



(Approved March 20, 2025)
CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION
MINUTES OF HEARING, Public Session
Thursday, February 13, 2025
10:00 a.m.

Present: Chair Silver, Commissioner Baker, Commissioner Ortiz, Commissioner Wilson, and Commissioner Brandt

Executive Staff Present:

Galena West, Executive Director
James M. Lindsay, Chief of Enforcement
Dave Bainbridge, General Counsel
Shrdha Shah, Chief of Audits and Assistance
Jue Wang, PhD, Chief of Administration
Lindsey Nakano, Senior FPPC Legislative Counsel
Shery Yang, Communications Director

Call to Order.

Chair Silver called the meeting to order at 10:04 a.m.

Chair Silver announced the appointment of Alf W. Brandt to the Commission.

Chair Silver announced the re-appointment of Elsa Ortiz to the Commission.

Chair Silver thanked Laney College student Hazel Tesoro, who produced an informational video for the Commission under the supervision of Professor Steve Shlisky.

- 1. Public Comments for items not on the agenda.**
- 2. Closed Session. Personnel Matter (Gov. Code § 11126(a).)**
- 3. Approval of Commission Meeting Minutes.**

MOTION: To approve the November 2024 meeting minutes. Moved by Commissioner Ortiz, seconded by Chair Silver. Commissioner Brandt abstained. The motion passed 4-0.

4-6. Consent Calendar.

Commissioner Baker removed Item 4.

MOTION: To approve the consent calendar items 5 and 6. Moved by Chair Silver; seconded by Commissioner Ortiz. The motion passed 5-0.

4. In the Matter of Ryan Ogulnick; AC 2525 Main, LLC; RHW Holdings, LLC; Beverly Grossman Palmer; and the PAC known as “Californians for Ethical Patient Care, Yes on Tinajero for Mayor and Sarmiento and Reyna for City Council; No on Bacerra for City Council, Santa Ana 2018, Sponsored by 19th Green OC, LLC,”; FPPC No. 18/1194.

Commissioner Baker noted that this was an egregious case and a very high priority for the Commissioners.

Commissioner Baker asked whether the language on pages 3 and 23 of the stipulation was simply recounting the argument of the respondents or both recounting and affirming the argument of the respondents. Enforcement Chief James Lindsay responded that these instances were reiterations of the respondents’ claim.

Commissioner Baker asked whether those targeted by the respondents were defeated in their elections. Mr. Lindsay responded that the primary individual targeted by the respondents was defeated, but not all of those supported by the respondents won. Commissioner Baker noted that the public harm was egregious because there could have been an impact on an election.

Commissioner Baker asked what the maximum number of potential violations was, and what the maximum fine may have been had every charge been filed. Mr. Lindsay responded that some smaller filing violations were not charged in this case, as is typical of extremely egregious cases where many charges overlap with one another. Commissioner Baker replied that she was asking in relation to a public comment received from an affected community member and asked what the largest number of charges could have been. Mr. Lindsay replied that he was not sure, and the Enforcement Division focused on the egregious money laundering counts. This is the largest fine that has been levied since November 2019.

Commissioner Baker asked if there was any conduct that could be referred for criminal prosecution. Mr. Lindsay responded that he did not believe that this case was referred to the District Attorney and that it may not qualify as criminal behavior. Commissioner Baker asked that this case be referred to the District Attorney for criminal analysis.

Commissioner Baker asked Mr. Lindsay to respond directly to the public comment. Mr. Lindsay stated that he understood why the commenter wanted the highest possible charges but that he felt confident with this result and that this course of action led to a more certain result than a criminal trial. Mr. Lindsay stated that this result was 85% of maximum value that could be returned. Commissioner Baker emphasized that this was a negotiation process and that negotiations often led to better outcomes than trial. Mr. Lindsay agreed.

Commissioner Baker noted that she was interested in this outcome because a different case, which would be discussed later in the meeting, had a similar fine amount but less public harm. Mr. Lindsay responded that the charges in the motion to vacate case are decided differently.

