



(Unapproved and subject to change)

CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION

MINUTES OF HEARING, Public Session

Thursday, December 17, 2015

CALL TO ORDER

Chair Remke called the meeting to order at 10:00 am on December 17, 2015 at the Fair Political Practices Commission, 428 J Street, Sacramento, CA 95814. Chair Remke and Commissioners Audero, Casher, and Wynne were present. Commissioner Wasserman attended by teleconference.

WELCOME

1. **Public Comment**
2. **Approval of November 2015 Commission Hearing Minutes.**

Commissioner Casher made a motion to approve item 2, Commissioner Audero seconded the motion.

Ayes: Commissioners Audero, Casher, Wasserman, Wynne, and Chair Remke
The motion passed 5 to 0.

PROPOSED CONSENT CALENDAR ITEMS 3 – 24
ENFORCEMENT MATTERS

Commissioner Wynne asked clarifying questions for items 4 and 7. Chief of Enforcement Galena West provided answers.

Commissioner Audero asked clarifying questions regarding item 8, Chief West provided answers.

Commissioner Wynne made a motion to approve items 3 – 24, Commissioner Casher seconded the motion.

Ayes: Commissioners Audero, Casher, Wasserman, Wynne, and Chair Remke
The motion passed 5 to 0.

Unlawful Contributions from Foreign Principals

3. In the Matter of No on Government Waste, No on Measure B, Major Funding by Manwin USA; Diane Duke; Froytal Services Limited; and Mindgeek USA Incorporated F.K.A. Manwin USA, Inc.; FPPC Case No. 15/1133. Staff: Enforcement Chief Galena West, Senior Commission Counsel Neal Bucknell, Special Investigator Simon Russell. In November 2012, Measure B was approved by the voters of Los Angeles County. No on Government Waste, No on Measure B, Major Funding by Manwin USA was a primarily formed ballot measure committee. Diane Duke was the committee treasurer and principal officer. Froytal Services Limited was a foreign business entity. Manwin USA, Inc. was incorporated under Delaware law and registered in California as an out-of-state corporation. Froytal and Manwin USA both were subsidiaries of Manwin Licensing International S.A.R.L., a Luxembourg-based internet video and online advertising conglomerate, which specialized in pornography. This case involves: (i) the making of unlawful contributions by foreign principals in connection with a ballot measure, in violation of Government Code Section 85320, subdivisions (a) and (c) (1 count (Froytal), 5 counts (Manwin USA)); (ii) acceptance of the unlawful contributions by Duke and the No on B committee, in violation of Government Code Section 85320, subdivision (b) (5 counts); (iii) false reporting of the true source of the Froytal contribution by Duke and the No on B committee, in violation of Government Code Section 84211, subdivision (f) (1 count); (iv) failure of Duke and the No on B committee to change the committee name and identify the committee with a name or phrase reflecting that the adult film industry was the source of major funding, in violation of Government Code Section 84504, subdivisions (a) and (c) (1 count); (v) failure to file late contribution reports, in violation of Government Code Section 84203, subdivisions (a) and (b) (2 counts (Manwin USA)); and (vi) failure of Duke and the No on B committee to file late contribution reports regarding receipt of non-monetary contributions from Manwin USA, in violation of Government Code Section 84203, subdivisions (a) and (b), and 84203.3, subdivision (b) (1 count). **Total Proposed Penalty: \$61,500.**

Laundered Campaign Contributions

4. In the Matter of Dakshin Indian Restaurant, LLC, dba Anjappar Chittinad Indian Restaurant; FPPC No. 15/075. Staff: Enforcement Chief Galena West and Special Investigator George Aradi. Dakshin Indian Restaurant is a business in Milpitas, California. Asker Junaid is, and was at all relevant times, a part-owner and the operator of Dakshin Indian Restaurant as well as two other businesses in the Milpitas area. Dakshin Indian Restaurant made contributions totaling \$3,000 in the names of others to Esteves for Mayor 2012 and Deb Giordano City Council 2012, candidates for Milpitas Mayor and Milpitas City Council, in the November 6, 2012 election instead of its own legal name, in violation of Government Code Section 84301 (6 counts). **Total Proposed Penalty: \$30,000.**

