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9 **BEFORE THE FAIR POLITICAL PRACTICES COMMISSION**

10 **STATE OF CALIFORNIA**

11  
12 In the Matter of

FPPC Case No. 16/120

13 PROTECT THE CITY OF COMMERCE,  
14 SPONSORED BY CALIFORNIA  
COMMERCE CLUB, INC.; HECTOR  
15 CHACON; PAUL FICKAS;  
16 CALIFORNIA ALLIANCE GROUP,  
LLC; and RITA COPELAND,

**STIPULATION, DECISION AND ORDER**

17 Respondents.

18  
19 **INTRODUCTION**

20 Respondent Protect the City of Commerce, Sponsored by California Commerce Club, Inc. (the  
21 “Committee”) qualified as a city, general purpose, recipient committee on or about February 5, 2015. Its  
22 stated purpose was to support and oppose local candidates in the City of Commerce.

23 At all relevant times, Respondent Paul Fickas (“Fickas”) was an undisclosed principal officer of  
24 the Committee, and Respondent Rita Copeland (“Copeland”) was the treasurer of the Committee.

25 Respondent California Alliance Group, LLC (“CAG”) is a campaign consulting company.  
26 Founders of CAG include Fickas and Respondent Hector Chacon (“Chacon”). At all relevant times in  
27 2015, Fickas and Chacon were senior partners of CAG. CAG acted as consultant to the Committee.

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1 California Commerce Club, Inc. (the “Casino”) is a California corporation, which owns and  
2 operates the Commerce Casino in the City of Commerce, near downtown Los Angeles. The Casino was  
3 the sponsor of the Committee.

4 In connection with the election of March 3, 2015, six candidates were vying for two open seats on  
5 the Commerce City Council. As of February 3, 2015, two of the candidates, Hugo Argumedo and Denise  
6 Robles, were the beneficiaries of campaign contributions from the Casino in the amounts of \$1,000 each  
7 (the maximum allowed under local law). In connection with this election, Fickas, Chacon, CAG, and the  
8 Committee, using campaign contributions from the Casino, acted in concert for the purposes described  
9 below:

- 10 1. The objective was to run a political campaign involving advertisements against candidates who  
11 were opposing Argumedo and Robles, namely: Sonia Rodriguez, John Diaz, and Oralia Rebollo.
- 12 2. This was going to be a negative, “mud-slinging” type of campaign.
- 13 3. In consultation and cooperation with Fickas and Chacon, the Casino made two contributions—  
14 totaling \$20,000—to the Committee.
- 15 4. At or near the time that these contributions were made, the above-noted campaign objective was  
16 known to Fickas and Chacon—through communications with one or more high-ranking  
17 representatives of the Casino.
- 18 5. In furtherance of this objective, Fickas and Chacon:
  - 19 a. designed direct mailings in opposition to the candidates in question;
  - 20 b. used the money that the Committee received from the Casino to pay for the mailings,  
21 which they sent to thousands of recipients; and
  - 22 c. used the money that the Committee received from the Casino to pay consulting fees,  
23 totaling \$11,500, to their business, CAG.
- 24 6. The mailings were “hit pieces,” which cast the candidates in a negative light; featured pictures of  
25 Pinocchio coupled with accusations of being dishonest, inexperienced, “PUPPET  
26 CANDIDATES” with police records for irresponsible behavior; likened the candidates to being  
27 the three stooges; etc.
- 28 7. As discussed in more detail below, when the mailings were disseminated to the public, the  
mailings were required to disclose words to the effect that they were “Paid for by Protect the City  
of Commerce, Sponsored by the California Commerce Club, Inc.” Instead, the mailings merely  
stated that they were “Paid for by Protect the City of Commerce.” No reference was made to the  
Casino’s sponsorship of the Committee.

Invoices and campaign filings reflect that the Committee’s mailings were sent in two waves. The  
first wave—opposing Diaz and Rebollo—was sent to approximately 2,804 residents/recipients. The  
second wave—opposing Diaz, Rebollo, and Rodriguez—was sent to approximately 3,424

1 residents/recipients. Of the candidates supported, Argumedo won, but Robles lost by 60 votes. Of the  
2 candidates opposed, Rebollo won; Rodriguez lost by 153 votes; and Diaz lost by 263.<sup>1</sup>

3 When the Casino made its first contribution to the Committee about a month before the election,  
4 the Casino became a sponsor of the Committee. This case involves wrongful concealment of the Casino’s  
5 sponsorship—on campaign filings and in advertisement disclosures—in violation of the Political Reform  
6 Act.<sup>2</sup>

### 7 **SUMMARY OF THE LAW**

8 The Act and its regulations are amended from time to time. The violations in this case occurred in  
9 2015. All legal references and discussions of law pertain to the Act’s provisions as they existed at that  
10 time.

