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

10  
11 In the Matter of:

12 JEFF STONE FOR STATE SENATE  
13 2014, JEFF STONE, and DANA  
14 HOPKINS

15 Respondents.

FPPC No. 14/402

STIPULATION, DECISION, AND ORDER

16  
17 **STIPULATION**

18 Complainant, the Enforcement Division of the Fair Political Practices Commission, and  
19 respondents Jeff Stone for State Senate 2014, Jeff Stone, and Dana Hopkins (Respondents) hereby agree  
20 that this Stipulation will be submitted for consideration by the Fair Political Practices Commission  
21 (Commission) at its next regularly-scheduled meeting.

22 The parties agree to enter into this Stipulation to resolve all factual and legal issues raised by this  
23 matter and to reach a final disposition without the necessity of holding an additional administrative  
24 hearing to determine the liability of Respondents.

25 Respondents understand, and hereby knowingly and voluntarily waive, any and all procedural  
26 rights set forth in Government Code sections 83115.5, 11503 and 11523, and in California Code of  
27 Regulations, title 2, sections 18361.1 through 18361.9. This includes, but is not limited to, the right to  
28 personally appear at any administrative hearing held in this matter, to be represented by an attorney at

1 Respondents' own expense, to confront and cross-examine all witnesses testifying at the hearing, to  
2 subpoena witnesses to testify at the hearing, to have an impartial administrative law judge preside over  
3 the hearing as a hearing officer, and to have the matter judicially reviewed.

4 It is further stipulated and agreed that Respondents violated the Political Reform Act by  
5 receiving contributions over the limit in violation of Government Code section 85301, subdivision (a)  
6 and California Code of Regulations, title 2, section 18545, subdivision (a)(1), and failing to timely  
7 disclose receipt of a contribution of \$100 or more in violation of Government Code section 84211,  
8 subdivisions (a), (c), and (f), all as described in Exhibit 1. Exhibit 1 is attached hereto and incorporated  
9 by reference as though fully set forth herein. Exhibit 1 is a true and accurate summary of the facts in  
10 this matter.

11 Respondents agree to the issuance of the Decision and Order, which is attached hereto.  
12 Respondents also agree to the Commission imposing an administrative penalty in the total amount of  
13 Five Thousand Five Hundred Dollars (\$5,500). Respondents submitted with this Stipulation a cashier's  
14 check in said amount, made payable to the "General Fund of the State of California," as full payment of  
15 the administrative penalty that shall be held by the State of California until the Commission issues its  
16 Decision and Order regarding this matter. The parties agree that in the event the Commission refuses to  
17 accept this Stipulation, it shall become null and void, and within fifteen (15) business days after the  
18 Commission meeting at which the Stipulation is rejected, all payments tendered by Respondents in  
19 connection with this Stipulation shall be reimbursed to Respondents. Respondents further stipulate and  
20 agree that in the event the Commission rejects the Stipulation, and a full evidentiary hearing before the  
21 Commission becomes necessary, neither any member of the Commission, nor the Executive Director,  
22 shall be disqualified because of prior consideration of this Stipulation.

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25 Dated: \_\_\_\_\_  
26 Galena West, Chief of the Enforcement Division,  
27 Fair Political Practices Commission  
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Dated: \_\_\_\_\_  
Jeff Stone, individually, and on behalf of Jeff Stone for  
State Senate 2014

Dated: \_\_\_\_\_  
Dana Hopkins, individually

**DECISION AND ORDER**

The foregoing Stipulation of the parties “In the Matter of Jeff Stone for State Senate, Jeff Stone, and Dana Hopkins,” FPPC No. 14/402, including all attached exhibits, is hereby accepted as the final decision and order of the Fair Political Practices Commission, effective upon execution below by the Chair.

IT IS SO ORDERED.

