EXHIBIT 1

INTRODUCTION

California Autobody Repair Political Action Committee (hereafter the "PAC") is a recipient committee sponsored by the California Autobody Repair Association. The PAC qualified as a committee on September 5, 1991. John Sutherland, III has served as the PAC's treasurer from December 29, 1997 to the present. A Franchise Tax Board audit revealed that the PAC violated the Political Reform Act (the "Act")[1] by not substantially complying with the disclosure requirements of the Act during the audited period January 1, 1997 through December 31, 1998.

For purposes of this Stipulation, Respondents' violations of the Political Reform Act are stated as follows:

COUNT 1: California Autobody Repair Political Action Committee, and its Treasurer, John Sutherland, III, failed to timely file a Pre-Election Statement for the reporting period January 1, 1998, through March 17, 1998, by March 22, 1998, in violation of section 84200.7 of the Government Code.

COUNT 2: California Autobody Repair Political Action Committee, and its Treasurer, John Sutherland, III, failed to timely file a Pre-Election Statement for the reporting period March 18, 1998, through May 16, 1998, by May 21, 1998, in violation section 84200.7 of the Government Code.

COUNT 3: California Autobody Repair Political Action Committee, and its Treasurer, John Sutherland, III, failed to timely file a Pre-Election Statement for the reporting period July 1, 1998, through September 30, 1998, by October 5, 1998, in violation of section 84200.7 of the Government Code.

COUNT 4: California Autobody Repair Political Action Committee, and its Treasurer, John Sutherland, III, failed to timely file a Pre-Election Statement for the reporting period October 1, 1998, through October 17, 1998, by October 22, 1998, in violation of section 84200.7 of the Government Code.

COUNT 5: California Autobody Repair Political Action Committee, and its Treasurer, John Sutherland, III, failed to timely file a Pre-Election Statement for the reporting period July 1, 1999, through September 30, 1999, by October 12, 1999, in violation of section 84200.8 of

[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. Commission regulations appear at Title 2 of the California Code of Regulations, section 18109, *et seq.* All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

the Government Code.

COUNT 6: California Autobody Repair Political Action Committee, and its Treasurer, John Sutherland, III, failed to timely file a Pre-Election Statement for the reporting period January 23, 2000, through February 19, 2000, by February 24, 2000, in violation of section 84200.8 of the Government Code.

COUNT 7: On or about and between May 28, 1998 and May 29, 1998, California Autobody Repair Political Action Committee, and its Treasurer, John Sutherland, III, failed to file a Late Contribution Report, disclosing a $1,000 contribution to Brown for Insurance Commissioner, in violation of section 84203 of the Government Code.

SUMMARY OF THE LAW

The purpose of campaign reporting under the Act is that "receipts and expenditures in election campaigns should be fully and truthfully disclosed in order that the voters may be fully informed and improper practices may be inhibited." (Government Code Section 81002(a).) The Act therefore establishes a campaign reporting system designed to accomplish this purpose.

Pre-Election Statements

One feature of the system, found at section 84200.5, subdivision (d), is that, for an election that is being held in June or November of an even-numbered year, all state or county general purpose committees which make contributions or independent expenditures of $500 or more during the reporting period covered by a pre-election statement, shall file pre-election campaign statements according to a schedule set forth at section 84200.7. Additionally, section 84200.3 requires that, in an election held in March of an even-numbered year all state or county general purpose committees which make contributions or independent expenditures of $500 or more during the reporting period covered by a pre-election statement, shall file pre-election campaign statements according to a schedule set forth at section 84200.4.

COUNT 1

Government Code section 84200.7, subdivision (a) (1) specifies the date for filing Pre-Election Statements for elections held in June of an even-numbered year. For the June 2, 1998 election, the Pre-Election Statement, disclosing contributions and expenditures occurring during the period of January 1, 1998 through March 17, 1998, was due on March 22, 1998.

COUNT 2

Government Code section 84200.7, subdivision (a) (2) specifies the date for filing Pre-Election

Statements for elections held in June of an even-numbered year. For the June 2, 1998 election, the Pre-Election Statement, disclosing contributions and expenditures occurring during the period of March 18, 1998 through May 16, 1998, was due on May 21, 1998.

COUNT 3

Government Code section 84200.7, subdivision (b) (1) specifies the date for filing Pre-Election Statements for elections held in November of an even-numbered year. For the November 3, 1998 election, the Pre-Election Statement, disclosing contributions and expenditures occurring during the period of July 1 through September 30, 1998, was due on October 5, 1998.

COUNT 4

Government Code section 84200.7, subdivision (b) (2) specifies the date for filing Pre-Election Statements for elections held in November of an even-numbered year. For the November 3, 1998 election, the Pre-Election Statement, disclosing contributions and expenditures occurring during the period of October 1, 1998 through October 17, 1998, was due on October 22, 1998.

COUNT 5

Government Code section 84200.4, specifies the date for filing Pre-Election Statements for elections held in March of an even-numbered year. For the March 7, 2000 election, the Pre-Election Statement, disclosing contributions and expenditures occurring during the period of July 1, 1999, through September 30, 1999, was due on October 12, 1999.

