# STATE OF COLORADO IN THE OFFICE OF THE SECRETARY OF STATE

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Complainant,

vs.

JESSICA HEARNS FOR D51 SCHOOL BOARD,

Respondent.

### SETTLEMENT AGREEMENT

This Settlement Agreement is entered into between the Elections Division of the Colorado Secretary of State ("Division") and Jessica Hearns for D51 School Board ("Respondent" or "Committee").

## Recitals

- A. The Committee is a candidate committee registered with the Colorado Secretary of State.
- B. The Committee was formed for the purpose of accepting contributions and formulating expenditures to secure Jessica Hearns as a candidate in the November 2023 election for Mesa County Valley District 51 school board.
- C. During the course of the campaign, the Committee distributed \$1,034.83 in communications that failed to include compliant disclaimer statements. First the Committee distributed yards signs, a campaign website, and Meta (formerly Facebook) ads that failed to include "paid for by" disclaimers. Additionally, Respondent distributed a newspaper ad that included a non-compliant disclaimer as it failed to include the name of the entity paying for the communication and failed to identify the registered agent of the Committee.
- D. Following notice of a campaign finance complaint filed against the Committee with the Division, "paid for by" disclaimers were added to the website and Meta ads. However, these "paid for by" disclaimers failed to identify a natural person who is the registered agent of the Committee.

- E. Respondent cooperated with the Division's investigation, including by sharing receipts and invoices that enabled the Division to identify the scope of Respondent's total spending and the violation at issue.
- F. Nothing in the Division's investigation suggested an intent to mislead the electorate. Instead, Respondent attempted to inform the public by including a "paid for by" disclaimer on some of her electioneering communications the newspaper ad. Upon receiving CPF Complaint 2023-24, Respondent also added disclaimers to the website and Meta ads.
- G. The Division will be filing a complaint with the Administrative Hearing Officer (the "Administrative Proceedings") but will dismiss that complaint upon approval of this settlement agreement.
- H. The Division and Respondent desire to resolve this matter without the expense of continued litigation. Therefore, in consideration of the mutual covenants contained in this Agreement, the parties agree and covenant as follows:

## **Agreement**

## Section 1. Deputy Secretary of State Approval

This Settlement Agreement and all promises contained within are contingent upon approval of the Deputy Secretary of State ("Deputy Secretary"), which approval will be demonstrated by the Deputy Secretary's signature to this agreement. In the event the Deputy Secretary does not approve this Settlement Agreement, neither the Recitals above nor the promises below shall be binding upon, or enforceable against, either the Division or Respondent.

## Section 2. Payment of Stipulated Penalty

Within 14 days of Respondent's receipt of an invoice from the Division, **Respondent shall pay \$53.82** to the Division.

This penalty reflects Rule 23.3.3 of the Secretary's Rules on Campaign Finance. 8 CCR 1505-6. Specifically, Rule 23.3.3(d).

As to the yard signs, Respondent did not mitigate its violations prior to the election. Therefore, the rule calls for a penalty of 10% of the cost of the yard signs. Here, Respondent spent \$325.38 on yard signs without compliant disclaimer statements, which would suggest a penalty of \$32.54.

As to the website and Meta ads, Respondent mitigated its violations prior to the election – by adding "Paid for by the Candidate Committee Jessica Hearns For D51 School Board". Additionally, the newspaper ad contained a disclaimer indicating "Pagado por: Jessica Hearns" or "Paid by: Jessica Hearns." However, these "paid for by" disclaimers were non-compliant. Therefore, the rule calls for a

base penalty of 5% of the cost of these communications. Here, Respondent spent \$709.45 on the website, Meta ads, and newspaper ad, which would suggest a penalty of \$35.47.

However, the Division finds mitigating circumstances here related to the website, Meta ads, and newspaper ad. Though non-complaint because the communications failed to include the name of the Registered Agent- in this case the Committee's registered agent was the candidate, whose name was included in the disclaimer, just not identified as the registered agent. As in prior cases, the Division considers this to be a significant mitigating factor and reduces the fine to 3% of the cost of the website, Meta ads, and newspaper ad to equal \$21.28.