Dated: \_\_\_\_\_  
Joann Remke, Chair  
Fair Political Practices Commission

## EXHIBIT 1

### INTRODUCTION

Respondent Jeff Stone ran for the State Senate's 28<sup>th</sup> District in 2014. He won the seat and currently serves in the State Senate. Respondent Jeff Stone for State Senate 2014 ("Committee") was his controlled committee. Dana Hopkins was the Committee treasurer. The Political Reform Act (the "Act")<sup>1</sup> prohibits candidates for state office from accepting contributions that, when cumulated with other contributions from the same source, exceed contribution limits. It also requires candidates and their committees to disclose all contributions received on campaign statements. Stone, the Committee, and Hopkins received cumulative contributions that exceeded the contribution limit, and failed to disclose one of the contributions on the Committee's campaign statement.

### SUMMARY OF THE LAW

#### Contribution Limits

For the 2014 primary and general elections, a candidate for elective state office could not receive cumulative contributions from a single source totaling more than \$4,100 per election.<sup>2</sup> For purposes of contribution limits, contributions to a state candidate by an entity whose contributions are directed and controlled by any individual are aggregated with any other entity whose contributions are directed and controlled by that individual.<sup>3</sup> Contributions made that exceed the contribution limit are deemed accepted by the recipient unless the recipient returns the contribution prior to deposit and within 14 days of receipt.<sup>4</sup>

#### Disclosing Contributions

A candidate-controlled committee must file a semi-annual campaign statement disclosing all contributions the committee received during the statement period.<sup>5</sup> When the committee receives cumulative contributions of \$100 or more from a contributor, it must disclose the name, address, occupation, and employer of the contributor, as well as the date and amount of the contribution(s) received during the statement period.<sup>6</sup> If a committee receives a contribution that is required to be aggregated with a contribution from another entity or individual, the committee must disclose the name of the contributor and identify the individual or entity that directed or controlled the contribution.<sup>7</sup>

#### Non-monetary contributions

A "contribution" means a payment, a forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment for which full and adequate consideration is

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014, and 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, and all regulatory references are to this source.

<sup>2</sup> Section 85301, subd. (a) and Regulation 18545, subd. (a)(1).

<sup>3</sup> Section 85311.

<sup>4</sup> Regulation 18531

<sup>5</sup> Section 84200 and 84211.

<sup>6</sup> Section 84211, subd. (f).

<sup>7</sup> Regulation 18428, subd. (c)(1).

not received by the giver.<sup>8</sup> The definition of “contribution” includes any goods or services received by a candidate or committee at no charge or at a discount from fair market value.<sup>9</sup> This type of contribution is commonly referred to as a “non-monetary” or “in kind” contribution.

### SUMMARY OF THE FACTS

Dan Stephenson, a land developer and real estate investor in Riverside County, hosted two fundraisers in November 2013 to support Stone’s Senate campaign. The fundraisers were each held in a luxury box at a Los Angeles Lakers basketball game and at a Los Angeles Kings hockey game. Stephenson invited a number of guests to each game. The guests received a seat in the luxury box and food and drink in exchange for making campaign contributions to the Stone Committee. Stone attended both events. Stephenson’s real estate company, Rancon Real Estate Corporation, paid for the luxury box for both games as well as food and drinks. The total cost to Rancon Real Estate Corporation to host the two fundraisers was \$7,808.58.

In total, the two fundraisers generated approximately \$48,800 in monetary contributions to the Stone Committee. That included \$8,200 in monetary contributions from seventeen entities (the “Stephenson Entities”) in which Stephenson held an ownership interest. Stephenson directed and controlled all contributions made by the Stephenson Entities. Those contributions from the Stephenson Entities consisted of the following:

<b>Name of Entity</b>	<b>Amount of Contribution</b>
CP Business Park 12.5, LLC	\$500
Europa Village, LLC	\$500
Europa Vineyard Estates, LLC	\$500
Heritage Square, LP	\$500
Rancon Bridges III, LLC	\$500
Rancon Bundy Canyon 126, LLC	\$500
Rancon Crossroads, LLC	\$500
Rancon French Valley 41, LLC	\$500
Rancon Medical and Educational Center, LLC	\$500
Rancon MHS 20, LLC	\$500
Rancon Redhawk Valley 44, LLC	\$500
Rancon Regional Center, LLC	\$200
Rancon Sevilla 180, LLC	\$500
Rancon Winchester Valley 63, LLC	\$500
Rancon Winchester Valley 85, LLC	\$500
Rancon Winchester Valley 155, LLC	\$500
SF 150, LLC	\$500
<b>Total</b>	<b>\$8,200</b>

