



(Unapproved and subject to change)

CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION

MINUTES OF MEETING, Public Session

Thursday, January 15, 2015

CALL TO ORDER

Chair Remke called the meeting to order at 10:00 am on January 15, 2015 at the Fair Political Practices Commission, 428 J Street, Sacramento, CA 95814. Chair Remke and Commissioners Casher, Wasserman, and Wynne were present. Commissioner Eskovitz was absent.

WELCOME

Commissioner Wynne congratulated Chair Remke for being reappointed. Commissioner Casher also congratulated the Chair. Chair Remke along with the other commissioners congratulated General Counsel Zack Morazzini for his appointment as Director and Chief Administrative Law Judge of the Office of Administrative Hearing. Executive Director Erin Peth congratulated the Chair for her reappointment and the General Counsel for his new appointment; she then introduced the Commission to the new Chief Information Officer and new Executive Fellow.

1. Public Comment

Chair Remke opened the floor for public comment. There was none.

2. Approval of November 2014 Commission Meeting Minutes.

Commissioner Wynne made a motion to approve item 2, Commissioner Casher seconded the motion.

Ayes: Commissioners Casher, Wasserman, Wynne, Chair Remke

The motion passed 4 to 0.

GENERAL ITEMS 3 - 7

3. Approval of FPPC Campaign Manuals for Slate Mailer Organizations, General Purpose Recipient Committees, Major Donor Committees and Independent Expenditure Committees and approval of revised Form 511- Paid Spokesperson Report. Staff: Lynda Cassady, Division Chief, Technical Assistance.

Chief of Technical Assistance, Lynda Cassady presented the commission with the updated manuals. Commissioner Wynne thanked and praised the manuals for its clarity.

Public Comment from Betty Ann Downing with California Political Law praised the updating of the manuals. Executive Director Erin Peth added there are four more manuals that will be updated by June 2015.

Commissioner Wynne made a motion to approve item 3, Chair Remke seconded the motion.

Ayes: Commissioners Casher, Wasserman, Wynne, Chair Remke

The motion passed 4 to 0.

4. Amend Regulation 18450.11 – Spokesperson Disclosure. Staff: General Counsel Zackery P. Morazzini and Senior Commission Counsel Sukhi K. Brar. Staff proposes that the Commission amend Regulation 18450.11 to incorporate new amendments made to Section 84511 by AB 510 (Ammiano).

Senior Commission Counsel Sukhi Brar briefed the commission.

Chair Remke made a motion to approve item 4, Commissioner Wasserman seconded the motion.

Ayes: Commissioners Casher, Wasserman, Wynne, Chair Remke

The motion passed 4 to 0.

5. Amend Regulation 18740 - Legally Prohibited Disclosure: Statement of Economic Interests. Staff: General Counsel Zackery P. Morazzini. Staff proposes that the Commission amend Regulation 18740 to allow the Commission to consider federal law, along with California law, when considering requests from SEI filers to exclude the names of certain sources of income from the SEI when such disclosure would violate a legally recognized privilege. The proposed amendments would also streamline the processing of such requests.

General Counsel Zackery Morazzini briefed the commission. Commissioner Wynne had a question regarding commission notification, Commissioner Wasserman suggested it be included in the legal division report, General Counsel agreed that it could be done as an internal policy.

Commissioner Wynne made a motion to approve item 5, Commissioner Wasserman seconded the motion.

Ayes: Commissioners Casher, Wasserman, Wynne, Chair Remke

The motion passed 4 to 0.

6. Amend Regulation 18705 Amend Regulations 18705, 18705.3, 18705.4 and 18705.5 and Repeal Regulations 18704, 18704.1, and 18704.5 - Materiality Standard for a Financial Interest in a Source of Income, Source of Gift, and Personal Financial Effect. Staff: General Counsel Zackery P. Morazzini and Senior Commission Counsel William J. Lenkeit. Staff proposes that the Commission amend Regulations 18705, 18705.3, 18705.4 and 18705.5 to set new standards to simplify the process of determining when the reasonably foreseeable financial effects of a governmental decision will materially affect an official's interest under Section 87103(a) and (d).

Senior Commission Counsel William Lenkeit briefed the commission, proposed a new amendment to Regulation 18705.3 and then brought to the attention two issues in a comment letter submitted by San Mateo, City Attorney Shawn Mason. Chair Remke asked whether the amendment was made accessible to the public previously. (It is now available on the FPPC agenda website for January titled "[18705.3 Amendment to Pg 5 introduced at the Jan 15 Hearing](#)"). Public comment provided by San Mateo, City Attorney Shawn Mason. Commissioner Wynne thanked Lenkeit and Mason for the work they have put into improving the regulations and suggested simpler language.

