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

10  
11 In the Matter of

12 Fernando Armenta and Noemi Armenta,

13 Respondents.

FPPC Case No. 2019-00996

**STIPULATION, DECISION AND ORDER**

Date Submitted to Commission: January 2025

14  
15 **INTRODUCTION**

16 Respondent Fernando Armenta was first elected to the Monterey County Board of Supervisors in  
17 2000. Fernando Armenta remained in office until the end of 2016, after unsuccessfully running in the  
18 June 7, 2016 Primary Election. Fernando Armenta for County Supervisor (“Committee”) was Fernando  
19 Armenta’s candidate-controlled committee. At all relevant times, Respondent Noemi Armenta, Fernando  
20 Armenta’s spouse, was the Committee treasurer.

21 This case arose from an anonymous complaint. The Respondents entered into a Tolling  
22 Agreement, effectively tolling the relevant statute of limitations. This case involves misuse of campaign  
23 funds—in violation of the Political Reform Act (the “Act”).<sup>1</sup>

24 **SUMMARY OF THE LAW**

25 The Act and its regulations are amended from time to time. All legal references and discussions

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27 <sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014, and all statutory  
28 references are to this code. The regulations of the Fair Political Practices Commission are contained in Sections 18104 through  
18998 of Title 2 of the California Code of Regulations, and all regulatory references are to this source.

1 of law are intended to be citations to statutes and regulations as they existed at the time of the violations  
2 in this case.

3 **Need for Liberal Construction and**  
4 **Vigorous Enforcement of the Political Reform Act**

5 When enacting the Political Reform Act, the people of California found and declared that:  
6 “[p]revious laws regulating political practices have suffered from inadequate enforcement by state and  
7 local authorities.”<sup>2</sup> Thus, it was decreed that the Act “should be liberally construed to accomplish its  
8 purposes.”<sup>3</sup>

9 Another purpose of the Act is to provide adequate enforcement mechanisms so that the Act will  
10 be “vigorously enforced.”<sup>4</sup>

11 **Definition of Controlled Committee**

12 A “committee” includes any person (or combination of persons) receiving contributions totaling  
13 \$2,000 or more in a calendar year.<sup>5</sup> This type of committee commonly is referred to as a “recipient  
14 committee.” A recipient committee that is controlled directly or indirectly by a candidate, or which acts  
15 jointly with a candidate in connection with the making of expenditures, is a “controlled committee.”<sup>6</sup> A  
16 candidate controls a committee if he or his agent—or any other committee he controls—has a significant  
17 influence on the actions or decisions of the committee.<sup>7</sup>

18 **Misuse of Campaign Funds**

19 Campaign funds are deemed to be held in trust for expenses associated with the election of the  
20 candidate or for expenses associated with holding office.<sup>8</sup>

21 An expenditure of campaign funds must be reasonably related to a political purpose (in the case  
22 of seeking office)—or reasonably related to a legislative or governmental purpose (in the case of holding  
23 office). However, expenditures conferring a substantial personal benefit (of more than \$200)—must be

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24 <sup>2</sup> Section 81001, subd. (h).

25 <sup>3</sup> Section 81003.

26 <sup>4</sup> Section 81002, subd. (f).

27 <sup>5</sup> Section 82013, subd. (a).

28 <sup>6</sup> Section 82016.

<sup>7</sup> Section 82016, subd. (a).

<sup>8</sup> Section 89510, subd. (b).

1 directly related.<sup>9</sup> “Substantial personal benefit” means an expenditure of campaign funds which results in  
2 a direct personal benefit with a value of more than \$200 to a candidate, elected officer, or any individual  
3 or individuals with authority to approve expenditures of campaign funds held by a committee.<sup>10</sup>

4 Also, the Act provides for specific rules that apply to certain types of expenditures.<sup>11</sup> For  
5 example, campaign funds may not be used to pay or reimburse the candidate, elected officer, or any  
6 individual with authority to approve the expenditure of campaign funds held by the committee, for travel  
7 expenses and necessary accommodations, except when these expenditures are directly related to a  
8 political, legislative, or governmental purpose. Such payments must meet standards similar to the  
9 standards of the Internal Revenue Service pursuant to Sections 162 and 274 of the Internal Revenue Code  
10 for deduction of travel expenses under the federal income tax law—and the payments must be reported  
11 on the campaign statement for the reporting period when they are made.<sup>12</sup> Also, campaign funds shall not  
12 be used to make personal gifts unless the gift is directly related to a political, legislative, or governmental  
13 purpose.<sup>13</sup>

