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7  
8 BEFORE THE FAIR POLITICAL PRACTICES COMMISSION  
9 STATE OF CALIFORNIA

10  
11 In the Matter of:

12 SUTTER HEALTH

13 Respondent.

FPPC Case No. 16/723

14 STIPULATION, DECISION AND ORDER

15 **INTRODUCTION**

16 Respondent Sutter Health (“Sutter”) is a lobbyist employer. The Political Reform Act (the “Act”),<sup>1</sup>  
17 requires lobbyist employers to file quarterly reports disclosing payments it made for lobbying the State  
18 legislature. Sutter violated the Act by failing to timely file nine lobbyist employer reports.

19 **SUMMARY OF THE LAW**

20 All statutory references and discussions of law pertain to the Act’s provisions as they existed in  
21 2015 through 2017.

22 **Need for Liberal Construction and Vigorous Enforcement of the Political Reform Act**

23 When enacting the Political Reform Act, the people of California found and declared that previous  
24 laws regulating political practices suffered from inadequate enforcement by state and local authorities.<sup>2</sup>

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26  
27 \_\_\_\_\_  
28 <sup>1</sup> The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the  
Government Code, unless otherwise indicated.

<sup>2</sup> § 81001, subd. (h).

1 For this reason, the Act is to be construed liberally to accomplish its purposes.<sup>3</sup> One purpose of the Act is  
2 to prevent improper influence by lobbyists over public officials by regulating the activities of lobbyists and  
3 those employing lobbyists and requiring disclosure of their financial activity.<sup>4</sup> Another stated purpose of  
4 the Act is to provide adequate enforcement mechanisms so the Act will be vigorously enforced.<sup>5</sup>

5 A lobbyist employer is required to file periodic reports containing information about the lobbying  
6 activities being conducted.<sup>6</sup> A lobbyist employer is defined, in part, as one who “contracts for the services  
7 of a lobbying firm for economic consideration...for the purpose of influencing legislative or administrative  
8 action.”<sup>7</sup> A lobbyist employer must maintain accurate accounting and file a quarterly report with the  
9 Secretary of State that discloses the total amount of payments to each lobbying firm, the filer’s lobbying  
10 interests, activity expenses, and any candidate or committee contributions of \$100 or more made by the  
11 lobbyist employer.<sup>8</sup> These reports must be filed with the Secretary of State four times per calendar year by  
12 the end of the month following each calendar quarter.<sup>9</sup>

13 **SUMMARY OF THE FACTS**

14 Sutter has been a lobbyist employer for many years. It has filed lobbyist employer reports going  
15 back to at least 1998. Beginning in 2015, Sutter failed to timely file numerous lobbyist employer reports  
16 during the 2015 – 2016 legislative session and 2017 – 2018 legislative session.

17 On October 23, 2015, the Political Reform Division of the Office of the Secretary of State (“SOS”)  
18 sent notice to Sutter of its failure to file a lobbyist employer report for the 2<sup>nd</sup> quarter of the 2015-2016  
19 legislative session (April 1, 2015 – June 30, 2015). SOS sent a second notice regarding the missing filing  
20 on January 15, 2016. When Sutter did not respond to either of the notices, SOS referred the matter to the  
21 Enforcement Division on June 23, 2016. During this time, Sutter failed to file subsequent quarterly reports.  
22 (See chart below for details.)

23 On September 8, 2016, the Enforcement Division sent Sutter a letter regarding the SOS referral.  
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25 <sup>3</sup> § 81003.

26 <sup>4</sup> §81002, subd. (b).

27 <sup>5</sup> § 81002, subd. (f).

28 <sup>6</sup> § 86115.

<sup>7</sup> § 82039.5.

<sup>8</sup> § 86116; Regulation 18615.

<sup>9</sup> §§ 86117 and 86118.

On September 23, 2016, Sutter filed four late quarterly reports. On May 16, 2017, Sutter filed an additional three late reports. In conjunction with this settlement, Sutter filed two more late reports.

Sutter’s lobbyist employer reports show that it paid the lobbying firm Platinum Advisors, LLC \$20,000 to \$40,000 per quarter for lobbying services. Platinum Advisors, LLC reported the payments from Sutter on its timely-filed lobbying firm reports.

The following chart summarizes the late quarterly reports filed by Sutter.

