**EXHIBIT 1**

## INTRODUCTION

Respondent Michael Glover ("Respondent Glover") was a successful candidate for California State Assembly, 70th District ("California State Assembly"), in the June 6, 2006 Primary Election and the June 3, 2008 Primary Election. However, Respondent Glover was an unsuccessful candidate for California State Assembly in the November 7, 2006 General Election, November 4, 2008 General Election, and the June 8, 2010 Primary Election. Respondent Michael G. Glover for Assembly ("Respondent Committee 2006") was the controlled committee of Respondent Glover's 2006 election campaign. James Owens was the treasurer of Respondent Committee 2006 from March 13, 2006, through October 27, 2006. According to Respondent Glover and James Owens, Mr. Owens terminated his role as treasurer on or about October 27, 2006, but failed to file a Statement of Organization to officially designate another treasurer. Respondent Glover acted as the treasurer from October 27, 2006, through June 30, 2009, when the Respondent Committee 2006 was terminated.

Respondent Glover for Assembly 2008 ("Respondent Committee 2008") was the controlled committee of Respondent Glover's 2008 election campaign. Respondent Committee to Elect Mike Glover for 70th AD, 2010 ("Respondent Committee 2010") was the controlled committee of Respondent Glover's 2010 election campaign. Respondent Doris Neel ("Respondent Neel") was the treasurer of Respondent Committee 2010 from February 19, 2010, through July 30, 2010, when the Respondent Committee 2010 was terminated.

The Political Reform Act (the "Act") [1] requires candidates, their controlled committees, and the treasurers of those committees, to file campaign statements at specific times disclosing information regarding contributions received and expenditures made by the committee. In this matter, Respondents Glover and Committee 2006: 1) failed to timely file four semi-annual statements; 2) underreported contributions received and failed to itemize contributions received over $100; 3) underreported expenditures made and failed to itemize expenditures made over $100; 4) failed to report accrued expenses; 5) failed to file one $5,000 report; and 6) failed to maintain sufficient campaign records.

Respondents Glover and Committee 2008: 1) failed to file two pre-election campaign statements during a time in which there was campaign activity for the June 3, 2008 Primary Election; 2) failed to file a semi-annual campaign statement during a time in which there was

[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 18110 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.

campaign activity for the June 3, 2008 Primary Election; and 3) failed to use the Respondent Committee 2008 bank account for all activity for his 2008 campaign.

Additionally, Respondents Glover, Committee 2010, and Doris Neel failed to file all campaign statements electronically.

For the purposes of this Default, Decision and Order, Respondents violated the Act as follows:

RESPONDENTS MICHAEL GLOVER AND MICHAEL G GLOVER FOR ASSEMBLY

Semi-Annual Campaign Statements

Count 1: Respondents Michael Glover and Michael G Glover for Assembly failed to timely file a semi-annual campaign statement for the period October 22, 2006, through December 31, 2006, due on or before January 31, 2007, in violation of Government Code section 84200, subdivision (a).

Count 2: Respondents Michael Glover and Michael G Glover for Assembly failed to timely file a semi-annual campaign statement for the period January 1, 2007, through June 30, 2007, due on or before July 31, 2007, in violation of Government Code section 84200, subdivision (a).

Count 3: Respondents Michael Glover and Michael G Glover for Assembly failed to timely file a semi-annual campaign statement for the period January 1, 2008, through June 30, 2008, due on or before July 31, 2008, in violation of Government Code section 84200, subdivision (a).

Count 4: Respondents Michael Glover and Michael G Glover for Assembly failed to timely file a semi-annual campaign statement for the period July 1, 2008, through December 31, 2008, due on or before February 2, 2009, in violation of Government Code section 84200, subdivision (a).

Campaign Reporting

Count 5: On semi-annual campaign statements from July 1, 2006, through December 31, 2008, Respondents Michael Glover and Michael G Glover for Assembly failed to report the receipt of contributions totaling approximately $47,406, and failed to itemize contributions received over $100 totaling approximately $52,673, in violation of Government Code section 84211, subdivisions (a), (c), (d), and (f).

Count 6: On semi-annual campaign statements from July 1, 2006, through December 31, 2008, Respondents Michael Glover and Michael G Glover for Assembly failed to report expenditures made totaling approximately $42,614, and failed to itemize

expenditures made over $100 totaling approximately $57,144, in violation of Government Code section 84211, subdivisions (b), (i), (j), and (k).

Accrued Expenses

Count 7: Respondents Michael Glover and Michael G Glover for Assembly failed to report accrued expenses on at least one semi-annual campaign statement for the reporting period October 22, 2006, through December 31, 2006, totaling approximately $23,403, in violation of Government Code section 84211, subdivisions (b), (i), and (k).

$5,000 Online Reports

Count 8: On or about December 29, 2006, outside the 90-day period before an election, Respondents Michael Glover and Michael G Glover for Assembly received a contribution of $5,000 or more, in the form of a loan, for a total of $27,000 from Respondent Michael Glover, and failed to disclose the contribution within 10 business days of receipt in an online campaign report, in violation of Government Code section 85309, subdivision (c).

Recordkeeping

Count 9: From October 22, 2006, through June 30, 2009, Respondents Michael Glover and Michael G Glover for Assembly failed to maintain the detailed accounts, records, bills, and receipts necessary to prepare campaign statements, to establish that a campaign statement was properly filed, and to comply with the campaign reporting provisions of the Act, in violation of Government Code section 84104.

RESPONDENTS MICHAEL GLOVER AND GLOVER FOR ASSEMBLY 2008

Pre-Election and Semi-Annual Campaign Statements

Count 10: Respondents Michael Glover and Glover for Assembly 2008 failed to file a pre-election campaign statement for the reporting period January 1, 2008, through March 17, 2008, due on or before March 24, 2008, in violation of Government Code sections 84200.5, subdivision (a), and 84200.7, subdivision (a).

Count 11: Respondents Michael Glover and Glover for Assembly 2008 failed to file a pre-election campaign statement for the reporting period March 18, 2008, through May 17, 2008, due on or before May 22, 2008, in violation of Government Code sections 84200.5, subdivision (a), and 84200.7, subdivision (a).

Count 12: Respondents Michael Glover and Glover for Assembly 2008 failed to file a semi-annual campaign statement for the reporting period May 18, 2008, through June

30, 2008, due on or before July 31, 2008, in violation of Government Code section 84200, subdivision (a).

One Bank Account Requirement

Count 13: Respondents Michael Glover and Glover for Assembly 2008 failed to deposit all campaign contributions into a designated campaign bank account for Respondent Glover for Assembly 2008, during the reporting periods: 1) January 1, 2008, through March 17, 2008; 2) March 18, 2008, through May 17, 2008, and 3) May 18, 2008, through June 30, 2008, in violation of Government Code section 85201, subdivision (e).

RESPONDENTS MICHAEL GLOVER, COMMITTEE TO ELECT MIKE GLOVER FOR 70TH AD, 2010, AND DORIS NEEL

Count 14: Respondents Michael Glover, Committee to Elect Mike Glover for 70th AD, 2010, and Doris Neel failed to file, in electronic format, a pre-election campaign statement online for the reporting period January 1, 2010, through March 17, 2010, due on or before March 22, 2010, in violation of Government Code sections 84200.5, subdivision (a), 84200.7, subdivision (a), and 84605, subdivision (a).

Count 15: Respondents Michael Glover, Committee to Elect Mike Glover for 70th AD, 2010, and Doris Neel failed to file, in electronic format, a pre-election campaign statement online for the reporting period March 18, 2010, through May 22, 2010, due on or before May 27, 2010, in violation of Government Code sections 84200.5, subdivision (a), 84200.7, subdivision (a), and 84605, subdivision (a).

Count 16: Respondents Michael Glover, Committee to Elect Mike Glover for 70th AD, 2010, and Doris Neel failed to file, in electronic format, a semi-annual campaign statement online for the reporting period May 23, 2010, through June 30, 2010, due on or before August 2, 2010, in violation of Government Code sections 84200, subdivision (a) and 84605, subdivision (a).

## PROCEDURAL HISTORY

When the Fair Political Practices Commission (the "Commission") determines that there is probable cause for believing that the Act has been violated, it may hold a hearing to determine if a violation has occurred. (Section 83116.) Notice of the hearing, and the hearing itself, must be conducted in accordance with the Administrative Procedure Act (the "APA").[2] (Section 83116.) A hearing to determine whether the Act has been violated is initiated by the filing of an accusation, which shall be a concise written statement of the charges specifying the statutes and rules which the respondent is alleged to have violated. (Section 11503.)

