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7
8 BEFORE THE FAIR POLITICAL PRACTICES COMMISSION
9 STATE OF CALIFORNIA

10
11 In the Matter of) FPPC No. 12/878
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13)
14) STIPULATION, DECISION and
15) ORDER
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Complainant, the Enforcement Division of the Fair Political Practices Commission, and Respondent AltaMed Health Services Corporation, hereby agree that this Stipulation will be submitted for consideration by the Fair Political Practices Commission at its next regularly scheduled meeting.

The parties agree to enter into this Stipulation to resolve all factual and legal issues raised in this matter and to reach a final disposition without the necessity of holding an administrative hearing to determine the liability of Respondent, pursuant to Section 83116 of the Government Code.

Respondent understands, and hereby knowingly and voluntarily waives, any and all procedural rights set forth in Sections 83115.5, 11503 and 11523 of the Government Code, and in Sections 18361.1 through 18361.9 of Title 2 of the California Code of Regulations. This includes, but is not limited to, the right to personally appear at any administrative hearing held in this matter, to be represented by an attorney at Respondent's own expense, to confront and cross-examine all witnesses testifying at the

1 hearing, to subpoena witnesses to testify at the hearing, to have an impartial administrative law judge
2 preside over the hearing as a hearing officer, and to have the matter judicially reviewed.

3 It is further stipulated and agreed that Respondent AltaMed Health Services Corporation violated
4 the Political Reform Act by failing to disclose reportable activity expenses, namely, the salary of Luis
5 Lopez, who was an employee of Respondent and a state candidate, in quarterly lobbyist employer
6 reports for reporting periods between July 1, 2010 and September 30, 2012, in violation of Government
7 Code Section 86116, subdivision (f) (3 counts). All counts are described in Exhibit 1, which is attached
8 hereto and incorporated by reference as though fully set forth herein. Exhibit 1 is a true and accurate
9 summary of the facts in this matter.

10 Respondent agrees to the issuance of the Decision and Order, which is attached hereto.
11 Respondent also agrees to the Commission imposing upon it an administrative penalty in the amount of
12 Three Thousand Dollars (\$3,000). A cashier's check from Respondent in said amount, made payable to
13 the "General Fund of the State of California," is submitted with this Stipulation as full payment of the
14 administrative penalty, to be held by the State of California until the Commission issues its Decision and
15 Order regarding this matter. The parties agree that in the event the Commission refuses to accept this
16 Stipulation, it shall become null and void, and within fifteen (15) business days after the Commission
17 meeting at which the Stipulation is rejected, all payments tendered by Respondent in connection with
18 this Stipulation shall be reimbursed to Respondent. Respondent further stipulates and agrees that in the
19 event the Commission rejects the Stipulation, and a full evidentiary hearing before the Commission
20 becomes necessary, neither any member of the Commission, nor the Executive Director, shall be
21 disqualified because of prior consideration of this Stipulation.

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23 Dated: _____

Gary S. Winuk, Chief of Enforcement
Fair Political Practices Commission

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26 Dated: _____

Marie Torres, on behalf of AltaMed Health Services
Corporation, Respondent

DECISION AND ORDER

The foregoing Stipulation of the parties “In the Matter of In the Matter of AltaMed Health Services Corporation, FPPC No. 12/878,” including all attached exhibits, is hereby accepted as the final Decision and Order of the Fair Political Practices Commission, effective upon execution below by the Chairman.

IT IS SO ORDERED.

Dated: _____

Ann Ravel, Chair
Fair Political Practices Commission

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EXHIBIT 1

INTRODUCTION

Respondent AltaMed Health Services Corporation (Respondent AltaMed), located in Los Angeles, CA, is a California lobbyist employer under the Political Reform Act (the “Act”).¹ Respondent AltaMed timely filed quarterly lobbyist employer reports for reporting periods between July 1, 2010 and September 30, 2012. However, Respondent AltaMed failed to disclose a reportable activity expense, the salary of an employee who was also a state candidate, during each of those reporting periods. This matter arose out of sworn complaint.

For the purposes of this Stipulation, Respondent’s violations of the Act are stated as follows:

- COUNT 1:** Respondent AltaMed Health Services Corporation failed to disclose a reportable activity expense, namely, the salary of Luis Lopez, who was an employee of Respondent and a state candidate, in Respondent’s Report of Lobbyist Employer (Form 635) for the quarters in calendar year 2010 ending September 30 and December 31, in violation of Government Code Section 86116, subdivision (f).
- COUNT 2:** Respondent AltaMed Health Services Corporation failed to disclose a reportable activity expense, namely, the salary of Luis Lopez, who was an employee of Respondent and a state candidate, in Respondent’s Report of Lobbyist Employer (Form 635) for the quarters in calendar year 2011 ending March 31, June 30, September 30 and December 31, in violation of Government Code Section 86116, subdivision (f).
- COUNT 3:** Respondent AltaMed Health Services Corporation failed to disclose a reportable activity expense, namely, the salary of Luis Lopez, who was an employee of Respondent and a state candidate, in Respondent’s Report of Lobbyist Employer (Form 635) for the quarters in calendar year 2012 ending March 31, June 30 and September 30, in violation of Government Code Section 86116, subdivision (f).

