



2022

ANNUAL REPORT
FAIR POLITICAL PRACTICES COMMISSION

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From left to right
Commissioner Abby K. Wood, Commissioner E. Dotson Wilson, Chair Richard C. Miadich, Commissioner Catharine Baker, Commissioner José A. Gómez

ABOUT THE FPPC

The Fair Political Practices Commission is a five-member independent, nonpartisan commission that has the primary responsibility for the impartial and effective administration and enforcement of the Political Reform Act. The Act regulates campaign finance, conflicts of interest, lobbying, and governmental ethics. The Commission’s objectives are to ensure that public officials act in a fair and unbiased manner in the governmental decision-making process, to promote transparency in government, and to foster public trust in the political system.

The Act and the FPPC were created in 1974 when California voters approved Proposition 9. Since the adoption of the

Act, the Commission has worked to promote and increase transparency, provide assistance, advice, and education to thousands of individuals in the regulated community, and effectively enforce the Act.

2022 MEMBERSHIP OF THE COMMISSION

- Richard C. Miadich, Chair
- Catharine Baker
- José A. Gómez
- E. Dotson Wilson
- Abby K. Wood



MESSAGE FROM FPPC CHAIR RICHARD C. MIADICH

The Fair Political Practices Commission plays a vital role in maintaining public trust in state and local government by interpreting and enforcing the Political Reform Act of 1974. The requirements in the Act serve four main purposes: 1) ensuring that spending in election campaigns is transparent, so voters know which groups and persons are trying to influence their votes; 2) providing ethics rules that are designed to prevent public officials from using their positions for their own personal gain at the expense of the public; 3) regulating lobbyists so the public knows who is trying to influence their elected officials; and (4) educating the regulated community regarding their duties under the Act. Since the start of my tenure as Chair in May 2019, the Commission’s work has included a focus on modernizing the Act’s requirements, improving our educational outreach efforts to improve compliance, and strengthening our Enforcement mechanisms.

I want to commend my fellow Commissioners and our staff for their exceptional work in these areas during 2022, a busy year for state and local elections. Among the highlights noted in this Report:

- The FPPC launched the Political Reform Education Program, authorized by the Commission in late 2021, which allows persons with little to no experience with the Act to resolve minor violations through completion of an online educational course in lieu of paying a monetary penalty. Through this program, the Commission seeks to both improve compliance with the Act and free up limited Enforcement Division resources to focus on the most serious violations of the Act.
- The Commission successfully worked with the Legislature to amend the Act to require that candidates and committees receive affirmative consent from contributors before signing them up for automatic, recurring contributions. The Commission identified the need for this change in the law in late 2021 after reports surfaced that an increasing number of contributors – including many seniors – had unwittingly been “opted-in” to recurring monthly contributions. The Commission appreciates the Legislature and Governor acting promptly to make this commonsense change to the Act’s requirements.

- The Commission updated its regulations to impose strict safeguards that will allow candidates and committees to accept cryptocurrency contributions under procedures that will maintain the integrity of contribution limits and contributor identification rules. Finally, the Commission enacted new rules to assist staff in better enforcing the Act’s requirements, including by requiring committee treasurers to be at least 18 years of age, requiring committees to identify an additional representative from whom committee bank records can be requested, and clarifying the prohibition on contingency fee arrangements in lobbying contracts.

As we enter the 2023, we will focus on ways the FPPC can improve transparency in political spending, compliance with Commission rules, and overall agency efficiency as we continue the important work of administering, interpreting, and enforcing the Political Reform Act of 1974.





EDUCATION AND TRAINING

Political Reform Consultants in the Legal Division prepare and conduct extensive training and outreach through workshops, webinars, video tutorials, and other training materials to help individuals better understand their obligations under the Political Reform Act. The division also develops the forms and manuals used for financial disclosures and provides telephone advice for filers, their staff, and filing officers throughout the state.

63 workshops and webinars conducted.

8,605 views of FPPC video tutorials.

8,580 telephone calls providing technical assistance.



LEGAL ADVICE

The Legal Division responds to requests for advice from state and local officials, candidates, campaign committees, and lobbyists. For relatively straightforward inquiries, Political Reform Consultants and staff attorneys provide informal advice by phone or email. Staff attorneys also provide formal advice through advice letters, which are publicly available on the FPPC website.

10,029 emails providing advice on compliance with the Act.

140 advice letters researched and authored, **50** of which related to Section 1090 of the Government Code.

2022 YEAR IN REVIEW



CONFLICT OF INTEREST CODES

Political Reform Consultants and staff attorneys in the Legal Division review and advise on conflict of interest code adoptions and amendments for all state and multi-county agencies. Political Reform Consultants also conduct webinars and create training materials for government agencies developing their conflict of interest codes.

91 state agency and multi-county agency conflict of interest codes approved.



ENFORCEMENT CASES

The Enforcement Division analyzes and processes complaints and referrals about potential violations of the Political Reform Act and investigates if there is sufficient information to believe that a violation of the Act has occurred. A complaint can be resolved through a letter taking no action, an advisory letter, a warning letter, or through prosecution, which may result in monetary penalties approved by the Commission.

