



# STATE ETHICS COMMISSION

<https://sec.state.nm.us>

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# ANNUAL REPORT 2025



Prepared for:  
The New Mexico Legislature  
Governor Michelle Lujan Grisham

## TABLE OF CONTENTS

<b>OPENING MESSAGE.....</b>	<b>1</b>
<b>COMMISSION MEMBERS .....</b>	<b>2</b>
<b>HISTORY OF THE STATE ETHICS COMMISSION.....</b>	<b>3</b>
<b>ORGANIZATION .....</b>	<b>4</b>
Commissioners .....	4
Commission Staff.....	4
<b>FISCAL REPORT .....</b>	<b>7</b>
<b>OPERATIONS.....</b>	<b>8</b>
Administrative Complaints.....	8
Advisory Opinions .....	10
Civil Enforcement & Litigated Matters .....	14
Trainings.....	19
<b>LEGISLATIVE RECOMMENDATIONS.....</b>	<b>21</b>

# OPENING MESSAGE

December 30, 2025

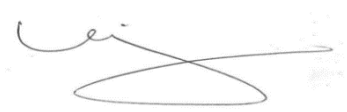
On behalf of the State Ethics Commission, I am pleased to offer an annual report of the Commission's activities. Under statute, the State Ethics Commission shall "submit an annual report of its activities, including any recommendations regarding state ethics laws or the scope of its powers and duties, in December of each year to the legislature and the governor."

In the year 2025, the Commission made significant strides in fulfilling its broad constitutional and statutory obligations. The Commission:

- appointed Jeremy Farris for a second term as the Commission's Executive Director
- welcomed Zach Goodrich as the Commission's second General Counsel in its history
- handled 44 administrative complaints newly filed in 2025, in addition to 10 administrative complaints that were rolled over from 2024;
- reviewed and handled 450 informal complaints submitted to the Commission in 2025;
- issued 9 formal advisory opinions and 35 informal letter opinions;
- enforced the Governmental Conduct Act, Campaign Reporting Act, Lobbyist Regulation Act, and the Procurement Code in several instances;
- ensured compliance with the Financial Disclosure Act by Members of Legislature;
- provided continuing legal education and ethics training to audiences around New Mexico.

On behalf of the Commissioners, I want to thank the New Mexico Legislature and the Governor for their continued support of the Commission. Public trust takes years of work by each branch of government to build and preserve and can be too easily eroded. Like those New Mexicans who worked over 40 years for the Commission's creation, we believe that the State Ethics Commission plays a central part in ensuring ethical and accountable government in New Mexico.

Respectfully,



Hon. William F. Lang (Ret.) Chair, New Mexico State Ethics Commission, on behalf of State Ethics Commissioners Jeffrey L. Baker, Stuart M. Bluestone, Hon. Celia Castillo (Ret.), Hon. Gary Clingman (Ret.), Hon. Dr. Terry McMillan, and Dr. Judy Villanueva.

# COMMISSION MEMBERS

**Hon. William F. Lang, Chair**

Appointing authority: Governor Michelle Lujan Grisham

Term expires: June 30, 2026

**Jeffrey L. Baker, Member**

Appointing authority: Legislatively appointed Commissioners

Term expires: August 11, 2028

**Stuart M. Bluestone, Member**

Appointing authority: Speaker of the House, Javier Martínez

Term expires: June 30, 2027

**Hon. Dr. Terry McMillan, Member**

Appointing authority: Minority Floor Leader of the Senate, Gregory A. Baca

Term expires: June 30, 2027

**Hon. Celia Castillo, Member**

Appointing authority: President Pro Tempore of the Senate, Mimi Stewart

Term expires: June 30, 2029

**Hon. Gary Clingman, Member**

Appointing authority: Legislatively appointed Commissioners

Term expires: July 26, 2028

**Dr. Judy Villanueva, Member**

Appointing authority: Minority Floor Leader of the House, Gail Armstrong

Term expires: July 1, 2029

# HISTORY OF THE STATE ETHICS COMMISSION

The Commission is the product of over 40 years of work by Governors, state legislators, advocacy organizations, and other New Mexicans fighting for accountable government.

In 2017, the Legislature passed a joint resolution to amend the New Mexico Constitution to create an independent ethics commission. The House of Representatives unanimously passed this joint resolution (66-0), and the Senate passed it on a vote of 30-9. The legislation gave the New Mexico electorate the final decision on whether to create an independent ethics commission. In November 2018, over 75% of New Mexican voters voting on the ballot question elected to amend the Constitution to add Article V, Section 17, creating an independent and bipartisan ethics commission. With this election, New Mexico became the 45th state to create an independent ethics commission.

The New Mexico Constitution provides for the Commission's seven-member composition and directs the process for the appointment of the Commissioners. N.M. Const. Art. V, § 17(A). It also empowers the Commission to adjudicate alleged violations of, and issue advisory opinions regarding, ethical standards and reporting requirements for "state officers and employees of the executive and legislative branches of government, candidates or other participants in elections, lobbyists or government contractors or seekers of government contracts" and for such other jurisdiction as provided by law. N.M. Const. Art. V, § 17(B). Finally, the state Constitution empowers the Commission with subpoena powers, as provided by law, and enables the Commission to "have such other powers and duties and administer or enforce such other acts as further provided by law." N.M. Const. Art. V, § 17(C).

In the 2019 legislative session, the Legislature unanimously enacted enabling legislation, Senate Bill 668 (Laws 2019), which created the State Ethics Commission Act, providing for additional structure for the Commission and delegating to the Commission a specific set of powers. Senate Bill 668 also amended the Governmental Conduct Act, the Procurement Code, the Campaign Reporting Act, the Lobbyist Regulation Act, the Voter Action Act, the Financial Disclosure Act, and the Gift Act, delegating additional adjudicatory and civil enforcement powers to the Commission. Governor Michelle Lujan Grisham signed Senate Bill 668 into law on March 28, 2019.

The organizational provisions of the State Ethics Commission Act took effect on July 1, 2019, and the statute's jurisdictional and enforcement provisions took effect on January 1, 2020. The Commission has been operating since.

# ORGANIZATION

## Commissioners

The State Ethics Commission is comprised of seven Commissioners. The State Ethics Commission Act sets forth a procedure for appointing Commissioners that ensures a bi-partisan independent commission.

The Commission has a unique appointment process. The Speaker of the House of Representatives, the Minority Floor Leader of the House, the President Pro Tempore of the Senate, and the Minority Floor Leader of the Senate each appoint one Commissioner. The four legislatively appointed Commissioners then appoint two additional Commissioners. Finally, the Governor appoints the Commission's Chair, who must be a retired judge. No more than three Commissioners may be members of the same political party. Commissioners are appointed for staggered terms of four years. No Commissioner may serve more than two consecutive four-year terms.

There are also statutory requirements regarding who may serve as a Commissioner. To qualify, a person must be a New Mexico voter; not have changed party registration in the five years preceding appointment; and not have been in the two years preceding appointment a public official, a public employee, a candidate, a lobbyist, a government contractor, or an office holder in a political party at the federal or state level.

## Commission Staff

The administrative, compliance, and enforcement functions of the Commission are performed by the agency's staff. The State Ethics Commission Act creates two staff positions: the Executive Director and General Counsel. The Commission hires the Director, and the Director hires the General Counsel and all other staff. Each statutorily created office is subject to limited terms. Under the Act, the Director may serve for, at most, two six-year terms; the General Counsel may serve for, at most, two five-year terms. The Commission's current staff members are as follows:

### **Executive Director | Jeremy D. Farris**

Jeremy D. Farris is the State Ethics Commission's founding Executive Director. He previously served as General Counsel to New Mexico's Department of Finance and Administration and practiced law at Bondurant, Mixson & Elmore in Atlanta, Georgia and Freedman Boyd Hollander & Goldberg in Albuquerque, New Mexico. Jeremy clerked for the Honorable Julia S. Gibbons on the United States Court of Appeals for the Sixth Circuit; the Honorable Judith K. Nakamura on the New Mexico Supreme Court; and the Honorable James O. Browning on the United States District Court for the District of New Mexico. He holds a law degree from Harvard Law School, a doctorate and master's degree from the University of Oxford, where he was a Rhodes Scholar, and a Bachelor of Science from the Georgia Institute of Technology.



