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

11 In the Matter of

12 DAWN ADDIS, DAWN ADDIS FOR
13 ASSEMBLY 2020, and STEVE BLACK,

14 Respondents.

FPPC Case Nos. 2020-00118 and 2020-00119

STIPULATION, DECISION AND ORDER

Date Submitted to Commission: August 2023

15
16 **INTRODUCTION**

17 In 2020, Dawn Addis was a member of the Morro Bay City Council—and she was an
18 unsuccessful candidate for the California State Assembly, District 35, in the November 3, 2020
19 General Election. Her controlled committee for this election was Dawn Addis for Assembly 2020
20 (the “Committee”). In 2022, Addis was elected to the California State Assembly, District 30, and
21 remains in office.

22 Steve Black (of Steve Black Strategies, Inc.) was a lobbyist who was registered to lobby
23 the California State Legislature.

24 This case involves violations of the Political Reform Act’s ban on contributions from
25 lobbyists to candidates for elected state office.¹
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27 ¹ The Political Reform Act—sometimes simply referred to as the Act—is contained in Government Code
28 sections 81000 through 91014. All statutory references are to this code. The regulations of the Fair Political
Practices Commission are contained in Sections 18104 through 18998 of Title 2 of the California Code of
Regulations. All regulatory references are to this source.

1 **SUMMARY OF THE LAW**

2 The Act and its regulations are amended from time to time. All legal references and
3 discussions of law are intended to be citations to statutes and regulations as they existed at the
4 time of the violations in this case (December 2019).

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

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

10 These purposes include regulation of the activities of lobbyists—in order to ensure that
11 improper influences will not be directed at public officials.⁴ Another purpose of the Act is to
12 provide adequate enforcement mechanisms so that the Act will be “vigorously enforced.”⁵

13 **Ban on Contributions from Lobbyists**

14 Under the Act, if a lobbyist is registered to lobby the agency of an elected state officer,
15 then the lobbyist is prohibited from making any contribution to that officer—and the officer is
16 prohibited from accepting the contribution. In the case of someone who is a candidate for such an
17 office—but the person is not yet elected—the ban still applies.⁶

18 This ban applies to any contribution made from the lobbyist’s personal funds or assets that
19 the lobbyist mails, delivers, or otherwise transmits to the candidate/officer. Also, the ban applies
20 to any contribution that is made by a business entity, including a lobbying firm, owned in whole
21 or in part by a lobbyist—where the lobbyist participates in the decision to make the contribution.⁷

22 **SUMMARY OF THE FACTS**

23 In this case, Black’s lobbying firm is the California corporation known as Steve Black
24 Strategies, Inc. The only client for which he was registered to lobby was Castle Wind, LLC.

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26 ² Section 81001, subdivision (h).

27 ³ Section 81003.

28 ⁴ Section 81002, subdivision (b).

29 ⁵ Section 81002, subdivision (f).

30 ⁶ See Section 85702.

31 ⁷ See Regulation 18572 and the Gualco/Olson advice letter ([I-15-065](#)), page 4.

1 According to Black's Form 604 Lobbyist Certification Statement, he completed his
2 lobbyist ethics orientation course about eight months before the violations in this case.

3 Although Black is a Colorado resident, he met Addis in Morro Bay in connection with his
4 work on behalf of his client, Castle Wind LLC. Addis contacted Black and his client, requesting
5 financial support for her Assembly race.

6 In response to this solicitation, on or about December 20, 2019, Black made a campaign
7 contribution in the amount of \$250 to Addis for Assembly 2020. At the time, Black was
8 registered to lobby the California State Legislature. As later reported by the Committee, Black
9 made the contribution personally. It was not from his lobbying firm.

10 On January 23, 2020, Black executed and verified a Form 615 Lobbyist Report for the
11 reporting period of October 1 through December 31, 2019. In this document, Black was required
12 to report the contribution that he made to Addis, but when he filed the report with the Secretary of
13 State, he omitted this required information.

