City of Santa Monica

City Council Report

City Council Meeting: March 27, 2018
Agenda Item: 8.C

To: Mayor and City Council

From: Lane Dilg, City Attorney, City Attorney's Office

Denise Anderson-Warren, City Clerk, Records & Elections Services Department

Subject: Potential Enhancements and Improvements to Local Election Laws and Enforcement Mechanisms

Recommended Action

Staff recommends that the City Council review and comment on potential enhancements and improvements to local election laws and enforcement mechanisms.

Executive Summary

The City of Santa Monica has long been committed to a democracy that is responsive to the people and to an electoral process that ensures fair and effective representation. As a result, Santa Monica has adopted local regulations to promote transparency and level the playing field for electioneering that go beyond State law. In August 2017, the California Fair Political Practices Commission (FPPC) announced penalties against the Huntley Hotel, Richardson Patel, and Pure Pilates, Inc., for violations of the Political Reform Act relating to campaign contributions made in Santa Monica elections. In response, on November 28, 2017, Council directed staff to provide information on how the violations were identified and how local law was circumvented; to provide recommendations for a process to enforce, receive complaints regarding violations of, educate the community about, and create transparency on current / past investigations of violations of local campaign finance laws; and to explore options for campaign financing, including public financing.

Discussion

The Political Reform Act and the Santa Monica Elections Code

Elections in Santa Monica are governed by the California Elections Code, the Political Reform Act (PRA), and the Santa Monica Elections Code. The PRA is the state law that governs campaign finance, financial conflicts of interest of public officials, lobbyist registration and reporting, post-governmental employment, mass mailings at public expense, and gifts to public officials and candidate. Every candidate, candidate's campaign committee, general purpose committee, political party committee, slate mailer organization, major donor, and person or entity making independent expenditures on candidates or ballot measures in California is subject to the PRA. Information about PRA campaign finance and disclosure requirements is available at http://www.fppc.ca.gov/learn/campaign-rules.html.

The FPPC is the state agency with primary responsibility for enforcing the PRA. The FPPC Enforcement Division regularly brings enforcement actions based on violations of the PRA in state and local elections including but not limited to:

- Laundered campaign contributions;
- Gifts and contributions over the state contribution limits;
- Improper use of campaign funds, including personal use;
- Campaign mass mailings at public expense;
- False, inadequate, or inaccurate reporting on campaign statements and reports;
- Non-filing or late filing of campaign statements or reports; and
- Anonymous or cash contributions of $100 or more.

Charter cities are not authorized to alter or reduce the requirements of the PRA. Charter cities may, however, impose additional regulations that are consistent with the purpose of the PRA and stricter in effect. The Santa Monica Elections Code imposes further regulations on election activity in order to, among other things, ensure the credibility and integrity of the local election process; ensure equal opportunity for all candidates, promote diversity among candidates, and strengthen the community's trust that their government is representative; promote participation in government and trust that the democratic process is not subverted by affluent special interest groups; and preserve a sense of community, safeguard local democracy, and effectuate a commitment to fair public process. For these purposes, the Santa Monica Elections Code, among other things:

- Prohibits any person from making contributions totaling more than $340 to a candidate or controlled committee of a candidate in each election, as well as any candidate or committee from receiving such contributions (SMMC 11.04.050);
- Prohibits the Santa Monica City Council, Santa Monica Rent Control Board, and their administrative officers from circulating any newsletter or mass mailing within 88 days of an election to approve or disapprove any ballot measure or to select any Council or Board member (SMMC 11.04.130); and
- Requires committees raising or spending funds to support or oppose an initiative, recall, or referendum to file financial disclosure documents electronically with the City Clerk in addition to complying with State law (SMMC 11.04.165).

Additional information about Santa Monica elections, including campaign disclosure statements, is available at http://www.smvote.org.

Reporting Violations of State and Local Elections Law

The City of Santa Monica takes seriously any complaint or allegation regarding a potential violation of state or local election laws. Any member of the public who believes that a violation has occurred is encouraged to file a complaint or report with the FPPC Enforcement Division, the Santa Monica City Clerk's Office, or the Santa Monica Police Department.

> *Complaints or reports may be submitted electronically or via email to the FPPC Enforcement Division by following the directions at http://www.fppc.ca.gov/enforcement/file-a-complaint.html.*

Complaints or reports may be submitted to the City Clerk's Office in person in Room 102 of City Hall or by email at clerk@smgov.net.

Upon receiving a complaint, the FPPC Enforcement Division will investigate and pursue any alleged violation of the PRA.

The Santa Monica City Clerk also receives complaints and reports of election law violations. The City Clerk does not investigate such complaints or reports but is required to report any apparent violation of the law to the appropriate enforcement agency. Per the procedure specified by the PRA and the FPPC, an apparent violation exists if the City Clerk knows or has reason to believe that a statement contains material inaccuracies or omissions, or when a filer fails to file all or part of a statement after reasonable notice has been provided.

Upon receiving a complaint or report of an alleged violation of the PRA or the Santa Monica Elections Code, the City Clerk will notify a candidate or committee of the complaint and request a response. Following two such notifications, if the City Clerk knows or has reason to believe that a campaign statement has inaccuracies or omissions that constitute an apparent violation of state or local law, or that state or local law has otherwise been violated, the City Clerk will report the potential violations to appropriate authorities, including the FPPC and/or the Chief of the Criminal Division of the City Attorney's Office. Upon receiving any such report, the Chief of the Criminal Division of the City Attorney's Office will determine whether conflict-of-interest concerns (actual or apparent) require a referral to the Los Angeles County District Attorney's Office or another City Attorney's Office for investigation and potential prosecution. To avoid any conflict-of-interest concerns (actual or apparent), the Chief of the Criminal Division will operate independently from and not confer with the City Attorney in conducting any investigation or prosecution of an alleged or apparent violation of the Santa Monica Elections Code.

The FPPC Enforcement Division's Investigation of The Huntley Hotel, Richardson Patel, and Pure Pilates, Inc. In August 2017, the FPPC published its meeting agenda containing two enforcement items relating to activity in Santa Monica.

> **In the Matter of The Huntley Hotel; FPPC No. 15/246.** Staff: Commission Counsel Michael W. Hamilton, Special Investigator Ann Flaherty, and Special Investigator Marshall Miller. The Huntley Hotel, a luxury hotel in Santa Monica, made contributions in the names of others instead of its own legal name to support candidates for Santa Monica City Council. In 2012, The Huntley Hotel made the following contributions in the names of others instead of its own legal name: nine contributions to Terry O'Day for City Council 2012, nine contributions to Gleam Davis for City Council 2012, eleven contributions to Richard McKinnon for City Council 2012, eleven contributions to Ted Winterer for City Council 2012, and four contributions to Santa Monicans for Responsible Growth, totaling $86,650; in violation of Government Code Section 84301 (44 counts). From 2013 through 2015, The Huntley Hotel made the following contributions in the names of others instead of its own legal name: one contribution to Santa Monicans for Renters Rights, one contribution to Santa Monica Coalition for a Livable City and sixteen contributions to McKinnon for City Council 2014, totaling $10,700; in violation of Government Code Section 84301 (18 counts). **Total Proposed Penalty: $310,000.**

> **In the Matter of Richardson Patel and Pure Pilates, Inc.; FPPC No. 17/00182.** Staff: Commission Counsel Michael W. Hamilton, Special Investigator Ann Flaherty, and Special Investigator Marshall Miller. Richardson Patel was a law firm located in Los Angeles, CA until it merged with another law firm in 2015. Pure Pilates, Inc. is a Pilates studio located in Encino, CA. In 2012, Richardson Patel acted as an agent for The Huntley Hotel by making a $10,000 contribution to Santa Monicans for Responsible Growth in the name of Pure Pilates without disclosing the identity of the true donor, in violation of Government Code Section 84302 (1 count). Pure Pilates acted as an intermediary of The Huntley Hotel and

failed to disclose the original contributor information for the $10,000 contribution to Santa Monicans for Responsible Growth, in violation of Government Code Section 84302 (1 count). **Total Proposed Penalty: $10,000.**

At the FPPC's public hearing on August 17, 2017, Enforcement Division staff shared the following additional information about the investigation that led to these findings and proposed penalties:

- The Enforcement Division's investigation did not result from a complaint or a tip. Rather, the investigation resulted from proactive review by the Enforcement Division of contribution data.
- The Enforcement Division has developed its own internal tools for identifying violations of the Political Reform Act. These tools include gathering contribution data from jurisdictions across the State that have adopted local campaign contribution limits. After collecting such data, the Enforcement Division uses a spreadsheet to identify noteworthy patterns of contributions; these patterns include multiple contributions from the same employer, from the same address, and/or from large numbers of unemployed individuals.
- The Enforcement Division's investigation began with the identification of noteworthy contributions using this technique. The Enforcement Division then continued its investigation for approximately two years before issuing its findings and entering stipulated judgments with The Huntley Hotel, Richardson Patel and Pure Pilates, Inc.
- The stipulated agreements included all of the violations that the FPPC had evidence to prove based on its two-year investigation.
- It is the standard practice of the Enforcement Division to automatically refer any potentially criminal conduct uncovered during an investigation to relevant criminal authorities, including the District Attorney's Office, the Attorney General's Office, and the U.S. Attorney's Office.