**General Counsel | Zach Goodrich**

Zach Goodrich serves as the State Ethics Commission's General Counsel. A native Iowan, Zach received his Bachelor's Degree from Simpson College and his J.D. from Drake University Law School. He previously served as Director and Counsel for the Iowa Ethics and Campaign Disclosure Board, as well as Counsel for the Iowa Public Information Board.

**Chief Compliance Counsel | Caroline "KC" Chato**

KC Chato serves as Chief Compliance Counsel to the State Ethics Commission. She previously practiced law at Rothstein Donatelli LLP, and prior to that served as an Assistant Attorney General at the New Mexico Department of Justice. She holds a law degree from the University of New Mexico, and a Bachelor of Arts in International Studies and in Spanish from the University of Denver.

**Deputy Director and Public Information Officer | Amelia Bierle**

Amelia Bierle is the State Ethics Commission's Deputy Director and Public Information Officer. She previously held the role of Deputy Chief of Staff at Graphite Health. Amelia earned a Master of Public Policy and a Master of Business Administration from the University of New Mexico. She also earned a Bachelor of Science from the University of New Mexico, while playing collegiate soccer for the Lobos. Amelia's academic background is complemented by a certificate in Artificial Intelligence Applications for Growth from Northwestern Kellogg Executive Education.

**Deputy Compliance Counsel | Rebecca Branch**

Rebecca Branch serves as the State Ethics Commission's Deputy General Counsel. She previously served as Deputy Director of Litigation and Deputy Director of Consumer Protection at the Office of the New Mexico Attorney General. She was also with the Office of the Superintendent of Insurance as Legal Counsel. Rebecca began her legal career at the Branch Law Firm. She holds a law degree from the University of Denver, Sturm School of Law and a Bachelor of Arts in History from Alfred University.

**Attorney | Connor G. Woods**

Connor G. Woods serves as the State Ethics Commission's Attorney. A sixteenth-generation New Mexican, he earned his law degree from the University of New Mexico School of Law. In law school, he served as the Professional Articles Editor for the New Mexico Law Review, interned for the Department of Finance and Administration, and externed for the Honorable Megan P. Duffy of the New Mexico Court of Appeals. Before law school, he worked for the Legislative Finance Committee as an assistant analyst and earned a Bachelor of Arts in Political Science from New Mexico Highlands University.

**Case Manager | Amy Ballou**

Amy Ballou is a case manager whose responsibilities include case management, legal research, and civil litigation. A native of Michigan, Amy has a Bachelor's Degree from the University of Michigan, a Master's Degree from the University of Southern California, and an ABA-approved paralegal certification from Central New Mexico Community College. Prior to joining the Commission, Amy worked in the Civil Division of the Second Judicial District Court in Albuquerque for over a decade. She worked as a paralegal for several law firms before joining the Second Judicial District Court.

**Finance and Administration Director | Wendy George**

Wendy George serves as the State Ethics Commission's Director of Finance and Administration. She previously served as Budget Manager to New Mexico's Department of Finance and Administration and has many years of governmental financial experience. She also has corporate financial and compliance experience working for Wells Fargo and Ameriprise Financial in Minneapolis, MN. She holds a Bachelor of Science in Business Management from Cardinal Stritch University.

**Financial Coordinator | Sharon Garcia**

Sharon Garcia serves as the State Ethics Commission's Financial Coordinator. She previously served as a Human Resources Generalist to New Mexico Department of Health. She has many years of financial experience and compliance working for Bank of America. She holds an Associate of Applied Science in Administration from Central New Mexico Community College.

**Paralegal | Shariesse McCannon**

Shariesse McCannon is the Commission's contract paralegal, supporting the litigation and investigatory work of the Commission's attorney staff. Before working with the Commission, Shariesse served as a paralegal with the Judicial Standards Commission and the Branch Law Firm.

**Legal Summer Clerks | Cassandra Luna & Wiley Waggoner**

During the summer of 2025, the Commission invited two law students to participate in the Commission's work. Cassandra Luna (a current 3L at the University of New Mexico School of Law) and Wiley Waggoner (current 2L at the University of New Mexico School of Law), performed various legal research and drafting projects. They attended court hearings and Commission meetings. The Commission is committed to working with the University of New Mexico School of Law to introduce successive classes of law students to the Commission's legal work through summer clerkships.

**Policy Summer Clerk | Jaden Chavez**

During the summer of 2025, the Commission welcomed Jaden Chavez, a recent political science graduate, to serve as a Policy Summer Clerk. Jaden contributed to the Commission's *Money in Politics* project, applying statistical analysis and coding in R to examine and interpret campaign contribution data from the 57th Legislature.



# FISCAL REPORT

The following chart reflects revenues, expenditures, and changes in fund balance for the fiscal year ending June 30, 2025.

NEW MEXICO STATE ETHICS COMMISSION STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND – GENERAL FUND YEAR ENDED JUNE 30, 2025	
	General Fund
<b>REVENUES</b>	
Court Fees	\$ 4,500
Miscellaneous Revenue	900
Total Revenues	<u>5,400</u>
<b>EXPENDITURES</b>	
Current:	
Personal Services and Fringe Benefits	1,388,802
Contractual Services	101,797
Other Costs	200,596
Debt Service:	
Principal	2,460
Interest	169
Total Expenditures	<u>1,693,824</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(1,688,424)
<b>OTHER FINANCING SOURCES (USES)</b>	
State General Fund Appropriations	1,776,400
Transfers In from Other State Agencies	36,500
Reversions to State General Fund - FY2025	(44,342)
Total Other Financing Sources (Uses)	<u>1,768,558</u>
<b>NET CHANGE IN FUND BALANCE</b>	80,134
Fund Balance - Beginning of Year	<u>-</u>

In accordance with the Government Auditing Standards, CliftonLarsonAllen LLP (CLA), has completed an audit of the State Ethics Commission's financial statements ending June 30, 2025. Following approval by the Office of the State Auditor, CLA's financial statement includes an **unmodified** auditor's report confirming no material weakness(es), significant deficiency(ies), nor noncompliance material to the financial statements. In CLA's opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major general fund as of June 30, 2025, the respective changes in financial position and budgetary comparison of the general fund for the year then ended in accordance with accounting principles generally accepted in the United States. The full report on the State Ethics Commission's Financial Statements and Supplementary Information for fiscal year ended June 30, 2025 can be found [here](#).

# OPERATIONS

The Commission has five main functions: (i) investigation and adjudication of administrative complaints filed with the Commission; (ii) issuance of advisory opinions and advisory letters upon request; (iii) civil enforcement of New Mexico's ethics and disclosure laws in state court; (iv) issuance of a model code of ethics for state agencies and the provision of ethics and governmental conduct trainings for legislators, state agencies, and local public bodies; and (v) recommendations for statutory amendments to improve New Mexico's ethics and disclosure laws. Below is a profile of the Commission's progress in the year 2025 across these functions and a report of the Commission's workload.

