



FAIR POLITICAL PRACTICES COMMISSION

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

(916) 322-5660 • Fax (916) 322-0886

March 25, 2014

Vern Pierson
Vern Pierson for District Attorney

REDACTED

Warning Letter Re: FPPC Case No. 14/292; In the Matter of Vern Pierson and Vern Pierson for District Attorney

Dear Mr. Pierson:

The Fair Political Practices Commission (“FPPC”) enforces the provisions of the Political Reform Act (“Act”),¹ found in Government Code section 81000, et seq. This letter is in response to a complaint previously forwarded to you.² The FPPC has completed its investigation of the facts in this matter. Specifically, the FPPC found that you violated the Act’s campaign disclosure provisions with regard to loans made to your committee and that you also violated the Act’s “one bank account per campaign” requirement as evidenced when you reimbursed yourself for \$4,100 for campaign expenses you paid with personal funds without first depositing that amount in the campaign bank account. •

The Act provides that candidates and committees must report specific information on campaign disclosure statements. To that effect, Section 84211 requires detailed reporting of all outstanding loans on each campaign statement filed until the loan is paid in full or forgiven at which point the final resolution of the loan is recorded. (Section 84211; also see Section 84212 requiring the FPPC to develop a special form for reporting loans to a committee, which became Schedule B of the Form 460.) The Act, in Section 85201, also sets forth what is known as the “one-bank account rule,” under which, a candidate for elective office may establish only one campaign bank account for each office sought. Essentially this rule prohibits candidates from

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.

² Although two complaints were filed and forwarded to you, we are dismissing the complaint regarding possible Statement of Economic Interests disclosure violations as containing no evidence of such a violation. In this letter, we only address the allegations and findings of violations of the Act’s campaign provisions.

making campaign expenditures from any bank account other than the bank account tied to the committee for election meaning and all contributions or loans made to the committee, even if made by the committee's controlling candidate, are required to be deposited in the account. (Section 85201; see Regulation 18525(a) for what constitutes "campaign expenses.")

Your actions violated the Act because you failed to disclose the continued balance on an outstanding loan that you made to your committee in the amount of \$500 per the requirements of Section 84211 and the Form 460's Schedule B. The loan was initially reported on your campaign report (Form 460) covering the period January 1, 2007, through June 30, 2007, and then disappeared from the subsequent reports until it was disclosed as paid in the report covering the period May 18, 2010, through May 22, 2010. You further violated the Act in expending \$4,100 in campaign-related purchases, as described on your Form 460 covering the period July 1, 2010, through December 31, 2010, from personal funds without first depositing the personal funds into the campaign bank account.³

However, because you have no prior cases with our Enforcement Division and because these appear to be errors in campaign reporting and not indications of more serious issues regarding possible personal use of campaign funds, we are closing your case with this warning letter. The information in this matter will be retained and may be considered should an enforcement action become necessary based on newly discovered information or future conduct. Failure to comply with the provisions of the Act in the future will result in monetary penalties of up to \$5,000 for each violation. Although the FPPC is not seeking a penalty in the current matter, your client is responsible for any late filing fees assessed by Secretary of State. (Section 91013.)

A warning letter is an FPPC case resolution without administrative prosecution or fine. However, the warning letter resolution does not provide you with the opportunity for a probable cause hearing or hearing before an Administrative Law Judge or the Fair Political Practices Commission. If you wish to avail yourself of these proceedings by requesting that your case proceed with prosecution rather than a warning, please notify us within ten (10) days from the date of this letter. Upon this notification, the FPPC will rescind this warning letter and proceed with administrative prosecution of this case. If we do not receive such notification, this warning letter will be posted on the FPPC's website ten (10) days from the date of this letter. Although the FPPC is not seeking a penalty in the current matter, you are still responsible for any late filing fees assessed by your filing officer. (Section 91013.) The FPPC publishes forms and manuals to facilitate compliance with the provisions of the Act. If you need forms or a manual, or guidance regarding your obligations, please call the FPPC's Technical Assistance Division at 1-866-275-3772 or visit our website at www.fppc.ca.gov.

³ Evidence of the payment from personal funds is found in the reimbursement to you from the committee in the amount of \$4,100 disclosed on the Form 460 and described as reimbursement for campaign costs. Section 89511.5 provides that an incumbent officeholder may make and be reimbursed for expenditures but only provided that the expenditures were not campaign expenses.

Please feel free to contact Adrienne Korchmaros at (916) 322-8241 with any questions you may have regarding this letter.

Sincerely,

REDACTED

Gary S. Winuk
Chief, Enforcement Division

GSW:AK:ak

cc: Frank Stephens