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9 **BEFORE THE FAIR POLITICAL PRACTICES COMMISSION**

10 **STATE OF CALIFORNIA**

11 In the Matter of

12 AIDS HEALTHCARE FOUNDATION,  
13 YES ON 21 - RENTERS AND  
14 HOMEOWNERS UNITED TO KEEP  
15 FAMILIES IN THEIR HOMES,  
16 SPONSORED BY AIDS HEALTHCARE  
FOUNDATION, and BEVERLY  
GROSSMAN PALMER,

17 Respondents.

FPPC Case Nos. 20/338, 20/759, 20/760, & 20/818

**STIPULATION, DECISION AND ORDER**

Date Submitted to Commission: November 2024

18 **INTRODUCTION**

19 Respondent AIDS Healthcare Foundation (“AHF”) is a Los Angeles-based global nonprofit  
20 501(c)(3) organization who qualified as a lobbyist employer in 2019 and as a state major donor  
21 committee in 2020. Respondent Yes on 21 - Renters and Homeowners United to Keep Families in Their  
22 Homes, Sponsored by AIDS Healthcare Foundation (ID# 1418902) (the “Yes on 21 Committee”) is a  
23 primarily formed state ballot measure committee sponsored by AHF. Proposition 21, the Local Rent  
24 Control Initiative, was defeated on the November 3, 2020 General Election ballot. Respondent Beverly  
25 Grossman Palmer (“Palmer”) serves as the Yes on 21 Committee’s treasurer.

26 These cases were opened in response to a non-sworn complaint, two anonymous complaints, and  
27 an AdWatch submission. Additional complaints and AdWatch submissions were later added to the  
28 cases.

1 Under the Political Reform Act (the “Act”),<sup>1</sup> a lobbyist employer must file periodic reports  
2 disclosing, among other information, total payments made to lobbying firms and other payments to  
3 influence legislative or administrative action. Additionally, the Act requires major donor committees and  
4 primarily formed ballot measure committees to timely file certain campaign statements and reports to  
5 disclose specific information concerning campaign activity.

6 AHF, as a lobbyist employer, violated the Act by failing to timely disclose, on its lobbyist  
7 employer reports, other payments to influence made during calendar year 2019. AHF signed a tolling  
8 agreement to toll the relevant statute of limitations for late reported activity on its lobbyist employer  
9 reports.

10 AHF, as a major donor committee, violated the Act by failing to timely disclose, on its major  
11 donor campaign statement, non-monetary contributions made during calendar year 2020 along with the  
12 payee information and source of funds used. Additionally, AHF violated the Act by failing to timely file  
13 24-hour reports.

14 The Yes on 21 Committee and Palmer violated the Act by failing to timely file multiple 10-day  
15 reports and 24-hour reports during calendar year 2020.

## 16 SUMMARY OF THE LAW

17 The Act and its regulations are amended from time to time. The violations in this case occurred  
18 in 2019 and 2020. For this reason, all legal references and discussions of law pertain to the Act’s  
19 provisions as they existed at that time.

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

21 When enacting the Act, the people of California found and declared that previous laws regulating  
22 political practices suffered from inadequate enforcement by state and local authorities.<sup>2</sup> For this reason,  
23 the Act is to be construed liberally to accomplish its purposes.<sup>3</sup>

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27 <sup>1</sup> The Political Reform Act is contained in Government Code §§ 81000 through 91014, and all statutory references  
28 are to this code. The regulations of the Fair Political Practice Commission are contained in §§ 18104 through 18998 of Title 2  
of the California Code of Regulations, and all regulatory references are to this source.

<sup>2</sup> Section 81001, subd. (h).

<sup>3</sup> Section 81003.

1 One of the purposes of the Act is to promote transparency by ensuring that activities and finances  
2 of lobbyists are disclosed so that improper influences are not directed at public officials.<sup>4</sup> Another  
3 purpose of the Act is to promote transparency by ensuring that receipts and expenditures in election  
4 campaigns are fully and truthfully disclosed so that voters are fully informed and improper practices are  
5 inhibited.<sup>5</sup> A further purpose of the Act is to provide adequate enforcement mechanisms so that the Act  
6 will be “vigorously enforced.”<sup>6</sup>

### 7 **Lobbying Terms Defined**

8 “Lobbyist employer” includes any person who contracts for the services of a lobbying firm for  
9 the purpose of influencing legislative or administrative action.<sup>7</sup>

10 Other payments to influence legislative or administrative action captures expenditures that are  
11 instrumental in influencing public officials through activities that are closely related to lobbying, but do  
12 not meet the narrow definition of lobbying.<sup>8</sup> These payments include: payments in support or assistance  
13 of a lobbyist or their activities, including any direct payment of expenses incurred at the request or  
14 suggestion of the lobbyist; and payments for or in connection with soliciting or urging other persons to  
15 enter into direct communication with any elective state official, legislative official or agency official.<sup>9</sup>

### 16 **Duty to Timely Disclose on Lobbyist Employer Reports**

17 Lobbyist employers are required to timely file quarterly reports with the Secretary of State by the  
18 end of the month following each calendar quarter.<sup>10</sup> These quarterly reports must disclose, among other  
19 information, the total of all other payments to influence legislative or administrative action.<sup>11</sup>

### 20 **Committee Types Defined**

21 A committee that makes contributions totaling \$10,000 or more in a calendar year to or at the  
22 behest of committees is known as a “major donor committee.”<sup>12</sup>

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24 <sup>4</sup> Section 81002, subd. (b).

25 <sup>5</sup> Section 81002, subd. (a).

26 <sup>6</sup> Section 81002, subd. (f).

27 <sup>7</sup> Section 82039.5, subd. (b).

28 <sup>8</sup> Section 82045.

<sup>9</sup> Section 82045, subds. (b) and (e).

