



RESPONSE TO REQUEST FOR RECONSIDERSTION

September 29, 2022

Rene Gonzalez
Rene for Portland
1010 SW 11th Avenue
Portland, OR 97205

Dear Mr. Gonzalez:

In response to the Request for Reconsideration your campaign submitted on September 27, 2022, the program has determined that the initial penalty imposed is justified.

I. INTRODUCTION

The purpose of the Small Donor Elections program is to eliminate actual and perceived corruption. When candidates who become elected officials receive large contributions from some contributors, the public loses confidence that the government is working in the best interest of everyone.

The Small Donor Elections program sets contribution limits for candidates who opt in and offers participants a 9:1 match on the first \$20 from Portland residents. This enables candidates to raise enough money to run for City office by raising only small donations and matching funds. In doing so, the program ensures that the public can have confidence that there are no large donors to whom candidates who win public office feel beholden.

A participating candidate accepting a large contribution violates the requirements of the program and undermines the program's purpose. The Portland Elections Commission set penalties for violations in relation to how minor or how serious the violation is. For accepting prohibited contributions, campaigns are required to return the prohibited amount to the contributor and a pay penalty equal to the prohibited amount to the program. Failure to report a contribution to the program by the deadline is subject to a penalty of one-half to one percent per day after the deadline passed.

According to the penalty letter dated September 20, 2022, your campaign accepted a prohibited contribution in the form of discounted office space from Schnitzer Property Management LLC in the amount of \$6,650 per month for the months of May through September of 2022, totaling \$33,250. The 3,185 square feet of downtown office space plus two parking spaces is advertised at \$26 per square foot, which breaks down as \$6,900 per month. The lease agreement requires the campaign to pay only \$250 in monthly rent. The program requires that the amount of the prohibited contribution – the difference between the fair market value of the space and the rent paid – to be paid to the contributor and a penalty of an equal amount be paid to the program. In addition, the campaign did not report the contributions by the reporting deadline, which is subject to a penalty of one-half to one-percent each day after the deadline passed, totaling \$10,640.



On September 27, 2022, your campaign submitted a Request for Reconsideration by the required timeline. This letter is a response to your Request for Reconsideration. The next section of this response is organized by each argument the campaign put forward in the Request for Reconsideration.

II. RESPONSES TO RENE FOR PORTLAND CAMPAIGN’S ARGUMENTS

A. **The campaign asserts that the fair market value of the space leased is \$250 per month, not the advertised \$6,900 monthly rent, because the commercial real estate market downtown is depressed.**

The campaign asserts that vacancies downtown have reduced the value of downtown office space so dramatically that the \$250 per month the campaign pays for the 3,185 square foot downtown office space and the two parking spaces in an adjacent lot reflects the fair market value of their leased space.

The space is currently advertised at \$26 per square foot per year, which is \$6,900 per month in rent. Paying \$250 instead of \$6,900 is a 96.37% discount from the monthly rent amount being advertised.

As part of the investigation, the Small Donor Elections program researched the downtown commercial real estate market, looking at market comparisons and discounts available to the general public, on terms that are similar to the terms of the campaign’s seven-month lease. The program found that comparable downtown office spaces were also listed for similar amount per square foot as the advertised rent for the space the campaign leased. The program found evidence of some discounts available to the general public that were contingent on a lease term of at least one year, including one month of free rent or tenant improvements. One offer that was not explicitly conditioned on a one-year lease was payment of up to \$2 per square foot of moving expenses. The program did not find discounted rent for short term leases available to the general public in its market research, either advertised explicitly as a discount or reflected in lower rent being advertised in comparable spaces.

The 3,185 square feet of office space leased by the campaign also includes, at no additional charge, two parking spaces in an adjacent parking lot. At the time the City investigated this matter, a parking lot adjacent to the building was charging \$230 monthly for each parking space, or \$460 for two spaces. Since then, the monthly charge for parking at this lot has increased from \$230 to \$252 per space, or \$504 monthly for two spaces.¹ The \$250 monthly rent being paid by the Rene for Portland campaign does not cover the cost of one parking space, let alone both, let alone the use of a large office space in addition to the parking spaces.

