

1 JAMES M. LINDSAY
Chief of Enforcement
2 JENNA C. RINEHART
Senior Commission Counsel
3 **FAIR POLITICAL PRACTICES COMMISSION**
1102 Q Street, Suite 3050
4 Sacramento, CA 95811
Telephone: (279) 237-5910
5 Email: JRinehart@fppc.ca.gov

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

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

10 **STATE OF CALIFORNIA**

11 In the Matter of

12 AIDS HEALTHCARE FOUNDATION,
13 YES ON 21 - RENTERS AND
14 HOMEOWNERS UNITED TO KEEP
15 FAMILIES IN THEIR HOMES,
16 SPONSORED BY AIDS HEALTHCARE
FOUNDATION, and BEVERLY
GROSSMAN PALMER,

17 Respondents.

FPPC Case Nos. 20/338, 20/759, 20/760, & 20/818

STIPULATION, DECISION AND ORDER

Date Submitted to Commission: January 2025

18 **INTRODUCTION**

19 Respondent AIDS Healthcare Foundation (“AHF”) is a Los Angeles-based global nonprofit
20 501(c)(3) organization who qualified as a lobbyist employer in 2019 and as a state major donor
21 committee in 2020. Respondent Yes on 21 - Renters and Homeowners United to Keep Families in Their
22 Homes, Sponsored by AIDS Healthcare Foundation (ID# 1418902) (the “Yes on 21 Committee”) is a
23 primarily formed state ballot measure committee sponsored by AHF. Proposition 21, the Local Rent
24 Control Initiative, was defeated on the November 3, 2020 General Election ballot. Respondent Beverly
25 Grossman Palmer (“Palmer”) serves as the Yes on 21 Committee’s treasurer.

26 These cases were opened in response to a non-sworn complaint, two anonymous complaints, and
27 an AdWatch submission. Additional complaints and AdWatch submissions were later added to the
28 cases.

1 Under the Political Reform Act (the “Act”),¹ a lobbyist employer must file periodic reports
2 disclosing, among other information, total payments made to lobbying firms and other payments to
3 influence legislative or administrative action. Additionally, the Act requires major donor committees and
4 primarily formed ballot measure committees to timely file certain campaign statements and reports to
5 disclose specific information concerning campaign activity.

6 Throughout 2019, AHF, as a lobbyist employer, spent approximately \$484,452 on lobbying
7 activities. AHF violated the Act by failing to timely disclose, on its lobbyist employer reports, other
8 payments to influence made during calendar year 2019. AHF signed a tolling agreement to toll the
9 relevant statute of limitations for late reported activity on its lobbyist employer reports.

10 Throughout 2020, AHF, as a major donor committee, made campaign contributions totaling
11 approximately \$35,983,034. AHF violated the Act by failing to timely disclose, on its major donor
12 campaign statement, non-monetary contributions made during calendar year 2020 along with the payee
13 information and source of funds used. Additionally, AHF violated the Act by failing to timely file 24-
14 hour reports.

15 Throughout 2020, the Yes on 21 Committee received approximately \$36,103,629 in
16 contributions and spent approximately \$36,288,764 in expenditures. The Yes on 21 Committee and
17 Palmer violated the Act by failing to timely file multiple 10-day reports and 24-hour reports during
18 calendar year 2020.

19 SUMMARY OF THE LAW

20 The Act and its regulations are amended from time to time. The violations in this case occurred
21 in 2019 and 2020. For this reason, all legal references and discussions of law pertain to the Act’s
22 provisions as they existed at that time.

23 ///

24 ///

25 ///

26 ///

27
28 ¹The Political Reform Act is contained in Government Code §§ 81000 through 91014, and all statutory references are to this code. The regulations of the Fair Political Practice Commission are contained in §§ 18104 through 18998 of Title 2 of the California Code of Regulations, and all regulatory references are to this source.

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

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

5 One of the purposes of the Act is to promote transparency by ensuring that activities and finances
6 of lobbyists are disclosed so that improper influences are not directed at public officials.⁴ Another
7 purpose of the Act is to promote transparency by ensuring that receipts and expenditures in election
8 campaigns are fully and truthfully disclosed so that voters are fully informed and improper practices are
9 inhibited.⁵ A further purpose of the Act is to provide adequate enforcement mechanisms so that the Act
10 will be “vigorously enforced.”⁶

11 **Lobbying Terms Defined**

12 “Lobbyist employer” includes any person who contracts for the services of a lobbying firm for
13 the purpose of influencing legislative or administrative action.⁷

14 Other payments to influence legislative or administrative action captures expenditures that are
15 instrumental in influencing public officials through activities that are closely related to lobbying, but do
16 not meet the narrow definition of lobbying.⁸ These payments include: payments in support or assistance
17 of a lobbyist or their activities, including any direct payment of expenses incurred at the request or
18 suggestion of the lobbyist; and payments for or in connection with soliciting or urging other persons to
19 enter into direct communication with any elective state official, legislative official or agency official.⁹

20 ///

21 ///

22 ///

23 ///

25 ² Section 81001, subd. (h).

26 ³ Section 81003.

27 ⁴ Section 81002, subd. (b).

28 ⁵ Section 81002, subd. (a).

⁶ Section 81002, subd. (f).

⁷ Section 82039.5, subd. (b).

⁸ Section 82045.

⁹ Section 82045, subds. (b) and (e).

