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9 BEFORE THE FAIR POLITICAL PRACTICES COMMISSION

10 STATE OF CALIFORNIA

11
12 In the Matter of:

13 CURT HAGMAN FOR SAN
14 BERNARDINO COUNTY SUPERVISOR
15 2014, CURT HAGMAN FOR
SUPERVISOR 2018, CURT HAGMAN,
and JOHN FUGATT,

16 Respondents.

FPPC Case No. 16/795

17 STIPULATION, DECISION AND ORDER

18 INTRODUCTION

19 Respondent Curt Hagman (“Hagman”) was a successful candidate for the position of County
20 Supervisor in the 2014 Statewide General Election held in the County of San Bernardino. Respondent Curt
21 Hagman for San Bernardino County Supervisor 2014 (“2014 Committee”) was Hagman’s controlled
22 committee. Respondent John Fugatt (“Fugatt”) served as the treasurer of the 2014 Committee.

23 Hagman was a successful candidate for the position of County Supervisor in the 2018 Statewide
24 Primary Election held in the County of San Bernardino. Respondent Curt Hagman for Supervisor 2018
25 (“2018 Committee”) is Hagman’s 2018 controlled committee. Fugatt served as the treasurer of the 2018
26 Committee from November 17, 2014 to around mid-March 2017.

27 The Fair Political Practices Commission is authorized pursuant to the Political Reform Act (the
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1 “Act”)¹ to be the civil prosecutor for violations of the County of San Bernardino Campaign Finance
2 Ordinance (hereinafter referred to as the “San Bernardino Ordinance”).² The San Bernardino Ordinance
3 prohibits committees, candidates, and treasurers from post-election fundraising when the committee’s cash
4 balance exceeds its net debts.

5 The Act requires candidate-controlled committees, candidates, and treasurers to make expenditures
6 only from a bank account designed for the campaign. The Act also requires committees, and candidates,
7 to maintain appropriate campaign records.

8 The 2014 Committee, Hagman, and Fugatt violated the San Bernardino Ordinance by raising post-
9 election campaign funds in excess of their outstanding debts.

10 The 2018 Committee, Hagman, and Fugatt violated the Act by making expenditures from a bank
11 account other than the one designated by committee and by failing to maintain campaign records.

12 SUMMARY OF THE LAW

13 All legal references and discussions of law pertain to the Act’s provisions and the San Bernardino
14 Ordinance’s provisions as they existed at the time of the violations.

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

16 When enacting the Political Reform Act, the people of California found and declared that previous
17 laws regulating political practices suffered from inadequate enforcement by state and local authorities.³
18 For this reason, the Act is to be construed liberally to accomplish its purposes.⁴

19 One purpose of the Act is to promote transparency by ensuring that receipts and expenditures in
20 election campaigns are fully and truthfully disclosed so that voters are fully informed and improper
21 practices are inhibited.⁵ Along these lines, the Act includes a comprehensive campaign reporting system—
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25 ¹ The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the
26 Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in
27 Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2,
28 Division 6 of the California Code of Regulations, unless otherwise indicated.

² Section 83123.5.

³ Section 81001, subdivision (h).

⁴ Section 81003.

⁵ Section 81002, subdivision (a).

1 and the true sources of campaign contributions may not be concealed.⁶ Another purpose of the Act is to
2 provide adequate enforcement mechanisms so that the Act will be “vigorously enforced.”⁷

3 Post-Election Fundraising

4 The San Bernardino Ordinance states, “A contribution for an election may be accepted by a
5 candidate after the date of the election only to the extent that the contribution does not exceed net debts
6 outstanding from the election...”⁸

7 Non-designated Contributions or Loans

8 The Act provides that when “...a contributor makes a contribution or loan to a candidate with more
9 than one controlled committee and does not designate the committee for which the contribution or loan is
10 made, the candidate or his or her designee may allocate the contribution or loan to any one of the candidate’
11 controlled committee...”⁹ by depositing the contribution into a particular controlled committee’s bank
12 account or by reporting that a contribution has been made to a particular controlled committee.¹⁰

13 Campaign Bank Account

14 The Act requires candidates who will raise or spend more than \$1,000 in a calendar year to establish
15 one campaign contribution account.¹¹ All expenditures shall be made from the account.¹²

16 Recordkeeping

17 The San Bernardino Ordinance also requires the following: “Candidates and their controlled
18 committees shall maintain, for the period of time required in Government Code Section 84101, such
19 detailed accounts, records, bills, receipts, and other documentation necessary to prepare campaign
20 statements...”¹³

24 ⁶ Sections 84200, *et seq.* and 84301.

25 ⁷ Section 81002, subdivision (f).

26 ⁸ San Bernardino Ordinance 12.4305, subdivision (b).

27 ⁹ Regulation 18523, subdivision (a).

28 ¹⁰ Regulation 18523, subdivision (b).

¹¹ Former Section 85201, subdivisions (a), (c), and (e). The Act was amended in 2016 to increase the amount of money required to qualify as a committee from \$1,000 to \$2,000.