Shortly after the fundraisers in November 2013, the Stone Committee questioned whether it should aggregate all of the contributions from the Stephenson Entities. An employee of Stephenson informed the Stone Committee that Stephenson owned less than 50% in each of the

<sup>8</sup> Section 82015.

<sup>9</sup> Regulation 18215, subdivision (b)(3)

Stephenson Entities, except Heritage Square, LP. The Stone Committee believed that if Stephenson owned less than 50% of an entity, the contribution from the entity would not be aggregated with any other contributions. Based on this misunderstanding of the law, the Stone Committee retained all of the contributions from the Stephenson Entities.

The Stone Committee disclosed on its campaign statements receipt of the monetary contributions from the Stephenson Entities but failed to identify Stephenson as having directed and controlled the contributions from the Stephenson Entities. The Stone Committee also failed to timely disclose receipt of the non-monetary contribution of \$7,808.58 it received from Rancon Real Estate Corporation for the costs of the fundraisers at the Lakers and Kings games.

In total for the 2014 primary and general election, the Committee received \$852,174 in contributions. So the undisclosed non-monetary contribution from Rancon Real Estate Corporation represented approximately 0.9% of the total contributions the Stone Committee received.

The Stone Committee contends its failure to account for the non-monetary contribution from Rancon Real Estate Corporation was an oversight. Further, Stone contends he was unaware of the issue with aggregating all contributions from the Stephenson Entities having delegated that matter to the Treasurer. In conjunction with this settlement, the Committee reimbursed Rancon Real Estate Corporation for the cost of the non-monetary contribution.

## **VIOLATIONS**

### Count 1 – Receiving Contributions over the Limit

Stephenson directed and controlled the monetary contributions made by the Stephenson Entities to the Stone Committee, as well as the non-monetary contribution made by Rancon Real Estate Corporation for all the costs associated with the fundraisers at the Lakers and Kings games. That being the case, the Stone Committee received aggregated contributions totaling \$16,008.58 from the Stephenson Entities and Rancon Real Estate Corporation. These contributions exceeded the contribution limit of \$8,200 for the 2014 primary and general elections in violation of Section 85301, subdivision (a) and Regulation 18545, subdivision (a)(1).

### Count 2 – Failure to Disclose a Non-monetary Contribution

The Stone Committee failed to timely disclose on its campaign statement for the period ending on December 31, 2013 a non-monetary contribution from Rancon Real Estate Corporation valued at \$7,808.58, in violation of Section 84211, subdivisions (a), (c), and (f).

## **CONCLUSION**

This matter consists of two counts of violating the Act, which carry a maximum administrative penalty of \$5,000 per count, and \$10,000 total.

In determining the appropriate penalty for a particular violation of the Act, the Fair Political Practices Commission (“Commission”) 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 Commission considers the facts and circumstances of the violation in context of the factors set forth in Regulation 18361.5, subdivision (d)(1)-(6): the seriousness of

the violations; the presence or lack of intent to conceal, deceive or mislead; whether the violation was deliberate, negligent, or inadvertent; whether the respondents demonstrated good faith in consulting with Commission staff; whether there was a pattern of violations; and whether the violator, upon learning of the violations, voluntarily filed amendments.

Contribution limits exist to prevent persons from exerting disproportionate influence over elected officials. The contribution aggregation rules exist to ensure that an individual does not use multiple entities to skirt contribution limits. The Act's campaign reporting requirements exist to ensure full and truthful disclosure of campaign activities so that voters may be fully informed and to inhibit improper practices. In light of the important purposes served by contribution limits and campaign disclosure, the Stone Committee committed serious violations of the Act.

