



**NOTICE AND AGENDA
Commission Meeting¹**

**California Fair Political Practices Commission
70 W. Hedding Street, Board of Supervisors Chambers
San Jose, CA 95110**

**Thursday, June 20, 2013
12:00 P.M.**

According to (Gov. Code Section 11123) (a) all meetings of a state body shall be open and public and all persons shall be permitted to attend any meeting of a state body except as otherwise provided in this article. The Section further states: the portion of the teleconferenced meeting that is required to be open to the public shall be audible to the public at the location specified in the notice of the meeting.

As stated above, the meeting of the Commission will take place at 70 W. Hedding Street, Board of Supervisors Chambers, San Jose, CA 95110.

However, Commissioner Eskovitz will attend this meeting of the Commission via teleconference from 101 West Broadway, 10th Floor, San Diego, CA 92101.

Commissioner Wasserman will attend this meeting of the Commission via teleconference from 1230 Crenshaw Blvd, Suite 103, Torrance, CA 90501.

Agendas will be posted at the teleconference location and the teleconference location will conduct the meetings in a manner that protects the rights of any party or member of the public appearing before the state body (Commission).

WELCOME AND CHAIR'S REPORT

Ann Ravel, FPPC Chair

¹You can obtain further information about the meeting by contacting the Commission Assistant, 428 J Street, Suite 620, Sacramento, CA, 95814, Tel. (916) 322-5745. Written comments on agenda items should be submitted to the Commission no later than 12:00 p.m. the day before the meeting in order to afford the Commissioners adequate time to fully consider the comments. The fax number for comment letters is (916) 322-6440.

The agenda and related documents are posted on the FPPC website at www.fppc.ca.gov. Materials submitted by the public regarding each agenda item will be made available at the meeting and on the website.

Members of the public may listen to the meeting by phone by calling (888) 751-0624; access code 723284.

The meeting location is accessible to the disabled. Persons who, due to a disability, need assistance in order to participate in this meeting should, prior to the meeting, contact the Commission Assistant at (916) 322-5745 (voice), (916) 322-6440 (facsimile) or in writing. TTY/TDD and Speech-to-Speech users may dial 7-1-1 for the California Relay Service to submit comments on an agenda item or to request special accommodations for persons with disabilities. Please allow a reasonable period of time between the request and the meeting date.

PUBLIC COMMENT

1. Public Comment.

This portion of the meeting is reserved for comment on items not on the agenda. Under the Bagley-Keene Act, the Commission cannot act on items raised during public comment, but may respond briefly to statements made or questions posed; request clarification; or refer the item to staff.

PROPOSED CONSENT CALENDAR ITEM 2 – 18

2. Approval of May 2013 Commission Meeting Minutes.

ENFORCEMENT MATTERS

Money Laundering

3. In the Matter of Daniel Chun, FPPC No. 13/325. Staff: Senior Commission Counsel Bridgette Castillo, Senior Commission Counsel Dave Bainbridge, and Supervising Special Investigator Sandra Buckner. In 2008, Respondent, Daniel Chun, caused \$4,000 in political contributions to be made on behalf of Hai Fu “Joey” Lo to two candidates for mayor of the City of Fremont without disclosing that he was acting as an intermediary for Mr. Lo in violation of Government Code Section 84302 (4 counts). **Total Proposed Penalty: \$18,000.**

4. In the Matter of Hai Fu “Joey” Lo, FPPC No. 11/460. Staff: Senior Commission Counsel Bridgette Castillo, Senior Commission Counsel Dave Bainbridge, and Supervising Special Investigator Sandra Buckner. In 2008, Respondent, Hai Fu “Joey” Lo, provided \$4,000 to Daniel Chun that Mr. Chun used to make eight political contributions to two candidates for mayor of the City of Fremont on Respondent’s behalf without disclosing that Respondent was the source of the contributions in violation of Government Code Section 84301 (4 counts). **Total Proposed Penalty: \$18,000.**

