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8 BEFORE THE FAIR POLITICAL PRACTICES COMMISSION
9 STATE OF CALIFORNIA
10

11 In the Matter of

FPPC Case No. 16/741

12 CLAUDE CRANDALL,

STIPULATION, DECISION AND ORDER

13 Respondent.
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15 **INTRODUCTION**

16 Claire Crandall is a former employee with the San Diego County Office of Education (SDCOE).
17 Crandall worked for the agency for more than eight years until her resignation in mid-2015.

18 At all relevant times, Crandall was married to Mark Crandall, part-owner of the software company
19 known as Early Quality Systems. (Originally, this company formed as a corporation for profit in January
20 2012 under a different name. In June 2012, Mark Crandall changed the company's name to Early Quality
21 Systems, Inc. Later, the company converted to a limited liability company. For ease of reference, the
22 business is identified and referred to as EQS.)

23 In 2012, SDCOE entered into a software contract with EQS for the purchase and hosting of a
24 database system. Since that time, EQS entered into similar contracts with other county agencies. However,
25 Crandall had a conflict of interest when she used her official position to influence another governmental
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1 agency to enter into a contract with EQS—in violation of the Political Reform Act.¹ At the time, Crandall
2 knew that she had a financial interest in these decisions because Mark Crandall was an owner of, managed,
3 performed work for, and received income from EQS.

4 **SUMMARY OF THE LAW**

5 The Act and its regulations are amended from time to time. All legal references and discussions of
6 law are intended to be citations to statutes and regulations as they existed in 2014 and 2015—at the time
7 of the violations in this case.

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

9 When enacting the Political Reform Act, the people of California found and declared that previous
10 laws regulating political practices suffered from inadequate enforcement by state and local authorities.²
11 Thus, it was decreed that the Act “should be liberally construed to accomplish its purposes.”³

12 One purpose of the Act is to prohibit conflicts of interest by public officials.⁴ Another purpose of
13 the Act is to provide adequate enforcement mechanisms so that the Act will be “vigorously enforced.”⁵

14 **Conflicts-of-Interest**

15 The primary purpose of the conflict-of-interest provisions of the Act is to ensure that public officials
16 perform their duties in an impartial manner, free from bias caused by their own financial interests.⁶

17 In furtherance of this goal, the Act prohibits a public official from making, participating in making,
18 or in any way attempting to use the official position to influence a governmental decision in which the
19 official knows, or has reason to know, that the official has a financial interest.⁷ This prohibition applies to
20 public officials who are members of state and local government agencies—including employees of county
21 agencies.⁸

24 ¹ The Political Reform Act—sometimes simply referred to as the Act—is contained in Government Code sections
25 81000 through 91014. All statutory references are to this code. 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 this source.

26 ² Section 81001, subdivision (h).

27 ³ Section 81003.

28 ⁴ Section 81002, subdivision (c); and 87100.

⁵ Section 81002, subdivision (f).

⁶ Section 81001, subdivision (b).

⁷ Section 87100.

⁸ Section 82048, subdivision (a).

1 Conflicts of interest may arise from various types of financial interests. For example, a public
2 official has a financial interest with respect to any business entity for which the official is a director, officer,
3 partner, trustee, employee—or for which the official holds any position of management.⁹

4 Also, a public official has a financial interest with respect to any business entity in which the official
5 has a direct or indirect investment worth \$2,000 or more—including any investment owned by the official’s
6 spouse.¹⁰

7 Additionally (with some exceptions not applicable in this case), a public official has a financial
8 interest with respect to any source of income aggregating \$500 or more during the 12 months leading up
9 to the governmental decision in question.¹¹ For an official who is married, any source of income to the
10 official’s spouse of at least \$1,000 (during the 12-month look-back period) will count as a source of income
11 to the public official of \$500 or more—because of the official’s community property interest in the income
12 of her spouse.

13 Even if a public official does not “make” a governmental decision, the official’s actions will amount
14 to a conflict of interest if the official “attempts to use” the official position to influence the decision.¹²

15 An official “uses” or “attempts to use” the official position to influence a governmental decision if
16 the official contacts any official within the official’s own agency for the purpose of affecting the decision.
17 Also, the official “uses” or “attempts to use” the official position to influence a governmental decision if
18 the official contacts or appears before any official with *another* agency for the purpose of affecting a
19 decision—and the official acts or purports to act within the official’s authority or on behalf of the official’s
20 own agency in making the contact.¹³

21 In order to establish a conflict of interest violation, it must be shown that it was reasonably
22 foreseeable to the public official that the governmental decision in question would have a material financial
23 effect on the official’s financial interest.¹⁴ In this case, the issues of “reasonable foreseeability” and
24 “material financial effect” are very clear because the decisions in question are government contracts, which
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26 ⁹ Section 87103, subdivision (d).

¹⁰ See the last paragraph of Section 87103, as well as subdivision (a).

¹¹ Section 87103, subdivision (c).

¹² See Section 87100 and Regulations 18700, et seq.