A recording of the August 17, 2017, hearing is available at: http://www.fppc.ca.gov/about-fppc/hearings-meetings-workshops/current-agenda/past-agendas/2017-agendas/aug-2017-agenda.html.

The FPPC Enforcement Division did not alert the City of Santa Monica regarding its investigation while the investigation was ongoing. Rather, the City learned about the investigation and violations through the FPPC August 2017 agenda and related news reports.

Following approval, the FPPC implemented the proposed penalties, which were among the largest in its history, through stipulation agreements with The Huntley Hotel, Richardson Patel and Pure Pilates, Inc. The stipulated judgments are attached. (Attachment A and Attachment B)

Local Response to the FPPC Investigation

Council, community groups, and concerned members of the public have asked whether local enforcement efforts should now be taken in regard to potential related violations of local election law revealed by the FPPC investigation. Some have suggested that an independent counsel should be appointed to investigate the matter.

In considering whether local action is necessary following the FPPC's investigation, one must keep in mind that enforcement mechanisms are intentionally redundant. Just as federal and state prosecutors have authority to prosecute the same conduct, but rarely do, state and local enforcement mechanisms are intentionally redundant to ensure effective enforcement of the law. Specifically, in deciding the best course for pursuing an enforcement matter, three considerations arise. First, enforcement investigations are often undermined when multiple agencies investigate the same matter simultaneously. Decisions as to which witnesses to interview, when, and with what information, are strategic considerations that can be undermined when enforcement work is unnecessarily duplicative. Here, the FPPC may not have alerted local authorities based on a determination that a simultaneous local investigation would undermine its efforts. Second, enforcement agencies must consider whether the interests of various entities will be vindicated. Here, the FPPC may have determined that local interests would be vindicated by the substantial fines imposed and public attention paid to its ultimate findings and penalties. Third, where vigorous, thorough, and complete, state agency investigation may be preferable to local investigation in order to avoid conflict-of-interest concerns and/or the appearance of bias.

In light of the seriousness of the violations, members of the public have asked whether criminal investigation is appropriate. Santa Monica Municipal Code Chapter 11 provides that it is a misdemeanor offense for any person to contribute more than $340 to any candidate for office or to the controlled committee of any candidate in a local election. Misdemeanor offenses, however, are subject to a one-year statute-of-limitations; this statute-of-limitations had already passed with respect to the relevant conduct when the FPPC announced its investigation, findings, and stipulated judgments in August 2017. The Los Angeles County District Attorney's Office would be responsible for investigating and pursuing any potential felony criminal activity. The City Attorney's Office has confirmed that the Los Angeles District Attorney's Office is aware of the FPPC's investigation and findings. The FPPC has also stated publicly that it automatically refers any potential criminal conduct to appropriate authorities, including district attorneys' offices. The relevant criminal enforcement authority is therefore aware of the conduct and capable of conducting further investigation, should such investigation be appropriate.

Questions have also arisen regarding whether the candidates who received the contributions described above were aware that the contributions had been made unlawfully in names other than those of the true contributor. The FPPC stipulations in this matter give no such indication. The FPPC had authority to investigate and find violations based on knowing receipt of unlawful contributions if any candidate was so aware. Specifically, California Government Code Section 84211 requires candidates and committees to accurately report contributions received. The FPPC has imposed penalties on candidates and committees for failure to accurately report contributions in other, similar enforcement matters.

Potential Enhancements to Enforcement Options

The FPPC investigation described above was a proactive, thorough investigation conducted by the FPPC independently, without notice to the City of Santa Monica. Nonetheless, in light of the investigation and violations, Council directed staff to present options for enhancing enforcement of the Santa Monica Elections Code. Staff offers the following options for Council's consideration and direction.

1. Enhance Collaboration with the FPPC for Enforcement of Local Election Laws

In recent years, the FPPC and various local government entities have taken steps to enhance collaboration in enforcement of election laws. The following options now exist for seeking further cooperation:

a. The City could seek state legislation expressly authorizing the FPPC to enforce provisions of the Santa Monica Elections Code. California Government Code Sections 83123.5, 83123.6, and 83123.7 now expressly authorize the FPPC to act as the civil prosecutor responsible for enforcing local campaign reform ordinances adopted by San Bernardino County, Stockton, and Sacramento. These provisions required enactment by the California Legislature and come into effect upon mutual agreement between the FPPC and the local government entity, pursuant to which agreement the local government entity typically reimburses all costs.

b. Council could authorize the City to support introduction of legislation amending the FPPC to allow any local entity to contract with the FPPC for enforcement of local law. Such legislation has been previously introduced in the Assembly and Senate but has not passed. No such bill is currently pending.

c. The Council could adopt a resolution authorizing the City Clerk and City Attorney formally to request that the FPPC communicate and coordinate with the Los Angeles County District Attorney's Office and/or the Criminal Division of the City Attorney's Office in sufficient time to allow for prosecution whenever an FPPC investigation involves potential criminal violations of the Santa Monica Elections Code as well as the PRA.

2. Establish Reciprocity with a Local City Attorney's Office to Ensure Effective Enforcement of Campaign Finance Laws

The Los Angeles County District Attorney's Office has the resources, ability, and jurisdiction to prosecute criminal election violations, under state or local law. Concerns may be raised, however, about whether the District Attorney's Office will be willing to prioritize misdemeanor violations of local elections law. To resolve this concern, Council could direct staff to explore reciprocity arrangements with one or more local prosecutors for misdemeanor prosecutions of local election law. Such an arrangement could be established, for example, with the City of Burbank, Long Beach, Los Angeles, Pasadena, or Torrance, providing a streamlined referral option should a situation arise where misdemeanor prosecution may be appropriate but investigation within the Santa Monica City Attorney's Office may pose conflict-of-interest concerns or create the appearance of bias.

3. Explore Creation of an Election Law Commission

Council could explore creation of an enforcement commission. Six charter cities (Berkeley, Los Angeles, Oakland, San Francisco, San Jose, and Simi Valley) have established local commissions with some authority to enforce local election laws. While intuitively appealing, such Commissions lack the training and experience of career prosecutors and require appointment by City officials, reducing the ability to remove any appearance of bias. In Berkeley, for example, each Councilmember appoints one member of the independent ethics commission. Staff would not recommend such an option based on the importance of upholding the reality as well as the perception of impartiality in administering election law.

Enhancements to Campaign Finance Law

Council directed the City Attorney's Office to consider potential improvements to Santa Monica campaign finance law, including public financing of elections. Santa Monica has historically adopted strong campaign finance laws and practices, including local contribution limits, the posting of candidate and committee disclosure statements online, and public subsidization of election-material fees. Staff nonetheless presents the following options for consideration:

1. Seek Public Comment on the Costs and Benefits of Public Campaign Financing

Public financing programs typically (a) replace private contributions with public grants, (b) use public funds to match private contributions made by small donors, or (c) offer discounted advertising rates or waived election-material fees for qualified candidates. The California Supreme Court has held that public financing programs in charter cities are lawful, but the impact of such programs has been limited by United States Supreme Court decisions holding that such programs can only be adopted on a voluntary basis, leaving open candidates' option to fundraise using traditional methods from private sources. Based on this limitation and expense, contribution limits are the norm, while public financing programs are the exception.

Four of the ten largest cities in California – Long Beach, Los Angeles, Oakland, and San Francisco – have some form of a public financing grant or matching program in effect. In smaller cities, Richmond voters adopted a public matching program in 2012, and Berkeley voters did so in 2016. Governor Brown signed a law in 2016 that would have allowed public financing of state and general law city elections. The law has been invalidated, however, by a court as in conflict with Proposition 73, a 1988 ballot measure that barred public funding of state and general law city campaigns. Litigation is ongoing.

The key to effective public campaign financing programs utilizing grants or matching funds is to appropriately balance qualification thresholds, matching amounts, and expenditure limits such that multiple candidates opt-in and vigorous public debate over issues of public concern ensues. In Los Angeles, for example, City Council candidates must meet significant thresholds of voter signatures or contributions in order to participate; matching funds are available at a ratio of up to 4:1 in the general election; and matching funds are only available to candidates who agree to limit expenditures to

$408,000. Candidates in Los Angeles often participate in the public financing program. By contrast, matching programs adopted by the voters in Long Beach and Oakland have been under-utilized and criticized as providing inadequate matching ratios (1:2 and 1:1, respectively, for general elections) to incentivize candidates to participate. In 2016, Berkeley adopted a public finance program with a 6:1 matching ratio. While options for funding include a special tax, most cities discussed use general fund resources to fund a special trust account in order to provide campaign matching funds.

Because public finance grant or matching programs must utilize a certain level of matching ratio to be potentially effective, the programs require substantial resources and community input is essential. Should Council wish to receive more information about public financing programs, staff recommends that Council direct staff to develop a plan for soliciting public input on anticipated costs and benefits of campaign finance programs.

