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8 **BEFORE THE FAIR POLITICAL PRACTICES COMMISSION**  
9 **STATE OF CALIFORNIA**  
10

11 In the Matter of ) FPPC No. 11/073  
12 )  
13 )  
14 ANTHONY A. "TONY" STRICKLAND, ) **STIPULATION, DECISION and ORDER**  
STRICKLAND FOR CONTROLLER )  
15 2010 and LYSA RAY, )  
16 Respondents. )

17 **STIPULATION**

18 Complainant, the Enforcement Division of the Fair Political Practices Commission, and  
19 Respondents Anthony A. "Tony" Strickland, Strickland For Controller 2010 and Lysa Ray, hereby agree  
20 that this Stipulation will be submitted for consideration by the Fair Political Practices Commission at its  
21 next regularly scheduled meeting.

22 The parties agree to enter into this Stipulation to resolve all factual and legal issues raised by this  
23 matter and to reach a final disposition without the necessity of holding an additional administrative  
24 hearing to determine the liability of Strickland, Strickland for Controller, and Ray.

25 Strickland, Strickland for Controller, and Ray understand, and hereby knowingly and voluntarily  
26 waive, any and all procedural rights set forth in Government Code Sections 83115.5, 11503 and 11523,  
27 and in California Code of Regulations, title 2, Sections 18361.1 through 18361.9. This includes, but is  
28 not limited to the right to personally appear at any administrative hearing held in this matter, to be

1 represented by an attorney at Strickland’s, Strickland for Controller’s, and Ray’s own expense, to  
2 confront and cross-examine all witnesses testifying at the hearing, to subpoena witnesses to testify at the  
3 hearing, to have an impartial administrative law judge preside over the hearing as a hearing officer, and  
4 to have the matter judicially reviewed.

5 It is further stipulated and agreed that Strickland, Strickland for Controller, and Ray violated the  
6 Political Reform Act as described in Exhibit 1: Strickland, Strickland for Controller, and Ray  
7 purposefully or negligently caused, or aided and abetted, three persons to make four earmarked, over-  
8 the-limit contributions totaling \$65,000 to Strickland for Controller in the names of Ventura County  
9 Republican Party (“VCRP”) and Stanislaus Republican Central Committee (State Acct.), also known as  
10 Stanislaus County Republican Party (“SCRP”), violating Government Code Sections 84301, 85301 and  
11 85704, and Regulation 18545, subdivision (a)(1) (4 counts); and filed false campaign statements for the  
12 reporting periods of May 23 through June 30, 2010, and October 17 through December 31, 2010,  
13 concealing the violations described in Counts 1 through 4 by falsely reporting that Strickland for  
14 Controller received contributions from VCRP and SCRCP, when the contributions were made by other  
15 persons, and VCRP and SCRCP were the intermediaries for the transactions, violating Government Code  
16 Section 84211, subdivision (f) (4 counts). Exhibit 1 is attached hereto and incorporated by reference as  
17 though fully set forth herein. Exhibit 1 is a true and accurate summary of the facts in this matter.

18 Strickland, Strickland for Controller, and Ray agree to the issuance of the Decision and Order,  
19 which is attached hereto. Strickland, Strickland for Controller, and Ray also agree to the Commission  
20 imposing an administrative penalty in the total amount of Forty Thousand Dollars (\$40,000). A cashier’s  
21 check from Strickland, Strickland for Controller, and Ray in said amount, made payable to the “General  
22 Fund of the State of California,” is submitted with this Stipulation as full payment of the administrative  
23 penalty, and shall be held by the State of California until the Commission issues its Decision and Order  
24 regarding this matter.

25 The parties agree that in the event the Commission refuses to accept this Stipulation, it shall  
26 become null and void, and within fifteen (15) business days after the Commission meeting at which the  
27 Stipulation is rejected, all payments tendered by Strickland, Strickland for Controller, and Ray in  
28 connection with this Stipulation shall be reimbursed to Strickland, Strickland for Controller, and Ray.

1 Strickland, Strickland for Controller, and Ray further stipulate and agree that in the event the Commission  
2 rejects the Stipulation, and a full evidentiary hearing before the Commission becomes necessary, neither  
3 any member of the Commission, nor the Executive Director, shall be disqualified because of prior  
4 consideration of this Stipulation.