<sup>10</sup> Sections 86117, subd. (a), and 86118.

<sup>11</sup> Section 86116, subd. (h)(1).

<sup>12</sup> Section 82013, subd. (c).

1 A committee that receives contributions totaling \$2,000 or more in a calendar year is known as a  
2 “recipient committee.”<sup>13</sup> A recipient committee which is formed or exists primarily to support a single  
3 measure is known as a “primarily formed ballot measure committee.”<sup>14</sup>

4 **Duty to Timely File Major Donor Campaign Statements**

5 Major donor committees are required to file campaign statements each year no later than July 31  
6 for the period ending June 30, and no later than January 31 for the period ending December 31, if they  
7 have made contributions during the period.<sup>15</sup>

8 **Duty to Timely Disclose on Major Donor Campaign Statements**

9 Each campaign statement must disclose the total amount of contributions, including non-  
10 monetary contributions, made during the period covered by the campaign statement.<sup>16</sup>

11 For expenditures of \$100 or more made during the reporting period, the relevant campaign  
12 statement must disclose the person’s full name, street address, amount of each expenditure, and a brief  
13 description of the consideration for which each expenditure was made.<sup>17</sup> In the case of an expenditure  
14 which is a contribution to a committee, the relevant campaign statement must also disclose the date of  
15 the contribution, the cumulative amount of contributions made to a committee, the number or letter of  
16 the measure, and the jurisdiction in which the measure is voted upon.<sup>18</sup>

17 A non-monetary contribution is “made” by the contributor, and “received” by the committee, on  
18 the earlier of the following dates: (1) The date that funds are expended by the contributor for goods or  
19 services, if the specific expenditure is made at the behest of the candidate or committee; (2) The date  
20 that the committee, or the agent of the committee, obtains possession or control of the goods or services,  
21 or the date that the committee otherwise receives the benefit of the expenditure.<sup>19</sup>

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26 <sup>13</sup> Section 82013, subd. (a).

27 <sup>14</sup> Section 82047.5.

28 <sup>15</sup> Section 84200, subd. (b).

<sup>16</sup> Section 84211, subd. (a)-(b).

<sup>17</sup> Section 84211, subd. (k)(1)-(4).

<sup>18</sup> Section 84211, subd. (k)(5).

<sup>19</sup> Regulation 18421.1, subd. (f).

1 A “multipurpose organization” (“MPO”)<sup>20</sup> who qualifies as a major donor committee by making  
2 contributions or expenditures using nondonor funds<sup>21</sup> must briefly describe the source of the funds used  
3 on its major donor statement.<sup>22</sup>

#### 4 **Duty to Timely File 24-Hour Reports**

5 Each committee that makes or receives a late contribution<sup>23</sup> must report the late contribution  
6 within 24 hours of the time it is made or received (“24-hour report”).<sup>24</sup>

7 A 24-hour report filed by a recipient of a late non-monetary contribution will be deemed timely  
8 filed if it is received by the filing officer within 48 hours of the time the contribution is received.<sup>25</sup>

#### 9 **Duty to Timely File 10-Day Reports**

10 A committee primarily formed to support or oppose a state ballot measure that is required to  
11 electronically file with the Secretary of State,<sup>26</sup> must electronically file a report disclosing receipt of a  
12 contribution of \$5,000 or more received at any time other than during an election cycle<sup>27</sup> within 10  
13 business days (“10-day report”).<sup>28</sup>

#### 14 **Exception for Filing Due Dates**

15 If the due date for a report falls on a Saturday or Sunday, the filing due date for that report is  
16 extended to the next regular business day.<sup>29</sup> However, this extension does not apply to 24-hour reports  
17 that are required to be filed on the Saturday or Sunday immediately before an election.<sup>30</sup>

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20 <sup>20</sup> A “multipurpose organization” includes an organization described in Sections 501(c)(3) of the Internal Revenue  
Code and that is exempt from taxation or any other association that is operating for purposes other than making contributions  
or expenditures. (Section 84222, subd. (a).)

21 <sup>21</sup> “Nondonor funds” means investment income or income earned from providing goods, services, or facilities,  
whether related or unrelated to the MPO’s program, sale of assets, or other receipts that are not donations. (Section 84222,  
22 subd. (c)(5)(B).)

<sup>22</sup> Section 84222, subd. (c)(5)(A).

23 <sup>23</sup> “Late contribution” includes a contribution that totals in the aggregate \$1,000 or more and is made to or received  
24 by a committee primarily formed to support a measure during the 90-day period preceding the date of the election, or on the  
date of the election, at which the measure is to be voted on. (Section 82036, subd. (a).)

<sup>24</sup> Section 84203.

<sup>25</sup> Section 84203.3, subd. (b), and Regulation 18425, subd. (c)(1).

26 <sup>26</sup> Primarily formed state ballot measure committees that receives contributions or makes expenditures totaling  
\$25,000 or more is required to electronically file with the Secretary of State. (Section 84605, subd. (a).)

27 <sup>27</sup> “Election cycle” means the period of time commencing 90 days prior to an election and ending on the date of the  
election. (Section 85204.)

<sup>28</sup> Section 85309, subd. (d).

<sup>29</sup> Section 81005, subd. (a).

<sup>30</sup> Section 81005, subd. (b)(1).

