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

January 25, 2010

Honorable John Chiang
California State Controller
c/o Padilla & Associates

REDACTED

Re: Warning Letter
FPPC No. 08/0324; John Chiang / John Chiang for California 2006

Dear Mr. Chiang:

The Fair Political Practices Commission (the "FPPC") enforces the provisions of the Political Reform Act (the "Act").[1] The results of the mandatory audit of the campaign statements filed by you and your controlled committee John Chiang for California 2006 in conjunction with the 2006 election have been referred to this Division. A copy of the audit report is enclosed for your reference.

The FPPC has completed its investigation of the facts in this case. Specifically, we found that out of the 165 late contributions received totaling $387,443, late contribution reports were not filed for two contributions received totaling $1,000 each and not timely filed for sixteen other contributions received totaling $31,200. In addition, we noted that of the approximately $3.4 million in expenditures made, subvendor information totaling $500,378 for the semi-annual reporting period ending June 30, 2006, was disclosed one year late.

The Act provides in Section 84203 that a committee that receives a late contribution, as defined in Section 82036, must file a late contribution report within 24 hours of receiving the

[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.

late contribution. Section 84211 and Regulation 18431, subdivision (c), requires payments made by an agent of a committee for advertising time be reported by the committee at the same time and detail as expenditures made directly by the committee.

You and your treasurer's actions violated the Act because you and your treasurer failed to: (1) file two late contribution reports; (2) timely file late contribution reports for sixteen contributions received; and (3) timely disclose subvendor information. Though your actions violated the Act, we have decided to close this case with a warning letter because late contribution reports for 147 contributions received were timely filed and the majority of the late contribution reports not timely filed was filed before the election resulting in a minimal lack of disclosure. Further, you and your treasurer amended the campaign statements and disclosed all the subvendor information on your own accord.

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.

Please feel free to contact me with any questions you may have regarding this letter.

Sincerely,

REDACTED

Gary S. Winuk
Division Chief
Enforcement Division

Enclosure