



FAIR POLITICAL PRACTICES COMMISSION

428 J Street • Suite 620 • Sacramento, CA 95814-2329

(916) 322-5660 • Fax (916) 322-0886

February 1, 2010

Mr. Joel Ackerknecht

REDACTED

**Re: Advisory Letter
FPPC Case No. 08/253**

Dear Mr. Ackerknecht:

The Fair Political Practices Commission ("FPPC") enforces the provisions of the Political Reform Act (the "Act").¹ As you may know, the Enforcement Division of the FPPC received a complaint involving you. After conducting an investigation, the Enforcement Division has decided to close its file on this matter without initiating an enforcement action.

Our investigation revealed that during the reporting period ending December 31, 2004, you reported making payments totaling approximately \$6,600 to Western Pacific Research for campaign signs. These payments appear to have been campaign expenses, which accrued before the November election, but you did not report them until after the election. However, the exact date upon which these expenses started to accrue is unclear, and we cannot determine whether you had a duty to report these campaign expenditures as accrued expenses prior to the election.

As you know, expenditures must be reported on campaign statements. (See Section 84211, subs. (b), (i) and (k).) For future reference, please be aware that "[a]n expenditure is made on the date the payment is made or on the date consideration, if any, is received, whichever is earlier." (Section 82025.) Thus, if Western Pacific Research provided campaign signs to you before your committee paid for the signs, the cost of the signs was an accrued expense as of the date that the signs were provided to you—and this accrued expense should have been reported as of the date that the signs were provided to you. (See Regulation 18421.6.)

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.

Also, please be aware that Section 84303 provides that no expenditure of \$500 or more shall be made, other than for overhead and normal operating expenses, by an agent or independent contractor on behalf of, or for the benefit of, any committee, unless the expenditure is reported by the committee as if the expenditure were made directly by the committee. This type of information reported by a committee is commonly referred to as "subvendor information." Section 84211, subdivision (k)(6), requires the disclosure of such subvendor information as part of the contents of any campaign statement required to be filed by the committee. Specifically, the following information must be provided: (1) the subvendor's full name; (2) his or her street address; (3) the amount of each expenditure; and (4) a brief description of the consideration for which each expenditure was made. (Section 84211, subs. (k)(1)-(4) and (6).)

Although we have decided not to pursue an enforcement action in this matter, you are advised that your failure to comply with the provisions of the Act in the future could result in an enforcement action. In addition, the information in this case will be retained and may be used against you should an enforcement action become necessary based on future conduct and/or newly discovered information.

Our Legal Division and Technical Assistance Division can provide advice and assistance for issues which may arise in the future. You may contact either division by calling our toll-free number: 1-866-ASK-FPPC (1-866-275-3772). Also, you may refer to the FPPC website at www.fppc.ca.gov for current information.

Your cooperation in ensuring that the requirements of the Act are consistently satisfied is greatly appreciated. If you have any questions regarding this matter, please feel free to contact me at 916-322-5660.

Very truly yours,

REDACTED

Neal P. Bucknell
Senior Commission Counsel

cc: Mr. Paul Stine