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

10 In the Matter of:

11 COMMITTEE FOR A STRONG
12 SISKIYOU ECONOMY, NO ON
13 MEASURE H SPONSORED BY
14 CRYSTAL GEYSER WATER
15 COMPANY, KELLY LAWLER, JILL
16 HARRIS, AND CRYSTAL GEYSER
WATER COMPANY,

Respondents.

FPPC Case No. 17/00123

STIPULATION, DECISION AND ORDER

17 **INTRODUCTION**

18 Committee for a Strong Siskiyou Economy, No on Measure H Sponsored by Crystal Geysers Water
19 Company (“Committee”) is a primarily formed ballot measure committee that opposed a local ballot
20 measure, Measure H, in Siskiyou County during the November 8, 2016 General Election. Kelly Lawler
21 (“Lawler”) is the treasurer for the Committee. Jill Harris, in her capacity as an employee of Crystal Geysers
22 Water Company (“Crystal Geysers”), served as a principal officer for the Committee. Crystal Geysers
23 qualified as a sponsor of the committee in 2016 by providing 80% or more of the contributions to the
24 Committee, by providing nearly all of the administrative services of the Committee, and by setting the
25 policies for soliciting contributions and making expenditures of committee funds. Measure H was
26 unsuccessful at the ballot.
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1 Respondents Committee, Lawler, and Harris violated the Political Reform Act (the “Act”)¹ by
2 failing to identify Crystal Geysler as the sponsor of the committee, failing to include an accurate disclosure
3 statement on mass mailings and advertisements, failing to accurately disclose activity on campaign
4 statements, and failing to timely file 24-hour contribution reports. Crystal Geysler, in qualifying as a major
5 donor, failed to timely file a campaign statement and 24-hour contribution reports.

6 SUMMARY OF THE LAW

7 The Act and its regulations are amended from time to time. The violations in this case occurred in
8 2016. For this reason, all legal references and discussions of law pertain to the Act’s provisions as they
9 existed at that time—unless otherwise noted.

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

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

14 One purpose of the Act is to promote transparency by ensuring that receipts and expenditures in
15 election campaigns are fully and truthfully disclosed so that voters are fully informed and improper
16 practices are inhibited.⁴ Along these lines, the Act includes a comprehensive campaign reporting system.⁵
17 Another purpose of the Act is to provide adequate enforcement mechanisms so that the Act will be
18 “vigorously enforced.”⁶

19 **Recipient Committee**

20 A recipient committee includes any person who directly or indirectly receives contributions totaling
21 \$2,000 or more in a calendar year.⁷ A committee must file a statement of organization with the Secretary
22 of State within 10 days of qualifying as a committee.⁸

24 ¹ The Political Reform Act—sometimes simply referred to as the Act—is contained in Government Code sections
25 81000 through 91014. All statutory references are to this code. The regulations of the Fair Political Practices Commission
are to this source.

26 ² Section 81001, subdivision (h).

27 ³ Section 81003.

28 ⁴ Section 81002, subdivision (a).

⁵ Sections 84200, et seq.

⁶ Section 81002, subdivision (f).

⁷ Section 82013, subdivision (a).

⁸ Section 84101, subdivision (a).

1 **Major Donor Committee**

2 A major donor committee refers to a person, or combination of persons, who directly or indirectly
3 makes contributions totaling ten thousand or more in a calendar year to or at the behest of candidates or
4 committees.⁹ A major donor committee shall file campaign statements each year no later than July 31 for
5 the period ending June 30, and no later than January 31 for the period ending December 31, if they have
6 made contributions or independent expenditures, including payments to a slate mailer organization, during
7 the six-month period before the closing date of the statements.¹⁰

8 **Sponsored Committee**

9 A “sponsored committee” is defined as a committee, other than a candidate-controlled committee,
10 with one or more sponsors.¹¹ Any person, except a candidate or other individual, may sponsor a committee.
11 “Person” means an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust,
12 company, corporation, limited liability company, association, committee, and any other organization or
13 group of persons acting in concert.¹²

14 A person, including a corporation or company, is considered to be a sponsor of a committee if any
15 of the following apply: (1) the committee receives 80 percent or more of its contributions from the
16 organization; (2) the organization collects contributions for the committee by use of payroll deduction or
17 dues; (3) the organization provides all or nearly all of the administrative services for the committee; or (4)
18 the organization sets the policies for soliciting contributions or making expenditures of committee funds.¹³

19 The name of the committee is required to include the name of the sponsor.¹⁴ Whenever
20 identification of a sponsored committee is required, such as on a sender identification on mass mailings,
21 the identification shall include the full name of the committee as required in its statement of organization.¹⁵

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26 ⁹ Section 82013.

27 ¹⁰ Section 84200, subdivision (b).

28 ¹¹ 82048.7, subdivision (a).

¹² Section 82047.

¹³ Section 82048.7, subdivision (b).

¹⁴ Section 84102.

¹⁵ Section 84106.

