EXHIBIT 1

INTRODUCTION

Respondent Charles R. Brehmer ("Respondent Brehmer") was elected to the Kern County Superior Court in the 2008 General Election. Respondent Brehmer for Judge ("Respondent Committee") was the controlled recipient committee of Respondent Brehmer. At all relevant times to this matter, Respondent Jon W. Parnell was the treasurer of Respondent Committee. This case arose from a Franchise Tax Board ("FTB") audit of Respondent Committee for the period January 1, 2008 through December 31, 2008. During the period covered by the audit, Respondent Committee reported receiving contributions of $117,299 and making expenditures totaling $114,181.

The Political Reform Act (the "Act")[1] prohibits cash campaign contributions of over $100, requires disclosure of contributions of $100 or more, including loans received, and requires the timely filing of campaign statements. In this matter, Respondents accepted three cash contributions in excess of $100 totaling $2,000. In addition, Respondents failed to disclose the true source of a $15,000 loan made to Respondent Committee, and failed to timely file required semi-annual campaign statements.

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

COUNT 1: In 2008, Respondents Charles R. Brehmer, Brehmer for Judge and Jon W. Parnell received three cash contributions of $100 or more, in violation of Section 84300, subdivision (a), of the Government Code.

COUNT 2: Respondents Charles R. Brehmer, Brehmer for Judge and Jon W. Parnell failed to disclose the true source of a loan received on or about October 24, 2008, in violation of Sections 84211, subdivision (g) and 84301, of the Government Code.

COUNT 3: Respondents Charles R. Brehmer, Brehmer for Judge and Jon W. Parnell failed to timely file two semi-annual campaign statements for the January 1, 2009 through June 30, 2009, and July 1, 2009 through December 31, 2009, reporting periods, in violation of Section 84200, subdivision (a), of the Government Code.

SUMMARY OF THE LAW

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

[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.

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" to include any person who receives contributions totaling $1,000 or more in a calendar year. This type of committee is commonly referred to as a "recipient committee." Under Section 82016, a recipient committee controlled by a candidate is a "controlled committee." Section 82007 defines a "candidate," in relevant part, as an individual who is listed on the ballot for the nomination or election to any elective office. "Elective office" includes any judicial office that is filled at an election. (Section 82023.)

Prohibition Against Cash Contributions

Section 84300, subdivision (a), provides that no contribution of one hundred dollars ($100) or more shall be made or received in cash. Section 84300, subdivision (c), also requires that all contributions of $100 or more be made in the form of a written instrument containing the name of the contributor and drawn from the account of the contributor.

Duty to Disclose Information Regarding Loans

Section 84211 prescribes that certain information must be disclosed on campaign statements filed by a committee, including information about the contributions received and the expenditures made by the committee. Section 82015 defines a contribution as a payment made for political purposes. A contribution can be monetary or nonmonetary. A monetary contribution is "received" on the date the candidate or committee, or the agent of the candidate or committee, obtains possession or control of the check or other negotiable instrument by which the contribution is made. (Regulation 18421.1, subd. (c).)

Section 84211, subdivision (f), requires a committee to report on each of its campaign statements the following information about a person if the cumulative amount of contributions received from that person is $100 or more and a contribution has been received from that person during the reporting period covered by the campaign statement: (1) the contributor's full name; (2) the contributor's street address; (3) the contributor's occupation; (4) the name of the contributor's employer, or if self-employed, the name of the contributor's business; (5) the date and amount of each contribution received from the contributor during the reporting period; and (6) the cumulative amount of contributions received from the contributor. "Cumulative amount" means the amount of contributions received in the calendar year. (Section 82018, subd. (a).)

If the contribution is a loan, then for each campaign statement filed by a candidate or committee, Section 84211, subdivision (g), requires the reporting of the following information about any lender to the candidate or committee if the cumulative amount of loans received from the lender is $100 or more, and the loans are outstanding during the reporting period covered by the campaign statement: (1) the lender's full name; (2) the lender's street address; (3) the lender's occupation; (4) the name of the lender's employer, or if self-employed, the name of the lender's business; (5) the original date and amount of the loan; (6) the due date and interest rate of the loan; (7) the cumulative payment made or received to date at the end of the reporting

period; (8) the balance outstanding at the end of the reporting period; and (9) the cumulative amount of contributions received from the lender.

