



TEXAS ETHICS COMMISSION MEETING MINUTES

Public Agenda

March 30, 2017, 1:03 p.m.
Capitol Extension, Room E1.014
Austin, Texas 78701



COMMISSIONERS PRESENT: Chase Untermeyer, Chair; Steven D. Wolens, Vice Chair, Hugh C. Akin, Jim Clancy, Chad M. Craycraft, Chris Flood and Mary K. "Katie" Kennedy.

COMMISSIONERS NOT PRESENT: Tom Ramsay.

STAFF PRESENT: Anitra Abdullah-Levy, Alicia Anderson, Amy Barden, Margie Castellanos, Robbie Douglas, Nick Espinosa, Betty Gallegos, Jessie Haug, Ferjie Hontanosas, Jessica Hurtado, Cristina Hernandez, Joseph Keeney, Becky Levy, John Moore, Patti Shannon, Ian Steusloff, Jim Tinley, Patty Williams and Seana Willing.

MINUTES

This meeting was recorded. These minutes are a summary record of the Commission's actions at the meeting. For a detailed record of discussions and statements made by persons speaking at the meeting, please consult the audio recordings on file at the Commission's office.

Agenda Item 1: Call to order; roll call.

The meeting was called to order by Chair Untermeyer. Seana Willing, Executive Director, called the roll. All Commissioners were present except Commissioners Clancy and Ramsay. Chair Untermeyer and Vice Chair Wolens addressed the Commission to welcome Commissioner Flood.

Commissioner Clancy arrived during this agenda item.

Agenda Item 2: Comments by the Executive Director.

Seana Willing, Executive Director, addressed the Commission, to announce retirement of John Moore, Director of Enforcement, effective March 31, 2017 and Robbie Douglas, Director of Disclosure Filings, effective April 30, 2017. Ms. Willing discussed the Commission's legislative appropriations requests, the status of the Senate and House versions of the agency's proposed budget for the 2018-2019 biennium, and the impact the proposed funding reductions will have on Commission staff and its ability to fulfill the agency's mission. Ms. Willing reported that the Commission has completed fiscal notes on 92 bills filed in the 85th Legislative session and that 15 of these bills would have a total fiscal impact on the Commission of approximately \$850,000. The Commission is identifying areas where reductions can be made without significant impact to key strategies, including ways to reduce the cost of transportation for Commissioners. Going forward, Commissioners who opt to travel to Commission meetings by means other than a mid-sized rental car, will only be reimbursed at the rental car (plus gas) rate.

Agenda Item 3: Comments by the Commissioners.

None.

Agenda Item 4: Approve minutes for the following meetings:

- Executive Session (litigation) – February 15, 2017;
- Public Meeting – February 15, 2017; and
- Formal Hearing – February 16, 2017.

Motion by Vice Chair Wolens to approve the meeting minutes listed under Agenda Item 4; second by Commissioner Flood. **Motion passed by a vote of seven ayes.**

Agenda Item 5: Briefing and discussion of ethics legislation in the 2017 legislative session, including status of Ethics Commission legislative recommendations.

Ian Steusloff, General Counsel, briefed the Commission on this agenda item. Chair Untermeyer and Vice Chair Wolens responded with questions and comments. No action was taken.

Agenda Item 6: Discussion and possible action on the Commission's authority to conduct random facial compliance reviews and full audits.

Ian Steusloff, General Counsel, briefed the Commission on this agenda item. Vice Chair Wolens and Ian Steusloff, General Counsel, responded with questions and comments. No action was taken.

Agenda Item 7: Public discussion and possible action on the proposal and publication in the Texas Register of an amendment to Ethics Commission Rules § 6.21 (Officers of the Commission).

Commissioner Clancy briefed the Commission on this agenda item. Chair Untermeyer, Vice Chair Wolens and Commissioners Clancy and Flood responded with questions and comments. Trey Trainor addressed the Commission. Vice Chair Wolens and Commissioners Clancy and Craycraft responded with questions and comments. Joe Nixon addressed the Commission. Vice Chair Wolens and Commissioner Craycraft responded with questions and comments. Motion by Commissioner Clancy to publish an amendment to Ethics Commission Rules § 6.21 in the Texas Register for public comment; second by Commissioner Craycraft. **Motion passed by a vote of seven ayes.**

Agenda Item 8: Public discussion and possible action on the adoption or proposal and publication in the Texas Register of rules regarding the disclosure of political expenditures to vendors and others, including an amendment to Ethics Commission Rules § 20.61 (Purpose of Expenditure).

Commissioner Craycraft briefed the Commission on this agenda item. Trey Trainor addressed the

Commission. Chair Untermeyer, Vice Chair Wolens, and Commissioners Craycraft and Kennedy responded with questions and comments. Motion by Commissioner Craycraft to publish new Ethics Commission Rule § 20.56 and an amendment to Ethics Commission Rules §§ 20.1 and 20.61 in the Texas Register for public comment; second by Commissioner Kennedy. **Motion passed by a vote of seven ayes.**

Agenda Item 9: Public discussion and possible action on the authority of Ethics Commission staff to negotiate the resolution of a sworn complaint, including Ethics Commission Rules § 12.81 (Technical, Clerical, or De Minimis Violations), relating to the procedures for investigating and resolving technical and clerical violations of laws within the Commission's jurisdiction as provided by section 571.0631 of the Government Code.

