



(Unapproved and subject to change)

CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION

MINUTES OF HEARING, Public Session

Thursday, May 19, 2016

CALL TO ORDER

Chair Remke called the meeting to order at 10:00 am on May 19, 2016, at the Fair Political Practices Commission, 428 J Street, Sacramento, CA 95814. Chair Remke and Commissioners Audero, Wasserman, and Wynne were present. Commissioner Casher was absent.

WELCOME

1. Public Comment

No public comment.

2. Approval of April 2016 Commission Hearing Minutes.

Commissioner Wynne made a motion to approve item 2; Commissioner Audero seconded the motion.

Ayes: Commissioners Audero, Wasserman, Wynne, and Chair Remke
The motion passed 4 to 0.

CONSENT CALENDAR ITEMS 3 – 30

Item 3 was pulled from the Consent Calendar to be discussed separately at the request of Enforcement Chief Galena West because of a new development with the case.

Item 4 was pulled from consent to be discussed separately at the request of Commissioner Audero.

Item 5 was pulled from consent to be discussed separately at the request of Commissioner Wasserman.

Commissioner Wynne made a motion to approve items 6-30; Commissioner Wasserman seconded the motion.

Ayes: Commissioners Audero, Wasserman, Wynne, and Chair Remke.
The motion passed 4 to 0.

Chief West provided an update of Enforcement efforts ahead of the primary and general elections. Chief West said they are dedicated to compliance before the election which is the focus of the division.

ENFORCEMENT MATTERS

Campaign Contributions

- 3. In the Matter of Anthony A. “Tony” Strickland, Strickland For Controller 2010, and Lysa Ray; FPPC No. 11/073 (Default Decision).** Staff: Senior Commission Counsel Angela Brereton and Special Investigator Jeffrey Kamigaki. Anthony A. “Tony” Strickland served in the California Legislature for ten years. Strickland was an unsuccessful candidate for California State Controller in the November 2, 2010 General Election. Strickland for Controller 2010 was Strickland’s candidate controlled committee. Lysa Ray was the treasurer for Strickland for Controller. Ventura County Republican Party (“VCRP”) was a political party committee located in Camarillo, CA. VCRP is a respondent in the companion case, FPPC Case No. 16/100. Stanislaus Republican Central Committee (State Acct.), also known as Stanislaus County Republican Party (“SCRP”), was a political party committee located in Modesto, CA. SCRCP was a respondent in the companion case, FPPC Case No. 16/178, for which a settlement was approved by the Commission on March 17, 2016. In 2010, VCRP and SCRCP made \$65,000 in contributions to Strickland for Controller. However, VCRP and SCRCP were not the true sources of the contributions, and the true sources of the contributions were concealed. Strickland, Strickland for Controller, and Ray: (1) purposefully or negligently caused, or aided and abetted, three persons to make a four contributions to Strickland for Controller in the name of VCRP and SCRCP, violating Section 84301 (4 counts); (2) purposefully or negligently caused, or aided and abetted, three persons to make a four contributions to VCRP and SCRCP on the condition or agreement that the contribution would be ultimately contributed to Strickland for Controller without disclosing the intermediary and original contributor for the earmarked contribution, violating Section 85704 (4 counts); (3) accepted four over-the-limit contributions from three persons totaling \$65,000, violating Section 85301 and Regulation 18545, subdivision (a)(1) (4 counts); and (4) filed four false campaign statements, concealing the violations by falsely reporting that Strickland for Controller received contributions from VCRP and SCRCP, when the contributions were made by other persons, violating Government Code Section 84211, subdivision (f) (4 counts). **Total Proposed Penalty: \$80,000.**

Chief West reported that Mr. Strickland reached out and a settlement was agreed upon along with an admission of guilt. West stressed that having admission in this case as well as the Stanislaus case will bolster the Ventura case in order to adequately hold responsible all parties involved. Chief West stated that approval of the stipulation remains an action item for the Commission to vote on at the hearing.