27 ¹³ See Regulations 18702.3 (as in effect from 11/23/98 – 4/26/15); 18704.3 (as in effect from 4/27/15 – 7/21/15); and
28 18704 (as in effect after 7/21/15).

¹⁴ Section 87103, first paragraph.

1 were made directly with the official’s financial interest—and the contracts call for substantial payments to
2 be made to the official’s financial interest.

3 **SUMMARY OF THE FACTS**

4 **Pinwheel**

5 On or about August 27, 2012, the San Diego County Office of Education (SDCOE) executed a
6 contract with EQS. The contract was for the purchase and hosting of a data system, which would become
7 known as Pinwheel. The purpose of the data system was to procure and implement a single data system
8 for program management, data collection, and reporting that would be accessible from the web by San
9 Diego early childhood education stakeholders.

10 At all relevant times, Crandall’s role with SDCOE was as a Coordinator, including work on the
11 SDCOE’s early childhood education project. Crandall’s position was not listed in the SDCOE Conflict of
12 Interest Code, and she was not required to file a Statement of Economic Interests (SEI) during her
13 employment at SDCOE. Part of her duties were to assist other counties with questions regarding Pinwheel.

14 Mark Crandall was one of the owners of EQS, beginning in August 2012. Mark Crandall received
15 income from EQS starting in 2012 and continuing through May 2015, when Crandall left SDCOE.

16 **Crandall’s Use of Official Position to Influence Ventura County**

17 At least as early as 2013, and continuing for multiple years thereafter, EQS was engaged in efforts
18 to promote and sell Pinwheel to other government agencies, including other county offices of education.

19 Also, Crandall made efforts of her own to promote Pinwheel to other agencies.

20 Specifically, on or about May 8, 2013, Crandall emailed Petra Puls, Program Manager, First 5
21 Ventura County. The email was about the “QRIS Data System Grid” (with a noted importance of “High”).
22 The email mentions a conference call to take place “tomorrow morning,” and in the email, Crandall writes:
23 “San Diego completed an RFP process that resulted in the selection of a database that is working very well
24 for us. I have attached the RFP to this email. Please let us know if you need anything further from San
25 Diego for this work.” The RFP described in the email was attached to the email.

26 On or about August 15, 2013, Crandall followed up with First 5 Ventura County by sending another
27 email to Puls, which stated: “Hi Petra: Just checking in to see how you are doing with your Pinwheel
28 decision. I am keeping my fingers crossed. . . . Let me know if you need anything from me.”

1 On or about September 3, 2013, Crandall emailed Carrie Murphy, Director of Early Childhood
2 Programs, Ventura County Office of Education (VCOE). In the email, Crandall asked Murphy if the EQS
3 salesperson had “set up a Pinwheel Web Ex with you and your team yet?”

4 Later that day, which was a Tuesday, Crandall sent an email to Murphy to confirm a Webex virtual
5 meeting for the afternoon of Friday, September 6, 2013.

6 On or about September 7, 2013, the day after the meeting, Murphy (on behalf of VCOE) sent an
7 email to Puls (on behalf of First 5 Ventura), which stated: “Pinwheel is very impressive! We covered a lot
8 of ground in the 1.5 hour demo. . . . And, we can certainly see the future as move [*sic*] away from paper &
9 pencil :)”

10 On or about July 30, 2014, Crandall emailed Puls. The subject of the email was a reply regarding
11 “Pinwheel contract.” In the email, Crandall wrote: “Hi Petra- I am clearing out my inbox. Did I already
12 give the contract template we use in San Diego. If not- I have attached it here. . . .” The SDCOE Pinwheel
13 contract was attached to this email.

14 On or about September 13, 2014, Murphy (on behalf of VCOE) emailed Puls and another official
15 with First 5 Ventura. Crandall was copied on the email at Crandall’s official SDCOE email address. The
16 email notes that Crandall was offering to share more details about Pinwheel. All cited emails were sent
17 from Crandall’s SDCOE email address.

18 On or about June 25, 2015, First 5 Ventura executed a Pinwheel contract with EQS. It appears that
19 this contract was intended to be retroactive to an effective start date of July 1, 2014—with a stated
20 termination date of December 31, 2015. Over this period of one-and-a-half years, the contract called for
21 payment to EQS of \$18,000, at the rate of \$1,000 per month for legacy data import, hosting, training and
22 support services to Ventura County.

23 VIOLATIONS

24 In December 2018, Crandall entered into a tolling agreement with the Enforcement Division with
25 respect to the statute of limitations for violations of the Act, including potential alleged conflicts of interest
26 under Section 87100.

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1 **Count 1**

2 At all relevant times, EQS was one of Crandall’s financial interests due to Mark Crandall’s
3 ownership and management of EQS. And Crandall had a community property interest in Mark Crandall’s
4 income from EQS.

5 As noted above, beginning in 2013, and continuing into 2014 and 2015, Crandall used Crandall’s
6 official SDCOE position to influence the governmental decisions of an agency in another county in favor
7 of entering into Pinwheel contracts with EQS. At the time, it was reasonably foreseeable to Crandall that
8 the compensation to EQS under these contracts would be material. Notably, First 5 Ventura entered into
9 Pinwheel contracts with EQS following Crandall’s communications.

