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8 BEFORE THE FAIR POLITICAL PRACTICES COMMISSION
9 STATE OF CALIFORNIA
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12 In the Matter of) FPPC No. 08/761
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14) STIPULATION, DECISION and
15) ORDER
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Respondents.

Complainant Roman G. Porter, Executive Director of the Fair Political Practices Commission, and Respondents Monterey County Republican Central Committee and Chris Steinbruner agree that this Stipulation will be submitted for consideration by the Fair Political Practices Commission at its next regularly scheduled meeting.

The parties agree to enter into this Stipulation to resolve all factual and legal issues raised in this matter and to reach a final disposition without the necessity of holding an administrative hearing to determine the liability of Respondents, pursuant to Section 83116 of the Government Code.

Respondents understand, and hereby knowingly and voluntarily waive, any and all procedural rights set forth in Sections 83115.5, 11503 and 11523 of the Government Code, and in Sections 18361.1 through 18361.9 of Title 2 of the California Code of Regulations. This includes, but is not limited to, the right to personally appear at any administrative hearing held in this matter, to be represented by an

1 attorney at Respondents' own expense, to confront and cross-examine all witnesses testifying at the
2 hearing, to subpoena witnesses to testify at the hearing, to have an impartial administrative law judge
3 preside over the hearing as a hearing officer, and to have the matter judicially reviewed.

4 It is further stipulated and agreed that Respondents Monterey County Republican Central
5 Committee and Chris Steinbruner violated the Political Reform Act by failing to timely file late
6 contribution reports disclosing contributions made and received, in violation of Sections 84203,
7 subdivision (a) and 84605, subdivision (a)(2), of the Government Code (6 counts); failing to report on a
8 pre-election campaign statement for the reporting period ending September 30, 2006, required
9 subvendor information, in violation of Sections 84211, subdivision (k), and 84303 of the Government
10 Code (1 count); impermissibly accepting three contributions each in excess of the \$30,200 contribution
11 limit from one source for the purpose of making contributions to support candidates for elective state
12 office, in violation of Section 85303, subdivision (b) of the Government Code (1 count); and by using
13 contributions in excess of the contribution limit to make contributions to candidates for elective state
14 office, in violation of Section 85303, subdivision (c) of the Government Code (1 count). All counts are
15 described in Exhibit 1, which is attached hereto and incorporated by reference as though fully set forth
16 herein. Exhibit 1 is a true and accurate summary of the facts in this matter.

17 Respondents agree to the issuance of the Decision and Order, which is attached hereto.
18 Respondents also agree to the Commission imposing upon them an administrative penalty in the amount
19 of Twenty Five Thousand Dollars (\$25,000). A cashier's check from Respondents in said amount, made
20 payable to the "General Fund of the State of California," is submitted with this Stipulation as full
21 payment of the administrative penalty, to be held by the State of California until the Commission issues
22 its decision and order regarding this matter. The parties agree that in the event the Commission refuses
23 to accept this Stipulation, it shall become null and void, and within fifteen (15) business days after the
24 Commission meeting at which the Stipulation is rejected, all payments tendered by Respondents in
25 connection with this Stipulation shall be reimbursed to Respondents. Respondents further stipulate and
26 agree that in the event the Commission rejects the Stipulation, and a full evidentiary hearing before the
27 Commission becomes necessary, neither any member of the Commission, nor the Executive Director,
28 shall be disqualified because of prior consideration of this Stipulation.

1 Dated: _____

Roman G. Porter, Executive Director
Fair Political Practices Commission

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4 Dated: _____

Chris Steinbruner, Respondent,
Individually and on behalf of
Monterey County Republican Central Committee

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1 **DECISION AND ORDER**

2 The foregoing Stipulation of the parties “In the Matter of Monterey County Republican Central
3 Committee and Chris Steinbruner,” FPPC No. 08/761, including all attached exhibits, is hereby accepted
4 as the final decision and order of the Fair Political Practices Commission, effective upon execution
5 below by the Chairman.

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7 IT IS SO ORDERED.

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9 Dated: _____

Ann Ravel, Chair
Fair Political Practices Commission

EXHIBIT 1

INTRODUCTION

Respondent Monterey County Republican Central Committee (“Respondent Committee”) is a state general purpose, political party committee. At all time relevant, Respondent Chris Steinbruner (“Respondent Steinbruner”) served as treasurer of Respondent Committee. This case arose from Franchise Tax Board (“FTB”) audits of Respondent Committee for the periods January 1, 2005 – December 31, 2006 and January 1, 2007 through December 31, 2008. During the periods covered by the audit, Respondent Committee reported receiving contributions of approximately \$2,523,450 and making expenditures of approximately \$2,662,905.