## Administrative Complaints

### *Adjudication of Administrative Complaints*

The Commission's adjudication of administrative complaints alleging ethics violations is divided across four roles. The Executive Director (or their designee) determines jurisdiction. The General Counsel (or their designee) determines whether the allegations of a complaint are supported by probable cause, in which case a hearing officer must confirm that finding. In administrative matters where both the General Counsel and a hearing officer determines a complaint is supported by probable cause, a separate hearing officer then conducts a hearing and issues findings of fact and conclusions of law. The Commission sits as an appellate body, reviewing hearing officer determinations if and when appealed. The Commission currently has a Memorandum of Understanding with the Administrative Hearings Office for hearing officer services. The Commission also has a professional services contract with the Honorable Alan C. Torgerson, retired federal Magistrate Judge for the United States District Court for the District of New Mexico, for hearing officer services.

The Commission's adjudication of administrative complaints is controlled by the provisions of the State Ethics Commission Act, NMSA 1978, §§ 10-16G-1 to -16 (2019, as amended through 2023), and the Commission's rules of procedure for administrative cases, promulgated at 1.8.3 NMAC. In 2025, the Commission amended its rules of procedure for administrative cases. These rule amendments became effective on November 4, 2025, and align the Commission's rules of procedure with legislative amendments to the State Ethics Commission Act during the 2023 legislative session. The Commission has also established and maintains its [Proceedings Portal](#), a web-based case management and docketing system where parties and their attorneys may submit and view filings on the docket. To review the Commission's rules of administrative procedure, click [here](#). To review the Commission's rulemaking record for 1.8.3 NMAC, click [here](#).

Also, in 2025, the Commission promulgated rules of procedure for the adjudication of administrative complaints alleging violations of the Revised Uniform Law on Notarial Acts (RULONA), which the State Records and Archives Center published at 1.8.5 NMAC ("Complaints against Notaries"). The Commission promulgated these rules pursuant to Paragraph (2) of Subsection A of Section 10-16G-5 of the State Ethics Commission Act, NMSA 1978, and Laws 2023 Chapter 110 (being SB 246, Section 23(C)). The rules became effective on November 4, 2025, and govern the Commission's receipt, investigation, and adjudication of complaints alleging violations of RULONA. To review the regulations

governing complaints against notaries, please click [here](#).

### ***The Commission's administrative ethics caseload***

Below is a profile of the Commission's caseload for administrative complaints alleging ethics violations in 2025, presented by quarter.

<b>Q1 (January – March)</b> <b>Rolled Over From 2024-Q4: 16</b> <b>New Filed in 2025-Q1: 14</b> <b>Closed in 2025-Q1: 16</b>	<u><b>Complaints filed in Q1</b></u> Campaign Reporting Act: 1 Governmental Conduct Act: 1 Other: 12
<b>Q2 (April – June)</b> <b>Rolled Over From 2025-Q1: 5</b> <b>New Filed in 2025-Q2: 7</b> <b>Closed in 2025-Q2: 7</b>	<u><b>Complaints filed in Q2</b></u> Other: 7
<b>Q3 (July – September)</b> <b>Rolled Over from 2025-Q2: 5</b> <b>New Filed in 2025-Q3: 9</b> <b>Closed in 2025-Q2: 5</b>	<u><b>Complaints filed in Q3</b></u> Financial Disclosure Act: 1 Governmental Conduct Act: 5 State Ethics Commission Act: 1 Other: 4
<b>Q4 (October – December 30)</b> <b>Rolled Over from 2025-Q3: 3</b> <b>New Filed in 2025-Q4: 14</b> <b>Closed in 2025-Q4: 9</b>	<u><b>Complaints filed in Q4</b></u> Anti-Donation Clause: 1 Governmental Conduct Act: 1 Other: 12
<u><b>2025 Cumulative Case Data</b></u> <b>Total Rolled Over from 2024: 16</b> <b>Total New Filed in 2025: 45</b> <b>Total Closed in 2025: 37</b> <b>Total Pending on December 30, 2025 (date of submission): 8</b>	<u><b>2025 Complaints</b></u> Anti-Donation Clause: 1 Campaign Reporting Act: 1 Financial Disclosure Act: 1 Governmental Conduct Act: 7 Other: 35

### ***The Commission's RULONA caseload***

Below is a profile of the Commission's caseload for administrative complaints filed against notaries public in 2025, presented annually.

<b>Complaints rolled over from 2024: 10</b> <b>Complaints filed in 2025: 23</b> <b>Cases closed in 2025: 13</b> <b>Cases rolled over to 2025: 20</b>
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# Advisory Opinions

The State Ethics Commission may issue advisory opinions requested in writing by “a public official, public employee, candidate, person subject to the Campaign Reporting Act, government contractor, lobbyist or lobbyist’s employer.” NMSA 1978, § 10-16G- 8(A)(1). Under the State Ethics Commission Act, requests for advisory opinions are confidential and not subject to disclosure under the Inspection of Public Records Act. Additionally, advisory opinions are binding on the Commission in any subsequent administrative proceeding concerning a person who acted in good faith and in reasonable reliance on an advisory opinion.

The Commission has adopted two administrative rules regarding advisory opinions. First, the Commission allows persons subject to the Governmental Conduct Act to submit a request for an informal advisory letter to the Commission’s attorney staff. Such requests are also confidential, but informal advisory letters are not binding on the Commission unless and until the Commission votes to adopt the informal advisory letter as an advisory opinion. Second, the Commission allows any Commissioner to request that any informal advisory opinion or any legal determination made in a confidential administrative proceeding be converted into an advisory opinion. In 2025, Commission staff provided 37 informal advisory opinion letters to state and local governmental officials and employees around New Mexico.

The New Mexico Compilation Commission publishes all of the Commission’s advisory opinions on [NMOneSource.com](https://nmonesource.com), the free, online public access to the master database of official state laws.

Below is a profile of the advisory opinions the Commission issued in 2025.

## CAMPAIGN REPORTING ACT

### **Advisory Opinion 2025-01 (February 7, 2025)**

Question: A request sought clarification on whether campaign funds may be used to pay for childcare expenses incurred by a legislator performing official duties or by a candidate who is not yet elected to office.

Conclusion: Under the Campaign Reporting Act, a legislator may use campaign funds to pay for childcare expenses only in limited circumstances where the expenses arise directly from performing legislative duties and would not exist but for the legislator’s official role. Similarly, a candidate who is not yet a legislator may use campaign funds to cover childcare expenses that are a direct result of campaign activities, are directly related to the campaign, and would not exist but for the candidate’s campaign. [Read full opinion here.](#)

### **Advisory Opinion 2025-04 – Campaign Expenditures for Legal Expenses (June 6, 2025)**

Question: A request sought clarification on whether campaign funds may be used to pay legal expenses incurred by legislators, candidates, or former legislators. The inquiry also asked whether campaign funds may be used to cover legal costs associated with defending against a defamation lawsuit related to campaign or legislative activities.

Conclusion: Under the Campaign Reporting Act, legislators may use campaign funds to pay for legal expenses that are reasonably attributable to the duties of legislative office and that would not exist but for those duties. Candidates may similarly use campaign funds to pay for legal expenses that are reasonably attributable to their campaigns. A legislator, candidate, or former legislator may use campaign funds to pursue or defend a defamation action only when the litigation arises from campaign or legislative activities. However, any monetary recovery from such a lawsuit may not be converted to personal use. [Read full opinion here.](#)

#### **Advisory Opinion 2025-07 – Campaign Expenditures for Security Expenses (October 10, 2025)**

Question: A request sought clarification on whether campaign funds may be used to pay for security-related expenses—including security devices, professional security personnel, and cybersecurity software or services—when such expenses are incurred as a direct result of campaign activity or holding public office.

Conclusion: Under the Campaign Reporting Act, a candidate may use campaign funds to pay for security expenses that are reasonably attributable to campaign activities. A legislator may also use campaign funds to cover comparable security expenses that arise directly from legislative duties and would not exist but for those duties. Other public officers, however, may not use campaign funds to cover security or other expenses incurred solely as a result of holding public office. [Read full opinion here.](#)

### **GOVERNMENTAL CONDUCT ACT**

#### **Advisory Opinion 2025-02 – The Governmental Conduct Act and Outside Employment (June 6, 2025)**

Question: A request sought clarification on whether the Governmental Conduct Act prohibits a public employee from maintaining a second paid position outside the employee’s primary employment.