Over-the-Limit Contributions

5. In the Matter of Jeff Stone for State Senate 2014, Jeff Stone, and Dana Hopkins; FPPC No. 14/402. Staff: Assistant Chief of Enforcement Dave Bainbridge and Special Investigator Simon Russell. State Senator Jeff Stone, his committee Jeff Stone for State Senate

2014, and the committee's treasurer Dana Hopkins, received cumulative contributions that exceeded the contribution limit in violation of Government Code Section 85301, subdivision (a) (1 count), and failed to timely disclose receiving a contribution of \$100 or more in violation of Government Code Section 84211, subdivisions (a), (c), and (f) (1 count). **Total Proposed Penalty: \$5,500.**

6. In the Matter of Daniel Stephenson, et al.; FPPC No. 15/1545. Staff: Assistant Chief of Enforcement Dave Bainbridge and Special Investigator Simon Russell. Daniel Stephenson directed various entities under his control to make contributions to Jeff Stone for State Senate 2014 that exceeded the contribution limit, in violation of Government Code Section 85301, subdivision (a) (1 count). Stephenson, et al., also failed to timely file a major donor campaign statement disclosing their contributions, in violation of Government Code Section 84200, subdivision (b) (1 count). **Total Proposed Penalty: \$5,500.**

Campaign Reporting

7. In the Matter of Angel Santiago, Friends of Angel Santiago for Inland Empire Utilities Agency Director Division 4, and Valerie Santiago; FPPC Case No. 13/547 (Default Decision). Staff: Senior Commission Counsel Neal Bucknell and Special Investigator Ann Flaherty. In 2010, Angel Santiago was a successful candidate for re-election to the Inland Empire Utilities Agency Board of Directors. Friends of Angel Santiago for Inland Empire Utilities Agency Director Division 4 was his candidate controlled committee and Valerie Santiago was the committee treasurer. In 2010, 2011, and early 2012, the Santiago's and Friends of Angel Santiago for Inland Empire Utilities Agency Director Division 4 failed to timely file: semiannual campaign statements, in violation of Government Code Section 84200, subdivision (a) (3 counts); two preelection campaign statements, in violation of Government Code Sections 84200.5, subdivision (b), and 84200.7, subdivision (b) (2 counts); and four 24 hour contribution reports, in violation of Government Code Section 84203 (4 counts). In addition, Angel Santiago and Friends of Angel Santiago for Inland Empire Utilities Agency Director Division 4 used cash to make campaign expenditures of \$100 or more, in violation of Government Code Section 84300, subdivision (b) (1 count). **Total Proposed Penalty: \$32,000.**

8. In the Matter of Tara Flanagan, Tara Flanagan for Superior Court Judge 2012, and Carol Pranka; FPPC Case No. 14/600. Staff: Senior Commission Counsel Neal Bucknell and Program Specialist Soni Mangat. This matter arose from an audit performed by the Political Reform Audit Program of the Franchise Tax Board. In 2012, Tara Flanagan was a successful candidate for Alameda County Superior Court Judge. Tara Flanagan for Superior Court Judge 2012 was her candidate controlled committee and Carol Pranka was the committee treasurer. Pranka made two loans to Flanagan—totaling \$25,000—for political purposes. Flanagan deposited the checks into personal accounts and then wrote checks for identical amounts to her controlled committee. On or about May 23, 2012, Flanagan and Pranka filed a preelection campaign statement on behalf of the Flanagan committee for the reporting period of March 18,

