



STATE OF CALIFORNIA  
FAIR POLITICAL PRACTICES COMMISSION  
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# Third Quarter Update

Campaign Reporting and Advertising Disclosure

## Regulations adopted by the Commission

The following are regulatory changes approved by the Commission during the past quarter concerning campaign reporting or advertising disclosure. To receive updates for all regulations before the Commission, please sign up for our [mailing list here](#).

### Adoption

[Regulation 18450.6](#) – Disclosure on Advertisements in Languages Other than English

[Regulation 18450.7](#) – Disclosure for Advertisements in Formats Not Specifically Addressed

[Regulation 18450.8](#) – Disclosure for Advertisements on Listening Applications that are Both Audio and Visual

[Regulation 18450.9](#) – Website Advertisements and Third-Party Social media Advertisements

### Amendment

[Regulation 18421.5](#) – Reporting an Expenditure for Paid Online Communications

[Regulation 18435.5](#) – Slate Mailer Requirements

[Regulation 18450.4](#) – Video and Television Advertisement Disclosure

[Regulation 18450.11](#) – Spokesperson Disclosure

## Advice Letters

The following are advice letters issued by the Commission's Legal Division during the past quarter concerning questions about campaign reporting or advertising disclosure. To receive the monthly report with all advice letters issued, please sign up for our [mailing list here](#).

### Behested Payments

#### Rei Onishi

[I-21-084](#)

When reporting a behested payment made by a donor advised fund (“DAF”) on a Behested Payment Report, an elected official should identify the “payor” of the behested payment with as much specificity as the official knows or can determine by inquiring with the sponsoring organization. In those instances in which the official knows or can determine a person who is the source of a behested payment made through a DAF, the official should identify that person as the “payor.” If the official does not know the identity of the person whose DAF is being used to make a behested payment and the sponsoring organization will not identify that person, the official should report that the payment was made by a DAF, provide the name of the DAF, if known, and the name of the sponsoring organization.

### Campaign

#### Ashlee N. Titus

[I-21-079](#)

A fundraising structure where a vendor pays a sub vendor's fees, commissions or costs from a donor's contribution prior to providing the net proceeds of the contribution to the candidate's

committee, does not comply with the one bank account rule (Section 85201). Any payments made by a vendor to a subvendor would need to be made with funds that originate in the Committee's single campaign bank account. Further, these payments may be reportable subvendor payments under Section 84303.

### **Lori Stone**

[I-21-099](#)

A candidate who controls her own committee for election to a specific office is prohibited from providing campaign management services to other committees that support or oppose candidates for elective office or make contributions to support or oppose candidates for elective office, such as developing or implementing campaign strategy, but is generally permitted to provide campaign management services only to the extent the candidate does not have significant influence over the committee's decisions and do not act jointly with the committee in making expenditures. With respect to the conflict-of-interest rules, the Act does not prohibit an official from holding a public position and being employed by or operating another entity such as a private business. However, the official may not take part in decisions that have a reasonably foreseeable material financial effect on any financial interest the official may have, including a financial interest in a source of income or a business entity.

## Commission Opinions

None.

## Enforcement Matters

The following are summaries of significant enforcement actions approved by the Commission in the past quarter involving violations of the Act's campaign reporting and advertising disclosure provisions. To receive a monthly report of all enforcement actions, please sign up for our [mailing list here](#).

### Campaign Bank Account

[In the Matter of Robert Jordan Funk, Committee, and Jordan Funk; FPPC No. 18/376](#). Staff: Theresa Gilbertson, Senior Commission Counsel. Jordan Funk was an unsuccessful candidate for Modoc County District Attorney in the June 5, 2018 Primary Election. Robert Jordan Funk was Funk's candidate-controlled committee. The Committee and Funk failed to timely file two preelection campaign statements and one semi-annual campaign statement, in violation of Government Code Sections 84200.5 and 84200 (1 count); and failed to utilize a single designated campaign bank account for all contributions and expenditures, in violation of Government Code Section 85201 (1 count). **Total Proposed Penalty: \$4,500.**