Conclusion: The Governmental Conduct Act does not prohibit secondary employment so long as the employee discloses the outside position to the public employer, is not being compensated for their work performed as a public employee, and avoids any conflict or incompatibility between the two positions. [Read full opinion here.](#)

#### **Advisory Opinion 2025-03 – District Legislative Aide Employment with Another State Agency (June 6, 2025)**

Question: A request sought clarification on whether a district legislative aide may also hold full-time employment with another state agency.

Conclusion: A district legislative aide may maintain full-time employment with another state agency only if the aide meets the requirements of both positions, discloses the additional employment, and refrains from taking any official action in one position that could affect the other. [Read full opinion here.](#)

#### **Advisory Opinion 2025-05 – Legislative Staff Conflicts of Interest in Public Contracts (October 10, 2025)**



Question: A request sought guidance on how the Governmental Conduct Act and related ethical statutes apply to legislative staff, including both district legislative aides and staff serving in leadership offices.

Conclusion: Legislative staff are not categorically prohibited from contracting with state or local government entities or from holding outside employment. A staff member may be awarded a contract with a state agency or lease property to the state if the arrangement is made through a competitive process and the staff member's interest in the contract or lease is publicly disclosed. Staff may also serve as subcontractors on state-funded projects or hold contracts with local governments, subject to the same disclosure and ethical requirements that apply to public employees generally.

However, legislative staff must avoid conflicts of interest by disclosing any outside employment or financial interest that could be affected by their official duties. They must use the powers and resources of state employment solely for the public good, refrain from taking official acts that could affect their financial interests, and avoid acquiring new financial interests—including negotiating for employment—where they should have reason to believe their official actions will affect those interests. [Read full opinion here.](#)

#### **Advisory Opinion 2025-08 – Ethical Concerns for Legislator as Business Consultant (December 5, 2025)**

Question: A request sought guidance on the ethical implications of a legislator entering into a specific private consulting agreement with a corporation, including whether the terms of the proposed contract raised concerns under the Governmental Conduct Act, constitutional provisions, or other state ethics laws.

Conclusion: The proposed consulting agreement presents several ethical considerations a legislator must evaluate before entering into such an arrangement. These include the legislator's fiduciary duties to treat the office as a public trust, statutory restrictions on compensated representation before state agencies, limitations on attempting to influence legislation in exchange for compensation, and prohibitions on disclosing confidential information. If the legislator ultimately enters into the agreement, any income exceeding \$5,000 received under the contract must be reported on the legislator's annual financial disclosure statement. [Read full opinion here.](#)

### **GIFT ACT**

#### **Advisory Opinion 2025-09 – Training Conference for State Employees Paid for by Contractor (December 5, 2025)**

Question: A request sought clarification on whether a state agency's contractor qualifies as a "restricted donor" under the Gift Act, and whether state employees may accept an all-expenses-paid trip from that contractor to attend an out-of-state training conference.

Conclusion: A company holding a contract with a state agency is a "restricted donor" under the Gift Act. While state employees are generally prohibited from accepting from a restricted donor a gift of a market value greater than \$250, state employees may accept reasonable travel, meal, and lodging expenses from a restricted donor when those expenses fund a bona



fide educational program that is directly related to the employees' official duties. Expenses that meet these criteria do not constitute a "gift" under the Gift Act. [Read full opinion here.](#)

## **LOBBYIST REGULATION ACT**

### **Advisory Opinion 2025-06 – Lobbyist Employer Requirements for Legislative Reception (October 10, 2025)**

Question: A request sought clarification on whether hosting an annual legislative reception that provides food, beverages, and guest speakers for legislators constitutes lobbying activity under the Lobbyist Regulation Act. The inquiry described an event sponsored by a political membership organization whose members occasionally discuss legislation with legislators and where most lobbyists are volunteers.

Conclusion: The reception, as described, appears to be a social event intended to provide general information and does not by itself constitute lobbying activity. However, if expenditures for the event are made in support of or opposition to pending legislation or official action consistent with the organization's legislative platform, the organization may be required to file an expenditure report. Individual members who independently discuss specific legislation with legislators may also have registration or reporting obligations if they meet the definition of "lobbyist." Members who approach legislators on their own behalf, rather than on behalf of the organization, would fall within an exception to that definition. [Read full opinion here.](#)

# Civil Enforcement & Litigated Matters

In addition to its quasi-judicial power to adjudicate administrative matters and issue advisory opinions, the Commission also has a discretionary, executive power to pursue civil enforcement actions in state court to remedy violations of New Mexico's ethics laws. The Commission receives referrals from other state agencies and allegations from other individuals or entities. The Commission reviews and assesses those matters to determine whether to proceed with a civil enforcement action. In 2025, in the exercise of its discretion, the Commission was involved in the following litigated or civil enforcement matters:

## (1) Litigated matters

In the following matters, the Commission filed and litigated a civil enforcement action to remedy violations of New Mexico's ethics laws.

### **(a) State Ethics Commission v. Alisha Tafoya Lucero, D-101-CV-2025-02343.**

On September 12, 2025, the State Ethics Commission filed a declaratory judgment action in the First Judicial District against Alisha Tafoya Lucero, in her official capacity as Secretary of the New Mexico Corrections Department. The Commission alleges that employees of the Adult Probation and Parole Division have continued to disclose probationers' immigration status and national origin to federal ICE agents—conduct prohibited by the Nondisclosure of Sensitive Personal Information Act ("NSPIA"). These disclosures, made outside NSPIA's limited exceptions, have facilitated ICE arrests on state property and caused significant hardship to New Mexican families. The Commission therefore has good ground to seek injunctive relief under Section 10-16I-4 to prevent further violations.

The Commission seeks declaratory relief because federal statutes—8 U.S.C. §§ 1373 and 1644—have been asserted elsewhere as restricting state authority to prohibit such disclosures. The complaint requests a judicial determination that those statutes do not preempt NSPIA and do not bar the Commission from initiating an enforcement action. The Commission contends that the federal statutes violate the Tenth Amendment's anticommandeering rule, do not regulate private actors, and therefore cannot displace NSPIA.

On September 9, 2025, the Commission unanimously authorized the filing of the complaint. A copy of the complaint the Commission filed on September 12, 2025 is available here: [State Ethics Commission's Complaint for Declaratory Judgement](#).

On October 17, 2025, attorneys for Defendant Alisha Tafoya Lucero filed a Notice of Removal of the case to the United States District Court, which assigned it Case No. 1:25-cv-01032 which prompted the State Ethics Commission to file on October 31, 2025, a Motion to Remand the case back to the New Mexico State District Court. The Motion to Remand was fully briefed by December 1, 2025, and the State Ethics Commission awaits United States District Court Judge David H. Urias to either rule on the Motion or to set a hearing for the Motion to be argued before him.

**(b) State Ethics Commission v. New Mexico Safety Over Profit, D-202-CV-2025-05277.**

On June 10, 2025, the State Ethics Commission filed a civil enforcement action in the Second Judicial District against New Mexico Safety Over Profit (NMSOP), alleging violations of Section 2-11-6(I) of the Lobbyist Regulation Act. The Commission's lawsuit concerned NMSOP's issue-education and advertising campaigns related to medical malpractice reform and the organization's failure to make required disclosures of contributions, expenditures, and campaign activity. NMSOP denied all wrongdoing.