1 **Duty to Timely Disclose on Lobbyist Employer Reports**

2 Lobbyist employers are required to timely file quarterly reports with the Secretary of State by the
3 end of the month following each calendar quarter.¹⁰ These quarterly reports must disclose, among other
4 information, the total of all other payments to influence legislative or administrative action.¹¹

5 **Committee Types Defined**

6 A committee that makes contributions totaling \$10,000 or more in a calendar year to or at the
7 behest of committees is known as a “major donor committee.”¹²

8 A committee that receives contributions totaling \$2,000 or more in a calendar year is known as a
9 “recipient committee.”¹³ A recipient committee which is formed or exists primarily to support a single
10 measure is known as a “primarily formed ballot measure committee.”¹⁴

11 **Duty to Timely File Major Donor Campaign Statements**

12 Major donor committees are required to file campaign statements each year no later than July 31
13 for the period ending June 30, and no later than January 31 for the period ending December 31, if they
14 have made contributions during the period.¹⁵

15 **Duty to Timely Disclose on Major Donor Campaign Statements**

16 Each campaign statement must disclose the total amount of contributions, including non-
17 monetary contributions, made during the period covered by the campaign statement.¹⁶

18 For expenditures of \$100 or more made during the reporting period, the relevant campaign
19 statement must disclose the person’s full name, street address, amount of each expenditure, and a brief
20 description of the consideration for which each expenditure was made.¹⁷ In the case of an expenditure
21 which is a contribution to a committee, the relevant campaign statement must also disclose the date of
22 the contribution, the cumulative amount of contributions made to a committee, the number or letter of
23 the measure, and the jurisdiction in which the measure is voted upon.¹⁸

24 _____
25 ¹⁰ Sections 86117, subd. (a), and 86118.

26 ¹¹ Section 86116, subd. (h)(1).

27 ¹² Section 82013, subd. (c).

28 ¹³ Section 82013, subd. (a).

¹⁴ Section 82047.5.

¹⁵ Section 84200, subd. (b).

¹⁶ Section 84211, subd. (a)-(b).

¹⁷ Section 84211, subd. (k)(1)-(4).

¹⁸ Section 84211, subd. (k)(5).

1 A non-monetary contribution is “made” by the contributor, and “received” by the committee, on
2 the earlier of the following dates: (1) The date that funds are expended by the contributor for goods or
3 services, if the specific expenditure is made at the behest of the candidate or committee; (2) The date
4 that the committee, or the agent of the committee, obtains possession or control of the goods or services,
5 or the date that the committee otherwise receives the benefit of the expenditure.¹⁹

6 A “multipurpose organization” (“MPO”)²⁰ who qualifies as a major donor committee by making
7 contributions or expenditures using nondonor funds²¹ must briefly describe the source of the funds used
8 on its major donor statement.²²

9 **Duty to Timely File 24-Hour Reports**

10 Each committee that makes or receives a late contribution²³ must report the late contribution
11 within 24 hours of the time it is made or received (“24-hour report”).²⁴

12 A 24-hour report filed by a recipient of a late non-monetary contribution will be deemed timely
13 filed if it is received by the filing officer within 48 hours of the time the contribution is received.²⁵

14 **Duty to Timely File 10-Day Reports**

15 A committee primarily formed to support or oppose a state ballot measure that is required to
16 electronically file with the Secretary of State,²⁶ must electronically file a report disclosing receipt of a
17 contribution of \$5,000 or more received at any time other than during an election cycle²⁷ within 10
18 business days (“10-day report”).²⁸

19
20 ¹⁹ Regulation 18421.1, subd. (f).

21 ²⁰ A “multipurpose organization” includes an organization described in Sections 501(c)(3) of the Internal Revenue
22 Code and that is exempt from taxation or any other association that is operating for purposes other than making contributions
23 or expenditures. (Section 84222, subd. (a).)

24 ²¹ “Nondonor funds” means investment income or income earned from providing goods, services, or facilities,
25 whether related or unrelated to the MPO’s program, sale of assets, or other receipts that are not donations. (Section 84222,
26 subd. (c)(5)(B).)

27 ²² Section 84222, subd. (c)(5)(A).

28 ²³ “Late contribution” includes a contribution that totals in the aggregate \$1,000 or more and is made to or received
by a committee primarily formed to support a measure during the 90-day period preceding the date of the election, or on the
date of the election, at which the measure is to be voted on. (Section 82036, subd. (a).)

²⁴ Section 84203.

²⁵ Section 84203.3, subd. (b), and Regulation 18425, subd. (c)(1).

²⁶ Primarily formed state ballot measure committees that receives contributions or makes expenditures totaling
\$25,000 or more is required to electronically file with the Secretary of State. (Section 84605, subd. (a).)

²⁷ “Election cycle” means the period of time commencing 90 days prior to an election and ending on the date of the
election. (Section 85204.)

²⁸ Section 85309, subd. (d).

1 **Exception for Filing Due Dates**

2 If the due date for a report falls on a Saturday or Sunday, the filing due date for that report is
3 extended to the next regular business day.²⁹ However, this extension does not apply to 24-hour reports
4 that are required to be filed on the Saturday or Sunday immediately before an election.³⁰

5 **Liability**

6 Any person who violates any provision of the Act is liable for administrative penalties up to
7 \$5,000 per violation.³¹

8 **SUMMARY OF THE FACTS**

9 **AHF’s Failure to Timely Disclose on Lobbyist Employer Reports**

10 Throughout calendar year 2019, AHF, as a lobbyist employer, employed a lobbying firm to
11 advocate for interests to advance the organization’s mission. AHF timely filed lobbyist employer reports
12 for each quarter and timely disclosed its employment of a lobbying firm, MVM Strategy Group, LLC
13 (“MVM Strategy”), but failed to timely disclose the other payments AHF made to influence legislative
14 or administrative action. After receiving contact from the Enforcement Division regarding the
15 complaint, AHF filed amendments to its lobbyist employer reports and disclosed other payments made
16 to influence as follows:

REPORTING PERIOD	DUE DATE	AMENDMENT DATE	OTHER PAYMENTS
01/01/2019 – 03/31/2019	04/30/2019	03/06/2020 (311 days late)	\$5,105
04/01/2019 – 06/30/2019	07/31/2019	03/06/2020 (219 days late)	\$319,401
07/01/2019 – 09/30/2019	10/31/2019	03/06/2020 (127 days late)	\$923
10/01/2019 – 12/31/2019	01/31/2020	03/06/2020 (35 days late)	\$420
Total:			\$325,849

25 The amendments filed by AHF disclosed that the other payments to influence were made for
26 various items including advertisements opposing Senate Bill 50, lodging, and travel.