#### 11 **Need for Liberal Construction and Vigorous Enforcement of the Political Reform Act**

12 When enacting the Act, the people of California found and declared that previous laws regulating  
13 political practices suffered from inadequate enforcement by state and local authorities.<sup>3</sup> Thus, it was  
14 decreed that the Act “should be liberally construed to accomplish its purposes.”<sup>4</sup> Further, the Act  
15 provides adequate enforcement mechanisms so that the Act will be “vigorously enforced.”<sup>5</sup>

#### 16 **Definition of Person**

17 “Person” means an individual, proprietorship, firm, partnership, joint venture, syndicate, business  
18 trust, company, corporation, limited liability company, association, committee—and any other  
19 organization or group of persons acting in concert.<sup>6</sup>

#### 20 **Definition of Recipient Committee**

21 In 2015, the Act defined a “committee” to include any person receiving contributions totaling  
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24 <sup>1</sup> Source: [www.smartvoter.org/2015/03/03/ca/la/race/50/](http://www.smartvoter.org/2015/03/03/ca/la/race/50/).

25 <sup>2</sup> The Political Reform Act—sometimes simply referred to as the Act—is contained in Government Code sections  
26 81000 through 91014. 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. All regulatory references  
are to this source.

27 <sup>3</sup> Section 81001, subdivision (h).

28 <sup>4</sup> Section 81003.

<sup>5</sup> Section 81002, subdivision (f).

<sup>6</sup> Section 82047.

1 \$1,000 or more in a calendar year.<sup>7</sup> This type of committee commonly is referred to as a “recipient  
2 committee.”

### 3 **Definitions of Sponsor and Sponsored Committee**

4 A “sponsored committee” is any committee, other than a candidate-controlled committee, that has  
5 one or more sponsors. Any person, except a candidate or other individual, may sponsor a committee.<sup>8</sup>

6 A person is considered to be a sponsor of a committee if any of the following apply: (1) the  
7 committee receives 80 percent or more of its contributions from the person or its members, officers,  
8 employees, or shareholders; (2) the person collects contributions for the committee by use of payroll  
9 deduction or dues; (3) the person, alone or in combination with other organizations, provides all or nearly  
10 all of the administrative services for the committee; or (4) the organization, alone or in combination with  
11 other organizations, sets the policies for soliciting contributions or making expenditures of committee  
12 funds.<sup>9</sup>

13 The name of the committee is required to include the name of the sponsor, for all purposes.<sup>10</sup>  
14 Whenever identification of a sponsored committee is required, such as on advertisement disclosures or  
15 sender identification on mass mailings, the identification shall include the full name of the committee,  
16 including the sponsor, as required in its statement of organization.<sup>11</sup>

### 17 **Statement of Organization: Required Contents and Amendments**

18 When a committee first qualifies as a recipient committee under the Act, the qualification of the  
19 committee must be disclosed by filing an initial statement of organization. If the committee previously  
20 filed a statement of organization, stating that the committee was not yet qualified, then the qualification  
21 of the committee must be disclosed by filing an amendment to the statement of organization. Among  
22 other things, this filing must reflect the committee’s date of qualification.<sup>12</sup>

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25 <sup>7</sup> Section 82013, subdivision (a).

26 <sup>8</sup> Section 82048.7, subdivision (a).

27 <sup>9</sup> Section 82048.7, subdivision (b).

28 <sup>10</sup> Sections 84102, subdivision (a); Regulation 18419, subdivision (b)(1).

<sup>11</sup> Section 84106.

<sup>12</sup> Sections 84101, subdivision (a); 84102, subdivision (g); 84103, subdivision (a); Regulation 18410, subdivision  
(a)(1).

1 Also, when a committee becomes sponsored, the committee must amend its statement of  
2 organization to disclose the new, full, legal name of the committee, which must include the name of the  
3 sponsor (as noted above).<sup>13</sup> Additionally, the statement of organization must be amended to disclose the  
4 name, street address, and telephone number of the sponsor.<sup>14</sup>

5 In either or both of the foregoing situations (where a committee qualifies as a recipient committee  
6 or becomes sponsored)—the amendment to (or initial) statement of organization must be filed within 10  
7 days with the California Secretary of State, and with the local filing officer where the committee is  
8 required to file its campaign statements and reports. In the case of a city committee, the local filing  
9 officer is the city clerk.<sup>15</sup>

10 If the last day to file falls on a Saturday, Sunday, or official state holiday, the filing deadline is  
11 extended to the next regular business day.<sup>16</sup>

### 12 **Other Campaign Filings: Must Use Full Committee Name, Including Name of Sponsor**

13 All other campaign filings of the committee must use the committee’s full, legal name, which  
14 must include the name of the sponsor (as noted above). This includes, but is not limited to, semiannual  
15 campaign statements (Form 460s) and 24-hour independent expenditure reports (Form 496s).<sup>17</sup>

### 16 **Definition of Advertisement**

17 “Advertisement” includes any general or public advertisement which is authorized and paid for  
18 by a person or committee for the purpose of supporting or opposing a candidate for elective office. This  
19 includes any direct mailing that is not solicited by the recipient and is intended for delivery in  
20 substantially similar form to more than 200 recipients.<sup>18</sup>

### 21 **Advertisements: Required Disclosures Must Identify Committee and Sponsor**

22 An advertisement supporting or opposing a candidate for office—that is paid for by an  
23 independent expenditure—must include a disclosure statement that identifies the name of the committee  
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25 <sup>13</sup> Sections 84102, subdivision (a); 84103, subdivision (a); and 84106.

