

REGISTRY OF ELECTION FINANCE

The Registry of Election Finance met Tuesday, November 9, 1999, at Suite 1614 of the Parkway Towers building, 404 James Robertson Parkway, Nashville, Tennessee.

Attending the meeting were board members Samella Junior-Spence (Chairperson), George Harding, Alan Hubbard and Karen Dunavant. Greg Duckett participated in the meeting via telephone conference call.

Chairperson Junior-Spence informed the members that Director Williams had received a fax from Elizabeth Tarpay stating that she was resigning as a member of the Registry. Junior-Spence asked that the Director send a letter to Ms. Tarpay thanking her for her service on the Registry.

The agenda was amended to reflect several cases being added. On motion by Harding, seconded by Duckett, the board voted unanimously to approve the amended agenda.

The minutes of the October 12, 1999 meeting were approved unanimously on motion by Harding, seconded by Dunavant.

Appeal of Assessment:

SAR PAC, for failure to timely file a 1999 2nd quarter campaign financial disclosure report with the Sumner County Election Commission. The commission assessed SAR PAC a \$225 class one (1) civil penalty for the late filing of the report. Tony Sheets, treasurer of the committee, filed a request for appeal of the assessment of the penalty with the Registry on October 8, 1999.

Mr. Sheets personally appeared before the board as the treasurer of the PAC. Mr. Sheets explained to the board that there had not been any receipts or expenditures by the PAC during the reporting period. He also stated that a family member had received and signed for the certified assessment letter from Sumner County and that the letter had been left in that family member's car several days before being provided to Mr. Sheets.

On motion by Harding, seconded by Hubbard, the board voted unanimously to reaffirm the \$225 civil penalty assessment by Sumner County.

Reconsideration Hearing:

99-43 and 99-44 - Campaign for a New American Century, for the failure to file an amended 1998 4th quarter campaign financial disclosure report (99-43) and for failure to file a 1999 1st quarter campaign disclosure report (99-44). At the October 12 meeting, the board assessed a class two (2) civil penalty of \$1,000 in case no. 99-43, and

a \$10,000 class two (2) civil penalty in case no. 99-44, as the Registry had received no response from the PAC to the show cause hearing notices issued in these two cases.

Brian Kennedy and Bo Reid appeared before the board on behalf of Campaign for a New American Century at the November meeting to request reconsideration of the penalties assessed in both cases. Prior to the meeting, the representatives of the PAC filed the two disclosure reports that were the subject of these cases.

Mr. Kennedy explained to the board that he did not have information as to why these reports were not timely filed, but explained to the board that the former treasurer, who had received certified assessment letters from the Registry, had been relieved of her duties. He also explained to the board that the former treasurer had not forwarded correspondence from the Registry to any other members of the committee. Bo Reid has now been appointed as the new treasurer of the PAC.

A motion was made by Harding, seconded by Duckett, to reaffirm the original assessments of civil penalties totaling \$11,000 in both cases. Dunavant then made a motion to amend the original motion as it applies to 99-44 to reduce the penalty in that case to \$5,000. Dunavant's motion was seconded by Hubbard. The board voted unanimously to adopt the amendment.

On motion by Harding, seconded by Dunavant, the board also voted unanimously to add a second amendment to the original motion to reduce the penalty in case no. 99-43 to \$500. Then, the board voted unanimously to adopt the motion with its two amendments and to assess the PAC a total of \$5,500 in both cases.

Consideration of sworn complaint filed against Jim Holcomb:

At the October 12 meeting, this matter was tabled until the November meeting in order to provide the staff an opportunity to obtain more information concerning the allegations that Mr. Holcomb lobbied on behalf of King Pharmaceutical Co. during 1999. Director Williams disseminated letters that she had received from Rep. David Davis and Rep. Steve Godsey relating to a meeting with TennCare officials on July 28, which was attended by several legislators and representatives of King Pharmaceutical, including Mr. Holcomb. She also provided the members a copy of a letter to Mr. Holcomb from Brian Lapps, former director of TennCare, on which Director Williams had been copied. Finally, she gave the members a copy of a transcript of the taped interviews with Mr. Holcomb and several legislators from East Tennessee that was provided by the reporter from the Kingsport Times News who wrote the article that prompted the sworn complaint being filed in this matter.