¹²Section 85201, subdivision (e).

¹³ San Bernardino Ordinance 12.4313, subdivision (a).

1 The Act imposes a duty on candidates and treasurers to maintain detailed accounts, records, bills,
2 and receipts necessary to prepare campaign statements, and to establish that campaign statements were
3 properly filed.¹⁴

4 For expenditures of \$25 or less, the following records shall be maintained:

5 “The accounts and records shall contain a continuous computation of campaign account
6 balances, and include a listing reflecting the dates and daily totals of the contributions, other
7 receipts, or expenditures on the dates of the contributions, other receipts, or expenditures.”¹⁵

8 For expenditures of \$25 or more or a series of payments for a single product, the following records
9 shall be maintained:

10 “(A) The accounts and records shall contain the date the expenditure was made..., the
11 amount of the expenditure, the full name and street address of the payee, and a description
12 of the goods or services for which each expenditure was made. If the person or vendor
13 providing the goods or services is different from the payee, the accounts and records shall
14 also contain the same detailed information for that person or vendor.”¹⁶ The original source
15 documents shall include “(B)...cancelled checks, wire transfers, credit card charge slips,
16 bills, receipts, invoices, statements, vouchers, and any other documents reflecting
17 obligations incurred by the candidate, elected official, campaign treasurer, or
18 committee...”¹⁷

19 The Act requires that “A filer shall maintain the accounts, records, bills and receipts, and original
20 source documentation for a period of four years following the date the campaign statement to which they
21 relate is filed.”¹⁸

22 Treasurer and Candidate Liability

23 Under the Act, it is the duty of the treasurer and candidate to ensure that the committee complies
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25

26 ¹⁴ Section 84104.

27 ¹⁵ Regulation 18401, subdivision (a)(1).

28 ¹⁶ Regulation 18401 subdivision (a)(4)(A).

¹⁷ Regulation 18401 subdivision (a)(4)(B).

¹⁸ Former Regulation 18401, subdivision (b)(2).

1 with all of the requirements of the Act concerning the receipt, expenditure, and reporting of funds.¹⁹ The
2 treasurer and candidate may be held jointly and severally liable, along with the committee, for violations
3 committed by the committee.²⁰

4 **SUMMARY OF THE FACTS**

5 Hagman was a successful candidate for the San Bernardino County Board of Supervisors District
6 4 (“County Supervisor”) in the November 4, 2014 Statewide General Election. On the amended semi-
7 annual campaign statement filed for the period ending December 31, 2014, the 2014 Committee, Hagman,
8 and Fugatt disclosed \$591,684 in contributions received, and \$585,741 in expenditures made during the
9 2014 calendar year. The accrued expenses (unpaid bills) were reported as \$52,200 and the ending cash
10 balance was reported as \$61,193²¹ – meaning that the available cash balance was sufficient to resolve the
11 2014 Committee’s net debts by the end of the semi-annual reporting period on December 31, 2014.

12 **Post-Election Fundraising**

13 Although the 2014 Committee had no debts outstanding that could not be paid with existing funds,
14 the 2014 Committee, Hagman, and Fugatt continued to collect contributions after the closing of the semi-
15 annual reporting period on December 31, 2014. On the semi-annual campaign statement covering the
16 reporting period of January 1, 2015 – June 30, 2015, the 2014 Committee, Hagman, and Fugatt reported
17 receiving 39 contributions totaling \$63,700 between January 1, 2015 and March 30, 2015.

18 Fugatt explained that these contributions were originally reported as “...2014 committee revenues”,
19 but that he had amended the appropriate semi-annual campaign statements for the 2014 Committee to
20 reflect that the contributions were in fact for the 2018 Committee. The amendment was filed on or around
21 December 7, 2016 – removing the \$63,700 in contributions that it had previously reported as 2014
22 Committee activity. The cover page of the amended semi-annual campaign statement noted that they were
23 excluding the “...2018 committee activity both contributions and expenditures”, despite the fact most of
24 the contributor checks identified that the 2014 Committee was the intended recipient of the campaign
25 funds.

26
27 ¹⁹ Sections 81004, 84100 84213, and Regulation 18427.

²⁰ Sections 83116.5 and 91006.

28 ²¹ This amount was the ending cash balance reported on the amended semi-annual campaign statement ending on
December 31, 2014. On the original semi-annual campaign statement ending December 31, 2014, the ending cash balance was
reported as \$52,293.

The chart below details the contributions that were received by the 2014 Committee after the closing of the December 31, 2014 semi-annual reporting period.

