

Fair Political Practices Commission

MEMORANDUM

To: Chair Ravel, Commissioners Casher, Esckovitz, Wasserman, Wynne

From: Erin Peth, Executive Director
Gary Winuk, Chief of Enforcement
Dave Bainbridge, Senior Commission Counsel

Date: September 9, 2013

RE: Request for Authority to File a Civil Complaint and Enter Stipulated Judgment

Case Name: *In the Matter of Citizens for a Voice in Government, Major Funding by Investment Manager, Brandon Powers, Lysa Ray and Chris Hansen*; FPPC No. 13/869

The Enforcement Division presents this matter to the Fair Political Practices Commission (“Commission”) in order to obtain authority to file a civil complaint against the above-named persons to enforce the provisions of the Political Reform Act (the “Act”),¹ and for approval to enter a civil judgment pursuant to the terms of the Stipulation for Entry of Judgment negotiated and agreed to by the Enforcement Division and the above-named persons in this matter.

INTRODUCTION

On June 21, 2013, Chris Hansen, through his agent Loeb & Loeb, LLC, made a \$100,000 contribution to support the Voter Approval for Public Funding of Professional Sports Arena Act, a ballot initiative that would require voters to approve the City of Sacramento’s proposed arena financing plan. Citizens for a Voice in Government, Major Funding by Investment Manager was the primarily formed ballot measure committee that received the contribution from Mr. Hansen. It was the only contribution the committee received during the first half of 2013. Through Loeb & Loeb, the committee paid GOCO Consulting, LLC, \$80,000 to gather signatures for the Voter Approval for Public Funding of Professional Sports Arena Act. Mr. Hansen did not timely file a semi-annual campaign statement for the first half of 2013 reporting this contribution. Citizens for a Voice in Government, Major Funding by Investment Manager also failed to timely file a semi-annual campaign statements reporting receipt of the contribution from Mr. Hansen and the \$80,000 expenditure for signature gathering services. The committee also failed to timely file a Statement of Organization.

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.

Because Citizens for a Voice in Government, Major Funding by Investment Manager and Mr. Hansen did not file campaign statements by the July 31 deadline, citizens in Sacramento, who were being asked to sign the arena petition, did not have information regarding who was funding the petition effort. The identity of Mr. Hansen as the financial backer of the arena petition effort would have been highly relevant to many people in Sacramento because, earlier in the year, Mr. Hansen had unsuccessfully attempted to buy the Sacramento Kings basketball team and move the team to Seattle.

Upon learning that Loeb & Loeb, LLP made the payment to GOCO, Consulting LLP for the signature gathering effort, the Enforcement Division contacted Loeb & Loeb, LLP on August 9, 2013. The Enforcement Division demanded that Loeb & Loeb, LLP, or the persons it was representing, file all past-due campaign statements immediately. Despite, multiple assurances by Loeb & Loeb, LLP's attorney that his clients would file campaign statements, they failed to do so within a reasonable time. Only after the Enforcement Division filed a civil complaint and petition for a preliminary injunction in Sacramento Superior Court on August 15, 2013 against Loeb & Loeb, LLP did Mr. Hansen and Citizens for a Voice in Government, Major Funding by Investment Manager file the required statements.

The Enforcement Division dismissed the civil action against Loeb & Loeb, LLP after Citizens for a Voice in Government, Major Funding by Investment Manager and Mr. Hansen submitted campaign statements. The Enforcement Division now requests authority to file a new civil complaint, this time against Citizens for a Voice in Government, Major Funding by Investment Manager, and its officers, as well as Mr. Hansen, for their violations of the Act, and for approval to enter a civil judgment pursuant to the terms of the Stipulation for Entry of Judgment negotiated and agreed to by the parties.²

Section 91004 provides that any person who intentionally or negligently violates the reporting requirements of the Act shall be liable in a civil action. The Enforcement Division is presenting this matter to the Commission for authorization to proceed civilly, in lieu of an administrative enforcement action. Regulation 18361.2 governs the procedure for civil suit.

After reviewing this memorandum, the Commission may direct the Executive Director to do any of the following:

- (1) Initiate civil litigation.
- (2) Decide whether probable cause proceedings should be commenced.
- (3) Return the matter to staff for further investigation.
- (4) Take no further action on the matter or take whatever other action it deems appropriate.

LAW

² Commission Chair Ravel authorized the filing of the civil action against Loeb & Loeb, LLP between Commission meetings pursuant to authority delegated to her under Section 83108 due to the need for immediate action to compel compliance with the Act.

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and so that improper practices may be inhibited. The Act sets forth a comprehensive campaign reporting system in furtherance of this purpose. (Section 84200, *et seq.*)

Reporting Requirements

Any person or combination of persons who receive political contribution(s) totaling \$1,000 or more qualifies as a “committee” pursuant to Section 82013, subdivision (a), and must file a “Statement of Organization” with the Secretary of State within ten days of qualifying as a committee. (Section 84101, subd. (a).) A committee is also required to file semi-annual campaign statements (Form 460) each year no later than July 31 for the reporting period ending June 30, and no later than January 31 for the reporting period ending December 31. (Section 84200.) The campaign statement must include that information required by Section 84211, including all contributions received and expenditures made by the committee during the reporting period.

Any person who makes contributions totaling \$10,000 or more in a calendar year qualifies as a “major donor” committee pursuant to Section 82013, subdivision (c). A major donor committee must file semi-annual campaign statements (Form 461) pursuant to Section 84200. The campaign statements must include information regarding contributions made by the major donor (Section 84211.)

Civil Liability

Any person who intentionally or negligently violates any of the Act’s reporting requirements shall be liable in a civil action for an amount not more than the amount or value not properly reported. (Section 91004.)

Treasurer and Principal Officer Liability

A committee’s principal officer and/or treasurer can be held jointly and severally liable for reporting violations by a committee. (Sections 83116.5, 84104 and 91006; and Regulation 18316.6.)