[2] The Administrative Procedure Act is contained in Government Code Sections 11370 through 11529.

Included among the rights afforded a respondent under the APA, is the right to file the Notice of Defense with the Commission within 15 days after service of the accusation, by which the respondent may (1) request a hearing, (2) object to the accusation's form or substance or to the adverse effects of complying with the accusation, (3) admit the accusation in whole or in part, or (4) present new matter by way of a defense. (Section 11506, subd. (a)(1)-(6).)

The APA provides that a respondent's failure to file a Notice of Defense within 15 days after service of an accusation constitutes a waiver of the respondent's right to a hearing. (Section 11506, subd. (c).) Moreover, when a respondent fails to file a Notice of Defense, the Commission may take action based on the respondent's express admissions or upon other evidence, and affidavits may be used as evidence without any notice to the respondent. (Section 11520, subd. (a).)

## A. <u>Initiation of the Administrative Action</u>

Section 91000.5 provides that "[t]he service of the probable cause hearing notice, as required by Section 83115.5, upon the person alleged to have violated this title shall constitute the commencement of the administrative action." (Section 91000.5, subd. (a).) Section 83115.5 provides in pertinent part:

> No finding of probable cause to believe this title has been violated shall be made by the Commission unless, at least 21 days prior to the Commission's consideration of the alleged violation, the person alleged to have violated this title is notified of the violation by service of process or registered mail with return receipt requested … . Notice to the alleged violator shall be deemed made on the date of service, the date the registered mail receipt is signed, or if the registered mail receipt is not signed, the date returned by the post office.

Section 91000.5 provides that no administrative action pursuant to Chapter 3 of the Act, alleging a violation of any of the provisions of the Act, shall be commenced more than five years after the date on which the violation occurred. In accordance with Sections 83115.5 and 91000.5, the Enforcement Division initiated the administrative action against Respondents in this matter by serving each Respondent with a Report in Support of a Finding of Probable Cause (the "Probable Cause Report"). Respondent Glover, individually and on behalf of Respondents Committee 2006, Committee 2008, and Committee 2010, were served on July 14, 2011. Respondent Neel, individually and on behalf of Respondent Committee 2010, were served on August 3, 2011. (See Certification of Records ("Certification") filed herewith, Exhibit A, and incorporated herein by reference.) The Probable Cause Report was served on Respondents Glover, Committee 2006, Committee 2008, and Committee 2010 by certified mail. (See Certification, Exhibit A - 1.) The Probable Cause Report was served on Respondents Neel and Committee 2010 by certified mail. (See Certification, Exhibit A - 2.) Therefore, the administrative action commenced on the dates Respondents were served the Probable Cause Report, and the five year statute of limitations was effectively tolled on this date. (Sections 83115.5; 91000.5.)

As required by Section 83115.5, the packet served on all Respondents contained the cover letter to the Probable Cause Report, advising Respondents they had 21 days in which to request a probable cause conference and/or to file a written response to the Probable Cause Report. (See Certification, Exhibit A - 3.) Respondent Neel, on behalf of herself and Respondent Committee 2010, requested a probable cause conference in response to the Probable Cause Report. As a result, all Respondents were informed of the time and date of the Probable Cause Conference.

**B. <u>Probable Cause</u>**

Consistent with Regulation 18361, Senior Commission Counsel Larry Woodlock was delegated as the Hearing Officer in this matter. A Probable Cause Conference was held on November 7, 2011. Respondent Neel, individually and on behalf of Respondent Committee 2010, participated in the Probable Cause Conference. All other Respondents failed to appear.

On December 1, 2011, the Hearing Officer in this matter issued an Order Finding Probable Cause and an Order to Prepare and Serve an Accusation. (See Certification, Exhibit A - 4.) Respondents were sent copies of this document via U.S. Mail.

**C. <u>The Issuance and Service of the Accusation</u>**

Under the Act, if the Executive Director makes a finding of probable cause, he or she must prepare an accusation pursuant to Section 11503 of the APA, and have it served on the subject of the probable cause finding. (Regulation 18361.4, subd. (e).) Section 11503 provides:

> A hearing to determine whether a right, authority, license or privilege should be revoked, suspended, limited or conditioned shall be initiated by filing an accusation. The accusation shall be a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged, to the end that the respondent will be able to prepare his defense. It shall specify the statutes and rules which the respondent is alleged to have violated, but shall not consist merely of charges phrased in the language of such statutes and rules. The accusation shall be verified unless made by a public officer acting in his official capacity or by an employee of the agency before which the proceeding is to be held. The verification may be on information and belief.

Section 11505, subdivision (a) requires that, upon the filing of the accusation, the agency shall: 1) serve a copy thereof on the respondent as provided in Section 11505, subdivision (c); 2) include a post card or other form entitled Notice of Defense which, when signed by or on behalf of the respondent and returned to the agency, will acknowledge service of the accusation and constitute a notice of defense under Section 11506; 3) include (i) a statement that respondent may request a hearing by filing a notice of defense as provided in Section 11506 within 15 days

after service upon the respondent of the accusation, and that failure to do so will constitute a waiver of the respondent's right to a hearing, and (ii) copies of Sections 11507.5, 11507.6, and 11507.7.

Section 11505, subdivision (b) set forth the language required in the accompanying statement to the respondent.

Section 11505, subdivision (c) provides that the Accusation and accompanying information may be sent to the respondent by any means selected by the agency, but that no order adversely affecting the rights of the respondent shall be made by the agency in any case unless the respondent has been served personally or by registered mail as set forth in Section 11505.

On December 21, 2011, an Accusation was issued against the Respondents in this matter.[3] In accordance with Section 11505, the Accusation and accompanying information, consisting of a Statement to Respondent, two copies of a Notice of Defense Form, and copies of Government Code Sections 11506 through 11508, were personally served on Respondents Glover, Committee 2006, Committee 2008, and Committee 2010 on January 5, 2012. (See Certification, Exhibit A - 5.) Respondents Neel and Committee 2010 were personally served on January 3, 2012. (See Certification, Exhibit A - 6.)

Along with the Accusation, the Enforcement Division personally served all Respondents with a "Statement to Respondent" which notified them that they could request a hearing on the merits and warned that, unless a Notice of Defense was filed within fifteen days of service of the Accusation, the right to a hearing would be deemed to have been waived. Respondents did not file a Notice of Defense within the statutory time period.

As a result, on February 28, 2012, Commission Counsel Bridgette Castillo sent a letter to each Respondent advising that this matter would be submitted for a Default Decision and Order at the Commission's public meeting scheduled for March 15, 2012. A copy of the Default Decision and Order, and this accompanying Exhibit 1 with attachments, was included with the letter. (See Certification, Exhibit A - 7.)

## SUMMARY OF THE LAW

### A. Jurisdiction

Section 83116 provides the Fair Political Practices Commission ("Commission") with administrative jurisdiction to enforce the provisions of the Act. Prior to an enforcement action being undertaken, the Executive Director of the Commission must make a finding that there is probable cause to believe that the Act has been violated. After a finding of probable cause, the

[3] Kinde Durkee was named in three counts, as identified in the Accusation. However, Kinde Durkee filed a Notice of Defense and, therefore, is not included in this Default Decision and Order. Respondents Durkee, Glover and Committee 2008, named in the three counts removed, have retained the right to an administrative hearing for those specific counts. However, Respondents named in the counts included in this Default Decision and Order did not file a Notice of Defense.

Commission may then hold a hearing to determine what violations have occurred, and levy an administrative penalty of up to $5,000 for each violation.

**B. Standard for Finding Probable Cause**

A probable cause determination is governed by Sections 83115.5 and 83116, and Regulation 18361.4, subdivision (e). For the Executive Director to make a finding of probable cause, it is only necessary that he or she be presented with sufficient evidence to lead a person of ordinary caution and prudence to believe, or entertain a strong suspicion, that a respondent committed or caused a violation. (Section 83115.5, and Regulation 18361.4 subd. (e).)

**C. Semi-Annual 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. 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. A committee controlled directly or indirectly by a candidate, or that acts jointly with a candidate, is a candidate-controlled committee. (Section 82016.)