Post-Election Fundraising Contributions

	Date	Contributor	Recipient	Amount
1	1/3/15	CA Teamsters Public Affairs Council	Curt Hagman for San Bernardino Co. Supervisor 2014	\$1,000
2	1/15/15	CA Apartment Association	Curt Hagman for Supervisor 2014	\$1,000
3	1/15/15	EMS Management LLC	Curt Hagman for San Bernardino Co. Supervisor 2014	\$1,000
4	1/3/15	Athens Service	Curt Hagman for San Bernardino Co. Supervisor 2014	\$2,500
5	1/17/15	Cadiz Inc	Curt Hagman for San Bernardino Co. Supervisor 2014	\$2,500
6	1/1/15	Mary Borba Parente	Curt Hagman for Supervisor	\$500
7	3/7/15	Certified Landscape Services	Curt Hagman for San Bernardino Co. Supervisor 2014	\$500
8	3/7/15	Paul Oivera III	Curt Hagman for County Supervisor	\$750
9	3/1/15	Jim Munn	Curt Hagman for County Supervisor	\$1,000
10	3/5/15	Mark D. Dilullo & Lisa M. Dilullo	Curt Hagman for San Bernardino Co. Supervisor 2014	\$1,000
11	3/5/15	Christopher Leggio	Curt Hagman for County Supervisor	\$1,500
12	3/5/15	Gary & Elizabeth Standel	Curt Hagman for County Supervisor	\$2,000
13	3/1/15	N. Miller & R. Miller	Curt Hagman for San Bernardino Co. Supervisor 2014	\$1,000
14	3/1/15	K. Cyrus Sanandaji	Curt Hagman for San Bernardino Co. Supervisor 2014	\$1,000
15	3/5/15	Vintage Roofing and Solar	Curt Hagman for San Bernardino Co. Supervisor 2014	\$300
16	3/5/15	Fenceworks, Inc.	Curt Hagman for San Bernardino Co. Supervisor 2014	\$250

	Date	Contributor	Recipient	Amount
1				
2				
3	17	Diablo Brothers Services, Inc.	Curt Hagman for San Bernardino Co. Supervisor 2014	\$500
4				
5	18	RDP Ventures, LLC	Curt Hagman for San Bernardino Co. Supervisor 2014	\$500
6				
7	19	Otte Berkeley Group, Inc.	Hagman San Bernardino County Supervisor	\$1,000
8				
9	20	Burlingame Industries, Inc.	Hagman for San Bernardino County Supervisor ID#1353428	\$1,000
10				
11	21	SDS Concrete, Inc.	Curt Hagman for San Bernardino Co. Supervisor 2014	\$1,000
12				
13	22	Superior Masonry Walls Ltd.	Hagman for County Supervisor	\$1,000
14				
15	23	BT Pipeline, Inc.	Curt Hagman for San Bernardino Co. Supervisor 2014	\$1,000
16				
17	24	Threshold Technologies, Inc.	Curt Hagman for San Bernardino Co. Supervisor 2014	\$1,000
18				
19	25	LandCap Investment Partners, LLC	Hagman San Bernardino County Supervisor	\$1,000
20				
21	26	Blackmore Contracting	Hagman for San Bernardino County Supervisor ID#1353428	\$1,500
22				
23	27	United Paving Co	Curt Hagman for San Bernardino Co. Supervisor 2014	\$2,000
24				
25	28	Radford Cabinets, Inc.	Curt Hagman for San Bernardino Co. Supervisor 2014	\$2,000
26				
27	29	L.N.H.J Industries, LLC	Curt Hagman for San Bernardino Co. Supervisor 2014	\$2,000
28				
	30	Classic Landscape, LLC	Curt Hagman for San Bernardino Co. Supervisor 2014	\$2,000
	31	Sunwest Stucco, Inc.	Curt Hagman for San Bernardino Co. Supervisor 2014	\$2,000

	Date	Contributor	Recipient	Amount
32	2/28/15	The Ruth Group, Inc.	Curt Hagman for San Bernardino Co. Supervisor 2014	\$3,000
33	3/5/15	CLL Firm, LLC	Curt Hagman for San Bernardino Co. Supervisor 2014	\$3,000
34		MM General Account	Hagman for S.B. County Supervisor	\$4,100
35	3/5/15	Rancho Verde Landscape, Inc.	Curt Hagman for San Bernardino Co. Supervisor 2014	\$4,100
36	3/5/15	Frontier Finance Co.	Curt Hagman for San Bernardino Co. Supervisor 2014	\$4,100
37	3/5/15	The James Previti Family Trust	Curt Hagman for San Bernardino Co. Supervisor 2014	\$4,100
38	3/5/15	Orange Coast Title Company	Curt Hagman for San Bernardino Co. Supervisor 2014	\$3,000
39	3/1/15	Waste Management	Curt Hagman for San Bernardino County Supervisor	\$1,000
			Total	\$63,700

Campaign Bank Account

The 2018 Committee, Hagman, and Fugatt used the contributions received by the 2014 Committee during post-election period to make expenditures for the 2018 Committee’s campaign. The amended semi-annual campaign statement filed on or around December 7, 2016 for the period ending June 30, 2015, not only removed the contributions totaling \$63,700 from the 2014 Committee’s initial semi-annual campaign statement filed on January 29, 2016, but also removed expenditures totaling \$36,209 that had been previously disclosed as 2014 Committee activity.