1 **Liability**

2 Any person who violates any provision of the Act is liable for administrative penalties up to  
3 \$5,000 per violation.<sup>31</sup>

4 **SUMMARY OF THE FACTS**

5 **AHF’s Failure to Timely Disclose on Lobbyist Employer Reports**

6 Throughout calendar year 2019, AHF, as a lobbyist employer, employed a lobbying firm to  
7 advocate for interests to advance the organization’s mission. AHF timely filed lobbyist employer reports  
8 for each quarter and timely disclosed its employment of a lobbying firm, MVM Strategy Group, LLC  
9 (“MVM Strategy”), but failed to timely disclose the other payments AHF made to influence legislative  
10 or administrative action. After receiving contact from the Enforcement Division regarding the  
11 complaint, AHF filed amendments to its lobbyist employer reports and disclosed other payments made  
12 to influence as follows:

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REPORTING PERIOD	DUE DATE	AMENDMENT DATE	OTHER PAYMENTS
01/01/2019 – 03/31/2019	04/30/2019	03/06/2020 (311 days late)	\$5,105
04/01/2019 – 06/30/2019	07/31/2019	03/06/2020 (219 days late)	\$319,401
07/01/2019 – 09/30/2019	10/31/2019	03/06/2020 (127 days late)	\$923
10/01/2019 – 12/31/2019	01/31/2020	03/06/2020 (35 days late)	\$420
		<b>Total:</b>	<b>\$325,849</b>

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21 The amendments filed by AHF disclosed that the other payments to influence were made for  
22 various items including advertisements opposing Senate Bill 50, lodging, and travel.

23 **AHF’s Failure to Timely Disclose on Major Donor Campaign Statements**

24 Throughout calendar year 2020, AHF, as a major donor committee, sponsored a primarily  
25 formed state ballot measure committee, the Yes on 21 Committee, by making monetary and non-  
26 monetary contributions to the committee.

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<sup>31</sup> Sections 83116 and 83116.5.

1        1. Major Donor Campaign Statement Due July 31, 2020

2            AHF was required to file a major donor campaign statement for the reporting period of January  
3 1, 2020 through June 30, 2020, by the July 31, 2020 due date. On July 29, 2020, AHF timely filed this  
4 statement and disclosed monetary contributions made totaling \$10,850,000. However, this statement  
5 failed to timely disclose non-monetary contributions made during the reporting period, the payee  
6 information to whom each expenditure was made, and the source of funds used to make the monetary  
7 and non-monetary contributions.

8            On August 25, 2020, 25 days late and after receiving contact from the Enforcement Division  
9 regarding the complaint, AHF filed an amendment to this statement and disclosed 136 non-monetary  
10 contributions made to the Yes on 21 Committee totaling approximately \$1,054,972.

11            On September 1, 2020, 32 days late, AHF filed a second amendment to this statement and  
12 disclosed the payee information for each non-monetary contribution made to support the Yes on 21  
13 Committee. The amount of non-monetary contributions remained the same as the amendment filed  
14 seven days earlier.

15            On October 12, 2020, 73 days late, AHF filed a third amendment to this statement and disclosed  
16 that nondonor funds were used for each of the contributions and the source of the nondonor funds were  
17 “net assets of AIDS Healthcare Foundation.”

18        2. Major Donor Campaign Statement Due February 1, 2021

19            AHF was required to file a major donor campaign statement for the reporting period of July 1,  
20 2020 through December 31, 2020, by the February 1, 2021 due date. On February 1, 2021, AHF timely  
21 filed this statement and disclosed monetary and non-monetary contributions made totaling \$24,078,062.  
22 However, this statement failed to timely disclose non-monetary contributions made to the Yes on 21  
23 Committee totaling \$9,000.

24            On August 24, 2020, AHF entered into a contract with Karen Ocamb (“Ocamb”) for Ocamb to  
25 research and write articles in support of Proposition 21 during the period of August 24, 2020 through  
26 November 6, 2020. Per the contract, Ocamb was required to provide AHF with written articles on a  
27 weekly basis and would be paid \$1,500 bi-weekly as follows:

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DATE OF WORK	DESCRIPTION	PRICE
08/21/2020 – 09/04/2020	Performed research and writing work for Proposition 21 campaign.	\$1,500
09/07/2020 – 09/19/2020	Performed research and writing work for Proposition 21 campaign.	\$1,500
09/21/2020 – 10/02/2020	Performed research and writing work for Proposition 21 campaign.	\$1,500
10/05/2020 – 10/16/2020	Performed research and writing work for Proposition 21 campaign.	\$1,500
10/19/2020 – 10/30/2020	Performed research and writing work for Proposition 21 campaign.	\$1,500
11/02/2020 – 11/15/2020	Performed research and writing work for Proposition 21 campaign.	\$1,500
	<b>Total:</b>	<b>\$9,000</b>

Since Ocamb timely provided written articles to AHF, during the period of August 21, 2020 to November 15, 2020, as non-monetary contributions to the Yes on 21 Committee, AHF was required to disclose these non-monetary contributions on its major donor campaign statement for the reporting period of July 1, 2020 through December 31, 2020, by the February 1, 2021 due date. Instead, these non-monetary contributions, totaling \$9,000, were disclosed late on AHF’s major donor campaign statement for the reporting period of January 1, 2021 through June 30, 2021, timely filed on July 30, 2021. Additionally, since these non-monetary contributions were provided to the Yes on 21 Committee within the 90-day period preceding the date of the election, AHF was required to timely file five 24-hour contribution reports by the September 7, 2020, September 21, 2020, October 5, 2020, October 19, 2020, and November 1, 2020 due dates but failed to do so.