Section 84200, subdivision (a), requires candidates and their controlled committees to file two semi-annual campaign statements each year. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

**D. Pre-Election Campaign Statements**

In addition to semi-annual campaign statements, Section 84200.5, subdivision (a) requires all candidates for state office being voted upon in a statewide primary election or general election of an even-numbered year, and their controlled committees, to file pre-election campaign statements as specified in Section 84200.7.

Section 84200.7, subdivision (a) provides that the first pre-election campaign statement for the June election, for the period ending March 17, a statement must be filed no later than March 22. Section 84200.7, subdivision (a) provides that the second pre-election campaign statement, for the reporting period ending seventeen days before the date of the election, must be filed no later than twelve days before the election.

**E. Required Contents of Campaign Statements**

Section 84211, subdivision (a), requires a committee to disclose in each of its campaign statements the total amount of contributions received during the period covered by the campaign statement and the total cumulative amount of contributions received. In addition, for each person to whom the committee receives a contribution of $100 or more during the period covered by the campaign statement, a committee must disclose information that includes the total amount of cumulative contributions received of $100 or more covered by the campaign statement, the total amount of cumulative contributions received of less than $100, the contributor of $100 or more must disclose the name and address, the amount of each contribution, the employer and occupation of the contributor, and the cumulative amount of contributions. (Section 84211, subdivisions (a), (c), (d), and (f).)

Section 84211, subdivision (b), requires a committee to disclose in each of its campaign statements the total amount of expenditures made during the period covered by the campaign statement and the total cumulative amount of expenditures made. A committee must disclose the total amount of expenditures made during the period covered by the campaign statement to persons who have received less than $100. (Section 84211, subdivision (j).) In addition, for each person to whom the committee makes an expenditure of $100 or more during the period covered by the campaign statement, a committee must disclose information that includes the payee's name and address, the amount of each expenditure, and a brief description of the consideration for which each expenditure is made. (Section 84211, subdivisions (i), and (k).)

"Expenditure" includes any individual payment or accrued expense (i.e., an unpaid bill). (Sections 82025, 84211, subdivision (k)(6).) Further, an expenditure is "made" on the date the payment is made or on the date consideration, if any, is received, whichever is earlier. If consideration is received before payment is made, then the expenditure must be reported on the campaign statement as an accrued expense as of the date on which the goods or services are received. (Regulation 18421.6, subdivision (b).)

**F. Online Campaign Reports**

In order to maximize the availability of information regarding campaign disclosure to the public, the Act requires any candidate, officeholder, committee, or other person who is required to file statements, reports, or other documents in connection with a state elective office to file them online or electronically when the total cumulative reportable amount of contributions received, expenditures made, loans made, or loans received is $50,000 or more. (Section 84605, subdivision (a).)

Once a person or entity is required to file online or electronically, the person or entity is required to file all subsequent reports online or electronically as well. (Section 84605, subdivision (d).) Persons filing online or electronically are also required to continue to file

required disclosure statements and reports in paper format, which continue to be the official filing for audit and other legal purposes until the Secretary of State determines the system is operating securely and effectively. (Section 84605, subdivision (f).)

**G. Duty to Report Contributions Received Outside the Election Cycle of $5,000 or More**

A candidate for elective state office who is required to file campaign reports online or electronically is also required to file a campaign report online or electronically within 10 business days of receipt of every contribution of $5,000 or more that is received at any other time than during the election cycle. (Section 85309, subdivision (c).) This campaign report must disclose specified information regarding the contribution and is not required to be filed in paper format. (*Ibid.*) "Election cycle" for the purposes of Section 85309 means the period of time commencing 90 days prior to an election and ending on the date of the election. (§ 85204.)

**H. One Bank Account Requirement**

Section 85200 provides that prior to the solicitation or receipt of any contribution or loan, an individual who intends to be a candidate for an elective state office, shall file with the Secretary of State an original statement, signed under penalty of perjury, of intention to be a candidate for a specific office.

To ensure full disclosure of campaign activity and to guard against improper use of campaign funds, the Act requires campaign funds to be segregated from nonpolitical, personal accounts and kept in a single, designated campaign bank account. (Section 85201.) Section 85201, subdivision (b), requires a candidate who raises contributions of one thousand dollars ($1,000) or more in a calendar year to set forth the name and address of the financial institution where the candidate has established a campaign contribution account and the account number on the committee statement of organization. A candidate shall establish a separate controlled committee and campaign bank account for each specific office identified in statements filed by the candidate. (Regulation 18521.)

All contributions or loans made to the candidate, to a person on behalf of the candidate, or to the candidate's controlled committee must be deposited in the campaign bank account. (Section 85201, subdivision (c).) All campaign expenditures must be made from the campaign bank account. (Section 85201, subdivision (e).)

**I. Duty to Maintain and Retain Campaign Records**

To ensure accurate campaign reporting, Section 84104 imposes a mandatory duty on each candidate, treasurer, and elected officer to maintain detailed accounts, records, bills and receipts that are necessary to prepare campaign statements, to establish that campaign statements were properly filed and to comply with the campaign reporting provisions of the Act. This

requirement, as further stated by Regulation 18401, includes a duty to maintain detailed information and original source documentation for all contributions and expenditures.

Regulation 18401, subdivision (b)(2), requires the filer of the committee campaign statements to retain the above described campaign records for four years following the date that the campaign statement to which they relate is filed.

**J . Liability of Committee Treasurers**

As provided in Section 84100, every committee shall have a treasurer. Under Section 84100 and Regulation 18427, subdivision (a), 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. Under Sections 83116.5 and 91006, a committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee.

## III. SUMMARY OF THE EVIDENCE

According to the records maintained by the Secretary of State's Office ("SOS"), Respondent Glover was a successful candidate for California State Assembly in the June 6, 2006 Primary Election and the June 3, 2008 Primary Election. However, Respondent Glover was an unsuccessful candidate for California State Assembly in the November 7, 2006 General Election, November 4, 2008 General Election, and the June 8, 2010 Primary Election.

RESPONDENT COMMITTEE 2006

Respondent Committee 2006 was the controlled committee of Respondent Glover's 2006 election campaign. James Owens was the treasurer of Respondent Committee 2006 from March 13, 2006, through October 27, 2006. According to Respondent Glover and James Owens, Mr. Owens terminated his role as treasurer on or about October 27, 2006, but failed to file a Statement of Organization to officially designate another treasurer. Respondent Glover acted as the treasurer from October 27, 2006, through June 30, 2009, when the Respondent Committee 2006 was terminated. Respondent Glover was a successful candidate in the June 6, 2006 Primary Election. However, Respondent Glover was an unsuccessful candidate for California State Assembly in the November 7, 2006 General Election. According to bank statements, Respondent Committee 2006 reached the $50,000 threshold and was required to file campaign statements electronically on or about November 11, 2006. Once a person or entity is required to file online or electronically, the person or entity is required to file all subsequent reports online or electronically as well. Therefore, all future campaign statements for Respondent Glover were required to be filed online.

According to campaign statements filed by Respondent Committee 2006, Respondent Committee 2006 failed to timely file semi-annual campaign statements from October 22, 2006, through December 31, 2008. According to records maintained by the SOS, campaign statements for these periods were not filed until August 7, 2009. Accrued expenses were not reported on the campaign statements, contributions received were underreported and were not accurately itemized, and expenditures made were underreported and were not accurately itemized. According to an interview of Respondent Glover, he admitted that after the November 7, 2006 General Election, Respondent Committee 2006 had accrued expenses that could not be paid for with the remaining balance in the bank account. Respondent Glover stated that he took out a line of equity in the amount of $27,000 and loaned it to the Respondent Committee 2006 on December 29, 2006. In January and February of 2007, payments were made through Respondent Committee 2006's bank account in the amount of approximately $23,403. The Respondent Committee 2006 failed to maintain sufficient campaign records to be able to determine what the payments were for and when these payments accrued.

According to an interview of Respondent Glover, he kept the Respondent Committee 2006 active because he hoped that he would be able to pay himself back for the loan he made. Respondent Committee 2006 had no further activity from June 2007, until 2008. However, according to bank records, in 2008, Respondent Committee 2006 received contributions totaling $5,355.68 and made expenditures totaling $6,134.85. This activity occurred during the time Respondent Glover was a candidate for California State Assembly in the June 3, 2008 Primary Election. However, Respondent Glover failed to file a Statement of Intention to be a Candidate, which would have allowed him to receive contributions in connection with the June 3, 2008 Primary Election. Further, according to records maintained by the SOS, Respondent Committee 2008 failed to open a campaign committee and disclose a bank account until August 20, 2008, after the June 3, 2008 Primary Election. According to an interview of Respondent Glover, he admitted that he received one contribution of $1,000 for the 2008 Primary Election, but used the Respondent Committee 2006 campaign bank account.

