



FAIR POLITICAL PRACTICES COMMISSION

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(Unapproved and subject to change)
CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION
MINUTES OF MEETING, Public Session

Thursday, September 13, 2012

CALL TO ORDER

Chair Ann Ravel called the meeting to order at 10:00 AM at 428 J Street, Eighth Floor, Sacramento, California. Chair Ravel and Commissioners Lynn Montgomery, Ronald Rotunda were present. Commissioner Garrett was present by telephone.

WELCOME AND CHAIR'S REPORT

Ann Ravel, FPPC Chair

Chair Ann Ravel provided an update on Commission sponsored legislation relating to independent expenditures – Assembly Bill 481. This bill passed unanimously out of the Senate Elections Committee, passed with bipartisan support out of the Senate Appropriations Committee and it is with the Governor for signature and approval.

She further noted that the FPPC would host an Interested Persons meeting on September 14, 2012 regarding the Travel Regulations. There is also an IP meeting scheduled for September 18, 2012 to discuss Campaign Regulations on: Ballot measure identification, Sender identification on mass campaign emails, Estimating in-kind contributions on 24-hour reports, Reporting cumulative total on 24-hour independent expenditure reports, and Reporting for Paid Online Communications Language.

The next Commission meeting is scheduled for October 18, 2012, there is not a meeting scheduled for November, and the December 13 Commission meeting will be held at the San Diego County Administration Center, Board Chambers Room 310, 1600 Pacific Hwy, San Diego, CA 92101.

PUBLIC COMMENT

- 1. 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.**

Chair Ravel opened the floor for public comment. There were no members of the public wishing to speak on this Agenda item.

PROPOSED CONSENT CALENDAR ITEM 2 - 17

Chair Ravel opened the floor to the Commissioners to remove or speak on an item from the Consent calendar. Chair Ravel opened the floor to the public to remove or speak on the Consent calendar. There were no members of the commission or the public wishing to remove or speak on the Consent calendar. Commissioner Montgomery made a motion to approve the consent calendar. The motion was seconded by Commissioner Rotunda.

Ayes: Commissioners Garrett, Montgomery, Rotunda, and Chair Ravel.

The motion passed 4 to 0.

- 2. Approval of August 2012 Commission Meeting Minutes.**

Campaign Reporting Violations

- 3. In the Matter of No on 8, Equality for All and Steven Mele, FPPC No. 11/355. Total Proposed Penalty: \$42,500.**
- 4. In the Matter of Human Rights Campaign California Marriage PAC – No On Prop 8 Committee and James Rinefierd, FPPC No. 12/214. Total Proposed Penalty: \$6,000.**
- 5. In the Matter of Equality California Issues PAC and Timothy Hohmeier, FPPC No. 11/446. Total Proposed Penalty: \$31,500.**
- 6. In the Matter of Republican Central Committee of San Luis Obispo County, Patricia Smith, Elizabeth Van Note, and Danielle Duboff, FPPC No. 11/441. Total Proposed Penalty: \$14,000.**

7. In the Matter of Joseph J. Jelincic, J.J. Jelincic for CalPERS – 2009, and Frank Luna, FPPC No. 10/620. Total Proposed Penalty: \$2,000
8. In the Matter of the Limited Government PAC and Casey Evans, FPPC No. 10/1046. Total Proposed Penalty: \$3,000

Campaign Reporting Violations – Streamline

9. In the Matter of Dennis Beebe, Beebe for Trustee, and Marie Beebe, Treasurer, FPPC No. 12/353. Total Proposed Penalty: \$200

Statement of Economic Interest Non-Reporting

10. In the Matter of Karen Burnham, FPPC No. 12/030. Total Proposed Penalty: \$2,000.
11. In the Matter of Kenneth Ortega, FPPC No. 12/033. Total Proposed Penalty: \$7,000.

Statement of Economic Interest Non-Reporting – Streamline

12. In the Matter of John Chua, FPPC No. 11/807. Total Proposed Penalty: \$600.
13. In the Matter of Senator Roderick D. Wright, FPPC Case No. 12/399. Total Proposed Penalty: \$200.

Lobbying Reporting – Streamline

14. In the Matter of Mendez Strategy Group and John Mendez, Principal Officer, FPPC No. 12/403. Total Proposed Penalty: \$200.
15. In the Matter of Independent Cities Lease Finance Authority and Deborah J. Smith, FPPC No. 10/0369. Total Proposed Penalty: \$2,000.