Chair Remke asked for explanation as to any new facts, the violation count and ultimate fine proposed in the stipulation. Angela Brereton, Senior Commission Counsel, stated that the facts of the case remain the same and that there are no changes. Lysa Ray's, Treasurer for Strickland for Controller, statement at the end of page 14 is the only addition, nothing has been taken out. Brereton stated that the violations are the same as far as the statutes included for each violation, but contributions and statutes have been combined . So it went from 16 violations to 8 violations, but each activity is still represented in the stipulation. Although there are fewer counts, the maximum fine of \$5000 per violation is being requested even though it is a settlement. Instead of \$80,000, the penalty amount is now \$40,000. Brereton also pointed out that Mr. Strickland no longer being in office or actively seeking office was taken into consideration when reaching a settlement amount.

Commissioner Wynne said that she was very supportive of the previous default and decision order with the 16 count violations, but thinks we are better off with a stipulation with the admission of responsibility and wanted to commend staff on their hardwork.

Commissioner Audero said she was also supportive of the original default and commends staff on their work with the admission of responsibility, but that she worries about the message. Chief West stressed the benefits of a stipulation over a default.

Commissioner Wasserman asked about combining counts and setting standards for the future. Chief West responded that the combined counts continue to show the story of scheme that took place and tells people that these violations will be exposed.

Chair Remke made a motion to approve item 3; Commissioner Wynne seconded the motion.

Ayes: Commissioners Audero, Wasserman, Wynne, and Chair Remke.
The motion passed 4 to 0.

Campaign Reporting

- 4. In the Matter of Gregory Kelly Meagher; FPPC No. 14/032.** Staff: Senior Commission Counsel Neal Bucknell and Special Investigator Kelli Gould. At different times in 2011 and 2012, Meagher qualified as a major donor committee and an independent expenditure committee, and made contributions and expenditures totaling in excess of \$80,000, most in connection with local ballot measure issues in Chico and Butte County. As a major donor, Meagher failed to timely file a preelection statement, in violation of Government Code Sections 84200.5, subdivision (i), and 84200.8, subdivision (a) (1 count); failed to file late contribution reports, in violation of Government Code Section 84203 (2 counts); and failed to file a semiannual campaign statement, in violation of Government Code Section 84200, subdivision (b) (1 count). As an independent expenditure committee, failed to file a supplemental independent expenditure report, in violation of Government Code Section 84203.5 (1 count), and a semiannual campaign statement, in violation of Government Code Section 84200, subdivision (b) (1 count). Meagher also caused an advertisement to be sent without proper advertising disclosures, in violation of Government Code section 84506, subdivision (a) (1 count). **Total Proposed Penalty: \$14,500.**

Commissioner Audero asked for background on the level of fines. She asked what the fine would be in a civil action. Chief West said different sections have different limits in civil actions, and Enforcement considers the fine when evaluating whether a case should be pursued as an administrative or civil action.

Chair Remke stressed that Enforcement is fully staffed with a strong team who has the resources to take a case to trial whenever necessary.

Commissioner Wynne made a motion to approve item 4; Commissioner Audero seconded the motion.

Ayes: Commissioners Audero, Wasserman, Wynne, and Chair Remke.

The motion passed 4 to 0.

Conflict of Interest

- 5. In the Matter of Robert Smith; FPPC No. 15/073.** Staff: Senior Commission Counsel Zachary W. Norton and Special Investigator Ann Flaherty. Robert Smith, a member of the Bakersfield City Council, attempted to use his official position to influence a governmental decision in which he had a financial interest, by speaking before the Bakersfield Planning Commission regarding the approval of SmithTech USA's application for the subdivision of two tracts of land owned by a client, in violation of Government Code Section 87100 (1 count). **Total Proposed Penalty: \$3,000.**

Commissioner Wasserman asked whether the total proposed penalty is sufficient for this conflict of interest case where the councilmember represented his client before his city's planning commission. Chief West said one difference in this conflict of interest case compared to others is that he did disclose and honestly believed he was staying within the rules.