RESPONDENTS MICHAEL GLOVER AND MICHAEL G GLOVER FOR ASSEMBLY

Respondent Glover was a candidate for California State Assembly in the November 7, 2006 election. Respondents Glover and Committee 2006 were required to file semi-annual campaign statements until the termination of the Respondent Committee 2006. According to the records maintained by SOS, Respondents Glover and Committee 2006 failed to timely file four semi-annual campaign statements for the periods October 22, 2006, through December 31, 2008.

SEMI-ANNUAL CAMPAIGN STATEMENTS

COUNTS 1-4

**Failure to File Semi-Annual Campaign Statements**

COUNT 1

Respondents Glover and Committee 2006 were required to file a semi-annual campaign statement for the period October 22, 2006, through December 31, 2006, by the January 31, 2007 due date. According to records maintained by the SOS, Respondents Glover and Committee 2006 failed to timely file a semi-annual campaign statement for the period October 22, 2006, through December 31, 2006.

On or about February 23, 2007, the Orange County Registrar of Voter's Office sent a letter to Respondent Glover advising that he failed to file the semi-annual campaign statement that was due by January 31, 2007.

According to records maintained by the SOS, on or about August 7, 2009, Respondents Glover and Committee 2006 filed the semi-annual campaign statement for the period October 22, 2006, through December 31, 2006. While James Owens was the named treasurer during this reporting period, Respondent Glover acted as the treasurer and Kinde Durkee signed this campaign statement as the assistant treasurer. However, Kinde Durkee was not involved with the campaign other than to assist in the termination of the Respondent Committee 2006.

The Enforcement Division confirmed with the SOS that Respondents Glover and Committee 2006 failed to timely file a semi-annual campaign statement for the period October 22, 2006, through December 31, 2006.

Thus, the evidence establishes that Respondents Glover and Committee 2006 were required to and failed to timely file the semi-annual campaign statement for the period October 22, 2006, through December 31, 2006, by the January 31, 2007 due date, in violation of Section 84200, subdivision (a).

COUNT 2

Respondents Glover and Committee 2006 were required to file a semi-annual campaign statement for the period January 1, 2007, through June 30, 2007, by the July 31, 2007 due date.

According to records maintained by the SOS, on or about August 7, 2009, Respondents Glover and Committee 2006 filed the semi-annual campaign statement for the period January 1, 2007, through June 30, 2007. While James Owens was the named treasurer during this reporting period, Respondent Glover acted as the treasurer and Kinde Durkee signed this campaign

statement as the assistant treasurer. However, Kinde Durkee was not involved with the campaign other than to assist in the termination of the Respondent Committee 2006.

The Enforcement Division confirmed with the SOS that Respondents Glover and Committee 2006 failed to timely file a semi-annual campaign statement for the period January 1, 2007, through June 30, 2007.

Thus, the evidence establishes that Respondents Glover and Committee 2006 were required to and failed to timely file the semi-annual campaign statement for the period January 1, 2007, through June 30, 2007, by the July 31, 2007 due date, in violation of Section 84200, subdivision (a).

COUNT 3

Respondents Glover and Committee 2006 were required to file a semi-annual campaign statement for the period January 1, 2008, through June 30, 2008, by the July 31, 2008 due date.

According to records maintained by the SOS, on or about August 7, 2009, Respondents Glover and Committee 2006 filed pre-election campaign statements for the periods January 1, 2008, through March 17, 2008 and March 18, 2008, through May 17, 2008. Additionally, on or about August 7, 2009, Respondents Glover and Committee 2006 filed a semi-annual campaign statement for the period May 18, 2008, through June 30, 2008. This campaign activity was in connection with the June 3, 2008 Primary Election. As such, Respondent Glover was required to disclose this campaign activity in the Respondent Committee 2008 campaign statements. Additionally, this campaign activity was not disclosed until after the election. While James Owens was the named treasurer during this reporting period, Respondent Glover acted as the treasurer and Kinde Durkee signed this campaign statement as the assistant treasurer. However, Kinde Durkee was not involved with the campaign other than to assist in the termination of the Respondent Committee 2006.

The Enforcement Division confirmed with the SOS that Respondents Glover and Committee 2006 failed to timely file a semi-annual campaign statement for the period January 1, 2008, through June 30, 2008.

Thus, the evidence establishes that Respondents Glover and Committee 2006 were required to and failed to timely file the semi-annual campaign statement for the period January 1, 2008, through June 30, 2008, by the July 31, 2008 due date, in violation of Section 84200, subdivision (a).

COUNT 4

Respondents Glover and Committee 2006 were required to file a semi-annual campaign statement for the period July 1, 2008, through December 31, 2008, by the February 2, 2009 due date.

According to records maintained by the SOS, on or about August 7, 2009, Respondents Glover and Committee 2006 filed the semi-annual campaign statement for the period July 1, 2008, through December 31, 2008. While James Owens was the named treasurer during this reporting period, Respondent Glover acted as the treasurer and Kinde Durkee signed this campaign statement as the assistant treasurer. However, Kinde Durkee was not involved with the campaign other than to assist in the termination of the Respondent Committee 2006.

The Enforcement Division confirmed with the SOS that Respondents Glover and Committee 2006 failed to timely file a semi-annual campaign statement for the period July 1, 2008, through December 31, 2008.

Thus, the evidence establishes that Respondents Glover and Committee 2006 were required to and failed to timely file the semi-annual campaign statement for the period July 1, 2008, through December 31, 2008, by the February 2, 2009 due date, in violation of Section 84200, subdivision (a).

CAMPAIGN REPORTING VIOLATIONS

COUNTS 5-8

COUNT 5

**Failure to Disclose the Receipt of Contributions and Failure to Itemize Contributions Received of $100 or More**

Under Section 84211, Respondents Glover and Committee 2006 were required to disclose the total receipt of contributions and were required to itemize contributions received of $100 or more from each contributor. According to records maintained by the SOS, on or about August 7, 2009, Respondents Glover and Committee 2006 filed campaign statements for the periods July 1, 2006, through December 31, 2008. These campaign statements disclosed combined contributions received from July 1, 2006, through December 31, 2008 in the total amount of approximately $22,805. However, according to bank records obtained from Respondent Committee 2006, from July 1, 2006, through December 31, 2008, combined contributions in the amount of approximately $70,211 were deposited into Respondent Committee 2006 bank account. Therefore, Respondents Glover and Committee 2006 underreported campaign contributions received from July 1, 2006, through December 31, 2008, in the amount of approximately $47,406.

Further, Respondents Glover and Committee 2006 were required to itemize contributions received of $100 or more. According to campaign statements maintained by the SOS, Respondents Glover and Committee 2006 itemized contributions received of $100 or more from July 1, 2006, through December 31, 2008, in the total amount of approximately $15,116. Some of these contributions that were itemized were under $100 and therefore not required to be itemized. However, according to bank records of Respondent Committee 2006, from July 1, 2006, through December 31, 2008, additional contributions received of $100 or more totaling approximately $52,673 were required to be itemized. Therefore, Respondents Glover and Committee 2006 failed to itemize contributions of $100 or more in the total amount of approximately $52,673 from July 1, 2006, through December 31, 2008.

Thus, the evidence establishes that Respondents Glover and Committee 2006 were required to and failed to disclose approximately $47,406 in contributions received and failed to itemize approximately $52,673 in contributions received of $100 or more, from July 1, 2006, through December 31, 2008, in violation of Section 84211, subdivisions (a), (c), (d), and (f).

COUNT 6

**Failure to Disclose Expenditures Made and Failure to Itemize Expenditures Made of $100 or More**

Under Section 84211, Respondents Glover and Committee 2006 were required to disclose the total amount of expenditures made and were required to itemize each expenditure of $100 or more. According to records maintained by the SOS, on or about August 7, 2009, Respondents Glover and Committee 2006 filed campaign statements for the periods July 1, 2006, through December 31, 2008. These campaign statements disclosed combined expenditures made from July 1, 2006, through December 31, 2008 in the total amount of approximately $34,391. However, according to bank records obtained from Respondent Committee 2006, from July 1, 2006, through December 31, 2008, combined expenditures in the amount of approximately $77,006 were made from the Respondent Committee 2006 bank account. Therefore, Respondents Glover and Committee 2006 underreported campaign expenditures made from July 1, 2006, through December 31, 2008, in the amount of approximately $42,614.

