

TEXAS ETHICS COMMISSION

IN THE MATTER OF
W. JEFF WILLIAMS,
RESPONDENT

§
§
§
§
§

BEFORE THE
TEXAS ETHICS COMMISSION
SC-32008159

ORDER AND AGREED RESOLUTION

I. Recitals

The Texas Ethics Commission (Commission) met on December 1, 2020, to consider sworn complaint SC-32008159. A quorum of the Commission was present. The Commission determined that there is credible evidence of violations of Sections 253.003, 253.033, 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 adopted this resolution.

II. Allegations

The complaint alleged that the respondent: 1) accepted campaign contributions from the corporations Red Roof Inn and SB Foods Depot, Inc., in violation of Sections 253.003 and 253.094 of the Election Code; 2) accepted in-kind contributions from a corporation in the form of office space, in violation of Sections 253.003 and 253.094 of the Election Code; 3) accepted a campaign contribution from an individual in cash that exceeded \$100, in violation of Section 253.033 of the Election Code, and did not disclose the contributor's address and the date of the contribution, in violation of Section 254.031(a)(1) of the Election Code; and 4) accepted anonymous political contributions in cash that exceeded \$100 from one or more contributors, in violation of Section 253.033 of the Election Code, and for each contribution that exceeded \$90 from a single contributor, did not disclose the full name and address of the person making the contribution, and the date of the contribution, in violation of Section 254.031(a)(1) of the Election Code.

III. Findings of Fact and Conclusions of Law

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

1. The respondent was the successful candidate for mayor of Arlington, Texas, in the May 4, 2019, election.

Campaign Contributions from Corporations

2. The complaint alleges that the respondent accepted campaign contributions from two corporations, Red Roof Inn and SB Foods.
3. The information submitted with the complaint showed that the respondent reported a political contribution from Red Roof Inn in the amount of \$300 on May 3, 2019, and reported a political contribution from SB Foods in the amount of \$2,000 on May 3, 2019.
4. Red Roof Inn is a domestic for-profit corporation registered with the Texas Secretary of State (SOS). SB Foods is not a registered entity in Texas, however SB Food Depot, Inc. is an Arlington-based domestic for-profit corporation registered with the SOS.
5. Regarding the contribution from Red Roof Inn, the respondent swore that the contribution had been received as a check from Sanjay Kumar, who owns a Red Roof Inn franchise in Arlington, at a fundraising event where other hotel owners had made contributions in their individual capacity or as owners of limited liability companies. The check had Peacock Lodging Corporation printed on it, with Red Roof Inn written in pen in the corner. The respondent swore that the person who filled out his campaign finance reports did not research the business structure before accepting the contribution and believed that the contribution had been made in Mr. Kumar's individual capacity, but did not verify this belief. The respondent also swore that in response to the complaint he refunded the contribution.
6. Regarding the contribution from SB Foods, the respondent swore that the check was delivered to the campaign by a third party, who hosted a fundraiser for the campaign that was attended by many business owners. The respondent further swore that the check from SB Foods had been lost before reporting and the person who filled out his campaign finance reports did not research the business structure or contact the check signer for clarification before entering the contribution on the report. The respondent also swore that in response to the complaint he refunded the contribution.
7. The respondent filed a Campaign Treasurer Appointment on January 5, 2015. The respondent signed the form under the pre-printed statement: "I am aware of the restriction in title 15 of the Election Code on contributions from corporations and labor organizations."
8. A person may not knowingly accept a political contribution the person knows to have been made in violation of Chapter 253 of the Election Code. Tex. Elec. Code § 253.003(b). Under Section 253.094 of the Election Code, a corporation may not make a political contribution that is not authorized by subchapter D of Chapter 253 of the Election Code. *Id.* § 253.094(a). The Election Code does not permit corporations to make political contributions to candidates or officeholders.

