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TEXAS ETHICS COMMISSION

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IN THE MATTER OF

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BEFORE THE

KRISTINE SCHWOPE,
PAC CHAIR,
VOTE YES FOR RISD KIDS,

TEXAS ETHICS COMMISSION

RESPONDENT

SC-32306203CI

RECEIVED
MAR 11 2024
Texas Ethics Commission

**ORDER
and
AGREED RESOLUTION**

I. Recitals

The Texas Ethics Commission (TEC) met on March 20, 2024, to consider sworn complaint SC-32306203CI, which was initiated by the TEC on June 27, 2023. A quorum of the TEC was present. The TEC determined that there is credible evidence of violations of Sections 254.001(b), 254.031, 254.123, and 254.124 of the Election Code, laws administered and enforced by the TEC. To resolve and settle this complaint without further proceedings, the TEC adopted this resolution.

II. Allegations

The complaint alleged that, between March 23, 2021 through present, as chair of the specific-purpose committee Vote Yes for RISD Kids, the respondent: 1) did not fully disclose the PAC's political expenditures and/or political contributions, in violation of Section 254.031 of the Election Code; 2) knowingly accepted political contributions totaling more than \$500 (\$910 as of January 1, 2021) or made or authorized political expenditures totaling more than \$500 (\$910 as of January 1, 2021) at a time when a campaign treasurer appointment for the PAC was not in effect, in violation of Section 253.031(b) of the Election Code; 3) failed to maintain a record of the PAC's reportable activity, in violation of Section 254.001(b) of the Election Code; and 4) did not cover the correct statutorily required reporting periods for the PAC's 30-day, 8-day, and July 2021 campaign finance reports, in violation of Sections 254.123 and 254.124 of the Election Code.

III. Findings of Fact and Conclusions of Law

Credible evidence available to the TEC supports the following findings of fact and conclusions of law:

1. The respondent served as the chair of the specific-purpose committee Vote Yes for RISD Kids ("PAC"). The purpose of the PAC was to support a Richardson ISD school bond measure in the May 1, 2021 election. Therefore, the PAC was required to file its campaign

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finance reports with the TEC. Based on TEC records, the PAC was active between March 23, 2021 and July 15, 2021.

2. As the PAC's chair, the respondent appointed Manina Altimore as the PAC's treasurer on March 23, 2021. Ms. Altimore subsequently resigned from this position on April 13, 2021. Upon Ms. Altimore's resignation, the respondent sent Gerson Herschel Acosta an email asking him to become the PAC's new treasurer. Mr. Acosta agreed and began serving as PAC treasurer on April 13, 2021. However, the PAC never filed an amended treasurer appointment with the TEC naming Mr. Acosta as the new treasurer, nor did Ms. Altimore provide notice of her resignation to the TEC or file a campaign treasurer termination report.
3. On April 23, 2021, the PAC filed a 30-day pre-election report, which covered the period beginning March 26, 2021 and ending April 1, 2021. The report disclosed a \$30,000 pledged political contribution, \$500 in political contributions, \$0 in political expenditures, and \$0 in political contributions maintained as of the last day of the reporting period. That same day, the PAC filed an 8-day pre-election report, which covered the period beginning April 2, 2021 and ending April 21, 2021. The report disclosed \$56,100 in political contributions, \$0 in political expenditures, and \$56,100 in political contributions maintained as of the last day of the reporting period.¹
4. On July 5, 2021, the TEC sent Ms. Altimore a notice to file the PAC's July 2021 semiannual report since she was still on file as the PAC's treasurer. Therefore, Ms. Altimore filed the July 2021 semiannual/dissolution report on July 15, 2021. The report covered the period beginning June 30, 2021 and ending July 15, 2021. It also disclosed \$0 in political contributions, \$0 in political expenditures, and \$0 in political contributions maintained as of the last day of the reporting period.
5. Based on the disclosures in the PAC's reports, the PAC accepted \$56,600 in political contributions from March 26, 2021 through April 21, 2021. Additionally, the July 2021 semiannual/dissolution report indicates that the PAC spent this money prior to its dissolution, but no political expenditures were ever disclosed.
6. While investigating this discrepancy, TEC staff obtained spreadsheets documenting the PAC's political contributions and political expenditures. Based on these documents, TEC staff calculated that the PAC's reports failed to disclose an additional \$21,195 in political contributions.² Of this amount, the PAC accepted \$15,095 during April 2021, but it is unclear as to when the PAC accepted the remaining \$6,100.
7. Similarly, the spreadsheet documenting the PAC's political expenditures indicates that the PAC incurred \$68,223.51 in political expenditures. Of this amount, the spreadsheet shows two political expenditures made on April 27, 2021 totaling \$3,240, and an \$8,399.54 political expenditure on June 9, 2021. However, it was unclear from the spreadsheets as to when the PAC spent the remaining \$56,583.97.