27 _____
28 ²⁹ Section 81005, subd. (a).

³⁰ Section 81005, subd. (b)(1).

³¹ Sections 83116 and 83116.5.

1 **AHF’s Failure to Timely Disclose on Major Donor Campaign Statements**

2 Throughout calendar year 2020, AHF, as a major donor committee, sponsored a primarily
3 formed state ballot measure committee, the Yes on 21 Committee, by making monetary and non-
4 monetary contributions to the committee.

5 1. Major Donor Campaign Statement Due July 31, 2020

6 AHF was required to file a major donor campaign statement for the reporting period of January
7 1, 2020 through June 30, 2020, by the July 31, 2020 due date. On July 29, 2020, AHF timely filed this
8 statement and disclosed monetary contributions made totaling \$10,850,000. However, this statement
9 failed to timely disclose non-monetary contributions made during the reporting period, the payee
10 information to whom each expenditure was made, and the source of funds used to make the monetary
11 and non-monetary contributions.

12 On August 25, 2020, 25 days late and after receiving contact from the Enforcement Division
13 regarding the complaint, AHF filed an amendment to this statement and disclosed 136 non-monetary
14 contributions made to the Yes on 21 Committee totaling approximately \$1,054,972.

15 On September 1, 2020, 32 days late, AHF filed a second amendment to this statement and
16 disclosed the payee information for each non-monetary contribution made to support the Yes on 21
17 Committee. The amount of non-monetary contributions remained the same as the amendment filed
18 seven days earlier.

19 On October 12, 2020, 73 days late, AHF filed a third amendment to this statement and disclosed
20 that nondonor funds were used for each of the contributions and the source of the nondonor funds were
21 “net assets of AIDS Healthcare Foundation.”

22 2. Major Donor Campaign Statement Due February 1, 2021

23 AHF was required to file a major donor campaign statement for the reporting period of July 1,
24 2020 through December 31, 2020, by the February 1, 2021 due date. On February 1, 2021, AHF timely
25 filed this statement and disclosed monetary and non-monetary contributions made totaling \$24,078,062.
26 However, this statement failed to timely disclose non-monetary contributions made to the Yes on 21
27 Committee totaling \$9,000.

28 ///

1 On August 24, 2020, AHF entered into a contract with Karen Ocamb (“Ocamb”) for Ocamb to
 2 research and write articles in support of Proposition 21 during the period of August 24, 2020 through
 3 November 6, 2020. Per the contract, Ocamb was required to provide AHF with written articles on a
 4 weekly basis and would be paid \$1,500 bi-weekly as follows:

DATE OF WORK	DESCRIPTION	PRICE
08/21/2020 – 09/04/2020	Performed research and writing work for Proposition 21 campaign.	\$1,500
09/07/2020 – 09/19/2020	Performed research and writing work for Proposition 21 campaign.	\$1,500
09/21/2020 – 10/02/2020	Performed research and writing work for Proposition 21 campaign.	\$1,500
10/05/2020 – 10/16/2020	Performed research and writing work for Proposition 21 campaign.	\$1,500
10/19/2020 – 10/30/2020	Performed research and writing work for Proposition 21 campaign.	\$1,500
11/02/2020 – 11/15/2020	Performed research and writing work for Proposition 21 campaign.	\$1,500
	Total:	\$9,000

15 Since Ocamb timely provided written articles to AHF, during the period of August 21, 2020 to
 16 November 15, 2020, as non-monetary contributions to the Yes on 21 Committee, AHF was required to
 17 disclose these non-monetary contributions on its major donor campaign statement for the reporting
 18 period of July 1, 2020 through December 31, 2020, by the February 1, 2021 due date. Instead, these non-
 19 monetary contributions, totaling \$9,000, were disclosed late on AHF’s major donor campaign statement
 20 for the reporting period of January 1, 2021 through June 30, 2021, timely filed on July 30, 2021.

21 Additionally, since these non-monetary contributions were provided to the Yes on 21 Committee within
 22 the 90-day period preceding the date of the election, AHF was required to timely file five 24-hour
 23 contribution reports by the September 7, 2020, September 21, 2020, October 5, 2020, October 19, 2020,
 24 and November 1, 2020 due dates but failed to do so.

25 ///

26 ///

27 ///

28 ///

1 **Yes on 21 Committee’s Failure to Timely File 10-Day and 24-Hour Reports**

2 1. 10-Day Reports

3 The Yes on 21 Committee was required to file a 10-day report within 10 days of receiving a
4 contribution of \$5,000 or more outside the 90-day period preceding the date of the election. The Yes on
5 21 Committee timely filed 10-day reports for monetary contributions received. However, the Yes on 21
6 Committee failed to disclose the following 37 non-monetary contributions received from AHF on 10-
7 day reports:

DATE RECEIVED	AMOUNT	DUE DATE
1/15/2020	\$6,180	1/27/2020
1/28/2020	\$10,000	2/7/2020
2/28/2020	\$10,000	3/9/2020
3/13/2020	\$55,000	3/23/2020
3/16/2020	\$30,866	3/26/2020
3/18/2020	\$10,000	3/30/2020
3/26/2020	\$5,000	4/6/2020
3/26/2020	\$9,802	4/6/2020
3/27/2020	\$48,174	4/6/2020
3/31/2020	\$10,662	4/10/2020
4/2/2020	\$150,287	4/13/2020
4/7/2020	\$12,650	4/17/2020
4/8/2020	\$40,000	4/20/2020
4/17/2020	\$10,000	4/27/2020
4/21/2020	\$16,667	5/1/2020
4/24/2020	\$5,000	5/4/2020
4/27/2020	\$80,000	5/7/2020
4/30/2020	\$7,965	5/11/2020
5/7/2020	\$40,000	5/18/2020
5/7/2020	\$70,079	5/18/2020
5/15/2020	\$15,414	5/25/2020
5/20/2020	\$6,830	6/1/2020
5/27/2020	\$5,000	6/8/2020
5/29/2020	\$12,500	6/8/2020
6/9/2020	\$40,000	6/19/2020
6/11/2020	\$90,000	6/22/2020
6/22/2020	\$11,933	7/2/2020
6/24/2020	\$100,000	7/6/2020
6/25/2020	\$25,000	7/6/2020
6/26/2020	\$5,000	7/6/2020
6/30/2020	\$8,000	7/10/2020
6/30/2020	\$12,500	7/10/2020
7/1/2020	\$40,000	7/13/2020
7/5/2020	\$20,000	7/15/2020
7/7/2020	\$100,000	7/17/2020
7/27/2020	\$5,000	8/6/2020
8/2/2020	\$20,000	8/12/2020
Total:	\$1,145,509	