Slate Mailer Reporting Violation

16. In the Matter of California Voter Guide and Gary Crummitt, FPPC No. 12/374. Total Proposed Penalty: \$3,000.

Statement of Economic Interests, Failure to File – Streamline

17. **In the Matter of Madeleine Zayas-Mart, FPPC No. 11/940. Total Proposed Penalty: \$200.**

GENERAL ITEMS 18 - 19

18. **Adoption of Amendments - Conflict of Interest Regulation 18706 (continued from the August Commission meeting):** Staff: General Counsel Zackery P. Morazzini and Senior Commission Counsel William J. Lenkeit. Staff proposes to amend the conflict of interest regulations over the next several months. The process begins with a proposed amendment to Regulation 18706, determining when a material financial effect of a governmental decision is "reasonably foreseeable." The proposed amendments are intended to provide better guidance to public officials in determining if a conflict of interest exists under the Act.

Bill Lenkeit addressed the Commission and explained that he made the edits that were discussed at the August 16, 2012 Commission meeting.

Mr. Lenkeit and the Commissioners discussed the regulation language and addressed Mr. Sean Mason's comment letter, but there were no changes to the language.

Commissioner Garrett made a motion to approve the regulation. The motion was seconded by Commissioner Rotunda.

Ayes: Commissioners Garrett, Montgomery, Rotunda, and Chair Ravel.

The motion passed 4 to 0.

19. **Adoption of Regulation – Conflict of Interest Code: Reporting of Gifts Regulation 18730.1:** Staff: General Counsel Zackery P. Morazzini and Commission Counsel Sukhi K. Brar. Staff proposes to adopt proposed Regulation 18730.1, which addresses the gift reporting requirements for designated employees. The proposed regulation would provide direction to agencies when developing disclosure categories for conflict of interest codes. The regulation would require agencies to tailor conflict of interest code disclosure categories so that designated employees who report sources of gifts would be required to report only those gifts that may potentially influence them in their official capacities.

Ms. Brar and Mr. Lenkeit addressed the Commission. Ms. Brar explained that a change was made to the regulation last evening to address comments received from Mr. Sean Mason.

The following addition was added to [page 1 line 4].

- jurisdiction if the purpose of disclosure of the source of the gift does not have... was added after agency's and before some.

Lines 3 through 6 now read:

3 Nothing contained in an agency's conflict of interest code shall be interpreted to

4 require the reporting of gifts from outside the agency's jurisdiction if the purpose of

5 disclosure of the source of the gift does not have some connection with or bearing upon

6 the functions or duties of the position for which the reporting is required.

- Page 1 line 8 was changed from disclosed to reportable.

Lines 7 through 8 now reads:

Nothing in this

7 language is intended to create an inference that all gifts within the jurisdiction are

8 reportable.

Chair Ravel opened the floor to the public to speak on this item. There were no members of the public wishing to speak on this item.

Commissioner Rotunda made a motion to approve the regulation. The motion was seconded by Commissioner Garrett.

Ayes: Commissioners Garrett, Montgomery, Rotunda, and Chair Ravel.

The motion passed 4 to 0.

Commissioner Garrett excused herself from the meeting.

EXECUTIVE STAFF REPORTS ITEM 20

Executive Director's Report and Opinion Request; *In re Rosenstiel*. Staff: Executive Director, John Wallace. The Executive Director has been asked by Paul Rosenstiel, a member of the California State Teachers' Retirement System (CalSTRS), for an exemption from the Act's general requirement that a member of CalSTRS disclose every source of income on his Statement of Economic Interests, Form 700. Under procedures established in Regulation 18740, the exemption request was tentatively approved by the Executive Director and, as required under

the regulation, is now presented to the Commission for final determination. The Commission may ratify the Executive Director's tentative decision by issuing an opinion, *In re Rosenstiel*, or may order disclosure by Mr. Rosenstiel.

John Wallace addressed the Commission and explained that under procedures established in Regulation 18740, the exemption request was tentatively approved by the Executive Director and, as required under the regulation, this item is now presented to the Commission for final determination. The Commission may (1) ratify the Executive Director's tentative decision by issuing an opinion, *In re Rosentiel*, or (2) order disclosure by Mr. Rosentiel. He also explained that the exemption would only apply to the Statement of Economic Interest.

Mr. Wallace also explained that there is no risk or harm to granting the exemption in this matter.

Commissioner Rotunda made a motion to approve the exemption. The motion was seconded by Commissioner Montgomery.

Ayes: Commissioners Montgomery, Rotunda, and Chair Ravel.

The motion passed 3 to 0.

Legislative Report. Staff: Legislative Coordinator, Tara Stock

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 T.A.D., Lynda Cassady

Administrative Division Report. Staff: Chief of Administration, Tina Bass

Executive Director addressed the commission and declared the reports "as submitted."

Commissioner Rotunda made a motion to adjourn. The motion was seconded by Commissioner Montgomery.

Ayes: Commissioners Montgomery, Rotunda, and Chair Ravel.

The motion passed 3 to 0.

Chair Ravel adjourned the meeting.