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6 Dated: \_\_\_\_\_  
7 Galena West, Chief, on Behalf of the Enforcement Division  
8 Fair Political Practices Commission

9 Dated: \_\_\_\_\_  
10 Anthony A. "Tony" Strickland, Respondent, individually and  
11 on behalf of Strickland For Controller 2010, Respondent

12 Dated: \_\_\_\_\_  
13 Lysa Ray, Respondent

14  
15 **DECISION AND ORDER**

16 The foregoing Stipulation of the parties "In the Matter of Anthony A. "Tony" Strickland,  
17 Strickland For Controller 2010 and Lysa Ray," FPPC Case No. 11/073, including all attached exhibits,  
18 is hereby accepted as the final decision and order of the Fair Political Practices Commission, effective  
19 upon execution below by the Chair.

20 IT IS SO ORDERED.

21 Dated: \_\_\_\_\_  
22 Joann Remke, Chair  
23 Fair Political Practices Commission  
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## EXHIBIT 1

### INTRODUCTION

Respondent Anthony A. “Tony” Strickland served in the California Legislature for ten years: as a State Senator, 19th District, from 2008 through 2012, and as a State Assemblymember, 37th District, from 1998 through 2004. Strickland was an unsuccessful candidate for California State Controller in the November 2, 2010 general election, and he unsuccessfully ran for Congress in 2012 and 2014. Respondent Strickland for Controller 2010, was Strickland’s candidate controlled committee. Respondent Lysa Ray was the treasurer for Strickland for Controller.

Ventura County Republican Party (“VCRP”) was a political party committee located in Camarillo, CA. Arkady Milgram was the treasurer for VCRP. VCRP and Milgram are named respondents in the companion case, FPPC Case No. 16/100.

Stanislaus Republican Central Committee (State Acct.), also known as Stanislaus County Republican Party (“SCRP”), was a political party committee located in Modesto, CA. Respondent Gary McKinsey was the treasurer for SCR. SCR and McKinsey are named respondents in the companion case, FPPC Case No. 16/178, for which a stipulation was approved by the Commission on March 17, 2016.

The Political Reform Act (the “Act”)<sup>1</sup> requires committees to accurately disclose contributions and expenditures. The Act prohibits contributions made in the name of another, prohibits earmarking contributions unless the intermediary and original contributor information is disclosed, and imposes campaign contribution limits regarding the making and receiving of certain contributions. In 2010, an individual wishing to contribute to a candidate for California State Controller could not contribute more than \$6,500 per election. However, at that time, there was no limit on contributions from a political party county central committee to that same candidate.

In 2010, VCRP and SCR made \$65,000 in contributions to Strickland for Controller. However VCRP and SCR were not the true sources of the contributions, and the true sources of the contributions were concealed. Strickland, Strickland for Controller and Ray violated the Act by causing over-the-limit, earmarked contributions to be made in VCRP’s and SCR’s names to Strickland for Controller and filing false campaign statements concealing that activity.

### SUMMARY OF THE LAW

All legal references and discussions of law pertain to the Act’s provisions as they existed in 2010.

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<sup>1</sup> The 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 Practices Commission are contained in §§ 18110 through 18997 of Title 2 of the California Code of Regulations, and all regulatory references are to this source.

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

When enacting the Political Reform Act, the people of the state of California found and declared that previous laws regulating political practices suffered from inadequate enforcement by state and local authorities.<sup>2</sup> To that end, the Act must be liberally construed to achieve its purposes.<sup>3</sup>

There are many purposes of the Act. One purpose is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed so that voters are fully informed and improper practices are inhibited.<sup>4</sup> Another is to provide adequate enforcement mechanisms so that the Act will be “vigorously enforced.”<sup>5</sup>

### Definition of Controlled Committee

A “committee” includes any person or combination of persons who receives contributions totaling \$1,000 or more in a calendar year,<sup>6</sup> commonly known as a “recipient committee.” A recipient committee which is controlled directly or indirectly by a candidate, or which acts jointly with a candidate in connection with the making of expenditures, is a “controlled committee.”<sup>7</sup> A candidate controls a committee if he or she, his or her agent, or any other committee he or she controls has a significant influence on the actions or decisions of the committee.<sup>8</sup>

### Definition of Political Party Committee

A “political party committee” includes the county central committee of an organization that meets the requirements for recognition as a political party pursuant to Section 5100 of the Elections Code.<sup>9</sup>

### Prohibition Against Making Contributions in the Name of Another

It is unlawful to make a contribution in the name of another.<sup>10</sup> This prohibition keeps the public informed as to the sources of campaign contributions, and it ensures that contributors abide by the Act’s contribution limits.

### Duty to Disclose Intermediary

The Act prohibits any person from making a contribution while acting as the intermediary of another, without disclosing to the recipient of the contribution both the intermediary’s own full

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<sup>2</sup> § 81001, subd. (h).

<sup>3</sup> § 81003.

<sup>4</sup> § 81002, subd. (a).

<sup>5</sup> § 81002, subd. (f).