2012 through May 19, 2012. Both contributions from Pranka were disclosed on the filing. However, instead of reporting that Pranka was the true source of the loans, the contributions were disclosed as personal loans from Flanagan to her own committee, in violation of Government Code Sections 84211, subdivisions (f) and (g), and 84216 (1 count). Also, Pranka failed to file a major donor semiannual campaign statement for the reporting period of January 1, 2012 through June 30, 2012, in violation of Government Code section 84200, subdivision (b). **Total proposed penalty: \$6,000.**

9. In the Matter of Students for Sensible Drug Policy, David Bronner, Adam Eiding, and Alan Amsterdam Committee to Regulate Cannabis-Yes on 19 and Aaron Houston; FPPC No. 14/603. Staff: Senior Commission Counsel Bridgette Castillo. This matter arose out of an audit performed by the Political Reform Audit Program of the Franchise Tax Board. Students for Sensible Drug Policy, David Bronner, Adam Eiding, and Alan Amsterdam Committee to Regulate Cannabis-Yes on 19 was a state primarily formed ballot measure committee to support Proposition 19, sponsored by Students for Sensible Drug Policy, Inc., in connection with the November 2, 2010 General Election. Aaron Houston was the committee treasurer. Students for Sensible Drug Policy, David Bronner, Adam Eiding, and Alan Amsterdam Committee to Regulate Cannabis-Yes on 19 and Houston, failed to timely disclose required financial activity on the semiannual campaign statement for the reporting period October 17, 2010 through December 31, 2010, in violation of Government Code Section 84211, subdivisions (b), (i), (j) and (k) (1 count) and failed to maintain required campaign records for the semiannual campaign statement for the reporting period October 17, 2010 through December 31, 2010, in violation of Government Code Section 84104 (1 count). **Total Proposed Penalty: \$4,500.**

Campaign Non-Filer

10. In the Matter of Leroy Tripette and Tripette for Los Rios Board of Trustees; FPPC No. 15/1373. Staff: Political Reform Consultant Jeanette Turvill. Leroy Tripette was an unsuccessful candidate for the Los Rios Community College District Board of Trustees in the November 4, 2014 General Election. Tripette and Tripette for Los Rios Board of Trustees failed to timely file a preelection campaign statement for the reporting period January 1, 2014 through September 30, 2014, a preelection campaign statement for the reporting period October 1, 2014 through October 18, 2014, and a semiannual campaign statement for the reporting period October 19, 2014 through December 31, 2014, in violation of Government Code Sections 84200 and 84200.5 (3 counts). **Total Proposed Penalty: \$859.**

11. In the Matter of Ron Gillis and Committee to Elect Ron Gillis; FPPC No. 15/215. Staff: Special Investigator Garrett Micheels and Investigative Intern Christopher Orlando. Ron Gillis was a successful candidate for Governing Board Member of the Santa Clarita Community College District in the November 4, 2003 General Election. Committee to Elect Ron Gillis was his candidate controlled committee. Gillis and Committee to Elect Ron Gillis

failed to timely file two semiannual campaign statements for the July 1, 2014 through December 31, 2014 and January 1, 2015 through June 30, 2015 reporting periods, in violation of Government Code Section 84200 (2 counts). **Total Proposed Penalty: \$400.**

Mass Mailing

12. In the Matter of the Port Hueneme Police Officers' Association Political Action Committee; FPPC No. 14/1285. Staff: Commission Counsel Zachary W. Norton and Special Investigator Paul Rasey. Port Hueneme Police Officers' Association Political Action Committee is a general purpose committee sponsored by the Port Hueneme Police Officers' Association. Prior to the November 4, 2014 General Election, the Port Hueneme Police Officers' Association Political Action Committee sent a mass mailer which failed to display required sender identification, in violation of Government Code Section 84305, subdivision (a) (1 count). **Total Proposed Penalty: \$2,500.**