Notably, Santa Monica already utilizes the third type of public campaign finance mentioned above, in that the City does not charge filing fees for voter-initiated petitions, including initiatives and charter amendments, nor does it charge a filing fee for candidates running for City office. In addition, the City pays for all candidate election costs related to the printing, translating, handling and mailing of the candidate statement which is included in the City's voter information pamphlet that is mailed to each registered voter. Because the City of Santa Monica pays for all candidate statement costs, and has paid them since at least 1974, during every election all candidates have chosen to file a candidate statement, and to have it translated into Spanish and printed in the voter information pamphlet.

2. Increasing or Eliminating Campaign Contribution Limits

Staff has previously suggested increasing or eliminating campaign contribution limits. The majority of local jurisdictions in California do not have campaign contribution limits; and, as explained in previous reports, the courts invalidate limits that are so low as to interfere with a candidate's ability to communicate her or his views. In 2011, Council raised contribution limits to $325, with Consumer Price Indexing every five years on a simple basis. The contribution limit is currently $340. According to Common Cause, in 2016, the lowest city contribution limit was $100 (Davis, Del Mar, Galt, Poway, Scotts Valley), whereas the largest limit was $4,200 (Fresno). The average (median) contribution limit was $500.

3. Community Education Regarding Election Laws

Finally, in connection with the news regarding the FPPC investigation, one member of the community has raised a concern about candidates in Santa Monica elections receiving unlawful in-kind contributions from supporters. Most nonmonetary contributions valued at $25 or more must be reported as campaign contributions. An FPPC information sheet regarding in-kind contributions is attached to this staff report. FPPC has made available the attached information sheet regarding contributions. (Attachment C)

The City Clerk currently invites neighborhood organizations and the general public to its FPPC Candidate/Treasurer Workshop, where state and local laws are addressed. This event will take place in August 2018. Council could direct the City Clerk to promote this event to the public more broadly and to display FPPC guidance materials more prominently on smvote.org.

Financial Impacts and Budget Actions

There is no immediate financial impact or budget action necessary as a result of the recommended action.

Prepared By: Lane Dilg, City Attorney

Approved	**Forwarded to Council**
Lane Dilg, City Attorney 3/20/2018	Rick Cole, City Manager 3/20/2018

Attachments:

A. Local Election Laws - Attachment A - Huntley Hotel Stipulated Judgment - August 2017
B. Local Elections Laws - Attachment B - Richardson Patel and Pure Pilates Inc. Stipulated Judgment - August 2017
C. Local Elections Laws - Attachment C - FPPC Contributions Information
D. Written Comments

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BEFORE THE FAIR POLITICAL PRACTICES COMMISSION

STATE OF CALIFORNIA

In the Matter of: THE HUNTLEY HOTEL, Respondent.	FPPC Case No. 15/246 STIPULATION, DECISION AND ORDER

INTRODUCTION

Respondent the Huntley Hotel ("The Huntley") is a luxury hotel located in Santa Monica, California.

The Political Reform Act (the "Act")[1] prohibits contributions made in the name of another. The Huntley made 62 campaign contributions totaling $97,350 in the names of other people to various candidate controlled committees and general purpose committees over the course of two local election cycles.

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[1] The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

SUMMARY OF THE LAW

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

When enacting the Political Reform Act, the people of California found and declared that previous laws regulating political practices suffered from inadequate enforcement by state and local authorities.[2] For this reason, the Act is to be construed liberally to accomplish its purposes.[3]

One purpose of the Act is to promote transparency by ensuring that receipts and expenditures in election campaigns are fully and truthfully disclosed so that voters are fully informed and improper practices are inhibited.[4] Along these lines, the Act includes a comprehensive campaign reporting system—and the true sources of campaign contributions may not be concealed.[5] Another purpose of the Act is to provide adequate enforcement mechanisms so that the Act will be "vigorously enforced."[6]

Prohibition Against Making Contributions in the Name of Another

No campaign contribution may be made in the name of another person.[7] This prohibition helps keep the public informed as to the actual sources of campaign contributions—and helps to prevent circumvention of campaign contribution limits. When a person makes a contribution on behalf of another, that person's intermediary relationship with the actual contributor must be disclosed to the recipient of the contribution—and the recipient's campaign filings must disclose both by the intermediary and the actual contributor.[8]

SUMMARY OF THE FACTS

The Huntley is located on 2nd Street in Santa Monica, California, directly behind the Fairmont Miramar Hotel (the "Miramar"). The Huntley is owned and operated by the 2nd Street Corporation. Sohrab Sassounian ("Sassounian") is the co-owner of 2nd Street Corporation and is the President/General Manager of The Huntley Hotel. Manju Raman ("Raman") has served as The Huntley's Assistant General Manager since 1998. In 2012, the Miramar was actively pursuing plans before the Planning

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[2] Section 81001, subdivision (h).

[3] Section 81003.

[4] Section 81002, subdivision (a).

[5] Sections 84200, *et seq*. and 84301.

[6] Section 81002, subdivision (f).

[7] Section 84301.

[8] Section 84302.

Commission of Santa Monica that involved a significant expansion and redevelopment of its property, constructing three new buildings (including a 21-story high-rise tower), adding private condominiums, affordable housing, and commercial development to the existing hotel facilities, and more than doubling the Miramar's above grade floor area. As did many other businesses and residents in the immediate neighborhood and throughout the city, The Huntley took issue with the Miramar's proposed expansion, primarily due to its adverse impacts on local traffic, its blocking of the sunlight and views of adjacent and nearby buildings, and the disruption to the quality of life that would be caused by its lengthy construction timetable.

The Huntley had not previously been involved in local land use controversies or governmental advocacy, so shortly after the Miramar's expansion plans were announced, The Huntley retained a prominent Los Angeles law firm with extensive land use and government relations experience, Latham & Watkins, to advise it with respect to opposing the Miramar's proposal before the Santa Monica Planning Commission and City Council. One of the law firm's initial recommendations was for The Huntley to select an individual who would serve as a liaison with other interested community members and who could represent the hotel in helping to organize the community's opposition to the Miramar project and in communicating with the relevant governmental personnel. The Huntley selected Raman to be its liaison with the law firm, the city's agencies, and the community, even though she had no previous experience in performing these functions.

Upon the recommendation of the Latham & Watkins attorneys, the Huntley also agreed to hire Susan Burnside ("Burnside"), a local political consultant, to assist in organizing and coordinating the community's opposition to the Miramar project, with Raman also serving as The Huntley's liaison to Burnside, even though Raman had no prior political or campaign experience. Burnside planned to achieve this objective by organizing and advising a coalition of residents that shared The Huntley's concerns about the Miramar's expansion, which was called Santa Monicans Against Miramar Expansion (the "Coalition"). The Coalition met approximately monthly, generally at The Huntley's facilities.

In August of 2012, Burnside and two local residents, Ivan Perkins and Susan Scarafia, opened a political committee named Santa Monicans for Responsible Growth (the "Committee"). The purpose of the Committee was to provide the Coalition with a vehicle to support candidates in Santa Monica who favored a slow-growth position with respect to development in downtown Santa Monica and who might be expected to oppose the Miramar's significant expansion proposal. Raman as The Huntley's liaison to Burnside, was aware of the Committee's activities, but played no active role in its management.

Santa Monica holds its regular municipal elections in November of even-numbered years. According to Raman, sometime in the late Summer or Fall of 2012, The Huntley's attorneys suggested to Raman that the hotel should try to raise approximately $10,000 to support two City Council candidates, Richard McKinnon and Ted Winterer, who were running on a slow-growth platform. The attorneys also suggested raising a lesser amount, $5,000, for each of the two incumbent councilmembers who were running for re-election, Terry O'Day and Gleam Davis. The attorneys explained that The Huntley should collect checks for the campaign contributions from different individuals and present them together to the candidates. According to Raman, she had not previously made or raised campaign contributions and was not personally familiar with all of the applicable campaign finance rules and restrictions. Raman solicited contributions from various individuals, including Sassounian's relatives, friends and associates, but when she realized that she was falling short of the assigned goals, she asked several hotel employees and their spouses if they could write checks to the candidates and offered to reimburse them for their contributions. All the contributions made by The Huntley through these intermediaries were either the maximum contribution limit in Santa Monica of $325, or the maximum of $250 that a person could contribute to a candidate serving on a planning commission when the person has business before the planning commission.[9] The Huntley, through Raman, reimbursed these intermediaries for making the contributions. These contributions were reported on campaign statements filed by the candidates. However, the individual intermediaries were reported as the contributors, and The Huntley was not identified as the true source of the contributions. In total, The Huntley reimbursed forty contributions totaling $11,650 to the above-named candidates. Each of those contributions is detailed in the chart below.