**Yes on 21 Committee’s Failure to Timely File 10-Day and 24-Hour Reports**

1. 10-Day Reports

The Yes on 21 Committee was required to file a 10-day report within 10 days of receiving a contribution of \$5,000 or more outside the 90-day period preceding the date of the election. The Yes on 21 Committee timely filed 10-day reports for monetary contributions received. However, the Yes on 21 Committee failed to disclose the following 37 non-monetary contributions received from AHF on 10-day reports:

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DATE RECEIVED	AMOUNT	DUE DATE
1/15/2020	\$6,180	1/26/2020
1/28/2020	\$10,000	2/7/2020
2/28/2020	\$10,000	3/9/2020
3/13/2020	\$55,000	3/23/2020
3/16/2020	\$30,866	3/26/2020
3/18/2020	\$10,000	3/30/2020
3/26/2020	\$5,000	4/6/2020
3/26/2020	\$9,802	4/6/2020
3/27/2020	\$48,174	4/6/2020
3/31/2020	\$10,662	4/10/2020
4/2/2020	\$150,287	4/13/2020
4/7/2020	\$12,650	4/17/2020
4/8/2020	\$40,000	4/20/2020
4/17/2020	\$10,000	4/27/2020
4/21/2020	\$16,667	5/1/2020
4/24/2020	\$5,000	5/4/2020
4/27/2020	\$80,000	5/7/2020
4/30/2020	\$7,965	5/11/2020
5/7/2020	\$40,000	5/18/2020
5/7/2020	\$70,079	5/18/2020
5/15/2020	\$15,414	5/25/2020
5/20/2020	\$6,830	6/1/2020
5/27/2020	\$5,000	6/8/2020
5/29/2020	\$12,500	6/8/2020
6/9/2020	\$40,000	6/19/2020
6/11/2020	\$90,000	6/22/2020
6/22/2020	\$11,933	7/2/2020
6/24/2020	\$100,000	7/6/2020
6/25/2020	\$25,000	7/6/2020
6/26/2020	\$5,000	7/6/2020
6/30/2020	\$8,000	7/10/2020
6/30/2020	\$12,500	7/10/2020
7/1/2020	\$40,000	7/13/2020
7/5/2020	\$20,000	7/15/2020
7/7/2020	\$100,000	7/17/2020
7/27/2020	\$5,000	8/6/2020
8/2/2020	\$20,000	8/12/2020
<b>Total:</b>	<b>\$1,145,509</b>	

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1           2. 24-Hour Reports

2           The Yes on 21 Committee was required to file 24-hour reports within 48 hours of receiving  
3 notice that a late non-monetary contribution was made on its behalf. Between August 5, 2020 and  
4 October 26, 2020, the Yes on 21 Committee failed to disclose the following 58 late non-monetary  
5 contributions on 24-hour reports:

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DATE RECEIVED	CONTRIBUTOR	AMOUNT	DUE DATE
8/5/2020	AHF	\$44,498.98	8/7/2020
8/5/2020	AHF	\$44,499.98	8/7/2020
8/5/2020	AHF	\$3,200.00	8/7/2020
8/7/2020	AHF	\$2,800.00	8/10/2020
8/8/2020	AHF	\$5,000.00	8/10/2020
8/10/2020	AHF	\$1,625.00	8/12/2020
8/11/2020	AHF	\$1,000.00	8/13/2020
8/14/2020	AHF	\$5,600.00	8/17/2020
8/17/2020	AHF	\$4,400.00	8/19/2020
8/20/2020	AHF	\$3,200.00	8/24/2020
8/20/2020	AHF	\$3,200.00	8/24/2020
8/20/2020	AHF	\$1,800.00	8/24/2020
8/26/2020	AHF	\$1,435.00	8/28/2020
8/31/2020	AHF	\$4,400.00	9/2/2020
9/3/2020	AHF	\$3,200.00	9/7/2020
9/8/2020	AHF	\$3,408.00	9/10/2020
9/14/2020	AHF	\$4,415.00	9/16/2020
9/19/2020	AHF	\$11,352.00	9/21/2020
9/19/2020	AHF	\$16,248.00	9/21/2020
9/19/2020	AHF	\$16,000.00	9/21/2020
9/19/2020	AHF	\$7,800.00	9/21/2020
9/19/2020	AHF	\$13,998.00	9/21/2020
9/19/2020	AHF	\$21,000.00	9/21/2020
9/19/2020	AHF	\$9,000.00	9/21/2020
9/19/2020	AHF	\$16,000.00	9/21/2020
9/19/2020	AHF	\$12,000.00	9/21/2020
9/19/2020	AHF	\$16,000.00	9/21/2020
9/19/2020	AHF	\$24,999.00	9/21/2020
9/19/2020	AHF	\$21,000.00	9/21/2020

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9/19/2020	AHF	\$12,498.00	9/21/2020
9/19/2020	AHF	\$9,000.00	9/21/2020
9/19/2020	AHF	\$30,000.00	9/21/2020
9/19/2020	AHF	\$12,000.00	9/21/2020
9/19/2020	AHF	\$14,000.00	9/21/2020
9/19/2020	AHF	\$5,612.94	9/21/2020
9/19/2020	AHF	\$5,376.00	9/21/2020
9/19/2020	AHF	\$12,215.42	9/21/2020
9/19/2020	AHF	\$35,471.97	9/21/2020
9/19/2020	AHF	\$14,198.29	9/21/2020
9/19/2020	AHF	\$2,040.00	9/21/2020
9/19/2020	AHF	\$7,528.85	9/21/2020
9/19/2020	AHF	\$34,455.19	9/21/2020
9/19/2020	AHF	\$24,852.16	9/21/2020
9/19/2020	AHF	\$1,187.27	9/21/2020
9/19/2020	AHF	\$32,561.54	9/21/2020
9/19/2020	AHF	\$4,442.31	9/21/2020
9/19/2020	AHF	\$52,518.90	9/21/2020
9/19/2020	AHF	\$3,561.81	9/21/2020
9/19/2020	AHF	\$6,861.41	9/21/2020
9/19/2020	AHF	\$18,298.70	9/21/2020
9/19/2020	AHF	\$14,741.08	9/21/2020
9/19/2020	AHF	\$22,773.08	9/21/2020
9/19/2020	AHF	\$7,569.23	9/21/2020
9/19/2020	AHF	\$30,608.17	9/21/2020
9/19/2020	AHF	\$23,095.48	9/21/2020
9/30/2020	AHF	\$2,000.00	10/2/2020
9/30/2020	AHF	\$2,925.00	10/2/2020
10/22/2020	Kevin DeLeon Believing in a Better California Ballot Measure Committee	\$33,333.34	10/26/2020
	<b>Total:</b>	<b>\$798,805.10</b>	

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1 **VIOLATIONS**

2 **Respondent: AHF**

3 **Count 1: Failure to Timely Disclose Other Payments to Influence**

4 AHF failed to timely disclose other payments to influence totaling \$6,448 on lobbyist employer  
5 reports for the reporting periods ending March 31, 2019, September 30, 2019, and December 31, 2019,  
6 by the applicable due dates, in violation of Government Code Sections 86116 and 86117.

