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Leonidas E. "Leon" Stavrinakis

House Legislative Ethics Committee

Jane O. Shuler
Counsel

Lynne Short
Executive Assistant



P.O. BOX 11867
519 BLATT BUILDING
COLUMBIA, SC 29211
TELEPHONE: 803-734-3114
FAX: 803-734-8795

**In the Matter of the South Carolina)
House of Representatives Legislative)
Ethics Committee Complaint against)
Representative Cezar E. McKnight,)
District Number 101)
_____)**

CONSENT ORDER

Investigation was made into Respondent's campaign account records as a result of the Senate Ethics Committee's ("Senate") imposed Order of Public Reprimand and Fines ("Order") against Respondent on September 3, 2015. Generally, in the Order, Respondent admitted to maintaining a single campaign bank account for his three separate campaigns (two for a Senate seat and one for his current House seat, District 101). Further, it appeared that contributions and expenditures made from Respondent's campaign bank account were inconsistent with Respondent's original campaign disclosure reports for his House seat, and all contributions and expenditures were not originally reported in Respondent's campaign disclosure reports. Therefore, the House Legislative Ethics Committee issued a Complaint on January 26, 2016, against Respondent.

The relevant provisions of law that apply to the allegations are: S.C. Code Ann. §§ 8-13-1308(F); 8-13-1312; 8-13-1314; 8-13-1340(A); and 8-13-1352, each of which will be discussed in the following sections. Under House Rule 4.16, any finding of a violation must be based on substantial and competent evidence. The Committee finds that Respondent combined campaign accounts for his three separate campaigns (two for his Senate seat and one for his current House seat) into one campaign bank account in violation of the statute, which is detailed below. Additionally, the Committee finds that Respondent failed to fully report campaign expenditures, inaccurately reported campaign expenditures, made an improper expenditure to a candidate from his campaign account, and reported expenditures as those made for his House campaign when the expenditures were made for his Senate campaign. Finally, the Committee finds that Respondent failed to report contributions, failed to accurately report contributions, and reported contributions received for the Senate campaign for his House campaign.

I. Combined Campaign Accounts

Section 8-13-1312 provides “a candidate shall not establish more than one campaign checking account and one campaign savings account for each office sought” In addition, section 8-13-1314 prohibits a candidate from soliciting or accepting “contributions for two elective offices simultaneously,” except to retire debt. However, section 8-13-1352 allows a candidate to transfer funds to a different elective campaign account only if the person originally making the contribution gives written authorization and the contribution is otherwise permitted by law.

The Committee finds, which was admitted by Respondent to the Senate, Respondent maintained only one campaign bank account for his three separate campaigns. This campaign account was used for Respondent’s House seat from September 17, 2014, the date it was known with certainty that a Special Election for House of Representatives, District 101 was necessary, through September 30, 2014. Respondent accepted contributions for his Senate seat and then reported these contributions on his House 2014 Initial/Pre-Election/October 10 Campaign Disclosure Report. Respondent does not meet the exception under Section 8-13-1352 for transferring these funds because he did not obtain written authorization from the original contributors nor was this otherwise permitted by law.

The Committee finds that eight contributions from August 8, 2014 to September 5, 2014, were received for the Respondent’s Senate campaign, but reported on Respondent’s House 2014 Initial/Pre-Election/October 10 Campaign Disclosure Report filed on November 3, 2014, in violation of sections 8-13-1312 and 8-13-1314.

II. Failing to Report Campaign Expenditures

Section 8-13-1308(F)(3)-(4) requires campaign reports to contain:

- (3) the total expenditures made by or on behalf of the candidate or committee;
- [and] (4) the name and address of each person to whom an expenditure is made from campaign funds, including the date, amount, purpose, and beneficiary of the expenditure.

The Committee finds that Respondent initially failed to report eight expenditures in violation of section 8-13-1308(F).

III. Inaccurate Reporting of Expenditures

Section 8-13-1308(F)(3)-(4) requires campaign reports to contain:

- (3) the total expenditures made by or on behalf of the candidate or committee;
- [and] (4) the name and address of each person to whom an expenditure is made from campaign funds, including the date, amount, purpose, and beneficiary of the expenditure.

The Committee finds that Respondent inaccurately reported four vendor’s invoices as one vendor’s invoice when he should have reported each itemized vendor’s invoice, which is in violation of section 8-13-1308(F).

IV. Improper Expenditures

Section 8-13-1340(A) provides that “a candidate or public official shall not make a contribution to another candidate or make an independent expenditure on behalf of another candidate or public official from the candidate’s or public official’s campaign account”

The Committee finds that Respondent wrote a check from his campaign account to a candidate for a school board in violation of Section 8-13-1340(A).