Around this same time period in September of 2012, The Huntley's attorneys and Burnside informed Raman that they needed to quickly raise about $75,000 to $100,000 for the Committee, which

[9] § 84308.

the Committee planned to use for independent expenditures in the November election. According to Raman, Burnside and the attorneys suggested that it would be best if the funding could come from a broader segment of the community, not just from The Huntley, so that it reflected the broader community's opposition to Miramar's development proposal. Raman contends she did not know whom she could turn to outside of The Huntley in order to raise that amount of money, and she was not comfortable asking others for large sums of money. Instead, Raman's immediate reaction was to think of who, among those who opposed the Miramar's expansion project, might be willing to put their name on a check and be reimbursed for their contribution by The Huntley. Raman approached Louretta Walker ("Walker"), a friend and the owner of Body Z Alive, which is located adjacent to The Huntley. Raman asked Walker to make a $15,000 campaign contribution in the name of Body Z Alive to the Committee with the understanding that The Huntley would give her the money to make the contribution. In order to secure payment from The Huntley, Raman helped to prepare three invoices in the name of Body Z Alive for $5,000 each. The invoices to The Huntley were dated for September 16, 2012, September 17, 2012, and September 18, 2012 and were described as for meditation services, even though no services were actually provided. On October 16, 2012, The Huntley issued three checks of $5,000 apiece to Walker, and on that same date, Walker wrote a check for $15,000 to the Committee. Walker's contribution was reported on campaign statements filed by the Committee with Body Z Alive reported as the contributor. The Huntley was not identified as the true source of the $15,000 contribution.

In October of 2012, Raman approached Nimish Patel ("Patel"), a friend and long-time business counsel for The Huntley, to ask if Patel's firm, Richardson Patel, could make a $10,000 campaign contribution to the Committee in the name of Richardson Patel with the understanding that The Huntley would give it the money to make the contribution. On October 15, 2012, Richardson Patel invoiced The Huntley $20,000, of which $10,000 was for the firm's monthly retainer and the additional $10,000 was to constitute payment for the contribution. On October 16, 2012, The Huntley issued a check for $10,000 to Richardson Patel for the contribution to the Committee. On October 18, 2012, Doug Gold, Chief Financial Officer of the law firm, wrote a check for $10,000 to the Committee. Gold wrote the check from a checking account belonging to Pure Pilates, a business owned by Gold's wife, Amanda Gold. On October 19, 2012, Richardson Patel wire transferred $10,000 to Pure Pilates with the description reading, "expense reimbursement." The $10,000 contribution was reported on campaign statements filed by the Committee with Pure Pilates reported as the contributor. The Huntley was not identified as the true source of the $10,000 contribution, nor was Richardson Patel identified as an intermediary. Neither Raman nor anyone else at The Huntley was aware at the time how Richardson Patel intended to make the contribution to the Committee.

Around the same time Raman secured the contributions from Body Z Alive and Richardson Patel, Raman also asked Chris Sennings ("Sennings"), a friend and the owner of Playground Consulting, The Huntley's long-time Information Technology consultant, to make a campaign contribution of $50,000 to the Committee with the understanding that The Huntley would give Sennings the money to make the contribution. Sennings sent four invoices to The Huntley for a total of $50,025 worth of work he did not perform. On October 12, 2012, The Huntley issued a check to Playground Consulting for $50,025. On that same date, Sennings signed a check for $25,000 on behalf of Playground Consulting to the Committee. On October 24, 2012, Sennings signed a second $25,000 check on behalf of Playground Consulting to the Committee. The Committee reported receiving the contributions from Sennings with Playground Consulting as the contributor for both contributions. The Huntley was not identified as the true source of the two contributions totaling $50,000.

The Huntley's contributions to the Committee were used to make expenditures in support of Richard McKinnon's and Ted Winterer's bids for the Santa Monica City Council. Burnside as the political consultant for the Committee designed four mailers to support these candidates. On the semi-annual campaign statement covering the reporting period of October 21, 2012 – December 31, 2012, the Committee reported making approximately $71,875 in expenditures in support of Winterer and McKinnon. In 2013, The Huntley also contributed $23,927.36 to Committee in its own name, effectively paying off the Committee's debt from the 2012 election.

In total in 2012, The Huntley made 44 contributions that totaled $86,650 in the names of others rather than its own name.

The Huntley was also involved in making campaign contributions in the name of another during the 2014 election cycle. The largest such contribution again went through Body Z Alive. Raman asked Walker if she would make a $5,000 contribution to the Santa Monica Coalition for a Livable City

("SMCLC"), explaining that The Huntley would give her the money to make the contribution. On September 19, 2014, Walker invoiced The Huntley for $5,000 for services that she did not perform. On October 16, 2014, The Huntley wrote a check to Body Z Alive for $5,000, and on October 21, 2014, Walker wrote a check from Body Z Alive's checking account to SMCLC for $5,000. SMCLC reported Body Z Alive as the contributor. The Huntley was not identified as the true source of the $5,000 contribution.

In 2015, Raman was asked if she and the Huntley could raise $10,000 to help pay down the campaign debt of Richard McKinnon, who had run unsuccessfully for election to the Santa Monica City Council in 2014. According to Raman, as before, she raised what she could from others, but when she fell short of her goal, she once again offered to reimburse various hotel employees and friends for their contributions. Those 16 contributions, totaling $5,200, are detailed in the chart below. McKinnon's committee reported the intermediaries as the contributors. The Huntley was not identified as the true source of these contributions.

VIOLATIONS

Counts 1- 62

Counts 1 – 62: Making a Contribution in the Name of Another

The Huntley made the following contributions in the names of other persons in violation of Government Code section 84301:

COUNT	NAME	DATE CHECK RECEIVED BY RECIPIENT	AMOUNT	RECIPIENT
1	Rochelli Fernandez (Silver)	9/16/2012	$325.00	Re-Elect City Councilmember Terry O'Day 2012
2	Michelle Sennings	9/18/2012	$325.00	Gleam Davis for City Council 2012
3	Diane Nomura	9/18/2012	$325.00	Gleam Davis for City Council 2012
4	Rochelli Fernandez (Silver)	9/18/2012	$325.00	Gleam Davis for City Council 2012
5	Manju Raman	9/18/2012	$325.00	Gleam Davis for City Council 2012
6	Elisa A. Dadian	9/18/2012	$325.00	Gleam Davis for City Council 2012
7	Mandana Amini	9/18/2012	$325.00	Gleam Davis for City Council 2012
8	Helal El-Sherif	9/18/2012	$325.00	Gleam Davis for City

				Council 2012
9	Diane Nomura	9/23/2012	$325.00	Re-Elect City Councilmember Terry O'Day 2012
10	Douglas F. Ewer	9/23/2012	$325.00	Gleam Davis for City Council 2015
11	Douglas F. Ewer	9/23/2012	$325.00	Re-Elect City Councilmember Terry O'Day 2012
12	Manju Raman	9/23/2012	$325.00	Re-Elect City Councilmember Terry O'Day 2012
13	Elisa A. Dadian	9/23/2012	$325.00	Re-Elect City Councilmember Terry O'Day 2012
14	Jessica E. Perahia,	9/23/2012	$325.00	Re-Elect City Councilmember Terry O'Day 2012
15	Mandana Amini	9/23/2012	$325.00	Re-Elect City Councilmember Terry O'Day 2012
16	Helal El-Sherif	9/23/2012	$325.00	Re-Elect City Councilmember Terry O'Day 2012
17	Michelle Sennings	9/23/2012	$325.00	Re-Elect City Councilmember Terry O'Day 2012
18	Jessica E. Perahia,	9/24/2012	$325.00	Gleam Davis for City Council 2012
19	David Cohen	10/12/2012	$250.00	McKinnon for City Council 2012
20	Body Z Alive, Attn Louretta Walker	10/18/2012	$15,000.00	Santa Monicans for Responsible Growth
21	Adriana Moreno	10/19/2012	$250.00	McKinnon for City Council 2012
22	Michelle Sennings	10/19/2012	$325.00	McKinnon for City Council 2012
23	Rochelli Fernandez (Silver)	10/19/2012	$250.00	McKinnon for City Council 2012
24	Elisa A. Dadian	10/19/2012	$250.00	McKinnon for City Council 2012
25	Rodney Prechel	10/19/2012	$250.00	McKinnon for City Council 2012
26	Playground Consulting, Inc.	10/19/2012	$25,000.00	Santa Monicans for Responsible Growth
27	Manju Raman	10/19/2012	$250.00	McKinnon for City Council 2012
28	Dillon M Silver DBA Silver Ent	10/19/2012	$325.00	McKinnon for City Council 2012
29	Helal M. El-Sherif	10/19/2012	$250.00	McKinnon for City Council 2012
30	Adrian Perez	10/19/2012	$250.00	McKinnon for City Council 2012

