

IOWA ETHICS AND CAMPAIGN DISCLOSURE BOARD

An Independent Agency of the Executive Branch

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BOARD MEMBERS:
James Albert, Chair
John Walsh, Vice Chair
Carole Tillotson
Jonathan Roos
Mary Rueter

Minutes

REGULAR MEETING

January 25, 2018 at noon
OLA BABCOCK MILLER BUILDING, ROOM 310
1112 East Grand Avenue
DES MOINES, IA

I. CALL TO ORDER

Albert calls the meeting to order at 12:05 pm
Albert, Walsh, Tillotson, Roos, and Rueter are present. There is a quorum.

II. ELECTION OF CHAIR AND VICE CHAIR

Motion by Tillotson, second by Rueter, to elect Albert Chair and Walsh as Vice Chair.
Motion carries unanimously.

III. APPROVAL OF MINUTES

Motion by Rueter, second by Walsh, to approve minutes of open session for meeting held on July 19, 2017. Motion carries unanimously.

IV. GOVERNOR REYNOLDS' REQUEST FOR BOARD TO REVIEW WHETHER KIM OR CONNIE SCHMETT VIOLATED ANY LAWS WITHIN THE BOARD'S JURISDICTION

Tooker explains Kim and Connie Schmett are married. Kim serves on the Employment Appeal Board and Connie serves on the Health Facilities Council as well as the Cultural Trust Board. Recently, they were in the news because their firm, Schmett and Associates, was hired by Saudi Arabia to lobby the U.S Congress and encourage elected officials to vote against the Justice Against Sponsors of Terrorism Act. The Governor requested the Board to review whether Kim or Connie violated any laws within the Board's jurisdiction.

Tooker drafted a proposed letter from the Board to the Governor outlining her investigation and the Board's findings with respect to several statutory provisions.

1. Tooker says she found no evidence Kim or Connie violated 68B.2A. Walsh expresses concern regarding whose job it is to ensure full time boards, such as the Employment Appeal Board, are committing performing their duties.
Motion by Rueter, second by Walsh to find no violation of section 68A.2A. Motion carries 5-0.
2. Tooker says she found no evidence Kim or Connie violated 68B.4. Motion by Walsh, second by Rueter, to find no violation of section 68B.4. Motion carries 5-0.
3. Tooker says she found no evidence Kim or Connie violated 68B.5A. Motion by Walsh, second by Roos, to find no violation of section 68B.5A. Motion carries 5-0.
4. Tooker says Connie failed to include her work for Schmett and Associates on two of her personal financial disclosure statements. She also failed to include IPERS income on one statement and social security income on two statements. She also failed to include income from an investment account that she inherited. Tooker says Kim's statements were complete except for the disclosure of income he received from an annuity he inherited.

Board takes break from 2:11-2:19.

Motion by Roos to reprimand Connie Schmett for filing false personal financial disclosure statements and issue a civil penalty in the amount of \$500. Roos states he believes some people are not taking the statements seriously and such a sanction would send a message that the Board expects people to fill them out correctly and completely. Board members express belief \$500 is too severe. Motion dies for lack of a second.

Motion by Walsh to reprimand, second by Tillotson. Walsh and Tillotson don't believe there was malicious intent to not include consulting work for Schmett and Associates. Discussion among board members that some sort of civil penalty is warranted. Rueter says she feels \$250 would be appropriate. Roos and Albert express support for a \$250 civil penalty. Walsh and Tillotson withdraw motion.

Motion by Rueter, second by Roos, to reprimand and issue a civil penalty in the amount of \$250. Rueter, Roos and Albert vote in favor. Walsh and Tillotson vote no. Motion carries 3-2.

Motion by Walsh, second by Roos, to find no violation of section 68B.35 by Kim. Motion carries 5-0.

Tooker summarizes the Schmetts' political activities. She notes chapter 68B does not prohibit anyone from making a campaign contribution although there are a few positions in state government that are prohibited from engaging in political activity via other chapters of the Code of Iowa. Tooker says given the quasi-judicial nature of the Employment Appeal Board, the legislature may want to consider prohibiting board members from engaging in political activity. Board members agree it's up to the legislature to determine which individuals holding certain positions in state government should be prohibited from engaging in political activity. Tillotson asks to strike the last sentence in the proposed letter to the Governor that "urges" the legislature to consider banning the employment appeal board from engaging in political activity. She thinks that sentence is too strong. Agreement to strike sentence.

