

EXHIBIT 1

INTRODUCTION

Respondent Robert Huff is a member of the State Assembly, representing the 60th District in Los Angeles County. Respondent Huff was the successful Republican candidate in the March 2, 2004 primary election, and was elected to his Assembly seat in the November 2, 2004 general election. Respondent Taxpayers for Bob Huff (“Respondent Committee”) was Respondent Huff’s controlled recipient committee for the 2004 election campaign. At all relevant times, Respondent Mei Mei Huff, the wife of Respondent Huff, was the treasurer of Respondent Committee.

Respondents had a duty under the online disclosure provisions of the Political Reform Act (the “Act”)¹ to electronically file a report with the Secretary of State disclosing the receipt of any contribution of \$5,000 or more, within 10 business days of receiving the contribution. In addition, Respondents had a duty to electronically file a report with the Secretary of State disclosing the receipt of any contribution of \$1,000 or more within 24 hours, if they received the contribution during an election cycle. In this matter, Respondents failed to electronically file three reports for contributions in the form of loans, totaling \$184,000, received prior to the March 2, 2004 primary election. In addition, Respondent Huff failed to timely file his statement of intention to be a candidate for state office.

For the purposes of this stipulation, Respondents’ violations of the Act are stated as follows:

COUNT 1: Respondents Robert Huff, Taxpayers for Bob Huff, and Mei Mei Huff failed to electronically file a report with the Secretary of State, due on or about July 14, 2003, disclosing the receipt of two contributions totaling \$78,000, received from Respondent Robert Huff on or about June 30, 2003, in violation of Section 85309, subdivision (c) of the Government Code.

COUNT 2: Respondents Robert Huff, Taxpayers for Bob Huff, and Mei Mei Huff failed to electronically file a report with the Secretary of State, due on or about October 14, 2003, disclosing the receipt of two contributions totaling \$76,000, received from Respondent Robert Huff on or about September 30, 2003, in violation of Section 85309, subdivision (c) of the Government Code.

COUNT 3: Respondents Robert Huff, Taxpayers for Bob Huff, and Mei Mei Huff failed to electronically file a report with the Secretary of State, due on or about January 2, 2004, disclosing the receipt of a contribution in the amount of \$30,000, received

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.

from Respondent Robert Huff on or about December 31, 2003, in violation of Section 85309, subdivision (a) of the Government Code.

COUNT 4: Respondent Robert Huff failed to timely file a statement of intention to be a candidate for the State Assembly, prior to soliciting and receiving contributions for his legislative campaign, in violation of Section 85200 of the Government Code.

SUMMARY OF THE LAW

Duty to File Campaign Statements

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed, so that voters may be fully informed, and improper practices may be inhibited. In furtherance of this purpose of disclosure, the Act requires recipient committees to file various campaign statements disclosing the contributions they have received and the expenditures they have made during a specific reporting period. Section 82013, subdivision (a) defines a “committee” as any person who receives contributions totaling \$1,000 or more in a calendar year.²

Duty to File Campaign Statements Electronically

In 1997, the Legislature amended the Act to require committees that are significantly active on the state level to file their campaign statements electronically as well as in paper format. When doing so, the Legislature specifically declared, as set forth in Section 84601, subdivisions (b) and (c), that public access to campaign disclosure information is a vital and integral component of a fully informed electorate, and that advances in technology have made it viable for disclosure statements to be filed online, thereby maximizing availability to the public.

The Act, therefore, sets forth an online campaign disclosure program. One feature of this program is set forth in Section 84605, subdivision (a), which requires candidates for elective state office, who raise \$50,000 or more, to file their campaign statements electronically, in addition to filing campaign statements in paper format. Pursuant to Section 82024, “elective state office” means the office of the Governor, Lieutenant Governor, Attorney General, Insurance Commissioner, Controller, Secretary of State, Treasurer, Superintendent of Public Instruction, Member of the Legislature, member elected to the Board of Administration of the Public Employees’ Retirement System, and member of the State Board of Equalization.

Another feature of this program, as set forth in Section 85309, subdivision (a), requires candidates for elective state office, who raise \$50,000 or more, to electronically file a report with the Secretary of State disclosing the receipt of any contribution of \$1,000 or more that is received during an election cycle. Section 85204 defines “election cycle,” for the purposes of Section 85309, as the period commencing 90 days before an election and ending on the date of

² Pursuant to the definition of “contribution” found in Section 82015, a loan received by a recipient committee is considered as a contribution to the committee.

the election. The electronic report disclosing the receipt of a contribution of \$1,000 or more within the election cycle must be filed within 24 hours of when the contribution is received.

A third feature of this program is set forth in Section 85309, subdivision (c), which requires a candidate for elective state office, who raises \$50,000 or more, to electronically file a report disclosing the receipt of any contribution of \$5,000 or more that is received at any time other than during an election cycle. The electronic report disclosing a contribution of \$5,000 or more must be filed within 10 business days of when the contribution is received.

Duty to File Statement of Intention to Become a Candidate

Section 85200 provides that, prior to soliciting or receiving any contributions, an individual who intends to be a candidate for office is required to file a statement of intention to be a candidate for the specific office sought. A candidate for elective state office must file a statement of intention with the Secretary of State. A candidate for any other elective office must file a statement of intention with the filing officer where his or her original campaign statements would be filed.

Liability of Committee Treasurers

Under Section 81004, subdivision (b), Section 84100, and Regulation 18427, subdivision (c), it is the duty of a committee's treasurer to ensure that the committee complies with all of the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

SUMMARY OF THE FACTS

Respondent Robert Huff is a member of the State Assembly, representing the 60th District in Los Angeles County. Respondent Huff was the successful Republican candidate in the March 2, 2004 primary election, and was elected to his Assembly seat in the November 2, 2004 general election. Prior to running for the State Assembly, Respondent Huff served as a member of the Diamond Bar City Council from 1996 to 2004.

