

TEXAS ETHICS COMMISSION

IN THE MATTER OF
RONALD C. GREEN,
RESPONDENT

§
§
§
§
§

BEFORE THE
TEXAS ETHICS COMMISSION
SC-2907183

ORDER and AGREED RESOLUTION

I. Recitals

The Texas Ethics Commission (the commission) met on August 12, 2010, to consider sworn complaint SC-2907183. A quorum of the commission was present. The commission determined that there is credible evidence of violations of sections 253.032 and 254.031 of the Election Code and section 20.62 of the Ethics Commission Rules, and credible evidence of technical or *de minimis* violations of section 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 failed to properly disclose political contributions, political expenditures, and outstanding loan totals, failed to timely file a 30-day pre-election report, accepted political contributions from corporations or labor organizations, and converted political contributions to personal use.

III. Facts Supported by Credible Evidence

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

1. During the time relevant to this complaint, the respondent was a member of the Houston city council and a candidate for re-election in the November 2007 election.

Total Political Contributions of \$50 or Less

2. The complaint alleged that the respondent failed to disclose the total amount of political contributions of \$50 or less on his 30-day and 8-day pre-election reports for the November 2007 election. The field for total political contributions of \$50 or less in the totals section

was left blank on each report at issue. The respondent itemized political contributions of \$50 or less on the reports.

3. The respondent corrected the reports at issue to enter a zero in the blank fields. The evidence does not show that there were contributions that were required to be disclosed in this category.

Total Political Expenditures of \$50 or Less

4. The complaint alleged that the respondent failed to disclose the total amount of political expenditures of \$50 or less on his 8-day pre-election report. The field for total political expenditures of \$50 or less in the totals section was left blank on the report at issue. The respondent itemized political expenditures of \$50 or less on the report.
5. The respondent swore that there were no political expenditures under \$50 that were not itemized. The respondent corrected the report at issue to enter a zero in the blank field. The evidence does not show that there were expenditures that were required to be disclosed in this category.

Total Outstanding Loans

6. The complaint alleged that the respondent failed to disclose the total principal amount of all outstanding loans on his 30-day and 8-day pre-election reports. The field for total principal amount of all outstanding loans in the totals section was left blank on each report at issue.
7. The respondent swore that there were no outstanding loans as of the last day of the reporting periods. The respondent corrected the reports at issue to enter a zero in the blank fields. The evidence does not show that there were unreported outstanding loans.

Total Political Contributions Maintained

8. The complaint alleged that the respondent disclosed an incorrect contribution balance on his 30-day and 8-day pre-election reports, and his January 2008, July 2008, and January 2009 semiannual reports.
9. The allegations appear to be based on a formula in which the amount of political contributions accepted in the period are added to the amount of political contributions maintained at the end of the previous reporting period, and then the amount of political expenditures made in the period are subtracted from that sum.
10. The evidence indicated total political contributions maintained as disclosed on the reports at issue reflected the balance of political contributions held in campaign accounts as of the last day of the respective reporting periods.

Full Name of Contributor

11. The complaint alleged that the respondent failed to fully disclose the name of a person making a political contribution on his July 2007 semiannual report. The report disclosed a \$500 political contribution from “CDM PAC” on March 16, 2007.
12. The respondent swore the contribution was from the Camp Dresser & McKee PAC whose acronym is CDM PAC. Commission records show that a general-purpose political committee named Camp Dresser & McKee PAC files with the commission and uses the acronym “CDMPAC.”

Full Name of Payees

13. The complaint alleged that the respondent failed to fully disclose the name of persons receiving political expenditures on his July 2007 semiannual report, 8-day pre-election report, and his January 2008, July 2008, and January 2009 semiannual reports. The following 10 political expenditures totaling \$4,220 are at issue:
 - \$100 to PBMA on April 23, 2007 (The respondent swore that PBMA is a common acronym used for an organization called the Positive Black Male Association of Houston.)
 - \$85 on May 28, 2007, and \$100 on February 4, 2008, to MFAH (The respondent swore that MFAH is a common acronym used for an entity named the Museum of Fine Arts, Houston.)
 - \$250 to NAACP ACT-SO on May 28, 2007 (The respondent swore that NAACP ACT-SO is a common acronym for an event called the National Association for the Advancement of Colored People’s Afro-Academic, Cultural, Technological and Scientific Olympics.)
 - \$60 to KPFT on October 22, 2007 (The respondent swore that KPFT is a radio station in Houston.)
 - \$125 to TABCCM on October 22, 2007 (The respondent swore that the Texas Association of Black City Council Members commonly uses the acronym TABCCM.)
 - \$1,000 to NFBPA – Houston Chapter on December 13, 2007 (The respondent swore that the National Forum for Black Public Administrators – Houston Chapter commonly uses the acronym NFBPA.)
 - \$750 to AACCGH on February 14, 2008 (The respondent swore that AACCGH is a common acronym used for an entity named the American Association of Community Colleges of Greater Houston.)
 - \$1,500 on September 22, 2008, and \$250 on October 15, 2008, to HCDP (The respondent swore that HCDP is a common acronym used for an entity named the Harris County Democratic Party.)

