

**BEFORE THE
MISSOURI ETHICS COMMISSION**

Filed
JUL 10 2015
Missouri Ethics
Commission

MISSOURI ETHICS COMMISSION,)	
)	
Petitioner,)	
)	Case No. 13A149
v.)	
)	
ALLIANCE FOR TRUTH,)	
Committee)	
)	
and)	
)	
MARK PATTERSON,)	
Treasurer)	
)	
Respondents.)	

**FINDINGS OF FACT, CONCLUSIONS OF LAW AND
ORDER**

This is the decision and order of the Missouri Ethics Commission following a hearing on a complaint filed by Petitioner by and through counsel, pursuant to Section 105.961, RSMo, and Chapter 536, RSMo. The hearing was conducted before the following members of the Missouri Ethics Commission: Charles Weedman, John Munich, Bill Deeken, Nancy Hagan, and Bill Stoltz.

A closed hearing took place on Friday, July 10, 2015, at the offices of the Missouri Ethics Commission at 3411A Knipp Drive, Jefferson City, Missouri 65109. The Commission was represented by Curt Stokes. Respondent Patterson appeared in person without counsel.

Petitioner and Respondents entered into a Joint Stipulation of Facts and Law which is incorporated into this Findings of Fact, Conclusions of Law and Order. The Commission admitted into evidence Petitioner's Exhibits 1, 2, 8, 14, 15, 16, and 17. Having considered all the

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SENDERS RECORD

competent and substantial evidence upon the whole record, the Commission finds by a vote of 5-0 as follows:

FINDINGS OF FACT

Background applicable to all counts:

1. The Missouri Ethics Commission is an agency of the State of Missouri established pursuant to Section 105.955, RSMo, in part for the purpose of enforcing the provisions of Chapter 130, RSMo.

2. Respondent Alliance for Truth was a committee operated primarily by Respondent Patterson, originally filing a statement of committee organization as a continuing committee and later filing two statements of committee organization as a campaign committee.

3. Respondent Patterson was the Treasurer for Respondent Alliance for Truth Committee at all times relevant to this complaint.

4. Respondents utilized an account ending *9984 at Fifth Third Bank as their official depository account.

5. Pursuant to Section 105.961, RSMo, the Commission's staff investigated the reports and statements filed with the Commission and reported the investigation findings to the Commission.

6. Based on the report of the Commission's staff, the Commission determined that there were reasonable grounds to believe that violations of law occurred, and it therefore authorized a hearing in this matter pursuant to Section 105.961.3, RSMo.

August through November 2010: The General Election and Proposition B

7. Proposition B was a ballot measure that was approved for the statewide general election on November 2, 2010.

8. Respondents filed with the Ethics Commission a statement of committee organization registering Alliance for Truth as a continuing committee, MEC ID C101513, in August 2010. This committee opposed Proposition B.

9. Alliance for Truth registered as a "Section 527" organization with the Internal Revenue Service in August 2010.

10. However, Respondents have not registered The Alliance for Truth as a nonprofit corporation.

11. Respondents operate a website that stated, "The Alliance for Truth is a non-profit affiliate of The Cavalry Group."

12. Respondent Patterson is the organizer for The Cavalry Group, LLC, a limited liability company formed in June 2011 pursuant to articles of organization filed with the Missouri Secretary of State.

13. Respondents filed a statement of committee termination for MEC ID C101513 in October 2010, but at the same time filed a second statement of committee organization registering Respondent Alliance for Truth as a campaign committee, MEC ID C101546. This committee also opposed Proposition B.

14. Between August 2010 and November 2, 2010, Respondents deposited over \$150,000 in contributions into their official depository account.

15. Respondents failed to timely report approximately \$1,800 of these contributions.

16. Between August 2010 and November 2, 2010, Respondents made slightly over \$96,000 in expenditures from their official depository account.

17. Respondents failed to timely report \$771 of these expenditures.

18. Of the \$96,000 in expenditures that Respondents made in this time, \$1,960 were made to either Respondent Patterson or to Crosswater Properties, LLC, a company owned and operated by Respondent Patterson.

19. At the November 2, 2010, voters approved Proposition B.

November 2010 through March 2011: Respondents continue to operate even in the absence of a proposed ballot measure

20. Immediately after the November 2010 election, Respondents had \$56,701.41 in their official depository account.

21. Between November 3, 2010, and March 2011, Respondents did not amend their statement of committee organization to reflect support or opposition to any ballot measure or candidate.

22. On March 9, 2011, Respondents filed a statement of committee termination with the Ethics Commission, reporting activity through March 1, 2011.

23. Between November 3, 2010, and March 1, 2011, Respondents deposited approximately \$21,600 in contributions and miscellaneous receipts, such as refunds from previous expenditures, into their official depository account.

24. Respondents failed to timely report \$730 of these contributions and miscellaneous receipts.

25. Between November 3, 2010, and March 1, 2011, Respondents made approximately \$65,000 in expenditures from their official depository account.

