# 2018 ANNUAL REPORT

Fair Political Practices Commission

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# Chair and Commissioners' Messages and Priorities for 2019

## Alice T. Germond, Chair

As Chair of the FPPC, I want to thank my fellow Commissioners and staff for the hard work and accomplishments of 2018. This dynamic election year brought many challenges. Our report highlights the ways we successfully met them, and underscores innovations such as our AdWATCH program, streamlined processes and clearer priorities.

2019 will also bring new ideas and opportunities to keep the FPPC at the national forefront of ethics and integrity in government.

It is my privilege to serve and I look forward to continue serving the people of California as we promote the integrity of our political process.

## Brian Hatch, Commissioner

One of our proudest achievements in 2018 is the new governance principles for the FPPC. The new regulations change the structure and oversight of the Commission to provide a more transparent and efficient way of developing policies and practices. This common sense approach will help cut through the clutter and will also provide the public with more transparency to see how policy is developed and implemented. These changes are appreciated by our stakeholders and we will continue our efforts to make sure the FPPC is run more effectively to serve the political community and all Californians.

## Allison Hayward, Commissioner

California has one of the nation's most comprehensive disclosure laws. I am proud of the work we do at the FPPC to ensure that those laws are interpreted correctly and enforced fairly. The compliance burdens we place on activists, candidates, and other political participants can be onerous. My mission continues to be to work to make the system effective, accessible, and evenhanded. To that end, any member of the public should feel free to contact the Commission or any of us Commissioners if you believe we are falling short of the mark.

## Frank Cardenas, Commissioner

"A body of men holding themselves accountable to nobody ought not to be trusted by anybody." Thomas Paine, The Rights of Man (1791)

Our Nation was borne of a desire to escape and preclude tyranny and oppression by unelected powerful elites. Since its inception, the experiment that is American democracy has been founded on the conviction that "We the People" are the true and proper source and foundation of legitimate political power. It is through free and fair elections that we the voters transfer some of our power to those who seek and hold political office.

In 1974, the people of California had the wisdom to strengthen certain democratic institutions in this state by adopting the Political Reform Act of 1974; which states, in part: "State and local government should serve the needs and respond to the wishes of all citizens equally, without regard to their wealth" and "Public officials, whether elected or appointed, should perform their duties in an impartial manner, free from bias caused by their own financial interests or the financial interests of persons who have supported them." The Political Reform Act embodies our commitment as Californians to those democratic ideas that must continue to sustain our union.

As we report on another year of stewardship and enforcement of the Political Reform Act, the staff and members of the Fair Political Practices Commission take no small measure of pride in seeing to it that the will of the people of California be done: that our democratic institutions and practices remain free, fair, open and transparent. We invite your interest, your criticisms, your ideas, and most importantly, your engagement.

# 2018 Year in Review

The Commission provided advice to over **23,441** inquiries submitted via phone and email, and presented **51** workshops throughout the state.

The Commission successfully resolved **1,243** cases, which included **235** settlements approved by the Commission totaling over **$499,606** in fines.

The Commission approved **119** state agency and multi-county agency conflict of interest codes.

The Commission implemented the **4** bills signed by the Governor that changed the Political Reform Act, including changes to advertising laws and enforcement of local campaign and ethics ordinances.



# Significant Developments

## FPPC Enforcement of City of Sacramento Ordinances

Authorized under Senate Bill 267 (Chapter 622, Statutes of 2017), the City of Sacramento and the Fair Political Practices Commission entered into a contract for the Commission to assume the primary responsibility for the impartial, effective administration, implementation, and enforcement of the City's campaign finance reform ordinance. Under state law, the Commission must provide a report to the Legislature about the performance of the contract on or before January 1, 2022 including any cost savings by the City of Sacramento and other annual performance metrics. In addition to the City of Sacramento, the Commission has had a contract with the County of San Bernardino to enforce its campaign finance ordinances.

## Commission Launched New Election Season Tool: AdWATCH

Leading up to the November 2018 Election Day, the Commission provided the public a way to make sure campaigns are providing proper disclosure on political advertising. AdWATCH is a new tool on the Commission website which provides a place where anyone can upload a picture of a campaign sign or a video of a campaign ad they believe may have legally questionable advertising disclosures. AdWATCH allowed Commission staff to review ads quickly to determine compliance with the Political Reform Act's disclosure laws and take appropriate corrective actions if necessary. AdWATCH could be found on the front page of the Commission's website from October 1st through the November 6th Election Day.

