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7			
8	BEFORE THE FAIR POLITICA	AL PRACTICES COMMISSION	
9	STATE OF C	CALIFORNIA	
10			
11	In the Matter of:	FPPC Case No. 2019-01534	
12	KAREN PAZ DOMINGUEZ, KAREN	STIPULATION, DECISION AND ORDER	
13	PAZ DOMINGUEZ FOR AUDITOR- CONTROLLER 2018, and RE-ELECT	Date Submitted to Commission: November 2024	
14	KAREN PAZ DOMINGUEZ FOR AUDITOR-CONTROLLER 2022,		
15	Respondents.		
16			
17	INTROD	DUCTION	
18	Respondent Karen Paz Dominguez ("Doming	guez") was a successful candidate for Humboldt	
19	County Auditor-Controller in the June 2018 election. Respondent Karen Paz Dominguez for Auditor-		
20	Controller 2018 (I.D. No. 1403878) was Dominguez's controlled committee ("Committee").		
21 22	Dominguez served as the Committee's treasurer.		
23	Dominguez was an unsuccessful candidate for re-election for Humboldt County Auditor-		
24	Controller in the November 2022 election. Respondent Re-Elect Karen Paz Dominguez for Auditor-		
25	Controller 2022 was Dominguez's controlled comm	ittee ("Committee"). It is the same committee used	
26	for the 2018 election, except it was re-named for re-	election purposes.	
27	This matter arose from a filing officer referral from the Humboldt County Office of Elections for		
28	Dominguez's failure to timely file campaign forms related to the 2018 election.		
- 1	1 $\cdot$	1	

As a candidate and controlled committee during the 2018 and 2022 elections, Dominguez and the Committee were subject to the Political Reform Act (the "Act"). The Act requires candidates and committees to periodically file campaign statements and reports disclosing contributions received and expenditures made in election campaigns. Dominguez and the Committee violated the Act by failing to timely file one pre-election campaign statement, nine semi-annual campaign statements, and two 24-hour contribution reports by the required deadlines.

## **SUMMARY OF THE LAW**

The Act and its regulations are amended from time to time. The violations in this case occurred between 2019 and 2022. For this reason, unless otherwise noted, all legal references and discussions of law pertain to the Act's provisions as they existed at that time.

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

When enacting the Act, the people of California found and declared that previous laws regulating political practices suffered from inadequate enforcement by state and local authorities.<sup>2</sup> For this reason, the Act is to be construed liberally to accomplish its purposes.<sup>3</sup>

One purpose of the Act is to promote transparency by ensuring that receipts and expenditures in election campaigns be fully disclosed in order that the voters may be fully informed and improper practices may be inhibited.<sup>4</sup> Another purpose of the Act is to provide adequate enforcement mechanisms so that the Act will be "vigorously enforced."<sup>5</sup>

#### **Controlled Committee**

A "recipient committee" is a person or combination of persons who directly or indirectly receive

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

<sup>&</sup>lt;sup>2</sup> Section 81001, subd. (h).

<sup>&</sup>lt;sup>3</sup> Section 81003.

<sup>&</sup>lt;sup>4</sup> Section 81002, subd. (a).

<sup>&</sup>lt;sup>5</sup> Section 81002, subd. (f).

contributions totaling \$2,000 or more in a calendar year. 6 A "controlled committee" includes a recipient committee that is controlled directly or indirectly by a candidate.<sup>7</sup>

## **Duty to File Campaign Statements**

The Act requires candidates, committees, and treasurers to file campaign statements at specific times disclosing information regarding contributions received and expenditures made by the campaign committees.8

If the filing due date falls on a Saturday, Sunday, or official state holiday, then the filing due date for such a statement or report shall be extended to the next regular business day. <sup>9</sup> This extension does not apply to 24-Hour Contribution Reports when the due date for these types of reports falls on a Saturday, Sunday, or official state holiday immediately before an election. <sup>10</sup>

## **Semi-Annual Campaign Statements**

Recipient committees shall file semi-annual campaign statements each year no later than July 31 for the period ending June 30 and no later than January 31 for the period ending December 31.<sup>11</sup>

## **Pre-Election Campaign Statements**

All candidates appearing on the ballot at the next election and their controlled committees shall file pre-election campaign statements. 12 The first pre-election campaign statement, for the period ending 45 days before the election, shall be filed no later than 40 days before the election. 13 The second preelection campaign statement, for the period ending 17 days before the election, shall be filed no later than 12 days before the election.<sup>14</sup>

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<sup>&</sup>lt;sup>6</sup> Section 82013, subd. (a).

