



## FAIR POLITICAL PRACTICES COMMISSION

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

**Thursday, March 15, 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, Commissioners Ronald Rotunda, Lynn Montgomery, and Sean Eskovitz were present, Commissioner Elizabeth Garrett joined by phone.

### **WELCOME AND CHAIR'S REPORT**

Ann Ravel, FPPC Chair

### **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.**

Chair Ravel asked the Commission if there were items to be pulled from Consent; Item 3 was pulled by Commissioner Garrett; Item 6 was pulled by Commissioner Rotunda; and Commissioner Eskovitz pulled Item 4 and recused himself due to a conflict.

### **PROPOSED CONSENT CALENDAR ITEMS 2 – 39 EXCEPT ITEMS 3, 4, and 6**

#### **2. Approval of November & December, 2011 Commission meeting minutes.**

#### **Campaign Reporting Violations**

#### **5. In the Matter of Davis Democratic Club and Elizabeth R. Weir, FPPC No. 08/390. Total Proposed Penalty: \$9,500.**

7. In the Matter of Put California Back to Work, Sponsored by the Civil Justice Association of California and J. Richard Eichman, FPPC No. 10/504. Total Proposed Penalty: \$6,000.
8. In the Matter of Fernando Vasquez, Vasquez for Downey Council 2010, and Jane Leiderman, Treasurer, FPPC No. 11/057. Total Proposed Penalty: \$4,000.

#### **Money Laundering**

9. In the Matter of Go Lorrie's Airport Shuttle, FPPC No. 11/920. Total Proposed Penalty: \$49,500

#### **Slate Mailer**

10. In the Matter of Voter Information Guide and Tracey Pomerance-Poirier, FPPC No. 10/978. Total Proposed Penalty: \$2,000.

#### **Campaign Reporting Violations – Streamline**

11. In the Matter of American Subcontractors Association of California PAC, and Jordi Grant, Treasurer, FPPC No. 11/271. Total Proposed Penalty: \$400.
12. In the Matter of Barnett for School Board 2010 and Scott Barnett, FPPC No. 11/1067. Total Proposed Penalty: \$200.
13. In the Matter of Maritza Molina, FPPC No. 11/1049. Total Proposed Penalty: \$200.
14. In the Matter of National City Elementary Teachers Association PAC; Ana B. Zuniga-Juarez, Treasurer, FPPC No. 11/1058. Total Proposed Penalty: \$200.
15. In the Matter of Hugo M. Rojas, FPPC No. 11/1046. Total Proposed Penalty: \$200.

16. In the Matter of Tuolumne County Republican Central Committee, Jo Day, Treasurer, and Charles Day, Chairman FPPC No. 10/638. Total Proposed Penalty: \$400.
17. In the Matter of Westside Republicans of Los Angeles and Robert Pedersen, Chairman, FPPC No. 11/1047. Total Proposed Penalty: \$200.

#### **Conflict of Interest Violation**

18. In the Matter of Floyd Leeson, FPPC No. 07/120. Total Proposed Penalty: \$24,500.
19. In the Matter of Clay Aurell, FPPC No. 11/650. Total Proposed Penalty: \$3,500.
20. In the Matter of Jordan Ehrenkranz FPPC No. 09/043. Total Proposed Penalty: \$6,000.

#### **Lobbying - Streamline**

21. In the Matter of Mark D. Nobili and Mark Nobili and Associates, FPPC No. 10/737. Total Proposed Penalty: \$1,400.

#### **Late Contribution Reports**

22. In the Matter of Stephen Grand, FPPC No. 11/1044. Total Proposed Penalty: \$1,500.

#### **Statements of Economic Interests – Non-Filer**

23. In the Matter of Susan Bury, FPPC No. 10/289 (Default Decision). Total Proposed Penalty: \$6,000.
24. In the Matter of Jill Sherman-Warne, FPPC No. 11/838. Total Proposed Penalty: \$1,000.

