

1 KENDALL L.D. BONEBRAKE
Chief of Enforcement
2 KEVIN CORNWALL
Senior Commission Counsel
3 **FAIR POLITICAL PRACTICES COMMISSION**
1102 Q Street, Suite 3050
4 Sacramento, CA 95811
Telephone: (279) 237-5924
5 Email: KCornwall@fppc.ca.gov

6 Attorneys for Complainant
7 Enforcement Division of the Fair Political Practices Commission

8
9 **BEFORE THE FAIR POLITICAL PRACTICES COMMISSION**

10 **STATE OF CALIFORNIA**

11 In the Matter of

12 RANDY ROWSE, CAROLA
13 NICHOLSON, and ROWSE FOR
14 MAYOR 2021,

15 Respondents.

FPPC Case No. 2021-01056

STIPULATION, DECISION AND ORDER

Date Submitted to Commission: May 2026

16
17 **INTRODUCTION**

18 Respondent Randy Rowse (“Rowse”) was a successful candidate for Mayor of the City of Santa
19 Barbara in the November 2, 2021 local election. Respondent Rowse for Mayor 2021 (ID# 1436925)
20 (the “Committee”) is Rowse’s controlled committee. Respondent Carola Nicholson (“Nicholson”)
21 serves as the Committee’s treasurer.

22 This case arose from a sworn complaint.

23 The Political Reform Act (the “Act”)¹ requires candidates, committees, and treasurers to
24 disclose certain information regarding campaign contributions on campaign statements. The
25 Committee, Rowse, and Nicholson (collectively, “Respondents”) violated the Act by failing to report
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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 the identity of the responsible officer or individual responsible for contributions from a limited liability
2 company (“LLC”), and by failing to aggregate and report cumulative contribution amounts.

3 **SUMMARY OF THE LAW**

4 The Act and its regulations are amended from time to time. The violations in this case occurred
5 in 2021. For this reason, all legal references and discussions of law pertain to the Act’s provisions as
6 they existed at that time.

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

8 When enacting the Act, California voters specifically found and declared that previous laws
9 regulating political practices had suffered from inadequate enforcement, and it was their purpose to
10 ensure that the Act be vigorously enforced.² For this reason, the Act is to be construed liberally to
11 accomplish its purposes.³

12 A central purpose of the Act is to promote transparency by ensuring that receipts and
13 expenditures in election campaigns are fully and truthfully disclosed so that voters are fully informed
14 and improper practices are inhibited.⁴

15 **Duties of Treasurers and Candidates with Respect to Campaign Statements**

16 The candidate and treasurer of a committee must verify that, to the best of their knowledge, the
17 committee campaign statements are true and complete and use all reasonable diligence in the preparation
18 of the statements.⁵ To comply with these duties, the candidate and treasurer must cause to be checked,
19 and, if necessary, corrected, any information in campaign statements a person of reasonable prudence
20 would question based on all the surrounding circumstances of which the candidate or treasurer is aware
21 or should be aware by reason of the candidate’s or treasurer’s duties under the Act.⁶ Once circumstances
22 are known that raise a question concerning the accuracy of information on a campaign statement, an
23 inquiry is required.⁷

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26 ² Sections 81001, subd. (h), and 81002, subd. (f).

27 ³ Section 81003.

27 ⁴ Section 81002, subd. (a).

27 ⁵ Regulation 18427, subds. (a) and (c).

28 ⁶ Regulation 18427, subds. (a)(5) and (c)(4).

28 ⁷ Regulation 18427, Comment.

1 **Contribution Limits**

2 When a city has not already enacted a contribution limit, then the contribution limit for that
3 jurisdiction defaults to the contribution limits placed on contributions to a candidate for elective state
4 office.⁸ The Commission is not responsible for the administration or enforcement of a contribution limit
5 adopted by a city.⁹

6 **Aggregating Contributions**

7 If an individual directs or controls an entity’s contributions, the entity’s contributions shall be
8 aggregated with contributions made by both the individual and any other entity whose contributions that
9 individual directs or controls.¹⁰

10 **Campaign Reporting**

11 The Act provides that each campaign statement must contain certain information about the
12 campaign’s financial activity, including contributions received and identifying information about the
13 contributor.¹¹

14 With respect to contributions, for each person¹² to whom a contribution of \$100 or more has
15 been received during the period covered by the campaign statement, the filer must disclose the
16 contributor’s: full name; street address; occupation; employer, or if self-employed, the name of the
17 business; the date and amount received for each contribution received during the period covered by the
18 campaign statement; and the cumulative amount of contributions.¹³

19 For contributions of \$100 or more received from an LLC that qualifies as a major donor
20 committee, the “name” of the contributor reported in a committee’s statements and reports filed under
21 the Act must include the name of the LLC and the full legal name of the LLC’s responsible officer.¹⁴ For
22 contributions of \$100 or more received from an LLC that does *not* qualify as a committee, the “name” of
23 the contributor reported in a committee’s statements and reports filed under the Act must include the

24 ⁸ Sections 85301(d) & 85702.5(a).