## Electronic Payments of Commission Penalties

Commission penalties can now be paid electronically through the Commission's website. This new system accepts Visa, Mastercard and Discover Card. To pay a penalty, the payor will need to simply provide basic information: a valid email address, debit or credit card information, and the case number. "Not only will this be more convenient for the person who has incurred a fine and allow them to avoid the hassle and expense of obtaining a cashier's check or money order, this will also help the Enforcement Division modernize and streamline our payment processing," said FPPC Enforcement Chief Galena West.

# FPPC hosts International Visitors

The FPPC Education and External Affairs Division hosted numerous international delegations consisting of elections and anti-corruption officials from around the world. External Affairs Director Phillip Ung and Communications Director Jay Wierenga presented the mission and work of the FPPC, outlining the various roles of each division as well as explaining the history and goals of the Political Reform Act and its effectiveness in California politics.

The FPPC hosted delegations from Nigeria, Italy, Armenia, Ukraine, and China, as well as an international delegation with representatives from 11 countries including Belize, Indonesia, Germany, Kosovo, Dominican Republic, Nigeria, South Korea, Nepal, Lithuania, Sri Lanka, and Papua New Guinea. The FPPC also hosted a visit by mid-term elections observers from the Organization for Security and Cooperation in Europe in which the observers learned more about the relationship and distinctions between local, State and Federal elections.

These visits are sponsored and coordinated by both the International Visitor Leadership Program from the U.S. State Department as well as the World Trade Center of Northern California.

# Enforcement Review Task Force

In February, the Commission agreed to conduct a holistic review of the Enforcement Division's practices and procedures. One of the stated purposes of the process is to create a procedures manual that provides an overview of how an enforcement complaint is filed, opened, investigated and resolved. Central to this review process was the creation of the Enforcement Review Task Force. The multidisciplinary membership of the Task Force consists of representatives from the State Legislature, academia, government reform organizations, political attorneys, lobbying firms, counties and cities, and representatives from the business and labor communities.

# FPPC on the Road

For the first time since 2013, the FPPC held its monthly Commission meeting away from Sacramento. The Edward R. Roybal Board of Public Works Room in the Los Angeles City Hall provided the setting for the September meeting. After a welcome from City Council President Herb Wesson, the Commission heard a presentation by the Los Angeles Ethics Commission Executive Director Heather Holt, before taking up the regular agenda.

Earlier in the year the Commission voted to hold meetings in various locations across the State. The goal is to allow more Californians to take part in their State government and provide more transparency to the state's political process.

# Governmental Ethics Laws (COGEL) Conference in Philadelphia

Chief of Enforcement Galena West and Senior Counsel Sukhi Brar attended the Council on Governmental Ethics Laws (COGEL) conference in Philadelphia from December 9-12th. Sukhi serves on COGEL's Program Committee which is responsible for planning each session for the conference. As part of her work for the committee, Sukhi organized and participated in panels on political corruption and regulation of social media ads. An informational display on the FPPC's successful AdWATCH program was also prepared for the conference's Innovation Showcase. Galena presented at two panels. One panel covered emerging trends in investigations and enforcement and the other panel covered trial skills with a focus on witness testimony. Other presentations at the conference included a post-Watergate breakdown of where reform is now, a discussion on how agencies should react to the erosion of ethical norms, a discussion with the Director of the short film, *Dark Money*, and a #MeToo presentation on combating a harassment culture. COGEL is an international professional organization for government agencies, organizations, and individuals with responsibilities or interests in government ethics, elections, campaign finance, lobbying, and freedom of information. COGEL's annual conference is the premier conference in North America on these issues.

# Outreach Statistics

## 12,911 Advice E-mails

Members of the public may submit emails to advice@fppc.ca.gov 24/7. Staff quickly responds to basic questions regarding compliance with the Act.

## 10,530 Advice Phone Calls

1-866-Ask-FPPC is open Monday-Thursday, 9am-11:30am. The FPPC also offers extended hours of operation in the days leading up to filing deadlines.

## 273 Advice Letters

Commission attorneys researched and authored **204** advice letters in 2018; **69** of these letters related to Government Code Section 1090.

## 51 Workshops

FPPC staff conducted 51 workshops across California. The workshops provided training and education on campaign finance disclosure, Statement of Economic Interests, filing officer responsibilities, and candidate and treasurer duties.