As a general purpose committee under the Political Reform Act¹ (the “Act”), Respondents have a duty to timely file campaign statements and reports, disclose particular information, and abide by contribution limits. However, Respondents 1) failed to file late contribution reports; 2) failed to report required subvendor information; and 3) failed to abide by contribution limits by receiving and making contributions over the limits.

For the purposes of this Stipulation, Respondents’ violations of the Act are stated as follows:

COUNT 1: Respondents Monterey County Republican Central Committee and Chris Steinbruner failed to timely file a late contribution report disclosing a \$62,000 contribution made to the Shirley Horton for Assembly 2006 committee during the late contribution reporting period before the November 7, 2006 General Election, due on or about October 24, 2006, in violation of Sections 84203, subdivision (a) and 84605, subdivision (a)(2), of the Government Code.

COUNT 2: Respondents Monterey County Republican Central Committee and Chris Steinbruner failed to timely file a late contribution report disclosing a \$98,000 contribution made to the Daucher for Senate committee during the late contribution reporting period before the November 7, 2006 General Election, due on or about October 26, 2006, in violation of Sections 84203, subdivision (a) and 84605, subdivision (a)(2), of the Government Code.

COUNT 3: Respondents Monterey County Republican Central Committee and Chris Steinbruner failed to timely file a late contribution report disclosing two contributions made to the Daucher for Senate committee totaling \$203,000 during the late contribution reporting period before the November 7, 2006 General

¹The Political Reform 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.

Election, due on or about October 28, 2006, in violation of Sections 84203, subdivision (a) and 84605, subdivision (a)(2), of the Government Code.

COUNT 4: Respondents Monterey County Republican Central Committee and Chris Steinbruner failed to timely file a late contribution report disclosing a contribution of \$100,000 made to the California Republican Party and a non-monetary contribution of \$17,183 made to the Ignacio Velazquez for Assembly committee during the late contribution reporting period before the November 7, 2006 General Election due on or about November 2, 2006, in violation of Sections 84203, subdivision (a) and 84605, subdivision (a)(2), of the Government Code.

COUNT 5: Respondents Monterey County Republican Central Committee and Chris Steinbruner failed to timely file a late contribution report disclosing a \$50,000 contribution made to the Bruce McPherson for Secretary of State committee during the late contribution reporting period before the November 7, 2006 General Election, due on or about November 4, 2006, in violation of Sections 84203, subdivision (a) and 84605, subdivision (a)(2), of the Government Code.

COUNT 6: Respondents Monterey County Republican Central Committee and Chris Steinbruner failed to timely file a late contribution report disclosing the receipt of a \$20,000 in contributions from Braga Ranch and PG& E Corporation during the late contribution reporting period before the December 11, 2007 Special Primary Election, due on or about November 27, 2007, in violation of Sections 84203, subdivision (a) and 84605, subdivision (a)(2), of the Government Code.

COUNT 7: Respondents Monterey County Republican Central Committee and Chris Steinbruner failed to report on a pre-election campaign statement for the reporting period ending September 30, 2006, required subvendor information for expenditures totaling approximately \$358,270, in violation of Sections 84211, subdivision (k), and 84303 of the Government Code.

COUNT 8: On or about May 5, 2008, August 25, 2008, and September 16, 2008, Respondents Monterey County Republican Central Committee and Chris Steinbruner impermissibly accepted three contributions each in excess of the \$30,200 contribution limit from one source for the purpose of making contributions to support candidates for elective state office, in violation of Section 85303, subdivision (b), of the Government Code.

COUNT 9: On or about May 20, 2008, June 27, 2008, September 17, 2008, and October 15, 2008, Respondents Monterey County Republican Central Committee and Chris Steinbruner impermissibly used contributions each in excess of the \$30,200 contribution limit to make five contributions to support candidates for elective state office, in violation of Section 85303, subdivision (c), of the Government Code.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed, so that voters may be fully informed, and improper practices may be inhibited. The Act, therefore, establishes a campaign reporting system designed to accomplish this purpose of disclosure.

