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State of California



Fair Political Practices Commission

NEWS RELEASE: 84-14  
March 7, 1984

For Further Information Contact:  
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FOR YOUR INFORMATION

Attached for your information is a "closure memorandum" approved by the Fair Political Practices Commission terminating its investigation into alleged campaign disclosure violations by businessman Richard Traweek.

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# Memorandum

To : John Keplinger

Date : Feb. 23, 1984

From : FAIR POLITICAL PRACTICES COMMISSION

Robert D. Blasier, Jr. 

Subject:

Richard Traweek  
SI-83/04  
Closure Memorandum

## SUMMARY OF COMPLAINT

This case was opened as a result of two complaints received in April 1983. The complaints were based primarily on a series of newspaper articles alleging or inferring that Richard Traweek had violated the Political Reform Act in connection with a number of substantial contributions he made to elected state officials in 1980, 1981, and 1982. The following allegations were made or alluded to in the complaints and the newspaper articles:

1) Traweek failed to file major donor campaign statements in a timely fashion.

2) Contributions to numerous elected state officials were laundered through various real estate limited partnerships in order to conceal the fact that Traweek was a major donor;

3) Traweek made contributions through various friends and associates in order to conceal his own participation; and

4) Traweek made gifts to elected state officials, in the guise of campaign contributions, in order to improperly influence the legislature to enact two pieces of legislation designed specifically to benefit himself and his various limited partnerships (SB 626 in 1981 and SB 259 in 1983).

As discussed below, our investigation revealed that the only allegation with any merit was the failure to timely file major donor campaign statements.

## ANALYSIS

Richard Traweek is a southern California businessman who is the principal general partner in approximately 15 real estate limited partnerships. These partnerships are involved in major

development projects and condominium conversion ventures. The project which prompted the attention of the media was the John Muir Apartment complex in San Francisco. A Traweek limited partnership had purchased this complex with the intent of converting the apartments to condominiums. In 1982, the San Francisco Board of Supervisors enacted an ordinance which had the effect of blocking the conversion of the apartment complex. Traweek attempted unsuccessfully to negotiate with the city of San Francisco in order to obtain approval for the condominium conversion. After failing at this, he attempted to obtain the passage of legislation (SB 259 carried by Senator Henry Mello) which would have had the effect of circumventing the San Francisco ordinance, allowing him to proceed with the John Muir conversion.

Senate Bill 259, introduced in January of 1983, received a great deal of media and public attention when it was discovered that the legislation was a special interest bill designed to benefit Traweek and that Traweek, through his various limited partnerships, had made substantial contributions to elected state officials. The bill eventually died in committee because of the extensive media attention and the very vocal opposition of San Francisco city officials.

Our investigation revealed that Traweek and his limited partnerships had made contributions totaling approximately \$70,000 between 1980 and the end of 1982 (\$7,000 in 1980, \$22,400 in 1981, and \$41,007 in 1982). These contributions were made primarily to state legislators. Traweek acknowledged that he made all of the decisions regarding who was to receive contributions from the various partnerships. He explained that based on input he received from his advisors, he identified those legislators who shared his interests in development and condominium conversions. He then apportioned most of his contributions among all of his active partnerships since they all shared the same interests and he wished to minimize the expenses to any single partnership.<sup>1/</sup>

The evidence obtained does not support the allegations that Traweek attempted to secure passage of SB 259 by making gifts to legislators masked as campaign contributions. Traweek stated that

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<sup>1/</sup> It was alleged that the contributions were apportioned so that disclosure could be evaded by keeping each individual partnership below the \$5,000 threshold for major donor filings. This is not supported by the evidence in that some of the individual partnerships actually did exceed the \$5,000 threshold, even with the apportionment. Additionally, some of the recipients cumulated all contributions from Traweek entities into one amount. Had there been any plan or scheme to evade disclosure, the recipients would most likely not have cumulated all amounts from Traweek partnerships into one amount.

he stopped making all contributions prior to the introduction of SB 259 in order to avoid any appearance of impropriety. The documentary evidence examined supports this contention.<sup>2/</sup>

Some newspaper articles contained statements inferring that Traweek had sought through campaign contributions to improperly influence an earlier bill in 1981 (SB 626). Senate Bill 626, also carried by Senator Henry Mello, shifted some of the responsibility for establishing low cost housing standards in coastal developments from the California Coastal Commission to local governmental agencies. While this legislation did result in a benefit to Traweek (as well as many other developers with projects within Coastal Commission jurisdiction), there is no evidence that he had any active involvement with SB 626.