7 **Count 2: Failure to Timely Disclose Other Payments to Influence**

8 AHF failed to timely disclose other payments to influence totaling \$319,401 on lobbyist  
9 employer reports for the reporting period ending June 30, 2019, by the July 31, 2019 due date, in  
10 violation of Government Code Sections 86116 and 86117.

11 **Count 3: Failure to Timely Disclose on Major Donor Statement**

12 AHF failed to timely disclose non-monetary contributions made totaling \$1,054,972, the payee  
13 information to whom each expenditure was made, and the source of funds used on its major donor  
14 campaign statement for the reporting period of January 1, 2020 to June 30, 2020, by the July 31, 2020  
15 due date, in violation of Government Code Sections 84211 and 84222.

16 **Count 4: Failure to Timely Disclose on Major Donor Statement**

17 AHF failed to timely disclose non-monetary contributions made totaling \$9,000 on its major  
18 donor campaign statement for the reporting period of July 1, 2020 to December 31, 2020, by the  
19 February 1, 2021 due date, in violation of Government Code Section 84211 and Regulation 18421.6.  
20 Additionally, AHF failed to timely file five 24-hour contribution reports to disclose late contributions  
21 made totaling approximately \$7,500, by the applicable due dates, in violation of Government Code  
22 Section 84203.

23 **Respondents: Yes on 21 Committee and Palmer**

24 **Count 5: Failure to Timely File 10-day Reports**

25 The Yes on 21 Committee and Palmer failed to timely file 10-day reports to disclose 37 non-  
26 monetary contributions received between January 15, 2020 and August 2, 2020, totaling \$1,145,509, by  
27 the applicable due dates, in violation of Government Code Section 85309.

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1 **Count 6: Failure to Timely File 24-hour Reports**

2 Between August 5, 2020 and September 21, 2020, the Yes on 21 Committee and Palmer failed to  
3 timely file 24-hour reports for 25 late non-monetary contributions received totaling approximately  
4 \$249,079, in violation of Government Code Sections 84203 and 84203.3.

5 **Count 7: Failure to Timely File 24-hour Reports**

6 Between September 19, 2020 and September 21, 2020, the Yes on 21 Committee and Palmer  
7 failed to timely file 24-hour reports for 17 late non-monetary contributions received totaling  
8 approximately \$268,395, in violation of Government Code Sections 84203 and 84203.3.

9 **Count 8: Failure to Timely File 24-hour Reports**

10 Between September 19, 2020 and October 26, 2020, the Yes on 21 Committee and Palmer failed  
11 to timely file 24-hour reports for 16 late non-monetary contributions received totaling approximately  
12 \$281,329, in violation of Government Code Sections 84203 and 84203.3.

13 **PROPOSED PENALTY**

14 This matter consists of eight proposed counts. The maximum penalty that may be imposed is  
15 \$5,000 per count. Thus, the maximum penalty that may be imposed for the counts charged here is  
16 \$40,000.<sup>32</sup>

17 The violations at issue here are included in the Streamline Settlement Program. However, this  
18 matter is excluded because certain violations under review do not qualify for a resolution under the  
19 Streamline Settlement Program.<sup>33</sup> Specifically, Count 2 is not eligible because the total unreported  
20 lobbying activity was greater than \$100,000; Count 3 is not eligible because the total unreported  
21 campaign activity was greater than \$100,000; and Count 5 is not eligible because three of the 10-day  
22 reports would have disclosed activity of \$100,000 or greater.

23 In determining the appropriate penalty for a particular violation of the Act, the Enforcement  
24 Division considers the typical treatment of a violation in the overall statutory scheme of the Act, with an  
25 emphasis on serving the purposes and intent of the Act. Additionally, the Enforcement Division  
26 considers the facts and circumstances of the violation in the context of the following factors set forth in  
27

28 <sup>32</sup> Section 83116, subd. (c).

<sup>33</sup> Regulation 18360.1, subd. (d)(5)(E).

1 Regulation 18361.5 subdivision (e)(1) through (8): (1) The extent and gravity of the public harm caused  
2 by the specific violation; (2) The level of experience of the violator with the requirements of the  
3 Political Reform Act; (3) Penalties previously imposed by the Commission in comparable cases; (4) The  
4 presence or absence of any intention to conceal, deceive or mislead; (5) Whether the violation was  
5 deliberate, negligent or inadvertent; (6) Whether the violator demonstrated good faith by consulting the  
6 Commission staff or any other governmental agency in a manner not constituting complete defense  
7 under Government Code Section 83114(b); (7) Whether the violation was isolated or part of a pattern  
8 and whether the violator has a prior record of violations of the Political Reform Act or similar laws; and  
9 (8) Whether the violator, upon learning of a reporting violation, voluntarily filed amendments to provide  
10 full disclosure.<sup>34</sup>

11 Failure to timely disclose payments made for lobbying on lobbyist employer reports violates one  
12 of the Act's central purposes – that the activities of lobbyists should be regulated and their finances  
13 disclosed in order that improper influences will not be directed at public officials. In this matter, AHF  
14 timely filed all reports throughout calendar year 2019, but failed to disclose a significant amount of  
15 payments to influence legislative or administrative action. According to AHF, the largest undisclosed  
16 payment was for newspaper advertisements that disclosed AHF as the party paying for the  
17 advertisement.

