expenditures for envelopes and stamps for which one of the individuals was reimbursed.

July 2014 Semiannual Report

03/01/14	\$657.12	[individual #7] / PC: Loan Repayment/Reimbursement; PD: Reimbursement for office supplies
4/30/14	\$1,235.90	[individual #4] / PC: Consulting Expense; PD: Mail out
6/17/14	\$1,141.82	[individual #4] / PC: Consulting Expense; PD: Mail out

The three expenditures at issue on this report total approximately \$3,030.

In response to the allegation regarding this report, the respondent swore: that the vendors/staff were all listed and reported accurately; that the remaining expenditures were reimbursements to staff; and that the reimbursements were reported in the same report as the expenditures.

The report at issue does not disclose the expenditures for office supplies for which one of the individuals was reimbursed.

The respondent did not file corrections to any of the reports at issue in the sworn complaint.

Purpose of Political Expenditures

26. The complaint alleged that the respondent did not fully disclose the purpose of 14 political expenditures totaling approximately \$8,880 disclosed on the July 2013, and January and July 2014 semiannual reports, and the 30-day pre-election report. The expenditures at issue were disclosed on Schedule F of the reports as follows (addresses were disclosed):

July 2013 Semiannual Report

02/05/2013	\$425.00	Austin Club / PC: Other-dues; PD: Membership dues
04/02/2013	\$771.20	Austin Club / PC: Other-dues; PD: Membership dues
01/18/2013	\$237.07	Proforma / PC: Gift/Awards/Memorials Expense; PD: Gifts for fundraiser

The three expenditures at issue on this report total approximately \$1,430.

The report discloses the following expenditure to the Austin Club that was not alleged:

05/25/2013	\$90.00	Austin Club / PC: Other-dues; PD: Membership dues
------------	---------	---

January 2014 Semiannual Report

09/03/2013	\$165.00	Austin Club / PC: Fees; PD: Membership dues
12/09/2013	\$210.00	Austin Club / PC: Fees; PD: Membership dues
10/11/2013	\$473.69	Golf Galaxy / PC: Event Expense; PD: Golf tournament fundraiser
09/18/2013	\$3,659.00	Gun Emporium / PC: Event Expense; Fundraiser
11/05/2013	\$1,259.72	Proforma / PC: Advertising Expense; PD: Pigeon Shoot fundraiser
09/13/2013	\$714.08	Sams Club / PC: Event Expense; PD: Food

The six expenditures at issue on this report total approximately \$6,480.

The report discloses the following expenditures to the Austin Club that were not alleged:

08/15/2013	\$100.00	Austin Club / PC: Other-dues; PD: Membership dues
11/05/2013	\$110.00	Austin Club / PC: Fees; PD: Membership dues

30-Day Pre-Election Report

01/07/2014	\$300.00	Austin Club / PC: Food/Beverage Expense; PD: Pre paid food
01/07/2014	\$193.94	Austin Club / PC: Fees; PD: Membership dues

The two expenditures at issue on this report total approximately \$490.

July 2014 Semiannual Report

03/13/2014	\$115.62	Austin Club / PC: Fees; PD: Monthly dues
03/31/2014	\$223.44	Austin Club / PC: Fees; PD: Monthly dues
06/10/2014	\$129.69	Austin Club / PC: Fees; PD: Monthly dues

The three expenditures at issue on this report total approximately \$470.

The report discloses the following expenditures to the Austin Club that were not alleged:

01/31/2014	\$110.00	Austin Club / PC: Fees; PD: Membership dues
05/22/2014	\$110.00	Austin Club / PC: Fees; PD: Monthly dues

27. The complainant stated that the maximum monthly Austin Club dues are currently \$110. On December 14, 2015, the website for the Austin Club stated that the highest cost for member dues for an individual is \$125. This is for Executive Members (40-84 years of age). Representative Cecil Bell, Jr. was born in 1962, so at the time at issue would have been old enough to be an Executive Member. It appears that at the time at issue the monthly dues were \$110.

