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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. 14/507
13)
14 CALIFORNIA CITIZENS FOR FAIR)
GOVERNMENT and CHRIS ANDERSON,) STIPULATION, DECISION and
15) ORDER
Respondents.)
16)
17)

18 Complainant, the Enforcement Division of the Fair Political Practices Commission, and
19 Respondents California Citizens for Fair Government and Chris Anderson agree that this Stipulation
20 will be submitted for consideration by the Fair Political Practices Commission at its next regularly
21 scheduled 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 California Citizens for Fair Government and Chris Anderson understand, and hereby knowingly
26 and voluntarily waive, any and all procedural rights set forth in Sections 83115.5, 11503 and 11523 of
27 the Government Code, and in Sections 18361.1 through 18361.9 of Title 2 of the California Code of
28 Regulations. This includes, but is not limited to, the right to personally appear at any administrative

1 hearing held in this matter, to be represented by an attorney at California Citizens for Fair Government
2 and Chris Anderson's own expense, to confront and cross-examine all witnesses testifying at the
3 hearing, to subpoena witnesses to testify at the hearing, to have an impartial administrative law judge
4 preside over the hearing as a hearing officer, and to have the matter judicially reviewed.

5 It is further stipulated and agreed that California Citizens for Fair Government and Chris
6 Anderson violated the Political Reform Act by (1) failing to include the Orange County Employees
7 Association in the committee's name and failing to disclose the Orange County Employees Association
8 as a sponsor on the committee's statement of organization, in violation of Section 84106 of the
9 Government Code (1 count). This count is described in Exhibit 1, which is attached hereto and
10 incorporated by reference as though fully set forth herein. Exhibit 1 is a true and accurate summary of
11 the facts in this matter.

12 California Citizens for Fair Government and Chris Anderson agree to the issuance of the
13 Decision and Order, which is attached hereto. California Citizens for Fair Government and Chris
14 Anderson also agree to the Commission imposing upon them an administrative penalty in the amount
15 of \$3,500. A cashier's check from California Citizens for Fair Government and Chris Anderson in said
16 amount, made payable to the "General Fund of the State of California," is submitted with this
17 Stipulation as full payment of the administrative penalty, to be held by the State of California until the
18 Commission issues its decision and order regarding this matter. The parties agree that in the event the
19 Commission refuses to accept this Stipulation, it shall become null and void, and within fifteen (15)
20 business days after the Commission meeting at which the Stipulation is rejected, all payments tendered
21 by California Citizens for Fair Government and Chris Anderson in connection with this Stipulation
22 shall be reimbursed to California Citizens for Fair Government and Chris Anderson. California
23 Citizens for Fair Government and Chris Anderson further stipulate and agree that in the event the
24 Commission rejects the Stipulation, and a full evidentiary hearing before the Commission becomes
25 necessary, neither any member of the Commission, nor the Executive Director, shall be disqualified
26 because of prior consideration of this Stipulation.

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Dated: _____

Galena West, Chief of Enforcement
Fair Political Practices Commission

Dated: _____

Chris Anderson, Respondent, individually,
and on behalf of, California Citizens for Fair
Government, Respondent

EXHIBIT 1

INTRODUCTION

Respondent California Citizens for Fair Government was a general purpose committee sponsored by the Orange County Employees Association, a labor union that represents public employees in Orange County. Respondent Chris Anderson was the committee treasurer.

The Political Reform Act (the “Act”)¹ requires a committee to include the name of the sponsor in the committee’s name and to identify the sponsor in the statement of organization. California Citizens for Fair Government violated the Act by failing to identify the Orange County Employees Association as its sponsor.

SUMMARY OF THE LAW

Duty to Disclose Sponsor and Include Name of Sponsor in Name of Committee

“Sponsored committee” means a committee, other than a candidate controlled committee, that has one or more sponsors. Any person, except a candidate or other individual, may sponsor a committee.² An organization sponsors a committee if any of the following apply:³ (1) The committee receives 80 percent or more of its contributions from the person or its members, officers, employees, or shareholders. (2) The organization collects contributions for the committee by use of payroll deductions or dues from its members, officers, or employees. (3) The organization provides all or nearly all of the administrative services for the committee. (4) The organization sets the policies for soliciting contributions or making expenditures of committee funds.

In the case of a sponsored committee, the name of the committee must include the name of its sponsor.⁴ The name, street address, and telephone number of each sponsor must be disclosed on the committee’s statement of organization.⁵

SUMMARY OF THE FACTS

California Citizens for Fair Government and Anderson filed a Statement of Organization with the Secretary of State on or about August 21, 2009. The statement declared that Anderson was the treasurer and principal officer, and that the committee was a state general purpose committee formed to “participate in candidate elections.” On or about September 24, 2009, the committee received a monetary contribution of \$15,000 from the Orange County Employees Association. California Citizens for Fair Government made expenditures to support or oppose various candidates, as well as monetary contributions to the California Homeowners Association

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations.

² Section 82048.7, subdivision (a).

³ Section 82048.7, subdivision (b) and Regulation 18419.

⁴ Section 84102, subdivision (a).

⁵ Section 84102, subdivision (b).

and the Atlas PAC, who in turn used the funds for independent expenditures. California Citizens for Fair Government received approximately \$90,000 in contributions from the Orange County Employees Association before terminating on or about July 30, 2012. This amounted to approximately 82% of the total contributions received by California Citizens for Fair Government.

VIOLATION

Count 1: Failure to Disclose Committee Sponsor

California Citizens for Fair Government failed to include the Orange County Employees Association in the committee's name and failed to disclose the Orange County Employees Association as a sponsor on the committee's statement of organization, in violation of Government Code Section 84106.

CONCLUSION

This matter consists of one count of violating the Act, which carries a maximum administrative penalty of \$5,000.

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 the 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 conceal, deceive or mislead; whether the violation was deliberate, negligent, or inadvertent; whether the respondents demonstrated good faith in consulting with Commission staff; whether there was a pattern of violations; and whether respondent voluntarily amended.

The Commission also considers penalties in prior cases involving similar violations, including:

- *In the Matter of L.A. County Firefighters Local 1014 Organized, Ready & Committed in Emergencies, and John Smolin, Treasurer*, FPPC No. 11/1026: Respondents failed to include L.A. County Firefighters Local 1014 in the committee's name and failed to disclose L.A. County Firefighters Local 1014 as a sponsor on the committee's statement of organization. On April 5, 2012, the Commission approved a penalty of \$3,500 for the violation.

In the present case, California Citizens for Fair Government received significant funding from the Orange County Employees Association, beginning at the time it first qualified as a committee, but the Orange County Employees Association was never explicitly identified as a committee sponsor during its approximately three years in existence. However, in mitigation, contributions received from the Orange County Employees Association were properly disclosed on California Citizens for Fair Government's campaign statements. California Citizens for Fair

Government and Anderson, while agreeing to the penalty, take the position that the failure to correctly name the committee was inadvertent. They do not have a history of violating the Act.

PROPOSED PENALTY

After considering the factors listed above, a penalty of \$3,500 is recommended.