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7  
8 BEFORE THE FAIR POLITICAL PRACTICES COMMISSION  
9 STATE OF CALIFORNIA

10  
11 In the Matter of:

12 LYFT, INC.

13 Respondent.

FPPC No. 15/306

14 STIPULATION, DECISION, AND ORDER

15  
16 **STIPULATION**

17 Complainant, the Enforcement Division of the Fair Political Practices Commission and respondent  
18 Lyft, Inc. (Respondent) hereby agree that this Stipulation will be submitted for consideration by the Fair  
19 Political Practices Commission (Commission) at its next regularly scheduled meeting.

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

23 Respondent understands, and hereby knowingly and voluntarily waives, any and all procedural  
24 rights set forth in Government Code sections 83115.5, 11503 and 11523, and in California Code of  
25 Regulations, title 2, sections 18361.1 through 18361.9. This includes, but is not limited to, the right to  
26 personally appear at any administrative hearing held in this matter, to be represented by an attorney at  
27 Respondent's own expense, to confront and cross-examine all witnesses testifying at the hearing, to  
28 subpoena witnesses to testify at the hearing, to have an impartial administrative law judge preside over

1 the hearing as a hearing officer, and to have the matter judicially reviewed.

2 It is further stipulated and agreed that Respondent violated the Political Reform Act by failing to  
3 timely file lobbyist employer reports in violation of Government Code sections 86115, 86116, and 86117,  
4 as described in Exhibit 1. Exhibit 1 is attached hereto and incorporated by reference as though fully set  
5 forth herein. Exhibit 1 is a true and accurate summary of the facts in this matter.

6 Respondent agrees to the issuance of the Decision and Order, which is attached hereto.  
7 Respondent also agrees to the Commission imposing an administrative penalty in the total amount of  
8 \$6,000. Respondent submitted with this Stipulation a cashier's check in said amount, made payable to the  
9 "General Fund of the State of California," as full payment of the administrative penalty that shall be held  
10 by the State of California until the Commission issues its Decision and Order regarding this matter. The  
11 parties agree that in the event the Commission refuses to accept this Stipulation, it shall become null and  
12 void, and within fifteen (15) business days after the Commission meeting at which the Stipulation is  
13 rejected, all payments tendered by Respondent in connection with this Stipulation shall be reimbursed to  
14 Respondent. Respondent further stipulates and agrees that in the event the Commission rejects the  
15 Stipulation, and a full evidentiary hearing before the Commission becomes necessary, neither any member  
16 of the Commission, nor the Executive Director, shall be disqualified because of prior consideration of this  
17 Stipulation.

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20 Dated: \_\_\_\_\_  
21 Galena West, Chief, on behalf of the Enforcement  
22 Division Fair Political Practices Commission

23 Dated: \_\_\_\_\_  
24 \_\_\_\_\_, on behalf of Lyft, Inc.

1 **DECISION AND ORDER**

2 The foregoing Stipulation of the parties “In the Matter of Lyft, Inc.,” FPPC No. 15/306, including  
3 all attached exhibits, is hereby accepted as the final decision and order of the Fair Political Practices  
4 Commission, effective upon execution below by the Chair.

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6 IT IS SO ORDERED.

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8 Dated: \_\_\_\_\_

\_\_\_\_\_ Joann Remke, Chair

9 Fair Political Practices Commission  
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## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Lyft, Inc. (“Lyft”) is a registered lobbyist employer. This case arose from a referral from the Secretary of State’s Office. Under the Political Reform Act (the “Act”)<sup>1</sup> a lobbyist employer must timely file periodic reports disclosing, among other information, the total amount of payments made for lobbying services. Lyft violated the Act by failing to timely file lobbyist employer reports.

### **SUMMARY OF THE LAW**

An express purpose of the Act is to ensure that the activities and finances of lobbyists are disclosed so that improper influences are not directed at public officials.<sup>2</sup> To that end, a lobbyist employer is required to file periodic reports containing information about the lobbying activities being conducted.<sup>3</sup> A lobbyist employer is defined, in part, as one who “contracts for the services of a lobbying firm for economic consideration...for the purpose of influencing legislative or administrative action.”<sup>4</sup> A lobbyist employer must maintain accurate accounting and file a quarterly report with the Secretary of State that discloses the total amount of payments to each lobbying firm, the filer’s lobbying interests, activity expenses, and any candidate or committee contributions of \$100 or more made by the lobbyist employer.<sup>5</sup> These reports must be filed with the Secretary of State four times per calendar year by the end of the month following each calendar quarter.<sup>6</sup>

### **SUMMARY OF THE FACTS**

#### **2013-2014 Legislative Session**

Lyft first qualified as a lobbyist employer on August 30, 2013. The company employed multiple lobbying firms to oppose several bills introduced in the California Legislature to regulate the transportation network company (TNC) industry. During the 2013–2014 legislative session, Lyft spent more than \$271,000 on lobbying activity related to four TNC-regulating bills.

Lyft’s first lobbyist employer report that covered quarter 3 (August 30, 2013 through September 30, 2013) was filed 530 days late on April 13, 2015. Lyft did not conduct any lobbying activity during this quarter. According to Lyft, the late filing was an oversight caused by Lyft’s reliance on its lobbying firms to file its reports and its lack of experience as a lobbyist employer. Lyft timely filed lobbyist employer reports for quarters 4 and 5.