**Statements of Economic Interests – Non-Filer – Streamline**

- 25. In the Matter of Ben Alaoui, FPPC No. 11/570. Total Proposed Penalty: \$400.**
- 26. In the Matter of Daniel Chavez, FPPC No. 11/836. Total Proposed Penalty: \$400.**
- 27. In the Matter of Lorena Chavez, FPPC No. 11/837. Total Proposed Penalty: \$400.**
- 28. In the Matter of Manual Ferreira, FPPC Case No. 12/065. Total Proposed Penalty: \$200.**
- 29. In the Matter of Ronald Goldman, FPPC No. 11/1085. Total Proposed Penalty: \$200.**
- 30. In the Matter of John Lacy, FPPC No. 11/526. Total Proposed Penalty: \$200.**
- 31. In the Matter of Marshall McCay, FPPC Case No. 11/162. Total Proposed Penalty: \$400.**
- 32. In the Matter of William Mungary, FPPC No. 11/ 1169. Total Proposed Penalty: \$200.**
- 33. In the Matter of Alvaro Preciado, FPPC No. 11/934. Total Proposed Penalty: \$200.**
- 34. In the Matter of Scott Pynes, FPPC No. 11/684. Total Proposed Penalty: \$200.**
- 35. In the Matter of Andrew Ratermann, FPPC No. 11/975. Total Proposed Penalty: \$200.**
- 36. In the Matter of Carlos Romero, FPPC No. 11/935. Total Proposed Penalty: \$400.**
- 37. In the Matter of Jeffrey Senior, FPPC Case No. 11/1003. Total Proposed Penalty: \$400.**

**38. In the Matter of Iztok Stajner, FPPC No. 11/981. Total Proposed Penalty: \$200.**

**39. In the Matter of Zehra Sun, FPPC No. 11/812. Total Proposed Penalty: \$200.**

Commissioner Montgomery made a motion to approve the consent calendar. The motion was seconded by Commissioner Garrett.

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

The motion passed 5 to 0.

### **Commission Resolution**

**3. Resolution of the Commission Regarding Workers' Compensation Coverage for Agency Volunteers.** The Commission will consider extending workers' compensation coverage to agency volunteers pursuant to Labor Code Section 3363.5

Commissioner Garrett made a motion to approve the resolution. The motion was seconded by Commissioner Eskovitz.

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

The motion passed 5 to 0.

**6. In the Matter of Michael Glover, Michael G. Glover for Assembly, Glover for Assembly 2008, Committee to Elect Mike Glover for 70<sup>th</sup> AD, 2010, and Doris Neel, FPPC No. 09/615 (Default Decision).** Staff: Commission Counsel Bridgette Castillo and Special Investigator Sandra Buckner. Respondent Michael G. Glover ("Respondent Glover") was a successful candidate for California State Assembly, 70<sup>th</sup> District ("California State Assembly"), in the June 6, 2006, Primary Election and the June 3, 2008, Primary Election. However, Respondent Glover was an unsuccessful candidate for California State Assembly in the November 7, 2006, General Election, November 4, 2008, General Election, and the June 8, 2010, Primary Election. Respondent Michael G. Glover for Assembly ("Respondent Committee 2006") was the controlled committee of Respondent

Glover's 2006 election campaign. Respondent Glover acted as the treasurer of Respondent Committee 2006 from October 27, 2006, through June 30, 2009. Respondent Glover for Assembly 2008 ("Respondent Committee 2008") was the controlled committee of Respondent Glover's 2008 election campaign. Respondent Committee to Elect Mike Glover for 70<sup>th</sup> AD, 2010 ("Respondent Committee 2010") was the controlled committee of Respondent Glover's 2010 election campaign. Respondent Doris Neel ("Respondent Neel") was the treasurer of Respondent Committee 2010 from February 19, 2010, through July 30, 2010. In this matter, Respondents Glover and Committee 2006: 1) failed to file semi-annual campaign statements, in violation of Government Code Section 84200, subdivision (a) (4 counts); 2) on semi-annual campaign statements from July 1, 2006, through December 31, 2008, failed to report the receipt of contributions totaling approximately \$47,406, and failed to itemize contributions received over \$100 totaling approximately \$52,673, in violation of Government Code Section 84211, subdivisions (a), (c), (d) and (f) (1 count); 3) on semi-annual campaign statements from July 1, 2006, through December 31, 2008, failed to report expenditures made totaling approximately \$42,614, and failed to itemize expenditures made over \$100 totaling approximately \$57,144, in violation of Government Code Section 84211, subdivisions (b), (i), (j), and (k) (1 count); 4) failed to report accrued expenses on at least one semi-annual campaign statement for the reporting period October 22, 2006, through December 31, 2006, totaling approximately \$23,403, in violation of Government Code Section 84211, subdivisions (b), (i), and (k) (1 count); 5) failed to disclose a contribution received of \$5,000 or more within 10 business days of receipt in an online campaign report, in violation of Government Code Section 85309, subdivision (c) (1 count); 6) failed to maintain the detailed accounts, records, bills, and receipts necessary to prepare campaign statements, to establish that a campaign statement was properly filed, and to comply with the campaign reporting provisions of the Act, from October 22, 2006, through June 30, 2009, in violation of Government Code Section 84104 (1 count). Additionally, Respondents Glover and Committee 2008: 1) failed to file pre-election campaign statements, in violation of Government Code Section 84200.5, subdivision (a), and 84200.7, subdivision (a) (2 counts); 2) failed to file a semi-annual campaign statement, in violation of Government Code Section 84200, subdivision (a) (1 count); 3) failed to deposit all campaign contributions into a designated campaign bank account for Respondent Committee 2008, in violation of Government Code Section