26 <sup>14</sup> Sections 84102, subdivisions (a) and (b); 84103, subdivision (a); and 84106.

27 <sup>15</sup> See Sections 84101, subdivision (a); 84103, subdivision (a); and 84215, subdivision (d).

28 <sup>16</sup> Regulation 18116, subdivision (a).

<sup>17</sup> See Sections 84102, subdivision (a); 84106, subdivision (a); 84204, subdivision (b); 84211, subdivision (o);  
Regulations 18402, 18410, and 18419.

<sup>18</sup> See Section 84501, subdivision (a); and Regulation 18450.1, subdivision (a)(4).

1 making the independent expenditure. The committee’s full, legal name must be used, which must include  
2 the name of any sponsor of the committee.<sup>19</sup>

3 Any person who violates the advertisement disclosure requirements of the Act is liable in a civil  
4 or administrative action brought by the Commission for a fine up to three times the cost of the  
5 advertisement, including placement cost.<sup>20</sup>

6 **Prohibition Against Using Non-sponsored Committee to Avoid Disclosure of Sponsorship**

7 With respect to an advertisement’s required disclosure, the committee placing the  
8 advertisement—and all persons acting in concert with the committee—are prohibited from creating or  
9 using a non-sponsored committee in any manner that results in the avoidance of the disclosure of any  
10 business entity or sponsored committee as a major funding source.<sup>21</sup>

11 **Multiple Respondents with Joint and Several Liability**

12 It is the duty of a committee treasurer to ensure that the committee complies with the Act.<sup>22</sup> Also,  
13 the principal officer of a committee generally bears responsibility for approval of the political activity of  
14 the committee.<sup>23</sup>

15 For campaign reporting/filing violations, the treasurer and the principal officer are liable, along  
16 with the committee, for violations of the Act.<sup>24</sup> Further, paid campaign consultants—who purposely or  
17 negligently cause any other person to violate the Act, or who aid and abet any other person in violating  
18 the Act, are liable for violations of the Act.<sup>25</sup>

19 For advertising violations, the committee placing the advertisement—and all persons acting in  
20 concert with the committee—are liable.<sup>26</sup> In addition, any person who purposely causes any other person  
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23 <sup>19</sup> See Sections 84102, subdivision (a); 84106, subdivision (a); and 84506, subdivision (a).

24 <sup>20</sup> Section 84510, subdivision (a).

25 <sup>21</sup> Section 84505.

26 <sup>22</sup> Sections 81004, 84100, and Regulation 18427.

27 <sup>23</sup> Section 82047.6, subdivision (a); and Regulation 18402.1.

28 <sup>24</sup> Sections 83116.5 and Regulation 18316.6.

<sup>25</sup> Section 83116.5.

<sup>26</sup> Sections 82047 [“person” includes any group of persons acting in concert] and 84510, subdivision (a) [imposing liability on any “person” who violates an advertising provision of the Act]. Also, see Section 84505 [which applies not just to the committee placing the advertisement, but also to any “persons acting in concert with that committee”].

1 to violate an advertising provision of the Act—or who aids and abets any other person in such a  
2 violation—is liable as well.<sup>27</sup>

3 If two or more persons are liable or responsible for any violation of the Act, they are jointly and  
4 severally liable.<sup>28</sup>

### 5 **SUMMARY OF THE FACTS**

#### 6 **Protect the City of Commerce, Sponsored by California Commerce Club, Inc. (the “Committee”)**

7 On or about October 22, 2013, the Committee filed a statement of organization reflecting that it  
8 was not yet qualified as a committee. This filing indicated that the Committee was forming as a city  
9 general purpose committee that intended to support or oppose local candidates. Also, the filing identified  
10 Copeland as the treasurer and Sylvia Borchard as the principal officer. After this filing, campaign filings  
11 reflect that the Committee remained dormant until early 2015.

12 Fickas hired Copeland to be the Committee’s treasurer in 2013, and Fickas provided Borchard’s  
13 name to Copeland to be entered as principal officer on the Committee’s statement of organization  
14 (Borchard was the spouse of Fickas). However, Borchard never made contact with Copeland, and  
15 Borchard was not involved in any of the Committee’s activities. Later on, Fickas hired Rosa Hernandez  
16 to act as principal officer. The first filing to identify Hernandez as a principal officer of the Committee is  
17 an amended statement of organization, which was filed in February 2015, but Fickas was the true  
18 principal officer (albeit undisclosed). He called the printers for printing and mailing of the mailers in  
19 question, and he approved all of the Committee’s expenditures, including payments by the Committee,  
20 totaling \$11,500, to his business, CAG, for consulting fees.