14. To date, no corrections have been filed to the reports at issue to disclose the full name of the payees at issue.

Disclosure of Payees, Dates, and Amounts of Political Expenditures

15. The complaint alleged that the respondent failed to disclose the actual vendors, dates, and amounts related to various political expenditures to individuals that were disclosed in the respondent's July 2007, January 2008, and July 2008 semiannual reports and that totaled approximately \$1,190.
16. The respondent swore that the two payments to an individual were reimbursements for campaign banners and office supplies for the city office but "[t]he actual vendor[s] were not made known to the campaign before the filing deadline[s] so the campaign filed the report[s] with the best available knowledge." The respondent filed corrections to the reports that included the expenditures to an individual and disclosed the actual vendor that was paid for goods or services. The corrected reports disclosed that both of the expenditures were made to Tacos a Go Go for "Food for Council Breakfast—reimbursed to [an individual]."
17. The respondent swore that other expenditures at issue were made to the payees listed as donations for various causes and one was made for compensation to an individual for services related to a campaign event.

Contribution from Out-of-State Political Committee

18. The complaint alleged that the respondent failed to include required information regarding an out-of-state political committee. At issue is a \$1,000 political contribution on February 15, 2008, from "Service Employees International Union (SEIU) COPE" in Washington, DC, that was disclosed on the respondent's July 2008 semiannual report. No additional information regarding the contributor was included with the report.
19. Service Employees International Union Committee on Political Education (SEIU COPE) is a political committee registered with the Federal Election Commission (FEC). SEIU COPE's November 2007 monthly report of receipts and disbursements disclosed a \$1,000 disbursement to the respondent on October 4, 2007.
20. The respondent corrected the report at issue to include the out-of-state committee's FEC identification number.

Timely Filing a Campaign Finance Report

21. The complaint alleged that the respondent filed a late 30-day pre-election report in connection with the November 2007 election.

22. The 30-day pre-election report was due Tuesday, October 9, 2007. The deadline had been extended due to the weekend and a holiday.
23. The respondent's 30-day pre-election report was filed with the local filing authority on October 9, 2007. A confirmation from the City of Houston's electronic filing system showed that the report was filed October 9, 2007.

Contributions from Corporations or Labor Organizations

24. The complaint alleged that the respondent accepted political contributions from a corporation or labor organization. The complaint identified a \$250 political contribution on October 12, 2007, from "Sheet Metal Workers Local Union, #54" in Houston, Texas, that was disclosed in the respondent's 8-day pre-election report.
25. A copy of the contributor's check showed that it was issued from the "Sheetmetal Workers LU #54 PAC Fund." A general-purpose political committee named Sheet Metal Workers Local Union No. 54 PAC has filed reports with the commission since May 1999 and disclosed a \$250 political expenditure to the respondent on October 10, 2007, in its November 2007 monthly report.
26. The respondent corrected the report at issue to add "PAC" to the contributor's name.
27. The complaint also identified a \$1,000 political contribution on February 15, 2008, from "American Federation of State, County & Municipal" in Austin, Texas, that was disclosed in the respondent's July 2008 semiannual report.
28. A copy of the contributor's check shows that it was from the "American Federation of State, County And Municipal Employees-AFL-CIO" in Washington, DC, and specifically issued from the "Public Employees Organized to Promote Legislative Equality/Non-federal Acct." Public Employees Organized to Promote Legislative Equality is the name of the American Federation of State, County and Municipal Employees' political action committee and is registered with the FEC.
29. The respondent corrected the report at issue to disclose the contributor's name as "American Federation of State County & Municipal Employees PEOPLE PAC" and included the political committee's FEC identification number (but not its statement of organization).

Personal Use

30. The complaint alleged that the respondent converted political contributions to personal use in connection with various political expenditures totaling approximately \$8,305 that were disclosed in the respondent's July 2007 semiannual report, 30-day and 8-day pre-election reports, January and July 2008 semiannual reports, and January 2009 semiannual report.