V. Reported Expenditures as those Made for House Campaign when Made for Senate Campaign

Section 8-13-1308(F)(3)-(4) requires campaign reports to contain:

(3) the total expenditures made by or on behalf of the candidate or committee; [and] (4) the name and address of each person to whom an expenditure is made from campaign funds, including the date, amount, purpose, and beneficiary of the expenditure.

The Committee finds that Respondent reported two expenditures as House campaign expenditures rather than as his Senate campaign expenditures in violation of section 8-13-1308(F).

VI. Failure to Report Contributions

Section 8-13-1308(F)(1)-(2) requires campaign reports to contain:

(1) the total of contributions accepted by the candidate or committee; (2) the name and address of each person making a contribution of more than one hundred dollars and the amount and date of receipt of each contribution; (3) the total expenditures made by or on behalf of the candidate or committee.

The Committee finds that Respondent failed to initially report four contributions to his campaign on his House 2014 Initial/Pre-Election/October 10 Campaign Disclosure Report and his 2015, July 10 Campaign Disclosure Report in violation of section 8-13-1308(F).

VII. Failure to Accurately Report Contributions

Section 8-13-1308(F)(1)-(2) requires campaign reports to contain:

(1) the total of contributions accepted by the candidate or committee; (2) the name and address of each person making a contribution of more than one hundred dollars and the amount and date of receipt of each contribution.

Section 8-13-1314(A)(1)(b) limits a candidate from accepting a contribution which exceeds \$1,000.00 from an individual.

The Committee finds that Respondent failed to accurately report two contributors' names on his House 2014 Initial/Pre-Election/October 10 Campaign Disclosure Report in violation of section 8-13-1308(F).

In addition, a \$1,000.00 contribution on October 2, 2014, incorrectly listed the spouse as the contributor instead of the actual contributor's name. The Committee found that this posed an additional issue because the contributor gave \$1,000.00 on September 5, 2014, which resulted in Respondent's campaign receiving an excess \$1,000.00 contribution in violation of section 8-13-1314(A)(1)(b). The Committee further finds that this contribution was made to his Senate campaign because the House seat election was not known until September 17, 2014.

VIII. Reported Contributions Received for Senate Campaign for House Campaign

Section 8-13-1314 prohibits a candidate from soliciting or accepting "contributions for two elective offices simultaneously," except to retire debt. However, Section 8-13-1352 allows a candidate to transfer funds to a different elective campaign account only if the person originally making the contribution gives written authorization and the contribution is otherwise permitted by law.

The Committee finds, which was admitted by Respondent to the Senate, Respondent maintained only one campaign bank account for his three separate campaigns. This campaign account was used for Respondent's House seat from September 17, 2014, the date it was known with certainty that a Special Election for House of Representatives, District 101 was necessary, through September 30, 2014. Respondent accepted eight contributions for his Senate seat and simultaneously reported these contributions on his House 2014 Initial/Pre-Election/October 10 Campaign Disclosure Report. The Committee further finds that Respondent did not meet the exception for transferring these funds because he did not obtain written authorization from the original contributors nor was this otherwise permitted by section 8-13-1352.

TOTAL PENALTIES

- A. Based on the above findings by the Committee, as well as mitigating factors of the Respondent's full cooperation with Committee staff, the amendments made by Respondent to correct his House campaign disclosure reports, and the significant fine previously assessed against him by the Senate Ethics Committee, the Committee finds that Respondent must pay a total penalty of \$500.00 within thirty (30) days of the date of this Consent Order.
- B. The Committee orders Respondent to submit campaign bank account records to the House Ethics Committee with each quarterly campaign disclosure filing through the end of 2018 or until the Respondent leaves public office, whichever is sooner.
- C. The Committee cautions Respondent that he should use his campaign bank account to make campaign expenditures rather than his law firm, "Law Offices of Cezar E. McKnight, LLC," bank account.

This Order shall serve as the Committee's final disposition of this matter pursuant to and in accordance with the terms set forth herein.

AND IT IS SO ORDERED, this 26th day of April, 2016, by the following members of the House Legislative Ethics Committee:

Rep. Kenneth A. "Kenny" Bingham, Chairman

Kenneth A. Bingham

Rep. J. David Weeks, Vice-Chairman

J. David Weeks

Rep. Michael A. Pitts, Secretary

Michael A. Pitts

Rep. Beth E. Bernstein

Beth E. Bernstein

Rep. Chandra E. Dillard

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Rep. Michael W. "Mike" Gambrell

Michael W. Gambrell

Rep. Jenny Anderson Horne

Jenny Anderson Horne

Rep. John Richard C. King

John R. C. King

Rep. G. Murrell Smith, Jr.

G. Murrell Smith, Jr.

Rep. Leonidas E. "Leon" Stavrinakis

Leonidas E. Stavrinakis

I consent to this Order, this 26th day of Apr., 2016:

Cezar E. McKnight
Representative Cezar E. McKnight