1,075 cases resolved, with **161** settlements and **\$617,548** in total fines.



FORM 700S

The Administration Division processes and acts as filing officer for Statements of Economic Interests from all levels of government across the state.

26,034 annual, assuming office, leaving office, and candidate statements processed, including **12,428** that were filed using the FPPC's electronic filing system and **6,054** that were filed through local electronic filing systems.



AUDIT REPORTS

The Audits and Assistance Division operates the audit program of both mandatory and discretionary audits.

19 audit reports were adopted in 2022, including for a lobbying firm, lobbyist employers, candidates and committees controlled by candidates for San Bernardino County, CalPERS, and Statewide office with **\$5,027,623** in total combined funds received and **\$4,707,107** in total combined expenditures made.



HIGHLIGHTS AND SIGNIFICANT ACHIEVEMENTS

POLITICAL REFORM EDUCATION PROGRAM (PREP)

In late 2021, the Commission created and launched the pilot Political Reform Education Program (PREP) based on Regulation 18360.1, which requires the Commission to develop an educational program as soon as feasible to allow for education of Respondents who have little or no experience with the Political Reform Act and commit minor violations, in lieu of monetary penalties.

There are many benefits of the program. First, PREP allows Respondents to learn how to comply with the law while avoiding a monetary penalty. Secondly, Respondents who successfully complete PREP will have their Enforcement case closed with a No Action Closure Letter. Finally, the underlying violation will not be considered a prior violation of the Political Reform Act pursuant to Regulation 186361.5(e)(7) when considering a future violation committed by the Respondent.

The first course on Statement of Economic Interests launched in June of 2022. As of

December 2022, PREP had received 53 referrals from the Enforcement Division, had 43 learners complete the course, and 9 learners were currently enrolled in the program.

The Commission plans to launch additional PREP courses in other subject areas in the future in order to expand education of the Political Reform Act and allow more Respondents to take advantage of the program.

TOP CONTRIBUTORS LIST

Beginning in September 2014, the FPPC began posting the top 10 contributors to committees that raised over \$1,000,000 and were primarily formed to support or oppose a state ballot measure or candidate for state office. The 2022 primary election tracked \$7.4 million in contributions to support or oppose candidates for state office and \$6.8 million of contributions during the general election.

Primarily formed committees to support or oppose the seven ballot measures that appeared on the November 2022 general election received \$709 million in contributions.

Proposition Number	Circulating Title	Aggregated Contributions	Outcome
Proposition 1	Adds the right to abortion and contraceptive use to state constitution.	Support - \$14,722,997	Yes
Proposition 26	Allows Native American tribes to offer sports betting on tribal lands.	Support - \$128,853,797 Oppose - \$44,439,801	No
Proposition 27	Legalizes sports betting via agreements with Native American tribes.	Support - \$169,111,799 Oppose - \$245,811,236	No
Proposition 28	Increases spending on arts programs in public schools.	Support - \$10,714,830	Yes
Proposition 29	Regulates staffing of kidney dialysis clinics.	Support - \$86,357,629	No
Proposition 30	Imposes a tax to support the purchase of electric vehicles.	Support - \$50,262,671 Oppose - \$16,421,415	No
Proposition 31	Upholds state law barring the sale of flavored tobacco.	Support - \$47,529,179 Oppose - \$23,296,819	Yes

The Commission also publishes the contributions that meet the threshold for referendum that is pending and circulating or failed to qualify in an attempt to be as transparent as possible. This means that pending and circulating referenda for the November 2024 election are already starting to appear on the FPPC website.

COUNCIL ON GOVERNMENTAL ETHICS LAWS (COGEL)

In December 2022, Chair Miadich, Executive Director Galena West, General Counsel Dave Bainbridge, and Chief of Enforcement Angela Brereton attended the 44th Annual COGEL Conference in Montreal, Canada. The FPPC regularly participates in the annual COGEL Conference in both a planning capacity, as well as, sending staff to participate in paneled discussions with other government ethics agencies.

Throughout the conference, each FPPC representative was a panelist discussing various campaign finance topics. Chair Miadich was a panelist for “Regulating Online Political Ads and The Spread of Disinformation,” which focused on the use of online campaign advertising and how regulators are struggling to keep up with changing technology and emerging legal trends. Executive Director West was appointed to the COGEL Steering Committee while in attendance. She also was a panelist for “Avoiding Gotcha: Increasing Compliance through Effective Enforcement Strategies” and “Embracing Innovation: Top 10 Enforcement Upgrades for Ethics Commissions by Ethics Commissions” where she was able to highlight the FPPC Heat Map. General Counsel Bainbridge sat on two panels titled “Show Me the Money! – Is it getting harder to follow?” and “Crypto Cool or Kryptonite? Regulating Cryptocurrency



Contributions to Political Campaigns” where he highlighted recent FPPC regulatory changes to allow cryptocurrency contributions in California. Chief Brereton was a panelist for “Investigations and Audits: Best Practices for New Challenges,” and “All I Hear is Complaints! Strategies for Self-Initiating Enforcement Matters,” where the main topic was ways ethics agencies use proactive methods for opening and investigating enforcement matters.