13. In the Matter of the Centinela Valley Union High School District, FPPC No. 15/1343. Staff: Commission Counsel Zachary W. Norton. The Centinela Valley Union High School District produced and sent approximately 58,000 copies of the spring/summer 2015 newsletter at public expense, which featured the photographs and names of the members of the governing board, in violation of Government Code Section 89001 (1 count). **Total Proposed Penalty: \$2,000.**

Statement of Economic Interests – Non-Filer

14. In the Matter of Tami Baarsch; FPPC No. 15/1131. Staff: Political Reform Consultant Teri Rindahl. Tami Baarsch, as a Board Member with the Calpella County Water District, failed to timely file a 2012, 2013, and 2014 Annual Statements of Economic Interests, in violation of Government Code Section 87300 (3 counts). **Total Proposed Penalty: \$1,200.**

Annual Fee

15. In the Matter of United Association of the Journeymen and Apprentices of the Plumbing and Pipefitting Industry, Local #343; FPPC No. 15/1447. Staff: Senior Commission Counsel Bridgette Castillo. United Association of the Journeymen and Apprentices of the Plumbing and Pipefitting Industry, Local #343 failed to pay the 2013 \$50.00 annual fee to the Secretary of State's Office, in violation of Government Code Section 84101.5. **Total Proposed Penalty: \$200.**

16. In the Matter of H.J. Heinz Company PAC; FPPC No. 15/626. Staff: Senior Commission Counsel Bridgette Castillo. H.J. Heinz Company PAC failed to pay the 2013 \$50.00 annual fee to the Secretary of State's Office, in violation of Government Code Section 84101.5. **Total Proposed Penalty: \$200.**

17. In the Matter of Latino Democratic Club: San Francisco; FPPC No. 15/1418. Staff: Senior Commission Counsel Bridgette Castillo. Latino Democratic Club: San Francisco failed to pay the 2013 \$50.00 annual fee to the Secretary of State's Office, in violation of Government Code Section 84101.5. **Total Proposed Penalty: \$200.**

18. In the Matter of Paul V. Kloecker for Gilroy City Council (2014) and Ronald L. Kirkish; FPPC No. 15/2160. Staff: Senior Commission Counsel Bridgette Castillo. Paul V. Kloecker for Gilroy City Council (2014) and Ronald L. Kirkish failed to pay the 2014 \$50.00 annual fee to the Secretary of State's Office, in violation of Government Code Section 84101.5. **Total Proposed Penalty: \$200.**

19. In the Matter of Friends of Mark Anderson Board of Education 2012 and Elaine S. Anderson; FPPC No. 15/2132. Staff: Senior Commission Counsel Bridgette Castillo. Friends of Mark Anderson Board of Education 2012 and Elaine S. Anderson failed to pay the 2014 \$50.00 annual fee to the Secretary of State's Office, in violation of Government Code Section 84101.5. **Total Proposed Penalty: \$200.**

20. In the Matter of Chula Vista Mobile Home Owners PAC and William Baber; FPPC No. 15/2133. Staff: Senior Commission Counsel Bridgette Castillo. Chula Vista Mobile Home Owners PAC and William Baber failed to pay the 2014 \$50.00 annual fee to the Secretary of State's Office, in violation of Government Code Section 84101.5. **Total Proposed Penalty: \$200.**

21. In the Matter of Jon Dumitru for City Council; FPPC No. 15/0774. Staff: Commission Counsel Michael W. Hamilton. Jon Dumitru for City Council failed to pay the 2013 \$50 annual fee to the Secretary of State's Office, in violation of Government Code Section 84101.5. **Total Proposed Penalty: \$200.**

22. In the Matter of Willie Brien M.D. for Beverly Hills City Council (2013) and Noah Furie; FPPC No. 15/2117. Staff: Commission Counsel Michael W. Hamilton. Willie Brien M.D. for Beverly Hills City Council (2013) and Noah Furie failed to pay the 2014 \$50 annual fee to the Secretary of State's Office, in violation of Government Code Section 84101.5. **Total Proposed Penalty: \$200.**