#### 21 **California Alliance Group, LLC (“CAG”)**

22 Filings with the California Secretary of State reflect that CAG is an active entity—with  
23 registration dating back to 2012. According to the company website, CAG offers services that include  
24 strategic political consulting and business development.

25 CAG founders include Fickas and Chacon, who were friends and senior partners of CAG in 2015.

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28 <sup>27</sup> Section 84510, subdivision (b).

<sup>28</sup> Section 91006.

1           When the Committee used the Casino’s money to make consulting fee payments to CAG (totaling  
2 \$11,500) in March 2015, these payments included compensation to CAG and its partners, Fickas and  
3 Chacon, for campaign consulting services that they rendered in connection with the direct mailings that  
4 were sent in this case.

5   **California Commerce Club, Inc. (the “Casino”)**

6           Filings with the California Secretary of State reflect that California Commerce Club, Inc. is an  
7 active, domestic stock corporation—with registration dating back to 1982. As noted above, the  
8 corporation owns and operates the Commerce Casino, which is located in the City of Commerce.

9           Campaign filings reflect the Casino was a major donor committee, having made contributions  
10 totaling \$38,900 to various candidates and committees during the first three months of 2015. These  
11 contributions included the maximum allowed under the Commerce Municipal Code - \$1,000 each to  
12 Hugo Argumedo and Denise Robles, who were vying for two open seats on the Commerce City Council  
13 in connection with the election of March 3, 2015. The Casino’s contributions to these two candidates for  
14 Commerce City Council were made on February 3, 2015, which matches the date of the Casino’s first  
15 check (for \$10,000) to the Committee in this case.

16   **The Casino’s Sponsorship of the Committee**

17           As a general purpose committee, the Committee was not required to file 24-hour contribution  
18 reports in advance of the March 3, 2015 election. However, the Committee did have an obligation to file  
19 24-hour independent expenditure reports, which, in addition to reporting late independent expenditures,  
20 must report contributions of \$100 or more received since the closing date of the last campaign statement  
21 filed by the committee. On February 21, 2015, the Committee filed an amendment to a 24-hour  
22 independent expenditure report related to independent expenditures opposing John Diaz. As required,  
23 this 24-hour report disclosed the Committee’s recent contributions, which included the reporting of a  
24 \$10,000 contribution received from the Casino on February 5, 2015.

25           The \$10,000 contribution from the Casino was the first monetary contribution that the Committee  
26 ever received since its formation in 2013. Prior to this, the only other reported receipts for the Committee  
27 were nonmonetary contributions totaling approximately \$253. Campaign filings reflect that these  
28



1 nonmonetary contributions were forgiveness of debt by Copeland, the Committee’s treasurer, with  
2 respect to fees that the Committee owed to her for services rendered.

3         When the Committee received the Casino’s first contribution on February 5, 2015, the Committee  
4 qualified as a recipient committee under the Act (by receiving contributions totaling \$1,000 or more). At  
5 the same time, the Casino became a sponsor of the Committee—by virtue of being the source of 80  
6 percent or more of all contributions ever received by the Committee. At the time, the Casino was the  
7 source of 100 percent of the Committee’s monetary contributions, or 97.5 percent of all contributions,  
8 including the nonmonetary contributions from Copeland.

9         From the time of this sponsorship on February 5, 2015, until the time that the Committee  
10 terminated (shortly after the election) in April 2015, only two other contributions were received by the  
11 Committee, namely: \$1,000 from Bulletin Displays, LLC (received on February 17, 2015); and another  
12 \$10,000 from the Casino (received on February 25, 2015), which was reported on a 24-hour independent  
13 expenditure report filed on February 25, 2015. At no time did the contributions from the Casino dip  
14 below the required threshold of 80 percent for sponsorship; therefore, the Casino was a sponsor of the  
15 Committee throughout the entirety of its life.

16         In April 2015, upon its termination, the Committee filed a terminating semiannual campaign  
17 statement, which timely reported the two \$10,000 contributions received from the Casino in February  
18 2015.

### 19                   **Failure to Identify and Disclose the Casino’s Sponsorship of the Committee**

20         Under the Act, the name of a sponsored committee is required to include the name of its sponsor.  
21 Within 10 days of the Casino’s initial sponsorship, the Committee was required to file an amendment to  
22 its statement of organization, reflecting a name change to include “California Commerce Club, Inc.” as  
23 part of the Committee’s new name. Also, the amendment was required to include the name, street  
24 address, and telephone number of its sponsor. The last day to file this amendment fell on a Sunday, and  
25 the next day was a recognized state holiday (Presidents’ Day/Washington’s Birthday), so the last day for  
26 the Committee to file this amendment was February 17, 2015. However, the required amendment was  
27 never filed.

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1 After the deadline of February 17, 2015, all future filings by the Committee were required to use  
2 the Committee’s new, full, legal name—something along the lines of “Protect the City of Commerce,  
3 Sponsored by the California Commerce Club, Inc.” After this deadline, the Committee continued to file  
4 campaign statements and reports, including several Form 496 24-hour independent expenditure reports  
5 (in late February 2015) and a terminating Form 460 semiannual campaign statement (in April 2015).  
6 However, these filings never reflected the required name change for the Committee—and the Casino’s  
7 sponsorship of the Committee was never disclosed.