9. A “political contribution” is a campaign contribution or an officeholder contribution. *Id.* § 251.001(5). “Campaign contribution” means a contribution to a candidate or political committee that is offered or given with the intent that it be used in connection with a campaign for elective office or on a measure. *Id.* § 251.001(3).
10. In order for the respondent to have violated Sections 253.003(b) and 253.094 of the Election Code the respondent must have: a) knowingly accepted a political contribution from an entity that the respondent knew was a corporation; and b) known that the law prohibited corporations from making political contributions.
11. The respondent signed a campaign treasurer appointment in which he acknowledged he was aware of the corporate contribution prohibition, showing his knowledge of the law. With regards to SB Foods, there is not sufficient credible evidence to show that the respondent knowingly accepted a political contribution from an entity that the respondent knew was a corporation. With regards to Red Roof Inn, the contribution check listed on its face that it was issued by a corporation. The contribution was listed on the respondent’s campaign finance report as being from a corporation. The fact that the check clearly identified the source of the contribution as a corporation and the fact that the respondent signed a report containing contributions from Red Roof Inn shows that the respondent was aware that Red Roof Inn was a corporation. Therefore, there is credible evidence that the respondent knowingly accepted a contribution from the corporation Red Roof Inn and knew that it was prohibited. As such, there is credible evidence of a violation of Sections 253.003(b) and 253.094 of the Election Code.

In Kind Corporate Contribution

12. The complaint alleges that the respondent accepted in-kind contributions from a corporation in the form of office space.
13. The respondent listed in-kind contributions of office space on his 30-day, 8-day, and final campaign finance reports, which covered the time period from January 1, 2019, through June 30, 2019. The office space was located at 1205 W. Abram St., in Arlington, Texas. Tarrant County Appraisal District lists the owner of the property as Legacy Financial Group, Inc.
14. In his response, the respondent swore that he believed the building was owned by the contributor in his personal capacity. The respondent further swore that the office space used was an unoccupied room with its own entrance and parking lot and not visibly associated with any of the corporations in the building. This room is referred to by the contributor as a “Community Center” and was made available for use to local organizations at no charge. The contributor provided an affidavit swearing to these facts.

15. A person may not knowingly accept a political contribution the person knows to have been made in violation of Chapter 253 of the Election Code. Tex. Elec. Code § 253.003(b). Under Section 253.094 of the Election Code, a corporation may not make a political contribution that is not authorized by subchapter D of Chapter 253 of the Election Code. *Id.* § 253.094(a). The Election Code does not permit corporations to make political contributions to candidates or officeholders.
16. A “political contribution” is a campaign contribution or an officeholder contribution. *Id.* § 251.001(5). “Campaign contribution” means a contribution to a candidate or political committee that is offered or given with the intent that it be used in connection with a campaign for elective office or on a measure. *Id.* § 251.001(3). “In-kind contribution” means a contribution of goods, services, or any other things of value that is not money, and includes an agreement made or other obligation incurred, whether legally enforceable or not, to make the contribution. *Id.* § 251.001(21).
17. In order for the respondent to have violated Sections 253.003(b) and 253.094 of the Election Code the respondent must have: a) knowingly accepted a political contribution from an entity that the respondent knew was a corporation; and b) known that the law prohibited corporations from making political contributions.
18. The respondent signed a campaign treasurer appointment in which he acknowledged he was aware of the corporate contribution prohibition, showing his knowledge of the law. Credible evidence indicates that the respondent believed that he was accepting an in-kind contribution from a contributor in a personal capacity, rather than from the corporation the contributor owned. Therefore, credible evidence does not indicate a violation of Sections 253.003(b) and 253.094 of the Election Code with regards to the in-kind contribution of office space.