26. Respondents did not accurately report \$25,888 of these expenditures on Respondents' original reports.

27. Of the \$65,000 in expenditures that Respondents made in this time, approximately \$36,600 were made to either Respondent Patterson, or Crosswater Properties, LLC, a company owned and operated by Respondent Patterson.

28. Respondents reported these expenditures on reports as payments on incurred expenditures for services and reimbursement for expenses.

March through June 2011: Respondents continue to operate in the absence of a proposed ballot measure and without a registered committee

29. When Respondents originally filed a statement of committee termination in March 2011, Respondents still had a balance of over \$11,000 in their official depository account.

30. Between March and June 2011, Respondents had no statement of committee organization on file with the Ethics Commission, but Respondents still spent approximately \$11,000 from their official depository account.

June 2011 to December 2013: Respondents operated with regards to other proposed ballot measures

31. Respondents had no statement of committee organization on file with the Ethics Commission for any committee by the name "Alliance for Truth" between March and September 2011.

32. On June 11, 2011, two more initiative petitions were filed with the Missouri Secretary of State.

33. Respondents registered Respondent Alliance for Truth a third time with the Ethics Commission as a campaign committee, MEC ID 111164, in September 2011, identifying opposition to the two initiative petitions filed with the Missouri Secretary of State in June 2011.

34. Between June 2011 and December 2013, Respondents deposited approximately \$2,000 in contributions.

35. Between June 2011 and December 2013, Respondents spent approximately \$2,000 from their official depository account.

36. Of this \$2,000, \$1,664.73 was withdrawn by Respondent Patterson.

2014 to present: Respondents begin to operate in New York

37. In 2014, Respondents reported approximately \$16,600 in contributions received and \$15,200 in expenditures made.

38. All but four of those contributions, totaling \$70, came from persons outside of Missouri.

39. All but one of those expenditures, a late fee paid to the Ethics Commission, were made outside of Missouri.

40. Six of those expenditures, totaling \$15,000, were made to entities in New York.

41. Respondents' website states, "Help us Save New York City Horse Carriages."

COUNT I

Unauthorized use of committee's contributions

a. Expenditure to Residential Credit

42. On April 13, 2011, Respondent Patterson made an expenditure of \$3,015.34 from Respondents' official depository account to "Residential Credit" in Fort Worth, Texas.

43. On April 13, 2011, Respondents had no active committee registered with the Ethics Commission.

44. Respondents did not timely and accurately report the expenditure to Residential Credit on campaign finance disclosure reports.

b. Expenditures not related to Missouri ballot measures

45. Respondents filed a full disclosure report in April 2012. Between July 2012 and January 2014, Respondents filed statements of limited activity.

46. By 2014, the ballot measures listed on Respondents' statement of committee organization, which proposed a change to article 3, Sections 39(11) and 54 of the Missouri Constitution, was no longer eligible to be on a ballot and was no longer approved for circulation in Missouri, and Respondents had not updated their statement of committee organization to reflect any other ballot measure or candidate supported or opposed.

47. Sometime in 2014, Respondents shifted some operations to candidates and issues outside of Missouri, and particularly to proposals relating to horse carriages in New York City.

48. For example, on June 2, 2014, Respondents made an expenditure of \$5,000 to Clip Clop NYC 2014, located at 98 Birch Street, New York, NY 11001.

49. Clip Clop, NYC, is an organization formed to address legal proposals relating to horse carriages in New York City.

COUNT II

Failure to timely file a Statement of Committee Organization and Statement of Committee Termination

50. Between March 10, 2011, and September 12, 2011, Respondents did not have a committee in the name "Alliance for Truth" registered with the Ethics Commission.

51. Between March 10 and September 12, 2011, Respondents accepted the following six (6) contributions totaling \$383.53:

Contributor Name	Date	Amount	Bank Statement	Date on Check
Easy Savings Fuel Rebate	04/26/11	\$2.19	Apr-11	04/26/11
Cash Deposit	06/08/11	\$50.00	Jun-11	06/08/11
Funds Transfer from Check # 4378	08/05/11	\$250.00	Aug-11	08/05/11
Funds Transfer from Check # 8111	08/10/11	\$11.34	Aug-11	08/10/11
Funds Transfer from Check # 8111	08/10/11	\$50.00	Aug-11	08/10/11
Cash Deposit	08/29/11	\$20.00	Aug-11	08/29/11
	TOTAL	\$383.53		