14 Another rule applies with respect to appliances and equipment. Campaign funds may not be used  
15 to pay for the purchase, lease, or refurbishment of any appliance or equipment, where the lessee or  
16 sublessor is, or the legal title resides, in whole or in part, in a candidate, elected officer, campaign  
17 treasurer, or any individual or individuals with authority to approve the expenditure of campaign funds,  
18 or immediate family member thereof. If the committee holds the title to the appliance or equipment, the  
19 use must be directly related to a political, legislative, or governmental purpose, and any other usage must  
20 be only incidental.<sup>14</sup>

### 21 **Joint and Several Liability**

22 A candidate and committee, along with the treasurer, may be held jointly and severally liable for  
23 violations of the Act.<sup>15</sup>

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24 <sup>9</sup> See Section 89512, subd. (a).

25 <sup>10</sup> Section 89511, subd. (b)(3).

26 <sup>11</sup> See Sections 89513, et seq.

27 <sup>12</sup> See Section 89513, subds. (a)(1)-(4).

28 <sup>13</sup> Section 89513, subd. (f)(1).

<sup>14</sup> See Section 89517, subds. (a) and (c).

<sup>15</sup> Sections 81004, 83116.5, 91006; and Regulation 18427.

1 **SUMMARY OF THE FACTS**

2 Fernando Armenta and Noemi Armenta entered into a tolling agreement with Enforcement  
3 regarding the five-year statute of limitations.

4 Fernando Armenta was a member of the Salinas City Council from 1997 to 2000. Fernando  
5 Armenta was elected to the Monterey County Board of Supervisors in 2000. Fernando Armenta remained  
6 in office until the end of 2016, after unsuccessfully running in the June 7, 2016 Primary Election. The  
7 Committee was Fernando Armenta’s candidate-controlled committee. After leaving office at the end of  
8 2016, Fernando Armenta redesignated the Committee name to “Fernando Armenta for Monterey County  
9 Supervisor District 1 2020” on January 23, 2017, and filed a Form 501 Candidate Intention Statement to  
10 run for Monterey County Supervisor in 2020. However, Fernando Armenta later decided not to run in  
11 2020 and terminated the Committee on December 30, 2019. At all relevant times, Noemi Armenta,  
12 Fernando Armenta’s spouse, was the Committee treasurer. Fernando Armenta and Noemi Armenta had  
13 access to the campaign bank account. The Committee hired Patricia Worth, a CPA, to prepare filings and  
14 keep records. However, Worth was not listed as the treasurer and did not have access to the campaign  
15 bank account. The Committee was active from June 1999 through the date of its termination in December  
16 2019.

17 After Fernando Armenta lost the 2016 election, the Committee had an ending cash balance of  
18 about \$34,000. Of this amount, Fernando Armenta misused approximately \$14,539.77 in campaign  
19 funds. More specifically, from approximately August 10, 2016, through July 16, 2018, Fernando  
20 Armenta purchased televisions, laptops, cell phones and accessories both with campaign funds and  
21 through reimbursements from campaign funds. Fernando Armenta stated all of these items were  
22 purchased for Fernando Armenta’s adult child, who Fernando Armenta identified as a disabled veteran,  
23 and grandchildren. Further, Fernando Armenta made multiple purchases at Costco for groceries and  
24 household items, was reimbursed for the purchase of a shed that Fernando Armenta stated was used to  
25 store campaign signs but was then used by Fernando Armenta’s adult child, purchased expired airline  
26 miles which were used for Fernando Armenta’s adult child to travel to Cabo for Fernando Armenta’s  
27 grandchild’s high school graduation, paid for a car stereo and car insurance for Fernando Armenta’s  
28 grandchild and paid for Fernando Armenta’s grandchild’s high school graduation party. The

1 reimbursements for payments made from a personal bank account were paid in the form of a check from  
2 the campaign bank account, signed by Fernando Armenta and made payable to Noemi Armenta, the  
3 Committee treasurer. Campaign records were provided identifying payments made through a personal  
4 bank account were reimbursed with Committee funds.

