

TEXAS ETHICS COMMISSION

IN THE MATTER OF
DEBORAH RIDDLE,
RESPONDENT

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BEFORE THE
TEXAS ETHICS COMMISSION
SC-280114 AND SC-280236

ORDER and AGREED RESOLUTION

I. Recitals

The Texas Ethics Commission (the commission) met on December 4, 2008, to consider sworn complaints SC-280114 and SC-280236. A quorum of the commission was present. The commission determined that there is credible evidence of violations of sections 253.032, 254.031, 254.061, and 254.0612 of the Election Code, and section 20.29 of the Ethics Commission Rules, laws administered and enforced by the commission. To resolve and settle these complaints without further proceedings, the commission proposes this resolution to the respondent.

II. Allegations

The complaints allege that the respondent failed to include or improperly disclosed required information on seven campaign finance reports, and accepted corporate contributions.

III. Facts Supported by Credible Evidence

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

1. The respondent is the state representative for District 150 and held that office at all times relevant to the sworn complaints.
2. The complaints allege that the respondent did not include or improperly disclosed information on seven campaign finance reports. The complaints also allege that the respondent accepted corporate contributions from Adams Insurance Service.

January 2006 Semiannual Campaign Finance Report

3. SC-280114 alleges that the respondent failed to disclose the correct total for political contributions maintained and principal amount of outstanding loans, reported approximately

- \$14,475 as credits when they appeared to be political contributions, failed to provide the name, address, and purpose for eleven political expenditures, and failed to disclose the name of her current campaign treasurer.
4. The report disclosed \$150 in total political contributions of \$50 or less, \$14,300 in total political contributions, \$32,590 in total political expenditures, zero in total political contributions maintained, and zero in total principal amount of outstanding loans.
 5. The report disclosed nine entries on Schedule K (Credits), totaling \$14,475. Two of the entries disclosed TX for the address. One disclosed no address information for the payor, “fund raiser” as the purpose for the credit, and “various” as the payor (totaling approximately \$11,450). Eight of the entries disclose “donation” as the purpose for the credit.
 6. The report disclosed eleven expenditures, totaling approximately \$1,211, on Schedules F (political expenditures) and I (non-political expenditures made from political contributions) that do not include the full address of the payee. The report failed to disclose the purpose and listed the payee as “unknown” for one of these expenditures. In addition, the report disclosed two expenditures, totaling approximately \$31,500, on Schedule H (payment from political contributions to a business of candidate or office holder), to Mike Riddle for “repayment of loan.” Neither of the expenditures provided an address for the payee.
 7. The report disclosed the campaign treasurer as Nicholas Broussard.
 8. The report disclosed one contribution and one credit from Adams Insurance Services.
 9. A corrected January 2006 semiannual report disclosed zero total political contributions of \$50 or less, \$12,025 in total political contributions, \$1,159.34 in total political expenditures, \$27,840.50 in total political contributions maintained, and \$35,000 in total principal amount of outstanding loans (the respondent disclosed \$35,000 in loans on her July 2005 semiannual report). The report did not include a Schedule K for credits.
 10. The corrected report disclosed 21 political contributions. Three of the contributions were not reported on the original report and one was reported as a credit. The corrected report did not disclose eight contributions that were listed on the original report, totaling \$4,000.
 11. The corrected report disclosed nine political expenditures on Schedule F, totaling \$1,159.34, including the two expenditures disclosed on the original report and nine expenditures that were originally reported on Schedule I. The corrected report disclosed the name and full address for each payee and the purpose of the political expenditure. The disclosure for three of the political expenditures changed the name of the payee. The corrected report disclosed on Schedule I the expenditures previously disclosed on Schedule H to Michael Riddle, changed the purpose of the expenditures, and provided the addresses for the payees.
 12. The report disclosed the campaign treasurer as Gina Chung.