52. Between March and September 2011, Respondents made the following fifty-nine (59) expenditures totaling \$11,448.38:

Name of Expenditure	Date	Amount	Bank Statement	Date on Check	Check #
Funds Transfer to check # 4378	03/11/11	\$3,000.00	Mar-11	03/11/11	Debit
Mark Patterson	03/28/11	\$1,000.00	Mar-11	03/24/11	1048
Residential Credit	04/13/11	\$3,015.34	Apr-11	04/13/11	Debit
USPS	04/25/11	\$43.80	Apr-11	04/25/11	Debit
Wildhorse Creek	04/26/11	\$49.49	Apr-11	04/26/11	Debit
Sams Club	04/26/11	\$112.89	Apr-11	04/26/11	Debit
Sprint	04/26/11	\$234.30	Apr-11	04/26/11	Debit
Target	04/28/11	\$112.40	Apr-11	04/28/11	Debit
Smokehouse Market	04/29/11	\$28.48	Apr-11	04/29/11	Debit
Crosswater Properties LLC	04/29/11	\$500.00	Apr-11	02/01/11	1047
Sams Club	05/02/11	\$15.63	May-11	05/02/11	Debit
IHOP	05/02/11	\$20.00	May-11	05/02/11	Debit
Pizzarellis Pizzer	05/02/11	\$30.06	May-11	05/02/11	Debit
Exxonmobil	05/02/11	\$71.14	May-11	05/02/11	Debit
Sams Club	05/02/11	\$88.76	May-11	05/02/11	Debit
Sears Roebuck	05/02/11	\$227.00	May-11	05/02/11	Debit
Icontact Corporation	05/03/11	\$19.00	May-11	05/03/11	Debit
Smokehouse Market	05/03/11	\$19.65	May-11	05/03/11	Debit
Exxonmobil	05/04/11	\$56.21	May-11	05/04/11	Debit
Target	05/06/11	\$54.12	May-11	05/06/11	Debit
Straub's	05/09/11	\$10.71	May-11	05/09/11	Debit
Whole Foods Mark	05/09/11	\$34.99	May-11	05/09/11	Debit
Target	05/09/11	\$52.86	May-11	05/09/11	Debit
Wal-Mart	05/09/11	\$84.99	May-11	05/09/11	Debit

Name of Expenditure	Date	Amount	Bank Statement	Date on Check	Check #
Nippon Tei	05/09/11	\$94.37	May-11	05/09/11	Debit
Chevy's	05/10/11	\$69.23	May-11	05/10/11	Debit
Mirachem	05/12/11	\$97.48	May-11	05/12/11	Debit
AMC	05/24/11	\$5.25	May-11	05/24/11	Debit
El Maguey	05/24/11	\$27.00	May-11	05/24/11	Debit
AMC	05/24/11	\$30.00	May-11	05/24/11	Debit
San Sai Japanese	05/24/11	\$31.76	May-11	05/24/11	Debit
Paypal *Rtouns	05/24/11	\$450.00	May-11	05/24/11	Debit
Starbucks	05/27/11	\$4.17	May-11	05/27/11	Debit
Sheridans Frozen	05/31/11	\$4.80	May-11	05/31/11	Debit
PM BBQ	05/31/11	\$18.03	May-11	05/31/11	Debit
Fastrak 2	05/31/11	\$52.95	May-11	05/31/11	Debit
Schnuck's Market	05/31/11	\$55.72	May-11	05/31/11	Debit
Philam Transport	05/31/11	\$100.00	May-11	05/31/11	Debit
Icontact Corporation	06/02/11	\$19.00	Jun-11	06/02/11	Debit
Mark Patterson	06/03/11	\$1,100.00	Jun-11	05/02/11	1049
American	06/06/11	\$25.00	Jun-11	06/06/11	Debit
Jeanie Withdrawal at Loc	06/14/11	\$42.75	Jun-11	06/14/11	Debit
Jack In the Box	06/15/11	\$4.82	Jun-11	06/15/11	Debit
Icontact Corporation	07/05/11	\$19.00	Jul-11	07/05/11	Debit
Overdraft Fee	07/06/11	\$33.00	Jul-11	07/06/11	Debit
Daily Overdraft Fee	07/08/11	\$32.00	Jul-11	07/08/11	Debit
Daily Overdraft Fee	07/11/11	\$24.00	Jul-11	07/11/11	Debit
Daily Overdraft Fee	07/12/11	\$8.00	Jul-11	07/12/11	Debit
Daily Overdraft Fee	07/13/11	\$8.00	Jul-11	07/13/11	Debit
Daily Overdraft Fee	07/14/11	\$8.00	Jul-11	07/14/11	Debit
Daily Overdraft Fee	07/15/11	\$8.00	Jul-11	07/15/11	Debit
Daily Overdraft Fee	07/18/11	\$24.00	Jul-11	07/18/11	Debit
Daily Overdraft Fee	07/19/11	\$8.00	Jul-11	07/19/11	Debit
Daily Overdraft Fee	07/20/11	\$8.00	Jul-11	07/20/11	Debit
Daily Overdraft Fee	07/21/11	\$8.00	Jul-11	07/21/11	Debit
Daily Overdraft Fee	07/22/11	\$8.00	Jul-11	07/22/11	Debit
Daily Overdraft Fee	07/25/11	\$16.00	Jul-11	07/25/11	Debit
Service Charge	08/10/11	\$17.50	Aug-11	08/10/11	Debit
Mark Patterson	08/10/11	\$104.73	Aug-11	08/10/11	1052
	TOTAL	\$11,448.38			

53. As set forth in more detail below at paragraphs 57, 58, 70, and 71, Respondents failed to timely report to the Ethics Commission or any other appropriate authority under Section

130.026, RSMo, the contributions listed in paragraph 0 above and the expenditures listed in paragraph 52 above.

