

REGISTRY OF ELECTION FINANCE

The Registry of Election Finance for the State of Tennessee met Tuesday, August 13, 1996, at 1614 Parkway Towers, 404 James Robertson Parkway, Nashville, Tennessee.

Attending were: Gail Vaughn Ashworth, Carole Bucy, Howard Bond, George Harding, Alan Hubbard, Herman Reviere, and Jamye Williams.

The minutes of the July 9th meeting were approved with one amendment. At that meeting, Kerry White was issued a show cause notice for the failure to timely file a statement of interests.

Reconsideration Hearing:

96-7 - **Judy Bowery**, for failure to file a 1995 year-end lobbying activities report. Maximum civil penalty, \$750. Ms. Bowery submitted a sworn statement, as well as her activities report. Kay Culbertson also appeared again before the board on this matter.

Ms. Bowery said that she completed her lobbying activities report and returned it to Ms. Culbertson who was to file it with the Registry. She explained in her statement that she thought everything had been taken care of and due to her health she was unable to come to Nashville for the hearing.

Ms. Culbertson explained that the report was just on her desk and with all her work was simply forgotten. She wrote the Registry a check in the amount of \$750 to pay the assessment since she felt it was her error not Ms. Bowery.

Motion by Williams, seconded by Bucy, the board voted to reconsider the assessment of the \$750 civil penalty. Motion by Bucy, seconded by Hubbard the board voted by roll call (4-3) to assess a \$10 civil penalty. The \$750 check was returned to Ms. Culbertson.

Show Cause Hearings:

96-23 - **Tennessee Conservative Union Victory Fund**, for failure to file a 1996 first quarter campaign financial disclosure report. Class two (2), maximum penalty, \$10,000. The committee did not respond to the board's show cause notice. Motion by Harding, seconded by Bucy, the board voted unanimously by roll call to assess a \$10,000 civil penalty.

96-20 - **United Mine Workers of America Coal Miners PAC**, for failure to file a new appointment of treasurer statement. Class two (2), maximum civil penalty, \$10,000. The appointment of treasurer statement has now been filed. Motion by Harding, seconded by Bucy, the board voted to take no action.

96-22 - **Rep. Joe, Towns, Jr.**, for failure to file a corrected 1995 annual supplemental campaign disclosure report. Rep. Towns submitted a statement along with the corrected report. Motion by Reviere, seconded by Williams, the board voted unanimously by roll call to assess a \$50 civil penalty.

96-25 - **Clarence Taylor**, for failure to timely file a statement of interests. (He was a candidate for state representative in district 88 in the August Primary.) Mr. Taylor did not request a personal appearance, nor did he submit a sworn statement for the board's consideration. Motion by Harding, seconded by Bucy, the board voted unanimously by roll call to assess a \$50 civil penalty.

96-24 - **Kerry White**, for failure to timely file a statement of interests. (He was a candidate for state representative in district 89 in the August Primary.) Mr. White did not request a personal appearance, nor did he submit a sworn statement for the board's consideration. Motion by Hubbard, seconded by Bucy, the board voted unanimously by roll call to assess a \$50 civil penalty.

Issuance of Show Cause Notices:

CORPAC, for the late filing of a second quarter campaign financial disclosure report. Class one (1), maximum civil penalty \$75. Motion by Williams, seconded by Hubbard, the board voted to issue a show cause notice.

Williamson County Republican Party, for the late filing of a second quarter campaign financial disclosure report. Class one (1), maximum civil penalty \$25. Motion by Harding, seconded by Bucy, the board voted to issue a show cause notice.

Gregory Stokes, for the failure to file a statement of interests. Class two (2), maximum civil penalty \$10,000. Motion by Bucy, seconded by Hubbard, the board voted to issue a show cause notice.

Luke Kirklin, for the failure to file a statement of interests. Class two (2), maximum civil penalty \$10,000. Motion by Hubbard, seconded by Harding, the board voted to issue a show cause notice.

Gary Gordon, for the failure to file a statement of interests. Class two (2), maximum civil penalty \$10,000. Motion by Williams, seconded by Bond, the board voted to issue a show cause notice.

