



# OKLAHOMA ETHICS COMMISSION

PHONE: (405) 521-3451 • FAX: (405) 521-4905 • WEBSITE: [WWW.ETHICS.OK.GOV](http://WWW.ETHICS.OK.GOV)

In the matter of:	)	
	)	
Republican Senatorial Committee,	)	Ethics Commission
an Oklahoma limited committee.	)	Case No. 2020-02

## SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is between the Oklahoma Ethics Commission ("Commission") and Republican Senatorial Committee ("Respondent") each, individually a "Party" and collectively the "Parties".

**NOW, THEREFORE, the Parties agree as follows:**

- 1) The Commission has jurisdiction over the Respondent and the subject matter of this agreement.
- 2) Respondent voluntarily enters into this agreement with the Commission.
- 3) Respondent is a political action committee ("PAC") registered with the Commission as a limited committee.
- 4) The Parties mutually intend for this Agreement to provide education as to how the Ethics Rules apply to Respondent's activities in order to provide clarity on the Rules and assist other political committees from engaging in similar conduct.
- 5) This Agreement addresses the following:
  - a) Impermissible contributions as the parties have identified over \$35,000 of impermissible contributions accepted by Respondent as either (a) contributions from corporations, in violation of Rule 2.23; or (b) earmarked contributions designated to benefit a specific candidate or candidate committee, in violation of Rule 2.18.
  - b) Potential inconsistencies between the Respondent's stated purpose and its actual activities. In the absence of other documents, such as bylaws or organizational documents, the purpose listed on the Statement of Organization is controlling.
- 6) The Parties acknowledge the following referenced Ethics Rules are applicable to PAC operations and are related to the issues reviewed by Commission staff in this case.
  - a) An Oklahoma PAC may be either a limited committee or an unlimited committee.
  - b) A "limited committee" is a type of PAC that is organized to make contributions to candidates.

- i) A limited committee is limited in the amount of contributions it can accept from a contributor, the sources from which it can accept contributions, and the purposes for which PAC funds may be spent. Ethics Rules 2.2(13), 2.33 and 2.41.
  - ii) It is prohibited from accepting contributions in any amount from corporations and labor unions. Ethics Rules 2.23 and 2.33.
  - iii) Limited committees may only make expenditures that align with its overall purpose of making contributions to candidates. This purpose may be further limited by the committee indicated in the committee's bylaws, articles of organization or similar document, or on the Statement of Organization filed with the Commission. The purpose, however, is unable to be expanded beyond the purposes of a limited committee established in the Ethics Rules. Ethics Rule 2.2(13), 2.23, 2.41, and 2.42.
  - iv) Limited committees are subject to limits on the amount of contributions they can give to candidate committees. Any funds, goods, services, or anything of value, provided free of charge or at a discount to a candidate or their candidate committee from a limited committee is a contribution to the candidate committee. Such contributions are reportable by both the limited committee and the candidate committee. Ethics Rule 2.2(6) & (13), 2.33, 2.105 and 2.106.
- c) An "unlimited committee" is a type of PAC that is prohibited from making contributions to candidates. Ethics Rule 2.2(20).
- i) It may accept contributions from lawful contributors of any amount. Ethics Rules 2.35 and 2.36.
  - ii) It may accept contributions from corporations or labor unions. Ethics Rules 2.35 and 2.36.
- d) PACs required to register with the Ethics Commission file Statements of Organization ("SO") no less than annually. Ethics Rule 2.80. The information on SOs include, but are not limited to, the purpose(s) of a PAC, including whether the PAC is a "limited" or "unlimited" committee, the Chair, Treasurer, and Deputy Treasurer of the PAC, and the depository/ies used by the PAC. PACs are required to keep the information on the SO current by filing amended SOs as information changes. Ethics Rule 2.85.
- e) PACs are required to have a Chair and Treasurer who are identified on its Statement of Organization but may also have officers not required to be listed on the Statement of Organization. Ethics Rules 2.81 and 2.85.
- f) Candidates are prohibited from serving as an officer of a PAC. Ethics Rules 2.2(6) and 2.81.
- g) Limited committees are required to maintain records of the committees' operations, including records of funds received, accepted, and expended for at least four (4) years. Ethics Rule 2.83 and 2.76.
- h) PACs are prohibited from accepting earmarked contributions. Earmarked contributions are contributions provided to the committee but identified as being for the benefit of


another entity, such as a candidate, candidate committee, another political action committee, or any other entity. Ethics Rules 2.18 and 2.33(a).

