

TEXAS ETHICS COMMISSION

IN THE MATTER OF	§	BEFORE THE
	§	
MATTHEW ANGLE,	§	
CAMPAIGN TREASURER,	§	TEXAS ETHICS COMMISSION
LONE STAR PROJECT NONFEDERAL	§	
	§	
RESPONDENT	§	SC-31405112

ORDER and AGREED RESOLUTION

I. Recitals

The Texas Ethics Commission (Commission) met on July 11, 2017, to consider sworn complaint SC-31405112. 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 credible evidence of technical or *de minimis* violations of section 254.151 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, in multiple campaign finance reports: 1) did not properly disclose in multiple campaign finance reports political expenditures and the total amount of political contributions maintained; 2) accepted a political contribution from a corporation or labor organization; 3) did not properly disclose a contribution from a corporation or labor organization made and accepted under Subchapter D, Chapter 253 of the Election Code; and 4) did not include in multiple campaign finance reports the name of each identified candidate or classification by party of candidates supported or opposed by the committee, indicating whether the committee supports or opposes each listed candidate or classification by party of candidates, and the name of each identified officeholder or classification by party of officeholders assisted by the committee.

III. Facts Supported by Credible Evidence

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

1. The respondent is the campaign treasurer of Lone Star Project Nonfederal, a general-purpose political committee that files with the Commission and is associated with a political committee that files with the Federal Election Commission ("FEC").

2. The reports at issue are the 8-day pre-election report for the May 2012 primary election; 8-day pre-election report for the July 2012 runoff election; 30-day and 8-day pre-election reports for the November 2012 general election; January and July 2013 semiannual reports; January 2014 semiannual report; and 30-day and 8-day pre-election reports for the March 2014 primary election.

Identification of Candidates Supported or Opposed and Officeholders Assisted

3. The complaint alleged that the respondent did not include in multiple campaign finance reports the name of each identified candidate or classification by party of candidates supported or opposed by the committee, and the name of each identified officeholder or classification by party of officeholders assisted by the committee.
4. In the 30-day pre-election report for the May 2012 primary election; 8-day pre-election report for the July 2012 runoff election; 30-day pre-election report for the November 2012 general election; January and July 2013 semiannual reports; January 2014 semiannual report; and 30-day and 8-day pre-election reports for the March 2014 primary election, the respondent disclosed 20 political expenditures on Schedule F (used to disclose political expenditures), which totaled \$212,294 and were described as contributions to or expenditures in support of 14 candidates or officeholders. In the 8-day pre-election report for the November 2012 general election and the July 2013 and January 2014 semiannual reports, the respondent disclosed five political expenditures described as contributions to a political party totaling \$35,500.
5. The respondent left the committee activity sections of the reports at issue blank. He did not correct the reports to disclose the names of candidates, officeholders, or political parties in the committee activity sections of the reports at issue.

Descriptions of Political Expenditures

6. The complaint alleged that the respondent did not properly disclose the descriptions of specified political expenditures.
7. In the 30-day pre-election report for the November 2012 general election, the January and July 2013 and the January 2014 semiannual reports, and the 30-day and 8 day pre-election reports for the March 2014 primary election, the respondent disclosed the descriptions of 34 political expenditures totaling \$564,684.65 to Lone Star Fund – Federal Account as "Transfer for Allocated Expenses" under the category "Other – Transfer." In the 30-day pre-election report for the November 2012 general election, the respondent disclosed one political expenditure of \$2,500 to "Texas Justice Fund" as "Donation" under the category "Other – Donation."

8. In response to the complaint, the respondent swore that the political expenditures to "Lone Star Fund – Federal Account" were transfers from the committee to its associated federal committee, which were made pursuant to FEC allocation rules. The respondent did not address the political expenditure described as a donation to Texas Justice Fund in his response.

Actual Payees of Political Expenditures

9. The complaint alleged that the respondent did not properly disclose the actual payee of specified political expenditures on the 30-day and 8-day pre-election reports for the November 2012 general election; and the January 2013 and January 2014 semiannual reports.
10. The political expenditures at issue were disclosed as follows:

30-day Pre-election Report for the November 2012 General Election

\$120.45 to Angle Strategies for "Shipping" on August 24, 2012.

8-day Pre-election Report for the November 2012 General Election

\$299.80 to [an individual] for "Public Records Request" on October 10, 2012.

January 2013 Semiannual Report

\$1,600 to Angle Mastagni & Matthews Political Strategies LLC ("AMMPS LLC," a political consulting firm), for "Polling Services" on October 31, 2012.

\$368.02 to Angle Strategies for "Office Equipment" on November 28, 2012.