July 2006 Semiannual Campaign Finance Report

13. SC-280114 alleges that the respondent failed to disclose the correct total for political contributions maintained and failed to itemize a new loan. The report disclosed \$6,637.86 in total political contributions, \$9,000 in total political expenditures, \$24,321.28 in total political contributions maintained, and \$85,580.50 in total principal amount of outstanding loans. The report disclosed the campaign treasurer as Nicholas Broussard. The report disclosed the period covered as April 2, 2006, through June 30, 2006.
14. The correct period covered for this report was January 1, 2006, through June 30, 2006. However, on April 11, 2006, the respondent filed an unrequired 8-day run-off report that covered the activity from January 1, 2006, through April 3, 2006.
15. A corrected July 2006 semiannual report disclosed \$8,887.86 in total political contributions, \$12,269.22 in total political expenditures, \$24,321.28 in total political contributions maintained, and \$35,000 in total principal amount of outstanding loans. The report disclosed 16 political contributions. Four of the contributions totaling approximately \$2,250 were not reported on Schedule A of the original report. The report disclosed nine expenditures totaling approximately \$3,269 on Schedule F that were not reported on the original report. The report disclosed the campaign treasurer as Gina Chung. The corrected report disclosed the period covered as January 1, 2006, through June 30, 2006.

October 2006 30-day Pre-election Campaign Finance Report

16. SC-280114 alleges that the respondent failed to disclose the correct total for political contributions maintained, failed to disclose the name of her current campaign treasurer, and failed to disclose the Federal Election Commission (FEC) political committee identification number for contributions from out-of-state political committees.
17. The report disclosed \$2,150 in total political contributions, \$13,264.69 in total political expenditures, \$13,106.75 in total political contributions maintained, and \$85,580.50 in total principal amount of outstanding loans. The report disclosed one contribution from Adams Insurance Services. The report disclosed the campaign treasurer as Gina Chung. The report disclosed a contribution from "DNSF Rail PAC," 7 13th St. NW Ste. 220, Washington, DC 20005, on August 4, 2006, for \$500. The report did not include an out-of-state political committee identification number or other out of-state committee information. The report disclosed the period covered as July 1, 2006, through September 28, 2006. The report was due on October 10, 2006.
18. A corrected October 2006 30-day pre-election report disclosed \$2,150 in total political contributions, \$13,264.69 in total political expenditures, \$13,106.75 in total political contributions maintained, and \$35,000 in total principal amount of outstanding loans. The report disclosed a contribution from "BNSF Rail PAC," PO Box 961039, Fort Worth, Texas

76161, on August 4, 2006, for \$500, but did not provide an out-of-state political committee identification number or other out-of-state political committee information.

19. Texas Ethics Commission (commission) records show that BNSF Rail PAC, PO Box 961039, Fort Worth, Texas is a Texas general-purpose political committee (GPAC). However, the Texas political committee did not disclose a contribution to the respondent during the period covered by the April 2006 through October 2006 reports. FEC records show that BNSF Rail PAC, PO Box 961039, Fort Worth, Texas 76161, is a federal political committee. FEC records show that the federal committee contributed \$500 to the respondent on July 7, 2006.

October 2006 8-day Pre-election Campaign Finance Report

20. SC-280114 alleges that the respondent failed to disclose the correct total for political contributions maintained and failed to disclose the FEC political committee identification number for out-of-state political committees.
21. The report disclosed \$34,375 in total political contributions, \$9,327.01 in total political expenditures, \$38,154.74 in total political contributions maintained, and \$85,580.50 in total principal amount of outstanding loans. The report disclosed the campaign treasurer as Gina Chung. The report disclosed a \$200 contribution from "Hewlett-Packard Company PAC," 3000 Hanover St., MS 1035, Palo Alto, California, on October 16, 2006, and a \$2,000 contribution from "Compass Bancshares Inc. PAC – Texas," PO Box 10566, Birmingham, AL, 35296, on October 16, 2006, but did not disclose a federal identification number or other out-of-state political committee information for either contribution. The report disclosed one contribution from Adams Insurance Services.
22. A corrected October 2006 8-day pre-election report disclosed \$34,375 in total political contributions, \$9,327.01 in total political expenditures, \$38,154.74 in total political contributions maintained, and \$35,000 in total principal amount of outstanding loans.
23. Hewlett-Packard Company PAC is not registered in Texas as a political committee. FEC records indicate that Hewlett-Packard Company PAC, 3000 Hanover St., MS 1035, Palo Alto, California, is a federal political committee that contributed \$250 to the respondent on September 25, 2006. Commission records indicate that Compass Bancshares Inc. PAC – Texas, PO Box 10566, Birmingham, AL, 35296, is a Texas GPAC that contributed \$2,000 to the respondent on October 2, 2006.

