

January 5, 2021

Angela Brereton
Chief, Enforcement Division
California Fair Political Practices Commission
1102 Q Street, Suite 3000
Sacramento, CA 95811

Re: Sworn Complaint – Violations of the Political Reform Act by the California Statewide Law Enforcement Association

Ms. Brereton,

In accordance with California Government Code § 83115, we write to report significant violations of the Political Reform Act of 1974 (“the Act”) by the California Statewide Law Enforcement Association (CSLEA) and its sponsored committees.

Based in Sacramento, CSLEA is a labor union organized under 26 U.S.C. § 501(c)(5) for tax purposes. *See Exhibit A*, a copy of CSLEA’s FY2019 Form 990 filed with the Internal Revenue Service (IRS). It also purports to sponsor the following general purpose committees, as defined by CA Gov’t Code § 82027.5, registered with the California Secretary of State:

1. California Statewide Law Enforcement Association Political Action Committee (CSLEA PAC). *See Exhibit B*, a copy of CSLEA PAC’s statement of organization.
2. California Statewide Law Enforcement Association Independent Expenditure Committee (CSLEA IEC). *See Exhibit C*, a copy of CSLEA IEC’s statement of organization.
3. California Statewide Law Enforcement Association 1M Governors Fund (CSLEA Governors Fund). *See Exhibit D*, a copy of CSLEA Governors Fund’s statement of organization.
4. California Statewide Law Enforcement Association Issues Committee (CSLEA Issues Committee). *See Exhibit E*, a copy of CSLEA Issues Committee’s statement of organization.¹
5. California Statewide Law Enforcement Association Public Works Political Action Committee (CSLEA Public Works PAC). *See Exhibit F*, a copy of CSLEA Public Works PAC’s statement of organization.

In brief, CSLEA and its sponsored committees have filed inaccurate campaign statements since at least 2015 and have failed to properly disclose the true source of contributions made to each of the

¹ Past campaign statements indicate CSLEA Issues Committee has also operated as a primarily formed committee, as defined by Gov’t Code § 82047.5.

union's committees. At a minimum, CSLEA and its committees have violated the provisions of Gov't Code §§ 84211 and 84302, although further investigation may reveal other violations of the Act as well.

Factual Background

CSLEA represents approximately 7,000 public safety employees working for various agencies of the State of California. *See Exhibit A.*² Like most public-sector labor unions, CSLEA collects membership dues via payroll deduction. *See Exhibit G*, a copy of CSLEA's online membership application.³

According to its website, CSLEA automatically distributes \$28 per month from each of its members' dues payments to its PAC(s), unless a member demands in writing that CSLEA keep that portion of his or her dues in the union's general fund. *See Exhibit H*, a copy of CSLEA's webpage.⁴ The union has maintained this practice since at least 2017, though perhaps longer. *See Exhibit I*, an archived copy of CSLEA's webpage.

At \$28 per month, CSLEA members who have not opted out of this arrangement thus automatically contribute at least \$336 per year to the union's PAC(s).

Such payments appear to account for most, if not all, of the total monthly contributions CSLEA makes to its sponsored committees. For example, State of California payroll data obtained via a Freedom Foundation public records request indicate that CSLEA had 5,123 dues-paying members in July of 2019. *See Exhibit J*, a copy of the request and responsive data.⁵ At the time, CSLEA transferred only \$26 of each member's dues per month into its PACs (*see Exhibit K*, an archived copy of CSLEA's webpage), meaning the union's total monthly contributions from this source would be as high as \$133,198, if no member objected.

Accordingly, campaign statements filed with the California Secretary of State indicate that CSLEA cumulatively paid \$103,010 to its sponsored committees during that same period. *See Exhibit L*, a copy of CSLEA Governors Fund's campaign statement. While the projected amount is slightly higher than what was actually paid, it is reasonable to conclude that some CSLEA members may have objected to part of their dues being allocated to CSLEA PAC(s).

Campaign statements show that CSLEA has monthly distributed similar amounts among its PAC(s) since at least 2015. Nearly all the contributions received by CSLEA-sponsored committees during that time have been reported as monthly lump-sum payments from "California Statewide Law Enforcement Association (intermediary for individuals under \$100)."

