

1 JAMES M. LINDSAY
Chief of Enforcement
2 MARISSA CORONA
Commission Counsel
3 **FAIR POLITICAL PRACTICES COMMISSION**
1102 Q Street, Suite 3050
4 Sacramento, CA 95811
Telephone: (279) 237-5932
5 Email: MCorona@fppc.ca.gov

6 Attorneys for Complainant
Enforcement Division of the Fair Political Practices Commission
7

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

11
12 In the Matter of:

13 KERN CITIZENS FOR PATIENT
RIGHTS, LARRY HIESTAND, AND
14 JEFF JARVIS,

15 Respondents.
16

FPPC Case No. 2023-00819

STIPULATION, DECISION, AND ORDER

Date Submitted to Commission: January 2024

17 **INTRODUCTION**

18 Respondent, Kern Citizens for Patient Rights (“the Committee”), at all relevant times, was a
19 general purpose ballot measure committee “formed to support measures for patient rights and oppose
20 those that are not for patient rights.” Respondent, Larry Hiestand (“Hiestand”), served as the
21 Committee’s treasurer during the relevant time periods. Respondent, Jeff Jarvis (“Jarvis”), served as the
22 Committee’s principal officer.

23 The Committee supported Measure O and Measure J. Measure O was a City of Bakersfield
24 initiative asking voters whether Bakersfield should allow and regulate commercial medicinal cannabis.
25 Measure O appeared on the November 6, 2018 General Election Ballot in the City of Bakersfield, and
26 was ultimately unsuccessful. Measure J was a recreational marijuana ban, medical marijuana regulation,
27 and taxation initiative that also appeared on the November 6, 2018 General Election ballot in Kern
28 County and was unsuccessful.

1 Respondents violated the Political Reform Act (the “Act”)¹ by failing to timely file pre-election
2 and semi-annual campaign statements, and by receiving prohibited cash contributions.

3 **SUMMARY OF THE LAW**

4 The violations in this case occurred in 2018 and all legal references and discussions of law
5 pertain to the Act’s provisions as they existed at that time.

6 **Need for Liberal Construction and Vigorous Enforcement of the Act**

7 When enacting the Act, the people of California found and declared that previous laws regulating
8 political practices suffered from inadequate enforcement by state and local authorities.² Thus, it was
9 decreed that the Act “should be liberally construed to accomplish its purposes.”³ One purpose of the Act
10 is to promote transparency by ensuring that receipts and expenditures in election campaigns are fully
11 and truthfully disclosed so that voters are fully informed and improper practices are inhibited.⁴ The Act,
12 therefore, establishes a campaign reporting system designed to accomplish this purpose of disclosure.
13 Another purpose of the Act is to provide adequate enforcement mechanisms so that the Act will be
14 “vigorously enforced.”⁵

15 **Committee**

16 A “committee” includes any person or combination of persons who receives contributions
17 totaling \$2,000 or more in a calendar year,⁶ commonly known as a “recipient committee.”

18 **Primarily Formed Committee**

19 A “primarily formed committee” means a recipient committee which is formed or exists
20 primarily to support or oppose any of the following: a single candidate; a single measure; a group of
21 specific candidates being voted upon in the same city, county, or multicounty election; or two or more
22 measures being voted upon in the same city, county, multicounty, or state election.⁷ A recipient
23 committee is considered to be “formed or existing primarily to support or oppose” a candidate or
24

25 ¹ The Political Reform Act is contained in Government Code §§ 81000 through 91014, and all statutory references
26 are to this code. The regulations of the Fair Political Practices Commission are contained in §§ 18104 through 18998 of Title
27 2 of the California Code of Regulations, and all regulatory references are to this source.

² Section 81001, subd. (h).

³ Section 81003.

⁴ Section 81002, subd. (a).

⁵ Section 81002, subd. (f).

⁶ Section 82013, subd. (a).