January 2007 Semiannual Campaign Finance Report

24. SC-280114 alleges that the respondent failed to disclose the correct total for political contributions maintained and failed to disclose the FEC political committee identification number for two contributions from out-of-state political committees.
25. The report disclosed \$35,620 in total political contributions, \$7,677.72 in total political expenditures, \$66,107.02 in total political contributions maintained, and \$85,580.50 in total principal amount of outstanding loans. The report disclosed two contributions from individuals, one for \$2,500 and one for \$500, but did not disclose the principal occupation or job title. The report disclosed the campaign treasurer as Gina Chung. The report disclosed contributions from the following three political committees with out-of-state addresses, but did not disclose a federal identification number or other out-of-state political committee information: a contribution from "Nationwide Texas Political Participation Fund," for \$250, on December 8, 2006; a contribution from "NFIB – Texas Safe Trust," for \$250, on December 8, 2006, and a contribution from "NRA – Political Victory Fund," for \$250, on December 8, 2006.
26. A corrected January 2007 semiannual report disclosed \$35,620 in total political contributions, \$7,677.72 in total political expenditures, \$66,107.02 in total political contributions maintained, and \$35,000 in total principal amount of outstanding loans. The report disclosed corrections for two contributions from individuals, one for \$2,500 and one for \$500, but failed to include the contributors' principal occupation or job title.
27. Commission records indicate that Nationwide Texas Political Participation Fund is a Texas GPAC and reported a contribution to the respondent of \$250, on September 21, 2006. Commission records indicate that NFIB – Texas Safe Trust is a Texas GPAC and reported a contribution to the respondent of \$250, on October 3, 2006. Commission records indicate that NRA – Political Victory Fund is a Texas GPAC and reported a contribution to the respondent of \$250, on August 3, 2006.

July 2007 Semiannual Campaign Finance Report

28. SC-280114 alleges that the respondent failed to disclose the correct total for political contributions maintained and reported a political expenditure for \$5,000 to re-pay a loan that had not previously been reported.
29. The report disclosed zero in total political contributions, \$9,761.66 in total political expenditures, \$56,345.36 in total political contributions maintained, and \$80,580.50 in total principal amount of outstanding loans. The report disclosed a political expenditure for \$5,000 to Michael Riddle on April 22, 2007, for "Reimbursement of Personal Loan" and a

political expenditure for \$460 to Michael Riddle on January 18, 2007, for, "Food for Campaign Workers." The report disclosed the campaign treasurer as Gina Chung.

30. A corrected July 2007 semiannual report disclosed zero in total political contributions, \$9,761.66 in total political expenditures, \$56,345.36 in total political contributions maintained, and \$35,000 in total principal amount of outstanding loans. The report disclosed corrections to the political expenditures to Michael Riddle on April 22, 2007, and January 18, 2007, to indicate that the purpose of each of the expenditures was for, "Reimbursement of expenditures made from personal funds on Schedule G."

