

behalf at the hearing; and the right to a decision upon the record of the hearing. Being aware of these rights provided to Respondents by operation of law, the undersigned Respondents knowingly and voluntarily waive each and every one of these rights and freely enter into this Joint Stipulation of Facts, Waiver of Hearing before the Missouri Ethics Commission, and Consent Order with Joint Proposed Findings of Fact and Conclusions of Law, and agree to abide by the terms of this document.

L.

Based upon the foregoing, the Petitioner and the undersigned Respondents jointly stipulate to the following and request that the Missouri Ethics Commission adopt as its own the Joint Proposed Findings of Fact and the Joint Proposed Conclusions of Law, as follows:

JOINT PROPOSED FINDINGS OF FACT

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.¹
2. Respondent Freedom Incorporated is a continuing committee that was established with the Missouri Ethics Commission on July 15, 1994.
3. Respondent Beatty is the treasurer of the committee and has been since February 21, 2012.
4. On October 20, 2010, Respondents amended their statement of committee organization with the Missouri Ethics Commission to show an official fund depository account at Liberty Bank and Trust account number *4575.

¹ Unless noted otherwise, all statutory references are to the Revised Statutes of Missouri 2000 (Supp. 2016).

5. Since 2013, the Missouri Ethics Commission had made numerous contacts to the committee regarding the non-filing or late filing of Direct Expenditure Reports for expenditures made in support or opposition of candidates and ballot measures.

6. On February 25, 2016, the Missouri Ethics Commission notified Respondents that it had opened a formal investigation of Freedom Incorporated.

7. On March 2, 2016, the Missouri Ethics Commission served subpoenas upon Liberty Bank and Trust account number *4575 and Respondents' committee and treasurer.

8. Upon receipt of the Liberty Bank and Trust records, the Missouri Ethics Commission learned that the official fund depository account at Liberty Bank and Trust account number *4575 was closed on June 25, 2014.

9. During its investigation, the Missouri Ethics Commission found other committees that reported they received contributions and/or made expenditures to Freedom Incorporated deposited into an account at Bank of America.

10. On April 22, 2015 the Missouri Ethics Commission issued a subpoena to Bank of America account number *8774, in the name of Freedom Incorporated Political Action Committee.

11. Pursuant to Sections 105.959 and 105.961, RSMo, the Commission's staff investigated the reports and statements filed with the Commission and reported the investigation findings to the Commission.

12. Based on the investigation report, 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.

COUNT I

Failure to update the statement of committee organization and failure to maintain an official depository account through which all contributions are deposited and all expenditures are made

13. Respondents closed the official fund depository account at Liberty Bank and Trust account number *4575 on June 25, 2014, but failed to amend the statement of committee organization to show a change in the official fund depository and official fund depository account when Respondents started using a different bank account at Bank of America with account number *8774.

14. Respondents failed to report a savings account at Liberty Bank and Trust account number *3051 in the committee's name on the statement of committee organization which was also closed on June 25, 2014.

15. Between January 1, 2014 and March 31, 2016, Respondents deposited at least fifty-one (51) contributions and miscellaneous receipts, totaling \$44,223.18 into the Bank of America account number *8774 which was not Respondents' reported official fund depository account.

16. Between January 1, 2014 and March 31, 2016, Respondents made at least one hundred twenty-eight (128) expenditures, totaling \$41,226.56, from the Bank of America account number *8774 which was not Respondents' reported official fund depository account.

COUNT II

Failure to timely and accurately report direct expenditures

17. Respondents failed to file Direct Expenditure Reports for 741 expenditures totaling \$139,383.82 on at least twenty-one campaign finance disclosure reports.

Direct Expenditures Not Filed	Report Name	Date Filed	Amount
62	30 Day After General Election	5/9/14	\$6,575.00
1	Amended 8 Day Before Primary Election	1/14/15	\$4,938.66

17	8 Day Before Primary Election	7/28/14	\$2,266.50
25	24 Hour Expenditure Report	7/31/14	\$3,036.50
3	Amended 24 Hour Expenditure Report	1/14/15	\$4,428.60
144	30 Day After Primary Election	9/16/14	\$16,255.00
1	30 Day After General Election	12/3/14	\$516.44
9	8 Day Before General Election	10/26/14	\$1,266.50
11	24 Hour Expenditure Report	10/27/14	\$1,449.00
62	30 Day After General Election	12/3/14	\$6,500.00
47	8 Day Before General Election	3/30/15	\$9,945.47
10	24 Hour Expenditure Report	3/30/15	\$3,096.00
81	30 Day After General Election	5/7/15	\$15,781.21
1	24 Hour Expenditure Report	6/16/15	\$1,000.00
76	8 Day Before KC General Election	6/13/15	\$15,081.05
45	24 Hour Expenditure Report	6/16/15	\$13,840.33
120	July Quarterly 2015	7/15/15	\$25,917.56
3	24 Hour Expenditure Report	10/27/15	\$435.00
14	30 Day After Special Election	12/2/15	\$1,639.00
4	8 Day Before General Election	3/26/16	\$3,850.00
1	24 Hour Expenditure Report	4/1/16	\$1,000.00
4	Expenditures Not Reported		\$566.00
741			\$139,383.82

