

TEXAS ETHICS COMMISSION

IN THE MATTER OF
ISIDRO “SID” LOPEZ,
RESPONDENT

§
§
§
§
§

BEFORE THE
TEXAS ETHICS COMMISSION
SC-31505117

ORDER and AGREED RESOLUTION

I. Recitals

The Texas Ethics Commission (Commission) met on April 8, 2016, to consider sworn complaint SC-31505117. A quorum of the Commission was present. The Commission determined that there is credible evidence of violations of sections 253.003, 253.094, and 254.031 of the Election Code, laws administered and enforced by the Commission. To resolve and settle this complaint without further proceedings, the Commission proposed this resolution to the respondent.

II. Allegations

The complaint alleged that the respondent: 1) accepted political contributions from corporations; 2) made expenditures from unlawful contributions; and 3) did not properly disclose political contributions and political expenditures.

III. Facts Supported by Credible Evidence

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

1. The respondent was a candidate for Ennis City Marshal in the May 9, 2015, election.

Corporate Contributions

2. The complaint alleged that, based on disclosures in the respondent’s 30-day and 8-day pre-election reports for the May 9, 2015, election, the respondent accepted six political contributions from six corporations.
3. The first contribution at issue was for \$200 from “La Michoacana” and was accepted on February 10, 2015. The second contribution at issue was for \$205 from “Charles Grocery” and was accepted on February 11, 2015. The third contribution at issue was for \$100 from

“C&T Custom Stainless” and was accepted on February 12, 2015. The fourth contribution at issue was for \$250 from “Waldrop Electric” and was accepted on February 13, 2015. The fifth contribution at issue was for \$200 from “Palmer Shell” and was accepted on February 19, 2015. The sixth contribution at issue was for \$100 from “State Farm Insurance” and was accepted on February 20, 2015.

4. According to records on file with the Texas Secretary of State (SOS):

La Michoacana is a domestic for-profit corporation currently in existence that filed on October 28, 2005.

Charles Grocery was not found in SOS records, but a “charlies grocery LLC” located in Ennis, TX was found in SOS records. The records indicate the business was registered as a LLC with non-corporate ownership on January 14, 2011, but was voluntarily dissolved on October 31, 2013.

C&T Custom Stainless is a LLC with non-corporate ownership that filed on January 8, 2007, and is currently in existence.

Waldrop Electric is a domestic for-profit corporation currently in existence that filed on November 10, 1983.

Palmer Shell is a domestic for-profit corporation currently in existence that filed on March 17, 2010.

State Farm Insurance is a domestic for-profit corporation currently in existence that filed on December 22, 1982.

5. On January 28, 2015, the respondent filed a campaign treasurer appointment on which he signed a statement acknowledging: “I am aware of the restrictions in title 15 of the Election Code on contributions from corporations and labor organizations.”
6. However, in response to the complaint, the respondent swore “total ignorance of this law” and also indicated that he believed the contributions were from individuals associated with each entity. In response to written questions by the Commission, the respondent swore that he signed the campaign treasurer appointment form without reading all of the contents therein.
7. In response to written questions by the Commission, the respondent also provided copies of the contribution checks from State Farm, Charlie’s Grocery, La Michoacana, and Waldrop Electric. The two checks from State Farm each indicate an individual agent’s name and the State Farm address. The check from Charlie’s Grocery reads, “Everest International Group

LLC DBA Charlie's Grocery & Market." The check from La Michoacana reads, "A & C Meat Market, Corp. DBA La Michoacana." The check from Waldrop Electric reads, "Waldrop Electric and Air Conditioning, Inc."

Addresses of Persons Making Political Contributions

8. The complaint alleged that the respondent did not disclose the full address for all contributors on his pre-election reports.
9. On the 30-day pre-election report at issue, the respondent did not list any address information for a contributor who made a \$300 political contribution and for another contributor who made a \$100 political contribution.
10. On the 8-day pre-election report at issue, the respondent did not list the full address for political contributions from one contributor for \$100, another contributor for \$100, and political contributors from a "Meet and Greet" for \$407.
11. The respondent did not correct his 30-day and 8-day pre-election reports.

