

# TEXAS ETHICS COMMISSION

|                                       |   |                                |
|---------------------------------------|---|--------------------------------|
| <b>IN THE MATTER OF</b>               | § | <b>BEFORE THE</b>              |
|                                       | § |                                |
| <b>MARGARITA ‘MARGIE’ H. GONZALEZ</b> | § | <b>TEXAS ETHICS COMMISSION</b> |
|                                       | § |                                |
| <b>RESPONDENT</b>                     | § | <b>SC-31205190</b>             |

## **ORDER and AGREED RESOLUTION**

### **I. Recitals**

The Texas Ethics Commission (the commission) met on August 21, 2014, to consider sworn complaint SC-31205190. A quorum of the commission was present. The commission determined that there is credible evidence of violations of sections 254.031, 254.036, 254.063, and 254.064 of the Election Code and section 20.63 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 alleged that the respondent: 1) did not timely file campaign finance reports, and 2) did not properly disclose political contributions and political expenditures.

### **III. Facts Supported by Credible Evidence**

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

1. At the time relevant to the complaint, the respondent was a candidate for County Commissioner Precinct 1, Jim Wells County, Texas.
2. At issue in the complaint were the respondent’s January 2012 semiannual report and 30-day and 8-day pre-election reports for the May 2012 primary election.

#### **Timely Filing of Campaign Finance Reports**

3. The respondent filed her January 2012 semiannual report on January 17, 2012.

4. The respondent filed her 30-day pre-election report for the May 2012 primary election on May 31, 2012. In response to the complaint, the respondent admitted that she filed the 30-day pre-election report for the May 2012 primary election in an untimely manner on May 31, 2012.
5. The respondent filed the 8-day pre-election report for the May 2012 primary election on May 31, 2012.

### **Disclosure of Political Contributions and Political Expenditures**

#### January 2012 Semiannual Report

6. The complaint alleged, in relevant part:

Further, in her January 17, 2012 report Margarita (Margie) Gonzalez wholly fails to report a Fundraiser Dance held on Friday, August 12<sup>th</sup>, 2011 (7PM-1AM). Any funds received as campaign donations are not accounted for by the candidate. Similarly, any expenditures associated with this fundraiser have not been reported.

7. The complaint included an advertisement to a fundraising event that stated, in relevant part: "FUNDRAISER DANCE Come Meet the Candidate for Commissioner of Pct #1 Margie H. Gonzalez ... Political ad paid for by Texas Rig Service ...." The advertisement stated that music would be provided by three bands and the event was located at the Knights of Columbus in Alice, Texas.
8. The complaint also alleged that the respondent failed to disclose political expenditures made from personal funds or "direct campaign expenditure[s] by other individuals," including the respondent's husband and business, Texas Rig Service.
9. The respondent's original January 2012 semiannual report disclosed the following two political contributions from individuals:

|          |       |
|----------|-------|
| 10/27/11 | \$200 |
| 12/10/11 | \$100 |

10. The original report itemized seven political expenditures on Schedule G (used for political expenditures from personal funds) totaling approximately \$4,570, all of which were for advertising. None of the itemized expenditures were on or before the date of August 12, 2011. Two of the expenditures included \$206.68 on August 16, 2011, and \$574.81 on August 23, 2011, to American Specialty Advertising for political advertising.

11. The respondent corrected the January 2012 semiannual report on May 31, 2012. The explanation of correction on the corrected January 2012 semiannual report stated, "Overlooked expenses related to concert ticket sales." The respondent's original January 2012 semiannual report totals page disclosed the following, with corrections in brackets:

|  |            |               |
|--|------------|---------------|
| Total Political Contributions of \$50 or Less: | \$7,893.20 | [\$2,925.00]  |
| Total Political Contributions:                 | \$300.00   | [\$12,900.00] |
| Total Political Expenditures of \$100 or Less: | \$0.00     |               |
| Total Political Expenditures:                  | \$4,766.05 | [\$11,766.05] |
| Total Political Contributions Maintained:      | \$7,893.20 | [\$4,058.95]  |
| Total Outstanding Loans:                       | \$0.00     |               |