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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> § 81002, subdivision (b).

<sup>3</sup> § 86115.

<sup>4</sup> § 82039.5.

<sup>5</sup> § 86116; Regulation 18615.

<sup>6</sup> §§ 86117 and 86118.

Lyft filed a lobbyist employer report for quarter 6, 11 days late on August 11, 2014. The report disclosed \$67,000.00 worth of activity. Lyft amended the report on April 14, 2015 to disclose \$6,700.00 in campaign contributions.

Lyft filed a lobbyist employer report for quarter 7, on April 13, 2015, 165 days late. That report disclosed \$126,029.42 worth of activity. That same day, Lyft filed a lobbyist employer report for quarter 8, which was 71 days late. That report disclosed \$56,097.88 worth of activity.

### 2015-2016 Legislative Session

For the 2015-2016 legislative session, Lyft hired multiple lobbying firms to lobbying the Legislature on various bills concerning the TNC industry. Lyft filed a lobbyist employer report for quarter 1 (January 1, 2015 through March 31, 2015), on July 31, 2015, 93 days late. That report disclosed \$36,789.79 worth of payments to lobbying firms. Lyft timely filed lobbyist employer reports for quarters 2, 3, and 4, reporting payments to lobbying firms of \$54,000, \$82,091, and \$54,114, respectively. The quarter 2 report failed to report other payments to influence totaling \$14,592.35 and the quarter 3 report failed to report other payments to influence totaling \$28,213.89. These payments were for text messages, emails, and other communications sent to Lyft customers and drivers encouraging recipients to contact their state legislators. According to Lyft, the communications were part of Lyft's overall marketing program, most of which is not related to influencing legislative action, and that is why it initially failed to identify the communications as items that needed to be reported on lobbyist employer reports. Upon realizing the mistake, Lyft voluntarily and proactively reported the violations to the Enforcement Division and filed amended reports on December 23, 2015.

## VIOLATIONS

### Counts 1 through 3: Failure to Timely File Lobbyist Employer Reports

Lyft failed to timely file a lobbyist employer report for quarters 7, and 8 of the 2013-2014 legislative session, and quarter 1 of the 2015-2016 legislative session in violation of sections 86115, 86116, and 86117.

## CONCLUSION

This matter consists of three counts of violating the Act, which carry a maximum administrative penalty of \$5,000 per count, and \$15,000 total.

In determining the appropriate penalty for a particular violation of the Act, the Fair Political Practices Commission (the "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.

The Commission also considers penalties in prior cases involving similar violations. Similar cases include the following:

- *In the Matter of Pasadena Metro Blue Line Construction Authority*, FPPC No. 14/1079. (Commission approved a stipulated decision on January 15, 2015.) The respondent failed to timely file three lobbyist employer reports, each of which reported \$26,400 in lobbying payments. The lobbying firm the respondent employed filed its reports timely, so payment information was available to the public, although it was not easily accessible. The Commission imposed a penalty of \$1,000 per violation, for a total penalty of \$3,000.
- *In the Matter of California Employment Law Council and Paul Grossman*, FPPC No. 14/443. (Commission approved a stipulated decision on August 22, 2014.) The respondent lobbyist employer failed to timely file one quarterly report. The report was filed 150 days late and reported \$27,874.67 in lobbying activity. The Commission imposed a penalty of \$1,000.

Failure to timely file lobbyist employer reports violates one of the Act's central purposes: that the activities of lobbyists should be regulated and their finances disclosed in order that improper influences will not be directed at public officials. While Lyft filed all reports, the filings were after the deadlines and reported significant lobbying activity. In total, Lyft filed five reports late, but Lyft's 2013-2014 quarter 3 report only covered a one-month period during which there was no activity, and the quarter 6 report was only 11 days late so those late filings are not charged herein as separate counts.

However, Lyft cooperated fully with the Enforcement Division's investigation, the investigation revealed no evidence that Lyft intended to conceal its activity or mislead the public, and Lyft does not have a prior history of violations of the Act. Lyft filed all late reports and amendments after the Secretary of State's Office notified it of the missing filings but before the Enforcement Division contacted Lyft regarding the matter. The information regarding payments made by Lyft to lobbying firms was timely available to the public on the reports filed by the lobbying firms that received payments from Lyft. Similarly, information about campaign contributions made by Lyft was available on the statements of candidates who received contributions from Lyft. Information about other payments made by Lyft to influence legislative action was not timely disclosed elsewhere, although the bills Lyft attempted to influence were disclosed on its timely filed reports. Lyft asserts that the failure to file on a timely basis was inadvertent and that it relied on the lobbying firms it employed to file its reports.

Despite these mitigating factors, a higher penalty per count is justified compared to prior similar cases given the higher dollar amounts that were not timely reported and because Lyft filed five late reports, three of which were filed after the legislative session. Also, Lyft failed to timely report campaign contributions during quarter 6 of the 2013-2014 legislative session and other payments to influence made in quarters 2 and 3 of the 2015-2016 legislative session.

## **PROPOSED PENALTY**

After considering the factors of Regulation 18361.5, the penalties imposed in prior cases, and other relevant information, we propose a penalty of \$2,000 per count, for a total penalty of \$6,000.