Finally, Tooker says Connie over the years has given campaign contributions under her previous name Connie Russell. Her last name was Russell until she married Kim in 1994. She continues to use a checking account that is still in the name of Connie Russell for some of her household expenses as well as campaign contributions. Tooker believes section 68A.501 implicitly requires campaign contributors to provide their correct name and address to a committee when giving a campaign contribution in excess of \$25. Albert disagrees. The Board also discussed the potential applicability of section 68A.502, which prohibits giving a campaign contribution in the name of another person. Consensus is section 68A.502 does not apply. After lengthy discussion, motion by Walsh, second by Rueter, to find Connie did not violate either 68A.501 or 68A.502 by giving campaign contributions using her previous name. Motion carries 5-0. Tooker says she will rewrite the paragraph immediately preceding the conclusion to conform with the Board's decision.

Albert says the Board may want to consider proposing new legislation in light of the Board's investigation into the Schmetts. He says if there is time this legislative session, the Board could schedule a telephonic meeting.

V. ADJOURN TO CLOSED SESSION

Motion by Rueter, second by Tillotson to adjourn to closed session in accordance with the provisions of Iowa Code 21.5(1) "c" & "g". Board adjourns to close session at 2:45 pm.

VI. RETURN TO OPEN SESSION-

Board returns to open session at 2:57pm.

1. Complaint against Rebel Snodgrass re: alleged sign on county property
Motion by Rueter, second by Walsh, to dismiss complaint because candidate promptly took sign down once he was notified by Board staff. Motion carries 5-0.
2. Complaint against Skip Moore re: alleged expenditure of public moneys for political purposes
Motion by Walsh, second by Roos, to dismiss because statement by Councilman Moore did not meet the definition of express advocacy. Motion carries 5-0.
3. Complaint against Jacob Rios re: alleged inaccurate campaign disclosure report
Motion by Rueter, second by Roos to dismiss complaint because any errors on campaign disclosure report can be handled during audit. Motion carries 5-0.
4. Complaint against Joel Miller re: alleged expenditure of public moneys for political purposes
Motion by Wash, second by Tillotson, to dismiss because there is no evidence of expenditure of public moneys for political purposes. Motion carries 5-0.

VII. ADVISORY OPINION TO REPRESENTATIVE TERRY BAXTER RE: USE OF CAMPAIGN FUNDS FOR TRIP TO KOSOVO

Motion by Roos, second by Walsh to adopt proposed advisory opinion. Motion carries 5-0.

VIII. ADJUSTING ENTRY REQUEST BY FRIENDS OF HATCH

Motion by Tillotson, second by Roos, to approve adjusting entry of \$169.32 so committee may dissolve. Motion carries 5-0.

IX. REQUESTS FOR WAIVER OF CIVIL PENALTIES (RULE 351 IAC 4.60)

Motion by Rueter, second by Walsh, to approve Tooker's recommendations (see below). Motion carries 5-0.

- STATE COMMITTEES (Rule 351 IAC 4.59(3))
 1. Iowans for Kirsten Running-Marquardt – recommend waiver
 2. Fedler for Iowa House – recommend reducing to \$75
 3. Kearns for State Representative – recommend reducing to \$25
 4. Taiber for Iowa House – recommend denial
 5. Team VanDerWerff – recommend denial
- STATE PACS (Rule 351 IAC 4.59(3))
 1. Iowa Insurance Institute PAC – recommend reduction to \$25
 2. Iowa Turkey Federation PAC – recommend denial
- COUNTY CENTRAL COMMITTEES (Rule 351 IAC 4.59(2))
 1. Adams County Democrats – recommend denial
 2. Adair County Democrats – recommend reducing to \$50
- COUNTY LOCAL COMMITTEES (Rule 351 IAC 4.59(2))
 1. HR Care PAC – recommend waiver
 2. Steve Geerts for Supervisor – recommend reducing to \$100

3. Bootsma for Supervisor ---recommend reducing to \$200

X. REVIEW OF ETHICS BOARD'S PENDING BILLS

Tooker reviews the bills she pre-filed with the legislature before session. One bill amends section 68B.3 to exempt professional services that are not required to be publicly bid. A second bill amends section 68A.505 to prohibit the use of government resources for political purposes with limited carve out for the use of personal property. A third bill eliminates outdated references to paper filing of campaign disclosure reports and statements. A fourth bill requires agency gift reports to be e-filed and triggers reporting if the gift is worth \$50 or more.

XI. OTHER BUSINESS

Tillotson asks the status of new website. Tooker says she hopes new website will launch by end of February. The agency obtained a grant to have a third party build the site.

Tillotson says she believes the Board should be conducting a regular review of the Board's finances in light of the State Auditor's recent special report on the ICN. Roos and other board members agree. Tooker says she will contact the State Auditor for suggestions on what such a review should entail and report back to the Board at its next meeting.

XII. ADJOURNMENT

Motion by Walsh to adjourn, second by Rueter. Motion carries 5-0. Board adjourns 3:20 pm.