8 Also, the advertising disclosures on the “hit piece” mailings that were disseminated by the  
9 Committee were required to use the Committee’s new, full, legal name as well. As such, they should  
10 have disclosed something along the lines of: “Paid for by Protect the City of Commerce, Sponsored by  
11 the California Commerce Club, Inc.” Instead, the mailings merely purported to be “Paid for by Protect  
12 the City of Commerce.”

### 13 **Details about the “Hit Piece” Mailings**

14 According to invoices and the 24-hour independent expenditure reports that were filed by the  
15 Committee, the “hit piece” mailings were mailed on two different dates: February 19 and 25, 2015.

16 The mailings of February 19:

- 17 ❖ were sent to approximately 2,804 residents/recipients
- 18 ❖ were 8½ by 11 inches, double-sided, full-color, graphic design flyers
- 19 ❖ featured pictures of Pinocchio, along with the words “LIAR! LIAR!”
- 20 ❖ stated that Diaz and Rebollo “have not been honest in this campaign”
- 21 ❖ accused both candidates of exaggerating their qualifications for office
- 22 ❖ featured purported pictures of the candidates, including a purported Facebook picture of  
Rebollo, holding a large beer—and wearing a shirt reading “REAL WOMEN DRINK BEER”
- 23 ❖ stated that both candidates had police records from irresponsible behavior—citing arrest for  
“Domestic Spousal Battery” for Diaz, and speeding for Rebollo
- 24 ❖ accused both candidates’ campaign backers of violating campaign finance laws
- 25 ❖ urged each recipient of the mailing to: “VOTE NO AGAINST INEXPERIENCED AND  
PUPPET CANDIDATES”
- 26 ❖ depicted both candidates as puppets—with strings controlled by a “Puppet Master” (wearing a  
27 top hat, monocle, and bowtie) who was identified and depicted as Jason Stinnett

- ❖ stated that Stinnett was supporting Diaz and Rebollo in order to protect his “City of Bell” salary of over \$123,000 and to continue having “*absolute Control, Influence and Power in Commerce*”
- ❖ stated that this can lead to more council member salary increases, “Corruption and Elimination of programs that will affect the residents.”

The mailings of February 25:

- ❖ were sent to approximately 3,424 residents/recipients
- ❖ were 11 by 17 inches, double-sided, full-color, graphic design flyers
- ❖ depicted and identified Rodriguez, Diaz, and Rebollo as the three stooges
- ❖ urged each recipient of the mailing to “Vote No Against Any Of These Stooges”
- ❖ stated that Rodriguez, Diaz, and Rebollo have not been completely honest with Commerce Residents
- ❖ featured a purported picture of Diaz and Rebollo holding a sign that said: “Dishonest and not Qualified”
- ❖ featured the beer-drinking Facebook picture of Rebollo from the first mailer
- ❖ featured the arrest and speeding information from the first mailer for Diaz and Rebollo, respectively
- ❖ stated that Rebollo was deceiving voters by calling herself a “Teacher,” instead of calling herself a part-time “Recreation Employee”
- ❖ stated that all three candidates were puppets of, and being supported by, Commerce Councilmembers Tina Baca Del Rio, Ivan Altamirano, and Lilia Leon—who gave themselves a 35 percent raise and a car allowance of \$500 per month, while raising fees and eliminating programs
- ❖ cast dispersions on Rodriguez in terms of being backed by special interest money, which was linked to “negative mudpie-throwing attack flyers” that Commerce voters received.

For ease of reference, the first mailing of February 19 is identified and referred to as the “Pinocchio/Stinnett” mailer, and the second mailing of February 25 is identified and referred to as the “Three Stooges” mailer. As noted above, both mailers purported to be “Paid for by Protect the City of Commerce.”

According to invoices and campaign filings, the cost of these mailers is summarized as follows:

<b>Component</b>	<b>Cost</b>
Pinocchio/Stinnett mailer (research, design, printing, mailing service, and postage)	\$2,563
Three Stooges mailer (research, design, printing, mailing service, and postage)	\$3,170
CAG’s consulting fees	\$11,500
<b>Total: \$17,233</b>	

1 **Virtually No Other Significant Activity by the Committee**  
2 **Before Terminating Shortly After the Election**

3 Financial records and campaign filings reflect that the foregoing “hit piece” mailers represent the  
4 only significant activity of the Committee before terminating in April 2015, shortly after the election.

5 The only other expenditures the Committee reported making were approximately: \$1,199 to  
6 Copeland’s business for treasurer services; \$500 to Rosa Hernandez (whom Fickas hired to act as a  
7 principal officer, potentially in early February 2015); and the rest of the Committee’s money, totaling  
8 approximately \$2,016, was disbursed to two different “IE” committees known to have been run by Fickas  
9 in cooperation and consultation with Chacon.

