


BEFORE THE ARKANSAS ETHICS COMMISSION

**FILED**

**In Re: Kenneth L. Edwards  
Respondent**

**Case No. 2007-CO-044**

FEB 25 2008  
ARKANSAS ETHICS  
COMMISSION  
BY 

**FINAL ORDER**

Came for a public hearing on February 15, 2008, the complaint filed in this matter against the Respondent, Kenneth L. Edwards, and based upon due consideration of both the evidence presented at that hearing and the applicable law, the Arkansas Ethics Commission (hereinafter the "Commission") hereby makes the following findings of fact and conclusions of law:

1. The Commission has jurisdiction over this matter pursuant to Ark. Code Ann. § 7-6-218.

2. The Respondent is a citizen of the State of Arkansas who was a candidate for Mayor of Greenwood during the 2006 election cycle. The Respondent won the election and currently holds that office.

3. The Commission is charged with the enforcement of Ark. Code Ann. § 7-6-208, which provides, in pertinent part, as follows:

(a) Reports Required. Except as provided in subsection (d) of this section, each candidate for...municipal office, or a person acting in the candidate's behalf, shall:

\* \* \*

(2) No later than thirty (30) days after any preferential primary election, runoff election, general election, school election, or special election in which the candidate's name has appeared on the ballot, file a final report of all contributions received and expenditures made that have not been disclosed on reports previously required to be filed. A final report is

required regardless of whether a candidate has received contributions or made expenditures in excess of five hundred dollars (\$500);

\* \* \*

**(b) Contents of Reports.**

**(1) The contribution and expenditure reports required by subsection (a) of this section shall indicate:**

**(A) The total amount of contributions received and the total amount of expenditures made during the filing periods and the cumulative amount of those totals;**

**(B) The name and address of each person, including the candidate, who made a contribution or contributions that, in the aggregate, exceeded fifty dollars (\$50.00), the contributor's place of business, employer, occupation, and date of the contribution and the amount contributed;**

**(C) The contributor's principal place of business, employer, occupation, the amount contributed, the date the contribution was accepted by the candidate and the aggregate contributed for each election;**

**(D) The name and address of each person, including the candidate, who contributed a nonmoney item, together with a description of the item, the date of receipt, and the value, not including volunteer service by individuals;**

**(E) An itemization of all single expenditures made that exceeded one hundred dollars (\$100), including the amount of the expenditure, the name and address of any person, including the candidate, to whom the expenditure was made, and the date the expenditure was made;**

\* \* \*

**(G) A list of all expenditures by categories, including, but not limited to: (i)(a) Television; (b) Radio; (c) Print; and (d) Other advertising; (ii) Direct mail; (iii) Office supplies; (iv) Rent; (v) Travel; (vi) Expenses; (vii) Entertainment; and (viii) Telephone;**

**(H) The total amount of all nonitemized expenditures made during the filing period; and**

**(I) The current balance of campaign funds.**

4. The Commission is charged with the enforcement of Ark. Code Ann. § 7-6-203(g)(1), which provides, in pertinent part, that “[a] candidate shall not take any campaign funds as personal income.”

5. The Commission is charged with the enforcement of Ark. Code Ann. § 7-6-206(a), which provides, in pertinent part, as follows:

A candidate...or a person acting in the candidate’s behalf shall keep records of all contributions and expenditures in a manner sufficient to evidence compliance with §§ 7-6-207 [thru] 7-6-210.

6. On September 17, 2007, the Commission received a complaint against the Respondent in conjunction with his candidacy for the office of Mayor of Greenwood during the 2006 election cycle. The essential allegations of the complaint were as follows: (1) the Respondent wrote checks on his 2006 election cycle campaign account for personal expenses; (2) although the Respondent’s final campaign contribution and expenditure (“C&E”) report for the 2006 election cycle showed a zero balance of funds, the Respondent continued to write checks on that account; (3) the Respondent did not disclose on his 2006 election cycle C&E reports all of the contributions which he received; and (4) the Respondent received a \$1,000 contribution which was not reported on his 2006 election cycle C&E reports.

7. On September 21, 2007, the Commission sent the Respondent a letter, via certified mail with a return receipt requested, to notify him that an investigation was being commenced concerning the allegations of the complaint. The letter went on to state that the focus of the investigation would be whether or not his conduct, as alleged in the complaint, violated Ark. Code Ann. §§ 7-6-203(g)(1) and/or 7-6-208(b).

8. On October 19, 2007, staff presented the preliminary results of its investigation to the Commission and was instructed to complete the investigation. In addition, the Commission directed that staff expand the scope of the investigation to include the issues of whether or not the Respondent violated (i) Ark. Code Ann. § 7-6-203(b) by receiving contributions in the form of loans from a trust and from the Respondent's mother in excess of the \$2,000 contribution limit; (ii) Ark. Code Ann. § 7-6-203(i) by placing campaign funds in an account containing personal or business funds; (iii) Ark. Code Ann. § 7-6-208 by failing to disclose on C&E reports all contributions received, whether via cash or written instrument, and all expenditures made, whether via cash or written instrument; (iv) Ark. Code Ann. § 7-6-208(a) by failing to file a final C&E report for the 2006 general election; (v) Ark. Code Ann. § 7-6-203(g)(1) by taking campaign funds as personal income when issuing checks to himself from the campaign account and by receiving "cash back" from the campaign account when depositing checks into the account; and (vi) Ark. Code Ann. § 7-6-206(a) by failing to keep records of all contributions and expenditures in a manner sufficient to evidence compliance with Ark. Code Ann. §§ 7-6-207 thru 7-6-210. The Respondent was notified of the Commission's decision by letter dated October 19, 2007.