\$1,021.30 to Angle Strategies for "Travel" on November 28, 2012.

January 2014 Semiannual Report

\$574.80 to Angle Strategies for "In-Kind Catering to Wendy Davis Campaign" on August 9, 2013.

11. The respondent corrected the reports at issue to disclose the payee of the political expenditure described as "Shipping" as "FedEx;" the payee of the political expenditure described as "Public Records Request" as "Texas House of Representatives;" the payee of the political expenditure described as "Travel" as "Hertz;" the payee of the political expenditure described as "Office Equipment" as "Staples;" and the payee of the political expenditure described as "In-Kind Catering to Wendy Davis Campaign" as "Avalon Caterers."

12. The respondent is the campaign treasurer and a contribution decision maker for the committee. At all times relevant to the complaint, the respondent had a controlling interest in Angle Strategies.
13. The respondent swore that none of the political expenditures at issue were made as a reimbursement to a staff member.

Total Political Contributions Maintained

14. The complaint alleged that the respondent did not properly disclose the amount of total political contributions maintained as of the last day of the reporting period in the 8-day pre-election report for the November 2012 general election, the January and July 2013 and the January 2014 semiannual reports, and the 30-day and 8-day pre-election reports for the March 2014 primary election.
15. In response to the complaint, the respondent swore that he properly disclosed the amount of total political contributions maintained as of the last day of each reporting period, in accordance with section 20.50(a) of the Ethics Commission Rules.

Acceptance and Reporting of Contribution from a Labor Organization

16. The complaint alleged that the respondent accepted a political contribution from a corporation or labor organization.
17. In the January 2014 semiannual report, the respondent disclosed a \$1,500 political contribution from "Texas AFL-CIO General Fund" on Schedule A (used to disclose political contributions).
18. In response to the complaint, the respondent swore that the contribution was accepted pursuant to section 253.100 of the Election Code, which allows a labor organization to make political expenditures to finance the establishment or administration of a general-purpose political committee and to finance the solicitation of contributions to the committee from certain members of one or more corporations. The respondent corrected the report to disclose the contribution on Schedule C-2 (used to disclose corporate or labor organization contributions for administration/solicitation).

IV. Findings and Conclusions of Law

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

Identification of Candidates Supported or Opposed and Officeholders Assisted

1. A campaign finance report of a general-purpose political committee must include the name of each identified candidate or measure or classification by party of candidates supported or opposed by the committee, indicating whether the committee supports or opposes each listed candidate, measure, or classification by party of candidates. ELEC. CODE § 254.151(4).
2. A campaign finance report of a general-purpose political committee must include the name of each identified officeholder or classification by party of officeholders assisted by the committee. *Id.* § 254.151(5).
3. The respondent is the campaign treasurer of a general-purpose political committee. In the 30-day pre-election report for the May 2012 primary election; 8-day pre-election report for the July 2012 runoff election; 30-day and 8-day pre-election reports for the November 2012 general election; January and July 2013 semiannual reports; January 2014 semiannual report; and 30-day and 8-day pre-election reports for the March 2014 primary election, the respondent disclosed political expenditures to support candidates or officeholders and a political party.
4. The respondent did not disclose any candidates or party classification of candidates supported or opposed by the committee or officeholders or classification by party of officeholders assisted by the committee in the committee activity sections of the reports at issue. However, information showing which candidates, officeholders, and/or political party the committee supported was readily available on Schedule F of each report wherein a political expenditure supporting a candidate, officeholder, or political party was disclosed, and the incomplete information was not misleading, nor did it substantially affect disclosure. Therefore, there is credible evidence of technical or *de minimis* violations of section 254.151(4) and (5) of the Election Code.

Descriptions of Political Expenditures

5. A campaign finance report must include the amount of political expenditures that in the aggregate exceed \$100 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).
6. For reporting required under section 254.031 of the Election Code, the purpose of an expenditure means: (1) A description of the category of goods, services, or other thing of

value for which an expenditure is made. (2) A brief statement or description of the candidate, officeholder, or political committee activity that is conducted by making the expenditure. The brief statement or description must include the item or service purchased and must be sufficiently specific, when considered within the context of the description of the category, to make the reason for the expenditure clear. Merely disclosing the category of goods, services, or other thing of value for which the expenditure is made does not adequately describe the purpose of an expenditure. Ethics Commission Rules § 20.61(a).

7. The descriptions of the political expenditures at issue were adequate and substantially describe the activity conducted by making the expenditures. There is no indication the political expenditure to "Texas Justice Fund" was not a contribution/donation. There is credible evidence of no violation of section 254.031(a)(3) of the Election Code and section 20.61 of the Ethics Commission Rules.