² Part 1.

³ Also available at: <https://cslea.com/membership/cslea-membership-application/>.

⁴ Also available at: <https://cslea.com/membership/member-tax-information/>.

⁵ Data for July 2019 is highlighted.

Allegation 1: Inaccurate Campaign Statements

Applicable Statutes

Gov't Code § 82015, subd. (a) defines “contribution” as:

“... a payment, a forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment, except to the extent that full and adequate consideration is received or if it is clear from the surrounding circumstances that the payment is not made for political purposes.”

Gov't Code § 84211 describes the various information that each committee is required to include in its campaign statements, including “the total amount of contributions received during the period covered by the campaign statement.”

A. CSLEA PAC/CSLEA Governors Fund

Although CSLEA Governors Fund files campaign statements with the California Secretary of State, it does not appear to be registered with the IRS as a political organization under 26 U.S.C. § 527.

According to our review of IRS records, only CSLEA PAC, CSLEA IEC and CSLEA Public Works PAC have filed required annual tax returns, or Forms 990, with the IRS over the past five years.⁶ Furthermore, the union's own most recent Form 990 does not list CSLEA Governors Fund among its related organizations. *See Exhibit A.*⁷

In fact, the only mention of CSLEA Governors Fund in IRS records is as the prior name of CSLEA PAC; both names share the same Employer Identification Number (EIN). *See Exhibit M*, a copy of the IRS search results.

This finding suggests CSLEA Governors Fund and CSLEA PAC are, in reality, the same organization – namely, the one that currently reports to the IRS as CSLEA PAC – and there is no real distinction between these two committees outside of what is falsely portrayed on their campaign statements to the Secretary of State. As documented in greater detail below, not only does CSLEA Governors Fund *not* file its own Forms 990, but all of the contributions reported on its campaign statements over the past five years have been disclosed on CSLEA PAC's Forms 990, revealing that CSLEA PAC is the entity actually receiving those funds.

Inaccurate Campaign Statements Filed During FY2016

⁶ <https://forms.irs.gov/app/pod/advancedComboSearch/search?execution=e2s1&format=>

⁷ Schedule R, Part II.

According to campaign statements filed with the Secretary of State, CSLEA PAC and CSLEA Governors Fund received the following contributions from August 2015 through June 2016.⁸

Contributions to CSLEA Committees <i>*from CSLEA as intermediary for individuals under \$100</i>			
Month	CSLEA PAC	CSLEA Governors Fund	Total
Aug-15			\$0
Sep-15			\$0
Oct-15		\$123,720*	\$123,720
Nov-15		\$126,024*	\$126,024
Dec-15		\$123,480*	\$123,480
Jan-16		\$123,600*	\$123,600
Feb-16		\$118,104*	\$118,104
Mar-16		\$128,760*	\$128,760
Apr-16	\$125,232*		\$125,232
May-16	\$129,240*		\$129,240
Jun-16	\$129,432*		\$129,432

See **Exhibits N-R**, copies of CSLEA PAC’s campaign statements.

See **Exhibits S-T**, copies of CSLEA Governors Fund’s campaign statements.

However, there is no evidence that an organization called CSLEA Governors Fund actually existed at this time, let alone received any funds. See **Exhibit M**. In reality, all of the contributions reported on CSLEA Governors Fund’s campaign statements are reflected in CSLEA PAC’s FY2016 Form 990 filed with the IRS.

The following table compares the two sources:

FY2016				
Committee	Form 990 Revenue			Revenue reported on campaign statements
	Program service revenue	Contributions/grants	Total	
CSLEA PAC	\$743,688	\$458,568	\$1,202,256	\$383,904
CSLEA Gov. Fund	N/A	N/A	N/A	\$743,688

⁸ July 2015 is excluded here. Due to the FPPC’s variable definition of “date received,” there is often a one-month difference between what is reported on a committee’s campaign statements versus its Form 990 for transactions that occur near the beginning or end of its fiscal year. Although campaign statements indicate that CSLEA PAC and CSLEA Governors Fund each received an identical contribution of \$29,820 in July of 2015, those funds are reflected in CSLEA PAC’s Form 990 for the previous fiscal year.

