

1 Amend 2 Cal. Code Regs., Section 18360.2 to read:

2 **§ 18360.2. Eligibility Requirements and Considerations for Ethics and Lobbying Violations**
3 **-- Streamline (Tiers One and Two), ~~Warning Letters~~ and the Political Reform Education**
4 **Program (PREP).**

5 (a) General. If eligible, filers may voluntarily resolve violations of the Political Reform
6 Act (the “Act”) by ~~accepting a Warning Letter,~~ completing the Political Reform Education
7 Program (“PREP”), paying a Tier One Streamline penalty, or paying a Tier Two Streamline
8 penalty, ~~or paying a Mainline penalty.~~

9 (1) The Chief of Enforcement will determine the appropriate form and amount of penalty
10 to offer in settlement for a violation depending on the circumstances unless an exclusion applies,
11 in which case the Executive Director of the Commission, after receipt of a recommendation by
12 the Chief of Enforcement, will determine the appropriate form and amount of penalty. Mitigating
13 circumstances result in consideration ~~of issuance of a Warning Letter or participation in PREP~~
14 ~~instead of a Streamline penalty or a Tier One Streamline penalty.~~ Aggravating circumstances
15 result in the consideration of ~~either a Tier Two Streamline penalty or a Mainline penalty.~~ The
16 Chief of Enforcement has the discretion to decline to charge particular counts after determining
17 that an overall case is eligible for PREP or Streamline resolution

18 (2) ~~A Mainline penalty is generally higher, and the stipulation for a Streamline penalty~~
19 ~~need not~~ includes a full description of the violation(s) and surrounding events, but it shall include
20 sufficient information to identify the specific violation(s) being charged and demonstrate why a
21 Streamline penalty is appropriate under the terms of this regulation.

22 (3) Nothing in this regulation shall limit the authority of the Chief of Enforcement to
23 issue a warning letter where a violation of the Act is found but the seriousness of the offense is

1 low, public harm is minimal, or other mitigating circumstances are present such that a monetary
2 fine is not warranted. A Streamline stipulation may identify counts to which the respondent
3 admits liability without imposition of a monetary fine. Such a stipulation shall have the same
4 legal effect as a warning letter for purposes of determining whether a respondent qualifies for
5 PREP or either Streamline Tier for any subsequent violations of the same type.

6 (4) Nothing in this regulation shall limit the authority of the Commission to impose a
7 Mainline penalty for a particular violation under any Section of the Act or other regulations
8 relating to the Act, regardless of whether the violation is eligible for consideration of PREP or a
9 Streamline penalty, where the seriousness of the offense, the public harm, or other aggravating
10 circumstances are present such that a warning letter, participation in PREP, or a Streamline
11 penalty is not warranted.

12 (b) Types of Ethics and Lobbying Violations Eligible for Resolution Under This
13 Regulation.

14 ~~for consideration of a Warning Letter, PREP, or Streamline penalty.~~

15 (1) Late Statement of Economic Interests.

16 (2) Unreported Economic Interest(s) on a Statement of Economic Interests.

17 (3) Late Lobbying Reports.

18 (4) Unreported Lobbying Activity.

19 (5) The Making or Receipt of a Gift Over the Limit.

20 (6) ~~Proper~~Improper Recusal for a Conflict of Interest.

21 (7) Late Behested Payment Reports.

22 (c) Penalty Amount. Penalties are not issued for ~~a Warning Letter or~~ completion of
23 PREP. The Streamline penalty amount for each type of violation is found in Regulation 18360.3.

1 (d) General Requirements for Eligibility, Considerations, and Exclusions.

2 (1) ~~General Eligibility Considerations for Issuance of a Warning Letter:~~

3 (A) ~~Low level of experience and sophistication of the party.~~

4 (B) ~~Self-reported violations before public discovery.~~

5 (C) ~~Violations resulted in minimal public harm.~~

6 (D) ~~No longer in office or unsuccessful.~~

7 (E) ~~Illness, incapacitation, death, or otherwise unable to perform duties.~~

8 (F) ~~Fraudulent activity of another caused the violation.~~

9 (G) ~~The person has not been issued a Warning Letter within the last five years for the~~
10 ~~same type of violation.~~

11 (2) ~~General Eligibility Requirements for PREP:~~ A Respondent is excluded from PREP if
12 they do not meet all of the following eligibility criteria:

13 (A) ~~Respondent meets all the requirements listed in the PREP agreement, and.~~

14 (BB) Respondents ~~has~~ve not participated in PREP or been ordered to pay a penalty for
15 the same type of violation listed in subsection (b) within five years of the date the current
16 violation occurred.~~occurring within the last five years.~~

17 (C) ~~Respondent has little or no experience with the section of this title that they violated.~~

18 (23) A Respondent is excluded from both Streamline Tiers if they do not meet all of the
19 following eligibility criteria:~~General Eligibility Requirements for both Streamline Programs:~~

20 (A) Sign and submit to the Commission a streamline stipulation, decision, and order on a
21 form provided by the Commission,

22 (B) Pay a proposed penalty by cashier's check, electronic payment, or money order in an
23 amount as determined in Regulation 18360.3, and

1 (C) The same person has not ~~paid~~ been ordered to pay a prior penalty to the FPPC for the
2 same type of violation in the same ~~tier~~ Streamline Tier occurring within the last five years.

3 (4) A respondent is excluded from PREP and both Streamline Tiers if evidence shows
4 respondent: Exclusions from a Warning Letter, PREP and both Streamline Programs:

5 (A) ~~Any evidence of an i~~ ntended to conceal or deliberately violate the Act or
6 regulations relating to the Act,;

7 (B) Presented the FPPC false or altered evidence or made false statements to the FPPC
8 regarding material facts,;

9 (C) ~~Evidence of i~~ ntentionally interfered ~~nee~~ with a witness in the FPPC matter,;

10 (D) Committed a violation where, considering the totality of the circumstances, ¶the
11 extent and gravity of the public harm is more than minimal, or;

12 (E) Has other related violations under review for prosecution that are not eligible for ~~a~~
13 ~~Warning Letter~~, PREP or a Streamline penalty.

14 (5) Compliance. Respondents must correct the underlying violation(s) by coming into
15 compliance with the requirements of the Act prior to completing PREP or executing a Streamline
16 stipulation. The Chief of Enforcement has discretion to waive this requirement where:

17 (A) The violation relates to unreported information, and the FPPC determines that the
18 information has been sufficiently disclosed in the stipulation or other public filings,

19 (B) One of the respondents is a committee, and the committee is being or has been
20 administratively terminated,

21 (C) Failure to come into compliance would result in minimal public harm, or

22 (D) Other circumstances do not make it feasible for the respondents to come into
23 compliance.

1 (e) Specific Requirements for Eligibility.

2 (1) Late Statement of Economic Interests. ~~Respondents who failed to timely file a~~
3 ~~Statement of Economic Interests must file the late statement with the appropriate agency unless~~
4 ~~the FPPC determines that the information has been sufficiently disclosed in the stipulation and/or~~
5 ~~other filings.~~

6 (A) ~~Considerations for a Warning Letter include:~~

7 (i) ~~The late filed Statement of Economic Interests was a Leaving Office Statement.~~

8 (ii) ~~The late filed Statements of Economic Interests are the Leaving Office Statement and~~
9 ~~the Annual Statement that was due within three months of the date the public official left office.~~

10 (iii) ~~The late filed Statement of Economic Interests was for an expanded filing where one~~
11 ~~was timely filed but not the other.~~

12 (AB) A violation for late filing of a Statement of Economic Interests is excluded
13 Exclusion from PREP and Tier One both Streamline Tiers; if the Enforcement Division possesses
14 evidence that the filer also has a conflict of interest violation under Government Code Sections
15 1090 or 87100 involving a late-disclosed economic interest.

16 (B) A violation for late filing of a Statement of Economic Interests is excluded from
17 PREP or Tier One Streamline if the Enforcement Division possesses evidence that a late-
18 disclosed

19 (i) ~~The undisclosed economic interest(s) was from a source that had business before or~~
20 ~~regularly had business before the filer's agency.~~

21 (C) ~~Exclusion from a Warning Letter, PREP and both Streamline Programs:~~

22 (i) ~~The public official also had a conflict of interest violation under Sections 1090 or~~
23 ~~87100 involving the undisclosed economic interest.~~