Reporting Period	Date Due	Date Filed	Payments for lobbying	Lobbying firm
4/1/2015 – 6/30/2015	7/31/2015	9/23/2016	\$30,000	Platinum Advisors, LLC
7/1/2015 – 9/30/2015	11/2/2015	9/23/2016	\$30,000	Platinum Advisors, LLC
10/1/2015 – 12/31/2015	2/1/2016	9/23/2016	\$30,000	Platinum Advisors, LLC
1/1/2016 – 3/31/2016	5/2/2016	9/23/2016	\$30,000	Platinum Advisors, LLC
4/1/2016 – 6/30/2016	8/1/2016	5/16/2017	\$20,000	Platinum Advisors, LLC
7/1/2016 – 9/30/2016	10/31/2016	5/16/2017	\$40,000	Platinum Advisors, LLC
10/1/2016 – 12/31/2016	1/31/2017	5/16/2017	\$30,000	Platinum Advisors, LLC
1/1/2017 – 3/31/2017	5/1/2017	10/31/2017	\$20,000	Platinum Advisors, LLC
4/1/2017 – 6/31/2017	7/31/2017	10/31/2017	\$40,000	Platinum Advisors, LLC
Total:			\$270,000	

**VIOLATIONS**

Counts 1 through 9: Failure to timely file lobbyist employer reports

Sutter failed to timely file lobbyist employer reports for quarters 2 through 8 of the 2015 – 2016 legislative session and quarters 1 and 2 of the 2017 – 2018 legislative session in violation of section 86117.

**PROPOSED PENALTY**

This matter consists of nine counts of violating the Act, which carry a maximum administrative penalty of \$5,000 per count and \$45,0000 total.

1 In determining the appropriate penalty for a violation of the Act, the Commission considers the  
2 typical treatment of a violation in the overall statutory scheme of the Act, with an emphasis on serving the  
3 purposes and intent of the Act. Additionally, the Commission considers the facts and circumstances of the  
4 violation in context of the factors set forth in Regulation 18361.5, subdivision (d): 1) the seriousness of the  
5 violations; 2) the presence or lack of intent to deceive the voting public; 3) whether the violation was  
6 deliberate, negligent, or inadvertent; 4) whether the respondent demonstrated good faith in consulting with  
7 Commission staff; 5) whether there was a pattern of violations; and 6) whether, upon learning of the  
8 violation, the violator voluntarily provided amendments to provide full disclosure.

9 Here, there is no evidence Sutter intended to conceal its activities so its violations were likely  
10 negligence. But the violations are part of a pattern where Sutter continually failed to file reports timely  
11 over two plus years despite being aware of its obligation to do so.

12 The Commission also considers penalties in prior cases involving similar violations. *In the Matter*  
13 *of eBay*, FPPC No. 15/1630, involved violations where eBay failed to timely file lobbyist employer reports  
14 for three quarters. The amount of lobbying payments not timely reported for each quarter was \$25,500,  
15 \$17,000, and \$12,750. In two of those three quarters, eBay reported total campaign contributions made in  
16 the amounts of \$19,500 and \$10,500 on its late reports. In mitigation, eBay's late filings were allegedly  
17 the result of internal confusion and eBay even attempted to file two of the reports timely in paper format  
18 instead of electronically as required by law. The Commission imposed a penalty of \$1,500 per late report  
19 at its meeting on January 19, 2017.

20 In this case, the amounts of the payments for lobbying reporting that were not timely reported were  
21 overall larger than in the *eBay* case. However, there's no indication that Sutter made any campaign  
22 contributions it should have reported on the late lobbyist employer reports. But the mitigating factors  
23 discussed above in the *eBay* case are not present here. Given Sutter's history as a lobbyist employer, it  
24 would have been aware of its obligation to file quarterly statements. Further, Sutter repeatedly failed to file  
25 lobbyist employer reports even after SOS referred it to the Enforcement Division. The public harm is  
26 reduced somewhat in this instance because Platinum Advisors, LLC reported the payments from Sutter on  
27 its timely-filed lobbying firm reports so there was public disclosure of the payments, just not from Sutter.



1 Respondent. If this stipulation is not approved by the Commission, and if a full evidentiary hearing before  
2 the Commission becomes necessary, neither any member of the Commission, nor the Executive Director,  
3 shall be disqualified because of prior consideration of this Stipulation.

4 7. The parties to this agreement may execute their respective signature pages separately. A  
5 copy of any party's executed signature page including a hardcopy of a signature page transmitted via fax  
6 or as a PDF email attachment is as effective and binding as the original.

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8 Dated: \_\_\_\_\_

\_\_\_\_\_  
9 Dave Bainbridge, Assistant Chief of Enforcement  
10 Fair Political Practices Commission

11 Dated: \_\_\_\_\_

\_\_\_\_\_  
12 Grace Davis, Chief External Affairs Officer  
13 Sutter Health

14  
15  
16 The foregoing stipulation of the parties "In the Matter of Sutter Health," FPPC Case No. 16/723 is hereby  
17 accepted as the final decision and order of the Fair Political Practices Commission, effective upon  
18 execution below by the Chair.

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20 IT IS SO ORDERED.

21  
22 Dated: \_\_\_\_\_

\_\_\_\_\_  
23 Joann Remke, Chair  
24 Fair Political Practices Commission