The campaign asserts that the fact that the space sat empty for the last two years while advertised at \$6,900 monthly rent suggests that the \$6,900 per month figure not its fair market value. The City asserts that the fact that the building sat empty for two years rather than the advertised rent being reduced shows that the property owner was unwilling to lease the space to the general public for less than the advertised rent, let alone at the 96.37% discount the campaign is receiving. If a member of the general public cannot lease the space for the same \$250 monthly rent that the campaign is leasing the space for, the

¹ Pricing can be found at https://ccp.myparkingworld.com/Pages/Lots/Lot_Summary.aspx for the lot at 1221 SW Salmon St.



difference between the rent the campaign pays and the amount the general public could lease the space for is the contribution amount. In this case, \$6,900 monthly rent minus \$250 monthly rent paid is a \$6,650 monthly contribution.

With no evidence of discounts on the rent owed being available to members of the general public renting for less than one year, with comparable office spaces charging a similar amount per square foot, and with parking alone costing more than the total rent for the space and two parking spaces, the City maintains the amount of the contribution is the difference between the advertised \$6,900 rent and the \$250 rent the campaign is paying.

B. The property owner said he would be willing the lease the space for the same amount to others, specifically candidates he supports or nonprofit organizations.

The campaign asserts that because the property owner would be willing to accept the same deal with other campaigns and nonprofits, the arrangement with the Rene for Portland campaign is not an in-kind contribution, and instead the fair market value of the space.

The property owner is Jordan Schnitzer, President and CEO of Schnitzer Property Management LLC, who has already contributed the maximum an individual is allowed to contribution to the Rene for Portland campaign. On September 21, 2022, the day after the penalty letter was sent to the Rene for Portland campaign, he commented to KOIN6 News, "I would have done the same thing for any other candidate that I would think of supporting or for any nonprofit." When asked about the campaign's failure to report it as an in-kind contribution, Mr. Schnitzer said, "As to what he should or shouldn't have reported, I don't have any knowledge as to what political reporting is on in-kind gifts like that."

If the space was not available to members of the general public for that rate, it is a contribution to the Rene for Portland campaign. Offering this space for a discounted rate to another campaign would be a contribution to any campaign that accepted it. Offering the space at a discounted rate to a nonprofit would be a contribution to a non-profit that accepted it and entitle Schnitzer Property Management LLC to a tax deduction for the contribution. The fair market value is not determined by the willingness of the property owner to make a gift of some or all of the value of the space to another person or entity.

C. The campaign asserts that because an elected official has a deeply discounted office lease arrangement, their own discount does not constitute a contribution.

The campaign asserts that the fact that the Multnomah County District Attorney leased a downtown office space at a deep discount means that the Rene for Portland's discount was in fact available to the general public and therefore the fair market value, not a contribution.

The Multnomah County District Attorney has leased a 1,460 square foot downtown office space at 928 SW Harvey Milk Street for \$0 in monthly rent and payment of 0.51% of the owner's operating costs and taxes, estimated to be \$476 per month for the District Attorney office's share.



What is relevant is not whether one other person or entity – other than the Rene for Portland campaign – has received deeply discounted goods or services. Whether the discounted rent the campaign received was a contribution depends on whether the same discount was available to general public in an arm’s length transaction. The Multnomah County District Attorney is not a member of the general public. District Attorneys are elected officials.

It is a fact that some people or entities are offered free or deeply discounted goods or services that not available to the general public. There are many reasons special favors are granted:

- special relationships (e.g. renting space in one’s house to one’s nephew for below market rent),
- the hope or expectation that the recipient of the discount would grant special favors to the provider of the discount (e.g. providing something to an elected official so the provider can have special access to the elected official or get special consideration of the policies or decisions that affect their interests),
- explicitly transactional purposes (e.g. in exchange for a discount on rent, the tenant provides a good or service to the landlord), or
- nefarious reasons (e.g. so the landlord can surveil the tenant).