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

<sup>&</sup>lt;sup>8</sup> See Section 84200, et seq.

<sup>&</sup>lt;sup>9</sup> Section 81005, subd. (a).

<sup>&</sup>lt;sup>10</sup> Section 81005, subd. (b)(1).

<sup>&</sup>lt;sup>11</sup> Section 84200, subd. (a).

<sup>&</sup>lt;sup>12</sup> Section 84200.5, subd. (a).

<sup>&</sup>lt;sup>13</sup> Section 84200.8, subd. (a).

<sup>&</sup>lt;sup>14</sup> Section 84200.8, subd. (b).

If a candidate or elected officer controls more than one committee for the purpose of election to office, including committees established for a different elective office, the candidate or elected officer shall file campaign statements for each of these committees on the dates the candidate or elected officer is required to file pre-election campaign statements in connection with their election to office. <sup>15</sup>

#### **24-Hour Contribution Reports**

A "late contribution" includes a contribution, including a loan, that totals in the aggregate \$1,000 or more and is made to or received by a candidate or a controlled committee during the 90-day period preceding the date of the election, or on the date of the election, at which the candidate is to be voted on. <sup>16</sup> Each committee that receives a late contribution shall report the late contribution within 24 hours of the time it is received. <sup>17</sup> Each committee that receives a late non-monetary contribution shall report the late non-monetary contribution within 48 hours of the time it is received. <sup>18</sup>

#### **Terminating a Committee**

A treasurer of a recipient committee may terminate the committee's status as a committee, only by completing the termination section on the statement of organization declaring, under penalty of perjury, that the committee: (1) has ceased to receive contributions and make expenditures; (2) has eliminated or has declared that it has no intention or ability to discharge all of its debts, loans received and other obligations; (3) has no surplus funds; and (4) has filed all required campaign statements disclosing all reportable transactions. <sup>19</sup>

A candidate (which includes an officeholder) is obligated to file campaign statements under the Act until the candidate's status as a candidate is terminated.<sup>20</sup> The filing obligations of a candidate or officeholder who has one or more controlled committees terminate when the individual has terminated

<sup>&</sup>lt;sup>15</sup> Regulation 18405, subd. (a).

<sup>&</sup>lt;sup>16</sup> Section 82036, subd. (a).

<sup>&</sup>lt;sup>17</sup> Section 84203, subd. (a).

<sup>&</sup>lt;sup>18</sup> Section 84203.3, subd. (b).

<sup>&</sup>lt;sup>19</sup> Regulation 18404, subd. (b).

<sup>&</sup>lt;sup>20</sup> Regulation 18404, subd. (d).

all controlled committees and has left office.<sup>21</sup>

## **Candidate and Treasurer Liability**

Any person who has a filing or reporting obligation and who violated the Act shall be liable.<sup>22</sup> Under the Act, it is a duty of the candidate and the treasurer of a controlled committee to ensure that the committee complies with all of the requirements of the Act concerning the receipt, expenditure, and reporting of funds.<sup>23</sup> The candidate and treasurer may be held jointly and severally liable, along with the committee, for violations committed by the committee.<sup>24</sup>

#### **Liability for Violations**

When the Commission determines a violation has occurred, the Commission may issue an order that the respondent pay up to \$5,000 per violation.<sup>25</sup>

#### **SUMMARY OF THE FACTS**

Dominguez successfully ran for Auditor-Controller in Humboldt County during the June 5, 2018 election. The Committee qualified as a committee on May 14, 2018. Dominguez assumed office on January 7, 2019. On March 21, 2022, the Humboldt County Clerk Office of Elections reported to the Commission that Dominguez did not file any of the required campaign statements after May 29, 2018. The Committee had not been terminated.