			\$1,202,256	\$1,127,592
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See **Exhibits N-T** and **Exhibit U**, a copy of CSLEA PAC’s FY2016 Form 990.⁹

CSLEA Governors Fund’s campaign statements show that it received a total of \$743,688 in contributions between October 2015 and March 2016. Not coincidentally, *that exact amount* was disclosed as program service revenue on CSLEA PAC’s FY2016 Form 990.

Although CSLEA PAC actually received these funds, they were falsely reported on CSLEA Governors Fund’s campaign statements. Additionally, CSLEA PAC failed to report receipt of any of these contributions on its own campaign statements.

Furthermore, it appears that CSLEA PAC failed to disclose an additional \$74,664 received during this period. Even after accounting for the funds improperly attributed to CSLEA Governors Fund, CSLEA PAC’s Form 990 discloses another \$458,568 in total contributions and grants, compared to just \$383,904 reported on its campaign statements to the Secretary of State, with the balance undisclosed.

Inaccurate Campaign Statements Filed During FY2017

According to campaign statements filed with the Secretary of State, CSLEA PAC and CSLEA Governors Fund received the following contributions from July 2016 through May 2017.¹⁰

Contributions to CSLEA Committees <i>*from CSLEA as intermediary for individuals under \$100</i>			
Month	CSLEA PAC	CSLEA Governors Fund	Total
Jul-16	\$131,616*		\$131,616
Aug-16		\$135,936*	\$135,936
Sep-16			\$0
Oct-16			\$0
Nov-16			\$0
Dec-16			\$0
Jan-17			\$0
Feb-17			\$0
Mar-17			\$0
Apr-17			\$0
May-17	\$140,530*		\$140,530

⁹ Part VIII.

¹⁰ As will be shown the next section, the contribution received by CSLEA PAC in June 2017 is reflected in its FY2018 Form 990 revenue, meaning that July 2016-May 2017 is the appropriate period here. See footnote 8.

See **Exhibits V-Z**, copies of CSLEA PAC’s campaign statements.

See **Exhibits AA-BB**, copies of CSLEA Governors Fund’s campaign statements.

However, there is no evidence that CSLEA Governors Fund actually existed or received any funds during this time. See **Exhibit M**. Once again, all the contributions reported on CSLEA Governors Fund’s campaign statements are reflected on CSLEA PAC’s FY2017 Form 990 filed with the IRS.

The following table compares the two sources:

FY2017				
Committee	Form 990 Revenue			Revenue reported on campaign statements
	Program service revenue	Contributions/grants	Total	
CSLEA PAC	\$135,936	\$285,376	\$421,312	\$272,146
CSLEA Gov. Fund	N/A	N/A	N/A	\$135,936
			\$421,312	\$408,082

See **Exhibits V-BB** and **Exhibit CC**, a copy of CSLEA PAC’s FY2017 Form 990.¹¹

CSLEA Governors Fund’s campaign statements show that it received one contribution totaling \$135,936 during this time. Not coincidentally, *this exact amount* was again disclosed as program service revenue on CSLEA PAC’s FY2017 Form 990.

Although CSLEA PAC actually received this contribution, it was falsely reported on CSLEA Governors Fund’s campaign statements. Additionally, CSLEA PAC failed to report the contribution on its own campaign statements.

Furthermore, it appears that CSLEA PAC failed to disclose an additional \$13,320 received during this period. Even after accounting for the funds improperly attributed to CSLEA Governors Fund, CSLEA PAC’s Form 990 discloses another \$285,376 in total contributions and grants, compared to just \$272,146 reported on its campaign statements to the Secretary of State, leaving the remainder unaccounted for.

Inaccurate Campaign Statements Filed During FY2018

According to campaign statements filed with the Secretary of State, CSLEA PAC and CSLEA Governors Fund received the following contributions from June 2017 through June 2018.¹²

¹¹ Part VIII.

¹² The contribution received by CSLEA PAC in June 2017 is reflected in its FY2018 Form 990. See footnote 8.