<sup>6</sup> § 82013, subd. (a).

<sup>7</sup> § 82016.

<sup>8</sup> § 82016, subd. (a).

<sup>9</sup> § 85205.

<sup>10</sup> § 84301.

name, street address, occupation, and employer, and the original contributor's full name, street address, occupation, and employer.<sup>11</sup> The Act also states that a person is an intermediary for a contribution if the recipient of the contribution "would consider the person to be the contributor without the disclosure of the identity of the true source of the contribution."<sup>12</sup>

### Prohibition on Earmarking

It is unlawful to make a contribution to a committee on the condition or with the agreement that it will be contributed to any particular candidate unless the contribution is fully disclosed pursuant to Section 84302.<sup>13</sup>

### Campaign Contribution Limits

The Act imposes campaign contribution limits with respect to the making and receiving of certain contributions. These limits are adjusted periodically, and different limits apply depending upon who is contributing and who is receiving.<sup>14</sup>

In 2010, an individual wishing to contribute to a candidate for California State Controller could not contribute more than \$6,500 per election.<sup>15</sup> However, at that time, there was no limit on contributions from a political party committee (such as a county central committee) to that same candidate. In 2010, there was a calendar year limit of \$32,400 with respect to how much an individual could contribute to a political party committee for the purpose of making contributions to candidates for State Controller.<sup>16</sup> Individuals could exceed this amount so long as the excess was not used by the committee to support/oppose candidates for elective state office.

### Aggregation of Campaign Contributions by Affiliated Entities

For purposes of the Act's contribution limits, contributions of an entity whose contributions are directed and controlled by any individual must be aggregated with contributions made by that individual and any other entity whose contributions are directed and controlled by the same individual.<sup>17</sup> An entity is any person, other than an individual.<sup>18</sup> A person is as an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, limited liability company, association, committee, and any other organization or group of persons acting in concert.<sup>19</sup>

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<sup>11</sup> § 84302.

<sup>12</sup> Reg. 18432.5, subd. (a).

<sup>13</sup> § 85704.

<sup>14</sup> §§ 83124, 85301 and 85303, and Reg. 18545.

<sup>15</sup> § 85301, subd. (b); Reg. 18545, subd. (a)(2).

<sup>16</sup> § 85303, subd. (b); Reg. 18545, subd. (a)(8).

<sup>17</sup> § 85311, subd. (b).

<sup>18</sup> § 85311, subd. (a)(1).

<sup>19</sup> § 82047.

## Duty to Disclose Accurate Contributor Information on Campaign Statements

The Act requires committees to report on campaign statements the following information about a person who has made contributions of \$100 or more: (1) full name; (2) street address; (3) occupation; (4) employer, or if self-employed, the name of the contributor's business; (5) the date and amount of each contribution received from the contributor during the reporting period; and (6) the cumulative amount of contributions received from the contributor.<sup>20</sup>

## Liability for Violations

Any person who violates any provision of the Act, who purposely or negligently causes any other person to violate any provision of the Act, or who aids and abets any other person in the violation of any provision of the Act, is liable for administrative penalties up to \$5,000 per violation.<sup>21</sup> This only applies to persons who have filing or reporting obligations under the Act, or who are compensated for services involving the planning, organizing or directing of any activity regulated or required by the Act.<sup>22</sup>

## Candidate and Treasurer Liability

Every committee must have a treasurer.<sup>23</sup> It is the duty of a committee's candidate and 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.<sup>24</sup> A committee's candidate and treasurer may be held jointly and severally liable with the committee for any reporting violations.<sup>25</sup>

## Joint and Several Liability

If two or more parties are responsible for a violation of the Act, they are jointly and severally liable.<sup>26</sup>

# **SUMMARY OF THE FACTS**

## Laundered Campaign Contributions

Records show that in 2010, Strickland for Controller hired Pluvios Group, a political fundraising firm located in Los Angeles, CA. Matthew Jubitz, owner of Pluvios Group, told Enforcement Division staff that he worked closely with Strickland, and reported fundraising activity directly to Strickland. Jubitz testified that Pluvios Group maintained a detailed and extensive contributor contact list, which Pluvios Group used when fundraising for Strickland's

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<sup>20</sup> § 84211, subd. (f).

<sup>21</sup> §§ 83116, and 83116.5.

<sup>22</sup> § 83116.5.

<sup>23</sup> § 84100.

<sup>24</sup> §§ 81004, 84100, 84104 and 84213, and Reg. 18427.

<sup>25</sup> §§ 83116.5 and 91006.