Commissioner Wynne said that she gives deference to staff when reading stipulations because they know all the facts of the case.

Commissioner Wynne made a motion to approve item 5; Commissioner Audero seconded the motion.

Ayes: Commissioners Audero, Wynne, and Chair Remke.

Nays: Commissioner Wasserman.

This motion passed 3 to 1.

Mass Mailer

- 6. In the Matter of Amador Water Agency; FPPC No. 15/1355.** Staff: Senior Commission Counsel Angela Brereton and Special Investigator Paul Rasey. Amador Water Agency ("AWA") produced and mailed 7,269 copies of the August 12, 2015 AWA letter at public expense. The letter individually named each member of the AWA Board of Directors, and was sent in concert with the AWA Board of Directors. AWA produced and sent the August 12, 2015 letter, in violation of Government Code Section 89001, and Regulations 18901 and 18901.1 (1 count). **Total Proposed Penalty: \$3,000.**

Lobbying

- 7. In the Matter of Law Office of Stephen M. Brigandi; FPPC No. 14/1351.** Staff: Assistant Chief of Enforcement Dave Bainbridge and Law Clerk Sean Creadick. Law Office of Stephen M. Brigandi failed to timely file Lobbying Firm reports (Form 625) for Quarters 6, 7, and 8 of the 2013-2014 CA Legislative session, in violation of Government Code Section 86117 (3 counts). **Total Proposed Penalty: \$1,000.**

Campaign Statement Non-Filer

- 8. In the Matter of Esau Ruiz Herrera, and Esau Herrera for School Board 2014; FPPC No. 15/1386.** Staff: Commission Counsel Tanya Smith. Esau Ruiz Herrera was a successful candidate for the Alum Rock Union Elementary School District governing board in the November 4, 2014 General Election. Esau Herrera for School Board 2014

was his candidate-controlled committee. Herrera and his committee failed to file one semiannual report and one late contribution report, in violation of Government Code Sections 84200 (1 count) and 84203 (1 count). In addition, Herrera and his committee failed to pay the 2014 and 2015 \$50 annual fee to the Secretary of State's Office, in violation of Government Code Section 84101.5 (2 counts). **Total Proposed Penalty: \$847.**

9. In the Matter of Sage Naumann, Derrick Roach, and Sage Naumann for Carlsbad School Board 2014; FPPC No. 15/019. Staff: Assistant Chief of Enforcement Dave Bainbridge and Law Clerk Ryan Mahoney. Sage Naumann, Derrick Roach, and Sage Naumann For Carlsbad School Board 2014 failed to timely file a preelection campaign statement for the period of October 1, 2014 through October 18, 2014, and a semiannual campaign statement for the period of October 19, 2014 through December 31, 2014, in violation of Government Code Sections 84200 and 84200.5 (2 counts). **Total Proposed Penalty: \$436.**

10. In the Matter of Los Angeles League of Conservation Voters, and Moe Stavnezer, Treasurer; FPPC No. 16/271. Staff: Assistant Political Reform Consultant Chloe Hackert. Los Angeles League of Conservation Voters, a county general purpose committee, and its treasurer Moe Stavnezer, failed to timely file a semiannual campaign statement for the reporting period of July 1, 2015 through December 31, 2015, in violation of Government Code Section 84200 (1 count). **Total Proposed Penalty: \$299.**

11. In the Matter of Russell Betts, Committee to Re-Elect Russell Betts, Desert Hot Springs City Council, and Tie Mei Xiao, Treasurer; FPPC No. 16/192. Staff: Political Reform Consultant Adrienne Korchmaros. Russell Betts, as a successful candidate for Mayor in the City of Desert Hot Springs, his Committee to Re-Elect Russell Betts Desert Hot Springs City Council, and Tie Mei Xiao as Treasurer failed to timely file one semiannual campaign statement for the period of October 18, 2015 through December 31, 2015, in violation of Government Code Section 84200 (1 count). **Total Proposed Penalty: \$239.**

