



Annual Report

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FAIR POLITICAL PRACTICES COMMISSION

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Commissioner E. Dotson Wilson Vice Chair Allison Hayward Chair Richard C. Miadich Commissioner Brian Hatch Commissioner Frank Cardenas

Chair’s Message and Priorities for 2020



Chair Richard C. Miadich
(Term: 1/31/2023 - Appointed by Governor Gavin Newsom)

In May 2019, I accepted the honor of serving as the 15th Chair of the Fair Political Practices Commission. Our agency plays a vital role in maintaining public trust in state and local government by focusing on three main areas. First, we ensure that spending in election campaigns is transparent, so voters know which groups and persons are trying to influence their votes. Second, we adopt and enforce government ethics rules that are designed to prevent public officials from using their positions for their own personal gain at the expense of the public. And finally, we regulate lobbyists so the public knows

who is trying to influence their elected officials.

I want to commend my fellow Commissioners and our staff for their exceptional work in these areas during 2019. Among the highlights noted in this Report, the Commission strengthened transparency in state and local elections through several notable enforcement actions – including successfully concluding a case against a local politician who unlawfully used hundreds of thousands of dollars of campaign funds for his own personal benefit. The Commission also expanded efforts to contract with local governments to ensure timely and robust enforcement of local campaign finance laws. And, to improve compliance with our State’s ethics laws, the Commission simplified and clarified its regulations concerning conflicts of interest.

As we enter the 2020 election cycle, we will once again engage in proactive efforts designed to increase compliance and disclosure when it matters - before the elections – while at the same time focusing our enforcement resources on the most egregious violations of campaign finance laws, including those against money laundering, misuse of campaign funds, and the unlawful use of public funds for campaign purposes. We will work to enhance transparency of spending on campaign activity occurring on social media and other digital platforms as part of our ongoing efforts to modernize the Political Reform Act. Critically, in 2020 we will also expand our outreach and education program to both help the public better understand spending in our state and local elections and assist novice candidates in complying with their campaign finance reporting obligations. And finally, beyond elections, we will continue our work to improve disclosure of lobbying activity, strengthen our ethics laws, and identify new ways to use technology to communicate with the public.

Together, we will continue to fulfill our mission to promote the integrity of state and local government in California through the impartial interpretation and enforcement of political campaign, lobbying and ethics laws.



Vice Chair Allison Hayward

(Term: 1/31/2021 - Appointed by Controller Betty T. Yee)

California remains on the leading edge of campaign and ethics regulation. In this last year, the FPPC advanced state law in several areas. We had a lively legislative agenda - among other things we supported legislation to limit how officeholders can use their political funds to defend sexual harassment claims. The FPPC also held government agencies that use public money for political purposes to the same reporting standards applied to everyone else. We continue to crack down on improper personal use of campaign money. These topics are all of great interest and concern to me, and I look forward to further progress in 2020.



Commissioner Brian Hatch

(Term: 1/31/2021 - Appointed by Secretary of State Alex Padilla)

I am incredibly proud of the work we accomplished in regulations and legislation while I served as Chair of the Commission’s Law and Policy Committee. The Commission’s proactive approach to regulation and legislation in 2019 resulted in significant policy victories for the agency while improving the Political Reform Act, increasing transparency, and enhancing accountability of the regulated community. I am excited about the opportunities in 2020 and I am committed to working with my fellow commissioners to move the Fair Political Practices Commission forward.



Commissioner Frank Cardenas

(Term: 1/31/2021 - Attorney General Xavier Becerra)

“A body of men holding themselves accountable to nobody ought not to be trusted by anybody.” Thomas Paine, The Rights of Man (1791)

In 1974, the people of California had the wisdom to strengthen certain democratic institutions in this state by adopting the Political Reform Act of 1974; which states, in part: “State and local government should serve the needs and respond to the wishes of all citizens equally, without regard to their wealth” and “Public officials, whether elected or appointed, should perform their duties in an impartial manner, free from bias caused by their own financial interests or the financial interests of persons who have supported them.” The Political Reform Act embodies our commitment as Californians to those democratic ideas that must continue to sustain our union.

As we report on another year of stewardship and enforcement of the Political Reform Act, the staff and members of the Fair Political Practices Commission take no small measure of pride in seeing to it that the will of the people of California be done: that our democratic institutions and practices remain free, fair, open and transparent. We invite your interest, your criticisms, your ideas, and most importantly, your engagement.



Commissioner E. Dotson Wilson

(Term: 1/31/2023 - Appointed by Governor Gavin Newsom)

I look forward to working with Chair Miadich and Commissioners Hatch, Hayward, and Cardenas. I appreciate Governor Newsom affording me the opportunity to serve as a commissioner of the Fair Political Practices Commission. I consider it an honor to have the opportunity to work with not only the commissioners, but the public, to address the critical issues facing the state. It is a challenge and an opportunity I am looking forward to embarking on.

2019 YEAR IN REVIEW



The Commission provided advice to over **14,211** inquiries submitted via phone and email, and presented **44** workshops throughout the state.



The Commission successfully resolved **1,465** cases, which included **343** settlements approved by the Commission totaling over **\$797,384** in fines.



The Commission approved **71** state agency and multi-county agency conflict of interest codes.



The Commission implemented the **11** bills signed by the Governor that changed the Political Reform Act, including changes to advertising laws and enforcement of local campaign and ethics ordinances.



The Commission processed **23,556** filed statements, which includes annual, assuming, leaving office and candidate statements. Of 23,556 statements, **15,017** filed electronically (**63.75%**), including FPPC system (**11,305**) and Local E-filing system (**3,712**).



The plaque and the legislative resolution hang prominently in the Commission’s hearing room.

Commission Chair Richard C. Miadich offered the following statement:

“The mission of the Fair Political Practices Commission is more important than ever. At a time of uncertainty, divisiveness and mistrust in the political realm, the Commission serves a vital role in ensuring transparency and maintaining public trust in state and local government.

California voters wisely established the FPPC in the wake of the Watergate scandal and we continue to be a nationally-recognized leader in this field. We’ve improved disclosure in areas such as dark money and lobbying activity and we will continue to ensure transparency in this ever-changing digital, political landscape.

While always emphasizing strict enforcement of serious violations, we are also proud of our pro-active measures to educate the public and

45TH ANNIVERSARY OF THE POLITICAL REFORM ACT

California voters adopted the Political Reform Act, also known as Proposition 9, on June 9, 1974. Forty-five years later, the Political Reform Act continues to be the cornerstone law for political accountability and transparency. The Political Reform Act continues to be enforced and administered by the independent Fair Political Practices Commission. Over its 45-year history, the Commission has benefited from the selfless service of nearly 70 commissioners.