1 **Advertisement**

2 “Advertisement” means any general or public advertisement which is authorized and paid for by a
3 person or committee for the purpose of supporting or opposing a candidate for elective office or a ballot
4 measure or ballot measures.¹⁶ Any committee that supports or opposes one or more ballot measures shall
5 print or broadcast its name as part of any advertisement or other paid public statement.¹⁷

6 A “mass mailing” is defined as over two hundred substantially similar pieces of mail sent in a
7 calendar month, not including form letters or other mail which is sent to an unsolicited request, letter or
8 other inquiry.¹⁸ All mass mailings sent by a single committee are required to disclose the full name, street
9 address, and city of the committee on the outside of each piece of mail.¹⁹

10 **Reporting of Contributions and Expenditures**

11 “Contribution” means a payment, a forgiveness of a loan, a payment of a loan by a third party, or
12 an enforceable promise to make a payment except to the extent that full and adequate consideration is
13 received, unless it is clear from the circumstances that it is not made for political purposes.²⁰ A payment
14 received by or made at the best of a committee is a contribution to the committee unless full and adequate
15 consideration is received from the committee for making this payment.²¹

16 The payment of salary, reimbursement for personal expenses, or other compensation by an
17 employer to an employee who spends more than 10% of his or her compensated time in any one month
18 rendering services for political purposes is a contribution.²²

19 A nonmonetary contribution is “received” by the committee on the earlier of the following dates:
20 1) the date that funds are expended by the contributor for goods or services, if the specific expenditure is
21 made at the behest of the committee; or 2) the date that the committee obtains possession or control of the
22 goods or services, or the date that the committee otherwise receives the benefit of the expenditure.²³

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26 ¹⁶ Section 84501.

27 ¹⁷ Section 84504, subdivision (c) and Regulation 18405.4.

28 ¹⁸ Section 82041.5 and Regulation 18435.

¹⁹ Section 84305.

²⁰ Section 82015.

²¹ Regulation 18215.

²² Regulation 18423.

²³ Regulation 18421.1.

1 “Expenditure” means a payment, a forgiveness of a loan, a payment of a loan by a third party, or
2 an enforceable promise to make a payment, unless it is clear from the surrounding circumstances that it is
3 not made for political purposes. An expenditure is made on the date the payment is made or on the date of
4 consideration, if any, is received, whichever is earlier.²⁴

5 Committees have a duty to file periodic campaign statements to disclose the activity of the
6 committee.²⁵ Each campaign statement must include information specified in the Act. For contributions
7 totaling \$100 or more from a single source during a statement period, committees must identify the name,
8 address, occupation and/or employer, the date and amount received for each contribution.²⁶

9 **24-Hour Contribution Reports**

10 A committee, including a recipient committee or a major donor committee, that makes or receives
11 a late contribution shall report the late contribution within 24 hours of the time it is made.²⁷ A late
12 contribution is defined as a contribution that totals in the aggregate \$1,000 or more and is made to or
13 received by a candidate, a controlled committee, or a committee formed or existing primarily to support or
14 oppose a candidate or measure during the 90-day period preceding the date of the election or on the date
15 of the election at which the candidate or measure is to be voted on.²⁸ A report filed by the recipient of a
16 non-monetary contribution during the 90-day period shall be deemed timely if it is received by the filing
17 officer within 48 hours of the time the contribution is made.²⁹ In connection with the election held on
18 November 8, 2016, the 90-day reporting period commenced on August 10, 2016.

19 **Joint and Several Liability**

20 Any person who has a filing or reporting obligation under the Act may be found liable for violating
21 any provision of the Act, or who purposely or negligently cause any person to violate any provision of the
22 Act, or who aids and abets any other person in the violation of any provision of the Act.³⁰ If two or more
23 persons are responsible for any violation, they shall be held jointly and severally liable.³¹

24 ²⁴ Section 82025.

25 ²⁵ 84200, *et seq.*

26 ²⁶ 84200, subdivision (f)

27 ²⁷ Section 84203.

28 ²⁸ Section 82036.

²⁹ Regulation 18425.24, subdivision (c).

³⁰ Section 83116.5.

³¹ Sections 83116.5 and 91006.

1 Every committee must have a treasurer.³² Committees must also identify a principal officer.³³ This
2 individual is primarily responsible for approving the political activities of the committee, including, but
3 not limited to, authorizing the content of communications, authorizing expenditures, including
4 contributions, on behalf of the committee, and determining the committee’s campaign strategy.³⁴ It is the
5 duty of the treasurer and the principal officer to ensure that the committee complies with all the
6 requirements of the Act.³⁵

7 For campaign reporting/filing obligations, the treasurer and the principal officer are liable, along
8 with the committee, for violations of the Act.³⁶ For advertising violations, the committee placing the
9 advertisements—and all persons acting in concert with the committee—are liable.³⁷

10 SUMMARY OF THE FACTS

11 This case was opened pursuant to a sworn complaint alleging, generally, that a committee primarily
12 formed to oppose Measure H and operating during the November 8, 2016 General Election was actually
13 organized, funded, and controlled by Crystal Geysler. The complaint alleged that the committee lacked
14 disclosure on advertisements and on campaign statements regarding the true role of Crystal Geysler. The
15 Enforcement Division’s investigation found that Crystal Geysler spent funds to mount an opposition
16 campaign; caused a primarily formed ballot measure committee to be formed; had an employee, Harris,
17 serve as a principal officer of the committee; and qualified as the sponsor of the committee. The violations
18 described herein misled the public as to the full extent of Crystal Geysler’s involvement in opposing a
19 county ballot measure.