Duty to File Campaign Statements

Section 82013, subdivision (a), defines a “committee” as any person or combination of persons who directly or indirectly receives contributions totaling \$1,000 or more in a calendar year. This type of committee is commonly known as a “recipient committee.” Section 82027.5, subdivision (b), defines a “state general purpose committee” to include a political party committee as defined in Section 85205. That section includes in the definition of political party committee all county central committees. Under the Act’s campaign reporting system, state general purpose committees are required to file specified campaign statements and reports disclosing contributions received and expenditures made by certain deadlines with the Secretary of State’s office (“SOS”). (See Sections 84200 – 84209.) A “contribution” is a payment made for political purposes. (Section 82015.)

Duty to File Late Contribution Reports

Under Section 84203, subdivisions (a) and (b), when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report within 24 hours of making or receiving the contribution. Section 82036, subdivision (b), defines a “late contribution,” in relevant part, as a contribution which totals in the aggregate one thousand dollars (\$1,000) or more that is made to or received by, a political party committee before the date of any state election but after the closing date of the last campaign statement required to be filed before the election. Under Sections 84200.7 and 84200.8, the late contribution reporting period of an election covers the last 16 days before the election.

Duty to File Reports Online

In order to maximize the availability of information regarding campaign disclosure to the public, the Act requires any candidate, officeholder, committee, or other person who is required to file statements, reports, or other documents in connection with a state elective office to file them online or electronically when the total cumulative reportable amount of contributions received, expenditures made, loans made, or loans received is \$50,000 or more. (Section 84605, subd. (a).)

Once a person or entity is required to file online or electronically, the person or entity is required to file all subsequent reports online or electronically as well. (Section 84605, subd. (g).) Persons filing online or electronically are also required to continue to file required disclosure statements and reports in paper format, which continue to be the official filing for audit and other legal purposes until the Secretary of State determines the system is operating securely and effectively. (Section 84605, subd. (i).)

Duty to Disclose Expenditures on Campaign Statements

Section 82025 defines “expenditure” as a payment, forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment, unless it is clear from the surrounding circumstances that it is not made for political purposes. Section 84211, subdivision (b), requires committees to disclose the total amount of expenditures made during the period covered by the campaign statement. In addition, for each person to whom the committee makes an expenditure of \$100 or more during the period covered by the campaign statement, a committee must disclose information that includes the payee’s name and address, the amount of each expenditure, and a brief description of the consideration for which each expenditure is made. (Section 84211, subs. (i) and (k).) “Expenditure” includes any individual payment or accrued expense (i.e., an unpaid bill). (Sections 82025, 84211, subd. (k)(6).) Further, an expenditure is “made” on the date the payment is made or on the date consideration, if any, is received, whichever is earlier. (Section 82025.)

Duty to Report Subvendor Payments

Section 84303 provides that no expenditure of five hundred dollars (\$500) or more shall be made, other than overhead and normal operating expenses, by an agent or independent contractor, including but not limited to an advertising agency, on behalf of, or for the benefit of any candidate or committee, unless it is reported by the candidate or committee as if the expenditure were made directly by the candidate or committee. Regulation 18431, subdivision (a), provides specific types of expenditures that must be reported pursuant to Section 84303, including expenditures for design of campaign literature or advertising and printed campaign literature, as well as expenditures to printers of mass mailings and providers of advertising time or space. Regulation 18431, subdivision (c), requires disclosure of the expenditures made by an agent or independent contractor to be made at the same time and in the same manner and detail as required under Section 84211, subdivision (k), for the committee’s direct expenditures.² This information reported by the candidate or committee is commonly referred to as “subvendor information.”

Duty to Abide by Contribution Limits

The Act imposes limits on contributions made to political party committees. Section 85303, subdivision (b), prohibits a political party committee from accepting a contribution in excess of \$25,000 per calendar year if the political party committee accepts the excessive contribution for the purpose of making contributions to support or defeat candidates for elective state office. Section 82024 defines “elective state office” to include the offices of a member of the Legislature and the Controller. Once a political party committee has accepted a contribution in excess of \$25,000, Section 85303, subdivision (c), does not permit the political party committee to use the excessive contribution to make contributions to candidates for elective state

² Specifically, the following information must be provided: (1) the subvendor’s full name; (2) his or her street address; (3) the amount of each expenditure; and (4) a brief description of the consideration for which each expenditure was made. (Section 84211, subd. (k)(1)-(4) and (6).)

office. Section 83124 requires the Commission to biennially adjust the contribution limits in Section 85303 to reflect changes in the Consumer Price Index. For 2008, the contribution limit for contributions to a political party committee for the purpose of making contributions to support or defeat candidates for elective state office was \$30,200 per calendar year.