1 2. 24-Hour Reports

2 The Yes on 21 Committee was required to file 24-hour reports within 48 hours of receiving
3 notice that a late non-monetary contribution was made on its behalf. Between August 5, 2020 and
4 October 26, 2020, the Yes on 21 Committee failed to disclose the following 58 late non-monetary
5 contributions on 24-hour reports:

6

DATE RECEIVED	CONTRIBUTOR	AMOUNT	DUE DATE
8/5/2020	AHF	\$44,498.98	8/7/2020
8/5/2020	AHF	\$44,499.98	8/7/2020
8/5/2020	AHF	\$3,200.00	8/7/2020
8/7/2020	AHF	\$2,800.00	8/10/2020
8/8/2020	AHF	\$5,000.00	8/10/2020
8/10/2020	AHF	\$1,625.00	8/12/2020
8/11/2020	AHF	\$1,000.00	8/13/2020
8/14/2020	AHF	\$5,600.00	8/17/2020
8/17/2020	AHF	\$4,400.00	8/19/2020
8/20/2020	AHF	\$3,200.00	8/24/2020
8/20/2020	AHF	\$3,200.00	8/24/2020
8/20/2020	AHF	\$1,800.00	8/24/2020
8/26/2020	AHF	\$1,435.00	8/28/2020
8/31/2020	AHF	\$4,400.00	9/2/2020
9/3/2020	AHF	\$3,200.00	9/7/2020
9/8/2020	AHF	\$3,408.00	9/10/2020
9/14/2020	AHF	\$4,415.00	9/16/2020
9/19/2020	AHF	\$11,352.00	9/21/2020
9/19/2020	AHF	\$16,248.00	9/21/2020
9/19/2020	AHF	\$16,000.00	9/21/2020
9/19/2020	AHF	\$7,800.00	9/21/2020
9/19/2020	AHF	\$13,998.00	9/21/2020
9/19/2020	AHF	\$21,000.00	9/21/2020
9/19/2020	AHF	\$9,000.00	9/21/2020
9/19/2020	AHF	\$16,000.00	9/21/2020
9/19/2020	AHF	\$12,000.00	9/21/2020
9/19/2020	AHF	\$16,000.00	9/21/2020
9/19/2020	AHF	\$24,999.00	9/21/2020
9/19/2020	AHF	\$21,000.00	9/21/2020

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

DATE RECEIVED	CONTRIBUTOR	AMOUNT	DUE DATE
9/19/2020	AHF	\$12,498.00	9/21/2020
9/19/2020	AHF	\$9,000.00	9/21/2020
9/19/2020	AHF	\$30,000.00	9/21/2020
9/19/2020	AHF	\$12,000.00	9/21/2020
9/19/2020	AHF	\$14,000.00	9/21/2020
9/19/2020	AHF	\$5,612.94	9/21/2020
9/19/2020	AHF	\$5,376.00	9/21/2020
9/19/2020	AHF	\$12,215.42	9/21/2020
9/19/2020	AHF	\$35,471.97	9/21/2020
9/19/2020	AHF	\$14,198.29	9/21/2020
9/19/2020	AHF	\$2,040.00	9/21/2020
9/19/2020	AHF	\$7,528.85	9/21/2020
9/19/2020	AHF	\$34,455.19	9/21/2020
9/19/2020	AHF	\$24,852.16	9/21/2020
9/19/2020	AHF	\$1,187.27	9/21/2020
9/19/2020	AHF	\$32,561.54	9/21/2020
9/19/2020	AHF	\$4,442.31	9/21/2020
9/19/2020	AHF	\$52,518.90	9/21/2020
9/19/2020	AHF	\$3,561.81	9/21/2020
9/19/2020	AHF	\$6,861.41	9/21/2020
9/19/2020	AHF	\$18,298.70	9/21/2020
9/19/2020	AHF	\$14,741.08	9/21/2020
9/19/2020	AHF	\$22,773.08	9/21/2020
9/19/2020	AHF	\$7,569.23	9/21/2020
9/19/2020	AHF	\$30,608.17	9/21/2020
9/19/2020	AHF	\$23,095.48	9/21/2020
9/30/2020	AHF	\$2,000.00	10/2/2020
9/30/2020	AHF	\$2,925.00	10/2/2020
10/22/2020	Kevin DeLeon Believing in a Better California Ballot Measure Committee	\$33,333.34	10/26/2020
	Total:	\$798,805.10	

VIOLATIONS

Respondent: AHF

Count 1: Failure to Timely Disclose Other Payments to Influence

AHF failed to timely disclose other payments to influence totaling \$5,105 on the lobbyist employer report for the reporting period ending March 31, 2019, by the April 30, 2019 due date, in violation of Government Code Sections 86116 and 86117.

///

///

1 **Count 2: Failure to Timely Disclose Other Payments to Influence**

2 AHF failed to timely disclose other payments to influence totaling \$319,401 on the lobbyist
3 employer report for the reporting period ending June 30, 2019, by the July 31, 2019 due date, in
4 violation of Government Code Sections 86116 and 86117.