1 ~~(D) Violation eligible for possible inclusion in Tier Two Streamline:~~

2 ~~(i) The undisclosed economic interest(s) was from a source that had business or regularly~~
3 ~~had business before the filer's agency.~~

4 ~~(2) Unreported Economic Interest(s) on a Statement of Economic Interests. Respondents~~
5 ~~must file an amended Statement of Economic Interests with the appropriate agency disclosing~~
6 ~~the previously undisclosed economic interest(s) unless the FPPC determines that the information~~
7 ~~has been sufficiently disclosed in the stipulation and/or other filings.~~

8 (A) A violation for an unreported economic interest on a Statement of Economic Interests
9 is excluded from PREP and both Streamline Tiers if the Enforcement Division possesses
10 evidence that the filer also has a conflict of interest violation under Government Code Sections
11 1090 or 87100 involving the unreported economic interest.

12 ~~(A) Considerations for a Warning Letter include:~~

13 ~~(i) Information regarding the economic interest was reported elsewhere on the statement.~~

14 ~~(ii) The aggregate value of the gift(s) received from the economic interest was minimal~~
15 ~~(i.e., not more than \$200).~~

16 ~~(iii) The aggregate value of the income received from the economic interest was minimal~~
17 ~~(i.e. not more than \$1,000).~~

18 (B) A violation for an unreported economic interest on a Statement of Economic Interests
19 is excluded from PREP or Tier One Streamline if the Enforcement Division possesses evidence
20 that the Exclusion from PREP and Tier One Streamline:

21 ~~(i) The undisclosed economic interest was from a source that had business before or~~
22 ~~regularly had business before the filer's agency.~~

23 ~~(C) Exclusion from a Warning Letter, PREP and both Streamline Programs:~~

1 ~~(i) The public official also had a conflict of interest violation under Sections 1090 or~~
2 ~~87100 involving the undisclosed economic interest.~~

3 ~~(D) Violation eligible for possible inclusion in Tier Two Streamline:~~

4 ~~(i) The undisclosed economic interest was from a source that had business before or~~
5 ~~regularly had business before the filer's agency.~~

6 (3) Late Lobbying Reports. Respondents who failed to timely file a lobbying report must
7 file the late report unless the FPPC determines that the information has been sufficiently
8 disclosed in the stipulation and/or other filings.

9 ~~(A) Considerations for a Warning Letter include:~~

10 ~~(i) The lobbyist was a placement agent not active in the state.~~

11 ~~(ii) The lobbyist provided the report to the employer or firm who did not file the report.~~

12 ~~(iii) The total required activity to be reported for that reporting period was not more than~~
13 ~~\$5,000.~~

14 ~~(iv) The activity was reported publicly prior to any relevant election.~~

15 ~~(v) No history of not timely filing reports.~~

16 ~~(vi) The lobbyist ceased employment with the Lobbyist Employer or Lobbying Firm and~~
17 ~~the late report was for the calendar quarter corresponding to the month the lobbyist's~~
18 ~~employment ended.~~

19 ~~(AB) A violation for late filing of a lobbying report is excluded Exclusions from PREP~~
20 ~~and Tier One Streamline if the Enforcement Division possesses evidence that:~~

21 ~~(i) The total required activity to be reported for that reporting period was greater more~~
22 ~~than \$50,000.~~

23 ~~(ii) The individual lobbied without registering, or.~~

1 ~~(iii) Multiple reports not timely filed.~~

2 ~~(iv) There was evidence of a substantial amount of activity not disclosed in connection~~
3 ~~with legislative or administrative actions actively lobbied during the period.~~

4 ~~(iii)~~ The undisclosed activity included campaign contributions.

5 ~~(BC)~~ It shall be a factor for consideration of possible inclusion in PREP or Tier One
6 Streamline if:

7 (i) Only one lobbying report was not timely filed; or

8 (ii) There was no evidence of a substantial amount of late-reported activity in connection
9 with legislative or administrative actions actively lobbied. ~~Violations eligible for possible~~
10 ~~inclusion in the Tier Two Streamline Program:~~

11 ~~(C)~~ A violation for late filing of a lobbying report is excluded from Tier Two Streamline
12 if the total activity required to be reported was more than \$100,000.