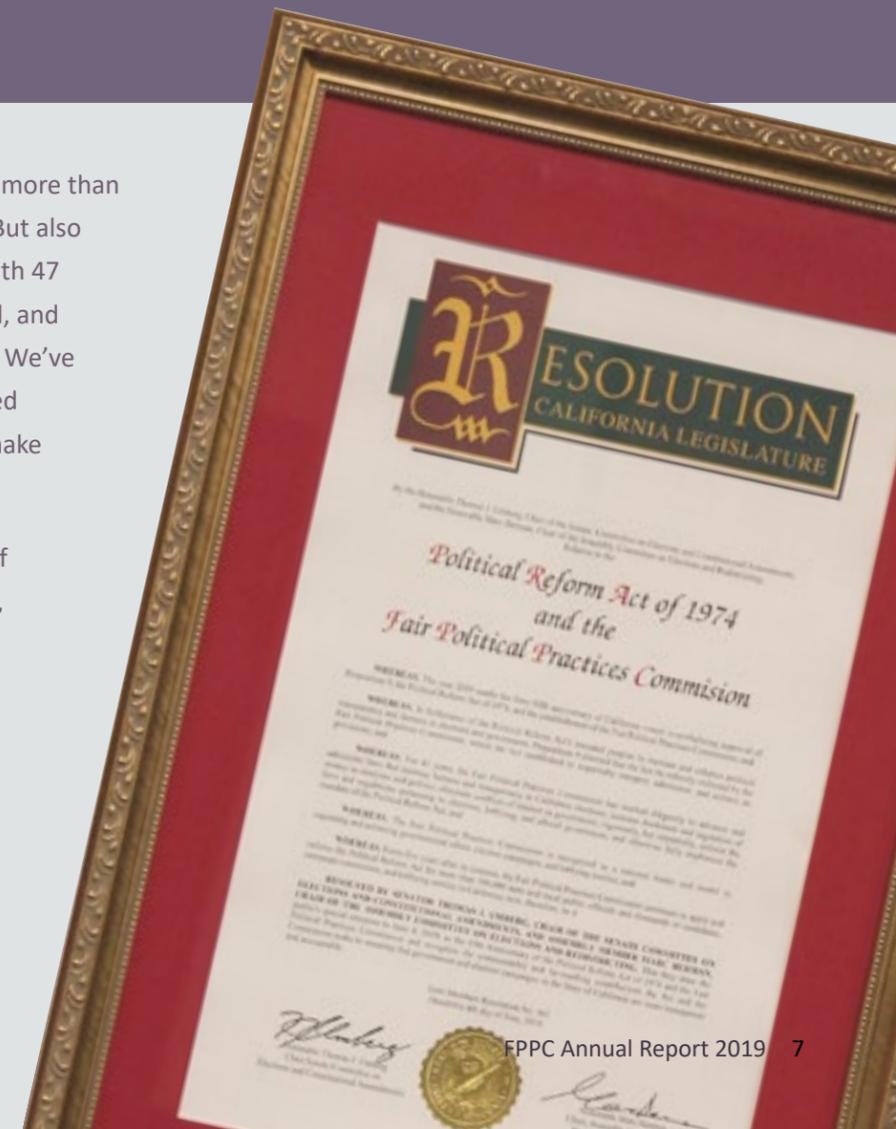
The Commission and the Legislature commemorated this auspicious anniversary with the presentation of a legislative resolution and the current Commissioners being recognized on the floor of both the State Senate and Assembly.

The Commission also hosted a gathering of past and current Commissioners and staff in November to recognize their service to the State of California. The Commission unveiled a beautiful plaque which recognizes Commissioners throughout California history.



gain compliance. We’ve prosecuted more than 15 hundred cases the past 5 years. But also in that time we’ve provided help, with 47 thousand phone, 54 thousand email, and almost two thousand advice letters. We’ve gone to e-filing for 700’s and updated our website. We will always try to make things easier to see and to do.

As the 15th Chair, and with a total of 69 Commissioners past and present, our work continues to be essential to provide the transparency and accountability Californians demanded 45 years ago and deserve still today.”



LOCAL CONTRACTS

In 2018, the State Legislature authorized the Commission to enter into mutual agreements to enforce campaign and governmental ethics laws on behalf of local government agencies. Prior to this new expanded authorization, the Commission was limited to partnering with the County of San Bernardino, the City of Sacramento, and the City of Stockton. The Commission adopted a template contract to assist any local government agency who may be interested in contracting the Commission's services. The Commission looks forward to partnering with additional jurisdictions in the future.

The Commission has continued its successful relationship with the County of San Bernardino and the city of Sacramento. This year, the Commission completed its enforcement of a major matter on behalf of the County by approving the stipulation in the Matter of Curt Hagman, a candidate for San Bernardino County Board of Supervisors



In the Matter of Curt Hagman for San Bernardino County Supervisor 2014, Curt Hagman for Supervisor 2018, Curt Hagman, and John Fugatt; FPPC No. 16/795.

Curt Hagman was a successful candidate for San Bernardino County Board of Supervisors in the November 4, 2014 General Election and the June 5, 2018 Primary Election. Curt Hagman for San Bernardino County Supervisor 2014 and Curt Hagman for Supervisor 2018 were his candidate-controlled committees. John Fugatt served as treasurer for both committees. The 2014 Committee, Hagman, and Fugatt received contributions after the election in excess of their campaign debt, in violation of San Bernardino Ordinance Section 12.4305, subdivision (b) (1 count). The 2018 Committee, Hagman, and Fugatt made expenditures from a bank account other than the one designated for campaign activity, in violation of Government Code Section 85201, subdivision (e) (1 count). Additionally, the 2018 Committee, Hagman, and Fugatt failed to maintain adequate records for expenditures made from the 2014 committee's bank account, in violation of San Bernardino Ordinance Section 12.4313 (a) and Government Code Section 84104 (1 count).

Total Proposed Penalty: \$10,000.

OUTREACH STATISTICS



7,160 Advice E-mails

Members of the public may submit emails to advice@fppc.ca.gov 24/7. Staff quickly responds to basic questions regarding compliance with the Act.



7,051 Advice Phone Calls

1-866-Ask-FPPC is open Monday-Thursday, 9am-11:30am. The FPPC also offers extended hours of operation in the days leading up to filing deadlines.



255 Advice Letters

Commission attorneys researched and authored 172 advice letters in 2019; 83 of these letters related to Government Code Section 1090.



44 Workshops

FPPC staff conducted workshops across California. The workshops provided training and education on campaign finance disclosure, Statement of Economic Interests, filing officer responsibilities, and candidate and treasurer duties.



OUTREACH AND EDUCATION



The Commission provided advice to over **14,211** inquiries submitted via phone and email, and presented **44** workshops throughout the state.