Campaign Statement Non-Reporter

12. In the Matter of Tyron Hampton, and Hampton for City Council 2015; FPPC No. 15/242. Staff: Senior Commission Counsel Angela Brereton. Tyron Hampton, a

successful candidate for Pasadena City Council in the March 10, 2015 Primary Election and the April 21, 2015 run-off election, and his controlled committee failed to timely disclose the occupation and employer information for contributors on two preelection campaign statements for the reporting periods ending January 24, 2015 and February 21, 2015, in violation of Government Code Section 84211 (2 counts). **Total Proposed Penalty: \$425.**

Statement of Economic Interests Non-Filer

13. In the Matter of Lori Acton; FPPC No 14/574. Staff: Commission Counsel Michael W. Hamilton. Lori Acton, member of the Ridgecrest City Council, failed to timely file an Assuming Office Statement of Economic Interest and an Annual Statement of Economic Interest for the year of 2013, in violation of Government Code Sections 87202 and 87203. (2 counts) **Total Proposed Penalty: \$1,400.**

14. In the Matter of Jason Frantz; FPPC No. 15/129. Staff: Assistant Chief of Enforcement David Bainbridge, Law Clerk Ryan Mahoney and Political Reform Consultant Teri Rindahl. Jason Frantz, as a Cable Television Advisory Board Member with the City of Torrance, failed to timely file an Annual Statement of Economic Interests for the years of 2011 through 2014, in violation of Government Code Section 87300 (3 counts). **Total Proposed Penalty: \$1,200.**

15. In the Matter of Danny Fred; FPPC No. 15/1406. Staff: Assistant Chief of Enforcement Dave Bainbridge and Law Clerk Ryan Mahoney. Danny Fred, a consultant for the Housing Authority of the County of San Bernardino, failed to timely file an Annual Statement of Economic Interests for the years of 2013 and 2014, in violation of Government Code Section 87300 and 87302 (1 count). **Total Proposed Penalty: \$1,000.**

Commissioner Wasserman asked a question about the penalty amount for not filing. Chief West responded that once a person has been told repeatedly that they need to file and don't, the knowledge is assumed and the fine reflects that.

16. In the Matter of Keith Reeder; FPPC No. 15/029. Staff: Senior Commission Counsel Zachary W. Norton. Keith Reeder, an Alternate Board Member of the California Avocado Commission, failed to timely file an Annual Statement of Economic Interests for the years of 2013 and 2014, in violation of Government Code Sections 87300 and 87302, subdivision (b). (2 counts). **Total Proposed Penalty: \$1,000.**

17. In the Matter of Gayla Dagata; FPPC No. 14/1244. Staff: Commission Counsel Tanya Smith. Gayla Dagata, as a member of the Yreka Union Elementary School Governing

Board, failed to timely file an Assuming Office Statement of Economic Interest, and an Annual Statement of Economic Interest for 2014, in violation of Government Code Section 87300 (2 counts). **Total Proposed Penalty: \$400.**

Commissioner Wasserman asked when these were eventually filed. Chief West responded that one can assume that they are generally filed after being contacted by Enforcement because most things don't come as a referral unless they haven't filed at all.

18. In the matter of Georgina Starkey; FPPC No. 14/1339. Staff: Assistant Chief of Enforcement David Bainbridge and Law Clerk Elizabeth Enea. Georgina Starkey, as a member of the Chula Vista Board of Appeals and Advisors, failed to timely file an Annual Statement of Economic Interest for the year of 2014, in violation of Government Code Section 87300 (1 count). **Total Proposed Penalty \$200.**

19. In the Matter of Karen Verham; FPPC No. 13/1080. Staff: Commission Counsel Michael W. Hamilton. Karen Verham, as a member of the Point Dume Community Services District, failed to timely file an Annual Statement of Economic Interest for the year of 2012, and a Leaving Office Statement of Economic Interests, in violation of Government Code Section 87300 (2 counts). **Total Proposed Penalty: \$400.**

Commissioner Wasserman asked what the difference between this case and a similar case, 15-2199, was and why a warning letter wouldn't suffice in this instance. Chief West said that if one does not file for two years consecutively, then you won't get a warning letter.