# Appendix A

## Significant Enforcement cases In 2018

### Conflicts of Interest/Gift Non-Reporting

**In the Matter of Eric Mar (November 2017)**

Eric Mar, a former San Francisco County Supervisor, failed to disclose gifts from the concert promoter on his 2011-2015 Annual Statements of Economic Interests, in violation of Government Code Section 87203 and 87207, subdivision (a). Mar sponsored and voted in favor of a resolution before the San Francisco Board of Supervisors to extend a permit for a concert on county property when he had received gifts that exceeded the state gift limit from the concert promoter within 12 months of the decisions, in violation of Government Code Section 87100. The proposed settlement in this case was prepared in coordination with the San Francisco Ethics Commission, which imposed a penalty at its October 2017 meeting of $16,690.50 against Mar for violating a local San Francisco ordinance prohibiting public officials from receiving gifts of more than $25 from persons who contract with the official's agency. The gifts in the San Francisco Ethics Commission action were the same gifts at issue in this case. ***Total Penalty: $9,500.***

**In the Matter of Kevork N. "George" Ashkharian (April 2018)**

"George" Ashkharian was employed by the State Compensation Insurance Fund (SCIF) from February 5, 2001 to April 13, 2014, as a Workers' Compensation Insurance Supervisor II at SCIF's Los Angeles Claims Services. This case is presented as a proposed settlement agreement resulting from a settlement conference held by the Office of Administrative Hearings. Ashkharian violated the Act by negotiating and settling lien claims with Global Holdings, a source of income to him of $500 or more in the 12 months preceding each settlement because Global Holdings was his wife's employer, in violation of Government Code Section 87100.
***Total Penalty: $5,000.***

**In the Matter of Phil Rath (November 2018)**

Phil Rath assumed office as a member of the Civic San Diego Board of Directors on July 28, 2015, where he presently serves. On August 9, 2018, Rath and the City of the San Diego Ethics Commission entered into a Stipulation, Decision, and Order regarding four violations of the City of San Diego Ethics Ordinance and paid a fine of $11,000. While serving on the Board of Civic San Diego, Rath failed to disclose a source of income on an Assuming Office Statement of Economic Interests and his Annual 2015 Statement of Economic Interests, in violation of Government Code Section 87300. While serving on the Board, Rath voted on June 8, 2016 and June 22, 2016, in favor of applications submitted by a source of income, in violation of Government Code Section 87100.
***Total Penalty: $5,000.***



### Personal Use of Campaign Funds

**In the Matter of David Guzzetti (December 2017)**

David Guzzetti was the treasurer and Co-Chair of Chico Conservation Voters. On approximately 148 occasions from August 2012 through January 2015, Guzzetti used committee campaign funds totaling approximately $11,917 for personal purposes, which were unrelated to any political, legislative, or governmental purpose, in violation of Government Code Section 89512.5.
***Total Penalty: $24,000.***

**In the Matter of Jackie Wong for School Board 2016 and Jackie Wong (May 2018)**

Jackie Wong was a successful candidate for the Washington Unified School District Board Member in the November 8, 2016 General Election. Jackie Wong for School Board 2016 was her candidate-controlled committee. The Committee and Wong made expenditures of campaign funds not related to a political, legislative, or governmental purpose, in violation of Governmental Code Sections 89512 and 89517. ***Total Penalty: $3,000.***

### Lobbying

**In the Matter of Susan Kennedy and Susan P. Kennedy, Inc. (February 2018)**

Susan Kennedy qualified as a lobbyist as the result of attempting to influence commissioners and staff of the California Public Utilities Commission from 2012 through 2014 on behalf of her clients: Lyft, Inc. and San Gabriel Valley Water Company. Susan P. Kennedy, Inc. is Kennedy's consulting company that received payment for Kennedy's lobbying thereby qualifying as a lobbying firm. Kennedy and Susan P. Kennedy, Inc. failed to timely register as a lobbyist and lobbying firm, in violation of Government Code Sections 86100 and 86101; and failed to timely file quarterly lobbyist and lobbying firm reports for seven calendar quarters, in violation of Government Code Sections 86113, 86114, and 86117.
***Total Penalty: $32,500.***

**In the Matter of Sutter Health (December 2017)**

Sutter Health, a lobbyist employer, failed to timely file nine lobbyist employer reports in violation of Government Code Section 86117. ***Total Penalty: $18,000***.

**In the Matter of Los Angeles County Metropolitan Transportation Authority (August 2018)**

The Los Angeles County Metropolitan Transportation Authority ("LA Metro") is a public transportation agency for the County of Los Angeles. LA Metro failed to accurately report the payments made to lobbying firms, in violation of Government Code Section 86116, subdivision (b); and failed to timely disclose other payments to influence, in violation of Government Code Section 86116, subdivision (h)(1) and 86117. ***Total Penalty: $3,500.***

## San Bernardino County Ordinance – Campaign Contribution Limit Violations

**In the Matter of Wyn Holmes (May 2018)**

Wyn Holmes, a real estate developer in Southern California, made contributions over the limit to San Bernardino County Board of Supervisor Candidates Bill Holland and Paul Russ prior to the June 7, 2016 Primary Election in San Bernardino County, in violation of San Bernardino Ordinance 12.4305, subdivision (a). Holmes failed to timely file major donor campaign statements to report the contributions made in 2015 and 2016, in violation of Government Code Section 84200; and failed to file one 24-Hour Report, in violation of Government Code Section 84203. ***Total Penalty: $10,500.***