28. The respondent submitted an additional response that stated:

As to the conversion of political funds and the lack of description, we argue the description was sufficient as the category of dues at the club. It is [a] monthly bill that is paid regularly and used for campaign purposes.

Additionally, if the membership is not used, and this is the case during many months, a minimum food and beverage charge is levied.

29. The reports at issue were not corrected.

Corporate Contributions

30. The complaint alleged that the respondent accepted 10 contributions totaling \$6,800 from corporations or labor organizations as disclosed on the January 2013 and January 2014 semiannual reports and the 30-day pre-election report. The contributions at issue were disclosed on Schedule A on the reports at issue as follows (addresses were disclosed):

January 2013 Semiannual Report

12/03/2012	\$2,500.00	Chickasaw Nation
10/29/2012	\$500.00	Denbury Resources Inc
09/28/2012	\$250.00	Texas Renaissance Festival / 21778 FM 1774, Plantersville, TX 77363
12/13/2012	\$500.00	The American Electric Power Company
10/29/2012	\$500.00	Unitedhealth Group Incorporated

In response to the complaint, the respondent swore that the contributions from Denbury Resources, Inc., The American Electric Power Company, and United Health Group Incorporated were contributions from each respective entity's political committees. The respondent also swore that the contribution from the Chickasaw Nation was a contribution from an unincorporated entity that is a Sovereign Tribal nation. The respondent also swore that in regard to the contribution from the Texas Renaissance Festival, the respondent was unaware that the contribution was from a corporate entity; that upon being informed that the entity was in fact a corporation, a refund check was issued returning the contribution; and that corrections were made. The respondent provided a copy of the contribution check from Texas Renaissance Festival. The name on the check shows that the contribution was from "Texas Renaissance Festivals, Inc."

The respondent disclosed on Schedule F of the committee's 8-day pre-election report for the November 4, 2014, general election, an expenditure dated September 30, 2014, to Texas Renaissance Festivals for \$250 under the category of "Other – Refund" with a description of "refund of contribution."

There is a political committee named Denbury Resources Inc. Political Committee on file with the Commission. The committee reported making a \$500 political contribution to "Cecil Bell Campaign" on October 4, 2012.

There is a political committee named The American Electric Power – Texas – Committee for Responsible Government on file with the Commission. The committee reported making a \$500 political contribution to “Cecil Bell Jr. Campaign” on October 2, 2012.

There is a political committee named UnitedHealth Group Inc., PAC of Texas on file with the Commission. The committee reported making a \$500 political contribution to “Friends of Cecil Bell Jr.” on September 27, 2012.

Records of the office of the Secretary of State (SOS) show that Texas Renaissance Festivals, Inc., with an address of 21778 FM 1774, Plantersville, TX 77363, is a domestic for-profit corporation.

January 2014 Semiannual Report

11/05/2013	\$250.00	Denbury Resources Inc.
09/04/2013	\$750.00	Lagrone Services Inc. / 10204 Fairbanks N. Houston Rd, Houston, TX 77064
10/20/2013	\$300.00	Magnolia Cowboy Church
10/17/2013	\$750.00	R and M Transportation Consultants Inc.

In response to the complaint, the respondent swore that the contribution from Denbury Resources, Inc. was a contribution from the entity’s Political Action Committee, which is registered with the Texas Ethics Commission, and that the contribution was properly reported. The respondent also swore that in regard to the contributions from Lagrone Services, LTD, and R and M Transportation Consultants Inc., the respondent was unaware that the contributions were from a corporate entity; that upon being informed that the entities were in fact corporations, refund checks were issued returning the contributions; and that corrections were made. The respondent also swore that regarding the alleged contribution from Magnolia Cowboy Church, this was categorized improperly as a contribution; that it was a reimbursement to the PAC for payment of half a shared booth space at an event; that the PAC paid for the booth space; and that the church paid the PAC for their half of the rental.

