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SUMMARY OF THE LAW

The Act and its regulations are amended from time to time. All legal references and discussions of law are intended to be citations to statutes and regulations as they existed from 2014 through 2016, at the time of the violations in this case.

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

When enacting the Political Reform Act, the people of California found and declared that previous laws regulating political practices suffered from inadequate enforcement by state and local authorities.² Thus, it was decreed that the Act "should be liberally construed to accomplish its purposes."³

One purpose of the Act is to promote transparency by ensuring that receipts and expenditures in election campaigns are fully and truthfully disclosed so that voters are fully informed and improper practices are inhibited.⁴ Along these lines, the Act includes a comprehensive campaign reporting system.⁵ Also, the Act imposes certain rules/safeguards, which are designed to create a paper trail to aid the audit and enforcement process, including rules against the making and receiving of cash contributions of \$100 or more.⁶

Another purpose of the Act is to provide adequate enforcement mechanisms so that the Act will be "vigorously enforced."⁷

Definition of "Recipient Committee"

In 2014, the Act defined a "committee" to include any person receiving contributions totaling \$1,000 or more in a calendar year.⁸ This type of committee commonly is referred to as a "recipient committee."

² Section 81001, subdivision (h).

³ Section 81003.

⁴ Section 81002, subdivision (a).

⁵ Sections 84200, et seq.

⁶ Section 84300, subdivision (a).

⁷ Section 81002, subdivision (f).

⁸ Section 82013, subdivision (a).

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Definition of "Primarily Formed Committee"

A "primarily formed committee" includes any recipient committee that is formed or exists primarily to support or oppose, among other things, a single candidate or group of candidates in the same election.⁹

Definition of "General Purpose Committee"

A "general purpose committee" includes any recipient committee—other than a primarily formed committee—that is formed or exists primarily to support or oppose more than one candidate or ballot measure.¹⁰

"City" vs. "County" Committees

A "city general purpose committee" is a committee to support or oppose candidates or measures voted on in only one city.¹¹

A "county general purpose committee" is a committee to support or oppose candidates or measures voted on in only one county, or in more than one jurisdiction within one county.¹²

For ease of reference, the term "city committee" also is used to refer to any committee that is primarily formed to support or oppose a single candidate for city council.

Place of Filing

Different types of committees are required to file campaign statements and reports in different places. For example, city committees (both general purpose and primarily formed) must file with the city clerk, but county general purpose committees must file with the county elections official.¹³

When and How a Committee Changes Status

The Act includes rules, which are designed to guard against a committee filing as the wrong type of committee in the wrong jurisdiction. When a committee violates these rules, the result is that campaign statements and reports are not filed in the locations where the public expects to find them. This deprives the public of important information about the committee's political activity.

⁹ Section 82047.5, subdivision (a).

¹⁰ Section 82027.5, subdivision (a).

¹¹ Section 82027.5, subdivision (d).

¹² Section 82027.5, subdivision (c).

¹³ Section 84215, subdivision (d); and Regulation 18227.5, subdivisions (b)(2) and (3).

In the case of a recipient committee that files its initial statement of organization within six months of an election in connection with which the committee makes contributions and expenditures, the committee must determine whether it is primarily formed, and the jurisdiction in which the committee must file (state, county, or city), at the end of each month prior to the election—if the committee's activity included contributions and/or expenditures of \$1,000 or more to support or oppose candidates or measures during that month.¹⁴

This determination is made at the end of each month before the election by evaluating the activity of the committee during whichever of the following time periods most accurately reflects the current and upcoming activities of the committee: (i) the immediately preceding 24 months; or (ii) the current two-year period, beginning with January 1 of an odd-numbered year and ending with December 31 of the following even-numbered year.¹⁵

During this look-back period, all of the committee's contributions and expenditures on candidates and measures are totaled, not including administrative overhead. If more than 70 percent of this total was spent to support or oppose a single candidate or group of candidates being voted upon in the same city, county, or multicounty election, then the committee has become primarily formed to support or oppose that candidate or group of candidates—and the committee now must file with the appropriate filing officer in that state, county, or city's jurisdiction. For a general purpose committee that meets this 70 percent requirement with respect to a local candidate, the committee is not required to change its status to primarily formed unless it made contributions and/or expenditures totaling \$10,000 or more during the look-back period. The committee is not required to change its status to primarily formed unless it made contributions and/or expenditures totaling \$10,000 or more during the look-back period.