Amount of Political Expenditures

12. The complaint also alleged that the respondent did not properly disclose the amounts of political expenditures. On Schedule G (used to disclose political expenditures made from personal funds) of the respondent's 30-day pre-election report, the respondent listed a political expenditure to Sign Plex on February 16, 2015, but did not disclose an amount for the expenditure.
13. Additionally, on the respondent's 8-day pre-election report, he listed his total political expenditures as \$3,199.06. However, the respondent only itemized \$1,569.56 worth of political expenditures on Schedule F (used to disclose political expenditures made from political contributions) and Schedule G. The respondent also did not list any expenditures on the Cover Sheet "Total Political Expenditures of \$100 or Less, Unless Itemized."
14. The respondent did not correct his 30-day and 8-day pre-election reports.

Total Amount of Political Contributions and Expenditures

15. The complaint also alleged that the respondent did not disclose on his 30-day and 8-day pre-election reports the total amount of all political contributions accepted and the total amount of all political expenditures made during the reporting periods.
16. Regarding the respondent's 30-day pre-election report, the respondent disclosed \$1,355 worth of political contributions on Schedule A (used to disclose political contributions), but

did not list an amount on the Cover Sheet under Total Political Contributions. Further, the respondent listed two political expenditures on Schedule G: 1) \$1,619.50 to the Sid Lopez Campaign; and 2) a political expenditure to Sign Plex with an undisclosed amount, but only listed \$1,619.50 on the Cover Sheet under Total Political Expenditures. The total does not account for the second political expenditure to Sign Plex.

17. Regarding the respondent's 8-day pre-election report, the respondent listed \$707 worth of political contributions on Schedule A, but did not list an amount on the Cover Sheet under Total Political Contributions.
18. The respondent did not correct his 30-day and 8-day pre-election reports.

IV. Findings and Conclusions of Law

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

Corporate Contributions

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(b).
2. A person may not knowingly make or authorize a political expenditure wholly or partly from a political contribution the person knows to have been made in violation of this chapter. *Id.* § 253.005(a).
3. A corporation or labor organization may not make a political contribution or political expenditure that is not authorized by subchapter D, chapter 253, of the Election Code. *Id.* § 253.094.
4. 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.
5. 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.

6. Charles Grocery was not found in SOS records, only a “charlies grocery LLC.” C&T Custom Stainless was found in SOS records, but the respondent did not disclose on his pre-election report an address for the business. The SOS records appear to indicate that the entities in question are not corporations. There is insufficient evidence of violations of sections 253.003 and 253.094 of the Election Code in regard to the Charles Grocery and C&T Custom Stainless contributions.
7. The evidence shows that La Michoacana, Waldrop Electric, Palmer Shell, and State Farm contributors were corporations covered by the corporate contribution prohibition at the time the contributions were made. The respondent maintained ignorance of the law, but he nevertheless signed a statement on his campaign treasurer appointment acknowledging that he was aware of the restrictions in title 15 of the Election Code on contributions from corporations and labor organizations. The respondent also maintained ignorance of the corporate structure of these contributors. The checks from Palmer Shell and State Farm do not clearly indicate they were issued from a corporation. Thus, there is insufficient evidence of violations of sections 253.003 and 253.094 of the Election Code in regard to the Palmer Shell and State Farm contributions.
8. The evidence, however, shows that the check from La Michoacana clearly states “Corp.” and the check from Waldrop Electric clearly states “Inc.” The respondent might not have known Palmer Shell and State Farm were corporations, but La Michoacana’s “Corp.” designation and Waldrop Electric’s “Inc.” designation on the contribution checks are credible evidence the respondent knew the corporate structures of these two contributors. Therefore, there is credible evidence the respondent knowingly accepted corporate contributions from La Michoacana or Waldrop Electric. Thus, there is credible evidence of violations of sections 253.003 and 253.094 of the Election Code regarding these two contributions.
9. The evidence also shows that the respondent made a political expenditure on April 29, 2015, and that personal funds were not used to make that expenditure. However, there is no evidence to show what contributions were used to make the expenditure, and whether the expenditure consisted of any contributions from La Michoacana or Waldrop Electric. Therefore, there is insufficient evidence of a violation of section 253.005 of the Election Code.