54. After the November 2, 2010, election, Respondents did not originally report outstanding debt.

55. Respondents did not originally file a termination statement and report with the Ethics Commission within thirty (30) days after the November 2, 2010, general election, but rather originally filed a termination statement and report on March 9, 2011, which was one hundred and twenty-seven (127) days after the general election.

COUNT III

Failure to timely and accurately report contributions

56. As set forth in more detail below, Respondents: a) failed to timely report \$4,812.76 in contributions received, b) originally reported \$570.71 in contributions that were not deposited into Respondents' official depository account, c) failed to timely and accurately list contributor information, and d) originally reported a loan that was not deposited into Respondents' official depository account.

a. Failure to timely report contributions

57. Respondents failed to timely report the following six (6) monetary contributions totaling \$2,581.23 that were each over \$100:

Contributor Name	Date	Amount
MOFED Corp	08/24/2010	\$1,000.00
MOFED Corp	08/26/2010	\$500.00
Carl or Barbara Neubert	11/02/2010	\$380.00
Computer Express	11/08/2010	\$271.23
Funds Transfer from check *4378	08/05/2011	\$250.00
KFTK/KPNT/KSHE/KIHT	04/26/2012	\$180.00
	TOTAL	\$2,581.23

58. Respondents failed to timely report thirty-six (36) monetary contributions, totaling \$867.06, that were each \$100 or less.

59. Respondents failed to timely and accurately report five (5) in-kind contributions, totaling \$1,364.47, including the following four (4) in-kind contributions from Respondent Patterson totaling \$1,360.97:

Date	Amount	Recipient
01/19/12	\$303.24	Office Max
02/14/12	\$235.15	Print Place
02/28/12	\$542.13	Office Max
03/06/12	\$280.45	Office Max
TOTAL	\$1,360.97	

b. Contributions reported but not deposited into official depository account

60. As set forth in more detail below, Respondents originally reported receiving four (4) contributions totaling \$570.71 that were not deposited into their official depository account.

61. Respondents originally reported a monetary contribution of \$62.71 from “Omega Naturals, LLC, but Omega Naturals (a company owned by Respondent Patterson) made an in-kind contribution of \$62.71.

62. Respondents originally reported contributions received of \$245, \$183, and \$80 from Concerned Women of America, Professional Pets Association, and K&N Patriots, respectively, did not deposit those contributions into Respondents’ official depository account.

c. Inaccurate contributor information

63. Respondents originally reported eight (8) contributions, totaling \$1,204.36, that were duplicates of contributions already reported.

64. Respondents’ original reports incorrectly reported the following twelve (12) contributions:

Date	Contributor	Amount	Report	Error
09/12/2010	Steven Kruse	\$1,000.00	Termination	No employer listed
09/13/2010	Mark Andrews Jr.	\$10,000.00	Termination	No employer listed
09/28/2010	Mark Andrews Jr.	\$687.17	Termination	No employer listed
10/07/2010	Beverly Simmons	\$500.00	Amended 8 day before general	No employer listed
10/25/2010	Patricia Shellhart	\$47.75	Amended 30 day After General	Incorrect name. Should be Carol Novak
10/26/2010	Chris Yearwood	\$95.50	Amended 30 day after general	Incorrect name Should be Daniel Reese
10/28/2010	Denny Mertz	\$120.00	Amended 30 day after general	No employer listed
11/09/2010	Alice Harrington	\$238.75	Amended 30 day after general	No employer listed
11/10/2010	James Rowe	\$191.00	Amended 30 day after general	No employer listed
03/13/2012	Cash Deposit	\$133.00	Amended April 2012 Quarterly	Incorrect amount. Should be \$123.00
10/25/2010	Ruthie Snodgrass	\$238.75	Amended 30 day after general	Incorrect name Should be Doedi Britt for \$200 and Clinton Michael for \$50
10/26/2010	Linda McClaren	\$238.75	Amended 30 day after general	Incorrect name Should be Carl Martin for \$100 and Teresa Fox for \$50
	TOTAL	\$13,490.67		

d. Loan reported but not deposited into official depository account

65. On Respondents' amended quarterly disclosure report for April 2012, Respondents originally reported a loan from Respondent Patterson to Respondent Alliance for Truth of \$1,165.87 made on March 31, 2012.