Further, Respondents Glover and Committee 2006 were required to itemize expenditures made of $100 or more. According to campaign statements maintained by the SOS, Respondents Glover and Committee 2006 itemized expenditures made of $100 or more from July 1, 2006, through December 31, 2008, in the total amount of approximately $18,682. Some of these expenditures itemized were under $100 and therefore not required to be itemized. However, according to bank records of Respondent Committee 2006, from July 1, 2006, through December 31, 2008, additional expenditures made of $100 or more totaling approximately $57,144 were required to be itemized. Therefore, Respondents Glover and Committee 2006 failed to itemize

expenditures made of $100 or more in the total amount of approximately $57,144 from July 1, 2006, through December 31, 2008.

Thus, the evidence establishes that Respondents Glover and Committee 2006 were required to and failed to disclose approximately $42,614 in expenditures made and failed to itemize approximately $57,144 in expenditures made of $100 or more, from July 1, 2006, through December 31, 2008, in violation of Section 84211, subdivisions (b), (i), (j), and (k).

ACCRUED EXPENSES

COUNT 7

**Failure to Disclose Accrued Expenses**

Section 84211, subdivision (b), requires a committee to disclose in each of its campaign statements the total amount of expenditures made during the period covered by the campaign statement and the total cumulative amount of expenditures made. In addition, for each person to whom the committee makes an expenditure of $100 or more during the period covered by the campaign statement, a committee is required to disclose information that included the payee's name and address, the amount of each expenditure, and a brief description of the consideration for which each expenditure is made. (Section 84211, subdivisions (i) and (k).) "Expenditure" includes any individual payment or accrued expense (i.e., an unpaid bill). (Sections 82025, 84211, subdivision (k)(6).)

Respondents Glover and Committee 2006 failed to report any accrued expenses at least on the semi-annual campaign statement for the period October 22, 2006, through December 31, 2006. According to bank records, on or about December 29, 2006, Respondent Glover made a contribution, in the form of a loan, to the Respondent Committee 2006 in the amount of $27,000. According to an interview with Respondent Glover, he loaned the Respondent Committee 2006 $27,000 because the Respondent Committee 2006 had accrued expenses that still needed to be paid after the November 7, 2006 General Election. According to the Respondent Committee 2006 bank records, payments from the account in the amount totaling approximately $23,403 were made in January and February of 2007. Due to the lack of records and the failure to disclose the accrued expenses on campaign statements, the Enforcement Division could not determine when the expenses accrued. Therefore, Respondents Glover and Committee 2006 failed to report accrued expenses for the amount of approximately $23,403, at least on one semi-annual campaign statement for the period October 22, 2006, through December 31, 2006.

Thus, the evidence establishes that Respondents Glover and Committee 2006 failed to disclose accrued expenses in the amount of $23,403 on at least one semi-annual campaign

statement for the period October 22, 2006, through December 31, 2006, in violation of Section 84211, subdivisions (b), (i), and (k).

$5,000 ONLINE REPORT

COUNT 8

**Failure to File a $5,000 Online Report**

Respondents Glover and Committee 2006 were required to disclose each contribution of $5,000 or more received at a time other than during an election cycle in an online campaign report filed within 10 business days of receipt. According to Respondent Committee 2006 bank records, Respondent Glover contributed $27,000, in the form of a loan, to Respondent Committee 2006 on or about December 29, 2006. According to campaign statements filed with the SOS, Respondents Glover and Committee 2006 failed to disclose this contribution on campaign statements or in a $5,000 online report. According to an interview with Respondent Glover, he later forgave the loan.

Thus, the evidence establishes that Respondents Glover and Committee 2006 were required to and failed to file a $5,000 online report for the contribution received on or about December 29, 2006, in the amount of $27,000, in violation of Section 85309, subdivision (c).

RECORDKEEPING

COUNT 9

**Failure to Maintain and Retain Campaign Records**

To ensure accurate campaign reporting, Section 84104 imposes a mandatory duty on each candidate, treasurer, and elected officer to maintain detailed accounts, records, bills and receipts that are necessary to prepare campaign statements, to establish that campaign statements were properly filed, and to comply with the campaign reporting provisions of the Act. On or about May 4, 2010, the Enforcement Division Special Investigator contacted James Owens, the named campaign treasurer, and Respondent Committee 2006 to request records of Respondent Committee 2006. Mr. Owens failed to produce the records requested. Therefore, on or about June 16, 2010, the Enforcement Division Special Investigator requested all campaign records from Respondent Committee 2006 for the period October 22, 2006, through termination from Kinde Durkee. On or about July 8, 2010, Lydia Almanza, a representative of Durkee and Associates, sent an e-mail to the Enforcement Division Special Investigator stating that they did not provide services to Respondent Committee 2006, but did agree to store Respondent Committee 2006 files. The records that were provided did not include many records required to be retained, including missing invoices, bank statements, checks written in 2008, invoices, deposit slips and contributor checks. Ms. Almanza informed the Enforcement Division Special

Investigator that she will contact Respondent Glover to provide the missing records. After Respondent Glover failed to provide the missing records, on or about December 16, 2010, the Enforcement Division Special Investigator sent an e-mail to Respondent Glover, requesting the missing records. After multiple requests for voluntary compliance from Respondent Glover and Respondent Committee 2006 to produce campaign records, the Executive Director of the Commission issued a bank subpoena to Wells Fargo Bank to obtain the missing records.

Thus, the evidence establishes that Respondents Glover and Committee 2006 were required to and failed to maintain detailed accounts, records, bills and receipts that are necessary to prepare campaign statements, to establish that campaign statements were properly filed, and to comply with the campaign reporting provisions of the Act for the period from October 22, 2006, through June 30, 2009, in violation of Section 84104.

RESPONDENT COMMITTEE 2008

Respondent Glover was a successful candidate for California State Assembly in the June 3, 2008 Primary Election. However, Respondent Glover was an unsuccessful candidate for California State Assembly in the November 4, 2008 General Election. Respondent Committee 2008 was the controlled committee of Respondent Glover's 2008 election campaign. Although Respondent Glover was a candidate for California State Assembly in the June 3, 2008 Primary Election and received over $1,000 in connection with the 2008 Primary Election, Respondent Committee 2008 was not formed and a bank account was not opened until after the June 3, 2008 Primary Election, on or about August 20, 2008. According to an interview of Respondent Glover, he stated that he did not have campaign activity in the June 3, 2008 Primary Election because he was unopposed. However, Respondent Glover admitted that one contribution of $1,000 in connection with the June 3, 2008 Primary Election was accepted by the Respondent Committee 2008 and deposited into the Respondent Committee 2006 bank account. Further, according to bank statements, Respondent Glover accepted contributions and made expenditures in connection with the June 3, 2008 Primary Election.

RESPONDENTS MICHAEL GLOVER AND GLOVER FOR ASSEMBLY 2008

PRE-ELECTION CAMPAIGN STATEMENTS

COUNTS 10-11

**Failure to File Pre-Election Campaign Statements**

COUNT 10

Section 85200 provides that prior to the solicitation or receipt of any contribution or loan, an individual who intends to be a candidate for an elective state office, shall file with the Secretary of State an original statement, signed under penalty of perjury, of intention to be a

candidate for a specific office. Section 84200.5, subdivision (a), requires that all candidates for state office being voted on in an even-numbered year, and their controlled committees, must file pre-election campaign statements as specified in Section 84200.7. Section 84200.7, subdivision (a) provides that the first pre-election campaign statement for the June election, for the period ending March 17, a statement must be filed no later than March 22. Respondent Glover was a candidate for California State Assembly, 70th District, in the June 3, 2008 Primary Election. Respondents Glover and Committee 2008 filed a Statement of Organization and identified a bank account on or about August 20, 2008, after the June 3, 2008 Primary Election. However, Respondent Glover received contributions and made expenditures for the June 3, 2008 Primary Election out of the Committee 2006 account.