⁷ Section 82047.5

1 measure if: the committee’s primary purpose and activities are to support or oppose candidates or
2 measures; or the committee makes more than 70% of its total contributions and expenditures on all
3 candidates and measures on those specific candidates or measures during the relevant time period.⁸

4 **Duty to File Pre-Election Campaign Statements**

5 A committee primarily formed to support or oppose a measure appearing on the ballot to be
6 voted on at the next election must file pre-election campaign statements.⁹ The first pre-election
7 campaign statement, for the period ending in 45 days before the election, must be filed no later than 40
8 days before the election.¹⁰ The second pre-election statement, for the reporting period ending 17 days
9 before the election, must be filed no later than 12 days before the election.¹¹ If the person has not
10 previously filed a campaign statement, the period covered begins on January 1.¹²

11 For the November 6, 2018 General Election, committees were required to file the first pre-
12 election campaign statement, for the period of July 1, 2018 to September 22, 2018, no later than
13 September 27, 2018. Committees were required to file the second pre-election campaign statement, for
14 the period September 23, 2018 October 20, 2018, no later than October 25, 2018.

15 **Duty to File Semi-annual Campaign Statements**

16 A recipient committee must file semi-annual campaign statements beginning in the period in
17 which the committee qualified and continuing until the committee terminates.¹³ A recipient committee
18 must file semi-annual campaign statements by January 31 for the period ending December 31 of the
19 previous year, and by July 31 for the period ending June 30.¹⁴ Whenever the deadline falls on a
20 Saturday, Sunday or official state holiday, the filing deadline for a statement shall be extended to the
21 next regular business day.¹⁵

22 ///

23 ///

25 ⁸ Regulation 18247.5, subd. (c)(2)-(3).

26 ⁹ Section 84200.5, subd. (a).

27 ¹⁰ Section 84200.8, subd. (a).

28 ¹¹ Section 84200.8, subd. (b).

¹² Section 82046, subd. (b).

¹³ Sections 84200, subd. (a), and 84214.

¹⁴ Section 84200.

¹⁵ Regulation 18116, subd. (a)

1 **Prohibition Against Cash Contributions and Expenditures of \$100 or More**

2 No contribution of \$100 or more may be made or received in cash.¹⁶ All contributions of \$100 or
3 more must be made in the form of a written instrument containing the name of the contributor and the
4 name of the payee and drawn from the account of the contributor.¹⁷

5 **Joint and Several Liability**

6 Every committee must have a treasurer.¹⁸ Committees must also identify a principal officer.¹⁹
7 The principal officer is primarily responsible for approving the political activities of the committee,
8 including, but not limited to: authorizing the content of communications; authorizing expenditures,
9 including contributions, on behalf of the committee; and determining the committee’s campaign
10 strategy.²⁰ It is the duty of the treasurer and the principal officer to ensure that the committee complies
11 with all the requirements of the Act.²¹ The treasurer and principal officer may be held jointly and
12 severally liable, along with the committee, for violations committed by the committee.²²

13 **SUMMARY OF THE FACTS**

14 *Background*

15 The Committee filed its original Statement of Organization (“Form 410”) with the Secretary of
16 State’s Office (“SOS”) as a general purpose committee on April 12, 2011. On January 22, 2018, the
17 Committee filed a Form 410 with SOS indicating they were now a primarily formed City of Bakersfield
18 committee “formed to support measures for patient rights and oppose [sic] that are not for patient
19 rights.” During the relevant time periods, Hiestand served as the treasurer. Jarvis, during the relevant
20 time periods, was listed on the Committee’s Form 410’s as the principal officer. Linda Jarvis also served
21 as a principal officer; however, she is now deceased.

22 ///

23 ///

24 _____
25 ¹⁶ Section 84300, subd. (a).

26 ¹⁷ Section 84300, subd. (c).

27 ¹⁸ Section 84100.

28 ¹⁹ Section 84102, subd. (c).

²⁰ Section 82047.6, subd. (a).

²¹ Sections 81004, 84100, and 84104; Regulation 18427.

²² Sections 83116.5 and 91006; Regulation 18316.6.