Commissioner Wynne made a motion to approve item 6 with the staff proposed amendments, Chair Remke seconded the motion.

Ayes: Commissioners Casher, Wasserman, Wynne, Chair Remke

The motion passed 4 to 0.

Informational Item (No action required)

7. 2014 End of Year Report. Staff: Erin Peth, Executive Director and Jaycob Bytel, External Affairs Coordinator. External Affairs Coordinator, Jaycob Bytel briefed the commission. Executive Director, Erin Peth thanked staff Jaycob Bytel, Vanessa Garcia, and Rieko Ivaska. Commissioner Wynne and Casher thanked staff.

PROPOSED CONSENT CALENDAR ITEMS 8 - 25

No items were removed.

Chair Remke asked a clarifying question about the stipulation for item 15. Chief of Enforcement, Gary Winuk clarified there was no evidence of intent and that it was not a pattern.

Chair Remke asked a clarifying question regarding item 21, Chief of Enforcement Gary Winuk informed the commission the reports were submitted to the Secretary of State's office.

Commissioner Casher had a question about item 10, Chief of Enforcement Gary Winuk promised to get back to the commissioner after he reviewed the report for certainty.

Commissioner Casher had a procedural question regarding item 13 and 14 regarding the Franchise Tax Board. Chief of Enforcement Gary Winuk noted we receive audits once a month.

Chair Remke made a motion to approve items 8-25, Commissioner Casher seconded the motion.

Ayes: Commissioners Casher, Wasserman, Wynne, Chair Remke

The motion passed 4 to 0.

ENFORCEMENT MATTERS

Mass Mailer

8. In the Matter of City of Rialto; FPPC No. 12/869. Staff: Senior Commission Counsel Dave Bainbridge and Special Investigator Simon Russell. In this matter, Respondent, the City of Rialto, sent mass mailers at public expense, in violation of Government Code Section 89001 (2 counts). **Total Proposed Penalty: \$6,000.**

9. In the Matter of Truckee Tahoe Airport District; FPPC No. 14/774. Staff: Commission Counsel Milad Dalju and Special Investigator Jay Martin. In this matter, Respondent, Truckee Tahoe Airport District, sent mass mailers at public expense, in violation of Government Code Section 89001 (2 counts). **Total Proposed Penalty: \$4,000.**

Conflict of Interest

10. In the Matter of Arthur J. Aguilar; FPPC No. 14/194. Staff: Commission Counsel Milad Dalju and Special Investigator Ann Flaherty. In this matter, Respondent, Arthur J. Aguilar, General Manager of the Central Basin Municipal Water District until October 31, 2012: failed to report 31 gifts he received between January 1, 2009, and October 31, 2012, in violation of Government Code Section 87300 (1 count); accepted gifts in excess of the annual gift-limit in 2009, 2010, 2011, and between January 1 and October 31, 2012, in violation of Government Code Section 89503 (1 count), and; in his capacity as the General Manager of the Central Basin Municipal Water District, made, participated in making, or attempted to use his official position to influence eight governmental decisions in which he knew, or had reason to know, he had a financial interest, in violation of Government Code Section 87100 (7 counts). **Total Proposed Penalty: \$30,000.**

Campaign Voluntary Expenditure Limits

11. In the Matter of Phillip Chen and Phillip Chen for Assembly 2014; FPPC No. 14/567. Staff: Senior Commission Counsel Dave Bainbridge and Political Reform Consultant Teri Rindahl. Respondent, Phillip Chen, ran for State Assembly in the 2014 Primary Election. Respondent, Phillip Chen for Assembly 2014, was his candidate-controlled committee. In this matter, Respondents accepted voluntary expenditure limits, but exceeded the limit prior to the Primary Election, in violation of Government Code Section 85400, subdivision (a)(1) (1 count). **Total Proposed Penalty: \$2,500.**

Campaign Reporting

12. In the Matter of the United Food and Commercial Workers Active Ballot Club Yes on Prop. 30, No on Prop. 32 Committee, and Anthony Perrone; FPPC No. 14/605. Staff: Commission Counsel Zachary W. Norton and Program Specialist Great Beauchamp. Respondent, United Food and Commercial Workers Active Ballot Club Yes on Prop. 30, No on Prop. 32 Committee ("the Committee"), was a primarily formed committee to support Proposition 30 and oppose Proposition 32 in the 2012 General Election. The Committee was sponsored by the United Food and Commercial Workers Union. Respondent, Anthony Perrone, was at all times relevant, treasurer of the Committee. In this matter, Respondents failed to timely file a second pre-election campaign statement covering the

period October 1, 2012, through October 20, 2012, due October 25, 2012, in violation of Government Code Sections 84200.5, subdivision (b), and 84200.7, subdivision (b) (1 count); failed to timely file a late contribution report, in violation of Government Code Sections 84203, subdivision (a) and 84605, subdivision (a)(2) (1 count); and failed to timely report contributions and expenditures on a first pre-election campaign statement covering the period January 1, 2012, through September 30, 2012, due October 5, 2012, in violation of Government Code Section 84211, subdivisions (a), (b), (d), (i), and (k) (1 count). **Total Proposed Penalty: \$6,500.**