## Campaign Contribution Limit Violations

**In the Matter of IBEW Local 1245 Political Action Committee, Cecelia De La Torre, and Tom Dalzell (April 2018)**

IBEW Local 1245 Political Action Committee is a state general purpose committee. Cecelia De La Torre is the Committee's treasurer. Tom Dalzell is the Committee's principal officer. The Committee, De La Torre, and Dalzell made campaign contributions to a candidate that exceeded the campaign contribution limit for State Assembly candidates, in violation of Government Code Section 85301, subdivision (a); and Regulation 18545, subdivision (a)(1). ***Total Penalty: $3,000.***

## Revolving Door - One-Year Ban

**In the Matter of Christopher Lewis (July 2018)**

This case arose from an audit performed by the California State Auditor. Christopher Lewis separated from employment with the Department of Health Care Services, Substance Use Disorder Compliance Division in 2014 after serving as the Chief of the Licensing and Certification Section for almost four years. Michelle J. Berner of Kroesche Schindler LLP represented Lewis in this matter. In the year that followed, Lewis began representing members of the regulated community with respect to his former employer's licensing and certification process. During this time, he frequently contacted DHCS for the purpose of attempting to influence or expedite decisions on behalf of his paying clients, in violation of Government Code Section 87406, subdivision (d)(1). ***Total Penalty: $12,000.***

## One Bank Account Rule/Personal Use

**In the Matter of Donna Munoz for County Supervisor 2016, Donna Munoz, and Max Hazard (April 2018)**

Donna Munoz was an unsuccessful candidate for San Bernardino County Supervisor in the June 7, 2016 Primary Election. Donna Munoz for County Supervisor 2016 was Munoz's candidate-controlled committee. Max Hazard was the Committee's treasurer. The Committee, Munoz, and Hazard failed to timely file 24-Hour Reports, in violation of Section 84203; failed to pay expenses from the designated campaign bank account, in violation of Section 85201, subdivisions (d) and (e); and made expenditures of campaign funds not related to a political, legislative, or governmental purpose, in violation of Section 89512. ***Total Penalty: $6,500.***

## Mass Mailing at Public Expense

**In the Matter of Imperial Irrigation District (April 2018)**

Imperial Irrigation District, a public agency providing water and energy to Imperial County and parts of Riverside and San Diego counties, produced and sent approximately 152,000 copies of a newsletter in or about September 2017, at public expense. These newsletters featured the photograph and name of a governing board member, in violation of Government Code Section 89001. ***Total Penalty: $2,000.***

**In the Matter of West Valley Water District (June 2018)**

West Valley Water District serves approximately 80,000 customers in Southwestern San Bernardino County and Northwestern Riverside County. West Valley Water District prepared and distributed a mass mailing featuring an elected official at public expense, in violation of Government Code Section 89001. ***Total Penalty: $2,000.***

**In the Matter of Riverside County Office of Education (August 2018)**

In or around January 2018, the Riverside County Office of Education designed, printed, and distributed over 200 copies of a booklet at public expense featuring photographs and names of several elected officials, in violation of Government Code Sections 89001 and 89002, subdivision (a). ***Total Penalty: $2,000.***

## Advertisements

### In the Matter of Fair Rents 4 Pacifica, Julie Starobin, and Thursday Roberts (June 2018)

Fair Rents 4 Pacifica is a local ballot measure committee created to support City of Pacifica Measure C, which appeared on the November 7, 2017 Special Election ballot. Julie Starobin was the Committee's treasurer. Thursday Roberts is the Committee's principal officer. The Committee, Starobin, and Roberts failed to timely change the name of the Committee to reflect the supported ballot measure, and failed to include "Measure C" in the Committee's name on mass mailings and advertisements, in violation of Government Code Sections 84103, 84107, 84305, and 84504. ***Total Penalty: $3,500.***

### In the Matter of Save Open Space & Agricultural Resources, Inc. (A controlled committee by Ventura County Supervisors Steve Bennett and Linda Parks) (June 2018)

Save Open Space & Agricultural Resources, Inc. (A controlled committee by Ventura County Supervisors Steve Bennett and Linda Parks) is a local general purpose ballot measure committee in Ventura County. The Committee failed to include proper advertising disclosure statements on electronic advertisements, in violation of Government Code Section 84504, subdivision (c). ***Total Penalty: $3,000.***