23. In the Matter of John King for Covina City Council and Jeff Dunlap; FPPC No. 15/2125. Staff: Commission Counsel Michael W. Hamilton. John King for Covina City Council and Jeff Dunlap failed to pay the 2014 \$50 annual fee to the Secretary of State's Office, in violation of Government Code Section 84101.5. **Total Proposed Penalty: \$200.**

24. In the Matter of Committee to Elect William R. Lutze Sheriff, and William R. Lutze; FPPC No. 15/2154. Staff: Commission Counsel Michael W. Hamilton. Committee to Elect William R. Lutze Sheriff and William R. Lutze failed to pay the 2014 \$50 annual fee to the Secretary of State's Office, in violation of Government Code Section 84101.5. **Total Proposed Penalty: \$200.**

General Items 25 – 26

25. Amend Regulation 18996: Scope of Audits and Investigations. Staff: Hyla Wagner, General Counsel and Matthew Christy, Commission Counsel. Staff proposes that the Commission amend Regulation 18996 to state the scope of mandatory audits and investigations of local candidates and their controlled committees conducted pursuant to Government Code Section 90001, and to codify the FPPC's authority to avoid redundant audits or investigations by excluding those jurisdictions already subject to audit by the FPPC or a local agency from the random selection of jurisdictions for audit conducted pursuant to Regulation 18991.

Commission Counsel Matthew Christy briefed the Commission.

Nicolas Heidorn with California Common Cause implored the Commission to gauge the quality and caliber of the local commissions before it exercised its discretion to exclude cities with established ethics commissions from random audits. Mr. Heidorn was reminded that even if a jurisdiction is excluded from the random selection, the Enforcement Division maintains discretion to investigate any jurisdiction.

Commissioner Wynne made a motion to approve item 25, Commissioner Casher seconded the motion.

Ayes: Commissioners Audero, Casher, Wasserman, Wynne, and Chair Remke
The motion passed 5 to 0.

26. Amend Regulation 18944.1 Gifts: Agency Provided Tickets or Passes. Staff: Hyla Wagner, General Counsel and Val Joyce, Commission Counsel. Amendments to Regulation 18944.1 are proposed to set a deadline by which agencies must post information about tickets or passes they distribute to their employees and to require agencies to post this information on their website, which they currently sent to the Commission. The Commission's website will provide a link to the agency's post. The changes will promote timely disclosure and benefit members of the public by placing the reports on the website they are most likely to search.

Commission Counsel Val Joyce briefed the Commission.

Assistant Division Chief of Technical Assistance Division, Trish Mayer gave examples of support for the proposed changes.

Commissioner Audero had a question about changes made to the language. Chair Remke explained why she proposed that change.

Commissioner Wasserman asked a question about what the staff will do to ensure quality posting. Assistant Chief Mayer responded.

Shawn Mason, City of San Mateo thanked staff and the Commission for adopting the 45 day suggestion.

Commissioner Wynne made a motion to approve item 26, Commissioner Audero seconded the motion.

Ayes: Commissioners Audero, Casher, Wasserman, Wynne, and Chair Remke
The motion passed 5 to 0.

Executive Staff Reports Item 27

- **Legal Division Report.** General Counsel, Hyla P. Wagner
Commissioner Wynne asked about the status of the Burgess matter. Senior Commission Counsel Heather Rowan responded.
- **Enforcement Division Report.** Chief of Enforcement, Galena West
- **Technical Assistance Division Report.** Assistant Division Chief of Technical Assistance Division, Trish Mayer

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

Ayes: Commissioners Audero, Casher, Wasserman, Wynne, Chair Remke
The motion passed 5 to 0.

The meeting adjourned at 10:33am.

Respectfully Submitted,
Dated:

John Kim
Commission Assistant
Approved January 21, 2015

Joann Remke, Chair
Fair Political Practices Commission