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8 BEFORE THE FAIR POLITICAL PRACTICES COMMISSION  
9 STATE OF CALIFORNIA  
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12 In the Matter of ) FPPC No. 12/885  
13 )  
FOUNTAIN VALLEY KIDS 2012, YES ON )  
14 MEASURE N and PAUL RINCON, ) STIPULATION, DECISION and  
TREASURER ) ORDER  
15 )  
16 Respondents. )  
17 )

18 Complainant, the Fair Political Practices Commission, and Respondents Fountain Valley Kids  
19 2012, Yes on Measure N and Paul Rincon, Treasurer agree that this Stipulation will be submitted for  
20 consideration by the Fair Political Practices Commission at its next regularly scheduled meeting.

21 The parties agree to enter into this Stipulation to resolve all factual and legal issues raised in this  
22 matter and to reach a final disposition without the necessity of holding an administrative hearing to  
23 determine the liability of the Respondent, pursuant to Section 83116 of the Government Code.

24 Respondents understand, and hereby knowingly and voluntarily waive, any and all procedural  
25 rights set forth in Sections 83115.5, 11503 and 11523 of the Government Code, and in Sections 18361.1  
26 through 18361.9 of Title 2 of the California Code of Regulations. This includes, but is not limited to,  
27 the right to personally appear at any administrative hearing held in this matter, to be represented by an  
28 attorney at Respondents' own expense, to confront and cross-examine all witnesses testifying at the

1 hearing, to subpoena witnesses to testify at the hearing, to have an impartial administrative law judge  
2 preside over the hearing as a hearing officer, and to have the matter judicially reviewed.

3 It is further stipulated and agreed that Respondents Fountain Valley Kids 2012, Yes on Measure  
4 N and Paul Rincon, Treasurer, violated the Political Reform Act by (1) failing to timely file a first pre-  
5 election campaign statement by October 5, 2012, for the reporting period January 1, 2012 through  
6 September 30, 2012, in violation of Government Code Sections 84200.5, subdivision (b), and 84200.7 (1  
7 count), and (2) failing to timely file a second pre-election campaign statement by October 25, 2012, for  
8 the reporting period October 1, 2012 through October 20, 2012, in violation of Government Code  
9 Sections 84200.5, subdivision (b), and 84200.7 (1 count). These counts are described in Exhibit 1,  
10 which is attached hereto and incorporated by reference as though fully set forth herein. Exhibit 1 is a  
11 true and accurate summary of the facts in this matter.

12 Respondents agree to the issuance of the Decision and Order, which is attached hereto.  
13 Respondent also agrees to the Commission imposing upon them an administrative penalty in the amount  
14 of Five Thousand Dollars (\$5,000). A cashier's check from Respondents in said amount, made payable  
15 to the "General Fund of the State of California," is submitted with this Stipulation as full payment of the  
16 administrative penalty, to be held by the State of California until the Commission issues its decision and  
17 order regarding this matter. The parties agree that in the event the Commission refuses to accept this  
18 Stipulation, it shall become null and void, and within fifteen (15) business days after the Commission  
19 meeting at which the Stipulation is rejected, all payments tendered by Respondents in connection with  
20 this Stipulation shall be reimbursed to Respondents. Respondents further stipulate and agree that in the  
21 event the Commission rejects the Stipulation, and a full evidentiary hearing before the Commission  
22 becomes necessary, neither any member of the Commission, nor the Executive Director, shall be  
23 disqualified because of prior consideration of this Stipulation.

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26 Dated: \_\_\_\_\_  
27 Gary S. Winuk, Chief of Enforcement  
28 Fair Political Practices Commission

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

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Respondents Paul Rincon, Individually  
and on behalf of Fountain Valley Kids 2012,  
Yes on Measure N



## EXHIBIT 1

### INTRODUCTION

Respondent Committee “Fountain Valley Kids 2012, Yes on Measure N” (“Committee”) qualified as a primarily formed ballot measure committee under the Political Reform Act (the “Act”)<sup>1</sup> September of 2012. The Committee supported the passage of Measure N, a Fountain Valley School District bond measure on the ballot in the November 6, 2012 election. Measure N received 11,424 votes, or 51.2 percent of the total votes cast. The measure failed, however, because a 55% supermajority was required for passage. Respondent Paul Rincon was the treasurer for the Committee at all times relevant. Respondents violated the Act by failing to comply with campaign reporting provisions.

For the purposes of this Stipulation, Respondents’ violations are stated as follows:

COUNT 1: Respondents Fountain Valley Kids 2012, Yes on Measure N and Paul Rincon failed to file a first pre-election campaign statement by October 5, 2012, for the reporting period January 1, 2012 through September 30, 2012, in violation of Government Code Sections 84200.5, subdivision (b), and 84200.7.

COUNT 2: Respondents Fountain Valley Kids 2012, Yes on Measure N and Paul Rincon failed to file a second pre-election campaign statement by October 25, 2012, for the reporting period October 1, 2012 through October 20, 2012, in violation of Government Code Sections 84200.5, subdivision (b), and 84200.7.

### SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed, so that voters may be fully informed, and improper practices may be inhibited. The Act, therefore, establishes a campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (a), defines a “committee” to include any person who receives contributions totaling \$1,000 or more in a calendar year. This type of committee is commonly known as a “recipient committee.” Section 82047, subdivision (b) defines a “primarily formed committee” as a committee which is formed or exists primarily to support a single measure. Under the Act’s campaign reporting system, primarily formed committees are required to file specified campaign statements and reports disclosing contributions received and expenditures made.

