EXHIBIT 1

INTRODUCTION

Respondent American Resort Development Association Resort Owners' Coalition PAC ("Respondent ARDA") is a general purpose recipient committee sponsored by the American Resort Development Association.

At all relevant times, Respondent Sandra DePoy ("Respondent DePoy") was Respondent ARDA's treasurer.

In 2008, Respondents failed to report the making of five contributions totaling approximately $64,800 on semi-annual campaign statements for the periods ending June 30 and December 31.

For purposes of this stipulation, Respondents' violation of the Political Reform Act (the "Act")[1] is set forth as follows:

Count 1: On semi-annual campaign statements filed for the reporting periods ending June 30 and December 31, 2008, Respondents American Resort Development Association Resort Owners' Coalition PAC and Sandra DePoy failed to report the making of five contributions totaling approximately $64,800, in violation of Section 84211, subdivisions (b), (i), and (k).

SUMMARY OF THE LAW

All statutory references and discussions of law pertain to the Act's provisions as they existed at the time of the violation in question.

Need for Liberal Construction and Vigorous Enforcement of the Political Reform Act

When the Political Reform Act was enacted, the people of the state of California found and declared that previous laws regulating political practices suffered from inadequate enforcement by state and local authorities. (Section 81001, subd. (h).) To that end, Section 81003 requires that the Act be liberally construed to achieve its purposes.

One of the purposes of the Act is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed so that voters are fully informed and improper practices are inhibited. (Section 81002, subd. (a).) Another purpose of the Act is to provide

[1] The 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.

adequate enforcement mechanisms so that the Act will be "vigorously enforced." (Section 81002, subd. (f).)

Required Filing of Campaign Statements and Reports

At the core of the Act's campaign reporting system is the requirement that a recipient committee must file campaign statements and reports, including semi-annual campaign statements. (See Sections 84200, et seq.) For example, semi-annual campaign statements must be filed each year no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31. (Section 84218, subd. (a).)

Required Reporting of Expenditures, Including Contributions

Section 82025 defines "expenditure" as a payment, forgiveness of a loan, payment of a loan by a third party, or an enforceable promise to make a payment, unless it is clear from the surrounding circumstances that it is not made for political purposes. "An expenditure is made on the date the payment is made or on the date consideration, if any, is received, whichever is earlier." (Section 82025.)

Section 84211, subdivisions (b) and (i), require candidates and their controlled committees to disclose on each campaign statement: (1) the total amount of expenditures made during the period covered by the campaign statement; and (2) the total amount of expenditures made during the period covered by the campaign statement to persons who have received $100 or more.

Pursuant to Section 84211, subdivision (k), for each person to whom an expenditure of $100 or more has been made during the period covered by the campaign statement, the following information must be disclosed on the campaign statement: (1) the recipient's full name; (2) the recipient's street address; (3) the amount of each expenditure; (4) the description of the consideration for which each expenditure was made; and (5) in the case of an expenditure that is a contribution or independent expenditure, the following information also must be provided: (i) the date of the contribution or independent expenditure; (ii) the cumulative amount of contributions made to that candidate, elected officer, or committee, or the cumulative amount of independent expenditures made relative to that candidate or measure; (iii) the full name of the candidate, and the office and district for which he or she seeks nomination or election, or the number or letter of the measure; and (iv) the jurisdiction in which the measure or candidate is voted upon.

Joint and Several Liability of Treasurer

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

committee, for any reporting violations committed by the committee under Sections 83116.5 and 91006.

SUMMARY OF THE FACTS

As stated above, Respondent ARDA is a general purpose recipient committee sponsored by the American Resort Development Association. It has a filing history dating back to 2002.

At all relevant times, Respondent DePoy was Respondent ARDA's treasurer.

Count 1

During the reporting period ending June 30, 2008, Respondent ARDA contributed $1,200 to the Friends of Tony Mendoza 2008 committee and $3,600 to the Steinberg for Senate 2010 committee. However, Respondents ARDA and DePoy failed to report these contributions on the semi-annual campaign statement that was filed for this period.

During the reporting period ending December 31, 2008, Respondent ARDA made two contributions to the California Democratic Party in the amount of $20,000 each, in addition to one contribution to the California Republican Party in the amount of $20,000. However, Respondents ARDA and DePoy failed to report these contributions on the semi-annual campaign statement that was filed for this period.

In acting as described above, Respondents ARDA and DePoy committed one violation of Section 84211, subdivisions (b), (i), and (k).

CONCLUSION

This matter consists of one count of violating the Act, which carries a maximum administrative penalty of $5,000. (Section 83116, subd. (c).)

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. Additionally, the Enforcement Division considers the facts and circumstances of the violation in the context of the following factors set forth in Regulation 18361.5, subdivision (d)(1) through (6):

> (1) The seriousness of the violation;
>
> (2) The presence or absence of any intention to conceal, deceive or mislead;
>
> (3) Whether the violation was deliberate, negligent or inadvertent;

(4) Whether the violator demonstrated good faith by consulting the Commission staff or any other government agency in a manner not constituting a complete defense under Government Code section 83114(b);

(5) Whether the violation was isolated or part of a pattern and whether the violator has a prior record of violations of the Political Reform Act or similar laws; and

(6) Whether the violator, upon learning of a reporting violation, voluntarily filed amendments to provide full disclosure.

Regarding Count 1, one of the more recent stipulations involving such a violation had a penalty in the mid-range. (See *In the Matter of Arturo Chacon and Art Chacon for Water Board 2010*, FPPC No. 08/652, approved Feb. 10, 2011 [$2,000 to $2,500 penalty imposed per count for three counts of failure to report expenditures].)

The public harm inherent in campaign reporting violations of this type is that the public is deprived of time-sensitive information regarding the expenditures in question (which in this case were contributions). In this case, the amount in question was significant, comprising more than two times the reported expenditures for that year. Also, two of the contributions in question (totaling $4,800) were required to be reported prior to election day, and the failure to report these contributions deprived the public of important pre-election information as to these contributions.

Under these circumstances, imposition of an agreed upon penalty in the amount of $2,500 is justified. A higher penalty is not being sought because Respondents cooperated with the Enforcement Division of the Fair Political Practices Commission by agreeing to an early settlement of this matter well in advance of the Probable Cause Conference that otherwise would have been held. Also, three of the contributions in question (totaling $60,000) were not required to be reported on campaign statements until after the election in 2008, which means that the public was not deprived of important pre-election information as to these contributions. Additionally, these three contributions were in fact reported prior to the election on late contribution reports, which substantially mitigates the public harm as to these contributions. Also, there is no history of prior violations of the Act by Respondents.

PROPOSED PENALTY

The facts of this case, including the factors discussed above, justify imposition of the agreed upon penalty $2,500.