According to bank records for Committee 2006, a contribution in the amount of $1,000 was made by Carol Stern and deposited on or about January 31, 2008. According to an interview with Respondent Glover, he admitted to accepting a $1,000 contribution on behalf of the Respondent Committee 2008, but depositing it into the Respondent Committee 2006 bank account. Further, according to bank statements of Committee 2006, Respondent Committee 2008 had approximately $1,026 in expenditures during this reporting period. Therefore, Respondents Glover and Committee 2008 were required to file a Statement of Intention to be a Candidate and a pre-election campaign statement for the period January 1, 2008, through March 17, 2008, on or before March 24, 2008.

The Enforcement Division confirmed with the SOS that Respondents Glover and Committee 2008 failed to file a pre-election campaign statement for the period January 1, 2008, through March 17, 2008, by the March 24, 2008 due date. Respondents Glover and Committee 2006 filed a pre-election campaign statement for this period on or about August 7, 2009, after the June 3, 2008 Primary Election. However, Respondent Committee 2008 has not filed a pre-election campaign statement for this period to date.

Thus, the evidence establishes that Respondents Glover and Committee 2008 failed to file a pre-election campaign statement for the period January 1, 2008, through March 17, 2008, by the March 24, 2008 due date, in violation of Sections 84200.5, subdivision (a), and 84200.7, subdivision (a).

COUNT 11

Section 84200.5, subdivision (a), requires that all candidates for state office being voted on in an even-numbered year, and their controlled committees, must file pre-election campaign statements as specified in Section 84200.7. Section 84200.7, subdivision (a) provides that the second pre-election campaign statement for the June election, for the reporting period ending seventeen days before the date of the election, must be filed no later than twelve days before the election. Respondent Glover was a candidate for California State Assembly, 70th District, in the

June 3, 2008 Primary Election. Respondents Glover and Committee 2008 filed a Statement of Organization and identified a bank account on or about August 20, 2008, after the June 3, 2008 Primary Election. However, Respondent Glover received contributions and made expenditures for the June 3, 2008 Primary Election out of the Committee 2006 account. Therefore, Respondents were required to file a pre-election campaign statement for the period March 18, 2008, through May 17, 2008, on or before May 22, 2008.

According to bank statements for Committee 2006, two contributions were deposited on or about May 5, 2008 in the total amount of $400. Further, according to bank statements of Committee 2006, Respondent Committee 2008 had approximately $861 in expenditures during this reporting period. The Enforcement Division confirmed with the SOS that Respondents Glover and Committee 2008 failed to file a pre-election campaign statement for the period March 18, 2008, through May 17, 2008, by the May 22, 2008 due date. Respondents Glover and Committee 2006 filed a pre-election campaign statement for this period on or about August 7, 2009, after the June 3, 2008 Primary Election. However, Respondent Committee 2008 has not filed a pre-election campaign statement for this period to date.

Thus, the evidence establishes that Respondents Glover and Committee 2008 failed to file a pre-election campaign statement for the period March 18, 2008, through May 17, 2008, by the May 22, 2008 due date, in violation of Sections 84200.5, subdivision (a), and 84200.7, subdivision (a).

SEMI-ANNUAL CAMPAIGN STATEMENT

COUNT 12

**Failure to File a Semi-Annual Campaign Statement**

Respondents Glover and Committee 2008 were required to file a semi-annual campaign statement for the period May 18, 2008, through June 30, 2008, by the July 31, 2008 due date. Respondents Glover and Committee 2008 filed a Statement of Organization and identified a bank account on or about August 20, 2008, after the June 3, 2008 Primary Election. However, Respondent Glover received contributions and made expenditures for the June 3, 2008 Primary Election out of the Committee 2006 account. Therefore, Respondents were required to file a semi-annual campaign statement for the period May 18, 2008, through June 30, 2008, on or before July 31, 2008.

According to bank statements for Committee 2006, contributions of approximately $1,820 were received and approximately $1,150 in expenditures were made during this reporting period. The Enforcement Division confirmed with the SOS that Respondents Glover and Committee 2008 failed to file a semi-annual campaign statement for the period May 18, 2008, through June 30, 2008, by the July 31, 2008 due date. Respondents Glover and Committee 2006

filed a semi-annual campaign statement for this period on or about August 7, 2009, after the June 3, 2008 Primary Election. However, Respondent Committee 2008 has not filed a semi-annual campaign statement for this period to date.

Thus, the evidence establishes that Respondents Glover and Committee 2008 failed to file a semi-annual campaign statement for the period May 18, 2008, through June 30, 2008, by the July 31, 2008 due date, in violation of Section 84200, subdivision (a).

ONE BANK ACCOUNT REQUIREMENT

COUNT 13

**One Bank Account Violation**

Section 85200 provides that prior to the solicitation or receipt of any contribution or loan, an individual who intends to be a candidate for an elective state office, shall file with the Secretary of State an original statement, signed under penalty of perjury, of intention to be a candidate for a specific office. Under Section 85201, subdivision (e), all campaign funds are required to be segregated and kept in a single, designated campaign bank account. Section 85201, subdivision (b), requires a candidate who raises contributions of one thousand dollars ($1,000) or more in a calendar year to set forth the name and address of the financial institution where the candidate has established a campaign contribution account and the account number on the committee statement of organization. According to bank records for Respondent Committee 2006, a contribution in the amount of $1,000 was made by Carol Stern and deposited on or about January 31, 2008. According to an interview with Respondent Glover, he admitted to accepting a $1,000 contribution on behalf of the Respondent Committee 2008, but depositing it into the Respondent Committee 2006 bank account.

Respondents Glover and Committee 2006 filed campaign statements on or about August 7, 2009, after the June 3, 2008 Primary Election. However, Respondent Committee 2008 failed to file a Statement of Intention to be a Candidate, which would have allowed the receipt of contributions, and failed to file a Statement of Organization, identifying a campaign bank account until August 20, 2008, after the primary election. The campaign statements filed by Respondent Committee 2006 disclosed that the activity was in connection with the June 3, 2008 Primary Election. According to Respondent Committee 2006 bank records, Respondents Glover and Committee 2008 made expenditures and received contributions in connection with the June 3, 2008 Primary Election from the Respondent Committee 2006 bank account.

Thus, the evidence establishes that Respondents Glover and Committee 2008 were required to and failed to timely establish a campaign bank account and used the campaign bank account of another committee to receive contributions and make expenditures, in violation of Section 85201.

RESPONDENT COMMITTEE 2010

Respondent Glover was an unsuccessful candidate for California State Assembly in the June 8, 2010 Primary Election. Respondent Committee 2010 was the controlled committee of Respondent Glover's 2010 election campaign. Respondent Neel was the treasurer of Respondent Committee 2010 from February 19, 2010, through July 30, 2010. Respondents Glover, Committee 2010, and Neel were required to file all campaign statements online. However, according to records maintained by the SOS, Respondents Glover, Committee 2010, and Neel only filed campaign statements in paper format.

RESPONDENTS MICHAEL GLOVER, COMMITTEE TO ELECT MIKE GLOVER FOR 70TH AD, 2010, AND DORIS NEEL

ONLINE CAMPAIGN STATEMENTS

COUNTS 14-16

**Failure to File Campaign Statements Online**

COUNT 14

Once a person or entity is required to file online or electronically, the person or entity is required to file all subsequent reports online or electronically as well. (Section 84605, subdivision (d).) Respondents Glover and Committee 2006 met the required threshold of $50,000 on or about November 11, 2006 and were required to file online all subsequent reports. Therefore, Respondents Glover, Committee 2010, and Neel were required to file campaign statements online.

Respondent Glover was an unsuccessful candidate for California State Assembly in the June 8, 2010 Primary Election. According to records maintained by the SOS, Respondents Glover, Committee 2010, and Neel filed a pre-election campaign statement, in paper format, for the reporting period January 1, 2010, through March 17, 2010, on or about March 25, 2010. According to records maintained by the SOS, Respondents Glover, Committee 2010, and Neel failed to file the pre-election campaign statement for this period online. According to campaign statements, Respondents campaign activity for that period included approximately $5,828 in contributions received and $4,907 in expenditures made.

Thus, the evidence establishes that Respondents Glover, Committee 2010, and Neel were required to and failed to file a pre-election campaign statement online for the period January 1, 2010, through March 17, 2010, due on or before March 22, 2010, in violation of Section 84200.5, subdivision (a), 84200.7, subdivision (a), and 84605, subdivision (a).