1 *Failure to Timely File Campaign Statements*

2 A review of the Committee’s campaign statements reveals it made more than \$500 in
3 independent expenditures towards the 2018 General Election. Therefore, it was required to file pre-
4 election campaign statements. Based on its expenditures and the date of termination, the Committee was
5 required to file two pre-election campaign statements and a semi-annual campaign statement. The
6 Committee filed its first campaign statement covering the period of January 1, 2018 to June 30, 2018
7 one day late. The Committee reported receiving \$18,325 in contributions and making \$17,453 in
8 expenditures with an ending cash balance of \$2,644. The contributions reported on this statement
9 included cash contributions received by the Committee. The Committee failed to file two pre-election
10 campaign statements covering the reporting periods of July 1, 2018 to September 22, 2018 and
11 September 23, 2018 to October 20, 2018. Additionally, the Committee failed to file the semi-annual
12 campaign statement covering the period of October 21, 2018 to December 31, 2018. The Committee
13 filed a Form 410 with a termination date of December 31, 2018 on February 1, 2019.

14 *Improper Cash Contributions*

15 The Committee was prohibited from receiving contributions of \$100 or more in cash, however,
16 the evidence shows that the Committee received cash contributions totaling \$16,000. In a recorded
17 interview on December 29, 2022, volunteer and Committee organizer, Heather Iriart (“Iriart”) stated the
18 Committee was primarily funded with cash because “none of the contributors had access to a bank
19 account.” Committee records show that the \$16,000 in cash contributions can be attributed to several
20 local, now, out of business, marijuana dispensaries. Iriart’s statement regarding access to bank accounts
21 is supported due to, at all relevant times, marijuana businesses typically do not have access to traditional
22 financial services, such as banking because of marijuana’s status as a controlled substance. Therefore,
23 providing financial services to cannabis industry clients often requires consistent monitoring and
24 oversight and is often a risk to the financial institution.

25 Additionally, records of a cash ledger obtained during the Enforcement Division’s investigation,
26 and witness statements made during the investigation, support that contributions were collected in cash.
27 Contributions listed in the cash ledger on a page titled “KCPR Spreadsheet” could be matched to
28 contributions the Committee reported on the campaign statement it filed. Amounts, dates, and

1 contributor information could be matched totaling \$16,000. Below is a chart of the \$16,000 in
2 contributions reported by the Committee:

3	Statement	Date Received	Contributor	Contribution Amount
4	1/1/18 to 6/30/18	4/16/18	Tanner Vest Collective	\$5,000
5	1/1/18 to 6/30/18	4/16/18	Antelope Valley Diamond Collective	\$5,000
6	1/1/18 to 6/30/18	4/16/18	The Healing Co-op Inc.	\$2,000
7	1/1/18 to 6/30/18	4/20/18	Antelope Valley Diamond Collective	\$2,000
8	1/1/18 to 6/30/18	4/20/18	Tanner Vest Collective	\$2,000

9 VIOLATIONS

10 **Count 1: Failure to Timely File Campaign Statements**

11 The Committee, Hiestand, and Jarvis failed to timely file pre-election campaign statements for
12 the reporting periods of July 1, 2018 to September 22, 2018 and September 23, 2018 to October 20,
13 2018 and the semi-annual campaign statement covering the reporting period of October 21, 2018 to
14 December 31, 2018, in violation of Sections 84200, 84200.5, and 84200.8.

15 **Count 2: Unlawful Cash Contributions of \$100 or More**

16 The Committee, Hiestand, and Jarvis impermissibly accepted contributions of \$100 or more,
17 totaling \$16,000, during the reporting period of January 1, 2018 to June 30, 2018, in violation of Section
18 84300, subdivision (a).

19 **PROPOSED PENALTY**

20 This matter consists of two proposed counts. The maximum penalty that may be imposed is
21 \$5,000 per count. Thus, the maximum penalty that may be imposed for the violations charged is
22 \$10,000.²³

23 This matter does not qualify for the Streamline Program.²⁴ While the late filing of campaign
24 statements and acceptance of cash contributions of \$100 or more can be violations included in the
25 Streamline Program, accepting cash contributions that, in total, are greater than 50% of the committee's
26 total campaign contributions for the reporting period makes the violation ineligible for the Streamline
27

28 ²³ Section 83116, subd. (c).

