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9 BEFORE THE FAIR POLITICAL PRACTICES COMMISSION
10 STATE OF CALIFORNIA

11 In the Matter of:

12 PROV 3:9, LLC. and JOHN KRUGER

13 Respondents.

FPPC Case No. 2021-00040

STIPULATION, DECISION AND ORDER

Date Submitted to Commission: JANUARY 2026

14
15 **INTRODUCTION**

16 Under the Political Reform Act (the “Act”)¹, the true source of contributions must be disclosed
17 on campaign statements and reports. No contributor may make a contribution in the name of another. An
18 intermediary of a contribution must be disclosed as an intermediary and not as the true source. Prov 3:9,
19 LLC (“LLC”) violated the Act when it made a \$500,000 contribution without disclosing that it was
20 acting as an intermediary for the true source of the funds, John Kruger (“Kruger”). Kruger violated the
21 Act when Kruger made a contribution in the name of another. This case was opened in response to a
22 sworn complaint.
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28 ¹ The Political Reform Act is contained in Government Code §§ 81000 through 91014, and all statutory references are to this code. The regulations of the Fair Political Practice Commission are contained in §§ 18104 through 18998 of Title 2 of the California Code of Regulations, and all regulatory references are to this source.

1 **SUMMARY OF THE LAW**

2 The Act and its regulations are amended from time to time. All legal references and discussions
3 of law are intended to be citations to statutes and regulations as they existed at the time of the violations
4 in this case.

5 **Need for Liberal Construction and Vigorous Enforcement of the Political Reform Act**

6 When enacting the Political Reform Act, the people of California found and declared that
7 previous laws regulating political practices suffered from inadequate enforcement by state and local
8 authorities.² Thus, it was decreed that the Act “should be liberally construed to accomplish its
9 purposes.”³

10 One purpose of the Act is to promote transparency by ensuring that receipts and expenditures in
11 election campaigns are fully and truthfully disclosed so that voters are fully informed and improper
12 practices are inhibited.⁴ Along these lines, the Act includes a comprehensive campaign reporting system
13 and provides that the true sources of campaign contributions may not be concealed.⁵

14 Another purpose of the Act is to provide adequate enforcement mechanisms so that the Act will
15 be “vigorously enforced.”⁶

16 **Prohibition Against Making Contributions in Name of Another**

17 No campaign contribution may be made, directly or indirectly, in the name of another person.⁷
18 This prohibition helps keep the public informed as to the actual sources of campaign contributions—and
19 helps to prevent circumvention of campaign contribution limits. Section 84302 prohibits any person
20 from making a contribution while acting as the intermediary of another, without disclosing to the
21 recipient of the contribution both the intermediary’s own full name, street address, occupation, and
22 employer, and the actual donor’s full name, street address, occupation, and employer.

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27 ² Section 81001, subdivision (h).

28 ³ Section 81003.

⁴ Section 81002, subdivision (a).

⁵ Section 84200, *et seq.* and 84301.

⁶ Section 81002, subdivision (f).

⁷ Section 84301.

1 **SUMMARY OF THE FACTS**

2 On December 18, 2020, the LLC made a contribution of \$500,000 to the committee, Rescue
3 California-Recall Gavin Newsom ("Recall Committee"), a primarily formed ballot measure. The Recall
4 Committee reported that the contribution was received from Prov 3:9, LLC. The filing listed Thomas
5 Liu as the responsible officer for the LLC. The LLC timely filed a major donor campaign statement and
6 reported the contribution. In a memo line on an attachment to the campaign statement, the LLC
7 additionally disclosed that Kruger was the sole member of the LLC.

8 The evidence shows that the true source of these funds was the individual, Kruger. The LLC and
9 Kruger failed to disclose to the recipient that the LLC was acting as an intermediary for the true source,
10 Kruger. In addition, Kruger failed to report the activity on Kruger's major donor campaign statement,
11 filed on February 1, 2021.

