EXHIBIT 1

INTRODUCTION

Respondent Californians for SAFE Food, a coalition of public health and food safety experts, labor unions, consumers, family farmers and veterinarians. No on Proposition 2 (“Respondent Committee”) is a primarily formed committee which opposed Proposition 2 in the November 2008 General Election. Respondent J. Richard Eichman (“Respondent Eichman”) was the treasurer of Respondent Committee at all times relevant to this matter.

On September 24, 2007, a statement of organization was filed for Respondent Committee stating that it had qualified as a committee on September 21, 2007. The statement of organization did not disclose that Respondent Committee was a sponsored committee, that Pacific Egg and Poultry Association (“PEPA”) was the sponsor or include PEPA in the name of Respondent Committee. PEPA was not disclosed as a sponsor of Respondent Committee until an amendment to the statement of organization was filed on October 21, 2008, over a year late.

On or about July 9, 2008, the United Egg Producers, Inc. (“UEP”) also became a sponsor of Respondent Committee. An amendment to the statement of organization disclosing UEP as a sponsor was required to be filed on or about July 19, 2008, but was not filed until October 21, 2008, approximately three months late.

The failures to timely disclose the sponsors of Respondent Committee are violations of the Political Reform Act (the “Act”).

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

COUNT 1: Respondents Californians for SAFE Food, a coalition of public health and food safety experts, labor unions, consumers, family farmers and veterinarians. No on Proposition 2 and J. Richard Eichman failed to disclose Pacific Egg and Poultry Association as a sponsor on Respondent Committee’s statement of organization, and to include Pacific Egg and Poultry Association in Respondent Committee’s name, in violation of Section 84102, subdivisions (a) and (b).

COUNT 2: Respondents Californians for SAFE Food, a coalition of public health and food safety experts, labor unions, consumers, family farmers and veterinarians. No on Proposition 2 and J. Richard Eichman failed to file an amended statement of organization within 10 days to disclose United Egg Producers, Inc. as a sponsor of Respondent Committee, in violation of Section 84103, subdivision (a).

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1 The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 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.
SUMMARY OF THE LAW

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

**Duty to File a Statement of Organization and Disclose Sponsor**

Section 82013, subdivision (a) defines a “committee” to include any person 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.” Section 82047.5 defines a “primarily formed committee” to include a recipient committee which is formed or exists primarily to support or oppose a single ballot measure. Under Section 84101, subdivision (a), a person who qualifies as a recipient committee must file a statement of organization (Form 410) with the Secretary of State within 10 days of qualifying.

Section 82048.7, subdivision (a) defines a “sponsored committee” as a recipient committee, other than a candidate controlled committee, with one or more sponsors. Under Section 82048.7, subdivision (b), an organization sponsors a committee if any of the following apply: (1) the committee receives 80 percent or more of its contributions from the organization; (2) the organization collects contributions for the committee by use of payroll deductions or dues; (3) the organization provides all or nearly all of the administrative services for the committee; or (4) the organization sets the policies for soliciting contributions or making expenditures of committee funds.

Section 84102, subdivision (a) requires, in the case of a sponsored committee, the name of the committee shall include the name of the sponsor. Section 84102, subdivision (b) requires that the name, street address, and telephone number of each sponsor be disclosed on the statement of organization.

**Duty to Amend the Statement of Organization**

Section 84103, subdivision (a) requires whenever there is a change in any of the information contained in a statement of organization, an amendment shall be filed within 10 days to reflect the change.

**Liability of Committee Treasurer**

Under Section 81004, subdivision (b), Section 84100, and Regulation 18427, subdivision (a), it is the duty of the 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

PEPA is currently a sponsor of Respondent Committee, and has been from the time Respondent Committee was formed in September 2007. Officers of PEPA hired the treasurer of Respondent Committee and set policies for soliciting contributions and making expenditures of Respondent Committee’s funds. In July 2008, a Charter and Bylaws was adopted by Respondent Committee which established an Executive Committee consisting of three members. The members of the Executive Committee were charged with conducting the business affairs of Respondent Committee which included setting the policies for soliciting contributions and making expenditures. An officer of UEP was appointed as one of the members of the Executive Committee. The other two members were officers of PEPA.