66. Respondents amended the April 2012 quarterly report to remove this reported loan.

67. Respondents did not deposit this reported loan into Respondents' official depository account.

68. Respondents' next full disclosure report, filed in April 2014, does not reflect this loan.

COUNT IV

Failure to timely and accurately report expenditures

69. As set forth in more detail below, Respondents: a) failed to timely and accurately report \$40,300.56 in expenditures made, b) originally reported \$36,217 in expenditures that were not made from Respondents' official depository account, c) failed to timely itemize at least \$53,300 in expenditures with a vague reported purpose such as "Consulting & PR Contract" and "Consulting Services," and d) inaccurately reported \$3,182.19 in expenditures.

a. Failure to report expenditures

70. Respondents failed to timely and accurately report twenty nine (29) expenditures, that were each over \$100, totaling \$38,518.84:

Payee	Date	Amount
Nathan Schulze	09/03/2010	\$614.02
Budget Rent-A-Car	10/08/2010	\$157.34
Highland Consulting LLC	12/07/2010	\$228.00
Crosswater Properties LLC	01/05/2011	\$3,000.00
Crosswater Properties LLC	01/19/2011	\$6,000.00
Outgoing Wire Transfer	01/27/2011	\$5,399.00
Crosswater Properties LLC	01/31/2011	\$3,000.00
Funds Transfer	02/11/2011	\$900.00
Crosswater Properties LLC	02/11/2011	\$1,300.00
Sams Club	02/16/2011	\$134.00
North Atlantic Reg	02.18.2011	\$525.00
Jeanie Withdrawal at LOC	02/22/2011	\$402.00

Payee	Date	Amount
Funds Transfer	02/22/2011	\$2,000.00
Mark Patterson	03/01/2011	\$3,000.00
Charter Communications	03/07/2011	\$273.58
Sprint	03/08/2011	\$249.24
Funds Transfer	03/11/2011	\$3,000.00
Mark Patterson	03/28/2011	\$1,000.00
Residential Credit	04/13/2011	\$3,015.34
Sams Club	04/26/2011	\$112.89
Sprint	04/26/2011	\$234.30
Target	04/28/2011	\$112.40
Crosswater Properties LLC	04/29/2011	\$500.00
Sears Roebuck	05/02/2011	\$227.00
Paypal *Rtouns	05/24/2011	\$450.00
Mark Patterson	06/03/2011	\$1,100.00
Mark Patterson	08/10/2011	\$104.73
Mark Patterson	06/26/2012	\$180.00
Withdrawal by Mark Patterson	08/20/2012	\$1,300.00
	TOTAL	\$38,518.84

71. Respondents failed to timely report seventy-five (75) expenditures, totaling \$1,781.72, that were each \$100 or less.

b. Expenditures reported but not made from official depository account

72. Respondents reported making two (2) expenditures totaling \$217 that were not made from their official depository account.

73. Respondents incorrectly reported the two (2) following expenditures totaling \$36,000, which were not actually made to the recipient identified in Respondents' reports:

Report Name	Reported Recipient	Date	Reported Purpose	Reported Amount
Amended - 30 day after general election	New Territory LLC	11/05/10	Media Buy Accounting Purch. Oct	\$3,000.00
Amended - 30 day after general election	The Cavalry Group GP	12/01/10	Consulting & PR Contract	\$33,000.00
			TOTAL	\$36,000.00

c. Itemizing fees

74. Respondents originally used the terms “Campaign Mgt – MKP,” “Committee Mgt – MKP,” “Consulting Services,” “Consulting & PR Contract,” and “Political Consulting” on the following \$55,300 in expenditures without filing a supplemental report detailing the specific services provided in exchange for these expenditures:

Report Name	Expenditure Recipient	Date	Reported Purpose	Amount
AMENDED - 30 DAY AFTER GENERAL ELECTION	CPLLC	11/5/2010	Campaign Mgt - MKP	\$8,000.00
AMENDED - 30 DAY AFTER GENERAL ELECTION	The Pegasus Campaign	11/23/2010	Political Consulting	\$8,000.00
AMENDED - 30 DAY AFTER GENERAL ELECTION	CPLLC	12/1/2010	Committee Mgt -MKP	\$4,000.00
AMENDED - 30 DAY AFTER GENERAL ELECTION	The Cavalry Group	12/1/2010	Consulting & PR Contract	\$33,000.00
TERMINATION	Mark Patterson	9/28/2010	Consulting Services	\$300.00
			TOTAL	\$53,300.00

75. Respondents reported the purpose “Media Buy Accounting” for two expenditures totaling \$6,000 to New Territory, LLC, but Respondents did not itemize in a supplemental report which amounts were for media and which amounts were for accounting.

d. Inaccurate expenditure information

76. Respondents originally reported five (5) expenditures that were duplicates, totaling \$1,817.72.

77. Respondents originally reported five (5) expenditures, totaling \$1,364.47, which were actually made from Respondent Patterson’s personal funds, and therefore should have been reported as in-kind contributions received by Respondent Alliance for Truth as set forth in more detail above at paragraph 59.

