



TEXAS ETHICS COMMISSION MEETING MINUTES

Public Meeting Minutes

August 15, 2016, 10:19 a.m.
Capitol Extension, Room E1.014
Austin, Texas 78701



COMMISSIONERS PRESENT: Chase Untermeyer, Chair; Hugh C. Akin, Jim Clancy, Wilhelmina Delco, Bob Long, and Tom Ramsay.

COMMISSIONERS NOT PRESENT: Tom Harrison, Vice Chair; Paul W. Hobby.

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

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. Natalia Luna Ashley, Executive Director, called the roll. All Commissioners were present except Vice Chair Harrison and Commissioner Hobby.

Agenda Item 2: Communication to the Commission by the public.

Joseph M. Nixon, representing Empower Texans, addressed the Commission and provided a handout to the Commissioners. Trey Trainor, representing himself, addressed the Commission.

Agenda Item 3: Comments by the Executive Director.

Natalia Luna Ashley, Executive Director, addressed the Commission. The July 8, 2016, symposium in Lewisville, Texas went very well. The Commission has plans to hold two half-day trainings sessions for Campaign/Officeholders at the Texas Capitol in January, 2017, and one all-day training in Houston in Spring 2017. Commission staff has also spoken at trainings given by other agencies, including the Secretary of State and the Texas Chapter of the Association of Inspectors General. The Commission released a comma-separated value (CSV) verifier on August 12, 2016, which will verify a filer's contributions and expenditures data before it is imported to a report in the campaign finance electronic

filing application to make sure that the format is correct. A short video on how the program works will be completed shortly.

Agenda Item 4: Comments by the Commissioners.

Commissioner Clancy addressed the Commission.

Agenda Item 5: Approve minutes for the following meetings:

- Executive Session (discussion of pending litigation) – June 1, 2016; and
- Public Meeting – June 1, 2016.

Motion by Commissioner Delco to approve the meeting minutes listed under Agenda Item 5; second by Commissioner Long. **Motion passed by unanimous consent.**

Agenda Item 6: Discussion of Advisory Opinion Request No. AOR-613: Whether a political advertising disclosure statement is required to be included in political advertising broadcast by radio.

Emily Kebodeaux, General Counsel for Texas Right to Life, addressed the Commission. Commissioner Clancy and Ian Steusloff, General Counsel, responded with questions and comments. Trey Trainor, representing Texas Right to Life, addressed the Commission. Commissioner Clancy responded with questions and comments. Mr. Steusloff briefed the Commission on this agenda item. Chair Untermeyer, Commissioner Clancy, and Natalia Luna Ashley, Executive Director, responded with questions and comments. Motion by Commissioner Akin to adopt AOR-613 without changes; second by Commissioner Delco. Motion passed by a vote of six ayes. **AOR-613 is adopted.**

Agenda Item 7: Public discussion and possible action on the proposal and publication in the Texas Register of an amendment to Ethics Commission Rules § 26.1 (Disclosure Statement), to clarify how a political advertising disclosure statement must be included in political advertising in audio form, including broadcasts by radio.

Ian Steusloff, General Counsel, briefed the Commission on this agenda item. Trey Trainor, representing himself, addressed the Commission. Chair Untermeyer, Commissioner Clancy, Natalia Luna Ashley, Executive Director, and Mr. Steusloff responded with questions and comments. Motion by Commissioner Clancy to publish an amendment to Ethics Commission Rules § 26.1 in the Texas Register for public comment; second by Commissioner Ramsay. **Motion passed by a vote of six ayes.**

Agenda Item 8: Public discussion and possible action on the proposal and publication in the Texas Register of a new Ethics Commission Rules § 20.60 (Reporting Political Expenditures for Processing Fees), regarding the disclosure of multiple payments in a reporting period to a single person for fees to process political contributions.