On July 25, 2025, the Commission and NMSOP executed a settlement agreement resolving all claims. Under the agreement, NMSOP must disclose all contributions, pledges, expenditures, and commitments related to its campaigns; pay \$5,000 to the State of New Mexico; and file both a Lobbying Advertising Campaign Registration Form and a Report of Advertising Campaign with the Secretary of State. Upon NMSOP's full compliance, the Commission will dismiss the lawsuit with prejudice, and each party will bear its own fees and costs. The agreement includes mutual releases and permits the Commission to enforce the agreement if NMSOP fails to perform.

Read the full settlement agreement and supporting disclosure documents here:

- (1) [Settlement agreement between and among the New Mexico State Ethics Commission and New Mexico Safety Over Profit](#)
- (2) [Disclosure of contributions and pledges](#)
- (3) [Disclosure of expenditures and commitments](#)
- (4) [Complete list of contributors to NMSOP](#)

**(c) State Ethics Commission v. Joseph Shepard, D-117-CV-2025-00260.**

On June 27, 2025, the State Ethics Commission filed a civil enforcement action in the First Judicial District against Joseph Shepard, former president of Western New Mexico University (WNMU), alleging violations of Sections 10-16-3(A) and 10-16-3.1(C) of the Governmental Conduct Act. The complaint asserts that Shepard repeatedly used public resources to pursue private interests, culminating in his direction to alter a capital project—originally planned as an ADA-compliant accessibility ramp—to instead construct an expanded patio adjacent to a university property for the purpose of hosting events related to his daughter's wedding. The Commission alleges that Shepard micromanaged the project, accelerated construction timelines, and authorized additional grading, utility, landscaping, and brickwork expenditures that served his private purposes and were funded by legislative appropriations intended for instruction and general university needs.

The Commission further alleges that Shepard routinely justified wedding-related expenditures by asserting that items could serve ostensible university purposes, and that WNMU employees understood the patio expansion to be for wedding events. Wedding activities were held on the newly constructed patio in May 2023, while the originally planned ADA ramp was not built. The Commission seeks civil penalties, restitution for public funds used to construct the patio, and any other appropriate relief to enforce the Governmental Conduct Act and deter misuse of public resources.

Read (1) [the Commission's complaint in State Ethics Commission v. Shepard](#).

**(c) State Ethics Commission ex rel. Village of Angel Fire v. Lindsey, et al., D-809-CV-2024-00091.**

In 2024, the State Ethics Commission filed a civil action on behalf of the Village of Angel Fire alleging that Mayor Barry Lindsey and Carristo Creative Consulting LLC violated the Procurement Code by entering into a \$1 million no-bid contract for advertising-related services without competitive, sealed proposals and in violation of the Code's prohibitions on prepayment and conflicts of interest. The Commission alleged that the contract's broad scope—covering strategy development, branding, research, marketing, content creation, public relations, and website design—fell squarely within the Procurement Code and did not qualify for the narrow exemption for purchases of advertising placements in media outlets. After the Commission filed suit, the Village canceled the unlawful contract and issued a request for proposals. Carristo Creative subsequently entered into a settlement with the Commission and repaid amounts it had received in unlawful prepayment. The Commission also executed a settlement agreement with the Village's Chief Procurement Officer.

On June 23, 2025, the Honorable Steven A. Romero, District Judge for the Eighth Judicial District, granted the Commission's motion for partial summary judgment, holding that the Procurement Code applies to contracts between government bodies and private advertising agencies when the contracts involve design, branding, marketing, consulting, or other services beyond the limited purchase of advertising space in media outlets. The court rejected Mayor Lindsey's reliance on Section 13-1-98(V)'s exemption for "advertising" purchases, confirming that government entities may not bypass competitive procurement requirements simply by characterizing a broad professional-services contract as advertising-related. With the unlawful contract canceled and partial summary judgment entered, the case will proceed to trial on the Commission's remaining claim that Mayor Lindsey knowingly violated the Procurement Code.

Read the full order and settlement agreements here: (1) [Order Granting Plaintiff's Motion for Partial Summary Judgment](#) (2) [Settlement Agreement between and among the New Mexico State Ethics Commission and Carristo Creative Consulting, LLC](#) (3) [Settlement Agreement between and among the New Mexico State Ethics Commission and Julie Kulhan, in her official capacity as Chief Procurement Officer for the Village of Angel Fire](#)

**(2) Pre-litigation settlement agreements**

In the following matters, the Commission authorized its attorney staff to file a civil enforcement action to remedy violations of New Mexico's ethics laws and entered into a settlement agreement without the need to file claims in state district court.

**(a) Deming City Officials – Councilor Irma Rodriguez, Councilor Joe "Butter" Milo, and City Manager Aaron Sera**

On October 8, 2025, the Commission announced pre-litigation settlements with Deming City Councilors Irma Rodriguez and Joe "Butter" Milo, with related

compliance obligations involving City Manager Aaron Sera, resolving alleged violations of the Governmental Conduct Act. The Commission alleged that Councilor Rodriguez violated Section 10-16-7(B) by failing to disclose her ownership interest in Triadic Enterprises when the City of Deming contracted with that business. In a separate matter, the Commission alleged that Councilor Milo failed to disclose his ownership interest in J&J Printing, Inc. during City contracting and failed to recuse himself from a vote affecting the Rio Mimbres Corporation, in which he and his spouse held stock, in violation of Section 10-16-4(B). Finally, the Commission alleged that City Manager Sera and his spouse held interests in Rio Mimbres Corporation at the time Mr. Sera was empowered to negotiate its sale to the City, also implicating Section 10-16-4(B).

To resolve these matters without litigation, Councilor Rodriguez agreed to pay a \$500 civil fine and ensure that her ownership interest in Triadic Enterprises is disclosed on the City of Deming's website. Councilor Milo agreed to renounce, along with his spouse, all interests in Rio Mimbres Corporation; disclose his ownership of J&J Printing, Inc. on the City's website; and remit \$200 to the State of New Mexico. City Manager Sera and his spouse voluntarily renounced their interests in Rio Mimbres Corporation to avoid any alleged unlawful benefit; Mr. Sera resolved the matter without a formal settlement agreement.

Read the full settlement agreements here: (1) [Memorialization of the verbal Settlement Agreement between the New Mexico State Ethics Commission and Irma Rodriguez](#) (2) [Settlement Agreement between the New Mexico State Ethics Commission and Joe Milo](#)

**(b) Mayor Denny Herrera, Village of Cuba**

On May 28, 2025, the Commission announced a pre-litigation settlement with Denny Herrera, former mayor of the Village of Cuba, and his business, DDH, Inc. Fuel Service Station, resolving alleged violations of the Governmental Conduct Act. Following an investigation, the Commission found reason to believe that Mayor Herrera improperly benefited from a village directive requiring employees to refuel all Village vehicles exclusively at DDH, Inc. Fuel Service Station, a business he owned, in violation of Section 10-16-13.2(A), which prohibits public officers from selling goods or services to public employees under their supervision.

To resolve the matter without litigation, Mayor Herrera and DDH, Inc. agreed to take corrective action. Mr. Herrera notified the Village of Cuba of his ownership interest and clarified that Village employees may purchase fuel from any station accepting WEX cards in accordance with procurement rules. He also agreed to remit \$2,500 to the State of New Mexico and an additional \$1,000 to the Village of Cuba, with proof of payment to the Commission.

Read the full settlement agreement here: (1) [Settlement agreement between and among the New Mexico State Ethics Commission and Denny Herrera and his business DDH, Inc. Fuel Service Station](#).

**(c) Daniel Flack, DTF Engineering, and D&G Construction**

On May 9, 2025, the Commission announced a pre-litigation settlement with Daniel

Flack; AECS, Inc., doing business as DTF Engineering; and D&G Construction, resolving alleged violations of the Procurement Code and the Governmental Conduct Act. Following an investigation, the Commission found reason to believe that a professional services contract between DTF Engineering and the Town of Kirtland—which authorized a 15% markup on third-party services and materials—violated Section 13-1-149 of the Procurement Code. The Commission also found reason to believe that Mr. Flack participated in governmental decisions affecting his and his family’s private financial interests, in violation of Sections 10-16-4(B) and 10-16-7(B) of the Governmental Conduct Act.