¹ Mr. Acosta filed both the 30-day and 8-day pre-election reports, but did so under Ms. Altimore's name.

² This amount is an approximation, as there are discrepancies between the figures in the spreadsheets and the amounts disclosed in the filed campaign finance reports.

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8. Based on the discrepancies between the PAC's spreadsheets and campaign finance reports, the TEC, by its own motion, initiated a preliminary review against the respondent.
9. In response to the complaint, the respondent admitted that, as PAC chair, she should have ensured that the PAC's campaign finance reports were correct. She also provided TEC staff with copies of the PAC's bank statements detailing the political contributions it accepted and the political expenditures it made. The respondent also later provided invoices received by the PAC and records related to contributions received through Stripe.³ For the political contributions, TEC staff used these records and cross-referenced them with the PAC's spreadsheets and filed reports to determine the contributor for each deposit.
10. After responding to the complaint, the respondent met with TEC staff to discuss the allegations and what corrections needed to be made to the PAC's reports. The respondent indicated that she would make all necessary corrections and file the amended reports.
11. On October 20, 2023, the respondent filed a new campaign treasurer appointment to reopen the PAC's account with the TEC and make the needed corrections to the PAC's reports. TEC staff requested that the respondent file the amended reports no later than November 10, 2023.
12. On February 20, 2024, the respondent filed the PAC's amended 8-day pre-election report and its amended July 2021 semiannual report. The respondent then made subsequent corrections, which she filed on March 1, 2024. Based on these amendments and corrections, the PAC's reports now substantially comply with the filing requirements under Title 15 of the Election Code.

The Respondent Served as the PAC's Treasurer

13. With the exception of the campaign treasurer appointment, the individual named as a committee's campaign treasurer is legally responsible for filing all reports of the specific-purpose committee, including a report following the termination of his or her appointment as campaign treasurer. 1 Tex. Admin. Code § 20.303(c).
14. A campaign treasurer appointment continues in effect until terminated. Tex. Elec. Code § 252.011(b).
15. If a campaign treasurer resigns or otherwise vacates the position, the appointment is terminated at the time the vacancy occurs. *Id.* § 252.013(a). A campaign treasurer who vacates the treasurer's position shall immediately notify the appointing authority in writing of the vacancy. *Id.* § 252.013(b). If the campaign treasurer of a specific-purpose political committee required to file its campaign treasurer appointment with the commission or of a general-purpose political committee resigns or otherwise vacates the position, the

³ According to Stripe's webpage, "Stripe allows users to accept one-time or recurring online donations through a secure, Stripe-hosted payment page called Payment Links. Users can create a fixed amount donation or let donors choose the amount to donate by setting up a payment link in the Stripe Dashboard." <https://support.stripe.com/questions/how-to-accept-donations-through-stripe>.

campaign treasurer shall immediately file written notification of the vacancy with the commission. *Id.* § 252.013(c).

16. On April 13, 2021, Ms. Altimore sent an email to the respondent and other PAC members resigning as PAC treasurer. Therefore, under Section 252.013 of the Election Code, Ms. Altimore's appointment was terminated that same day.
17. Upon Ms. Altimore's resignation, the respondent sent Mr. Acosta an email asking if he would be willing to step in as the PAC's treasurer. In response, Mr. Acosta sent the respondent an email on April 13, 2021, stating that he could support and assist as the PAC's new treasurer.
18. Although the PAC named Mr. Acosta as its treasurer, the respondent was acting as the PAC's treasurer and, therefore, is liable for the reporting violations alleged in sworn complaint SC-32306203CI. To start, the respondent was an authorized signatory on the PAC's bank account. The PAC's bank records also show that the respondent signed all of the checks issued by the PAC indicating that the respondent was authorizing and making political expenditures on the PAC's behalf, not Mr. Acosta. Additionally, email correspondence obtained by TEC staff shows that the respondent was the individual keeping track of the PAC's political contributions and political expenditures. Therefore, although the respondent may not have been named as the PAC's treasurer, the respondent had authority over the PAC's finances and through her actions she assumed the role of PAC treasurer.⁴