The respondent submitted an additional affidavit regarding the contribution from Magnolia Cowboy Church in response to questions submitted to the respondent by the Commission. The respondent swore that the expenditure was reported; that the expenditure was for \$300, not \$600; that the expenditure was a refund to Magnolia Cowboy Church; that State Rep. Cecil Bell and Magnolia Cowboy Church agreed to rent a tent for the Vietnam traveling wall; that prior to the event, Cecil Bell and Magnolia Cowboy Church agreed to split the cost of the tent to keep people out of the sun; that the event was a traveling Vietnam Memorial; that Cecil Bell was going to write the \$600 check for the tent and Magnolia Cowboy Church would reimburse the campaign for the church’s half; that this was done as a courtesy to the

church by Cecil Bell; and that the reason the \$300 check was returned to Magnolia Cowboy Church was because when the tent company found out it was for the Vietnam Memorial, they donated the tent rather than charge the \$600.

The political committee “Denbury Resources Inc. Political Committee” reported making a \$250 political contribution to “Friends of Cecil Bell, Jr.” on October 17, 2013.

Records of the office of the SOS show that Lagrone Services, Inc. converted from a domestic for-profit corporation to a domestic Limited Partnership, Lagrone Services, Ltd., on April 23, 2004, which does not have an incorporated partner. The address of the registered agent of the limited partnership is the same as the address given for the contributor at issue, 10204 Fairbanks N. Houston Road, Houston, TX 77069, with the exception of the zip code. The zip code for the contributor was disclosed in the report as 77064.

Records of the office of the SOS show that Magnolia Cowboy Church is a domestic for-profit corporation.

30-Day Pre-Election Report

01/07/2014	\$500.00	The American Electric Power Company
------------	----------	-------------------------------------

The respondent’s affidavit stated that the contribution was from the entity’s political committee.

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. Except as otherwise provided by this chapter, each report filed under this chapter must include as of the last day of the 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).
2. For each of the four reports at issue, the respondent provided corresponding bank statements for the committee’s political funds account. With the exception of the July 2013 semiannual report, the daily ending balance on each bank statement matches exactly what the respondent reported for total political contributions maintained on the campaign finance reports. Regarding the July 2013 semiannual report, 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 correct amount does not exceed the lesser of 10% of the amount originally disclosed or \$2,500. The amount disclosed in the July 2013 semiannual report is within that threshold. Therefore, there is credible evidence of no violations of section 254.031(a)(8) of the Election Code regarding the four reports at issue.

Total Outstanding Loans

3. Each report filed under this chapter must include the aggregate principal amount of all outstanding loans as of the last day of the reporting period. *See* ELEC. CODE § 254.031(a)(2).
4. Transfers between a candidate and a specific-purpose political committee for supporting the candidate are reportable transactions. *See* Ethics Advisory Opinion Nos. 271 (1995), 281 (1995), and 418 (1999).
5. The evidence indicates that the respondent inadvertently entered \$0 for the total outstanding loan amounts on the reports at issue. The evidence shows that the correct amount for the January 2014 semiannual report and the 30-day pre-election report was \$77,140, and that the correct amount for the July 2014 semiannual report was \$82,140. Therefore, there is credible evidence of violations of section 254.031(a)(2) of the Election Code as to the three reports at issue.

Full Name of Contributor

6. Except as otherwise provided by this chapter, each report under this chapter 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 under this chapter, the full name and address of the person making the contributions, and the dates of the contributions. ELEC. CODE § 254.031(a)(1).
7. It is not a valid basis of a complaint to allege that a report required under Chapter 254, Election Code, contains the improper name or address of a person from whom a political contribution was received if the name or address in the report is the same as the name or address that appears on the check for the political contribution. GOV'T CODE § 571.122.
8. At any stage of a proceeding under this subchapter, the Commission shall dismiss a complaint to the extent the complaint alleges that a report required under Chapter 254, Election Code, contains the improper name or address of a person from whom a political contribution was received if the name or address in the report is the same as the name or address that appears on the check for the political contribution. *Id.* § 571.1222.