What is relevant is only whether the discount is available to the general public at the same rate as what the campaign paid. The example of a landlord offering free rent to an elected official does not demonstrate that the 96.37% discount on the rent Rene for Portland is paying is the fair market value of the space that would be available to a consumer who is a member of the general public.

That a space has been rented to someone who is not a member of the general public for below market rates does not create a loophole in campaign finance law, permitting those who are capable of granting large discounts to candidates to do so to attempt to curry favor with candidates for elective office.

D. The campaign asserts that the value of this contribution is under the \$5,000 in-kind limit.

The campaign asserts that any in-kind contribution applicable here is under the \$5,000 limit and then expresses some confusion as to what the in-kind rules are for the Small Donor Elections program.

The Small Donor Elections program permits up to \$5,000 of in-kind contributions² from a small donor organization³, or in the form of democracy activities⁴ by a 501(c)(4), 501(c)(5), or 501(c)(6)

² The Small Donor Elections Administrative Rules define an in-kind contribution as a good or service that has monetary value, other than money, that is provided directly by a contributor to a participating or certified candidate. In-kind contributions that increase language inclusivity or accessibility for people with disabilities may be provided directly or indirectly to a participating or certified Candidate (Small Donor Elections Administrative Rule 3F).

³ A “small donor organization” is any political committee or a 501(c)(4), 501(c)(5), or 501(c)(6) nonprofit organization that has accepted at least ninety percent (90%) of its current funds from contributions of \$250 or less per donor per year (Small Donor Elections Administrative Rule 3L).

⁴ “Democracy building activities” are the following activities as carried out by a political committee or a 501(c)(4), 501(c)(5), 501(c)(6) nonprofit organization: 1. Paid staff time and related goods for canvassing, phone banking, and text banking, provided that the majority of the canvassers and phone bankers and text bankers are volunteers; 2. Providing participating



organization, or in the form of paying an invoice for the provision of goods or services to increase accessibility or language inclusivity.

Businesses, such as Schnitzer Property Management LLC, are permitted to make an in-kind contribution only in the form of goods or services to increase accessibility or language inclusivity. For discounted office space, the in-kind contribution limit for businesses is \$0.

This is all explained in the training that all participating candidates and their treasurers are required to take prior to collecting matchable contributions, and which Mr. Gonzalez and his treasurer took. Further, Small Donor Elections staff make themselves available to answer any questions campaigns have about how to comply with program requirements.

E. The campaign asserts that this is not an in-kind contribution, as it would not be reportable under state law.

The campaign asserts that this should not count as an in-kind contribution, because it would not be reportable under state law, and cites an exemption in the state definition of “contribution” that applies only to discounted food: “A vendor’s sale of food and beverages for use in a candidate’s or political committee’s campaign at a charge less than the normal comparable charge, if the charge is at least equal to the cost of the food or beverages to the vendor” (ORS 260.007(3)).

The exception cited refers specifically to discounted food, not discounted office space, and therefore does not apply in this case. State lawmakers have chosen not to expand this exception beyond discounted food to discounted office space.

The Small Donor Elections program defines “contribution” by reference to the state definition:

“Except as provided in ORS 260.007, “contribute” or “contribution” includes:

- (a) The payment, loan, gift, forgiving of indebtedness, or furnishing without equivalent compensation or consideration, of money, services other than personal services for which no compensation is asked or given, supplies, equipment or any other thing of value:*
 - (A) For the purpose of influencing an election for public office or an election on a measure, or of reducing the debt of a candidate for nomination or election to public office or the debt of a political committee; or*
 - (B) To or on behalf of a candidate, political committee or measure; and*
- (b) The excess value of a contribution made for compensation or consideration of less than equivalent value” (ORS 260.005).*

None of the exceptions in ORS 260.007 apply to this case, including the exception for discounted food.

candidates with a list of individuals from the contributors contact list for campaigns to contact directly; and 3. Paid staff time providing the following services to participating candidates: A. Creating and sharing messaging on issues that are part of the contributor organization’s mission; 2 B. Identifying voter models for campaign communications; C. Increasing voter engagement; D. Security planning; and E. Campaign planning (Small Donor Elections Administrative Rule 3C).