18. Respondents failed to timely file Direct Expenditure Reports for twenty-eight expenditures totaling \$68,554.08 on seven campaign finance disclosure reports.

Direct Expenditures Not Timely Filed	Report Name	Date Filed	Amount
2	Amended 24 Hour Expenditure Report	4/2/14	\$11,403.32
5	Amended 24 Hour Expenditure Report	1/14/15	\$22,823.19
3	30 Day After General Election	1/14/15	\$3,073.50
3	8 Day Before General Election	7/25/15	\$2,530.00
7	Amended 24 Hour Expenditure Report	7/25/15	\$13,166.27
1	January Quarterly 2016	1/15/16	\$85.80
7	8 Day Before General Election	4/15/16	\$15,472.00
28			\$68,554.08

COUNT III

Failure to maintain committee records in accordance with accepted normal bookkeeping procedures

19. Respondents did not maintain records in accordance with accepted normal bookkeeping procedures, including failure to maintain and provide records necessary to prepare and substantiate some of the contributions that Respondents received and expenditures that Respondents made and Respondents did not provide requested invoices and checks from 2014 and 2016.

COUNT IV

Cash contributions in excess of limits

20. Respondents accepted one cash contribution of \$150.00 from a single contributor which exceeded the \$100.00 allowable amount on the 8 Day Before General Election Report filed on March 30, 2015.

COUNT V

Failure to timely and accurately report contributions received

21. Respondents reported a contribution as \$200.00 when actually it was \$250.00; therefore, Respondents failed to report \$50.00.

Contributor Name	Amount	Date	Report Not Showing Contribution
Committee to Elect Gail McCann Beatty	\$50.00	2/20/14	8 Day Before General Election

22. Respondents failed to timely report two contributions received over \$100.00 on two reports from July 12, 2014 and April 15, 2016.

23. Respondents inaccurately reported eighteen contributions on ten reports from March 31, 2014 to April 1, 2016, of which, Respondent inaccurately reported aggregate amounts for nine of the contributions.

COUNT VI

Failure to timely and accurately report expenditures

24. Respondents failed to report two monetary expenditures of \$100.00 or less, totaling \$199.99.

Expenditure Name	Date	Amount	Report Not Showing Expenditure
Deborah Bland	8/11/14	\$100.00	30 Day After Primary Election
Microsoft	2/3/16	\$99.99	8 Day Before General Election
Total		\$199.99	

25. Respondents inaccurately reported twenty-eight expenditures on fifteen reports from July 15, 2014 to October 27, 2015.

26. Respondents reported 244 payments to campaign workers and a non-itemized contribution on eighteen reports from July 15, 2014 to March 26, 2016, of which, Respondents inaccurately reported 242 aggregate amounts.

JOINT PROPOSED CONCLUSIONS OF LAW

COUNT I

Failure to update the statement of committee organization and failure to maintain an official depository account through which all contributions are deposited and all expenditures are made

27. Every committee must maintain a single “official fund depository within this state which shall be a federally or state-chartered bank, a federally or state-chartered savings and loan association, or a federally or state-chartered credit union in which the committee shall open and thereafter maintain at least one official depository account in its own name.” § 130.021.4(1), RSMo.

28. “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(1), RSMo.

29. “Contributions shall not be accepted and expenditures shall not be made by a committee except by or through an official depository account.” § 130.021.4(1), RSMo.

30. The statement of committee organization must include the “name and mailing address of its depository, and the name and account number of each account the committee has in the depository.” § 130.021.5(6), RSMo.

31. If there is any change to the account number, “an amended statement of organization shall be filed within twenty days after the change occurs, but no later than the date of the filing of the next report required to be filed by that committee.” § 130.021.7, RSMo.

