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

11  
12 In the Matter of:

13 **KAREN PAZ DOMINGUEZ,**  
14 **Respondent.**

FPPC Case No. 2019-01459

STIPULATION, DECISION AND ORDER

Date Submitted to Commission: November 2024

15  
16 **INTRODUCTION**

17 Respondent Karen Paz Dominguez (“Dominguez”) served as the Auditor-Controller for  
18 the County of Humboldt from January 7, 2019, to June 30, 2022.

19 The Political Reform Act (the “Act”)<sup>1</sup> requires designated officials who participate in  
20 making decisions that may foreseeably have a material financial effect on any financial interest  
21 belonging to that official to disclose all reportable interests on a Statement of Economic  
22 Interests (“SEI”). This matter arose from a filing officer referral from the Humboldt County  
23 Office of Elections for Dominguez’s failure to timely file an Assuming Office SEI, two Annual  
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26 <sup>1</sup> The Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the  
27 Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission  
28 (“Commission”) are contained in Sections 18104 through 18998 of Title 2 of the California Code of Regulations.  
All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

1 SEIs, and a Leaving Office SEI.

2 As Auditor-Controller, Dominguez had a duty to timely file an Assuming Office SEI by  
3 the February 6, 2019 due date, a 2019 Annual SEI by the June 1, 2020 due date, a 2021 Annual  
4 SEI by the April 1, 2022 due date, and a Leaving Office SEI by the August 1, 2022 due date.

5 Despite these requirements, Dominguez failed to timely file those SEIs.

## 6 **SUMMARY OF THE LAW**

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

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

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

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16 An express purpose of the Act is to promote transparency by ensuring that the assets and  
17 income of public officials that may be materially affected by their official actions be disclosed  
18 so that conflict of interest can be avoided.<sup>4</sup> Another purpose of the Act is to provide adequate  
19 enforcement mechanisms so that the Act will be “vigorously enforced”.<sup>5</sup> In furtherance of this  
20 purpose, the Act requires certain officials, including Auditor Controllers, to disclose these  
21 interests.<sup>6</sup>

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25 <sup>2</sup> Section 81001, subd. (h).

26 <sup>3</sup> Section 81003.

27 <sup>4</sup> Section 81002, subd. (c).

28 <sup>5</sup> Section 81002, subd. (f).

<sup>6</sup> Section 87300.

1 **Conflict of Interest Codes**

2 The Act requires every state and local agency to develop a Conflict of Interest Code.<sup>7</sup>  
3 These codes must designate those officials who participate in making decisions that may  
4 foreseeably have a material financial effect on any financial interest belonging to that official and  
5 require those designated officials to disclose all reportable interests on SEIs.<sup>8</sup> The requirements  
6 of an agency’s Conflict of Interest Code have the force of law, and any violations of those  
7 requirements is deemed a violation of the Act.<sup>9</sup>

9 **Regulation 18730 and Liability for Violation**

10 Regulation 18730 outlines the timing for disclosing the designated employees’  
11 economic interests as follows: All persons assuming designated positions shall file statements  
12 within 30 days after assuming the designated positions<sup>10</sup>; all designated employees shall  
13 annually file statements no later than April 1<sup>11</sup>; and all designated employees who leave the  
14 designated positions shall file statements within 30 days after leaving office.<sup>12</sup> Any person who  
15 violates any provision of the Act is liable for administrative penalties up to \$5,000 per  
16 violation.<sup>13</sup>

18 **Conflict of Interest Codes for the Auditor-Controller in Humboldt County**

19 The Conflict of Interest Code of Humboldt County designated Auditor-Controller as a  
20 position required to disclose: 1) all investments in and business positions in and sources of  
21 income (including gifts) from all businesses that do business or own real property in Humboldt  
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24 <sup>7</sup> Section 87300.

25 <sup>8</sup> Section 87302, subd. (a).

26 <sup>9</sup> Section 87300.

27 <sup>10</sup> Regulation 18730, subd. (b)(5)(B).