FACTS

The Enforcement Division received a sworn complaint on August 7, 2013 alleging that a ballot measure committee named Sacramento Taxpayers Against Pork (STOP) and/or a general purpose committee named Taxpayers for Safer Neighborhoods failed to report payments to signature gatherers on their semi-annual statements for the first half of 2013. The signatures were being gathered as part of the petition drive to place the Voter Approval for Public Funding of Professional Sports Arena Act on the ballot in the City of Sacramento next spring (hereafter referred to as “arena petition drive”). Supporters of the arena petition drive must get approximately 22,000 signatures from Sacramento citizens by mid-December in order to put the measure on next year’s ballot. Both STOP and Taxpayers for Safer Neighborhoods denied paying signature gatherers for the arena petition drive.

The Enforcement Division determined that GOCO Consulting, Inc. was responsible for paying the signature gatherers in Sacramento. During an interview with Special Investigator Lee Myers on August 9, 2013, a representative for GOCO said political consultant Brandon Powers approached GOCO in order to hire GOCO to provide signature gathering services in Sacramento. On June 21, 2013, GOCO sent an invoice to Powers for \$80,000 for signature gathering services. That same day, GOCO received a payment of \$80,000 via wire transfer. GOCO's bank records indicate the payment came from Loeb & Loeb. On June 22, 2013, signature gatherers employed by Momentum Political Services, a subcontractor of GOCO, began collecting signatures for the arena petition drive.

On August 9, 2013 Commission Counsel Dave Bainbridge called Scott Zolke, an attorney with Loeb & Loeb, to inquire about the payment to GOCO. Mr. Zolke did not answer the call. Later that day, attorney Scott Baric, who represented Brandon Powers, called to say that he represented Loeb & Loeb in the matter as well. Commission Counsel Bainbridge informed Mr. Baric that Loeb & Loeb, and/or the source of the funds paid to GOCO, had filing obligations under the Act and had likely violated the Act by not filing a campaign statement on or before July 31, 2013. Mr. Baric said he would work with his clients over the weekend to prepare the proper filings.

On Monday morning, August 12, 2013, the Enforcement Division sent Mr. Baric a letter via email reiterating that those persons who made the payment to GOCO should have filed campaign statements and demanded that the persons responsible for that payment file campaign statements immediately since the source of the payment was highly relevant to the ongoing arena petition drive. The letter also stated that the Enforcement Division would seek an injunction compelling the parties to comply if they did not do so voluntarily. A copy of that letter is attached as Exhibit A.

On August 13, 2013, Mr. Baric indicated his clients would file campaign statements by noon on August 14, 2013. They did not file. Late in the afternoon on August 14, Mr. Baric said they would file by 8:30 am the next day. At 8:45 am the next day, Mr. Baric said the filings were not ready but that his clients would file the necessary statements by noon that day. They did not file by noon and Mr. Baric did not answer when Commission Counsel Bainbridge called him shortly after noon on August 15, 2013 to inquire about the filings.

At approximately 3:00 pm on August 15, 2013, the Enforcement Division filed a civil complaint and petition for a preliminary injunction in Sacramento Superior Court compelling Loeb & Loeb, and all persons it was acting in concert with or on behalf of, to file all campaign statements required under the Act.

On the afternoon of Friday, August 16, 2013, Mr. Baric emailed the Enforcement Division copies of campaign statements he intended to file on behalf of his clients. The filings included a Statement of Organization (Form 410) for a primarily formed committee called Citizens for a Voice in Government, Major Funding by Investment Manager ("Citizens"). Brandon Powers was listed as the principal officer for Citizens and Lysa Ray the treasurer. Also, included was a semi-annual campaign statement (Form 460) for Citizens for the January 1, 2013 through June 30, 2013 reporting period. The statement indicated that Citizens received a

\$100,000 contribution from Chris Hansen, and listed Loeb & Loeb as an intermediary on that contribution. The statement also listed a payment of \$80,000 to GOCO Consulting, Inc., amongst other expenses. Lastly, Mr. Baric provided a semi-annual campaign statement for Mr. Hansen (Form 461) identifying him as a major donor for his \$100,000 contribution on June 21, 2013 to Citizens. Upon receiving copies of the campaign statements from Citizens and Mr. Hansen, the Enforcement Division dismissed the civil complaint against Loeb & Loeb. On August 21, 2013³, each of the campaign statements listed above were filed with the City of Sacramento Clerk's Office.

VIOLATIONS

Citizens, Brandon Powers, and Lysa Ray

- (1) By receiving a contribution of \$100,000 from Hansen on June 21, 2013, Citizens qualified as a committee under Section 82013, subdivision (a). Citizens failed to file a Statement of Organization within 10 days of becoming a committee in violation of Section 84101, subdivision (a). It filed a Statement of Organization on August 21, 2013, 51 days late.
- (2) Citizens failed to file a semi-annual campaign statement for the reporting period ending on June 30, 2013 by the July 31, 2013 deadline in violation of Section 84200, subdivision (a). It filed the statement on August 21, 2013.

Chris Hansen

- (3) By making a contribution of over \$10,000, Chris Hansen qualified as a major donor committee under Section 82013, subdivision (c). He failed to file a semi-annual campaign statement for the reporting period ending on June 30, 2013 by the July 31, 2013 deadline in violation of Section 84200, subdivision (b). He filed the statement on August 21, 2013.

RECOMMENDATION FOR CIVIL ACTION

This case is a valuable example of the importance of timely reporting of political contributions. Mr. Hansen contributed all of the money that was used to pay signature gatherers for the arena petition drive. Due to Mr. Hansen's status as a figure in the effort to move the primary tenant of a new arena, the Sacramento Kings, to Seattle, his role in the arena petition effort would be highly relevant to many citizens of Sacramento in considering whether to sign the ballot measure qualification petition. This is evidenced by the number of persons who have asked that their name be removed from the petition.⁴ This underscores the importance of citizens having timely information regarding who is supporting ballot measure campaigns.