9. On December 5, 2007, staff sent a letter to the Respondent, via first class mail and certified mail with a return receipt requested, to notify him that the results of the investigation would be presented to the Commission at its regular monthly meeting on December 21, 2007, for purposes of determining whether or not probable cause existed for the finding of a violation. Because the matter was removed from the December 21<sup>st</sup> agenda at the Respondent's request, staff sent the Respondent another letter on January 4,

2008, to confirm that the matter would be presented to the Commission at its regular monthly meeting on January 18, 2008, for purposes of determining whether or not probable cause existed for the finding of a violation.

10. On January 18, 2008, the Commission considered the results of staff's investigation and determined, by a vote of 3-0, that probable cause existed for finding that the Respondent violated (i) Ark. Code Ann. § 7-6-208(a) by failing to timely file a final C&E report for the 2006 general election; (ii) Ark. Code Ann. § 7-6-208 by failing to accurately disclose on C&E reports all contributions received and all expenditures made, including the disclosure of "loans" which were not actually received by the campaign and expenditure totals which were not actually made by the campaign; (iii) Ark. Code Ann. § 7-6-203(g)(1) by taking campaign funds as personal income by purchasing personal items such as clothing and household cleaning supplies with campaign funds; and (iv) Ark. Code Ann. § 7-6-206(a) by failing to keep records of all contributions and expenditures in a manner sufficient to evidence compliance with Ark. Code Ann. §§ 7-6-207 thru 7-6-210.

11. On January 18, 2008, the Commission sent the Respondent a letter, via first class mail and certified mail with a return receipt requested, notifying him of the Commission's finding of probable cause. In accordance with the Commission's Rules of Practice and Procedure, said letter contained a written Offer of Settlement proposing the issuance of a Public Letter of Warning and the imposition of a four hundred dollar (\$400) fine. The Respondent was given ten (10) days to either accept the written Offer of Settlement or request a public hearing before the Commission.

12. On February 1, 2008, staff received a letter from the Respondent requesting a public hearing. On February 5, 2008, the Respondent was sent a letter, via first class mail and certified mail with a return receipt requested, notifying him that a public hearing would be held on February 15, 2008. Said letter contained a separate written notice providing the information required in Ark. Code Ann. § 25-15-208(a)(2).

13. The Respondent did not appear at the public hearing which was held on February 15, 2008. Said hearing was conducted in accordance with Ark. Code Ann. § 25-15-213.

14. The Respondent did not file a final C&E report for the 2006 general election until November 19, 2007, which was approximately 319 days after the statutory deadline.

15. The Respondent's preelection C&E report for the 2006 general election (filed on 10/31/06) reflected the receipt of loans from Laura Mae Edwards (\$3,000) and Kenneth Edwards Trust (\$3,000) even though such loans were never actually made. These "loans" were listed on subsequent reports as debts of the campaign when no money was actually owed.

16. The Respondent's preelection C&E report for the 2006 general election (filed on 10/31/06) reflected expenditures in the amount of \$6,018.30 which were not made. During the course of the investigation, the Respondent described the reporting of these expenditures as a "line filler".

17. Receipts obtained from the Respondent reflected that campaign funds were used to purchase items for personal use. These items included clothing and household cleaning supplies.

18. The Respondent was unable to produce receipts or other documentation to support \$486.54 in "total unitemized expenditures" disclosed on an amended C&E report (filed on 11/19/07).

19. Based upon the evidence presented at the hearing, the Commission found, by a vote of 5-0, that the Respondent violated (i) Ark. Code Ann. § 7-6-208(a) by failing to timely file a final C&E report for the 2006 general election; (ii) Ark. Code Ann. § 7-6-208 by failing to accurately report contributions received and expenditures made during the course of the 2006 election cycle; (iii) Ark. Code Ann. § 7-6-203(g)(1) by taking campaign funds as personal income in connection with the purchase of certain items such as clothing and household cleaning supplies; and (iv) Ark. Code Ann. § 7-6-206(a) by failing to keep sufficient records of contributions and expenditures during the course of the 2006 election cycle.

20. With respect to the Respondent's violations of Ark. Code Ann. §§ 7-6-203(g)(1), 7-6-206(a), 7-6-208(a), and 7-6-208, the Commission determined that the Respondent should be issued a Public Letter of Reprimand and fined \$600. Said fine is due and payable within thirty (30) days from the entry of this Order.

IT IS, THEREFORE, CONSIDERED, DECIDED and ORDERED by the Commission that the Respondent, Kenneth L. Edwards, shall be issued a Public Letter of Reprimand and is hereby fined \$600 for violating (i) Ark. Code Ann. § 7-6-208(a) by failing to timely file a final C&E report for the 2006 general election; (ii) Ark. Code Ann. § 7-6-208 by failing to accurately report contributions received and expenditures made during the course of the 2006 election cycle; (iii) Ark. Code Ann. § 7-6-203(g)(1) by taking campaign funds as personal income in connection with the purchase of certain

items such as clothing and household cleaning supplies during the course of the 2006 election cycle; and (iv) Ark. Code Ann. § 7-6-206(a) by failing to keep sufficient records of contributions and expenditures during the course of the 2006 election cycle.

IT IS SO ORDERED this 25<sup>th</sup> day of February, 2008.

  
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**LARRY ROSE, Chairman**  
**Arkansas Ethics Commission**