Ian Steusloff, General Counsel, briefed the Commission on this agenda item. Chair Untermeyer, Commissioner Long, Natalia Luna Ashley, Executive Director, and Mr. Steusloff responded with questions and comments. Motion by Commissioner Long to publish new Ethics Commission Rules § 20.60, as amended, in the Texas Register for public comment; second by Commissioner Clancy. **Motion passed by a vote of six ayes.**

Agenda Item 9: Public discussion and possible action on the proposal and publication in the Texas Register of a new Ethics Commission Rules § 20.56 (Expenditures Involving Consultants) and an amendment to Ethics Commission Rules § 20.61 (Purpose of Expenditure), regarding the disclosure of political expenditures made to consultants.

Ian Steusloff, General Counsel, briefed the Commission on this agenda item. Chair Untermeyer, Commissioners Clancy, Delco, Long, and Ramsay, and Mr. Steusloff responded with questions and comments. Motion by Commissioner Clancy to publish new Ethics Commission Rules § 20.56 and an amendment to Ethics Commission Rules § 20.61 in the Texas Register for public comment, as amended; second by Commissioner Long. **Motion passed by a vote of six ayes.**

Agenda Item 10: Public discussion and possible action on the requirement that a campaign finance report include the total amount of political contributions maintained at the end of the reporting period under § 254.031(a)(8) of the Election Code and Ethics Commission Rules § 20.50.

Ian Steusloff, General Counsel, briefed the Commission on this agenda item. Chair Untermeyer, Commissioners Akin, Clancy, Long, and Ramsay, and Natalia Luna Ashley, Executive Director, responded with questions and comments. Donna Davidson, representing herself, addressed the Commission. A subcommittee of Commissioners Clancy and Ramsay was appointed to draft the proposed rule. No action was taken.

Agenda Item 11: Public discussion and possible action on the proposal and publication in the Texas Register of the repeal of Ethics Commission Rules § 34.43(b) (Compensation and Reimbursement Threshold), regarding an exception to the lobby registration requirement for compensation if no more than 5% of a person's compensated time during a calendar quarter is spent engaging in lobby activity.

Ian Steusloff, General Counsel, briefed the Commission on this agenda item. Jack Gullahorn, representing himself and Jack W. Gullahorn, P.C., addressed the Commission. Chair Untermeyer, and Natalia Luna

Ashley, Executive Director, responded with questions and comments. No action was taken.

Agenda Item 12: Public discussion and possible action on the adoption or proposal and publication in the Texas Register of a new Ethics Commission Rules § 40.11 (Publicly Traded Corporation as Source of Income over \$500), regarding the identification on a personal financial statement of a publicly traded corporation from which income in excess of \$500 is derived.

Ian Steusloff, General Counsel, briefed the Commission on this agenda item. Commissioner Clancy and Natalia Luna Ashley, Executive Director, responded with questions and comments. Motion by Commissioner Clancy to adopt new Ethics Commission Rules § 34.14; second by Commissioner Ramsay. **Motion passed by a vote of six ayes.**

Agenda Item 13: Briefing, discussion, and possible action to waive or reduce certain penalties assessed for campaign finance reports and personal financial statements filed late due to issues with the new electronic filing application for the following individuals and political committee.

**1. Adolfo D. Lopez (80091)
Candidate, State Representative**

Report: semiannual report due January 15, 2016
Penalty: \$500
Recommendation: Waiver

**2. William R. Bates, Jr. (66504)
Candidate, State Representative**

Report: semiannual report due January 15, 2016
Penalty: \$500
Recommendation: Waiver

**3. Philip M. Gommels (80199)
Candidate, District Judge**

Report: semiannual report due January 15, 2016
Penalty: \$500
Recommendation: Waiver

**4. J.M. 'Chuy' Alvarez (51932)
Candidate, District Attorney**

Report: semiannual report due January 15, 2016
Penalty: \$500
Recommendation: Waiver

5. Frank J. Corte, Jr. (20036)
Former State Representative

Report: annual report of unexpended contributions due January 15, 2016
Penalty: \$500
Recommendation: Waiver

6. Glenn A. Johnson (80531)
Treasurer, PGISD Better Education

Report: semiannual report due January 15, 2016
Penalty: \$500
Recommendation: Waiver

7. Andrea G. Martin Edmondson (69228)
District Judge

Report: semiannual report due July 15, 2015
Penalty: \$500
Recommendation: Waiver