January 2008 Semiannual Campaign Finance Report

31. SC-280236 alleges that the respondent failed to provide detailed information regarding a loan, improperly reported the total for political contributions maintained, and failed to disclose an out-of-state political committee identification number for a contribution from Comcast Corporation PAC.
32. The report disclosed \$45,050 in total political contributions, \$10,737.38 in total political expenditures, \$88,349.58 in total political contributions maintained, and \$80,580.50 for total outstanding loans. The report did not include a Schedule E for disclosing detailed information about loans. The report disclosed a contribution of \$500, from "Comcast Corporation PAC," Philadelphia, PA, on December 3, 2007. The report disclosed a contribution from Adams Insurance Services.
33. A corrected January 2008 semiannual report disclosed \$45,050 in total political contributions, \$10,737.38 in total political expenditures, \$88,349.58 in total political contributions maintained, and \$35,000 in total outstanding loans. (A corrected July 2005 semiannual report disclosed a total outstanding loan amount in the amount of \$35,000 and itemized the related loans. Each report thereafter was corrected to disclose a total outstanding loan amount of \$35,000). The report did not include a Schedule E for disclosing detailed information about loans.
34. Texas Ethics Commission records show that Comcast Corporation PAC is a Texas general-purpose political committee that files monthly (MPAC). However, campaign finance reports filed by the MPAC did not disclose a contribution to the respondent and, in fact, disclose no activity at all since its inception in October 2006. FEC records show that Comcast Corporation PAC is a federal political committee. FEC records do not disclose a contribution to the respondent.
35. The respondent did not provide additional information regarding Comcast Corporation PAC.

36. The respondent filed a sworn response to SC-280114 stating that the person who kept her campaign finance records and filed her reports misreported some entries and that, "His recordkeeping was not what it should be." The respondent swore that she was in the process of correcting the reports and that the contribution balance and outstanding loans totals would be corrected.
37. The respondent filed a sworn response to SC-280236 denying the allegations and swearing that her January 2008 semiannual report correctly disclosed the political contribution and loan amount at issue.
38. Evidence indicated that the respondent accepted political contributions from Adam Insurance Services, a sole proprietorship that is separate and distinct from Adams Insurance Services, Inc.
39. The respondent filed a campaign treasurer appointment on August 8, 2001, designating Tom R. Chernosky as her campaign treasurer. The respondent has only amended her treasurer appointment once since then, on September 28, 2006. The amended campaign treasurer appointment designated Gina Chung as the new treasurer.
40. The respondent disclosed political expenditures from personal funds with the intent to seek reimbursement or loans from the candidate or her spouse, totaling approximately \$128,911, on her January 2002 semiannual, February 2002 30-day pre-election, March 2002 8-day pre-election, and corrected July 2005 semiannual reports.
41. The only reimbursements disclosed by the respondent to herself, her business or her spouse, were disclosed on her July 2002, January 2006, and July 2007 semiannual reports, for a total of approximately \$41,460, including the amounts at issue.

IV. Findings and Conclusions of Law

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

Reporting Required Information

1. 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 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; the amount of loans that are made during the reporting period for campaign or officeholder purposes to the person or committee required to file the report and that in the aggregate exceed \$50, the dates the loans are made, the interest rate, the maturity date, the type of collateral for the loans, if

any, the full name and address of the person or financial institution making the loans, the full name and address, principal occupation, and name of the employer of each guarantor of the loans, the amount of the loans guaranteed by each guarantor, and 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; 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 total amount of all political contributions accepted and the total amount of all political expenditures made during the reporting period; and 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)(1)(2)(3)(5)(6)(8).

Contributions

2. SC-280114 alleges that the respondent reported approximately \$14,475 as credits on her January 2006 semiannual report that should have been reported as contributions. The respondent corrected her January 2006 semiannual report to remove all of the credits (totaling approximately \$14,475), to add five contributions (totaling approximately \$2,325 and including one of the previously reported credits) and remove eight contributions (totaling approximately \$4,000). The respondent corrected her July 2006 semiannual report to add four contributions (totaling approximately \$2,250). Thus, the evidence indicates that the respondent failed to report or improperly reported political contributions. Therefore, there is credible evidence of violations of section 254.031(a)(1) of the Election Code, with regard to the January 2006 and July 2006 semiannual reports.