To resolve the matter without litigation, the Released Parties entered into a formal settlement agreement. Under the agreement, DTF Engineering will remit \$5,500 to the Town of Kirtland, and Mr. Flack will remit \$500 to the State of New Mexico. The parties also agreed not to use or rely on any contract provision authorizing a 15% markup on third-party costs; that Mr. Flack will not participate in any aspect of “procurement” under the Procurement Code unless formally appointed as a Professional Technical Advisor; and that, if Mr. Flack exercises or is delegated any governmental authority while any relevant contract remains in effect, he will comply with all requirements of the Governmental Conduct Act as if he were a Kirtland public employee.

Read the full settlement agreement here: (1) [Settlement agreement between and among the New Mexico State Ethics Commission and Daniel Flack, AECS, Inc., dba DTF Engineering and D&G Construction.](#)

**(d) Luna County Officials, Contractor, and Former Employee**

On March 21, 2025, the Commission announced two pre-litigation settlements involving Luna County officials, a contractor to Luna County, and a former county employee, resolving alleged violations of both the Procurement Code and the Governmental Conduct Act. In the first matter, the Commission alleged that Christie Ann Harvey, former Luna County Economic Development Director, violated Section 10-16-8(D) by representing The Greater Luna County Economic Opportunity Council, Inc. (“The Council”) before Luna County within one year of leaving county employment, and violated Section 13-1-193 by participating in the procurement of economic-development services from The Council while also employed by it. The Commission further alleged that Luna County improperly awarded contracts to The Council in violation of Procurement Code requirements for competitive RFP processes.

To resolve these allegations, Ms. Harvey and The Council agreed to remit a \$500 civil penalty to the State of New Mexico and a \$1,000 civil penalty to Luna County. In a separate settlement, the Commission alleged that County Manager Chris Brice and Chief Procurement Officer Joanne Hethcox awarded four contracts totaling more than \$400,000 to The Council without using the required RFP process, in violation of Sections 13-1-111 to 13-1-117.1. Luna County agreed to cancel a \$125,000 contract awarded on July 1, 2024; require competitive RFPs for any professional economic-development contract exceeding \$20,000 for the next two years; and ensure procurement training for county officials within one year.

Read the full settlement agreements here: (1) [Settlement agreement between and](#)



[among the New Mexico State Ethics Commission, and Christie Ann Harvey and The Greater Luna County Economic Opportunity Council, Inc. \(2\) Settlement agreement between and among the New Mexico State Ethics Commission, and Chris A. Brice and Joanne Hethcox](#)

## Trainings

Under the Governmental Conduct Act, the State Ethics Commission shall advise and seek to educate all persons required to perform duties under the Governmental Conduct Act—that is, all legislators and all elected or appointed officials or employees of a state agency or a local government agency who receives compensation or per diem. Further, under the Governmental Conduct Act, the Commission has a biennial responsibility to develop and provide to all legislators a minimum of two hours of ethics continuing education. Similarly, under the State Ethics Commission Act, the Commission may offer annual ethics trainings to public officials, public employees, government contractors, lobbyists and other interested persons. The Commission has developed presentations that Commission staff can offer to government agencies around the state. During 2025, Commission staff have offered several trainings regarding the ethics laws, as detailed below. For more information on the Commission’s presentations and trainings, visit: <https://www.sec.nm.gov/education/>

- **January 29, 2025** – Ethics for Local Government to the Municipal League (Rebecca Branch, Deputy Compliance Counsel)
- **February 3, 2025** – The Anti-Donation Clause & Capital Outlay to the New Mexico State Legislature (Jeremy Farris, Executive Director)
- **April 16, 2025** – Corruption and Error to Oliver Seth Inn of Court (Jeremy Farris, Executive Director)
- **May 1, 2025** – The Anti-Donation Clause to the Thornburg Foundation (Jeremy Farris, Executive Director)
- **May 2, 2025** – Ethics: Know the Law to the NM Cooperative Extension Service & the NMSU Department of Government (Rebecca Branch, Deputy Compliance Counsel)
- **May 15, 2025** – Ethics for Government Auditors and Accountants to the NMSCPA Government Finance Experts Conference (Jeremy Farris, Executive Director)
- **June 11, 2025** – Ethics Law in New Mexico to the New Mexico Regulation & Licensing Department staff (Rebecca Branch, Deputy Compliance Counsel)
- **July 22, 2025** – The Anti-Donation Clause to the Santa Fe Community Foundation (Jeremy Farris, Executive Director)
- **August 7, 2025** – Navigating Ethics in Municipal Governance to the Municipal Official Leadership Institute (Rebecca Branch, Deputy Compliance Counsel)
- **August 14, 2025** – The Procurement Code: exceptions, exemptions, and ethics to the New Mexico Municipal League (Jessica Randall, Deputy General Counsel)
- **August 15, 2025** – Navigating Governmental Ethics to the New Mexico Association of Counties (Rebecca Branch, Deputy Compliance Counsel)
- **September 19, 2025** – Ethical Issues in Appellate Advocacy to the New Mexico Appellate Practice Institute (Jeremy Farris, Executive Director)
- **September 29, 2025** – Navigating Governmental Ethics to Torrance County (Rebecca Branch, Deputy Compliance Counsel)
- **October 29, 2025** – Exceptions, Exemptions, & Ethics in New Mexico Procurement to the State Bar of New Mexico (Jeremy Farris, Executive Director)

- **November 5, 2025** – Ethics Forum for Local Government (Commission Staff)
- **December 8, 2025** – Staying Steady in the Storm: Lessons for Local Ethics Amid Washington’s Chaos (How State and Local Ethics Commissions Can Learn from the Federal Level) (Jeremy Farris, Executive Director)
- **December 9, 2025** – Fine Tuning Enforcement: Alternative Sanctions in Ethics Accountability (Jeremy Farris, Executive Director)
- **December 9, 2025** – Fighting for Resources: Strategies to Strengthen Budgets for Ethics, Disclosures, and Oversight Programs (Amelia Bierle, Deputy Director)

# LEGISLATIVE RECOMMENDATIONS

The Commission offers the following recommendations for the First Session of the Fifty-Eighth Legislature.

## **(1) Recommendations for Improving Local Campaign-Finance and Disclosure Authority**

New Mexico's Campaign Reporting Act and Financial Disclosure Act establish transparency requirements for state-level candidates, officeholders, political committees, and certain public officials, but neither statute extends to municipal elections or to many other local officials. As a result, arguably, only home-rule municipalities currently possess the clear authority to adopt their own campaign-finance or financial-disclosure ordinances, while most local jurisdictions lack clear legal authority to implement transparency rules tailored to their own electoral or governance needs. To ensure that all local governments have the tools necessary to promote transparency and public confidence in their elections and public institutions, the Commission recommends amending both the Campaign Reporting Act and the Financial Disclosure Act to authorize municipalities and other local governments to adopt and enforce supplemental local disclosure provisions, provided those local rules do not conflict with state law.

The Commission would support the following amendments:

### **Campaign Reporting Act**

§ 1-19-37. Applicability.

(A) The provisions of the Campaign Reporting Act [1-19-25 to 1-19-36 NMSA 1978] do not apply to any candidate subject to the provisions of the federal law pertaining to campaign practices and finance.

(B) Municipalities and counties are authorized to adopt and enforce campaign finance ordinances that impose reporting, disclosure, or contribution requirements in addition to, or more stringent than, those contained in the Campaign Reporting Act, provided that such ordinances do not conflict with the provisions of that act. Nothing in this subsection shall be construed to limit any authority granted to municipalities or counties by the constitution of New Mexico or by other statute.

