



February 16, 2024

Steve Churchwell
[REDACTED]

Warning Letter re: FPPC No. 2019-00347, In the Matter of Yes on L Committee – Davis, Nathan Tran, and David Taormino

Dear Steve Churchwell,

The Enforcement Division of the Fair Political Practices Commission (“FPPC”) enforces the provisions of the Political Reform Act (the “Act”).¹ As you are aware, the Enforcement Division received a sworn complaint regarding the committee, Yes on L Committee – Davis (“Committee”). The Enforcement Division has completed its investigation and review of the matter. The complaint alleged that contributions that were reported as being from West Davis Active Adult Community were misreported because this was not a “legal” entity. The Enforcement Division found that West Davis Active Adult Community was a registered Fictitious Business Name for Doug Arnold Real Estate, Inc. There is insufficient evidence to conclude that contributions were not reported correctly. The complaint also alleged that the campaign failed to report in-kind contributions. The investigation found insufficient evidence to support this claim. In addition, the complaint alleged that the campaign had spent \$70,000 on attorney fees and \$3,000 on food, in violation of the trust in which campaign funds are held. The investigation found insufficient evidence that there was a misuse of campaign funds. However, the investigation confirmed that the Committee failed to name West Davis Active Adult Community as the sponsor of the Committee.

The Act has a comprehensive reporting system, intended to provide transparency and disclosure of political activity of both the persons who make contributions and how committees spend these contributions.² A recipient committee is a committee that makes or receives at least \$2,000 in contributions.³ A sponsored committee means a committee, other than a candidate controlled committee, that has one or more sponsors.⁴ A person sponsors a committee when the committee receives 80% or more of its contributions from the person or its members, officers, employees, or shareholders; when that person, alone or in combination with other organizations, provides nearly all of the administrative services for the committee; or when that person, alone or in combination with other organizations, sets the policies for soliciting contributions or making expenditures of committee funds.⁵ In the case of a sponsored committee, the committee’s statement

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 84200, *et seq.*

³ Section 82013, subdivision (a).

⁴ Section 82048.7, subdivision (a).

⁵ Section 82048.7, subdivision (b).

of organization must include the sponsor's name, street address, and telephone number.⁶ Additionally, the committee must include the name of its sponsor in the name of the committee.⁷

Your client violated the Act by failing to designate as a sponsored committee and failing to include the name of the sponsor in the committee name. Specifically, on a campaign statement filed on July 31, 2019, the Committee was not designated as a sponsored committee and did not include "West Davis Active Adult Community and affiliated entities" in the name of the Committee. With respect to these findings, the Enforcement Division has determined that mitigating circumstances exist here. The Committee, Taormino, and Tran have no prior history of enforcement actions. The Committee filed campaign statements timely and reported contributions from West Davis Active Adult Community, indicating that the failure to designate as a sponsored committee was a negligent omission, rather than an attempt to conceal or mislead voters. In addition, Facebook ads circulating at the time of the election identified the payor, Yes On L Committee – Davis, as being sponsored by West Davis Active Adult Community. In other ads, including a brochure, the website "westdavisactive.com" was included. 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.⁸ This resolution may not be used as a comparable case for other enforcement matters.⁹

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 yourself of these proceedings by requesting that your 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.

⁶ Section 84102, subdivision, (b).

⁷ Regulation 18419, subdivision, (b)(1).

⁸ <https://www.fppc.ca.gov/content/dam/fppc/NS-Documents/AgendaDocuments/General%20Items/2023/january/15.0-Enforcement-directives.pdf>

⁹ See Regulation 18361.5, subdivision (e)(3).

If you have any questions regarding this letter, please contact Theresa Gilbertson at tgilbertson@fppc.ca.gov or by phone at (279) 237-5960.

Sincerely,

Theresa Gilbertson

Theresa Gilbertson
Senior Commission Counsel
Enforcement Division

CC: Alan Pryor, Sworn Complainant