Chair Silver stated that it may be helpful to explain the process for an administrative prosecution. The next step would be an administrative hearing, the Commission would meet to consider the administrative law judge's decision, then this case could be moved to superior court. Mr. Lindsay added that probable cause had not been found yet in this case, meaning that taking this case to trial would take an exceedingly long amount of time. The Enforcement Division would have to finish probable cause, prepare the accusation if probable cause is found, get a notice of defense, have an administrative hearing, the Commission would decide to adopt or reject the proposed decision, and then the respondent would have the opportunity to file a writ of mandate if they lost.

Commissioner Baker stated that the amount of time and effort to bring justice to a case is not a disincentive from taking a case to trial, rather, in this case, the settlement reached through negotiation is more reliable than one that may be reached through trial. Mr. Lindsay agreed.

Commissioner Brandt stated that he joined the Commission to build public confidence in the political system. He stated that he appreciated the high level of detail in this report and asked how this settlement furthers public confidence in the Commission. Mr. Lindsay responded that the Enforcement Division has worked extremely hard for many years in this matter, that campaign money laundering is difficult to prove, and they have charged the maximum number of counts, and the public should feel as though the Commission was being extremely strict in this case.

Chair Silver noted that this stipulation will follow the respondents for the rest of their careers. He agreed with Mr. Lindsay's point that this is a particularly high fine but sympathizes with public comments advocating for charging the maximum amounts possible. He reiterated Commissioner Baker's explanation of why this settlement was a favorable result as opposed

to a hearing but noted that he believed this was an example of a case that should be referred for criminal review.

Commissioner Baker stated that she was still open to directing the Enforcement Division to charge closer to the maximum fine of \$106,000, and if the respondents do not agree, to take the case to hearing.

Commissioner Brandt stated that he was unsure if the public received more benefit from the slightly increased fine than was outweighed by the time necessitated by a hearing, which would further delay potential remedies.

Commissioner Wilson asked whether the fine would be paid by the individual respondents or the campaign committee. Mr. Lindsay responded that it was paid by the respondents.

Chair Silver reiterated that taking the case to hearing was not an issue because of difficulty, but there were few attorneys in the state who could litigate this case, the Commission has limited resources, and this case was from 2018. The aforementioned resources could be better used on prosecuting money laundering cases currently impacting elections.

MOTION: To approve the item. Moved by Chair Silver, seconded by Commissioner Brandt. The motion passed 5-0.

7. In the Matter of Carlos Avalos 4 Downey Schools and Carlos Avalos; FPPC No. 20/039.

Mr. Lindsay explained pre-notice defaults.

8. Motion to Vacate Default Decision and Order, In the Matter of Sandy Genis for Costa Mesa City Council 2016, et. al.; FPPC No. 18/1359.

General Counsel Dave Bainbridge explained the default and motion to vacate process, including the number of times and the manner in which the respondent was contacted.

Chair Silver asked why the respondent has contacted the Commission now rather than at an earlier point. Mr. Lindsay stated that it was not clear, however, the Commission was contacted after there was media coverage regarding the case.

Chair Silver asked for background on the public official. Mr. Lindsay responded that the respondent had been a public official for 35 years and was knowledgeable on appropriate filings. The respondent had personal difficulties during the Coronavirus pandemic and stopped complying.

Chair Silver asked if there were any additional facts important for the Commission to consider. Mr. Lindsay stated that in order to vacate the motion, the respondent needed to show good cause as to why she did not respond to the litigation. The respondent did not provide that information and stated that she had returned to normal life by 2022. The respondent was notified of probable cause proceedings, was personally served with the accusation, there was no response to any of the default procedures and is not present for the Commission meeting.

Commissioner Brandt asked for an explanation on when it would be appropriate to grant a motion to vacate. Mr. Bainbridge responded that not receiving notice of the proceeding, mistakes, inadvertent surprise, or excusable neglect are grounds for granting a motion to vacate. Mr. Bainbridge added that he did not see anything in the motion that met these standards.

Commissioner Baker stated that the Commission had given second chances to noncompliant respondents before, including on the eve of default. She noted that in this case, the

respondent may have been isolated and depressed, not checking their mail, and was now approaching the Commission for compassion. She asked for other options, including additional discretion regarding the monetary fine. Mr. Bainbridge responded that the Executive Director has limited authority to reduce penalties, but the Commission cannot do anything today other than approve or deny the motion. He was not sure whether this case qualified for discretion by the Executive Director. Typically, the Executive Director can only exercise discretion over fine amounts when the respondents demonstrate that they do not have the ability to pay.