Failure to Fully Disclose Political Contributions and/or Political Expenditures

19. The complaint alleged that the respondent, as the PAC's chair, failed to fully disclose the PAC's political contributions and political expenditures based on the spreadsheets documenting the PAC's campaign finances. Specifically, it appeared that the PAC underreported its political contributions by \$21,195, and failed to report any of its political expenditures, which totaled \$68,223.51.
20. A review of the PAC's bank records revealed that during the period covered by the 8-day pre-election report (March 23, 2021 through April 21, 2021), the PAC accepted the following monetary political contributions totaling \$35,600.01:⁵
 - \$100 on April 2, 2021. It appears that the PAC itemized this contribution on its 8-day pre-election report as coming from "Bonnie McClure," although the report shows a date of April 21, 2021.

⁴ The fact that the PAC never filed an amended campaign treasurer appointment form appointing the respondent or Mr. Acosta as PAC treasurer is not dispositive as to whether the PAC had a campaign treasurer.

⁵ The PAC filed a 30-day pre-election report and an 8-day pre-election report. However, a 30-day pre-election report was not required since the PAC did not file its campaign treasurer appointment until March 23, 2021, which is the first day covered by the 8-day pre-election reporting period under Section 254.124(c) of the Election Code.

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- \$3,500 on April 6, 2021. It appears that the PAC itemized this contribution on its 8-day pre-election report as coming from “Glenn Partners,” although the report shows a date of April 14, 2021.
- \$29,500 on April 9, 2021. It appears that the PAC itemized this contribution on its 8-day pre-election report as coming from “Commit!,” although the report shows a date of April 14, 2021, and the amount is reported as \$30,000.
- \$0.01 on April 13, 2021. This amount was not itemized on any of the PAC’s reports, but the bank records show the contribution came from “Commit!”
- \$1,000 on April 15, 2021. This amount was not itemized on any of the PAC’s reports. The respondent informed TEC staff that this contribution came from her business, “Class Act Creative.”
- \$1,500 on April 21, 2021. It appears that the PAC itemized this contribution on its 8-day pre-election report as coming from “Corgan,” although the report shows a date of April 14, 2021, and the amount is reported as \$5,000.

21. During this reporting period, the PAC also incurred the following obligations:

- \$51,512.35 to “Windham House,” of which the PAC paid \$30,000 on April 16, 2021. This left a balance owed of \$21,512 during this reporting period.
- \$3,983.64 to “Caddy Printing” on April 7, 2021. This obligation was not paid during the 8-day pre-election reporting period.
- \$305.48 to “Logotology” on April 21, 2021. This obligation was not paid during the 8-day pre-election reporting period.

22. The PAC never disclosed these unpaid obligations or the \$30,000 political expenditure to “Windham House” on any of its reports.

23. In response to the complaint, the respondent corrected the PAC’s 8-day pre-election report to disclose all of the monetary contributions identified in paragraph 20. She also disclosed the \$30,000 political expenditure to “Windham House” and the \$25,801.47 the PAC incurred in unpaid obligations during this report period.

24. A review of the PAC’s records revealed that during the period covered by the July 2021 semiannual/dissolution report (April 22, 2021 through June 30, 2021) the PAC accepted the following monetary political contributions totaling \$32,210:

- \$10,000 on April 27, 2021. No portion of this amount was itemized on any of the PAC’s reports. Based on the PAC’s campaign finance spreadsheet, this amount appears to be comprised of two separate contributions: one from “Lee Lewis” for \$5,000 and one from “Core Construction” for \$5,000.
- \$5,000 on April 28, 2021. It appears that the PAC itemized this contribution on its 8-day pre-election report as coming from “WRA,” although the report shows a date of April 14, 2021.
- \$2,500 on April 29, 2021. It appears that the PAC itemized this contribution on its 8-day pre-election report as coming from “WB Kibler Construction,” although the report shows a date of April 14, 2021.