INTERNATIONAL DELEGATIONS

After a two year break due to the COVID-19 Pandemic, the FPPC resumed providing informational presentations to international delegations of election and government officials. In July, Senior Legislative Counsel Lindsey Nakano and Communication Director Jay Wierenga presented an FPPC overview to local and federal officials from Tunisia. Assistant Chief of Enforcement Christopher Burton and Communication Director Wierenga presented a similar FPPC overview to members of Parliament from Kyrgyzstan. These exchanges are provided through Global

Ties Sacramento, affiliated with the World Trade Association of Northern California. The group sponsors and facilitates government and trade delegations from across the world through a partnership with the U.S. State Department to promote cultural, economic, and governmental relations and exchanges with foreign counterparts.

LEGISLATION HIGHLIGHTS

AB 775 (Berman) Recurring Contributions

The Commission became aware of a fundraising tactic where some campaigns enroll individuals in automatic payment of recurring campaign contributions without the individuals’ affirmative consent. This is often achieved through the use of pre-checked boxes on an online donation form that make what would be a one-time contribution into a recurring contribution with no further action by the donor.

News stories on this practice included quotes from contributors who say they were misled into

making recurring contributions that they did not intend to make. In some cases, contributors did not become aware of the recurring contributions until a significant amount was automatically deducted from their bank accounts or charged to their credit cards.

Assemblymember Berman amended AB 775 to address this issue and the Commission quickly voted to sponsor the bill. This bill requires affirmative consent in order to enroll an individual in automatic recurring contributions, creating more transparency surrounding the campaign practices of committees and ensuring that individuals are actually and effectively informed about the nature of their contribution.

AB 2172 (Cervantes) Paper Filings with SOS

The Commission sponsored AB 2172, a bill amending the provision that required certain reports, statements, and other filings to be filed in paper format with the Secretary of State’s office. As technology has evolved and businesses

have increasingly moved to remote and online environments, obtaining handwritten signatures on paper filings has become more burdensome and requests for electronic filing options have increased.

During the interim period before the Cal-Access Replacement System is completed, the bill authorizes a person to file certain reports and statements by email using a valid email address, instead of by paper, or by other digital means as prescribed by the Secretary of State and requires the filing to be signed with a digital signature that conforms with the Secretary of State’s requirements.

For more information on legislative changes in 2022, see Appendix B.

REGULATION HIGHLIGHTS

Cryptocurrency Contributions

In light of today’s digital age, the Commission repealed a 2018 regulation banning cryptocur-



rency contributions and adopted a regulation that would allow contributions of cryptocurrency with added safeguards that would alleviate the concerns that caused the previous ban.

Under the adopted regulation, cryptocurrency contributions may be made in any amount not exceeding any applicable contribution limit. The regulation requires cryptocurrency contributions to be facilitated by a third-party, U.S. based, FinCEN registered, payment processor which must take appropriate steps to verify the identity of the contributor, collect required contributor information, and immediately convert the contributions to U.S. dollars at the prevailing rate of exchange upon receipt and transfer the funds to the campaign bank account.

Recall Elections

FPPC staff were presented with a number of recall election advice requests, which prompted amendments to codify the advice given during the 2021 Gubernatorial recall and local recalls during the same year. The goal of this regulation was to make the process simpler and more straightforward for all parties – including candidates, elections officials, and members of the public.

The adopted amendments made the following clarifications:

- The voluntary expenditure ceiling limit for a “general election” applies to state recall replacement candidates

- The target officer of a recall is not required to file a candidate statement of economic interests
- Preelection statements and late contribution reports are not required for a target officer’s other controlled committees by virtue of the recall being on the ballot
- The timing of termination requirements for target officer recall committees
- Which disclosures are required on recall and replacement candidate related advertisements

Treasurer Capacity

The issue of a minor acting as a treasurer arose when the Commission approved a stipulation where one of the facts included a treasurer who was 14 years of age. The Commission took swift action in adopting a regulation that established a recipient committee treasurer or assistant treasurer as well as an entity’s identified responsible officer or principal officer must be a minimum of 18 years of age. This will allow for the effective enforcement of the Act’s campaign finance requirements and promote the filing of accurate campaign finance statements.

For more information on regulatory changes in 2022, see Appendix C.

DIVISION UPDATES

Legal Division

In addition to drafting regulations and opinions, and providing advice via letter, email, and

telephone, the Legal Division increased its education efforts this year. It developed the Political Reform Education Program (PREP), which provides training opportunities in lieu of monetary penalties for people who commit minor violations of the Act. Staff also created a new training on behested payments and resumed other in-person trainings throughout the state. The Legal Division also enhanced existing information and added new content to the FPPC website on various topics, including: campaign advertisements by government agencies, local contribution limits, conflict of interests, new laws in 2022, advertising disclosure, behested payment reporting, cryptocurrency contributions, and the use of electronic signatures on forms.