Commissioner Baker asked for examples of motions to vacate that had been approved in recent years. Mr. Lindsay responded that there had been recent situations in which motions were granted on the eve of default, which has since passed in this case. Those cases also included factors such as a failure to notice or extreme medical issues which prevented the respondent from complying. There was one other motion similar to this case in the past 18 months, which was denied.

Commissioner Baker asked for information on the respondent's exit from public office and whether they had closed accounts before. Mr. Lindsay responded that the respondent had redesignated accounts before, and they left office because they lost an election.

Commissioner Baker stated that she felt this instance was unintentional neglect and that she would prefer that the Commission find a way to make the situation right, which may not be through the motion to vacate and rather through other processes such as collections.

Commissioner Wilson asked whether the Commission could discuss the amount of the fine. Mr. Bainbridge responded that it was not relevant to the motion being considered.

Ms. West explained that Regulation 18318 states the Executive Director has determined a settlement is appropriate considering the following factors: the settlement amount exceeds the amount likely to be collected within a reasonable time period, the debtor's ability to satisfy the full debt or a greater amount of the debt within a reasonable time given the debtor's assets or income, or debtor's reasonable prospects of acquiring assets or income, the extent to which the debt owed includes interest accrued on the original penalty amount, and the severity and type of violation for which the penalties were assessed.

Chair Silver stated that Commissioner Baker's suggestion of providing the respondent with alternative avenues had merit but noted that they did not attend or call into the Commission hearing, as they did not respond to any prior communication.

Ms. West elaborated that the Commission would need to attempt to collect the debt before she could begin renegotiating the fine.

Commissioner Ortiz asked what would happen if the motion to vacate was granted. Mr. Bainbridge responded that there could be a hearing before the Commission or an administrative law judge. It would be as if the prior FPPC proceedings had never occurred.

Commissioner Baker asked if a stipulated settlement would be possible if the process is restarted. Mr. Bainbridge affirmed and noted that the respondent would also have to become compliant.

Chair Silver reiterated that the Commission did not have the authority to change the amount of the fine, beyond providing guidance to Commission staff.

Chair Silver stated that in his experience as a filing officer for the State Assembly and as a prosecutor for the Enforcement Division, he cannot imagine a situation in which a public official can receive numerous notices, and in good faith, not respond to any of them.

Assembly members and staff are also human and experience difficulties, and he is unaware of any comparable situation. The Chair characterized this situation as particularly egregious and noted that the individual had thrown away Commission notices. Taking public office is to enter a trust with the people of California, which should not be taken lightly, which is why these rules exist. He stated that if a member of the public learned that an official had ignored enforcement for years and then the Commission continued to spend additional time and resources on them, they would be disappointed. He sympathized with Commissioner Baker's concerns about the impact this fine could have on an individual's life, which is why he so strongly encourages respondents to participate in the process.

Commissioner Ortiz agreed that this case is egregious.

Commissioner Wilson asked how many years the Commission had been involved in this case. Mr. Lindsay responded that Enforcement had been involved since 2018. Chair Silver asked if the Secretary of State's office would also have been involved. Chair Silver stated that the county, the FPPC and Secretary of State had all been contacting this person over the period of several years.

MOTION: To approve denial of the motion to vacate. Moved by Chair Silver, seconded by Commissioner Ortiz. The motion passed 5-0.

9. Pre-Notice Discussion of Proposed Repeal and Amendments of Regulations concerning Electronic Filing of SEIs with the FPPC.

Commission Counsel Valerie Nuding presented the item. The Commission could choose to not post any additional Statements of Economic Interests on the FPPC website beyond what is currently available, they could begin posting the statements of all Section 87200 filers in

addition to current forms, or post both Section 87200 filers' forms and the forms of Section 87300 filers who file with the FPPC.

Commissioner Ortiz asked whether posting the Statements of Economic Interests for all FPPC filers would be difficult. Ms. Nuding responded that it would be relatively easy because the category is broad. Mr. Bainbridge added that the Administrative Division did not have concerns.

Commissioner Ortiz why legislative staff were concerned about their information being made more accessible. Mr. Bainbridge responded that though that information had always been public, it was not so readily accessible, and staff had privacy concerns.