Contributions to CSLEA Committees <i>*from CSLEA as intermediary for individuals under \$100</i>			
Month	CSLEA PAC	CSLEA Governors Fund	Total
Jun-17	\$141,206*		\$141,206
Jul-17	\$144,846*		\$144,846
Aug-17	\$142,272*		\$142,272
Sep-17			\$0
Oct-17			\$0
Nov-17		\$137,956*	\$137,956
Dec-17		\$136,942*	\$136,942
Jan-18		\$137,384*	\$137,384
Feb-18		\$134,836*	\$134,836
Mar-18		\$135,564*	\$135,564
Apr-18		\$138,190*	\$138,190
May-18	\$138,684*		\$138,684
Jun-18	\$138,632*		\$138,632

See Exhibits DD-HH, copies of CSLEA PAC’s campaign statements.

See Exhibits II-KK, copies of CSLEA Governors Fund’s campaign statements.

However, there is no evidence that CSLEA Governors Fund actually existed or received any funds during this time. See Exhibit M. As in years prior, all the contributions reported on CSLEA Governors Fund’s campaign statements are reflected in CSLEA PAC’s FY2018 Form 990 filed with the IRS.

The following table compares the two sources:

FY2018				
Committee	Form 990 Revenue			Revenue reported on campaign statements
	Program service revenue	Contributions/grants	Total	
CSLEA PAC	\$1,526,512	\$0	\$1,526,512	\$705,640
CSLEA Gov. Fund	N/A	N/A	N/A	\$820,872
			\$1,526,512	\$1,526,512

See **Exhibits DD-KK** and **Exhibit LL**, a copy of CSLEA PAC’s FY2018 Form 990.¹³

According to their campaign statements, the two committees received a combined total of \$1,526,512 in contributions during this time. In reality, *this exact amount* was disclosed as program service revenue on CSLEA PAC’s FY2018 Form 990.

Although CSLEA PAC received all these funds, CSLEA Governors Fund falsely reported \$820,872 in total contributions received on its campaign statements to the Secretary of State. Accordingly, CSLEA PAC’s campaign statements failed to disclose the same amount.

Inaccurate Campaign Statements Filed from July 2018-present

According to campaign statements filed with the Secretary of State, CSLEA PAC and CSLEA Governors Fund received the following contributions from July 2018 through August 2020.

Contributions to CSLEA Committees <i>*from CSLEA as intermediary for individuals under \$100</i>			
Month	CSLEA PAC	CSLEA Governors Fund	Total
Jul-18	\$43,816*		\$43,816
Aug-18	\$48,314*		\$48,314
Sep-18	\$45,610*		\$45,610
Oct-18	\$44,492*		\$44,492
Nov-18	\$42,074*		\$42,074
Dec-18	\$41,294*		\$41,294
Jan-19	\$100,852*		\$100,852
Feb-19	\$100,982*		\$100,982
Mar-19	\$101,346*		\$101,346
Apr-19	\$100,540*		\$100,540
May-19	\$103,010*		\$103,010
Jun-19		\$103,010*	\$103,010
Jul-19		\$103,010*	\$103,010
Aug-19		\$103,010*	\$103,010
Sep-19		\$103,010*	\$103,010
Oct-19		\$103,010*	\$103,010
Nov-19			\$0
Dec-19			\$0
Jan-20			\$0
Feb-20			\$0

¹³ Part VIII.

Mar-20			\$0
Apr-20			\$0
May-20	\$103,010*		\$103,010
Jun-20	\$103,010*		\$103,010
Jul-20	\$96,700*		\$96,700
Aug-20	\$99,304*		\$99,304

See **Exhibits MM-UU**, copies of CSLEA PAC’s campaign statements.

See **Exhibits VV-YY**, copies of CSLEA Governors Fund’s campaign statements.

However, there is no evidence that CSLEA Governors Fund actually existed or received any funds during this time. See **Exhibit M**. Upon information and belief, all the contributions reported on CSLEA Governors Fund’s campaign statements continue to be received by CSLEA PAC alone, meaning there is no real distinction between these two committees outside of what is falsely portrayed on their campaign statements.

B. CSLEA Issues Committee

Campaign statements filed with the Secretary of State indicate that CSLEA Issues Committee received a contribution of \$130,704 from “California Statewide Law Enforcement Association (intermediary for individuals under \$100)” on September 7, 2016. See **Exhibit ZZ**, a copy of CSLEA Issues Committee’s campaign statement.

