

TEXAS ETHICS COMMISSION

IN THE MATTER OF

DAVID SANCHEZ,

RESPONDENT

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BEFORE THE

TEXAS ETHICS COMMISSION

SC-32204189

ORDER and AGREED RESOLUTION

I. Recitals

The Texas Ethics Commission (Commission) met on September 28, 2022, to consider sworn complaint SC-32204189. A quorum of the Commission was present. The Commission determined that there is credible evidence of violations of Section 254.031 of the Election Code and Section 20.58 of the Ethics Commission Rules, 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 alleges that the respondent, as campaign treasurer for the specific-purpose committee Friends of Cameron County Arena, did not disclose political expenditures made for a website and social media advertising and management on the committee's 30-day pre-election report filed on April 6, 2022, in violation of Section 254.031 of the Election Code and Section 20.58 of the Ethics Commission Rules (related to the disclosure of unpaid incurred obligations).

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 is the campaign treasurer for the specific-purpose political committee Friends of Cameron County Arena (the PAC).
2. The complaint alleged that the respondent did not report political expenditures for political advertising on the PAC's 30-day pre-election report.
3. The information submitted with the complaint shows that the respondent reported \$0 in political expenditures on the PAC's 30-day pre-election report, filed on April 6, 2022. The complaint also included photographs of the PAC's Facebook page, which included several political advertising graphics and the page information for the Facebook page, which indicated that the page was managed by Imagine It Studios.

4. In response to the complaint, the respondent swore that the PAC had received two unpaid invoices from Imagine It Studios LLC during the time period covered by the 30-day pre-election report that had not been conveyed to the respondent for reporting. The respondent filed an amended 30-day pre-election report on April 29, 2022, disclosing two unpaid incurred obligations to Imagine It Studios LLC that totaled \$5,629.
5. Each report must include the amount of political expenditures that in the aggregate exceed \$100 (\$190 as of January 1, 2022), 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. Tex. Elec. Code § 254.031(a)(3); 46 Tex. Reg. 9233 (2021) (codified at 1 Tex. Admin. Code § 18.31) (Tex. Ethics Comm'n). Further, each campaign finance report must include the total amount of all political contributions accepted and the total amount of all political expenditures made during the reporting period. Tex. Elec. Code § 254.031(a)(6).
6. "Expenditure" means a payment of money or any other thing of value and includes an agreement made or other obligation incurred, whether legally enforceable or not, to make a payment. Tex. Elec. Code § 251.001(6). An expenditure that is not paid during the reporting period in which the obligation to pay the expenditure is incurred shall be reported on the Unpaid Incurred Obligations Schedule for the reporting period in which the obligation to pay is incurred. 1 Tex. Admin. Code § 20.58(a).
7. Credible evidence indicates that the respondent failed to include two unpaid incurred obligations on the PAC's 30-day pre-election report, either on Schedule F2 for unpaid incurred obligations or on the second page of the report cover sheet, where total political expenditures during the reporting period are required to be disclosed. Therefore, credible evidence indicates violations of Sections 254.031(a)(3) and 254.031(a)(6) of the Election Code and Section 20.58 of the Ethics Commission Rules.

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) each report must include the amount of political expenditures that in the aggregate exceed \$100 (\$190 as of January 1, 2022), 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; 2) each report must

include the total amount of all political contributions accepted and the total amount of all political expenditures made during the reporting period; and 3) an expenditure that is not paid during the reporting period in which the obligation to pay the expenditure is incurred shall be reported on the Unpaid Incurred Obligations Schedule for the reporting period in which the obligation to pay is incurred. The respondent agrees to comply with these requirements of the law.

V. 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.

VI. Sanction

After considering the seriousness of the violations described under Section III, including the nature, circumstances, consequences, extent, gravity of the violations, and after considering the sanction necessary to deter future violations, the Commission imposes a \$150 civil penalty.

VII. 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-32204189.

AGREED to by the Respondent on this _____ day of _____, 2022.

David Sanchez, Respondent

EXECUTED by the Commission on: _____.

Texas Ethics Commission

By: _____
J.R. Johnson, Executive Director