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- \$3,500 on April 30, 2021. This amount was not itemized on any of the PAC's reports. Based on the PAC's campaign finance spreadsheet, this contribution appears to be from "Hill and Wilkinson" or "Jackson Construction."
 - \$5,000 on April 30, 2021. It appears that the PAC itemized this contribution on its 8-day pre-election report as coming from "Stantec," although the report shows a date of April 14, 2021.
 - \$6,028.11 received through Stripe. This amount was composed of six different contributions made on April 26, 2021 through April 28, 2021.⁶
25. During this reporting period, the PAC incurred one non-political expenditure to Richardson ISD in the form of an \$8,399.54 donation, and the following political expenditures totaling \$29,410.86:
- \$305.48 to "Logotology" on April 27, 2021.
 - \$2,890 to "Install Connect" on April 27, 2021.
 - \$3,983.64 to "Caddy Printing" on April 30, 2021.
 - \$21,512.35 to "Windham House" on May 3, 2021.
 - \$500 to "Carter Jenke" on May 3, 2021.
 - \$181.89 to "Stripe" on May 3, 2021.
 - \$37.50 to "Pioneer Bank" on May 5, 2021.
26. None of these expenditures were disclosed by the PAC.
27. In response to the complaint, the respondent corrected the PAC's July 2021 semiannual report to disclose all of the monetary contributions identified in paragraph 24. She also disclosed all of the political expenditures identified in paragraph 25 as well as the \$8,399.54 non-political expenditure to Richardson ISD.
28. In addition to the political contributions deposited into the PAC's bank account, TEC staff learned that the respondent, had made an in-kind contribution of approximately \$595 from her business account for "poll watcher help," but no date was provided. This in-kind contribution was not disclosed in any of the PAC's reports. However, the respondent did disclose this in-kind contribution, in the amount of \$590, in the PAC's amended 8-day pre-election report.
29. Each report filed must include the amount of political contributions from each person that in the aggregate exceed \$50 (\$90 as of January 1, 2021) 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. Tex. Elec. Code § 254.031(a)(1).
30. Each report must also include the amount of political contributions from each person that are made electronically and that are accepted during the reporting period by the person or

⁶ The amount deposited by Stripe into the PAC's bank account was \$6,028.11. The reduced amount received by the PAC reflects transaction fees Stripe charged to the PAC (\$181.89), which were taken from the contributions before the funds were transferred to the PAC. Therefore, the PAC was required to report the fees as a political expenditure.

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- 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. *Id.* § 254.031(a)(1-a).
31. Reports are also required to include the amount of political expenditures that in the aggregate exceed \$100 (\$190 as of January 1, 2021) 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. *Id.* § 254.031(a)(3).
 32. Each report must also include the total amount of all political contributions accepted and the total amount of all political expenditures made during the reporting period. *Id.* § 254.031(a)(6).
 33. Credible evidence indicates that the respondent, as the PAC chair, had authority over the PAC's campaign finances, which included accepting political contributions and making or authorizing political expenditures on behalf of the PAC. Therefore, because the PAC did not file a new campaign treasurer appointment after Ms. Altimore resigned on April 13, 2021, the respondent became responsible for ensuring the proper reporting of the PAC's campaign finances.
 34. As to the 8-day pre-election reporting period, credible evidence indicates that the PAC accepted \$36,190.01 in total political contributions, all of which were over the itemization threshold. However, the PAC's filed 8-day pre-election report disclosed \$56,100 in total political contributions. Therefore, this report over-reported the total political contributions accepted during this period by \$19,909.99.⁷ Of the \$36,190.01 actually accepted by the PAC, the report failed to itemize political contributions totaling \$1,590.01 and over-reported two itemized political contributions by a total of \$4,000. For these reasons, there is credible evidence of continuing violations of Sections 254.031(a)(1) and 254.031(a)(6) of the Election Code as to the 8-day pre-election report.
 35. As to the July 2021 semiannual/dissolution reporting period, credible evidence indicates that the PAC accepted at least \$32,210 in total political contributions. However, the PAC's filed July 2021 semiannual/dissolution report disclosed \$0 in contributions accepted during the reporting period. Therefore, the report under-reported the total political contributions accepted by the PAC during this period by \$32,210. Of the \$32,210 accepted by the PAC, the respondent was required to itemize on the report political contributions totaling approximately \$19,710.⁸ For these reasons, there is credible evidence of continuing violations of Sections 254.031(a)(1), 254.031(a)(1-a), and 254.031(a)(6) of the Election Code as to the July 2021 semiannual/dissolution report.

⁷ The 8-day pre-election report over-reported its total political contributions accepted by over-reporting the amount of two separate political contributions and including pledged contributions as contributions actually received. TEC staff learned of the pledged amount by speaking with the respondent.