13. In the Matter of Familias por Maywood aka Familias por Maywood Supporting Aguirre Magaña Varela for Maywood City Council, and Felipe Aguirre; FPPC No. 12/422 (Default Decision). Staff: Senior Commission Counsel Dave Bainbridge and Special Investigator Simon Russell. Respondent, Familias por Maywood aka Familias por Maywood Supporting Aguirre Magaña Varela for Maywood City Council (“Respondent Committee”), is a campaign committee that over the years has been controlled by various candidates for City Council in the City of Maywood. In the 2009 General Election, Respondent, Felipe Aguirre (“Respondent Aguirre”), controlled Respondent Committee. During the time Respondent Aguirre controlled Respondent Committee, Respondent Committee failed to file a semi-annual campaign statement, in violation of Government Code Section 84200, subdivision (a) (1 count), failed to file a late contribution report, in violation of Government Code Section 84203 (1 count), and received cash contributions and made cash expenditures of \$100 or more, in violation of Government Code Section 84300, subdivisions (a) and (b) (1 count). **Total Proposed Penalty: \$5,000.**

14. In the Matter of Green Technology Leadership Group PAC, No on Prop 23, and Rita Copeland, Treasurer; FPPC No. 14/258. Staff: Commission Counsel Milad Dalju and Program Specialist Bob Perna. In this matter, Respondent, Green Technology Leadership Group PAC, No on Prop 23, and its treasurer, Respondent, Rita Copeland, failed to timely report payments to three subvendors, totaling \$151,500, made during the October 1 through October 16, 2010, reporting period, in violation of Government Code Sections 84211, subdivision (k) and 84303 (1 count), and failed to timely report expenses, totaling \$33,820.50, accrued during the October 1 through October 16, 2010, reporting period, in violation of Government Code Sections 84200.5 and 84211, subdivisions (b), (i), and (k) (1 count). **Total Proposed Penalty: \$4,500.**

15. In the Matter of Voters for Good Government and Billie Martinez, Principal Officer; FPPC No. 14/348. Staff: Commission Counsel Zachary W. Norton. Respondent, Voters for Good Government (“the Committee”), was a county general purpose committee, based in Los Angeles County. Respondent, Billie Martinez, was at all times relevant, principal officer of the Committee. In this matter, Respondents failed to file a late independent expenditure report within 24 hours of making an independent expenditure opposing Willie Rivera, and to disclose this expenditure on a semi-annual campaign statement, in violation of Government Code Sections 82036.5, 84204, subdivision (a), and 84211, subdivision (k) (1 count). **Total Proposed Penalty: \$2,000.**

16. In the Matter of Santa Maria Firefighters Local 2020 PAC and Leonard Champion, Treasurer; FPPC No. 14/1077. Staff: Political Reform Consultant Teri Rindahl. In this matter, Respondents, Santa Maria Firefighters Local 2020 PAC and Leonard Champion, Treasurer,

failed to timely file campaign statements covering the periods of July 1, 2012 through June 30, 2014, with the County of Santa Barbara Elections Office, in violation of Government Code Section 84200 (4 counts). **Total Proposed Penalty: \$800.**

17. In the Matter of the Building and Construction Trades Council of Marin Let's All Build Responsibly L.A.B.R. and Bill Scott, Treasurer; FPPC No. 14/135. Staff: Political Reform Consultant Teri Rindahl. In this matter, Respondents, Building and Construction Trades Council of Marin Let's All Build Responsibly L.A.B.R. and Bill Scott, Treasurer, failed to timely electronically file a campaign statement covering the period July 1, 2012, through December 31, 2012, due January 31, 2013, with the Office of the Secretary of State, in violation of Government Code Section 84200 (1 count). **Total Proposed Penalty: \$200.**

Major Donor Reporting

18. In the Matter of Pacific Communities Builder, Inc.; FPPC No. 14/777. Staff: Senior Commission Counsel Neal Bucknell, Special Investigator Ann Flaherty, Program Specialist Grant Beauchamp, and Political Reform Consultant Adrienne Korchmaros. From January 2010 through June 2014, Respondent, Pacific Communities Builder, Inc., directed and controlled the making of campaign contributions by various limited liability companies, limited partnerships, and corporations, which were managed by Respondent. These contributions were required to be aggregated with Respondent's own contributions. In this way, Respondent qualified as a major donor committee, but Respondent failed to timely file required semi-annual statements, pre-election statements, and late contribution reports, in violation of Government Code Sections 84200, 84200.5, and 84203 (18 counts). **Total Proposed Penalty: \$9,653.**