September 2019 Agenda

NOTICE AND AGENDA
 Commission Meeting
 Fair Political Practices Commission
 1102 Q Street, Suite 3800
 Sacramento, CA 95811
 Thursday, September 19, 2019
 10:00 A.M.

[View Agenda as PDF](#)

Public comments may be submitted in real time by following the link to our new public participation portal <http://mediasite.fppc.ca.gov/>

In September 2019, the Commission launched digital public participation to provide an interactive experience for the public to take part in the Commission meetings, without having to attend meetings in person in Sacramento. “Technology allows people to connect with each other around the world, so it’s past time we find a way to connect the Commission with people all over California,” said Chair Miadich. “We want Californians to be able to connect with their government so we can better serve the public by communicating in real time, all to improve transparency and participation.”

Off-Site Commission Meeting FPPC on the Road

The Commission continued to hold meetings in various locations across the State. The goal is to allow more Californians to take part in their State government and provide more transparency to the state’s political process.

The Commission met at Oakland City Hall for its January 2019 meeting. The Commission was welcomed by the Oakland Ethics Commission Executive Director Whitney Barazoto and its Chair Jonathan Stein. *(below photo)* Ms. Barazoto made a presentation regarding Oakland’s accountability efforts and focus on transparency in elections and governance.

Beautiful San Diego was the setting for the Commission’s May 2019 meeting. The Commission heard a presentation from San Diego Ethics Commission Executive Director Stacey Fulhorst *(above photo)* before conducting business on its regular agenda.

CA League of Cities Conference

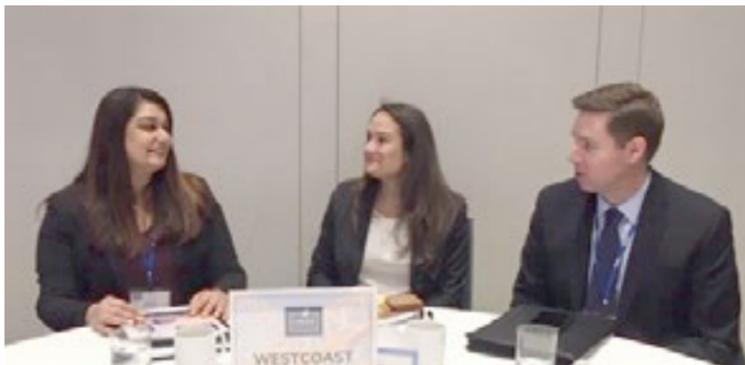
On October 17th Chair Miadich traveled to the League of CA Cities Annual Conference in Long Beach. Chair Miadich shared his expertise on a panel entitled “Tips and Tools to Improve Trust in Local Government.”





COGEL

In mid-December Chair Miadich, Executive Director TJ Jones, General Counsel Dave Bainbridge, and Supervising Counsel Sukhi Brar traveled to the 41st annual Council on Governmental Ethics Laws (COGEL) conference in Chicago, IL. COGEL is the preeminent organization of government ethics administrators. The COGEL conference covers topics including campaign finance, governmental ethics, elections, lobbying, and freedom of information. While at the conference, Chair Miadich provided the California perspective on a panel entitled “Sandbox Dilemma: Can Campaign Finance Disclosure Regulation and Social Media Play Well Together?” General Counsel Bainbridge provided his expertise on a panel entitled “Same Objective, Different Perspective: Balancing Compliance and Enforcement” as well as hosting a “West Coast” breakfast roundtable discussion. Counsel Brar serves on the COGEL Program Committee which plans all of the panels for the conference. Counsel Brar also moderated a panel entitled “Crypto-Currency and the Blockchain Explained” and spoke on a panel entitled “Just the Facts, Ma’am: Asking the Right Questions to Give Good Advice.” The conference had over 500 attendees from across the United States, Canada and around the world.



New Law Training & Form 700 Update

On December 12th Supervising Counsel Sukhi Brar and Director of Legislative & External Affairs Phil Ung traveled to Orange County to speak at the annual City Clerks New Law & Elections Seminar hosted by the League of California Cities. Counsel Brar provided necessary campaign and Form 700 updates as well as an overview of new regulations passed by the Commission in 2019. Phil Ung provided an overview of the new statutes that will be going into effect in 2020 as a result of recently passed legislation. There were over 200 city clerks and staff from across California in attendance.



ENFORCEMENT

The Commission successfully resolved **1,465** cases, which included **343** settlements approved by the Commission totaling over **\$797,384** in fines.

Major Cases

Misuse of Campaign Funds

In the Matter of Joe Canciamilla for Contra Costa County Clerk/Recorder 2014/2018, Friends of Joe Canciamilla for Judge 2012/2014, and Joseph Canciamilla; FPPC No. 17/146. This matter arose from an audit performed by the Franchise Tax Board’s Political Reform Audit Program. Joseph Canciamilla is the former Contra Costa County Clerk-Recorder and Registrar of Voters, as well as a former candidate for Contra Costa County Superior Court Judge. Joe Canciamilla for Contra Costa County Clerk/Recorder 2014/2018 and Joe Canciamilla for Judge 2012/2014 are his candidate-controlled committees. In 2011, 2014, and 2015, Canciamilla used campaign funds for personal purposes which were unrelated to a political, legislative, or governmental purpose, in violation of Government Code Sections 89510, subdivision (b), 89512, and 89513, subdivision (a) (15 counts). From 2011 through 2019, this activity was concealed on campaign statements by other reporting violations including non-reporting and the over-statement of available cash on hand, in violation of Government Code Section 84211

(14 counts). Also, in 2011 Canciamilla and his judge committee commingled campaign funds with personal funds, in violation of Government Code Section 84307 (1 count). **Total Proposed Penalty: \$150,000 - \$75,000 (Canciamilla personally) and \$75,000 (Canciamilla and his committees).**

In the Matter of Michael D. Jackson for School Board 2016, Michael D. Jackson, and Kelvin Barrios; FPPC Nos. 17/964 and 18/1465. Michael D. Jackson was an unsuccessful candidate for Chula Vista Elementary School District Board of Education in the November 8, 2016 General Election. Michael D. Jackson for School Board 2016 was his candidate-controlled committee. Kelvin Barrios was the Committee’s treasurer. The Committee, Jackson, and Barrios failed to maintain adequate records to substantiate campaign statements, in violation of Government Code Section 84104 (1 count). Additionally, Jackson used campaign funds for personal purposes which were unrelated to a political, legislative, or governmental purpose, in violation of Government Code Section 89512 (1 count). Barrios also used the Jackson committee campaign funds in this way, and in addition impermissibly used campaign funds as treasurer from the California Young Democrats Latino Caucus committee for personal purposes, in violation of Government Code Sections 89512 and 89512.5 (1 count). **Total Proposed Penalty: \$8,500 – \$2,000 (Jackson, Barrios and Committee), \$2,500 (Jackson personally), and \$4,000 (Barrios personally).**

