STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3000 • Sacramento, CA 95811

December 16, 2022

Michael Shellenberger
Michael Shellenberger for Governor 2018
c/o Audrey Perry
P.O. Box 341016
Austin, TX 78734

Via email: ap@gobergroup.com

Warning Letter Re: FPPC No. 2021-00638; Michael Shellenberger for Governor 2018 and Michael Shellenberger

Dear Audrey Perry,

The Enforcement Division of the Fair Political Practices Commission enforces the provisions of the Political Reform Act (the "Act").[1] This letter is in response to an audit from the Franchise Tax Board finding that your client, Michael Shellenberger ("Shellenberger") and his candidate controlled committee, Michael Shellenberger for Governor 2018 ("the Committee"), failed to timely file two pre-election campaign statements, one semi-annual campaign statement, and five 24-hour contribution reports in connection with the June 5, 2018 Primary Election.

The Enforcement Division has completed its review of the facts in this case. Specifically, we found your clients failed to timely two pre-election campaign statements, one semi-annual campaign statement, and five 24-hour contribution reports ("Form 497"), each by their respective due dates.

The Act requires candidate-controlled committees to file two pre-election campaign statements at specified times prior to the election in which the candidate will be on the ballot, as well as 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.[2] The obligation to file semi-annual campaign statements continues until the candidate or treasurer terminates the committee.[3]

Additionally, the Act requires candidate-controlled committees that make or receive a late contribution to file a Form 497 within 24 hours of making or receiving the contribution.[4] A "late contribution" includes a contribution(s) aggregating $1,000 or more that is made to or received by

[1] The Political Reform Act is contained in Government Code Sections 81000 through 91014.
[2] Sections 84200.5 and 84200.
[3] Section 84214; Regulation 18404.
[4] Section 84203.

a candidate-controlled committee within 90 days before the date of the election, or on the date of the election, in which the pertinent candidate is to be voted on.[5]

Controlling candidates and committee treasurers are jointly and severally liable for violations by the committee.[6]

Your clients actions violated the Act because they failed to timely file two pre-election campaign statements for the periods ending April 21, 2018 and May 19, 2018 and one semi-annual campaign statement for the period ending June 30, 2018, each by their respective due dates. Additionally, they failed to timely file five 24-hour contribution reports. Below is a chart detailing the missing 24-hour contribution reports:

Amount Received	Date of Contribution	Due Date	Date Filed
$29,200	January 11, 2018	January 12, 2018	Not Filed
$5,000	March 6, 2018	March 7, 2018	Not Filed
$1,000	March 14, 2018	March 16, 2018	Not Filed
$1,000	March 22, 2018	March 23, 2018	Not Filed
$1,000	March 27, 2018	March 28, 2018	Not Filed

However, the Enforcement Division has decided to close this case with a warning letter rather than a fine because the public harm was minimal. Although the pre-election campaign statements and semi-annual campaign statement were not timely filed, the Committee attempted to comply with the Act by filing various campaign statements with incorrect reporting periods prior to the relevant election. The Committee has since hired a professional treasurer and filed campaign statements with the correct reporting periods. Instead of filing a 24-hour contribution report on January 12, 2018, the Committee filed a campaign statement covering the period January 11, 2018 to January 12, 2018 on January 12, 2018 which solely disclosed the $29,200 contribution.

Additionally, the Enforcement Division has decided to issue a warning letter because neither the candidate nor the Committee have a prior history of violating the Act. Further, the candidate and the Committee were inexperienced with the requirements of the Act, the candidate was unsuccessful, and the Committee has since terminated.

[5] Section 82036.
[6] Sections 83116.5 and 91006.

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 your clients with the opportunity for a probable cause hearing or hearing before an Administrative Law Judge or the Commission. If your clients wish to avail themselves of these proceedings by requesting that the case proceed with prosecution rather than a warning, please notify us within ten (10) 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 (10) days from the date of this letter.

If you need forms or a manual, or guidance regarding your 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 (916) 322-5772 or mnash@fppc.ca.gov with any questions you may have regarding this letter.

Sincerely,

Marissa Nash

Marissa Nash
Commission Counsel
Enforcement Division

cc: Franchise Tax Board @ Dawn.Hadid@ftb.ca.gov and Layla.Arshadi@ftb.ca.gov