Enforcement Division

2022 was an exciting election year in the Enforcement Division. During the busy election season, Enforcement staff continued processing complaints and referrals, investigating and resolving cases, responding to Public Records Act requests, and working on other special projects. And as a sign that the public is showing increasing interest in election transparency, the Enforcement Division received 972 complaints, referrals and AdWatch submissions in the six weeks leading up to the November election.

The Enforcement Division’s proactive preelection outreach program was highly successful. For the June election, the Enforcement Division received 67 late-filer referrals from participating





counties and cities throughout the state. For the November election, the Enforcement Division received 318 late-filer referrals. With an all-hands-on-deck approach, Enforcement Division and Agency staff succeeded in obtaining filings before each election for nearly 100% of the referred candidates and committees.

As for the AdWatch program, the Enforcement Division received 47 submissions before the June election, and 197 submissions before the November election. Most of these submissions were for advertisements related to elections in local jurisdictions, highlighting the importance of disclaimers on political advertisements to inform the voters of California. AdWatch will remain open throughout 2023 as a resource for the public.

In 2022, the Commission implemented the Political Reform Education Program (PREP). The Enforcement Division worked with PREP staff to develop the referral and resolution procedures. So far, the Enforcement Division has referred 53 Statements of Economic Interest late-filers to PREP. Enforcement Division staff look forward to continuing to work successfully with PREP in 2023 and beyond.

Audits and Assistance Division

The Audits & Assistance Division conducts the audit program for both mandatory and discretionary audits under the Political Reform Act.


In addition to the 19 audit reports adopted in 2022, the Commission's auditors also assisted with investigations, continued to thoroughly review the lobbying laws and regulations, worked with the Legal Division on proposed regulations, held public draws to select statewide office, legislative districts, lobbying firms, lobbyist employers, local jurisdictions, superior court offices, and general purpose committees subject to audit, and provided agency-wide training. Auditors also worked with the Franchise Tax Board Political Reform Audit Division to discuss regulation and law changes and provide guidance for current audits. The team is also contacted regularly by various ethics commissions and has answered questions related to specific audits or provided general audit related information as requested by each agency.

Administration and Technology Division

The FPPC has continued to conduct the monthly public Commission hearings virtually by using collaborative tools to hear and vote on enforcement matters, adopt regulations, discuss legislative and litigation reports, and update the public about other Commission matters. The FPPC transitioned to fully remote operations, requiring extensive support by the IT unit, including coordination and support for collaborative tools like Zoom, implementing effective security systems, including the use of intrusion protection systems (IPS) and firewalls, and providing solutions and support to ensure

remote public access and opportunities for public participation. IT staff continued to support the efforts of the education program staff to take phone calls from the public at home. The IT unit continued to provide remote technological support throughout the year, allowing the agency's employees to continue their essential duties with minimal interruption. The FPPC continued its focus on improving technology for both efficiency and transparency and on ensuring the continuity of the critical functions of Commission business.

The Division continues to handle personnel functions include recruitment, hiring, position classifications and reclassifications, attendance and payroll, training, equal employment opportunity, labor relations and reasonable accommodation and ergonomic issues. Budgeting functions include the development, management, and revision of the Commission's budget. Business services include building and space management, communications, contracts and procurement, equipment and supplies, maintenance, and travel. The Statements of Economic Interests (SEI) Unit in the Administration Division administers and acts as filing officer for SEI-Form 700 submitted electronically or on paper from public officials from all levels of government across California. With a staff of six, the SEI unit processes over 25,000 of these statements each year.



APPENDIX A

MAJOR ENFORCEMENT CASES

ADVERTISEMENTS

In the Matter of Committee for a Strong Siskiyou Economy, No on Measure H Sponsored by Crystal Geysers Water Company, Kelly Lawler, Jill Harris, and Crystal Geysers Water Company; FPPC No. 17/123.

Committee for a Strong Siskiyou Economy, No on Measure H Sponsored by Crystal Geysers Water Company was a primarily formed ballot measure committee active in Siskiyou County during the 2016 General Election. Kelly Lawler served as the treasurer. Jill Harris served as a principal officer. Crystal Geysers Water Company was the sponsor of the Committee. Respondents Committee and Harris failed to include an accurate disclosure statement on mass mailings and advertisements, in violation of Government Code Sections 84106, 84504, subdivision (c), and 84305 (1 count). Respondents Committee and Lawler failed to accurately

disclose activity on campaign statements and failed to timely file 24-Hour Reports, in violation of Government Code Sections 84211 and 84203 (3 counts). Crystal Geysers Water Company, qualifying as a major donor, failed to timely file a campaign statement and failed to timely file 24-Hour Reports, in violation of Government Code Sections 84200 (1 count) and 84203 (1 count). Total Penalty: \$67,508. (August 2022 Agenda)

CONFLICT OF INTERESTS

In the Matter of Andrew Do; FPPC Nos. 16/510 and 18/648.