5 **Count 3: Failure to Timely Disclose Other Payments to Influence**

6 AHF failed to timely disclose other payments to influence totaling \$923 on the lobbyist employer
7 report for the reporting period ending September 30, 2019, by the October 31, 2019, in violation of
8 Government Code Sections 86116 and 86117.

9 **Count 4: Failure to Timely Disclose Other Payments to Influence**

10 AHF failed to timely disclose other payments to influence totaling \$420 on the lobbyist employer
11 report for the reporting period ending December 31, 2019, by the January 31, 2020 due date, in violation
12 of Government Code Sections 86116 and 86117.

13 **Count 5: Failure to Timely Disclose on Major Donor Statement**

14 AHF failed to timely disclose non-monetary contributions made totaling \$1,054,972, the payee
15 information to whom each expenditure was made, and the source of funds used on its major donor
16 campaign statement for the reporting period of January 1, 2020 to June 30, 2020, by the July 31, 2020
17 due date, in violation of Government Code Sections 84211 and 84222.

18 **Count 6: Failure to Timely Disclose on Major Donor Statement**

19 AHF failed to timely disclose non-monetary contributions made totaling \$9,000 on its major
20 donor campaign statement for the reporting period of July 1, 2020 to December 31, 2020, by the
21 February 1, 2021 due date, in violation of Government Code Section 84211 and Regulation 18421.6.

22 **Count 7: Failure to Timely File 24-hour Reports**

23 AHF failed to timely file five 24-hour contribution reports to disclose late non-monetary
24 contributions made totaling approximately \$7,500, by the applicable due dates, in violation of
25 Government Code Section 84203.

26 ///

27 ///

28 ///

1 **Respondents: Yes on 21 Committee and Palmer**

2 **Count 8: Failure to Timely File 10-day Reports**

3 The Yes on 21 Committee and Palmer failed to timely file 10-day reports to disclose 10 non-
4 monetary contributions received between January 15, 2020 and March 31, 2020, totaling \$195,684, by
5 the applicable due dates, in violation of Government Code Section 85309.

6 **Count 9: Failure to Timely File 10-day Reports**

7 The Yes on 21 Committee and Palmer failed to timely file 10-day reports to disclose 22 non-
8 monetary contributions received between April 2, 2020 and June 30, 2020, totaling \$764,825, by the
9 applicable due dates, in violation of Government Code Section 85309.

10 **Count 10: Failure to Timely File 10-day Reports**

11 The Yes on 21 Committee and Palmer failed to timely file 10-day reports to disclose five non-
12 monetary contributions received between July 1, 2020 and August 2, 2020, totaling \$185,000, by the
13 applicable due dates, in violation of Government Code Section 85309.

14 **Count 11: Failure to Timely File 24-hour Reports**

15 Between August 5, 2020 and September 21, 2020, the Yes on 21 Committee and Palmer failed to
16 timely file 24-hour reports for 25 late non-monetary contributions received totaling approximately
17 \$249,079, in violation of Government Code Sections 84203 and 84203.3.

18 **Count 12: Failure to Timely File 24-hour Reports**

19 Between September 19, 2020 and September 21, 2020, the Yes on 21 Committee and Palmer
20 failed to timely file 24-hour reports for 17 late non-monetary contributions received totaling
21 approximately \$268,395, in violation of Government Code Sections 84203 and 84203.3.

22 **Count 13: Failure to Timely File 24-hour Reports**

23 Between September 19, 2020 and October 26, 2020, the Yes on 21 Committee and Palmer failed
24 to timely file 24-hour reports for 16 late non-monetary contributions received totaling approximately
25 \$281,329, in violation of Government Code Sections 84203 and 84203.3.

26 ///

27 ///

28 ///

1 **PROPOSED PENALTY**

2 This matter consists of 13 proposed counts. The maximum penalty that may be imposed is
3 \$5,000 per count. Thus, the maximum penalty that may be imposed for the counts charged here is
4 \$65,000.³²

5 The violations at issue here are included in the Streamline Settlement Program. However, this
6 matter is excluded because certain violations under review do not qualify for a resolution under the
7 Streamline Settlement Program.³³ Specifically, Count 2 is not eligible because the total unreported
8 lobbying activity was greater than \$100,000; Count 5 is not eligible because the total unreported
9 campaign activity was greater than \$100,000; and Counts 9-10 are not eligible because certain 10-day
10 reports would have disclosed activity of \$100,000 or greater.

11 In determining the appropriate penalty for a particular violation of the Act, the Enforcement
12 Division considers the typical treatment of a violation in the overall statutory scheme of the Act, with an
13 emphasis on serving the purposes and intent of the Act. Additionally, the Enforcement Division
14 considers the facts and circumstances of the violation in the context of the following factors set forth in
15 Regulation 18361.5 subdivision (e)(1) through (8): (1) The extent and gravity of the public harm caused
16 by the specific violation; (2) The level of experience of the violator with the requirements of the
17 Political Reform Act; (3) Penalties previously imposed by the Commission in comparable cases; (4) The
18 presence or absence of any intention to conceal, deceive or mislead; (5) Whether the violation was
19 deliberate, negligent or inadvertent; (6) Whether the violator demonstrated good faith by consulting the
20 Commission staff or any other governmental agency in a manner not constituting complete defense
21 under Government Code Section 83114(b); (7) Whether the violation was isolated or part of a pattern
22 and whether the violator has a prior record of violations of the Political Reform Act or similar laws; and
23 (8) Whether the violator, upon learning of a reporting violation, voluntarily filed amendments to provide
24 full disclosure.³⁴

25 Failure to timely disclose payments made for lobbying on lobbyist employer reports violates one
26 of the Act’s central purposes – that the activities of lobbyists should be regulated and their finances

27 _____
28 ³² Section 83116, subd. (c).

³³ Regulation 18360.1, subd. (d)(5)(E).

³⁴ Regulation 18361.5, subd. (e).