18 The public harm inherent in campaign reporting violations is that the public is deprived of  
19 important, time-sensitive information regarding campaign activity. The gravity of the public harm is  
20 heightened when the campaign reporting violations are related to pre-election activity. Here, AHF's  
21 failure to timely disclose on its major donor campaign statement for the reporting period ending June 30,  
22 2020, is mitigated as an amendment was filed prior to the November 3, 2020 General Election to  
23 disclose the missing information. AHF's failure to timely file 24-hour reports prior to the election, as  
24 discussed in Count 4, resulted in the public having less than comprehensive knowledge of AHF's  
25 activities as the undisclosed non-monetary contributions amounted to less than 0.1% of the total  
26 contributions disclosed for that reporting period. In aggravation, the Yes on 21 Committee also failed to  
27  
28

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<sup>34</sup> Regulation 18361.5, subd. (e).

1 timely disclose receipt of these late non-monetary contributions on pre-election campaign statements or  
2 24-hour reports.

3 The Yes on 21 Committee's failure to timely file 10-day reports is mitigated as the contributions  
4 were disclosed by the Yes on 21 Committee on other campaign statements filed prior to the election.

5 The Yes on 21 Committee's failure to timely file 24-hour reports is mitigated as the majority of the late  
6 non-monetary contributions were disclosed by the Yes on 21 Committee prior to the relevant election on  
7 timely filed pre-election campaign statements.

8 AHF is experienced with the lobbying provisions of the Act as AHF has qualified as a lobbyist  
9 employer, who has filed lobbyist employer reports, since at least 1999. AHF is experienced with the  
10 campaign filing provisions of the Act as AHF as qualified as a major donor committee, who has filed  
11 major donor campaign statements and 24-hour reports since at least 2015. AHF does not have a recent  
12 history of violating the Act.

13 The Yes on 21 Committee was established in 2019 with Palmer serving as its treasurer. Palmer is  
14 a professional campaign treasurer with no recent history of violating the Act.

15 The Enforcement Division did not obtain any evidence to support an intent to conceal, deceive,  
16 or mislead. The lobbying violations were isolated to calendar year 2019. The campaign filing and  
17 disclosure violations were isolated to calendar year 2020. AHF and the Yes on 21 Committee voluntarily  
18 filed amendments to disclose the missing information.

19 Neither AHF, the Yes on 21 Committee, nor Palmer consulted with Commission staff or any  
20 other governmental agency regarding their filing and disclosure obligations.

21 The Commission considers penalties in prior cases involving similar violations:

22 A similar case involving a lobbyist employer who failed to timely disclose other payments to  
23 influence includes *In the Matter of Los Angeles County Metropolitan Transportation Authority*; FPPC  
24 Case No. 16/469 (approved August 16, 2018). The Commission imposed a penalty of \$2,500 for one  
25 count of failing to timely disclose other payments to influence legislative or administrative action  
26 totaling approximately \$121,161. The undisclosed payments were made across seven quarterly reporting  
27 periods occurring between April 1, 2013 and December 31, 2014. LA Metro had timely filed each of its  
28 lobbyist employer reports during these reporting periods and timely disclosed its activities outside of the

1 other payments to influence. LA Metro voluntarily filed amendments to disclose the unreported  
2 payments prior to receiving contact from the Enforcement Division.

3 A lower penalty than that approved in *LA Metro* is recommended as to Count 1, while a higher  
4 penalty than that approved in *LA Metro* is recommended as to Count 2. Count 1 involves AHF's failure  
5 to timely disclose other payments to influence across three reporting periods totaling \$6,448, a  
6 significantly lower amount than that at issue in *LA Metro*. Count 2 involves AHF's failure to timely  
7 disclose other payments to influence during only one reporting period totaling \$319,401, nearly three  
8 times more than the total payments at issue in *LA Metro*. Similar to *LA Metro*, AHF timely filed each of  
9 its lobbyist employer reports and timely disclosed its employment of a lobbying firm, its only other  
10 activity outside of its other payments to influence. AHF filed amendments after receiving contact from  
11 the Enforcement Division that a complaint had been filed, unlike LA Metro who required no prompting.  
12 Therefore, a penalty of \$1,000 is recommended for Count 1 and a penalty of \$5,000 is recommended for  
13 Count 2.

14 A recent similar case involving a committee's failure to timely disclose campaign activity and  
15 timely file 24-hour reports includes *In the Matter of West Covina Firefighters Political Action*  
16 *Committee, Michelle Moore Sanders, and Hardy Mosley*; FPPC Case No. 19/1379 (approved July 24,  
17 2020). The Commission imposed a total penalty in the amount of \$5,500; \$2,500 for one count for  
18 failing to timely disclose certain activity on campaign statements; and \$3,000 for one count for failing to  
19 timely file 24-hour reports. Specifically, the Firefighters PAC failed to timely disclose independent  
20 expenditures totaling \$41,139 on a pre-election campaign statement and post-election semi-annual  
21 campaign statement. In mitigation, approximately \$10,796 of the expenditures at issue here were  
22 disclosed on the Firefighters PAC's campaign statements as payments made to vendors on Schedule E,  
23 thereby providing some disclosure to the public of these expenditures prior to the election. In addition to  
24 failing to timely disclose this activity on campaign statements, the Firefighters PAC also failed to timely  
25 disclose these late independent expenditures prior to the election on 24-hour reports as required. In  
26 mitigation, the independent expenditures were advertisements that included the "Paid for by" and  
27 committee name as required, which provided some disclosure to the public prior to the election.