Chair Silver expressed surprise that uploading the statements of all 87300 filers was not considered more difficult as they were not required to file online. He assumed that legislative employees, such as schedulers, would be confused as to why their information was posted when other employee groups, such as those employed by state agencies who do not file electronically, are exempt.

Mr. Bainbridge and Ms. Nuding clarified that all who file with the FPPC will be required to file electronically in the upcoming year, which is why there is not a concern about workload.

Chair Silver asked which 87300 filers would potentially have their Statements posted online.

Ms. Nuding responded that all of them would be posted.

Chair Silver asked which groups of employees that includes. Mr. Bainbridge responded that there were numerous groups, including legislative employees, many state agency officials, the UC Board of Regents, and more. Agencies designate which employees file directly with the FPPC in their code.

Commissioner Baker noted that she filed a Form 700 as the director of a UC facility.

Commissioner Ortiz confirmed that local agencies had their own filing officers. She asked if those people now had to file electronically. Ms. Nuding responded that nothing will change for local officials who only file with their local officer, however, 87200 filers who file locally and then forward their information to the FPPC will now file exclusively with the FPPC. The administrative division is working to find a way to send local data back to jurisdictions so they can post it if they wish.

Commissioner Wilson stated that schedulers do not have a supervisory role, and supervisor status might need to be considered when deciding which documents to post. Ms. Nuding replied that posting only supervisors' documents would be a technological challenge. Mr. Bainbridge added that the legislature has the opportunity to designate their filing officer, and they have chosen the FPPC.

Commissioner Wilson asked how a scheduler or supervisor would be categorized. Mr. Bainbridge responded that a supervisor would be designated in the agency code if they can impact financial decisions.

Chair Silver asked why the Commission was making a distinction between 87300 filers that file with the FPPC and those that file locally. If the FPPC was going to reduce the privacy of a certain group of employees, it needed a good reason. He stated he agreed with public comment that 87200 filers should have their information uploaded online.

Commissioner Baker stated that she would like to see as much disclosure as possible and that legislative staff, even those that do not have supervisory status, have significant public trust vested in them.

Ms. Nuding reiterated that the Commission had the discretion to make as much or as little of this information accessible as they wanted.

Chair Silver noted the merits of having the economic interests of the most powerful individuals in California accessible in one place. He emphasized the importance of not arbitrarily choosing who should and should not have their information posted.

PUBLIC COMMENT: Mr. Michael Canning of San Francisco Ethics Commission Policy and Legislative Affairs thanked the FPPC for their recent meeting and reiterated the sentiments in their written comment.

Chair Silver thanked them for their engagement and referred them to FPPC Senior Legislative Counsel Lindsey Nakano. He asked if the San Francisco Ethics Commission disclosed 87300 filers.

Mr. Bainbridge asked if any Commissioners had preferences for which disclosure option they preferred at this point.

Commissioner Wilson expressed concern about the numerous women filers who may have their information made more easily accessible online. Ms. Nuding reiterated that these records were already available by request.

Chair Silver stated that he had an open mind, that he wanted to make sure any decisions were justified and noted that large language models could be used to filter through posted Form 700s, an issue prevented by the email request system.

Commissioner Brandt stated that he was trying to balance safety and transparency and would like to hear more analysis.

Chair Silver summarized that the Commissioners were interested in expanding the number of Form 700s posted online, whether that be to only 87200 filers or also 87300 filers who file with the FPPC.

10. Adoption of Proposed Revised Expenditure Codes

Education and External Affairs Unit manager Chloe Hackert presented the item.

Chair Silver stated that the California Political Attorney's Association and the California Political Treasurer's Association both appreciated these revisions.

Chair Silver asked where payment processing fees were coded in the past. Ms. Hackert stated that they did not have their own code in the past, and creating a new code helped filers prepare early.

Commissioner Ortiz stated that she appreciated Ms. Hackert's initiative. She asked if a subvendor page was being added. Ms. Hackert responded that these codes would be used for subvendor payments, and will be universal for expenditures, and clarified that these revisions will go into effect when the Secretary of State completed their new CARS system.