20 Measure H

21 Measure H was titled, “Groundwater Management Initiative Seeking to Amend Siskiyou County
22 Code,” and appeared on the November 8, 2016 General Election in Siskiyou County. If passed, the ballot
23 measure would extend the requirement to obtain a groundwater extraction permit to all other groundwater
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25 ³² Section 84100.

26 ³³ Section 84102, subdivision (c).

27 ³⁴ Section 82047.6.

28 ³⁵ Sections 81004, 84100, 84104, and 84213, and Regulation 18427.

³⁶ Section 83116.5 and Regulation 18316.6.

³⁷ Section 82047 [“person” includes any group of persons acting in concert] and 84510, subdivision (a) [imposing liability on any “person” who violations an advertising provision of the Act.] See also, Section 84505 [which applies not just to the committee placing the advertisement, but also to any “persons acting in concert with that committee.”]

1 sources in the County not currently defined as a groundwater basin when groundwater is extracted for use
2 outside the County. The measure would remove the existing permitting exemption for commercial water
3 bottling enterprises. Measure H was defeated.

4 **Crystal Geysier controlled and directed the primarily formed committee opposing Measure H**

5 The evidence shows that Crystal Geysier conceived of, budgeted for, and began implementing a
6 plan to defeat Measure H as early as August of 2016. Crystal Geysier formed, funded, and controlled the
7 Committee. According to campaign statements for the reporting period ending December 31, 2016, the
8 Committee raised approximately \$25,790 and spent approximately \$29,942. Crystal Geysier planned to
9 create and provide funding for a committee to oppose Measure H. The motivation to defeat Measure H
10 was that Crystal Geysier would have to shut down their water extraction operations in Siskiyou County if
11 the ballot measure passed.

12 Crystal Geysier hired Lawler, an experienced professional treasurer to prepare the paperwork to
13 open the committee, "Committee for a Strong Siskiyou Economy, No On Measure H." On the statement
14 of organization, Lawler was listed as the treasurer and five individuals were named as principal officers:
15 Daralyn Reed, Joan Smith Freeman, Dorian Aiello, John Kennedy, and Harris. Records show that the
16 named principal officers, except for Harris, were added as principal officers for local support and
17 endorsement. Joan Smith Freeman was the Mayor of the City of Yreka. John Kennedy was a
18 Councilmember of City of Mount Shasta. Daralyn Reed and Dorian Aiello lived in the county. However,
19 these individuals did not control or direct the expenditures of the Committee and are therefore not included
20 in the stipulation for this reason. Harris, a Communications Manager employed with Crystal Geysier, was
21 listed as a principal officer for the ballot measure committee. Harris was the principal officer most
22 involved. Harris had authority to make expenditures on behalf of the Committee and coordinated or
23 directed advertisement efforts, including working with Crystal Geysier graphic designers and hiring outside
24 vendors to design, produce, and disseminating advertisements.

25 On May 22, 2017, after the election, the Committee filed amended campaign statements to
26 acknowledge Crystal Geysier's role in the Committee. The name of the Committee was changed to,
27 Committee for a Strong Siskiyou Economy, No on Measure H, sponsored by Crystal Geysier Water
28 Company. In addition, campaign statements were amended to report that the expenditures previously

disclosed as accrued expenses were actually nonmonetary contributions paid for by Crystal Geysler. The company relied on Lawler to properly file reports. Upon learning of the complaint, the company instructed Lawler to file the amended reports.

Additionally, Crystal Geysler filed campaign statements as a major donor and filed past-due 24-hour contribution reports.

Violations of the Committee

Failure to Name Crystal Geysler as the Sponsor of the Committee

Crystal Geysler qualified as the sponsor of the Committee from the outset. Crystal Geysler administered the Committee by authorizing the content of communications made by the committee, authorizing expenditures, and determining the committee's campaign strategy. Crystal Geysler also provided the funds for approximately 98% of the reported activity for the committee. Therefore, the name "Crystal Geysler" was required to be included in the name of the committee on campaign statements and on any advertisement of the committee. The Committee filed the following campaign statements with the local filing officer without including the name of the sponsor:

Filing	Reporting Period	Date Filed	Date Due
Form 410: Initial	Initial	09/28/2016 ³⁸	09/11/2016 ³⁹
Form 460: Pre-election	01/01/2016 to 09/24/2016	09/30/2016	09/29/2016
Form 460: Pre-election	09/25/2016 to 10/22/2016	10/28/2016	10/27/2016
Form 460: Semi-annual	10/23/2016 to 12/31/2016	02/02/2017	01/31/2017

Failure to Include Accurate Disclosure on Advertisements

The Committee caused two mass mailings and several forms of advertisements to be distributed with the disclosure, "Paid for by the Committee for a Strong Siskiyou Economy, No on Measure H." However, the proper disclosure should have included the name of the sponsor of the Committee, Crystal Geysler Water Company. The Committee caused the following advertisements to be distributed without the proper disclosure: a website, flyers, two mass mailings distributed to approximately 8,500 recipients, a radio spot aired 24 times, and newspaper ads in three local newspapers.