COUNT V

Failure to timely and accurately file reports

78. Respondents failed to timely file a quarterly disclosure report in October 2011.

79. Respondents failed to timely file the following disclosure reports with the Ethics

Commission:

Report	Due date	Date filed	Days late
July 2012 Quarterly	07/16/2012	07/17/2012	1
October 2012 Quarterly	10/15/2012	10/16/2012	1
April 2013 Quarterly	04/15/2013	04/16/2013	1
July 2013 Quarterly	07/15/2013	07/17/2013	2
October 2013 Quarterly	10/15/2013	10/21/2013	6
January 2014 Quarterly	01/15/2014	02/10/2014	26
April 2014 Quarterly	04/15/2014	04/29/2014	26
July 2014 Quarterly	07/15/2014	09/02/2014	26
October 2014 Quarterly	10/15/2014	11/02/2014	26

80. Respondents originally filed a limited activity report in lieu of a full campaign finance disclosure report in October 2012 when Respondents' cumulative expenditures exceeded \$500.

81. Respondents incorrectly reported the aggregate amount of all contributors, rather than the aggregate amount of each contributor, on several reports. For example, Respondents' April 2014 quarterly report showed the following:

INSTRUCTIONS		
PURPOSE: The purpose of the Contributions Received supplement is to provide a printed outline for attaching additional pages to Form CD-1 (Contributions Received). This form should be used as additional space for reporting persons contributing more than \$100 and for committee contributions. This form may be reproduced as needed. Total all itemized contributions at the bottom of the page and carry to item 7 (Subtotal: Itemized Contributions From Any Attached Pages) on Form CD-1. If further information is needed concerning reporting itemized expenditures, see Form CD-1 instructions.		
A. ITEMIZED CONTRIBUTIONS RECEIVED FROM COMMITTEES REGARDLESS OF THE AMOUNT, OR FROM PERSONS GIVING MORE THAN \$100 TO A COMMITTEE.	4. DATE RECEIVED AGGREGATE TO DATE	5. AMOUNT RECEIVED (CHECK IF MONETARY OR IN-KIND)
3. NAME, ADDRESS AND OCCUPATION (LIST COMMITTEES FIRST)		
NAME: ADDRESS: Mindy Patterson 18746 Bonhomme Creek Road CITY / STATE: Wildwood MD 21095 EMPLOYER: Self <input type="checkbox"/> COMMITTEE:	1/2/2014 \$ 10.00	\$ 10.00 <input checked="" type="checkbox"/> MONETARY <input type="checkbox"/> IN-KIND
NAME: ADDRESS: karen garriott 185 deer rd CITY / STATE: rose bud RR 72137 EMPLOYER: carriage co owner <input type="checkbox"/> COMMITTEE:	1/2/2014 \$ 110.00	\$ 100.00 <input checked="" type="checkbox"/> MONETARY <input type="checkbox"/> IN-KIND
NAME: ADDRESS: Mindy Patterson 18746 Bonhomme Creek Road CITY / STATE: Wildwood MD 21095 EMPLOYER: N/A <input type="checkbox"/> COMMITTEE:	1/4/2014 \$ 120.00	\$ 10.00 <input checked="" type="checkbox"/> MONETARY <input type="checkbox"/> IN-KIND
NAME:		

82. The report above should have shown the aggregate amount for Karen Garriott as \$100.00, and the aggregate amount for Mindy Patterson as \$20.

COUNT VI

Failure to maintain committee records

83. The Commission issued a subpoena to Respondents on January 16, 2014, after which Respondents provided the documents in their possession, but some transactions did not have documentation.

CONCLUSIONS OF LAW

COUNT I

Unauthorized use of committee's contributions

84. "Contributions . . . received by any committee shall not be converted to any personal use." § 130.034.1, RSMo.

85. Under Section 130.034.2, RSMo, contributions may be used for any purpose allowed by law including but not limited to:

- (1) Any ordinary expenses incurred relating to a campaign;
- (2) Any ordinary and necessary expenses incurred in connection with the duties of a holder of elective office;
- (3) Any expenses associated with the duties of candidacy or of elective office pertaining to the entertaining of or providing social courtesies to constituents, professional associations, or other holders of elective office;
- (4) The return of any contribution to the person who made the contribution to the candidate or holder of elective office;
- (5) To contribute to a political organization or candidate committee as allowed by law;
- (6) To establish a new committee as defined by this chapter;
- (7) To make an unconditional gift which is fully vested to any charitable, fraternal or civic organizations or other associations formed to provide for some good in the order of benevolence, if such candidate, former candidate or holder of elective office or

such person's immediate family gain no direct financial benefit from the unconditional gift;

86. There is probable cause to believe that Respondents violated Section 130.034, RSMo, by making over \$8,000 in expenditures not authorized by law, and that Respondents did so knowingly.