10 **Election Results**

11 As noted above, the “hit piece” mailers were sent with improper disclosure language that failed to  
12 identify the Casino’s sponsorship of the Committee. Thousands of Commerce residents received these  
13 mailers.

14 The results of the election are shown in the chart below:<sup>29</sup>

15

Candidate	Votes	%
Hugo Argumedo	599	22.8%
Oralia Rebollo	556	21.2%
Denise Robles	497	19.0%
John Diaz	404	15.4%
Sonia Rodriguez	294	11.2%
John Soria	272	10.4%

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20 The candidates were vying for two vacant seats. As the top two vote-getters, Argumedo and  
21 Rebollo won. The difference between second and third place was 43 votes.

22 **Actions in Concert**

23 Fickas ran the Committee, as its principal officer. In this capacity, and in his capacity as a senior  
24 partner of CAG, he worked with Chacon,<sup>30</sup> another senior partner of CAG. The two of them provided  
25 consulting services for the Committee with respect to the mailers in question. The Committee used  
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27 \_\_\_\_\_  
<sup>29</sup> Source: [www.smartvoter.org/2015/03/03/ca/la/race/50/](http://www.smartvoter.org/2015/03/03/ca/la/race/50/).

28 <sup>30</sup> Some of Chacon’s involvement was carried out through the work efforts of his assistant/intern, Cary Jones, at the direction of Chacon.

1 money from the Casino to pay for the mailers in question, which included payments totaling \$11,500 that  
2 the Committee made to CAG for the consulting services of Fickas and Chacon. At or near the time when  
3 the Committee received its funding from the Casino, the campaign objective described above was known  
4 to Fickas and Chacon—through communications with one or more high-ranking representatives of the  
5 Casino.

## 6 VIOLATION

### 7 Count 1

8 As noted above, on or about February 5, 2015, the Committee qualified as a recipient committee  
9 when it received a contribution in the amount of \$10,000 from the Casino. At the same time, the  
10 Committee became a sponsored committee, and the Casino became the Committee’s sponsor because  
11 more than 80 percent of the Committee’s contributions were from the Casino.

12 Due to this sponsorship, the full, legal name of the committee was required to be changed for all  
13 purposes. The Act required the new committee name to include the name of its sponsor.

14 As noted above, the Pinocchio/Stinnett mailers were mailed on or about February 19, 2015, and  
15 the Three Stooges mailers were mailed on or about February 25, 2015. Each of these mailers was sent to  
16 thousands of recipients. Due to the foregoing name change requirement, the disclosure language of these  
17 mailers was required to state something along the lines of: “Paid for by Protect the City of Commerce,  
18 Sponsored by the California Commerce Club, Inc.” Instead, the mailers simply stated that they were  
19 “Paid for by Protect the City of Commerce.” No reference was made to the Casino being a sponsor/major  
20 funding source. The Committee was falsely held out to be non-sponsored (insofar as its name did not  
21 include the name of a sponsor).

22 In this way, the Committee, Copeland, CAG, Fickas, and Chacon violated Government Code  
23 Sections 84505 and 84506.

24 As described in more detail above, the liability of CAG, Fickas, Chacon, and the Committee  
25 arises from acting in concert. Copeland’s liability arises from her involvement as the Committee’s paid  
26 treasurer. Also, the liability of the respondents arises from aiding and abetting, and from purposely  
27 causing other persons to violate the Act.

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1 **PROPOSED PENALTY**

2 This matter consists of one count. The maximum penalty that may be imposed is three times the  
3 cost of the advertisements in question, which equates to a maximum penalty of \$51,699.<sup>31</sup>

4 In determining the appropriate penalty for a particular violation of the Act, the Enforcement  
5 Division considers the typical treatment of a violation in the overall statutory scheme of the Act, with an  
6 emphasis on serving the purposes and intent of the Act. Additionally, the Enforcement Division  
7 considers the facts and circumstances of the violation in the context of the following factors set forth in  
8 Regulation 18361.5 subdivision (e)(1) through (8): (1) The extent and gravity of the public harm caused  
9 by the specific violation; (2) The level of experience of the violator with the requirements of the Act;  
10 (3) Penalties previously imposed by the Commission in comparable cases; (4) The presence or absence  
11 of any intention to conceal, deceive or mislead; (5) Whether the violation was deliberate, negligent or  
12 inadvertent; (6) Whether the violator demonstrated good faith by consulting the Commission staff or any  
13 other governmental agency in a manner not constituting complete defense under Government Code  
14 Section 83114(b); (7) Whether the violation was isolated or part of a pattern and whether the violator  
15 has a prior record of violations of the Political Reform Act or similar laws; and (8) Whether the violator,  
16 upon learning of a reporting violation, voluntarily filed amendments to provide full disclosure.<sup>32</sup>

17 In this case, the public was deprived of important, time-sensitive information regarding the  
18 identity of the Casino as a sponsor of the Committee that paid for the advertisements. This type of  
19 violation is serious and involves a great degree of public harm because the public is deprived of  
20 information that was required to be disclosed before an election—which has the potential to affect how  
21 votes are cast. Further aggravating the public harm is the fact that the Committee failed to voluntarily file  
22 amendments indicating the Casino’s sponsorship upon learning of the subject violations.