³ The City Clerk's office received the original copies of the statements in the mail on August 21, 2013 and date-stamped them that day. The attorneys for Mr. Hansen and Citizens stated that they faxed copies of the statements to the City Clerk's office on the afternoon of August 16. The City Clerk said it did not receive those faxes but stated that it was having technical problems with its fax machine on August 16.

⁴ The Sacramento City Clerk's Office told Commission Counsel Bainbridge that as of August 28, 2013, a total of 1,464 people have asked that their signature on the arena petition be withdrawn.

The money from Mr. Hansen to Citizens was funneled through Loeb & Loeb to GOCO for the signature gathering effort without being reported by any of the parties. Even after the Enforcement Division contacted Mr. Baric, the attorney for Loeb & Loeb and Brandon Powers, on August 9 to demand that the responsible parties file immediately, the parties did not file for another 11 days, and only after the Enforcement Division filed in civil court to compel compliance. During this delay, the arena petition drive continued. Each day after the filing deadline, Sacramento voters could have signed the arena petition without full knowledge of who had paid the signature gatherers.

The Enforcement Division recommends filing a civil action against Citizens, Brandon Powers, Lysa Ray, and Chris Hansen in order to obtain a civil penalty for their violations of the Act. A civil penalty is justified in this case because an administrative penalty, even at the maximum rate of \$5,000 per violation, is insufficient given the violations. The persons involved are sophisticated and knew or should have known of their filing obligations under the Act. While Mr. Hansen is a hedge fund manager with little political experience, he had agents who are political consultants and attorneys to act on his behalf, and he is responsible for their actions and omissions. An administrative fine would not adequately punish the parties or serve to deter similar violations in the future given the amount of the contribution at issue, as well as the fact that the Commission had to initiate litigation to compel disclosure.

PROPOSED STIPULATED SETTLEMENT

Citizens for a Voice in Government, Major Funding by Investment Manager, Brandon Powers, Lysa Ray and Chris Hansen (collectively “Respondents”) and the Enforcement Division have reached a proposed settlement agreement whereby Respondents admit to the three violations listed above and in the complaint and agree to pay a total penalty of \$50,000.

Due to the unique circumstances in this case and the lack of civil actions brought by the Commission in recent years, there are no relevant comparable cases. The Enforcement Division believes \$50,000 is sufficient and appropriate to punish Respondents and deter future similar violations.

Pending approval by the Commission of this request for civil action, the Enforcement Division intends to file a civil complaint with the County of Sacramento Superior Court. A copy of the complaint is attached as Exhibit B. The parties would then file a fully executed stipulation for entry of judgment (see attached Exhibit C) and a proposed judgment to be signed by the judge (see attached Exhibit D). Respondents have submitted a cashier’s check in the amount of \$50,000 to be held by the Commission until judgment is entered in the civil action.

CONCLUSION

We recommend the Commission authorize staff to file a civil complaint in this matter against Citizens for a Voice in Government, Major Funding by Investment Manager, Brandon Powers, Lysa Ray, and Chris Hansen, and enter a stipulated civil judgment pursuant to the terms discussed in this memorandum and memorialized in the attached stipulation and judgment.

EXHIBIT A

Intentionally left blank



FAIR POLITICAL PRACTICES COMMISSION

428 J Street • Suite 620 • Sacramento, CA 95814-2329

(916) 322-5660 • Fax (916) 322-0886

August 12, 2013

Steve Baric
Baric & Tran
2603 Main Street, Ste. 1050
Irvine, CA 92651

RE: FPPC Reporting Obligations

Dear Mr. Baric:

The Enforcement Division of the Fair Political Practices Commission (the "Commission") has evidence that your client, Loeb & Loeb, LLP, made a payment of \$80,000 on June 21, 2013 to Olson Campaigns to pay for a signature-gathering effort in Sacramento. The purpose of that effort is to qualify a measure for the ballot in the City of Sacramento that would permit city residents to vote on a proposed plan for the construction of a new arena in downtown Sacramento. The payment to Olson Campaigns triggered campaign reporting requirements under the Political Reform Act ("Act").¹ This expenditure created a ballot measure committee under Government Code section 82013. Those persons responsible for the payment should have filed a Statement of Organization under Government Code section 84101 and a semi-annual campaign statement for the reporting period ending on June 30, 2013 under Government Code section 84200. The semi-annual statement was due on July 31, 2013 and, as of the date of this letter, is twelve days late. Depending on additional facts, the source(s) of the funds may have additional reporting requirements not mentioned above. You may consult the Commission's website at www.fppc.ca.gov for additional information regarding filing and reporting requirements.

Because the signature-gathering effort at issue is ongoing, it is imperative that the ultimate source(s) of the \$80,000 payment be fully and truthfully reported immediately so that citizens considering whether to sign the petition are fully informed. The Commission demands that Loeb & Loeb, or the person, or persons on whose behalf the \$80,000 payment was made, comply with all reporting requirements of the Act immediately. Failure to do so will result in legal action by the Commission's Enforcement Division to compel immediate compliance with the Act.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dave Bainbridge".

Dave Bainbridge
Senior Commission Counsel

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014.