1 disclosed in order that improper influences will not be directed at public officials. In this matter, AHF
2 timely filed all reports throughout calendar year 2019, but failed to disclose a significant amount of
3 payments to influence legislative or administrative action. According to AHF, the largest undisclosed
4 payment was for newspaper advertisements that disclosed AHF as the party paying for the
5 advertisement.

6 The public harm inherent in campaign reporting violations is that the public is deprived of
7 important, time-sensitive information regarding campaign activity. The gravity of the public harm is
8 heightened when the campaign reporting violations are related to pre-election activity. Here, AHF's
9 failure to timely disclose on its major donor campaign statement for the reporting period ending June 30,
10 2020, is mitigated as an amendment was filed prior to the November 3, 2020 General Election to
11 disclose the missing information. AHF's failure to timely file 24-hour reports prior to the election, as
12 discussed in Count 7, resulted in the public having less than comprehensive knowledge of AHF's
13 activities as the undisclosed non-monetary contributions amounted to less than 0.1% of the total
14 contributions disclosed for that reporting period. In aggravation, the Yes on 21 Committee also failed to
15 timely disclose receipt of these late non-monetary contributions on pre-election campaign statements or
16 24-hour reports. Similarly, that amounted to a small percentage of the Yes on 21 Committee's total
17 contributions disclosed for those reporting periods.

18 The Yes on 21 Committee's failure to timely file 10-day reports is mitigated as the contributions
19 were disclosed by the Yes on 21 Committee on other campaign statements filed prior to the election.
20 The Yes on 21 Committee's failure to timely file 24-hour reports is mitigated as the majority of the late
21 non-monetary contributions were disclosed by the Yes on 21 Committee prior to the relevant election on
22 timely filed pre-election campaign statements.

23 AHF is experienced with the lobbying provisions of the Act as AHF has qualified as a lobbyist
24 employer, who has filed lobbyist employer reports, since at least 1999. AHF is experienced with the
25 campaign filing provisions of the Act as AHF as qualified as a major donor committee, who has filed
26 major donor campaign statements and 24-hour reports since at least 2015. AHF does not have a recent
27 history of violating the Act.

28 ///

1 The Yes on 21 Committee was established in 2019 with Palmer serving as its treasurer. Palmer is
2 a professional campaign treasurer with no recent history of violating the Act.

3 The Enforcement Division did not obtain any evidence to support an intent to conceal, deceive,
4 or mislead. The lobbying violations were isolated to calendar year 2019. The campaign filing and
5 disclosure violations were isolated to calendar year 2020. AHF and the Yes on 21 Committee voluntarily
6 filed amendments to disclose the missing information.

7 Neither AHF, the Yes on 21 Committee, nor Palmer consulted with Commission staff or any
8 other governmental agency regarding their filing and disclosure obligations.

9 The Commission considers penalties in prior cases involving similar violations:

10 A similar case involving a lobbyist employer who failed to timely disclose other payments to
11 influence includes *In the Matter of Los Angeles County Metropolitan Transportation Authority*; FPPC
12 Case No. 16/469 (approved August 16, 2018). The Commission imposed a penalty of \$2,500 for one
13 count of failing to timely disclose other payments to influence legislative or administrative action
14 totaling approximately \$121,161. The undisclosed payments were made across seven quarterly reporting
15 periods occurring between April 1, 2013 and December 31, 2014. LA Metro had timely filed each of its
16 lobbyist employer reports during these reporting periods and timely disclosed its activities outside of the
17 other payments to influence. LA Metro voluntarily filed amendments to disclose the unreported
18 payments prior to the completion of the Franchise Tax Board (“FTB”) audit.

19 As to Counts 1, 3, and 4, a lower penalty than that approved in *LA Metro* is recommended. Here,
20 Counts 1, 3, and 4 involve AHF’s failure to timely disclose other payments to influence totaling \$5,105,
21 \$923, and \$420, respectively. The amounts at issue here are significantly lower than the amounts at issue
22 in *LA Metro*. Similar to *LA Metro*, AHF timely filed each of its lobbyist employer reports and timely
23 disclosed its employment of a lobbying firm, its only other activity outside of its other payments to
24 influence. AHF filed amendments after receiving contact from the Enforcement Division that a
25 complaint had been filed, unlike LA Metro who filed amendments prior to the completion of the FTB
26 audit. Therefore, a penalty of \$1,500 is recommended for Count 1, and a penalty of \$1,000 per count is
27 recommended for Counts 3 and 4.

28 ///

1 As to Count 2, a higher penalty than that approved in *LA Metro* is recommended. Here, AHF
2 failed to timely disclose other payments to influence during one reporting period totaling \$319,401,
3 nearly three times more than the total payments at issue in *LA Metro*. Therefore, a penalty of \$5,000 is
4 recommended.

5 A recent similar case involving a committee's failure to timely disclose campaign activity and
6 timely file 24-hour reports includes *In the Matter of West Covina Firefighters Political Action*
7 *Committee, Michelle Moore Sanders, and Hardy Mosley*; FPPC Case No. 19/1379 (approved July 24,
8 2020). The Commission imposed a total penalty in the amount of \$5,500; \$2,500 for one count of failing
9 to timely disclose certain activity on campaign statements; and \$3,000 for one count of failing to timely
10 file 24-hour reports. Specifically, the Firefighters PAC failed to timely disclose independent
11 expenditures totaling \$41,139 on a pre-election campaign statement and post-election semi-annual
12 campaign statement. In mitigation, approximately \$10,796 of the expenditures at issue were disclosed on
13 the Firefighters PAC's campaign statements as payments made to vendors on Schedule E, thereby
14 providing some disclosure to the public of these expenditures prior to the election. In addition to failing
15 to timely disclose this activity on campaign statements, the Firefighters PAC also failed to timely
16 disclose these late independent expenditures prior to the election on 24-hour reports as required. In
17 mitigation, the independent expenditures were advertisements that included the "Paid for by" and
18 committee name as required, which provided some disclosure to the public prior to the election.