Loans

3. SC-280114 alleged that the respondent failed to report the correct outstanding loans amount on her January 2006 semiannual report. The respondent corrected all seven of the reports at issue to disclose a different outstanding loans amount than that which was originally disclosed. Thus, the evidence indicates that the respondent failed to report or improperly reported the outstanding loans amount on all seven reports at issue. Therefore, there is credible evidence of violations of section 254.031(a)(2) of the Election Code with regard to all seven reports at issue.
4. SC-280114 also alleged that the respondent failed to provide detailed information regarding a loan on her July 2006 semiannual report. The allegation appears to be based on the fact that the January 2006 semiannual report disclosed no new or outstanding loans. However, the

next report (the July 2006 semiannual report) disclosed \$85,580.50 in outstanding loans and did not provide any detail regarding what appeared to be a new loan for \$85,580.50. The evidence indicates that the respondent disclosed \$35,000 in loans on her July 2005 semiannual report, and the corrections made by the respondent to the loan amounts indicate that all of the following reports should have had the same outstanding loan amount (\$35,000). Thus, there was no new loan for which detailed information was required. Therefore, there is credible evidence of no violation of section 254.031(a)(2) of the Election Code with regard to this allegation.

5. SC-280236 alleged that the respondent failed to provide detailed information regarding a loan on her January 2008 semiannual report. The original report disclosed a total outstanding loan amount of \$80,580.50 and did not provide detailed information regarding a loan. The previous report (July 2007 semiannual report) disclosed the same outstanding loan amount as the original January 2008 semiannual report and did not provide detailed information regarding a loan. Although the respondent corrected both of the reports to disclose a different outstanding loan amount (changed from \$80,580.50 to \$35,000), there is no indication in either report that there was a new loan for which detailed information was required. Therefore, there is credible evidence of no violation of section 254.031(a)(2) of the Election Code with regard to providing detailed information about a loan.

Expenditures

6. SC-280114 alleges that the respondent failed to disclose the name, address, and purpose for eleven political expenditures on the January 2006 semiannual report. The evidence indicates that the respondent failed to provide this information on her January 2006 and July 2007 semiannual reports, totaling approximately \$11,099. Thus, the evidence indicates that the respondent failed to report or improperly reported political expenditures. Therefore, there is credible evidence of violations of section 254.031(a)(3) of the Election Code.

Contribution and Expenditure Totals

7. The January 2006 semiannual report disclosed total political contributions of \$50 or less of approximately \$150. The respondent corrected the January 2006 semiannual report to disclose the amount of contributions of \$50 or less to be zero, and itemized a \$50 contribution that had not previously been itemized. Contributions of \$50 or less are not required to be itemized, thus, including a \$50 contribution in the total political contributions of \$50 or less on the original report rather than itemizing it was not a violation. However, the evidence indicates that the respondent incorrectly reported \$100 worth of political contributions as contributions of \$50 or less on her original report. Therefore, there is credible evidence of a violation of section 254.031(5) of the Election Code with regard to the January 2006 semiannual report.

8. The evidence indicates that the respondent corrected the political contribution totals on her January 2006 (disclosing approximately \$2,275 less) and July 2006 semiannual reports (disclosing approximately \$2,250 more). The evidence indicates that the respondent corrected the political expenditure totals on her January 2006 semiannual report (disclosing approximately \$31,430 less) and July 2006 semiannual report (disclosing approximately \$3,269 more). Thus, the evidence indicates that the respondent failed to report or incorrectly reported contribution and expenditure totals. Therefore, there is credible evidence of violations of section 254.031(a)(6) of the Election Code with regard to the January and July 2006 semiannual reports.