Intentionally left blank

EXHIBIT B

Intentionally left blank

1 GARY S. WINUK, SBN 190313
Chief of Enforcement
2 DAVID BAINBRIDGE, SBN 238340
Senior Commission Counsel
3 **FAIR POLITICAL PRACTICES COMMISSION**
428 J Street, Suite 620
4 Sacramento, CA 95814
Telephone: (916) 322-5660
5 Facsimile: (916) 322-1932

6 Attorneys for Plaintiff

7
8 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF SACRAMENTO

10
11 FAIR POLITICAL PRACTICES COMMISSION,)
12 Plaintiff,) No.
13 vs.) COMPLAINT FOR CIVIL
14 CITIZENS FOR A VOICE IN GOVERNMENT,) PENALTIES
15 MAJOR FUNDING BY INVESTMENT)
16 MANAGER, BRANDON POWERS, LYSA RAY,) Exempt from Filing Fees
and CHRIS HANSEN,) (Gov. Code Sec. 6103)
17 Defendants.)

18 Plaintiff, the Fair Political Practices Commission (“Plaintiff”), alleges:

19 **Public Interest**

20 1. Plaintiff brings this action in the public interest to enforce the provisions of the Political
21 Reform Act of 1974 found in Government Code sections 81000 through 91014 (the “Political Reform
22 Act”).

23 **Jurisdiction and Venue**

24 2. This court has original jurisdiction over this matter. As the cause of action in this matter
25 took place in connection with a ballot measure campaign for the City of Sacramento and involved
26 campaign statements required to be filed with the Office of the Clerk of the City of Sacramento and/or
27 California Secretary of State, both located in the County of Sacramento, the County of Sacramento is the
28 proper venue for this action.

1
2 **Parties and Preliminary Facts**

3 3. Plaintiff is a state agency created by the Political Reform Act and authorized to bring a
4 civil action to enforce reporting requirements of the Political Reform Act pursuant to Government Code
5 section 91004.

6 4. Defendant Citizens for a Vote in Government, Major Funding by Investment Manager
7 (“Defendant Committee”) is a primarily formed ballot measure committee supporting the Voter
8 Approval for Public Funding of Professional Sports Arena Act in the City of Sacramento.

9 5. Defendant Brandon Powers (“Defendant Powers”) is an individual who is the principal
10 officer for Defendant Committee.

11 6. Defendant Lysa Ray (“Defendant Ray”) is an individual who is the treasurer for
12 Defendant Committee.

13 7. Defendant Chris Hansen (“Defendant Hansen”) is an individual who made a \$100,000
14 contribution to Defendant Committee through his agent, Loeb & Loeb, LLP, a law firm based in Los
15 Angeles, (“Loeb & Loeb”) to support the Voter Approval for Public Funding of Professional Sports
16 Arena Act. Defendant Hansen’s contribution was the only contribution Defendant Committee received
17 during the first half of 2013.

18 8. On June 21, 2013, Loeb & Loeb made a payment of \$80,000 to GOCO Consulting, LLC,
19 (“GoCo”), which was used by GoCo to obtain signatures on a petition supporting the Voter Approval for
20 Public Funding of Professional Sports Arena Act, a ballot initiative that would require voters to approve
21 the City of Sacramento’s proposed arena financing plan (hereafter referred to as “arena petition drive”).
22 The money for this expenditure came from Defendant Hansen’s \$100,000 contribution to Defendant
23 Committee.

24 9. Defendant Committee used the remaining \$20,000 from Defendant Hansen’s \$100,000
25 contribution to pay political consultants for services related to the arena petition drive.

26 **Campaign Reporting Requirements**

27 10. An express purpose of the Act, as set forth in Government Code section 81002,
28 subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are

1 fully and truthfully disclosed to the public, so that voters may be better informed, and so that improper
2 practices may be inhibited.

3 11. In furtherance of this purpose of disclosure, the Act sets forth a comprehensive campaign
4 reporting system. (Gov't Code § 84200, et seq.)

5 12. Any person or combination of persons who receive political contribution(s) totaling
6 \$1,000 or more qualifies as a "committee" pursuant to Government Code section 82013, subdivision (a)
7 and must file a "Statement of Organization" with the California Secretary of State within ten days of
8 qualifying as a committee. (Gov't Code § 84101, subd. (a).)

9 13. Any person who makes contributions totaling \$10,000 or more in a calendar year
10 qualifies as a committee pursuant to Government Code section 82013, subdivision (c).

11 14. Any person or combination of persons that qualifies as a committee must file semi-annual
12 campaign statements each year no later than July 31 for the reporting period ending June 30 and no later
13 than January 31 for the reporting period ending December 31. (Gov't Code §84200.) The campaign
14 statement must include that information required by Government Code section 84211, including all
15 contributions received and expenditures made by the committee during the reporting period. Semi-
16 annual statements concerning city ballot measures must be filed with the clerk of that city. (Gov't Code
17 §84215, subd. (d).)

18 Civil Liability

19 15. Any person who violates the Political Reform Act shall be liable in a civil action for an
20 amount up to \$5,000. (Gov't Code §91005.5.) If a person intentionally or negligently violates any of the
21 reporting requirements of the Political Reform Act, that person shall be liable in a civil action for an
22 amount not more than the amount or value not properly reported. (Gov't Code §91004.)

23 16. A committee treasurer may be held jointly and severally liable, along with the committee
24 and the principal officer, for any reporting violations committed by the committee. (Gov't Code
25 §§83116.5, 84104 and 91006; and California Code of Regulations, title 2, section 18316.6.)

26 First Cause of Action

27 **(Failure to Timely File Statement of Organization by Defendants Committee, Powers, and Ray)**

28 17. Plaintiff re-alleges, and incorporates herein, paragraphs 1 through 16, above.

1 18. On or about June 21, 2013, Defendant Committee received a contribution of \$100,000
2 from Defendant Hansen thereby qualifying as a committee under Government Code section 82013,
3 subdivision (a).

4 19. Defendant Committee was required to file a Statement of Organization with the Secretary
5 of State within 10 days of qualifying as a committee.

6 20. Defendant Committee failed to file a Statement of Organization within 10 days of
7 qualifying as a committee in violation of Government Code section 84101, subdivision (a).