F. The campaign asserts that it covers the cost of repairing damage to the leased building that resulted from vandalism.

The campaign has reported that it has experienced vandalism at least twice, with the first instance happening approximately on July 31 or August 1, 2022, breaking the glass of at least one of the office windows. The campaign asserts that it – not the landlord – covered the cost of repairing damage to the leased building that resulted from vandalism, which should presumably count against the calculation of the fair market value of the space. The second instance happened the weekend of September 24-25, 2022.

Nowhere in the lease agreement is it mentioned that the discounted rent is offered in exchange for the campaign covering the cost of repairs after vandalism.

Participating campaigns are required to report all campaign expenditures to the program within the required reporting timeline. The reporting deadline is within 30 days of the transaction. The program has not received any reports from the campaign of expenditures related to repairing vandalism to date. Failure to report is subject to a penalty of one-half to one percent per day after the reporting deadline has passed. Please report any unreported expenses to the program related to fixing vandalized windows or anything else immediately.

G. The campaign asserts that it did not use the entire 3,185 square feet of the leased space, and that the landlord and the City of Portland benefited more from the lease than the campaign did.

The campaign asserts that it did not use the entire 3,185 square feet of the space leased to them and therefore presumably the fair market value of the entire space should not be counted.

The lease agreement between the campaign and Schnitzer Property Management LLC explicitly stated that the lease was for the entire 3,185 square feet and two parking spaces. The campaign's choice whether to utilize all of the space is irrelevant to the fair market value of the space actually leased.

If the campaign had negotiated a lease agreement for only a fraction of the space, the fair market value would be determined based on the amount of space granted by the lease agreement. If the rent paid was the fair market value of the amount of space in the lease agreement, there would not be a violation or penalty.

A campaign contribution is not calculated on how well the campaign utilized a contribution, but the fair market value of the contribution that was accepted. If a contributor gave \$100,000 of air time to a campaign that the campaign used for ads that were not very effective, the contribution of the air-time would not be reduced by how well the campaign utilized it when enforcing contribution limits and campaign finance reporting laws. The value of the air-time that a member of the general public could purchase would have to be reported and would be subject to contribution limits. The same principle



applies to the lease agreement. The whole space was leased to the campaign; how the campaign utilized the space is irrelevant.

H. The campaign asserts the penalty should be reduced, given the \$10,000 cap on penalties.

Citing a penalty cap of \$10,000, the campaign asserts the penalty should be reduced. Small Donor Elections Administrative Rule 18B imposes a \$10,000 cap on penalties, unless the violation amount exceeds \$10,000. The violation and penalty amounts in this case are as follows:

Violation	Violation Amount	Penalty for Prohibited Contribution	Penalty for Failure to Timely Report
May: prohibited contribution of discounted rent	\$6,650	\$6,650	\$3,325
June: prohibited contribution of discounted rent	\$6,650	\$6,650	\$3,325
July: prohibited contribution of discounted rent	\$6,650	\$6,650	\$3,325
August: prohibited contribution of discounted rent	\$6,650	\$6,650	\$3,325
September: prohibited contribution of discounted rent	\$6,650	\$6,650	\$665 ⁵
<i>Total</i>	<i>\$33,250</i>	<i>\$33,250</i>	<i>\$10,640</i>

None of these penalties exceed \$10,000. However, even if each of these violations and penalties were combined to the one violation and one penalty for the total amount, the \$10,000 maximum penalty would still not apply, because it has an exception:

1. No penalty imposed under the program or these rules will exceed \$10,000 (ten thousand dollars) for any violation except where the amount of the violation exceeds \$10,000 or as otherwise provided in PCC 2.16.150 and these rules (Small Donor Elections Administrative Rule 18B).