20. In the matter of Bud Postma; FPPC No. 15/828. Staff: Assistant Chief of Enforcement David Bainbridge and Law Clerk Elizabeth Enea. Bud Postma, as a member of the Department of Food and Agriculture Milk Producer Review Board, failed to timely file an Assuming Office Statement of Economic Interest and an Annual Statement of Economic Interests for the year of 2014, in violation of Government Code Section 87300 (2 counts). **Total Proposed Penalty \$400.**

21. In the matter of Michael Alvarez; FPPC No. 15/013. Staff: Assistant Chief of Enforcement Dave Bainbridge and Law Clerk Sean Creadick. Michael Alvarez, Building Inspector of the Los Angeles Department of Building and Safety, failed to timely file an Annual Statement of Economic Interests for the year of 2013, in violation of Government Code Section 87300 (1 count). **Total Proposed Penalty: \$200.**

22. In the Matter of Yvette Castro-Farias; FPPC No. 15/2227. Staff: Assistant Commission Counsel Dave Bainbridge and Law Clerk Ryan Mahoney. Yvette Castro-

Farias, as a Commissioner on the Santa Clara County Commission on the Status of Women, failed to timely file an Annual Statement of Economic Interests for the year of 2014, in violation of Government Code Section 87300 (1 count). **Total Proposed Penalty: \$200.**

23. In the Matter of Jaideep Vaswani; FPPC No. 16/183. Staff: Political Reform Consultant Adrienne Korchmaros. Jaideep Vaswani, as a Member of the Energy Resource Management Committee for the City of Fullerton, failed to timely file his Assuming Office Statement of Economic Interests covering the period of March 19, 2014 through March 19, 2015, in violation of Government Code Section 87300 (1 count). **Total Proposed Penalty: \$200.**

24. In the Matter of David Fonseca; FPPC No. 16/226. Staff: Political Reform Consultant Jeanette Turvill. David Fonseca, a Building Inspector with the City of Los Angeles, failed to timely file an Annual Statement of Economic Interests for the year of 2014, in violation of Government Code Section 87300 (1 count). **Total Proposed Penalty: \$200.**

25. In the Matter of Simon Pastucha; FPPC No. 16/230. Staff: Political Reform Consultant Jeanette Turvill. Simon Pastucha, a Senior City Planner with the City of Los Angeles, failed to timely file an Annual Statement of Economic Interests for the year of 2014, in violation of Government Code Section 87300 (1 count). **Total Proposed Penalty: \$200.**

26. In the Matter of Nikki Mark; FPPC File No. 16/231. Staff: Political Reform Consultant Jeanette Turvill. Nikki Mark, a member of the Commission on the Status of Women with the City of Los Angeles, failed to timely file an Annual Statement of Economic Interests for the year of 2014, in violation of Government Code Section 87300 (1 count). **Total Proposed Penalty: \$200.**

27. In the Matter of Mary Marcus; FPPC No. 16/232. Staff: Political Reform Consultant Jeanette Turvill. Mary Marcus, a Civil Engineer with the City of Los Angeles, failed to timely file an Annual Statement of Economic Interests for the year of 2014, in violation of Government Code Section 87300 (1 count). **Total Proposed Penalty: \$200.**

28. In the Matter of David Bessey; FPPC No. 16/249. Staff: Assistant Political Reform Consultant Chloe Hackert. David Bessey, an Investment/Money Manager Consultant

with the Los Angeles City Employees' Retirement Systems, failed to timely file an Annual Statement of Economic Interests for the year of 2014, in violation of Government Code Section 87203 (1 count). **Total Proposed Penalty: \$200.**