31	Elizabeth Sanchez	10/23/2012	$250.00	McKinnon for City Council 2012
32	Richardson & Patel	10/24/2012	$10,000.00	Santa Monicans for Responsible Growth
33	Michelle Sennings	10/25/2012	$325.00	Ted Winterer for City Council 2012
34	David Cohen	10/25/2012	$250.00	Ted Winterer for City Council 2012
35	Rochelli Fernandez (Silver)	10/25/2012	$250.00	Ted Winterer for City Council 2012
36	Elisa A. Dadian	10/25/2012	$250.00	Ted Winterer for City Council 2012
37	Rodney Prechel	10/25/2012	$250.00	Ted Winterer for City Council 2012
38	Manju Raman	10/25/2012	$250.00	Ted Winterer for City Council 2012
39	Dillon M Silver DBA Silver Ent	10/25/2012	$325.00	Ted Winterer for City Council 2012
40	Helal M. El-Sherif	10/25/2012	$250.00	Ted Winterer for City Council 2012
41	Adrian Perez	10/27/2012	$250.00	Ted Winterer for City Council 2012
42	Elizabeth Sanchez	10/29/2012	$250.00	Ted Winterer for City Council 2012
43	Adriana Moreno	10/30/2012	$250.00	Ted Winterer for City Council 2012
44	Playground Consulting, Inc.	11/5/2012	$25,000.00	Santa Monicans for Responsible Growth
45	Manju Raman	6/29/2013	$500.00	Santa Monicans for Renters' Rights
46	Body Z Alive, Attn Louretta Walker	10/21/2014	$5,000.00	SMCLC – PAC
47	Marschinda Felix	11/18/2015	$325.00	McKinnon for City Council 2014
48	Linda Jane Miller	11/23/2015	$325.00	McKinnon for City Council 2014
49	Elisa A. Dadian	11/23/2015	$325.00	McKinnon for City Council 2014
50	Elizabeth Sanchez	11/23/2015	$325.00	McKinnon for City Council 2014
51	Manju Raman	11/23/2015	$325.00	McKinnon for City Council 2014
52	Francisco Carbajal	11/23/2015	$325.00	McKinnon for City Council 2014
53	Guillermo R De La Torre	11/23/2015	$325.00	McKinnon for City Council 2014
54	Donald W. Ehehalt	11/23/2015	$325.00	McKinnon for City Council 2014
55	Akemi S. Nakamoto	11/23/2015	$325.00	McKinnon for City Council 2014
56	Jason Zucker	11/23/2015	$325.00	McKinnon for City Council 2014
57	Diane Nomura	11/23/2015	$325.00	McKinnon for City Council 2014

58	Shemaa Masry	11/23/2015	$325.00	McKinnon for City Council 2014
59	Asa Nomura, Allan C. Nomura	11/23/2015	$325.00	McKinnon for City Council 2014
60	Staci Nakamoto	11/24/2015	$325.00	McKinnon for City Council 2014
61	Rochelli Silver, Dillon Silver	11/25/2015	$325.00	McKinnon for City Council 2014
62	David Cohen	12/23/2015	$325.00	McKinnon for City Council 2014
		TOTAL:	$97,350	

PROPOSED PENALTY

This matter consists of 62 counts. The maximum penalty that may be imposed is $5,000 per count. Thus, the maximum penalty that may be imposed is $310,000.[10]

In determining the appropriate penalty for a particular violation of the Act, the Commission considers the facts of the case, the public harm involved, and the purposes of the Act. Also, the Commission considers factors such as: (a) the seriousness of the violation; (b) the presence or absence of any intention to conceal, deceive or mislead; (c) whether the violation was deliberate, negligent or inadvertent; (d) whether the violation was isolated or part of a pattern; (e) whether corrective amendments voluntarily were filed to provide full disclosure; and (f) whether the violator has a prior record of violations.[11] Additionally, the Commission considers penalties in prior cases with comparable violations.

Making a campaign contribution in the name of another is one of the most serious violations of the Act. It deceives the public as to the true source of contributions, and as occurred with certain of the contributions in this case, it allows for the circumvention of local contribution limits. Recent stipulations show that the Commission views these types of cases as warranting the maximum penalty of $5,000 per count. For example:

- In the Matter of AB&I Foundry, A Division of McWane, Inc., FPPC Case No. 15/74 (approved on July 21, 2016), the Commission imposed a penalty of $100,000 against AB&I Foundry for laundering 37 contributions through employees and their spouses, totaling $23,900 from 2012 - 2014. For purposes

[10] See Section 83116, subdivision (c).

[11] Regulation 18361.5, subdivision (d).

of settlement and in consideration of mitigating factors, only 20 counts were charged. One of the mitigating circumstances in this case was that AB&I Foundry cooperated with the Enforcement Division. This included an immediate admission that the violations occurred – and the disclosure of other violations that were not yet discovered. Additionally, the respondents did not have a history of violating the Act.

- In the Matter of Moo Han Bae, FPPC Case No. 13/203 (approved on Aug. 20, 2015), the Commission imposed a penalty of $45,000 against Moo Han Bae for laundering nine contributions that totaled $10,550. The respondent in this case initially refused to cooperate with the investigation and there was evidence that the respondent was intimidating witnesses and pressured them to lie about the facts.

In the current case, The Huntley cooperated with the Enforcement Division after retaining counsel, has conducted its own internal review of the events, and has admitted that the violations occurred, while disclosing other violations that were not yet discovered. Respondent also has no history of any prior violations of the Act. Moreover, Raman — who was responsible for making the reimbursements at issue — contends she had no prior involvement with political campaigns or fundraising and insists that she did not appreciate the illegality of the reimbursements. While she is now aware of the law and accepts full responsibility for her prior actions, Raman contends that neither the attorneys nor the political consultant she worked with had suggested that she was doing anything illegal at the time, and that her own attorneys participated in one of the reimbursements without objection, leading her to believe that her actions in reimbursing others' contributions were not unlawful or inappropriate.

In other respects, however, there are fewer mitigating circumstances in the current case. The violations in this case were part of a pattern that took place over two election cycles from 2012 through 2015. The contributions reimbursed by The Huntley concealed the full extent of The Huntley's financial support for the Committee and created an impression that the Committee enjoyed broader financial support. In addition, the number of reimbursements and the amount of money involved is greater here than in each of these prior cases.

Based on the totality of the circumstances in this matter, the mitigating factors in *AB&I Foundry* that justified the consolidation of some counts are overcome by the other circumstances present in this case so that a maximum fine for each count is justified to deter this type of conduct in the future. For the foregoing reasons, a penalty in the amount of $5,000 per count is recommended for Counts 1 through 62 — for a total administrative penalty in the amount of $310,000.

CONCLUSION

Complainant, the Enforcement Division of the Fair Political Practices Commission, and Respondent The Huntley hereby agree as follows:

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

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

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

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

5. Respondent agrees to the issuance of the decision and order set forth below. Also, Respondent agrees to the Commission imposing against it an administrative penalty in the amount of $310,000. One or more cashier's checks or money orders totaling said amount—to be paid to the General Fund of the State of California—is/are submitted with this stipulation as full payment of the administrative penalty described above, and same shall be held by the State of California until the Commission issues its decision and order regarding this matter.

6. If the Commission refuses to approve this stipulation—then this stipulation shall become null and void, and within fifteen business days after the Commission meeting at which the stipulation is

rejected, all payments tendered by Respondent in connection with this stipulation shall be reimbursed to Respondent. If this stipulation is not approved by the Commission, and if a full evidentiary hearing before the Commission becomes necessary, neither any member of the Commission, nor the Executive Director, shall be disqualified because of prior consideration of this Stipulation.

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

Dated: ________________________ ____

Galena West, Chief of Enforcement
Fair Political Practices Commission

Dated: ________________________ ____

Manju Raman, Assistant General Manager, on behalf of Respondent The Huntley Hotel.

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The foregoing stipulation of the parties “In the Matter of The Huntley Hotel,” FPPC Case No. 15/246 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: ____________________

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Joann Remke, Chair

Fair Political Practices Commission

GALENA WEST
Chief of Enforcement
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Attorneys for Complainant

BEFORE THE FAIR POLITICAL PRACTICES COMMISSION

STATE OF CALIFORNIA

In the Matter of: RICHARDSON PATEL AND PURE PILATES, INC, Respondents.	FPPC Case No. 17/00182 STIPULATION, DECISION AND ORDER

INTRODUCTION

Respondent Richardson Patel (the "law firm") was a law firm located in Los Angeles until it merged with another law firm in 2015. Pure Pilates, Inc. is a Pilates studio located in Encino. The Political Reform Act (the "Act")[1] requires an intermediary of a campaign contribution to disclose the true source of the contribution. The law firm and Pure Pilates acted as intermediaries of a contribution without disclosing the true source of the contribution to the recipient.

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[1] The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

SUMMARY OF THE LAW

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

When enacting the Political Reform Act, the people of California found and declared that previous laws regulating political practices suffered from inadequate enforcement by state and local authorities.[2] For this reason, the Act is to be construed liberally to accomplish its purposes.[3]

One purpose of the Act is to promote transparency by ensuring that receipts and expenditures in election campaigns are fully and truthfully disclosed so that voters are fully informed and improper practices are inhibited.[4] Along these lines, the Act includes a comprehensive campaign reporting system—and the true sources of campaign contributions may not be concealed.[5] Another purpose of the Act is to provide adequate enforcement mechanisms so that the Act will be "vigorously enforced."[6]

Contributions by an Intermediary or Agent

No person may make a contribution on behalf of another, or while acting as the intermediary or agent of another, without disclosing to the recipient of the contribution both the identity of the contributor and the intermediary.[7]

SUMMARY OF THE FACTS

The Huntley Hotel ("The Huntley") is located on 2nd Street in Santa Monica directly behind the Fairmont Miramar (the "Miramar"). In 2012, The Huntley, along with many other businesses and residents in the neighborhood and in the City of Santa Monica, took issue with the plans that were submitted by the Miramar to the Santa Monica Planning Commission, which contained proposals that would significantly expand the existing structure of the Miramar hotel. The Huntley took issue with the expansion primarily due to its adverse impacts on local traffic, its blocking of the sunlight and views of adjacent or nearby buildings, and the disruption to the quality of life that would be caused by its lengthy construction timetable.