14 The next day, on January 24, 2020, Enforcement notified the Committee about
15 Enforcement's receipt of the sworn complaint that gave rise to this case. This notice was sent to
16 the Addis committee, only—not to Black. That same morning, the Committee refunded the
17 contribution to Black (about 35 days after the contribution was made). That afternoon, after
18 receiving notice of the refund, Black spoke with Addis and learned that a complaint had been
19 filed with the FPPC regarding his contribution.

20 Thereafter, Black promptly contacted the Enforcement Division about this case. In a letter
21 dated January 27, 2020, Black stated:

22 On Friday January 24, 2020, I learned that I inadvertently made a \$250 campaign
23 contribution to a candidate for the State Assembly in violation of Government Code
24 Section 85702. Neither I nor the candidate who solicited the contribution was aware of the
25 ban. I regret the error. The contribution has been returned. A copy of my contribution
26 receipt and a copy of the refund confirmation are enclosed.

27 I am registered to lobby the State Legislature during this session on behalf of only one
28 client and was unaware of the ban on contributions to candidates for state office covered
29 by my registration. I am a resident of Colorado and typically have supported candidates
30 for federal office or state office in Colorado, where I am not registered as a lobbyist.

1 Addis told Enforcement that she was not aware of the ban either. Even if Addis had
2 known about the ban, she maintains that she believed Black was a government affairs professional
3 who was active at the federal level—and she did not know he was registered to lobby the
4 California Legislature. However, she did contact—and request financial support from both Black
5 and his client—for her Assembly race.

6 Addis acknowledges that she solicited the contribution, but maintains that she had no
7 knowledge that Black was a registered California lobbyist who could not lawfully make a
8 contribution to her campaign. Moreover, Addis did not have personal knowledge that her
9 campaign received a contribution from Black until being notified of it by the Enforcement
10 Division. Additionally, Addis maintains that procedures have been put in place to prevent this sort
11 of violation in the future.

12 Black made his contribution via ActBlue, and he did not disclose his occupation as
13 “lobbyist.” Rather, for his occupation and employer information, he disclosed that he was an
14 “Attorney” working for “Steve Black Strategies, Inc.” Filings with the Secretary of State reflect
15 this business was his *lobbying* firm. (Respondents note that Black is not a full-time lobbyist, and
16 he was registered for only one client when he made the contribution. However, respondents
17 acknowledge that Black knew and met Addis in Morro Bay, California, specifically in connection
18 with Black’s work as a lobbyist for Castle Wind, LLC.)

19 **VIOLATIONS**

20 **Count 1**

21 In making the contribution noted above, Black violated Section 85702.

22 **Count 2**

23 In accepting the contribution noted above, Addis and her committee, Dawn Addis for
24 Assembly 2020, violated Section 85702.

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1 **STREAMLINE EXCLUSION**

2 This case involves violation of the Act’s outright ban on contributions from lobbyists.
3 This type of violation is not covered by the streamline regulations.⁸

4 **PROPOSED PENALTY**

5 The maximum penalty that may be imposed per count is \$5,000.⁹ In this case, two counts
6 are recommended.

7 In determining the appropriate penalties for particular violations of the Act, the
8 Enforcement Division considers the typical treatment of a violation in the overall statutory
9 scheme of the Act, with an emphasis on serving the purposes and intent of the Act. Additionally,
10 the Enforcement Division considers the facts and circumstances of the violation in the context of
11 the following factors:¹⁰

- 12 1. the extent and gravity of the public harm caused by the specific violation;
- 13 2. the level of experience of the violator with the requirements of the Act;
- 14 3. penalties previously imposed by the Commission in comparable cases;
- 15 4. the presence or absence of any intention to conceal, deceive or mislead;
- 16 5. whether the violation was deliberate, negligent or inadvertent;
- 17 6. whether the violator demonstrated good faith by consulting Commission staff or any
18 other governmental agency in a manner not constituting a complete defense under
19 Section 83114, subdivision (b);
- 20 7. whether the violation was isolated or part of a pattern—and whether the violator has a
21 prior record of violations of the Act or similar laws; and
- 22 8. whether the violator, upon learning of a reporting violation, voluntarily filed
23 amendments to provide full disclosure.