### In the Matter of Al Bairos and Committee to Re-elect Al D. Bairos OID Director District #4 2015 (July 2018)

Al Bairos was an unsuccessful candidate for re-election to the Oakdale Irrigation District in the November 3, 2015 General Election. Re-elect Al D. Bairos OID Director District #4 2015 was his candidate-controlled committee. The Committee and Bairos failed to disclose contributions and expenditures, in violation of Government Code Section 84211; failed to file one semiannual campaign statement, in violation of Government Code Section 84200; and failed to include a proper disclaimer on a mass mailing, in violation of Government Code Section 84305, subdivision (a) and Regulation 18435, subdivision (d). ***Total Penalty: $4,000.***

### In the Matter of Yes on Prop. 57, Californians and Governor Brown for Public Safety and Rehabilitation (August 2018)

Yes on Prop. 57, Californians and Governor Brown for Public Safety and Rehabilitation was a primarily formed ballot measure committee created to support California Proposition 57 on the November 8, 2016 General Election ballot. The Committee failed to identify the California Democratic Party as one of its top two contributors of $50,000 or more, and failed to present the text in a clear and conspicuous manner in an advertisement disclosure statement on its website, in violation of Government Code Section 84503 and Regulation 18450.4, subdivisions (b)(1) and (b)(3)(G)(1). ***Total Penalty: $2,500.***

### In the Matter of Save Avalon Now, A Committee Supporting Mayor Marshall, Council Candidates Montano and Hernandez, Opposing Council Candidates MacGugan-Cassidy, Olsen and Fertig 2016, Mike Sheehan, and Lysa Ray (September 2018)

Save Avalon Now, A Committee Supporting Mayor Marshall, Council Candidates Montano and Hernandez, Opposing Council Candidates MacGugan-Cassidy, Olsen and Fertig 2016 was primarily formed to support and oppose six different candidates for mayor and city council in the City of Avalon's April 12, 2016 Election. The principal officer of the Committee was Mike Sheehan, and the treasurer was Lysa Ray. The Committee, Sheehan, and Ray failed to timely file three 24-hour independent expenditure reports, in violation of Government Code Section 84204; and the Committee and Sheehan failed to disclose the full name of the Committee on 14 different advertisements and include the appropriate independent expenditure disclaimer on seven different advertisements, in violation of Government Code Sections 84506 and 84506.5. ***Total Penalty: $4,500.***

### In the Matter of Bluff Cove Homeowners' Association Measure E Opposition Committee, Jennifer Hope, and Robert L. Chapman, Jr. (October 2018)

Bluff Cove Homeowners' Association Measure E Opposition Committee is a primarily formed ballot measure committee created to oppose Palos Verdes Estates Measure E, which appeared on the ballot in the April 10, 2018 Special Election. Jennifer Hope is the Committee's principal officer and Robert L. Chapman is the Committee's treasurer. The Committee, Hope, and Chapman failed to timely file two pre-election campaign statements, in violation of Government Code Sections 84200.5, subdivision (a), and 84200.8, subdivisions (a) and (b); the Committee and Hope also failed to include the name of the Committee and required "Paid for by" phrase on five mailer advertisements, in violation of Government Code Sections 84502 and 84504.2, subdivision (a). ***Total Penalty: $3,500.***

# Appendix B

## 2018 Legislation

**DISCLOSE Act Clean Up** *(AB 2155 (Mullin) – Chapter 777, Statutes of 2018)*

The bill excludes additional types of communications from the definition of advertisement. The bill makes various amendments to formatting requirements for advertisements. For committee advertisements that support or oppose a candidate, the bill would exclude certain nonprofit entities and persons who have prohibited the use of their contributions to support or oppose candidates from the determination of top contributors. The bill prohibits the Commission from interpreting or construing specific provisions in the Act, as allowing the Commission to establish any threshold in quantity or amount that are not specified in those provisions. This bill is operative January 1, 2019.

**Social Media DISCLOSE Act** *(AB 2188 (Mullin) – Chapter 754, Statutes of 2018)*

This bill does not become operative until January 1, 2020. The bill modifies the disclosures required for electronic media advertisements. The bill requires the disclosures on a committee's profile, landing page, or similar location to be on the cover or header photo when the page is viewed by commonly used electronic devices. The bill requires committees that disseminate advertisements on an online platform to expressly notify the platform of specific information required by this bill. The bill requires online platforms to maintain a public record of any advertisement disseminated on the online platform by a committee that purchased $500 or more in advertisements during the preceding 12 months.