³⁸ The Form 410 was filed with the Secretary of State's office on September 27, 2016.

³⁹ A website was commissioned and paid for at least by September 1, 2016. Therefore, the Committee should have filed a Form 410 by September 11, 2016.

Advertisement Type	Description	Cost
Website	A website first appearing online on or around September 1, 2016. The vendor for this advertisement was Silver Rockets	\$4,560
Flyers	8.5 by 11-inch flyers, quantity: 350 The vendor for this advertisement was Siskiyou Laser Products	\$228.00
Mass Mailings	“Don’t be fooled! NO on Measure H, protect our jobs & our way of life.” Two mass mailings were sent, the first to approximately 8,500 recipients and was mailed on or around September 29, 2016; and the second to approximately 8,296 recipients and was mailed on or around October 28, 2016. The vendor for this advertisement was Gold Nugget Printing	\$7,581.00
Radio	Radio spot airing 24 times in October and November 2016 The vendor for this advertisement was Buffalo Broadcasting	\$528.00
Newspaper	Newspaper advertisements appearing in local newspapers. The payments were made to Klamath Pub LLC, Mount Shasta Area News, and Siskiyou Daily News “Vote NO to keep our Siskiyou Economy Strong & Growing”	\$10,420.00
	TOTAL	\$26,196

The content of the advertisement was written as if the Committee was a grassroots and local led group. For example, in several forms of advertisement, the message was, “Protect our jobs and our way of life.” Multiple advertisements included language similar to, “The initiative is not just directed at water bottlers. The truth is, any producer ‘using’ water in Siskiyou County for their end product could be subject to the permitting requirement. This could include breweries, wineries, food producers, hay producers, timber products, and nurseries.” And “Do we really want to drive more business out of our County?” By not including the reference to the sponsor and actual payor for the advertisements, the Committee misled voters about the true backers of the opposition committee.

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1 *Failure to Report Contributions and Expenditures on Campaign Statements*

2 The Committee failed to report several expenditures, including advertisements; the personal
3 services of Harris; and consultant fees. In addition, the Committee reported expenditures as if they were
4 accrued expenses.

5 The Committee filed the first pre-election campaign statement on September 30, 2016 for the
6 reporting period ending September 24, 2016. The campaign statement reported \$1,100 in contributions,
7 including a loan from Lawler (made to open the committee bank account) and a \$1,000 monetary
8 contribution from Crystal Geysler. The Committee did not report any payments made or any other
9 contributions. However, records show that the Committee had already received the benefit of an
10 expenditure, namely a website opposing Measure H, and that Crystal Geysler had paid \$2,250 to the vendor
11 by September 1, 2016. In addition, the Committee had received the benefit of flyers printed by Siskiyou
12 Laser Products. This expenditure should have been reported as an accrued expense of \$164. The payment
13 was made in the next reporting period, but the flyers were invoiced on September 6, 2016 and were received
14 at least by September 20, 2016. In addition, Crystal Geysler had begun paying a consultant to assist with
15 the campaign strategy. Internal records confirm that the Committee was receiving the benefit of these
16 services as early as September 8, 2016. Additionally, the Committee should have reported some portion of
17 Harris' salary as a nonmonetary contribution, as she was working on the Committee nearly full time. The
18 consulting services and Crystal Geysler staff time were not disclosed in the amended reports.

19 The Committee filed the second pre-election campaign statement on October 28, 2016 for the
20 reporting period ending October 22, 2016. The campaign statement reported \$400 in monetary
21 contributions from three sources, a \$50 nonitemized payment, and approximately \$15,861 in accrued
22 expenses. However, in an amended campaign statement filed May 22, 2017, the Committee reported
23 \$20,495 in nonmonetary contributions from Crystal Geysler, including the \$2,250 expense paid to the
24 website vendor, Silver Rockets, that should have been reported as received in the prior reporting period.
25 Records show that the Committee should have also reported a \$1,935 invoice paid by Crystal Geysler on
26 October 19, 2016 to Klamath Pub LLC & LCE for newspaper ads. Additionally, internal records confirm
27 that the Committee was receiving the benefit of campaign consulting services and staff time during this
28 reporting period. The consulting services and Crystal Geysler staff time were not disclosed in the amended

1 reports. In mitigation, the Committee initially reported some of the accrued expenses naming Crystal
2 Geysler as the payor and reported a payment on Schedule G, naming Crystal Geysler as an agent who made
3 a payment on behalf of the Committee. While this disclosure gave some indication of Crystal Geysler's
4 role, the evidence suggests that these payments should have been reported as nonmonetary contributions
5 from Crystal Geysler in the first place.