Addresses of Persons Making Political Contributions

10. Except as otherwise provided by chapter 254, each report filed 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 contribution. ELEC. CODE § 254.031(a)(1).

11. Each report filed under this chapter 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 or less made during the reporting period. *Id.* § 254.031(a)(5).
12. Regarding the contribution from an individual for \$300, the respondent listed nothing under the address box. Regarding the contribution from an entity for \$100, the respondent listed nothing under the address box. Regarding a contribution for \$100, the respondent did not list the contributor's street name. Regarding another contribution for \$100, the respondent did not list the contributor's street name. Thus, there is credible evidence of violations of section 254.031(a)(1) of the Election Code regarding these four contributions.
13. Regarding the "Meet and Greet" contributions for \$407, the respondent did not itemize the meet and greet contributions and list each contributor's name and address. Alternatively, if the \$407 consisted of donations of \$50 or less, then the respondent did not include the contributions on the Cover Sheet "Total Political Expenditures of \$100 or Less, Unless Itemized." Thus, there is credible evidence of a violation of section 254.031 of the Election Code regarding the "Meet and Greet" contributions.

Amount of Political Expenditures

14. Except as otherwise provided by chapter 254, 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).
15. Each report filed under chapter 254 must also 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 or less made during the reporting period. *Id.* § 254.031(a)(5).
16. The respondent, on Schedule G of his 30-day pre-election report, did not list the amount of the Sign Plex expenditure. Further, the respondent, on his 8-day pre-election report, did not account for \$1,629.50 worth of political expenditure disclosures. Thus, there is credible evidence of violations of section 254.031 of the Election Code.

Total Amount of Political Contributions and Expenditures

17. Except as otherwise provided by chapter 254, each report filed under this chapter must include the total amount of all political contributions accepted and the total amount of all political expenditures made during the reporting period. ELEC. CODE § 254.031(a)(6).

18. The respondent did not properly disclose his total political contributions and total political expenditures on his 30-day pre-election report. The respondent also did not properly disclose his total political contributions on his 8-day pre-election report. Therefore, there is credible evidence of violations of section 254.031(a)(6) 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 person may not knowingly accept a political contribution that the person knows was made in violation of chapter 253 of the Election Code; 2) a corporation or labor organization may not make a political contribution or political expenditure that is not authorized by subchapter D, chapter 253 of the Election Code; 3) each 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 under this chapter, the full name and address of the person making the contributions, and the date of the contributions; 4) each 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 or less made during the reporting period; 5) each report 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; and 6) each report must include the total amount of all political contributions accepted and the total amount of all political expenditures made during the reporting period.

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

VI. Confidentiality

This order and agreed resolution describes violations that the Commission has determined are neither technical nor *de minimis*. Accordingly, this order and agreed resolution is not confidential under

section 571.140 of the Government Code and may be disclosed by members and staff of the Commission.

VII. Sanction

After considering the 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 \$1,000 civil penalty.

VIII. Order

The Commission hereby orders that if the respondent consents to the proposed resolution, this order and agreed resolution is a final and complete resolution of SC-31505117.

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

Isidro "Sid" Lopez, Respondent

EXECUTED ORIGINAL received by the Commission on: _____.

Texas Ethics Commission

By: _____
Natalia Luna Ashley, Executive Director