19 As to Count 5, a higher penalty than that approved in *Firefighters PAC* is recommended. Here,
20 AHF failed to timely disclose approximately 136 non-monetary contributions made, the payee
21 information to whom each expenditure was made, and the source of funds used on its major donor
22 campaign statement for the reporting period ending June 30, 2020. While AHF had timely filed the
23 statement to disclose monetary contributions made totaling \$10,850,000, AHF failed to disclose its non-
24 monetary contributions made totaling approximately \$1,054,972, a significantly higher amount than that
25 at issue in *Firefighters PAC*. In mitigation, the non-monetary contributions were disclosed on an
26 amendment filed 25 days late and prior to the relevant election. However, this amendment failed to
27 disclose the payee information for each of the non-monetary contributions and failed to disclose the
28 source of the funds used to make the contributions totaling \$11,904,972. Another amendment was filed

1 to disclose the missing payee information, 32 days late. Yet another amendment was filed to disclose the
2 source of the funds used to make the contributions, 73 days late. Therefore, a penalty of \$5,000 is
3 recommended.

4 As to Count 6, a similar penalty than that approved in *Firefighters PAC* is recommended. Here,
5 AHF failed to timely disclose certain non-monetary contributions made, totaling \$9,000, on its major
6 donor campaign statement for the reporting period ending December 31, 2020. While AHF had timely
7 filed the statement to disclose monetary and non-monetary contributions made totaling approximately
8 \$24,078,062, AHF failed to disclose certain non-monetary contributions made totaling \$9,000, a much
9 lower amount than that at issue in *Firefighters PAC*. In mitigation, AHF did not receive an invoice for
10 the services provided until 2021; thus, the expense was not paid until 2021. However, a non-monetary
11 contribution is made on the date the committee obtains possession of the goods or services; thus, the
12 non-monetary contributions at issue here were made on the date the AHF received the written articles
13 from Ocamb. Further, in mitigation, the late disclosed activity at issue here was nominal amounting to
14 less than 0.1% of AHF's total activity for that reporting period. However, in aggravation, the Yes on 21
15 Committee also failed to timely disclose these non-monetary contributions totaling \$9,000, thereby
16 denying the public any disclosure of these contributions prior to the election. Therefore, a penalty of
17 \$2,500 is recommended.

18 As to Count 7, a similar penalty than that approved in *Firefighters PAC* is recommended. Here,
19 AHF failed to timely file 24-hour reports to disclose late non-monetary contributions made totaling
20 \$7,500 prior to the election. In aggravation, the Yes on 21 Committee also failed to timely file 24-hour
21 reports related to these contributions. Further, in aggravation, AHF also failed to timely file multiple
22 other 24-hour reports throughout 2020 that are not being charged separately for purposes of settlement.
23 However, most of these 24-hour reports were filed prior to the relevant election. Therefore, a penalty of
24 \$3,000 is recommended.

25 A similar case involving a primarily formed ballot measure committee's failure to timely file 10-
26 day reports includes *In the Matter of Yes on 34, A Coalition of Justice Orgs. and Lisa Le*; FPPC Case
27 No. 16/84 (approved January 18, 2018). The Commission imposed a penalty in the amount of \$3,500 for
28 failing to timely file 10-day reports to disclose the receipt of four non-monetary contributions totaling

1 approximately \$68,496 and one monetary contribution totaling \$500,000. This activity amounted to
2 approximately 7% of the committee's total activity. These 10-day reports were never filed. However, the
3 non-monetary contributions were received and disclosed on applicable campaign statements filed prior
4 to the relevant election. The monetary contribution was received after the relevant election and was
5 disclosed on the applicable campaign statement. In aggravation, the committee also failed to timely file
6 16 other 10-day reports totaling approximately \$1,060,000, which amounted to approximately 13% of
7 the committee's activity. These 16 other 10-day reports were filed between 13 and 48 days late, prior to
8 the relevant election, and were not charged separately.

9 Here, Counts 8-10 involve the Yes on 21 Committee's and Palmer's failure to timely file 10-day
10 reports. Similar to *Yes on 34*, the 10-day reports here were never filed. In mitigation, the non-monetary
11 contributions at issue here were received and disclosed on applicable campaign statements filed prior to
12 the relevant election.

13 As to Count 8, a lower penalty than that approved in *Yes on 34* is recommended. Here, the Yes
14 on 21 Committee failed to timely file 10-day reports to disclose the receipt of 10 non-monetary
15 contributions received totaling \$195,684, a lesser amount than that at issue in *Yes on 34*. This activity
16 amounted to approximately 0.54% of the Yes on 21 Committee's total contributions for 2020, a lower
17 percentage of activity than that at issue in *Yes on 34*. Therefore, a penalty of \$2,000 is recommended.

18 As to Count 9, a similar penalty than that approved in *Yes on 34* is recommended. Here, the Yes
19 on 21 Committee failed to timely file 10-day reports to disclose the receipt of 22 non-monetary
20 contributions received totaling \$764,825, a higher amount than that at issue in *Yes on 34*. This activity
21 amounted to approximately 2.1% of the Yes on 21 Committee's total contributions for 2020, a lower
22 percentage of activity than that at issue in *Yes on 34*. In mitigation, all 10-day reports are being charged
23 herein, unlike *Yes on 34* where certain late-filed 10-day reports were not charged separately. Therefore,
24 a penalty of \$3,500 is recommended.

25 As to Count 10, a lower penalty than that approved in *Yes on 34* is recommended. Here, the Yes
26 on 21 Committee failed to timely file 10-day reports to disclose the receipt of five non-monetary
27 contributions received totaling \$185,000, a lesser amount than that at issue in *Yes on 34*. This activity
28

1 amounted to approximately 0.51% of the Yes on 21 Committee’s total contributions for 2020, a lower
2 percentage of activity than that at issue in *Yes on 34*. Therefore, a penalty of \$2,000 is recommended.