When a general purpose committee changes status to become a primarily formed committee within 90 days prior to an election, the committee must maintain its new primarily formed status—and it must file as such—until the date of the election and continuing through the end of the post-election

¹⁴ Regulations 18227.5, subdivision (d); and 18247.5, subdivision (e)(2)(A), as in effect 6/24/13 through 4/20/16.

¹⁵ Regulations 18227.5, subdivision (d); and 18247.5, subdivision (e)(3), as in effect 6/24/13 through 4/20/16.

¹⁶ See Regulation 18247.5, subdivisions (d) and (e), as in effect 6/24/13 through 4/20/16.

¹⁷ Regulation 18247.5, subdivision (g)(2), as in effect 6/24/13 through 4/20/16.

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reporting period. ¹⁸ After this, if the committee continues to exist to support or oppose different candidates or measures in the future, the committee may change its status back to that of a general purpose committee. ¹⁹

When the status of a committee changes, and when this causes a change with respect to the filing officer with whom the committee must file its campaign statements and reports—then in addition to filing with the new filing officer, the committee must continue filing with the original filing officer through the end of the calendar year.²⁰ In addition, the committee must update its statement of organization (Form 410) to show the new filing designation.²¹

Mandatory Filing of Campaign Statements and Reports

At the core of the Act's campaign reporting system is the requirement that committees must file campaign statements and reports for certain reporting periods and by certain deadlines.²²

For example, each year, a recipient committee must file a semi-annual campaign statement for the reporting period of January 1 through June 30 by the deadline of July 31—as well as another semi-annual campaign statement for the reporting period of July 1 through December 31, by the deadline of January 31.²³

Also, in the case of a city general purpose recipient committee, such a committee must file preelection campaign statements if it makes contributions or independent expenditures of \$500 or more in connection with a city election in the committee's jurisdiction during any pre-election reporting period. For the election held in November 2016, the pre-election reporting periods and filing deadlines were as follows:²⁴

Pre-election Period	Deadline
7/1/16 - 9/24/16	9/29/16
9/25/16 – 10/22/16	10/27/16

¹⁸ See Regulation 18247.5, subdivision (f), as in effect 6/24/13 through 4/20/16.

¹⁹ See Regulation 18247.5, subdivision (g)(4), as in effect 6/24/13 through 4/20/16.

²⁰ Regulation 18247.5, subdivision (g)(1), as in effect 6/24/13 through 4/20/16.

²¹ Section 84103; Regulations 18227.5, subdivision (e); and 18247.5, subdivision (g), as in effect 6/24/13 through 4/20/16.

²² Sections 84200, et seq.

²³ Section 84200, subdivision (a).

²⁴ See Sections 84200.5, subdivision (e) (as in effect after 12/31/15); and Section 84200.8, subdivisions (a) and (b).

Generally, when a campaign statement is required to be filed, the reporting period begins the day after the closing date of the most recent campaign statement that was required to be filed.²⁵

When the filing deadline for a campaign statement falls on a Saturday, Sunday, or official state holiday, the deadline is extended to the next regular business day.²⁶

In addition to the filings required above, the Act requires the filing of certain 24-hour reports with respect to the making of any "late independent expenditures." This encompasses any independent expenditure aggregating \$1,000 or more that is made for or against a specific candidate or measure during the last 90 days leading up to the election. (For ease of reference, this period of time is referred to as the late reporting period.) When a committee makes a "late independent expenditure" (during the late reporting period), the committee is required to report the expenditure by filing a late independent expenditure report (Form 496) within 24 hours.²⁷

A committee that makes a late independent expenditure must file the required 24-hour report in the place where the committee would be required to file campaign statements—as if the committee were primarily formed to support or oppose the candidate or measure that is the subject of the independent expenditure.²⁸

Joint and Several Liability

It is the duty of a committee treasurer to ensure that the committee complies with the Act.²⁹ Also, the principal officer of a committee generally bears responsibility for approval of the political activity of the committee.³⁰ The treasurer and the principal officer may be held jointly and severally liable, along with the committee, for violations of the Act.³¹

SUMMARY OF THE FACTS

In September 2014, less than two months prior to the general election of November 4, 2014, Butte County Awareness and Accountability qualified as a recipient committee, which purported to be a county

²⁵ Section 82046, subdivision (b).

²⁶ Regulation 18116, subdivision (a).

²⁷ See Sections 82036.5 and 84204.

²⁸ Section 84204, subdivision (c).

²⁹ Sections 81004, 84100, and Regulation 18427.

³⁰ Regulation 18402.1.