In the Matter of Friends of Lilia Leon for Council 2013 and Lilia Leon; FPPC No. 16/116. Lilia Leon was a successful candidate for Commerce City Council in the March 5, 2013 Primary Election, and unsuccessful in the June 6, 2017 Primary Election. Friends of Lilia Leon

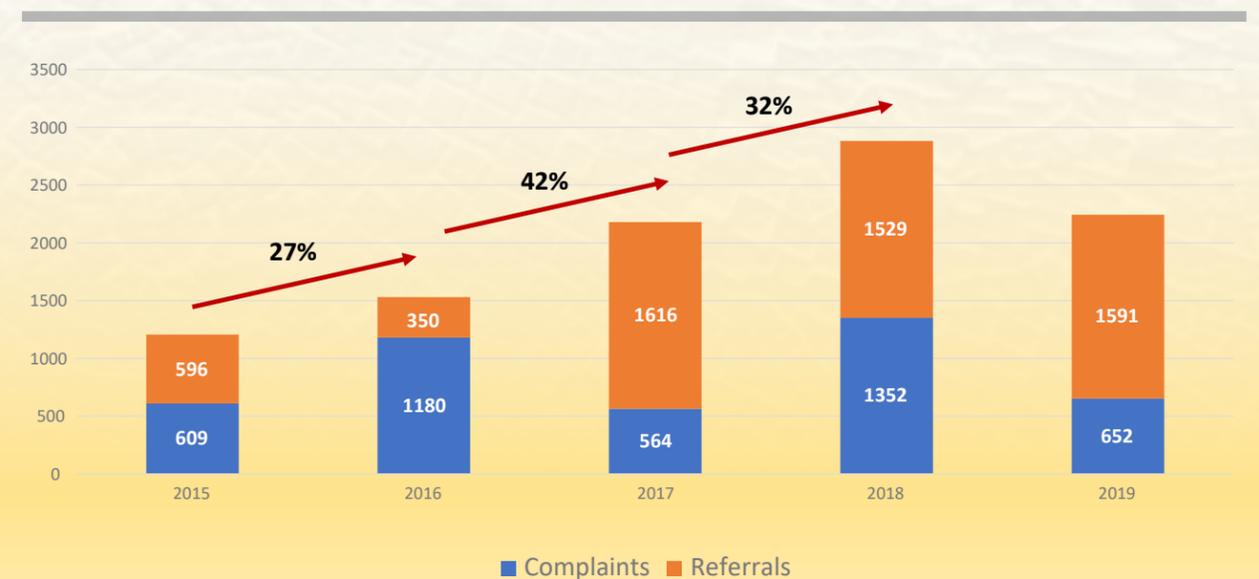
for City Council 2013 was her candidate-controlled committee. Leon used campaign funds for personal purposes which were unrelated to a political, legislative, or governmental purpose, in violation of Government Code Section 89512 (1 count). The Committee and Leon failed to timely file a pre-election campaign statement, in violation of Government Code Sections 84200.5, subdivision (c) and 84200.8 (1 count), and failed to properly disclose expenditures on campaign statements, in violation of Government Code Section 84211, subdivisions (b), (i) - (k) (2 counts). The Committee and Leon also failed to make all campaign expenditures from the designated campaign bank account, in violation of Government Code Section 85201 (1 count); and made impermissible cash expenditures, in violation of Government Code Section 84300, subdivision (b) (1 count). **Fine: \$11,000.**

Personal Use of Campaign Funds (Default)

In the Matter of Eric Payne For SCCCD 2016 Trustee Area 2 and Eric Payne; FPPC No. 16/19917. Eric Payne has been a member of the Board of Trustees for the State Center Community College District (“SCCCD”) since his election in 2012, and was a successful candidate for re-election in the November 8, 2016 General Election. Eric Payne for SCCCD 2016 Trustee Area 2 was his candidate-controlled committee. Payne was the Committee’s treasurer during the 2016 campaign.

Payne’s Violations: Payne failed to timely file the Statement of Intention to be a Candidate prior to the 2016 re-election campaign, in violation of Government Code Section 85200 (1 count); failed to timely file and disclose sources of income and business positions on

Complaints and Referrals Received (As of 11/1/19)



his Annual Statement of Economic Interests, and his Candidate Statement of Economic Interests, in violation of Government Code Sections 87200, 87207, and 87209 (6 counts); and misused campaign funds to purchase campaign, business, or casual clothing, in violation of Government Code Section 89513, subdivision (d) (1 count). **Proposed Penalty: \$37,000.**

The Committee and Payne’s Violations: The Committee and Payne failed to timely amend their Statement of Organization to re-designate the Committee, in violation of Government Code Section 84103 (1 count); failed to timely file two semiannual campaign statements, in violation of Government Code Section 84200 (2 counts); failed to timely file two pre-election campaign statements, in violation of Government Code Section 84200.5 and 84200.8 (2 counts); failed to timely file

four 24-Hour Reports, in violation of Government Code Section 84203, subdivision (a) (4 counts). The Committee and Payne failed to accurately report all contributions and expenditures, in violation of Government Code Section 84211, subdivisions (a) - (d), (f), and (i) - (k) (1 count). The Committee and Payne received prohibited cash contributions and made prohibited cash expenditures, in violation of Government Code Section 84300, subdivision (a) and (b) (2 counts); and the Committee and Payne failed to maintain supporting records for contributions received and expenditures made, in violation of Government Code Section 84104 (1 count). **Total Proposed Penalty for the Committee and Payne: \$29,000.**

Failure to Identify True Source of Campaign Contributions

In the Matter of Committee to Elect David Combellack Judge 2014, David W. Combellack, and Verne G. Sanders, Jr.; FPPC No. 17/077.

David Combellack was an unsuccessful candidate for Superior Court Judge of El Dorado County in the June 3, 2014 Primary Election. Committee to Elect David Combellack Judge 2014 was his candidate-controlled committee. Verne Sanders was the Committee’s treasurer. The Committee and Combellack erroneously reported on semi-annual campaign statements that seven different individuals were the source of a \$5,000 loan, when the true source was one individual, in violation of Government Code 84211, subdivisions (f) and (g) (2 counts). In addition, the Committee, Combellack and Sanders accepted unlawful cash contributions, in violation of Government Code Section 84300, subdivision (a) (1 count) and failed to timely file four 24-hour late contributions reports, in violation of Government Code Section 84203 (1 count). **Fine: \$14,000.**

Campaign Related Communications at Public Expense

In the Matter of Rainbow Municipal Water District; FPPC No. 16/238.