6 *Failure to Timely File 24-Hour Contribution Reports for the Committee*

7 The Committee received approximately \$26,196 in the form of nonmonetary contributions from
8 Crystal Geysler in the 90-day period prior to the election. The campaign statements filed provided some
9 disclosure of this activity before the election by reporting most of the activity on campaign statements;
10 however, as discussed above, the disclosure was not complete and was misleading at times. The Committee
11 timely filed one 24-hour report to disclose a \$1,000 contribution from Crystal Geysler. In summary, the
12 Committee failed to timely file the following 24-hour contribution reports to report nonmonetary
13 contributions from Crystal Geysler:

Report #	Date Due	Report Total
1	09/02/2016	\$2,250
2	09/29/2016	\$6,923
3	10/20/2016	\$13,258
4	10/31/2016	\$3,765
	TOTAL	\$26,196

21 **Violations of Crystal Geysler**

22 *Failure to Timely File as a Major Donor*

23 The evidence shows that Crystal Geysler qualified as a major donor committee, having contributed
24 at least \$10,000 in monetary and nonmonetary contributions, qualifying as a major donor on or around
25 September 28, 2016. Crystal Geysler was required to file a semiannual campaign statement to disclose the
26 activity no later than January 31, 2017. The major donor campaign statement was filed on April 25, 2017,
27 a total of 84 days late.

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1 *Failure to Timely File 24-hour Contribution Reports for Crystal Geysler, as a major donor*

2 The evidence shows that Crystal Geysler was required to timely file three 24-hour contribution
3 reports for the following nonmonetary contributions made to oppose Measure H. As discussed above, some
4 of this activity was reported by the Committee but primarily as an accrued expense of the Committee or as
5 payments made on behalf of the Committee, rather than the proper characterization of a nonmonetary
6 contribution from Crystal Geysler. The details regarding the contributions are summarized in the table
7 below:

8 Report #	Date Due	Report Total
9 1	09/29/2016	\$10,173
10 2	10/20/2016	\$13,258
11 3	10/31/2016	3,765
12	TOTAL	\$27,196

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14 **VIOLATIONS**

15 **Count 1: Failure to Include an Accurate Disclosure Statement on Advertisements**

16 The Committee and Harris failed to include an accurate disclosure statement on advertisements on
17 a website, during radio advertisements, on newspaper advertisements, on flyer advertisements, and on two
18 mass mailings, in violation of Government Code sections 84106, 84504, subdivision (c), and 84305. The
19 total cost of these advertisements was \$26,196.

20 **Count 2: Failure to Report Contributions on a Campaign Statement**

21 The Committee and Lawler failed to timely report nonmonetary contributions from Crystal Geysler
22 on the pre-election campaign statement for the reporting period of July 1, 2016 through September 24,
23 2016, in violation of Government Code section 84211.

24 **Count 3: Failure to Report Contributions on a Campaign Statement**

25 The Committee and Lawler failed to timely report nonmonetary contributions from Crystal Geysler
26 on the pre-election campaign statement for the reporting period of September 25, 2016 through October
27 22, 2016, in violation of Government Code section 84211.

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1 **Count 4: Failure to Timely a File 24-hour Contribution Reports**

2 The Committee and Lawler failed to timely file four 24-hour contribution report totaling \$26,196
3 from Crystal Geysler, in violation of Government Code section 84203.

4 *As to Crystal Geysler Water Company, only*

5 **Count 5: Failure to Timely File a Campaign Statement**

6 Crystal Geysler failed to timely file a major donor campaign statement for the reporting period of
7 January 1, 2016 through December 31, 2016, in violation of Government Code section 84200.

8 **Count 6: Failure to Timely File 24-hour Contribution Reports**

9 Crystal Geysler failed to timely file a 24-hour contribution report to report a total of \$27,196 in
10 contributions, in violation of Government Code section 84203.

11 **PROPOSED PENALTY**

12 This matter consists of 6 total counts. The maximum penalty that may be imposed for Counts 2-6
13 is \$5,000 per count for a total of \$25,000.⁴⁰ In addition to this authority, the Commission may impose a
14 fine of up to three times the cost of an advertisement when it finds an advertisement disclosure violation.⁴¹
15 The Committee spent \$26,196 on advertisements that did not conform to the required disclosure statements.
16 Therefore, the maximum penalty that may be imposed for Count 1 is \$78,588. In total, the maximum
17 penalty in this matter is \$103,588.

18 In determining the appropriate penalty for a particular violation of the Act, the Enforcement
19 Division considers the typical treatment of a violation in the overall statutory scheme of the Act, with an
20 emphasis on serving the purposes and intent of the Act. Additionally, the Enforcement Division considers
21 the facts and circumstances of the violation in the context of the following factors set forth in Regulation
22 18361.5 subdivision (e)(1) through (8): (1) The extent and gravity of the public harm caused by the specific
23 violation; (2) The level of experience of the violator with the requirements of the Political Reform Act;
24 (3) Penalties previously imposed by the Commission in comparable cases; (4) The presence or absence of
25 any intention to conceal, deceive or mislead; (5) Whether the violation was deliberate, negligent or
26 inadvertent; (6) Whether the violator demonstrated good faith by consulting the Commission staff or any

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⁴⁰ See Section 83116, subdivision (c).