### **Financial Disclosure Act**

§ 10-16A-10. Local financial-disclosure authority. (New Section)

(A) Municipalities and counties are authorized to adopt and enforce financial-disclosure ordinances that impose reporting or disclosure requirements in addition to, or more stringent than, those contained in the Financial Disclosure Act, provided such ordinances do not conflict with that act.

(B) Nothing in the Financial Disclosure Act shall be construed to limit any authority granted to municipalities or counties by the constitution of New Mexico or by other statute.

## **(2)Recommendations for Amendments to the Lobbyist Regulation Act**

Over the past year, the Commission's enforcement work has highlighted gaps in the Lobbyist Regulation Act that allow significant lobbying activity to remain undisclosed during the period when the public and policymakers most need transparency. In a recent enforcement matter, the Commission was unable to verify allegations of undisclosed donors and lobbying expenditures until several months after the legislative session had concluded, because the relevant expenditure reports were not statutorily due until May. During that intervening period, the organization conducted a substantial lobbying campaign opposing proposed medical malpractice reforms—efforts that directly responded to measures under active consideration by the Legislature. Those measures ultimately were not successful during the session, yet the public received no contemporaneous disclosure of the organization's spending while the legislation was pending. Based on these lessons, the Commission recommends amendments to the Lobbyist Regulation Act to ensure timely disclosure of lobbying expenditures during legislative sessions.

The Commission recommends amending Section 6(E) of the Lobbyist Regulation Act as follows:

E. The reports required pursuant to the provisions of the Lobbyist Regulation Act shall be filed:

(1) no later than January 15 for all expenditures and political contributions made or incurred during the preceding year and not previously reported;

(2) within forty-eight hours for each separate expenditure made or incurred during a legislative session that was for five hundred dollars (\$500) or more;

(3) in any regular sixty-day legislative session, no later than the Monday occurring in the fourth week of the session for all expenditures and political contributions made or incurred during the current calendar year and not previously reported;

(4) no later than the Monday immediately preceding adjournment of any legislative session for all expenditures and political contributions made or incurred during the current calendar year and not previously reported;

~~(35)~~ no later than the first Wednesday after the first Monday in May for all expenditures and political contributions made or incurred through the first Monday in May of the current year and not previously reported; and

(6) no later than the first Wednesday after the first Monday in October for all expenditures and political contributions made or incurred through the first Monday in October of the current year and not previously reported.

For consistency across provisions, in coordination with the change to Section 6(E), the Commission recommends amending Section 6(I) of the Lobbyist Regulation Act as follows:

I. An organization of two or more persons, including an individual who makes any representation as being an organization, that within one calendar year expends funds in excess of two thousand five hundred dollars (\$2,500) not otherwise reported under the Lobbyist Regulation Act to conduct an advertising campaign for the purpose of lobbying shall register with the secretary of state within forty-eight hours after expending two thousand five hundred dollars (\$2,500). Such registration shall indicate the name of the organization and the names, addresses and occupations of any of its principals, organizers or officers and shall include the name of any lobbyist or lobbyist's employer who is a member of the organization. ~~Within fifteen days after a legislative session, the organization shall report the contributions, pledges to contribute, expenditures and commitments to expend for the advertising campaign for the purpose of lobbying, including the names, addresses, employers and occupations of the contributors, to the secretary of state on a prescribed form. The organization shall file reports on the schedule specified in Subsection E of this section, disclosing all contributions, pledges to contribute, expenditures and commitments to expend for the advertising campaign for the purpose of lobbying, including the names, addresses, employers and occupations of contributors.~~

\* \* \*

Additionally, the Lobbyist Regulation Act does not require meaningful disclosure of expenditures and activities connected with lobbying; it contains no provisions that serve as guardrails against conflicts of interest; and, perhaps worst of all, it *creates* dark-money problems. To address these additional issues, the Commission recommends the following amendments to the Lobbyist Regulation Act:

First, the Commission recommends that the Lobbyist Regulation Act be amended to include a definition of a lobbyist's client and to require more information regarding expenditures that a lobbyist makes on behalf of their client, including the beneficiary of the expenditure, the purpose of the expenditure, and the client to whom the expenditure is attributable (including for lobbyist expenditures that are campaign contributions).

Second, as in previous Annual Reports, to slow the revolving door between government service and lobbying, the Commission would support amending the Lobbyist Regulation Act to create a new section, providing that:

- A. A former statewide elected official, a former public regulation commissioner, a former legislator or a former cabinet secretary shall not accept compensation as a lobbyist for a period of two calendar years after the conclusion of service as a statewide elected official, public regulation commissioner, legislator or cabinet secretary.
- B. A lobbyist's employer shall not compensate a former statewide elected official, a former public regulation commissioner, a former legislator or a former cabinet secretary as a lobbyist for a period of two calendar years after the person served as a statewide elected official, public regulation commissioner, legislator or cabinet secretary.
- C. A person who violates a provision of this section is subject to a civil penalty of

five thousand dollars (\$5,000) for each violation.

Third, as in previous Annual Reports, to allow for transparency when the family member of a legislator is lobbying for a bill, the Commission would support amending the Lobbyist Regulation Act to create a new section, providing that:

- A. A legislator shall, before voting on a bill, disclose that the legislator's family member is lobbying on a bill on which the legislator must vote.
- B. As used in this section, "family member" means a spouse, daughter, son, parent or sibling.

### **(3) Recommendations for Amendments to the Campaign Reporting Act**

Over the past five years, the Commission has achieved an understanding of the gaps and loopholes in the Campaign Reporting Act that persons have relied on to avoid disclosure of the source of the funds used to pay for political advertisements. Based on these lessons, the Commission recommends a set of amendments to the Campaign Reporting Act related to disclosure of the sources of the funds for independent expenditures and to personal loans that candidates make to their own campaign committees.

First, the Commission recommends closing gaps related to attack advertisements that do not expressly refer to an election or contain an appeal to vote. Under the current definition of "expenditure," an advertisement that targets a candidate or public official but does not reference the impending election may fall outside the Campaign Reporting Act's disclosure requirements. To ensure that the sources of funds used for such attack ads are disclosed, the Commission recommends updating the definition of "expenditure." Second, the Commission recommends addressing a reporting loophole for groups that make major expenditures on the eve of an election. If a group pays for an attack advertisement shortly before an election and qualifies as a "political committee" under the Campaign Reporting Act, Section 1-19-29(B) may allow the group to delay reporting those expenditures until thirty days after the election. To prevent this delay, the Commission recommends removing the phrase "not otherwise required to be reported under the Campaign Reporting Act" from Section 1-19-27.3(A). Eliminating this language would ensure that information about the independent expenditure is disclosed promptly, even when the group making the expenditure qualifies as a political committee.

Second, the Commission recommends making clear that the Campaign Reporting Act disallows persons making independent or coordinated expenditures from concealing the identity of contributors who contribute more than five thousand dollars (\$5,000) during an election cycle, where (i) the contributor requested in writing that that the contribution not be used to fund independent or coordinated expenditures or to make contributions to a candidate, campaign committee or political committee and (ii) the person making independent expenditures nevertheless used the contributor's contributions for independent or coordinated expenditures or to make contributions to a candidate, campaign committee or political committee.

Third, the Commission recommends amendments to require persons—including



out-of- state groups—who make independent expenditures to disclose the source of significant funds (i.e., funds exceeding \$5,000) used to make independent expenditures, whether or not the donations were made or received for the purpose of supporting a ballot question or candidate in a New Mexico election. If a person making independent expenditures uses funds to make independent expenditures related to elections subject to the Campaign Reporting Act, disclosure requirements should apply, no matter what was said or intended when the initial fundraising occurred.