Additionally, the Committee fully cooperated with the Division's investigation, most notably by providing significant documentation regarding its overall spending. Not only did this enable the Division to understand the scope of the violation, but it also demonstrates that the Committee lacked any intent to mislead the electorate or election officials.

Accordingly, the Division finds that a penalty of \$53.82 representing 10% of the cost of the yard signs and 3% of the cost of the website, Meta ads, and newspaper ad – is sufficient to further the purposes of Colorado campaign finance law.

If the Committee fails to comply with the terms of the settlement agreement, the Division may pursue other means of collection available at law.

#### Section 3. Compliance with Colorado Campaign Finance Law

Respondent agrees to comply with Colorado law relating to disclaimer statements and to otherwise comply with Colorado Campaign Finance Law, including Article XXVIII of the Colorado Constitution, the Fair Campaign Practices Act, §§ 1-45-101, *et seq.*, and the rules of the Secretary of State concerning campaign and political finance.

### Section 4. Dismissal of Administrative Proceedings

The Division will move to dismiss the Administrative Proceedings with prejudice following the Deputy Secretary's approval of the settlement.

#### Section 5. Admissions

Respondent admits that it did not include compliant disclaimer statements on all of its electioneering communications.

## Section 6. Release and Covenant Not to Sue

Respondent, for itself, its agents, assigns, representatives, attorneys, and subrogees, releases and forever discharges the Division, the Secretary of State, and the State of Colorado, and all of their former, current, and successor officers, employees, agents, and attorneys, from any and all claims, actions, causes of action, debts, demands, liabilities, losses, injuries, and/or damages arising from or relating to the Administrative Proceedings. Respondent further expressly agrees and covenants that it will not sue or assert any cause of action, at law or in equity and whether before a court of law or an administrative agency, against the Division, the Secretary of State, or the State of Colorado, or any of their former, current, and successor officers, employees, agents, and attorneys, for any claim arising from or related to the Administrative Proceedings.

## Section 7. Waiver of Appeal Rights

Respondent expressly waives any right for further administrative or judicial review of any matter related to the Administrative Proceedings or this Agreement, including but not limited to any rights provided by §§ 24-4-105 and -106, C.R.S. (2022).

#### Section 8. Public Records

Respondent understands and agrees that this Agreement may be made available to the public on the Secretary of State's TRACER Campaign Finance system, and may also be made available to members of the public who serve a valid request under the Colorado Open Records Act, § 24-72-101, et seq., C.R.S. (2021).

#### Section 9. Full and Complete Agreement

This Agreement, including any attachments referenced in the Agreement, constitutes the full and complete agreement of the parties and shall supersede any and all prior understandings, whether written or oral.

# Section 10. Final Agency Action

Upon its approval by the Deputy Secretary, this Settlement Agreement shall become final agency action under the State Administrative Procedures Act, §§ 24-4-101 *et seq*.

#### Section 11. Warranties

Respondent and the Division expressly warrant that they have carefully and completely read the terms of this Agreement. The parties expressly warrant that they have had the opportunity to consult with legal counsel before executing this Agreement, that they fully understand the terms of this Agreement, and that they enter into this Agreement knowingly and voluntarily, and without coercion, duress or undue influence. Each of the parties warrants that, in executing this Agreement, the parties have not relied upon any promise, warranty, or representation made by any other party, except as such promises, warranties, or representations are expressly stated in this Agreement. Finally, each of the signatories below warrants that they have authority to enter into the Agreement on behalf of the named parties.

#### ELECTIONS DIVISION OF THE SECRETARY OF STATE

03/06/2024	Timothy Geohardt			
DATE	By: Timothy Gebhardt			
	Campaign Finance Enforcement Manager			
JESSICA HEARNS FOR D	051 SCHOOL BOARD			
March 6, 2024	DA			
DATE	By: Jessica Hearns			
	Registered Agent			
ADOPTED AND APPROV	ED BY:			
March 8, 2024	AND ESOL			
DATE	By: Christopher P. Beall			
	Deputy Secretary of State			