Conflict of Interest

5. In the Matter of Joni Gray, FPPC No. 12/286. Staff: Commission Counsel Milad Dalju and Special Investigator Annaraine Diaz. On April 1, 2008, Respondent, Joni Gray, in her capacity as a member of the Santa Barbara County Board of Supervisors, made a governmental decision in which she knew, or had reason to know, she had a financial

interest, by voting to authorize the Chair of the Santa Barbara County Board of Supervisors to execute a forgivable loan in the amount of \$50,000 to the Lompoc Housing and Community Development Corporation, in violation of Government Code Section 87100 (1 count). **Total Proposed Penalty: \$3,000.**

Independent Expenditure Committee Coordination

6. **In the Matter of Aide Castro, Matthew Lemcke, and Friends to Elect Aide Castro, FPPC No. 11/253.** Staff: Commission Counsel Galena West and Program Specialist Grant Beauchamp. Respondent, Aide Castro (“Respondent Castro”), was a replacement candidate in the September 2007 Lynwood City Council election. Respondent, Friends to Elect Aide Castro (“Respondent Committee”), was her candidate controlled recipient committee, and Respondent, Matthew Lemcke (“Respondent Lemcke”), was the Treasurer at all times relevant. Voters Against Corruption (“VAC”) was a recipient committee formed to support both the recall of the incumbent Lynwood City Council members and the replacement candidates in the recall election, including Respondent Castro. Respondent Lemcke was also Treasurer for this committee. Respondent Committee’s campaign consultant, Mr. Chris Robles, and his company, The Pericles Group, were also hired to be VAC’s campaign consultants. Through this interaction between the two committees by agents of Respondent Committee, VAC became a controlled committee of Respondent Castro and, as such, all contributions and expenditures were required to go through Respondent Committee. Respondents failed to disclose information regarding a \$3,000 contribution received and over \$10,000 in expenditures made of \$100 or more on a semi-annual Form 460 Campaign Statement for the reporting period ending December 31, 2007, in violation of Government Code Section 84211, subdivisions (a), (b), (f), and (k), (1 count). **Total Proposed Penalty: \$3,500.**

Campaign Reporting

7. **In the Matter of Fountain Valley Kids 2012, Yes on Measure N, and Paul Rincon, FPPC No. 12/885.** Staff: Commission Counsel Zachary Norton and Political Reform Consultant Teri Rindahl. Respondent, Fountain Valley Kids 2012, Yes on Measure N, was a primarily formed ballot measure committee that supported the passage of Measure N, a Fountain Valley School District bond measure on the ballot in the November 6, 2012 election. Respondent, Paul Rincon, was the Treasurer for the committee at all times relevant. Respondents failed to timely file a first pre-election Form 460 Campaign Statement covering the period January 1, 2012, through

September 30, 2012, due October 5, 2012, (1 count) and a second pre-election Form 460 Campaign Statement covering the period October 1, 2012, through October 20, 2012, due October 25, 2012, (1 count) in violation of Government Code Sections 84200.5, subdivision (b), and 84200.7. **Total Proposed Penalty: \$5,000.**