19. In the Matter of Humboldt Redwood Company LLC and its Affiliate Mendocino Redwood Company LLC; FPPC No. 14/1323. Staff: Political Reform Consultant Jeanette Turvill. In this matter, Respondent, Humboldt Redwood Company LLC, and its affiliate Mendocino Redwood Company LLC, failed to timely file eight Major Donor Committee Campaign Statements (Form 461) between 2010 and 2014, in violation of Government Code Section 84200 (8 counts), and failed to file five Late Contribution Reports (Form 497) in 2014, in violation of Government Code Section 84203 (5 counts). **Total Proposed Penalty: \$8,319.**

20. In the Matter of USA Properties Fund, Inc.; FPPC No. 14/1336. Staff: Political Reform Consultant Jeanette Turvill. In this matter, Respondent, USA Properties Fund, Inc., failed to timely file three Major Donor Committee Campaign Statements (Form 461) in 2013 and 2014, in violation of Government Code Section 84200 (3 counts). **Total Proposed Penalty: \$1,200.**

Lobbying Reporting

21. In the Matter of Pasadena Metro Blue Line Construction Authority and Habib F. Balian, Responsible Officer; FPPC No. 14/1079. Staff: Legal Analyst Tracey Frazier and Law Clerk Robert Binning. Respondent, Pasadena Metro Blue Line Construction Authority, is a California lobbyist employer. At all times relevant, Respondent, Habib F. Balian, was Pasadena Metro Blue Line Construction Authority's Responsible Officer. In this matter, Respondents failed to timely file three Reports of Lobbyist Employer (Form 635) between

October 1, 2013, and June 30, 2014, disclosing total payments paid for lobbying services in the amount of \$79,200, in violation of Government Code Sections 86115, 86117, and 84605 (3 counts). **Total Proposed Penalty: \$3,000.**

Statement of Economic Interests – Non-Filer

22. In the Matter of Walter Park; FPPC No. 13/896. Staff: Commission Counsel Adam Silver. In this matter, Respondent, Walter Park, as a Commissioner on the San Francisco Access Appeals Board, failed to timely file his 2012 Statement of Economic Interests covering the period January 1, 2012, through December 31, 2012, due on April 2, 2013, with the San Francisco Ethics Commission, in violation of Government Code Section 87300 (1 count). **Total Proposed Penalty: \$200.**

Pro-Active Gift Non-Reporting Cases

23. In the Matter of Gilbert Garcia; FPPC No. 14/695. Staff: Legal Analyst Tracey Frazier and Law Clerk Kellan Patterson. In this matter, Respondent, Gilbert Garcia, as a Board Member of the Rowland School District, failed to timely disclose a gift of: one meal valued at \$111.23 on his 2012 Statement of Economic Interests. The gift was from Stone and Youngberg LLC., and the omission was in violation of Government Code Section 87207 (1 count). **Total Proposed Penalty: \$200.**

24. In the Matter of Melinda Hennes; FPPC No. 14/698. Staff: Legal Analyst Tracey Frazier and Law Clerk Tom Preston. In this matter, Respondent, Melinda Hennes, as a Superintendent of the Atwater Elementary School District, failed to timely disclose gifts of: two meals valued at \$204.92 on her 2011 Statement of Economic Interests. All gifts were from Stone and Youngberg LLC., and all omissions were in violation of Government Code Section 87207 (1 count). **Total Proposed Penalty: \$200.**

25. In the Matter of Vidal Preciado; FPPC No. 14/1008. Staff: Staff Attorney Bridgette Castillo, Legal Analyst Tracey Frazier, and Law Clerk Elizabeth Smutz. In this matter, Respondent, Vidal Preciado, as a Trustee of the Delhi Unified School District, failed to timely disclose a gift of: one meal valued at \$157.64 on his 2011 Statement of Economic Interests. The gift was from Stone and Youngberg LLC., and the omission was in violation of Government Code Section 87207 (1 count). **Total Proposed Penalty: \$200.**

EXECUTIVE STAFF REPORTS ITEM 26

Legislative Report. Staff: Senior Commission Counsel and 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 Technical Assistance Division, Lynda Cassady

Staff submitted the reports and the Commissioners did not have any questions.

Chair Remke made a motion to adjourn the meeting. Commissioner Casher seconded the motion.

Ayes: Commissioners Casher, Wasserman, Wynne, Chair Remke,

The motion passed 4 to 0.

The meeting adjourned at 10:43 am.

Respectfully Submitted,

Dated:

John Kim

Commission Assistant

Approved February 19, 2015

Joann Remke, Chair

Fair Political Practices Commission