[In the Matter of Roger Gaylord for Folsom City Council 2016 and Roger Gaylord III; FPPC No. 17/490](#). Staff: Theresa Gilbertson, Senior Commission Counsel. Respondents were represented by Lance H. Olson of Olson Remcho LLP. Roger Gaylord III was a successful candidate for Folsom City Council in the November 8, 2016 General Election. Roger Gaylord for Folsom City Council 2016 was Gaylord's candidate-controlled committee. The Committee and Gaylord failed to utilize a single designated campaign bank account for all contributions and expenditures, in violation of Government Code Section 85201 (1 count). **Total Proposed Penalty: \$3,000.**

## Campaign Late Filer

[In the Matter of BluPAC and Douglas Chan; FPPC No. 16/19981.](#) Staff: Bridgette Castillo, Senior Commission Counsel and Lance Hachigian, Special Investigator. The respondents were represented by Nick Sanders of the Sutton Law Firm. BluPAC is non-profit civic research 501(c)(4) organization based in San Francisco, which has been renamed Response Analytics Research. Douglas Chan is the responsible officer. BluPAC became an independent expenditure committee when it paid a slate mailer organization, Citizens Economic Council, for independent expenditures to support and oppose Santa Clara City Council candidates in the November 8, 2016, General Election. BluPAC and Chan failed to timely file nine 24-hour reports, in violation of Government Code Section 84204 (1 count). **Total Proposed Penalty: \$3,500.**

[In the Matter of Clint Olivier, Clint Olivier for Assembly 2016, and Richard Egan; FPPC No. 19/357.](#) Staff: Bridgette Castillo, Senior Commission Counsel. This matter arose from an audit performed by the Franchise Tax Board's Political Reform Audit Program. Respondents were represented by Brian T. Hildreth of Bell, McAndrews & Hiltachk, LLP. Clint Olivier was an unsuccessful candidate for California State Assembly in the April 5, Page | 3 2016 Special Election; successful in the June 7, 2016 Primary Election; and unsuccessful in the November 8, 2016 General Election. Clint Olivier for Assembly 2016 was Olivier's candidate-controlled committee. Richard Egan was the Committee's treasurer. The Committee, Olivier, and Egan failed to timely file a preelection campaign statement, in violation of Government Code Sections 84200.5 and 84200.8 (1 count); and failed to timely file six 24-hour reports, in violation of Government Code Section 84203 (1 count). **Total Proposed Penalty: \$4,500.**

[In the Matter of Friends of Long Beach City College – Yes on Measure LB and Lexi Donovan; FPPC No. 17/1003.](#) Staff: Jenna C. Rinehart, Commission Counsel. Friends of Long Beach City College – Yes on Measure LB was a local ballot measure committee primarily formed to support the approval of Measure LB, a bond issue measure in the June 7, 2016 Primary Election. Lexi Donovan was the Committee's treasurer. The Committee and Donovan failed to timely file two preelection campaign statements and two semi-annual campaign statements, in violation of Government Code Sections 84200.5, 84200.8, and 84200 (1 count) and failed to timely file 44 24-hour reports, in violation of Government Code Section 84203 (3 counts). **Total Proposed Penalty: \$11,500.**

[In the Matter of Associated Students of Glendale Community College; FPPC No. 21/259.](#) Staff: Ruth Yang, Senior Commission Counsel and Lance Hachigian, Special Investigator. Associated Students of Glendale Community College is a student government organization that failed to timely file two 24-hour reports, in violation of Government Code Section 84203 (1 count) and failed to timely file a major donor campaign statement, in violation of Government Code Section 84200, subdivision (b) (1 count). **Total Proposed Penalty: \$5,000.**

## Campaign Contribution Limits

[In the Matter of Caixing Xie; FPPC No. 19/1680.](#) Staff: Ruth Yang, Senior Commission Counsel. The respondent was represented by Henry Hu. Caixing Xie made contributions as an individual and through various entities in 2015 to Barry Chang for Assembly 2016. Caixing Xie made contributions that exceeded the campaign contribution limit for State Assembly candidates, in violation of Government Code Section 85301, subdivision (a), and Regulation 18545, subdivision (a)(1) (1

count). Additionally, Caixing Xie failed to timely file a major donor campaign statement, in violation of Government Code Section 84200, subdivision (b) (1 count). **Total Proposed Penalty: \$6,000.**