25 ⁹ Section 85702.5(c).

26 ¹⁰ Section 82015.5(b).

27 ¹¹ Section 84211, subd. (f).

28 ¹² “Person” includes an individual, firm, partnership, joint venture, company, corporation, limited liability company, association, committee, and any other organization or group of persons acting in concert. Section 82047.

¹³ Section 84211, subd. (f).

¹⁴ Regulation 18421.10, subd. (a). The “responsible officer” of the committee is the individual primarily responsible for approving the political activity of the LLC. Regulation 18402.2, subd. (a).

1 name of the LLC and the full legal name of the individual primarily responsible for approving the
2 contribution.¹⁵

3 **Joint and Several Liability**

4 Under the Act, it is the duty of the candidate and the treasurer of a controlled committee to
5 ensure that the committee complies with all of the requirements of the Act concerning the receipt,
6 expenditure, and reporting of funds.¹⁶ The candidate and treasurer may be held jointly and severally
7 liable, along with the committee, for violations committed by the committee.¹⁷

8 **Liability for Violations**

9 Any person who violates any provision of the Act is liable for administrative penalties up to
10 \$5,000 per violation.¹⁸

11 **SUMMARY OF THE FACTS**

12 Prior to 2021, the City of Santa Barbara enacted campaign contribution limits for local elections.
13 As stated above, the Commission is not responsible for administering or enforcing local contribution
14 limits.

15 The Committee was required to report the responsible officer for contributions from LLCs that
16 qualified as major donors and report the individual primarily responsible for contributions from LLCs
17 that did not qualify as a committee on campaign statements and reports. Throughout 2021, the
18 Committee failed to timely report the name of the responsible officer or individual primarily responsible
19 for approving the contributions made by the following LLCs:

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Reporting Period	Date Received	Contributor	Amount
1/1/21 – 6/30/21	06/21/2021	1213 State Street, LLC	\$1,500
1/1/21 – 6/30/21	06/21/2021	127 WCP, LLC	\$1,500
7/1/21 – 9/18/21	07/26/2021	El Toro Holding, LLC	\$2,000

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27 ¹⁵ Regulation 18421.10, subd. (b).

¹⁶ Sections 81004, 84100, 84104, and 84213; Regulation 18427.

¹⁷ Sections 83116.5 and 91006.

¹⁸ Sections 83116 and 83116.5.

9/19/21 – 10/16/21	10/15/2021	HCAC West, LLC	\$2,400
10/28/21 – 12/31/21 ¹⁹	11/15/2021	HCAC West, LLC	\$2,400
		Total:	\$9,800

Two of the above contributions—from 1213 State Street, LLC and 127 WCP, LLC—were part of a series of eight contributions received from different business entities for which James Knell (“Knell”) was the responsible officer. The Committee reported receiving the following eight contributions on the semi-annual campaign statement for the reporting period ending June 30, 2021:

Check Date	Date Received	Contributor	Amount
06/17/2021	06/21/2021	1129 State Street, LP	\$1,500
06/17/2021	06/21/2021	1213 State Street, LLC	\$1,500
06/17/2021	06/21/2021	1221 Victoria Court, LP	\$1,500
06/17/2021	06/21/2021	127 WCP, LLC	\$1,500
06/17/2021	06/21/2021	710 State St. Partners, LP	\$1,500
06/17/2021	06/21/2021	RTK Associates, LP	\$1,500
06/17/2021	06/21/2021	SIMA El Paseo, LP	\$1,500
06/18/2021	06/21/2021	Santa Barbara Athletic Club	\$1,500
		Total:	\$12,000

The Enforcement Division confirmed that each of the relevant contributions was directed and controlled by Knell. Since Knell directed and controlled each contribution to the Committee, the contributions were required to be aggregated for purposes of reporting and calculating contribution limits. The Committee failed to disclose Knell’s cumulative contributions of \$12,000, which exceeded the local contribution limit, and failed to report Knell as the responsible officer of 1213 State Street, LLC and 127 WCP, LLC.

Rowse and Nicholson deny having any knowledge that the contributions were directed and controlled by the same individual. However, based on the circumstances, a reasonably prudent person would have questioned whether the contributions were directed and controlled by the same individual: each of the checks were received on June 21, 2021; each of the checks had the same signature; each of

¹⁹ The reporting periods are different here as there is a local ordinance that requires three pre-election campaign statements to be filed prior to each election (City of Santa Barbara Local Ordinance § 2.03.100, subd. (A)).