On the same day, the 2014 Committee, Hagman, and Fugatt amended the semi-annual campaign statement for the period ending December 31, 2015 to exclude expenditures totaling approximately \$38,759 that had previously been reported as 2014 Committee activity.

On the cover pages of the amendments filed, the 2014 Committee, Hagman, and Fugatt explained that the amendments were filed to exclude 2018 Committee’s activity for both the contributions and the

1 expenditures.²² In support of these amendments, Fugatt provided a detailed list of the expenditures the
 2 2018 Committee made through the 2014 Committee's bank account, which totaled \$79,126 and is reflected
 3 in the chart below:

4 2015 Expenditures Made by 2018 Committee through the 2014 Committee's Bank Account

	Date	Payee	Code Provided	Amount	
5	1	1/7/15	John Fugatt	PRO Professional Services	\$850
6	2	1/15/15	Calvin Kov	SAL Campaign Worker	\$400
7	3	1/27/15	John Fugatt	PRO Professional Services	\$850
8	4	1/27/15	Mike Spence	TRS Staff/Spouse Travel; Lodging and meals	\$430
9	5	1/27/15	Karen Hughey	TRS Staff/Spouse Travel; Lodging and meals	\$26
10	6	2/10/15	Katherine Kolcheva	TRS Staff/Spouse Travel; Lodging and meals	\$339
11	7	2/23/15	Mike Spence	OFC Office Expenses	\$495
12	8	2/23/15	Calpeek	OFC Office Expenses	\$50
13	9	2/24/15	California Republican Party	MTG Meetings and Appearances	\$395
14	10	3/5/15	John Fugatt	PRO Professional Services	\$850
15	11	3/12/15	Threadworks, Inc	OFC Office Expenses	\$300
16	12	3/12/15	City of Ontario	MTG Meetings and Appearances	\$50
17	13	3/12/15	Upland Chamber of Commerce	MTG Meetings and Appearances	\$40
18	14	3/16/15	Grace Hagman	TRS Staff/Spouse Travel; Lodging and meals	\$256
19	15	3/27/15	Katherine Kolcheva	OFC Office Expenses	\$21
20	16	3/27/15	JC Evan, Inc.	PRT Print Ads	\$385
21	17	3/27/15	Mike Spence	TRS Staff/Spouse Travel; Lodging and meals	\$623
22	18	3/27/15	Curt Hagman	TRS Staff/Spouse Travel; Lodging and meals	\$52
23	19	3/23/15	League of California Cities	MTG Meetings and Appearances	\$80

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 28 ²² The Enforcement Division did not find any evidence that the 2014 Committee had contributions to remove from the reporting period covering July 1, 2015 – December 31, 2015. This presumed to be a typo as only expenditures were made during this period.

	Date	Payee	Code Provided	Amount	
1	20	3/27/15	Ontario Professional Firefighters	MTG Meetings and Appearances	\$500
2	21	3/27/15	San Bernardino County Republican Party	CTB Contribution to Committee	\$1,000
3	22	4/1/15	Threadworks, Inc	OFC Office Expenses	\$1,705
4	23	4/1/15	John Fugatt	PRO Professional Services	\$850
5	24	4/13/15	San Bernardino County Economic Development Agency	MTG Meetings and Appearances	\$100
6	25	4/13/15	Victor Valley Republican Club	MTG Meetings and Appearances	\$500
7	26	4/16/15	Threadworks, Inc	OFC Office Expenses	\$1,415
8	27	4/16/15	Ed Graham	OFC Office Expenses	\$334
9	28	4/16/15	M. Nelson Consulting	CNS Campaign Consultants	\$1,615
10	29	4/21/15	Curt Hagman	TRS Staff/Spouse Travel; Lodging and meals	\$202
11	30	4/21/15	Mike Spence	TRS Staff/Spouse Travel; Lodging and meals	\$202
12	31	4/27/15	John Fugatt	PRO Professional Services	\$850
13	32	4/21/15	Knapp Golf Classic	MTG Meetings and Appearances	\$700
14	33	4/27/15	Mike Spence	PRO Professional Services	\$59
15	34	5/5/15	West End YMCA	MTG Meetings and Appearances	\$250
16	35	5/5/15	Curt Hagman	TRS Staff/Spouse Travel; Lodging and meals	\$11
17	36	5/5/15	Majestic Realty Co.	MTG Meetings and Appearances	\$100
18	37	5/27/15	Ed Graham	OFC Office Expenses	\$208
19	38	5/14/15	Threadworks, Inc	OFC Office Expenses	\$109
20	39	5/14/15	Lincoln Club of San Bernardino County	MTG Meetings and Appearances	\$40
21	40	5/14/15	Ed Graham	OFC Office Expenses	\$670
22	41	5/26/15	John Fugatt	PRO Professional Services	\$850
23	42	5/26/15	Safety Employees Benefit Association Charity Fund	CVC Civil Donation	\$5,000
24	43	5/27/15	Sport Pins International Inc	OFC Office Expenses	\$2,235
25	44	6/5/15	Threadworks, Inc	OFC Office Expenses	\$60

