FAIR POLITICAL PRACTICES COMMISSION
428 J Street • Suite 620 • Sacramento, CA 95814-2329
(916) 322-5660 • Fax (916) 322-0886

July 19, 2010

Kansen Chu
REDACTED

Warning Letter Re: FPPC No. 10/314; Kansen Chu

Dear Mr. Chu:

The Fair Political Practices Commission (the "FPPC") enforces the provisions of the Political Reform Act (the "Act"),[1] found in Government Code section 81000, et seq. This letter is in response to a referral from the FPPC's Technical Assistance Division alleging that you violated the gift limits.

The FPPC has completed its investigation of the facts in this case. Specifically, the FPPC found that on the Schedule E of the Statement of Economic Interests you filed on or about March 30, 2009, covering calendar year 2008, you disclosed that you received gifts of travel from the US Silicon Valley-China Sister Cities in the amount of $3,565, and the Anhui Benevolent Association in the amount of $900. Both gifts were in excess of the 2008 gift limit imposed by the Act in Section 89503.

The Act places limitations on the acceptance of gifts by certain public officials. As an elected city council member, you are prohibited from accepting gifts from any single source in any calendar year with a total value of more than the gift limit. (GC § 89503(a).) The gift limit in 2008 was $390. (Regulation 18940.2.) Under some circumstances, payments for transportation, lodging, and subsistence may be exempt from the definition of "gift." Section 89506(a)(2) provides that travel expenses reasonably related to a legislative or governmental purpose, or to an issue of state, national, or international policy, are *not prohibited or limited* if they are provided by certain specified sources such as governmental agencies, bona fide public or private educational institutions, or non-profit 501(c)(3) organizations. In your letter to us in

[1] The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the 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.

response to our inquiry regarding the gifts, you stated that you believed that US Silicon Valley-China Sister Cities and the Anhui Benevolent Association were 501(c)(3) organizations. However, neither organization appears to have ever been registered as a 501(c)(3) organization. Therefore, the requirements under Section 89506(a)(2) for an exception to the gift limit were not met and both travel payments were reportable gifts that were subject to gift limits.

Your actions violated the Act because you received two gifts over the limit. However, because you appear to have believed both organizations met the standard for the exception in Section 89506(a)(2), we have decided to close this case. This letter serves as a written warning. The information in this matter will be retained and may be considered should an enforcement action become necessary based on newly discovered information or future conduct. Failure to comply with the provisions of the Act in the future will result in monetary penalties of up to $5,000 for each violation.

A warning letter is an FPPC case resolution without administrative prosecution or fine. However, the warning letter resolution does not provide you with the opportunity for a probable cause hearing or hearing before an Administrative Law Judge or the Fair Political Practices Commission. If you wish to avail yourself of these proceedings by requesting that your case proceed with prosecution rather than a warning, please notify us within ten (10) days from the date of this letter. Upon this notification, the FPPC will rescind this warning letter and proceed with administrative prosecution of this case. If we do not receive such notification, this warning letter will be posted on the FPPC's website ten (10) days from the date of this letter.

If you have questions regarding this matter, please contact Adrianne Korchmaros at (916) 322-8241.

Sincerely,

REDACTED

Gary S. Winuk, Chief
Enforcement Division

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cc: FPPC Technical Assistance Division