3 A recent similar case involving a primarily formed ballot measure committee’s failure to timely
4 file 24-hour reports includes *In the Matter of Friends of Long Beach City College – Yes on Measure LB*
5 *and Lexi Donovan*; FPPC Case No. 17/1003 (approved September 16, 2021). The Commission imposed
6 a penalty in the amount of \$2,500 per count for two counts of failing to timely file 24-hour reports (for
7 those late contributions that were disclosed by the committee on other filings prior to the election) and
8 \$3,000 for one count of failing to timely file 24-hour reports (for those late contributions that were not
9 disclosed by the committee on other filings prior to the election). During the relevant reporting periods,
10 the committee reported approximately \$373,147 in contributions and \$374,185 in expenditures. The
11 committee failed to timely file 24-hour reports to disclose the receipt of 44 late contributions totaling
12 \$306,900. This amounted to approximately 82% of the committee’s total contributions. Many of the late
13 contributions were disclosed by the committee prior to the election. Specifically, 35 of the late
14 contributions received, totaling \$277,400 were disclosed on a campaign statement or report late-filed
15 prior to the election. The remaining nine late contributions received, totaling \$29,500, were not
16 disclosed on any of the committee’s campaign statements or reports filed prior to the election.

17 As to Counts 11-13, a higher penalty than that approved in *Yes on Measure LB* is recommended.
18 Here, the Yes on 21 Committee failed to timely file 24-hour reports to disclose the receipt of 58 late
19 non-monetary contributions totaling approximately \$798,805, more than twice the amount at issue in
20 *Yes on Measure LB*. In mitigation, this amounted to approximately 2% of the Yes on 21 Committee’s
21 total contributions for 2020, a far less percentage than the 82% at issue in *Yes on Measure LB*. Further,
22 in mitigation, aside from the late non-monetary contribution received on October 22, 2020 totaling
23 \$33,333.34, the late non-monetary contributions were disclosed by the Yes on 21 Committee prior to the
24 relevant election on timely filed pre-election campaign statements. In aggravation, between August 5,
25 2020 and October 21, 2020, the Yes on 21 Committee also failed to timely disclose 86 other non-
26 monetary contributions received, totaling approximately \$16,962, on 24-hour reports. Each of these non-
27 monetary contributions were less than \$1,000 and were required to be aggregated and disclosed when
28 they met the \$1,000 threshold. However, for purposes of settlement, these violations are not being

1 charged separately but will be used as aggravation to Counts 11-13. Therefore, a penalty of \$4,000 is
2 recommended for Count 11 and a penalty of \$5,000 per count is recommended for Counts 12-13.

3 In aggravation to Counts 8-13, the Yes on 21 Committee committed additional violations of the
4 Act that are not being charged herein in the interest of settlement, given the lower level of public harm
5 involved. Specifically, the Yes on 21 Committee failed to timely file a Paid Spokesperson Report (Form
6 511) for three payments made between August 11, 2020 and August 31, 2020, in violation of Section
7 84511. The Yes on 21 Committee filed a single Form 511 which disclosed the three payments between 1
8 and 21 days late.

9 Under these circumstances, it is respectfully submitted that imposition of an agreed upon penalty
10 in the amount of \$40,500 is justified, as reflected in the chart below:

Count	Respondent(s)	Violation	Penalty
1	AHF	Failure to Timely Disclose Other Payments to Influence	\$1,500
2	AHF	Failure to Timely Disclose Other Payments to Influence	\$5,000
3	AHF	Failure to Timely Disclose Other Payments to Influence	\$1,000
4	AHF	Failure to Timely Disclose Other Payments to Influence	\$1,000
5	AHF	Failure to Timely Disclose on Major Donor Statement	\$5,000
6	AHF	Failure to Timely Disclose on Major Donor Statement	\$2,500
7	AHF	Failure to Timely File 24-hour Reports	\$3,000
8	Yes on 21 Committee and Palmer	Failure to Timely File 10-day Reports	\$2,000
9	Yes on 21 Committee and Palmer	Failure to Timely File 10-day Reports	\$3,500
10	Yes on 21 Committee and Palmer	Failure to Timely File 10-day Reports	\$2,000
11	Yes on 21 Committee and Palmer	Failure to Timely File 24-hour Reports	\$4,000
12	Yes on 21 Committee and Palmer	Failure to Timely File 24-hour Reports	\$5,000

13	Yes on 21 Committee and Palmer	Failure to Timely File 24-hour Reports	\$5,000
			Total: \$40,500

CONCLUSION

Complainant, the Enforcement Division of the Fair Political Practices Commission, and Respondents, AIDS Healthcare Foundation, Yes on 21 - Renters and Homeowners United to Keep Families in Their Homes, Sponsored by AIDS Healthcare Foundation, and Beverly Grossman Palmer, 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 Respondents pursuant to Section 83116.
4. Respondents understand and hereby knowingly and voluntarily waive 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 Respondents’ 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 agree to the Commission imposing against them an administrative penalty in the amount of \$40,500. 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.

1 6. If the Commission refuses to approve this stipulation – then this stipulation shall become null
2 and void, and within 15 business days after the Commission meeting at which the stipulation is
3 rejected, all payments tendered by Respondents in connection with this stipulation shall be reimbursed
4 to Respondents. If this stipulation is not approved by the Commission, and if a full evidentiary hearing
5 before the Commission becomes necessary, neither any member of the Commission, nor the Executive
6 Director, shall be disqualified because of prior consideration of this stipulation.

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

10
11
12 Dated: _____

_____ James M. Lindsay, Chief of Enforcement
Fair Political Practices Commission

13
14
15
16 Dated: _____

_____ Bradley W. Hertz, Esq, on behalf of
AIDS Healthcare Foundation, Respondent

17
18
19
20 Dated: _____

_____ Beverly Grossman Palmer, individually and on behalf of
Yes on 21 - Renters and Homeowners United to Keep
Families in Their Homes, Sponsored by AIDS Healthcare
Foundation, Respondents