The Rainbow Municipal Water District (“District”) provides water and sanitation services to the unincorporated communities of Rainbow and surrounding areas. The District used mailers to oppose a Local Agency Formation Commission (“LAFCO”) proposal seeking to merge the District with Fallbrook Public Utility District, causing them to qualify as an Independent Expenditure Committee. The District failed to timely file two semiannual campaign statements, in violation of Government Code Section 84200 (1 count); sent a mass

mailing featuring a governmental official, in violation of Government Code Section 89001 and Regulation 18901 (1 count); and sent the mass mailing at the public’s expense, opposing the LAFCO proposal, in violation of Government Code Section 89001 and Regulations 18901.1 and 18420.1 (1 count). **Total Proposed Penalty: \$7,000.**

Lobbying (Default)

In the Matter of BFO & Associates and Berman Obaldia; FPPC No. 16/724.

BFO & Associates was a registered lobbying firm during the 2015-2016 legislative session. Berman Obaldia was the sole principal officer and lobbyist for the firm. After the Secretary of State revoked Obaldia’s registration for failure to complete the required lobbying ethics course, he continued to provide lobbying services, in violation of Government Code Section 86103 (1 count). The Firm and Obaldia also failed to timely file its quarterly reports for quarters 1 - 8, and Obaldia’s lobbyist reports for quarters 2 - 8, in violation of Government Code Sections 86113, 86114, and 86117 (8 counts). **Fine: \$19,000.**

Conflicts of Interest

In the Matter of Brooke Ashjian; FPPC No. 16/19903.

Staff: Christopher Burton, Senior Commission Counsel; Paul Rasey, Special Investigator; and Garrett Micheels, Special Investigator. The respondent was represented by Charles H. Bell, Jr. and Sarah Lang of Bell, McAndrews & Hiltachk, LLP. Brooke Ashjian was a trustee of the Fresno Unified School District from 2014 to 2018. As a member of the Board, Ashjian made governmental decisions in which he had a financial interest, in violation of Government Code Section 87100 (4 counts). Ashjian also failed to timely disclose sources of income and interests in real property on his Assuming Office, 2015 Annual, and

Streamline/WL Program
77% of all cases approved by the Commission

- **What’s working?**
 - Extended categories – committee naming, cash, ads, recordkeeping, gift limit violations
 - No surprises
 - Efficiency
- **Areas for continued review.**
 - Level of detail – exclusions re: 24 hr reports
 - Threshold – percentages; max/mins
 - Population exclusion bottom level
 - Add Major Donors and Behested Payments



2016 Annual Statements of Economic Interest, in violation of Government Code Sections 87206, 87207, and 87300 (2 counts). **Total Proposed Penalty: \$23,500.**

In the Matter of Juanita Perea; FPPC No. 17/1310.

Juanita Perea, as Executive Director of the Oasis Charter Public School in Salinas from 2015 to 2017, approved payments to Jimenez Gardening Maintenance and Handyman, a business in which Perea held a financial interest, in violation of Government Code Section 87100 (3 counts). **Fine: \$12,000.**

In the Matter of Joshua Mitchell, FPPC No. 14/1333.

Joshua Mitchell is a former City Council Member and Mayor of the City of Sanger from 2010 to 2015. During this time, he voted to extend a Residential Impact Fee Waiver Program and a development agreement, which had a foreseeable financial effect on his source of income, in violation of Government Code Section 87100 (1 count). Mitchell also failed to disclose a source of income to his business on his Annual Statements of Economic Interest, in violation of Government Code Section 87207 (1 count). **Total Proposed Penalty: \$6,000.**

In the Matter of Linda Fowler; FPPC No. 15/957.

Linda Fowler is a member of the Twin Rivers Unified

School District (“TRUSD”) Board of Trustees, and she was TRUSD’s appointed representative on the Highlands Community Charter and Technical Schools Board of Directors in 2014. Fowler used her two positions to influence the board’s decision to enter into a contract with her consulting business, in violation of Government Code Section 87100 (1 count). **Total Proposed Penalty: \$3,500.**

Contributions Causing a Conflict of Interest

In the Matter of Lyn Semeta; FPPC No. 16/756.

Lyn Semeta, a former member of the Huntington Beach Planning Commission, made a decision involving No Ka Oi Live Entertainment, and then accepted a contribution from the company that exceeded the contribution limit within three months of making that decision, in violation of Government Code Section 84308, subdivision (b) (1 count). **Total Proposed Penalty: \$2,000.**

Campaign Late Filer (Administrative Law Judge Decision)

In the Matter of Susan G. Shelley, Susan Shelley for Assembly 2013, and Susan Shelley for Assembly 2014, FPPC No. 15/003, OAH No. 2019030096.

Respondent Susan G. Shelley (“Shelley”) was a candidate

for State Assembly, 45th District, in a primary and general special election in 2013 and again in a regularly scheduled primary and general election in 2014. Susan Shelley for Assembly 2013 (“2013 Committee”) was Shelley’s candidate-controlled committee for the 2013 special elections held on September 17, 2013 and November 19, 2013. Susan Shelley for Assembly 2014 (“2014 Committee”) was Shelley’s candidate-controlled committee for the 2014 elections held on June 3, 2014 and November 4, 2014. The 2013 Committee, the 2014 Committee, and Shelley violated the Act by failing to timely file five pre-election campaign statements. The order by the Administrative Law Judge was for \$2,500 per statement for a total of \$12,500. At the October 18, 2019 Commission meeting, the Commission was presented and reviewed the Administrative Law Judge’s findings and modified and adopted the decision reducing the first count to \$1,500 while leaving the others at \$2,500 for a total penalty of \$11,500. (The link below is to the Administrative Law Judge’s proposed decision.)

Campaign Late Filer (Civil Injunction)

In the Matter of Alfonso Sanchez and Alfonso Sanchez for School Board 2016, FPPC No. 2016-20105, Case No. CIVDS1823462.

The FPPC successfully forced Ontario-Montclair Schoolboard member Alfonso Sanchez to file legally required campaign statements after he missed numerous deadlines and repeated warnings to follow the law.

During his 2016 campaign for the Ontario-Montclair School District Board and for the following two years while in office, Sanchez failed to file any of the legally required campaign finance disclosure forms required of candidates. Knowing the public legally deserved the information from Sanchez, the FPPC filed suit. FPPC Enforcement appeared in San Bernardino Superior

Court on June 20, 2019 and asked for and received a preliminary injunction against Sanchez. Superior Court Judge John Pacheco ordered Sanchez to file the statements within 20 days, by July 10th. On July 8th, Sanchez filed a set of campaign statements that included each missing document.