⁴¹ Section 84510, subdivision (a)—as in effect in 2016 (at the time of the violation in this case).

1 other governmental agency in a manner not constituting complete defense under Government Code Section
2 83114(b); (7) Whether the violation was isolated or part of a pattern and whether the violator has a prior
3 record of violations of the Political Reform Act or similar laws; and (8) Whether the violator, upon learning
4 of a reporting violation, voluntarily filed amendments to provide full disclosure.

5 With respect to the first factor, the extent and gravity of the public harm here is significant. A vital
6 purpose of the Act is to ensure transparency in campaign contributions and the influence of large campaign
7 contributors in ballot measure elections.⁴² Therefore, the Act requires campaigns to fully and truthfully
8 disclose information about receipts and expenditures.⁴³ Here, the Respondents failed to uphold this duty
9 to the electorate by failing to identify Crystal Geysler as a sponsor of the Committee and when Crystal
10 Geysler failed to file as a major donor committee. The violations discussed herein deprived voters of
11 knowing that an interested party, Crystal Geysler, was the key player behind the opposition campaign
12 against a ballot measure that could have negatively impacted Crystal Geysler's business. In mitigation, it
13 was generally known that Crystal Geysler opposed the measure and Harris, an employee with Crystal
14 Geysler, was publicly listed as a principal officer. On the first pre-election campaign statement, the
15 Committee reported receiving \$1,000 from Crystal Geysler. On the second pre-election campaign
16 statement, the Committee reported accrued expenses owed to Crystal Geysler and reported Crystal Geysler
17 as having made payments as an agent of the Committee. Therefore, there was some public disclosure that
18 Crystal Geysler was at least affiliated with and supporting the Committee.

19 With respect to the second factor, the treasurer, Lawler, is a professional campaign treasurer. The
20 Committee was formed for purposes of the election at issue and has no prior experience with the Act.
21 Harris and Crystal Geysler have no experience with the Political Reform Act.

22 With respect to the third factor, comparable cases will be discussed below and with respect to
23 individual counts.

24 With respect to the fourth factor, there is no direct evidence that the Act was intentionally violated.
25 There is evidence that Crystal Geysler sought to minimize or conceal its role in the committee. A Crystal
26 Geysler employee served as the principal officer and Crystal Geysler funded and controlled the expenditures
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28 ⁴² Section 81001, subdivisions (d) and (g).

⁴³ Section 81002.

1 of the Committee, yet the Committee failed to name Crystal Geysler as the sponsor. The Committee failed
2 to report contributions from Crystal Geysler, and instead reported these as accrued expenses or as payments
3 made by an agent of the Committee. The Committee's advertisements portrayed the Committee as a
4 grassroots organization, though Harris controlled the expenditures made by the Committee. For this reason,
5 the major donor, Crystal Geysler, has been included in this stipulation as a party for failing to timely file
6 campaign statements and reports. In addition, the Enforcement Division is recommending charging the
7 advertisement counts under Government Code Section 84510 to allow for an increase in the penalty for
8 failing to include reference to the sponsor, Crystal Geysler, in mass mailings and other advertisements.

9 With respect to the fifth factor, the evidence supports a finding that the violations herein were the
10 result of negligence. Harris and Crystal Geysler assert that they were acting reasonably in relying on Lawler
11 to properly accurately report activity for the Committee. There is evidence that Harris sought advice from
12 the attorney hired and from Lawler regarding various aspects of compliance with the Act. In addition, there
13 is evidence that Harris had an understanding that if the Committee accrued expenses, the Committee could
14 avoid disclosing that Crystal Geysler was the payor. This assumption is not consistent with the law that
15 requires that expense be reported at the time the consideration is received or the payment made. This
16 demonstrates Harris' inexperience with the Act. Lawler asserts that she did not know that certain invoices
17 provided to her by Harris were intended as nonmonetary contributions from Crystal Geysler. She explained
18 that she thought they were bills that would be reimbursed by the Committee. She told an Enforcement
19 Division investigator that she thought that Crystal Geysler was not a sponsor because the Committee had
20 not received sufficient monetary contributions from the company. Based on the available evidence and the
21 relative experience of the parties involved, the Enforcement Division finds that the violations were the
22 result of negligence.

23 With respect to the sixth factor, there is no evidence that Respondents sought advice from the
24 Commission or another governmental agency.

25 With respect to the seventh factor, Lawler has been named in four prior matters in the last five years
26 for campaign reporting violations and has received nine warning letters. The Committee, Crystal Geysler,
27 and Harris have no prior enforcement history. The violations in this matter were confined to a single
28 election and were corrected after the election. The Committee has not been active in a subsequent election.

1 With respect to the eighth factor, Crystal Geysler, upon learning of the complaint, directed Lawler
2 to file corrective amendments and Crystal Geysler filed major donor campaign statements.

