FAIR POLITICAL PRACTICES COMMISSION
428 J Street • Suite 620 • Sacramento, CA 95814-2329
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September 26, 2011

Michael P. Leary
Friends of Mike Leary for Elk Grove City Council

REDACTED

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Friends of Mike Leary for Elk Grove City Council

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RE: Warning Letter – FPPC No. 08/262; In the Matter of Michael Leary and Mike Leary for Elk Grove City Council

Dear Mr. Leary:

The Fair Political Practices Commission is charged with the duty to administer, implement and enforce the provisions of the Political Reform Act ("Act").[1] Among the purposes of the Act are that "receipts and expenditures in election campaigns should be fully and truthfully disclosed in order that the voters may be fully informed and improper practices may be inhibited," and disclosure of public officials' assets and income. (Section 81002, subdivisions (a) and (d.)

As you may be aware, in furtherance of these purposes, the Commission was investigating whether you were in violation of the Act's campaign and personal use of campaign funds provisions as a candidate for the City of Elk Grove City Council. The investigation revealed that: 1) you failed to report on your 2008 Annual Statement of Economic interests ("SEI") a repayment of a loan totaling $4,000 from Hakmat Lababedy, 2) you failed to provide your campaign treasurer dated invoices for the purchase of liquor from Circle 7 & Wine and Liquor for the period July 1, 2007, to December 31, 2007, 3) you failed to produce receipts and invoices for the purchase of $1,357.50 of liquor from Circle 7 Wine & Liquor during the period of January 1, 2008, to June 30, 2008, and 4) you paid $10,145 from personal funds to settle employment disputes with your former campaign manager and another campaign staff person. Specifically, your failure to report the payment of a loan is a violation of Section 87202, and your failure to provide required records is a violation of Section 84104 and Regulation 18401.

[1] The Political Reform Act is contained in Gov. Code Sections 81000 to 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.

However, we have decided not to prosecute you for these violations because you amended your 2008 Annual SEI to reflect the loan repayment and you reported the $1,357.50 purchase of liquor on your campaign statement for the period January 1, 2008, to June 30, 2008.

This letter serves as a written warning regarding these violations. 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. Since you filed a Notice of Defense on July 26, 2011, to avail yourself of the administrative proceedings, you must withdraw that Notice of Defense within ten (10) days from the date of this letter and submit it to our offices so that we may file it with the Office of Administrative Hearings. The FPPC will rescind this warning letter and proceed with administrative prosecution of this case if we do not receive timely notification of your withdrawal. A Notice of Withdrawal of Defense form is enclosed for your convenience. If we 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 any questions, please contact me at (916) 322-8062.

Sincerely

REDACTED

Luisa Menchaca
Senior Commission Counsel
Enforcement Division

Enclosure
Notice of Withdrawal of Defense - Form