EXHIBIT 1

INTRODUCTION

Respondent Heather Fargo is the Mayor of Sacramento, having been elected to that position in November 2000, and re-elected in March 2004. Respondent Fargo was first elected and served as a member of the Sacramento City Council from 1989 to 2000.

In this matter, Respondent failed to disclose the name of a source of income stemming from the sale of real property in January 2003 on her statements of economic interests. The real property that was sold was her personal residence.

For the purposes of this stipulation, Respondent's violation of the Political Reform Act (the "Act")[1] is stated as follows:

COUNT 1: As the Mayor of Sacramento, Respondent Heather Fargo failed to timely disclose Jessica Papa as the source of income resulting from the sale of real property on her candidate and 2003 annual statements of economic interests, filed on or about December 5, 2003 and April 1, 2004, in violation of section 87207, subdivision (a).

SUMMARY OF THE LAW

Section 81002, subdivision (c) provides that the assets and income of public officials, which may be materially affected by their official actions, should be disclosed, so that conflict of interests may be avoided.

In furtherance of this purpose of disclosure, Article 2 of the Act, found at sections 87200 to 87210, requires every person who holds an office specified in section 87200, including city mayors and candidates for city mayor, to file periodic statements disclosing their reportable economic interests. Section 87500, subdivision (f) provides that such statements shall be filed with the agency, which shall make a copy and transmit the original statement to the Fair Political Practices Commission (the "Commission"). Section 87201 requires a candidate for mayor to file a statement of economic interests with his or her declaration of candidacy, disclosing investments, interests in real property, and any income received during the immediately preceding 12 months. Under section 87203, city mayors are required to file an annual statement of economic interests ("SEI") each year at a time specified by Commission regulations, disclosing their investments, interests in real property, and sources of income and gifts. The SEI must include all economic interests the filer held during the preceding calendar year, whether or not they are still held at the time of filing.

When income is required to be disclosed on an SEI, section 87207, subdivision (a) provides that the statement shall contain the following information regarding the income: 1) the name and

[1] The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

address of the source of income aggregating $500 or more in value, or $50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source; 2) the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, whether it was at least $500 but did not exceed $1,000, whether it was in excess of $1,000 but not greater than $10,000, whether it was greater than $10,000 but not greater than $100,000, or whether it was greater than $100,000; 3) a description of the consideration, if any, for which the income was received; 4) in the case of a gift, the amount and the date on which the gift was received; and 5) in the case of a loan, the annual interest rate, the security, if any, given for the loan, and the term of the loan.

SUMMARY OF THE FACTS

Respondent Heather Fargo currently serves as the Mayor of Sacramento, having been elected to that position in November 2000, and re-elected in March 2004. Respondent Fargo was first elected and served as a member of the Sacramento City Council from 1989 to 2000.

COUNT 1
Failure to Timely Report a Source of Income on Statements of Economic Interests

On December 5, 2003, prior to the March 5, 2004 mayoral election, Respondent filed her candidate SEI, disclosing on Schedule B that she had sold real property located at 1854 Crossmill Way in Sacramento on January 23, 2003. However, Respondent failed to disclose information regarding the identity of the person who purchased the home, and who was a source of income to her, on Schedule C of the SEI. On April 1, 2004, Respondent filed her annual SEI for 2003, and again failed to disclose information identifying the person who purchased the property located at 1854 Crossmill Way.

On June 7, 2004, Political Reform Consultant Wayne Imberi left a message for Respondent stating that she needed to file an amendment to her SEIs to disclose the purchaser of the property located at 1854 Crossmill Way. On June 23, 2004, Respondent's assistant called Mr. Imberi and stated that the Mayor did not report the purchaser because the assistant, who helped prepare the SEIs, did not know who the purchaser was. Mr. Imberi informed the assistant that the Respondent was required to report the identity of the purchaser and should file an amendment doing so. Respondent's assistant indicated that an amendment would be filed.

On July 13, 2004, Mr. Imberi again contacted Respondent's office since an amendment had not been filed. Mr. Imberi left a message for the assistant indicating that the amendment needed to be filed, and that if it was not filed soon, the matter would be submitted for full investigation. Mr. Imberi also stated that if there was a problem identifying the purchaser of the property he could assist them with information he had obtained from public records on the internet. On July 16, 2004, Respondent's assistant called Mr. Imberi, informing him that the amendment had been prepared, and she was waiting for Respondent's signature when the Mayor returned from vacation on July 22, 2004.

On August 5, 2004, Respondent Fargo filed an amendment to her 2003 annual SEI in response to the above contacts with Mr. Imberi. On Schedule C of the amendment, used for disclosing sources of income, Respondent reported the following information in the space where the name and address of the source of income should have been listed: "Private party purchased thru River Point Realty (Linda Bennett, Agent)." The amendment also disclosed that Respondent received gross income of over

$100,000 for the sale of the house. This amendment failed to list the name and address of the person who purchased the property at 1854 Crossmill Way.

Since the amendment failed to comply with the Act's requirements for the disclosure of sources of income, the matter was referred to full investigation. On September 29, 2006, Supervising Investigator Dennis Pellón contacted Respondent's assistant about the incorrect filing. On November 7, 2006, Respondent filed a second amendment to her 2003 annual SEI disclosing on Schedule C that Jessica Papa was the purchaser of the real property located at 1854 Crossmill Way in Sacramento. This information had previously been obtained by Mr. Imberi from internet sources. As such, although Respondent did not properly report this source of income for nearly three years, the information was available to the public through other sources.

By failing to timely disclose Jessica Papa as a source of income on her candidate and 2003 annual statement of economic interests, filed on or about December 5, 2003 and April 1, 2004, Respondent Heather Fargo violated section 87207, subdivision (a).

CONCLUSION

This matter consists of one count of violating section 87207, subdivision (a) of the Act, which carries a maximum administrative penalty of Five Thousand Dollars ($5,000).

In aggravation, Respondent failed to appropriately review and verify the identity of a source of income from the sale of real property on her candidate and 2003 annual SEIs. In 2004, Respondent filed an amendment prepared by her assistant that did not correct the reporting violation, and merely referred the reader to a real estate agent for information that Respondent was required to provide herself.

In mitigation, Respondent does not have a prior enforcement history. Although information regarding the source of income was not timely disclosed on Respondent's SEI, it was available through other sources. Although a public official since 1989, Respondent had not sold real property prior to 2003, and therefore, had not previously reported a source of income from the sale of real property on her SEIs. In November 2006, following contact by Commission staff, Respondent filed an amendment to her 2003 annual SEI disclosing the source of income. In addition, there is no evidence that Jessica Papa had any matters pending before the Sacramento City Council, which could have created a potential conflict of interest situation for Respondent.

The facts of this case, including the foregoing aggravating and mitigating factors, justify imposition of the agreed upon penalty of Two Thousand Dollars ($2,000).