Regulation 18534 outlines the specifics regarding how political party committees are to keep funds separate in order to be in compliance with the statute. Regulation 18534, subdivision (b), states that political party committees “must make all contributions to candidates for elective state office, and to other committees for the purpose of making contributions to candidates for elective state office, from a bank account maintained and designated as an ‘all purpose’ committee account [and] [c]hecks drawn on this account must include the words ‘all purpose’ in the title of the account appearing on the checks.” Any contributions accepted above the limit (\$30,200) must be placed into a separate account not used for candidate for elective state office support and must be labeled as “restricted use” funds. (Regulation 18534, subd. (c).)

Liability of Committee Treasurers

As provided in Section 84100, every committee shall have a treasurer. Under Section 84100 and Regulation 18427, subdivision (a), it is the duty of a committee’s treasurer to ensure that the committee complies with all of the requirements of the Act concerning the receipt and expenditure of funds and the reporting of such funds. Under Sections 83116.5 and 91006, a committee’s treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee.

SUMMARY OF THE FACTS

Respondent Committee is a state general purpose, political party committee. From 2003 to present, Respondent Steinbruner served as treasurer of Respondent Committee.

COUNTS 1-6

Failure to Timely File Late Contribution Reports

For the November 7, 2006 General Election, Respondents were required to file late contribution reports within 24 hours of receiving or making contributions of \$1,000 or more during the late reporting period, October 22, 2006 through November 6, 2006. Respondents failed to timely file five late contribution reports for that election for contributions *made of* \$1,000 or more.

In addition, for the December 11, 2007 Special Primary Election, Respondents were also required to file late contribution reports within 24 hours of receiving or making contributions of \$1,000 or more during the late reporting period, November 25, 2007 through December 10, 2007. Respondents failed to timely file one late contribution reports for that election for contributions *received of* \$1,000 or more.

Respondents, as electronic filers, were required to file these reports both electronically and on paper. The following late contribution reports were not timely filed:

Count	Recipient/Contributor	Due Date	Amount	Total Amt Not Timely Reported
1	Shirley Horton for Assembly 2006	10/24/06	\$ 62,000	Contributions made: \$530,183
2	Daucher for Senate	10/26/06	\$ 98,000	
3	Daucher for Senate	10/28/06	\$203,000	
4	California Republican Party	11/02/06	\$100,000	
4	Ignacio Velazquez for Assembly	11/02/06	\$ 17,183	
5	Bruce McPherson for Secretary of State	11/04/06	\$ 50,000	Contributions received: \$20,000
6	Braga Ranch	11/27/07	\$ 5,000	
6	PG&E Corporation	11/27/07	\$ 15,000	

By failing to disclose the late contributions in properly filed late contribution reports both on paper and electronically, Respondents violated Sections 84203, subdivision (a) and 84605, subdivision (a)(2), six times.

COUNT 7

Failure to Report Subvendor Information for Payments Made

In addition to requiring committees to report direct expenditures they make, the Act also requires committees to report expenditures made by an agent or independent contractor (such as a campaign worker, advertising agency, or campaign management firm) on behalf of the committee. (Sections 84211(k)(6) and 84303 and Regulation 18431.) Respondents had a duty to report on their campaign statements subvendor information for payments of \$500 or more made by an agent to a subvendor on Respondent Committee's behalf for campaign products or services, as if the expenditures were made directly by the committee.

Respondents failed to report on a pre-election campaign statement for the reporting period ending September 30, 2006, required subvendor information for expenditures made totaling approximately \$358,270. According to Respondent's campaign statements and records, subvendor information for expenditures made that should have been reported during the pre-election reporting period included expenditures made for television and radio airtime.

By failing to report required subvendor information for expenditures of \$500 or more, Respondents violated Sections 84211, subdivision (k) and 84303.

COUNTS 8 and 9

Receiving Contributions in Excess of the Contribution Limit for the Purpose of Making Contributions to Support Candidates for Elective State Office and Using Excessive Contributions to Make Contributions to Candidates for Elective State Office

Respondent Committee, as a political party committee, may only receive a contribution totaling \$30,200 per person for the 2008 calendar year for the purpose of making contributions to support candidates for elective state office and have a duty to keep this money separate for money to be used on non-candidate support. This amount is to be placed in a separate account that is labeled as an “all purpose” account, meaning the money can be used for any purpose. Any money received above this amount must be segregated into another account and dubbed “restricted use” funds, so that these funds are not used to make contributions to candidates from elective state office.

