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3 **FAIR POLITICAL PRACTICES COMMISSION**
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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. 14/598
13)
14 STEVEN A. PAPPAS, STEVE PAPPAS FOR)
3RD DISTRICT SUPERVISOR 2012, and) STIPULATION, DECISION and
15 TRENT J. BENEDETTI,) ORDER
16 Respondents.)
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18 Complainant, the Fair Political Practices Commission, and Respondents Steven A. Pappas, Steve
19 Pappas for 3rd District Supervisor 2012, and Trent J. Benedetti agree that this Stipulation will be
20 submitted for consideration by the Fair Political Practices Commission at its next regularly scheduled
21 meeting.

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

25 Respondents understand, and hereby knowingly and voluntarily waive, any and all procedural
26 rights set forth in Sections 83115.5, 11503 and 11523 of the Government Code, and in Sections 18361.1
27 through 18361.9 of Title 2 of the California Code of Regulations. This includes, but is not limited to,
28 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 Steve Pappas for 3rd District Supervisor 2012
5 violated the Political Reform Act by failing to maintain detailed accounts, records, bills, and receipts
6 that were necessary to prepare campaign statements for the reporting periods January 1, 2009 through
7 June 30, 2012, in violation of Government Code Section 84104 (1 count). This count is described in
8 Exhibit 1, which is attached hereto and incorporated by reference as though fully set forth herein.
9 Exhibit 1 is a true and accurate summary of the facts in this matter.

10 Respondents agree to the issuance of the Decision and Order, which is attached hereto.
11 Respondents also agree to the Commission imposing upon them an administrative penalty in the amount
12 of One Thousand Five Hundred Dollars (\$1,500). A cashier's check from Respondents in said amount,
13 made payable to the "General Fund of the State of California," is submitted with this Stipulation as full
14 payment of the administrative penalty, to be held by the State of California until the Commission issues
15 its decision and order regarding this matter. The parties agree that in the event the Commission refuses
16 to accept this Stipulation, it shall become null and void, and within fifteen (15) business days after the
17 Commission meeting at which the Stipulation is rejected, all payments tendered by Respondent in
18 connection with this Stipulation shall be reimbursed to Respondents. Respondents further stipulate and
19 agree that in the event the Commission rejects the Stipulation, and a full evidentiary hearing before the
20 Commission becomes necessary, neither any member of the Commission, nor the Executive Director,
21 shall be disqualified because of prior consideration of this Stipulation.

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23 Dated: _____
24 Galena West, Acting Chief of Enforcement
25 Fair Political Practices Commission

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27 Dated: _____
28 Steven A. Pappas, Respondent, individually, and on behalf of
Steve Pappas for 3rd District Supervisor 2012, Respondent

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Dated: _____

Trent J. Benedetti, Respondent, individually, and on behalf of
Steve Pappas for 3rd District Supervisor 2012, Respondent

EXHIBIT 1

INTRODUCTION

Respondent Steven A. Pappas was an unsuccessful candidate for Santa Barbara County Supervisor in the June 5, 2012 Primary Election. Steve Pappas for 3rd District Supervisor 2012 (the “Committee”) was his candidate controlled committee. Trent J. Benedetti was the Committee Treasurer.

This case arose from the Franchise Tax Board’s (“FTB”) audit of the Committee for the period January 1, 2009 through June 30, 2012. The Respondent Committee reported \$449,024 in contributions received and \$454,234 in expenditures made for the audit period. The subsequent investigation by the Fair Political Practices Commission’s (the “Commission”) Enforcement Division (the “Enforcement Division”) revealed that Respondents violated the record keeping and campaign reporting provisions of the Political Reform Act (the “Act”).¹

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

COUNT 1: Respondents Steven A. Pappas, Steve Pappas for 3rd District Supervisor 2012, and Trent J. Benedetti, failed to maintain detailed accounts, records, bills, and receipts that were necessary to prepare campaign statements for the reporting periods January 1, 2009 through June 30, 2012, in violation of Government Code Section 84104.

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 Maintain Records

To ensure accurate campaign reporting, Section 84104 imposes a mandatory duty on each candidate, treasurer and elected officer to maintain detailed accounts, records, bills, and receipts that are necessary to prepare campaign statements, and to comply with the campaign reporting provisions of the Act. Under Regulation 18401, this duty includes maintaining detailed information and original source documentation for all contributions and expenditures including loans.

¹ The 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.

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

At all relevant times, Steven A. Pappas was an unsuccessful candidate for Santa Barbara County Supervisor in the June 5, 2012 Primary Election. Steve Pappas for 3rd District Supervisor 2012 was his candidate controlled committee. Trent J. Benedetti was the Committee Treasurer.

This case arose from the FTB audit of the Committee. The audit and subsequent investigation by the Commission's Enforcement Division revealed that Respondents violated the record keeping provisions of the Act.

COUNT 1

Failure to Maintain Campaign Records

Pursuant to Section 84104 and Regulation 18401, Respondents had a duty to maintain detailed accounts, records, bills and receipts that are necessary to prepare campaign statements, to establish that campaign statements were properly filed and to comply with the campaign reporting provisions of the Act. Respondents failed to maintain invoices, receipts, and payroll records in support of \$198,917 of expenditures made by the committee. Respondents failed to maintain these required records for expenditures for reporting periods during January 1, 2010 through June 30, 2012.

By failing to maintain required campaign records, Respondents violated Government Code Section 84104.

CONCLUSION

This matter consists of one count, which carries a maximum possible administrative penalty of Five Thousand Dollars (\$5,000).

In determining the appropriate penalty for a particular violation of the Act, the Enforcement Division 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. The Enforcement Division also considers the facts and circumstances of the violation in context of the factors set forth in Regulation 18361.5, subdivision (d)(1)-(6), which include: 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; whether there was a pattern of violations; and whether upon learning of the violation the Respondent voluntarily filed amendment to provide full disclosure. Additionally, liability under the Act is governed in significant part by the provisions of Section 91001, subdivision (c), which requires the Commission to consider whether or not a violation is inadvertent, negligent or deliberate, and the presence or absence of good faith, in applying remedies and sanctions.

Recent penalties approved by the Commission for failure to maintain records include:

In the Matter of Davis Democratic Club and Elizabeth R. Weir, FPPC No. 08/390. Respondents Davis Democratic Club, a county general purpose committee, and Respondent Elizabeth R. Weir, Treasurer failed to maintain proper records to support the campaign statements filed for multiple reporting periods. The Commission approved settlement of this case on March 15, 2012, and the agreed upon penalty for this violation was \$1,500.

In the Matter of Xavier Campos, Xavier Campos for City Council 2010, and Linda Delgado; FPPC No. 13/177. Respondent Campos, a candidate for the San Jose City Council, his candidate controlled committee, and the committee treasurer, failed to maintain required campaign records. The Commission approved settlement of this case on November 20, 2014, and the agreed upon penalty for this violation was \$1,500.

Historically, middle range fines are levied against the violator for failure to maintain records. The evidence reviewed by the Commission suggests that the violation was unintentional. Also, Respondents cooperated with the Commission in reaching an early settlement in this case.

PROPOSED PENALTY

After consideration of the factors of Regulation 18361.5, including whether the behavior in question was inadvertent, negligent or deliberate and the Respondent's pattern of behavior, as well as consideration of penalties in prior enforcement actions, the imposition of a penalty of One Thousand Five Hundred Dollars (\$1,500) for Count One is recommended.