8 21. Defendant Committee filed a Statement of Organization with the Secretary of State on or
9 about August 21, 2013. Defendant Committee's filing was 51 days late and occurred only after Plaintiff
10 filed a civil complaint and petition for a preliminary injunction in Superior Court, County of
11 Sacramento, against Loeb & Loeb, the intermediary for Defendant Committee, seeking to compel Loeb
12 & Loeb, and/or the persons on whose behalf it was acting, to file past-due statements.

13 22. Defendant Committee's failure to timely file a Statement of Organization was intentional
14 or negligent because Defendant Committee, and its officers, knew of the filing obligation, or were
15 negligent in failing to determine that Defendant Committee had the filing obligation.

16 23. Defendant Ray, as the treasurer for Defendant Committee, and Defendant Powers, as the
17 principal officer for Defendant Committee, are jointly and severably liable, along with Defendant
18 Committee, for this violation.

19 Wherefore, Plaintiff prays for judgment as set forth below.

20 **Second Cause of Action**

21 **(Failure to Timely File Semi-annual Campaign Statement by Defendants Committee, Powers, and**
22 **Ray)**

23 24. Plaintiff re-alleges, and incorporates herein, paragraphs 1 through 23, above.

24 25. On or about June 21, 2013, Defendant Committee received a contribution of \$100,000
25 from Defendant Hansen thereby qualifying as a committee under Government Code section 82013,
26 subdivision (a).

27 26. Defendant Committee was required to file a semi-annual campaign statement for the
28 January 1, 2013 through June 30, 2013 reporting period by July 31, 2013.

1 27. Defendant Committee failed to file a semi-annual campaign statement on or before July
2 31, 2013 in violation of Government Code section 84200, subdivision (a).

3 28. Defendant Committee filed a semi-annual campaign statement for the January 1, 2013
4 through June 30, 2013 reporting period on August 21, 2013. Defendant Committee's filing was 21 days
5 late and occurred only after Plaintiff filed a civil complaint and petition for a preliminary injunction in
6 Superior Court, County of Sacramento, against Loeb & Loeb seeking to compel Loeb & Loeb, and/or
7 the persons on whose behalf it was acting, to file past-due statements.

8 29. Defendant Committee's failure to timely file a semi-annual campaign statement was
9 intentional or negligent, because Defendant Committee, and its officers, knew of the filing obligation or
10 were negligent in failing to determine that Defendant Committee had the filing obligation.

11 30. Defendant Ray, as the treasurer for Defendant Committee, and Defendant Powers, as the
12 principal officer for Defendant Committee, are jointly and severably liable, along with Defendant
13 Committee, for this violation.

14 Wherefore, Plaintiff prays for judgment as set forth below.

15 **Third Cause of Action**

16 **(Failure to Timely File Major Donor Statement by Defendant Hansen)**

17 31. Plaintiff re-alleges, and incorporates herein, paragraphs 1 through 30, above.

18 32. By making the \$100,000 contribution to Defendant Committee before June 30, 2013,
19 Defendant Hansen, as a major donor, qualified as a committee and was required to file a campaign
20 statement pursuant to Government Code section 84200, subdivision (b) on or before July 31, 2013.

21 33. Defendant Hansen failed to file a campaign statement reporting the \$100,000 contribution
22 to Defendant Committee on or before July 31, 2013.

23 34. Defendant Hansen filed a semi-annual campaign statement for the January 1, 2013
24 through June 30, 2013 reporting period on August 21, 2013. Defendant Hansen's filing was 21 days late
25 and occurred only after Plaintiff filed a civil complaint and petition for a preliminary injunction in
26 Superior Court, County of Sacramento, against Loeb & Loeb, Defendant Hansen's agent, seeking to
27 compel Loeb & Loeb, and/or the persons on whose behalf it was acting, to file past-due statements.
28

EXHIBIT C

Intentionally left blank

1 GARY S. WINUK, SBN 190313
Chief of Enforcement
2 DAVID BAINBRIDGE, SBN 238340
Senior Commission Counsel
3 **FAIR POLITICAL PRACTICES COMMISSION**
428 J Street, Suite 620
4 Sacramento, CA 95814
Telephone: (916) 322-5660
5 Facsimile: (916) 322-1932

6 Attorneys for Plaintiff

7
8 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF SACRAMENTO

10 FAIR POLITICAL PRACTICES COMMISSION,)
11 Plaintiff,) No.
12 vs.) STIPULATION FOR ENTRY OF
13) JUDGMENT
14 CITIZENS FOR A VOICE IN GOVERNMENT,)
15 MAJOR FUNDING BY INVESTMENT)
16 MANAGER, BRANDON POWERS, LYSA RAY,)
and CHRIS HANSEN,)
Defendants.)

17
18 Plaintiff, the Fair Political Practices Commission, and defendants Citizens for a Voice in
19 Major Funding by Investment Manager, Brandon Powers, Lysa Ray, and Chris Hansen, through their
20 respective attorneys, enter into this stipulation for entry of judgment to resolve the current and potential
21 disputes between them arising out of the course of conduct alleged in the complaint for civil penalties
22 filed in this case.

23 The parties stipulate:

24 The complaint on file in this case was properly filed and served on Citizens for a Voice in
25 Government, Major Funding by Investment Manager, Brandon Powers, Lysa Ray, and Chris Hansen.

26 Jurisdiction of the subject matter and of the parties to this action and venue are properly in
27 Superior Court for the County of Sacramento. The complaint states three causes of action and any
28 defects in the complaint are expressly waived.

