First Quarter Update 2025

Ethics - Gifts, Honorarium, Travel and Use of Campaign Funds

Regulations adopted by the Commission

The following are regulatory changes approved by the Commission during the past quarter concerning gifts, honorarium, travel, and use of campaign funds. To receive updates for all regulations before the Commission, please sign up for our <u>mailing list here</u>.

None.

Advice Letters

The following are advice letters issued by the Commission's Legal Division during the past quarter concerning questions about gifts, honorarium, travel, and use of campaign funds. To receive the monthly report with all advice letters issued, please sign up for our mailing list here.

Gifts

Alex R. Giragosian

I-24-133

Planning commissioner may accept travel payments (lodging and food) to attend a conference related to the commissioner's business, trade, or profession, provided the business does not generally involve speechmaking and the payments satisfy the criteria to claim a federal income tax deduction for business expenses for the items. These payments are not gifts or prohibited honoraria and may be accepted. However, these payments are reportable income and subject to the conflict of interest rules. Payments for other conference benefits (entertainment and swag bags) are gifts valued at a fair market value unless the items are provided to all guests, in which case the items are valued at the official's pro-rata share. These gifts are subject to reporting, conflict of interest rules, and the gift limit and may not be accepted if the gifts will exceed the aggregate value of \$630 from the conference host in the calendar year.

Mass Mailing

Elvia Dominguez

A-24-140

A ratepayer insert with a reference/QR code linking to a video that includes an agency's elected board members is not a prohibited mass mailing under Section 89002 so long as the mailing itself does not feature or reference an elected official within the four corners of the mailing. Additionally, there is no indication that payments for the production or distribution of the video would be reportable contributions or expenditures under the Act. While the video provided will identify elected officials, there is no mention of an election for office or any proposed ballot

measure, much less express advocacy, and the video does not discuss the qualifications or lack of qualifications for any candidate for elected office.

Commission Opinions

None.

Enforcement Matters

The following are summaries of significant enforcement actions approved by the Commission in the past quarter concerning gifts, honorarium, travel, and use of campaign funds. To receive a monthly report of all enforcement actions, please sign up for our <u>mailing list here</u>.

Misuse of Campaign Funds

In the Matter of Fernando Armenta and Noemi Armenta; FPPC No. 19/996. Staff: Bridgette Castillo, Senior Commission Counsel and Lance Hachigian, Special Investigator. Fernando Armenta was an unsuccessful candidate for Monterey County Board of Supervisors in the June 7, 2016 Primary Election. Fernando Armenta was a member of the Monterey County Board of Supervisors from 2000 until the end of 2016. Fernando Armenta for County Supervisor was Fernando Armenta's candidate-controlled committee. Noemi Armenta served as the Committee's treasurer. From August 2016 through July 2018, Fernando Armenta and Noemi Armenta misused committee campaign funds by making payments that were unrelated to a political, legislative, or governmental purpose, in violation of Government Code Sections 89510, subdivision (b); 89512; 89513; and 89517 (5 Counts). Fine: \$25,000.

Legislation

AB 359 (Ramos) – Extension of Local Contracting Authority

Short Summary: AB 359 would delete the sunset provision in the statute that authorizes the FPPC to contract with local government agencies, upon mutual agreement, to administer, implement, and enforce the agency's local campaign finance or government ethics laws.

Detailed Summary:

Existing law: Existing law authorizes the FPPC, upon mutual agreement with the governing body of a local government, to assume primary responsibility for the impartial, effective administration, implementation, and enforcement of a local campaign finance or government ethics law passed by the local government agency. Existing law includes a sunset provision that repeals this section on January 1, 2026, unless other legislation extends or repeals the sunset provision, and required the FPPC to submit a report to the Legislature on January 1, 2025, on the

performance of any agreements entered under this section, which was timely submitted by the FPPC.

Current contracts: Pursuant to the authority in this section, the FPPC has one current contract with the City of San Bernardino.

Extend the authority indefinitely: AB 359 would delete the sunset provision, thereby extending the operation of the section indefinitely. The bill would also delete the expired reporting provision.

Clarify authority: Pursuant to the general authority granted to administer, implement, and enforce these local laws, the FPPC has interpreted the section to include authority to audit. For clarity, AB 359 would add explicit authority for the FPPC to conduct audits with regard to the local campaign finance or government ethics laws.

AB 1370 (Patterson) – Prohibition on Nondisclosure Agreements

Short Summary: AB 1370 would prohibit Members of the Legislature from entering or requesting another to enter a nondisclosure agreement relating to proposed legislation.

Detailed Summary:

Prohibition on NDAs: AB 1370 would prohibit a Member of the Legislature acting in their official capacity from entering into, or requesting that another individual enter into, a nondisclosure agreement relating to the drafting, negotiation, or discussion of proposed legislation. The bill would make such an NDA entered into after the effective date of the bill void and unenforceable.

Exception: AB 1370 would create an exception to that prohibition for a nondisclosure agreement that prevents only the disclosure of trade secrets, financial information, or proprietary information.