If all five prohibited contributions were understood to be one violation, the violation amount would be \$33,250. If the violation amount exceeds \$10,000, the \$10,000 cap on penalties does not apply. Similarly, if the failure to report the \$33,250 on time were understood to be one violation, not five separate violations, the \$10,000 cap on penalties would not apply because the violation amount is \$33,250, which exceeds \$10,000.

In addition to each of these penalties, the campaign is required to return the prohibited contributions to the contributor.

As a reminder, the penalty notice letter indicated that the acceptance of the rent discounted below the fair market value constitutes two different violations subject to two different penalty amounts: (1) a prohibited contribution that is subject to a penalty equal to the violation amount, and (2) an in-kind over

⁵ As of September 20, 2022. Reporting penalties accrue by a percentage daily until reported at the cap is met.



the limit, in this case the limit was \$0, which is subject to a penalty of three times the violation amount. These were in the alternative. The penalty the City is imposing is for the prohibited contribution, which is the lower of the two.

I. The campaign asserts the penalty should be reduced, given the purpose of the penalties section.

In the Small Donor Elections Administrative Rules, Rule 18A describes the purpose of the penalties:

The purpose of this section is to discourage and deter the intentional or negligent violation of program requirements or prohibitions, ensure the proper stewardship of public funds, and encourage accurate reporting of contributions and expenditures for the purpose of public transparency in campaign finance. It is not the intent of this section to discourage participating in the program through excessive penalties for mistakes that do not harm the purpose of this section or the purpose of the program.

This section helps guide the Director when there is discretion in how much of a penalty to impose on a campaign, which is described in more detail in sections P and R:

P. An egregious violation, or multiple violations which together are egregious, by a participating candidate may subject the candidate to tripling of the penalty imposed, denial of certification, or decertification per City Code 2.16.160(b), or a combination of these. Egregious violations include without limitation failures to timely and accurately report expenditures or contributions that violate program requirements, failure to remedy a violation within a reasonable time period, and failure to pay penalties totaling a large percentage of their privately raised funds within a reasonable time period.

R. Exceptions:

...

2. Multiple like instances in one reporting period of de minimis impact may be combined when calculating the penalty at the discretion of the Director.

The discretion the Director has to adjust penalty amounts from the formulas outlined are as follows:

- To triple the penalty or decertify the candidate (which results in all public funds being returned) or both for egregious violations or multiple violations which together are egregious.
- To collapse multiple violations of de minimis impact made in the same reporting period into one violation when calculating the penalty.

An egregious violation includes the failure to report prohibited contribution, which the campaign is being penalized for. Therefore the discretion afforded the Director is to triple the penalty or decertify the candidate or both, not reduce the penalty.

The purpose section of the penalties rule guides the Director to reduce penalties within their discretion “for mistakes that do not harm the purpose of this section or the purpose of the program.” Accepting a



\$33,250 contribution harms the purpose of the program to ensure that Portlanders are confident that candidate that win City office work in the best interests of all Portlanders, not just large contributors, by subjecting candidates to contribution limits and enabling candidates to raise enough to run for office by collecting only small contributions and matching funds. The City finds that no discretion is granted to the Director to decrease the penalty amount, but there is discretion that was not used to tripe the penalty amount and decertify the candidate.

J. Bias

The campaign asserts that the Director has demonstrated bias against the campaign by:

- Announcing the fine less than two months before the election, resulting in wide press coverage, and
- Making the following statement to “When you violate the prohibition on large contributions and accept a contribution of \$33,000, that goes against the point of the program to ensure our democracy is strong and healthy and accountable to the people.”

One principle that guides program decisions is public transparency. In a healthy democracy, voters decide which information is relevant to help them decide for whom to cast their vote. As such, the program published the penalty determination at <https://www.portland.gov/smalldonorelections/complaints-and-penalties>. The program did not proactively reach out to press to alert them of the penalty. The widespread press coverage appears largely to be the result of the Rene for Portland campaign sending a press statement out to a broad range of print and TV news outlets. As a result of the campaign’s press statement, the program was contacted by many reporters and answered questions, including the question of how accepting a large contribution relates to the purpose of the Small Donor Elections program, so that reporters could explain to the public the rationale behind the penalty that was tens of thousands of dollars.