1 This stipulation shall resolve all factual and legal issues pertaining to or arising out of the causes
2 of action stated against defendants in the complaint for civil penalties filed in this case; and additionally
3 shall resolve any and all existing and potential claims under the Political Reform Act of 1974 found in
4 Government Code sections 81000 through 91014 (the "Political Reform Act") against defendants
5 pertaining to, or arising out of, the course of conduct described in the complaint, including claims for
6 raising, receiving, accepting, and transferring the described contributions, making the described
7 payments, or misreporting the described transactions in connection with the Voter Approval for Public
8 Funding of Professional Sports Arena Act in the City of Sacramento for the campaign reporting period
9 beginning on January 1, 2013 and ending on June 30, 2013; and reaches a final disposition with respect
10 to defendants, without the necessity of holding a civil trial to determine their liability.

11 Defendants Citizens for a Voice in Government, Major Funding by Investment Manager,
12 Brandon Powers, Lysa Ray, and Chris Hansen understand, and hereby knowingly and voluntarily waive,
13 any and all procedural rights that they could have exercised if this stipulation had not been entered into,
14 including, but not limited to, their right to civil discovery, to appear personally at any civil trial held in
15 this matter, to confront and cross-examine witnesses, and to have the trial presided over by an impartial
16 judge, and heard and decided by a jury.

17
18 **ENTRY OF JUDGMENT**

19 For the violations of the Political Reform Act admitted herein, defendants Citizens for a Voice in
20 Government, Major Funding by Investment Manager, Brandon Powers, Lysa Ray, and Chris Hansen
21 hereby agree to pay a total civil penalty of fifty thousand dollars (\$50,000) and stipulate that a final
22 judgment be issued and entered, consistent with the terms of this stipulation, in favor of plaintiff, the
23 Fair Political Practices Commission, and against defendants Citizens for a Voice in Government, Major
24 Funding by Investment Manager, Brandon Powers, Lysa Ray, and Chris Hansen. Payment of said civil
25 penalty shall be made by cashier's check, payable to the "General Fund of the State of California," to the
26 Fair Political Practices Commission upon the execution of this stipulation to be held by the Fair Political
27 Practices Commission until the order for judgment is issued in this case. In the event an order for
28 judgment is not issued by the court, plaintiff will return said funds to defendants.

1 The final judgment pursuant to the terms of this stipulation for settlement may be signed by any
2 judge of the Superior Court of the State of California, in and for the County of Sacramento, and entered
3 by any clerk upon application by plaintiff without further notice to defendants.

4 The parties shall each bear their own attorney's fees and costs.

5
6 **STIPULATED STATEMENT OF LAW AND FACTS**

7 **1. PARTIES**

8 Fair Political Practices Commission

9 Plaintiff, the Fair Political Practices Commission ("FPPC"), is a state agency created by the
10 Political Reform Act of 1974 (the "Act"). (Gov. Code §§ 81000 - 91014.) The FPPC has primary
11 responsibility for the impartial, effective administration and implementation of the Act. (Gov. Code §
12 83111.) FPPC is acting as the civil prosecutor concerning this matter, the stipulated judgment set forth
13 herein precludes any other agency, organization, entity, or person from obtaining any further judgment
14 with respect to the violations which were or could have been alleged arising from the conduct described
15 in this action, as provided by Government Code section 91008.

16
17 Citizens for a Vote in Government, Major Funding by Investment Manager, Brandon Powers and Lysa

18 Ray

19 Defendant Citizens for a Vote in Government, Major Funding by Investment Manager
20 ("Defendant Committee") is a primarily formed ballot measure committee organized under the laws of
21 the State of California for the purpose of supporting the Voter Approval for Public Funding of
22 Professional Sports Arena Act in the City of Sacramento. Defendant Brandon Powers ("Defendant
23 Powers") is the principal officer of Defendant Committee and defendant Lysa Ray ("Defendant Ray") is
24 Defendant Committee's treasurer.

25
26 ///

27 ///

28 ///

1 Chris Hansen

2 Defendant Chris Hansen (“Defendant Hansen”) was the sole contributor to Defendant Committee in
3 the first half of 2013. His contribution of \$100,000 to Defendant Committee qualified him as a “major
4 donor” under the Act.

5
6 **2. SUMMARY OF THE LAW**

7 Campaign Reporting Requirements

8 An express purpose of the Act, as set forth in Government Code section 81002, subdivision (a),
9 is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully
10 disclosed to the public, so that voters may be better informed, and so that improper practices may be
11 inhibited. In furtherance of this purpose of disclosure, the Act sets forth a comprehensive campaign
12 reporting system. (Gov’t Code § 84200, et seq.)

13 Under the Act, any person or combination of persons who receive political contribution(s)
14 totaling \$1,000 or more qualifies as a “committee” pursuant to Government Code section 82013,
15 subdivision (a) and must file a “Statement of Organization” with the California Secretary of State within
16 ten days of qualifying as a committee. (Gov’t Code § 84101, subd. (a).) Similarly, any person who
17 makes contributions totaling \$10,000 or more in a calendar year qualifies as a committee pursuant to
18 Government Code section 82013, subdivision (c) resulting in reporting requirements under the Act.

19 Any person or combination of persons that qualifies as a committee must file semi-annual
20 campaign statements each year no later than July 31 for the reporting period ending June 30 and no later
21 than January 31 for the reporting period ending December 31. (Gov’t Code §84200.) The campaign
22 statement must include that information required by Government Code section 84211, including all
23 contributions received and expenditures made by the committee during the reporting period. Semi-
24 annual statements concerning city ballot measures are filed with the clerk of that city. (Gov’t Code
25 §84215, subd. (d).)

26 ///

27 ///

28 ///

1 Civil Liability

2 Any person who intentionally or negligently violates any of the reporting requirements of the Act
3 shall be liable in a civil action for an amount not more than the amount or value not properly reported.
4 (Gov't Code §91004.)

5
6 Treasurer and Principal Officer Liability

7 A committee treasurer may be held jointly and severally liable, along with the committee and the
8 principal officer, for any reporting violations committed by the committee. (Gov't Code §§83116.5,
9 84104 and 91006; and California Code of Regulations, title 2, section 18316.6.)

