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7
8 BEFORE THE FAIR POLITICAL PRACTICES COMMISSION
9 STATE OF CALIFORNIA

10
11 In the Matter of:

12 ELECT ANGELA VALLES FOR 1ST
13 DISTRICT SUPERVISOR 2016, AND
ANGELA VALLES,

14 Respondents.

FPPC Case No. 16/17170

STIPULATION, DECISION AND ORDER

15
16 INTRODUCTION

17 Elect Angela Valles for 1st District Supervisor 2016 (the “Committee”) was the controlled
18 committee of Angela Valles (“Valles”) in conjunction with her campaign for San Bernardino County
19 Supervisor in the June 7, 2016 Primary and November 8, 2016 General Elections.

20 The Committee was the subject of an audit by the Enforcement Division of the Fair Political
21 Practices Commission, pursuant to Government Code section 83123.5 and the County of San
22 Bernardino Campaign Finance Reform Ordinance (the “Ordinance”), which revealed that Respondents
23 committed numerous violations of the Political Reform Act (the “Act”)¹ and the Ordinance, including a
24 failure to timely file a preelection campaign statement electronically, failure to timely file certain 24-
25 hour contribution reports, and violation of the Act’s one bank account rule.

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27 ¹ The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the
28 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.

1 **SUMMARY OF THE LAW**

2 The Act and its regulations are amended from time to time. The violations in this case occurred
3 in 2016. For this reason, all legal references and discussions of law pertain to the Act’s provisions as
4 they existed at that time.

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

6 When enacting the Act, the people of California found and declared that previous laws regulating
7 political practices suffered from inadequate enforcement by state and local authorities.² To that end, the
8 Act is to be construed liberally to accomplish its purposes.³

9 One purpose of the Act is to promote transparency by ensuring that receipts and expenditures in
10 election campaigns are fully and truthfully disclosed so that voters are fully informed and improper
11 practices are inhibited.⁴ Along these lines, the Act includes a comprehensive campaign reporting
12 system.⁵ Another purpose of the Act is to provide adequate enforcement mechanisms so that the Act will
13 be “vigorously enforced.”⁶

14 Mandatory Filing of Campaign Statements

15 At the core of the Act’s campaign reporting system is the requirement that committees file
16 campaign statements and reports for certain reporting periods, by certain deadlines, and including
17 certain information.⁷

18 The Act requires a candidate-controlled committee to file preelection campaign statements prior
19 to elections in which the candidate appears on the ballot.⁸ For the June 7, 2016 Primary Election, a
20 candidate-controlled committee was required to file a preelection campaign statement for the period of
21 April 24, 2016 to May 21, 2016, no later than May 26, 2016.

22 In addition, San Bernardino County requires that candidates and candidate-controlled
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25 ² Section 81001, subd. (h).

26 ³ Section 81003.

27 ⁴ Section 81002, subd. (a).

28 ⁵ Sections 84200, *et seq.*

⁶ Section 81002, subd. (f).

⁷ Sections 84200, *et seq.*

⁸ Section 84200.5.

1 committees that raise or spend at least \$10,000, file their campaign statements electronically.⁹

2 Duty to File 24-Hour Contribution Reports

3 Each candidate or committee that makes or receives a late contribution must file a report within
4 24 hours of making or receiving the contribution.¹⁰ For nonmonetary contributions, the late contribution
5 report is due within 48 hours of the contribution.¹¹ A “late contribution” includes a contribution
6 aggregating \$1,000 or more that is made to or received by a candidate, controlled committee, or
7 primarily formed committee within 90 days before the date of the election at which the pertinent
8 candidate or measure is to be voted on.¹²

9 One Bank Account Rule

10 To ensure full disclosure of campaign activity and to guard against improper use of campaign
11 funds, a candidate must establish a single, designated campaign bank account upon filing a statement of
12 intention to be a candidate.¹³ All campaign contributions and loans must be deposited into the campaign
13 account.¹⁴ Personal funds of the candidate that will be used for the campaign must be deposited in the
14 campaign account prior to expenditure.¹⁵ All campaign expenditures must be made from the campaign
15 account.¹⁶

16 **SUMMARY OF THE FACTS**

17 Valles was successful in the June 7, 2016 Primary Election, receiving approximately 26.06
18 percent of the vote. However, she was unsuccessful in the November 8, 2016 General Election,
19 receiving approximately 48.24 percent of the vote. During 2016, the Committee reported receiving
20 \$136,745 in contributions and making \$136,942 in expenditures.

21 The Committee raised or spent at least \$10,000 by the period ending April 23, 2016; therefore,
22 the Committee was required to file its campaign statements and reports electronically with the filing
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24 ⁹ San Bernardino County Ordinance No. 4226, Section 12.4311.

25 ¹⁰ Section 84203.

26 ¹¹ Section 84203.3, subd. (b).

27 ¹² Section 82036.

28 ¹³ Section 85201, subd. (a).

¹⁴ Section 85201, subd. (c).

¹⁵ Section 85201, subd. (d).

¹⁶ Section 85201, subd. (e).

