

Campaign funds may not be used to pay personal expenses. The following expenses are considered 'personal expenses' per se:

* * *

(c) Mortgage, Rent and Utility Payments - This includes any payments with respect to a personal residence of the candidate or his or her family, even if a portion of the residence is used by the campaign. It does not include (i) payments made by a candidate with respect to other buildings or offices or office space used solely for campaign purposes, such as the campaign's headquarters, even if the candidate owns the space used, so long as the space is not the candidate's personal residence and the campaign pays a fair market value for use of the space[.]

4. On October 9, 2012, the Commission received a complaint against the Respondent in conjunction with his candidacy for the office of State Representative – District 52 during the 2012 election cycle. The essential allegation of the complaint was that the Respondent violated Ark. Code Ann. § 7-6-203(g) by taking campaign funds as personal income in connection with various expenditures disclosed as payments made for “L.Exp”, “Office Rent”, and “Membership”.

5. On October 11, 2012, 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) by taking campaign funds as personal income in connection with the campaign expenditures in question.

6. On October 19, 2012, staff presented the preliminary results of its investigation to the Commission and was instructed to complete the investigation. The Respondent was notified of the Commission's decision by letter dated October 24, 2012.

7. On December 4, 2012, staff sent a letter to the Respondent to notify him that the results of the investigation would be presented to the Commission at its regular

monthly meeting on December 14, 2012, for purposes of determining whether or not probable cause existed for the finding of a violation.

8. On December 14, 2012, the Commission considered the results of staff's investigation and determined, by a vote of 4-0, with Commissioner J. Barrington Minix, Sr. not present, that probable cause existed for finding that the Respondent violated Ark. Code Ann. § 7-6-203(g) by taking campaign funds as personal income in connection with payments made to Katy Hutchison for office rent. The finding of probable cause was based upon evidence that Katy Hutchison is the Respondent's mother and the space rented by the Respondent was part of her personal residence.

9. On December 20, 2012, the Commission sent the Respondent a letter 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 Caution. The Respondent was given ten (10) days to either accept the written Offer of Settlement or request a public hearing before the Commission.

10. By letter received on January 2, 2013, the Respondent notified the Commission of his rejection of the written Offer of Settlement. At that point, the Commission was no longer bound by the terms of the written Offer of Settlement. By email sent February 1, 2013, the Respondent's attorney, Doyle Webb, notified the Commission that the Responding was requesting that the matter be set for public hearing.

11. On February 4, 2013, the Commission sent the Respondent's attorney a letter, via first class mail, confirming receipt of the Respondent's request for a public hearing. In addition, the letter gave notice that a public hearing would be held on

February 15, 2013. Said letter contained a separate written notice providing the information required in Ark. Code Ann. § 25-15-208(a)(2).

12. The Respondent appeared with his attorney at the public hearing which was held on February 15, 2013. Said hearing was conducted in accordance with Ark. Code Ann. § 25-15-213.

13. At the public hearing, the case was presented to the Commission upon the following set of stipulated facts:

- (a) The Respondent was a candidate for State Representative – District 52 during the 2012 election cycle.
- (b) The Respondent used campaign funds to rent space in a house for use as a campaign headquarters.
- (c) The address of the house in question was 13742 Highway 14 E, Harrisburg, Arkansas 72432.
- (d) The house in question is owned by Katy Hutchison, who is the Respondent's mother.
- (e) The house in question is Katy Hutchison's personal residence at which she resided during the time it was rented for use as the Respondent's campaign headquarters.
- (f) The Respondent's arrangement with Katy Hutchison was that he would pay her rent for use of the space, with the payment to be determined based on the utility bill for each month, never to fall below \$250 or exceed \$350.
- (g) Based upon that arrangement, the Respondent used campaign funds to pay rent for (1) August of 2012 in the amount of \$301.23 paid to Katy Hutchison; (2) September of 2012 in the amount of \$289.03 paid to Entergy; and (3) October of 2012 in the amount of \$273.24 paid to Entergy. All three payments were disclosed, as required by law, in the applicable campaign contribution and expenditure reports filed by the Respondent during the 2012 election cycle.

14. The utility bill for Katy Hutchison's personal residence is a commitment, obligation, or expense that would have existed regardless of the Respondent's campaign.

15. Based upon the facts and the law, the Commission found, by a vote of 4-0, with Commissioner Sharon Trusty not present, that the Respondent, in his capacity as a candidate for State Representative – District 52 during the 2012 election cycle, violated Ark. Code Ann. § 7-6-203(g) by using campaign funds to pay the utility bill for the personal residence of his mother, Katy Hutchison, in connection with renting part of that residence as a campaign headquarters.

16. With respect to the Respondent's violation of Ark. Code Ann. § 7-6-203(g), the Commission determined that the Respondent should be issued a Public Letter of Caution and fined \$150. 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, John K. Hutchison, shall be issued a Public Letter of Caution and is hereby fined \$150 for violating Ark. Code Ann. § 7-6-203(g), in his capacity as a candidate for State Representative – District 52 during the 2012 election cycle, by using campaign funds to pay the utility bill for the personal residence of his mother, Katy Hutchison, in connection with renting part of that residence as a campaign headquarters.

IT IS SO ORDERED this 27th day of February, 2013.



J. BARRINGTON MINIX, SR., Chairman
Arkansas Ethics Commission