32. There is probable cause to believe that Respondents violated Sections 130.021.5(6), 130.021.7, and 130.021.4(1), RSMo, by failing to report changes to Respondents’ official fund depository and the official fund depository account to the Missouri Ethics Commission on the statement of committee organization, by making at least one hundred twenty-eight (128) expenditures, totaling \$41,226.56 from an account other than Respondents’ reported official fund depository account between January 1, 2014 and March 31, 2016, and by depositing at least fifty-one (51) contributions, totaling \$44,223.18, into an account other than Respondents’ reported official fund depository account between January 1, 2014 and March 31, 2016, and that Respondents did so knowingly.

COUNT II

Failure to timely and accurately report direct expenditures

33. Pursuant to Section 130.041.1(7), RSMo, committees are required to report “the amount of expenditures for or against a candidate or ballot measure during the period covered and the cumulative amount of expenditures for or against that candidate or ballot measure, with each candidate being listed by name, mailing address and office sought. For the purpose of disclosure reports, expenditures made in support of more than one candidate or ballot measure or both shall be apportioned reasonably among the candidates or ballot measure or both. In apportioning expenditures to each candidate or ballot measure, political party committees and

continuing committees need not include expenditures for maintaining a permanent office, such as expenditures for salaries of regular staff, office facilities and equipment or other expenditures not designed to support or oppose any particular candidates or ballot measures[.]”

34. There is probable cause to believe that Respondents violated Section 130.041.1(7), RSMo, by failing to file Direct Expenditure Reports for 741 expenditures on at least twenty-one campaign finance disclosure reports, failing to timely file Direct Expenditure Reports for twenty-eight expenditures on seven campaign finance disclosure reports, and that Respondents did so knowingly.

COUNT III

Failure to maintain committee records in accordance with accepted normal bookkeeping procedures

35. “The candidate, treasurer or deputy treasurer of a committee shall maintain accurate records and accounts on a current basis.” §130.036.1, RSMo.

36. “The records and accounts shall be maintained in accordance with accepted normal bookkeeping procedures and shall contain the bills, receipts, deposit records, cancelled 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.

37. “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.

38. There is probable cause to believe that Respondents violated Section 130.036, RSMo, by failing to maintain Respondents’ committee finance records and accounts in

accordance with accepted normal bookkeeping procedures, including bills, receipts, deposit records, cancelled checks and other detailed information necessary to prepare and substantiate any statement or report required under Chapter 130, RSMo, and that Respondents did so knowingly.

COUNT IV

Cash contributions in excess of limits

39. For purposes of Chapter 130, RSMo, "cash" means "currency, coin, United States postage stamps, or any negotiable instrument which can be transferred from one person to another person without the signature or endorsement of the transferor." § 130.011(4), RSMo.

40. "No contribution of cash in an amount of more than one hundred dollars shall be made by or accepted from any single contributor for any election by a continuing committee[.]" § 130.031.1, RSMo.

41. There is probable cause to believe that Respondents violated Section 130.031.1, RSMo, by accepting a cash contribution that was in excess of \$100.00 from a single contributor and that Respondents did so knowingly.

COUNT V

Failure to timely and accurately report contributions received

42. Committees are required to report receipts for each reporting period, including:

(a) Total amount of all monetary contributions received which can be identified in the committee's records by name and address of each contributor. In addition, the candidate committee shall make a reasonable effort to obtain and report the employer, or occupation if self-employed or notation of retirement, of each person from whom the committee received one or more contributions which in the aggregate total in excess of one hundred dollars and shall make a reasonable

effort to obtain and report a description of any contractual relationship over five hundred dollars between the contributor and the state if the candidate is seeking election to a state office or between the contributor and any political subdivision of the state if the candidate is seeking election to another political subdivision of the state[.]

§ 130.041.1(3), RSMo.

43. There is probable cause to believe that Respondents violated Section 130.041.1(3)(a), RSMo, by failing to report one monetary contribution, failing to timely report two contributions over \$100.00, failing to accurately report eighteen contributions, of which, nine contributions had inaccurate aggregate amounts, and that Respondents did so knowingly.

COUNT VI

Failure to timely and accurately report expenditures

44. Committees are required to report expenditures for each reporting period, including:

- (a) The total dollar amount of expenditures made by check drawn on the committee's depository;
- (b) The total dollar amount of expenditures made in cash;
- (c) The total dollar value of all in-kind expenditures made;
- (d) The full name and mailing address of each person to whom an expenditure 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 expenditure. 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.

45. There is probable cause to believe that Respondents violated Section 130.041.1(4), RSMo, by failing to report two monetary expenditures of \$100.00 or less, inaccurately reported twenty-eight expenditures, inaccurately reported 244 payments to campaign workers and a non-itemized contribution, of which, Respondents inaccurately reported 242 aggregate amounts, and that Respondents did so knowingly.