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the 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.

## **Duty to File Pre-election Campaign Statements**

Under the Act's campaign reporting system; primarily formed committees are required to file periodic campaign statements and reports disclosing their financial activities. Section 84215, subdivision (c), in relevant part, requires all committees formed or existing primarily to support a single measure being voted upon in any number of jurisdictions within one county to file the committee's campaign statements with the elections official of the county.

For an election held in June or November of an even-numbered year, primarily formed committees are required to file two pre-election campaign statements according to a specified schedule. (Sections 84200.5, subdivision (b), and 84200.7, subdivision (b).)

For an election held on November 6, 2012, the first pre-election campaign statement for the reporting period January 1, 2012 through September 30, 2012, was due on or before October 5, 2012, and the second pre-election campaign statement for the reporting period October 1, 2012 through October 20, 2012, was due on or before October 25, 2012.

## **Liability of Committee Treasurers**

As provided in Section 84100, every committee shall have a treasurer. Under Section 84100 and Regulation 18427, subdivision (a), it is the duty of a committee's 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. Under Sections 83116.5 and 91006, a committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee.

## **SUMMARY OF THE FACTS**

Respondent Committee "Fountain Valley Kids 2012, Yes on Measure N" qualified as a primarily formed ballot measure committee under the Act in September of 2012. The Committee supported the passage of Measure N, a Fountain Valley School District bond measure on the November 6, 2012 election. The measure failed to pass.

The Committee received a total of \$56,600 in contributions in 2012, and made expenditures totaling \$47,703 in that same period. Respondent Paul Rincon is the treasurer for the Committee. This case was opened as the result of a complaint alleging the failure to file campaign statements.

### COUNT 1

#### **Failure to File a First Pre-Election Campaign Statement**

In connection with an election held on November 6, 2012, Respondents has a duty to file the first preelection campaign statement covering January 1, 2012 through September 30, 2012, by the October 5, 2012, due date. No pre-election statements were filed prior to the election.

By failing to timely file a first pre-election statement; Respondents violated Sections

84200.5, subdivision (b), and 84200.7.

COUNT 2

**Failure to File a Second Pre-Election Campaign Statement**

In connection with an election held on November 6, 2012, Respondents has a duty to file the second pre-election campaign statement for the reporting period October 1, 2012 through October 20, 2011, by the October 25, 2012, due date. No pre-election statements were filed prior to the election.

By failing to timely file a second pre-election statement; Respondents violated Sections 84200.5, subdivision (b), and 84200.7.

**CONCLUSION**

This matter consists of two counts, which carries a maximum possible administrative penalty of Five Thousand Dollars (\$5,000) per count, for a total of Ten Thousand Dollars (\$10,000).

In determining the appropriate penalty for a particular violation of the Act, the Enforcement Division 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. The Enforcement Division also considers the facts and circumstances of the violation in context of the factors set forth in Regulation 18361.5, subdivision (d)(1)-(6), which include: the seriousness of the violations; the presence or lack of intent to deceive the voting public; whether the violation was deliberate, negligent, or inadvertent; whether the Respondent demonstrated good faith in consulting with Commission staff; whether there was a pattern of violations; and whether upon learning of the violation the Respondent voluntarily filed amendment to provide full disclosure. Additionally, liability under the Act is governed in significant part by the provisions of Section 91001, subdivision (c), which requires the Commission to consider whether or not a violation is inadvertent, negligent or deliberate, and the presence or absence of good faith, in applying remedies and sanctions.

The typical administrative penalty for failing to timely file a pre-election campaign statement has been in the middle of the penalty range, depending on the circumstances.

Other similar cases regarding a failure to file pre-election statements that have been recently approved by the Commission include:

*In the Matter of Brian Goldberg, FPPC No. 09/639* had a similar fact pattern; the failure to file a second pre-election campaign statement by a candidate for a local school board. Respondent cooperated fully with filing obligations. The commission approved settlement of this case, with a \$2,500 penalty for this violation, on October 14, 2010.

*In the Matter of Alvina Sheeley and Alvina Sheeley for Election F-SUSD Governing Board 2011*, FPPC No. 11/1124, had a similar fact pattern; both of the required pre-election

statements were not filed until after the election. The commission approved settlement of this case in August 16, 2012, and the agreed upon penalty for each of these violations was \$2,500 per count.

The public harm inherent in this type of violation, where pertinent information is not disclosed by the committee, is that the public is deprived of a means to discover the identity of contributors, the amounts contributed, and the nature of the committee's campaign expenses. In this case, Respondents failed to timely file required pre-election reports, which were due before the election. Respondents' violations of the Act were deliberate at worst and negligent at best. Respondents have no prior enforcement history.

### **PROPOSED PENALTY**

After consideration of the factors of Regulation 18361.5, including whether the behavior in question was inadvertent, negligent or deliberate and the Respondent's patten of behavior, as well as consideration of penalties in prior enforcement actions, the imposition of a penalty of Two Thousand Five Hundred Dollars (\$2,500) per count, for a total of Five Thousand Dollars (\$5,000) is recommended.