- i) PACs have up to ten (10) business days to deposit contributions received by the committee. Contributions not deposited within ten (10) business days are deemed accepted, must be returned to the contributor, and must be disclosed on campaign reports as contributions that have been accepted and refunded. Ethics Rules 2.21 and 2.22.
  - j) Contributions to PACs must be voluntary and not obtained in exchange for any advantage, promise for an advantage, or to avoid a disadvantage. Ethics Rule 2.91. PACs may, notwithstanding Ethics Rule 2.91, provide "campaign-related goods of modest value, such as coffee mugs, t-shirts, caps and similar items" to "volunteers and contributors," and such shall be considered as expenditures by the committee. Ethics Rule 2.64.
  - k) Promoting "sponsorship" opportunities is a solicitation of a contribution subject to Ethics Rule 2.91. Any funds received as a result of "sponsorships" are contributions that must be reported under the Ethics Rules. Ethics Rule 2.2(6).
- 7) To settle the allegations set forth in the notice(s) of allegations and related discussions regarding Case No. 2020-02 issued as of the date of this agreement:
- a) Within thirty (30) days of the Commission's approval of this Agreement Respondent shall pay a total of Sixty-Two Thousand Seven Hundred and Fifty Dollars (\$62,750.00) to the General Revenue Fund of Oklahoma, as follows:
    - i. Respondent shall disgorge an amount equal to the impermissible contributions accepted by the PAC in an amount not less than Thirty-Seven Thousand Seven Hundred and Fifty dollars (\$37,750.00), said payment to be made by certified check to the State of Oklahoma general revenue fund with provide proof of such payment to the Commission; and
    - ii. Respondent shall pay as a civil penalty, by certified check to the State of Oklahoma general revenue fund, an amount of Twenty-Five Thousand dollars (\$25,000.00), and provide proof of such payment to the Commission.
  - b. Within sixty (60) days of the Commission's approval of this Agreement, Respondent agrees to amend and/or file new documents in The Guardian System to correct or report transactions of Respondent consistent with the Ethics Rules including:
    - i. contributions received by Respondent; and
    - ii. any other inaccurate information identified by the Parties.
  - c. Within sixty (60) days of the Commission's approval of this Agreement, Respondent agrees to dissolve the limited committee by doing the following:
    - i. Disposal of any assets of Respondent;

- ii. Disposal of funds that are not otherwise obligated as of the date of this Agreement by paying such funds to the General Revenue Fund of Oklahoma; and
- iii. Filing a final report in the Guardian System.
- d. This Agreement shall become effective on the date the Commission approves this Agreement at an official meeting and all Parties have executed this Agreement ("Effective Date").
- e. This Agreement constitutes the entire agreement between the Parties on the matters raised in this Agreement and any issued notice(s) of allegations in Case No. 2020-02 as of the Effective Date of this Agreement. No other statement, promise or agreement, either written or oral, made by either Party or by agents of either Party, that is not contained within this written agreement, shall be enforceable.
- f. Upon completion of the terms of this Agreement, all Respondents in Case No. 2020-02, will be released from liability under the Ethics Rules for the matters identified in this Agreement.
- g. This Agreement is limited to Case No. 2020-02, which may include facts and provisions not contained in this Agreement and shall not have binding precedential effect for any other matter currently pending before the Commission or that may come before the Commission at a future date.

Approved and effective this 8<sup>th</sup> day of July, 2022.

**FOR THE COMMISSION:**

  
\_\_\_\_\_  
Ashley Kemp, Executive Director                      Date 7/8/2022

**FOR THE RESPONDENT:**

  
\_\_\_\_\_  
Jeff Starling                      for                      Date 7/6/2022  
Republican Senatorial Committee,  
an Oklahoma Limited Committee