<sup>26</sup> § 91006.

campaign. Pluvius Group promoted Strickland's campaign to contributors and communities, created fundraising materials, planned, organized and hosted fundraisers, and collected contributions for Strickland for Controller related to these efforts. Pluvius Group received a 15% commission for all contributions it secured for Strickland's campaign.

Records show that because Strickland agreed to be part of the same ticket as Meg Whitman, the 2010 Republican candidate for California governor, Strickland for Controller set a fundraising goal of \$2 million.

In 2010, VCRP also hired Pluvius Group for fundraising work. The contract stated that Pluvius Group would be paid a 15% commission for all contributions it secured for VCRP.

William M. Templeton, a resident of Dallas, TX, who had significant business interests in oil and gas production and real estate in Ventura County, CA, told Enforcement Division staff that in March 2010, Strickland telephoned him. Templeton stated that during the telephone conversation, he agreed to give \$13,000 to Strickland's campaign for State Controller, the maximum allowed under the Act for both the primary and general elections. On March 29, 2010, Templeton sent an email to Jubitz stating that he was sending a \$13,000 check. Templeton signed a check dated March 29, 2010, for \$13,000 to Strickland's Controller campaign. Records show that Strickland for Controller received Templeton's maximum contribution on April 6, 2010.

According to his testimony, Templeton wanted to do more to support pro-business candidates in Ventura County without getting personally involved in local races. An email thread between Templeton and Jubitz dated June 4, 2010, indicates that Strickland and Templeton had discussed Templeton making contributions to VCRP and to Meg Whitman, and Strickland was to ask Jubitz where Templeton should send his checks. Jubitz instructed Templeton to send both checks to him at Pluvius Group. On June 7, 2010, Templeton wrote a check to VCRP for \$32,400, the maximum allowed for candidate support to a political party committee. Templeton testified that he had no contact with VCRP and sent the check to Jubitz. Jubitz testified that he delivered the check to VCRP. Records show that VCRP received Templeton's check on June 11, 2010, three days after the primary election.

Similarly, Andrew Barth, an investment manager residing in San Marino, CA, made a maximum contribution to Strickland for Controller and a large contribution to VCRP. Records show that on June 10, 2010, Jubitz sent an email to Barth stating in part:

As per our conversation, I have attached the general election contribution information for Tony. You and Avery can do the max of \$13,000. I also put the form for the Ventura County Republican Party Candidate direct committee.

Really appreciate your support.

On June 11, 2010, Barth wrote two checks. He wrote the first check to Strickland for Controller for the primary election totaling \$6,500. He wrote the second check to VCRP totaling \$15,000. Jubitz testified that Barth sent the \$15,000 check to him, and he delivered the check to VCRP.



On June 15, 2010, Jubitz emailed a fundraising Progress Report for Strickland for Controller to Strickland, and his chiefs of staff, Chris Wangsaporn and Kirk Hutson. This email thread followed:

Wangsaporn: does your amount include party money? Lysa [Ray] has us taking in 452,700

Jubitz: Have we received any party money?

Wangsaporn: I thought templeton [sic] was doing something with vc gop?

Jubitz: He did. 32,400... but I am not aware of whether or not a donation from VCRP has come in to Strickland for Controller.

Wangsaporn: You're right we have not yet. But should we add a line item for 'vc gop' It would be whatever the amount raised/pledged minus 7%

Jubitz: I know. Tony and I decided no.

Following up on the contributions through VCRP, on June 28, 2010, Wangsaporn sent an email to Strickland and Jubitz, subject line: "FYI VCGOP check":

Tony- you received

32,400 templeton

15,000 barth

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Total of 47,400

After taking out 2800 for VCRP 7% and 7,110 for Jubitz 15% Mike [Osborn, VCRP Chairman] will be cutting you a check for 37,490.

Strickland responded to all:

No!!!! Don't take Jubitz out. We will pay Jubitz from our acct. We need to hit 2 million raised for team meg.

A few minutes later, Strickland followed up his response with:

Have mike [Osborn] write a 45k check to us. (He can get us 600 dollars). Matthew--do you think sue groff will do anything before the 30th?? If not get 45k check from vcgop.

Wangsaporn replied: "What are you talking about 600 dollars?" Strickland responded:

47,400 raised. [Minus] 7 percent 2800 equals 44,600. Vcgop gives us 400 to equal 45k. 400 not 600.

Records show that on June 28 and 30, 2010, VCRP sent two checks to Strickland for Controller, \$44,100 and \$900, totaling \$45,000. Strickland for Controller received the checks on June 30, 2010. The evidence shows that VCRP actually retained 5% of the original amounts from Templeton and Barth.