²⁴ Regulations 18360.1, subd. (a) and 18360.2, subd. (a).

1 Program. In addition, because the cash contributions violation is excluded, the late filing of campaign
2 statements is also excluded from the Streamline Program.

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

17 With respect to the first factor, a central purpose of the Act is to ensure receipts and expenditures
18 in election campaigns are fully and truthfully disclosed. Cash transactions make it difficult for the public
19 to track and verify the contributions and expenditures of a committee. Additionally, acceptance of cash
20 contributions of \$100 or more, harms the public because when sources of contributions cannot be
21 verified, and are not disclosed in a timely manner, the public's ability to determine the full extent of a
22 committee's campaign activity and make an informed voting decision is hindered by a lack of
23 transparency. Here, the Committee accepted five cash contributions, totaling \$16,000. The acceptance of
24 \$16,000 in cash is somewhat mitigated because the cash contributions were timely disclosed on the
25 appropriate campaign statement prior to the relevant election.

26 The failure to timely file campaign statements, particularly pre-election campaign statements,
27 further deprives the public of important time-sensitive information prior to the election. Here, the
28

²⁵ Regulation 18361.5, subd. (e).

1 Committee failed to timely file both pre-election campaign statements, which included the 90 days prior
2 to the November 6, 2018 General Election. The failure to timely file these statements resulted in the
3 public having limited knowledge of the Committee’s contributions and expenditures.

4 With respect to the second factor, the principal officer, Jarvis, was a volunteer for the
5 Committee. Jarvis stated he was not fully aware of the campaign reporting and disclosure rules, and
6 specifically stated he was unaware of the prohibition on cash contributions of \$100 or more. Jarvis also
7 stated he tried his best to comply with the law. Although a treasurer was hired, Hiestand is not a
8 professional political treasurer but owns a bookkeeping service.

9 With respect to the third factor, the following cases were considered as comparable cases:

10 **Count 1:**

- 11 • *In the Matter of Orange County Teachers for Local Control of Public Education, Stephanie*
12 *Tellez, Karen Ridley, Geoff Morganstern; FPPC No. 2018-00334.* Respondent was a primarily
13 formed committee. The Committee, Morganstern, Ridley, and Tellez, among other violations,
14 failed to timely file three pre-election campaign statements and four semi-annual campaign
15 statements. March 16, 2023, the Commission approved a penalty of \$2,000 for one count for the
16 failure to timely file three pre-election campaign statements and four semi-annual campaign
17 statements.

18 Here, a penalty slightly lower than in the *Orange County* case is justified because the number of
19 late-filed campaign statements in this case is less than the number of late-filed campaign statements in the
20 *Orange County* case. There, the committee failed to timely file three pre-election campaign statements
21 and four semiannual statements (seven total). Here, the Committee failed to timely file two pre-election
22 campaign statements, and one semi-annual campaign statement (three total).

23 **Count 2:**

- 24 • *In the Matter of Committee to Elect Jim Smith, Superior Court Judge, Seat #3 2014, James S.*
25 *Smith, and Michael Arzaga, FPPC Case No. 2017-00076.* This matter arose from an audit
26 performed by the Franchise Tax Board’s Political Reform Audit Program. James (“Jim”) S.
27 Smith was an unsuccessful candidate for Superior Court Judge in the June 3, 2014 Primary
28 Election. The Committee, Smith, and Arzaga, among other violations, improperly accepted cash

1 contributions of \$100 or more. On May 21, 2020, the Commission imposed a penalty of \$2,500
2 for one count of improperly accepting cash contributions of \$100 or more. Respondent accepted
3 a total of \$13,280 in cash from contributors who gave \$100 or more. The total number of
4 improper contributions was eight.