Commissioner Brandt asked for clarification on how the Commission collaborates with the Secretary of State's office. Ms. West replied that in the day to day, Ms. Hackert and her team work closely with the Secretary of State's office and that there is a biweekly meeting with the Secretary of State's political reform office. Ms. West attends meetings relating to the CARS progress and the FPPC also does internal work to make sure everything is in line with the Political Reform Act. Ms. Hackert characterized the relationship as each agency working to meet each other's needs.

Commissioner Wilson asked if CARS would be implemented in the next year. Ms. Hackert responded that she hoped so, and issues such as this would continue to be presented to meet that goal.

Ms. Hacket asked that Commission approve the item with office postage removed from the office expenses code.

MOTION: To adopt the revised expenditure codes and descriptions, with the postage revision. Moved by Chair Silver, seconded by Commissioner Ortiz. The motion passed 5-0.

Ms. West stated that there was a technical issue, and Mr. Michael Canning's public comment was not recorded on the YouTube livestream. However, his comment was identical to his previously submitted written comment.

Chair Silver recommended commenting through the online public portal or calling into the meeting.

11. Discussion of possible FPPC response to wildfires in Los Angeles and Ventura counties, including regulatory and legislative action.

Chair Silver stated that those effected by the Southern California wildfires can visit www.caloes.ca.gov and www.ca.gov/LAFires to access services. He thanked first responders, law enforcement and media for their aid, and the County of Los Angeles for alerting the FPPC to the filing deadline issue.

Mr. Bainbridge stated that the Governor issued an executive order extending the filing deadline for assuming and leaving office forms and behested payment reports to 60 days from the date of the event. The Commission has discretion on whether to extend the filing deadline for annual Form 700s, which are due April 1.

Commission Counsel Simon Russell presented the item, stating that the Commission had precedent in extending the annual filing deadline. He presented Option One, which provides the Commission ongoing authority in extending deadlines. He noted that staff has reviewed this option and no longer recommend it. Option Two is a one-time 60-day extension for those

with their primary residence, primary office or filing office within identified areas, which include Los Angeles County and possibly Ventura County.

Chair Silver recommended that the legislature add a framework for the Commission to issue extensions in the future, to create guidelines and avoid the appearance of being arbitrary. He advocated for Option Two.

Commissioner Baker advocated for consistency. She expressed support for Option Two and asked whether the Commission currently has the authority to create its own emergency procedures. Mr. Russell responded that the Commission could create their own emergency procedures, but they would have to fit within the Administrative Procedure Act, which requires finding that the emergency procedure is necessary for preserving public peace, health or safety. Commissioner Baker advocated for a nimble legislative approach that gives the entire Commission, not just the Chair, some emergency powers.

Commissioner Baker stated that she would also be comfortable extending the March 3 filing deadline. Mr. Bainbridge stated that there was not time to notice and approve a regulation before the March deadline. Chair Silver encouraged any March 3 filers encountering difficulties to contact the Commission. He advocated extending the filing deadline as opposed to issuing penalty waivers.

Commissioner Brandt advocated for an avenue to clarify which situations qualified for emergency extensions.

The Commissioners agreed to limit the filing extension to Los Angeles County in coordination with the Governor's executive orders.

Chair Silver stated that he believed that the Commission should recommend a legislative solution to the emergency powers issue, and while it was not preferable to be choosing who

benefited from an extension and who did not, the Los Angeles fires are the second and third most destructive fires in California history, and absolutely mandate a response.

Chair Silver asked when the Governor's 60-day extension expires and noted that the Commission worked with the Governor's Office to coordinate which office would address each filing deadline. Mr. Russell stated that the executive orders did not include a date for repeal or sunset.

12. Form 807 Discretionary Audit Results.

Chief of Audits and Assistance Shrdha Shah presented the item.

Chair Silver stated that the Legislature previously decided that there was not enough disclosure of travel by public officials, but their solution did not yield satisfactory results because the thresholds for disclosure were too low. Chair Silver asked if staff had identified any potential new thresholds for disclosure of travel expenses. Ms. Shah responded that threshold numbers were still under consideration.

Commissioner Baker asked for the Audit Division's level of confidence in 501c3 and 501c4 organizations not meeting the threshold. Ms. Shah stated that the Audit Division received a variety of reports and materials and are confident based on what information was provided.

Commissioner Baker noted that some nonprofits cannot afford complicated recordkeeping.