- 8. In the Matter of Anna Caballero, Anna Caballero for Senate 2010 committee, and James R. Santos, FPPC No. 11/275.** Staff: Senior Commission Counsel Galena West and Program Specialist Luz Bonetti. Respondent, Anna Caballero, was an unsuccessful candidate for California State Senate in the November 2, 2010 Statewide General Election. Respondent, Anna Caballero for Senate 2010, was her candidate-controlled recipient committee. Respondent, James R. Santos, served as the committee Treasurer. In this matter, Respondents failed to timely report subvendor information for payments totaling approximately \$825,335, on Form 460 Campaign Statements filed for the reporting periods ending September 30, 2010, and October 16, 2010, in violation of Government Code Sections 84211, subdivision (k), and 84303 (1 count). **Total Proposed Penalty: \$1,000.**
- 9. In the Matter of Alberto O. Torrico, Alberto Torrico for Attorney General 2010 committee, and James R. Santos, FPPC No. 11/944.** Staff: Senior Commission Counsel Galena West and Program Specialist Luz Bonetti. Respondent, Alberto O. Torrico, was an unsuccessful candidate for Attorney General in the June 8, 2010 Statewide Primary Election. Respondent, Alberto Torrico for Attorney General 2010, was his candidate-controlled recipient committee. Respondent, James R. Santos, served as the committee Treasurer. In this matter, Respondents failed to timely report subvendor information for payments totaling approximately \$465,531, on Form 460 Campaign Statements filed for the reporting periods ending March 17, 2010, May 22, 2010, and June 30, 2010, in violation of Government Code Sections 84211, subdivision (k), and 84303 (1 count). **Total Proposed Penalty: \$1,000.**
- 10. In the Matter of Mike Stevens, Committee to Re-Elect Councilman Mike Stevens 2013, and Mike Stevens, Treasurer, FPPC No. 13/240.** Staff: Political Reform Consultant Adrienne Korchmaros. Respondents, Mike Stevens, Committee to Re-Elect Councilman Mike Stevens 2013, and Mike Stevens as Treasurer, failed to timely file the second pre-election Form 460 Campaign Statement covering the period February 17, 2013, through March 16, 2013, due March 21, 2012, with the City of Inglewood in violation of Government Code Section 84200.5. (1 count). **Total Proposed Penalty: \$200.**

11. **In the Matter of Laura Santos, FPPC No. 12/738.** Staff: Legal Analyst Tracey Frazier and Law Clerk Michael Hamilton. Respondent, Laura Santos, a governing Board Member for Bassett Unified School District, failed to timely file a Form 470 Short Form Campaign Statement covering the 2012 calendar year, due July 31, 2012, in violation of Government Code Section 84200 (1 count). **Total Proposed Penalty: \$200.**

12. **In the Matter of San Fernando Valley Republican Club, FPPC No. 12/652.** Staff: Legal Analyst Tracey Frazier and Law Clerk Michael Hamilton. Respondent, San Fernando Valley Republican Club, failed to file a semi-annual Form 460 Campaign Statement covering the period January 1, 2012, through June 30, 2012, due July 31, 2012, in violation of Government Code Section 84200 (1 count). **Total Proposed Penalty: \$200.**

13. **In the Matter of Friends to Elect Gerri Guzman, FPPC No. 12/742.** Staff: Legal Analyst Tracey Frazier. Respondents, Friends to Elect Gerri Guzman, Geraldine Guzman, an incumbent Montebello Unified School District Governing Board Member, and Charlotte Truillo, the committee's Treasurer, failed to timely file a Form 460 Recipient Committee Campaign Statement covering the period January 1, 2012, through June 30, 2012, due July 31, 2012, in violation of Government Code Section 84200 (1 count). **Total Proposed Penalty: \$200.**

14. **In the Matter of Trina Williams, FPPC No. 12/736.** Staff: Legal Analyst Tracey Frazier and Law Clerk Michael Hamilton. Respondent, Trina Williams, Board Member for the Inglewood Unified School District, failed to file a semi-annual Form 470 Campaign Statement covering the 2012 calendar year, due July 31, 2012, in violation of Government Code Section 84200 (1 count). **Total Proposed Penalty: \$200.**

Major Donor Reporting

15. **In the Matter of Andrew Peceimer, FPPC No. 12/868.** Staff: Senior Commission Counsel Dave Bainbridge and Special Investigator Ann Flaherty. Respondent, Andrew Peceimer, failed to timely file Form 461 Major Donor Committee Campaign Statements for three reporting periods in violation of Government Code Section 84200 (3 counts). **Total Proposed Penalty: \$1,200.**