12. The corrected report itemized 57 new contributions totaling \$12,900, which were accepted on August 12, 2011. The corrected report did not disclose a contribution from Texas Rig Service, which was identified in the political advertisement for the fundraiser dance as the payor of the advertisement. The report itemized four new expenditures on Schedule F (used for political expenditures) totaling \$7,000, which were made on August 12, 2011, including three expenditures to the payees identified in the advertisement as providing music and \$700 to the Knights of Columbus in Alice, Texas.
13. The corrected report did not disclose the two contributions totaling \$300 that had been disclosed on Schedule A of the original report.
14. The respondent filed a supplemental sworn response on April 24, 2014. As to the allegation that she failed to "report a Fundraiser Dance held on Friday, August 12th, 2011," the response stated, in relevant part:

On May 31, 2012, I submitted a Correction/Amendment Affidavit with a breakdown of all contributions made, which were tables sold for the fundraiser dance held on August 12, 2011 at the Knights of Columbus.

### 30-Day Pre-Election Report

15. The complaint alleged:

A second political activity Margie Gonzalez failed to report (expenses) was held on Friday, April 13, 2012 at 7:00 to 9:00 PM ... A third political function/fundraiser she failed to report occurred early March 3, 2012 (approximately) where she sponsored for about \$3000.00 as a sponsor during the South Texas Museum fairgrounds fundraiser featuring 3 bands.

16. The complaint included an advertisement that stated, in relevant part: “Come meet and greet Margie H. Gonzalez candidate for JWC Commissioner of Pct 1.” The advertisement indicated the respondent held a campaign event on April 13, 2012.
17. The complaint included a photograph that appeared to be a picture of a stage with a band and of one of the respondent’s political advertising signs beside the stage.
18. The respondent’s supplemental response stated, in relevant part:

Second allegation listed was a political event a “Meet & Greet” held at Rollies BBQ on April 13, 2012. I listed a DJ for \$250.00, meat market for \$398.78, cake for \$60.00, which were items purchased to serve and beverages were purchased by attendees.

Third allegation listed was a sponsorship for our local museum held on March 03, 2012. Sponsorship amount was \$2,000.00 made by my campaign, and I listed it on my report dated 01/01/12 through 04/19/12.

19. The respondent’s 30-day pre-election report covered the period from January 1, 2012, through April 29, 2012. The proper ending date for the period covered was April 19, 2012. The respondent corrected the period covered on April 22, 2014.
20. The totals page of the report disclosed the following, with corrections noted in brackets:

|  |             |          |
|--|-------------|----------|
| Total Political Contributions of \$50 or Less: | blank       | [\$0.00] |
| Total Political Contributions:                 | \$5,000.00  |          |
| Total Political Expenditures of \$100 or Less: | blank       | [\$0.00] |
| Total Political Expenditures:                  | \$18,218.77 |          |
| Total Political Contributions Maintained:      | \$0.00      |          |
| Total Outstanding Loans:                       | \$0.00      |          |

21. The original report itemized one \$5,000 contribution on Schedule A from the respondent on March 29, 2012. The report disclosed a loan of \$1,028.38 on January 9, 2012, but did not disclose the name of the lender. The respondent did not disclose the loan in the Total Outstanding Loans amount box.
22. The report itemized 53 expenditures totaling approximately \$14,220, and included:

|          |            |   |
|----------|------------|---|
| 01/30/12 | \$2,000.00 | South Texas Museum /<br>Contributions/Donations               |
| 04/13/12 | \$250.00   | [an individual] / [address] / Event Expense /<br>DJ for event |

|          |          |   |
|----------|----------|---|
| 04/13/12 | \$60.00  | [an individual] / [address] / Event Expense |
| 04/13/12 | \$398.78 | [a business] / [address] / Event Expense    |

### 8-Day Pre-Election Report

23. The respondent filed her original 8-day pre-election report on May 31, 2012. The report was marked as a 30-day pre-election report instead of as an 8-day pre-election report. The report covered the period from April 30, 2012, through May 21, 2012. The report was required to cover the period from April 20, 2012, through May 19, 2012. The respondent corrected the reporting period on April 22, 2014.
24. The totals page of the report disclosed the following, with corrections noted in brackets:
- |  |            |          |
|--|------------|----------|
| Total Political Contributions of \$50 or Less: | blank      | [\$0.00] |
| Total Political Contributions:                 | \$3,500.00 |          |
| Total Political Expenditures of \$100 or Less: | blank      | [\$0.00] |
| Total Political Expenditures:                  | blank      | [\$0.00] |
| Total Political Contributions Maintained:      | blank      | [\$0.00] |
| Total Outstanding Loans:                       | blank      | [\$0.00] |
25. The original report itemized three contributions from the respondent totaling \$3,500 accepted between May 4 and May 17, 2012, and itemized 45 expenditures totaling approximately \$5,500.

