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8
9 BEFORE THE FAIR POLITICAL PRACTICES COMMISSION

10 STATE OF CALIFORNIA

11 In the Matter of

12 CALIFORNIA WORKERS' JUSTICE
13 COALITION SPONSORED BY
14 INTERNATIONAL UNION LOCAL
1021 and RAMSES TEÓN-NICHOLS,

15 Respondents.

FPPC Case No. 2020/01060

STIPULATION, DECISION AND ORDER

Date Submitted to Commission: May 2025

16
17 **INTRODUCTION**

18 California Workers' Justice Coalition Sponsored by Service Employees International Union
19 Local 1021 (ID# 1433122, the "Committee") is a state general purpose committee created to "support
20 and oppose candidates and ballot measures and engage in other lawful activities." At all relevant times,
21 the Respondent, Ramses Teón-Nichols ("Teón-Nichols"), served as the Committee's treasurer.

22 The Committee made expenditures for advertisements prior to the November 3, 2020 General
23 Election. The Political Reform Act (the "Act")¹ requires committees and treasurers to timely file
24 campaign statements and properly report all required information on their campaign statements. The
25 Committee and Teón-Nichols violated the Act by failing to timely report a total of \$141,818 in subvendor
26 payments on one campaign statement.

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28 ¹ The Political Reform Act is contained in Government Code §§ 81000 through 91014, and all statutory references are to this code. The regulations of the Fair Political Practice Commission are contained in §§ 18104 through 18998 of Title 2 of the California Code of Regulations, and all regulatory references are to this source.

SUMMARY OF THE LAW

The Act and its regulations are amended from time to time. The violations in this case occurred in 2020. For this reason, all legal references and discussions of law pertain to the Act's provisions as they existed at that time.

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

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

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

Duty to Report Subvendor Payments

A "subvendor" is a person or company that is hired by a committee's agent or independent contractor to provide a good or service for the committee. The Act requires committees to report payments of \$500 or more made on its behalf or for its benefit by an agent or independent contractor the same way it would if it were making the payment on its own.⁷ Disclosure of the expenditures made by an agent or independent contractor are required to be made at the same time and in the same manner and detail as required for the committee's direct expenditures.⁸ Specifically, the following information must be provided: (1) the subvendor's full name; (2) their street address; (3) the date and amount of each expenditure; and (4) a brief description of the consideration for which each expenditure was made.⁹ This information is commonly referred to as "subvendor information."

² Section 81001(h).

³ Section 81003.

⁴ Section 81002(a).

⁵ Sections 84200, *et seq.*

⁶ Section 81002(f).

⁷ Section 84303(a).

⁸ Section 84211(k); Regulation 18431(c).

⁹ Section 84211(k).

1 **Joint and Several Liability of Committee and Treasurer**

2 It is the duty of a committee treasurer to ensure that the committee complies with the Act.¹⁰ A
3 treasurer may be held jointly and severally liable, along with the committee, for violations committed by
4 the committee.¹¹

5 **SUMMARY OF THE FACTS**

6 According to the Committee's statements of organization, the Committee qualified as a
7 committee on October 5, 2020. In 2020, the Committee engaged in political activity concerning public
8 transportation. The Committee's efforts included supporting candidates for open seats on the Bay Area
9 Rapid Transit Board and public transit ballot measures appearing on the November 3, 2020 election
10 ballot.

11 The Committee and Teón-Nicols had a duty to report subvendor information for expenditures of
12 \$500 or more on the Committee's campaign statements when made or incurred for campaign services on
13 the Committee's behalf by an agent to a subvendor, as if the expenditures were made directly by the
14 Committee. The Committee and Teón-Nicols failed to timely report subvendor information for
15 advertising-related expenditures amounting to \$141,818 on the pre-election campaign statement timely
16 filed on October 21, 2020 covering the reporting period of January 1, 2020 through October 17, 2020.

17 The Committee did not timely receive required subvendor information from the vendor in
18 advance of the reporting deadline to include it on the campaign statement covering the relevant reporting
19 period.

20 On November 9, 2020, the Committee filed an amendment to the campaign statement for the
21 reporting period ending on October 17, 2020, which disclosed the missing subvendor payment
22 information. On the amendment, the Committee reported a total of \$605,000 in contributions and
23 \$321,830 in expenditures. The unreported subvendor payments amount to 44% of the Committee's total
24 expenditures made for the reporting period.

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28 ¹⁰ Sections 81004, 84100, 84104; Regulation 18427.

¹¹ Sections 83116.5 and 91006.

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VIOLATIONS

Count 1: Failure to Timely Report Subvendor Payments

The Committee and Teón-Nicols failed to timely report subvendor payments totaling approximately \$141,818 on the campaign statement for the reporting period covering January 1, 2020 to October 17, 2020, in violation of Government Code Sections 84303 and 84211, subdivision (k).