28 <sup>11</sup> Regulation 18730, subd. (b)(5)(C).

<sup>12</sup> Regulation 18730, subd. (b)(5)(D).

<sup>13</sup> Sections 83116 and 83116.5.

1 County, or plan to do business or own real property in Humboldt County within the past two  
2 years; 2) all interests in real property which are located in whole or part within, or not more than  
3 two miles outside, the boundaries of Humboldt County; 3) all investments in and sources of  
4 income (including gifts) from business entities that are engaged in land development  
5 construction or the acquisition or sale of real property in Humboldt County or plan to engage in  
6 such activities in the County within the next year, or have engaged in such activities in the  
7 County within the past two years; 4) all investments and business positions in and sources of  
8 income (including gifts) from business entities that are banking, savings, and loan, or other  
9 financial institutions; 5) all investments and business positions in and sources of income  
10 (including gifts) from business entities that provide services, supplies, materials, machinery, or  
11 equipment of a type purchased or leased by the County of Humboldt; 6) all investments and  
12 business positions in and sources of income (including gifts) from business entities that provide  
13 services, supplies, materials, machinery or equipment of a type used or administered or proposed  
14 to be acquired by, leased by, used by, or administered by the designated employees department  
15 or renewed, commented upon, or recommended by the designated member's board commission,  
16 committee or council; and 7) all investments and business positions in and sources of income  
17 (including gifts) from business entities that are subject to review regulation, permitting or  
18 licensing authority of the designated employee's department, or designated member's board,  
19 commission, committee or council or which will be subject to such authority without the next  
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1 year or have been subject to such authority within the past two years.<sup>14</sup> Humboldt County  
2 explicitly incorporated Regulation 18730 into its Conflict of Interest Code.<sup>15</sup>

3 The Conflict of Interest Code of Humboldt County requires Statements of Economic  
4 Interest to be filed electronically with the Humboldt County Office of Elections 30 calendar days  
5 after assuming the designated position, each year by April 1, and 30 calendar days after leaving  
6 the designated position.  
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### 8 SUMMARY OF THE FACTS

9 Dominguez assumed office as the Auditor-Controller for the County of Humboldt on  
10 January 7, 2019 and left office on June 30, 2022.

11 As a designated official with Humboldt County, Dominguez was required to timely file  
12 an Assuming Office SEI by the February 6, 2019 due date, a 2019 Annual SEI by the June 1,  
13 2020 due date<sup>16</sup>, a 2021 Annual SEI by the April 1, 2022 due date, and a Leaving Office SEI by  
14 the August 1, 2022 due date.  
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16 Before referring the case to the Enforcement Division, the filing officer from the  
17 Humboldt County Office of Elections sent at least two emails and two letters to Dominguez  
18 between January 22, 2019, and August 30, 2019, reminding Dominguez of the duty to file the  
19 outstanding Assuming Office SEI.  
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21 According to the Humboldt County Office of Elections, Dominguez late-filed the  
22 Assuming Office SEI on December 30, 2019, and timely filed the 2020 Annual SEI when  
23 Dominguez ran (unsuccessfully) for re-election as Auditor-Controller for Humboldt County.

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24 <sup>14</sup> Conflict-of-Interest Code for the Auditor-Controller Department, No. 18-99, adopted by Humboldt County and  
25 approved by the FPPC, pgs. 12-13.

26 <sup>15</sup> Conflict-of-Interest Code for the Auditor-Controller Department, No. 18-99, adopted by Humboldt County and  
approved by the FPPC, pg. 1.

27 <sup>16</sup> The 2019 Annual SEI was due on April 1, 2020. However, due to the COVID pandemic, the Commission  
extended the deadline to June 1, 2020 (Regulation 18720 [Repealed], operative April 6, 2020).  
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1 On May 13, 2024, Dominguez late-filed the 2019 Annual, 2021 Annual, and the  
2 Leaving Office SEIs.