## 5 VIOLATIONS

### 6 Counts 1 – 5: Misuse of Campaign Funds

7 From August 2016 through July 2018, Fernando Armenta and Noemi Armenta misused campaign  
8 funds which were not reasonably related to a political, legislative or governmental purpose, as  
9 summarized in the chart below:

10 MISUSE OF CAMPAIGN FUNDS			
11 Counts	Date	Description	Amount
12 1	8/10/16- 12/16/16	3 Televisions and 2 Laptops	\$3,736.63
13 2	12/16/16- 9/18/17	A Car Stereo and Cell Phone	\$2,228.61
14 3	4/6/17- 7/16/18	Groceries for Armenta’s adult child and grandchildren and Car Insurance for Grandchild	\$2,974.18
15 4	4/5/18	Purchase of Airplane Miles for adult child’s Vacation, iPad, iWatch and Computer with Insurance for adult child and grandchild	\$3,294.62
16 5	2/17/17- 7/1/18	Purchase of Shed, Cell Phone Accessories for grandchildren and payments for High School Graduation Party for grandchild	\$2,305.73
17 TOTAL:			18 \$14,539.77

19  
20 The campaign funds that were spent belonged to the Committee. The campaign statements  
21 identified many of the payments as reimbursements to Noemi Armenta. However, many campaign  
22 statements included additional disclosure, such as “Computer for disable veteran and his son,”  
23 “Computer Supplies,” “Phone for disable veteran and his son,” “Televisions for disable veterans,” “Gifts  
24 for disabled veterans” and “Food for candidate and household member.” None of the above expenditures  
25 listed in Counts 1-5 were reasonably related to a political, legislative or governmental purpose.

26 In this way, Fernando Armando and Neomi Armenta violated Sections 89510, subdivision (b);  
27 89512; 89513; and 89517. For these violations, five counts are recommended.

1 **STREAMLINE EXCLUSION**

2 Certain types of cases are eligible for streamline settlement, but cases involving misuse of  
3 campaign funds, such as the current case, are excluded from the streamline program.<sup>16</sup>

4 **PROPOSED PENALTY**

5 The maximum penalty that may be imposed per count is \$5,000. In this case, 5 counts are  
6 recommended, with a maximum penalty for the counts charged of \$25,000.<sup>17</sup>

7 In determining the appropriate penalty for a particular violation of the Act, the Enforcement  
8 Division considers the typical treatment of a violation in the overall statutory scheme of the Act, with an  
9 emphasis on serving the purposes and intent of the Act. Additionally, the Enforcement Division  
10 considers the facts and circumstances of the violation in the context of the following factors (which are  
11 from Regulation 18361.5, subd. (e)(1)-(8)):

- 12 1. the extent and gravity of the public harm caused by the specific violation;
- 13 2. the level of experience of the violator with the requirements of the Act;
- 14 3. penalties previously imposed by the Commission in comparable cases;
- 15 4. the presence or absence of any intention to conceal, deceive or mislead;
- 16 5. whether the violation was deliberate, negligent or inadvertent;
- 17 6. whether the violator demonstrated good faith by consulting Commission staff or any other  
18 governmental agency in a manner not constituting a complete defense under Section 83114,  
19 subdivision (b);
- 20 7. whether the violation was isolated or part of a pattern—and whether the violator has a prior  
21 record of violations of the Act or similar laws; and
- 22 8. whether the violator, upon learning of a reporting violation, voluntarily filed amendments to  
provide full disclosure.

23 Misuse of campaign funds is a serious violation of the Act, which erodes public confidence in the  
24 political process by creating the appearance that lawful campaign contributions are personal gifts to the  
25 public official.

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27 <sup>16</sup> See Regulations 18360.1 - 18360.3.

28 <sup>17</sup> See Section 83116, subd. (c). Effective 1/1/22, Section 89521 was amended to allow for an even higher  
administrative penalty for certain violations involving personal use of campaign funds, but in this case, the amendment does  
not apply because no single payment was in the amount of \$10,000 or more.

1           In *In the Matter of John Lindner and Franklin-McKinley for Our Kids—Yes on Measure J 2010*,  
2 FPPC Case No. 2016/00286, the Commission approved a total penalty of \$18,500 in October 2017,  
3 which included 3 counts of personal use of campaign funds for a penalty of \$5,000 each count. Further,  
4 *Lindner* included 1 count of failing to itemize the expenditures on campaign statements, with a penalty of  
5 \$3,500 imposed for this count. In fact, in *Linder*, these expenditures were misrepresented as \$90 Civic  
6 Donations to hide the misuse of campaign funds.