10
11 **3. SUMMARY OF THE FACTS**

12 Defendant Hansen made a \$100,000 contribution to Defendant Committee through his agent
13 Loeb & Loeb, LLP (“Loeb & Loeb”), a law firm based in Los Angeles, to support the Voter Approval
14 for Public Funding of Professional Sports Arena Act, a ballot initiative that would require voters to
15 approve the City of Sacramento’s proposed arena financing plan (hereafter referred to as “arena petition
16 drive”). On June 21, 2013, Loeb & Loeb, LLP made a payment of \$80,000 to GOCO Consulting, LLC,
17 (“GoCo”), which was used by GoCo to obtain signatures supporting the arena petition drive. On June
18 22, 2013, signature gatherers hired by Momentum Political Services, a subcontractor of GOCO, began
19 collecting signatures in Sacramento for the arena petition drive.

20 Defendant Committee, in receiving the contribution from Defendant Hansen, and Defendant
21 Hansen in making the contribution, incurred campaign reporting obligations under the Act. Defendant
22 Committee failed to file a Statement of Organization within ten days of receiving the contribution from
23 Defendant Hansen and making the expenditure for the signature gathers. Defendant Committee also did
24 not file a semi-annual campaign statement to report the payment to GOCO and receipt of the
25 contribution from Defendant Hansen by the July 31, 2013 filing deadline. Defendant Hansen did not file
26 a semi-annual campaign statement by July 31, 2013 to report the contribution to Defendant Committee.

27 Upon learning that Loeb & Loeb had paid GOCO for the arena petition drive signature gathering
28 effort, the FPPC’s Enforcement Division contacted the Committee’s attorney on August 9, 2013 and

1 informed him that Loeb & Loeb, and/or the source of the funds paid to GOCO, had filing obligations
2 under the Act and had likely violated the Act by not filing a campaign statement on or before July 31,
3 2013. On August 12, 2013, the FPPC's Enforcement Division sent a letter via email to the Committee's
4 attorney reiterating that those persons who made the payment to GOCO should have filed campaign
5 statements and demanding that the persons responsible for that payment file campaign statements
6 immediately since the source of the payment was highly relevant to the ongoing arena petition drive.
7 The letter also stated that the FPPC would seek an injunction compelling the parties to comply if they
8 did not do so voluntarily.

9 At approximately 3:00 pm on August 15, 2013, the FPPC filed a civil complaint and petition for
10 a preliminary injunction in Superior Court, County of Sacramento compelling Loeb & Loeb, and all
11 persons it was acting in concert with or on behalf of, to file all campaign statements required under the
12 Act. This came after multiple informal attempts to get Loeb & Loeb and/or the source of the funds paid
13 to GOCO to voluntarily file, or cause to be filed, the required campaign statements.

14 On the afternoon of August 16, 2013, Defendant Hansen and Defendant Committee, through
15 their attorneys, provided the FPPC with copies of campaign statements they intended to file. The filings
16 included a Statement of Organization (Form 410) and a semi-annual campaign statement (Form 460) for
17 the January 1, 2013 through June 30, 2013 reporting period for Defendant Committee, as well as a semi-
18 annual campaign statement reporting Defendant Hansen as a major donor (Form 461) based on his
19 \$100,000 contribution to Defendant Committee. On August 16, 2013, each of the campaign statements
20 listed above were filed with the City of Sacramento Clerk's Office.

21 Defendant Hansen asserts that he initially engaged Loeb & Loeb to conduct research concerning
22 the viability of a new arena in Sacramento prior to the May 15, 2013 National Basketball Association
23 Board of Governors meeting where the Board of Governors voted against relocating the Sacramento
24 Kings to Seattle. This research involved an assessment of legal, economic, environmental, and political
25 issues surrounding past and present efforts to build an arena in Sacramento. Defendant Hansen further
26 asserts that during this process he agreed that a portion of the funds paid to Loeb & Loeb could, in the
27 future, be used for political purposes if a broad-based political committee, consisting of donors other
28 than Hansen and independent of STOP (another committee primarily formed to support the measure),

1 were established to oppose the effort to build an arena in Sacramento. Defendant Hansen asserts it was
2 not his intent in making the contribution to directly fund signature gathering or to be the primary
3 financial sponsor of the arena petition drive. Defendant Hansen says it was never his desire or intent
4 either to directly fund arena signature gathering effort or to be the primary financial sponsor of the
5 opposition's efforts.

6 Defendant Hansen contends that on August 10, 2013, after a complaint was filed with the FPPC
7 demanding an investigation into the source of the \$80,000 payment, Loeb & Loeb informed Hansen that
8 some of his funds had been advanced to GoCo, which used the funds to collect signatures. Defendant
9 Hansen contends this was the first time that he learned of the expenditure for signature gathering.
10 According to Defendant Hansen, at the time it made the payment, Loeb & Loeb did not inform him that
11 he needed to file a major donor report. Prior to this, Defendant Hansen had never made political
12 contributions or donations of any manner. Defendant Hansen asserts that he retained separate counsel
13 on August 13, 2013 and undertook steps to report the \$80,000 payment as a contribution. Defendant
14 Hansen asserts that he did not know that the FPPC had threatened to file a civil complaint if the
15 campaign statement was not filed by August 15, 2013 and that he was in the process of gathering the
16 necessary information when he learned of the civil complaint filed by the FPPC. But Defendant Hansen
17 acknowledges that he hired Loeb & Loeb and authorized them, and their agents, to act on his behalf in
18 this matter.

19 Loeb & Loeb, through its attorney, has confirmed Defendant Hansen's statements. Because the
20 parties have agreed to resolve this matter through a stipulated settlement, however, the FPPC has not
21 verified these facts through a full investigation.