1 officer. However, although the Committee timely filed its preelection campaign statement for the
2 reporting period of April 24, 2016 to May 21, 2016 in paper format, it failed to timely file the statement
3 electronically. The statement reported \$27,651 in contributions and \$24,541 in expenditures.

4 The Committee also failed to timely file certain 24-hour contribution reports electronically, as
5 follows:

6 Statement/ Report Type	Payment Date	Due Date	Date Filed	Contribution(s) Amount
7 24-Hour Contribution	5/16/16	5/17/16	6/28/16	\$2,500
8 24-Hour Contribution	6/6/16	6/7/16	6/28/16	\$4,200
9 24-Hour Contribution (nonmonetary)	4/21/16	4/23/16	6/28/16	\$4,200
10 24-Hour Contribution (nonmonetary)	5/23/16	5/25/16	N/A	\$1,421

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12
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14 The Committee filed 24-hour reports reporting the two monetary contributions in paper format
15 (but not electronically) prior to the June 7, 2016 Primary Election. The Committee also reported the
16 \$2,500 monetary and \$4,200 nonmonetary contributions on campaign statements filed prior to the
17 election. However, the \$1,421 in nonmonetary contributions were not reported prior to the election,
18 either on a 24-hour report or campaign statement filed by the Committee.

19 The Committee violated the one bank account rule by paying certain expenditures outside of the
20 designated campaign bank account. During the period ending December 31, 2016, the Committee
21 reported paying \$37,109.91 in accrued expenses on its semiannual campaign statement. These accrued
22 expenses, which were credit card charges, were paid directly by Valles and her spouse, and reported as
23 nonmonetary contributions received. Per the one bank account rule, Valles and her spouse should have,
24 instead, made monetary contributions to the Committee, with the Committee then paying the credit card
25 charges out of the designated bank account.

26 The Committee also violated the one bank account rule by depositing certain contributions into
27 an account other than the designated campaign bank account. Four contributions totaling \$550, received
28 May 2, 2016 and May 20, 2016, were deposited into a personal bank account in the name of Valles.

1 Later, on June 30, 2016, a cashier's check in the amount of \$550 was deposited into the campaign bank
2 account.

3 **VIOLATIONS**

4 Count 1: Failure to Timely File Preelection Campaign Statement Electronically

5 The Committee and Valles failed to timely file the Committee's preelection campaign statement
6 for the reporting period of April 24, 2016 to May 21, 2016, in electronic format, in violation of Sections
7 84200.5, subdivision (a); and 84200.8, subdivision (b); and San Bernardino County Ordinance No.
8 4226, Section 12.4311.

9 Count 2: Failure to Timely File 24-Hour Contribution Reports

10 The Committee and Valles failed to timely file four 24-hour contribution reports for a total of
11 \$12,321 in contributions, in violation of Sections 84203 and 84203.3; and San Bernardino County
12 Ordinance No. 4226, Section 12.4311.

13 Count 3: One Bank Account Rule

14 The Committee and Valles failed to pay \$37,109.91 in expenditures from the designated
15 campaign bank account, and failed to deposit \$550 in contributions into the designated campaign bank
16 account, in violation of Section 85201, subdivisions (c), (d), and (e).

17 **PROPOSED PENALTY**

18 This matter consists of three counts. The maximum penalty that may be imposed is \$5,000 per
19 count. Thus, the maximum penalty that may be imposed is \$15,000.¹⁷

20 In determining the appropriate penalty for a particular violation of the Act, the Commission
21 considers the facts of the case, the public harm involved, and the purposes of the Act. Also, the
22 Commission considers factors such as: (a) the seriousness of the violation; (b) the presence or absence of
23 any intention to conceal, deceive or mislead; (c) whether the violation was deliberate, negligent or
24 inadvertent; (d) whether the violation was isolated or part of a pattern; (e) whether corrective
25 amendments voluntarily were filed to provide full disclosure; and (f) whether the violator has a prior
26 record of violations.¹⁸

27 _____
¹⁷ Section 83116, subd. (c).

28 ¹⁸ Regulation 18361.5, subd. (d).

1 In this case, the Enforcement Division found no evidence that Respondents intended to conceal,
2 deceive, or mislead the public. Further, Respondents have no prior record of violations.

3 Additionally, the Commission considers penalties in prior cases involving similar violations.
4 Recent similar cases involving a failure to timely file preelection campaign statements electronically
5 include the following:

6 • *In the Matter of Scott Jackson for Judge 2016, Scott Jackson, and Linda Perry*; FPPC No.
7 16/19742. Respondents, a candidate, his controlled committee, and its treasurer, failed to timely file two
8 preelection campaign statements electronically with the Secretary of State, in violation of Sections
9 84200.5, 84200.8, 84215, subdivision (a), and 84605, subdivision (a)(1). In November 2019, the
10 Commission approved a penalty of \$1,000 on one count.

11 As to Count 1, Respondents are deserving of a penalty similar to that approved in the comparable
12 case, given the similar nature of the violations.

