CALL TO ORDER

Chair Remke called the meeting to order at 10:00 am on February 19, 2015 at the Fair Political Practices Commission, 428 J Street, Sacramento, CA 95814. Chair Remke and Commissioners Casher, Wasserman, and Wynne were present. Commissioner Eskovitz was present by teleconference.

WELCOME

Chair Remke stated there would be a presentation at the end of the hearing.

1. Public Comment

Chair Remke opened the floor for public comment. There was none.


Chair Remke asked Commissioner Wasserman about edits to the January Minutes. The Chair then asked to ensure the updated minutes would be made available to the public. Commissioner Wynne made a motion to approve item 2, Commissioner Casher seconded the motion.

Ayes: Commissioners Casher, Eskovitz, Wasserman, Wynne, Chair Remke

The motion passed 5 to 0.

GENERAL ITEMS 3 - 6

3. Payments for Fundraising Events from Lobbyists and Lobbying Firms: Adoption of Amendments to Regulation 18215, Definition of Contribution. Staff: Assistant General Counsel John W. Wallace and Commission Counsel Emelyn Rodriguez. Staff proposes that the Commission amend Regulation 18215 to conform to changes made to Section 82015 by SB 1441 (Lara) and AB1673 (Garcia).

Commission Counsel Emelyn Rodriguez briefed the commission.
Thomas Hiltachk, representing the Institute of Governmental Advocates, requested that adoption of this regulation would be placed on hold until questions on spouses or cohabitants are clarified.

Chair Remke and the Commissioners asked Mr. Hiltachk, Assistant General Counsel John Wallace, and Counsel Rodriguez clarifying questions, which were answered.

Commissioner Casher made a motion to approve item 3, Chair Remke seconded the motion.

Ayes: Commissioners Casher, Eskovitz, Wasserman, Wynne, Chair Remke

The motion passed 5 to 0.

4.  Amend Regulations 18530.4 and 18530.45 – Legal Defense Funds. Staff: Assistant General Counsel John W. Wallace and Senior Commission Counsel Hyla P. Wagner. Recent legislation (AB 1692 and AB 1666) made changes to the definition of “attorney’s fees and other costs” contained in the Act’s legal defense fund provisions in Section 85304 and 85304.5. Staff proposes a minor amendment to the state and local legal defense fund regulations to conform them to the statutory changes.

Senior Commission Counsel Hyla Wagner briefed the commission.

Chair Remke asked a clarifying question and Counsel Wagner responded. Commissioner Wasserman noticed a misplaced comma, which the Commission instructed staff to remove.

Commissioner Casher made a motion to approve item 4, Commissioner Wynne seconded the motion.

Ayes: Commissioners Casher, Eskovitz, Wasserman, Wynne, Chair Remke

The motion passed 5 to 0.

5.  Amend and Reorganize Regulations 18700 – 18709: Conflict of Interest Regulations. Staff: Senior Commission Counsel William J. Lenkeit and Assistant General Counsel John W. Wallace. Staff proposes to submit for Commission approval the reorganization of the Act’s conflict of interest regulations to implement the new structure approved by the Commission at the April 2013 Commission meeting. The regulation package submitted herein implements amendments to regulations previously approved by the Commission and makes other nonsubstantive amendments to conform with the new structure. No substantive amendments are being submitted for consideration as part of this item.

Chair Remke noted that item 5 did not have to be voted upon.

Senior Commission Counsel William Lenkeit briefed the commission.

Commissioner Wynne thanked the staff for their hard work. Commissioner Wasserman asked a clarifying question, Counsel Lenkeit answered.

Jennifer Svec, California Association of Realtors thanked staff for the amendments.
INFORMATIONAL ITEM (No action required)

6. In the Matter of Archway Property Services, LLC, and Andrew Hawkins Cohen; FPPC No. 11/1056. Commission Counsel Adam Silver and Special Investigator Beatrice Moore. On October 16, 2014, the Commission approved a Default, Decision and Order in this case, which imposed a penalty in the amount of $40,000 for eight counts of laundering money into the campaign accounts of 2011 San Francisco Mayoral Candidates Edwin M. Lee and Phil Ting. Thereafter, the Enforcement Division communicated with Assemblyman Ting regarding his 2011 campaign’s duty to return the laundered funds, totaling $500, to the State of California pursuant to Government Code Section 85701. On December 18, 2014, the Enforcement Division received full payment in this regard. As required by law, the disgorgement payment will be turned over to the General Fund of the State of California in connection with the complete resolution of this matter.

Chief of Enforcement, Gary Winuk introduced Acting Chief of Enforcement Galena West. Then he briefed the Commission on item 6.

PROPOSED CONSENT CALENDAR ITEMS 7-25

Chair Remke removed item 12 from the consent calendar.

Commissioner Eskovitz removed items 13 and 17, noting he would not vote on them out of an abundance of caution.

After a discussion on items 8 and 11, Commissioner Casher made a motion to approve items 7-11, 14-16, 18-25, Commissioner Wynne seconded the motion.