Campaign Late Filer (Default)

In the Matter of Santa Ana Committee for Safe Neighborhoods and Safe Access Supporting Measure BB and Opposing Measure CC, and Van Ton; FPPC No. 15/1004.

Santa Ana Committee for Safe Neighborhoods and Safe Access Supporting Measure BB and Opposing Measure CC was a local primarily formed ballot measure committee. Van Ton was the Committee’s treasurer. The Committee and Ton failed to timely file eight semiannual campaign statements, in violation of Government Code Section 84200 (8 counts); failed to timely file a pre-election campaign statement, in violation of Government Code Section 84200.5 (1 count); failed to timely file a 24-Hour Report, in violation of Government Code Section 84203 (1 count); and failed to accurately report expenditure information on a pre-election campaign statement and contributor information on a semiannual campaign statement, in violation of Government Code Section 84211 (2 counts). **Total Proposed Penalty: \$43,000.**

San Bernardino Net Debt Violations and Campaign Bank Account

In the Matter of Curt Hagman for San Bernardino County Supervisor 2014, Curt Hagman for Supervisor 2018, Curt Hagman, and John Fugatt; FPPC No. 16/795.

Curt Hagman was a successful candidate for San Bernardino County Board of Supervisors in the November 4, 2014 General Election and the June 5, 2018 Primary Election. Curt Hagman for San Bernardino County



Supervisor 2014 and Curt Hagman for Supervisor 2018 were his candidate-controlled committees. John Fugatt served as treasurer for both committees. The 2014 Committee, Hagman, and Fugatt received contributions after the election in excess of their campaign debt, in violation of San Bernardino Ordinance Section 12.4305, subdivision (b) (1 count). The 2018 Committee, Hagman, and Fugatt made expenditures from a bank account other than the one designated for campaign activity, in violation of Government Code Section 85201, subdivision (e) (1 count). Additionally, the 2018 Committee, Hagman, and Fugatt failed to maintain adequate records for expenditures made from the 2014 committee's bank account, in violation of San Bernardino Ordinance Section 12.4313 (a) and Government Code Section 84104 (1 count).

Total Proposed Penalty: \$10,000.

Behested Payments

In the Matter of Charles Ramsey; FPPC Case No.

16/19823. Charles Ramsey is a former member of the board of directors for the West Contra Costa Unified School District (WCCUSD). Ramsey, while a member of the WCCUSD board of directors, failed to timely report 39 payments of \$5,000 or more made by 15 different donors at his behest to the Ivy League Connection, a privately financed scholarship program, in violation of Government Code Section 82015, subdivision (b)(2)(B)(iii) (9 counts).

Fine: \$18,000.

Advertisements

In the Matter of Apple Valley Professional Firefighters Association Local 4742, James Peratt, and Larry Soper; FPPC No. 16/19935. Apple Valley Professional Firefighters Association Local 4742 is a local general purpose committee but became primarily formed to

support Apple Valley Fire Protection District Measure A, in the November 8, 2016 General Election. James Peratt is the Committee's principal officer and Larry Soper is the Committee's treasurer. The Committee, Peratt, and Soper failed to include identification of the supported ballot measure and failed to amend the Committee as being primarily formed on its Statement of Organization, in violation of Government Code Sections 84103 and 84107 (1 count); failed to timely file two pre-election campaign statements, in violation of Government Code Sections 84200.5 and 84200.8 (1 count); failed to timely file four 24-Hour Reports, in violation of Government Code Sections 84203 and 84204 (1 count); and failed to include the proper advertisement disclaimers on four different yard signs, in violation of Government Code Sections 84504, subdivision (c), 84506, subdivision (a); and Regulation 18450.4, subdivision (b) (1 count).

Fine: \$13,000.

In the Matter of Committee for Yes on Measure B, Sunder Ramani, and Mary Alvord; FPPC No. 16/20101.

Committee for Yes on Measure B was a primarily formed ballot measure committee supporting Burbank City Measure B, a measure on the ballot in the November 8, 2016 General Election that sought to approve the construction of a new terminal at the Burbank Airport. Sunder Ramani was the Committee's principal officer and Mary Alvord was the Committee's treasurer. The Committee, Ramani, and Alvord failed to identify the Committee using a name or phrase that clearly identifies the economic or other special interest of its major donor, and failed to identify its major donor in advertisements, in violation of Government Code Sections 84103, 84503, and 84504, subdivision (a), and Regulation 18450.3 (1 count). The Committee failed to timely file a 24-hour contribution report for eight different late contributions,

amounting to \$94,000, received and seven different late contributions, amounting to \$32,500, received during a different reporting period, in violation of Government Code Section 84203 (2 counts). The Committee also failed to timely file a 24-hour contribution report for five different late contributions, amounting to \$24,000, received, in violation of Government Code Section 84203 (1 count). **Fine: \$11,500.**

Advertisements

In the Matter of Committee for Chrissa Gillies for School Board 2016, Chrissa Gillies, Elizabeth Rudick, Gabriele Schmitz, Committee to Elect Chrissa Gillies Governing Board 2018, and Ronna Moore; FPPC No. 16/19919.

Staff: Theresa Gilbertson, Commission Counsel and Lance Hachigian, Special Investigator. Chrissa Gillies was an unsuccessful candidate for Cotati-Rohnert Park Unified School District Board of Trustees in the November 8, 2016 General Election, and successful in the November 6, 2018 General Election. Committee for Chrissa Gillies for School Board 2016 and the Committee to Elect Chrissa Gillies Governing Board 2018 were her candidate-controlled committees. Elizabeth Rudick was the 2016 Committee’s treasurer and Gabriele Schmitz was the 2016 Committee’s principal officer. Ronna Moore served as the 2018 Committee’s treasurer. The 2016 Committee, Gillies, and Rudick failed to timely file a semiannual campaign statement, a pre-election campaign statement, and four 24-Hour Reports, in violation of Government Code Sections 84200, 84200.5, and 84203 (1 count). The 2016 Committee, Gillies, and Schmitz failed to include the required disclosures on an advertisement opposing a local ballot measure, in violation of Government Code Section 84506 (1 count). The 2018 Committee, Gillies,

and Moore failed to timely file two 24-Hour Reports, in violation of Government Code Section 84203 (1 count).

Total Proposed Penalty: \$7,000.

In the Matter of Alhambra Kids 2016 Support Measure AE & Measure HS, Robert Gin, and Stephen Perry; FPPC No. 17/917.

Staff: Christopher Burton, Senior Commission Counsel and Lance Hachigian, Special Investigator. Alhambra Kids 2016 Support Measure AE & Measure HS was a committee primarily formed to support Alhambra Unified School District Measures AE and HS in the November 8, 2016 General Election.