12 The LLC was first formed on or around October 18, 2018. The LLC has a manager, Thomas Liu,
13 and one member. The member is the John E. and Alecia R. Kruger Family Trust dated April 15, 1991.
14 The LLC was capitalized but had no income-generating activity. On December 1, 2020, the LLC's bank
15 account showed a starting balance of \$105,017. On December 18, 2020, the LLC received a deposit of
16 \$500,000 from Kruger. On the same day, bank records show an outgoing wire of \$500,000. Bank
17 records confirmed that the incoming \$500,000 was from the personal bank account of Kruger. The
18 account was charged \$30 for the wire. The ending balance on December 31, 2020 was a cash balance of
19 \$104,987. The only activity in December was the incoming deposit, the outgoing wire, and the wire fee.
20 Further, emails obtained from Kruger demonstrate that the Recall Committee and its agents were in
21 discussions about supporting the recall effort.⁸ Shortly after these emails that detailed the plans and
22 fundraising efforts by the Recall Committee, Kruger transferred \$500,000 to the LLC, indicating that the
23 purpose of the transfer was to make the contribution to the Recall Committee.

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28 ⁸ There is insufficient evidence to prove that the Recall Committee knew or should have known that the true sources of funds
was Kruger or that the LLC was acting merely as an intermediary for Kruger's contribution.

1 **VIOLATIONS**

2 **Count 1**

3 Prov 3:9, LLC made a contribution of \$500,000 to Rescue California-Recall Gavin Newsom on
4 December 18, 2020 and failed to disclose that Prov 3:9, LLC was acting as an intermediary or agent and
5 failed to disclose the true source of the contribution, in violation of Government Code Sections 84301
6 and 84302.

7 **Count 2**

8 John Kruger made a contribution of \$500,000 to Rescue California-Recall Gavin Newsom through the
9 intermediary, Prov 3:9, LLC. In this way, Kruger made a contribution in the name of another, in violation
10 of Government Code Sections 84301.

11 **Count 3**

12 John Kruger qualified as a major donor committee in the calendar year of 2020 and filed a campaign
13 statement for the reporting period ending December 31, 2020. Kruger failed to disclose a contribution of
14 \$500,000 made on December 18, 2020 to Rescue California-Recall Gavin Newsom through the
15 intermediary, Prov 3:9, LLC. In failing to report the contribution on a campaign statement, Kruger
16 violated Section 84211.

17 **PROPOSED PENALTY**

18 This matter consists of three proposed counts. The maximum penalty that may be imposed is
19 \$5,000 per count.⁹ Thus, the maximum penalty that may be imposed for the counts charged is \$15,000.

20 This matter does not qualify for the Streamline Program because the violations at issue are not
21 eligible.

22 In determining the appropriate penalty for a particular violation of the Act, the Enforcement
23 Division considers the typical treatment of a violation in the overall statutory scheme of the Act, with an
24 emphasis on serving the purposes and intent of the Act. Additionally, the Enforcement Division
25 considers the facts and circumstances of the violation in the context of the following factors set forth in
26 Regulation 18361.5 subdivision (e)(1) through (8): (1) The extent and gravity of the public harm caused
27 by the specific violation; (2) The level of experience of the violator with the requirements of the Political
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⁹ See Section 83116, subdivision (c).

1 Reform Act; (3) Penalties previously imposed by the Commission in comparable cases; (4) The presence
2 or absence of any intention to conceal, deceive or mislead; (5) Whether the violation was deliberate,
3 negligent or inadvertent; (6) Whether the violator demonstrated good faith by consulting the Commission
4 staff or any other governmental agency in a manner not constituting complete defense under Government
5 Code Section 83114(b); (7) Whether the violation was isolated or part of a pattern and whether the
6 violator has a prior record of violations of the Political Reform Act or similar laws; and (8) Whether the
7 violator, upon learning of a reporting violation, voluntarily filed amendments to provide full disclosure.