Recommendation on Sworn Complaint:

On August 12, the Chairperson conducted an informal hearing on a sworn complaint filed by Brian McGuire, Tennessee Citizens Action, against Steven Millikan, Vice President of the Alliance of American Insurers, and Joseph Edwards of the American Insurance Association. In the complaint, McGuire alleged that Millikan and Edwards had failed to properly register as

lobbyists during the 1996 legislative session. The Registry members asked the chairperson at its July 9 meeting to conduct an informal hearing in this matter and to report back to the entire board with a recommendation as to how to proceed in this matter.

Mr. McGuire represented himself and Tennessee Citizens Actions at the August 12 meeting. Guilford Thornton appeared on behalf of Mr. Millikan, and Mr. Edwards was represented by David Broemel.

The chairperson reported to the board that Mr. McGuire admitted at the hearing that he did not know if Mr. Millikan had lobbied prior to his registration as a lobbyist on April 10, 1996. Additionally, he presented no evidence that Mr. Edwards was lobbying during the 1996 legislative session. Therefore, the chairperson recommended to the board that it take no further action on this matter.

Motion by Harding, seconded by Hubbard, the board voted to take no action.

Final Review of the Proposed Lobbying Rules:

Gina Barham, Deputy Attorney General, met with the board to present an Attorney General's informal memorandum on Rule 0530-2-1-.07 relating to the Registry's informal show cause hearing process. The Attorney General's office determined that the procedure contained in the proposed regulation is consistent with the state statutes, and provides adequate constitutional due process. In addition, that office found that the procedure does not in and of itself allow for *ex parte* communications as defined under the Uniform Administrative Procedures Act. After a discussion, motion by Bucy, seconded by Williams, the board voted by vote of 6-1 to approve the amended rules.

Review of Attorney General Opinion No. 96-90:

Ann Vix, Senior Counsel with the Attorney General's Office, presented a review of Opinion No. 96-90 dealing with independent expenditures under the Campaign Financial Disclosure Law. After discussion of the opinion, the Executive Director passed out copies of pertinent Federal Election Commission rules relating to independent expenditures. She suggested that the board might wish to consider the adoption of some of these rules before finalizing the proposed campaign contribution limits rules. The board voted to consider this matter at its September meeting.

Budget Report:

Drew Rawlins presented the budget statistics for July 1, 1995 - June 30, 1996, and reported that this is not the final year-end report.

On motion by Bucy, seconded by Williams, the board voted for the staff to purchase a fax machine. Additionally, on motion by Harding, seconded by Williams the board voted that disclosure reports or statements cannot be filed by fax.

Executive Director's Report:

Catalano presented to the board an informal opinion from the Attorney General as to when a candidate is ineligible to qualify for election under T.C.A. § 2-10-110(c)(2) or (d) for failing to file a required disclosure report or to pay an assessed penalty.

Catalano presented another sworn complaint filed by Brian McGuire against Bill Boner's campaign for accepting a contribution from a corporation. (Nashville Fireman's Credit Union) and Michael Stewart's campaign for failing to properly disclose a loan. The board decided to delay the hearing on this complaint until the September 10 meeting, so that they could have more time to consider the complaint.

The following report was presented to the board concerning the filing of 1996 pre-primary campaign disclosure reports by candidates:

Number of candidates mailed pre-primary notification letters	297
Late notice letters mailed	33
Number of reports not filed as of 9/13/96	21
Number of reports returned for corrections	130
Candidates potentially exceeding contribution limits	10

Catalano presented a request from the Fountain City Republican Club PAC for a waiver of a \$150 penalty that was assessed by the Knox County Election Commission for the PAC's failure to timely file a campaign disclosure report. The board placed this matter on its agenda for consideration at the September 10 meeting.

Other Business:

With the new computer program, the office staff has received many requests for print-outs and disks with financial information and requested the board determine the cost that should be charged for the information. Motion by Harding, seconded by Reviere, the board voted that the information not be released until they have more time to study the cost factors.

The COGEL conference will be December 8-11 in Philadelphia. The chairperson suggested that the board consider sending a board member to attend, as well as members of the staff.

The next Registry meeting will be held September 10, 1996, beginning at 10:30 a.m. The meeting was adjourned.