Robert Gin was the Committee’s treasurer and Stephen Perry was the Committee’s principal officer. The Committee, Gin, and Perry failed to timely file five 24-Hour Reports, in violation of Government Code Section 84203 (1 count). The Committee and Perry also failed to include the required disclosures on a slate mailer, in violation of Government Code Section 84305.5 (1 count).

Total Proposed Penalty: \$6,000.

In the Matter of Pasadena Latino PAC and Alexander Keledjian; FPPC No. 15/165.

The Pasadena Latino PAC is a city general purpose committee. Alexander Keledjian is the PAC’s principal officer and treasurer. In March 2015, the Committee and Keledjian sent a mass mailing (in opposition to a candidate for the Pasadena Unified School District Board of Education) and did not disclose the PAC as the true sender, in violation of Government Code Section 84305 and Regulation 18435 (1 count). That same year, the Committee and Keledjian received approximately seven cash contributions of \$100 or more and made a cash expenditure of \$100 or more, in violation of Government Code Section 84300, subdivisions (a) and (b) (1 count). **Total Proposed Penalty: \$4,000.**

Advertisements (Default)

In the Matter of Committee to Clean House and Kevin McVey; FPPC No. 15/2202. Committee to Clean House was a primarily formed committee to oppose Ginny Foat,

a candidate for Mayor of Palm Springs, and Paul Lewin, a candidate for Palm Springs City Council, in the November 3, 2015 General Election. The Committee’s principal officer and treasurer was Kevin McVey. The Committee and McVey failed to meet the naming requirements for primarily formed committees and failed to identify the Committee as being primarily formed on its statement of organization, in violation of Government Code Section 84102 and Regulation 18402, subdivision (c)(3) (1 count). The Committee and McVey failed to disclose on certain advertisements that the they were not authorized or paid for by a candidate or committee controlled by a candidate, and failed to disclose the proper committee name on advertisements, in violation of Government Code Sections 84506.5, subdivision (a), and 84506, subdivision (a)(1) (1 count). The Committee and McVey failed to maintain adequate records, in violation of Government Code Section 84104 and Regulation 18401 (1 count); improperly accepted cash contributions of \$100 or more and made cash expenditures of \$100 or more, in violation of Government Code Section 84300, subdivisions (a) and (b) (1 count); and failed to timely file 24-Hour Reports, in violation of Government Code Section 84203 (2 counts). The Committee and McVey also failed to timely file 24-Hour Independent Expenditure Reports, in violation of Government Code Section 84204 (1 count). **Fine: \$23,000.**



LEGAL REGULATIONS

Substantive Regulatory Changes Adopted by the Commission in 2019

Regulation 18329 – Formal Written Advice and Informal Assistance:

Amendments update and re-organize the prior version of the regulation to reflect current formal advice and informal assistance practices, detail the process for Commission actions in responding to written requests, and provide clarity for requestors as to their rights and duties in requesting and receiving advice.

Regulation 18360.1 – Eligibility Requirements and Considerations -Streamline and Warning Letters and Regulation 18360.2 – Penalties in Streamline Cases:

New regulations codify and expand the Commission’s Streamline Settlement Program.

Regulation 18422 – Multipurpose Organization Political Activity Transparency and Regulation 18422.1 – Required Recordkeeping for Multipurpose Organiza-

tions: Amendments to Regulation 18422 and adoption of Regulation 18422.1 provide greater detail and clarity regarding the record-keeping requirements for multipurpose organization subject to Section 84222.

Regulations 18435, 18405.2, 18405.3, and 18405.4:

Amendments to Regulation 18435 clarify the disclosure requirements for mass mailings. New Regulations 18405.2, 18405.3 and 18405.4 define the phrase “authorized and paid for” as used in the statutory definition of “advertisement;” clarify the top contributor disclosure for major donor committees that qualify as top contributors by virtue of affiliated entities; and address the required length of a disclosure for a video or television advertisement lasting less than four or five seconds.

Regulation 18702.1 – Materiality Standard: Financial

Interest in Business Entity: Amendments establish a bright-line materiality standard for evaluating whether its reasonably foreseeable a government decision will have a material financial effect on an official’s interest in a business entity.

Regulation 18702.2 – Materiality Standard: Financial

Interest in Real Property: Amendments establish a bright-line materiality standard for evaluating whether its

reasonably foreseeable a government decision will have a material financial effect on an official’s interest in real property.

Regulation 18702.3 – Materiality Standard: Financial

Interest in a Source of Income: Amendments establish a bright-line materiality standard for evaluating whether its reasonably foreseeable a government decision will have a material financial effect on a source of income to an official.

Regulation 18702.4 – Materiality Standard: Financial

Interest in Source of Gift: Amendments establish a bright-line materiality standard for evaluating whether its reasonably foreseeable a government decision will have a material financial effect on a non-profit organization that provides gifts to a public official.

Regulation 18702.5 – Materiality Standard: Financial

Interest in an Official’s Personal Finances: Amendments establish a bright-line materiality standard for evaluating whether its reasonably foreseeable a government decision will have a material financial effect on an official’s personal finances.

Regulation 18756 – Statements of Economic Interests:

Certification of Electronic Filing Systems: Amendments codify the requirement that an agency’s electronic filing

system meet the data exchange requirements necessary for the agency’s system to properly function with the FPPC’s electronic filing system in order to obtain certification of the agency’s system from the FPPC.

Regulation 18944.1 – Gifts: Agency Provided Tickets or

Passes: Amendments clarify the requirements for agency-provided tickets or passes to be exempt from qualification as gifts under the Act.

Regulation 18946 – Valuation of Gifts and Regulation 18946.1 – Exception- Valuation of Gifts: Passes and

Tickets: In conjunction with amendments to Regulation 18944.1, amendments change the term “face value” to “fair value” and add language to clarify the definition of “fair value” specifying that, where the price indicated on the ticket does not reflect the actual cost for a ticket in a luxury box or suite, the value is determined by dividing the total cost of the box or suite by the number of tickets available for that box or suite.

Regulation 18998 – Commission Audits and Investiga-

tions: New regulation clarifies the auditing guidelines and standards applied by Commission staff in conducting mandatory and discretionary audits and investigations.

LEGISLATION

The Fair Political Practices Commission continued proactive legislative strategy through its sponsorship of six bills. The sponsored bill topics ranged from statutory maintenance and clean up to treasurer accountability and use of funds. Five of the six bills were chaptered into law. Additionally, the Commission adopted positions on every bill proposed to amend the Political Reform Act and directing the Commission’s staff to work closely with legislators. Eleven bills were chaptered into law in 2019 with many addressing the use of campaign funds and campaign advertising disclosure. The following bills were approved by the Legislature and signed into law by the Governor.