COUNT II

Failure to timely file a Statement of Committee Organization and Statement of Committee Termination

87. The treasurer or deputy treasurer acting on behalf of any person or organization or group of persons which is a committee by virtue of the definitions of a "committee" in section 130.011 and any candidate who is not excluded from forming a committee in accordance with the provisions of section 130.016 shall file a statement of organization with the appropriate officer within twenty days after the person or organization becomes a committee but no later than the date for filing the first report required pursuant to the provisions of section 130.046. §130.021.5, RSMo.

88. A campaign committee "shall terminate the later of either thirty days after the general election or upon the satisfaction of all committee debt after the general election, except that no committee retiring debt shall engage in any other activities in support of a measure for which the committee was formed." § 130.011(8), RSMo.

89. There is probable cause to believe that Respondents violated Sections 130.021.5 and 130.011(8), RSMo, by failing to timely file a Statement of Committee Organization after making expenditures in excess of \$500, by failing to timely file a Statement of Committee Termination within thirty (30) days after the general election for the ballot measure for which Respondent Alliance for Truth was formed, and that Respondents did so knowingly.

COUNT III

Failure to timely and accurately report contributions

90. Committees are required to file campaign finance disclosure reports that set forth receipts for the period, including the:

(a) Total amount of all monetary contributions received which can be identified in the committee's records by name and address of each contributor.

...

(d) Total dollar value of all in-kind contributions received

...

(f) A listing of each loan received by name and address of the lender and date and amount of the loan. For each loan of more than one hundred dollars, a separate statement shall be attached setting forth the name and address of the lender and each person liable directly, indirectly or contingently and the date, amount and terms of the loan.

§130.041.1(3), RSMo.

91. "All contributions which the committee receives in money, checks and other negotiable instruments shall be deposited in a committee's official depository account."

§130.021.4, RSMo.

92. There is probable cause to believe that Respondents violated Section 130.041.1(3) and 130.021.4, RSMo, by failing to timely and accurately report six (6) contributions totaling \$2,581.23 that were each in excess of \$100, failing to timely and accurately report thirty-six (36) expenditures of \$100 or less, totaling \$867.07, failing to report five (5) in-kind contributions

totaling \$1,360.97, reporting four (4) contributions totaling \$570.71 that were not deposited into Respondents' official depository account, reporting eight (8) contributions that were duplicates, inaccurately reporting twelve (12) contributions, totaling \$13,013.17, with incorrect or incomplete information and reporting a loan of \$1,165.87 that was not deposited into Respondents' official depository account, and that Respondents did so knowingly.

COUNT IV

Failure to timely and accurately report expenditures

93. Respondents were required to file campaign finance disclosure reports that set forth expenditures for the period, including the:

(a) Total dollar amount of expenditures made by check drawn on the committee's depository;

...

(d) The full name and mailing address of each person to whom an expenditures of money or any other thing of value in the amount of more than one hundred dollars has been made, contracted for or incurred, together with the date, amount and purpose of each expenditures. Expenditures of one hundred dollars or less may be grouped and listed by categories of expenditure showing the total dollar amount of expenditures in each category, except that the report shall contain an itemized listing of each payment made to campaign workers by name, address, date, amount and purpose of each payment and the aggregate amount paid to each such worker;

...

§ 130.041.1(4), RSMo.

94. "The words 'consulting or consulting services, fees, or expenses,' or similar words, shall not be used to describe the purpose of a payment as required in this section. The reporting of any payment to such an independent contractor shall be on a form supplied by the appropriate officer, established by the ethics commission and shall include identification of the specific service or services provided including, but not limited to, public opinion polling, research on issues or opposition background, print or broadcast media production, print or broadcast media purchase, computer programming or data entry, direct mail production, postage, rent, utilities, phone solicitation, or fund raising, and the dollar amount prorated for each service." § 130.041.4, RSMo.

95. Contributions shall not be accepted and expenditures shall not be made by a committee except by or through an official depository account and the committee treasurer, deputy treasurer or candidate. §130.021.4(1)

96. There is probable cause to believe that Respondents violated Sections 130.041.1(4), 130.041.4 and 130.021.4(1), RSMo, by failing to timely and accurately report twenty-nine (29) expenditures, each over \$100, totaling \$38,518.84, failing to timely and accurately report seventy-five (75) expenditures of \$100 or less each, totaling \$1,781.72, reporting \$217 in expenditures that were not deposited into Respondents' official depository account, falsely reporting the recipient of \$36,000 in expenditures, using the term "consulting services" and similarly vague references to describe the purpose of expenditures totaling \$53,300, reporting five (5) expenditures that were duplicates totaling \$1,817.72, and reporting in-kind contributions received by the committee as monetary expenditures made by the committee, and that Respondents did so knowingly.

COUNT V

Failure to timely and accurately file reports

97. A committee need not file a full disclosure report if, during the applicable reporting period, the committee “has neither received contributions aggregating more than five hundred dollars nor made expenditure aggregating more than five hundred dollars and has not received contributions aggregating more than three hundred dollars from any single contributor and if the committee's treasurer files a statement with the appropriate officer that the committee has not exceeded the identified thresholds in the reporting period.” § 130.046.5(2), RSMo.