9. The copy of the check for the political contribution at issue shows that the name of the contributor in the report at issue is the same as the name that appears on the contribution check. Therefore, the Commission is required to dismiss this allegation.

Principal Occupation or Job Title and Full Name of Employer of Contributors of \$500 or More

10. In addition to the contents required by sections 254.031 and 254.121 of the Election Code, each report by a specific-purpose committee for supporting or opposing a candidate for or assisting a holder of a statewide office in the executive branch or a legislative office must include the contents prescribed by section 254.0612 of the Election Code. ELEC. CODE § 254.1212.
11. Section 254.0612 of the Election Code states: In addition to the contents required by Sections 254.031 and 254.061, each report by a candidate for a statewide office in the executive branch or a legislative office must include, for each individual from whom the person filing the report has accepted political contributions that in the aggregate equal or exceed \$500 and that are accepted during the reporting period: (1) the individual's principal occupation or job title; and (2) the full name of the individual's employer. *Id.* § 254.0612.
12. Section 254.0312 of the Election Code states:
- (a) A person required to file a report under this chapter is considered to be in compliance with section 254.0612, 254.0912, or 254.1212 only if the person or the person's campaign treasurer shows that the person has used best efforts to obtain, maintain, and report the information required by those sections. A person is considered to have used best efforts to obtain, maintain, and report that information if the person or the person's campaign treasurer complies with this section.
- (b) Each written solicitation for political contributions from an individual must include:
- (1) a clear request for the individual's full name and address, the individual's principal occupation or job title, and the full name of the individual's employer; and
- (2) an accurate statement of state law regarding the collection and reporting of individual contributor information, such as:
- (A) "State law requires (certain candidates, officeholders, or political committees, as applicable) to use best efforts to collect and report the full name and address, principal occupation or job title, and full name of the employer of individuals whose contributions equal or exceed \$500 in a reporting period."; or

(B) “To comply with state law, (certain candidates, officeholders, or political committees, as applicable) must use best efforts to obtain, maintain, and report the full name and address, principal occupation or job title, and the full name of employer of individuals whose contributions equal or exceed \$500 in a reporting period.”

(c) For each political contribution received from an individual that, when aggregated with all other contributions received from the individual during the reporting period, equals or exceeds \$500 and for which the information required by Section 254.0612, 254.0912, or 254.1212 is not provided, the person must make at least one oral or written request for the missing information. A request under this subsection:

(1) must be made not later than the 30th day after the date the contribution is received;

(2) must include a clear and conspicuous statement that complies with Subsection (b);

(3) if made orally, must be documented in writing; and

(4) may not be made in conjunction with a solicitation for an additional political contribution.

(d) A person must report any information required by Section 254.0612, 254.0912, or 254.1212 that is not provided by the individual making the political contribution and that the person has in the person’s records of political contributions or previous reports under this chapter.

(e) A person who receives information required by Section 254.0612, 254.0912, or 254.1212 after the filing deadline for the report on which the contribution is reported must include the missing information on the next report the person is required to file under this chapter.

13. The respondent did not provide evidence showing she used “best efforts” in accordance with section 254.0312 of the Election Code.
14. The respondent did not disclose the principal occupation or job title and full name of the employer of contributors of \$500 or more for 42 contributions contained on the four reports at issue which total approximately \$33,850. The respondent did not provide any evidence to indicate that best efforts were used in accordance with section 254.0312 of the Election Code. Therefore, there is credible evidence of violations of section 254.1212 of the Election Code. The respondent did not correct the reporting errors.

Name of Payee of Political Expenditure

15. Each report filed under this chapter must include the amount of political expenditures that in the aggregate exceed \$100 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).
16. TCC does not appear to be a commonly recognized acronym for Texas Conservative Coalition. The respondent did not disclose the full name of the payee at issue. Therefore, there is credible evidence of a violation of section 254.031(a)(3) of the Election Code.

