

Gayathri Thaikkendiyil
Acting Executive Director
Patrick Ford
Director of Enforcement

San Francisco Ethics Commission
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BEFORE THE SAN FRANCISCO
ETHICS COMMISSION

In the Matter of)	SFEC Complaint No. 22-23-000486
)	
BEARSTAR STRATEGIES,)	
)	
)	
Respondent.)	STIPULATION, DECISION
)	AND ORDER
)	
)	
)	

THE PARTIES STIPULATE AS FOLLOWS:

1. This Stipulation, Decision, and Order ("Stipulation") is made and entered into by and between Bearstar Strategies ("Respondent") and the San Francisco Ethics Commission ("the Commission").
2. Respondent and the Commission agree to settle and resolve all factual and legal issues in this matter and to reach a final disposition without an administrative hearing. Upon approval of this Stipulation and full performance of the terms outlined in this Stipulation, the Commission will take no future action against Respondent, and this Stipulation shall constitute the complete resolution of all claims by the Commission against Respondent related to the violation of law described in Exhibit A.

Respondent understands and knowingly and voluntarily waives all rights to judicial review of this Stipulation and any action taken by the Commission or its staff on this matter.

3. Respondent acknowledges responsibility for and agrees to pay an administrative penalty in the amount of \$3,800 for one count in violation of the San Francisco Campaign and Governmental Conduct Code (the "SF C&GCC") as set forth in Exhibit A. Respondent agrees that \$3,800 is a reasonable administrative penalty.

4. Within ten (10) business days of the Commission's approval of this Stipulation, Respondent shall either pay the penalty through the City's online payment portal or otherwise deliver to the following address the sum of \$3,800 in the form of a check or money order made payable to the "City and County of San Francisco:"

San Francisco Ethics Commission
Attn: Enforcement & Legal Affairs Division
25 Van Ness Avenue, Suite 220
San Francisco, CA 94102

5. If Respondent fails to comply with the terms of this Stipulation, then the Commission may reopen this matter and prosecute Respondent under Section C3.699-13 of the San Francisco Charter for any available relief.

6. Respondent understands, and hereby knowingly and voluntarily waives, any and all procedural rights under Section C3.699-13 of the San Francisco Charter and the Commission's Regulations for Investigations and Enforcement Proceedings with respect to this matter. These include, but are not limited to, the right to appear personally at any administrative hearing held in this matter, to be represented by an attorney at Respondent's expense, to confront and cross-examine all witnesses testifying at the hearing and to subpoena witnesses to testify at the hearing.

7. Respondent understands and acknowledges that this Stipulation is not binding on any other government agency with the authority to enforce the San Francisco Campaign & Governmental

Conduct Code section 1.100 *et seq.*, and does not preclude the Commission or its staff from cooperating with or assisting any other government agency in its prosecution of Respondent for any allegations set forth in Exhibit A, or any other matters related to those violations of law set forth in Exhibit A.

8. This Stipulation is subject to the Commission's approval. In the event the Commission declines to approve this Stipulation, the Stipulation shall become null and void, except Paragraph 9, which shall survive.

9. In the event the Commission rejects this Stipulation, and further administrative proceedings before the Commission are necessary, Respondent agrees that the Stipulation and all references to it are inadmissible. Respondent moreover agrees not to challenge, dispute, or object to the participation of any member of the Commission or its staff in any necessary administrative proceeding for reasons stemming from his or her prior consideration of this Stipulation.

10. This Stipulation, along with the attached Exhibit A, reflects the entire agreement between the parties hereto and supersedes any and all prior negotiations, understandings, and agreements with respect to the transactions contemplated herein. This Stipulation may not be amended orally. Any amendment or modification to this Stipulation must be in writing duly executed by all parties and approved by the Commission at a regular or special meeting.

11. This Stipulation shall be construed under, and interpreted in accordance with, the laws of the State of California. If any provision of the Stipulation is found to be unenforceable, the remaining provisions shall remain valid and enforceable.