## **IV. Findings and Conclusions of Law**

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

### **Timely Filing of Campaign Finance Report**

1. A candidate shall file two reports for each year. The first report shall be filed not later than July 15. The report covers the period beginning January 1, the day the candidate'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. The second report shall be filed not later than January 15. The report covers the period beginning July 1, the day the candidate'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 December 31. ELEC. CODE § 254.063.
2. In addition to other required reports, for each election in which a person is a candidate and has an opponent whose name is to appear on the ballot, the person shall file two reports. 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. The report covers the period beginning the day the candidate's campaign treasurer appointment is filed or the first day after the period covered by the last report required to be filed under this chapter, as applicable, and continuing through the 40th day before election day. 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. The report covers the period beginning the 39th day before election day and continuing through the 10th day before election day. *Id.* § 254.064.

3. The respondent filed a corrected January 2012 semiannual report on May 31, 2012. The report was due no later than January 17, 2012 (deadline extended due to the weekend). Therefore, there is credible evidence of a violation of section 254.063 of the Election Code.
4. The deadline for the 30-day pre-election report for the May 29, 2012, primary election was Monday, April 30, 2012 (deadline extended due to the weekend). The respondent did not file the report until May 31, 2012. Therefore, there is credible evidence of a violation of section 254.064 of the Election Code.
5. The deadline for the 8-day pre-election report for the primary election was Monday, May 21, 2012. The respondent did not file the report until May 31, 2012. Therefore, there is credible evidence of a violation of section 254.064 of the Election Code.

### **Disclosure of Political Contributions and Political Expenditures**

6. Each campaign finance report must include the amount of political contributions from each person that in the aggregate exceed \$50 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. ELEC. CODE § 254.031(a)(1).
7. Each campaign finance report must include the amount of loans made during the reporting period for campaign or officeholder purposes to the person or committee required to file the report and that in the aggregate exceed \$50, the dates the loans are made, the interest rate, the maturity date, the type of collateral for the loans, if any, the full name and address of the person or financial institution making the loans, the full name and address, principal occupation, and name of the employer of each guarantor of the loans, the amount of the loans guaranteed by each guarantor, and the aggregate principal amount of all outstanding loans as of the last day of the reporting period. ELEC. CODE § 254.031(a)(2).
8. Each campaign finance report must include, for all political expenditures that in the aggregate exceed \$100 (\$50 until September 28, 2011) and that are made during the reporting period, the full name and address of the persons to whom political expenditures are made and the dates and purposes of the expenditures. *Id.* § 254.031(a)(3).

9. Each campaign finance report must include the total amount or a specific listing of the political contributions of \$50 or less accepted and the total amount or a specific listing of the political expenditures of \$100 (\$50 until September 28, 2011) or less made during the reporting period. ELEC. CODE § 254.031(a)(5). The 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).
10. Each report must include as of the last day of the reporting period, 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. *Id.* § 254.031(a)(8).
11. In addition to other required reports, for each election in which a person is a candidate and has an opponent whose name is to appear on the ballot, the person is required to file two reports, 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. The report covers the period beginning the day the candidate's campaign treasurer appointment is filed or the first day after the period covered by the last report required to be filed under this chapter, as applicable, and continuing through the 40th day before election day. *Id.* § 254.064.
12. Each report filed under this chapter with an authority other than the commission must be in a format prescribed by the commission. *Id.* § 254.036.
13. A candidate is required to report a campaign expenditure from his or her personal funds. Ethics Commission Rules § 20.63(a).
14. A candidate or officeholder must report a political expenditure from his or her personal funds using one of the following methods: (1) as a political expenditure made from personal funds reported on the political expenditure made from personal funds schedule; (2) as a loan without depositing the personal funds in an account in which political contributions are held. The amount reported as a loan may not exceed the total amount actually spent in the reporting period. A political expenditure made from these funds must also be reported as a political expenditure made from political funds, not as made from personal funds; or (3) if the candidate or officeholder deposits personal funds in an account in which political contributions are held, he or she must report that amount as a loan with an indication that personal funds were deposited in that account. A political expenditure made from an account in which political contributions are maintained must be reported as a political expenditure made from political funds, not as made from personal funds. *Id.* § 20.63(c).
15. A candidate or officeholder who makes political expenditures from his or her personal funds may reimburse those personal funds from political contributions only if: (1) the expenditures were fully reported using one of the methods in subsection (c) of this section on the report covering the period during which the expenditures were made; and (2) if the method in

subsection (c)(1) of this section was used, the report disclosing the expenditures indicates that the expenditures are subject to reimbursement. *Id.* § 20.63(d).