Mr. Holcomb appeared before the board with his attorney, Bob McDowell, and the public relations specialist for King Pharmaceuticals. Mr. Holcomb also disseminated several letters from various legislators and from the former mayor of Bristol and a city councilman from Bristol stating that it was their opinion that Mr. Holcomb had not lobbied for a major road development in the area on behalf of King Pharmaceutical. During his personal appearance, Mr. Holcomb maintained that he had not lobbied on behalf of King Pharmaceutical but stated that after this matter was resolved, he did plan to register as a lobbyist for the company.

After consideration of the information presented to the board by both Director Williams and Mr. Holcomb, Duckett made a motion that the board proceed with a formal investigation into the allegations against Mr. Holcomb pursuant to the procedures outlined by the Director that have been utilized by the board in the past in such matters. (That procedure involves the Chairperson and Executive Director conducting a hearing with all parties to the matter and the Chairperson reporting back to the entire board with a recommendation on how this matter should be resolved.) That motion was seconded by Harding. The board adopted that motion, with Duckett, Dunavant, and Harding voting “aye” and Hubbard and Junior-Spence abstaining.

Show Cause Hearing:

99-55 – Donnie Hereford, for failure to file a 1999 pre-general campaign disclosure report with the Davidson County Election Commission. He was a candidate for Metro councilman in the August 5, 1999 Metro General Election. Class two (2), maximum civil penalty 10,000.

Mr. Hereford personally appeared before the board to explain that he was not sure whether he had received letters from Davidson County informing him that he owed this report but admitted that he very well may have. However, he explained to the members that he had been shot while campaigning and had been taken to the hospital and lost track of some election information. He told the members that he would go to the Davidson County Election Commission and file the required report.

On motion by Hubbard, seconded by Harding the board voted unanimously to table this matter until the Registry’s next regularly scheduled meeting, to ensure that Mr. Hereford filed his report with the election commission prior to the next meeting.

99-53 – Jennifer Whitcomb, for failure to file a 1999 mid-year lobbying activities report. Maximum civil penalty \$750.

Prior to the meeting, Ms. Whitcomb filed her activities report and provided the board a letter stating that she had terminated her lobbying activities shortly after registering, as she had taken a job with the Office of Legal Services at the Legislature. She also stated that she had filed a letter in her state personnel file withdrawing her lobbyist registration due to her new employment. However, Director Williams explained to the board that Ms. Whitcomb had not provided a copy of that letter to the Registry.

A motion was made by Harding, seconded by Hubbard, that staff send a letter to Ms. Whitcomb notifying her of her future obligations under the lobbying law. Dunavant made a motion to amend the original motion to request that Ms. Whitcomb send the Registry a letter requesting to be unregistered as a lobbyist. That amendment passed unanimously. Then, the board unanimously passed the original motion as amended.

99-54 – Dennis Goins, for failure to file a pre-general campaign disclosure report with the Davidson County Election Commission. Mr. Goins was a candidate for Metro councilman in the August 5, 1999 Metro General Election. Class two (2), maximum civil penalty \$10,000.

In advance of the meeting, Mr. Goins filed his pre-general report with the Davidson County Election Commission and submitted a sworn statement for the Registry's consideration of his case.

On motion by Harding, seconded by Dunavant, the board voted unanimously to take no action in the matter.

Cases Considered for Issuance of Show Cause Notices:

Jim Coley, for failure to timely file a 1999 supplemental annual campaign financial disclosure report. Class one (1), maximum civil penalty \$75.

On motion by Dunavant, seconded by Duckett, the board voted unanimously to take no action.