7           Both Lindner and Fernando Armenta were in elected office for multiple years and had previous  
8 experience with campaign requirements and filings. The Lindner case was more aggravated than the  
9 current case, as Lindner involved a pattern of intentional personal expenditures with deliberate  
10 concealment. In Lindner, the misuse of funds occurred over 6 months totaling \$9,301.43. In the current  
11 case, the misuse of funds occurred over approximately 2 years totaling \$14,539.77. In the Lindner case,  
12 a disclosure violation was charged, as the expenditures were misrepresented as \$90 Civic Donations  
13 without identifying any organizations that received any payments. In the current case, the  
14 reimbursements were disclosed on campaign statements with disclosures of reimbursements and some  
15 information identifying misuse of campaign funds. While the related expenditures on relevant campaign  
16 statements did not fully disclose the misuse of campaign funds, the disclosure provided did lead to the  
17 submission of a complaint, which led to opening this case. As such, Enforcement recommends not  
18 charging reporting violations, for settlement purposes. Additionally, in the current case, Fernando  
19 Armenta provided committee records and cooperated with the Enforcement investigation.

20           According to Fernando Armenta, Fernando Armenta understood that campaign funds could not be  
21 used for personal benefit but considered the payments to Fernando Armenta's adult child and  
22 grandchildren similar to making a contribution to a non-profit. Fernando Armenta stated that Fernando  
23 Armenta spoke with the FPPC previously, who explained campaign funds cannot be used for personal  
24 benefit, although it was unclear when this advice may have been provided. Further, Fernando Armenta  
25 contended that Fernando Armenta and Noemi Armenta received no personal benefit. However, not only  
26 were the expenditures not reasonably related to a political, legislative or governmental purpose, Fernando  
27 Armenta and Noemi Armenta were reimbursed for expenses they had already committed themselves to  
28 pay for personally. As such, Fernando Armenta and Noemi Armenta received a personal benefit from the

1 use of campaign funds and these expenditures were not reasonably related to a political, legislative or  
2 governmental purpose.

3 In mitigation, Fernando Armenta has no prior history with the Enforcement Division, cooperated  
4 with the Enforcement investigation, entered into a tolling agreement and agreed to a settlement in  
5 advance of probable cause proceedings.

6 Pursuant to Section 89513, subdivisions (c)(1)(B)(i) and (ii)—campaign funds may not be used to  
7 pay the penalty imposed for Counts 1 through 5 because those counts involve misuse of campaign funds.  
8 A higher penalty is not being sought because Respondents cooperated with the Enforcement Division by  
9 agreeing to settlement in advance of the probable cause proceedings that otherwise would have been held  
10 and entering into a tolling agreement.

11 Five administrative counts, charged at \$5,000 per count, are recommended in this case. Under  
12 these circumstances, a total penalty of \$25,000 is recommended.

### 13 CONCLUSION

14 Complainant, the Enforcement Division of the Fair Political Practices Commission, and  
15 Respondents Fernando Armenta and Noemi Armenta hereby agree as follows:

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

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

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

23 4. Respondents have had an opportunity to consult with an attorney. Respondents understand  
24 and hereby knowingly and voluntarily waive, any and all procedural rights set forth in Sections 83115.5,  
25 11503, 11523, and Regulations 18361.1 through 18361.9. This includes, but is not limited to the right to  
26 appear personally at any administrative hearing held in this matter, to be represented by an attorney at  
27 respondents' own expense, to confront and cross-examine all witnesses testifying at the hearing, to  
28 subpoena witnesses to testify at the hearing, to have an impartial administrative law judge preside over



1 the hearing as a hearing officer, and to have the matter judicially reviewed.

2 5. Respondents agree to the issuance of the decision and order set forth below. Also,  
3 Respondents agree to the Commission imposing against them an administrative penalty in the amount of  
4 \$25,000. One or more payments totaling this amount—to be paid to the General Fund of the State of  
5 California—is/are submitted with this stipulation as full payment of the administrative penalty described  
6 above, and they will be held by the State of California until the Commission issues its decision and order  
7 regarding this matter.

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

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

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Dated: \_\_\_\_\_

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James M. Lindsay, Chief of Enforcement  
Fair Political Practices Commission

Dated: \_\_\_\_\_

\_\_\_\_\_  
Fernando Armenta, individually, Respondent

Dated:

\_\_\_\_\_  
Noemi Armenta, individually, Respondent

The foregoing stipulation of the parties “In the Matter of Fernando Armenta and Noemi Armenta,” FPPC Case No. 2019-00996, is hereby accepted as the final decision and order of the Fair Political Practices Commission, effective upon execution below by the Chair.

IT IS SO ORDERED.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Adam E. Silver, Chair  
Fair Political Practices Commission