Contributions Maintained Totals

9. The complaints allege that the respondent failed to properly report political contributions maintained on all eight of the reports at issue.
10. The amount of political contributions maintained cannot always be determined by subtracting the total amount of political expenditures that have been reported on all of a filer's reports from the total amount of political contributions that have been reported on all of a filer's reports. Other activity information, such as the amount of expenditures from personal funds, and the amount of reimbursement of personal funds may also be needed to determine political contributions maintained. In addition, political contributions must be reported during the reporting period in which they are accepted. Political expenditures are reported when the expenditure is incurred, which may be a different reporting period than the one in which the political expenditure is actually paid.
11. The respondent corrected her January 2006 semiannual report to disclose a different contribution maintained total (from zero to \$27,840.50). Thus, the evidence indicates that with respect to this report, the respondent failed to properly report political contributions maintained. Therefore, there is credible evidence of a violation of section 254.031(a)(8) of the Election Code regarding the January 2006 semiannual report.
12. Although the respondent corrected the other six reports at issue, she did not correct the political contributions maintained amount on those reports. Based on the information disclosed in the reports, the evidence is insufficient to show that the amount disclosed as political contributions maintained was incorrect on the six reports at issue. Therefore, there is insufficient evidence that the respondent violated section 254.031(a)(8) regarding those six reports.

Campaign Treasurer

13. Each campaign finance report filed by a candidate must include the campaign treasurer's name, residence or business street address, and telephone number. ELEC. CODE § 254.061(2).

14. SC-280114 alleges that the respondent's January 2006 semiannual and October 2006 30-day pre-election reports disclosed the incorrect name for the respondent's current campaign treasurer. Commission records reflect that the respondent filed a campaign treasurer appointment in 2001, designating Tom R. Chernosky as the campaign treasurer. The respondent amended her campaign treasurer appointment once, on September 28, 2006, to designate Gina Chung as the new campaign treasurer. As a result of the change in treasurer, effective September 28, 2006, reports due after September 28, 2006, were required to include the name of the new campaign treasurer (Ms. Chung), reports due prior to that date were required to include the name of the old campaign treasurer (Mr. Chernosky).
15. The evidence indicates that the January and July 2006 semiannual reports, should have disclosed Mr. Chernosky as the respondent's campaign treasurer. However, the reports disclosed Nicholas Broussard as the respondent's campaign treasurer. Thus, the evidence indicates that the respondent failed to disclose the correct campaign treasurer on these two reports. Therefore, there is credible evidence of violations of section 254.061(2) of the Election Code with regard to the January and July 2006 semiannual reports.
16. The October 2006 30-day pre-election report was due on October 10, 2006, and was filed by Gina Chung. The respondent amended her campaign treasurer appointment to name Ms. Chung as campaign treasurer, effective September 28, 2006. Thus, the evidence indicates that the correct treasurer was disclosed on the October 2006 30-day pre-election report. Therefore, there is credible evidence of no violation of section 254.061(2) of the Election Code with regard to the October 2006 30-day pre-election report.

Principal Occupation or Job Title

17. Each campaign finance report filed by a candidate for 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, the individual's principal occupation or job title. ELEC. CODE § 254.0612(1).
18. The evidence indicates that the respondent failed to include the principal occupation or job title for two individuals from whom the respondent accepted political contributions that in the aggregate equaled or exceeded \$500 during the reporting period for her January 2007 semiannual report. Although the respondent corrected the report, this information was not included in the original report. Therefore, there is credible evidence of violations of section 254.0612(1) of the Election Code with regard to the January 2007 semiannual report.

Out-of-State Political Committees

19. If a candidate or officeholder accepts political contributions totaling more than \$500 in a reporting period from an out-of-state political committee, the campaign treasurer must

include as part of the report that covers the reporting period in which the contributions are accepted a written statement, certified by an officer of the out-of-state committee, listing the 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 FEC and certified by an officer of the out-of-state committee. ELEC. CODE § 253.032(a)(d). If a candidate or officeholder accepts political contributions totaling \$500 or less in a reporting period from an out-of-state political committee, the campaign treasurer must include as part of the report that covers the reporting period in which the contributions are accepted the same information for the out-of-state political committee required for general-purpose committees by sections 252.002 and 252.003 of the Election Code, or a copy of the out-of-state committee's statement of organization filed as required by law with the FEC and certified by an officer of the out-of-state committee. *Id.* (e).