Andrew Do is a member of the Orange County Board of Supervisors and the CalOptima Board of Directors. Do violated the pay-to-play restrictions of the Act in 2016 and 2017 when they made, participated in making, and attempted to use their official position to influence governmental contracting decisions involving a participant who contributed to their campaign, and had reason to know the respective contributors contributed to their campaign for county supervisor, in violation of Government Code Section 84308, subdivision (c) (2 counts). In 2015 and 2016, Do also failed to timely file behested payment reports disclosing eight payments totaling approximately \$110,440, in violation of

Government Code Section 82015, subdivision (b) (2)(B)(iii) (4 counts). Total Penalty: \$12,000. (July 2022 Agenda)

In the Matter of Steve Dallas; FPPC No. 18/804.

In their capacity as Mayor for Carmel-by-the-Sea from 2016 through 2018, failed to timely disclose gifts on a Statement of Economic Interest, in violation of Government Code Section 87207 (1 count). Dallas accepted gifts over the limit, in violation of Government Code Section 89503 and Regulation 18940.2 (1 count). Dallas had a prohibited conflict of interest when voting on and participating in a vote regarding a source of gift to Dallas, in violation of Government Code Section 87100 (1 count). Total Penalty: \$9,500. (July 2022 Agenda)

In the Matter of Claire Crandall; FPPC No. 16/741.

Crandall is a former employee with the San Diego County Office of Education. In their capacity as a public official, Crandall influenced a governmental decision of an agency in another county in favor of entering into a contract with a company owned by Crandall's spouse, in violation of Government Code Section 87100 (1 count). Total Penalty: \$5,000. (July 2022 Agenda)

CAMPAIGN LATE FILER

In the Matter of Friends of Joe Aguirre for Delano City Council 2014 and Joe Aguirre; FPPC No. 17/193.

Joe Aguirre was a successful candidate for Delano City Council in the November 8, 2014 General Election. Friends of Joe Aguirre for Delano City Council 2014 was Aguirre's candidate-controlled committee. The Committee and Aguirre failed to timely file four pre-election campaign statements, in violation of Government Code Sections 84200.5 and 84200.8 (4 counts) and failed to timely file eight semi-annual campaign statements, in violation of Government Code Section 84200 (4 counts). Total Penalty: \$36,000. (March 2022 Agenda)

Californians in Support of Mike Antonovich State Senate 2016 and Shelley Levine; FPPC Nos. 17/1397 and 18/821.

This matter arose from an audit performed by the Franchise Tax Board's Political Reform Audit Program. Californians in Support of Mike Antonovich State Senate 2016 was a primarily formed committee that supported the candidacy of Michael Antonovich for State Senate District 25 during the 2016 Primary and General Elections. Shelley Levine was the Committee's treasurer. The Committee and Levine failed to timely amend the Committee's

statement of organization to include the name of its sponsor, in violation of Government Code Section 84103 (1 count), failed to timely file four pre-election campaign statements, in violation of Government Code Section 84200.5 (2 counts), failed to timely file two 24-hour reports, in violation of Government Code Section 84203 (1 count), and failed to adequately maintain campaign records, in violation of Government Code Section 84101 (1 count). Total Penalty: \$21,000. (March 2022 Agenda)

In the Matter of Valle for Alameda County Supervisor 2018/22, Richard Valle, and Barbara Aro-Valle; FPPC No. 21/524.

Richard Valle was a successful candidate for Alameda County Supervisor in the June 5, 2018 Primary Election. Valle for Alameda County Supervisor 2018/22 is his candidate-controlled committee. Barbara Aro-Valle was the Committee's treasurer. The Committee, Valle, and Aro-Valle failed to timely file seven semi-annual campaign statements, in violation of Government Code Section 84200 (7 counts); two pre-election campaign statements, in violation of Government Code Section 84200.5 (2 counts); and six 24-hour reports, in violation of Government Code Section 84203 (6 counts). Total Penalty: \$8,073 (Tier One & Two) (March 2022 Agenda).

In the Matter of Nick for Lake Forest City Council 2016, Adam Nick, individually, Bryan Burch, and Adam Nick, as major donor committee; FPPC No. 16/20096.

Adam Nick was an unsuccessful candidate for Lake Forest City Council in the November 8, 2016 General Election. Nick for Lake Forest City Council 2016 (the "Candidate Committee") is Nick's candidate-controlled committee in conjunction with their campaign. Bryan Burch is the Committee's treasurer. Nick also qualified as a major donor committee (the "Major Donor Committee") in 2016. The Candidate Committee, Nick, and Burch failed to timely report certain nonmonetary contributions on one pre-election and one semi-annual campaign statement, in violation of Government Code Section 84211 (1 count). The Candidate Committee and Nick failed to utilize the designated campaign bank account for certain contributions and expenditures, in violation of Government Code Section 85201 (1 count). The Major Donor Committee failed to timely report certain nonmonetary contributions on a major donor campaign statement, in violation of Government Code Section 84211 (1 count). Total Penalty: \$5,000. (April 2022 Agenda)

CAMPAIGN LATE REPORTER AND CASH CONTRIBUTIONS AND EXPENDITURES

In the Matter of Anthony Phan and Neighbors for Anthony Phan 2016-City Council, FPPC No. 17/054.