³¹ Sections 83116.5, 91006, and Regulation 18316.6.

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general purpose committee. As such, the committee was required to file its campaign statements and reports with the Office of the Butte County Clerk-Recorder / Registrar of Voters.

Since the committee formed shortly before the election, the committee was required to check its status at the end of each month leading up to the election—for purposes of determining where to file. At the end of October 2014, committee spending on candidates and measures totaled approximately \$10,668. Of this amount, roughly 81% was for independent expenditures in opposition to Scott Gruendl's candidacy for Chico City Council. The rest was for a contribution to a committee that was primarily formed to support/oppose two Butte County ballot measures.

Based on the committee's spending, at the end of October 2014, the committee stopped being a county general purpose committee. When this happened, the committee became primarily formed to support/oppose candidates in the City of Chico. As a result of this change, the committee was required to start filing its campaign statements and reports with the Chico City Clerk—and for the rest of the year, the committee was required to continue filing with the Office of the Butte County Clerk-Recorder / Registrar of Voters.

At the end of 2014 (after the post-election reporting period), the committee continued to exist to support or oppose different candidates or measures in connection with different elections in the future, but the committee's spending was focused on elections in the City of Chico. Although the committee no longer was primarily formed to oppose Scott Gruendl with respect to the election of November 2014, the committee remained a city committee (albeit a general purpose committee instead of a primarily formed committee), and its filing obligation stayed with the Office of the Chico City Clerk. (The requirement to file with the county expired at the end of the year.)

The committee retained its status as a city general purpose committee through the date of its termination in August 2017.

At all times after October 2014, the committee was required to file the following campaign statements and reports with the Chico City Clerk, but the committee failed to do so:³²

³² Receipt and expenditure amounts are approximate. The committee terminated in August 2017, but there was virtually no committee activity that year. For this reason, filings for 2017 reporting periods are omitted.

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Reporting Period	Filing Type	Due Date	Receipts	Expenditures
10/19/14 - 12/31/14	Semi-annual	2/2/15	\$1,124	\$6,481
1/1/15 - 6/30/15	Semi-annual	7/31/15	\$1,000	\$1,137
7/1/15 – 12/31/15	Semi-annual	2/1/16	-	\$206
1/1/16 - 6/30/16	Semi-annual	8/1/16	-	\$382
7/1/16 - 9/24/16	Pre-election	9/29/16	\$5,000	\$1,193
9/25/16 - 10/22/16	Pre-election	10/27/16	\$1,750	\$2,943
10/23/16 – 12/31/16	Semi-annual	1/31/17	\$3,500	\$7,077
		Total:	\$12,374	\$19,419

Instead of filing with the City of Chico (as required after October 2014), the committee filed all of its campaign statements with the County of Butte. If these campaign statements had been filed with the Chico City Clerk—instead of with the Butte County Clerk-Recorder / Registrar of Voters—the filings would have been mostly timely. However, the county filings were missing important Schedule D information regarding independent expenditures that were made by the committee in 2014 and 2016. These independent expenditures included mass mailings that the committee sent in opposition to various candidates for Chico City Council, as noted in the chart below:³³

Date	Description	Amount
10/1/14	Mailing opposing Scott Gruendl for Chico City Council.	\$4,382
10/10/14	Mailing opposing Scott Gruendl for Chico City Council.	\$4,286
10/31/16	Mailings opposing Ann Schwab for Chico City Council.	\$2,855
10/31/16	Mailings opposing Randall Stone for Chico City Council.	\$2,855
Total: \$14,378		

Each of the expenditures noted in the chart above was required to be reported within 24 hours by filing a Form 496 24-hour independent expenditure report with the Chico City Clerk (regardless of whether the committee was a county general purpose committee or a city general purpose committee). However, the committee failed to file any of the required Form 496's with any filing officer—and these independent expenditures were not disclosed on any other filings prior to the elections in question.

Gruendl lost his election in 2014. Schwab and Stone won in 2016.

³³ For the 2016 mailings noted in the chart, the information shown is the pro-rated cost of multiple mailings, which opposed multiple candidates.

VIOLATIONS

Counts 1 - 2

Failure to Timely File Semi-annual Campaign Statements

As described above, the committee failed to timely file semi-annual campaign statements for the following reporting periods with the City of Chico:

Count	Periods Ending
1	12/31/14, 6/30/15, and 12/31/15
2	6/30/16 and 12/31/16

In this way, Kozik and the committee violated Section 84200, subdivision (a). For settlement purposes, two counts are charged.