Despite Templeton having made the maximum contribution to Strickland and contributing another \$30,750 through VCRP, Jubitz sent a campaign letter dated August 6, 2010, to Templeton, signed by Strickland, inviting Templeton to attend a fundraising event in Thousand Oaks on September 23, 2010, for Strickland's campaign. Under the subject line "Strickland Event," Templeton emailed Jubitz on August 13, 2010, asking, "Can I contribute any more ??" Jubitz forwarded the email to Strickland, saying, "I'm going to ask for [California Republican Party], unless you say otherwise." Strickland replied, "Vcgop," and later followed up:

We should get the 30k to vcgop. That is what the [sic] can get that vcgop can give directly to candidates. If he has a wife we should ask for 60k

In August 2010, Templeton planned to travel to Sacramento on business. Templeton emailed Wangsaporn on August 22, 2010, requesting to meet with Strickland while he was in Sacramento.

Soon after the meeting, on September 8, 2010, Jubitz sent an email to Templeton confirming his "generous pledge of \$32,400" to SCRCP. Templeton corrected him, replying, "I am still looking at this. I will do something to Stanislaus, but it won't be the \$32,400." Jubitz testified that Pluvius Group did not have a fundraising contract with SCRCP.

On October 5, 2010, Jubitz sent an email to Templeton inviting him to an "intimate" dinner gathering hosted by Strickland, which was eventually held on October 12, 2010 at Sly's, a popular restaurant in Carpinteria, CA. Jubitz testified that between 10 and 13 people attended, including Strickland, his wife, Audra, Jubitz, and Templeton. According to Jubitz' and Templeton's testimony, everyone sat at one large table, and conversation topics included the 2010 Controller's race and the need for more contributions.

One week later, records show that Templeton wrote a check to SCRCP for \$15,000. Templeton testified that he had no contact with SCRCP and sent the contribution check to Jubitz. Jubitz delivered the check to SCRCP, who received Templeton's contribution on October 26, 2010.

Similarly, records show that Matthew Swanson, president of Associated Feed & Supply Co. and other Swanson Family companies in Turlock, CA, made a maximum contribution to Strickland for Controller through his business and a large contribution to SCRCP. In May 2010, Swanson, through Associated Feed, made the maximum contribution to Strickland for Controller for the primary election, \$6,500. In September 2010, Swanson, through his investment company, Prospector, LLC, made the maximum contribution to Strickland for Controller for the general election, \$6,500. Because Swanson directed and controlled the contributions of his two companies, the contributions were attributed to Swanson. So Swanson gave the maximum contributions to Strickland for Controller.

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Records show that on October 25, 2010, Maria Stavrakas of Pluvius Group sent an email to Deanna Lascano, executive assistant to Swanson, as follows:

Hi DeeAnna [sic],

The check should be made payable to

Stanislaus County Republican Party

and overnight to our office:

Matthew Jubitz

515 S. Figueroa Street

16th Floor

Los Angeles, CA 90071

Did Matt [Swanson] say how much he decided to contribute?

I will also send you Major Donor forms in a separate email.

Thanks so much for your help.

Lascano responded on October 26, 2010: “He asked me to fill out a check for \$5,000. Thanks for the forms and address. I will have Ron cut the check today if possible, otherwise it will go out tomorrow.” Stavrakas forwarded the email thread to Jubitz the same day. Records show that on October 26, 2010, Swanson, again through Prospector, sent a \$5,000 check to SCRP.

Records also show that on October 28, 2010, Stavrakas sent an email to Strickland, stating, “Matt Swanson called. He is calling your cell.” Strickland responded a few minutes later, “Had a great talk. Wanted to make sure we got his check [from SCRP]...”

Records show that on October 28, 2010, SCRP sent a \$20,000 check to Strickland for Controller, who received SCRP’s \$20,000 check on October 30, 2010.

The evidence shows that Strickland received a total of \$65,000 in contributions from Templeton, Barth and Swanson through VCRP and SCRP.

#### False Reporting

In its campaign statement for March 18 through May 22, 2010, Strickland for Controller reported the following contributions:

<b>Date Received</b>	<b>Contributor</b>	<b>Description</b>	<b>Amount Received this Period</b>	<b>Cumulative to Date</b>
04/06/2010	Templeton	2010P: \$6,500	\$6,500	\$13,000
04/06/2010	Templeton	2010G: \$6,500	\$6,500	\$13,000
05/22/2010	Associated Feed (Swanson)	2010P: \$6,500	\$6,500	\$6,500

In its campaign statement for May 23 through June 30, 2010, Strickland for Controller reported the following contributions:

Date Received	Contributor	Description	Amount Received this Period	Cumulative to Date
06/30/2010	Barth	2010P: \$6,500	\$6,500	\$6,500
06/30/2010	VCRP	2010P: \$45,000	\$44,100	\$45,000
06/30/2010	VCRP	2010P: \$45,000	\$900	\$45,000