10 In this manner, Crandall violated Government Code section 87100.

11 **PROPOSED PENALTY**

12 This matter consists of one count. The maximum penalty that may be imposed is \$5,000 per count.¹⁵

13 In determining the appropriate penalty for a particular violation of the Act, the Enforcement
14 Division considers the typical treatment of a violation in the overall statutory scheme of the Act, with an
15 emphasis on serving the purposes and intent of the Act. Additionally, the Enforcement Division considers
16 the facts and circumstances of the violation in the context of the following factors set forth in Regulation
17 18361.5 subdivision (e)(1) through (8): (1) The extent and gravity of the public harm caused by the specific
18 violation; (2) The level of experience of the violator with the requirements of the Political Reform Act;
19 (3) Penalties previously imposed by the Commission in comparable cases; (4) The presence or absence of
20 any intention to conceal, deceive or mislead; (5) Whether the violation was deliberate, negligent or
21 inadvertent; (6) Whether the violator demonstrated good faith by consulting the Commission staff or any
22 other governmental agency in a manner not constituting complete defense under Government Code Section
23 83114(b); (7) Whether the violation was isolated or part of a pattern and whether the violator has a prior
24 record of violations of the Political Reform Act or similar laws; and (8) Whether the violator, upon learning
25 of a reporting violation, voluntarily filed amendments to provide full disclosure.

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¹⁵ See Section 83116, subdivision (c).

1 Influencing a governmental decision in which an official has a financial interest is a serious
2 violation of the Act with a high degree of public harm. This type of violation undermines public trust in
3 government. Such conduct contradicts the Act's decree that public officials should serve the needs of all
4 citizens in an impartial manner—free from bias caused by their own financial interests. Crandall contends
5 that she notified her supervisors and SDCOE legal counsel about her financial interest in EQS. However,
6 she contends she did not know that contacting another agency could also be a conflict of interest. Since her
7 husband was an owner and manager of EQS, and received income from EQS, Crandall should have known
8 that her involvement in the EQS contract would be a violation. In addition, Crandall's position was not
9 identified by the SDCOE's Conflict of Interest Code as being required to file SEIs. Even so, Crandall had
10 received ethics training as part of her employment with SDCOE. In this case, there is no evidence that
11 Crandall or Ventura County sought advice from the FPPC regarding Crandall's involvement in contracts
12 with EQS. Crandall maintains that she was acting under a mistaken belief that her actions were lawful since
13 Crandall was not an employee of Ventura First 5 and was not a decision-maker for this governmental
14 agency. In mitigation, Crandall has no prior history of violating the Act.

15 Recently, the Commission considered another stipulation involving a similar type of violation. *In*
16 *the Matter of Juanita Perea*, FPPC Case No. 17/1310 (approved July 18, 2019). The Commission imposed
17 a penalty of \$12,000 (\$4,000 per count for a total of three counts) for making governmental decisions in
18 which Perea had a financial interest. Specifically, Perea, as Executive Director of a charter public school,
19 directly and unilaterally hired and approved payments to Perea's spouse's business.

20 The current case involves a respondent with no history of prior, similar violations of the Act. The
21 same was true in *Perea*. Also, both cases involve a violation of the same statute—and a similar level of
22 public harm. Here, Crandall utilized her position and her influence to solicit another county to enter into a
23 contract with her husband's company, EQS. As noted above, Crandall had received prior training with
24 respect to conflicts of interest. Crandall is no longer a public employee.

25 Under these circumstances and in consideration of the factors, a penalty of \$5,000 is recommended.

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28 **CONCLUSION**

1 Complainant, the Enforcement Division of the Fair Political Practices Commission, and
2 Respondent Claire Crandall hereby agree as follows:

3 1. Respondent violated the Act as described in the foregoing pages, which are a true and
4 accurate summary of the facts in this matter.

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

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

10 4. Respondent has consulted with an attorney, Gary Winuk—of the Kaufman Legal Group.
11 Respondent understands and hereby knowingly and voluntarily waives, any and all procedural rights set
12 forth in Sections 83115.5, 11503, 11523, and Regulations 18361.1 through 18361.9. This includes, but is
13 not limited to, the right to appear personally at any administrative hearing held in this matter, to be
14 represented by an attorney at Respondent’s own expense, to confront and cross-examine all witnesses
15 testifying at the hearing, to subpoena witnesses to testify at the hearing, to have an impartial administrative
16 law judge preside over the hearing as a hearing officer, and to have the matter judicially reviewed.

17 5. Respondent agrees to the issuance of the decision and order set forth below. Also,
18 Respondent agrees to the Commission imposing against Respondent an administrative penalty in the
19 amount of \$5,000. One or more payments totaling this amount—to be paid to the General Fund of the State
20 of California—is/are submitted with this stipulation as full payment of the administrative penalty described
21 above, and they will be held by the State of California until the Commission issues its decision and order
22 regarding this matter.

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

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

Angela J. Brereton, Chief of Enforcement
Fair Political Practices Commission

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10 Dated: _____

Claire Crandall, Respondent