In addition, Section 84301 prohibits contributions "made, directly or indirectly, by any person in a name other than the name by which such person is identified for legal purposes."

Duty to File Semi-Annual Campaign Statements

Section 82013, subdivision (a), includes within the definition of "committee" any person or combination of persons who directly or indirectly receives contributions totaling one thousand dollars ($1,000) or more in a calendar year. This type of committee is commonly referred to as a "recipient committee." Under Section 82016, a recipient committee that is controlled directly or indirectly by a candidate is a "controlled committee." In relevant part, a candidate means an individual who is listed on the ballot for election to any elective office, including a candidate for any judicial office that is filled at an election. (Sections 82007 and 82023.)

Section 84200, subdivision (a), requires candidates, elected officers, and recipient committees to file semi-annual campaign statements each year no later than July 31 for the reporting period ending on June 30, and no later than January 31 of the following year for the semi-annual reporting period ending December 31. Judges, judicial candidates, and their controlled committees only file for every six-month period in which they receive any contributions or make any expenditures. (Section 84200, subd. (a)(2).) For non-election years, judges and their controlled committees only file if they receive any contributions or make any expenditures *other than* contributions made from the judge's personal funds to other candidates or committees totaling less than $1,000. (Section 84200, subd. (a)(3).)

Liability of Committee Treasurers

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

SUMMARY OF THE FACTS

Respondent Brehmer was elected to the Kern County Superior Court in the 2008 General Election. Respondent Committee was the controlled recipient committee of Respondent Brehmer. At all relevant times to this matter, Respondent Parnell was the treasurer of Respondent Committee.

COUNT 1
Receipt of Cash Contributions of $100 or More

During 2008, Respondents accepted three contributions of $100 or more in the form of cash. Respondents timely reported receiving these contributions on various campaign statements. The Act prohibits receiving cash contributions of $100 or more.[2] The cash contributions are set forth in the table below:

Date Received (on or about)	**Contributor**	**Amount**
April 25, 2008	Law Office of Young & Nichols	$1,000
October 2, 2008	Steve Nichols	$500
October 2, 2008	Todd Gall	$500
	Total:	$2,000

By receiving three cash contributions of $100 or more, Respondents violated Section 84300, subdivision (a), of the Government Code.

COUNT 2
Failure to Disclose the True Source of a $15,000 Loan

In addition to the information regarding contributions received that is required to be reported, when a contribution is received in the form of a loan, then for each campaign statement filed by a candidate or committee, Section 84211, subdivision (g), requires the reporting of the following information about any lender to the candidate or committee if the cumulative amount of loans received from the lender is $100 or more and the loans are outstanding during the reporting period covered by the campaign statement: (1) the lender's full name; (2) the lender's street address; (3) the lender's occupation; (4) the name of the lender's employer, or if self-employed, the name of the lender's business; (5) the original date and amount of the loan; (6) the due date and interest rate of the loan; (7) the cumulative payment made or received to date at the end of the reporting period; (8) the balance outstanding at the end of the reporting period; and (9) the cumulative amount of contributions received from the lender. Section 82015 defines a contribution as a payment made for political purposes and Section 84301 prohibits contributions being made using any name other than the legal name of the source of the contribution.

On or about October 24, 2008, Respondent Parnell made a loan of $15,000 to Respondent Committee by providing the money to Respondent Brehmer in order for Respondent Brehmer to make the contribution from his personal account to the campaign account. Respondent Parnell made the loan to Respondent Brehmer so that Respondent Brehmer could pass the money through to the campaign bank account. On a late contribution report filed on October 27, 2008, as well as on a semi-annual campaign statement filed on March 15, 2010, and all subsequent

[2] The Act prohibits receiving cash contributions, or any contribution that does not come in the form of a written instrument containing the name of the donor and the name of the payee and drawn from the account of the donor or the intermediary, of $100 or more. (Section 84300, subds. (a) and (c).)

campaign statements, Respondents reported the loan as being received from Respondent Brehmer instead of from Respondent Parnell, even though the true source of the contribution was Respondent Parnell.