2019 Legislation

Disclosure on Mass Text Messages (AB 201 (Cervantes) – Chapter 555, Statutes of 2019)

This bill requires a candidate or committee to disclose the name of the candidate or committee in certain text message ads or provide a hyperlink in the text message to a website with more information. If the disclosure is impracticable, the bill instead permits inclusion of an identification number in the text message. The bill sets forth standards for color and size of the text in the text message and disclosures on the website. The disclosure requirements depend on the type of committee paying for the advertisement and whether the person sending the text message is a paid staff,

volunteer, or using mass distribution technology. There are additional exceptions provided for in the legislation. The bill becomes operative on January 1, 2020.

Use of Campaign Funds for Childcare Expenses (AB 220 (Bonta) – Chapter 384, Statutes of 2019)

This bill authorizes the use of campaign funds to pay for childcare expenses resulting from a candidate engaging in campaign activities.

The bill also permits childcare expenses resulting from an officeholder engaging in activities that are both political and legislative or govern-

mental. “Childcare expenses” is defined as reasonable costs of professional daycare services, babysitting, nannying services, food and beverages, transportation to and from the location of a childcare services provider, before and after school programs, summer day camps, preschool, and costs related to a nurse, home care provider, or other care provider for a disabled dependent child. Prohibited expenses include private school tuition, medical expenses, tutoring services, or payments to a relative, unless the relative’s activities meet the exception in the legislation. The bill becomes operative on January 1, 2020.



Default Local Contribution Limits (AB 571 (Mullin) – Chapter 556, Statutes of 2019)

This bill establishes a contribution limit for cities and counties, equal to state legislative limits, to be regulated and enforced by FPPC. Jurisdictions adopting their own limits, or with existing limits, are not subject to the state legislative limit. The Commission will not enforce a contri-

bution limit adopted by the local jurisdiction. The bill does not apply to special districts. The bill would become operative January 1, 2021.

Clean Up Amendments for DISCLOSE Act (AB 864 (Mullin) – Chapter 558, Statutes of 2019)

This bill makes various changes to the DISCLOSE Act, including: Exempts from the definition of “mass electronic mailing” communications that are solicited by recipients; exempts electronic media communications if a customer has agreed to receive communications from a commercial advertiser and expressly agrees to receive political messages from that provider; clarifies disclosure requirements for large print ads larger than those designed to be individually distributed; further defines “online platform disclosed advertisements” and other clarifying amendments to AB 2188 (2018) Social Media



DISCLOSE Act; corrects conflict from AB 249 related to electronic media ads and applicable disclosures for party committees and candidates' committees who pay for independent expenditures or ads supporting or opposing a ballot measure. This bill would become operative January 1, 2020.

Codify Commission Regulation

(AB 902 (Levine) – Chapter 312, Statutes of 2019)

This bill codifies several FPPC regulations that staff identified as being long-standing and non-controversial.

These amendments include:

When filing deadlines falls on a weekend or holiday; filing officer's duties; definition of "candidate;" definition of "aggregated contributions;" definition of "lobbying coalition" and other conforming changes; definition of "spouse;" designation of an "assistant treasurer;" when to update Top 10 contributors under 84223; how a public official discloses leasehold interests; when a gift is received and accepted; the scope of audits and investigations. The bill becomes operative on January 1, 2020.



Minor and Clarifying Amendments to Political Reform Act *(AB 903 (Levine) – Chapter 102, Statutes of 2019)*

This bill clarifies: (1) that communications paid for with public moneys by a state or local government agency, under certain conditions, are considered expenditures,

as specified, and not included in the exception described above; (2) the language in Section 84200.5 to eliminate confusing language leading to multiple potential interpretations; and, (3) that the disclosure of income from a gift or business entity include the street address of each source or entity. The bill becomes operative on January 1, 2020.

Treasurer Acknowledgement of Duties and Liabilities

(AB 909 (Gallagher) – Chapter 313, Statutes of 2019)

This bill requires a treasurer or assistant treasurer identified on the Statement of Organization to sign a separate statement acknowledging cognizance of the law. Requires the Statement of Acknowledgment to be filed with the Secretary of State at the same time as the Statement of Organization or an amendment identifying a new treasurer or assistant treasurer. This bill becomes operative upon certification of the new Cal-Access System.

Omnibus Non-substantive Clean Up *(AB 946 (Assembly Elections Committee) – Chapter 315, Statutes of 2019)*

This bill is the Commission's housekeeping bill repealing expired provisions of the Act no longer applicable or antiquated. The bill will become operative on January 1, 2020.



Use of Campaign Funds for Cybersecurity
(AB 1043 (Irwin) – Chapter 46, Statutes of 2019)

This bill authorizes the expenditure of campaign funds to pay for, or reimburse the state for, the installation and monitoring of hardware, software, and services related to the cybersecurity of the electronic devices of a candidate, elected officer, or campaign worker. The bill requires a candidate or elected officer to report any expenditure of campaign funds for these purposes to FPPC in campaign statements. The bill becomes operative on January 1, 2020.

Campaign expenditure limitations: harassment and discrimination *(SB 71 (Leyva) – Chapter 564, Statutes of 2019)*

This bill is related to the Commission’s rescission of the Mendoza Advice Letter A-18-009. The bill, as amended, allows expenditure of funds in a campaign committee account or legal defense fund account to pay for a candidate or elected official’s defense against claims of

sexual assault, sexual harassment, and sexual abuse. However, the candidate or elected official would be required to reimburse the committee account if he or she were ultimately “held liable for such a violation.” This bill would become operative January 1, 2020.

Cal-Access Implementation
(SB 84 (Senate Budget and Fiscal Review Committee) – Chapter 30, Statutes of 2019)

This bill extends the date for the Secretary of State to make the online filing and disclosure system available for use to February 2021, with no provision allowing for an extension.

Other Changes to Note

Social Media DISCLOSE Act *(AB 2188 (Mullin) – Chapter 754, Statutes of 2018)*

This bill enacted new disclosure requirements for campaign advertisements featured on social media platforms, as specified. Requires social media platforms to maintain a database of advertisements with other specified information. AB 2188 was chaptered in 2018 and will become operative January 1, 2020.

Howard Jarvis Taxpayers Association v. Brown et. al. *(Litigation regarding Senate Bill 1107, Chapter 837, Statutes of 2016)*

Senate Bill 1107 chaptered into law in 2016 would have permitted public financing

of candidate elections in California if non-charter jurisdictions met specific requirements in the bill.

California’s 3rd District Court of Appeals affirmed a Superior Court ruling in favor of the Howard Jarvis Taxpayers Association’s challenge against SB 1107 finding that the bill’s amendments did not further the purposes of the Political Reform Act, its provisions were void, and enjoined the Commission from administering, implementing, or enforcing the bill. The statutory language from SB 1107 will continue to be in the Act until it is repealed or amended by the Legislature or voters.





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