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[2] Section 81001, subdivision (h).

[3] Section 81003.

[4] Section 81002, subdivision (a).

[5] Sections 84200*, et seq*. and 84301.

[6] Section 81002, subdivision (f).

[7] Section 84302.

In October 2012, Manju Raman ("Raman"), Assistant General Manager of The Huntley, approached Nimish Patel ("Patel"), a partner at the law firm which was serving as The Huntley's business counsel, to ask that the law firm to make a $10,000 campaign contribution to a political committee, Santa Monicans for Responsible Growth ("SMRG"), with the understanding that The Huntley would give it the money to make the contribution. On October 12, 2012, the law firm invoiced The Huntley $20,000, of which $10,000 represented a retainer for the month of October and $10,000 for the reimbursement of the contribution. On October 16, 2012, Sohrab Sassounian, President/General Manager of The Huntley, signed a check for $10,000 to the law firm for the reimbursement of the contribution. On October 18, 2012, Doug Gold, Chief Financial Officer ("CFO") of the law firm and husband of Pure Pilates owner Amanda Gold, wrote a check for $10,000 from Pure Pilates to SMRG. On October 19, 2012, the law firm made a $10,000 wire transfer to Pure Pilates to reimburse Pure Pilates for writing the contribution check to SMRG. SMRG reported receiving the contribution from Pure Pilates on October 24, 2012. The Huntley was never reported by the intermediaries as being the true source of the contribution.

VIOLATIONS

Count 1 – Failure to Disclose Original Contributor Information

The law firm, in October 2012, while acting as an agent for The Huntley Hotel, made a $10,000 contribution to Santa Monicans for Responsible Growth in the name of Pure Pilates and did not disclose the identity of the true donor, The Huntley, to Santa Monicans for Responsible Growth, in violation of Government Code section 84302.

Count 2 – Failure to Disclose Original Contributor Information

Pure Pilates, in October 2012, while acting as an intermediary of The Huntley Hotel, failed to disclose the original contributor information for a $10,000 contribution from The Huntley Hotel to Santa Monicans for Responsible Growth, in violation of Government Code section 84302.

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PROPOSED PENALTY

This matter consists of 2 counts of violating the Act. The maximum penalty that may be imposed is $5,000 per count. Thus, the maximum penalty that may be imposed is $10,000.[8]

In determining the appropriate penalty for a particular violation of the Act, the Commission considers the facts of the case, the public harm involved, and the purposes of the Act. Also, the Commission considers factors such as: (a) the seriousness of the violation; (b) the presence or absence of any intention to conceal, deceive or mislead; (c) whether the violation was deliberate, negligent or inadvertent; (d) whether the violation was isolated or part of a pattern; (e) whether corrective amendments voluntarily were filed to provide full disclosure; and (f) whether the violator has a prior record of violations.[9] Additionally, the Commission considers penalties in prior cases with comparable violations.

Recent stipulations show that the Commission views these types of cases as warranting the maximum penalty.

In the Matter of Stanislaus Republican Central Committee and Gary McKinsey, FPPC Case No. 16/178 (approved Mar. 17, 2016), the Commission imposed a penalty of $5,000 against the respondents because it failed to disclose its intermediary information as well as the original contributor information.

Failing to report intermediary and original contributor information is one of the most serious violations of the Act because such conduct deceives the public as to the true source of the funds. In this case, The Huntley deprived the public of the opportunity to learn the true source of the contribution by using the law firm as the intermediary. The law firm took this a step further by using Pure Pilates as the second intermediary, effectively creating two layers to separate the contribution from its true source.

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[8] See Section 83116, subdivision (c).

[9] Regulation 18361.5, subdivision (d).

CONCLUSION

Complainant, the Enforcement Division of the Fair Political Practices Commission, and Respondents Richardson Patel and Pure Pilates hereby agree as follows:

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

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

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

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

5. Respondents agree to the issuance of the decision and order set forth below. Also, Respondents agrees to the Commission imposing against it an administrative penalty in the amount of $10,000. One or more cashier's checks or money orders totaling said amount—to be paid to the General Fund of the State of California—is/are submitted with this stipulation as full payment of the administrative penalty described above, and same shall be held by the State of California until the Commission issues its decision and order regarding this matter.

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

Director, shall be disqualified because of prior consideration of this Stipulation.

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

Dated: ________________________ ____

Galena West, Chief of Enforcement
Fair Political Practices Commission

Dated: ________________________ ____

Nimish Patel, on behalf of Richardson & Patel.

Dated: ________________________ ____

Doug Gold, on behalf of Pure Pilates.

The foregoing stipulation of the parties "In the Matter of Richardson Patel and Pure Pilates, Inc.," FPPC Case No. 17/00182 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: ____________________ ____

Joann Remke, Chair

Fair Political Practices Commission

CONTRIBUTIONS

This chapter begins with a discussion of common types of contributions and includes information on the state contribution limits.

A. What is a Contribution?

A contribution is a monetary or nonmonetary payment made to a candidate or committee for which the candidate or committee has not provided full and adequate consideration in return. A contribution may take any of the following forms:

- Money (cash, check, credit card, wire transfers)
- Loans (including loan guarantees, co-signing, lines of credit, and forgiveness of a loan)
- Tickets to political fundraisers (full value of the ticket)
- Nonmonetary items (donated goods or services)
- Enforceable promises

Common types of nonmonetary contributions include:

Staff: If a business donates the use of an employee to work on a campaign, the amount the individual is paid for working on the campaign is a nonmonetary contribution if the employee spends more than 10 percent of his or her compensated time in a calendar month working on campaign activity for any number of candidates or committees. The amount is the pro-rata portion of the gross salary attributed to political activity. The names, addresses, and specific salaries of the employees are not required to be reported.

Discounts: If an entity provides a discount on goods or services to a committee and the discount is not offered to the public in the regular course of business, the discount is a nonmonetary contribution.

Enforceable Promises: A legally enforceable promise to pay for goods or services is a contribution. A pledge card is not considered an enforceable promise to make a contribution. "Enforceable promise" also does not include a contributor's agreement to make future installment payments through wire transfer, credit card transaction, debit account transaction, or similar electronic payment.

Quick Tip

Office Space: The value of donated office space may be computed based on comparable rental rates for office space in the area.

Phone Banks: Businesses and other entities will sometimes allow a committee to use their phones to call prospective voters during non-business hours. The fair market value of the use of the phones is calculated to determine the amount reported as a nonmonetary contribution, even if only local calls are made. One method to determine the fair market value is to contact organizations that provide phone banks as a business.

Joint Fundraisers: Major donors will sometimes pay for a fundraising event for multiple candidates. The fair market value of the contribution for each candidate may be allocated based on the amount of expenditures and the number of candidates at the event. Also see page 2.5.

Polls: A person or entity that provides data from a privately purchased public opinion poll or survey to a candidate or committee is making a nonmonetary contribution if the candidate or committee requests the data or the data are used for political purposes. A formula utilized by the Federal Election Commission may be used for valuing polling or survey data, as long as the formula is used in a reasonable manner to provide a fair estimate. The formula calculates the value based on the age of the data. The chart below illustrates the fair market value of data based on the number of days that pass from the date the entity originally received the data to the date the data were provided to the candidate or committee.

Age of Data	Value
0 -15 days	Full Value
16 - 60 days	50%
61 - 180 days	5%
More than 180 days	No Value

When only a portion of a survey is provided to or for the benefit of a candidate or committee, the nonmonetary contribution is the prorated portion of the total value of the survey.

B. Reporting Contributions Made

In general, a monetary contribution is made on the date that the contribution is mailed, delivered, or otherwise transmitted to the candidate or committee. Alternatively, the date of the check may be used provided it is no later than the date the contribution is mailed, delivered, or otherwise transmitted. For example, a check dated July 10 and delivered June 10 is made on June 10. Whereas, a check dated May 5 but delivered June 10 may be reported as made on either May 5 or June 10.

A nonmonetary contribution is made on the earlier of the following:

- The date funds were expended by the contributor for the goods or services; or
- The date the committee or an agent of the committee obtained possession or control or otherwise receives the benefit of the goods or services.

Services of salaried personnel are considered made on the payroll date.

When a nonmonetary contribution is made, the fair market value must be reported. The value of all nonmonetary contributions of $100 or more must be reported in writing to the recipient upon the recipient's written request.

Joint Checking Accounts: Individuals (including spouses) may make separate contributions from a joint checking account. For reporting purposes, the full amount of the contribution is reported as made from the individual who signs the check. If two or more individuals sign the check, the contribution is divided equally between or among the signers, unless there is an accompanying document signed by each individual whose name is printed on the check that clearly indicates a different apportionment.

Ex 2.1 – Linda and Jerry Nelson are both listed names on a joint checking account. From this account, Linda signed a $15,000 check payable to Citizens Against Street Crime, Yes on Measure D. Linda is the contributor of the full $15,000.

