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8 **BEFORE THE FAIR POLITICAL PRACTICES COMMISSION**
9 **STATE OF CALIFORNIA**
10

11 In the Matter of) FPPC No. 13/203
12)
13)
14) **STIPULATION, DECISION and ORDER**
15)
16)
MOO HAN BAE,)
Respondent.)

17 **STIPULATION**

18 Complainant, the Enforcement Division of the Fair Political Practices Commission, and
19 Respondent Moo Han Bae, hereby agree that this Stipulation will be submitted for consideration by the
20 Fair Political Practices Commission at its next regularly scheduled meeting.

21 The parties agree to enter into this Stipulation to resolve all factual and legal issues raised by
22 this matter and to reach a final disposition without the necessity of holding an additional administrative
23 hearing to determine the liability of Bae.

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

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

3 It is further stipulated and agreed that Bae violated the Political Reform Act as described in
4 Exhibit 1 by making nine contributions totaling \$10,550 in the names of other persons in support of
5 Wendy Greuel, a candidate for Los Angeles Mayor in 2013, violating Government Code Section 84301
6 (9 counts). Exhibit 1 is attached hereto and incorporated by reference as though fully set forth herein.
7 Exhibit 1 is a true and accurate summary of the facts in this matter.

8 Bae agrees to the issuance of the Decision and Order, which is attached hereto. Bae also agrees
9 to the Commission imposing an administrative penalty in the total amount of Twenty-Two Thousand
10 Five Hundred Dollars (\$22,500). A cashier's check from Bae in said amount, made payable to the
11 "General Fund of the State of California," is submitted with this Stipulation as full payment of the
12 administrative penalty, and shall be held by the State of California until the Commission issues its
13 Decision and Order regarding this matter. The parties agree that in the event the Commission refuses to
14 accept this Stipulation, it shall become null and void, and within fifteen (15) business days after the
15 Commission meeting at which the Stipulation is rejected, all payments tendered by Bae in connection
16 with this Stipulation shall be reimbursed to Bae. Bae further stipulates and agrees that in the event the
17 Commission rejects the Stipulation, and a full evidentiary hearing before the Commission becomes
18 necessary, neither any member of the Commission, nor the Executive Director, shall be disqualified
19 because of prior consideration of this Stipulation.

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21 Dated: _____

Galena West, Chief, on Behalf of the Enforcement Division
Fair Political Practices Commission

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24 Dated: _____

Moo Han Bae, Respondent

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DECISION AND ORDER

The foregoing Stipulation of the parties “In the Matter of Moo Han Bae,” FPPC Case No. 13/203, 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 Chair.

IT IS SO ORDERED.

Dated: _____

Joann Remke, Chair
Fair Political Practices Commission

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EXHIBIT 1

INTRODUCTION

Respondent Moo Han Bae owns several successful businesses in Los Angeles, CA, including E&C Fashion and M&C Property Management. In 2012, Bae was President of the Korean American Federation of Los Angeles (KAFLA), a 501(c)(3) nonprofit organization, whose mission was “[t]o support and serve better for the furtherance of the rights & interests of the Korean Community in Los Angeles.”

In response to complaints, the Enforcement Division of the Los Angeles City Ethics Commission (CEC) and the Enforcement Division of the Fair Political Practices Commission (Enforcement Division) initiated a joint investigation into potential money laundering and campaign contribution limits violations by Bae in support of Wendy Greuel, a candidate for Los Angeles Mayor in 2013.

In 2012, Bae violated the Political Reform Act¹ (the “Act”), by making nine contributions totaling \$10,550 in the names of other persons to Greuel’s campaign. Bae also violated the City of Los Angeles City Charter and Campaign Finance Ordinance by making contributions over the limit for mayoral candidates. The City violations of Bae are included in the Stipulation for CEC Case No. 2015-01 (Moo Han Bae), and will be presented to the CEC for approval on August 18, 2015.

This Stipulation and the CEC Stipulation represent a global settlement to fully resolve the pending CEC and Enforcement Division investigations against Bae regarding campaign money laundering in 2012.

SUMMARY OF THE LAW

All statutory references and discussions of law pertain to the Act’s provisions as they existed in 2012.

The Act provides that no contribution shall be made, directly or indirectly, by any person in a name other than the name by which that person is identified for legal purposes. Making a contribution in the name of another person is commonly known as “campaign money laundering.”²

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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 18110 through 18997 of Title 2 of the California Code of Regulations, and all regulatory references are to this source.

² Section 84301.

SUMMARY OF THE FACTS

In Los Angeles, an individual may make a maximum contribution of \$1,300 to a candidate for Mayor. On September 29, 2012, Bae made a \$1,300 contribution to Greuel's campaign committee, Wendy Greuel for Mayor 2013.