23 However, although the Committee failed to identify the Casino as its sponsor, all contributions  
24 received from the Casino were reported on 24-hour independent expenditure reports filed prior to the  
25 March 3, 2015 election, thereby giving the public some level of disclosure in advance of the pertinent  
26 election, and indicating that Respondents did not intend to wholly conceal the Casino’s funding of the

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28 <sup>31</sup> Section 84510, subdivisions (a) and (b).

<sup>32</sup> Regulation 18361.5, subdivision (e).

1 Committee’s efforts. The Committee further disclosed the two contributions from the Casino on its  
2 terminating campaign statement filed in April 2015.

3 This case does appear to involve intentional advertising disclosure manipulation to  
4 downplay/conceal the involvement of a secret sponsor with respect to negative “hit piece”  
5 advertisements.

6 The respondents are and were very experienced with the requirements of the Act. There was  
7 ample reason for them to know and understand the Act’s rules with respect to the identification and  
8 disclosure of committee sponsors. In particular, Copeland is a professional treasurer with many years of  
9 experience; and Fickas, Chacon—and by extension, CAG—are professional campaign consultants with  
10 many years of experience. Also, Chacon served on the board of directors for the Montebello Unified  
11 School District for more than two decades.

12 CAG and the Committee do not have a history of prior, similar violations of the Act.

13 As a professional treasurer, Copeland has been fined by the Commission in other cases, but these  
14 cases did not involve prior, similar violations of the Act.

15 Fickas and Chacon have been fined by the FPPC in other cases, as well. Two of these cases  
16 pertained to an incident involving prior, similar violations, but the fines were not imposed until after the  
17 violation occurred in the current case. In *In the Matter of Californians for Better Jobs and Education, et*  
18 *al.*; FPPC Case No. 18/1253 (approved December 20, 2018), Fickas was fined \$4,000 for two counts  
19 involving secret coordination of the activities of an ostensibly “independent” committee with Chacon,  
20 who was seeking re-election to the Montebello school board in 2013. The committee’s spending was  
21 falsely characterized/reported as “independent” expenditures—and the coordination with Chacon was  
22 concealed. In *In the Matter of Re-Elect Hector Chacon for School Board 2013 and Hector Chacon*;  
23 FPPC Case No. 17/227 (approved January 17, 2019), Chacon was fined \$4,500 for his involvement.  
24 These cases involved violations where the maximum penalty was \$5,000 per count, in contrast to a  
25 maximum penalty of three times the cost of the advertisements in the current case. Due to this difference,  
26 the cases are not cited as comparable cases, but they do suggest a pattern of manipulating appearances to  
27 deceive the public—on the part of Fickas and Chacon.

28 Recently, the Commission approved settlement of another case, which involved improper

1 advertising disclosures, where the maximum penalty was three times the cost of the advertisements—as  
2 in the current case. In *In the Matter of Carlos Villapudua; Steve Bestolarides; and Central Valley PAC –*  
3 *California, Yes on Measure D*; FPPC Case No. 12/798 (approved July 2016), the Commission imposed a  
4 penalty in the amount of \$26,000 for a one-count advertising violation. The respondents were two county  
5 supervisors who were running out of time to remain in office under local term limits. They secretly  
6 controlled a committee to campaign in support of changing term limits, so that they would be able to  
7 remain in office longer. As controlling candidates, their last names were required to be included as part  
8 of the committee’s name in the advertising disclosures. However, they failed to comply with this  
9 requirement, which served to downplay/conceal their involvement as controlling candidates.

10 *Central Valley PAC* involved experienced respondents. As noted above, the current case does as  
11 well.

12 Also, as in *Central Valley PAC*, the current case involves other violations that could have been  
13 charged, but for settlement purposes, instead of charging these as additional counts, they are being noted  
14 as aggravating information. In the current case, these other violations include failure to timely file an  
15 amendment to the Committee’s statement of organization to reflect sponsorship by the Casino,  
16 qualification as a recipient committee, and identification of Fickas as a principal officer, as well as failure  
17 to change the Committee’s name to include the name of its sponsor on several 24-hour independent  
18 expenditure reports and the Committee’s terminating semiannual campaign statement. The stipulation in  
19 *Central Valley PAC* notes similar campaign filing/reporting violations that could have been charged.

20 Additionally, in both cases, there was some information available to the public—prior to the  
21 election, on campaign filings—to reflect the financial support of the Casino/candidates in question.  
22 Finally, both cases involved respondents who cooperated with Enforcement by agreeing to a settlement.

23 *Central Valley PAC* involved advertisements costing approximately \$26,465. The penalty that  
24 was imposed (\$26,000) roughly equated to the cost of the advertisements (or about one-third of the  
25 maximum penalty).

26 In the current case, the advertisements cost approximately \$17,233; therefore, a comparable  
27 penalty would be about \$17,000. However, there are some differences between the cases, which warrant  
28 an increased amount.