Ayes: Commissioners Casher, Eskovitz, Wasserman, Wynne, Chair Remke

The motion passed 5 to 0

ENFORCEMENT MATTERS

Campaign Money Laundering

7. In the Matter of Citizens in Charge and Howard Rich; FPPC No. 13/336. Staff: Senior Commission Counsel Dave Bainbridge and Program Specialist Grant Beauchamp. Respondent, Citizens in Charge ("Respondent CIC"), is 501(c)(4) non-profit organization based in Virginia. Respondent, Howard Rich ("Respondent Rich"), is an individual who resides in Pennsylvania. In this matter, Respondent Rich made a $200,000 contribution to California Term Limits PAC Sponsored by California Term Limits and Citizens in Charge ("CA TermLimits PAC") that was disclosed as a contribution from Respondent CIC, not Respondent Rich, in violation of Government Code Section 84301 (1 count). Respondent CIC acted as an intermediary for the $200,000 contribution but did not disclose itself as an intermediary, in violation of Government Code Section 84302 (1 count). Further, Respondent Rich failed to file two major donor campaign statements disclosing contributions he made in 2012 that each
exceeded $10,000, in violation of Government Code Section 84200, subdivision (b) (1 count). **Total Proposed Penalty: $14,000.**

8. **In the Matter of Howard Misle; FPPC No. 12/490 (Default Decision).** Staff: Senior Commission Counsel Dave Bainbridge and Special Investigator Lee Myers. In this matter, Respondent, Howard Misle, the owner and CEO of American Metal Group, Inc., made two campaign contributions to city council candidates in the name of an employee of American Metal Group, Inc., rather than his own name, by reimbursing the employee for making the contributions to the candidates’ campaigns in violation of Government Code Section 84301 (2 counts). **Total Proposed Penalty: $10,000.**

Conflict of Interest

9. **In the Matter of Edward C. Vasquez; FPPC No. 14/1103.** Staff: Commission Counsel Milad Dalju and Special Investigator Ann Flaherty. In this matter, Respondent Edward C. Vasquez, a member of the Central Basin Municipal Water District’s Board of Directors until January 6, 2013, failed to report 28 gifts he received between January 1, 2009, and January 6, 2013, in violation of Government Code Section 87300 (1 count), accepted gifts in excess of the annual gift-limit in 2009, 2010, and 2011, in violation of Government Code Section 89503 (1 count), and, in his capacity as a member of the Central Basin Municipal Water District’s Board of Directors, made seven governmental decisions in which he knew, or had reason to know, he had a financial interest, in violation of Government Code Section 87100 (7 counts). **Total Proposed Penalty: $31,500.**

10. **In the Matter of Arthur Palkowitz; FPPC No. 13/070.** Staff: Commission Counsel Adam Silver and Special Investigator Paul Rasey. In this matter, Respondent, Arthur Palkowitz, as a member of the Solana Beach School District Board of Education, failed to report a source of income, which exceeded the reporting threshold of $500, on his 2010 and 2011 Statements of Economic Interests, in violation of Government Code Sections 87300 and 87302 (1 count). In addition, Respondent made governmental decisions in which he had a material financial interest, by twice voting to approve purchase orders via consent calendar to a source of income, in violation of Government Code Section 87100 (1 count). **Total Proposed Penalty: $5,000.**

11. **In the Matter of John Martin; FPPC No. 14/426 (Default Decision).** Staff: Senior Commission Counsel Neal Bucknell and Special Investigator George Aradi. In this matter, on or about March 18, 2014, Respondent, John Martin, in his capacity as Wasco City Councilman, made a governmental decision in which he knew, or had reason to know, he had a financial interest, in violation of Government Code Section 87100 (1 count). **Total Proposed Penalty: $4,000.**
Campaign Reporting


After the Commission discussed the matter, Chair Remke made a motion to approve item 12, while striking counts 1-7, Commissioner Wynne seconded the motion.

Ayes: Commissioners Casher, Eskovitz, Wasserman, Wynne, Chair Remke

The motion passed 5 to 0

13. In the Matter of Service Employees International Union Local 721 CTW, CLC Workers Strength Committee and Tony Bravo; FPPC No. 14/261. Staff: Senior Commission Counsel Dave Bainbridge and Program Specialist Bob Perna. In this matter, Respondent, Service Employees International Union Local 721 CTW, CLC Workers Strength Committee, failed to timely disclose on its pre-election campaign statement for the July 1, 2010 through October 16, 2010 statement period, expenditures totaling $33,863 in the form of non-monetray contributions to two city council candidates in the City of San Jacinto and one city council candidate in the City of Hemet, in violation of Government Code Sections 84200.7, subdivision (b) and 84211, subdivision (k) (1 count). Total Proposed Penalty $2,500.

Chair Remke made a motion to approve item 13, Commissioner Wynne seconded the motion.