A check drawn on a joint checking account that is signed by an individual not listed on the check (e.g., an accountant) must be accompanied by a document signed by at least one of the individuals listed on the check stating to whom the check is to be attributed.

Generally, if a check is drawn on the account of a business entity, the contributor is the business entity, not the individual who signed the check.

A contribution made by a child under the age of 18 is presumed to be a contribution from his or her parent or guardian, unless the facts show otherwise (i.e., that the child actually chose to make the contribution).

Affiliated Committees: A major donor committee that files campaign statements disclosing contributions made by affiliates must notify the recipients of its contributions of the name used on the major donor campaign statement under the "name of filer."

Ex 2.2 – Global Software made a $13,000 contribution to a ballot measure committee. Global Software's contributions are reported on the major donor statement filed under the name of Pace Computers, Global Software's parent. Global Software must notify the ballot measure committee that the contribution is disclosed on the campaign statement filed by Pace Computers. The ballot measure committee will identify both Global Software and Pace Computers on its campaign statement.

C. Contribution Exceptions

There are many exceptions to the definition of "contribution." Four common exceptions include:

Volunteer Personal Services: If an individual donates his or her personal or professional services to a campaign, no contribution has been made or received. However, if an employer donates employee services to a campaign, and any employee spends more than 10 percent of his or her compensated time in a calendar month providing the services, the employer has made a nonmonetary contribution. "Volunteer personal services" does not include any tangible items. Donated goods are contributions. A volunteer's travel expenses are not nonmonetary contributions as long as there is no understanding that the expenses will be repaid.

Home/Office Fundraisers: If someone holds a fundraiser or other campaign event in his or her home or office for one or more candidates, the costs incurred by the occupant of the home or office need not be reported as long as the total cost of the event is $500 or less. However, if someone else donates food, beverages, or anything else of value for the event, the fair market value of those donated goods is a nonmonetary contribution. In addition, the donated goods must be counted to determine whether the total cost of the event is $500 or less. This exception does not apply to a lobbyist (or a cohabitant of a lobbyist) or a lobbying firm.

Ex 2.3 – Shannon sponsors an event for a candidate after work in her business' office. She spends $450. A friend supplies decorations worth $75. Since the total cost of the event exceeds $500, the candidate must report receiving contributions of $450 from Shannon and $75 from the friend.

Quick Tip

The total cost of a home or office fundraiser must be $500 or less. This is true no matter how many committees or candidates benefit from the event.

Member Communications: Payments made by an entity (including a business entity) for a communication that supports or opposes a candidate or ballot measure are not contributions or expenditures as long as the communication is sent only to the organization's members, employees, shareholders, or their families. The payments may not be for general public advertising, such as billboards, newspaper, radio, or television ads.

Ex 2.4 – A corporation sends a mailing supporting a ballot measure to the corporation's shareholders. The mailing is not a contribution to the ballot measure committee whose position is supported or an independent expenditure.

At the behest of a ballot measure committee, the corporation sends a mailing supporting Measure A to all registered voters in the district where the measure will appear on the ballot. The mailing to the voters is a nonmonetary contribution.

Quick Tip

Consult Regulation 18215 for a complete list of exceptions to the definition of a contribution.

Payments for Governmental, Legislative, or Charitable Purposes: Payments made in connection with a governmental, legislative, or charitable event, such as a job or health fair, a charity fundraiser, or a conference on educational issues, that are coordinated or requested by an elected official from a source other than the official's agency, such as a business, are generally not considered gifts or contributions to the elected official who is co-sponsoring the event. This includes payments behested by the official or by his or her agent or employee on the official's behalf. These payments (sometimes referred to as "behested payments") are not for personal or campaign purposes. However, the official may be required to report such payments on the Form 803 if they total $5,000 or more. A major donor is not required to report such payments on Form 461.

The official must file Form 803 within 30 days following the date on which the payment(s) meets or exceeds $5,000 in the aggregate from a single source in a calendar year. The FPPC posts on its website payments made at the behest of state elected officials and members of the Public Utilities Commission.

Ex 2.5 – At Councilmember Stark's request, Diamond Dairy made a $10,000 donation to the Boys' and Girls' Club. Councilmember Stark will file Form 803 with the city clerk disclosing the donation and donor's name and address. Diamond Dairy is not required to report the payment.

Quick Tip

Merely inviting an elected official to speak at an event is not a behested payment.

D. Contribution Restrictions

The True Source of Contributions Must Be Disclosed: One of the prohibitions in the Act states that no contribution shall be made, directly or indirectly, by any person in a name other than the name by which the person is identified for legal purposes. Failure to disclose the true source of a contribution is a serious violation of the law. For example, reimbursing employees or others so that the original source of the contribution is hidden from the candidate or committee is unlawful.

Ex 2.6 – Build Right Homes is a housing company located in Sun City, California. Sun City has a $1,000 per election contribution limit for local officials. The City Council is considering a contentious slow-growth plan for Sun City. Concerned about the plan, the president of Build Right Homes makes a maximum contribution to a council candidate who opposes it. He asks the employees of Build Right Homes to do the same, and plans to reimburse them. Reimbursing employees or others to get around contribution limits is called campaign money laundering and is illegal.

Ex 2.7 – In the weeks before an election, an out-of-state nonprofit organization for citizen rights made a $5 million contribution to a California state ballot measure committee, without reporting the source of the funds. The $5 million contribution originated with another out-of-state nonprofit organization and was transferred through two other nonprofit groups before it was contributed to the ballot measure committee. Failing to report the true source of the contribution is campaign money laundering. Under Sections 84301 and 84302, the true source of the contribution must be reported, and the nonprofit organizations through which the funds were transferred must be identified as intermediaries for the contribution.

Quick Tip

Reimbursing contributions of employees or others, in attempts to avoid or to get around state or local contribution limits, is a violation of Section 84301.

Quick Tip

An intermediary of a contribution also has a duty to disclose to a candidate or committee the true source of the funds.

Contributions of $100 or More: Monetary contributions of $100 or more must be made by written instrument (such as a check) containing the name of the donor and drawn from the account of the donor or intermediary. Contributions may also be made by credit card or electronic transmission (e.g., wire transfer).

Contributions of $100 or more made by money order, cashier's check, or traveler's check are prohibited. A cash contribution of $100 or more is prohibited and an anonymous contribution of $100 or more is prohibited.

In addition, a candidate or committee must return a contribution of $100 or more from an individual if the individual's name, address, occupation, and employer are not obtained within 60 days of receipt of the contribution. All contributions to a candidate or committee must be made in the name by which the contributor is identified for legal purposes.

Intermediary: An intermediary is a person or entity that makes a contribution on behalf of another person and has been or will be reimbursed for the contribution. For each contribution of $100 or more from an intermediary, the name, address, and, if applicable, the occupation and employer information must be disclosed for both the true source of the contribution and the intermediary.

Contributions in State Office Buildings Prohibited: Contributions may not be delivered, personally or through an agent, in the State Capitol or other state office building if the State of California pays the majority of the rent for that building. "Personally delivered" includes the delivery of a copy or facsimile of a contribution, and the original or a copy of a contribution transmittal letter. This prohibition does not apply to contributions received or delivered in a legislative district office, or those sent by mail.

Contributions from Foreign Governments or Principals Prohibited: A foreign government or foreign principal may not make contributions or expenditures in connection with the qualification or support of, or opposition to, any state or local ballot measure. The term "foreign principal" as defined in 22 U.S.C.A. Section 611(b) includes:

- A foreign political party;
- A person outside the United States, unless the person is a U.S. citizen or a U.S. corporation whose principal place of business is in the United States;
- A foreign partnership, association, corporation, or organization; and
- A domestic subsidiary of a foreign corporation if the decision to contribute or expend funds is made by an officer, director, or management employee of the foreign corporation who is not a U.S. citizen or lawful permanent resident.

Contributions from Foreign Nationals, National Banks, or Corporations Prohibited: Foreign nationals, national banks, and federally-chartered corporations may not make contributions in connection with any local, state, or federal election. (The Federal Election Campaign Act (52 USCS section 30118).) Contact the Federal Election Commission for more information at (800) 424-9530.

Pay-to-Play Laws: Some localities in California have pay-to-play ordinances that prohibit city contractors from making campaign contributions to candidates for public office in that jurisdiction.

Disqualification and Campaign Contributions: Government Code section 84308 disqualifies certain appointed board members and commissioners from participating in governmental decisions affecting campaign contributors (including the parent, subsidiary, or affiliate of a campaign contributor) who have given more than $250 within 12 months before the decision. Section 84308 applies to proceedings on licenses, permits, and other entitlements for use pending before certain state and local agencies, boards, and commissions. In addition, the official is prohibited from accepting or soliciting contributions of $250 or more from the parties and other participants during the proceeding. Contact the FPPC for more information.

Quick Tip

Contributions from affiliated committees are aggregated for purposes of the limits on contributions to state candidates. (See Chapter 1.)