Ian Steusloff, General Counsel, briefed the Commission on this agenda item. Vice Chair Wolens and Commissioner Kennedy responded with questions and comments. Trey Trainor addressed the Commission. Chair Untermeyer and Vice Chair Wolens responded with questions and comments. No action was taken.

Commissioners Clancy and Craycraft left the dais briefly during this agenda item. Vice Chair Wolens left the dais during this agenda item.

Agenda Item 10: Public discussion and possible action on the proposal and publication in the Texas Register of new Ethics Commission Rules regarding sworn complaint procedures.

Ian Steusloff, General Counsel, briefed the Commission on this agenda item. Chair Untermeyer, Vice Chair Wolens and Commissioner Clancy responded with questions and comments. Joe Nixon addressed the Commission. Chair Untermeyer and Commissioners Clancy and Craycraft responded with questions and comments. Plans for a workshop to discuss these new rules were discussed. No action was taken.

Agenda Item 11: Discussion of Advisory Opinion Request No. 620: Questions regarding the reporting requirements and the legislative moratorium on contributions as applied to the misappropriation and return of legislative caucus contributions.

Chair Untermeyer and Ian Steusloff, General Counsel, briefed the Commission on this agenda item. Commissioners Akin, Craycraft, Flood and Kennedy, and Mr. Steusloff responded with questions and comments. Motion by Commissioner Akin to adopt Advisory Opinion Request No. 620 without changes; second by Commissioner Craycraft. Motion passed by a vote of seven ayes. **AOR-620 is adopted.**

Commissioner Akin was off the dais briefly during this agenda item. Vice Chair Wolens returned to the dais during this agenda item.

For Agenda Item 12, the following represents the actions taken by the Commission in the order they occurred during the meeting.

Agenda Item 12: Briefing, discussion, and possible action on appeals of determinations made under Ethics Commission Rules §§ 18.25 and 18.26 relating to administrative waiver or reduction of a fine, for the following individuals:

**2. Chris Dawkins (00080764)
Candidate, State Representative**

- 1) Report: 30-day pre-election report due April 7, 2016
Penalty: \$500 – reduction to \$300 (II-A, Level 2); reverted to \$500 due to no response
- 2) Report: 8-day pre-election report due April 29, 2016
Penalty: \$1,800 – reduction to \$500 (II-A, Level 3); reverted to \$1,800 due to no response
- 3) Report: personal financial statement due May 2, 2016
Penalty: \$500 – no waiver (II-A, Formals Chart)

Recommendation: None

Appeal Received: January 25, 2017

Mr. Dawkins appeared before the Commission. Amy Barden, Senior Legal Assistant, briefed the Commission on this agenda item. Chair Untermeyer, Commissioners Clancy, Craycraft and Kennedy responded with questions and comments. Motion by Commissioner Clancy to waive the penalties on Agenda Item 12, number 2; second by Commissioner Kennedy. **Motion to waive the penalties on Agenda Item 12, number 2 passed by a vote of seven ayes.**

**3. Thomas M. Manning (00029533)
Treasurer, Republican Party of Ellis County, Local (CEC)**

Report: 8-day pre-election report due October 31, 2016
Penalty: \$1,300 – reduction to \$600
Recommendation: None
Appeal Received: February 10, 2017

Mr. Manning appeared before the Commission. Amy Barden, Senior Legal Assistant, briefed the Commission on this agenda item. Commissioners Craycraft, Flood and Kennedy responded with questions and comments. Motion by Commissioner Craycraft to waive the penalty on Agenda Item 12, number 3; second by Commissioner Akin. **Motion to waive the penalty on Agenda Item 12, number 3 passed by a vote of seven ayes.**

**1. Donica ‘Butch’ Oberhoff (00069626)
Lobbyist**

Report: monthly lobby activities report due October 11, 2016
Penalty: \$500 – reduction to \$300
Recommendation: None
Appeal Received: January 26, 2017

Amy Barden, Senior Legal Assistant, briefed the Commission on this agenda item. Vice Chair Wolens,

Commissioners Akin, Craycraft and Flood responded with questions and comments. Motion by Commissioner Craycraft to affirm the reduction of the penalty to \$300 on Agenda Item 12, number 1; second by Vice Chair Wolens. **Motion to affirm the reduction of the penalty to \$300 on Agenda Item 12, number 1 passed by a vote of seven ayes.**

For Agenda Item 13, the following represents the actions taken by the Commission in the order they occurred during the meeting.