Actual Payees of Political Expenditures

8. A campaign finance report must include the amount of political expenditures that in the aggregate exceed \$100 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).
9. Section 20.62 of the Ethics Commission Rules addresses reporting staff reimbursements. *See* Ethics Commission Rules § 20.62.
10. According to the respondent's sworn statements, none of the payees at issue were staff members of the political committee. None of the political expenditures were described as reimbursements to staff members. Therefore, there is credible evidence of no violations of section 20.62 of the Ethics Commission Rules.
11. There is no indication that AMMPS LLC used the \$1,600 political expenditure to pay third parties for polling services on behalf of the committee. Therefore, there is credible evidence of no violation of section 254.031(a)(3) of the Election Code with respect to this political expenditure.
12. With respect to the four political expenditures to Angle Strategies, because the respondent had a controlling interest in Angle Strategies, the respondent had control over how the funds from the committee were spent and was therefore required to itemize any political expenditure over \$100. The respondent corrected the applicable reports to disclose the actual payees of political expenditures for which Angle Strategies was the intermediary. With respect to the political expenditure described as "Public Records Request," the respondent corrected the report to disclose the actual payee as "Texas House of Representatives." Therefore, there is credible evidence of violations of section 254.031(a)(3) of the Election Code with respect to these five political expenditures totaling \$2,384.37.

Total Political Contributions Maintained

13. 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).
14. 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).
15. The respondent swore that he properly disclosed the amount of total political contributions maintained as of the last day of each reporting period, in accordance with section 20.50(a) of the Ethics Commission Rules. The complaint did not provide any evidence showing that the disclosed amounts were incorrect. There is insufficient evidence of a violation of section 254.031(a)(8) of the Election Code.

Acceptance and Reporting of Contribution from a Labor Organization

16. A person may not knowingly accept a political contribution the person knows to have been made in violation of chapter 253 of the Election Code. ELEC. CODE § 253.003(b).
17. A corporation or labor organization may not make a political contribution that is not authorized by Subchapter D of Chapter 253 of the Election Code. *Id.* § 253.094(a).
18. A corporation, acting alone or with one or more other corporations, may make one or more political expenditures to finance the establishment or administration of a general-purpose committee. *Id.* § 253.100(a). A labor organization may engage in activity authorized for a corporation by this section. *Id.* § 253.100(c).
19. Section 253.100 of the Election Code does not restrict the form that a corporation or labor organization may choose to make a permitted administrative expense. Therefore, Title 15 of the Election Code does not prohibit a corporation or labor organization from making a contribution of money to a general-purpose committee, provided the subsequent expenditures from those contributions would be permitted under section 253.100 of the Election Code. Ethics Advisory Opinion No. 132 (1993).
20. Each report by a campaign treasurer of a general-purpose committee must include on a separate page or pages of the report, the identification of any contribution from a corporation

or labor organization made and accepted to establish or administer the political committee. ELEC. CODE § 254.151(8).

21. There is credible evidence that the committee accepted a contribution from a labor organization. However, there is insufficient evidence to show whether the contribution was not permitted under section 253.100 of the Election Code and Ethics Advisory Opinion No. 132. There is insufficient evidence of a violation of sections 253.003(b) and 253.094 of the Election Code.
22. The respondent swore that the contribution was made to the committee with the restriction that it be used for administrative expenses permitted by section 253.100 of the Election Code. The respondent originally disclosed the contribution on Schedule A and filed a corrected report to disclose the political contribution on Schedule C-2. Therefore, there is credible evidence of a technical or *de minimis* violation of section 254.151(8) of the Election Code.

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 campaign finance reports must include: 1) the amount of political expenditures that in the aggregate exceed \$100 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) the name of each identified candidate or measure or classification by party of candidates supported or opposed by the committee, indicating whether the committee supports or opposes each listed candidate, measure, or classification by party of candidates; 3) the name of each identified officeholder or classification by party of officeholders assisted by the committee; and 4) on a separate page or pages of the report, the identification of any contribution from a corporation or labor organization made and accepted to establish or administer the political committee. The respondent agrees to comply with these requirements of the law.

VI. Confidentiality

This order and agreed resolution describes certain 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 nature, circumstances, and consequences of the violations described under Sections III and IV, and after considering the sanction necessary to deter future violations, the Commission imposes a \$1,000 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 SC-31405112.

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

Matthew Angle, Respondent

EXECUTED ORIGINAL received by the Commission on: _____.

Texas Ethics Commission

By: _____
Seana Willing, Executive Director