The program investigated a possible violation based on a tip. After completing the investigation, the program found a serious violation and penalized it with the confines of the law. Where discretion was permitted by the City Council in Code and by the Portland Elections Commission in Administrative Rules, the Director only exercised discretion not to triple the penalty amount or to decertify the program which would trigger the return of the campaign’s public funds to the program.

The program’s most important responsibility to is safeguard the local democracy, and that includes administering the law in a politically neutral manner, including in its enforcement actions. The program has upheld this responsibility in this case and will continue to do so in this case and all others.

K. Process: the campaign was not notified of the specific focus of the investigation.

The campaign asserts that the program did not ask the campaign about the value of any in-kind contribution or notify the campaign that this was the specific focus of the investigation and that this was somehow inappropriate.



There is no legal obligation for the program to inform the campaign of the specific focus of an investigation or even that an investigation is underway. The program's responsibility is to get accurate information relevant to the investigation and take any appropriate enforcement action, if any. The program initiates investigations on its own and often the targets of investigations never know an investigation took place if no violations were found.

Nonetheless, in this case, the campaign had already received from the Auditor's office a copy of the complaint that was submitted to the Auditor's office that the Small Donor Elections program investigated as a tip about a possible violation.⁶ In the Small Donor Elections program investigation, the program asked the following questions to the campaign:

Can you send me a written account of:

- 1. When the agreement was made to rent the property?*
- 2. Who was your contact at Schnitzer Properties Management?*
- 3. Who all on the campaign side was involved in arranging for renting this space?*
- 4. Who, outside of your campaign, was involved in finding this space?*
- 5. When the rental/lease agreement documents were signed?*
- 6. When rent is due?*
- 7. What is the amount due?*
- 8. Are there any charges for anything other than rent (e.g. security deposit)?*
- 9. When all payments that have been made to date to Schnitzer Properties Management were made and what those payments covered?*
- 10. What the nature of the rented space is and what it comes with (e.g. phone lines, copy machine, internet, computers, office supplies, furnishings, meeting rooms, parking space, etc.)?*

Please send me:

- 1. The rental/lease agreement,*
- 2. All bank statements from August 2021 through the latest plus screenshots of pending transactions not yet on a statement (please upload via this link to this secure site: [redacted secure link URL],*
- 3. All emails and texts sent to or from anyone related to the campaign (Rene, Shah, Natalie, etc.) to and from anyone related to the renting/leasing of the property, and*
- 4. Any other documentation that may be relevant, if any.*

The campaign's answers can be found in Exhibit A of the penalty letter, which includes their account of receiving a discounted rate for the leased space.

⁶ The Small Donor Elections program requires complaints to be on the program's form and can only be filed by a candidate. The complaint filed with the Auditor's office about a potential violation of the campaign finance rules the Auditor's office enforces did not meet the requirements of a complaint for the Small Donor Elections program and therefore was accepted as a tip of a possible violation and investigated accordingly.



Regardless, it is the campaign's obligation to comply with the law. Program staff makes themselves available to answer campaign questions about compliance if they have any. It is common practice for campaigns to ask if certain activities are within the rules or how to conduct certain activities within the rules. The Rene for Portland campaign regularly called program staff to ask compliance questions, though they did not on the subject of this lease prior to the investigation.

L. Process: the campaign did not have a meaningful opportunity to cure the violation.

The campaign asserts that the cure period available to all campaigns does not provide a meaningful opportunity to cure a violation.

Small Donor Elections Administrative Rule 18C establishes the following cure period: "Violations may be cured without penalty by the reporting deadline for the contribution or expenditure that was in violation." The campaigns are given the amount of time they have to report a contribution or expenditure in order to notice that a violation occurred and cure it.

There is no legal obligation for the program to alert campaigns of violations so that they can cure them. It is the obligation of the campaigns to comply with the law, identify violations and cure them within the cure period, or pay the resulting penalty.