- On or about January 28, 2008, Respondents received \$25,000 from the Abel Maldonado for Senate committee and deposited that money into a bank account used to make contributions to candidates for elective state office.
- On or about May 5, 2008, Respondents exceeded the limit for contributions into this account when they received another \$25,000 from the same committee and deposited it into the same account.
- On or about August 25, 2008, Respondents received an additional contribution from the same committee, Abel Maldonado for Senate, in the amount of \$25,000 and deposited it into this same account.
- On or about September 16, 2008, Respondents received a \$15,000 contribution from the same committee and deposited it into the same account. A total of \$90,000 in contributions was received from this source and deposited into the same account.

Respondents received \$59,800 over the legal limit into an account used for making contributions to candidates for elective state office, and, in fact, spent money from this account for that purpose.

The following table sets forth the amount and the recipients of the contributions that were made by Respondents subsequent to receiving and depositing contributions totaling \$90,000 from the Abel Maldonado for Senate committee, and the date on which the contributions were made:

Date	Recipient of Contribution	Amount
5/20/08	Taxpayers for Maldonado (Candidate for State Controller)	\$15,000
6/27/08	Aghazarian for Senate	\$15,000
6/27/08	Strickland for Senate	\$15,000
9/17/08	Abel Maldonado for Senate (paid vendor, non-monetary contribution)	\$15,000
10/15/08	Strickland for Senate	\$30,000
	TOTAL:	\$90,000

In early 2007, Regulation 18534 was added to provide a procedure for political party committees to follow in order to keep funds separate and be in compliance with the statute.

Regulation 18534, subdivision (b), states that political party committees “must make all contributions to candidates for elective state office, and to other committees for the purpose of making contributions to candidates for elective state office, from a bank account maintained and designated as an ‘all purpose’ committee account [and] [c]hecks drawn on this account must include the words ‘all purpose’ in the title of the account appearing on the checks.” Any contributions accepted above the limit (\$30,200) must be placed into a separate account not used for candidate for elective state office support or opposition and must be labeled as “restricted use” funds. (Regulation 18534, subd. (c).) None of these designation were used by the Respondents for these contributions made and received.

By receiving the contributions and depositing them into a candidate support account, Respondents received a contribution in excess of \$30,200 for the purpose of supporting or defeating candidates for elective state office, in violation of Section 85303, subdivision (b), and by using all \$59,800 of the contributions received over the limit to make contributions to candidates for State Controller and Senate, Respondents used contributions in excess of \$30,200 to make contributions to candidates for elective state office, in violation of Section 85303, subdivision (c).

CONCLUSION

This matter consists of nine counts of violating the Act, which carry a maximum administrative penalty of five thousand dollars (\$5,000) per count.

In determining the appropriate penalty for a particular violation of the Act, the Commission considers the typical treatment of a violation in the overall statutory scheme of the Act, with an emphasis on serving the purposes and intent of the Act. Additionally, the Commission considers the facts and circumstances of the violation in context of the factors set forth in Regulation 18361.5, subdivision (d)(1)-(6): the seriousness of the violations; the presence or lack of intent to deceive the voting public; whether the violation was deliberate, negligent, or inadvertent; whether the Respondent demonstrated good faith in consulting with Commission staff; and whether there was a pattern of violations.

Late Contribution Reports: The public harm inherent in disclosure violations is that the public is deprived of important information, such as the sources and amounts of contributions to a campaign and the expenditures of the committee. In this case, Respondents failed to timely file late contribution reports before two different elections. The first of these violations occurred in late October, 2006. In October, 2005, Respondents reached a streamline stipulated settlement with the Commission regarding a \$3,500 contribution that had been made by Respondent Committee for which a corresponding late contribution report had not been timely filed. In addition, an FTB audit was issued to these same Respondents on September 26, 2006, which included a finding that another late contribution report was not filed for a \$1,500 contribution that had been made, as well as other reporting violations. A warning letter from the Commission’s Enforcement Division was sent detailing their lack of compliance in filing late contribution reports. In addition to having prior knowledge of Respondent Committee’s failures regarding these types of reports from the Streamline Stipulation received the year before, Respondents were also made aware of these issues during the FTB audit. The amounts not

reported vary and the majority of these contributions were reported by the other party making or receiving the contribution with the exception of the non-monetary contribution made to Ignacio Velazquez for Assembly, which was never reported.