Count 3

Failure to Timely File Pre-election Campaign Statements

As described above, the committee failed to timely file pre-election campaign statements for the periods ending September 24 and October 22, 2016 with the City of Chico. In this way, Kozik and the committee violated Sections 84200.5, subdivision (e) (as in effect after 12/31/15); and Section 84200.8, subdivisions (a) and (b). For settlement purposes, one count is charged.

Count 4

Failure to File 24-hour Independent Expenditure Reports

As described above, in 2014 and 2016, the committee failed to file four 24-hour independent expenditure reports with the City of Chico. In this way, Kozik and the committee violated Section 84204. For settlement purposes, one count is charged.

PROPOSED PENALTY

This matter consists of four counts. The maximum penalty that may be imposed is \$5,000 per count.³⁴

In determining the appropriate penalty for a particular violation of the Act, the Commission considers the facts of the case, the public harm involved, and the purposes of the Act. Also, the

³⁴ See Section 83116, subdivision (c).

Commission considers factors such as: (a) the seriousness of the violation; (b) the presence or absence of any intention to conceal, deceive or mislead; (c) whether the violation was deliberate, negligent or inadvertent; (d) whether the violation was isolated or part of a pattern; (e) whether corrective amendments voluntarily were filed to provide full disclosure; and (f) whether the violator has a prior record of violations.³⁵ Additionally, the Commission considers penalties in prior cases with comparable violations.

The violations in this case appear to be the result of inexperience or negligence.

Regarding Counts 1 through 4, the public harm inherent in campaign reporting violations is that the public is deprived of important, time-sensitive information regarding political activity. Generally, these types of violations are considered to be more serious where the public is deprived of information that was required to be disclosed before an election because this has the potential to affect how votes are cast—so greater public harm is involved, and a higher penalty is warranted. Another factor that influences the amount of the penalty is whether the public harm was mitigated because some of the reportable activity was disclosed to the public on another campaign filing.

Recently, the Commission approved settlement of a case with similar campaign filing violations. *In the Matter of Los Angeles League of Conservation Voters*; FPPC Case No. 16/19925 (approved Dec. 20, 2018), the Commission imposed a penalty in the amount of \$13,500 against a county general purpose committee for failure to timely file three semi-annual campaign statements, four pre-election campaign statements, and 13 24-hour reports.

Both cases involve:

- 1. a pattern of late/non-filing spanning multiple calendar years and elections;
- 2. failure to file similar types of campaign statements and reports;
- 3. violations that appear to be the result of inexperience/negligence—not deliberate concealment;
- 4. respondents who cooperated by filing outstanding statements in connection with settlement;
- 5. additional violations, which for settlement purposes, were/are noted as aggravating information and not charged separately (reporting violations were noted, but not charged, in the *League of Conservation Voters*—and the current case involves receipt of a small amount of unlawful cash contributions (totaling \$650), plus failure to amend the committee's

³⁵ Regulation 18361.5, subdivision (d).

- statement of organization to reflect that the committee's status changed from a county general purpose committee to a primarily formed committee and then to a city general purpose committee); and
- 6. respondents who cooperated with the Enforcement Division by agreeing to an early settlement—well in advance of the probable cause conference that otherwise would have been held.

Also, in the *League of Conservation Voters*, the non-filing of 24-hour reports involved contributions to recipients who reported receipt of the contributions on their own campaign filings—even though the making of the contributions was not reported by the contributor prior to the election. In the current case, the non-filing of 24-hour reports relates to independent expenditure "hit piece" mailers. These "hit pieces" were not reported as independent expenditures by anyone prior to the election, but the mailers did identify the Butte County Awareness and Accountability committee as the sender. Thus, in both cases, there was at least some disclosure for the public.

In the *League of Conservation Voters*, failure to timely file three semi-annual campaign statements was charged as one count. The current case involves failure to timely file five semi-annual campaign statements; a comparable number of counts would be two.

In the *League of Conservation Voters*, failure to timely file four pre-election campaign statements was charged as two counts. The current case involves failure to timely file two pre-election campaign statements; a comparable number of counts would be one.

In the *League of Conservation Voters*, failure to file 13 24-hour reports was charged as two counts. The current case involves failure to file four 24-hour reports; a comparable number of counts would be one.

For settlement purposes, the Enforcement Division recommends charging the comparable number of counts noted above.