However, there is no other evidence to suggest that an organization called “CSLEA Issues Committee” exists to have actually received this contribution.

According to our review of IRS records, no such entity has registered with the IRS as a political organization under 26 U.S.C. § 527 or filed the required Forms 990.¹⁴ Further, the union’s most recent Form 990 does not list CSLEA Issues Committee among its related organizations. See **Exhibit A**.¹⁵

Accordingly, CSLEA Issues Committee’s campaign statement likely failed to identify the actual source of the \$130,704 contribution it reportedly received.

C. CSLEA Public Works PAC

According to campaign statements filed with the Secretary of State, CSLEA Public Works PAC has not received any contributions over the past five years. See **Exhibits AAA-HHH**, copies of CSLEA Public Works PAC’s campaign statements.

¹⁴ [https://forms.irs.gov/app/pod/advancedComboSearch/search?execution=e2s1&format=.](https://forms.irs.gov/app/pod/advancedComboSearch/search?execution=e2s1&format=)

¹⁵ Schedule R, Part II.

However, on its FY2018 Form 990 filed with the IRS, CSLEA Public Works PAC disclosed \$284,050 in program service revenue. See **Exhibit III**, a copy of CSLEA Public Works PAC's FY2018 Form 990.¹⁶

Despite receiving these funds, CSLEA Public Works PAC failed to report receipt of any contributions to the Secretary of State on its campaign statements.

Allegation 2: Failure to Disclose Contributor Information

Applicable Statutes

Gov't Code § 82018, subd. (a) defines "cumulative amount" as:

"...the amount of contributions received or expenditures made in the calendar year."

Gov't Code § 84211, subd. (f) requires each committee to itemize the following contributor information on its campaign statements "[i]f the cumulative amount of contributions... received from a person is one hundred dollars (\$100) or more...":

- "(1) His or her full name.
- (2) His or her street address.
- (3) His or her occupation.
- (4) The name of his or her employer, or if self-employed, the name of the business.
- (5) The date and amount received for each contribution received during the period covered by the campaign statement and whether the contribution was made in the form of a monetary contribution, in-kind contribution of goods or services, or a loan.
- (6) The cumulative amount of contributions."

Gov't Code § 84222, subd. (f) specifies that, if a membership organization "makes all of its contributions and expenditures from funds derived from dues, assessments, fees, and similar payments that do not exceed ten thousand dollars (\$10,000) per calendar year from a single source," it may elect to report its contributions and expenditures on its sponsored committee's campaign statement, as follows:

- "(1) The sponsored committee shall report all contributions and expenditures made from the sponsor's treasury funds on statements and reports filed by the committee. The sponsor shall use a last in, first out accounting method and disclose the information required by subdivision (f) of Section 84211 for any person who pays dues, assessments, fees, or similar payments of one thousand

¹⁶ Part VIII.

dollars (\$1,000) or more to the sponsor’s treasury funds in a calendar year and shall disclose all contributions and expenditures made, as required by subdivision (k) of Section 84211, on the sponsored committee’s campaign statements.

(2) The sponsored committee shall report all other contributions and expenditures in support of the committee by the sponsor, its intermediate units, and the members of those entities. A sponsoring organization makes contributions and expenditures in support of its sponsored committee when it provides the committee with money from its treasury funds, with the exception of establishment or administrative costs. With respect to dues, assessments, fees, and similar payments channeled through the sponsor or an intermediate unit to a sponsored committee, the original source of the dues, assessments, fees, and similar payments is the contributor.”

Contributions from CSLEA Members Exceed \$100 Threshold for Itemization

As documented above, all contributions received by CSLEA PAC, CSLEA Governors Fund and CSLEA Issues Committee over the past five years have been reported as monthly lump-sum payments from “California Statewide Law Enforcement Association (intermediary for individuals under \$100).” The same is true for nearly all contributions received by CSLEA IEC. *See Exhibits JJJ-AAAA*, copies of CSLEA IEC’s campaign statements.