Cash Contributions in Excess of \$100

19. The complaint alleges that the respondent accepted \$500 in cash from a single contributor, and did not disclose the contributor’s address and the date of the contribution on a campaign finance report.
20. On the respondent’s 8-day pre-election campaign finance report, filed on April 25, 2019, the respondent disclosed a contribution from an individual in the amount of \$500. The only other notation for the contribution was the word “cash” written next to the name. The respondent did not disclose an address for the contributor or a date for the contribution.
21. In response to the complaint, the respondent swore that he received the contribution in the mail on or around April 1, 2019. The respondent swore that this contribution was timely reported on the campaign finance report that covered that time period. He further swore that the contribution was accepted and included because the person who filled out his campaign finance reports was not aware of the limitations on cash contributions. Finally, the

respondent swore that in response to the complaint he refunded the contribution to the individual. The response included a letter signed by the individual stating that he had received the refunded contribution.

22. A candidate, officeholder, or specific-purpose committee may not knowingly accept from a contributor in a reporting period political contributions in cash that in the aggregate exceed \$100. Tex. Elec. Code § 253.033.
23. Each report filed must include the amount of political contributions from each person that in the aggregate exceed \$90 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. *Id.* § 254.031(a)(1); 1 Tex. Admin. Code §18.31(a).
24. Credible evidence indicates that the respondent accepted cash contributions in excess of \$100 from a single contributor. The respondent also did not disclose the address of the contributor and the date of the contribution. Therefore, there is credible evidence of violations of Sections 253.033 and 254.031 of the Election Code.

Anonymous Cash Contributions

25. The complaint alleges that the respondent accepted anonymous contributions in cash amounts that exceeded \$100 from one or more contributors, and for each contribution that exceeded \$90, did not disclose the full name and address of the person making the contribution, and the date of the contributions.
26. On the July 15 semiannual campaign finance report filed on July 15, 2019, the respondent disclosed a contribution of \$1,700 as “Anonymous cash, given by multiple people.” The contribution did not have an associated date or any address information disclosed.
27. The respondent swore that the contributions had been collected at an impromptu “hat-pass” at a campaign event attended mainly by the Vietnamese community, and that efforts were made to track the names of all the contributors, but this was made difficult by the language barrier. The respondent also swore that the contributions were reported as a lump sum rather than itemized as the person completing his reports had a baby the day before filing the report. The respondent further swore that the person filing his reports was unaware of the prohibition on cash contributions over \$100. In his response, the respondent provided a list of contributors to the “hat-pass” and the cash amount they had donated, three of the contributors had contributed more than \$100.

28. After the sworn complaint was filed, the respondent swore that he worked with translators and refunded the contributions to the contributors.
29. A candidate, officeholder, or specific-purpose committee may not knowingly accept from a contributor in a reporting period political contributions in cash that in the aggregate exceed \$100. Tex. Elec. Code § 253.033.
30. Each report filed must include the amount of political contributions from each person that in the aggregate exceed \$90 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. *Id.* § 254.031(a)(1); 1 Tex. Admin. Code § 18.31(a).
31. Credible evidence indicates that the respondent accepted cash contributions in excess of \$100 from a single contributor. The respondent also did not disclose the dates of these contributions or the addresses of the contributors. Therefore, there is credible evidence of violations of Section 253.033 and 254.031(a)(1) of the Election Code.

IV. 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 findings of fact and conclusions of law described under Section III, 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 the person knows to have been made in violation of Chapter 253 of the Election Code; 2) a corporation or labor organization may not make a political contribution to a candidate or officeholder, and a candidate or officeholder may not knowingly accept such a contribution; 3) a candidate, officeholder, or specific-purpose committee may not knowingly accepted from a contributor in a reporting period political contributions in cash that in the aggregate exceed \$100; and 4) each campaign finance report must include the amount of political contributions from each person that in the aggregate exceed \$90 and that are accepted during the reporting period, the full name and address of the person making the contributions, and the dates of the contributions. 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 Section III, and after considering the sanction necessary to deter future violations, the Commission imposes a \$1,500 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-32008159.

AGREED to by the respondent on this _____ day of _____, 2020.

W. Jeff Williams, Respondent

EXECUTED by the Commission on: _____.

Texas Ethics Commission

By: _____
Anne Temple Peters, Executive Director