8. Eric D. Mahroum (69162)
Candidate, State Board of Education

Report: semiannual report due July 15, 2015
Penalty: \$500
Recommendation: Waiver

9. Lance N. Christian (80484)
Candidate, Railroad Commissioner

Report: personal financial statement due February 12, 2016
Penalty: \$500
Recommendation: Waiver

10. Kelli Johnson (80581)
Candidate, District Judge

Report: personal financial statement due February 12, 2016
Penalty: \$500
Recommendation: Waiver

11. Edward Pollard (80307)
Candidate, State Representative

Report: personal financial statement due February 12, 2016
Penalty: \$500
Recommendation: Waiver

12. Jeffrey A. 'Jeff' Lane (80152)
Candidate, State Representative

Report: personal financial statement due February 12, 2016
Penalty: \$500
Recommendation: Waiver

13. Wesley Lloyd (64047)
Member, Board for Lease of Texas Parks and Wildlife Lands

Report: personal financial statement due May 2, 2016
Penalty: \$500
Recommendation: Waiver

14. Rodolfo G. Ramos, Jr. (65625)
Member, Texas State Board of Dental Examiners

Report: personal financial statement due May 2, 2016
Penalty: \$500
Recommendation: Waiver

15. Michael Louis Vickers (59909)
Member, Texas Animal Health Commission

Report: personal financial statement due May 2, 2016
Penalty: \$500
Recommendation: Waiver

16. Julie Oakley (66853)
Trustee, Texas Municipal Retirement System

Report: personal financial statement due May 2, 2016
Penalty: \$500
Recommendation: Waiver

17. James Oakley (66593)
Member, Texas Commission on Law Enforcement

Report: personal financial statement due May 2, 2016
Penalty: \$500
Recommendation: Waiver

18. Scott A. McDonald (67414)
Member, Texas Industrialized Building Code Council

Report: personal financial statement due May 2, 2016
Penalty: \$500

Recommendation: Waiver

**19. George F. Francis, IV (67524)
Member, Texas State Board of Examiners of Marriage and Family Therapists**

Report: personal financial statement due May 2, 2016
Penalty: \$500
Recommendation: Waiver

Chair Untermeyer addressed the Commission on this agenda item. Chair Untermeyer, Commissioners Delco and Long, Natalia Luna Ashley, Executive Director, Amy Barden, Senior Legal Assistant, and Robbie Douglas, Director of Disclosure Filings, responded with questions and comments. Motion by Commissioner Long to accept staff's recommendation and waive the penalties on Agenda Item 13, numbers 1 through 19; second by Commissioner Delco. **Motion to accept staff's recommendations and waive the penalties on Agenda Item 13, numbers 1 through 19, passed by a vote of six ayes.**

Agenda Item 14: Briefing, discussion, and possible action on appeals to determinations made under Ethics Commission Rules §§ 18.25 and 18.26 relating to administrative waiver or reduction of a fine, for the following individuals:

**1. Sergio Muñoz, Jr. (00065967)
State Representative**

Report: personal financial statement due February 12, 2016
Penalty: \$500 – reduction to \$400
Recommendation: None
Appeal Received: May 6, 2016 (this item was postponed at the June meeting at the filer's request)

**2. Patrick O. Eronini, Sr. (00080390)
Candidate, County Party Chair**

Report: 8-day pre-election report due February 22, 2016
Penalty: \$4,800 – reduction to \$850
Recommendation: None
Appeal Received: June 9, 2016

Chair Untermeyer and Amy Barden, Senior Legal Assistant, briefed the Commission on this agenda item. Chair Untermeyer and Natalia Luna Ashley, Executive Director, responded with questions and comments. No action was taken. **The determinations made under Ethics Commission Rules § 18.26 to reduce the penalties on Agenda Item 14, numbers 1 and 2, stand due to lack of a motion.**

Agenda Item 15: 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 political committee:

1. **Shane Smith (00080854)**
Treasurer, Citizens for Cooper

Report: 8-day pre-election report due April 29, 2016

Penalty: \$1,400

Recommendation Based on Commission Guidelines: Waiver

Amy Barden, Senior Legal Assistant, briefed the Commission on this agenda item. Motion by Commissioner Long to accept staff recommendation and waive the penalty on Agenda Item 15, number 1; second by Commissioner Delco. **Motion to waive the penalty on Agenda Item 15, number 1, passed by a vote of six ayes.**