⁸ Although the July 2021 semiannual/dissolution report did not report any contributions, some of the contributions accepted during this period were reported on Schedule A1 (Monetary Political Contributions) of the 8-day pre-election report, even though they were only pledged contributions at the time. Since these contributions were reported by the PAC, albeit incorrectly, TEC staff considered these contributions disclosed for the purpose of this allegation.

36. Credible evidence indicates that while the PAC was active, it incurred \$67,810 in political and non-political expenditures. However, none of the PAC's filed reports disclosed any political expenditures. Therefore, there is credible evidence of continuing violations of Sections 254.031(a)(3) and 254.031(a)(6) of the Election Code.

Accepting Political Contributions and/or Making Political Expenditures without a Treasurer Appointment

37. The complaint also alleged that the respondent accepted political contributions totaling more than the permitted threshold, and or made or authorized political expenditures totaling more than the permitted threshold at a time when a campaign treasurer appointment for the PAC was not in effect. Copies of emails between the respondent and the PAC's former treasurer, Ms. Altimore, show that Ms. Altimore resigned as treasurer on April 13, 2021, which had immediate effect under Section 252.013(a) of the Election Code.
38. A review of the PAC's records shows that the PAC accepted \$35,300 in political contributions after Ms. Altimore resigned. During this same time, the PAC also incurred \$67,810.40 in political and non-political expenditures. The PAC's bank records show that the respondent was one of the signatories on the account, and that she signed all of the expenditure checks. Furthermore, the email correspondence obtained by TEC staff indicates that it was the respondent who was tracking the PAC's expenditures and contributions.
39. TEC records show that the PAC did not file an amended campaign treasurer appointment officially naming a new treasurer after Ms. Altimore resigned.
40. A political committee may not knowingly accept political contributions totaling more than \$500 (\$910 as of January 1, 2021) or make or authorize political expenditures totaling more than \$500 (\$910 as of January 1, 2021) at a time when a campaign treasurer appointment for the committee is not in effect. Tex. Elec. Code § 253.031(b). A person who violates this section commits an offense. *Id.* § 253.031(f). An offense under this section is a Class A misdemeanor. *Id.*
41. The TEC has no jurisdiction over an alleged violation if the alleged violation is also a criminal offense, and if, at the time the complaint is filed or at the time the TEC would vote to initiate a preliminary review of a matter, the allegation would be barred from criminal prosecution by operation of the applicable statute of limitations. 1 Tex. Admin. Code § 12.5(a)(1). Under Article 12.02(a) of the Code of Criminal Procedure, Class A misdemeanors are subject to a two-year statute of limitations from the date of the commission of the offense.
42. Credible evidence indicates that after April 13, 2021, the PAC did not have a campaign treasurer appointment in effect. After that date, the PAC continued to accept political contributions totaling approximately \$35,300 and incurred at least \$67,810.40 in political expenditures. However, since all of the contributions and expenditures at issue occurred before June 27, 2021, which is the date the TEC voted to initiate a preliminary review against the respondent, these violations are outside the statute of limitations applicable to

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Section 253.031(b) of the Election Code. For these reasons, there is no credible evidence of violations of Section 253.031(b) of the Election Code.

Failure to Maintain a Record of Reportable Activity

43. The complaint further alleged that the respondent failed to maintain a record of the PAC's reportable activity. As for the PAC's political contributions, the spreadsheet obtained by TEC staff fails to provide the addresses of the PAC's contributors, as well as the acceptance dates of five monetary contributions and one in-kind contribution. Furthermore, the spreadsheet under-reported the contribution amount from "Commit!" by \$2,500.
44. As for the PAC's political expenditures, the spreadsheet fails to provide the addresses of the PAC's payees, as well as the payment date for four political expenditures. Furthermore, the spreadsheet incorrectly included a \$595 in-kind contribution from the respondent's business as a political expenditure.⁹
45. Lastly, through her response to the complaint, the respondent informed TEC staff that she was not in possession of the PAC's bank records and had to obtain them from the bank's archives since the account had been closed. This shows that the respondent did not maintain all the records necessary for filing the PAC's campaign finance reports.
46. Each campaign treasurer of a political committee shall maintain a record of all reportable activity. Tex. Elec. Code § 254.001(b). The record must contain the information that is necessary for filing the reports required by this chapter. *Id.* § 254.001(c). A person required to maintain a record under this section shall preserve the record for at least two years beginning on the filing deadline for the report containing the information in the record. *Id.* § 254.001(d). A person who violates this section commits an offense. *Id.* § 254.001(e). An offense under this section is a Class B misdemeanor. *Id.*
47. Under Article 12.02(a) of the Code of Criminal Procedure, Class B misdemeanors are subject to a two-year statute of limitations from the date of the commission of the offense.
48. Credible evidence indicates that the respondent, as the PAC chair, had authority over the PAC's campaign finances, which included tracking the PAC's activity and making or authorizing political expenditures on behalf of the PAC. However, credible evidence indicates that the respondent did not maintain a complete record of the PAC's activity. Since the reporting deadline for the 8-day pre-election report was April 23, 2021, this violation is outside the statute of limitations. However, as to the PAC's July 2021 semiannual/dissolution report, which was required to be filed July 15, 2021, there is credible evidence of a violation of Section 254.001(b) of the Election Code.