In its campaign statement for July 1 through September 30, 2010, Strickland for Controller reported the following contributions:

Date Received	Contributor	Description	Amount Received this Period	Cumulative to Date
09/09/2010	Prospector, LLC (Swanson)	2010G: \$6,500	\$6,500	\$6,500

In its campaign statement for June 6 through June 30, 2010, VCRP reported the following contributions:

Date Received	Contributor	Description	Amount Received this Period	Cumulative to Date
06/11/2010	Templeton	None	\$32,400	\$32,400
06/28/2010	Barth	None	\$15,000	\$15,000

And VCRP reported the following expenditures supporting candidates/committees:

Schedule(s)	Date	Recipient	Description	Amount
E	n/a	Strickland for Controller	Monetary Contribution	\$44,100
D and E	06/30/2010	Strickland for Controller	Monetary Contribution – to support Tony Strickland	\$900

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In its campaign statement for October 17 through November 20, 2010, SCRCP reported the following contributions:

Date Received	Contributor	Description	Amount Received this Period	Cumulative to Date
10/26/2010	Templeton	None	\$15,000	\$15,000
10/29/2010	Prospector, LLC (Swanson)	None	\$5,000	\$5,000

And SCRCP reported the following expenditures supporting candidates/committees:

Schedule(s)	Date	Recipient	Description	Amount
D and E	10/28/2010	Strickland for Controller	Monetary Contribution – to support Tony Strickland	\$20,000

In its campaign statement for October 17 through December 31, 2010, Strickland for Controller reported the following contributions:

Date Received	Contributor	Description	Amount Received this Period	Cumulative to Date
10/30/2010	SCRCP	2010G: \$20,000	\$20,000	\$20,000

None of the above campaign statements disclose that Templeton, Barth and Swanson were the true sources of the \$65,000 in contributions from VCRP and SCRCP and that VCRP and SCRCP were the intermediaries for the contributions earmarked for Strickland for Controller, as required.

## VIOLATIONS

### Count 1: Prohibited Earmarked Over-The-Limit Contribution Made in the Name of Another

Strickland, Strickland for Controller, and Ray, in June 2010, purposefully or negligently caused, or aided and abetted, Templeton to make an earmarked, over-the-limit contribution of \$30,750 (\$32,400 minus VCRP’s 5% fee) to Strickland for Controller in the name of VCRP, violating Sections 84301, 85301 and 85704, and Regulation 18545, subdivision (a)(1).

### Count 2: Prohibited Earmarked Over-The-Limit Contribution Made in the Name of Another

Strickland, Strickland for Controller, and Ray, in June 2010, purposefully or negligently caused, or aided and abetted, Barth to make an earmarked, over-the-limit contribution of \$14,250

(\$15,000 minus VCRP's 5% fee) to Strickland for Controller in the name of VCRP, violating Sections 84301, 85301 and 85704, and Regulation 18545, subdivision (a)(1).

Count 3: Prohibited Earmarked Over-The-Limit Contribution Made in the Name of Another

Strickland, Strickland for Controller, and Ray, in October 2010, purposefully or negligently caused, or aided and abetted, Templeton to make an earmarked, over-the-limit contribution of \$15,000 to Strickland for Controller in the name of SCRP, violating Sections 84301, 85301 and 85704, and Regulation 18545, subdivision (a)(1).

Count 4: Prohibited Earmarked Over-The-Limit Contribution Made in the Name of Another

Strickland, Strickland for Controller, and Ray, in October 2010, purposefully or negligently caused, or aided and abetted, Swanson to make an earmarked, over-the-limit contribution of \$5,000 to Strickland for Controller in the name of SCRP, violating Sections 84301, 85301 and 85704, and Regulation 18545, subdivision (a)(1).

Count 5: Disclosure of False Information in Campaign Statements

Strickland, Strickland for Controller, and Ray, on or about July 22, 2010, filed a false campaign statement for the reporting period of May 23 through June 30, 2010, concealing the violations described in Count 1 by falsely reporting that Strickland for Controller received a contribution from VCRP, when the contribution was made by Templeton, and VCRP was the intermediary for the transaction, violating Section 84211, subdivision (f).

Count 6: Disclosure of False Information in Campaign Statements

Strickland, Strickland for Controller, and Ray, on or about July 22, 2010, filed a false campaign statement for the reporting period of May 23 through June 30, 2010, concealing the violations described in Count 2 by falsely reporting that Strickland for Controller received a contribution from VCRP, when the contribution was made by Barth, and VCRP was the intermediary for the transaction, violating Section 84211, subdivision (f).