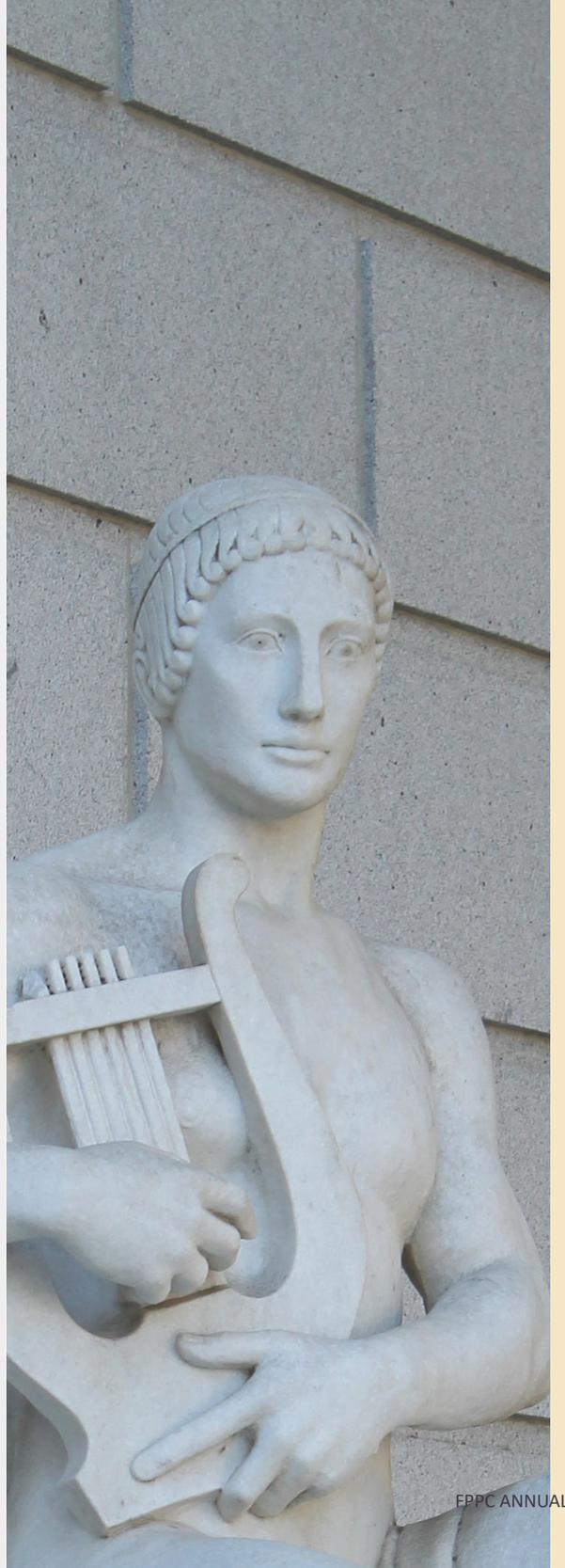
**Authorize Commission to Contract with Local Jurisdictions** *(AB 2880 (Harper) – Chapter 394, Statutes of 2018)*

The bill authorizes the Fair Political Practices Commission to have primary responsibility for the impartial, effective administration, implementation, and enforcement of local campaign finance and governmental ethics laws for any local jurisdiction upon the adoption of an agreement between the jurisdiction and the Commission. Jurisdictions with populations greater than 3 million are not authorized to contract with the Commission. The Commission must provide a report to the Legislature about the agreement by January 1, 2025.

**Comprehensive Changes for Cal-Access Implementation** *(SB 1239 (Hertzberg) – Chapter 662, Statutes of 2018)*

This bill does not become operative until the Secretary of State certifies the new Cal-Access System. The bill generally recasts certain provisions related to the filing and processing of campaign reports and statements to provide for the filing, verification, delivery, amendment, retention, and inspection of those document online and electronically. The bill also repeals various obsolete or extraneous provisions of the Act and other technical, non-substantive changes. The bill changes the deadline for payment of the annual fee ($50) required to be paid by each committee to April 30. The bill requires the Secretary of State to public funding details listing the top contributors on the Secretary's website. This bill is operative January 1, 2019.





# Appendix C

## 2018 Annual Report Regulations

### AB 249/The Disclose Act

**18247.5 – Primarily Formed Committees**

Amended to remove language that interpreted Sections 84503 and 84504 of the Act, which were repealed and replaced by AB 249.

**18401 – Required Recordkeeping**

Existing Section 84104 requires each candidate, treasurer, principal officer, and elected officer to maintain detailed accounts, records, bills, and receipts necessary to prepare campaign statements, to establish that they were property filed and to otherwise comply with the Act. Regulation 18401 further clarified these recordkeeping requirements regarding electronic mass mailings and earmarked funds.

**18402 – Committee Names**

Regulation 18402(c) sets forth the Act's rules governing committee names and 18402 was amended to conform with new naming conventions. Additionally, changes were made to remove or correct cross-references to amended or repealed sections of the Act and regulations.