Anthony Phan was a successful candidate for Milpitas City Council in the November 8, 2016 General Election and was re-elected in the November 3, 2020 General Election. Phan is currently a member of the Milpitas City Council. Neighbors for Anthony Phan 2016-City Council (Committee) was Phan's candidate-controlled committee in 2016. Johnathon Le was the named treasurer through 2016. In 2017, Phan was the

Committee treasurer. In this matter, Phan and the Committee failed to properly report a loan, in violation of Government Code Section 84211, subdivisions (f), (g) and (k) (1 count), impermissibly received and made expenditures of cash over \$100, in violation of Government Code Section 84300, subdivisions (a), (b) and (c) (1 count), and failed to properly disclose required contributor information on campaign statements, in violation of Government Code Section 84211, subdivisions (f)(3) and (f)(4) (1 count). Total Penalty: \$15,000. (May 2022 Agenda)

LAUNDERED CAMPAIGN CONTRIBUTIONS

In the Matter of Andrew M. Stein, Andrew Stein for Superior Court Judge 2014, and Yolanda Miranda; FPPC Case No. 17/075.

This matter arose from an audit performed by the Franchise Tax Board's Political Reform Audit Program. Andrew Stein was a successful candidate for Los Angeles County Superior Court Judge in the June 3, 2014 Primary Election, but was defeated in the November 4, 2014 General Election. Andrew Stein for Superior Court Judge 2014 was Stein's controlled committee. Yolanda Miranda served as the Committee's treasurer. In this matter, Stein, the Committee, and Miranda caused a third

party to make a \$100,000 contribution to the Committee in the name of Stein, in violation of Government Code Section 84301 (1 count). Further, Stein, while acting as the intermediary of the third party, failed to disclose both the intermediary and the original contributor information for the \$100,000 contribution from the third party to the Committee, in violation of Government Code Section 84302 (1 count). Finally, Stein, the Committee, and Miranda filed a campaign statement with inaccurate contributor information regarding the \$100,000 contribution, in violation of Government Code Section 84211 (1 count). Total Penalty: \$15,000. (September 2022 Agenda)

LOBBYING REPORTING

In the Matter of OhmConnect, Inc.; FPPC No. 21/1031.

OhmConnect, Inc., a \$5,000 filer and lobbyist employer, failed to timely file twelve \$5,000 filer quarterly reports and four lobbyist employer quarterly reports, in violation of Government Code Section 86115 (16 counts). Total Penalty: \$14,877 (Tier Two). (May 2022 Agenda)

MASS MAILING SENT AT THE PUBLIC EXPENSE

In the Matter of City of El Monte; FPPC Case No. 20/1040.

The City of El Monte sent five mass mailings that featured a government official at public expense, in violation of Government Code Sections 89001 and 89002 (5 counts). Total Penalty: \$15,000. (July 2022 Agenda)

MISUSE OF CAMPAIGN FUNDS

In the Matter of Isaac Galvan, and Galvan for Compton City Council 2013/2017; FPPC Case No. 16/207.

Galvan first was elected to the Compton City Council, District 2, in June 2013. He was re-elected in April 2017. In 2021, he was re-elected again, and he remained in office until May 2022 when his 2021 re-election was invalidated. Galvan for Compton City Council 2013/2017 was Galvan's candidate-controlled committee. Galvan served as the Committee's treasurer. Galvan and the Committee failed to timely file semi-annual and pre-election campaign statements, in violation of Government Code Sections 84200, 84200.5, and 84200.8 (13 counts); failed to properly report committee activity on campaign statements, in violation of Government Code Section 84211 (6

counts); failed to timely file 24-Hour Reports, in violation of Government Code Section 84203 (8 counts); accepted a money order of \$100 or more, in violation of Government Code Section 84300, subdivision (a) (1 count); made unlawful cash expenditures of campaign funds, in violation of Government Code Section 84300, subdivision (b) (4 counts); and failed to keep required committee records, in violation of Government Code Section 84104 and Regulation 18401 (4 counts). Also, Galvan unlawfully used campaign funds for personal purposes, in violation of Government Code Sections 89510, subdivision (b), 89512, 89513, and 89517 (17 counts). Total Penalty: \$240,000. (August 2022 Agenda)

STATEMENT OF ECONOMIC INTEREST LATE FILER

In the Matter of Laura Franco-Perez; FPPC No. 18/083.