Respondents failed to disclose the true source of a loan received on the semi-annual campaign statement for the period ending December 31, 2008, and on a late contribution report filed on October 27, 2008, in violation of Sections 84211, subdivision (g) and 84301, of the Government Code.

COUNT 3
Failure to Timely File Semi-Annual Campaign Statements

Respondents' campaign activity for the January 1, 2009 through June 30, 2009 reporting period included expenditures totaling approximately $12,300, although only a $94 deposit was made during this time. Respondents' campaign activity for the July 1, 2009 through December 31, 2009 reporting period included a payment of $15,750 to Respondent Parnell, the treasurer, to repay the loan that was discussed above in Count 3. Therefore, since Respondents made expenditures during these reporting periods, they had a duty to file with the Secretary of State's office and the Kern County Clerk two semi-annual campaign statements for the January 1, 2009 through June 30, 2009, and July 1, 2009, through December 31, 2009, reporting periods, which were due on or before July 31, 2009, and January 31, 2010, respectively. According to the Secretary of State's office and the Kern County Clerk, Respondents failed to file either of these campaign statements. Respondents have since filed these statements as a condition of this settlement agreement.

By failing to timely file two semi-annual campaign statements by the July 31, 2009, and January 31, 2010, due dates, Respondents violated Section 84200, subdivision (a), of the Government Code.

CONCLUSION

This matter consists of three counts of violating the Act, which carries a maximum administrative penalty of five thousand dollars ($5,000) per count.

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 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.

Cash contributions: During 2008, Respondents accepted three contributions of $100 or more in the form of cash. Receiving cash contributions of $100 or more eliminates the checks and balances used in order to verify who the actual contributors are to a campaign. However, the harm is lessened by the fact that Respondents timely reported all three of the cash contributions over $100 on the appropriate campaign statement and maintained records reflecting the sources of the contributions. In addition, the amount of the cash contributions received was only approximately 1.7% of the total contributions received by Respondents during the audit period. Respondents do not have a history of violating the Act.

Other similar cases regarding a violation of Section 84300 that have been recently approved by the Commission include:

In the Matter of Mary Ann Andreas et al., FPPC No. 06/077. This case involved ten counts of various reporting and limits violations. Included in this was one count of receipt of contributions of $100 or more in the form of cashier's checks and money orders. The total received was $9,400, which was less then one percent of the contributions received during the audit period. There was no evidence found that this activity was deliberate. A $2,000 penalty was approved by the Commission on June 10, 2010.

In the Matter of Hubert Walsh, Hub Walsh for Supervisor and Marcia B. Hall, FPPC No. 10/711. This case involved one count of receipt of seven cash contributions of $100 or more. The total amount received was $825, which was only 2.4% of the total contributions received by Respondents. Respondents did not have a history of violating the Act and no evidence was found to indicate this was an intentional violation. A $1,500 penalty was approved by the Commission on January 28, 2011.

Since this behavior also appears to be unintentional and accounted for only a small percentage of the total amount of contributions received, imposition of an administrative penalty of one thousand five hundred dollars ($1,500) is recommended.

Loan: The failure of Respondents to disclose the true source of the $15,000 loan to Respondent Committee amounts to a total of approximately 12% of all contributions and loans received by Respondents during the audit period. Respondent Parnell stated that he was unaware that he was the reportable source of the loan, since it was made from him to Respondent Brehmer for Respondent Brehmer to deposit into his campaign committee account. Once notified of the error, Respondents amended their campaign statements to disclose the true source of the loans.

Other similar cases regarding the misreporting of loans recently approved by the Commission include:

In the Matter of Arlie Ricasa, Kinde Durkee and Arlie Ricasa 2008, FPPC No. 10/808. This case involved one count failure to disclose a loan to the campaign. An $18,000 loan made by the treasurer to the campaign committee to cover campaign expenses was not properly

reported prior to the 2008 Assembly election. An amendment was filed prior to an enforcement action being taken, although the treasurer has a history of enforcement actions being taken against her for a multitude of violations. A $2,000 penalty was approved by the Commission on April 11, 2011.

