



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3050 • Sacramento, CA 95811

July 20, 2023

Michael Lorig
Lorig for Auditor-Controller 2018



Warning Letter Re: FPPC No. 2019-01526; Michael Lorig and Lorig for Auditor-Controller 2018

Dear Michael Lorig and Committee:

The Enforcement Division of the Fair Political Practices Commission (“Commission”) enforces the provisions of the Political Reform Act (the “Act”).¹ This letter is in response to a referral from the County of Humboldt alleging that Lorig for Auditor-Controller 2018 (ID# 1405328) (the “Committee”) failed to timely file campaign statements. The Enforcement Division has completed its review of the matter and determined the Committee failed to timely file certain campaign statements and reports; failed to timely amend its statement of organization to report the Committee’s date of qualification; failed to timely disclose the Committee’s financial institution; failed to timely disclose vendor information on campaign statements; failed to make expenditures from the Committee’s campaign bank account; and failed to maintain detailed campaign records.

The Act requires a recipient committee to file a statement of organization within 10 days after the committee has qualified as a committee to report the committee’s date of qualification.² If there is a change in any of the information contained in a statement of organization, an amendment must be filed within ten days to reflect the change.³ The statement of organization must include the name and address of the financial institution in which the committee has established an account and the account number.⁴

Additionally, the Act requires candidate-controlled committees to file semi-annual campaign statements each year no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31.⁵ Also, each candidate or committee that

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014, and all statutory references are to this code. The regulations of the Fair Political Practices Commission are contained in Sections 18104 through 18998 of Title 2 of the California Code of Regulations, and all regulatory references are to this source.

² Section 84101 subd. (a).

³ Section 84103, subd. (a).

⁴ Section 84102, subd. (f).

⁵ Section 84200.

receives a late contribution⁶ shall report the late contribution within 24 hours of the time it is received.⁷

Further, the Act requires that for each person to whom an expenditure of \$100 or more has been made, the applicable campaign statement must report the vendor information including the person's full name, street address, amount of each expenditure, and a brief description of the consideration for which each expenditure was made.⁸

Upon the filing of the statement of intention to run for office, a candidate must establish one designated campaign bank account.⁹ All campaign contributions or loans made to the candidate or the candidate's controlled committee must be deposited in the designated campaign bank account.¹⁰ Any of the candidate's personal funds which will be utilized to promote the election of the candidate must be deposited in the account prior to expenditure.¹¹ All campaign expenditures must be made from the account.¹² This section does not apply to the candidate's payment for a filing fee and statement of qualifications from his personal funds.¹³

To ensure accurate campaign reporting, the Act imposes a mandatory duty on each candidate and treasurer to maintain detailed accounts, records, bills, and receipts necessary to prepare campaign statements, to establish that campaign statements were properly filed, and to comply with the provisions of the Act.¹⁴

Your actions violated the Act because you failed to timely file an amendment to the Committee's statement of organization to report its date of qualification, failed to disclose the financial institution and account number where the Committee established an account, failed to timely file five semi-annual campaign statements and two 24-hour contribution reports, failed to timely report vendor information on pre-election campaign statements, failed to make all expenditures from the Committee's campaign bank account, and failed to maintain detailed records for contributions and expenditures.¹⁵ However, there are several mitigating factors present in this case. First, the Committee timely filed pre-election campaign statements and disclosed its campaign activity for the relevant periods. Second, both late contributions received were loans from you which were disclosed on timely filed pre-election campaign statements. Third, the late-filed semi-annual campaign statements were for the reporting periods following the relevant election. Furthermore, the violations at issue here caused minimal public harm, the campaign was almost entirely self-funded, you reported a low amount of activity, you were an

⁶ "Late contribution" includes a contribution that totals in the aggregate \$1,000 or more and is made to or received by a candidate or controlled committee during the 90-day period preceding the date of the election, or on the date of the election, at which the candidate is to be voted on. (Section 82036.)

⁷ Section 84203.

⁸ Section 84211, subd. (k).

⁹ Section 85201, subd. (a).

¹⁰ Section 85201, subd. (c).

¹¹ Section 85201, subd. (d).

¹² Section 85201, subd. (e).

¹³ Section 85201, subd. (f).

¹⁴ Section 84104.

¹⁵ An administrative action for a violation of the Act has a five-year statute of limitations. In this matter, a probable cause report was served on Respondents on or around November 16, 2020, effectively tolling the statute of limitations. (See Sections 91000.5 and 83115.5.)

unsuccessful candidate, you and the Committee have no history of violating the Act, and there was no evidence of an intent to conceal the violations. Based on the foregoing, and in accordance with the Enforcement Division Policy Directives formally adopted by the Commission on January 26, 2023, which requires the Enforcement Division to take all appropriate actions within their discretion to decrease the Division's annual carryover caseload, the Enforcement Division is closing this case with this warning letter.¹⁶ Discretion was used based upon mitigating or aggravating circumstances and the totality of the circumstances.¹⁷ Additionally, discretion was used for violations that caused minimal public harm when the total penalty met or exceeded the total amount raised or spent by the filer, the committee had a small amount of activity, and lack of experience or knowledge of the Act's requirements caused multiple violations with minimal public harm.¹⁸ This resolution may not be used as a comparable case for other enforcement matters.¹⁹

This letter serves as a written warning. The information in this matter will be retained and may be considered should an enforcement action become necessary based on newly discovered information or future conduct. Failure to comply with the provisions of the Act in the future will result in monetary penalties of up to \$5,000 for each violation.

A warning letter is an Enforcement Division case resolution without administrative prosecution or fine. The Commission has adopted Regulation 18360.1 to authorize the Enforcement Division to issue warning letters to conclude cases in specified circumstances. However, the warning letter resolution does not provide you with the opportunity for a probable cause hearing or hearing before an Administrative Law Judge or the Commission. If you wish to avail yourselves of these proceedings by requesting that your case proceed with prosecution rather than a warning, please notify us within ten days from the date of this letter. Upon this notification, the Enforcement Division will rescind this warning letter and proceed with administrative prosecution of this case. If we do not receive such notification, this warning letter will be posted on the Commission's website ten days from the date of this letter.

If you need forms or a manual, or guidance regarding their obligations, please call the Commission's Toll-Free Advice Line at 1-866-275-3772 or visit our website at www.fppc.ca.gov. Please feel free to contact me at JRinehart@fppc.ca.gov or (916) 323-6302 (voicemail) with any questions you may have regarding this letter.

Sincerely,

Jenna Rinehart

Jenna C. Rinehart,
Commission Counsel
Enforcement Division

cc: County of Humboldt humboldt_elections@co.humboldt.ca.us

¹⁶ <https://www.fppc.ca.gov/content/dam/fppc/NS-Documents/AgendaDocuments/General%20Items/2023/january/15.0-Enforcement-directives.pdf>

¹⁷ Regulations 18360.1 and 18360.3.

¹⁸ Regulation 18360.2.

¹⁹ See Regulation 18361.5, subd. (e)(3).