	Date	Pavee	Code Provided	Amount	
1	45	6/8/15	Katherine Kolcheva	TRS Staff/Spouse Travel; Lodging and meals	\$703
2	46	6/8/15	Marjorie Rashidyan	OFC Office Expenses	\$52
3	47	6/15/15	Threadworks, Inc	OFC Office Expenses	\$41
4	48	6/18/15	Mojave Desert Young Republican	MTG Meetings and Appearances	\$500
5	49	6/18/15	Marjorie Rashidyan	OFC Office Expenses	\$96
6	50	6/18/15	Katherine Kolcheva	OFC Office Expenses	\$22
7	51	6/18/15	Ed Graham	OFC Office Expenses	\$10
8	52	6/22/15	Chino Chamber of Commerce	MTG Meetings and Appearances	\$10
9	53	6/25/15	Council for National Policy	TRS Staff/Spouse Travel; Lodging and meals	\$2,500
10	54	6/25/15	Katherine Kolcheva	TRS Staff/Spouse Travel; Lodging and meals	\$249
11	55	7/1/15	John Fugatt	PRO Professional Services	\$850
12	56	7/6/15	State of California	FIL Candidate Filing/Ballot Fee	\$1,500
13	57	7/6/15	JC Evan, Inc.	Code not provided	\$6,071
14	58	7/9/15	Friends of James Ramos for S.B.County Supervisor 2016	CTB Contribution to Committee	\$4,200
15	59	7/18/15	Justine Mojarro	POS Postage; Delivery and messenger service	\$26
16	60	7/18/15	Ed Graham	OFC Office Expense	\$60
17	61	7/21/15	Curt Hagman	TRS Staff/Spouse Travel; Lodging and meals	\$109
18	62	7/21/15	Marjorie Rashidyan	OFC Office Expense	\$32
19	63	7/21/15	Katherine Kolcheva	TRS Staff/Spouse Travel; Lodging and meals	\$866
20	64	7/27/15	John Fugatt	PRO Professional Services	\$850
21	65	8/3/15	Mike Spence	TRS Staff/Spouse Travel; Lodging and meals	\$281
22	66	8/5/15	Threadworks, Inc	OFC Office Expense	\$498
23	67	8/14/15	Ed Graham	OFC Office Expense	\$294
24	68	8/5/15	Andrea Castaneda	POS Postage; Delivery and messenger service	\$8
25	69	9/4/15	Curt Hagman	OFC Office Expense	\$107
26	70	9/4/15	Mike Spence	OFC Office Expense	\$362

	Date	Payee	Code Provided	Amount	
1	71	9/1/15	John Fugatt	PRO Professional Services	\$850
2	72	9/4/15	Marjorie Rashidyan	OFC Office Expense	\$111
3	73	9/4/15	Original Tommy's Hamburger	FND Fundraising Event	\$493
4	74	9/4/15	Andrea Castaneda	OFC Office Expenses	\$17
5	75	9/4/15	JC Evan, Inc.	LIT Campaign Literature and Mailings	\$1,071
6	76	9/4/15	John Fugatt	TRS Staff/Spouse Travel; Lodging and meals	\$585
7	77	9/14/15	Curt Hagman	CVC Civic Donation	\$800
8	78	9/14/15	Minuteman Press	OFC Office Expenses	\$1,245
9	79	9/22/15	Robert Pacheco	MTG Meetings and Appearances	\$350
10	80	9/22/15	Robert Pacheco	OFC Office Expenses	\$1,093
11	81	10/1/15	John Fugatt	PRO Professional Services	\$850
12	82	10/4/15	Montclair Firefighter Association	MTG Meetings and Appearances	\$300
13	83	10/8/15	Majorie Rashidyan	OFC Office Expenses	\$81
14	84	10/8/15	Mike Spence	TRS Staff/Spouse Travel; Lodging and meals	\$521
15	85	10/9/15	AAA Portable Restroom	FND Fundraising Event	\$108
16	86	10/9/15	Original Tommy's Hamburger	FND Fundraising Event	\$360
17	87	10/9/15	M. Nelson Consulting	FND Fundraising Event	\$416
18	88	10/22/15	Andrea Castaneda	TRS Staff/Spouse Travel; Lodging and meals	\$72
19	89	11/1/15	John Fugatt	PRO Professional Services	\$850
20	90	11/7/15	Chino Hills Community Foundation	CMP Campaign Paraphernalia/Misc.	\$631
21	91	11/10/15	Karen Haughey	OFC Office Expenses	\$19
22	92	11/10/15	Andrea Castaneda	OFC Office Expenses	\$200
23	93	12/1/15	John Fugatt	PRO Professional Services	\$850
24	94	12/1/15	Ed Graham	OFC Office Expenses	\$239
25	95	11/1/15	Albert Chang	OFC Office Expenses	\$572
26	96	12/8/15	Lauren Hagman	OFC Office Expenses	\$200