85201, subdivision (e) (1 count). Further, Respondents Glover, Committee 2010, and Neel: 1) failed to file pre-election campaign statements in electronic format, in violation of Government Code Sections 84200.5, subdivision (a), 84200.7, subdivision (a), and 84605, subdivision (a) (2 counts); and 2) failed to file a semi-annual campaign statement in electronic format, in violation of Government Code Sections 84200, subdivision (a) and 84605, subdivision (a) (1 count). **Total Proposed Penalty: \$47,000.**

Commissioner Eskovitz made a motion to approve the proposed penalty with the removal of Respondent Doris Neel. This item will be heard at the next commission meeting. The motion was seconded by Commissioner Rotunda.

Ayes: Commissioners Rotunda, Garrett, Montgomery, and Eskovitz.

Nos: Chair Ravel.

The motion passed 4 to 1.

#### **Advertisement Violation**

- 4. In the Matter of Arnold Schwarzenegger and Governor Schwarzenegger's California Dream Team, A Ballot Measure Committee, FPPC No. 09/539.** Staff: Senior Commission Counsel Angela Brereton, and Special Investigator Sandra Buckner. Respondent Arnold Schwarzenegger was governor of the State of California from November 2003 through January 2011. Respondent California Dream Team, A Ballot Measure Committee (Respondent Committee), was Respondent Schwarzenegger's candidate controlled ballot measure committee located in Burbank, CA. Respondents used Respondent Committee funds to pay for a television and internet advertisement which referred to state budget negotiations that were in progress. However, under the Political Reform Act, as implemented by regulations adopted by the Commission, ballot measure committees which are controlled by candidates for elective state office may only use committee funds to make expenditures that are related to a state or local measure or a potential measure anticipated by the committee. By using Respondent Committee funds to make six expenditures totaling over \$1.1 million, which were unrelated to a state or local measure or an anticipated potential measure, Respondents violated the Political Reform Act under Regulation

18521.5, subdivision (d) (6 counts). **Total Proposed Penalty: \$30,000.**

Commissioner Eskovitz recused himself and stepped out of the meeting for this vote. Commissioner Montgomery made a motion to approve the proposed penalty. The motion was seconded by Commissioner Garrett.

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

The motion passed 4 to 0.

There was a request to move-up Item 44 and the Commission agreed.

#### **DISCUSSION ITEM 44**

**44. Discussion of Online Posting of Statements of Economic Interests filed by Elected Judges.** Staff: General Counsel Zackery P. Morazzini. Discussion of issues related to the the online posting of statements of economic interests (Commission Form 700) filed by elected judges as required by Commission Regulation 18313.5. (Reg. 18313.5) (AOC Memo)

David Ruben, President of the California Judges Association, gave a PowerPoint presentation regarding their opposition to the posting of Judges' Statement of Economic Interests Form 700 on the FPPC website.

Justice James Brandlin and Justice Ben Davidian, former FPPC Chair, provided examples of specific situational incidents regarding the safety of California Judges.

Commissioner Eskovitz made a motion to hold off until the next commission meeting. Staff will develop guidelines on what should and should not be redacted and/or omitted from Form 700s. The motion was seconded by Commissioner Garrett.