3 **VIOLATIONS**

4 COUNT 1

5 **Failure to Timely File an Assuming Office SEI**

6 Dominguez failed to timely file an Assuming Office SEI by the February 6, 2019 due  
7 date, in violation of Government Code section 87300.

8 COUNT 2

9 **Failure to Timely File a 2019 Annual SEI**

10 Dominguez failed to timely file a 2019 Annual SEI by the June 1, 2020 due date, in  
11 violation of Government Code section 87300.

12 COUNT 3

13 **Failure to Timely File a 2021 Annual SEI**

14 Dominguez failed to timely file a 2021 Annual SEI by the April 1, 2022 due date, in  
15 violation of Government Code section 87300.

16 COUNT 4

17 **Failure to Timely File a Leaving Office SEI**

18 Dominguez failed to timely file a Leaving Office SEI by the August 1, 2022 due date, in  
19 violation of Government Code section 87300.

20 **PROPOSED PENALTY**

21 This matter consists of four proposed counts of violating the Act. The maximum penalty  
22 that may be imposed is \$5,000 per count. Thus, the maximum penalty that may be imposed for  
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1 the counts charged here is \$20,000.<sup>17</sup>

2 SEI late-filing violations are such as these normally qualify for the Commission's  
3 Streamline Program. However, this case is not eligible for a Streamline penalty. The  
4 Enforcement Division made numerous attempts to gain compliance, issued a Probable Cause  
5 Report, obtained a Finding of Probable Cause, personally served an Accusation, and posted a  
6 Pre-notice Default. Yet, Dominguez took no action to address the case. Dominguez did not agree  
7 to resolve this case until after the Pre-notice Default. Additionally, as will be discussed further  
8 below, Dominguez's delay in filing the SEIs deprived the public of disclosure during the entire  
9 time Dominguez was in office.

11 In determining the appropriate penalty for a particular violation of the Act, the  
12 Enforcement Division considers the typical treatment of a violation in the overall statutory  
13 scheme of the Act, with an emphasis on serving the purposes and intent of the Act. Additionally,  
14 the Enforcement Division considers the facts and circumstances of the violation in the context of  
15 the following factors set forth in Regulation 18361.5 subdivision (e)(1) through (8): (1) The  
16 extent and gravity of the public harm caused by the specific violation; (2) The level of  
17 experience of the violator with the requirements of the Political Reform Act; (3) Penalties  
18 previously imposed by the Commission in comparable cases; (4) The presence or absence of any  
19 intention to conceal, deceive or mislead; (5) Whether the violation was deliberate, negligent or  
20 inadvertent; (6) Whether the violator demonstrated good faith by consulting the Commission  
21 staff or any other governmental agency in a manner not constituting complete defense under  
22 Government Code Section 83114(b); (7) Whether the violation was isolated or part of a pattern  
23 and whether the violator has a prior record of violations of the Political Reform Act or similar  
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27 <sup>17</sup> Section 83116, subd. (c).

1 laws; and (8) Whether the violator, upon learning of a reporting violation, voluntarily filed  
2 amendments to provide full disclosure.<sup>18</sup>

3 Here, the extent and gravity of the public harm caused by Dominguez’s violations is  
4 more than minimal. Dominguez failed to timely file the missing SEIs or consult with the  
5 Commission staff, despite repeated outreach attempts. Based on the repeated contact attempts by  
6 the Humboldt County Office of Elections and the Enforcement Division, Dominguez should  
7 have been aware of the duties under the Act to timely file the SEIs and disclose all reportable  
8 economic interests on each of the SEIs. Furthermore, Dominguez received notice of all legal  
9 proceedings against Dominguez prior to reaching the Default stage, and Dominguez continued to  
10 ignore the filing duties until well after the Finding of Probable Cause. Lastly, three of the late-  
11 filed SEIs (the 2019 Annual SEI, 2021 Annual SEI, and Leaving Office SEI) covered  
12 Dominguez’s entire term of office. This delay deprived the public of important information about  
13 Dominguez’s economic interest, which could lead to potential conflicts of interest. Additionally,  
14 Dominguez timely filed the 2020 Annual SEI tending to show that Dominguez understood the  
15 filing obligations.  
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18 Additionally, the Commission considers penalties in prior cases involving similar  
19 violations. Recent similar cases include the following:

20 *In the Matter of Carl Schuster*, FPPC No. 19/1099. Schuster failed to timely file one SEI  
21 form despite 12 contacts by the filing officer and the Enforcement Division to get Schuster into  
22 compliance. Even though Schuster had a prior history of violations, which excluded the violation  
23 from streamline, Schuster cooperated with the Enforcement Division, filed the outstanding form  
24 11 months late, and settled the case rather than letting it go to Default. The Commission imposed  
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27 <sup>18</sup> Regulation 18361.5, subd. (e).  
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1 a penalty of \$1,000 per count for one count.

2 Here, even though Dominguez has no prior history of violating the Act, Dominguez's  
3 case involves four late-filed SEI forms, Dominguez did not cooperate with the Enforcement  
4 Division until the case went to Default, and Dominguez late-filed three of the delinquent forms  
5 between two and four years after they were due covering the entire term of Dominguez's office.  
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7 In mitigation, Dominguez has no prior record of similar violations. Also, during  
8 Dominguez's re-election efforts, Dominguez timely filed the 2020 Annual SEI. All of the  
9 required SEIs have now been filed.

10 Based on the foregoing, a penalty of \$1,000 is recommended for each count, for a total  
11 administrative penalty of \$4,000.

## 12 CONCLUSION

13 Complainant, the Enforcement Division of the Fair Political Practices Commission, and  
14 Respondent Karen Paz Dominguez hereby agree as follows:  
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16 1. Respondent violated the Act as described in the foregoing pages, which are a true  
17 and accurate summary of the facts in this matter.

18 2. This stipulation will be submitted for consideration by the Fair Political Practices  
19 Commission at its next regularly scheduled meeting on November 21, 2024, or as soon as the  
20 matter is heard.

21 3. This stipulation resolves all factual and legal issues raised in this matter for the  
22 purpose of reaching a final disposition without the necessity of holding an administrative hearing  
23 to determine the liability of the Respondent pursuant to Section 83116.  
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25 4. Respondent understands and hereby knowingly and voluntarily waives any and all  
26 procedural rights set forth in Sections 83115.5, 11503, 11523, and Regulations 18361.1 through  
27 18361.9. This includes, but is not limited to, the right to appear personally at any administrative  
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1 hearing held in this matter, to be represented by an attorney at the Respondent’s own expense, to  
2 confront and cross-examine all witnesses testifying at the hearing, to subpoena witnesses to  
3 testify at the hearing, to have an impartial administrative law judge preside over the hearing as a  
4 hearing officer, and to have the matter judicially reviewed.

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6 5. Respondent agrees to the issuance of the decision and order set forth below. Also,  
7 Respondent agrees to the Commission imposing against her an administrative penalty in the  
8 amount of \$4,000. One or more cashier’s checks or money orders totaling said amount – to be  
9 paid to the General Fund of the State of California – is/are submitted with this stipulation as full  
10 payment of the administrative penalty described above, and same shall be held by the State of  
11 California until the Commission issues its decision and order regarding this matter.

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

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

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Dated: \_\_\_\_\_  
James M. Lindsay, Chief of Enforcement  
Fair Political Practices Commission

Dated: \_\_\_\_\_  
Karen Paz Dominguez

1 The foregoing stipulation of the parties “*In the Matter of Karen Paz Dominguez*,” FPPC  
2 Case No. 2019-01459 is hereby accepted as the final decision and order of the Fair Political  
3 Practices Commission, effective upon execution below by the Chair.  
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5 IT IS SO ORDERED.

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7 Dated: \_\_\_\_\_  
8 Adam E. Silver, Chair  
9 Fair Political Practices Commission  
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