20. 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 FEC 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 FEC. 1 T.A.C. § 20.29(a).
21. The out-of-state committee information must be included in a report for each reporting period in which a political committee accepts a political contribution, even if the information was included in a prior report. Ethics Advisory Opinion No. 166 (1993).
22. An "out-of-state political committee" means a political committee that makes political expenditures outside this state and in the 12 months immediately preceding the making of a political expenditure by the committee inside this state (other than an expenditure made in connection with a campaign for a federal office or made for a federal officeholder), makes 80 percent or more of the committee's total political expenditures in any combination of elections outside this state and federal offices not voted on in this state. ELEC. CODE § 251.001(15).
23. The complaints allege that the respondent accepted political contributions from out-of-state political committees and failed to include the committees' FEC identification number on her October 2006 30-day and 8-day pre-election reports, and her January 2007 and January 2008 semiannual reports. The evidence indicates that these allegations were based, in part, on the fact that several contributions from political committees with out-of-state addresses did not disclose a political committee identification number.
24. The evidence indicates that the respondent disclosed a political contribution on her October 2006 30-day pre-election report and a political contribution on her October 2006 8-day pre-

election report from out-of-state political committees but did not provide an FEC identification number or other out of-state committee information. Therefore, there is credible evidence of a violation of section 253.032 of the Election Code and section 20.29 of the Ethics Commission Rules, related to the October 2006 pre-election reports.

25. The evidence indicates that the respondent also disclosed a political contribution on her October 2006 8-day pre-election report and three political contributions on her January 2007 semiannual report from political committees with out-of-state addresses. However, the evidence indicates that each of these political committees is a Texas political committee and that the committees made the contributions at issue. Thus, the evidence indicates that the respondent was not required to provide FEC identification numbers for the three contributions at issue in the January 2007 semiannual report and one of the contributions at issue in the October 2006 8-day pre-election report. Therefore, there is credible evidence of no violation of section 253.032 of the Election Code and section 20.29 of the Ethics Commission Rules related to these contributions.
26. The respondent disclosed a political contribution on her January 2008 semiannual report in the amount of \$500 from Comcast Corporation PAC, with a Philadelphia, Pennsylvania address, but did not provide an FEC identification number. The evidence indicates that there is a Texas MPAC and a federal political committee with the same name. However, neither the MPAC nor the federal committee reports disclosed a contribution to the respondent. Staff requested additional information regarding this contribution but did not receive it. Thus, there is insufficient evidence that the respondent was required to provide information related to out-of-state political committees for this contribution. Therefore, there is insufficient evidence of a violation of section 253.032 of the Election Code and section 20.29 of the Ethics Commission Rules with regard to this political contribution.

Corporate Contributions

27. A corporation may not make a political contribution or political expenditure that is not authorized by this subchapter. ELEC. CODE § 253.094.
28. A person may not knowingly make a political contribution in violation of this chapter nor knowingly accept a political contribution the person knows to have been made in violation of this chapter. ELEC. CODE § 253.003.
29. A political contribution means a campaign contribution or an officeholder contribution. ELEC. CODE § 251.001 (5). A 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. ELEC. CODE § 251.001(3). A contribution means a direct or indirect transfer of money, goods, services, or any other thing of value and

includes an agreement made or other obligation incurred, whether legally enforceable or not, to make a transfer. ELEC. CODE § 251.001(2).

30. The complaints allege that the respondent received several contributions from Adams Insurance Services and that these contributions were prohibited contributions from a corporation. The evidence indicates that the political contributions at issue were made from the account of Adams Insurance Service, a sole proprietorship. Thus, the evidence indicates that the contributions at issue were not made by a corporation. Therefore, there is credible evidence of no violation of sections 253.094 and 253.003 of the Election Code.