22
23 **FIRST CAUSE OF ACTION**

24 **One Violation – Failure to Timely File Statement of Organization by Defendants Committee,**
25 **Powers, and Ray**

26 On June 21, 2013, Defendant Committee received a contribution of \$100,000 from Defendant
27 Hansen thereby qualifying as a committee under Government Code section 82013, subdivision (a).
28 Defendants Committee, Powers and Ray failed to file a Statement of Organization with the Secretary of

1 State within 10 days of qualifying as a committee in violation of Government Code section 84101,
2 subdivision (a).

3
4 **SECOND CAUSE OF ACTION**

5 **One Violation – Failure to Timely File Semi-annual Campaign Statement by Defendants**
6 **Committee, Powers, and Ray**

7 On June 21, 2013, Defendant Committee received a contribution of \$100,000 from Defendant
8 Hansen thereby qualifying as a committee under Government Code section 82013, subdivision (a).
9 Defendants Committee, Powers, and Ray failed to file a semi-annual campaign statement for the January
10 1, 2013 through June 30, 2013 reporting period by July 31, 2013 in violation of Government Code
11 section 84200, subdivision (a).

12
13 **THIRD CAUSE OF ACTION**

14 **One Violation – Failure to Timely File Semi-annual Campaign Statement by Defendant**

15 On June 21, 2013, Defendant Hansen made a contribution of \$100,000 to defendant Committee
16 thereby qualifying as a committee under Government Code section 82013, subdivision (c). Defendant
17 Hansen failed to file a semi-annual campaign statement for the January 1, 2013 through June 30, 2013
18 reporting period by July 31, 2013 in violation of Government Code section 84200, subdivision (b).

19
20 **CONCLUSION**

21 Judgment shall be entered against Defendants, and in favor of Plaintiff, the Fair Political
22 Practices Commission, as stated herein.

23
24 IT IS SO STIPULATED

25
26 Date: _____

**Citizens for a Voice in Government, Major
Funding by Investment Manager, Defendant**

27 By: _____
28 Brandon Powers, Principal Officer

1 Date: _____

Brandon Powers, Defendant

2

3 Date: _____

Lysa Ray, Defendant

4

5 Date: _____

Chris Hansen, Defendant

6

7 Date: _____

Steve Baric, Baric & Tran
Attorney for Defendants Citizens for a Voice in
Government, Major Funding by Investment
Manager, Brandon Powers, and Lysa Ray

8

9 Date: _____

James Harrison, Remcho Johansen & Purcell, LLP
Attorney for Chris Hansen

10

11 Date: _____

12

13 Date: _____

Fair Political Practices Commission, Plaintiff

14

15 Date: _____

By: _____
Erin Peth, Executive Director

16

17 Date: _____

18

19 Date: _____

David Bainbridge,
Senior Commission Counsel
Fair Political Practices Commission
Attorney for Plaintiff

20

21 Date: _____

22

23

24

25

26

27

28

Intentionally left blank

EXHIBIT D

Intentionally left blank

1 GARY S. WINUK, SBN 190313
Chief of Enforcement
2 DAVID BAINBRIDGE, SBN 238340
Senior Commission Counsel
3 **FAIR POLITICAL PRACTICES COMMISSION**
428 J Street, Suite 620
4 Sacramento, CA 95814
Telephone: (916) 322-5660
5 Facsimile: (916) 322-1932

6 Attorneys for Plaintiff

7
8 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF SACRAMENTO

10
11 FAIR POLITICAL PRACTICES COMMISSION,)
12 Plaintiff,) No.
13 vs.) FINAL JUDGMENT PURSUANT TO
14 CITIZENS FOR A VOICE IN GOVERNMENT,) STIPULATION
15 MAJOR FUNDING BY INVESTMENT)
16 MANAGER, BRANDON POWERS, LYSA RAY,)
17 and CHRIS HANSEN,)
Defendants.)

18
19 Plaintiff, Fair Political Practices Commission, a state agency, by its attorneys, and defendants, Citizens
20 for a Voice in Government, Major Funding by Investment Manager, Brandon Powers, Lysa Ray, and
21 Chris Hansen by their attorneys, having entered into the Stipulation for Entry of Judgment attached
22 hereto, wherein the parties stipulated and agreed to the existence of certain facts and conclusions of law,
23 and to the issuance of this Judgment; and

24
25 Defendants Citizens for a Voice in Government, Major Funding by Investment Manager, Brandon
26 Powers, Lysa Ray, and Chris Hansen having authorized the Court to enter judgment in this action,
27 pursuant to the Stipulation for Entry of Judgment, on request of plaintiff, Fair Political Practices
28 Commission, without notice to defendants, Citizens for a Voice in Government, Major Funding by

1 Investment Manager, Brandon Powers, Lysa Ray, and Chris Hansen; and good cause appearing
2 therefore;

3
4 **IT IS HEREBY ORDERED, DECREED, AND ADJUDGED**

5 That defendants, Citizens for a Voice in Government, Major Funding by Investment Manager, Brandon
6 Powers, Lysa Ray, and Chris Hansen, admit that they violated the Political Reform Act, as stipulated
7 and agreed to within the attached Stipulation for Entry of Judgment.

8
9 For their violations of the Political Reform Act of 1974, it is ordered that defendants, Citizens for a
10 Voice in Government, Major Funding by Investment Manager, Brandon Powers, Lysa Ray, and Chris
11 Hansen, shall pay a total penalty of \$50,000, pursuant to the terms of the Stipulation for Entry of
12 Judgment entered into by the parties. Payment of this amount shall be made by cashier's check, payable
13 to the "General Fund of the State of California," upon execution of the attached Stipulation for Entry of
14 Judgment.

15
16 The parties shall each bear their own costs. This Judgment shall take effect immediately upon entry.
17 The clerk is directed to enter this Judgment forthwith.

18
19 Dated: _____

20
21 _____
22 Judge of the Superior Court
23
24
25
26
27
28