1 the checks were dated June 17, 2021, with the exception of the check received from the Santa Barbara
2 Athletic Club which was dated June 18, 2021; each of the checks had the same business address, with
3 the exception of the check received from the Santa Barbara Athletic Club; and each of the checks
4 included "SIMA Management Corp" on the check, with the exception of the check received from the
5 Santa Barbara Athletic Club.

6 VIOLATIONS

7 **Count 1: Failure to Timely Disclose Responsible Officers and Individuals Primarily Responsible** 8 **for Contributions from Limited Liability Companies**

9 Respondents failed to report the responsible officer or individual primarily responsible for five
10 contributions from LLCs on two semi-annual statements and one pre-election statement for the
11 reporting periods of January 1, 2021 through June 30, 2021; July 1, 2021 through September 18, 2021;
12 and October 28, 2021 through December 31, 2021, in violation of Government Code Section 84211 and
13 Regulation 18421.10, subdivisions (a) and (b).

14 **Count 2: Failure to Timely Disclose Aggregate Contributions Received**

15 In the statement filed on July 30, 2021 (for the January 1 through June 30 period), Respondents
16 reported contributions from business entities directed and controlled by Knell, but failed to aggregate
17 and disclose the cumulative amount of the contributions, in violation of Sections 84211, subdivision (f)
18 and 82015.5, subdivision (b).

19 PROPOSED PENALTY

20 This matter consists of two proposed counts. The maximum penalty that may be imposed is
21 \$5,000 per count. Thus, the maximum penalty that may be imposed for the counts charged here is
22 \$10,000.²⁰

23 Late disclosure on campaign statements is included in the Streamline Program.²¹ Here, however,
24 Respondents' failure to identify responsible officers and aggregate contributions hindered the public's
25 ability to identify: (1) that the Committee had accepted contributions exceeding the local contribution
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28 ²⁰ Section 83116, subd. (c).

²¹ Regulation 18360.1, subd. (b).

1 limit; and (2) the person responsible for the contributions. As such, the extent and gravity of the public
2 harm is more than minimal, and this matter is not eligible for the Streamline Program.

3 In determining the appropriate penalty for a particular violation of the Act, the Enforcement
4 Division considers the typical treatment of a violation in the overall statutory scheme of the Act, with
5 an emphasis on serving the purposes and intent of the Act. Additionally, the Enforcement Division
6 considers the facts and circumstances of the violation in the context of the following factors set forth in
7 Regulation 18361.5 subdivision (e)(1) through (8): (1) The extent and gravity of the public harm caused
8 by the specific violation; (2) The level of experience of the violator with the requirements of the
9 Political Reform Act; (3) Penalties previously imposed by the Commission in comparable cases;
10 (4) The presence or absence of any intention to conceal, deceive or mislead; (5) Whether the violation
11 was deliberate, negligent or inadvertent; (6) Whether the violator demonstrated good faith by
12 consulting the Commission staff or any other governmental agency in a manner not constituting
13 complete defense under Government Code Section 83114(b); (7) Whether the violation was isolated or
14 part of a pattern and whether the violator has a prior record of violations of the Political Reform Act or
15 similar laws; and (8) Whether the violator, upon learning of a reporting violation, voluntarily filed
16 amendments to provide full disclosure.²²

17 Accepting campaign contributions exceeding the contribution limits causes serious public harm,
18 as contribution limits exist to prevent persons from exerting disproportionate influence over elected
19 officials. The contribution aggregation rules exist to ensure that an individual does not use multiple
20 entities to skirt contribution limits. Regulation 18421.10 was adopted to avoid the disguising of the true
21 source of campaign contributions and to instead “allow the public to be informed of the actual
22 individuals behind an LLC’s contribution to a committee, rather than simply the name of the corporate
23 entity”²³ Here, although the contributions at issue were reported, they did not provide information
24 that would have enabled the public to identify the actual individual behind the LLC contributions.
25 Likewise, because contributions were not aggregated, the public was not made aware that Respondents
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28 ²² Regulation 18361.5, subd. (e).

²³ FPPC Legal Division Memorandum, “Adoption of Proposed Regulations 18402.2 and 18421.10 – Disclosure by Limited Liability Companies,” June 8, 2020.

1 had accepted contributions exceeding the local contribution limit. Thus, the public did not receive any
2 disclosure regarding Knell’s affiliations with the business entities that he directed and controlled.

3 The violations at issue here were isolated. Rowse has prior experience with the Act, as Rowse
4 was previously a candidate for City Council for the City of Santa Barbara in 2011 and 2015. The
5 requirement to identify the responsible officer of an LLC contributor was adopted only in 2020. There
6 is no evidence that the Committee or Nicholson had any prior campaign experience.