31. The respondent swore that the expenditures at issue were for candidate and officeholder related activity.

IV. Findings and Conclusions of Law

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

Total Political Contributions 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 during the reporting period. ELEC. CODE § 254.031(a)(5).
2. On the reports at issue, the respondent left blank the space used to disclose total political contributions of \$50 or less accepted during the reporting periods at issue that were not itemized. However, the respondent disclosed all political contributions on Schedule A, including those that were \$50 or less. Therefore, there is credible evidence that the respondent committed technical or *de minimis* violations of section 254.031(a)(5) of the Election Code.

Total Political Expenditures of \$50 or Less

3. Each campaign finance report must include the total amount or a specific listing of the political expenditures of \$50 or less made during the reporting period. ELEC. CODE § 254.031(a)(5).
4. On the report at issue, the respondent left blank the space used to disclose total political expenditures of \$50 or less made during the reporting period at issue that were not itemized. The respondent disclosed all political expenditures on Schedule F, including those that were \$50 or less. Therefore, there is credible evidence that the respondent committed a technical or *de minimis* violation of section 254.031(a)(5) of the Election Code.

Total Outstanding Loans

5. 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).
6. The respondent failed to indicate that there were no outstanding loans as of the last day of the reporting periods at issue. However, there is no evidence that the respondent had accepted any loans that required disclosure. Therefore, there is credible evidence that the respondent committed technical or *de minimis* violations of section 254.031(a)(2) of the Election Code.

Total Political Contributions Maintained

7. A 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).
8. The total amount of political contributions maintained in one or more accounts includes the balance on deposit in banks, savings and loan institutions and other depository institutions and the present value of any investments that can be readily converted to cash, such as certificates of deposit, money market accounts, stocks, bonds, treasury bills, etc. Ethics Commission Rules § 20.50(a).
9. The amounts disclosed reflect the balance of political contributions that were in campaign accounts as of the last day of the respective reporting periods. There is no evidence that the amounts of total political contributions maintained disclosed in the reports at issue are incorrect. Therefore, there is credible evidence that the respondent did not violate section 254.031(a)(8) of the Election Code.

Full Name of Contributor

10. 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, the full name and address of the person making the contributions, and the dates of the contributions. ELEC. CODE § 254.031(a)(1).
11. CDM PAC is the acronym of Camp Dresser & McKee PAC, a general-purpose committee that files with the commission. However, for political contributions that in the aggregate exceed \$50 during a reporting period, the law requires that the full name of the contributor be disclosed on a campaign finance report. Therefore, there is credible evidence that the respondent violated section 254.031(a)(1) of the Election Code with regard to this contribution.

Full Name of Payees

12. A campaign finance report must include the amount of political expenditures that in the aggregate exceed \$50 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).

13. KPFT is the name of a radio station in Houston. Thus, disclosing KPFT as the payee was not improper. Therefore, there is credible evidence that the respondent did not violate section 254.031(a)(3) of the Election Code with regard to this expenditure.
14. As to the remaining nine political expenditures at issue, the respondent disclosed acronyms or abbreviations as the payees' names. However, for political expenditures that in the aggregate exceed \$50 during a reporting period, the law requires that the full name of the payee be disclosed on a campaign finance report. Therefore, there is credible evidence that the respondent violated section 254.031(a)(3) of the Election Code with regard to these expenditures.

Disclosure of Payees, Dates, and Amounts of Political Expenditures

15. A campaign finance report must include the amount of political expenditures that in the aggregate exceed \$50 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. Political expenditures made out of personal funds by a staff member of an officeholder or candidate with the intent to seek reimbursement from the officeholder or candidate 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: (1) the amount of political expenditures that in the aggregate exceed \$50 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 (2) included with the total amount or a specific listing of the political expenditures of \$50 or less made during the reporting period. If the reimbursement occurs during a different reporting period, the political expenditure must be reported as follows: (1) 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 political committee; (2) the expenditure made by the staff member is reported as a political expenditure by the political committee; and (3) the reimbursement to the staff member to repay the loan is reported as a political expenditure by the political committee. Ethics Commission Rules § 20.62.
17. The complaint alleged that the respondent did not disclose the actual payee information, dates, or amounts for approximately \$1,190 in political expenditures because the reports did not identify the actual vendors who provided goods or services to the respondent. The evidence indicates that two expenditures totaling approximately \$340 were improperly disclosed reimbursements to a staff member. However, the other expenditures at issue properly identified the payees. Therefore, there is credible evidence that the respondent violated section 254.031(a)(3) of the Election Code and section 20.62 of the Ethics Commission Rules in connection with approximately \$340 in political expenditures, and credible evidence that the respondent did not violate section 254.031(a)(3) of the Election

Code and section 20.62 of the Ethics Commission Rules in connection with approximately \$850 in political expenditures.