COUNT 1
Failure to Disclose Sponsor and Include Name of Sponsor in Name of Committee

PEPA was a sponsor of Respondent Committee at all times relevant to this matter, and the sole sponsor of Respondent Committee from the time that Respondent Committee was formed until on or about July 9, 2008, when UEP became an additional sponsor. As a sponsored committee, Respondents were required to include in Respondent Committee’s statement of organization PEPA’s name, street address and telephone number. During the period Respondent Committee was sponsored solely by PEPA, September 2007 until on or about July 9, 2008, Respondents were required to include PEPA’s name in the name of Respondent Committee. Respondents failed to disclose PEPA’s information in the statement of organization and to include PEPA in Respondent Committee’s name.

By failing to disclose PEPA’s name, street address, and telephone number in the statement of organization and to include PEPA in the name of Respondent Committee, Respondents violated Section 84102, subdivisions (a) and (b).

COUNT 2
Failure to file an Amendment to the Statement of Organization within 10 Days

On or about July 9, 2008, UEP became a sponsor of Respondent Committee by having one of its officers become a member of Respondent Committee’s Executive Committee, which set the policies for soliciting contributions and making expenditures of Respondent Committee’s funds. Respondents were required to file an amendment to the statement of organization to disclose UEP as a sponsor within 10 days of UEP becoming a sponsor. Respondents did not file an amendment to disclose UEP as a sponsor of Respondent Committee until October 21, 2008, over three months late.

By failing to timely file the amendment to the statement of organization, Respondents violated Section 84103, subdivision (a).
CONCLUSION

This matter consists of two counts of violating the Act carrying a maximum administrative penalty of Ten Thousand Dollars ($10,000).

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. Additionally, the Enforcement Division considers the facts and circumstances of the violation in context of the factors set forth in Regulation 18361.5, subdivision (d)(1)-(6): 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; and whether there was a pattern of violations.

The failure to disclose a sponsor on a committee’s statement of organization is a serious violation of the Act, as it conceals from the public the true nature of the sponsored committee’s interests. The typical stipulated administrative penalty for this violation has ranged from the middle to high end of the penalty range, depending on the facts and circumstances involved, such as whether the violation was deliberate and done with the intent to deceive the public.

FACTORS IN AGGRAVATION

Respondent Eichman was knowledgeable regarding the filing requirements of the Act having had experience serving as treasurer for numerous committees. Respondents filed five amendments to the statement of organization from October 31, 2007, through July 1, 2008, and did not disclose PEPA as a sponsor of Respondent Committee in any of these amendments or change the name of the Respondent Committee to include PEPA even though the name of Respondent Committee was repeatedly changed. Instead of accurately disclosing PEPA as a sponsor of Respondent Committee, “Farmers” was disclosed as the sponsor in two of the amendments to the statement of organization.

FACTORS IN MITIGATION

In this matter, the nature of Respondent Committee’s interests was reflected in the name of Respondent Committee. Both PEPA and UEP are membership organizations that represent the farming industry. At different times, Respondent Committee’s name reflected the farming industry and the egg farming industry. In properly filed campaign statements, PEPA and UEP were disclosed as making contributions to Respondent Committee and UEP was disclosed as an intermediary for a substantial amount of contributions received by Respondent Committee.

Respondents cooperated fully during the investigation.
PENALTY

The facts of this case, including the aggravating and mitigating factors discussed above, justify imposition of the agreed upon penalty of Two Thousand Five Hundred Dollars ($2,500) per count for a total penalty of Five Thousand Dollars ($5,000).