EXHIBIT 1

INTRODUCTION

Respondent Armando Rea ("Rea") was a Lynwood City Councilman who unsuccessfully ran for re-election in the November 6, 2001, election. Respondent California Citizens for Good Government ("Committee") was, at all times relevant to this matter, Respondent Rea's controlled committee. Respondent Sylvia Herron served as the Respondent Committee's treasurer.

In connection with the November 6, 2001, election, Respondent Committee's activities consisted predominately of supporting Respondent Rea in his bid for re-election. Although Respondent Committee was originally designated as a state general purpose committee in its statement of organization, Respondent Rea exercised sufficient control over its activities that, under the provisions of the Political Reform Act (the "Act"), [1] the Respondent Committee qualified as Respondent Rea's "controlled committee."[2] In this matter, Respondents failed to file required pre-election statements and failed to report late contributions.

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

COUNT 1: Respondents Armando Rea, California Citizens for Good Government, and Sylvia Herron failed to file a pre-election campaign statement for the reporting period of July 1, 2001, through September 22, 2001, by the September 27, 2001, due date, in violation of section 84200.5, subdivision (c) of the Government Code.

COUNT 2: Respondents Armando Rea, California Citizens for Good Government, and Sylvia Herron failed to file a pre-election campaign statement for the reporting period of September 23, 2001, through October 20, 2001, by the October 25, 2001, due date, in violation of section 84200.5, subdivision (c) of the Government Code.

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[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.

[2] "Controlled committee" means a committee that is controlled directly or indirectly by a candidate… or that acts jointly with a candidate, controlled committee, or state measure proponent in connection with the making of expenditures. A candidate…controls a committee if he or she, his or her agent, or any other committee he or she controls has a significant influence on the actions or decisions of the committee. (Section 82016.)

COUNT 3: Respondents Armando Rea, California Citizens for Good Government, and Sylvia Herron failed to file late contribution reports disclosing three late contributions totaling $17,500 received in connection with the November 6, 2001, election, in violation of section 84203, subdivisions (a) and (b).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and so that improper practices may be inhibited. The Act therefore establishes a campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (a) defines a "committee" as any person or combination of persons who directly or indirectly receives contributions totaling $1,000 or more in a calendar year. This type of committee is commonly referred to as a "recipient" committee.

Duty to File Pre-Election Campaign Statements

Candidates and their controlled committees are required to file two pre-election campaign statements before an election in which the candidate appears on the ballot. (Sections 84200.5, subdivision (c); 84200.8.) For candidates for city office and their controlled committees, these campaign statements must be filed with the local city clerk's office. (Section 84215, subdivision (e).) For candidates being voted upon on a date other than the first Tuesday after the first Monday in June or November of an even-numbered year and their controlled committees, the first pre-election statement must be filed not later than 40 days before the election for the reporting period ending 45 days before the election (section 84200.8, subdivision (a)) and the second pre-election statement must be filed no later than 12 days before the election for the reporting period ending 17 days before the election (section 84200.8, subdivision (b)).

Duty to File Late Contribution Reports

When a candidate or committee makes or receives a late contribution, the candidate or committee must file a late contribution report disclosing the contribution within 24 hours of making or receiving the contribution. (Section 84203, subdivisions (a) and (b).) Section 82036 defines a "late contribution" as a contribution aggregating $1,000 or more that is made or received before an election, but after the closing date of the last pre-election statement that is required to be filed. Under section 84200.8, subdivision (b), for an election held at any time other than June or November of an even-numbered year, the late contribution period covers the last 16 days before the election.

Treasurer Liability

Under section 84100 and regulation 18427, subdivision (a), it is the duty of a committee's treasurer to ensure compliance with all 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

COUNTS 1 & 2

In this matter, Respondents Armando Rea, California Citizens for Good Government, and Sylvia Herron had a duty to file two pre-election campaign statements with the Lynwood City Clerk's Office. The first pre-election campaign statement covered the reporting period of July 1, 2001, through September 22, 2001, and was due by September 27, 2001. The second pre-election campaign statement covered the reporting period of September 23, 2001, through October 20, 2001, and was due by October 25, 2001. Respondents failed to file the two pre-election campaign statements with the Lynwood City Clerk's Office.

By failing to file two pre-election campaign statements, Respondents Armando Rea, California Citizens for Good Government, and Sylvia Herron committed two violations of section 84200.5, subdivision (c) of the Government Code.

COUNT 3

Respondents Armando Rea, California Citizens for Good Government, and Sylvia Herron had a duty to file late contribution reports within 24 hours of receiving a contribution of $1,000 or more during the late contribution reporting period. In this matter, the late contribution reporting period for the November 6, 2001, election was October 21, 2001, through November 5, 2001.

During the late contribution reporting period, Respondents received the following contributions:

Date of Contribution	Contributor	Amount
October 23, 2001	Jeff Duhamel	$2,500
October 25, 2001	Hub City Solid Waste Services Inc.	$10,000
November 2, 2001	Hub City Solid Waste Services Inc.	$5,000
	TOTAL:	$17,500

Respondents were required to disclose these contributions in properly filed late contribution reports within 24 hours of their receipt. Respondents failed to disclose the late contributions.

By failing to file required late contribution reports for the above-described late contributions, Respondents Armando Rea, California Citizens for Good Government, and Sylvia Herron violated section 84203, subdivisions (a) and (b).

CONCLUSION

This matter consists of three counts, which carry a maximum administrative penalty of Fifteen Thousand Dollars ($15,000).

Respondent Rea has a prior enforcement history. In 2004, a Default Decision and Order was adopted by the Commission finding that Respondent Rea had committed 15 reporting violations of the Act in connection with the November 4, 1997, election.

Regarding Counts 1 and 2, the typical stipulated administrative penalty for failing to timely file a pre-election campaign statement has been in the mid-to-high end of the applicable penalty range depending on the circumstances of the violation. In this matter, Respondents failed to file two pre-election campaign statements. For Count 1, the first pre-election campaign statement would have disclosed approximately $29,000 in contributions. For Count 2, the second pre-election campaign statement, would have disclosed approximately $26,000 in contributions. Respondent Rea has a previous enforcement history for the same violation. However, as Respondent Rea was unsuccessful in his bid for re-election, the failure to disclose the contributions provided no significant advantage to Respondent Rea. Thus, for Counts 1 and 2, an administrative penalty toward the middle of the typical penalty range for this type of violation is appropriate, in the amount of $3,000, for a total administrative penalty for both counts of $6,000.

Regarding Count 3, the typical stipulated administrative penalty for failing to file late contribution reports in cases that are resolved outside of the Streamlined Late Contribution Enforcement Program has been 15 to 25 percent of the amount of the undisclosed contribution, depending on the circumstances of the violation. In this case, despite Respondent Rea's unsuccessful campaign, the total amount of the three late contributions, $17,500, represented a substantial amount of Respondent Committee's overall activity. Thus, a total administrative penalty in the amount of $3,500, representing 20 percent of the amount undisclosed, is appropriate for Count 3.

Accordingly, the facts and circumstances of this case justify the imposition of the agreed upon administrative penalty of Nine Thousand Five Hundred Dollars ($9,500).