Fourth, the Commission recommends a set of amendments that concern disclosure of personal loans that candidates make to their own political campaigns. The current practice in New Mexico is that candidate committees report the amount of the loan principal that candidates have loaned their campaigns, as well as any expenditures that candidate committees make to repay debts. These are significant disclosures, but they are not specific or demanding enough to deter the threat of corruption that can accompany loans that candidates make to their campaign committees. The Campaign Reporting Act currently does not require disclosure of the terms of the loan, including any interest. Nor does the Act currently require that the campaign committee demonstrate evidence that a loan was actually made. Because the Campaign Reporting Act allows candidate committees to expend campaign contributions raised to repay loans, including personal loans that a candidate makes to their campaign, New Mexico needs additional safeguards to prevent candidates from converting campaign contributions into a personal source of income.

Accordingly, the Commission recommends amendments to the Campaign Reporting Act that (i) impose certain disclosure of loans that candidates make to their own political campaigns, including proof that the loan was made and the loan's terms; and (ii) constrain the rate of interest that a candidate can charge on a personal loan that they make to their own campaign.

The Commission's recommendations for amendment to the Campaign Reporting Act align with [Senate Bill 387](#) introduced by Senator Wirth in the First Session of the Fifty-Fifth Legislature, with [Senate Bill 42](#), also introduced by Senator Wirth, in the First Session of the Fifty-Sixth Legislature, with [Senate Bill 85](#), also introduced by Senator Wirth, in the First Session of the Fifty-Seventh Legislature.

Read [Letter from Jeremy Farris, Executive Director, State Ethics Commission, to Senator Wirth, Senator Duhigg and Representative McQueen regarding potential amendments to the Campaign Reporting Act](#)

#### **(4) Recommendations for Amendments to the Financial Disclosure Act**

The State Ethics Commission recommends the reintroduction of a bill similar to [Senate Bill 125](#), which Senator Tallman, Representative Garratt, and Representative Sariñana sponsored in the First Session of the Fifty-Sixth Legislature, known as the Disclosure Act. This year, the Commission endorses that bill with the following targeted revisions to improve clarity and reduce unnecessary burdens on reporting individuals:

1. Investment Fund Disclosures:  
Retain the requirement to disclose the name of the fund and its manager,

particularly when the fund pertains to specific industries (e.g., energy, defense) that may pose conflicts of interest. Remove the obligation to disclose individual fund holdings exceeding \$50,000, provided the fund is publicly traded and regulated.

2. Professional Client Confidentiality:

To address concerns from legal professionals about client confidentiality, revise the requirement for income source disclosure by allowing reporting individuals to describe their practice areas or service categories in precise yet general terms. This revision balances transparency with the need to respect professional confidentiality obligations.

The Commission believes these revisions maintain the Act's integrity, further its goals of transparency and accountability, and reduce unnecessary burdens on reporting individuals while respecting their professional obligations. As the American Law Institute has reported:

Disclosure by public servants of financial and other information is a key component of most government ethics systems. Disclosure reminds public servants of ethics principles, detects and deters conflicts of interests, facilitates enforcement of ethics rules, and promotes public confidence in government. Transparency is one of the most important principles underlying a representative democracy, and ethics rules that enhance transparency not only improve the quality of government and the ethical commitments of public servants but also reinforce public confidence in government. Public confidence in government in turn is critical to the continued public support that is the ultimate foundation of our representative democracy.

American Law Institute, *Principles of Law: Government Ethics*, Tentative Draft No. 3, Ch. 6 (Disclosure), Introductory Note (April 9, 2021).

The current Financial Disclosure Act, NMSA 1978, §§ 10-16A-1 to -9 (1993, as amended 2021), seeks to balance the public interest in disclosure against public servants' privacy interests by giving public servants significant discretion in deciding whether to make a disclosure and what they must disclose. The Commission believes that this approach to disclosure is flawed in at least two respects:

First, the Financial Disclosure Act is vague and undemanding as to what must be disclosed. It requires public servants to disclose sources of gross income in excess of \$5,000 but does not require disclosure of the specific source of the income. Instead, a public servant need only disclose the "general category descriptions that disclose the nature of the income source . . . [in] broad categories." § 10-16A-3(D)(2) (2021). But requiring disclosure only of "broad category descriptions" does not suffice to alert the public of whether a public servant is subject to a financial conflict of interest. Take as an example a state legislator who receives income by selling pesticides to farms, and another state legislator who makes more than \$5,000 from the sale of organic produce. While legislation proposing a partial ban on the use of pesticides would have different effects on these financial interests, both legislators are required only to report income from "farming and ranching" on their financial disclosure statements. § 10-16A-3(D) (2021).

As a result, the Financial Disclosure Act does not remind the disclosing senators of their potential obligations under the state's ethics laws, and the public is not able to determine what (if any) conflicts of interest might affect the legislators' votes.

Second, the Financial Disclosure Act contains significant omissions in several categories of reporting requirements—*e.g.*, the identification of specific sources of income, the identification of ownership assets, business-entity relationships, liabilities, membership and other positions in non-profit organizations, and gifts. Because Financial Disclosure Act omits these requirements, it does not do enough to inform the public whether officials in state government are engaged in self-dealing, are subject to conflicts of interest, and are in compliance with the duties that the Governmental Conduct Act and other statutes impose. In short, it is not a very effective disclosure law.

Over the past five years, the Commission and its staff have received input from organizations in New Mexico that have bemoaned the Financial Disclosure Act's shortcomings. The Commission staff has also carefully reviewed the American Law Institute's *Principles of Law: Government Ethics*, Tentative Draft No. 3 (April 9, 2021), which includes principles relating to disclosure in government. As a result, the Commission recommends a new statute— the Disclosure Act—to replace the current Financial Disclosure Act as a more comprehensive and more effective approach to disclosure in government.

Read (1) [the "Disclosure Act," House Bill 149 \(55th Legis., 2nd Sess.\)](#); (2) [Read the "Disclosure Act," Senate Bill 125 \(56th Legis., 1st Sess.\)](#).

## **(5) Recommendations for the State Ethics Commission Act**

To further establish the Commission's independence, which is provided by Article V, Section 17(A) of the New Mexico Constitution, the Commission recommends the creation of a nonreverting fund in the state treasury for use by the Commission. Specifically, the Commission recommends a new section in the State Ethics Commission Act, as follows:

(A) The "state ethics commission fund" is created as a nonreverting fund in the state treasury. The fund consists of appropriations, gifts, grants, donations, and any revenue received from court-ordered judgments or sanctions and settlement payments related to commission-authorized civil actions. Money in the fund at the end of a fiscal year shall not revert to any other fund. The commission shall administer the fund, and money in the fund is appropriated to the commission.

(B) The legislature may appropriate from the state ethics commission fund to the general fund in the event that general fund balances, including all authorized revenues and transfers to the general fund and balances in the general fund operating reserve, the appropriation contingency fund, the tobacco settlement permanent fund, the state-support reserve fund and the tax stabilization reserve, will not meet the level of appropriations

authorized from the general fund for a fiscal year. In that event, to avoid an unconstitutional deficit, the legislature may appropriate from the state ethics commission fund only in the amount necessary to meet general fund appropriations for that fiscal year and only if the legislature has authorized transfers from the appropriation contingency fund, the general fund operating reserve, the tax stabilization reserve and the tobacco settlement permanent fund that exhaust those fund balances.

There are more than 50 nonreverting funds in the state treasury that exist to support various government functions. Nonreverting funds generally serve as a financial buffer, allowing a public agency to continue operations in cases of emergencies or unexpected expenses. The Commission's constitutional independence requires that the agency be able to operate free from pressures that could foreseeably emerge as a consequence of the Commission's ordinary work to enforce New Mexico's ethics laws. The creation of a nonreverting fund would alleviate those foreseeable pressures.