	Date	Payee	Code Provided	Amount	
1	97	12/7/15	Ed Graham	OFC Office Expenses	\$574
2	98	12/10/15	Ed Graham	TRS Staff/Spouse Travel; Lodging and meals	\$500
3	99	12/8/15	Katherine Kolcheva	TRS Staff/Spouse Travel; Lodging and meals	\$27
4	100	11/30/15	Los Angeles County Lincoln Clubs, State PAC	CTB Contribution to Committee	\$500
5	101	11/30/15	JC Evan, Inc.	POL Polling and Survey Research	\$1,395
6	102	12/8/15	Mike Spence	TRS Staff/Spouse Travel; Lodging and meals	\$684
7	103	12/9/15	John Fugatt	OFC Office Expenses	\$1,417
8	104	12/11/15	Mike Spence	TRS Staff/Spouse Travel; Lodging and meals	\$783
9	105	12/14/15	Marjorie Rashidyan	OFC Office Expenses	\$267
10	106	12/31/15	Nannette Lesage	Miscellaneous Increases to Cash	\$8,200
11	107	1/7/15	Checkworks.com	OFC Office Expenses	\$71
12	108	1/9/15	Checkworks.com	OFC Office Expenses	\$71
13	109	1/26/15	AT& T	OFC Office Expenses	\$38
14	110	2/25/15	Wells Fargo Bank	Code not provided	\$30
15	111	2/23/15	Barclay Card	TRS Staff/Spouse Travel; Lodging and meals	\$455
16	112	2/25/15	AT& T	OFC Office Expenses	\$204
17	113	3/25/15	AT& T	OFC Office Expenses	\$240
18	114	4/27/15	AT& T	OFC Office Expenses	\$321
19	115	5/26/15	AT& T	OFC Office Expenses	\$245
20	116	5/27/15	Barclay Card	TRS Staff/Spouse Travel; Lodging and meals	\$189
21	117	6/25/15	AT& T	OFC Office Expenses	\$245
22	118	7/13/15	Barclay Card	TRS Staff/Spouse Travel; Lodging and meals	\$454
23	119	7/27/15	AT& T	OFC Office Expenses	\$249
24	120	8/26/15	AT& T	OFC Office Expenses	\$386
25	121	9/9/15	Wells Fargo Bank	Code not provided	\$3.00
26	122	9/14/15	Barclay Card	TRS Staff/Spouse Travel; Lodging and meals	\$107
27	123	9/28/15	AT& T	OFC Office Expenses	\$245

	Date	Pavee	Code Provided	Amount	
1	124	10/13/15	Barclay Card	TRS Staff/Spouse Travel; Lodging and meals	\$380
2	125	10/27/15	AT& T	OFC Office Expenses	\$344
3	126	11/27/15	AT& T	OFC Office Expenses	\$291
4	127	12/28/15	AT& T	OFC Office Expenses	\$480
5	128	12/31/15	Wells Fargo Bank	Code not provided	\$70
6	129	12/31/15	Barclay Card	TRS Staff/Spouse Travel; Lodging and meals	\$386
7				Total:	\$79,126
8					

Recordkeeping

The 2018 Committee, Hagman, and Fugatt failed to maintain invoices and/or receipts for approximately 38% of the campaign expenditures made through the 2014 Committee's campaign bank account, which totaled approximately \$34,382. The expenditures without adequate documentation consisted of payments for campaign worker's salaries, polling, travel, campaign literature, fundraisers, civic donations, office expenses, and meetings/appearances.

VIOLATIONS

Count 1: Post-Election Fundraising Restrictions

The 2014 Committee, Hagman, and Fugatt received approximately 39 contributions totaling \$63,700 during the post-election period beginning on or around January 1, 2015 and ending on or around March 15, 2015, in violation of the San Bernardino Ordinance Section 12.4305, subdivision (b).

Count 2: One Bank Account Violation

The 2018 Committee, Hagman, and Fugatt made a total of \$79,126 in expenditures from a bank account other than the one designated for 2018 campaign activity – beginning in January of 2015 and ending in December of 2015, in violation of Government Code section 85201, subdivision (e).

Count 3: Failure to Maintain Campaign Records

The 2018 Committee, Hagman, and Fugatt failed to maintain complete campaign records for expenditures totaling \$34,382.39 - beginning in January of 2015 and ending in December of 2015, in violation of San Bernardino Ordinance 12.4313 (a) and Government Code Section 84104.

1 **PROPOSED PENALTY**

2 This matter consists of 3 counts. The maximum penalty that may be imposed is \$5,000 per count.
3 Thus, the maximum penalty that may be imposed is \$15,000.²³

4 In determining the appropriate penalty for a particular violation of the Act, the Commission
5 considers the facts of the case, the public harm involved, and the purposes of the Act. Also, the Commission
6 considers factors such as: (a) the seriousness of the violation; (b) the presence or absence of any intention
7 to conceal, deceive or mislead; (c) whether the violation was deliberate, negligent or inadvertent; (d)
8 whether the violation was isolated or part of a pattern; (e) whether corrective amendments voluntarily were
9 filed to provide full disclosure; and (f) whether the violator has a prior record of violations.²⁴ Additionally,
10 the Commission considers penalties in prior cases with comparable violations.