Laura Franco-Perez, Planning Commissioner of the City of Sanger, failed to timely file an Assuming Office, 2017 Annual, and Leaving Office Statement of Economic Interests, in violation of Government Code Sections 87202, 87203, and 87204 (3 counts). Total Penalty: \$12,000. (September 2022 Agenda)



APPENDIX B

LEGISLATION

Ten bills amending the Political Reform Act were passed by the Legislature and signed by the Governor this year, all of which were sponsored by, or received formal support from, the Fair Political Practices Commission. Each of these bills will take effect on January 1, 2023, except for AB 2158 (Fong), AB 2528 (Bigelow), SB 459 (Allen), SB 746 (Skinner) which were written to become operative at later dates as noted in the bill summaries below.

AB 775 (Berman) – Recurring Contributions

AB 775 requires a candidate or committee to obtain affirmative consent from a person making a recurring contribution at the time of the initial contribution. The bill requires improperly solicited contributions to be returned within 14 days, as provided. The bill requires a candidate or committee that accepts a recurring contribution to provide a receipt for each contribution, provide information necessary to cancel the recurring contribution, and immediately cancel a recurring contribution upon request.

AB 2172 (Cervantes) – Paper Filings with SOS

AB 2172 allows a person to file the paper copy of their report or statement with the SOS instead by email with a digital signature. For a person that opts to file by paper, the bill eliminates the requirement that the person must submit two duplicate paper copies to the SOS, and instead requires only one paper copy.

AB 1783 (Levine) Lobbying: Administrative Actions

AB 1783 expands the definition of “administrative action” to additionally include any decision or approval pursuant to Section 1215.2 of the Insurance Code or Section 1399.65 of the Health and Safety Code, which govern the review and approval of the following: Proposed mergers, consolidations, and acquisitions of health care service plans that are subject to the approval of the Director of the Department of Managed Health Care, as specified, and, purchases, exchanges, mergers, and acquisitions of domestic insurers that are subject to the approval of the Insurance Commissioner, as specified.



**AB 2158 (Fong)
Local Educational Agency Ethics Trainings**

AB 2158 adds school districts, county offices of education, and charter schools to the definition of “local agency” for purposes of the state’s local agency ethics training requirements, and would impose the ethics training requirements on a member of the governing board of a school district, a county board of education, or the governing body of a charter school, regardless of whether the member receives any type of compensation for expenses incurred in the performance of official duties. The bill imposes these training requirements on the governing board and governing body members starting January 1, 2025.

AB 2528 (Bigelow) – Cal-Access: Local Filers

AB 2528 requires an elected local government officer or candidate for elective local government

office who has campaign contributions of \$15,000 or more and who is not currently required to file with SOS to file with SOS through their online filing and disclosure system, in addition to filing with whoever the statement or document is currently filed with under the PRA, such as the elected officer’s local filing officer.

The bill requires SOS, by the January 1st after SOS certifies the new online filing system, to submit a report to the Legislature that specifies the changes to the online filing system needed to accommodate the local filings described in the bill.

The bill requires SOS to consult with the FPPC and the Department of Technology in preparing this report. The bill requires local candidates and officers to begin filing online with SOS on the January 1st following the date that SOS certifies that the necessary changes to the online filing system have been made.

SB 459 (Allen) – Lobbying Transparency

SB 459 requires lobbyists, lobbying firms, and lobbyist employers to include information in their quarterly periodic reports that identifies each bill or administrative action subject to lobbying activity, the respective position advocated for, and each bill or administrative action for which issue lobbying advertisements, as defined, were issued.

The bill requires a lobbyist employer to file a new 48-hour report if it retains a lobbying firm to influence legislative action during the 60-day period before the Legislature is scheduled to adjourn in a calendar year.

The bill imposes new requirements relating to issue lobbying advertisement and requires a lobbyist employer to file specified reports within 72-hours of incurring costs \$5,000 or more for issue lobbying advertisements within a calendar quarter.

The bill becomes operative one year after SOS certifies the new online filing and disclosure system.

SB 746 (Skinner) – Business Entity Ads and Search Results

SB 746 requires a business entity to submit a report to SOS following any calendar year in which the business entity uses its products or services to alter online search results in order to emphasize or de-emphasize materials containing express advocacy or to target online advertisements without full and adequate consideration and for political purposes. The bill specifies the contents of the report and requires business entities subject to these requirements to maintain detailed accounts and records necessary to prepare the report. The bill specifies certain exceptions. The bill becomes operative on January 1, 2024.

SB 794 (Glazer) – Excessive Contributions

SB 794 authorizes a committee that receives a contribution with actual knowledge that the contribution is over the applicable contribution limit in the PRA to accept the contribution and return or attribute the portion in excess within 72 hours of receipt or before the date of the election, whichever is sooner. The bill prohibits a committee from using the excessive contribution prior to returning or attributing it and caps the amount of a contribution that may be accepted pursuant to this bill at twice the applicable limit. The bill requires a committee that receives an excessive contribution to provide certain information to the contributor.

The bill also codifies an existing regulation allowing return of contributions within 14 days if the committee does not have actual knowledge that the contribution exceeds the applicable contribution limit.