Actual Payee of Political Expenditures

17. Each report filed under this chapter must include the amount of political expenditures that in the aggregate exceed \$100 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).
18. For reporting required under section 254.031 of the Election Code, the purpose of an expenditure means: (1) a description of the category of goods, services, or other thing of value for which an expenditure is made; and (2) a brief statement or description of the candidate, officeholder, or political committee activity that is conducted by making the expenditure. Ethics Commission Rules § 20.61.
19. 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 expenditures that in the aggregate exceed \$100 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 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. *Id.* § 20.62.

20. Regarding the expenditures at issue disclosed on the corrected January 2013 semiannual report, the evidence indicates that the respondent disclosed the actual payee information for each expenditure, 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 as to these expenditures.
21. Regarding the expenditures at issue disclosed on the July 2013 semiannual report: the evidence indicates that the respondent disclosed the actual payee information for the \$220 expenditure to individual #5, 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 as to this expenditure; and the evidence indicates that the respondent did not disclose the actual payee information for the expenditures of \$136.79 and \$452.43 to individual #6 for office expenses and office supplies respectively, and the \$600.00 expenditure to individual #7 for the Crystal Springs fundraiser, 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 as to these expenditures. The errors were not corrected.
22. Regarding the expenditures at issue disclosed on the January 2014 semiannual report: the evidence indicates that the respondent disclosed the actual payee information for the \$450.00 expenditure to individual #8 and the \$2,120.00 expenditure to individual #4, 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 as to these expenditures; the evidence indicates that the respondent disclosed the actual payee information for the expenditure of \$250.00 to individual #9 but the evidence indicates that the respondent did not disclose the proper purpose of the expenditure, therefore, there is credible evidence of a violation of section 254.031(a)(3) of the Election Code as to this expenditure; and the evidence indicates that the respondent did not disclose the actual payee information for the expenditure of \$281.77 to individual #6 for flags and picture frames for the office, 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 as to this expenditure. The errors were not corrected.
23. Regarding the expenditures at issue disclosed on the 30-day pre-election report: the evidence indicates that the respondent disclosed the actual payee information for the \$345.00 expenditure to individual #10, 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 as to this expenditure; and the evidence indicates that the respondent did not disclose the actual payee information for the expenditure of \$350.00 to individual #7 for envelopes and stamps for a mail out, 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 as to this expenditure. The error was not corrected.

24. Regarding the expenditures at issue disclosed on the July 2014 semiannual report: the evidence indicates that the respondent disclosed the actual payee information for the \$1,235.90 and \$1,141.82 expenditures to individual #4, 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 as to these expenditures; and the evidence indicates that the respondent did not disclose the actual payee information for the expenditure of \$657.12 to individual #7 for office supplies, 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 as to this expenditure. The error was not corrected.

Summary

25. There are 11 expenditures for which 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.
26. There are six expenditures totaling approximately \$2,480 that were made as reimbursements. Credible evidence indicates that the respondent did not disclose the original expenditures for which the reimbursements were made. 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.
27. There is one expenditure of \$250 for which there is credible evidence of a violation of section 254.031(a)(3) of the Election Code and section 20.61 of the Ethics Commission Rules regarding the respondent not disclosing the correct purpose of the expenditure.

Purpose of Political Expenditures

28. Each report filed under this chapter must include the amount of political expenditures that in the aggregate exceed \$100 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).
29. 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.