29. In the Matter of John Edson; FPPC No. 16/260. Staff: Political Reform Consultant Adrienne Korchmaros. John Edson, Director of the Deer Creek Irrigation District for the County of Tehama, failed to timely file an Annual Statement of Economic Interests for the year of 2011, in violation of Government Code Section 87300 (1 count). **Total Proposed Penalty: \$200.**

Annual Fee

30. In the Matter of Valentin Amezcuita for City Council 2013 and Valentin P. Amezcuita, Treasurer; FPPC No. 15/395. Staff: Senior Commission Counsel Bridgette Castillo. Valentin Amezcuita is a member of the Huntington Park City Council. Valentin Amezcuita for City Council 2013, a local candidate controlled committee, and Amezcuita 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

31. Legislative Update for May 2016. Staff: Phillip Ung, Legislative and External Affairs Director. The Legislature has shifted its focus to fiscal committee hearings for the 2016 session. This report includes a summary of 22 bills and one constitutional amendment currently pending that would impact the Political Reform Act or Government Code 1090. Staff is recommending an active position on one bill, and suggests monitoring four others for possible positions in the future. This report also discusses the launch of the Commission's new legislative page on the website.

AB 2523 Recommendation: Oppose Unless Amended

Chair Remke stated that she wanted to correct a narrative that implies either she or the Commission opposes contribution limits. Any criticism is about the approach of this bill which was drafted without keyplayers like the Commission. Chair Remke stated that her key issue with this legislation is it being placed outside of the Political Reform Act.

Commissioner Wynne stated that she has some comments and concerns, but would first like to hear public comment.

Commissioner Audero agreed with Chair Remke and that she also supported contribution limits. Commissioner Audero questioned whether if the local county has their own enforcement system then would there be two parallel systems – theirs and ours. General

Counsel Hyla Wagner stated that the Act as written permits local jurisdictions to adopt local contribution limits, but it doesn't state they have to have their own local enforcement.

Commissioner Wasserman stated that his comments in regards to contribution limits are his own and not representative of the Commission as a whole. Commissioner Wasserman asked why not choose to "support if amended" because it matters most to proponents of the bill. Chair Remke stated that she, Director Ung, and Executive Director Peth met with Assemblymember Mullin's office and they gave no indication of any movement in putting this into the Act.

Public Comment—

Nicholas Heidorn, California Common Cause, in support of AB 2523 because it will not make contribution limits or the status quo worse. They believe this does not contradict the PRA and belongs in the Elections Code.

Trudy Schafer, League of Women Voters of California, thinks this bill is a way to curb potential corruption and undue influence and is a step in the right direction in terms of contribution limits.

Commissioner Wynne questioned the expertise and resources the district attorneys would allocate to enforcing contribution limits, noting in the past that they were not particularly successful enforcing child support orders while dealing with cases of rape, murder, and burglary. Commissioner Wynne stated that this type of contribution limit should be in the PRA.

Commissioner Wynne made a motion to approve staff recommendation for AB 2523; Commissioner Audero seconded the motion.

Ayes: Commissioners Audero, Wasserman, Wynne, and Chair Remke.
The motion passed 4 to 0.

Executive Staff Reports Item 32

32. Executive Staff Reports.

Enforcement Division. Galena West, Enforcement Chief
Legal Division. Hyla P. Wagner, General Counsel
External Affairs and Education. Tara Stock, Manager

Commissioner Wynne asked if there was a timeline for the Burgess case. General Counsel Hyla Wagner responded that the FPPC's reply is due June 7, they have one further brief, but the date of the hearing has not yet been scheduled.

The staff reports were submitted.

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

Ayes: Commissioners Audero, Wasserman, Wynne, and Chair Remke
The motion passed 4 to 0.

The meeting adjourned at 11:40 am.

Respectfully Submitted,

Sheva Tabatabainejad
Commission Assistant
Approved June 6, 2016

Joann Remke, Chair
Fair Political Practices Commission