1 As to Count 3, a higher penalty than that approved in *Firefighters PAC* is recommended. Here,  
2 AHF failed to timely disclose approximately 136 non-monetary contributions made, the payee  
3 information to whom each expenditure was made, and the source of funds used on its major donor  
4 campaign statement for the reporting period ending June 30, 2020. While AHF had timely filed the  
5 statement to disclose monetary contributions made totaling \$10,850,000, AHF failed to disclose its non-  
6 monetary contributions made totaling approximately \$1,054,972, a significantly higher amount than that  
7 at issue in *Firefighters PAC*. In mitigation, the non-monetary contributions were disclosed on an  
8 amendment filed 25 days late and prior to the relevant election. However, this amendment failed to  
9 disclose the payee information for each of the non-monetary contributions and failed to disclose the  
10 source of the funds used to make the contributions totaling \$11,904,972. Another amendment was filed  
11 to disclose the missing payee information, 32 days late. Yet another amendment was filed to disclose the  
12 source of the funds used to make the contributions, 73 days late. Therefore, a penalty of \$5,000 is  
13 recommended.

14 As to Count 4, a similar penalty than that approved in *Firefighters PAC* is recommended. Here,  
15 AHF failed to timely disclose certain non-monetary contributions made on its major donor campaign  
16 statement for the reporting period ending December 31, 2020. While AHF had timely filed the statement  
17 to disclose monetary and non-monetary contributions made totaling approximately \$24,078,062, AHF  
18 failed to disclose certain non-monetary contributions made totaling \$9,000, a much lower amount than  
19 that at issue in *Firefighters PAC*. Additionally, AHF was also required to file 24-hour reports to disclose  
20 these late non-monetary contributions made prior to the election but failed to do so. In mitigation, AHF  
21 did not receive an invoice for the services provided until 2021; thus, the expense was not paid until  
22 2021. However, a non-monetary contribution is made on the date the committee obtains possession of  
23 the goods or services; thus, the non-monetary contributions at issue here were made prior to the relevant  
24 election. Further, in mitigation, the late disclosed activity at issue here was nominal amounting to less  
25 than 0.1% of AHF's total activity for that reporting period. In aggravation, the Yes on 21 Committee  
26 also failed to timely disclose these non-monetary contributions totaling \$9,000 and failed to timely file  
27 24-hour reports related to these contributions. Further, in aggravation, AHF also failed to timely file  
28 multiple other 24-hour reports throughout 2020 that are not being charged separately for purposes of

1 settlement. However, most of these 24-hour reports were filed prior to the relevant election. Therefore, a  
2 penalty of \$3,000 is recommended.

3 A similar case involving a primarily formed ballot measure committee's failure to timely file 10-  
4 day reports includes *In the Matter of Yes on 34, A Coalition of Justice Orgs. and Lisa Le*; FPPC Case  
5 No. 16/84 (approved January 18, 2018). The Commission imposed a penalty in the amount of \$3,500 for  
6 failing to timely file 10-day reports to disclose the receipt of four non-monetary contributions totaling  
7 approximately \$68,496 and one monetary contribution totaling \$500,000. This activity amounted to  
8 approximately 7% of the committee's total activity. These 10-day reports were never filed. However, the  
9 non-monetary contributions were received and disclosed on applicable campaign statements filed prior  
10 to the relevant election. The monetary contribution was received after the relevant election and was  
11 disclosed on applicable campaign statements. In aggravation, the committee failed to timely file 16 other  
12 10-day reports totaling approximately \$1,060,000 which amounted to approximately 13% of the  
13 committee's activity. These 16 other 10-day reports were filed between 13 and 48 days late, prior to the  
14 relevant election.

15 As to Count 5, a similar penalty than that approved in *Yes on 34* is recommended. Here, the Yes  
16 on 21 Committee failed to timely file 10-day reports to disclose the receipt of 37 non-monetary  
17 contributions totaling \$1,145,509. These 10-day reports were never filed. This activity amounted to  
18 approximately 3.2% of the Yes on 21 Committee's total contributions for 2020, a lower percentage of  
19 activity than that at issue in *Yes on 34*. The non-monetary contributions at issue here were received and  
20 disclosed on applicable campaign statements filed prior to the relevant election. Therefore, a penalty of  
21 \$3,500 is recommended.

22 A recent similar case involving a primarily formed ballot measure committee's failure to timely  
23 file 24-hour reports includes *In the Matter of Friends of Long Beach City College – Yes on Measure LB*  
24 *and Lexi Donovan*; FPPC Case No. 17/1003 (approved September 16, 2021). The Commission imposed  
25 a penalty in the amount of \$2,500 for two counts for failing to timely file 24-hour reports (for those late  
26 contributions that were disclosed by the committee on other filings prior to the election) and \$3,000 for  
27 one count for failing to timely file 24-hour reports (for those late contributions that were not disclosed  
28 by the committee on other filings prior to the election). During the relevant reporting periods, the

1 committee reported approximately \$373,147 in contributions and \$374,185 in expenditures. The  
2 committee failed to timely file 24-hour reports to disclose the receipt of 44 late contributions totaling  
3 \$306,900. This amounted to approximately 82% of the committee's total contributions. Many of the late  
4 contributions were disclosed by the committee prior to the election. Specifically, 35 of the late  
5 contributions received, totaling \$277,400 were disclosed on a campaign statement or report late-filed  
6 prior to the election. The remaining nine late contributions received, totaling \$29,500, were not  
7 disclosed on any of the committee's campaign statements or reports filed prior to the election.