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.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (b), is that the activities of lobbyists should be regulated and their finances disclosed in order that improper influences will not be directed at public officials. The Act therefore establishes a lobbyist employer, lobbying firm and lobbyist reporting system designed to accomplish this purpose of disclosure.

Lobbyist Employer

“Lobbyist employer” means any person, other than a lobbying firm, who: (a) employs one or more lobbyists for economic consideration, other than reimbursement for reasonable travel expenses, for the purpose of influencing legislative or administrative action, or (b) contracts for the services of a lobbying firm for economic consideration, other than reimbursement for reasonable travel expense, for the purpose of influencing legislative or administrative action.” (Section 82039.5.)

Duty to File Lobbyist Employer Reports

The following persons are required to file the statements required by Section 86116: (a) any lobbyist employer; and (b) any person who directly or indirectly makes payments to influence legislative or administrative action of five thousand dollars (\$5,000) or more in value in any calendar quarter. (Section 86115.)

Every person described in Section 86115 shall file periodic reports containing information for each activity expense of the filer, and a total of all activity expenses of the filer shall be included. (Section 86116, subdivision (f).) “Activity expense” includes any salaries paid to state candidates. (Section 86111.)

Reports required by Sections 86114 and 86116 shall be filed during the month following each calendar quarter. (Section 86117.)

SUMMARY OF THE FACTS

Respondent AltaMed Health Services Corporation (Respondent AltaMed), located in Los Angeles, CA, is a California lobbyist employer. Respondent AltaMed has been a lobbyist employer since 1995, and during the relevant time for this case, qualified as a lobbyist employer under Section 82039.5, subdivision (b), by employing a lobbying firm to influence legislative action.

Respondent timely filed quarterly lobbyist employer reports for the reporting periods between July 1, 2010 and September 30, 2012. However, Respondent failed to disclose a reportable activity expense, namely, the salary of Luis Lopez, who, during each of these reporting periods, was an employee of Respondent and a candidate for California State Assembly

District 51. Respondent immediately amended these quarterly lobbyist employer reports upon contact by the Enforcement Division of the omission.

Respondent's amended quarterly lobbyist employer reports disclosed, in part, as follows:

| Calendar Year | Reporting Period | Activity Expense | Amount |
|----------------------|-------------------------|---|---------------|
| 2010 | 07/01 – 09-30 | Luis Lopez, Candidate for Assembly – Salary | \$26,419.20 |
| | 10/01 – 12/31 | Luis Lopez, Candidate for Assembly – Salary | \$30,822.40 |
| 2011 | 01/01 – 03/31 | Luis Lopez, Candidate for Assembly – Salary | \$26,419.20 |
| | 04/01 – 06/30 | Luis Lopez, Candidate for Assembly – Salary | \$26,419.20 |
| | 07/01 – 09/30 | Luis Lopez, Candidate for Assembly – Salary | \$31,341.60 |
| | 10/01 – 12/31 | Luis Lopez, Candidate for Assembly – Salary | \$31,438.40 |
| 2012 | 01/01 – 03/31 | Luis Lopez, Candidate for Assembly – Salary | \$26,947.20 |
| | 04/01 – 06/30 | Luis Lopez, Candidate for Assembly – Salary | \$22,456.00 |
| | 07/01 – 09/30 | Luis Lopez, Candidate for Assembly – Salary | \$27,753.60 |

It should be noted that Luis Lopez disclosed his salary from Respondent AltaMed on his candidate statement of economic interests, and he clearly identified on his campaign website that he was employed as the Nonprofit Healthcare Director of Communications for Respondent AltaMed.

The evidence obtained during the investigation of this matter shows that Respondent committed three violations of the Act, as follows:

Counts 1 – 3

(Failure to Disclose Activity Expenses of a Lobbyist Employer)

Respondent had a duty to disclose all activity expenses in its quarterly lobbyist employer reports pursuant to Sections 86111, 86112, and 86116. Respondent timely filed quarterly lobbyist employer reports for the reporting periods between July 1, 2010 and September 30, 2012. However, Respondent failed to disclose a reportable activity expense, namely, the salary of Luis Lopez, who, during each of those reporting periods, was an employee of Respondent and a candidate for California State Assembly District 51. By failing to disclose reportable activity expenses during applicable quarters in calendar years 2010, 2011 and 2012, Respondents violated Government Code Section 86116, subdivision (f).