PROPOSED PENALTY

This matter consists of one proposed count. The maximum penalty that may be imposed is \$5,000 per count. Thus, the maximum penalty that may be imposed is \$5,000.¹²

This matter does not qualify for the Streamline Settlement Program because the amount of unreported activity for the campaign statement at issue exceeds the \$100,000 threshold for a Tier Two penalty.¹³

In determining the appropriate penalty for a particular violation of the Act, the Enforcement Division 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 Enforcement Division considers the facts and circumstances of the violation in the context of the following factors set forth in Regulation 18361.5 subdivision (e)(1) through (8): (1) The extent and gravity of the public harm caused by the specific violation; (2) The level of experience of the violator with the requirements of the Political Reform Act; (3) Penalties previously imposed by the Commission in comparable cases; (4) The presence or absence of any intention to conceal, deceive or mislead; (5) Whether the violation was deliberate, negligent or inadvertent; (6) Whether the violator demonstrated good faith by consulting the Commission staff or any other governmental agency in a manner not constituting complete defense under Government Code Section 83114(b); (7) Whether the violation was isolated or part of a pattern and whether the violator has a prior record of violations of the Political Reform Act or similar laws; and (8) Whether the violator, upon learning of a reporting violation, voluntarily filed amendments to provide full disclosure.¹⁴

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¹² Section 83116(c).

¹³ Regulation 18360.1(d)(3)(B)(ii)(a).

¹⁴ Regulation 18361.5(e).

1 With respect to the first factor, the public harm inherent in campaign reporting violations is that
2 the public is deprived of important, time-sensitive information regarding campaign activity. The gravity
3 of the public harm is heightened when the campaign reporting violations are related to pre-election
4 activity. In this matter, the Committee's failure to timely report subvendor payments prior to the
5 November 3, 2020 General Election limited the information available to the public regarding the
6 Committee's expenditures. Subvendor payments totaling approximately \$141,818 were not reported
7 prior to the election. This amounts to approximately 44% of the Committee's total expenditures made
8 between January 1, 2020 and October 17, 2020. In mitigation, the Committee reported the required
9 subvendor payment information on an amendment as soon as the Committee received the information,
10 although it was not filed until 6 days after the General Election.

11 With respect to the third factor, the following cases were considered as comparable cases:

- 12 • *In the Matter of Judge Mike Cummins, Judge Mike Cummins for District Attorney 2018, and*
13 *Melissa Cummins*; FPPC No. 2018-00330. Respondents failed to timely report approximately
14 \$97,477 in subvendor payments on three campaign statements covering the reporting periods
15 ending on April 21, 2018, May 19, 2018, and June 30, 2018. This amounted to approximately
16 43% of the Committee's total expenditures made during the relevant reporting periods. In
17 March 2021, the Commission approved a total penalty of \$3,000 for two counts of failure to
18 timely report subvendor payments.

19 Here, the Committee failed to timely report subvendor information totaling \$141,818, which is
20 slightly over the amount unreported in *Cummins* (\$97,477). Here, at 44%, the percentage of unreported
21 subvendor information relative to the total expenditures made during the relevant reporting period(s)
22 was slightly more than that involved in *Cummins* (43%). Here, the Committee failed to report subvendor
23 information on only one campaign statement whereas *Cummins* involved three reporting periods.
24 Further, the Committee here filed an amendment to report the subvendor information once it was
25 received. A similar penalty than that issued in *Cummins* is recommended.

26 After considering the factors listed in Regulation 18361.5 and penalties in prior similar cases, a
27 penalty of \$1,500 for Count 1 is recommended.

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1 **CONCLUSION**

2 Complainant, the Enforcement Division of the Fair Political Practices Commission, and
3 Respondents, California Workers' Justice Coalition Sponsored by Service Employees International
4 Union Local 1021 and Ramses Teón-Nicols, hereby agree as follows:

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

7 2. This stipulation will be submitted for consideration by the Fair Political Practices Commission
8 at its next regularly scheduled meeting – or as soon thereafter as the matter may be heard.

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

12 4. Respondents understand and hereby knowingly and voluntarily waive any and all procedural
13 rights set forth in Sections 83115.5, 11503, 11523, and Regulations 18361.1 through 18361.9. This
14 includes, but is not limited to, the right to appear personally at any administrative hearing held in this
15 matter, to be represented by an attorney at Respondents' own expense, to confront and cross-examine
16 all witnesses testifying at the hearing, to subpoena witnesses to testify at the hearing, to have an
17 impartial administrative law judge preside over the hearing as a hearing officer, and to have the matter
18 judicially reviewed.

19 5. Respondents agree to the issuance of the decision and order set forth below. Also, Respondents
20 agree to the Commission imposing against them an administrative penalty in the amount of \$1,500.
21 One or more cashier's checks or money orders totaling said amount – to be paid to the General Fund of
22 the State of California – is/are submitted with this stipulation as full payment of the administrative
23 penalty described above, and same shall be held by the State of California until the Commission issues
24 its decision and order regarding this matter.

25 6. If the Commission refuses to approve this stipulation – then this stipulation shall become null
26 and void, and within fifteen business days after the Commission meeting at which the stipulation is
27 rejected, all payments tendered by Respondents in connection with this stipulation shall be reimbursed
28 to Respondents. If this stipulation is not approved by the Commission, and if a full evidentiary hearing

before the Commission becomes necessary, neither any member of the Commission, nor the Executive Director, shall be disqualified because of prior consideration of this stipulation.

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

Dated: _____

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

Dated: _____

Ramses Teón-Nicols, individually and on behalf of
California Workers' Justice Coalition Sponsored by Service
Employees International Union Local 1021, Respondents

The foregoing stipulation of the parties "In the Matter of California Workers' Justice Coalition Sponsored by Service Employees International Union Local 1021 and Ramses Teón-Nicols," FPPC Case No. 2020/01060, is hereby accepted as the final decision and order of the Fair Political Practices Commission, effective upon execution by the Chair.

IT IS SO ORDERED.

Dated: _____

Adam E. Silver, Chair
Fair Political Practices Commission