Contributions from Out-of-State Political Committees

18. In a reporting period, a candidate or officeholder may not knowingly accept political contributions totaling more than \$500 from an out-of-state political committee unless, before accepting a contribution that would cause the total to exceed \$500, the candidate receives from the out-of-state committee a written statement, certified by an officer of the out-of-state committee, listing the full name and address of each person who contributed more than \$100 to the out-of-state committee during the 12 months immediately preceding the date of the contribution; or a copy of the out-of-state committee's statement of organization filed as required by law with the Federal Election Commission and certified by an officer of the out-of-state committee. ELEC. CODE § 253.032(a). A candidate or officeholder must include the statement or copy required by Subsection (a) as a part of the report filed under Chapter 254 that covers the reporting period to which Subsection (a) applies. *Id.* § 253.032(d).
19. A person who files a report *with the commission* by electronic transfer and who accepts political contributions from an out-of-state political committee required to file its statement of organization with the Federal Election Commission shall either enter the out-of-state committee's federal PAC identification number in the appropriate place on the report; or timely file a certified copy of the out-of-state committee's statement of organization that is filed with the Federal Election Commission [Emphasis added]. Ethics Commission Rules § 20.29.
20. The respondent accepted a \$1,000 political contribution from SEIU COPE, an out-of-state political committee. Although the respondent filed a corrected report to disclose the out-of-state committee's FEC identification number, for those who file their campaign finance reports with a local filing authority, certain documentation concerning the out-of-state committee must be included with the report covering the period in which the contribution from the out-of-state committee was accepted. The respondent did not include the required information with his July 2008 semiannual report. Therefore, there is credible evidence that the respondent violated section 253.032 of the Election Code with regard to the contribution.

Timely Filing a Campaign Finance Report

21. In addition to other required reports, for each election in which a person is a candidate and has an opponent whose name is to appear on the ballot, the person shall file two reports. The first report must be received by the authority with whom the report is required to be filed not later than the 30th day before election day. The second report must be received by the authority with whom the report is required to be filed not later than the eighth day before election day. ELEC. CODE § 254.064.

22. The respondent's 30-day pre-election report was received by the filing authority on October 9, 2007, the date the report was due. Therefore, there is credible evidence that the respondent did not violate section 254.064 of the Election Code with regard to this report.

Contributions from Corporations or Labor Organizations

23. A corporation or labor organization may not make a political contribution or political expenditure that is not authorized by subchapter D, chapter 253, Election Code. ELEC. CODE § 253.094(a).
24. A person may not knowingly accept a political contribution the person knows to have been made in violation of chapter 253, Election Code. *Id.* § 253.003(b).
25. The contributions at issue were from political committees, not a corporation or labor organization. Therefore, there is credible evidence that the respondent did not violate sections 253.003(b) and 253.094(a) of the Election Code with respect to the contributions.

Personal Use

26. 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).
27. Personal use is defined as a use that primarily furthers individual or family purposes not connected with the performance of duties or activities as a candidate for or holder of a public office. *Id.* § 253.035(d).
28. The complaint alleged that the respondent made approximately \$8,305 in political expenditures for personal use. There is insufficient evidence of a violation of section 253.035 of the Election Code with regard to the expenditures.

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 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, the full name and address of the person making the contributions, and the dates of the contributions, the aggregate principal amount of all outstanding loans as of the last day of the reporting period, the amount of political expenditures that in the aggregate exceed \$50 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 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 \$50 or less made during the reporting period.

The respondent also acknowledges that the proper way to report reimbursements to staff is in accordance with section 20.62 of the Ethics Commission Rules.

The respondent further acknowledges that a candidate or officeholder who accepts political contributions totaling more than \$500 from an out-of-state political committee must include as part of the report that covers the reporting period in which the contribution was accepted: (1) a written statement, certified by an officer of the out-of-state committee, listing the full name and address of each person who contributed more than \$100 to the out-of-state committee during the 12 months immediately preceding the date of the contribution; or (2) a copy of the out-of-state committee's statement of organization filed as required by law with the Federal Election Commission and certified by an officer of the out-of-state committee.

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 seriousness of the violations described under Sections III and IV, including the nature, circumstances, and consequences of the violations, and after considering the sanction necessary to deter future violations, the commission imposes a \$600 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-2907183.

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

Ronald C. Green, Respondent

EXECUTED ORIGINAL received by the commission on: _____.

Texas Ethics Commission

By: _____
David A. Reisman, Executive Director