**18420 – Reporting of Campaign Contributions and Expenditures of State or Local Government Agencies**

Regulation 18420 defines when a payment made by a state or local government agency is a contribution or

expenditure under the Act and included a reference to Regulation 18225, which further defines the term "expenditure" under the Act. However, Regulation 18225 was repealed. Regulation 18420 was amended to replace a reference to Regulation 18225 with a reference to new Section 82025.

### 18420.1 – Payments by State or Local Agencies for a Campaign Related Communication

Amended to replace a reference to Regulation 18225 with a reference to Section 82025 because AB 249 moved the provisions found in Regulation 18225 into Section 82025.

### 18423 – Payments for Personal Services as Contributions and Expenditures

Regulation 18423 defines when payments made by an employer to an employee for services performed by the employee for political purposes become a contribution under the Act and included a reference to Regulation 18225. However, Regulation 18225 was repealed. Regulation 18423 was amended to replace a reference to Regulation 18225 with a reference to new Section 82025.

### 18432.5 – Intermediary

Section 84302 prohibits any person from making a contribution on behalf of another person, or from acting as an intermediary or agent of another, without providing to the recipient of the contribution the full name, address, occupation and employer of the true source of the contribution as well as his or her own name, address, occupation and employer. The recipient of such a contribution must disclose both the intermediary and the true source of the contribution. AB 249 amended Section 85704 to incorporate intermediary disclosure requirements of Section 84302 for earmarked contributions. The Commission amended Regulation 18432.5 to incorporate this change.

### 18435 – Definition of Mass Mailing

AB 249 amended Section 84305 to incorporate definitions of the terms "sender" and "pay for," which were previously contained in Regulation 18435, as well as sender identification requirements for electronic mail, into Section 84305(e). The Commission adopted amendments to Regulation 18435 removing the language from the regulation that is now included in Section 84305.

### 18440 – Telephone Advocacy

The prior version of Section 84310 prohibited a "candidate, committee, or slate mailer organization" from expending campaign funds to pay for telephone calls that are similar in nature and aggregate 500 or more in number if those calls advocate support of, or opposition to, a candidate, ballot measure, or both, unless the organization that authorized or paid for the call is disclosed to the recipient of the call. AB 249 amended Section 84310 so that the prohibition applies to a "candidate, candidate controlled committee established for an elective office for the controlling candidate, political party committee, or slate mailer organization" rather than a "candidate, committee, or slate mailer organization." AB 249 also amended Section 84310 by adding new subdivision (d) to that section, which provides that "[t]his section does not apply to a telephone call that is paid for by an independent expenditure." The Commission amended Regulation 18440 to incorporate these changes.

### 18450.5 – Amended Advertising Disclosure

Amended to eliminate language that was replaced by language added to Sections 84503, 84504 and 84509 by AB 249.

### 18521.5 – Ballot Measure Committees Controlled by Candidates for Elective State Office

Amended to remove references to Section 84504, which was repealed and replaced by AB 249, and Regulation 18450.3, which was repealed.

### 18531.10 – Communications Identifying State Candidates

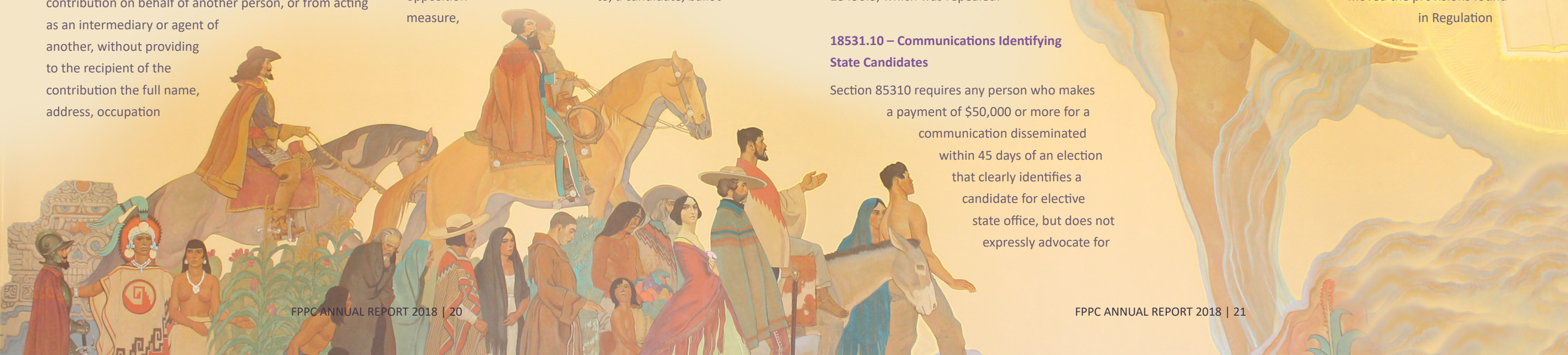
Section 85310 requires any person who makes a payment of $50,000 or more for a communication disseminated within 45 days of an election that clearly identifies a candidate for elective state office, but does not expressly advocate for the election or defeat of the candidate to file a report with the Secretary of State within 48 hours. Regulation 18531.10 defines terms used in Section 85310 and includes a reference to previously repealed Regulation 18225, which defined the term "expenditure" under the Act. The Commission amended Regulation 18531.10 to correct a reference to Regulation 18225 with a reference to Section 82025, which now contains the substance of former Regulation 18225.