In the Matter of Gregory C. Hill, Greg Hill for Assembly '05, and Betty Presley, FPPC No. 06/1163. This case involved two counts of accepting contributions over the limits and one count of misreporting of loans made to the campaign committee to circumvent the those limits. In this case, the candidate maintained that he did not realize that he could not receive loans from his fiancée and her business, place them into his personal bank account, and then loan his campaign the funds without his fiancée and her business being reported as the true source of the loans. Respondents reported the loans, totaling $20,000, as coming from Respondent Hill. However, it was noted that Respondent Hill has an extensive history of holding and running for political office with great familiarity with the Act and Respondent Presley is a professional treasurer. A $2,500 penalty for this count was approved by the Commission on June 12, 2008.

In this case, Respondents' actions were similar to the cases above in that they all reflect about the same amount of money being misreported (between $15,000 - $20,000). This case appears to consist of negligent behavior which occurred through a lack of understanding of the Act. Respondent Parnell asserts that he believed that by loaning Respondent Brehmer the money personally through a written loan agreement, rather than loaning the money to the campaign directly, he would have an increased chance of being repaid. In addition, unlike the *Hill* case above, there is no possibility that the motive was to circumvent the contribution limits since the office Respondent Brehmer successfully ran for did not have contribution limits in effect. Respondent Brehmer also reported the loan on his Statement of Economic Interests that he filed after the election as a personal loan received from Respondent Parnell. Upon request, Respondents voluntarily amended the campaign statements to report Respondent Parnell as the true source of the loan. Therefore, imposition of an administrative penalty in the amount of two thousand dollars ($2,000) is recommended.

Filing Campaign Statements: Respondents had a duty to file with the Secretary of State's office and the Kern County Clerk two semi-annual campaign statements for the January 1, 2009 through June 30, 2009, and July 1, 2009, through December 31, 2009, reporting periods, which were due on or before July 31, 2009, and January 31, 2010, respectively. Respondents' campaign activity for the January 1, 2009 through June 30, 2009 reporting period included expenditures totaling approximately $12,300, although only a $94 deposit was made during this time. Respondents' campaign activity for the July 1, 2009 through December 31, 2009 reporting period included a payment of $15,750 to Respondent Parnell, the treasurer, to repay the loan that was discussed above in Count 2.

The public harm inherent in disclosure violations is that the public is deprived of important information, such as the sources and amounts of expenditures made by a campaign, as well details regarding loan repayment. However, the amounts not reported on these campaign statements were relatively low when compared to the total amount spent by the campaign, which was over $114,000. In addition, Respondent Brehmer was a first time candidate and had limited experience with the Act.

Other similar cases regarding failure to file post-election 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 and two counts of failure to timely file pre-election campaign statements. Most of the reporting periods contained amounts that were also relatively low when compared to the committee's contributions received and expenditures made per election. In addition, the Yolo Committee filed a few of these campaign statements timely at the local level while forgetting the obligation to file with the Secretary of State's office. There was no evidence found that this activity was deliberate. A $2,000 per count penalty for the campaign statements not filed timely with either filing officer, while a $1,500 per count penalty for the campaign statements that were filed timely with the local filing officer but not the state, 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 timely 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.

In this case, Respondents' actions were similar to the cases above in that none of these cases appear to include anything more than negligent behavior. The amounts not reported are similar to the two cases listed above, although Respondents did not file timely locally as was the case for some of the campaign statements in the *Yolo County* case. The present case does not appear to be a pattern of behavior or part of a bigger disclosure issue and, upon request; Respondents voluntarily filed the delinquent campaign statements. Therefore, imposition of an administrative penalty in the amount of two thousand dollars ($2,000) is recommended.

PROPOSED PENALTY

After consideration of the factors of Regulation 18361.5, including whether the behavior in question was inadvertent, negligent or deliberate and the presence or absence of good faith, as well as consideration of penalties in prior enforcement actions, the imposition of a penalty of five thousand five hundred dollars ($5,500) is recommended.