Given the singular source of this funding and the fact that CSLEA automatically collects contributions for its PAC(s) via payroll deduction (*see Exhibit H*), it is reasonable to conclude that individual CSLEA members are the source of these funds.

However, contributions from individual CSLEA members clearly exceed \$100 in a calendar year. If, as CSLEA indicates, \$28 per month is transferred from each member’s dues payments to the union’s PAC(s) (*see Exhibit H*), it is mathematically impossible for individual CSLEA members to contribute less than \$100 per year. Furthermore, even if CSLEA argues that its members’ contributions remain below the \$100 threshold because they are spread among the union’s various committees – and this may be one explanation for the inaccurate campaign statements filed by CSLEA’s PACs – the facts simply do not support its claim.

2016 Calendar Year

During the 2016 calendar year, campaign statements filed by CSLEA PAC and CSLEA Governors Fund indicate that these “two” committees received a combined total of \$1,021,920 in contributions:

<p style="text-align: center;">Contributions to CSLEA Committees <i>*from CSLEA as intermediary for individuals under \$100</i></p>

Month	CSLEA PAC	CSLEA Governors Fund	Total
Jan-16		\$123,600*	\$123,600
Feb-16		\$118,104*	\$118,104
Mar-16		\$128,760*	\$128,760
Apr-16	\$125,232*		\$125,232
May-16	\$129,240*		\$129,240
Jun-16	\$129,432*		\$129,432
Jul-16	\$131,616*		\$131,616
Aug-16		\$135,936*	\$135,936
Sep-16			\$0
Oct-16			\$0
Nov-16			\$0
Dec-16			\$0
Total	\$515,520	\$506,400	\$1,021,920

See Exhibits P-R and V-X.

See Exhibits T and AA.

However, as the evidence shows, all contributions attributed to CSLEA Governors Fund during this time were actually received by CSLEA PAC. See Exhibits U and CC.

Even if all 7,000 CSLEA-represented employees were dues-paying members and none had objected to having part of their dues allocated to the union's sponsored committees, each employee would have contributed \$146 to CSLEA PAC over the course of the 2016 calendar year (\$1,021,920/7,000), well above the \$100 threshold for itemized disclosure.

2017 Calendar Year

During the 2017 calendar year, CSLEA PAC and CSLEA Governors Fund reported \$843,752 in total contributions on their campaign statements:

Contributions to CSLEA Committees <i>*from CSLEA as intermediary for individuals under \$100</i>			
Month	CSLEA PAC	CSLEA Governors Fund	Total
Jan-17			\$0
Feb-17			\$0
Mar-17			\$0
Apr-17			\$0
May-17	\$140,530*		\$140,530

Jun-17	\$141,206*		\$141,206
Jul-17	\$144,846*		\$144,846
Aug-17	\$142,272*		\$142,272
Sep-17			\$0
Oct-17			\$0
Nov-17		\$137,956*	\$137,956
Dec-17		\$136,942*	\$136,942
Total	\$568,854	\$274,898	\$843,752

See Exhibits Y-Z and DD-EE.

See Exhibits BB and II-JJ.

However, as the evidence shows, all contributions attributed to CSLEA Governors Fund during this time were actually received by CSLEA PAC. See Exhibits CC and LL.

Again, the fact that CSLEA PAC alone received these funds means that it would have received at least \$121 per CSLEA member (\$843,752/7,000) during the calendar year, again, well above the disclosure threshold.

2018 Calendar Year

During the 2018 calendar year, CSLEA PAC and CSLEA Governors Fund reported \$1,088,890 in total contributions on their campaign statements:

Contributions to CSLEA Committees <i>*from CSLEA as intermediary for individuals under \$100</i>			
Month	CSLEA PAC	CSLEA Governors Fund	Total
Jan-18		\$137,384*	\$137,384
Feb-18		\$134,836*	\$134,836
Mar-18		\$135,564*	\$135,564
Apr-18		\$138,190*	\$138,190
May-18	\$138,684*		\$138,684
Jun-18	\$138,632*		\$138,632
Jul-18	\$43,816*		\$43,816
Aug-18	\$48,314*		\$48,314
Sep-18	\$45,610*		\$45,610
Oct-18	\$44,492*		\$44,492
Nov-18	\$42,074*		\$42,074
Dec-18	\$41,294*		\$41,294

Total	\$542,916	\$545,974	\$1,088,890
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See Exhibits FF-HH and MM-OO.