However, when campaigns report a prohibited contribution to the program and the program happens to review it before the cure period is over, the program regularly informs the campaign of the prohibited contribution, asks them if they have already cured the violation, and directs them to do so by the end of the cure period if they have not already, and then checks to be sure they did cure the violation. The program does not always review reported contributions before the cure period ends.

The program did not have the opportunity to notice these prohibited contributions to the Rene for Portland campaign because the campaign did not report the difference between fair market value rent and rent paid as a contribution.

Nonetheless, in the penalty letter, the program alerted the Rene for Portland campaign that the cure period for September's rent is still open and urged them to pay Schnitzer Property Management LLC \$6,650 before the cure period ends, and offered to lower the penalty accordingly once it is cured. To date, the Rene for Portland campaign has not reported curing this violation to the program.

The penalty letter also urged the campaign to report all of the contributions from Schnitzer Property Management LLC immediately to stop the penalties for failing to report the contributions on time from accruing on a daily basis. To date, the campaign has not reported any contributions from Schnitzer Property Management LLC, meaning that the penalty for failing to report will, by law, increase.

M. The campaign asserts that the program inappropriately limited the scope of review for the Request for Reconsideration.



The penalty letter said “If you can provide evidence that Schnitzer Property Management has offered members of the general public (to whom no special favor was being granted) discounted rent in similar circumstances to yours, I would be happy to review the evidence and, if appropriate, reduce the amount of the penalty.” The Rene for Portland campaign seems to have interpreted this offer as an unfair limiting of the scope of the review of the Request for Reconsideration (per the Request for Reconsideration. This was not intended to limit the scope of the campaign’s arguments in the Request for Reconsideration and the campaign has not limited their arguments to this, so this misunderstanding did not result in any harm to the process.

III. CURE

As mentioned in the penalty letter, the cure period has lapsed for all violations except the prohibited contribution for September’s rent. The campaign may cure the violation within the cure period by paying \$6,650, the remaining fair market value of rent, to Schnitzer Properties Management LLC by the October 7 cure deadline and reporting it as an expenditure (Small Donor Elections Administrative Rule 18G1). If the campaign does this, the City will reduce the \$33,250 penalty for accepting prohibited contributions by \$6,650 to a \$26,600. To date, the campaign has not reported curing the violation for September’s rent.

IV. PAYMENT OF PENALTY

You may mail penalty payment to Small Donor Elections at 1221 SW 4th Avenue, Room 220, Portland, OR 97204. If you prefer to drop off the payment, you may drop it off at the front desk of the Portland Building at 1120 SW 5th Avenue during City business hours.

Please make checks or money orders out to “City of Portland” and indicate “Small Donor Elections Fund” in the memo space. All penalties are due within seven days of becoming final (Small Donor Elections Administrative Rule 18S6):

- If you do not file an appeal, that will be October 13, 2022; and
- If you file an appeal, that will be seven business days after the date that the appeal is resolved.

V. PREVENTING FURTHER INFRACTIONS

As mentioned in the penalty letter, to prevent further infractions, the campaign should immediately report all contributions related to the leasing of this space and pay the fair market value of rent for this space through the end of the lease agreement, or until it is altered according to both the current lease’s terms and what would be available to the general public. To date, the program has not received any reported contributions related to this lease or reported expenditures curing the violation for September’s rent.



VI. RIGHT TO APPEAL

If you disagree with this determination, you may submit a completed appeal hearing form⁷ by October 6, 2022 (PCC 2.16.170E).

As always, if you wish to confirm that the actions you plan to take will be in compliance with the requirements of the Small Donor Elections Code and Administrative Rules, including curing the violation and preventing future infractions, please do not hesitate to contact our office. We are happy to answer your questions.

Sincerely,

Susan Mottet
Director | Small Donor Elections | City of Portland
1221 SW 4th Avenue, Room 220 | Portland, OR 97204
503.823.4345 | susan.mottet@portlandoregon.gov

⁷ <https://www.portland.gov/sites/default/files/2022/2022-appeals-form.pdf>