13 ~~(i) The total activity required to be reported for that reporting period was greater than~~
14 ~~\$50,000 but not more than \$100,000.~~

15 ~~(ii) Multiple reports not timely filed.~~

16 ~~(4) Unreported Lobbying Activity. Respondents must file an amended lobbying report~~
17 ~~disclosing the previously undisclosed information unless the FPPC determines that the~~
18 ~~information has been sufficiently disclosed in the stipulation and/or other filings.~~

19 ~~(A) Considerations for a Warning Letter include:~~

20 ~~(i) The lobbyist, lobbying firm, lobbyist employer, or person had not more than \$5,000 of~~
21 ~~activity not reported.~~

22 ~~(ii) The activity was reported publicly prior to any relevant election.~~

1 ~~(BA)~~ A violation for unreported lobbying activity is excluded Exclusions from PREP
2 and Tier One Streamline if the Enforcement Division possesses evidence that:

3 (i) ~~The total unreported activity for that reporting period was greater than 20% of the~~
4 ~~activity required to be reported for that reporting period or was greater~~more than \$50,000.;

5 (ii) ~~An individual lobbied without registering, or,~~

6 ~~(iii) There was evidence of a substantial amount of activity not disclosed in connection~~
7 ~~with legislative or administrative actions actively lobbied during the period.~~

8 ~~(iii)~~ (iv) The undisclosed activity included campaign contributions.

9 (B) It shall be a factor for consideration of possible inclusion in PREP or Tier One
10 Streamline if the Enforcement Division possesses evidence that:

11 (i) The unreported activity was less than 20% of the activity required to be reported, or

12 (ii) There was no evidence of a substantial amount of activity not disclosed in connection
13 with legislative or administrative actions actively lobbied during the period.

14 (C) A violation for unreported lobbying activity is excluded from Violation eligible for
15 possible inclusion in Tier Two Streamline if:

16 ~~(i) The total unreported activity for that reporting period was greater~~more than \$50,000,
17 ~~but not greater than \$100,000.~~

18 (5) The Making or Receipt of a Gift Over the Limit. ~~If a Respondent receives a gift over~~
19 ~~the limit, they must return the gift or reimburse the gift giver for the difference between the gift's~~
20 ~~fair market value and the applicable gift limit.~~

21 ~~(A) Considerations for a Warning Letter include:~~

22 ~~(i) No evidence that governmental decisions were made or effected regarding the gift~~
23 ~~giver by the Respondent.~~

1 ~~(A)~~ A violation of the gift limit is excluded Exclusions from PREP and both Streamline
2 Tiers if the Enforcement Division possesses evidence that the filer also has a conflict of interest
3 violation under Government Code Sections 1090 or 87100 involving the source of the gift.

4 (B) A violation of the gift limit is excluded from PREP or Tier One Streamline if the
5 Enforcement Division possesses evidence that the fair market value of the gift was more than
6 \$200 over the gift limit. Tier One Streamline:

7 (C) It shall be a factor for consideration of possible inclusion in PREP or Tier One
8 Streamline if:

9 (i) ~~The gift giver was a named party in, or the subject of, a governmental decision before~~
10 ~~the Respondent or the Respondent's agency. filer~~

11 ~~(ii) Failure to timely reported~~ the gift on a Statement of Economic Interests, if required,
12 ~~or:~~

13 ~~(iii) The gift giver was not a named party in, or the subject of, a governmental decision~~
14 ~~before the filer or the filer's agency. The fair market value of the gift was more than \$200 over~~
15 ~~the gift limit.~~

16 ~~(D)~~ A violation of the gift limit is excluded from Violations eligible for possible
17 ~~inclusion in~~ Tier Two Streamline if the Enforcement Division possesses evidence that the fair
18 market value of the gift was more than \$1,000 over the gift limit and the filer did not return the
19 gift unused or reimburse the source of the gift for the difference between the gift's fair market
20 value and the applicable gift limit prior to the date the gift was required to be disclosed.

21 ~~(6) Proper Improper Recusal for a Conflict of Interest. A Respondent may be eligible for~~
22 ~~Tier One Streamline if the Respondent identified a potential conflict of interest regarding the~~
23 ~~governmental decision and did not take part in the decision but failed to either:~~

1 (A) A violation of the Act’s requirements for proper recusal for a conflict of interest is
2 excluded from both Streamline Tiers if the Enforcement Division possesses evidence that the
3 Respondent also has a conflict of interest violation under Government Code Sections 1090 or
4 87100.