3 The Commission also considers penalties assessed in comparable cases. With respect to Count 1,
4 regarding failure to include an accurate disclosure statement on advertisements: the Enforcement Division
5 recommends imposing a penalty under Section 84510 but lower than the maximum penalty that could be
6 imposed (up to three times the cost of the advertisement). A comparable case involving Section 84510 is
7 *In the Matter of Carlos Villapuadua; Steve Bestolarides; and Central Valley PAC – California, Yes on*
8 *Measure D*; FPPC Case No. 12/798 (approved July 2016), the Commission imposed a penalty in the
9 amount of \$26,000 for a one-count advertising violation, an amount comparable to the total spent on
10 advertisements. The respondents were two county supervisors who were running out of time to remain in
11 office under local term limits. They secretly controlled a committee to campaign in support of changing
12 term limits, so that they would be able to remain in office longer. As controlling candidates, their last
13 names were required to be included as part of the committee’s name in the advertising disclosures.
14 However, they failed to comply with this requirement, which served to downplay/conceal their
15 involvement as controlling candidates on an issue that impacted them as office holders. In that case, the
16 maximum penalty that could have been imposed was \$79,395 or three times the total cost of the
17 advertisements that caused the violation. The maximum was not sought because the respondents
18 cooperated and agreed to an early settlement, respondents did not have a prior history of similar violations,
19 the respondents maintained that they had limited prior experience with ballot measure campaigns and the
20 legal requirements that applied, and the respondents were publicly known to support the measure.

21 A more recent comparable case involving Section 84510 is *In the Matter of Protect the City of*
22 *Commerce, Sponsored by California Commerce Club, Inc.; Hector Chacon; Paul Fickas; California*
23 *Alliance Group LLC; and Rita Copeland*; FPPC Case No. 16/120 (approved June 2021). The Commission
24 imposed a penalty of \$40,000 for a one-count advertising violation. The respondents were the Committee,
25 a principal officer, the treasurer, a campaign consulting company, and the two owners of the campaign
26 consulting company. The campaign consulting company, along with the two owners (one of whom served
27 as the undisclosed principal officer of the respondent committee) acted to use campaign contributions from
28 a casino, the sponsor of the committee, to pay for advertisements related to a city council race. The case

1 involved the concealment of the casino as the sponsor of the committee. In that case, the campaign
2 consultant company and the owners had significant experience with the Act. The two owners were a long-
3 time consultant and the other was a former candidate and public official. Both had prior history of
4 enforcement for similar violations. The advertisements in question were negative hit pieces for city council
5 candidates.

6 Here, the maximum penalty that can be imposed for Count 1 is \$78,588. In both matters,
7 advertisements were released that lacked reference to a sponsor of the committee. In mitigation and more
8 similar to the *Central Valley PAC* case, Respondents do not have a history of prior enforcement actions for
9 similar violations. In addition, Crystal Geysler was known—publicly and at the time—to oppose the
10 measure. Respondents were cooperative during the investigation, corrective amendments were filed after
11 contact from Enforcement, and the Respondents have agreed to a settlement in lieu of resolving any factual
12 or legal disputes. The Committee and Harris had no prior experience with compliance with the Act. In
13 assessing the public harm and determining the appropriate penalty, the overall size of this Committee was
14 considered. In addition, unlike both comparable cases, the Enforcement Division is recommending a
15 penalty for additional violations beyond the advertisement count. Therefore, the Enforcement Division
16 recommends a penalty similar in size to the total amount spent by the Committee. The Committee and
17 Harris were responsible for a total of \$26,196 in advertisement expenditures, including mass mailings.
18 Therefore, a penalty of \$30,000 is recommended for Count 1.

19 With respect to Counts 2-3, failure to report contributions on a campaign statement: [*In the Matter*](#)
20 [*of Ocean View Teachers Association PAC, Tanysia Sanchez \(a.k.a. Phillips\), Margaret Friedmann, and*](#)
21 [*Pauline Wong*](#); FPPC Case No. 16/705 (approved September 2020). The Commission imposed a penalty
22 of \$3,000 for failing to report a photoshoot and two mailers as nonmonetary contributions on three
23 campaign statements. The respondent committee reported the expenditures as independent expenditures.
24 Additionally, the respondent committee's mischaracterization of the payments caused other committees to
25 fail to report nonmonetary contributions.

26 Here, the Committee failed to timely report nonmonetary contributions from Crystal Geysler on two
27 pre-election campaign statements and mischaracterized some payments as being accrued expenses or as
28 being payments that Crystal Geysler had made payments on behalf of the Committee (implying that the

1 Committee would eventually reimburse the cost.) The first pre-election campaign statement failed to
2 disclose payments that had already been made by Crystal Geysler, including a down payment for a website
3 and payment for flyers. The Committee disclosed a \$1,000 contribution from Crystal Geysler but failed to
4 file a 24-hour contribution report. In mitigation, there was some disclosure of Crystal Geysler's role in the
5 Committee on the second pre-election campaign statement, including that Crystal Geysler had made
6 payments on behalf of the Committee.

7 In aggravation, the Committee filed a semiannual statement for the period ending December 31,
8 2016 that initially reported additional accrued expense, though some had already been paid by Crystal
9 Geysler. However, this statement was filed after the election and within two months, the Committee had
10 filed corrective amendments. Therefore, the semiannual statement is not being charged separately for
11 settlement purposes.