12. The parties hereto may sign different copies of this Stipulation, which will be deemed to have the same effect as though all parties had signed the same document.

03-15-2023 | 15:34:13 PDT

DocuSigned by:
Gayathri Thaikkendiyil
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Dated: _____

Gayathri Thaikkendiyil, Acting Executive Director
San Francisco Ethics Commission

Dated: March 14, 2023



Bearstar Strategies

DECISION AND ORDER

The foregoing Stipulation of the parties in the matter of "Bearstar Strategies; SFEC Complaint No. 2223-014," including the attached Exhibit A, is hereby accepted as the final Decision and Order of the San Francisco Ethics Commission, effective upon execution below by the Chairperson.

IT IS SO ORDERED.

Dated: _____

Yvonne Lee, Chairperson
San Francisco Ethics Commission

Exhibit A

Bearstar Strategies, Inc. (“Respondent”) is a public relations corporation based in San Francisco. In June 2022, Respondent’s counsel contacted the Enforcement Division to rectify Respondent’s failure to register as a campaign consultant with the Ethics Commission and to comply with all reporting requirements. The period of Respondent’s campaign consulting activity relevant to this matter occurred from September 2021 to May 2022 and concerned former City Supervisor Matt Haney’s campaign for State Assembly. After contacting the Enforcement Division, Respondent filed six delinquent reports, including an initial registration report and three quarterly activity reports.

I. Applicable Law

Campaign Consultant Registration and Reporting

City law prohibits campaign consultants from providing campaign consulting services, or accepting any economic consideration for such services, without first registering with the Ethics Commission and complying with certain reporting requirements. SF C&GCC § 1.510.

A “campaign consultant” is any person or entity that receives or is promised economic consideration of \$1,000 or more in a calendar year for campaign consulting services, where “campaign consulting services” means participating in campaign management or participating in the development of campaign strategy. *Id.* § 1.505(a)-(b). The City’s campaign consultant provisions apply to services on behalf of candidates including persons who seek election to local office, or local officeholders who seek election to any elective office. *Id.* § 1.505(c)-(e).

At the time of initial registration, a campaign consultant must report to the Ethics Commission certain information including the name and contact information of the campaign consultant and each client, the total economic consideration over \$500 promised by or received from each client, and each political contribution made by the campaign consultant. *Id.* § 1.515(a). A campaign consultant must also submit a written client authorization statement from each client before providing services or receiving economic consideration. *Id.* 1.515(d). Campaign consultants must re-register annually no later January 1. *Id.* § 1.515(b). Campaign consultants must also file quarterly reports with the Ethics Commission that contain specified information similar to the above requirements for the respective reporting period. *Id.* § 1.515(e). Quarterly report deadlines fall on March 15, June 15, September 15, and December 15 of each year. *Id.*

II. Material Facts

On June 14, 2022, Respondent’s counsel contacted the Enforcement Division and expressed a desire to rectify Respondent’s potential failure to register as a campaign consultant.

According to Respondent's later filings, Respondent had as a client former member of the San Francisco Board of Supervisors Matt Haney concerning his campaign for State Assembly District 17 during the period of September 10, 2021, to November 8, 2022.

Respondent was uncertain as to the applicability of the City's campaign consulting provisions given that Respondent consulted for a State election. As a sitting City Supervisor during his Assembly campaign, Haney was a local officeholder pursuant to Section 1.505. The City's campaign consultant provisions therefore applied to Respondent because Respondent was providing campaign consulting services to a City officeholder. Haney held office as a Supervisor from January 8, 2019, to May 2, 2022. Though Respondent continued to have Haney as a client through November 2022, the City's campaign consultant provisions stopped applying to Respondent once Haney left City office in May 2022.

