



September 19, 2023

Phil Cothran
Stephen Dunn
Inland Empire Business Alliance
[REDACTED]

Warning Letter re: FPPC Case No. 2021-01070; Inland Empire Business Alliance; Phil Cothran; Stephen Dunn

Gentlepersons:

The Enforcement Division of the Fair Political Practices Commission enforces the provisions of the Political Reform Act.¹ Campaign filings reflect that in 2018 Inland Empire Business Alliance (IEBA) was a county general purpose committee; Phil Cothran was the principal officer of the committee; and Stephen Dunn was the committee treasurer. In November 2021, the Enforcement Division opened this case as a proactive investigation to determine if required major donor notice letters were sent to persons who contributed \$5,000 or more to IEBA. As discussed in more detail below, this case is being closed with a warning letter.

At the core of the Act's campaign reporting system is the requirement that candidates and their controlled committees must file campaign statements and reports for certain reporting periods and by certain deadlines.²

Also, Section 84105 provides:

A candidate or committee that receives contributions of five thousand dollars (\$5,000) or more from any person shall inform the contributor within two weeks of receipt of the contributions that he or she may be required to file campaign reports. . . . However, a candidate or committee that receives a contribution of ten thousand dollars (\$10,000) or more from any person during any period in which late contribution reports are required to be filed pursuant to Section 84203 shall provide the information to the contributor within one week. The notification required by this section is not required to be sent to any contributor who has an identification number assigned by the Secretary of State. . . .

In this case, our investigation revealed that IEBA received numerous contributions of \$5,000 or more in 2018. Required notices were sent to all of these contributors, except for one. JM Realty Group, Inc. contributed \$5,000. IEBA reported receiving the contribution as of October 15, 2018, but the required notice was not sent—in violation of Section 84105.

¹ The Political Reform Act—sometimes simply referred to as the Act—is contained in Government Code sections 81000 through 91014. The regulations of the Fair Political Practices Commission are contained in California Code of Regulations, title 2, sections 18104 through 18998. Unless otherwise noted, all statutory and regulatory references are to these sources—as they were in effect during the time of the violations in this case (2018).

² Sections 84200, *et seq.*

In mitigation, the contribution from JM Realty Group, Inc. was not sizable enough (in and of itself) to require JM Realty to file as a major donor committee—and as noted above, IEBA did send the required notices to several other contributors in 2018.

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. This warning letter may be considered in any future enforcement actions.

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.

If you need guidance regarding your obligations in the future, please visit our website at www.fppc.ca.gov/advice.html or call the Commission's Toll-Free Advice Line at 1-866-ASK-FPPC (1-866-275-3772).

Thank you for your attention to this matter. Please do not hesitate to call if you have any questions.

Very truly yours,

Neal P. Bucknell

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