Agenda Item 16: Discussion and possible action regarding the termination of a campaign treasurer appointment for the following inactive individuals and political committees:

CANDIDATES

1. **Marilynn S. Mayse (00080059)**

Last report filed: Report has never been filed

Treasurer appointment filed: June 27, 2015

2. **Richard J. Phillips (00057527)**

Last report filed: March 17, 2015

Treasurer appointment filed: June 29, 2005

POLITICAL COMMITTEES

1. **Del Rio Police Officers' Association Political Action Committee (00063507)**
Mark Anthony Guerra, Treasurer

Last report filed: April 7, 2015

Treasurer appointment filed: January 13, 2014

2. **Texas Card Players Association Political Action Committee (00065814)**
William Elliott, Treasurer

Last report filed: July 15, 2014

Treasurer appointment filed: July 1, 2009

3. Geo-PAC (00068242)
Robbin K. Voight, Treasurer

Last report filed: January 15, 2015
Treasurer appointment filed: February 24, 2012

4. Second Chance Democrats (00070398)
Sean M. McDonald, Treasurer

Last report filed: January 15, 2015
Treasurer appointment filed: October 2, 2014

5. Black Firefighters United PAC (00080045)
Lamonry Lott, Treasurer

Last report filed: Report has never been filed
Treasurer appointment filed: June 6, 2015

Chair Untermeyer briefed the Commission on this agenda item. Motion by Commissioner Delco to adopt staff recommendations to terminate the campaign treasurer appointments on Agenda Item 20, Candidates, numbers 1 through 2, and Political Committees, Number 1 through 5; second by Commissioner Akin. Motion passed by a vote of six ayes. **Recommendations to terminate the campaign treasurer appointments are adopted on Agenda Item 16, Candidates, numbers 1 through 2, and Political Committees, Number 1 through 5.**

Agenda Item 17: Reports more than 30 days late: Discussion and possible action regarding the imposition of an additional fine on the following filers:

Candidates/Officeholders

1. Veronica Aleman (00080612)
2. Dane A.N. Eyerly (00080231)

Political Committees

3. Lamonry Lott, Sr., Treasurer, Black Firefighters United PAC (00080045)
4. Sean M. McDonald, Treasurer, Second Chance Democrats (PAC) (00070398)

Personal Financial Statement

5. Hope L. Knight (00070580)

Lobbyists

6. Tony Hernandez (00068843)
7. Brett R. Kerr (00061161)

Natalia Luna Ashley, Executive Director, requested that Agenda Item 17, Number 7, be pulled from consideration because Mr. Kerr has filed the report. Commissioner Akin questioned the recommended penalties on Number 3; Ms. Ashley and Robbie Douglas, Director of Disclosure Filings, responded with questions and comments. Motion by Commissioner Akin to accept staff recommendations on Agenda Item 17, Numbers 1, 2 and 4 through 6, which would increase the penalty in all cases to \$1,500, and to raise the penalty in Agenda Item 17, Number 3, to a total of \$3,000; second by Commissioner Long. **Motion to accept staff recommendations on Agenda Item 17, Numbers 1, 2 and 4 through 6, which would increase the penalty in all cases to \$1,500, and to raise the penalty in Agenda Item 17, Number 3, to a total of \$3,000, passed by a vote of six ayes.**

Agenda Item 18: Discussion and possible action on the Texas Ethics Commission Legislative Appropriation Request for Fiscal Years 2018 and 2019.

Discussion on this agenda item was postponed; no action was taken.

Agenda Item 19: Report by subcommittee of Commissioners regarding recommendations for statutory changes to the 85th Legislature as required by section 571.073 of the Government Code and discussion about other recommendations Commissioners may want to consider.

Discussion on this agenda item was postponed; no action was taken.

Agenda Item 20: Adjourn.

Motion by Commissioner Delco to adjourn; second by Commissioner Ramsay. **Motion passed by unanimous consent.**

Meeting adjourned at 12:45 p.m.