Dominguez unsuccessfully ran for re-election for the same seat during the June 7, 2022 election. Dominguez re-designated the Committee used for the 2018 election for the re-election campaign.

During the 2022 election, Dominquez also failed to timely file several campaign statements. After service of an Accusation, Dominguez and the Committee filed a termination statement of organization (on July 26, 2024 with Humboldt County and on August 12, 2024 with the Secretary of State) reporting

<sup>&</sup>lt;sup>21</sup> Regulation 18404, subd. (d).

<sup>&</sup>lt;sup>22</sup> Section 83116.5.

<sup>&</sup>lt;sup>23</sup> Sections 81004, 84100, 84104, and 84213; Regulation 18427.

<sup>&</sup>lt;sup>24</sup> Sections 83116.5 and 91006.

<sup>&</sup>lt;sup>25</sup> Section 83116.

the Committee's termination date as December 31, 2022.

According to the records, Dominguez and the Committee failed to timely file the following campaign statements:

#### Related to the 2018 election:

Statement Type and Reporting Period:	Amount Not Reported:	<b>Due Date:</b>	Date Filed:
Semi-annual (7/1/18 - 12/31/18)	\$0 (cont.)/\$142 (exp.)	1/31/19	7/26/24
Semi-annual (1/1/19 - 6/30/19)	\$0 (cont.)/\$0 (exp.)	7/31/19	7/16/24
Semi-annual (7/1/19 - 12/31/19)	\$0 (cont.)/\$0 (exp.)	1/31/20	7/16/24
Semi-annual (1/1/20 - 6/30/20)	\$0 (cont.)/\$0 (exp.)	7/31/20	7/16/24
Semi-annual (7/1/20 – 12/31/20)	\$0 (cont.)/\$0 (exp.)	2/1/21	7/16/24

## Related to the 2022 election:

Statement Type and Reporting Period:	Amount Not Reported:	<b>Due Date:</b>	Date Filed:
Semi-annual (1/21/21-6/30/21)	\$0 (cont.)/\$0 (exp.)	8/2/21	7/16/24
Semi-annual (7/1/21 - 12/31/21)	\$0 (cont.)/\$0 (exp.)	1/31/22	7/16/24
Second pre-election (4/24/22-	\$1,314.90 (cont.)/ \$1,717.92	5/26/22	6/1/22
5/21/22)	(exp.)		
Semi-annual (5/22/22-6/30/22)	\$50 (cont.)/\$26.33(exp.)	8/1/22	7/26/24
Semi-annual (7/1/22-12/31/22)	\$0 (cont.)/\$189.65 (exp.)	1/31/22	7/26/24

# <u>Additionally. Dominguez and the Committee failed to timely file the following required 24-hour Contribution Reports</u>: <sup>26</sup>

Statement Type and Reporting Period:	Amount Not Reported:	<b>Due Date:</b>	Date Filed:
24-hour late contribution report for a loan made by Fernando Paz	\$2,444.50	3/10/22	7/26/24
24-hour late contribution report	\$2,451.00	3/12/22	7/26/24

#### **VIOLATIONS**

#### COUNT 1

## Failure to Timely File Semi-Annual Campaign Statement

Dominguez and the Committee failed to timely file a Semi-Annual Campaign Statement for the reporting period of July 1, 2018 through December 31, 2018 by the January 31, 2019 due date, in violation of Government Code Section 84200.

<sup>&</sup>lt;sup>26</sup> It should be noted that these contributions were loans from the candidate and the candidate's spouse and were disclosed on the preelection campaign statement filed on June 1, 2022.

