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8 BEFORE THE FAIR POLITICAL PRACTICES COMMISSION
9 STATE OF CALIFORNIA

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11 In the Matter of:

12 RICHARDSON PATEL AND PURE
13 PILATES, INC,

14 Respondents.

FPPC Case No. 17/00182

STIPULATION, DECISION AND ORDER

15 **INTRODUCTION**

16 Respondent Richardson Patel (the “law firm”) was a law firm located in Los Angeles until it
17 merged with another law firm in 2015. Pure Pilates, Inc. is a Pilates studio located in Encino. The
18 Political Reform Act (the “Act”)¹ requires an intermediary of a campaign contribution to disclose the true
19 source of the contribution. The law firm and Pure Pilates acted as intermediaries of a contribution
20 without disclosing the true source of the contribution to the recipient.

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27 ¹ The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the
28 Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in
Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2,
Division 6 of the California Code of Regulations, unless otherwise indicated.

1 **SUMMARY OF THE LAW**

2 **Need for Liberal Construction and Vigorous Enforcement of the Political Reform Act**

3 When enacting the Political Reform Act, the people of California found and declared that
4 previous laws regulating political practices suffered from inadequate enforcement by state and local
5 authorities.² For this reason, the Act is to be construed liberally to accomplish its purposes.³

6 One purpose of the Act is to promote transparency by ensuring that receipts and expenditures in
7 election campaigns are fully and truthfully disclosed so that voters are fully informed and improper
8 practices are inhibited.⁴ Along these lines, the Act includes a comprehensive campaign reporting
9 system—and the true sources of campaign contributions may not be concealed.⁵ Another purpose of the
10 Act is to provide adequate enforcement mechanisms so that the Act will be “vigorously enforced.”⁶

11 **Contributions by an Intermediary or Agent**

12 No person may make a contribution on behalf of another, or while acting as the intermediary or
13 agent of another, without disclosing to the recipient of the contribution both the identity of the
14 contributor and the intermediary.⁷

15 **SUMMARY OF THE FACTS**

16 The Huntley Hotel (“The Huntley”) is located on 2nd Street in Santa Monica directly behind the
17 Fairmont Miramar (the “Miramar”). In 2012, The Huntley, along with many other businesses and
18 residents in the neighborhood and in the City of Santa Monica, took issue with the plans that were
19 submitted by the Miramar to the Santa Monica Planning Commission, which contained proposals that
20 would significantly expand the existing structure of the Miramar hotel. The Huntley took issue with the
21 expansion primarily due to its adverse impacts on local traffic, its blocking of the sunlight and views of
22 adjacent or nearby buildings, and the disruption to the quality of life that would be caused by its lengthy
23 construction timetable.

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26 ² Section 81001, subdivision (h).

27 ³ Section 81003.

28 ⁴ Section 81002, subdivision (a).

⁵ Sections 84200, *et seq.* and 84301.

⁶ Section 81002, subdivision (f).

⁷ Section 84302.

1 In October 2012, Manju Raman (“Raman”), Assistant General Manager of The Huntley,
2 approached Nimish Patel (“Patel”), a partner at the law firm which was serving as The Huntley’s
3 business counsel, to ask that the law firm to make a \$10,000 campaign contribution to a political
4 committee, Santa Monicans for Responsible Growth (“SMRG”), with the understanding that The
5 Huntley would give it the money to make the contribution. On October 12, 2012, the law firm invoiced
6 The Huntley \$20,000, of which \$10,000 represented a retainer for the month of October and \$10,000 for
7 the reimbursement of the contribution. On October 16, 2012, Sohrab Sassounian, President/General
8 Manager of The Huntley, signed a check for \$10,000 to the law firm for the reimbursement of the
9 contribution. On October 18, 2012, Doug Gold, Chief Financial Officer (“CFO”) of the law firm and
10 husband of Pure Pilates owner Amanda Gold, wrote a check for \$10,000 from Pure Pilates to SMRG. On
11 October 19, 2012, the law firm made a \$10,000 wire transfer to Pure Pilates to reimburse Pure Pilates for
12 writing the contribution check to SMRG. SMRG reported receiving the contribution from Pure Pilates on
13 October 24, 2012. The Huntley was never reported by the intermediaries as being the true source of the
14 contribution.

15 **VIOLATIONS**

16 Count 1 – Failure to Disclose Original Contributor Information

17 The law firm, in October 2012, while acting as an agent for The Huntley Hotel, made a \$10,000
18 contribution to Santa Monicans for Responsible Growth in the name of Pure Pilates and did not disclose
19 the identity of the true donor, The Huntley, to Santa Monicans for Responsible Growth, in violation of
20 Government Code section 84302.

21 Count 2 – Failure to Disclose Original Contributor Information

22 Pure Pilates, in October 2012, while acting as an intermediary of The Huntley Hotel, failed to
23 disclose the original contributor information for a \$10,000 contribution from The Huntley Hotel to Santa
24 Monicans for Responsible Growth, in violation of Government Code section 84302.