7 The Committee and Rowse do not have a prior history of violating the Act. Nicholson’s prior
8 enforcement history resulted in a Warning Letter being issued on February 1, 2019, for failing to timely
9 file the 2017 Annual Statement of Economic Interests for Nicholson’s position as a Board Member for
10 the Board of Accountancy for the Department of Consumer Affairs.²⁴

11 The Commission considers penalties in prior cases with the same or similar violations and
12 comparable facts. A recent case similarly involving a local candidate-controlled committee failing to
13 report contributions over the limit is *In the Matter of Kimberly Ho for City Council and Kimberly Ho*;
14 FPPC No. 2021-01068 (approved August 21, 2025). Ho was a successful candidate in the November 3,
15 2020 General Election. In 2021, Ho was served with a notice of intent for a recall. While campaigning
16 to oppose the recall efforts, Ho accepted non-monetary contributions from Ho’s spouse totaling
17 \$13,800, which exceeded the \$4,900 contribution limit by \$8,900. Ho and her committee failed to
18 timely disclose receipt of the over-the-limit contributions on campaign statements. The Commission
19 imposed a total penalty of \$5,500, with a \$2,000 penalty for failing to timely disclose non-monetary
20 contributions.

21 A slightly lesser penalty than that approved in *Ho* is recommended here. In *Ho*, the official not
22 only accepted contributions over the local contribution limit, but failed to report them altogether. In this
23 case, Respondents timely disclosed receipt of the contributions from businesses controlled by Knell.
24 Likewise, the other contributions from LLCs unassociated with Knell were also reported. Because the
25 Commission does not have jurisdiction over Santa Barbara’s contribution limits, Respondents’ failures
26 in this case were based on the failure to report the responsible officer or person primarily responsible
27 for each LLC contribution, as well as the failure to aggregate and report cumulative contributions, as

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²⁴ *In the Matter of Carola Nicholson*; FPPC No. 2019-00022.

1 opposed to the failure in *Ho* to report the contributions altogether. The ultimate effect was similar to
2 that seen in *Ho*—that is, the public was deprived of sufficient information to identify: (1) that
3 Respondents had accepted contributions exceeding the contribution limit; and (2) the ultimate source of
4 those contributions.

5 Based on the above, a total penalty of \$3,000 is recommended, with a \$1,500 penalty per count.

6 CONCLUSION

7 Complainant, the Enforcement Division of the Fair Political Practices Commission, and
8 Respondents, Randy Rowse, Carola Nicholson, and Rowse for Mayor 2021, hereby agree as follows:

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

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

13 3. This stipulation resolves all factual and legal issues raised in this matter – for the purpose of
14 reaching a final disposition without the necessity of holding an administrative hearing to determine the
15 liability of Respondents pursuant to Section 83116.

16 4. Respondents understand and hereby knowingly and voluntarily waive any and all procedural
17 rights set forth in Sections 83115.5, 11503, 11523, and Regulations 18361.1 through 18361.9. This
18 includes, but is not limited to, the right to appear personally at any administrative hearing held in this
19 matter, to be represented by an attorney at Respondents’ own expense, to confront and cross-examine
20 all witnesses testifying at the hearing, to subpoena witnesses to testify at the hearing, to have an
21 impartial administrative law judge preside over the hearing as a hearing officer, and to have the matter
22 judicially reviewed.

23 5. Respondents agree to the issuance of the decision and order set forth below. Also, Respondents
24 agree to the Commission imposing against them an administrative penalty in the amount of \$3,000.
25 One or more cashier’s checks or money orders totaling said amount – to be paid to the General Fund of
26 the State of California – is/are submitted with this stipulation as full payment of the administrative
27 penalty described above, and same shall be held by the State of California until the Commission issues
28 its decision and order regarding this matter.

1 6. If the Commission refuses to approve this stipulation – then this stipulation shall become null
2 and void, and within fifteen business days after the Commission meeting at which the stipulation is
3 rejected, all payments tendered by Respondents in connection with this stipulation shall be reimbursed
4 to Respondents. If this stipulation is not approved by the Commission, and if a full evidentiary hearing
5 before the Commission becomes necessary, neither any member of the Commission, nor the Executive
6 Director, shall be disqualified because of prior consideration of this stipulation.

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

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11 Dated: _____

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

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14 Dated: _____

_____ Randy Rowse, individually and on behalf of Rowse for
Mayor 2021, Respondents

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17 Dated: _____

_____ Carola Nicholson, individually and on behalf of Rowse for
Mayor 2021, Respondents

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19
20 The foregoing stipulation of the parties “In the Matter of Randy Rowse, Carola Nicholson, and
21 Rowse for Mayor 2021,” FPPC No. 2021-01056, is hereby accepted as the final decision and order of
22 the Fair Political Practices Commission, effective upon execution by the Chair.

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24 IT IS SO ORDERED.

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26 Dated: _____

_____ Adam E. Silver, Chair
Fair Political Practices Commission