See Exhibits KK and VV.

However, as in years prior, there is no evidence to suggest that CSLEA Governors Fund actually received any of these funds. See Exhibit M. Accordingly, the fact that CSLEA PAC alone received the full \$1,088,890 means that each CSLEA member's contribution would have been at least \$156 during the 2018 calendar year, yet CSLEA PAC did not disclose the identity of these donors as required by the Act.

2019 Calendar Year

During the 2019 calendar year, CSLEA PAC and CSLEA Governors Fund reported \$1,021,780 in total contributions on their campaign statements:

Contributions to CSLEA Committees <i>*from CSLEA as intermediary for individuals under \$100</i>			
Month	CSLEA PAC	CSLEA Governors Fund	Total
Jan-19	\$100,852*		\$100,852
Feb-19	\$100,982*		\$100,982
Mar-19	\$101,346*		\$101,346
Apr-19	\$100,540*		\$100,540
May-19	\$103,010*		\$103,010
Jun-19		\$103,010*	\$103,010
Jul-19		\$103,010*	\$103,010
Aug-19		\$103,010*	\$103,010
Sep-19		\$103,010*	\$103,010
Oct-19		\$103,010*	\$103,010
Nov-19			\$0
Dec-19			\$0
Total	\$506,730	\$515,050	\$1,021,780

See Exhibits PP-RR.

See Exhibits WW-XX.

However, there is no evidence to suggest that CSLEA Governors Fund actually received any contributions during this time. See Exhibit M. Upon information and belief, CSLEA PAC once again received all these funds.

Not only is it mathematically impossible for CSLEA to sustain this level of funding for CSLEA PAC each year while keeping its members' individual contributions below the \$100 threshold, but the union's most recent Form 990 filed with the IRS indicates that it does not supplement its members' contributions with general treasury funds.

A review of CSLEA's FY2019 Form 990 reveals that neither its revenue nor expenses account for any of the funds paid to its sponsored committees. *See Exhibit A.* Furthermore, the union indicated that it did not engage in direct or indirect political campaign activities¹⁷ and reported making no payments to political organizations.¹⁸

In short, CSLEA PAC appears to be funded entirely by CSLEA members whose individual contributions easily exceed \$100 in a calendar year. However, the union and its sponsored committees have failed to properly identify the true source of these contributions and have failed to provide any of the required information under Gov't Code § 84211.

Gov't Code § 84222 Does Not Shield Disclosure

As a membership organization, CSLEA may argue its contributions are made from members' dues and that, consequently, Gov't Code § 84222, subd. (f)(1) permits it to avoid itemizing individual contributors on its sponsored committee's statement as long as their contributions do not exceed \$1,000 in a calendar year.

Properly understood, however, the statute does not relieve the PACs of the obligation to disclose individual CSLEA members as donors.

Unlike subdivision (f)(2) of the statute, which describes payments channeled specifically to a membership organization's sponsored committees – the correct application here – Gov't Code § 84222, subd. (f)(1) describes only those contributions made from the organization's general fund to *other* committees and candidates.

Chapter 12.11 of the FPPC campaign disclosure manual on general purpose committees explains:

“... if the sponsor makes contributions from its general fund to other committees or candidates, the sponsored committee may report the contributions as if they were received and made by the committee. The sponsored committee's report must identify the donors that account for the political expenditures using the “last in, first out” (LIFO) accounting method. If any member made payments totaling \$1,000 or more, the member's name, address, occupation and employer must be disclosed...”
(emphasis added)

¹⁷ Part IV, line 3.

¹⁸ Schedule C.

See **Exhibit BBBB**, a copy of the manual.¹⁹

Additionally, a section titled “Answering Your Questions” offers the following relevant example:

“Our union has a sponsored political action committee (PAC). This year the union made two contributions, \$25,000 and \$30,000, to a state ballot measure committee from the union’s general dues account. We are going to report the contributions on our sponsored committee’s report. When we identify members through the “last in, first out” (LIFO) accounting method for the \$55,000 in political expenditures, are we required to itemize members whose payments total \$100 or more?”