16. A candidate or officeholder who has complied with subsection (d) of this section and whose personal funds have been reimbursed from political contributions must report the amount of the reimbursement as a political expenditure in the report covering the period during which the reimbursement was made. *Id.* § 20.63(f).

#### January 2012 Semiannual Report

17. The complaint alleged that the respondent did not report contributions accepted and expenditures made in connection with a Fundraiser Dance held on Friday, August 12, 2011. The complaint also alleged that the respondent failed to disclose contributions from, or expenditures made by, her husband and her business, Texas Rig Service.
18. The respondent filed a corrected January 2012 semiannual report on May 31, 2012. The corrected report itemized 57 new contributions on Schedule A, totaling approximately \$12,900. Therefore, there is credible evidence of violations of section 254.031(a)(1) of the Election Code. The report itemized four new expenditures on Schedule F, totaling approximately \$7,000. Therefore, there is credible evidence of violations of section 254.031(a)(3) of the Election Code.
19. There is insufficient evidence of a violation of sections 254.031(a)(1) or 254.031(a)(3) of the Election Code as to any expenditures made by the respondent's husband or Texas Rig Service.
20. The respondent over-reported the total amount of political contributions of \$50 or less by approximately \$4,970 on the original report. Therefore, there is credible evidence of a violation of section 254.031(a)(5) of the Election Code. The respondent under-reported the total amount of political contributions by \$12,600 on the original report and under-reported the total amount of political expenditures by \$7,000 on the original report. Therefore, there is credible evidence of violations of section 254.031(a)(6) of the Election Code. The respondent over-reported the total amount of political contributions maintained by approximately \$3,840. Therefore, there is credible evidence of a violation of section 254.031(a)(8) of the Election Code.
21. The corrected report did not disclose the two contributions totaling \$300 that had been disclosed on Schedule A of the original report. Therefore, there is credible evidence of violations of section 254.031(a)(1) of the Election Code.



30-Day Pre-Election Report

22. The respondent's 30-day pre-election report covered the period from January 1, 2012, through April 29, 2012. The proper ending date for the period covered is April 19, 2012. The respondent did not cover the correct reporting period for the report. Therefore, there is credible evidence of a violation of section 254.064 of the Election Code.
23. The report indicates that the respondent used \$5,000 of her personal funds to make political expenditures. The respondent should have shown this \$5,000 as a loan from herself on Schedule E (for loans) or reported the expenditures from the \$5,000 on Schedule G. The respondent did not properly disclose the fact that she spent \$5,000 of her personal funds on the campaign. Therefore, there is credible evidence of a violation of section 254.031(a)(3) of the Election Code and section 20.63 of the Ethics Commission Rules.
24. The report disclosed a loan of \$1,028.38 on January 9, 2012, on Schedule E, but did not disclose the name of the lender and did not include the loan in the total amount of outstanding loans. Therefore, there is credible evidence of a violation of section 254.031(a)(2) of the Election Code.
25. The respondent left the total amount of political contributions of \$50 or less and the total amount of political expenditures of \$100 or less blank, instead of disclosing that the amounts were \$0.00. Therefore, there is credible evidence of technical or *de minimis* violations of section 254.031(a)(5) of the Election Code.
26. The complaint alleged that the respondent did not report sponsoring a March 3, 2012 (approximately), political function/fundraiser for about \$3,000. The respondent's report disclosed a \$2,000 contribution to the South Texas Museum on January 30, 2012. The respondent's affidavit stated that this was the expenditure for the sponsorship at issue. There is credible evidence that the respondent properly reported the expenditure at issue. Therefore, there is credible evidence of no violation of section 254.031(a)(3) of the Election Code as to this allegation.