1 In *Central Valley PAC*, the respondents were unsuccessful in their campaign efforts. The term  
2 limits measure did not pass. It was a large, county election, and the results were not close. In contrast, the  
3 current case involves a small town election, with very close results, and Respondents' efforts met with  
4 partial success. Such a small, tight race involves a greater potential for public harm, on a per-advertising-  
5 dollar basis.

6 Further, unlike in *Central Valley PAC*, as previously noted, some of the Respondents have a  
7 history of prior, similar violations of the Act, which indicate an intent to conceal, deceive, and mislead  
8 the public.

9 Finally, the Commission has expressed a desire to pursue an elevated penalty in this case, due to  
10 the high degree of public harm. Under these circumstances, an agreed-upon penalty in the amount of  
11 \$40,000 is recommended.

## 12 CONCLUSION

13 Complainant, the Enforcement Division of the Fair Political Practices Commission, and  
14 Respondents Protect the City of Commerce, Sponsored by California Commerce Club, Inc; Hector  
15 Chacon; Paul Fickas; California Alliance Group, LLC; and Rita Copeland hereby agree as follows:

16 1. Respondents violated the Act as described in the foregoing pages, which are a true and  
17 accurate summary of the facts in this matter.

18 2. This stipulation will be submitted for consideration by the Fair Political Practices  
19 Commission at its next regularly scheduled meeting—or as soon thereafter as the matter may be heard.

20 3. This stipulation resolves all factual and legal issues raised in this matter—for the purpose  
21 of reaching a final disposition without the necessity of holding an administrative hearing to determine the  
22 liability of Respondents pursuant to Section 83116.

23 4. Respondent Hector Chacon has consulted with—and is represented by—attorney Anthony  
24 Willoughby of Willoughby & Associates. Respondents Paul Fickas, Protect the City of Commerce,  
25 Sponsored by California Commerce Club, Inc., and California Alliance Group, LLC are represented by  
26 Marcus Allen Frishman (who is not an attorney) of the MAF Group. Respondent Rita Copeland is  
27 unrepresented. Respondents understand and hereby knowingly and voluntarily waive, any and all  
28 procedural rights set forth in Sections 83115.5, 11503, 11523, and Regulations 18361.1 through 18361.9.

1 This includes, but is not limited to the right to appear personally at any administrative hearing held in this  
2 matter, to be represented by an attorney at Respondents' own expense, to confront and cross-examine all  
3 witnesses testifying at the hearing, to subpoena witnesses to testify at the hearing, to have an impartial  
4 administrative law judge preside over the hearing as a hearing officer, and to have the matter judicially  
5 reviewed.

6 5. Respondents agree to the issuance of the decision and order set forth below. Also,  
7 Respondents agree to the Commission imposing against them an administrative penalty in the amount of  
8 \$40,000. One or more payments totaling this amount—to be paid to the General Fund of the State of  
9 California—is/are submitted with this stipulation as full payment of the administrative penalty described  
10 above, and same will be held by the State of California until the Commission issues its decision and order  
11 regarding this matter.

12 6. If the Commission refuses to approve this stipulation—then this stipulation shall become  
13 null and void, and within fifteen business days after the Commission meeting at which the stipulation is  
14 rejected, all payments tendered by Respondents in connection with this stipulation shall be reimbursed to  
15 Respondents. If this stipulation is not approved by the Commission, and if a full evidentiary hearing  
16 before the Commission becomes necessary, neither any member of the Commission, nor the Executive  
17 Director, shall be disqualified because of prior consideration of this Stipulation.

18 7. The parties to this agreement may execute their respective signature pages separately. A  
19 copy of any party's executed signature page—including a hardcopy of a signature page transmitted via  
20 fax or as an email attachment—is as effective and binding as the original.

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Dated: \_\_\_\_\_

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Angela J. Brereton, Chief of Enforcement  
Fair Political Practices Commission

Dated: \_\_\_\_\_

\_\_\_\_\_  
Paul Fickas, individually, and on behalf of Protect the  
City of Commerce, Sponsored by California Commerce  
Club, Inc.; and California Alliance Group, LLC

Dated: \_\_\_\_\_

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Hector Chacon, individually, and on behalf of  
California Alliance Group, LLC

Dated: \_\_\_\_\_

\_\_\_\_\_  
Rita Copeland, individually and on behalf of Protect the  
City of Commerce, Sponsored by California Commerce  
Club, Inc.

1 The foregoing stipulation of the parties “In the Matter of Protect the City of Commerce,  
2 Sponsored by California Commerce Club, Inc.; Hector Chacon; Paul Fickas; California Alliance Group,  
3 LLC; and Rita Copeland,” FPPC Case No. 16/120, is hereby accepted as the final decision and order of  
4 the Fair Political Practices Commission, effective upon execution below by the Chair.

5  
6 IT IS SO ORDERED.

7  
8 Dated: \_\_\_\_\_

\_\_\_\_\_ Richard C. Miadich, Chair  
Fair Political Practices Commission