After contacting the Enforcement Division, Respondent filed the six delinquent reports detailed in the table below on August 17, 2022. Per the late-filed reports, Respondent failed to register with the Ethics Commission prior to providing campaign consulting services, failed to file a client authorization statement prior to receiving economic consideration from that client, and late-filed three quarterly reports and one re-registration report.

Report Description	Report Deadline
Registration report	Prior to 9/10/2021
Client authorization statement	Prior to 9/10/2021
Qtr. report period 9/1/2021 to 11/30/2021	12/15/2021
Re-registration	1/1/2022
Qtr. report period 12/1/2021 to 2/28/2022	3/15/2022
Qtr. report period 3/1/2022 to 5/31/2022	6/15/2022

Across three quarterly reporting periods, Respondent reported receiving total economic consideration of \$77,465 from the Haney committee. This amount aligns with the payments to Respondent that were disclosed by Haney's candidate committee in its Recipient Committee Campaign Statements (Form 460s) filed with the California Secretary of State.

III. Violations of Law

Count 1

Failing to register as a campaign consultant and timely report activity in violation of SF C&GCC Section 1.510

Count 1: Respondent failed to timely register as a campaign consultant prior to providing campaign consulting services and failed to file quarterly reports disclosing reportable activity by the prescribed deadlines in violation of SF C&GCC sections 1.510 and 1.515.

IV. Penalty Assessment

This matter consists of one violation of the San Francisco Campaign and Governmental Conduct Code. The San Francisco Charter authorizes the Commission to assess a maximum administrative penalty of \$5,000 per violation. SF Charter § C3.699-13(c). Alternatively, the Ethics Commission may impose a penalty of “three times the amount which the person failed to report properly or unlawfully contributed, expended, gave or received.” SF Charter § C3.699-13(c)(i)(3).

Per Commission Regulations section 9(D), when determining penalties, the Ethics Commission considers all of the relevant circumstances surrounding the case, including but not limited to: (a) the severity of the violation; (b) the presence or absence of any intention to conceal, deceive, or mislead; (c) whether the violation was deliberate, negligent or inadvertent; (d) whether the violation was an isolated incident or part of a pattern; (e) whether the respondent has a prior record of violations of law; and (f) the degree to which the respondent cooperated with the investigation and demonstrated a willingness to remedy any violations.

Considering the penalty factors enumerated above, the violation in this matter resulted in some public harm because Respondent was absent from the Commission’s database of campaign consultants during a period in which it provided campaign consulting services. Respondent thereby deprived San Francisco voters of information pertinent to a sitting City Supervisor’s campaign.

In mitigation, Respondent has consistently registered as a campaign consultant and filed quarterly reports in compliance with the law, but indicated it was unaware of its obligation to register in these circumstances. Respondent self-reported the violation upon becoming aware of its obligation, which Staff considers to be a significant mitigating factor. Respondent contacted the Commission within nine months of commencing its consulting activity and took corrective action by filing the delinquent reports in an accurate manner.

Respondent is not eligible for the Commission’s Streamlined Administrative Resolution Program (“SARP”) in this case because it failed to file multiple reports and the total activity it was required to report is greater than \$10,000. Nevertheless, Staff look to SARP as a benchmark for the penalty amount. Under SARP, the penalty basis for a failure to file a campaign consultant quarterly report considers 10 percent of all payments reported received. Given that the violation was self-reported by Respondent, rather than discovered by Investigators or a complainant, Staff believe that an appropriate penalty in this matter is 5 percent of the payments reported received. This would create a sufficient deterrent effect while also encouraging respondents to come forward and rectify violations voluntarily.

In balancing the above facts and considering the penalty factors and prior analogous enforcement cases resolved by the Ethics Commission, and to promote a future deterrent

effect, Staff proposes, and Respondent agrees to, the following penalties for the above listed violation of City law:

Count 1 (Campaign Consultant Reporting): \$3,800

TOTAL PENALTIES: \$3,800