No. When identifying sources of political expenditures using the “last in, first out” (LIFO) accounting method, you must only itemize members whose payments total \$1,000 or more in a calendar year. The sponsored PAC, however, must itemize payments that total \$100 or more in a calendar year when those payments are received specifically by the PAC.” (underline added)

See **Exhibit BBBB**.²⁰

Consistent with the FPPC’s above example, Gov’t Code § 84222, subd. (f)(2) requires that all contributions made in direct support of the committee identify “the sponsor, its intermediate units, and the members of those entities.” Furthermore, the statute specifies that “the original source of the dues, assessments, fees, and similar payments is the contributor.” In other words, even if CSLEA receives its members’ \$28 per month PAC contributions before forwarding the funds to the appropriate PAC(s), it is acting in a merely ministerial capacity; the funds are earmarked for the PAC(s) and the “contributor” and “original source” remains the employees.

Other sections of the FPPC manual support this conclusion as well.

Specifically, Chapters 3.6 – 3.7 of the manual describe the following recordkeeping requirements for contributions collected by a membership organization for its sponsored committee via payroll deduction:

“When contributions are collected by a sponsor through payroll deductions or membership dues, the sponsor is acting as an intermediary for the employees or members. The committee must itemize each individual employee or member whose money is transmitted to the committee if the individual’s or member’s contributions total \$100 or more during a calendar year.”

¹⁹ Also available at: http://www.fppc.ca.gov/content/dam/fppc/NS-Documents/TAD/Campaign%20Manuals/Manual_4/Final_Manual_4.pdf.

²⁰ Chapter 15.25.

See **Exhibit BBBB**.

Chapter 12.11 further provides:

“If the sponsor of a committee collects contributions for the committee by means of employee payroll deductions or membership dues, the committee must disclose the sponsor as an intermediary for the contributions. If an employee or member contributes \$100 or more to the committee in a calendar year, the employee or member must be itemized on the campaign reports.”

See **Exhibit BBBB**.

The facts show CSLEA is not making contributions from its general fund to other committees or candidates. Rather, the funds contributed by CSLEA members are received specifically by CSLEA-sponsored committees for the purpose of supporting CSLEA-sponsored committees. In accordance with Gov’t Code § 84222, subd. (f)(2), and consistent with the guidance provided by the FPPC manual, contributions should be itemized at the normal \$100 threshold and identify applicable CSLEA members as the original source.

Allegation 3: Failure by an Intermediary to Report Contributors

Gov’t Code § 84302 provides:

“No person shall make a contribution on behalf of another, or while acting as the intermediary or agent of another, without disclosing to the recipient of the contribution both his own full name and street address, occupation, and the name of his employer, if any, or his principal place of business if he is self-employed, and the full name and street address, occupation, and the name of employer, if any, or principal place of business if self-employed, of the other person. The recipient of the contribution shall include in his campaign statement the full name and street address, occupation, and the name of the employer, if any, or the principal place of business if self-employed, of both the intermediary and the contributor.”

As an intermediary that makes contributions to CSLEA-operated PACs on behalf of its members, CSLEA has violated Gov’t Code § 84302 by failing to disclose any of the required contributor information to its sponsored committees. Likewise, the committees receiving the funds have violated Gov’t Code § 84302 by failing to include such information on their campaign statements.

Conclusion

CSLEA and its sponsored committees commit new and separate violations of the Act with every contribution not properly reported. Their consistent failure to comply with the state’s campaign

finance disclosure laws has significantly damaged California election transparency by obscuring the source of millions of dollars in political contributions from public view.

Such conduct runs counter to the Act's proclamation that "[r]eceipts and expenditures in election campaigns should be fully and truthfully disclosed in order that the voters may be fully informed and improper practices may be inhibited."²¹

In accordance with Gov't Code § 83115, we respectfully urge the FPPC to undertake a thorough investigation into these allegations and initiate the appropriate administrative, civil and/or criminal enforcement actions pursuant to its responsibilities under the Act.

Please do not hesitate to contact us if we can be of further assistance in this matter.

Sincerely,



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²¹ Gov't Code § 81002, subd. (a).