1	COUNT 2	
2	Failure to Timely File Semi-Annual Campaign Statement	
3 4	Dominguez and the Committee failed to timely file a Semi-Annual Campaign Statement for the reporting period of January 1, 2019 through June 30, 2019 by the July 31, 2019 due date, in violation of Government Code Section 84200.	
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6	COUNT 3	
7	Failure to Timely File Semi-Annual Campaign Statement	
8 9 10	Dominguez and the Committee failed to timely file a Semi-Annual Campaign Statement for the reporting period of July 1, 2019 through December 31, 2019 by the January 31, 2020 due date, in violation of Government Code Section 84200.	
11	COUNT 4	
12	Failure to Timely File Semi-Annual Campaign Statement	
13		
reporting period of January 1, 2020 through June 30, 2020 by the July 31, 2020 due date, in viol Government Code Section 84200.		
16	COUNT 5	
17	Failure to Timely File Semi-Annual Campaign Statement	
18	Dominguez and the Committee failed to timely file a Semi-Annual Campaign Statement for the	
19 20	reporting period of July 1, 2020 through December 31, 2020 by the February 1, 2021 due date, in violation of Government Code Section 84200.	
21		
22	COUNT 6	
23	Failure to Timely File Semi-Annual Campaign Statement	
24	Dominguez and the Committee failed to timely file a Semi-Annual Campaign Statement for the reporting period of January 1, 2021 through June 30, 2021 by the August 2, 2021 due date, in violation of	
Government Code Section 84200.		
26	COLDITIO	
27	COUNT 7	
28	Failure to Timely File Semi-Annual Campaign Statement	
	Dominguez and the Committee failed to timely file a Semi-Annual Campaign Statement for the	

1 2	reporting period of July 1, 2021 through December 31, 2021 by the January 31, 2022 due date, in violation of Government Code Section 84200.
3	COLDITIO
4	COUNT 8
5	Failure to Timely File Two 24-Hour Contribution Reports
	Dominguez and the Committee failed to timely file two 24-Hour Contribution Reports on March
6 7	10 and 12, 2022 to disclose a \$2,444.50 loan Fernando Paz made on March 9, 2022 and a \$2,451.00 loan Dominguez made on March 11, 2022, in violation of Government Code Section 84203.
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9	COUNT 9
10	Failure to Timely File Pre-Election Campaign Statement
11	Dominguez and the Committee failed to timely file a Pre-Election Campaign Statement for the reporting period of April 24, 2022 through May 21, 2022 by the May 26, 2022 due date, in violation of
12	Government Code Sections 84200.5 and 84200.8, and Regulation 18405.
13	COUNT 10
14	
15	Failure to Timely File Semi-Annual Campaign Statement
16	Dominguez and the Committee failed to timely file a Semi-Annual Campaign Statement for the reporting period of May 22, 2022 through June 30, 2022 by the August 1, 2022 due date, in violation of Government Code Section 84200.
17	Government Code Section 84200.
18	<u>COUNT 11</u>
19	
20	Failure to Timely File Semi-Annual Campaign Statement
21	Dominguez and the Committee failed to timely file a Semi-Annual Campaign Statement for the reporting period of July 1, 2022 through December 21, 2022 by the January 31, 2023 due date, in
22	violation of Government Code Section 84200.
23	PROPOSED PENALTY
24	This matter consists of 11 proposed counts of violating the Act. The maximum penalty that may
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26	be imposed is \$5,000 per count. Thus, the maximum penalty that may be imposed for the counts charged
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here is \$55,000.<sup>27</sup>

Campaign late-filing violations such as these normally qualify for the Commission's Streamline Program. However, this case is not eligible for a Streamline penalty. The Enforcement Division made numerous attempts to gain compliance, issued a Probable Cause Report, obtained a Finding of Probable Cause, personally served an Accusation, and posted a Pre-notice Default. Dominguez did not agree to resolve this case until after the Pre-notice Default. Additionally, as will be discussed further below, Dominguez's delay in filing the campaign statements and reports, deprived the public of valuable information for years. Therefore, the public harm caused by the delay was more than minimal.