8-Day Pre-Election Report

27. The respondent's 8-day pre-election report was marked as a 30-day pre-election report. The respondent did not mark the correct report type for the report. Therefore, there is credible evidence of a technical or *de minimis* violation of section 254.036 of the Election Code.
28. The report covered the period from January 1, 2012, through April 29, 2012. The proper ending date for the period covered is April 19, 2012. Therefore, there is credible evidence of a technical or *de minimis* violation of section 254.064 of the Election Code.

29. The respondent left the total amount of political contributions of \$50 or less and the total amount of political expenditures of \$100 or less blank, instead of disclosing that the amounts were \$0.00. Therefore, there is credible evidence of technical or *de minimis* violations of section 254.031(a)(5) of the Election Code. The respondent also left the total amount of political expenditures blank, instead of disclosing that the amount was \$5,499.03. Therefore, there is credible evidence of a violation of section 254.031(a)(6) of the Election Code. The respondent also left the total amount of political contributions maintained blank, instead of disclosing that the amount was \$0.00. Therefore, there is credible evidence of a technical or *de minimis* violation of section 254.031(a)(8) of the Election Code. The respondent also left the total amount of outstanding loans blank, instead of disclosing that the amount was \$0.00. Therefore, there is credible evidence of a technical or *de minimis* violation of section 254.031(a)(2) of the Election Code. The respondent corrected the errors.

### 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 each campaign finance report must include the amount of political contributions from each person that in the aggregate exceed \$50 and that are accepted during the reporting period by the person required to file a report, the full name and address of the person making the contributions, and the dates of the contributions.

The respondent acknowledges that each campaign finance report must include the amount of loans made during the reporting period for campaign or officeholder purposes to the person required to file the report and that in the aggregate exceed \$50, the dates the loans are made, the interest rate, the maturity date, the type of collateral for the loans, if any, the full name and address of the person or financial institution making the loans, the full name and address, principal occupation, and name of the employer of each guarantor of the loans, the amount of the loans guaranteed by each guarantor, and the aggregate principal amount of all outstanding loans as of the last day of the reporting period.

The respondent acknowledges that each campaign finance report must include, for all political expenditures that in the aggregate exceed \$100 (\$50 until September 28, 2011) and that are made during the reporting period, the full name and address of the persons to whom political expenditures are made and the dates and purposes of the expenditures.

The respondent acknowledges that each campaign finance report must include the total amount or a specific listing of the political contributions of \$50 or less accepted and the total amount or a specific listing of the political expenditures of \$100 (\$50 until September 28, 2011) or less made during the reporting period.

The respondent acknowledges that 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.

The respondent acknowledges that each report must include as of the last day of the reporting period, 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.

The respondent acknowledges that each report filed with an authority other than the commission must be in a format prescribed by the commission.

The respondent acknowledges that a candidate shall file two reports for each year. The first report shall be filed not later than July 15. The report covers the period beginning January 1, the day the candidate's campaign treasurer appointment is filed, or the first day after the period covered by the last report required to be filed, as applicable, and continuing through June 30. The second report shall be filed not later than January 15. The report covers the period beginning July 1, the day the candidate's campaign treasurer appointment is filed, or the first day after the period covered by the last report required to be filed, as applicable, and continuing through December 31.

The respondent acknowledges that, in addition to other required reports, for each election in which a person is a candidate and has an opponent whose name is to appear on the ballot, the person shall file two reports. 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. The report covers the period beginning the day the candidate's campaign treasurer appointment is filed or the first day after the period covered by the last report required to be filed, as applicable, and continuing through the 40th day before election day. 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. The report covers the period beginning the 39th day before election day and continuing through the 10th day before election day.

The respondent acknowledges that a candidate or officeholder who makes political expenditures from personal funds and seeks reimbursement of those personal funds from political contributions must comply with the requirements of section 20.63 of the Ethics Commission Rules.

The respondent agrees to comply with these requirements of the law.

## VI. 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.

## VII. Sanction

After considering the nature, circumstances, and consequences of the violations described under Sections III and IV, and the sanction necessary to deter future violations, the commission imposes a \$1,500 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-31205190.

AGREED to by the respondent on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Margarita 'Margie' H. Gonzalez,  
Respondent

EXECUTED ORIGINAL received by the commission on: \_\_\_\_\_.

Texas Ethics Commission

By: \_\_\_\_\_  
Natalia Luna Ashley, Executive Director