98. This statement of limited activity may not be filed “in lieu of the report for two or more consecutive disclosure periods if either the contributions received or expenditures made in the aggregate during those reporting periods exceed five hundred dollars.” § 130.046.5(2), RSMo.

99. “The candidate, if applicable, treasurer or deputy treasurer of a committee shall file disclosure reports pursuant to this section, except for any calendar quarter in which the contributions received by the committee or the expenditures or contributions made by the committee do not exceed five hundred dollars. The reporting dates and periods covered for such quarterly reports shall not be later than the fifteenth day of January, April, July and October for the period closing on the thirty-first day of December, the thirty-first day of March, the thirtieth day of June and the thirtieth day of September...” §130.046.3

100. Respondents were required to file campaign finance disclosure reports at the following times and for the following periods:

- (1) Not later than the eighth day before an election for the period closing on the twelfth day before the election if the committee has

made any contribution or expenditure either in support or opposition to any candidate or ballot measure;

(2) Not later than the thirtieth day after an election for a period closing on the twenty-fifth day after the election, if the committee has made any contribution or expenditure either in support of or opposition to any candidate or ballot measure; except that, a successful candidate who takes office prior to the twenty-fifth day after the election shall have complied with the report requirement of this subdivision if a disclosure report is filed by such candidate and any candidate committee under the candidate's control before such candidate takes office, and such report shall be for the period closing on the day before taking office; and

(3) Not later than the fifteenth day following the close of each calendar quarter.

Notwithstanding the provisions of this subsection, if any committee accepts contributions or makes expenditures in support of or in opposition to a ballot measure or a candidate, and the report required by this subsection for the most recent calendar quarter is filed prior to the fortieth day before the election on the measure or candidate, the committee shall file an additional disclosure report not later than the fortieth day before the election for the period closing on the forty-fifth day before the election.

§ 130.046.1, RSMo.

101. There is probable cause to believe that Respondents violated Sections 130.046.5(2), 130.046.3, and 130.046.1, RSMo, by filing a limited activity reports when a full disclosure report was due, failing to timely file an October 2011 quarterly report, failing to timely file nine (9) disclosure reports, and failing to accurately report the aggregate amounts for individual contributors, and that Respondents did so knowingly.

COUNT VI

Failure to maintain committee records

102. Each candidate and committee must maintain accurate records and accounts on a current basis. § 130.036.1, RSMo.

103. The records must be maintained in accordance with accepted normal bookkeeping procedures “and shall contain the bills, receipts, deposit records, canceled checks and other detailed information necessary to prepare and substantiate any statement or report required to be filed pursuant to this chapter.” § 130.036.1, RSMo.

104. “All records and accounts of receipts and expenditures shall be preserved for at least three years after the date of the election to which the records pertain. Records and accounts regarding supplemental disclosure reports or reports not required pursuant to an election shall be preserved for at least three years after the date of the report to which the records pertain. Such records shall be available for inspection by the campaign finance review board and its duly authorized representatives.” § 130.036.8, RSMo.

105. “Upon refusal by any person to comply with a request for information relevant to an investigation, an investigator may issue a subpoena for any person to appear and give testimony, or for a subpoena duces tecum to produce documentary or other evidence which the investigator deems relevant to a matter under the investigator's inquiry.”
§ 105.961.8(4), RSMo.

106. There is probable cause to believe that Respondents violated Section 130.036, RSMo, by failing to maintain and make available committee records relating to contributions and expenditures made, and that Respondents did so knowingly.

ORDER

The Missouri Ethics Commission finds probable cause that Respondents Alliance for Truth and Patterson violated, and have knowingly violated, Sections 130.034, 130.021.5, 130.011(8), 130.041.1(3), 130.021.4, 130.041.1(4), 130.041.4, 130.021.4(1), 130.046.5(2), 130.046.3, 130.046.1, 130.036.1, and 130.036.8, RSMo.


The Commission orders both Respondents to terminate the campaign committee, MEC ID C111164, pursuant to Sections 105.961.4(2) and 105.961.5(3), RSMo.

The Missouri Ethics Commission further orders a fee be imposed against both Respondents in the amount of \$61,500 pursuant to Section 105.961.4(6), RSMo. If either Respondent pays \$12,300 of that fee within thirty (30) days of this Order and files all required campaign finance disclosure reports, the remainder of the fee will be stayed.

Regardless of the stay, if any Respondent commits any further violation of the campaign finance laws under Chapter 130, RSMo, within two years from the date of this order, then Respondents will be required to pay the remainder of the fee. The fee will be due immediately upon final adjudication that Respondent has committed such a future violation.

Respondents Alliance for Truth and Patterson shall be jointly and severally liable for all fees imposed under this order.

SO ORDERED this 10th day of July, 2015.



Charles E. Weedman, Jr., Chair
MISSOURI ETHICS COMMISSION