The day before, Bae held a fundraiser supporting Greuel's campaign for Mayor at his home in Tarzana, CA. Approximately 50 people attended, most of whom were KAFLA Directors and their spouses. Representatives of Greuel's campaign attended, and Greuel made a personal appearance.

During the event, Bae asked his guests to contribute to Greuel's campaign because he believed that she would, if elected, use her position to support the Korean American community in Los Angeles. Bae, acting independently and through Young Bae "David" Lim, the Vice President of KAFLA, individually promised several guests that he would reimburse them if they made contributions. Many of the guests made contributions, including several at the maximum allowed amount of \$1,300.

After the event, Bae gave multiple envelopes of cash to Cho Rock Bang, an employee of KAFLA, and to other employees of KAFLA, to distribute to individuals to whom he had promised reimbursement. Bang and the other KAFLA employees then gave the cash to nine individuals who came to KAFLA headquarters seeking reimbursement.

VIOLATIONS

Counts 1 – 9: Making a Contribution in the Name of Another

Moo Han Bae made the following contributions in the names of other persons in violation of Section 84301:

COUNT	NAME	DATE CONTRIBUTION MADE	AMOUNT
1	Choi, Ji Young "Jean"	09/28/2012	\$1,300.00
2	Han, Mina	09/28/2012	\$300.00
3	Kang, Son Chu "Susan"	09/28/2012	\$1,300.00
4	Kim, Eun Ah	09/28/2012	\$1,300.00
5	Kim, Ki Hyong "Robert"	09/28/2012	\$1,300.00
6	Lim, Gae Sun	09/28/2012	\$1,300.00
7	Lim, Young Bae "David"	09/28/2012	\$1,300.00
8	Park, Hey Jeong "Juliana"	09/30/2012	\$1,150.00
9	Shon, Hyon "Heidy"	09/28/2012	\$1,300.00
		TOTAL:	\$10,550.00

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CONCLUSION

This Stipulation consists of nine counts of violating the Act, which carry a maximum administrative penalty under both state and City law of \$5,000 per count, totaling \$45,000. This Stipulation is part of a global settlement to fully resolve the pending CEC and Enforcement Division investigations.

In determining the appropriate penalty for a particular violation of the Act, the Commission 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 Commission considers the facts and circumstances of the violation in context of the factors set forth in Regulation 18361.5, subdivision (d): 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 Commission also considers penalties in prior cases involving similar violations. Recent similar cases involving campaign money laundering include:

- *In the Matter of Howard Misle*, FPPC No. 12/490: Respondent asked two individuals to make campaign contributions to two different candidates, and then reimbursed those individuals for making the contributions. On February 19, 2015, the Commission imposed a penalty of \$5,000 per count for two counts of violating Section 84301.
- *In the Matter of Archway Property Services, LLC, et. al*, FPPC No. 11/1056: Respondent recruited various individuals to make eight \$500 campaign contributions, the city's contribution limit, to San Francisco mayoral candidates in the names of the individuals and then reimbursed those individuals for making the contributions. On October 16, 2014, the Commission imposed a penalty of \$5,000 per count for two counts of violating Section 84301.

Campaign money laundering is one of the most serious violations of the Act because such conduct circumvents campaign contribution limits, violates disclosure requirements, and deceives the voting public as to the true source of funds. Here, Bae circumvented the local contribution limits by orchestrating the reimbursement of nine individuals, mostly KAFLA directors, who made contributions Bae could not legally make himself. Bae's conduct was deliberate, and he intended to deceive the voting public as to the true source of the contributions.

Bae initially refused to cooperate with the investigation; his denials required CEC and Enforcement Division staff to rely on subpoenas, interviews, and other investigatory actions, resulting in significant expense and delay. And the CEC and Enforcement Division allege that throughout the investigation Bae intimidated witnesses and pressured them to lie about the facts. These actions justify a maximum penalty for these violations.

In mitigation, Bae is currently cooperating to reach this resolution.

PROPOSED PENALTY

After considering the factors listed in Regulation §18361.5, prior similar cases, and other relevant factors, a penalty of \$5,000 per count is recommended, for a total penalty of \$45,000, divided in two equal parts: \$22,500 to the State of California, and \$22,500 to the City of Los Angeles.

An additional count is included by the CEC for exceeding the City Charter contribution limit, for which is recommended the maximum penalty of \$31,650 (three times the amount improperly contributed) to the City of Los Angeles. This is a violation of a local rule and is not enforceable by the Enforcement Division.

The total penalty recommended for Bae is, therefore, \$76,650: \$22,500 to the State of California and \$54,150 to the City of Los Angeles. This Stipulation, Decision and Order approves the State of California portion of this penalty.

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