CONCLUSION

This matter consists of three counts of violating the Act, which carry a maximum administrative penalty of Five Thousand Dollars (\$5,000) per count for a total of Fifteen Thousand Dollars (\$15,000).

In determining the appropriate penalty for a particular violation of the Act, the Enforcement Division considers the typical treatment of a violation in the overall statutory scheme of the Act, with an emphasis on serving the purposes and intent of the Act. Additionally, the Enforcement Division considers the facts and circumstances of the violation in context of the factors set forth in Regulation 18361.5, subdivision (d)(1)-(6):

1. The seriousness of the violations;
2. The presence or lack of intent to deceive the voting public;
3. Whether the violation was deliberate, negligent, or inadvertent;
4. Whether the Respondent demonstrated good faith in consulting with Commission staff;
5. Whether there was a pattern of violations; and
6. Whether, upon learning of the violation, the violator voluntarily provided amendments to provide full disclosure.

The failure to disclose activity expenses in lobbyist employer reports violates one of the Act's central purposes: that the activities of lobbyists should be regulated and their finances disclosed in order that improper influences will not be directed at public officials. The public harm inherent in these violations is that the public is deprived of important and timely information regarding the amounts and nature of reportable lobbying activity and activity expenses that may influence public officials.

In this matter, Respondent AltaMed failed to disclose reportable activity expenses in quarterly lobbyist employer reports for calendar years 2010, 2011 and 2012, namely, the salary of Luis Lopez, who, during each of those reporting periods, was an employee of Respondent and a candidate for California State Assembly District 51.

In mitigation, however, Respondent AltaMed has no prior history of violating the Act, was cooperative with the Enforcement Division during its investigation, and has consistently and timely filed its quarterly lobbyist employer reports. The investigation in this matter shows that Respondent AltaMed's failure to disclose Mr. Lopez' salary was inadvertent, and Respondent AltaMed amended all applicable statements immediately upon learning of the omission from the Enforcement Division. Additionally, Mr. Lopez disclosed his salary from Respondent AltaMed on his candidate statement of economic interests, and Mr. Lopez clearly identified on his campaign website that he was employed as the Nonprofit Healthcare Director of Communications for Respondent AltaMed. Thus the public harm caused by Respondent AltaMed's failure to disclose his salary was minimized.

The Commission has not previously prosecuted cases regarding only a failure to disclose activity expenses. However, the typical administrative penalty for failing to file lobbyist

employer reports (and consequently failing to report activity) has been in the low range of penalties. Recent penalties approved by the Commission concerning failing to file lobbyist employer reports include:

- ***In the Matter of Tule River Indian Tribe, FPPC No. 10/608.*** Respondent, a California lobbyist employer, failed to timely file seven lobbyist employer reports, from January 1, 2007 through September 30, 2007 and from October 1, 2009 through September 30, 2010, which failed to report total payments made for lobbying services in the amount of \$58,500, in violation of Government Code Section 86115 (7 counts). Penalty per relevant count: \$1,000. Approved by the Commission April 2011.
- ***In the Matter of Soboba Band of Luiseno Indians, FPPC No. 10/606.*** Respondent, a California lobbyist employer, failed to timely file fourteen lobbyist employer reports, from January 1, 2007 through March 31, 2010, which failed to report total payments made for lobbying services in the amount of \$200,000, in violation of Government Code Sections 86115 (14 counts). Penalty per relevant count: \$1,000. Approved by the Commission April 2011.
- ***In the Matter of Santa Ynez Band of Chumash Indians, FPPC No. 10/607.*** Respondent, a California lobbyist employer, failed to timely file fifteen lobbyist employer reports from January 1, 2007 through September 30, 2010, which failed to report total payments made for lobbying services in the amount of \$312,000, in violation of Government Code Section 86115 (15 counts). Penalty per relevant count: \$1,000. Approved by the Commission April 2011.
- ***In the Matter of Deloitte Consulting, LLP, FPPC No. 10/506.*** Respondent, a California lobbyist employer, failed to timely file eight lobbyist employer reports from January 1, 2008 through December 31, 2009, which failed to report total payments made for lobbying services in the amount of \$122,500, in violation of Government Code Section 86115 (8 counts). Penalty per relevant count: \$1,000. Approved by the Commission April 2011.

PENALTY

The facts of this case, including the aggravating and mitigating factors discussed above, justify imposition of the agreed upon penalty of Three Thousand Dollars (\$3,000), One Thousand Dollars (\$1,000) each for Counts 1 – 3.

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