The Commission also considers penalties in prior cases involving similar violations in determining the appropriate penalty for a violation. Comparable cases involving receiving contributions over the limit include:

- *In the Matter of David Hadley, David Hadley for Assembly 2014, and Kelly Lawler*, FPPC No. 14/1201. Assembly candidate David Hadley received a \$45,000 contribution from a general purpose committee. The respondents contended that at the time of receiving the contribution, they believed it came from a political party and was not subject to the contribution limit. Respondents refunded the contribution shortly after being contacted by the Enforcement Division regarding the contribution. On November 20, 2014, the Commission approved a stipulated settlement imposing a penalty of \$2,500 for the violation.
- *In the Matter of Russell Bogh, Russ Bogh for Senate 2010, and Dana Hopkins*, FPPC No. 13/005. State Senate candidate Russell Bogh received a non-monetary contribution valued at \$11,000 for the 2010 primary election from a company owned by his brother. The company paid for polling for Bogh. The committee said the payment was a loan. The contribution limit in 2010 was \$3,900 per election. The committee improperly disclosed the over the limit contribution as an accrued expense. The committee later reimbursed the contributor. On January 16, 2014, the Commission approved a stipulated settlement imposing a penalty of \$3,000 for the violation.

The *Hadley* and *Bogh* cases are similar to this case in that the Enforcement Division found no evidence indicating that the Committee intended to violate the law. Instead the Committee contends it was negligent in failing to recognize and account for the non-monetary contribution that resulted from Stephenson hosting the two fundraisers. Unlike the cases discussed above, the Committee did not refund the non-monetary contribution over the limit upon learning of the violation. This justifies a higher penalty in this case than in the comparable cases.

Cases with similar violations for failing to timely disclose a contribution include:

- *In the Matter of Committee for a Vibrant Downtown – No on Measure M – Major funding by Greenheart Land Company and Russell Miller*, FPPC No. 14/1248. The respondent, a ballot measure committee, failed to timely disclose receipt of a non-monetary contribution valued at \$31,050. This represented approximately 13% of all contributions

the committee received for that election. The source of the contribution was the only contributor to the committee. On May 21, 2015, the Commission approved a stipulated settlement imposing a penalty of \$2,500 for the violation.

- *In the Matter of Joshua Mitchell and Joshua Mitchell for Mayor 2012*, FPPC No. 13/138. In one statement period the respondents failed to timely disclose 39 contributions of \$100 or more that totaled \$7,041.76. On June 19, 2014, the Commission approved a stipulated settlement imposing a penalty of \$3,000 for the violation.
- *In the Matter of Joe Yee, Friends of Joe Yee for City Council 2012, and Lynda Otto*, FPPC No. 12/820. The respondents failed to disclose non-monetary contributions they received in the form of reduced rent for their committee headquarters. The reduction in rent totaled \$1,200 in value for one statement period and \$900 for a second statement period. The undisclosed contributions were approximately 2% of the total contributions received by the committee for that election. On February 20, 2014, the Commission approved a stipulated settlement imposing a penalty of \$2,000 per count for two counts of failing to disclose receipt of contributions.

In the present case, the amount of the contribution the Committee failed to timely disclose was very similar to the amount in the *Mitchell* case but the public harm is less because it was one contributor that went undisclosed, not many as in the *Mitchell* case. Both the *Committee for a Vibrant Downtown* and *Yee* cases concerned failure to timely disclose non-monetary contributions from a single contributor. Like the *Yee* case, the amount of the contribution not timely disclosed by the Committee represented a small percentage of the total campaign contributions received.

In aggravation, both Stone and Hopkins have a history of violating the Act. Stone paid Commission-imposed fines on two prior occasions for campaign violations and the Commission prosecuted Hopkins twice before as the treasurer of committees that violated the Act.

#### **PROPOSED PENALTY**

After considering the factors of Regulation 18361.5, and the penalties imposed in prior cases, we propose a penalty of \$3,500 for Count 1, and \$2,000 for Count 2, for a total penalty of \$5,500.