### 18533 – Contributions from Joint Checking Accounts

Regulation 18533 specifies the person or persons to whom a specific contribution is attributed when the contribution is made from a joint bank account. AB 249 set forth specific statutory disclosure requirements when a contribution is earmarked. The Commission amended Regulation 18533 to incorporate a reference to AB 249's earmarking provisions as they relate to contributions made from joint checking accounts.

### 18901.1 – Campaign Related Mailings Sent at Public Expense

Amended to replace a reference to Regulation 18225 with a reference to Section 82025 because AB 249 moved the provisions found in Regulation



18225 into Section 82025. Also, deleted a reference to Regulation 18901 and replaced with a reference to Section 89002 because Senate Bill 45 moved the provisions in found in Regulation 18901 into Section 89002.

## Commission Governance

### 18308 – Commission Governance

States that the Commission has set forth regulations to specify the roles of the Commission, and its delegation of powers and duties to the Chair or the Executive Director, and establishes two standing committees consisting of two commissioners, from separate parties, other than the Chair.

### 18308.1 – Authority of the Commission

Specifies the role of the Commission, including setting policy goals, approving the agency budget, interpreting and enforcing the Act, authorizing actions in court, sponsoring legislation, and adopting criteria to be followed by the Law & Policy Committee, Personnel Committee, and Executive Director. It also established the operational procedures and duties of the procedures of the Law & Policy Committee and Personnel Committee, and specified the delegation of powers and duties to the Chair or the Executive Director.

### 18308.2 – Authority of the Chair

Outlines duties of the Chair, including those for setting the agenda and conducting Commission meetings.

### 18308.3 – Authority of the Executive Director

Includes a detailed accounting of the duties of the Executive Director.

## State Revolving Door Provisions

### 18746.1 – Revolving Door; State One-Year Ban

Extended the one-year ban for members of the Legislature who resign, thereby bringing the regulation into conformity with Section 87406 as amended by AB 1620. The amendment specifies that the ban commences upon the effective date of the legislator's resignation and concludes one year after the adjournment sine die of the session in which the resignation occurred. The amendment also clarifies that "adjournment sine die" means the final termination of the legislative session.

### 18746.4 – Revolving Door; Permanently Left and Leave of Absence

Prior Regulation 18746.4(b) defined "the date on which an official permanently leaves office or employment" for purposes of Regulations 18746.1 and 18746.3 as the date on which the official is no longer authorized to perform the duties of the office or employment and stops performing those duties.



The amendment of Regulation 18746.4 amended subdivision (b) of that regulation so that the effective date of a member of the Legislature's resignation from office is the date that that member permanently leaves office, bringing the regulation into conformity with Section 87406 as amended by AB 1620.

## Other Regulations

### 18215.4 – Cryptocurrency Contributions

Prohibits all cryptocurrency (e.g. "Bitcoin") contributions.

### 18450.1 – Definitions. Advertisement Disclosure

Amended to remove duplicative language, update language regarding electronic communications, propose nonsubstantive clarifying language regarding the burden of proof for a claim of nondisclosure on electronic media communications due to impracticability, and relocate "aggregation rules" language for top contributors from another regulation.

### 18535 – Restrictions on Contributions Between State Candidates

Amended to expressly permit unlimited contributions from a state candidate to another state candidate's legal defense fund or candidate controlled ballot measure committee.

### 18700.2 – Parent, Subsidiary, Otherwise Related Business Entity: Defined

Amended to better clarify when an official's interest in a business entity is also an interest in that business entity's parent, subsidiary or otherwise related business entity for purposes of the Act's conflicts of interest provisions. Also, provided an exception to when an official has an interest in a parent or subsidiary of a business entity when the subsidiary has not been listed on reports filed by the parent corporation with the SEC or on an annual report and the official has stock ownership below a certain threshold.

### 18746.3 – Revolving Door; Local Officials

Amended to bring Regulation 18746.3 into conformity with Government Code section 87406.3 as amended by AB 551. This amendment removed redundant language, harmonized new statutory language, and improved readability.

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