E. State Contribution Limits

Candidate Election Committees: Candidates for state office have limits on how much they may accept from a single source per election. For purposes of contribution limits, the primary, general, special, and special runoff elections are considered separate elections. Contribution limits may increase or decrease every two years based on changes in the Consumer Price Index.

Ex 2.8 – Assemblymember Jones opens an officeholder committee in November. In June of the following year, Jones opens a committee to run for Senate. A $3,000 contribution to the officeholder committee counts toward the 2015-2016 contribution limit of $4,200 from the same contributor to the Senate committee. The donor may only contribute $1,200 to the Senate committee.

Candidates may raise contributions for a general or special general election prior to a primary or special primary election. If the candidate loses or withdraws from the general or special general election, contributions received for the general or special general election must be returned to the contributors on a pro rata basis, less the cost of raising and administering the funds. The chart on the next page lists the current contribution limits.

California Fair Political Practices Commission
California State Contribution Limits

(Effective January 1, 2015 - December 31, 2016)

Candidates seeking a state office and committees that make contributions to state candidates are subject to contribution limits from a single source. (Sections 85301 - 85303.) Contributions from affiliated entities are aggregated for purposes of the limits. (Regulation 18215.1.) The chart below shows the current limits per contributor for state offices. The primary, general, special, and special run-off elections are considered separate elections. Contribution limits to candidates apply to each election. Contribution limits to officeholder and other committees apply on a calendar year basis. Contact your city or county about contribution limits for local offices.

Contribution Limits to State Candidates Per Election

	Contributor Sources		
Candidate or Officeholder	**Person (individual, business entity, committee/PAC)**	**Small Contributor Committee (see definition on page 2)**	**Political Party**
Senate and Assembly	$4,200	$8,500	No Limit
CalPERS/CalSTRS	$4,200	$8,500	No Limit
Lt. Governor, Secretary of State, Attorney General, Treasurer, Controller, Supt. of Public Instruction, Insurance Commissioner, and Board of Equalization	$7,000	$14,100	No Limit
Governor	$28,200	$28,200	No Limit

Contributions to Other State Committees Per Calendar Year

	Contributor Sources
Committee	**Person (individual, business entity, committee/PAC)**
Committee (Not Political Party) that Contributes to State Candidates (PAC)	$7,000
Political Party Account for State Candidates	$35,200
Small Contributor Committee	$200
Committee Account NOT for State Candidates (Ballot Measure, PAC, Political Party)	No Limit*

*State committees (including political parties and PACs) may receive contributions in excess of the limits identified above as long as the contributions are NOT used for state candidate contributions. (Regulation 18534.)

Contributions to State Officeholder Committees Per Calendar Year

	Contributor Sources	
Committee	**Any Source (Person, Small Contributor Committee or Political Party)**	**Aggregate From All Sources**
Senate and Assembly	$3,500	$58,500
CalPERS/CalSTRS	$3,500	$58,500
Lt. Governor, Secretary of State, Attorney General, Treasurer, Controller, Supt. of Public Instruction, Insurance Commissioner, and Board of Equalization	$5,900	$117,100
Governor	$23,400	$234,200

F. Campaign Rules

Extensions of Credit: When there is an agreement with the provider of goods or services that a state candidate or committee will pay for goods or services on credit, the goods or services may become a contribution to the candidate or committee and be subject to contribution limits if it remains unpaid after 45 days.

Contributions that Exceed the Limits: A violation of the Act does not occur if a contribution to a state candidate that exceeds the limit is not deposited into the candidate's bank account and is returned within 14 days of receipt. For nonmonetary contributions, either the item itself, its monetary value, or the monetary amount by which the value of the nonmonetary contribution exceeds the limits must be returned within 14 days of receipt.

Legal Defense Funds: State and local candidates and officeholders may establish a legal defense fund to defray attorney's fees and other related legal costs incurred for the candidate's or officeholder's legal defense. The candidate or officeholder must be subject to a civil or criminal proceeding or administrative proceeding arising directly out of the conduct of an election campaign, the electoral process, or the performance of the officeholder's governmental activities and duties. Contributions made to a legal defense committee are reportable but are not subject to contribution limits. Legal defense committees are required to have the candidate's or officeholder's last name and the words "legal defense" in the name of the committee.

Recall Elections: A state officeholder who is the subject of a recall may set up a separate committee to oppose the qualification of the recall measure and, if the recall petition qualifies, the recall election. Contributions to this committee are reportable but are not subject to limits.

Ballot Measure Committees: A primarily formed or general purpose ballot measure committee is not subject to state contribution limits, including those committees controlled by a state candidate or officeholder, unless the contribution is made by a state candidate or officeholder. However, funds from a ballot measure committee may not be used for the state candidate's election.

Contribution Limits and Repaid Loans: Loans are contributions subject to contribution limits. However, if a loan has been repaid, the lender may make additional contributions to the same candidate or committee up to the contribution limit.

Authority

The following Government Code sections and Title 2 regulations provide authority for the information in this chapter:

Government Code Sections

82015	Contribution.
82025	Expenditure.
82031	Independent Expenditure.
82044	Payment.
82047	Person.
84211	Contents of Campaign Statement.
84300	Cash and In-Kind Contributions; Cash Expenditures.
84302	Contributions by Intermediary or Agent.
84304	Anonymous Contributions; Prohibition.
84308	Contributions to Officers; Disqualification.
84309	Transmittal of Campaign Contributions in State Office Buildings; Prohibition.
85301	Limits on Contributions from Persons.
85303	Limits on Contributions to Committees and Political Parties.
85304	Legal Defense Fund.
85306	Transfers Between a Candidate's Own Committees; Use of Funds Raised Prior to Effective Date.
85307	Loans.
85308	Family Contributions.
85312	Communications to Members of an Organization.
85320	Foreign Entities.
85700	Donor Information Requirements; Return of Contributions.

Title 2 Regulations

18215	Contribution.
18215.1	Contributions; When Aggregated.
18216	Enforceable Promise to Make a Payment.
18225	Expenditure.
18225.7	Made at the Behest of.
18421.1	Disclosure of the Making and Receipt of Contributions.
18423	Payments for Personal Services as Contributions and Expenditures.
18428	Reporting of Contributions and Independent Expenditures Required to be Aggregated.
18432.5	Intermediary.
18439	Definition of "Personally Deliver."
18530.4	Legal Defense Funds - State Candidates and Officers.
18530.45	Legal Defense Funds - Local Candidates and Officers.
18530.7	Extensions of Credit.
18531	Return of Excessive Contributions.
18531.5	Recall Elections.
18531.62	Elected State Officeholder Bank Accounts.
18531.7	Payments for Communications—Section 85312.
18533	Contributions from Joint Checking Accounts.
18537	Contributions Limits and Application to Repaid Loans.
18545	Contribution Limits and Voluntary Expenditure Ceiling Amounts.

Vernice Hankins

From:	Mary MARLOW <m.marlow@verizon.net>
Sent:	Tuesday, March 27, 2018 4:32 PM
To:	councilmtgitems
Cc:	Mary Marlow; Terry O'Day; Pam OConnor; Gleam Davis; Kevin McKeown Fwd; Ted Winterer; Tony Vazquez; Sue Himmelrich
Subject:	Agenda item 8C Enhancements to Election Laws and Enforcement

Mayor Winterer and Councilmembers,

We write to support and comment on proposed enhancements and improvements to local election laws and enforcement mechanisms offered by the City Attorney and City Clerk. These enhancements are offered to improve enforcement and enhance election laws:

Enforcement

We support option 2, *Establish reciprocity with a local city attorney's office.* In the recent past, complaints based on violations of Article XXVI of the City Charter were filed with the City Attorney with no resolution due to stated conflicts of interest within the city. A reciprocity agreement with a nearby city would resolve such conflicts and uphold the perception of impartially in administering election and anti corruption laws.

Campaign Finance

We think increasing or eliminating campaign contribution limits is the best option since the *Citizens United* Supreme Court decision has resulted in unlimited contributions to PACs. Public financing simply can't compete with union and corporate donors with deep pockets. Unless most candidates opt into public financing, the option becomes a liability for candidates competing against better-funded opponents and/or incumbents.

Currently, the cost of competing for City Council is $150,000 to $200,000. PACs contribute over half with unlimited contribution limits. A candidate committee is limited to $340. This gap in contribution allowances makes PACs and their special interests contributors a primary factor in who gets elected. This dynamic needs to be changed. Increasing the cap on contributions to candidates to $4200 would match the limits on state legislators and empower candidate committees.

Community Education

Undocumented in-kind contributions in the form of campaign events held around the city have been going on for years due to the difficulty of tracking events and the people behind them. There seems to be no awareness that campaign events are reportable in-kind campaign expenses. Lack of any consequences for non-reporting of in-kind contributions exacerbates the problem. Education on in-kind contributions and related penalties for non-reporting would certainly encourage reporting such contributions. I support and encourage more robust education of both candidates and the public on campaign finance laws and related penalties as a deterrent.

We enthusiastically support changes to improve enforcement, increase campaign contribution limits, and improve education recommended in this letter and thank the City Attorney and City Clerk for their thoughtful and timely report.

Mary Marlow, Chair
Santa Monica Transparency Project

Item 8-C
03/27/18