22 **Public Harm**

23 Section 85702 provides a vital protection against the corrupting influence of contributions
24 from lobbyists. Such contributions undermine the public’s confidence in government by creating

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27 ⁸ Regulations 18360.1 through 18360.3.

28 ⁹ Section 83116, subdivision (c).

29 ¹⁰ Regulation 18361.5, subdivision (e).

1 the appearance that official decisions are made based on the special interests of the lobbyist's
2 clients, instead of, and potentially in conflict with, the interests of the public.

3 Addis did not win the election in question. In the later election of November 2022, Addis
4 did win a seat in the California State Assembly (albeit for a different district), but this was nearly
5 three years after Black's contribution. Given the length of time that elapsed—and the small size
6 of Black's contribution—the public harm appears to be low in this case.

7 **Comparable Case**

8 The last time the Commission considered a case involving violation of this same statute
9 was about nine years ago. In the Matter of McKay Carney; FPPC Case No. 13/1128 (approved
10 Aug. 21, 2014), the Commission imposed a penalty in the amount of \$1,000 against a lobbyist
11 who used her personal credit card to advance payment for refreshments at three fundraising
12 events, which were held for elected officials whom the lobbyist was registered to lobby. The
13 stipulation noted that the use of a personal credit card in this manner amounted to the making of
14 non-monetary contributions by the lobbyist—in violation of Section 85702. (The funds advanced
15 by the lobbyist totaled approximately \$505.) Only the lobbyist was charged. The officials in
16 question were not charged due to a lack of evidence with respect to their knowledge of the
17 payment arrangements.

18 In the current case, the candidate and her committee are being charged, in addition to
19 charging the lobbyist, because the candidate solicited and accepted the contribution. In contrast,
20 Carney involved candidates/officers who were not charged because they were not aware of the
21 payment situation—with the lobbyist using her personal credit card to advance payment for
22 refreshments at fundraising events (for which she was later reimbursed by her employer pursuant
23 to an established reimbursement policy).

24 Both cases involve small contribution amounts: \$505 in Carney—and \$250 in the current
25 case, which comprised less than three-tenths of one-percent of the total contributions that the
26 Committee reported receiving in 2019.

27 In Carney, no history of prior, similar violations by the respondent was noted. The current
28 case also involves respondents with no history of prior, similar violations.

1 Carney did not involve intentional violation of the Act. Rather, it appears Carney’s
2 violation was the result of mistake/inadvertence. In the current case, the violation by Addis
3 appears to be the result of mistake/inadvertence, as well. Addis was a candidate for elected state
4 office, but she did not yet hold the position—so there was less opportunity and reason for her to
5 know about the ban that applies to these types of contributions.

6 Carney did not involve evidence of concealment. Here, although there is no evidence of
7 deliberate concealment, the current case does involve omissions by Black that served to conceal
8 his violation. For instance, on a lobbyist filing with the Secretary of State, Black was required to
9 report the prohibited contribution that he made to Addis, but he omitted this required information.
10 (Black maintains he did not believe the contribution was covered by the Act, but he acknowledges
11 that the filing form was accompanied by instructions. This Form 615 reporting omission could be
12 charged as an additional count in violation of Section 86113, subd. (a)(2), but for settlement
13 purposes, it is being noted as aggravating information, only. As a condition of settlement, Black
14 will correct this filing with an amendment prior to the date that this proposed stipulation is
15 considered by the Commission.)