Count 7: Disclosure of False Information in Campaign Statements

Strickland, Strickland for Controller, and Ray, on or about January 21, 2011, filed a false campaign statement for the reporting period of October 17 through December 31, 2010, concealing the violations described in Count 3 by falsely reporting that Strickland for Controller received a contribution from SCRP, when the contribution was made by Templeton, and SCRP was the intermediary for the transaction, violating Section 84211, subdivision (f).

Count 8: Disclosure of False Information in Campaign Statements

Strickland, Strickland for Controller, and Ray, on or about January 21, 2011, filed a false campaign statement for the reporting period of October 17 through December 31, 2010, concealing the violations described in Count 4 by falsely reporting that Strickland for Controller received a

contribution from SCRCP, when the contribution was made by Swanson, and SCRCP was the intermediary for the transaction, violating Section 84211, subdivision (f).

## CONCLUSION

This matter consists of 8 counts of violating the Act, which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000) per count for a total of Forty Thousand Dollars (\$40,000).

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 context of the factors set forth in Regulation 18361.5, subdivision (d): 1) the seriousness of the violations; 2) the presence or lack of intent to deceive the voting public; 3) whether the violation was deliberate, negligent, or inadvertent; 4) whether the Respondent demonstrated good faith in consulting with Commission staff; 5) whether there was a pattern of violations; and 6) whether, upon learning of the violation, the violator voluntarily provided amendments to provide full disclosure.

The Commission also considers penalties in prior cases involving similar violations. Recent cases for similar violations include:

### Prohibited Earmarked Over-The-Limit Contributions Made in the Name of Another

- *James “Jim” Nielsen, Taxpayers for Jim Nielsen – Assembly 2012, Charles H. Bell, Jr., Tehama County Republican Central Committee, Roger Marsh, Linda Alston, Robert A. “Bob” Williams, Friends of Bob Williams for Assembly 2012, and David Bauer, FPPC No. 12/377.* The nine respondents included an incumbent State Assemblymember, a candidate for State Assembly, their candidate controlled committees, a Republican central committee (“Tehama GOP”) and the committees’ treasurers. The parties illegally moved money from Nielsen’s committee to Williams’ committee through the Tehama GOP. The evidence showed that Nielsen, Taxpayers for Nielsen and Bell made an earmarked, over-the-limit contribution totaling \$4,320 to Friends of Williams in the name of Tehama GOP, violating Sections 84301, 85301 and 85704, and Regulation 18545, subdivision (a)(1) (1 count). In August 2015, the Commission imposed a penalty of \$4,500 for this count.
- *Bill Berryhill, Tom Berryhill, Bill Berryhill For Assembly – 2008, Berryhill For Assembly 2008, Stanislaus Republican Central Committee (State Acct.), and San Joaquin County Republican Central Committee/Calif. Republican Victory Fund, FPPC No. 10/828 (Decision and Order).* The six respondents included two brothers, their candidate controlled committees and two Republican central committees. Following a six-day administrative hearing, the Commission found that Tom Berryhill and his controlled committee made contributions in the name of the central committees to his brother’s campaign, violating Section 84301 (2 counts). The Commission also found

that Tom Berryhill and his committee made over-the-limit contributions in separate counts. In April 2014, the Commission imposed a penalty of \$5,000 per count.

#### Disclosure of False Contributor Information in Campaign Statements

- *James “Jim” Nielsen, Taxpayers for Jim Nielsen – Assembly 2012, Charles H. Bell, Jr., Tehama County Republican Central Committee, Roger Marsh, Linda Alston, Robert A. “Bob” Williams, Friends of Bob Williams for Assembly 2012, and David Bauer, FPPC No. 12/377.* The nine respondents included an incumbent State Assemblymember, a candidate for State Assembly, their candidate controlled committees, a Republican central committee (“Tehama GOP”) and the committees’ treasurers. The parties illegally moved money from Nielsen’s committee to Williams’ committee through the Tehama GOP. The parties violated the Act as follows:  
Nielsen, Taxpayers for Nielsen and Bell falsely reported information regarding the \$4,320 contribution from Taxpayers for Nielsen to Friends of Williams, violating Section 84211, subdivision (k) (1 count). In August 2015, the Commission imposed a penalty of \$4,500 for this count.  
Tehama GOP, Marsh, and Alston, while acting as the intermediary of Taxpayers for Nielsen, falsely reported that Tehama GOP made a \$4,320 contribution to Friends of Williams, instead of disclosing that Tehama GOP was the intermediary, violating Section 84211, subdivision (k) (1 count). In August 2015, the Commission imposed a penalty of \$4,000 for this count.
- *Republican Central Committee of Los Angeles County, also known as Republican Party of Los Angeles County, FPPC No. 11/224 (Default Decision).* Respondent, a political party central committee, filed a false campaign statement reporting that it made a \$32,400 contribution to Committee to Elect Rabbi Shifren, when in fact RPLAC was merely the intermediary for contributions made by four members of the Novelty family to Committee to Elect Rabbi Shifren, in violation of Government Code Section 84211, subdivision (k) (1 count). In October 2014, the Commission imposed a penalty of \$5,000 per count.
- *Bill Berryhill, et al., FPPC No. 10/828 (Decision and Order).* The six respondents included two brothers, their candidate controlled committees and two Republican central committees, including SCRP. Following a six-day administrative hearing, the Commission found that Tom Berryhill and his controlled committee, disclosed false information in campaign statements to conceal the true source of earmarked contributions, in violation of Government Code section 84211, subdivision (f) (3 counts). In April 2014, the Commission imposed a penalty of \$5,000 per count against Tom Berryhill and his controlled committee.

