



FAIR POLITICAL PRACTICES COMMISSION
428 J Street • Suite 620 • Sacramento, CA 95814-2329
(916) 322-5660 • Fax (916) 322-0886

November 2, 2011

Michael Morrison
via email only

RE: Warning Letter
FPPC No. 08/165; Michael Morrison

Dear Mr. Morrison:

The Fair Political Practices Commission (“Commission”) enforces the provisions of the Political Reform Act (the “Act”) found in Government Code Section 81000, and following. As you are aware, the Commission opened a case regarding allegations that you violated the personal use, surplus funds and campaign bank account provisions of the Act. These allegations are regarding the funds that remained after your unsuccessful candidacy for California State Assembly 27th District seat in the November 7, 2006, General Election. The allegation states that in 2007, you removed the remaining \$3,009.15 from the Committee to Elect Michael Morrison for State Assembly (“Committee”) campaign bank account without the treasurer’s consent and never applied that money to lawful campaign-related expenses.

The Commission completed its investigation into the facts of this case. Specifically, the Commission found that you: (1) impermissibly withdrew and took possession of the remaining \$3,009.15 of surplus campaign funds in the Committee’s campaign bank account; (2) impermissibly used approximately \$300 of the surplus campaign funds to pay for the cost of a “Thank you and Farewell Party” held for your supporters; (3) impermissibly deposited the funds into a personal savings account; and (4) failed to dispose of those funds in compliance with the surplus funds rules found in Section 89519 even after expressing to the Commission’s Enforcement Division your intention to cooperate and donate the funds to a Section 501(c)(3) charity.

The Act provides that when a candidate loses an election, the campaign funds then become “surplus” and must be used only for specific purposes listed in Section 89519 of the Act. These permissible uses include: (1) The payment of outstanding campaign debts or elected officer’s expenses; (2) The repayment of contributions; (3) Donations to any bona fide charitable, educational, civic, religious, or similar tax-exempt, nonprofit organization; (4) Contributions to a political party committee; (5) Contributions to support or oppose any candidate for federal office, any candidate for elective office in a state other than California, or any ballot measure; and, (6) The payment for professional services reasonably required by the committee to assist in the performance of its administrative functions. In addition, to ensure full disclosure of campaign activity and to guard against improper use of campaign funds, the Act requires campaign funds to be segregated

from nonpolitical, personal accounts and kept in a single, designated campaign bank account as set forth in Section 85201.

Your actions violated the Act because you used more than one bank account for your Committee's campaign funds (Section 85201) and have spent at least a portion of the funds in a way not permissible under the rules regarding surplus funds (Section 85319). However, since you attempted at one time to return the money to the campaign treasurer and have assured the Commission that you will be donating the money to a local charity; the Commission has decided to close this matter with the issuance of this warning letter. In addition, we anticipate that you will be providing documentation recording this donation since you have verbally committed to us that you will do so based on your understanding that you violated the Act.

This letter serves as a written warning. 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.

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.

If you have further questions regarding this matter, please contact me at (916) 322-5796.

Sincerely, A 

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 Galena West
Senior Commission Counsel
Enforcement Division