

**BEFORE THE
MISSOURI ETHICS COMMISSION**

Filed
NOV 20 2018
Missouri Ethics
Commission

MISSOURI ETHICS COMMISSION,)	
)	
Petitioner,)	
)	
v.)	
)	
KANSAS CITY YOUNG REPUBLICANS,)	Case No. 16-0008-A, 18-0007-A
)	
and)	
)	
CECILIA JOHNSON,)	
)	
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: Don Summers, Kim Benjamin, George Ratermann, Sherman W. Birkes, Jr., Wayne Henke, and Cheryl D.S. Walker.

The Commission held the closed hearing on November 15, 2018, at the offices of the Missouri Ethics Commission at 3411A Knipp Drive, Jefferson City, Missouri 65109. The Commission was represented by Brian Hamilton. Respondent Johnson and the committee did not appear after due notice.

The Commission admitted into evidence Petitioner's Exhibits 1 through 4. Having considered all the competent and substantial evidence upon the whole record, the Commission finds by a unanimous vote as follows:

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

FACTS RELEVANT TO ALL COUNTS

2. Respondent Kansas City Young Republicans is a continuing committee established with the Missouri Ethics Commission on September 10, 2003.

3. On September 9, 2013, Respondent Kansas City Young Republicans amended its Statement of Committee Organization, listing US Bank as the official fund depository with an account number ending in *4091.

4. On March 23, 2014, Respondent Kansas City Young Republicans amended its Statement of Committee Organization, listing Chad Tomme as committee treasurer.

5. On February 9, 2017, Respondent Johnson became the sole signatory on the official fund depository account.

COUNT I

Failure to report change in treasurer on the Statement of Committee Organization and failure to maintain official fund depository account in the name of the committee

6. Chad Tomme was no longer acting as treasurer for the committee since September 2014, but the Statement of Committee Organization was never amended to reflect this change and his name is still being used to file all subsequent committee reports.

7. The committee has been without a registered treasurer since September 2014.

¹ Unless noted otherwise, all statutory references are to the Revised Statutes of Missouri 2000 (Supp. 2017).

8. The committee failed to amend their Statement of Committee Organization to reflect the change in treasurer.

9. The committee’s bank account is in the name of “Greater Kansas City Young Republicans,” not “Kansas City Young Republicans,” the name listed on the Statement of Committee Organization filed with the Missouri Ethics Commission.

COUNT II

Failure to timely file campaign finance disclosure reports and notices

10. Respondent Kansas City Young Republicans failed to file five limited activity statements.

Report Name	Report Year	Start Date	End Date	Due Date
July Quarterly Report - Limited Activity Statement	2017	4/1/17	6/30/17	7/17/17
October Quarterly Report - Limited Activity Statement	2017	7/1/17	9/30/17	10/16/17
January Quarterly Report - Limited Activity Statement	2018	10/1/17	12/31/17	1/15/18
April Quarterly Report - Limited Activity Statement	2018	1/1/18	3/31/18	4/16/18
July Quarterly Report - Limited Activity Statement	2018	4/1/18	6/30/18	7/16/18

11. Respondent Kansas City Young Republicans failed to timely file seven Limited Activity Statements.

Report Name	Report Year	Due Date	Date Filed
April Quarterly - Limited Activity	2017	4/15/17	4/18/17
October Quarterly - Limited Activity	2016	10/15/16	11/15/16
July Quarterly - Limited Activity	2016	7/15/16	8/9/16
April Quarterly - Limited Activity	2016	4/15/16	8/9/16
October Quarterly - Limited Activity	2015	10/15/15	12/23/15
July Quarterly - Limited Activity	2015	7/15/15	8/27/15
October Quarterly - Limited Activity	2014	10/15/14	4/15/15

COUNT III

Making expenditures by a party other than the treasurer

12. On February 1, 2018, Respondent Johnson withdrew \$260.00 cash from the committee's official fund depository account.

13. On February 15, 2017, Respondent Johnson made an online purchase of \$68.44 that was debited from the committee's official fund depository account.

14. Respondent Johnson is not currently nor has she ever served as the registered treasurer for the committee Kansas City Young Republicans.

COUNT IV

Unauthorized use of committee funds

15. On February 1, 2018, Respondent Johnson withdrew \$260.00 cash from the committee's official fund depository account.

16. Respondent Johnson purports to have spent \$190.00 of the cash withdrawal on food for a committee event. There are no records that support that the cash was in fact spent for a committee event.

17. There were no committee records provided to substantiate whether the remaining \$70.00 of the cash withdrawal was for authorized committee purposes or personal use.

COUNT V

Cash expenditures in excess of limits

18. On February 1, 2018, Respondent Johnson withdrew \$260.00 cash from the committee's official fund depository account.

COUNT VI

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

19. Respondent Kansas City Young Republicans did not maintain records in accordance with accepted normal bookkeeping procedures, including failure to maintain records necessary to prepare and substantiate some of the contributions that Respondent received and expenditures made.

CONCLUSIONS OF LAW

COUNT I

Failure to report change in treasurer on the Statement of Committee Organization and failure to maintain official fund depository account in the name of the committee

20. “Every committee shall have a treasurer who, except as provided in subsection 10 of this section, shall be a resident of this state and reside in the district or county in which the committee sits.” § 130.021.1, RSMo.

21. If there is any change to the treasurer and/or the committee’s mailing address, “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.

22. 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.

23. There is probable cause to believe that Respondent Kansas City Young Republicans violated Sections 130.021.1 and 130.021.7, RSMo, by operating a committee without a current registered treasurer, failing to update a change in treasurer on the Statement of Committee Organization with the Missouri Ethics Commission within twenty days or no later than the date of filing the next committee report, and Respondent violated Section 130.021.4(1), RSMo, by failing to maintain its official fund depository account in the name of the committee, and that Respondent did so knowingly.