Respondent Taxpayers for Bob Huff ("Respondent Committee") was Respondent Huff's controlled recipient committee for the 2004 election campaign. At all relevant times, Respondent Mei Mei Huff, the wife of Respondent Huff, was the treasurer of Respondent Committee.

For the reporting period January 1, 2003 through December 31, 2003, Respondents received contributions totaling approximately \$285,297, and made expenditures totaling approximately \$99,252, in connection with Respondent Huff's campaign for his Assembly seat. Since Respondent Committee was a recipient committee that received contributions totaling \$50,000 or more during 2003, Respondents had a duty to comply with the online campaign disclosure provisions of the Act. As such, Respondents were required to electronically file

reports disclosing the receipt of any contribution or loan of \$5,000 or more within 10 business days of receiving the contribution or loan, if received outside of the election cycle, and to electronically file a report disclosing the receipt of any contribution or loan of \$1,000 or more within 24 hours of receiving the contribution or loan, if received within the election cycle. For the March 2, 2004 primary election, the “election cycle” was from December 3, 2003 to March 2, 2004.

COUNT 1

Failure to File a Report Electronically for Loans Received of \$5,000 or More

On June 30, 2003, Respondent Huff issued a check in the amount of \$28,000 to Respondent Committee, and on the same date he issued a second check in the amount of \$50,000 to Respondent Committee. Both checks were loans from Respondent Huff to Respondent Committee. Respondents were required to electronically file a report with the Secretary of State disclosing the receipt of the loans in excess of \$5,000, on or before July 14, 2003. Respondents failed to file this report electronically with the Secretary of State.

By failing to electronically file a report with the Secretary of State disclosing the receipt of two loans of \$5,000 or more, totaling \$78,000, by the July 14, 2003 due date, Respondents violated Section 85309, subdivision (c) of the Act.

COUNT 2

Failure to File a Report Electronically for Loans Received of \$5,000 or More

On September 30, 2003, Respondent Huff issued a check in the amount of \$26,000 to Respondent Committee, and on the same date he issued a second check in the amount of \$50,000 to Respondent Committee. Both checks were loans from Respondent Huff to Respondent Committee. Respondents were required to electronically file a report with the Secretary of State disclosing the receipt of the loans in excess of \$5,000, on or before October 14, 2003. Respondents failed to file this report electronically with the Secretary of State.

By failing to electronically file a report with the Secretary of State disclosing the receipt of two loans of \$5,000 or more, totaling \$76,000, by the October 14, 2003 due date, Respondents violated Section 85309, subdivision (c) of the Act.

COUNT 3

Failure to File a Report Electronically for a Loan Received of \$1,000 or More

On December 31, 2003, Respondent Huff issued a check in the amount of \$30,000 to Respondent Committee. The check was a loan from Respondent Huff to Respondent Committee. Respondents were required to electronically file a report with the Secretary of State disclosing the receipt of the loan in excess of \$1,000 during the election cycle, on or before January 2, 2004. Respondents failed to file this report electronically with the Secretary of State.

By failing to electronically file a report with the Secretary of State disclosing the receipt of a loan of \$1,000 or more, totaling \$30,000, by the January 2, 2004 due date, Respondents violated Section 85309, subdivision (a) of the Act.

COUNT 4

Failure to Timely File a Statement of Intention to Become a Candidate

Section 85200 provides that, prior to soliciting or receiving any contributions, an individual who intends to be a candidate for office is required to file a statement of intention to be a candidate for the specific office sought. A candidate for elective state office must file a statement of intention with the Secretary of State.

Respondent Committee qualified as a recipient committee on February 28, 2003, when Respondent Huff made a \$1,000 loan to Respondent Committee. Thereafter, Respondents filed a statement of organization on March 3, 2003. According to campaign statements filed with the Secretary of State, between January 1, 2003 and June 30, 2003, Respondents received contributions totaling \$241,950, and made expenditures totaling \$21,764. Despite soliciting and receiving contributions as early as February 28, 2003, Respondent Huff did not file his statement of intention to be a candidate for the State Assembly, 60th District, with the Secretary of State until December 1, 2003.

By failing to timely file a statement of intention to become a candidate with the Secretary of State prior to soliciting and/or receiving contributions, Respondent Huff violated Section 85200.

CONCLUSION

This matter consists of three violations of Section 85309, and one violation of Section 85200, which carry a maximum administrative penalty of Twenty Thousand Dollars (\$20,000).

In this case, the total amount of loans from Respondent Huff not immediately disclosed to the public, as contemplated by the Act's online disclosure provisions, was \$184,000, a substantial amount of money. Moreover, Respondent Huff was over nine months late in filing his statement of intention to be a legislative candidate. Respondent Huff had engaged in significant fundraising activity prior to filing this required statement with the Secretary of State.

In mitigation, any harm to the public was diminished by the disclosure of the loans on pre-election and semi-annual campaign statements filed in both paper and electronic format by the Respondents prior to the March 2, 2004 primary election. The treasurer was unaware that loans from the candidate to the committee were considered as contributions for online reporting purposes. Furthermore, Respondents were audited by the FTB following their 1998 bid for Assembly office, and there were no material findings. The requirement to file campaign statements electronically became effective between Respondent Huff's 1998 and 2004 campaigns for Legislative office, and Respondents were therefore not fully knowledgeable about the new law. Finally, Respondents were cooperative during the investigation of the case, and have not been previously prosecuted for violating the Political Reform Act.

Accordingly, the facts of this case justify the imposition of a penalty in the lower to middle range, for a total administrative penalty of Seven Thousand Dollars (\$7,000).