COUNT 15

Once a person or entity is required to file online or electronically, the person or entity is required to file all subsequent reports online or electronically as well. (Section 84605, subdivision (d).) Respondents Glover and Committee 2006 met the required threshold of $50,000 on or about November 11, 2006 and were required to file online all subsequent reports. Therefore, Respondents Glover, Committee 2010, and Neel were required to file campaign statements online.

Respondent Glover was an unsuccessful candidate for California State Assembly in the June 8, 2010 Primary Election. According to records maintained by the SOS, Respondents Glover, Committee 2010, and Neel filed a pre-election campaign statement, in paper format, for the reporting period March 18, 2010, through May 22, 2010, on or about May 28, 2010. According to records maintained by the SOS, Respondents Glover, Committee 2010, and Neel failed to file the pre-election campaign statement for this period online. According to campaign statements, Respondents campaign activity for that period included approximately $3,910 in contributions received and $6,766 in expenditures made.

Thus, the evidence establishes that Respondents Glover, Committee 2010, and Neel were required to and failed to file a pre-election campaign statement online for the period March 18, 2010, through May 22, 2010, due on or before May 27, 2010, in violation of Section 84200.5, subdivision (a), 84200.7, subdivision (a), and 84605, subdivision (a).

COUNT 16

Once a person or entity is required to file online or electronically, the person or entity is required to file all subsequent reports online or electronically as well. (Section 84605, subdivision (d).) Respondents Glover and Committee 2006 met the required threshold of $50,000 on or about November 11, 2006 and were required to file online all subsequent reports. Therefore, Respondents Glover, Committee 2010, and Neel were required to file campaign statements online.

Respondent Glover was an unsuccessful candidate for California State Assembly in the June 8, 2010 Primary Election. According to records maintained by the SOS, Respondents Glover, Committee 2010, and Neel filed a semi-annual campaign statement, in paper format, for the reporting period May 23, 2010, through June 30, 2010, on or about June 7, 2010. According to records maintained by the SOS, Respondents Glover, Committee 2010, and Neel failed to file the semi-annual campaign statement for this period online. According to campaign statements, Respondents campaign activity for that period included approximately $870 in contributions received and $3,561 in expenditures made.

Thus, the evidence establishes that Respondents Glover, Committee 2010, and Neel were required to and failed to file a semi-annual campaign statement online for the period May 23, 2010, through June 30, 2010, due on or before August 2, 2010, in violation of Section 84200, subdivision (a), and 84605, subdivision (a).

## CONCLUSION

This matter consists of sixteen counts of violating the Act, which carries a maximum administrative penalty of five thousand dollars ($5,000) per count for a total of Eighty Thousand Dollars ($80,000).

In determining the appropriate penalty for a particular violation of the Act, the Enforcement Division considers the typical treatment of a violation in the overall statutory scheme of the Act, with an emphasis on serving the purposes and intent of the Act. The Enforcement Division also considers the facts and circumstances of the violation in context of the factors set forth in Regulation 18361.5, subdivision (d)(1)-(6), which include: the seriousness of the violations; the presence or lack of intent to deceive the voting public; whether the violation was deliberate, negligent, or inadvertent; whether the Respondent demonstrated good faith in consulting with Commission staff; whether there was a pattern of violations; and whether upon learning of the violation the Respondent voluntarily filed an amendment to provide full disclosure. Additionally, liability under the Act is governed in significant part by the provisions of Section 91001, subdivision (c), which requires the Commission to consider whether or not a violation is inadvertent, negligent or deliberate, and the presence or absence of good faith, in applying remedies and sanctions.

The failure to file campaign statements, both in paper and electronic format, underreporting contributions and expenditures, failing to itemize contributions and expenditures when required, failing to report accrued expenses, failing to use one campaign bank account for all campaign activity and failing to maintain the required campaign records are serious violations of the Act. The failure to file campaign statements and properly disclose campaign activity deprives the public of important information about a candidate's contributors and financial activity. Further, failing to use one campaign bank account for all campaign activity and failing to maintain the required campaign records makes it difficult to readily ascertain the accuracy of the campaign statements.

**Filing Campaign Statements**

Semi-Annual Campaign Statements: Counts 1-4 and Count 12

In this matter, Respondents Glover, Committee 2006, and Committee 2008 failed to file campaign statements, as required by the Act. Failures to file campaign statements are serious violations of the Act. The public harm inherent in these violations is that the public is deprived of important and timely information from Respondents regarding contributions and expenditures.

Other similar cases regarding failure to file semi-annual campaign statements recently approved by the Commission include:

*In the Matter of Yolo County Democratic Central Committee Local Account et al.*, FPPC No. 08/357. This case involved seven counts of various campaign statements not timely filed. Included in this were five counts of failure to timely file semi-annual campaign statements. Most of the reporting periods contained amounts that were relatively low when compared to the committee's contributions received and expenditures made per election. There was no evidence found that this activity was deliberate. A $2,000 per count penalty for the campaign statements not filed timely was approved by the Commission on January 28, 2011.

*In the Matter of Saundra Davis and Committee to Elect Saundra Davis,* FPPC No. 06/372. This case involved one count of failure to file a post-election semi-annual campaign statement. The campaign statement not filed would have included 50% of all contributions received ($5,610) as well as 64% of all expenditures made ($7,015) for the entire campaign. A $2,000 penalty was approved by the Commission on September 17, 2010.

This was a pattern of failing to timely file campaign statements that continued for several years and in two separate elections. In addition, some of the campaign statements were not filed. According to bank statements, Respondents Glover and Committee 2006 raised in excess of $40,000 and expended in excess of $41,000, during the reporting periods identified in Counts 1 through 4. Regarding Count 12, Respondents Glover and Committee 2008 used Respondent Committee's 2006 campaign account. Based on the investigation, Respondents Glover and Committee 2008 at least raised in excess of $1,800 and expended in excess of $1,000. In mitigation, Respondents do not have a history of violations of the Act. Therefore, imposition of a penalty of $3,000 per count is recommended, for a total recommended penalty of $12,000 for Counts 1-4 against Respondents Glover and Committee 2006 and $3,000 for Count 12 against Respondents Glover and Committee 2008.

Pre-Election Campaign Statements: Counts 10 -11

In this matter, Respondents Glover and Committee 2008 failed to file two pre-election campaign statements, as required by the Act. The public harm inherent in these violations is that the public is deprived of important and timely information about a candidate's contributors and financial activities. The typical administrative penalty for failing to file a pre-election campaign statement has been in the middle-to-high end of the applicable penalty range.

Other similar cases regarding failure to file semi-annual campaign statements recently approved by the Commission include:

*In the Matter of Edwin Jacinto*, FPPC No. 10/225 (Default Decision). This case involved two counts of failure to file pre-election campaign statements by an unsuccessful City Council candidate. A $3,500 per count penalty was approved by the Commission on June 9, 2011.

*In the Matter of Tina Baca Del Rio,et al.,* FPPC No. 08/423. This case involved seven counts of failing to file campaign statements, four of which were pre-election campaign statements. A $4,000 per count penalty was approved by the Commission on December 8, 2011, where the Respondents failed to file campaign statements in connection with her re-election

campaign and a $3,500 per count penalty was approved by the Commission where Respondents failed to file campaign statements in connection with the defense of a recall election.

In this matter, Respondents failed to file pre-election campaign statements disclosing any financial activity prior to the 2008 Primary Election. According to bank statements, Respondents Glover and Committee 2008 at least raised approximately $1,400 and expended in excess of $1,800, during the reporting periods identified in Counts 10 and 11. In mitigation, the financial activity was relatively low. Therefore, imposition of a penalty of $4,000 per count is recommended, for a total recommended penalty of $8,000 for Counts 10-11 against Respondents Glover and Committee 2008.

**Electronic Filing Obligations**

Pre-election and Semi-Annual Campaign Statements: Counts 14-16

In this matter, Respondents Glover, Neel and Committee 2010 failed to file two pre-election campaign statements electronically and one semi-annual campaign statement electronically, as required by the Act. However, Respondents Glover, Neel and Committee 2010 timely filed these required campaign statements in paper format. The public harm inherent in these violations is that the public is deprived of important information that would be readily accessible electronically about a candidate's contributors and financial activities. The typical administrative penalty for failing to file pre-election and semi-annual campaign statements online or electronically has varied depending on the facts and circumstances of each case.