Ayes: Commissioners Casher, Wasserman, Wynne, Chair Remke

Abstention: Commissioner Eskovitz

The motion passed 4 to 0

14. In the Matter of Adam Hill, Friends of Adam Hill, County Supervisor 2012, and Sharon A. McMahan, Treasurer; FPPC No. 14/595. Staff: Commission Counsel Milad Dalju and Program Specialist Grant Beauchamp. In this matter, Respondents Adam Hill, Friends of Adam Hill, County Supervisor 2012, and Sharon A. McMahan as Treasurer, failed to timely report fifteen payments of $500 or more, totaling $68,058.73, made on Respondent Friends of Adam Hill, County Supervisor 2012’s behalf by Respondent Friends of Adam Hill, County Supervisor 2012’s agents or independent contractors during the March 18 through May 19,

15. In the Matter of Andrew M. Cohen and Elect Andy Cohen for Supervisor 2012; FPPC No. 14/329. Staff: Commission Counsel Milad Dalju and Program Specialist Robert Perna. This matter initially arose out of a referral by Franchise Tax Board. Respondent Andrew M. Cohen was an unsuccessful candidate for the San Mateo County Board of Supervisors in the June 5, 2012, election. Respondent Elect Andy Cohen for Supervisor 2012 was his candidate-controlled committee. In this matter, Respondents failed to maintain the detailed accounts, records, bills, and receipts that were necessary to prepare campaign statements for the January 1 through March 17, 2012, March 18 through May 19, 2012, and May 20 through June 30, 2012, reporting periods, in violation of Government Code Section 84104 (1 count). Total Proposed Penalty: $1,000.


17. In the Matter of National United Farm Workers PAC and Sergio Guzman, Treasurer; FPPC No. 14/138. Staff: Political Reform Consultant Adrianne Korchmaros. In this matter, Respondents, National United Farm Workers PAC and Sergio Guzman as Treasurer, failed to timely file the semi-annual statement, Form 460, covering the period of July 1, 2013, through December 31, 2103, due January 31, 2014, in both paper and electronic formats, with the Office of the Secretary of State, in violation of Government Code Section 84200 (2 counts). Total Proposed Penalty: $400.

Chair Remke made a motion to approve item 17, Commissioner Wasserman seconded the motion.

Ayes: Commissioners Casher, Wasserman, Wynne, Chair Remke

Abstention: Commissioner Eskovitz

The motion passed 4 to 0


Major Donor Reporting


Mass Mailer

22. In the Matter of Graton Community Services District; FPPC No. 13/1133. Staff: Commission Counsel Adam Silver and Special Investigator Paul Rasey. In this matter, Respondent, Graton Community Services District, sent a newsletter at the public’s expense, in violation of Government Code Section 89001 (1 count). Total Proposed Penalty: $2,000.

Statement of Economic Interests – Non-Filer

23. In the Matter of Samuel Nevis; FPPC No. 15/028. Staff: Political Reform Consultant Jeanette Turvill. In this matter, Respondent, Samuel Nevis, as a Member of the California Rice Commission, failed to timely file a 2013 Annual Statement of Economic Interests, due on April 1, 2014, with the Fair Political Practices Commission, in violation of Government Code Section 87300 (1 count). Total Proposed Penalty: $300.
24. **In the Matter of James Stevens; FPPC No. 14/1053.** Staff: Commission Counsel Adam Silver and Political Reform Consultant Adrianne Korchmaros. In this matter, Respondent, James Stevens, as a Building Inspector II for the County of San Benito, failed to timely file a 2013 Annual Statement of Economic Interests, due on April 1, 2014, with the San Benito County Elections Department, in violation of Government Code Section 87300 (1 count). **Total Proposed Penalty: $200.**

**Statement of Economic Interests – Non-Reporting**

25. **In the Matter of George S. Cambero; FPPC No. 14/1355.** Staff: Political Reform Consultant Adrianne Korchmaros. In this matter, Respondent, George S. Cambero, a successful candidate for the Elsinore Valley Municipal Water District, failed to timely disclose his economic interest in his business Innovative Water Specialties on his Candidate Statement of Economic Interests, in violation of Government Code Section 87208 (1 count). **Total Proposed Penalty: $200.**

**EXECUTIVE STAFF REPORTS ITEM 26**

**Legislative Report.** Staff: Senior Commission Counsel and Legislative Coordinator, Sukhi Brar

Chair Remke informed the commission there are currently only two bills pending regarding the Political Reform Act and that staff is providing technical assistance on bills.

**Litigation Report.** Staff: Assistant General Counsel, John W. Wallace

**Legal Division Report.** Staff: Assistant General Counsel, John W. Wallace

**Enforcement Division Report.** Staff: Chief of Enforcement, Gary Winuk

**Technical Assistance Division Report.** Staff: Chief of Technical Assistance Division, Lynda Cassady

Commissioner Wasserman thanked the staff for their outreach and educational efforts.

Executive Director, Erin Peth presented Chief Winuk with a resolution.

Chair Remke and all of the commissioners praised Chief Winuk.

Chair Remke made a motion to adjourn the meeting. Commissioner Wynne seconded the motion.

Ayes: Commissioners Casher, Eskovitz, Wasserman, Wynne, Chair Remke

The motion passed 5 to 0.

The meeting adjourned at 11:09 am.
Respectfully Submitted,

Dated:

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John Kim

Commission Assistant

Approved March 19, 2015

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Joann Remke, Chair

Fair Political Practices Commission