II.

Based on the foregoing, the parties hereto mutually agree and stipulate that the following shall constitute the order entered by the Missouri Ethics Commission in this matter. This order will be effective immediately upon the issuance of the Consent Order of the Missouri Ethics Commission without further action by any party:

1. The parties understand that the Petitioner will maintain this Joint Stipulation as an open and public record of the Missouri Ethics Commission.

2. The Commission shall issue its Consent Order in the form attached hereto as Exhibit A.

a. Respondents shall comply with all relevant sections of Chapter 130, RSMo.

b. It is the Order of the Missouri Ethics Commission that a fee is imposed against Respondents in the amount of \$8,125.00, pursuant to Section

105.961.4(6), RSMo. However, if Respondents pay \$1,217.00 of that fee within forty-five days after the date of the Order, the remainder of the fee will be stayed. The fee will be paid by check or money order made payable to the Missouri Ethics Commission.

c. Regardless of the stay in paragraph 2.b above, if any Respondent commits any further violation of the campaign finance laws under Chapter 130, RSMo, within the two-year period from the date of this order, then Respondents will be required to pay the remainder of the fee. The fee will due immediately upon final adjudication finding that any Respondent has committed such a violation..

3. The parties consent to the entry of record and approval of this Joint Stipulation and to the termination of any further proceedings before the Commission based upon the Complaint filed by the Petitioner in the above action.

4. Respondents, together with their heirs, successors, and assigns, do hereby waive, release, acquit and forever discharge the Missouri Ethics Commission and its attorneys of or from any liability, claim, actions, causes of action, fees, costs and expenses, and compensation, including but not limited to, a claim for attorney's fees whatsoever which Respondents or Respondents' attorney may now have or which they may hereafter have, which are based upon or arise out of the above cases.

SO AGREED:

RESPONDENT FREEDOM
INCORPORATED

By: Bruce Beatty 1-20-18
Bruce Beatty Date

PETITIONER MISSOURI ETHICS
COMMISSION

By: James Klahr 3/14/18
James Klahr Date
Executive Director

RESPONDENT BRUCE BEATTY

By: Bruce Beatty 1-20-18
Bruce Beatty Date

By: Brian Hamilton 3/14/18
Brian Hamilton Date
Attorney for Petitioner

**BEFORE THE
MISSOURI ETHICS COMMISSION**

Filed
MAR 14 2018
Missouri Ethics
Commission

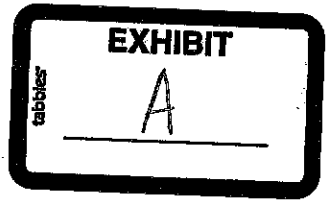
MISSOURI ETHICS COMMISSION,)	
)	
Petitioner,)	
)	
v.)	
)	
FREEDOM INCORPORATED,)	Case No. 16-0001-A
)	
AND)	
)	
BRUCE BEATTY, TREASURER)	
)	
Respondents.)	

CONSENT ORDER

The parties have filed a Joint Stipulation of Facts, Waiver of Hearing, and Proposed Consent Order with the Missouri Ethics Commission. Accordingly, the Missouri Ethics Commission accepts as true the facts stipulated and finds that Respondents Freedom Incorporated and Bruce Beatty violated Sections 130.021.5(6), 130.021.7, 130.021.4(1), 130.041.1(7), 130.036, 130.031.1, 130.041.1(3)(a), and 130.041.1(4), RSMo.

The Commission directs that the Joint Stipulation be adopted.

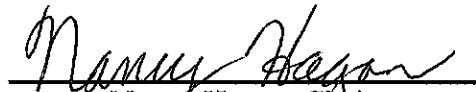
1. Respondents shall comply with all relevant sections of Chapter 130, RSMo.
2. It is the order of the Missouri Ethics Commission that a fee is imposed against Respondents Freedom Incorporated and Bruce Beatty in the amount of \$8,125.00, pursuant to Section 105.961.4(6), RSMo. However, if Respondents pay \$1,217.00 of that fee within forty-five (45) days after the date of this Order, the remainder of the fee will be stayed, subject to the provisions below. The fee will be paid by check or money order made payable to the Missouri Ethics Commission.



3. If any Respondent commits any further violation of the campaign finance laws pursuant to Chapter 130, RSMo, within the two-year period 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 finding that any Respondent committed such a violation.
4. Respondents shall be jointly and severally liable for all fees imposed under this order.

SO ORDERED this 14th day of March, 2018

By:



Nancy Hagan, Chair
Missouri Ethics Commission