13 Recent similar cases involving a failure to timely file 24-hour contribution reports include the
14 following:

15 • *In the Matter of Committee for Chrissa Gillies for School Board 2016, Chrissa Gillies, Elizabeth*
16 *Rudick, Gabrielle Schmitz, Committee to Elect Chrissa Gillies Governing Board 2018, and Ronna*
17 *Moore*; FPPC No. 16/19919. Respondents, a candidate, her controlled committee, and its treasurer,
18 failed to timely file two 24-hour contribution reports for \$5,349 in contributions, in violation of Section
19 84203. \$2,500 of the subject contributions were eventually reported on a 24-hour report filed prior to the
20 election. In November 2019, the Commission approved a penalty of \$1,500 on one count.

21 As to Count 2, Respondents here are deserving of a penalty similar to that approved in the *Gillies*
22 case. Although a higher amount of financial activity went unreported here, a greater share of the subject
23 late contributions were otherwise reported prior to the election.

24 Recent similar cases involving violations of the one bank account rule include the following:

25 • *In the Matter of Melendez for California State Senate 2018 and Rudy Melendez*; FPPC No.
26 18/863. Respondents, a candidate-treasurer and his controlled committee, failed to deposit all
27 contributions (\$5,808) and make all expenditures (\$5,808) from a designated campaign bank account, in
28 violation of Section 85201. In April 2020, the Commission approved a fine of \$2,500 on one count.

1 As to Count 3, a penalty similar to that approved in the *Melendez* case is warranted. Although a
2 higher amount of financial activity was not processed through the bank account here, the percentage of
3 activity transacted outside the bank account (100 percent) was higher in the comparable case.

4 In aggravation of all counts, Respondents committed additional violations of the Act that are not
5 charged herein, in the interest of settlement. In particular, Respondents mistakenly reported \$36,479.59
6 in accrued expenses as expenditures made and loans received, and failed to timely report \$945 in
7 nonmonetary contributions and \$4,928.94 in subvendor payments, on two preelection and one
8 semiannual campaign statements.

9 Based on the foregoing, the following penalties are recommended:

Count	Violation	Proposed Penalty
1	Failure to Timely File Preelection Campaign Statement Electronically	\$1,000
2	Failure to Timely File 24-Hour Contribution Reports	\$1,500
3	One Bank Account Rule	\$2,500
TOTAL:		\$5,000

16 CONCLUSION

17 Complainant, the Enforcement Division of the Fair Political Practices Commission, and
18 Respondents, Elect Angela Valles for 1st District Supervisor 2016 and Angela Valles, hereby agree as
19 follows:

20 1. Respondents violated the Act as described in the foregoing pages, which are a true and
21 accurate summary of the facts in this matter.

22 2. This stipulation will be submitted for consideration by the Fair Political Practices
23 Commission at its next regularly scheduled meeting—or as soon thereafter as the matter may be heard.

24 3. This stipulation resolves all factual and legal issues raised in this matter—for the purpose
25 of reaching a final disposition without the necessity of holding an administrative hearing to determine
26 the liability of Respondents pursuant to Section 83116.

27 4. Respondents understand, and hereby knowingly and voluntarily waive, any and all
28 procedural rights set forth in Sections 83115.5, 11503, 11523, and Regulations 18361.1 through

1 18361.9. This includes, but is not limited to, the right to appear personally at any administrative hearing
2 held in this matter, to be represented by an attorney at Respondents' own expense, to confront and cross-
3 examine all witnesses testifying at the hearing, to subpoena witnesses to testify at the hearing, to have an
4 impartial administrative law judge preside over the hearing as a hearing officer, and to have the matter
5 judicially reviewed.

6 5. Respondents agree to the issuance of the decision and order set forth below. Also,
7 Respondents agree to the Commission imposing against them an administrative penalty in the amount of
8 \$5,000. One or more payments totaling this amount, to be paid to the General Fund of the State of
9 California, is/are submitted with this stipulation as full payment of the administrative penalty described
10 above, and they will be held by the State of California until the Commission issues its decision and order
11 regarding this matter.

12 6. If the Commission declines to approve this stipulation—then this stipulation shall
13 become null and void, and within fifteen business days after the Commission meeting at which the
14 stipulation is rejected, all payments tendered by Respondents in connection with this stipulation shall be
15 reimbursed to Respondents. If this stipulation is not approved by the Commission, and if a full
16 evidentiary hearing before the Commission becomes necessary, neither any member of the Commission,
17 nor the Executive Director, shall be disqualified because of prior consideration of this Stipulation.

18 7. The parties to this agreement may execute their respective signature pages separately. A
19 copy of any party's executed signature page including a hardcopy of a signature page transmitted via fax
20 or as a PDF email attachment is as effective and binding as the original.

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

25 Dated: _____
26 Angela Valles, individually and on behalf of Elect
27 Angela Valles for 1st District Supervisor 2016
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1 The foregoing stipulation of the parties “In the Matter of Elect Angela Valles for 1st District Supervisor
2 2016, and Angela Valles,” FPPC Case No. 16/17170 is hereby accepted as the final decision and order
3 of the Fair Political Practices Commission, effective upon execution below by the Chair.
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5 IT IS SO ORDERED.
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7 Dated: _____

8 _____
9 Richard C. Miadich, Chair
10 Fair Political Practices Commission
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