8 With respect to the level of public harm, making a campaign contribution in the name of another
9 is one of the most serious violations of the Act, causing a high degree of public harm. Such conduct
10 circumvents applicable campaign contribution limits, violates disclosure requirements, deceives the
11 public as to the true source of contributions, and ultimately undermines the trust in the transparency of
12 campaign reporting. Here, there is some mitigation to the public harm because Prov 3:9, LLC issued a
13 press release naming Kruger as being behind the large contribution, and the LLC added the disclosure on
14 its major donor filings that Kruger was the sole member of the LLC. However, the failure to disclose
15 Kruger as the true source and Prov 3:9, LLC as an intermediary led to errors in the Recall Committee's
16 advertisement disclosures. In addition, advertisements identified Prov 3:9, LLC as a top contributor.
17 However, the disclosures should have identified Kruger as the top contributor, instead of disclosing the
18 intermediary.

19 With respect to the Respondents' level of experience with the Act, there is no evidence that Prov
20 3:9 LLC had made political contributions prior to the contribution at issue. Kruger had previously filed as
21 a major donor committee in 2014, 2015, 2016, 2017, and 2020.

22 In recent comparable cases involving the violation of making a contribution in the name of
23 another, or making a contribution without disclosing the role as intermediary, the respondents paid the
24 maximum or near-maximum penalty for the violations. With respect to the undisclosed intermediary, a
25 recent case was [*In the Matter of North Star Alliances, LLC; Ernesto Morales; and Lauren Morales-
26 Chitay*](#), FPPC No. 2020-00077. The intermediaries, in that case, paid a penalty of \$4,500 for each
27 contribution at issue. With respect to making a contribution in the name of another, a recent case was *In
28 the Matter of Alex Villanueva, Villanueva for Los Angeles Sheriff 2018, Cine D. Ivery, and Manuel*

1 Gomez, FPPC No. 2018-01097. The true source of contributions, Gomez, paid a penalty of \$5,000 for
2 five counts of making a contribution in the name of another. For both cases, the Commission approved
3 the stipulations in January 2024. In prior cases, the failure to file as a major donor committee was not
4 pursued as a count even when it could have been charged. The failure to file a campaign statement as a
5 major donor committee or failure to fully disclose reportable activity on a campaign statement is a
6 violation that can be eligible for the streamline program. However, when the violation is in conjunction
7 with more serious violations, the maximum or near-maximum fine is sought. For example, In the Matter
8 of Michael Welsh, Mr. C's Towing of South Gate and Fubar Properties, FPPC No. 2019-00695, Welsh
9 and associated entities made contributions over the limit and failed to timely file major donor campaign
10 statements. In that case, a fine of \$2,500 was paid.

11 The evidence shows that Kruger has made contributions in his own name and has filed major
12 donor statements in the past, indicating that Kruger knew that disclosure was required. The evidence
13 shows that Kruger utilized entities, such as nonprofits and LLCs, as pass-through entities for other
14 charitable works. For example, Prov 3:9, LLC was, according to Respondents, formed to promote a faith-
15 based mission. The LLC was given starting funds, and the LLC made charitable contributions. A donor
16 can make anonymous donations to charity, and charities are not required to disclose their donors. In
17 contrast, the Act prohibits anonymous contributions. It is a violation to make contributions in the name of
18 another or to fail to disclose when one acts as an intermediary. Committees are required to disclose the
19 true source of contributions. In addition, committees are required to disclose the top contributors on
20 advertisements. In past years, Kruger has made contributions to candidates up to the contribution limit
21 and has made large contributions, up to \$100,000, to political parties and general purpose committees.
22 The \$500,000 contribution to the Recall Committee would have required that Kruger's name be included
23 in the advertisement that the Recall Committee issued, including a website, a Facebook page, and a mass
24 mailing. The evidence suggests that Kruger knew or should have known that he was making a
25 contribution, using Prov 3:9, LLC as an intermediary. The evidence suggests that Kruger sought to
26 funnel the contribution through the LLC so that the LLC would be disclosed as the top contributor,
27 instead of Kruger. In mitigation, when the complaint was filed, the LLC issued a press release to disclose
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1 Kruger as the sole member of the LLC. This occurred well in advance of the election. However, the press
2 release did not include an admission to violating the Act.