8         As to Counts 6-8, a similar penalty than that approved in *Yes on Measure LB* is recommended.  
9 Here, the Yes on 21 Committee failed to timely file 24-hour reports to disclose 58 late non-monetary  
10 contributions received totaling approximately \$798,805, more than twice the amount at issue in *Yes on*  
11 *Measure LB*. However, this amounted to approximately 2% of the Yes on 21 Committee's total  
12 contributions for 2020, a far less percentage than the 82% at issue in *Yes on Measure LB*. Further, in  
13 mitigation, aside from the late non-monetary contribution received on October 22, 2020 totaling  
14 \$33,333.34, the late non-monetary contributions were disclosed by the Yes on 21 Committee prior to the  
15 relevant election on timely filed pre-election campaign statements. In aggravation, between August 5,  
16 2020 and October 21, 2020, the Yes on 21 Committee also failed to timely disclose 86 other non-  
17 monetary contributions received, totaling approximately \$16,962, on 24-hour reports. Each of these non-  
18 monetary contributions were less than \$1,000 and were required to be aggregated and disclosed when  
19 they met the \$1,000 threshold. However, for purposes of settlement, these violations are not being  
20 charged separately but will be used as aggravation to Counts 6-8. Therefore, a penalty of \$3,000 per  
21 count is recommended for Counts 6-7 and a penalty of \$3,500 is recommended for Count 8.

22         In aggravation to Counts 5-8, the Yes on 21 Committee committed additional violations of the  
23 Act that are not being charged herein in the interest of settlement, given the lower level of public harm  
24 involved. Specifically, the Yes on 21 Committee failed to timely file a Paid Spokesperson Report (Form  
25 511) for three payments made between August 11, 2020 and August 31, 2020, in violation of Section  
26 84511. The Yes on 21 Committee filed a single Form 511 which disclosed the three payments between 1  
27 and 21 days late.

28 ///

Under these circumstances, it is respectfully submitted that imposition of an agreed upon penalty in the amount of \$27,000 is justified, as reflected in the chart below:

Count	Respondent(s)	Violation	Penalty
1	AHF	Failure to Timely Disclose Other Payments to Influence	\$1,000
2	AHF	Failure to Timely Disclose Other Payments to Influence	\$5,000
3	AHF	Failure to Timely Disclose on Major Donor Statement	\$5,000
4	AHF	Failure to Timely Disclose on Major Donor Statement	\$3,000
5	Yes on 21 Committee and Palmer	Failure to Timely File 10-day Reports	\$3,500
6	Yes on 21 Committee and Palmer	Failure to Timely File 24-hour Reports	\$3,000
7	Yes on 21 Committee and Palmer	Failure to Timely File 24-hour Reports	\$3,000
8	Yes on 21 Committee and Palmer	Failure to Timely File 24-hour Reports	\$3,500
<b>Total:</b>			<b>\$27,000</b>

### CONCLUSION

Complainant, the Enforcement Division of the Fair Political Practices Commission, and Respondents, AIDS Healthcare Foundation, Yes on 21 - Renters and Homeowners United to Keep Families in Their Homes, Sponsored by AIDS Healthcare Foundation, and Beverly Grossman Palmer, 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.
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.

1 4. Respondents understand and hereby knowingly and voluntarily waive any and all procedural  
2 rights set forth in Sections 83115.5, 11503, 11523, and Regulations 18361.1 through 18361.9. This  
3 includes, but is not limited to, the right to appear personally at any administrative hearing held in this  
4 matter, to be represented by an attorney at Respondents' own expense, to confront and cross-examine  
5 all witnesses testifying at the hearing, to subpoena witnesses to testify at the hearing, to have an  
6 impartial administrative law judge preside over the hearing as a hearing officer, and to have the matter  
7 judicially reviewed.

8 5. Respondents agree to the issuance of the decision and order set forth below. Also, Respondents  
9 agree to the Commission imposing against them an administrative penalty in the amount of \$27,000.  
10 One or more cashier's checks or money orders totaling said amount – to be paid to the General Fund of  
11 the State of California – is/are submitted with this stipulation as full payment of the administrative  
12 penalty described above, and same shall be held by the State of California until the Commission issues  
13 its decision and order regarding this matter.

14 6. If the Commission refuses to approve this stipulation – then this stipulation shall become null  
15 and void, and within 15 business days after the Commission meeting at which the stipulation is  
16 rejected, all payments tendered by Respondents in connection with this stipulation shall be reimbursed  
17 to Respondents. If this stipulation is not approved by the Commission, and if a full evidentiary hearing  
18 before the Commission becomes necessary, neither any member of the Commission, nor the Executive  
19 Director, shall be disqualified because of prior consideration of this stipulation.

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

5  
6 Dated: \_\_\_\_\_  
7 James M. Lindsay, Chief of Enforcement  
Fair Political Practices Commission  
8

9  
10 Dated: \_\_\_\_\_  
11 Bradley W. Hertz, Esq, on behalf of  
AIDS Healthcare Foundation, Respondent  
12

13  
14 Dated: \_\_\_\_\_  
15 Beverly Grossman Palmer, individually and on behalf of  
Yes on 21 - Renters and Homeowners United to Keep  
16 Families in Their Homes, Sponsored by AIDS Healthcare  
Foundation, Respondents  
17

18  
19 The foregoing stipulation of the parties "In the Matter of AIDS Healthcare Foundation, Yes on  
20 21 - Renters and Homeowners United to Keep Families in Their Homes, Sponsored by AIDS Healthcare  
21 Foundation, and Beverly Grossman Palmer," FPPC Case Nos. 20/338, 20/759, 20/760, & 20/818, is  
22 hereby accepted as the final decision and order of the Fair Political Practices Commission, effective  
23 upon execution by the Chair.  
24

25 IT IS SO ORDERED.  
26

27 Dated: \_\_\_\_\_  
28 Adam E. Silver, Chair  
Fair Political Practices Commission