11 The Enforcement Division did not find evidence of intentional concealment. The violations appear
12 to be result of negligence. The post-election fundraising and the one bank account violations were part of
13 a pattern of activity that took place in 2015. On August 20, 2015, the Commission imposed a penalty of
14 \$1,500 against the 2014 Committee, Curt Hagman, and John Fugatt (FPPC Case No. 14/298) for accepting
15 a cash contribution (cashier’s check) in the amount of \$8,200.

16 The 2014 Committee, the 2018 Committee, and Hagman cooperated with the Enforcement Division
17 throughout the course of the investigation. Fugatt cooperated with the Enforcement Division as well, but
18 it was intermittent.

19 This is the first stipulation to address the issue of post-election fundraising under the San
20 Bernardino Ordinance. Guidance on this issue can be found by examining the most recent penalty approved
21 by the Commission addressing post-election fundraising restrictions in the Act, which was *In the Matter*
22 *of Mike Stoker, Stoker for Assembly 2012, and Trent Benedetti*; FPPC No. 12/090 (approved December 13,
23 2012) The Commission imposed a penalty of \$1,500 against the respondents for accepting \$31,500 after
24 the General Election. At the time these contributions were accepted, the Committee did not have
25 outstanding debt. These contributions were reported by the committee on the applicable campaign
26 statement. Additionally, the candidate lost the election and had no history of violating the Act.

27
28 ²³ See Section 83116, subdivision (c).

²⁴ Regulation 18361.5, subdivision (d).

1 Regarding Count 1, a higher penalty than the one approved in the comparable case is warranted in
2 this matter. The current matter is distinguishable from *Stoker* in several ways. First, the 2014 Committee,
3 Hagman, and Fugatt accepted more than double the amount of contributions (\$63,700) accepted in *Stoker*.
4 Second, Hagman won his election where *Stoker* did not. Third, the 2014 Committee, Hagman, and Fugatt
5 were accepting contributions from January – March of 2015, which is almost five months after the election.
6 Whereas, all the post-election contributions accepted in the comparable case were accepted between mid-
7 November and early December. Fourth, the 2014 Committee, Hagman, and Fugatt accepted 39
8 contributions from January to March of 2015. Whereas, the respondents in the comparable case only
9 accepted four contributions. Fifth, the 2014 Committee, Hagman, and Fugatt have previously violated the
10 Act, and both have extensive experience with the Act. Hagman served as Mayor of Chino from 2007 –
11 2008 and served as an Assembly Member in District 55 from 2008 – 2014. Fugatt currently and in the past,
12 serves or has served as the treasurer for numerous committees. However, Fugatt contends he was told by
13 Mike Spence, Hagman’s Chief of Staff, that there would be additional expenses after the campaign that
14 had not previously been identified, which prompted them to raise additional funds. He further contended
15 that the expenses turned out to be less than expected, and the 2014 Committee received more money than
16 anticipated. Based on the aggravating factors, a penalty of \$3,500 is recommended.

17 A recent penalty in San Bernardino addressing campaign expenditures made from a source other
18 than the single, designated bank account is *In the Matter of Clifton L. Harris and Harris for San*
19 *Bernardino County Sheriff 2014; FPPC No. 14/147* (approved May 21, 2015). The Commission imposed
20 a penalty of \$3,000 against the respondents for making \$5,549 in expenditures with his personal checks,
21 debit, or credit cards; and \$459 was paid in cash. This case arose from the Enforcement Division’s audit
22 of the Committee per the Act and the San Bernardino Ordinance. The audit period covered January 1, 2013
23 – June 30, 2014. The Committee reported that it received \$18,112 in contributions and made \$20,306 in
24 expenditures. The audit revealed that \$5,549 in campaign expenses were not paid through the campaign
25 bank account, which accounted for 27% of the Committee’s reported expenditures during the period
26 covered by the audit. Additionally, \$1,683 of these expenditures was not disclosed on the Committee’s
27 campaign statements.