5 (BA)- It shall be a factor for consideration of possible inclusion in Tier One Streamline if
6 the circumstances of the violation were such that the Respondent identified a potential conflict of
7 interest regarding the governmental decision and did not take part in the decision but failed to
8 either:

9 (i) Publicly identify the financial interest that gives-gave rise to the conflict of interest or
10 potential conflict of interest in detail sufficient to be understood by the public as detailed in
11 Regulation 18707, subdivision (a),⁵ or

12 (ii) Properly leave the room until after the discussion, vote, and any other disposition of
13 the matter was concluded.

14 (7) Late Behested Payment Reports. A Respondent who failed to timely file a behested
15 payment report must file the late report with the appropriate agency unless the FPPC determines
16 that the information has been sufficiently disclosed in the stipulation and/or other filings.

17 (A) Considerations for a Warning Letter include:

18 (i) First-time behested payment report filer.

19 (ii) The report was filed before public discovery and Enforcement contact.

20 (iii) No history of filing late behested payment reports within the preceding 24 months.

21 (iv) The amount reported late was \$30,000 or less for monetary payments or \$50,000 or
22 less for non-monetary payments, for a single behested payment report.

23 (v) The report was filed within 100 days of when it was due.

1 ~~(vi) Respondent provided evidence that more than two efforts were made to obtain the~~
2 ~~information timely from the maker of the payment.~~

3 ~~(vii) Only a single behested payment report was late in a six-month period.~~

4 ~~(A) A violation for a late behested payment report is excluded from Exclusions from a~~
5 ~~Warning Letter, PREP, and both Streamline Programs Tiers if the Enforcement Division~~
6 ~~possesses evidence that:~~

7 ~~(i) The late-reported behested payment resulted in Aa perceived or actual personal~~
8 ~~benefit. For purposes of this regulation, aA “perceived personal benefit” means the Chief of~~
9 ~~Enforcement believes the evidence sufficiently supports a reasonable belief or strong suspicion~~
10 ~~that the Respondent received a benefit, which includes evidence of a direct benefit to a family~~
11 ~~member of the Respondent, or-~~

12 ~~(ii) The maker of the late-reported behested payment was a named party in, or the subject~~
13 ~~of, a proceeding before the Respondent’s agency at the time of the payment or within the 12~~
14 ~~months prior to the payment governmental decision before the Respondent or the Respondent’s~~
15 ~~agency while the decision was pending and within three months before and for three months~~
16 ~~following the date a final decision was rendered. For purposes of this regulation, “maker”~~
17 ~~includes the individual, the entity and any agent acting as an intermediary. For governmental~~
18 ~~decisions regarding legislation, “governmental decision” includes only nongeneral legislation as~~
19 ~~defined in Section 87102.6. “Proceeding” and “before the Respondent or the Respondent’s~~
20 ~~agency” has the same meaning as defined in Regulation 18424. “Maker” includes the individual,~~
21 ~~the entity and any agent acting as an intermediary. For governmental decisions regarding~~
22 ~~legislation, “governmental decision” includes only nongeneral legislation as defined in Section~~
23 ~~87102.6.~~

1 ~~(B)~~ (C) It shall be a factor for consideration of possible inclusion ~~Violations eligible for~~
2 ~~possible inclusion~~ in PREP ~~and or~~ Tier One Streamline if:

3 (i) The amount reported late was \$50,000 or less for monetary payments, or \$70,000 or
4 less for non-monetary payments, for a single behested payment report, or:

5 (ii) The amount required to be reported, when divided by the number of public officials
6 participating in the behest, was \$50,000 or less.

7 ~~(C)~~ (D) It shall be a factor for consideration of possible inclusion ~~Violations eligible for~~
8 ~~possible inclusion~~ in Tier Two Streamline if:

9 (i) The amount to be reported on a single, late behested payment report was ~~greater than~~
10 ~~\$50,000 for monetary payments or was greater than \$70,000 for non-monetary payments but was~~
11 not more than \$150,000, or:

12 (ii) The amount required to be reported, when divided by the number of public officials
13 participating in the behest, was ~~greater than \$50,000, but was not more than \$150,000.~~

14 NOTE: Authority cited: Section 83112, Government Code. Reference: Section 83116.5,
15 Government Code.