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1 **PROPOSED PENALTY**

2 This matter consists of 2 counts of violating the Act. The maximum penalty that may be imposed
3 is \$5,000 per count. Thus, the maximum penalty that may be imposed is \$10,000.⁸

4 In determining the appropriate penalty for a particular violation of the Act, the Commission
5 considers the facts of the case, the public harm involved, and the purposes of the Act. Also, the
6 Commission considers factors such as: (a) the seriousness of the violation; (b) the presence or absence of
7 any intention to conceal, deceive or mislead; (c) whether the violation was deliberate, negligent or
8 inadvertent; (d) whether the violation was isolated or part of a pattern; (e) whether corrective
9 amendments voluntarily were filed to provide full disclosure; and (f) whether the violator has a prior
10 record of violations.⁹ Additionally, the Commission considers penalties in prior cases with comparable
11 violations.

12 Recent stipulations show that the Commission views these types of cases as warranting the
13 maximum penalty.

14 *In the Matter of Stanislaus Republican Central Committee and Gary McKinsey*, FPPC Case No.
15 16/178 (approved Mar. 17, 2016), the Commission imposed a penalty of \$5,000 against the respondents
16 because it failed to disclose its intermediary information as well as the original contributor information.

17 Failing to report intermediary and original contributor information is one of the most serious
18 violations of the Act because such conduct deceives the public as to the true source of the funds. In this
19 case, The Huntley deprived the public of the opportunity to learn the true source of the contribution by
20 using the law firm as the intermediary. The law firm took this a step further by using Pure Pilates as the
21 second intermediary, effectively creating two layers to separate the contribution from its true source.

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28 ⁸ See Section 83116, subdivision (c).

⁹ Regulation 18361.5, subdivision (d).

1 **CONCLUSION**

2 Complainant, the Enforcement Division of the Fair Political Practices Commission, and
3 Respondents Richardson Patel and Pure Pilates hereby agree as follows:

4 1. Respondents violated the Act as described in the foregoing pages, which are a true and
5 accurate summary of the facts in this matter.

6 2. This stipulation will be submitted for consideration by the Fair Political Practices
7 Commission at its next regularly scheduled meeting—or as soon thereafter as the matter may be heard.

8 3. This stipulation resolves all factual and legal issues raised in this matter—for the purpose
9 of reaching a final disposition without the necessity of holding an administrative hearing to determine the
10 liability of Respondent pursuant to Section 83116.

11 4. Respondents understand, and hereby knowingly and voluntarily waives, any and all
12 procedural rights set forth in Sections 83115.5, 11503, 11523, and Regulations 18361.1 through 18361.9.
13 This includes, but is not limited to the right to appear personally at any administrative hearing held in this
14 matter, to be represented by an attorney at Respondent’s own expense, to confront and cross-examine all
15 witnesses testifying at the hearing, to subpoena witnesses to testify at the hearing, to have an impartial
16 administrative law judge preside over the hearing as a hearing officer, and to have the matter judicially
17 reviewed.

18 5. Respondents agree to the issuance of the decision and order set forth below. Also,
19 Respondents agrees to the Commission imposing against it an administrative penalty in the amount of
20 \$10,000. One or more cashier’s checks or money orders totaling said amount—to be paid to the General
21 Fund of the State of California—is/are submitted with this stipulation as full payment of the
22 administrative penalty described above, and same shall be held by the State of California until the
23 Commission issues its decision and order regarding this matter.

24 6. If the Commission refuses to approve this stipulation—then this stipulation shall become
25 null and void, and within fifteen business days after the Commission meeting at which the stipulation is
26 rejected, all payments tendered by Respondents in connection with this stipulation shall be reimbursed to
27 Respondents. If this stipulation is not approved by the Commission, and if a full evidentiary hearing
28 before the Commission becomes necessary, neither any member of the Commission, nor the Executive

1 Director, shall be disqualified because of prior consideration of this Stipulation.

2 7. The parties to this agreement may execute their respective signature pages separately. A
3 copy of any party's executed signature page including a hardcopy of a signature page transmitted via fax
4 or as a PDF email attachment is as effective and binding as the original.

5 Dated: _____

6 Galena West, Chief of Enforcement
7 Fair Political Practices Commission

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10 Dated: _____

11 Nimish Patel, on behalf of Richardson & Patel.

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15 Doug Gold, on behalf of Pure Pilates.
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1 The foregoing stipulation of the parties “In the Matter of Richardson Patel and Pure Pilates, Inc.,”
2 FPPC Case No. 17/00182 is hereby accepted as the final decision and order of the Fair Political Practices
3 Commission, effective upon execution below by the Chair.

4 IT IS SO ORDERED.

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6 Dated: _____

7 Joann Remke, Chair

8 Fair Political Practices Commission
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