Other similar cases regarding late contribution reports recently approved by the Commission include a \$2,000 penalty per count for similar amounts of contributions made but fewer reports missed (*In the Matter of Abel Maldonado, Abel Maldonado for Senate, Christopher J. Raymer, and Chris Steinbruner*, FPPC No. 10/070) and a \$3,000 penalty for contributions of smaller amounts, though they made up a large percentage of the amount raised and spent by that committee (*In the Matter of Arturo Chacon and Art Chacon for Water Board 2010*, FPPC No. 08/652). Both of these previous cases also dealt with multiple other reporting violations, but neither had a prior history of warnings and fines from the Enforcement Division or audit findings by FTB. Therefore, after taking the specific facts of this case into consideration, a fine amount of \$2,500 per violation is appropriate for this repetitiously negligent behavior of late contribution reports not filed for contributions *made*.

For the one count of a late contribution report not being filed for contributions *received*, the amounts not reported are substantially lower and Respondents did not receive prior warning regarding these particular circumstances. Therefore, for this one count regarding the contributions *received* by Respondents before the December 11, 2007 Special Primary Election, a fine of \$2,000 is more appropriate.

Subvendor Information: The public harm involved when subvendor information is not disclosed is that the public is deprived of important information such as name of subvendors, amount of subvendor expenditures, and description of products and services they provided to the campaign. Respondent Committee formed in 1974 and is a long standing political committee with years of campaign experience.

Similar cases regarding missing subvendor expenditure information recently approved by the Commission include three different penalties per count ranging from \$2,250 - \$2,750 with the range depending on the size of the payment and whether or not the disclosure would be required before or after the election (*In the Matter of Mary Ann Andreas, Andreas for Assembly, Marta Baca, and Phyllis Nelson*, FPPC No. 06/77) and a penalty of \$2,500 per count for two subvendor information reporting violations for 23% and 12% of expenditures made before the election (*In the Matter of Bryan Batey, Committee to Elect Bryan Batey, and Lisa King*, FPPC No. 10/53).

The amount of subvendor expenditures that were not properly reported was significant, over \$350,000, comprising approximately 40% of all expenditures made by Respondent Committee during the pre-election reporting period. Therefore, a fine amount of \$2,500 is appropriate for this subvendor reporting violation.

Over-the-limit Contributions: The conduct of accepting a contribution in excess of the contribution limit harms the integrity of the election process. In cases where the contributions received or made were over-the-limits, the Commission has imposed the maximum administrative penalty of \$5,000 in cases where the conduct appeared to be something more than

negligence. In this particular case, a prosecution under Section 85303 regarding political party limits, the Commission has only prosecuted a group of three cases in 2004 when party central committees used some contributions in excess of the limit to make contributions to state candidates for state candidate support. Each received the maximum penalty allowed as charged under both subdivisions: subdivision (b) - for accepting the contributions with the intention to use them for candidate support and subdivision (c) - for using the contributions for candidate support. (See *Butte County Republican Central Committee and Jack R. Sargent*, FPPC No. 03/474; *Kern County Republican Central Committee and Matt Brady*, FPPC No. 03/475; and *California Republican Victory Fund/San Joaquin County Republican Central Committee and Rick Veldstra*, FPPC No. 03/250.) Since then, in 2007, the Commission adopted Regulation 18534 to segregate these funds even further.

In the course of the investigation into the contributions made from 21st Century Insurance Group (“21st Century”) in 2004 to the party central committees discussed above, Respondents were found to have received \$50,000 from 21st Century, which they commingled into an account used to make contributions to candidates. However, since Respondents did not use more than \$25,000 in support or defeat of candidates, they received a warning letter in that case, but were put on notice that failure to comply with the contribution limits of the Act in the future could result in an enforcement action being brought against them.

Respondent Committee had previously opened separate accounts, but the accounts were not used as required by Regulation 18534, including the lack of designation of an account as “restricted use” and another as “all purpose” on the accounts and checks written. Respondent Steinbruner contends that he understood the limits would not apply to contributions received from other committees subject to limitations themselves and has since remedied the use and designation of the accounts. Taking all of this into consideration, a fine amount of \$4,000 as charged for each violation of Section 85303, subdivisions (b) and (c) is appropriate.

Accordingly, the facts of this case justify imposition of a total administrative penalty of \$25,000.