SB 1360 (Umberg and Allen) – Ad Disclosures

SB 1360 makes changes to the disclosure requirements for political advertisements, including changes to the required form, content, and presentation of the disclosures depending on the medium in which the advertisement appears, including:

- Formatting changes to the disclosures required on a campaign advertisement disseminated as a video.
- Changes to the disclosures required on an electronic media advertisement that is a graphic or an image.
- Permitting, for electronic media advertisements and video advertisements disseminated over the internet, the shortening of a committee's name, as specified.
- Prohibiting any text or images, other than text or images required by law, from being included in a campaign advertisement's disclosure area.

This bill also makes changes in the Elections Code relating to initiative, referendum, and recall petitions.

SB 1439 (Glazer) – Contributions to Local Government Agency Officers: Disqualification

Existing law under the Act prohibits an officer of an agency from accepting, soliciting, or directing a contribution of more than \$250 from any party, participant, or a party or participant's agent, while a proceeding involving a license, permit, or other entitlement for use is pending before the agency and for 3 months following the date a final decision is rendered in the proceeding, if the officer knows or has reasons to know that the participant has financial interest, as defined. The Act also prohibits a party, participant,

or participant's agent from making a contribution of more than \$250 to an officer of the agency during the proceeding and 3 months following the date of the final decision. The Act exempts certain entities from these requirements, including local government agencies whose members are directly elected by the voters.

SB 1439 removes that exception for local government agencies, thereby subjecting them to the prohibition described above.

The bill additionally:

- Extends the prohibition on contributions from 3 to 12 months following the date a final decision is rendered in the proceeding.
- Allows an officer to cure a violation for an improper contribution accepted after the proceeding by returning the contribution within 14 days, if the acceptance was not knowing and willful.



APPENDIX C REGULATIONS

Substantive Regulatory Changes Adopted by the Commission in 2022

Biennial Cost of Living Adjustments

Regulations 18545, 18700, 18730, and 18940.2

Amended to make cost of living adjustments to reflect changes in the Consumer Price Index, to various monetary limits contained in the Act.

Committee Bank Records

Regulation 18410 – Statement of Organization

Amended to require a committee to disclose on a Statement of Organization (Form 410) the names of persons, other than the treasurer, who have authorization to obtain the committee’s bank account records from the financial institution where the account is maintained.

Contributions

Regulation 18421.2 – Cryptocurrency Contributions

Added to permit the making of contributions with cryptocurrency through a payment processor.

Direct Personal Benefit, Made at the Behest, and Reporting of Commission Income and Incentive Compensation

Regulation 18960 – Direct Personal Benefit Defined

Amended to extend its application to Section 89521, defining an “egregious personal benefit” and other cleanup amendments.

Regulation 18225.7 – Made at the Behest; Independent versus Coordinated Expenditures

Amended to remove a citation to a repealed regulation.

Regulation 18728.5 – Reporting of Commission Income and Incentive Compensation

Amended to correct a cross-reference citation.

Lobbyist and Lobbying Firm

Regulation 18624 – Lobbyist Arranging Gifts

Amended to clarify that a lobbyist does not arrange for the making of a gift to another by making recommendations or providing information to the lobbyist’s employer, including information obtained from a third party, concerning a gift to a public official.

Regulation 18625 – Placing Official under Personal Obligation

Amended to clarify the application of 86205(a) to lobbyists and lobbying firms who fail to make sufficient efforts to collect past due debt from public officials they are registered to lobby.

Regulation 18626 – Contingency Fees Prohibition

Added to clarify the broad application of Section 86205(f) by defining the phrase “any payment in any way contingent.”

Recall Elections

Regulation 18531.5 – Recall Elections

Amended to codify advice concerning recalls which arose during the 2021 gubernatorial recall, as well as local recalls during the same year.

Referrals, Public Information, and Records Requests

Regulation 18315 – Complaint against a Commissioner

Added to require the Enforcement Division to refer to the Office of the Attorney General any complaint alleging a sitting Commissioner violated the Political Reform Act.

Regulation 18360 – Complaints Filed with the Commission

Amended to update the requirements for referrals to the Enforcement Division and the Commission’s practices when responding to public requests for records and other information concerning a pending Enforcement matter.

Treasurer

Regulation 18400 – Treasurer, Assistant Treasurer, Responsible Officer, and Principal Officer Capacity

Added to set the age of 18 as the minimum age for an individual to serve in the role of treasurer, assistant treasurer, responsible officer, or principal officer.

RESOURCES

CONTACT US

General Information

(916) 322-5660

Advice

1-866-ASK-FPPC *1

Advice@fppc.ca.gov

Request a Public Record

(916) 445-2772

Cpra@fppc.ca.gov

Media Inquiry and Requests

(916) 322-7761

Press@fppc.ca.gov

Enforcement Complaint

Complaint@fppc.ca.gov

Comment on Agenda Items

CommAsst@fppc.ca.gov

FPPC's Electronic Filing System

1-866-ASK-FPPC *2

Form700@fppc.ca.gov

Request a Speaker

(916) 327-8269

Visit www.fppc.ca.gov

for more information.



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