With respect to allegations that Traweek laundered contributions through friends and associates, Traweek acknowledged that he did solicit contributions to various candidates from several of the individuals mentioned in the newspaper articles. However, there is no evidence supporting the allegation that Traweek made any contributions using these individuals as intermediaries. The contributors named are all affluent individuals who were financially able to make the questioned contributions themselves.<sup>3/</sup>

Finally, Traweek does acknowledge that he should have cumulated all contributions made by his various partnerships and that he should have filed major donor campaign statements for 1980, 1981, and 1982. He stated that his experience as a contributor began with his first contribution in 1980. Prior to this investigation he had no dealings with the Commission. He was unaware of any filing requirements for large individual donors until mid or late 1982. He stated that in mid or late 1982 he became aware of the possibility of major donor filing requirements in discussions with his attorney, David Pierson.<sup>4/</sup>

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<sup>2/</sup> There is little question that Traweek's ability to gain access to various legislators in connection with SB 259 was enhanced by his prior contributions to those legislators. However, this is not uncommon and is not unlawful under the Political Reform Act.

<sup>3/</sup> This allegation appears to have been made based only on the fact that the reported contributors were associated with Traweek and that the contributions were made during the same time period when Traweek was making contributions himself.

<sup>4/</sup> Pierson was hired by Traweek specifically to help with condominium conversions. Although Pierson was a one-time assemblyman and is active politically himself, he was not hired to advise Traweek on campaign matters.

At Traweek's request, Pierson reviewed the contributions that Traweek entities had made and advised him that since no individual entity had exceed \$5,000, no major donor filings were required.<sup>5/</sup> He acknowledges that he gave Traweek the advice that no filings were required although he now concedes that his advice was in error. Pierson confirmed Traweek's statements in all other major respects. After the newspaper articles appeared, Traweek retained additional counsel to advise him specifically about his filing requirements. In May of 1983, upon the advice of his new counsel, Traweek filed major donor campaign statements for 1980, 1981, and 1982.

While Traweek's filings were not made in a timely fashion, it appears that the recipients of Traweek contributions did properly report receipt of those contributions in a timely manner. This factor negates any inferences that Traweek's failure to file was part of a scheme or plan to avoid public disclosure of his political activity.

#### RECOMMENDATION

In the past, the Commission has not undertaken an active enforcement role in the identification and prosecution of major donor nonfilers unless there was some evidence of the existence of a plan or scheme to avoid public disclosure or specific knowledge of the requirement to file. Based on the Commission's current electronic data processing capabilities and given the increased public awareness of the influence of large individual campaign contributors, the staff has formulated and is now implementing a program to identify and notify major donors who have failed to file campaign statements in the past. Formal enforcement actions against these nonfilers are not anticipated unless they continue, after notice, to fail to file statements in a timely fashion. While the circumstances surrounding Traweek's contributions received extensive coverage in the press, a close examination reveals that his situation is similar to many other major donor nonfilers that have been targeted for notification and monitoring.

It is therefore recommended that Mr. Traweek be added to the group of other major donor nonfilers who have been identified for formal notification and monitoring for future compliance. The following factors have been considered in making this recommendation:

- 1) Traweek's lack of any prior filing experience;
- 2) The absence of any evidence of an intent or plan to evade disclosure;

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<sup>5/</sup> No one was able to pinpoint the specific date of this meeting but it is assumed that at the time Pierson reviewed the records, no individual entity had exceeded \$5,000.

3) Traweek's reliance on advice of counsel;

4) Traweek's willingness to file all missing reports upon learning of his filing obligations;

5) The timely disclosure of his contributions by the recipients; and

6) Traweek's full cooperation during this course of the investigation.

CONCUR: Roger Brown 2/23/84  
Roger Brown Date  
Chief, Enforcement Division

CONCUR: John Keplinger 2/24/84  
John Keplinger Date  
Executive Director

RDB:sf