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TEXAS ETHICS COMMISSION

IN THE MATTER OF

JEFF FLETCHER,

RESPONDENT

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BEFORE THE

TEXAS ETHICS COMMISSION

SC-32402147

RECEIVED
JUN 6 2024
Texas Ethics Commission

ORDER and AGREED RESOLUTION

I. Recitals

The Texas Ethics Commission (“TEC”) met on June 18, 2024, to consider sworn complaint SC-32402147. The sworn complaint was filed on February 26, 2024. A quorum of the TEC was present. The TEC determined that there is credible evidence of violations of Sections 572.023(b)(5) and 572.023(b)(6) of the Government Code, laws administered and enforced by the TEC. To resolve and settle this complaint without further proceedings, the TEC adopted this resolution.

II. Allegations

Regarding the respondent’s 2024 personal financial statement (“PFS”), the complaint alleged that the respondent: 1) failed to identify the real property located at Rock Falls Lake and 421 E. Broad Street, Suite 2, Mineola, Texas 75773, in violation of Section 572.023(b) of the Government Code; and 2) failed to report the source of his spouse’s occupational income, in violation of Section 572.023(b) of the Government 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 was an unsuccessful candidate for Texas State Representative, House District 5, in the March 5, 2024 election.
2. The TEC received sworn complaint SC-32402147 on February 26, 2024. That same day, the respondent filed an amended 2024 PFS. The TEC accepted jurisdiction over the complaint on March 1, 2024.

Failure to Disclose Real Property

3. Regarding the respondent's 2024 PFS, the complaint alleged that the respondent failed to identify real property that he either owned or leased during 2023. In support of this allegation, the complaint provided a document entitled, "Acknowledgment of Governing Documents," which was executed by the respondent and his spouse on March 8, 2022. The document indicated that the respondent and his spouse intended to acquire real property located at Rock Falls Lake in Wood County, Texas. The complaint also provided a "property details" printout for real property located at 421 E. Broad Street, Suite 2, Mineola, Texas 75773. The printout indicated that the Fletcher Law Firm owned this property. However, the 2024 PFS filed by the respondent on February 12, 2024, did not disclose any interests in real property or lease agreements.
4. In response to the complaint, the respondent denied the real property allegation and swore that he and his spouse do not own any real property other than their home. Additionally, in the correction affidavit the respondent filed with his amended 2024 PFS on February 26, 2024, the respondent stated, "our home is located in an undivided fishing club [in which] we own a 1/29th interest in the total property." As to the Broad Street property, the respondent swore that he leases that property for his law firm, the Fletcher Law Firm. Despite these admissions, the respondent's amended 2024 PFS did not disclose any interests in real property or lease agreements.
5. After receiving the respondent's response, TEC staff contacted the respondent regarding the real properties identified in the complaint. Based on that conversation, the respondent filed an amended 2024 PFS on May 30, 2024, listing his interest in the Rock Falls Lake property. He also disclosed the lease agreement for the Broad Street property. In the accompanying correction affidavit, the respondent apologized for not disclosing these properties and swore that he had no intent to deceive or mislead. He further swore that he failed to include this information because "[he] was not sure how to complete the section regarding [his] real property homestead and was unaware that [his] office lease was relevant" for reporting purposes.
6. A financial statement must include an account of the financial activity of the individual required to file a financial statement and an account of the financial activity of the individual's spouse and dependent children if the individual had actual control over that activity for the preceding calendar year. Tex. Gov. Code § 572.023(a).
7. The account of financial activity consists of identification by description of all beneficial interests in real property and business entities held or acquired, and if sold, the category of the amount of the net gain or loss realized from the sale. *Id.* § 572.023(b)(6).
8. The account of financial activity also consists of identification of each guarantor of a loan and identification of each person or financial institution to whom a personal note or notes or lease agreement for a total financial liability in excess of \$1,000 (\$1,890 as of January 1, 2023) existed at any time during the year, and the category of the amount of the liability. *Id.* § 572.023(b)(5).

9. Credible evidence indicates that during 2023, the respondent and his spouse owned a 1/29th interest in the real property located at Rock Falls Lake. However, the respondent did not disclose this property in the 2024 PFS as originally filed. Therefore, there is credible evidence of a violation of Section 572.023(b)(6) of the Government Code as to the Rock Falls Lake property.
10. Credible evidence also indicates that during 2023, the respondent leased the Broad Street property for his law firm. Credible evidence also indicates that the total financial liability on this lease was at least \$20,220, but less than \$50,540. However, the respondent did not disclose this property in the 2024 PFS as originally filed. Therefore, there is credible evidence of a violation of Section 572.023(b)(5) of the Government Code as to the Broad Street property.

Failure to Disclose Occupational Income

11. The complaint also alleged that the respondent failed to report the source of his spouse's occupational income in his 2024 PFS. In support of this allegation, the complaint provided a printout from the Smith County website, dated February 25, 2024, indicating that the respondent's spouse is the official court reporter for the Smith County Court at Law 3.
12. In response to the complaint, the respondent acknowledged the allegation and filed an amended 2024 PFS on February 26, 2024, disclosing his spouse's employer, the employer's address, and his spouse's position.
13. A financial statement must include an account of the financial activity of the individual required to file a financial statement and an account of the financial activity of the individual's spouse and dependent children if the individual had actual control over that activity for the preceding calendar year. Tex. Gov. Code § 572.023(a).
14. The account of financial activity consists of a list of all sources of occupational income, identified by employer, or if self-employed, by the nature of the occupation. *Id.* § 572.023(b)(1).
15. At any stage of a proceeding under this subchapter, the TEC shall dismiss a complaint to the extent the complaint alleges a statement, registration, or report violates a law or rule if the respondent has filed a corrected or amended statement, registration, or report before the TEC accepts jurisdiction over the complaint, and the corrected or amended statement, registration, or report remedies the alleged violation. *Id.* § 571.1223.
16. Credible evidence indicates that during 2023, the respondent's spouse received an income from her employment as the court reporter for the Smith County Court at Law 3. The respondent did not disclose this income on the 2024 PFS he filed February 12, 2024. However, prior to the TEC accepting jurisdiction over the complaint, the respondent amended his report to properly disclose his spouse's income. Therefore, this allegation is dismissed pursuant to Section 571.1223 of the Government Code.

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-32402147.
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.
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. Although the respondent failed to report his real property interest and lease agreement, there are a number of mitigating factors in this case that warrant a reduced civil penalty. To start, the respondent has no history of prior violations with the TEC. Additionally, it

appears that the respondent's reporting violations stem from a lack of knowledge of the law, and there was no intent to mislead or deceive the public. Furthermore, the respondent worked with TEC staff in good faith to correct the allegations identified in the complaint. Not only did the respondent disclose his spouse's occupational income upon learning of the sworn complaint, but once TEC staff explained to him that he needed to disclose the Rock Falls Lake and Broad Street properties, he did so that same day. Lastly, in his May 30, 2024 correction affidavit, the respondent stated that he was defeated in the March 5, 2024 election and swore that he has since decided to abandon any plans to run for elected office. Therefore, a significant civil penalty is not needed to deter future violations.

4. After considering the nature and circumstances of the violations described under Section III, the respondent's showing of good faith, and the fact that a significant civil penalty is not necessary to deter future violations, the TEC imposes a \$250 civil penalty.

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-32402147.

AGREED to by the respondent on this 6 day of June, 2024.



Jeff Fletcher, Respondent

EXECUTED by the TEC on: **June 20, 2024**

Texas Ethics Commission

By: **J.R. Johnson**
J.R. Johnson, Executive Director