30. The following is an analysis of the nine alleged expenditures to the Austin Club totaling approximately \$2,530. The January 7, 2014, expenditure of \$300 properly disclosed the purpose category as Food/Beverage Expense, and the purpose description properly disclosed the item purchased (food), but the purpose description did not include a description of the candidate, officeholder, or political committee activity conducted by making the expenditure, therefore, there is credible evidence of a violation of section 254.031(a)(3) of the Election Code and section 20.61 of the Ethics Commission Rules as to this expenditure. The other eight expenditures totaling approximately \$1,930 did not properly disclose the purpose category because each expenditure was for an amount that exceeded the monthly membership fee of \$110, and thus it appears that the expenditures were for more than membership dues. In addition, the purpose descriptions did not include a description of the candidate, officeholder, or political committee activity conducted by making the expenditures. Therefore, there is credible evidence of a violation of section 254.031(a)(3) of the Election Code and section 20.61 of the Ethics Commission Rules as to these eight expenditures.
31. Regarding the remaining five expenditures, \$714.08 to Sams Club, \$237.07 and \$1,259.72 to Proforma, \$473.69 to Golf Galaxy, and \$3,659.00 to Gun Emporium, the respondent disclosed a proper purpose category for each expenditure but did not disclose a proper purpose description for each expenditure because the purpose descriptions did not include a description of the candidate, officeholder, or political committee activity conducted by making the expenditures. 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 as to these five expenditures.

Corporate Contributions

32. 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.
33. 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.
34. 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.

35. In order to show a violation of section 253.003 of the Election Code, the evidence must show that the contributor was a corporation covered by the corporate contribution prohibition, 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.
36. Regarding the contribution from the Chickasaw Nation, the evidence shows that the contribution was from a sovereign tribal nation and not from a corporation; therefore, there is credible evidence of no violation of sections 253.003 and 253.094 of the Election Code.
37. Regarding the contributions from Denbury Resources Inc, The American Electric Power Company, and Unitedhealth Group Incorporated, the evidence shows that the contributions were made by the corporations' political committees, Denbury Resources Inc. Political Committee, The American Electric Power – Texas – Committee for Responsible Government, and UnitedHealth Group Inc., PAC of Texas, respectively, therefore, there is credible evidence of no violation of sections 253.003 and 253.094 of the Election Code as to these contributions.
38. Regarding the contribution from Texas Renaissance Festival, the evidence shows that the contributor was a corporation covered by the corporate contribution prohibition; and it appears from the respondent's response that at the time the respondent accepted the contributions she knew that corporate contributions were illegal. Although the respondent swore that she did not know the particular contribution at issue was from a corporation covered by the corporate contribution prohibition, the contribution check clearly indicated that the contribution was from "Texas Renaissance Festivals, Inc." Therefore, there is credible evidence of a violation of sections 253.003 and 253.094 of the Election Code. The evidence indicates that the respondent refunded the contribution to the contributor, Texas Renaissance Festivals, Inc.
39. Regarding the contribution from Lagrone Services Inc., the evidence shows that Lagrone Services, Inc. converted to a domestic limited partnership, Lagrone Services, Ltd., on April 23, 2004. The evidence shows that Lagrone Services, Ltd. does not have an incorporated partner. Therefore, there is credible evidence of no violation of sections 253.003 and 253.094 of the Election Code as to this contribution.

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) each report filed under this chapter must include the aggregate principal amount of all outstanding loans as of the last day of the reporting period; 2) a person may not knowingly accept a political contribution that the person knows was made in violation of chapter 253 of the Election Code; 3) a corporation may not make a political contribution or political expenditure that is not authorized by subchapter D, chapter 253, Election Code; 4) in addition to the contents required by sections 254.031 and 254.121 of the Election Code, each report by a specific-purpose committee for supporting or opposing a candidate for or assisting a holder of a statewide office in the executive branch or a legislative office must include the contents prescribed by section 254.0612 of the Election Code; 5) each report filed under this chapter must include the amount of political expenditures that in the aggregate exceed \$100 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; 6) for reporting required under section 254.031 of the Election Code, the purpose of an expenditure means: (1) a description of the category of goods, services, or other thing of value for which an expenditure is made; and (2) a brief statement or description of the candidate, officeholder, or political committee activity that is conducted by making the expenditure; and 7) 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 must be reported in accordance 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 after considering 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-31408174.

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

Sara Taylor, Respondent

EXECUTED ORIGINAL received by the Commission on: _____.

Texas Ethics Commission

By: _____
Natalia Luna Ashley, Executive Director