COUNT II

Failure to timely file campaign finance disclosure reports and notices

24. All committees must file regular 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;

§ 130.046.1, RSMo

25. Pursuant to Section 130.046.5(2), RSMo, "No disclosure report needs to be filed for any reporting period if during that 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. Any contributions received or expenditures made which are not reported because this statement is filed in lieu of a disclosure report shall be included in the next disclosure report filed by the committee."

26. There is probable cause to believe that Respondent Kansas City Young Republicans violated Sections 130.046.1 and 130.046.5(2), RSMo, by failing to file five Limited Activity Statements and by failing to *timely* file seven Limited Activity Statements, and that Respondent did so knowingly.

COUNT III

Making expenditures by a party other than the treasurer

27. "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), RSMo.

28. "No expenditure shall be made by a committee when the office of committee treasurer is vacant except that when the office of a candidate committee treasurer is vacant, the candidate shall be the treasurer until the candidate appoints a new treasurer." § 130.021.4(1), RSMo.

29. Except for expenditures from a petty cash fund, "each expenditure of more than fifty dollars, except an in-kind expenditure, shall be made by check drawn on the committee's depository and signed by the committee treasurer, deputy treasurer, or candidate." § 130.031.2, RSMo.

30. There is probable cause to believe that Respondents violated Sections 130.031.2 and 130.021.4(1), RSMo, by allowing Respondent Johnson, who is not the committee's registered

treasurer, to make an expenditure and withdraw cash from the official fund depository, and that Respondents did so knowingly.

COUNT IV

Unauthorized use of committee funds

31. Contributions “received by any committee shall not be converted to any personal use.” § 130.034, RSMo.

32. Contributions may be used for any ordinary expenses incurred relating to a campaign. § 130.034.2, RSMo.

33. There is probable cause to believe that Respondents violated Section 130.034, RSMo, by withdrawing \$260.00 in cash from the committee’s account for use that was not substantiated or authorized for committee purposes, and that Respondents did so knowingly.

COUNT V

Cash expenditures in excess of limits

34. 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.

35. “Except for expenditures from a petty cash fund which is established and maintained by withdrawals of funds from the committee's depository account and with records maintained pursuant to the record-keeping requirements of Section 130.036 to account for expenditures made from petty cash, each expenditure of more than fifty dollars, except an in-kind expenditure, shall be made by check drawn on the committee's depository and signed by the committee treasurer, deputy treasurer or candidate.” § 130.031.2, RSMo.

36. There is probable cause to believe that Respondents violated Section 130.031.2, RSMo, by withdrawing \$260.00 in cash, which exceeded the \$50.00 allowable limit, and that Respondents did so knowingly.

COUNT VI

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

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

38. “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.

39. “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” and “shall be available for inspection” by the Missouri Ethics Commission. § 130.036.8, RSMo.

40. There is probable cause to believe that Respondent Kansas City Young Republicans violated Sections 130.036.1 and 130.036.8, RSMo, by failing to maintain the committee’s campaign 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 Respondent did so knowingly.

ORDER

The Missouri Ethics Commission finds probable cause that Respondent Kansas City Young Republicans violated, and have knowingly violated, Sections 130.021.1, 130.021.7, 130.021.4(1), 130.046.1, 130.046.5(2), 130.031.2, 130.034, 130.036.1, and 130.036.8, RSMo.

The Missouri Ethics Commission finds probable cause that Respondent Cecilia Johnson violated, and has knowingly violated, Sections 130.021.4(1), 130.031.2, and 130.034, RSMo.

1. The Commission orders Respondents to accurately file all necessary campaign finance reports and statements.
2. The Missouri Ethics Commission further orders a fee be imposed against Respondent Kansas City Young Republicans in the amount of \$4,000.00 pursuant to Section 105.961.4(6), RSMo. If Respondent pays \$400 of that fee within 45 days of the date of this Order, and files all required campaign finance disclosure reports, the remainder of the fee will be stayed. The fee will be paid by check or money order made payable to and sent to the Missouri Ethics Commission.
3. Regardless of the stays in paragraph 2 above, if Respondent Kansas City Young Republicans commit any further violation of the campaign finance laws pursuant to Chapter 130, RSMo, as amended, within the two-year period from the date of this order, then Respondent Kansas City Young Republicans will be required to pay the remainder of the fee in paragraph 2. The fee will be due immediately upon a final adjudication finding that Respondent Kansas City Young Republicans committed such a violation.
4. The Missouri Ethics Commission further orders a fee be imposed against Respondent Cecilia Johnson in the amount of \$520.00 pursuant to Section 105.961.4(6), RSMo. If Respondent Cecilia Johnson pays \$70.00 of that fee within 45 days of the date of this Order, the remainder of the fee

will be stayed. The fee will be paid by check or money order made payable to and sent to the Missouri Ethics Commission.

5. Regardless of the stays in paragraph 4 above, if Respondent Cecilia Johnson commits any further violation of the campaign finance laws pursuant to Chapter 130, RSMo, as amended, within the two-year period from the date of this order, then Respondent Cecilia Johnson will be required to pay the remainder of the fee in paragraph 4. The fee will be due immediately upon a final adjudication finding that Respondent Cecilia Johnson committed such a violation.

6. Respondents shall be jointly and severally liable for all fees imposed under this Order.

SO ORDERED this 20 day of November, 2018.



Don Summers, Chair
MISSOURI ETHICS COMMISSION