Agenda Item 13: Briefing, discussion, and possible action to waive or reduce the late-filing penalty in connection with a corrected report or to determine whether the corrected report as originally filed substantially complied with the applicable law for the following individuals and political committees:

**5. Leann K. Rafferty (00080287)
District Judge**

Report: 8-day pre-election report due February 22, 2016
Penalty: \$10,000
Recommendation Based on Commission Guidelines: reduction to \$1,000

Judge Rafferty appeared before the Commission. Amy Barden, Senior Legal Assistant, briefed the Commission on this agenda item. Chair Untermeyer, Vice Chair Wolens, Commissioners Akin, Craycraft, Flood and Kennedy, and Ian Steusloff, General Counsel, responded with questions and comments. Motion by Commissioner Craycraft to waive the penalty on Agenda Item 13, number 5; second by Commissioner Akin. **Motion to waive the penalty on Agenda Item 13, number 5 passed by a vote of seven ayes.**

**2. Stanley J. 'Stan' Hartzler (00056214)
Treasurer, 'CCRP' Caldwell County Republican Party (CEC)**

Report: 8-day pre-election report due October 31, 2016
Penalty: \$7,100
Recommendation Based on Commission Guidelines: substantial compliance.

**3. James D. 'Jim' Blume (00069231)
Treasurer, The Committee to Elect Judge Gena Slaughter**

Report: 8-day pre-election report due October 31, 2016
Penalty: \$8,100
Recommendation Based on Commission Guidelines: substantial compliance.

**4. Denise Baker (00016018)
Treasurer, 'DowPAC' The Dow Chemical Company Employees PAC**

Report: 8-day pre-election report due February 22, 2016
Penalty: \$10,000
Recommendation Based on Commission Guidelines: waiver.

Motion by Commissioner Akin to accept staff recommendations on Agenda Item 13, numbers 2 through 4; second by Commissioner Flood. **Motion to accept staff recommendations on Agenda Item 13, numbers 2 through 4 passed by a vote of seven ayes.**

**1. Thresa A. ‘Terry’ Meza (00069649)
Candidate, State Representative**

Report: 8-day pre-election report due October 31, 2016
Penalty: \$6,800
Recommendation Based on Commission Guidelines: substantial compliance.

Motion by Commissioner Clancy to accept staff recommendation on Agenda Item 13, number 1; second by Commissioner Craycraft. **Motion to accept staff recommendation on Agenda Item 13, number 1 passed by a vote of seven ayes.**

**6. John Halloran Romanow (00016232)
Treasurer, ‘TAS-PAC’ Texas Assn. Of Staffing PAC**

Report: 8-day pre-election report due April 29, 2016
Penalty: \$7,400
Recommendation Based on Commission Guidelines: reduction to \$1,000.

Motion by Commissioner Clancy to accept staff recommendation on Agenda Item 13, number 6; second by Commissioner Craycraft. **Motion to accept staff recommendation on Agenda Item 13, number 6 passed by a vote of seven ayes.**

Agenda Item 14: Discussion and possible action regarding the termination of a campaign treasurer appointment for the following inactive individuals and political committees:

CANDIDATE

1. Michael Alan Dougan (00060199)

Last report filed: Has never filed a report
Treasurer appointment filed: November 20, 2015
Office sought: Governor

2. Beverly Watts Davis (00080262)

Last report filed: Has never filed a report
Treasurer appointment filed: October 15, 2015
Office sought: State Representative, District 120

3. Mari Aguirre-Rodriguez (00080441)

Last report filed: Has never filed a report
Treasurer appointment filed: December 11, 2015
Office sought: State Representative, District 116

POLITICAL COMMITTEES**4. KEY PAC (00065246)
Jein Gadson, Treasurer**

Last report filed: July 15, 2015
Treasurer appointment filed: January 31, 2014

**5. New Leaders Texas PAC (00067438)
Jared G. LeBlanc, Treasurer**

Last report filed: Has never filed a report
Treasurer appointment filed: July 16, 2015

**6. Midland County Texas Democratic Women (00070088)
Virginia White, Treasurer**

Last report filed: July 15, 2015
Treasurer appointment filed: March 27, 2014

**7. American Protection Specialists - PAC (00070311)
Lydia B. Garza, Treasurer**

Last report filed: July 14, 2015
Treasurer appointment filed: March 17, 2015

**8. Politics HUB (00080098)
Brandy J. Dougan, Treasurer**

Last report filed: Has never filed a report
Treasurer appointment filed: July 16, 2015

**9. Poker in Texas (00080136)
Corey W. Nation, Treasurer**

Last report filed: Has never filed a report
Treasurer appointment filed: August 5, 2015

Agenda Item 14, number 4, was pulled from this agenda item; Robbie Douglas, Director of Disclosure Filings stated that Key PAC has now filed all of their reports. Motion by Vice Chair Wolens to adopt staff recommendations to terminate the campaign treasurer appointments on Agenda Item 13, numbers 1 through 3 and 5 through 9; second by Commissioner Craycraft. Motion passed by a vote of seven ayes.

Recommendations to terminate the campaign treasurer appointments are adopted on Agenda Item 14, numbers 1 through 3 and 5 through 9.

Agenda Item 15: Communication to the Commission from the public.

Joe Nixon addressed the Commission. Vice Chair Wolens and Commissioner Flood responded with questions and comments.

Agenda Item 16: Adjourn.

Motion by Commissioner Akin to adjourn; second by Commissioner Flood. **Motion to adjourn passed by a vote of seven ayes.**

Meeting adjourned at 3:34 p.m.