12 The company relied on the treasurer to properly report all expenditures. Lawler stated to an
13 Enforcement Investigator that she did not know that certain accrued expenses were going to be paid for by
14 Crystal Geysler. The invoices Lawler relied on were provided to Lawler by Harris. Lawler states her
15 understanding was that the Committee would reimburse Crystal Geysler or pay for all unpaid expenses but
16 she never confirmed her assumptions. After the complaint was filed with the Enforcement Division, the
17 Committee amended statements to report some of these expenditures as nonmonetary expenditures.

18 Based on the foregoing, a penalty of \$3,000 each is recommended for Counts 2-3.

19 With respect to Count 4, failure to timely file 24-hour contribution reports: [*In the Matter of*](#)
20 [*Committee to Elect David Combellack Judge 2014, David W. Combellack, and Verne G. Sanders, Jr.*](#),
21 FPPC Case No. 17/077. The committee, candidate, and treasurer failed to timely file four 24-hour
22 contribution reports totaling \$41,000 in activity. The Commission imposed a penalty of \$2,500 for the four
23 reports on February 21, 2019.

24 Here, the Committee failed to timely file four 24-hour contribution reports totaling \$26,196 in
25 activity. In aggravation, though a description of the activity was disclosed before the election, the
26 Committee did not have disclosure on campaign statements that the payments were nonmonetary
27 contributions from Crystal Geysler. Instead, the Committee reported this activity as if the expenditures were
28 the Committee's accrued expenses or as payments made by an agent on behalf of the Committee.

1 Additionally, the Committee filed an initial statement of organization approximately 13 days late. The
2 aggravating factors present justify charging each report as a separate count. Therefore, a penalty of \$4,000
3 is recommended for Count 4.

4 With respect to Counts 5-6, failure to timely file a campaign statement and failure to timely file 24-
5 hour contribution reports, as against Crystal Geysler: [*In the Matter of Burbank Hospitality Association*](#),
6 FPPC Case No. 18/113. The respondent qualified as a major donor committee after making a \$50,000
7 contribution. The committee failed to timely file a major donor campaign statement and failed to timely a
8 24-hour contribution report. The Commission imposed a penalty of \$2,500 for each violation on June 21,
9 2018.

10 Crystal Geysler's late filing of its major donor report and failure to file 24-hour contribution reports
11 helped to conceal Crystal Geysler's role in the campaign. The aggravation in this case justifies charging
12 each 24-hour contribution report as a single count. However, as this is Crystal Geysler's first time qualifying
13 as a major donor, a penalty of \$4,000 each is recommended for Counts 5-6.

14 After considering the factors listed in Regulation 18361.5, prior similar cases, and other relevant
15 facts, a penalty of \$48,000 is recommended. The penalty is broken down by violation and by individual
16 Respondent below:

Count	Violation	Respondent	Amount
1	Failure to Include the Correct Name of the Committee on Advertisement Disclosures	Committee and Harris	\$30,000
2	Failure to Report Contributions on a Campaign Statement	Committee and Lawler	\$3,000
3	Failure to Report Contributions on a Campaign Statement	Committee and Lawler	\$3,000
4	Failure to Timely File 24-hour a Contribution Reports	Committee and Lawler	\$4,000
5	Failure to Timely File a Campaign Statement	Crystal Geysler	\$4,000
6	Failure to Timely File 24-hour Contribution Reports	Crystal Geysler	\$4,000

Count	Violation	Respondent	Amount
		Total Penalty	\$48,000

CONCLUSION

Complainant, the Enforcement Division of the Fair Political Practices Commission, and Respondents, Committee for a Strong Siskiyou Economy, No on Measure H; Kelly Lawler; Jill Harris; and Crystal Geysler Water Company, 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—or as soon thereafter as the matter may be 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 Respondents pursuant to Section 83116.

4. Respondents have consulted with their attorneys, James Sutton of the Sutton Law Firm and Steve Churchwell of Churchwell White LLP, and understand, and hereby knowingly and voluntarily waive, 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 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 \$48,000. One or more payments 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.

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

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

10
11 Dated: _____

Angela J. Brereton, Chief of Enforcement
Fair Political Practices Commission

12
13
14 Dated: _____

Kelly Lawler, Treasurer
Individually and on behalf of Committee for a Strong
Siskiyou Economy, No on Measure H Sponsored by
Crystal Geysers Water Company

15
16
17
18 Dated: _____

Jill Harris, Principal Officer
Individually and on behalf of Committee for a Strong
Siskiyou Economy, No on Measure H Sponsored by
Crystal Geysers Water Company

19
20
21
22 Dated: _____

Representative for
Crystal Geysers Water Company

1 The foregoing stipulation of the parties “Committee for a Strong Siskiyou Economy, No on
2 Measure H, Kelly Lawler, Jill Harris, and Crystal Geyser Water Company,” FPPC Case No. 2017-00123,
3 is hereby accepted as the final decision and order of the Fair Political Practices Commission, effective upon
4 execution below by the Chair.

5
6 IT IS SO ORDERED.

7
8 Dated: _____

Richard C. Miadich, Chair
Fair Political Practices Commission