16 In the current case, Black told Enforcement that he was unaware of the ban on
17 contributions to candidates for state office covered by his registration. Nevertheless, Black
18 completed ethics training about eight months before his violation—so he had reason to be familiar
19 with the Act’s ban on these types of contributions. Carney’s Lobbyist Certification Statement (on
20 file with the Secretary of State) reflects that she also received similar training before the violation
21 in that case (although this fact was not noted in the Carney stipulation). However, the current case
22 involves a straightforward, direct contribution from the lobbyist. Given Black’s recent ethics
23 training, he should have known this was prohibited. Under these circumstances, his violation
24 appears to have been negligent. In contrast, the violation in Carney was less straightforward and
25 more likely the result of mistake/inadvertence. (That case involved payments for refreshments
26 that were treated as non-monetary contributions, which the lobbyist covered with her credit card,
27 and for which she was later reimbursed by her employer—pursuant to an established
28 reimbursement procedure for non-monetary contributions made at political fundraisers.)

1 Finally, in mitigation, in the current case, the contribution in question was refunded 35
2 days after it was made (as soon as the Enforcement Division notified Addis about the violation).
3 Similar facts were not noted in Carney.

4 Further, after learning about the complaint/violation in this case, Black promptly
5 contacted—and cooperated with—the Enforcement Division. Black no longer is registered as a
6 lobbyist in California.

7 **Proposed Penalty**

8 Under these circumstances, the following penalty is recommended:

9 Count	Description	Penalty
10 1	Making of the contribution by Black in violation of Section 85702.	\$1,500
11 2	Acceptance of the contribution by Addis and her committee in violation of Section 85702.	\$1,000
		Total: \$2,500

12 **CONCLUSION**

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14 Complainant, the Enforcement Division of the Fair Political Practices Commission, and
15 respondents Dawn Addis, Dawn Addis for Assembly 2020, and Steve Black hereby agree as
16 follows:

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

19 2. This stipulation will be submitted for consideration by the Fair Political Practices
20 Commission at the regularly scheduled meeting that is noted in the caption on the first page of
21 this document—or as soon thereafter as the matter may be heard.

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

25 4. Respondent Black has consulted with his attorney, Gary Winuk of the Kaufman
26 Legal Group. Respondent Addis has consulted with her attorney, Richard Rios of Olson Remcho
27 LLP. Respondents understand and hereby knowingly and voluntarily waive, any and all
28 procedural rights set forth in Sections 83115.5, 11503, 11523, and Regulations 18361.1 through
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1 18361.9. This includes, but is not limited to the right to appear personally at any administrative
2 hearing held in this matter, to be represented by an attorney at Respondents' own expense, to
3 confront and cross-examine all witnesses testifying at the hearing, to subpoena witnesses to testify
4 at the hearing, to have an impartial administrative law judge preside over the hearing as a hearing
5 officer, and to have the matter judicially reviewed.

6 5. Respondents agree to the issuance of the decision and order set forth below. Also,
7 Respondents agree to the Commission imposing against them an administrative penalty in the
8 amount of \$2,500. One or more payments totaling this amount—to be paid to the General Fund of
9 the State of California—is/are submitted with this stipulation as full payment of the administrative
10 penalty described above, and will be held by the State of California until the Commission issues
11 its decision and order regarding this matter.

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

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

Christopher B. Burton, Acting Chief of Enforcement
Fair Political Practices Commission

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10 Dated: _____

Dawn Addis, individually, and on behalf of Dawn Addis
for Assembly 2020, Respondents

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14 Dated: _____

Steve Black, Respondent

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16 The foregoing stipulation of the parties “In the Matter of Dawn Addis, Dawn Addis for
17 Assembly 2020, and Steve Black,” FPPC Case Nos. 2020-00118 and 2020-00119, is hereby
18 accepted as the final decision and order of the Fair Political Practices Commission, effective upon
19 execution below by the Chair.
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21 IT IS SO ORDERED.

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23 Dated: _____

Richard C. Miadich, Chair
Fair Political Practices Commission