Failure to Cover Correct Reporting Periods

49. Lastly, the complaint alleged that the respondent did not cover the correct statutorily required reporting periods for the PAC's 30-day pre-election, 8-day pre-election, and

⁹ Based on information obtained from the respondent, the correct amount of the in-kind contribution was \$590.

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July 2021 semiannual campaign finance reports. Based on the PAC's campaign finance filings: 1) the PAC filed its campaign treasurer appointment on March 23, 2021; 2) the PAC's 30-day pre-election report covered the period beginning March 26, 2021 through April 1, 2021; 3) the 8-day pre-election report covered the period beginning April 2, 2021 through April 21, 2021; and 4) the July 2021 semiannual/dissolution report covered the period beginning June 30, 2021 through July 15, 2021.

50. The measure supported by the PAC was on the May 1, 2021, ballot. The 39th day before May 1, 2021, was March 23, 2021, and the 10th day before the election was April 21, 2021.
51. In response to the complaint, the respondent filed the PAC's amended July 2021 semiannual report with a corrected period covered of April 22, 2021 through July 15, 2021. The respondent also attempted to correct the period covered on the PAC's amended 8-day pre-election report to March 23, 2021 through April 21, 2021, but was unable to make the correction. TEC staff confirmed that the correction could not be made in the TEC's filing system since the 30-day pre-election report is on file and reports cannot contain overlapping dates.
52. The campaign treasurer of a specific-purpose committee shall file two reports for each year as provided by this section. Tex. Elec. Code § 254.123(a). The first report shall be filed not later than July 15. *Id.* § 254.123(b). The report covers the period beginning January 1, the day the committee's campaign treasurer appointment is filed, or the first day after the period covered by the last report required to be filed under this subchapter, as applicable, and continuing through June 30. *Id.*
53. In addition to other required reports, for each election in which a specific-purpose committee supports or opposes a candidate or measure, the committee's campaign treasurer shall file two reports. *Id.* § 254.124(a). The first report must be received by the authority with whom the report is required to be filed not later than the 30th day before election day. *Id.* § 254.124(b). The report covers the period beginning the day the committee's campaign treasurer appointment is filed or the first day after the period covered by the committee's last required report, as applicable, and continuing through the 40th day before election day. *Id.* The second report must be received by the authority with whom the report is required to be filed not later than the eighth day before election day. *Id.* § 254.124(c). The report covers the period beginning the 39th day before election day and continuing through the 10th day before election day. *Id.*
54. Under Section 254.124 of the Election Code, the PAC was not required to file a 30-day pre-election report since it did not file its campaign treasurer appointment until March 23, 2021, which is the first day covered by the 8-day pre-election reporting period. Therefore, the 8-day pre-election report should have covered the period beginning March 23, 2021, through April 21, 2021. However, credible evidence indicates that the PAC's 8-day pre-election report only covered April 2, 2021 through April 21, 2021. Additionally, although a portion of the 8-day pre-election reporting period was covered in the PAC's 30-day pre-election report, this report started on March 26, 2021, three days after the PAC's campaign treasurer appointment was filed. Therefore, the PAC's reports did not account for March 23, 2021 through March 25, 2021. For these reasons, there is

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credible evidence of a violation of Section 254.124 of the Election Code, which continued until the respondent filed the PAC's amended 8-day pre-election report.

