



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3050 • Sacramento, CA 95811

December 15, 2023

Michael Palazzo
[REDACTED]

Warning Letter: FPPC No. 2021-00517; Michael Palazzo

Dear Michael Palazzo:

The Enforcement Division of the Fair Political Practices Commission (“FPPC”) enforces the provisions of the Political Reform Act (the “Act”).¹ This letter is in response to a sworn complaint regarding failing to report stock interests on your 2018 through 2020 Statements of Economic Interests (“SEI”) in your capacity as a member of the Board of Trustees of the Henry Miller Reclamation District (“HMRD”). The Enforcement Division has completed its investigation and determined that you failed to disclose your position, stock, and income from the San Luis Canal Company (“SLCC”).

Section 87300 of the Act requires every state and local agency to develop a Conflict of Interest Code. This Code requires individuals who participate in making decisions which may foreseeably have a material financial effect on any financial interest belonging to that person to disclose all reportable interests on SEIs.² During the time of these violations, the HMRD Conflict of Interest Code required HMRD Board of Trustees to disclose any position held in a business entity, sources of income from that entity and investments in any business entity if the business entity is the type that has contracted with the HMRD in the last 2 years, furnishes supplies or services to the HMRD or is the type to contract or furnish supplies or services as subcontractors to the HMRD in the last year.³

Your actions violated the Act by failing to timely disclose your position in, stock, and income from SLCC. The HMRD received advice from the FPPC Advice Line in 2021 that the SLCC stock was required to be reported, and there was some confusion regarding SLCC stock disclosure prior to receiving the 2021 FPPC advice. You also have not had a prior violation of this section and filed corrective amendments. Based on the foregoing, the Enforcement Division is closing this case with this warning letter.

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.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014, and all statutory references are to this code. The regulations of the Fair Political Practices Commission are contained in Sections 18104 through 18998 of Title 2 of the California Code of Regulations, and all regulatory references are to this source.

² Section 87302, subd. (b).

³ In 2021, the HMRD amended the HMRD Conflict of Interest Code, identifying the Board of Trustees as 87200 filers.

A warning letter is an Enforcement Division case resolution without administrative prosecution or fine. The Commission has adopted Regulation 18360.1 to authorize the Enforcement Division to issue warning letters to conclude cases in specified circumstances. 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 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 Enforcement Division 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 Commission's website ten (10) days from the date of this letter.

If you have any questions regarding this letter, please contact me at (279) 237-3764 or Bcastillo@fppc.ca.gov.

Sincerely,

Bridgette Castillo

Bridgette Castillo, Senior Commission Counsel
Enforcement Division