Laundering campaign contributions is one of the most serious violations of the Act because such conduct circumvents campaign contribution limits, violates disclosure requirements, and deceives the voting public as to the true source of funds. Here, the parties’ conduct deceived the voting public as to the true sources of \$65,000 in contributions when they caused Templeton, Barth



and Swanson to make earmarked, over-the-limit contributions through VCRP and SCRCP and filed inaccurate information in Strickland for Controller's campaign statements concealing the true sources of the contributions.

The evidence shows that all parties understood that VCRP and SCRCP would act as the undisclosed intermediaries for Templeton's, Barth's and Swanson's contributions to Strickland's campaign and that the \$65,000 was to go to Strickland's controller campaign. Templeton, Barth and Swanson each made maximum contributions to Strickland's campaign. Yet Strickland, an experienced candidate and officeholder, continued to solicit funds from Templeton, Barth and Swanson and directed them to make contributions to VCRP and SCRCP.

Strickland made it clear that the over-the-limit funds were meant for his controller campaign. Strickland told the VCRP chairman that Strickland's campaign would pay Jubitz' commission for the Templeton and Barth contributions so more funds would be received by his campaign toward his \$2 million goal. After notification that Templeton and Barth had sent checks to VCRP, Strickland directed the VCRP chairman to "write a 45k check" to Strickland's campaign, and within two days, VCRP sent \$45,000 to Strickland. Strickland caused Templeton, Barth and Swanson to give \$65,000 in contributions to his campaign illegally through VCRP and SCRCP.

The deliberate conduct in this matter resulted in significant non-disclosure, depriving the public of information regarding the campaign activity and the true sources of Strickland's campaign funds. The conduct in this case is more egregious than the conduct in the comparable cases because of the active involvement of Strickland and his campaign in coordinating and concealing the true sources of the funds.

Two of the parties have prior enforcement history. Strickland was prosecuted in April 2010 by the Commission for failing to include proper sender identification for a mass mailing. Ray was prosecuted in April 2010 by the Commission for failing to include major donor information in the committee name. And the Commission's Enforcement Division issued three prior warning letters against Ray related to her duties as treasurer for three separate committees.

Strickland, Wangsaporn and Ray did not cooperate with the investigation of this matter. Strickland, Wangsaporn and Ray were subpoenaed for interviews with the Enforcement Division on November 19, 2014. None appeared, and their attorney failed to respond to telephone and email inquiries regarding the interviews.

On May 17, 2016, Ray sent a written statement to the Enforcement Division regarding her role as treasurer of the Committee. Ray contends that, for all campaigns for which she serves as treasurer, she verifies that contributions and expenditures "conform on their face" with the Act. She also contends that when political party committees send checks for her clients, she assumes political party committees know campaign laws. And Ray contends that she used "reasonable diligence" in preparing the Committee's campaign statements. Even so, as treasurer of the Committee, the Act holds Ray strictly liable concerning the receipt and expenditure of funds and the reporting of such funds.

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**PROPOSED PENALTY**

The factors listed in Regulation 18361.5, prior similar cases, and other relevant facts, justify a total penalty of \$40,000:

<b>Count</b>	<b>Description</b>	<b>Penalty per count</b>	<b>Total</b>
<b>Strickland, Strickland for Controller, and Ray</b>			
1-4	Accepting Prohibited Earmarked Over-the-Limit Contributions which were Made in Legal Name of Another	\$5,000	\$20,000
5-8	Disclosure of False Information in Campaign Statements	\$5,000	\$20,000
	<b>Total Agreed Upon Penalty</b>		<b>\$40,000</b>

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