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

September 30, 2009

Farrah Douglas
Farrah Douglas for Our Future

REDACTED

Peder Norby, Treasurer
Farrah Douglas for Our Future

REDACTED

RE: **Warning Letter**
FPPC Case No. 090638; Farrah Douglas, Peder Norby, and Farrah Douglas for Our Future

Dear Ms. Douglas and Mr. Norby:

The Fair Political Practices Commission (the "FPPC") enforces the provisions of the Political Reform Act (the "Act"),[1] found in Government Code section 81000, et seq. This letter is in response to a complaint filed against you that alleged impermissible use of restricted "surplus funds," which are funds left in a candidate's committee at the end of the post-election reporting period following the defeat of the candidate. (Gov. Code § 89519 and Regulation 18951.)

Although the Commission has consistently advised that a defeated candidate may redesignate a campaign committee and campaign bank account for reelection to the same office at a future date as long as certain conditions are met (see Regulation 18521(b)(1-5)), Section 89519 provides that "at the end of the postelection reporting period following the defeat of a candidate for elective office," funds held by the defeated candidate are considered "surplus" campaign funds. (Gov. Code § 89519 and Regulation 18951.) According to Section 89519, surplus funds may only be used for certain expenses, none of which include, however, the funding of the defeated candidate's future election. Because the December 31, 2008, deadline for redesignating Farrah Douglas for Our Future has passed, none of the funds or assets of 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 18109 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.

committee, including the computer purchased by the committee, will be able to be used by Ms. Douglas for future elections including her 2010 run for Carlsbad City Council.

In response to a letter sent to you by our offices, you stated, with accompanying documentation, that you had sold the computer and donated the proceeds to a civic nonprofit, a permissible use of surplus funds. Enclosed with the letter was documentation stating that the committee Farrah Douglas for Our Future now contains less than $100 and none of this money has been used for Ms. Douglas' future election. Thus, there is no violation of the Act in terms of the use of surplus funds.

However, the complaint also referred to a discrepancy in the beginning and ending cash balance figures of two campaign statements. We have verified this as true and also that, as the complaint alleged, the committee's campaign statement for the period October 19, 2008, to December 31, 2008, did not include the committee identification numbers of contributing committees and also did not include street addresses for several contributors and vendors. These issues have since been corrected in amendments.

Your actions in incompletely filing the Form 460 violated the Act's provisions on what information is required to be contained in campaign reports. (Section 84211.) 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 Adrianne Korchmaros 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 questions regarding this matter, please contact Adrianne Korchmaros at (916) 322-8241.

Sincerely,

Gary S. Winuk, Chief
Enforcement Division

GSW:AK:ak

cc: Mary Azevedo