[In the Matter of Dakota Brothers, Inc. and Tropicana Russell, Inc.; FPPC No. 19/1682.](#) Staff: Ruth Yang, Senior Commission Counsel. Dakota Brothers, Inc. and Tropicana Russell, Inc. each made contributions in 2016 to Barry Chang for Assembly 2016. At the time when those contributions were made, Dakota Brothers and Tropicana Russell were majority owned by the same combination of individuals. Dakota Brothers, Inc. and Tropicana Russell, Inc made contributions that exceeded the campaign contribution limit for State Assembly candidates, in violation of Government Code Section 85301, subdivision (a), and Regulation 18545, subdivision (a)(1) (1 count). Additionally, Dakota Brothers and Tropicana Russell failed to timely file a major donor campaign statement, in violation of Government Code Section 84200, subdivision (b) (1 count). **Total Proposed Penalty: \$5,500.**

## Default

[In the Matter of Thomas Benson for Signal Hill City Council 2017 and Thomas Benson; FPPC No. 18/171.](#) Staff: Theresa Gilbertson, Senior Commission Counsel. Thomas Benson was an unsuccessful candidate for Signal Hill City Council during a local election held on March 7, 2017. Thomas Benson for Signal Hill City Council 2017 was Benson's candidate-controlled committee. The Committee and Benson failed to timely file three semi-annual campaign statements, in violation of Government Code Section 84200 (3 counts). **Total Proposed Penalty: \$9,000.**

## Legislation

### *Commission-Sponsored Bills*

#### **[AB 378 \(Bauer-Kahan\)](#) – Gendered language cleanup.**

Status: Approved by the Governor and Chaptered (7/9/21)

Coauthors: Assembly Members Aguiar-Curry, Boerner Horvath, Burke, Calderon, Carrillo, Cristina Garcia, Petrie-Norris, Quirk-Silva, Reyes, Blanca Rubio, and Wicks; Senators Durazo, Eggman, Gonzalez, Laird, Limón, Skinner, and Wiener.

Summary: AB 378 would remove gendered language from certain portions of the Government Code and other codes, including from the Political Reform Act.

FPPC Position: Support

Cost Estimate: Minor and absorbable

#### **[AB 1367 \(Low\)](#) – Campaign funds: egregious personal use of campaign funds.**

Status: Approved by the Governor and Chaptered

Summary: AB 1367 would increase penalties for egregious personal use of campaign funds to two times the amount of the unlawful expenditure.

FPPC Position: Sponsor

Cost Estimate: Minor and absorbable

#### **[SB 686 \(Glazer\)](#) – Campaign disclosure: limited liability companies.**

Status: Approved by the Governor and Chaptered

Principal coauthor: Assembly Member Berman

Coauthors: Senator Umberg; Assembly Members Bennett, Kalra, and Lorena Gonzalez

Summary: SB 686 would require an LLC, if it qualifies as a committee or committee sponsor, to file a statement of members with the Secretary of State. The bill would require the statement of members to include certain information about the LLC, including a list of all persons who have a membership interest in the LLC of at least 10% or who made a cumulative capital contribution of at least \$10,000 to the LLC after it qualified as a committee or sponsor of a committee, or within the 12 months before it qualified.

FPPC Position: Sponsor

Cost Estimate: FPPC – 1 Special Investigator (\$126,000 for the first year) and \$119,000 ongoing; SOS – One-time cost of \$561,000 and \$121,000 ongoing

### ***Other Commission-Related Bills***

**AB 319 (Valladares) – Campaign contributions: foreign contribution prohibitions.**

Status: Approved by the Governor and Chaptered

Summary: AB 319 would prohibit a foreign government or principal from making contributions, expenditures, or independent expenditures in connection with the election of a candidate to state or local office, and would prohibit a person or a committee from soliciting or accepting those contributions. Existing law currently prohibits these foreign contributions and expenditures if they are made in connection with state or local ballot measures.

FPPC Position: Support

Cost Estimate: Minor and absorbable