28 Regarding Count 2, a higher penalty than the one issued by the Commission in the comparable case

1 is recommended. The 2018 Committee made approximately \$520,958 in expenditures from January 1,
2 2015 – June 30, 2018.²⁵ The \$79,126 in expenditures made by the 2018 Committee from the 2014
3 Committee’s bank account represents approximately 15% of all expenditures made during this period.
4 Although the \$79,126 in payments that were not made through the committee’s campaign bank account is
5 a lower percentage of overall expenditures than in the comparable case, the 2018 Committee’s situation is
6 aggravated by the incomplete reporting of these expenditures. All the expenditures made by the 2018
7 Committee, Hagman, and Fugatt through the 2014 Committee’s bank account were not properly reported
8 on the committee’s campaign statements. And although, the expenditures were disclosed on the 2014
9 Committee’s semi-annual campaign statements covering the reporting periods of January 1, 2015 – June
10 30, 2015 and July 1, 2015 – December 31, 2015, neither statement contained any indication that these
11 expenditures were being made to support Hagman’s re-election efforts. This information wasn’t disclosed
12 until December of 2016, and the disclosure was only made on the 2014 Committee’s campaign statements
13 when the respondents made a notation that the expenditures had been removed from the semi-annual
14 statements because they were expenditures for the 2018 Committee. The 2018 Committee’s campaign
15 statements were never amended to notify the public that these expenditures were being made from the 2014
16 Committee’s account, and therefore, the public would have no reason to examine the 2014 Committee’s
17 campaign statements.

17 The incomplete reporting compounded the bank account issue by depriving the public of learning
18 that in 2015 the 2018 Committee spent \$79,126 in addition to the \$23,750 in reported expenditures (total
19 \$102,876) on the election, which was more than in 2016 (\$69,739) and 2017 (\$57,221) – the years leading
20 up to the June 5, 2018 election. The only year the 2018 Committee made more expenditures than in 2015
21 was in 2018 when it made approximately \$291,120 from January 1, 2018 – June 30, 2018. Therefore, a
22 penalty of \$4,000 is recommended.

23 A recent penalty approved by the Commission regarding recordkeeping violations is *In the Matter*
24 *of Jose Esteves, Esteves for Mayor 2012, and Arsenio Iloreta*; FPPC No. 15/147 (approved Mar. 16, 2017)
25 the Commission approved a penalty of \$2,500 against the respondents for failing to maintain complete
26 campaign records. The respondents reimbursed the candidate’s wife approximately \$19,749 for campaign
27

28 ²⁵ This amount includes expenditures reportedly made by the 2018 Committee on semi-annual campaign statements covering 2015, 2016, 2017, and the first half of 2018. Also included are the \$79,126 in expenditures that the 2018 Committee paid using the 2014 Committee’s bank account but reported on the 2014 Committee’s campaign statements.

1 Regulations 18361.1 through 18361.9. This includes, but is not limited to the right to appear personally at
2 any administrative hearing held in this matter, to be represented by an attorney at Respondent’s own
3 expense, to confront and cross-examine all witnesses testifying at the hearing, to subpoena witnesses to
4 testify at the hearing, to have an impartial administrative law judge preside over the hearing as a hearing
5 officer, and to have the matter judicially reviewed.

6 5. Respondent Fugatt (no representation) understands, and hereby knowingly and voluntarily
7 waive, any and all procedural rights set forth in Sections 83115.5, 11503, 11523, and Regulations 18361.1
8 through 18361.9. This includes, but is not limited to the right to appear personally at any administrative
9 hearing held in this matter, to be represented by an attorney at Respondent’s own expense, to confront and
10 cross-examine all witnesses testifying at the hearing, to subpoena witnesses to testify at the hearing, to
11 have an impartial administrative law judge preside over the hearing as a hearing officer, and to have the
12 matter judicially reviewed

13 6. Respondents agree to the issuance of the decision and order set forth below. Also,
14 Respondent agrees to the Commission imposing against it an administrative penalty in the amount of
15 \$10,000. One or more payments totaling said amount—to be paid to the General Fund of the State of
16 California—is/are submitted with this stipulation as full payment of the administrative penalty described
17 above, and same shall be held by the State of California until the Commission issues its decision and order
18 regarding this matter.

19 7. If the Commission refuses to approve this stipulation—then this stipulation shall become
20 null and void, and within fifteen business days after the Commission meeting at which the stipulation is
21 rejected, all payments tendered by Respondents in connection with this stipulation shall be reimbursed to
22 Respondents. If this stipulation is not approved by the Commission, and if a full evidentiary hearing before
23 the Commission becomes necessary, neither any member of the Commission, nor the Executive Director,
24 shall be disqualified because of prior consideration of this Stipulation.

25 ///
26 ///
27 ///
28 ///

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

5 Dated: _____

Galena West, Chief of Enforcement
Fair Political Practices Commission

6
7
8
9 Dated: _____

Curt Hagman, individually and o/b/o Curt Hagman for
San Bernardino County Supervisor 2014 and Curt
Hagman for Supervisor 2018

10
11
12
13 Dated: _____

John Fugatt, individually and o/b/o Curt Hagman for San
Bernardino County Supervisor 2014 and Curt Hagman
for Supervisor 2018

14
15
16 The foregoing stipulation of the parties "In the Matter of Curt Hagman for San Bernardino County
17 Supervisor 2014, Curt Hagman for Supervisor 2018, Curt Hagman, and John Fugatt," FPPC Case No.
18 16/795 is hereby accepted as the final decision and order of the Fair Political Practices Commission,
19 effective upon execution below by the Chair.
20

21 IT IS SO ORDERED.

22
23 Dated: _____

Richard C. Miadich, Chair
Fair Political Practices Commission