3 In this case, the violations were isolated. The LLC had not previously made a political
4 contribution. Kruger had previously timely filed disclosure statements for his political contributions.
5 Neither party has a prior history with the Enforcement Division.

6 After considering the factors listed in Regulation 18361.5 and penalties in prior similar cases, a
7 penalty of \$5,000 is recommended for each count. Though there is significant mitigation in this matter,
8 the public harm justifies a maximum penalty for all possible counts. A total penalty of \$15,000 is
9 recommended.

10 CONCLUSION

11 Complainant, the Enforcement Division of the Fair Political Practices Commission, and
12 Respondents, Prov 3:9, LLC and John Kruger; hereby agree as follows:

13 1. Respondents have violated the Act as described in the foregoing pages, which are a true
14 and accurate summary of the facts in this matter.

15 2. This stipulation will be submitted for consideration by the Fair Political Practices
16 Commission at its next regularly scheduled meeting—or as soon thereafter as the matter may be heard.

17 3. This stipulation resolves all factual and legal issues raised in this matter—for the purpose
18 of reaching a final disposition without the necessity of holding an administrative hearing to determine the
19 liability of Respondent pursuant to Section 83116.

20 4. Respondents have consulted with their respective attorneys, Thomas Hiltachk of Bell,
21 McAndrews & Hiltachk, LLP, and Elli Abdoli of Nielsen Merksamer, and understand, and hereby
22 knowingly and voluntarily waive, any and all procedural rights set forth in Sections 83115.5, 11503,
23 11523, and Regulations 18361.1 through 18361.9. This includes, but is not limited to the right to appear
24 personally at any administrative hearing held in this matter, to be represented by an attorney at
25 Respondent's own expense, to confront and cross-examine all witnesses testifying at the hearing, to
26 subpoena witnesses to testify at the hearing, to have an impartial administrative law judge preside over
27 the hearing as a hearing officer, and to have the matter judicially reviewed.
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1 5. Respondents agree to the issuance of the decision and order set forth below. Also,
2 Respondents agree to the Commission imposing against them an administrative penalty in the amount of
3 \$15,000. One or more payments totaling said amount—to be paid to the General Fund of the State of
4 California—is/are submitted with this stipulation as full payment of the administrative penalty described
5 above, and same shall be held by the State of California until the Commission issues its decision and
6 order regarding this matter.

7 6. If the Commission declines to approve this stipulation—then this stipulation shall become
8 null and void, and within fifteen business days after the Commission meeting at which the stipulation is
9 rejected, all payments tendered by Respondents in connection with this stipulation shall be reimbursed to
10 Respondents. If this stipulation is not approved by the Commission, and if a full evidentiary hearing
11 before the Commission becomes necessary, neither any member of the Commission, nor the Executive
12 Director, shall be disqualified because of prior consideration of this Stipulation.

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1 7. The parties to this agreement may execute their respective signature pages separately. A
2 copy of any party's executed signature page, including a hardcopy of a signature page transmitted via fax
3 or as a PDF email attachment, is as effective and binding as the original.

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5 Dated: _____

Kendall L.D. Bonebrake, Chief of Enforcement
Fair Political Practices Commission

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8 Dated: _____

Thomas Liu,
on behalf of Prov 3:9, LLC

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12 Dated: _____

John Kruger

The foregoing stipulation of the parties Prov 3:9, LLC and John Kruger; FPPC Case No. 2021-00040 is hereby accepted as the final decision and order of the Fair Political Practices Commission, effective upon execution below by the Chair.

IT IS SO ORDERED.

Dated: _____

Adam E. Silver, Chair
Fair Political Practices Commission