Edward Miller, for failure to timely file a 1999 supplemental annual campaign financial disclosure report. Class one (1), maximum civil penalty \$125.

On motion by Dunavant, seconded by Hubbard, the board voted unanimously to take no action in this matter.

Greg Brannick, for failure to file a 1999 annual supplemental campaign financial disclosure report. Class two(2), maximum civil penalty \$10,000.

On motion by Harding, seconded by Dunavant, the board voted unanimously to issue a show cause in this matter.

Jerry Burgess, for failure to file a 1999 supplemental annual campaign financial disclosure report. Class two (2), maximum civil penalty \$10,000.

On motion by Dunavant, seconded by Harding, the board voted unanimously to issue a show cause hearing notice in this matter.

Doug Morris, for failure to file a 1999 supplemental annual campaign financial disclosure report. Class two (2), maximum civil penalty \$10,000.

On motion by Dunavant, seconded by Harding, the board voted unanimously to issue a show cause hearing notice in this matter.

Jerral Parris, for failure to timely file a 1999 supplemental annual campaign financial disclosure report. Class one (1), maximum civil penalty \$550.

On motion by Dunavant, seconded by Duckett, the board voted unanimously to issue a show cause hearing notice.

Nine PACs were brought to the board's attention by the staff for failure to timely file a 1999 2nd quarter campaign financial disclosure report. In each case, the report was either three or four days into class one (1) civil penalties when the disclosure report was filed with the Registry. On motion by Dunavant, seconded by Hubbard, the board voted unanimously to take no action in the following cases:

D.R.I.V.E

Four PAC of FSD Corp.

Partnership for Progress PAC

Southern Party of Tennessee PAC

Tennessee PAC for Business

Tennessee Southern Party PAC

Tennessee Veterinary PAC

Tennessee Walking Horse and Exhibitors Assn.

Unicoi County Republican Party

Budget Report:

Assistant Director Rawlins presented the board a budget report for the 1999-2000 fiscal year through September 30, 1999. Rawlins also provided the members a list of individuals and organizations who paid outstanding civil penalties during the month of October.

Director Williams requested that the board allow the staff to purchase new computers, at an estimated cost of \$5,600. Since only \$3,000 was budgeted for the purchase of new equipment for this fiscal year, Williams recommended that the board allow for the transfer of \$3,000 from professional services to the equipment line item, for the purpose of purchasing the computers.

On motion by Harding, seconded by Dunavant, the board voted unanimously to allow for the transfer of funds as suggested by the Director. Then, on motion by Harding, seconded by Dunavanat, the board voted unanimously to adopt the budget as amended.

Executive Director's Report

Director Williams again brought up for the board's discussion the issue of the provision of box seating in suites to legislative and executive branch officials at the Adelphia Football Stadium by lobbyists and employers of lobbyists and the cost of reimbursement for the seating, for the purpose of complying with the lobbying law.

The staff attempted to gain more information as to the value of those seats at the request of the Registry members at the October meeting. Upon researching the issue, staff reported that the suites at the stadium cost varying amounts, due to their location in the stadium. Therefore, the staff concluded that the cost of the suites was probably not a good measuring tool for purposes of determining the value of such seating.

On motion by Harding, seconded by Hubbard, the board voted unanimously to consider the provision of box seating at the stadium to state officials by lobbyists and employers of lobbyists as prohibited gifts under the lobbying law and to deal with any additional issues relating to those seats on a case by case basis.

Williams informed the members that the Federal Election Commission is going to provide the Registry with the necessary computer equipment, at no cost, for the purpose of providing FEC campaign financial disclosure reports online for public review. When this system is in place, the Registry will no longer be required to house hard copies of campaign disclosure reports filed by Congressional candidates and federal PACs.

Other Business

The October meeting was adjourned until the next meeting date, which was scheduled for Tuesday, December 14, 1999, at 10:30 a.m. Staff will arrange for lunch to be provided at the December meeting.