Commissioner Baker asked whether the Audit Division had nonprofits paying for the travel of multiple people at once, or individuals one at a time in order to determine what an appropriate threshold might be. Ms. Shah responded that nonprofits were paying for multiple people at once. Commissioner Baker advocated for removing the one third rule.

Commissioner Baker asked if there was any additional authority or processes that would advance the work of the Audit Division.

Commissioner Baker asked what the Audit Division's next steps are.

Chair Silver stated that he is interested in what the Audit Division thought was an appropriate threshold and is wary of accidentally trapping nonprofits with good intentions.

13. 2024/2025 Fiscal Year Second Quarter Expenditure Report.

Administration and Technology Division Chief Dr. Jue Wang presented the report.

14. 2025/2026 Governor's Budget.

Administration and Technology Division Chief Dr. Jue Wang presented the item.

Commissioner Wilson asked how this budget compares to the previous year. Dr. Wang responded that this represented a \$555,000 general fund increase and three additional staff positions. Commissioner Wilson stated that he was concerned that the funding may not be adequate. Dr. Wang stated that the workload and needs were being tracked and a Budget Change Proposal could be submitted if needed.

15. Legislative Update.

Senior FPPC Legislative Counsel Lindsey Nakano presented the item.

AB 359 (Ramos) – Extension of Local Contracting Authority

Chair Silver stated that the Commission had received positive feedback from their current contract partner, the City of San Bernadino.

MOTION: To support the bill. Moved by Commissioner Brandt, seconded by Commissioner Baker. The motion passed 5-0.

AB 351 (McKinnor) – Section 84308; Contributions to Agency Officers

Commissioner Baker expressed concern about the bill's threshold being based on the Consumer Price Index, which varies. Chair Silver stated that the Commission welcomed feedback from the author's office on why they chose this threshold.

SB 42 (Umberg, Alle) – Public Campaign Financing

Chair Silver asked whether eliminating the prohibition would impact the FPPC's ability to prosecute.

SB 280 (Cervantes) – Expansion of Prohibition on Receipt of Contributions in State Buildings

Commissioner Baker asked why district offices were originally excluded. Ms. Nakano responded that she was not sure. Commissioner Wilson stated that it dated to checks being delivered to the Capitol in the 1980's. Chair Silver added that this was discussed with the Senate Elections Committee, and they could not identify the original reason.

MOTION: To support the bill. Moved by Chair Silver, seconded by Commissioner Ortiz. The motion passed 5-0.

SB 300 (Padilla) – Conflicts of interest: nonprofit organizations: membership dues.

Chair Silver questioned why this bill was necessary and expressed concern about it only applying to a few elected officials, opening a loophole for them.

Commissioner Baker asked for specific information on applicable nonprofits.

16. Executive Staff Reports.

Mr. Lindsay presented the Enforcement Division report.

Commissioner Baker asked for Mr. Lindsay's response on an article discussing FPPC recordkeeping practices. Mr. Lindsay responded that the Enforcement Division went beyond what

was required by the Public Records Act in corresponding with the journalists. Ms. West added that the FPPC computer system crashed in 1999 and some records were lost. Additionally, in 2016, a technology vendor labelled all historical records as being from 2016. The Commission is continuing to look for ways to improve their record systems and would appreciate the media's aid in advocating for budget increases to afford better IT systems. Commissioner Wilson asked whether data was backed up on the cloud and whether there was an emergency procedure in place. Ms. West responded that all data was backed up.

Ms. Shah presented the Audits and Assistance Division report and noted that the first audit drawing was conducted on February 12.

Mr. Bainbridge presented the Legal Division report.

Dr. Wang presented the Administration and Technology report and stated that progress had been made in responding to AB 1170 emails.

Chair Silver introduced new staff.

Communications Director Shery Yang introduced the 2024 Enforcement Heat Map.

17. Commissioner Comments and Proposed Future Agenda Items.

The Commissioners congratulated Commissioner Baker on completing her term as a commissioner.

MOTION: To adjourn the meeting. Moved by Chair Silver, seconded by Commissioner Brandt. The motion passed 4-0.

The meeting adjourned at 3:47 p.m.

Respectfully Submitted,
Eva Hartman
Executive Fellow
Approved March 20, 2025

Adam E. Silver, Chair
Fair Political Practices Commission