Reimbursement

31. Each campaign finance report filed by an officeholder is required to include the full name and address of the payees, and the dates and purposes of political expenditures that in the aggregate exceed \$50 to a single payee in the reporting period. ELEC. CODE § 254.031(a)(3).
32. A candidate who makes political expenditures from the candidate's personal funds may reimburse those personal funds from political contributions only if the expenditures from personal funds were fully reported as political expenditures, including the payees, dates, purposes, and amounts of the expenditures, and the report clearly designates those expenditures as having been made from the person's personal funds and that the expenditures are subject to reimbursement. ELEC. CODE § 253.035(h).
33. In the alternative, a candidate who makes political expenditures from the candidate's personal funds may report the amount expended as a loan and may reimburse personal funds from political contributions in the amount of the reported loan. ELEC. CODE § 253.0351(a).
34. A candidate is required to report a campaign expenditure from personal funds. An officeholder is not required to report an officeholder expenditure from personal funds unless he intends to be reimbursed from political contributions. A candidate's or officeholder's failure to comply with the disclosure requirements for the use of personal funds may not be cured by filing a corrected report after the report deadline has passed. A candidate or officeholder who has complied with the requirements and whose personal funds have been reimbursed from political contributions must report the amount of the reimbursement as a political expenditure in the report covering the period during which the reimbursement was made. Ethics Commission Rules § 20.63.
35. The complaint alleges that the respondent repaid a \$5,000 loan that was never reported. The respondent's July 2007 semiannual report disclosed an expenditure to Michael Riddle for \$5,000 for "Reimbursement of Personal Loan." The respondent corrected the report to disclose the purpose of the expenditure to be for "Reimbursement of expenditures made from personal funds on Schedule G."

36. The evidence indicates that the respondent disclosed loans and political expenditures from personal funds with the intent to seek reimbursement on several reports, totaling approximately \$121,290. The evidence indicates that the respondent has reimbursed herself, her business or her husband approximately \$36,000 prior to the reimbursement at issue. Thus, the evidence indicates that the respondent disclosed far more political expenditures from personal funds (approximately \$121,290) than she disclosed in political expenditures for reimbursement of these funds (approximately \$36,000). Therefore, there is credible evidence of no violation of sections 254.031 and 253.035 of the Election Code and section 20.63 of the Ethics Commission Rules related to the \$5,000 at issue.

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 these sworn complaints.
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 by the person or committee required to file a report, the full name and address of the person making the contributions, and the dates of the contributions; the amount of loans that are made during the reporting period for campaign or officeholder purposes to the person or committee required to file the report and that in the aggregate exceed \$50, the dates the loans are made, the interest rate, the maturity date, the type of collateral for the loans, if any, the full name and address of the person or financial institution making the loans, the full name and address, principal occupation, and name of the employer of each guarantor of the loans, the amount of the loans guaranteed by each guarantor, and 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; 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 total amount of all political contributions accepted and the total amount of all political expenditures made during the reporting period; and 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.

The respondent also acknowledges that each campaign finance report filed by a candidate must include the campaign treasurer's name, residence or business street address, and telephone number. The respondent acknowledges that each campaign finance report filed by a candidate for 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 the individual's principal occupation or job title. The respondent acknowledges that if a candidate or officeholder accepts political contributions totaling more than \$500 in a reporting period from an out-of-state political committee, the campaign treasurer must include as part of the report that covers the reporting period in which the contributions are accepted a written statement, certified by an officer of the out-of-state committee, listing the 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. The respondent further acknowledges that if a candidate or officeholder accepts political contributions totaling \$500 or less in a reporting period from an out-of-state political committee, the campaign treasurer must include as part of the report that covers the reporting period in which the contributions are accepted the same information for the out-of-state political committee required for general-purpose committees by sections 252.002 and 252.003 of the Election Code, 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. The respondent acknowledges that 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. 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 \$3,000 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 sworn complaints SC-280114 and SC-280236.

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

Deborah Riddle, Respondent

EXECUTED ORIGINAL received by the commission on: _____.

Texas Ethics Commission

By: _____
David A. Reisman, Executive Director