COUNT 6

Government Code section 84200.8, subdivision (b) specifies the dates for filing Pre-Election Statements for elections not held in June or November of an even-numbered year. For the March 7, 2000 election, the Pre-Election Statement, disclosing contributions and expenditures occurring during the period of January 23, 2000, through February 19, 2000, was due on February 24, 2000.

Late Contribution Reports

COUNT 7

A late contribution means any contribution, including a loan, which totals in the aggregate One Thousand Dollars ($1,000) or more, that is made to or received by a candidate or a controlled committee before the date of the election at which the candidate or measure is to be voted on but after the closing date[2] of the last campaign statement required to be filed before the election. (Gov. Code,

[2] The "closing date" for a campaign statement is the date through which the statement must be completed.

sec. 82036.)

A candidate or committee that makes a late contribution must report the contribution by mailgram, telegram, guaranteed overnight mail through the United States Postal Service, or personal delivery, within 24 hours of the time it is made. (Sec. 84203, subd. (b).) Such late contribution reporting by candidates and committees serves an important function by informing voters of contributions made during the crucial last two weeks prior to an election. The late contribution period for the June 2, 1998 election was from May 17, 1998 to June 1, 1998.

Treasurer Liability

Under section 84100 and regulation 18427, subdivision (a), it is the duty of a committee's treasurer to ensure that all requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds are complied with. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sec. 83116.5 and sec. 91006.)

SUMMARY OF THE FACTS

COUNT 1

An audit of Respondent California Autobody PAC revealed that, with respect to the June 2, 1998 election, Respondents failed to file a first Pre-Election Statement for the period ending March 17, 1998, by the March 22, 1998 due date. The PAC made contributions during this period totaling $3,500. Respondents' failure to timely file a first Pre-Election Statement violated section 84200.7 of the Government Code.

COUNT 2

An audit of Respondent California Autobody PAC revealed that, with respect to the June 2, 1998 election, Respondents failed to file a second Pre-Election Statement for the period ending May 16, 1998, by the May 21, 1998 due date. The PAC made contributions during this period totaling $3,500. Respondents' failure to timely file a second Pre-Election Statement violated section 84200.7 of the Government Code.

COUNT 3

An audit of Respondent California Autobody PAC revealed that, with respect to the November 3, 1998 election, Respondents failed to file a first Pre-Election Statement for the period ending September 30, 1998 by the October 5, 1998 due date. The PAC made contributions during this period totaling $1,000. Respondent's failure to timely file a first Pre-Election Statement violated section

(Section 82010.)

84200.7 of the Government Code.

COUNT 4

An audit of Respondent California Autobody PAC revealed that, with respect to the November 3, 1998 election, Respondents failed to file a second Pre-Election Report for the period ending October 17, 1998, by the October 22, 1998 due date. The PAC made contributions during this period totaling $1,000. Respondent's failure to timely file a second Pre-Election Report violated section 84200.7 of the Government Code.

COUNT 5

Records maintained by the Secretary of State's Office reveal that, with respect to the March 7, 2000 election, Respondents failed to file a first Pre-Election Statement for the period ending September 30, 1999, by the October 12, 1999 due date. The PAC made contributions during this period totaling $2,150. Respondents' failure to timely file a first Pre-Election Statement violated section 84200.4 of the Government Code.

COUNT 6

Records maintained by the Secretary of State's Office reveal that, with respect to the March 7, 2000 election, Respondents failed to timely file a third Pre-Election Statement for the period ending February 19, 2000, by the February 24, 2000 due date. The PAC made contributions during this period totaling $2,750. Respondents did not file the statement until July 31, 2000. Respondents' failure to timely file a third Pre-Election Statement violated section 84200.8 of the Government Code.

COUNT 7

An audit of Respondent California Autobody PAC revealed that, with respect to the June 2, 1998 election, the PAC made a $1,000 contribution on May 28, 1998 to the Brown for Insurance Commissioner Committee. This contribution was a "late contribution" as it was made during the period before the June 2, 1998 election, but after the closing date of the last campaign statement required to be filed before that election. Respondents failed to file a late contribution report disclosing the contribution. Respondent's failure to file a Late Contribution Report violated section 84203 of the Government Code.

ADDITIONAL INFORMATION

A previous audit of Respondent California Autobody PAC, covering the years 1993 through 1994, revealed that the PAC had failed to file a Pre-Election Statement and a Special Odd-year Campaign Report. The Enforcement Division closed that case with a warning letter.

Lance H. Olson, representing the PAC, stated to Franchise Tax Board auditors that the PAC's failure to file the Pre-Election Statements was due to a change in staff following the issuance of the last audit report. He stated a new CPA firm has been hired to prepare and file all future campaign reports. With respect to the failure to file the Late Contribution Report, Mr. Olson stated that the PAC staff were unaware of late contribution reporting requirements.

CONCLUSION

This matter consists of 7 counts, which carry a maximum possible penalty of Fourteen Thousand Dollars ($14,000).

The amounts that went undisclosed in each reporting period were relatively small in terms of statewide elections. However, these violations were committed soon after Respondents received warning letters regarding previous similar violations. The overall facts of this case, including the factors discussed above, justify imposition of the agreed upon penalty of Ten Thousand Dollars ($10,000).