5 Here, a penalty slightly higher than in *Committee to Elect Jim Smith* is justified because the
6 amount of prohibited cash accepted is higher in this case. There, the cash accepted was \$13,230 and here
7 the cash accepted was \$16,000. In *Committee to Elect Jim Smith*, there were eight cash contributions and
8 here the Committee accepted five cash contributions. In the response to the Report in Support of a
9 Finding of Probable Cause Jarvis stated the Committee did accept cash contributions and claims the
10 Committee “documented all transactions, provided receipts for the money received and by whom
11 donated.” Additionally, a slightly higher penalty than in *Committee to Elect Jim Smith* is also justified
12 here because, unlike in *Committee to Elect Jim Smith*, the Committee failed to timely file pre-election
13 statements in advance of the November 6, 2018 General Election.

14 With respect to the fourth and fifth factors, the Enforcement Division did not obtain any
15 evidence that the violations were due to an intent to conceal, deceive, mislead the public, or to avoid
16 compliance with the Act. The evidence supports that the acceptance of cash contributions was negligent.
17 Respondents contend they were unaware that cash contributions of \$100 or more could not be accepted,
18 and there were federal banking restrictions on marijuana-related businesses, so they primarily used cash.
19 The cash contributions were reported on the Committee’s campaign statement filed on August 1, 2018,
20 and the Committee disclosed that they were from various local marijuana dispensaries. The evidence
21 also supports that the campaign late-filing violations were negligent.

22 With respect to the sixth factor, the Committee did not consult the Commission staff or any other
23 governmental agency in an effort to understand the Act’s requirements.

24 With respect to the seventh factor, there is no evidence to suggest these violations were part of a
25 pattern of repeated violations. The Committee has since been terminated. Additionally, Respondents do
26 not have a prior history of violating the Act.

27 With respect to the eighth factor, the Committee did not file the missing campaign statements
28 upon learning of the reporting violation.

1 In mitigation, of all counts, Jarvis cooperated with the investigation.

2 Based on the factors outlined above, the Enforcement Division is seeking a penalty of \$5,000.

3 Based on the foregoing, the following penalties are recommended:

4

Count #	Violation	Penalty Amount
5 1	Failure to Timely File Campaign Statements	\$1,500
6 2	Unlawful Cash Contributions of \$100 or More	\$3,500
	Total:	\$5,000

7

8 **CONCLUSION**

9 Complainant, the Enforcement Division of the Fair Political Practices Commission, and
10 Respondents, Kern Citizens for Patient Rights, Larry Hiestand, and Jeff Jarvis, hereby agree as follows:

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

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

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

18 4. Respondents understand and hereby knowingly and voluntarily waive, any and all
19 procedural rights set forth in Sections 83115.5, 11503, 11523, and Regulations 18361.1 through
20 18361.9. This includes, but is not limited to the right to appear personally at any administrative hearing
21 held in this matter, to be represented by an attorney at the Respondents' own expense, to confront and
22 cross-examine all witnesses testifying at the hearing, to subpoena witnesses to testify at the hearing, to
23 have an impartial administrative law judge preside over the hearing as a hearing officer, and to have the
24 matter judicially reviewed.

25 5. The Respondents agree to the issuance of the decision and order set forth below. Also,
26 the Respondents agree to the Commission imposing against it an administrative penalty in the amount of
27 \$5,000. One or more cashier's checks or money orders totaling said amount—to be paid to the General
28 Fund of the State of California—is/are submitted with this stipulation as full payment of the

1 administrative penalty described above, and same shall be held by the State of California until the
2 Commission issues its decision and order regarding the matter.

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

9 7. The parties to this agreement may execute their respective signature pages separately. A
10 copy of any party’s executed signature page including a hard copy of a signature page transmitted via
11 fax or as a PDF email attachment is as effective and binding as the original.

12
13 Dated: _____
14 James M. Lindsay, Chief of Enforcement
15 Fair Political Practices Commission

16 Dated: _____
17 Larry Hiestand, individually and on behalf of Kern
18 Citizens for Patient Rights

19 Dated: _____
20 Jeff Jarvis, individually and on behalf of Kern Citizens
21 for Patient Rights