Ayes: Commissioners Garrett, Montgomery, and Chair Ravel.

Nos: Commissioner Rotunda

The motion passed 4 to 1.



The Commission broke for lunch from 12:20 – 1:00 p.m.

There was a request to move-up Item 43 and the Commission agreed.

**43. Amendment to Regulation 18705.5: Materiality Standard: Economic Interest in Personal Finances. Staff: General Counsel Zackery P. Morazzini and Acting Executive Director John W. Wallace.** Proposal to amend Regulation 18705.5 submitted by Ash Pirayou of Rutan and Tucker. The proposed amendment would create a limited exception to allow public officials to vote on their appointment as representatives of the entity to paid public boards.

Commissioner Eskovitz made a motion to amend the proposed language. The motion was seconded by Commissioner Montgomery.

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

The motion passed 5 to 0.

Commissioner Montgomery made a motion to amend the regulation. The motion was seconded by Commissioner Eskovitz.

Ayes: Commissioners, Montgomery, Eskovitz, and Chair Ravel.

Nos: Commissioners Rotunda and Garrett

The motion passed 3 to 2.

## **ENFORCEMENT INFORMATIONAL ITEMS 40 – 41**

### **Money Laundering Settlement (No Action Agenda Item)**

**40. In the Matter of Neiland Kenneth Derry and Neil Derry for Supervisor, FPPC No. 11/736 (Receipt of Joint Settlement Funds).** Staff: Senior Commission Counsel Neal Bucknell. Neiland Kenneth Derry was a successful candidate for the San Bernardino County Board of Supervisors in 2008. Neil Derry for Supervisor was his candidate controlled committee. In this matter, Mr. Derry knowingly and willfully failed to report the true source of a \$5,000 contribution that was made to his committee in the name of another. As part of a joint effort

by the California Attorney General's office and the FPPC Enforcement Division, Mr. Derry pled guilty to a misdemeanor count of violating Government Code Section 84302 for failure to report the true source of the contribution. His sentence, which was imposed by the San Bernardino County Superior Court, included a \$10,000 fine, and of this amount, he was ordered to pay \$5,820 to the FPPC. Thereafter, he paid the ordered amount to the FPPC, and after that, he made a disgorgement payment to the FPPC in the amount of \$5,000 pursuant to Government Code Section 85701, which requires candidates and committees to surrender certain unlawful contributions to the General Fund of the State of California. **Total Penalty Collected by the FPPC (including disgorgement): \$10,820.**

- 41. Enforcement Division End of Year Report -** Enforcement Division Chief Gary Winuk – Presentation of the Enforcement Division's End of year Report for 2011 to the Commission for review and comment.  
No action required.

#### **ACTION ITEMS 42**

- 42. Adoption of Regulation 18215.3: Behested Payment Reporting. Staff: General Counsel Zackery P. Morazzini and Commission Counsel Heather M. Rowan.** Staff proposes adoption of Regulation 18215.3 to clarify that listing an elected officer or member of the Public Utilities Commission on a letterhead or roster does not create a payment "made at the behest of" that officer or member. If the letter "features" (as defined) the individual, however, the payment could be reportable as a behested payment if over \$5,000 by a single source.

Commissioner Rotunda left the meeting at 3:00 p.m.

Commissioner Eskovitz made a motion to approve the regulation. The motion was seconded by Commissioner Montgomery.

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

The motion passed 4 to 0.

## **STAFF REPORTS ITEMS 45 - 51**

**45. Executive Director's Report.** Staff: Executive Director, John Wallace – as submitted

**46. Legislative Report.** Staff: Legislative Coordinator, Tara Stock

- Workshop on legislation

The commission requested to continue to receive updates on Legislation throughout the bill process.

**47. Litigation Report.** Staff: General Counsel, Zackery P. Morazzini – as submitted

**48. Legal Division Report.** Staff: General Counsel, Zackery P. Morazzini – as submitted

**49. Enforcement Division Report.** Staff: Chief of Enforcement, Gary Winuk – as submitted

**50. Technical Assistance Division Report.** Staff: Chief of T.A.D., Lynda Cassady – as submitted

**51. Administrative Division Report.** Staff: Chief of Admin, Tina Bass – as submitted