In terms of the penalty amount, *League of Conservation Voters* resulted in a penalty of \$2,500 for failure to timely file semi-annual campaign statements, \$3,000 per count for failure to timely file preelection campaign statements, and \$2,500 per count for failure to file 24-hour reports. In the current case, reduced penalties for most of these same violations are being recommended for the following reasons. (The one exception is Count 4, as discussed below, which involves non-filing of required 24-hour reports.)

In the *League of Conservation Voters*, the committee's reportable activity during the period of non-filing consisted of receipts and expenditures totaling approximately \$95,471 and \$106,507, respectively. This is substantially more than the reportable activity in the current case, which involves receipts and expenditures totaling approximately \$12,374 and \$19,419, respectively.

Also, in the current case, respondents do not have a history of prior, similar violations of the Act. The same was not true in the *League of Conservation Voters*.

Additionally, even though the committee in the current case failed to file its required campaign statements and reports with the City of Chico, the committee did file with the County of Butte. Not all required information properly was reported on these filings—especially with respect to the committee's "hit piece" independent expenditures—but there at least was some disclosure for the public prior to the elections, particularly with respect to contributions received by the committee.

Under these circumstances, the following agreed-upon penalty is recommended:

Count	Description	Penalty	
1	Failure to Timely File Semi-annual Campaign Statements	\$1,500	
2	Failure to Timely File Semi-annual Campaign Statements	\$1,500	
3	Failure to Timely File Pre-election Campaign Statements	\$2,000	
4	Failure to File 24-hour Independent Expenditure Reports	\$2,500	
	Total: \$7,500		

A higher penalty is not being sought because respondents cooperated with Enforcement by entering into a tolling agreement with respect to the statute of limitations. A lower penalty is not being recommended because the committee's independent expenditures—in the form of "hit piece" mass mailings—were not properly reported before either of the relevant elections on any filings (with the county or the city).

CONCLUSION

Complainant, the Enforcement Division of the Fair Political Practices Commission, and Respondents Butte County Awareness and Accountability and Thomas Kozik hereby agree as follows:

- 1. Respondents violated the Act as described in the foregoing pages, which are a true and accurate summary of the facts in this matter.
- 2. This stipulation will be submitted for consideration by the Fair Political Practices

 Commission at its next regularly scheduled meeting—or as soon thereafter as the matter may be heard.

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- 3. This stipulation resolves all factual and legal issues raised in this matter—for the purpose of reaching a final disposition without the necessity of holding an administrative hearing to determine the liability of Respondents pursuant to Section 83116.
- 4. Respondents have consulted with their attorney, Emelyn Rodriguez—with the law firm of Rodriguez Politica Law. Respondents understand and hereby knowingly and voluntarily waive, any and all procedural rights set forth in Sections 83115.5, 11503, 11523, and Regulations 18361.1 through 18361.9. This includes, but is not limited to the right to appear personally at any administrative hearing held in this matter, to be represented by an attorney at Respondents' own expense, to confront and cross-examine all witnesses testifying at the hearing, to subpoena witnesses to testify at the hearing, to have an impartial administrative law judge preside over the hearing as a hearing officer, and to have the matter judicially reviewed.
- 5. Respondents agree to the issuance of the decision and order set forth below. Also, Respondents agree to the Commission imposing against them an administrative penalty in the amount of \$7,500. One or more payments totaling this amount—to be paid to the General Fund of the State of California—is/are submitted with this stipulation as full payment of the administrative penalty described above, and they will be held by the State of California until the Commission issues its decision and order regarding this matter.
- 6. If the Commission refuses to approve this stipulation—then this stipulation shall become null and void, and within fifteen business days after the Commission meeting at which the stipulation is rejected, all payments tendered by Respondents in connection with this stipulation shall be reimbursed to Respondents. If this stipulation is not approved by the Commission, and if a full evidentiary hearing before the Commission becomes necessary, neither any member of the Commission, nor the Executive Director, shall be disqualified because of prior consideration of this Stipulation.

1	7. 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
3	fax or email—is as effective and binding as the original.
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5	Dated: Galena West, Chief of Enforcement
6	Fair Political Practices Commission
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8	Dated:
9	Thomas Kozik, individually, and on behalf of Butte County Awareness and Accountability, Respondents
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11	The foregoing stipulation of the parties "In the Matter of Butte County Awareness and
12	Accountability and Thomas Kozik," FPPC Case No. 16/706, is hereby accepted as the final decision and
13	order of the Fair Political Practices Commission, effective upon execution below by the Chair.
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15	IT IS SO ORDERED.
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17	Dated: Richard C. Miadich, Chair
18	Fair Political Practices Commission
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