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. Additionally, the Enforcement Division considers the facts and circumstances of the violation in the context of the following factors set forth in Regulation 18361.5 subdivision (e)(1) through (8): (1) The extent and gravity of the public harm caused by the specific violation; (2) The level of experience of the violator with the requirements of the Political Reform Act; (3) Penalties previously imposed by the Commission in comparable cases; (4) The presence or absence of any intention to conceal, deceive or mislead; (5) Whether the violation was deliberate, negligent or inadvertent; (6) Whether the violator demonstrated good faith by consulting the Commission staff or any other governmental agency in a manner not constituting complete defense under Government Code Section 83114(b); (7) Whether the violation was isolated or part of a pattern and whether the violator has a prior record of violations of the Political Reform Act or similar laws; and (8) Whether the violator, upon learning of a reporting violation, voluntarily filed amendments to provide full disclosure. 28

Here, the extent and gravity of the public harm caused by Dominguez's and the Committee's

<sup>&</sup>lt;sup>27</sup> Section 83116, subd. (c).

<sup>&</sup>lt;sup>28</sup> Regulation 18361.5, subd. (e).

violations is more than minimal. Dominguez and the Committee failed to timely file 11 campaign statements despite repeated outreach attempts to get Dominguez and the Committee to comply. Based on the repeated contact attempts by the Humboldt County Office of Elections and the Enforcement Division, Dominguez and the Committee should have been aware of their filing duties under the Act. Furthermore, Dominguez and the Committee received proper notice of all the legal proceedings against Dominguez and the Committee by the Enforcement Division before reaching the Default stage. Also troubling is that despite all the filing officer and Enforcement Division efforts, the statements and reports were not filed until recently. For nearly three years, Dominguez and the Committee deprived the public of important information about funds received and expended during Dominguez's campaign, including while Dominguez was in office.

Additionally, the Commission considers penalties in prior cases involving similar violations.

Recent similar cases include the following:

A recent similar case involving a committee's failure to timely file semi-annual campaign statements includes *In the Matter of Hallinan for Board of Equalization 2018, Hallinan for Supervisor 2020, Tom Hallinan and Hannah Burcaw*; FPPC Case No. 20/861. The respondents failed to timely file two post-election semi-annual campaign statements which would have disclosed \$3,000 in activity. Hallinan had no history of violating the Act. The Commission imposed a penalty of \$2,500 per count for two counts total.

Here, although Dominguez and the Committee appear to have no experience with the Act before the 2018 election, they should have known their filing obligations by the 2022 election. Also, there were numerous semi-annual campaign statements that were late-filed, and the campaign statements were not filed until the Accusation was issued. Because Dominguez and the Committee did not agree to resolve this case until after the Pre-notice Default was posted, each semi-annual campaign statement should be charged as its own count, unlike in Hallinan. However, a lower amount per count than the one imposed in Hallinan should be imposed against Dominguez and the Committee because they have no history of

violating the Act, the semi-annual campaign statements show little or no activity, Dominguez was unsuccessful in the 2022 re-election, and all of the campaign statements have now been filed.

A recent similar case involving a committee's failure to timely file pre-election campaign statements includes *In the Matter of Clint Oliver, Clint Oliver for Assembly 2016 and Richard Egan*; FPPC Case No. 19/357. Among other violations, the respondents failed to timely file one pre-election campaign statement before the April 5, 2016 Special Election, showing \$14,900 in contributions and \$128,658 in expenditures. The campaign statement was filed 12 days after the election took place. The Commission imposed a penalty of \$2,000 per count for one count.

Here, even though Dominguez and the Committee appear to have no experience with the Act before the 2018 election and should have known their filing obligations by the 2022 election, a penalty lower than the one imposed on Oliver should be imposed on Dominguez and the Committee because they have no history of violating the Act, the statement shows little activity, and the pre-election campaign statement was filed before the election.

A recent similar case involving a committee's failure to timely file 24-hour late contribution reports includes *In the Matter of Clint Oliver, Clint Oliver for Assembly 2016, and Richard Egan*; FPPC Case No. 19/357. Among other violations, the respondents failed to timely file six 24-hour contribution reports disclosing seven late contributions totaling \$23,800. The reports were filed 12 days late. The Commission imposed a penalty of \$4,500 for one count.