A similar case involving the failure to file semi-annual and pre-election campaign statements online or electronically includes:

*In the Matter of Citizens for Representative Government, et al*, FPPC No. 08/103. This case involved two counts of failing to file a semi-annual campaign statement electronically and one count of failing to file a pre-election campaign statement electronically. In this case, Respondents timely filed the campaign statements in paper format, but failed to file the campaign statements online or electronically. A $1,000 per count penalty was approved by the Commission on October 8, 2009.

Respondents Glover, Neel and Committee 2010 failed to file two pre-election campaign statements electronically and one semi-annual campaign statement electronically. According to the campaign statements, Respondents Glover, Neel and Committee 2010 raised in excess of $10,000 and expended in excess of $15,000, during the reporting periods identified in Counts 14 through 16. In mitigation, Respondents timely filed these campaign statements in paper format. Therefore, imposition of a penalty of $2,000 per count is recommended, for a total recommended penalty of $6,000 for Counts 14-16 against Respondents Glover, Neel and Committee 2010.

**Campaign Reporting**

Disclosure of Contributions and Expenditures: Counts 5-6

In this matter, Respondents Glover and Committee 2006 failed to report the receipt of contributions totaling approximately $47,406, failed to itemize contributions received over $100 totaling approximately $52,673, failed to report expenditures made totaling approximately $42,614, and failed to itemize expenditures made over $100 totaling approximately $57,144. The typical administrative penalty for failing to properly disclose contributions received and expenditures made has been in the mid-range of the applicable penalty range.

Other similar cases recently approved by the Commission include:

*In the Matter of Black Women Organized for Political Action State*, FPPC No. 10/957. This case involved one count of failing to report approximately $13,409 in contributions received and approximately $12,801 in expenditures made by the committee on their campaign statements for the January 1, 2010, through June 30, 2010, and the July 1, 2010, through December 31, 2010, reporting periods. A $2,500 penalty was approved by the Commission on December 8, 2011.

*In the Matter of Arturo Chacon and Art Chacon for Water Board 2010*, FPPC No. 08/652. This case involved 6 counts of violations of Section 84211. Penalties of $2,000 and $2,500 per count were approved by the Commission on February 10, 2011.

Respondents Glover and Committee 2006 failed to disclose a large portion of their contributions received and expenditures made. Therefore, imposition of a penalty of $3,500 per count is recommended, for a total recommended penalty of $7,000 for Counts 5-6 against Respondents Glover and Committee 2006.

Accrued Expenses: Count 7

In this matter, Respondents Glover and Committee 2006 failed to report any accrued expenses on at least one semi-annual campaign statement for the amount of approximately $23,403. The typical administrative penalty for failing to disclose accrued expenses has varied depending on the circumstances of the case.

A similar case approved by the Commission includes:

*In the Matter of Steve Westly, et. al.*, FPPC No. 06/892. This case involved 32 counts, including 2 counts of failing to disclose accrued expenses. Penalties of $2,500 and $3,000 for failing to disclose accrued expenses were approved by the Commission on December 10, 2009.

Respondents Glover and Committee 2006 failed to disclose accrued expenses on at least one campaign statement. In aggravation, the Enforcement Division was unable to determine exactly when the expenses accrued due to the lack of records maintained by the Respondent Committee 2006. In mitigation, the accrued expenses were a relatively small amount when compared to the reported expenditures of approximately $77,006. Therefore, imposition of a

penalty of $3,500 is recommended for Count 7 against Respondents Glover and Committee 2006.

$5,000 Online Report: Count 8

In this matter, Respondents Glover and Committee 2006 were required to disclose each contribution of $5,000 or more received at a time other than during an election cycle in an online campaign report filed within 10 days of receipt. The typical administrative penalty for failing to file online reports within 10 days disclosing contributions of $5,000 or more received at a time other than during the election cycle have historically resulted in penalties in the mid to low range of the available penalties, depending on the facts of the case.

A similar case recently approved by the Commission includes:

*In the Matter of Abel Maldonado, et. al.,* FPPC No. 10/070. This case involved 14 counts, 4 of which were for failing to disclose each contribution of $5,000 or more received at a time other than during an election cycle in an online campaign report filed within 10 days of receipt. A penalty of $2,000 per count was approved by the Commission on April 11, 2011.

Respondents Glover and Committee 2006 failed to disclose the contribution of a loan from Respondent Glover of $27,000, which was contributed after the election to pay off accrued expenses. Therefore, imposition of a penalty of $1,500 is recommended for Count 8 against Respondents Glover and Committee 2006.

Recordkeeping: Count 9

In this matter, Respondents Glover and Committee 2006 were required to and failed to maintain detailed accounts, records, bills and receipts that are necessary to prepare campaign statements, to establish that campaign statements were properly filed, and to comply with the campaign reporting provisions of the Act. The typical penalty for failing to maintain campaign records have historically resulted in penalties in the low to mid range of the available penalties.

Other similar cases recently approved by the Commission include:

*In the Matter of Arturo Chacon and Art Chacon for Water Board 2010*, FPPC No. 08/652. This case involved 2 counts of violations of Section 84104. Penalties of $2,000 per count were approved by the Commission on February 10, 2011.

*In the Matter of Jennifer Rodriguez, et. al.,* FPPC No. 05/158. This case involved 2 counts of recordkeeping violations. Penalties of $1,500 per count were approved by the Commission on June 10, 2010.

Respondents Glover and Committee 2006 failed to maintain the required campaign records, making it difficult to determine financial activity and requiring the Enforcement Division to issue a subpoena to obtain some of the missing records. Therefore, imposition of a

penalty of $3,000 is recommended for Count 9 against Respondents Glover and Committee 2006.

**One Bank Account**
One Bank Account Violation: Count 13

In this matter, Respondents Glover and Committee 2008 failed to deposit all campaign contributions into a designated campaign bank account for Committee 2008. The typical penalty for failing to deposit all campaign funds into a single, designated campaign bank account varies depending on the circumstances.

Other similar cases recently approved by the Commission include:

*In the Matter of George Barich*, FPPC No. 09/774. This matter involved one count of violating the one bank account rule. A penalty of $3,000 was imposed for this violation was approved by the Commission on January 28, 2011.

*In the Matter of McCallon*, FPPC No. 09/042. This matter involved one count of making an expenditure from a campaign account for campaign expenses related to another elective office. A penalty of $2,000 was imposed by the Commission on April 8, 2010.

Respondents Glover and Committee 2008 failed to deposit all campaign contributions into a designated campaign bank account for Committee 2008 in connection with the 2008 Primary Election. Therefore, imposition of a penalty of $3,000 is recommended for Count 13 against Respondents Glover and Committee 2008.

## PROPOSED PENALTY

The facts of this case, including the aggravating and mitigating factors discussed above, justify imposition of a recommended penalty of Forty Seven Thousand Dollars ($47,000), as identified by Count in the following chart:

| Count(s) | Description | Named Respondents | Proposed Penalty Per Count |
|---|---|---|---|
| 1-4 | Semi-Annual Campaign Statements | Respondents Glover and Committee 2006 | $3,000 |
| 5-6 | Disclosure of Contributions and Expenditures | Respondents Glover and Committee 2006 | $3,500 |
| 7 | Accrued Expenses | Respondents Glover and Committee 2006 | $3,500 |
| 8 | $5,000 Online Report | Respondents Glover and Committee 2006 | $1,500 |

| Count(s) | Description | Named Respondents | Proposed Penalty Per Count |
|---|---|---|---|
| 9 | Recordkeeping | Respondents Glover and Committee 2006 | $3,000 |
| 10-11 | Pre-Election Campaign Statements | Respondents Glover and Committee 2008 | $4,000 |
| 12 | Semi-Annual Campaign Statements | Respondents Glover and Committee 2008 | $3,000 |
| 13 | One Bank Account | Respondents Glover and Committee 2008 | $3,000 |
| 14-16 | Electronic Campaign Filing Obligations | Respondents Glover, Committee 2010, and Neel | $2,000 |
| | | **Total:** | **$47,000** |

Therefore, the facts of this case justify the imposition of the recommended penalty of Forty Seven Thousand Dollars ($47,000), of which Respondent Glover is jointly and severally liable for the entire amount of Forty Seven Thousand Dollars ($47,000), Respondent Committee 2006 is jointly and severally liable for Twenty Seven Thousand Dollars ($27,000), Respondent Committee 2008 is jointly and severally liable for Fourteen Thousand Dollars ($14,000), Respondents Neel and Committee 2010 are jointly and severally liable for Six Thousand Dollars ($6,000).