55. Under Section 254.123 of the Election Code, the PAC's July 2021 semiannual report should have covered the period beginning April 22, 2021 through June 30, 2021. However, credible evidence indicates that none of the PAC's reports cover the period of time beginning after the last of the PAC's 8-day pre-election report (April 22, 2021) through the start date of the PAC's July 2021 semiannual/dissolution report (June 30, 2021). For this reason, there is credible evidence of a violation of Section 254.123 of the Election Code, which continued until the respondent filed the PAC's amended July 2021 semiannual report.

IV. Representations and Agreement by Respondent

By signing this order and agreed resolution and returning it to the TEC:

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 and settling the sworn complaint.
2. The respondent consents to this order and agreed resolution before any adversarial evidentiary hearings or argument before the TEC, and before any formal adjudication of law or fact by the TEC. The respondent waives any right to a hearing before the TEC or an administrative law judge and consents to TEC staff presenting this order and agreed resolution to the Commissioners outside of the respondent's presence. The respondent further waives any right to a post-hearing procedure established or provided by law. The TEC and respondent agree that the entry of this order and agreed resolution will be a full and complete resolution of sworn complaint SC-32306203CI.
3. The respondent understands and agrees that the TEC will consider this order and agreed resolution in any future sworn complaint proceedings against the respondent regarding similar violations that occur after the date this agreement is executed.

V. Confidentiality

This order and agreed resolution describes violations that the TEC 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 TEC.

VI. Sanction

1. The TEC may impose a civil penalty of not more than \$5,000 or triple the amount at issue under a law administered and enforced by the TEC, whichever amount is more, for a delay in complying with a TEC order or for violation of a law administered and enforced by the TEC. Tex. Gov't Code § 571.173.

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2. The TEC shall consider the following factors in assessing a sanction: 1) the seriousness of the violation, including the nature, circumstances, consequences, extent and gravity of the violation; 2) the history and extent of previous violations; 3) the demonstrated good faith of the violator, including actions taken to rectify the consequences of the violation; 4) the penalty necessary to deter future violations, and 5) any other matters that justice may require. *Id.* § 571.177.
3. As previously discussed, the respondent was acting as the PAC's treasurer and, therefore, is liable for the reporting violations alleged in the complaint. To start, the respondent was an authorized signatory on the PAC's bank account and the PAC's bank records show that the respondent signed all of the checks issued by the PAC indicating that the respondent was authorizing and making political expenditures on the PAC's behalf. Additionally, email correspondence obtained by TEC staff shows that the respondent was the individual keeping track of the PAC's political contributions and political expenditures. Therefore, although the respondent may not have been named as the PAC's treasurer, the respondent had authority over the PAC's finances and through her actions she assumed the role of PAC treasurer.
4. A substantial penalty is warranted in this case due to the seriousness of the violations. Overall, the respondent failed to report at least \$67,810.40 in political and non-political expenditures, over-reported the PAC's political contributions during the 8-day pre-election reporting period by \$19,909.99, and under-reported the total amount of political contributions accepted by the PAC during the July 2021 semiannual reporting period by \$32,210. Furthermore, the PAC accepted approximately \$35,300 in political contributions and spent \$67,810.40 in political expenditures without a campaign treasurer appointment in effect. Given the significant amount of money at issue in this case and the fact that the measure supported by the PAC passed, there was great harm to disclosure and public transparency.
5. However, the civil penalty amount is mitigated by the fact that the respondent made the effort to correct the PAC's reports. Although it took the respondent several months to do so, the respondent did inform TEC staff after the fact that during this time her family experienced a death and illness, which consumed much of her time.
6. After considering the nature and circumstances of the violations described under Section III and the sanction necessary to deter future violations, the TEC imposes a \$2,500 civil penalty. The respondent must pay the \$2,500 civil penalty by the date of this order and agreed resolution. If the respondent does not pay the \$2,500 civil penalty by the date of the order and agreed resolution, the matter of the collection of the civil penalty will be referred to the Office of the Attorney General of Texas.

KS
3/11/24

VII. Order

The TEC hereby orders that if the respondent consents to this order and agreed resolution, it is a final and complete resolution of SC-32306203CI.

AGREED to by the respondent on this 11th day of March, 2024.

Kristine Schwope
Kristine Schwope, Respondent

EXECUTED by the Commission on: March 26, 2024.

Texas Ethics Commission

By: /s/ James Tinley for
J.R. Johnson, Executive Director