Here, even though Dominguez and the Committee appear to have no experience with the Act before the 2018 election and should have known their filing obligations by the 2022 election, a penalty lower than the one imposed in Oliver should be imposed on Dominguez and the Committee because they have no history of violating the Act, the loans were reflected in the campaign statement matching the corresponding period, and because the amount of the loans here are lower than the contributions received in Oliver.

In mitigation, neither Dominguez nor the Committee has a prior record of similar violations.

During Dominguez's re-election efforts in 2022, Dominguez timely filed the campaign statement covering the period from January 1, 2022 to April 23, 2022. Also, on June 1, 2022, Dominguez late-filed the campaign statement covering the period from April 24, 2022 to May 21, 2022, which was due on May 25, 2022. Additionally, the Committee is now terminated.

Based on the foregoing, the following penalties are recommended for a total administrative penalty of \$13,000.

- \$1,000 for each late-filed semi-annual campaign statement, Counts 1-7, 10-11.
- \$1,500 for the late-filed pre-election campaign statement, Count 9.
- \$2,500 for the late-filed 24-hour Contribution Reports, Count 8.

#### **CONCLUSION**

Complainant, the Enforcement Division of the Fair Political Practices Commission, and Respondents Karen Paz Dominguez and the Committee hereby agree as follows:

- 1. Respondents violated the Act as described in the foregoing pages, which are a true and accurate summary of the facts in this matter.
- 2. This stipulation will be submitted for consideration by the Fair Political Practices

  Commission at its next regularly scheduled meeting on November 21, 2024, or as soon as the matter is heard.
- 3. This stipulation resolves all factual and legal issues raised in this matter for the purpose of reaching a final disposition without the necessity of holding an administrative hearing to determine the liability of the Respondents pursuant to Section 83116.
- 4. Respondents understand and hereby knowingly and voluntarily waive any and all procedural rights set forth in Sections 83115.5, 11503, 11523, and Regulations 18361.1 through 18361.9. This includes, but is not limited to, the right to appear personally at any administrative hearing held in this matter, to be represented by an attorney at the Respondents' own expense, to confront and cross-examine all witnesses testifying at the hearing, to subpoena witnesses to testify at the hearing, to have an

impartial administrative law judge preside over the hearing as a hearing officer, and to have the matter judicially reviewed.

- 5. Respondents agree to the issuance of the decision and order set forth below. Also, Respondents agree to the Commission imposing against them an administrative penalty in the amount of \$13,000. One or more cashier's checks or money orders totaling said amount to be paid to the General Fund of the State of California is/are submitted with this stipulation as full payment of the administrative penalty described above, and same shall be held by the State of California until the Commission issues its decision and order regarding this matter.
- 6. If the Commission refuses to approve this stipulation—then this stipulation shall become null and void, and within fifteen business days after the Commission meeting at which the stipulation is rejected, all payments tendered by the Respondents in connection with this stipulation shall be reimbursed to the Respondents. If this stipulation is not approved by the Commission, and if a full evidentiary hearing before the Commission becomes necessary, neither any member of the Commission nor the Executive Director shall be disqualified because of prior consideration of this Stipulation.
- 7. The parties to this agreement may execute their respective signature pages separately. A copy of any party's executed signature page, including a hard copy of a signature page transmitted via fax or as a PDF email attachment, is as effective and binding as the original.

Dated:	 James M. Lindsay, Chief of Enforcement Fair Political Practices Commission
Dated:	
	Karen Paz Dominguez, individually and on behalf of Karen Paz Dominguez for Auditor-Controller 2018, and Re-elect Karen Paz Dominguez for Auditor-Controller 2022

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1	The foregoing stipulation of the parties "In the Matter of Karen Paz Dominguez, Karen Paz
2	Dominguez for Auditor-Controller 2018, and Re-elect Karen Paz Dominguez for Auditor-Controller
3	2022", FPPC Case No. 2019-01534 is hereby accepted as the final decision and order of the Fair Political
4	Practices Commission, effective upon execution below by the Chair.
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6	IT IS SO ORDERED.
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8	Dated:
9	Adam E. Silver, Chair Fair Political Practices Commission
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