Statement of Economic Interest – Non-Reporting

16. **In the Matter of Raymond J. Nutting, FPPC No. 13/290.** Staff: Political Reform Consultant Adrienne Korchmaros. Respondent, Raymond J. Nutting, as a Supervisor for the County of El Dorado, failed to timely disclose his economic interests in grant moneys totaling \$22,423 received through the California Forest Improvement Program Form from Cal FIRE and Sierra Coordinated Resources Management Council as well as both an income and investment interest in Nutting Ranch on his 2009 Annual Statement of Economic Interests covering the period January 1, 2009, through December 31, 2009, due April 1, 2010, in violation of Government Code Sections 87206 and 87207 (2 counts). **Total Proposed Penalty: \$400.**

17. **In the Matter of Gregory J. Gruzdownich, FPPC No. 13/230.** Staff: Political Reform Consultant Adrienne Korchmaros. Respondent, Gregory J. Gruzdownich, as an elected Member of the Board of Directors for the San Diego County Santa Fe Irrigation District, a position classified in Government Code Section 87200 as that of a “public investment manager,” failed to timely disclose his economic interests in investments in several stocks on the Candidate Statement of Economic Interests he filed for his successful election in violation of Government Code Section 87201 (1 count). **Total Proposed Penalty: \$200.**

18. **In the Matter of Thomas Hudson, FPPC No. 10/741.** Staff: Senior Commission Counsel Neal Bucknell, Special Investigator Beatrice Moore, and Law Clerk Emma Olson. Respondent, Thomas Hudson, is a Tax Counsel III (Specialist) for the California State Board of Equalization (“BOE”). In this matter, Respondent failed to timely disclose a business interest (which was required to be disclosed by the BOE Conflict of Interest Code) on his 2010 Annual Statement of Economic Interests in violation of Government Code Section 87300 (1 count). **Total Proposed Penalty: \$200.**

GENERAL ITEMS 19 - 22

19. **Discussion of Draft Regulation 18421.5:** Staff: General Counsel Zackery P. Morazzini and Senior Commission Counsel Heather M. Rowan. Staff is seeking Commission and public input on a new regulation that would create a more specific and easily identifiable report of when a committee pays a person or group to create online content on behalf of the committee. Staff anticipates asking the Commission to adopt the regulation, with any revisions, at the August 2013 meeting.

- 20. Discussion of Issues Relating to Material Financial Effect on Real Property:**
Staff: General Counsel Zackery P. Morazzini and Senior Commission Counsel William J. Lenkeit. Staff will discuss the history of Commission regulations that have tried to identify “what is the material financial effect of a governmental decision on a real property financial interest?” The discussion will include examples of actual factual situations that staff has been presented with in advice letters over the years in the hope that an informed discussion will lead to the development of regulations that provide guidelines that are better suited to real world application.
- 21. Adoption of Amendment to Regulation 18531.** Staff: Lynda Cassady, Division Chief, Technical Assistance. Staff proposes to amend Regulation 18531 to update the positions and disclosure categories in the FPPC's conflict of interest code.
- 22. Approval of FPPC Form 806 Agency Report of Public Official Appointments:**
Staff: Lynda Cassady, Division Chief, Technical Assistance. In 2012 the Commission amended regulation 18705.5 which creates a limited exception to allow public officials to vote on their appointment to a committee or position in the agency which the official serves, if the appointment will result in additional income of \$250 or more in a 12-month period. The regulation requires the agency to identify the appointments on a form prepared by the Commission. The Form 806 has been revised to address the recent amendment.

EXECUTIVE STAFF REPORTS ITEM 23

Executive Director/Administrative Division Report. Staff: Interim Executive Director, Tina Bass

Legislative Report. Staff: Legislative Coordinator, Sukhi Brar

Litigation Report. Staff: General Counsel, Zackery P. Morazzini

Legal Division Report. Staff: General Counsel, Zackery P. Morazzini

Enforcement Division Report. Staff: Chief of Enforcement, Gary Winuk

Technical Assistance Division Report. Staff: Chief of TAD, Lynda Cassady