STIPULATION, DECISION AND ORDER

FPPC Case No. 2018-01097

Date Submitted to Commission: January 2024

IN THE MATTER OF

ALEX VILLANUEVA, VILLANUEVA
FOR LOS ANGELES SHERIFF 2018,
CINE D. IVERY, and MANUEL GOMEZ,
Respondents.

INTRODUCTION

This settlement is the result of a joint investigation that was conducted with the Los Angeles
County District Attorney’s office.

In 2018, respondent Alex Villanueva was a successful candidate for Los Angeles County Sheriff
in the Primary Election of June 5—and the General Election of November 6. His controlled committee
for these elections was respondent Villanueva for Los Angeles Sheriff 2018. Respondent Cine D. Ivery
was the committee treasurer.

At all relevant times, respondent Manuel Gomez owned and/or managed Boulevard Burgers and
multiple Tam’s Burgers/Super Burgers locations. In August 2018, Gomez contributed $1,500 to the
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BEFORE THE FAIR POLITICAL PRACTICES COMMISSION
STATE OF CALIFORNIA
Villanueva campaign. At the time, the local contribution limit was $1,500—so Gomez became a “maxed out” contributor when he made this contribution.¹

This case involves 14 additional contributions in August and September 2018 that Gomez made to the Villanueva campaign in the names of 14 other persons. These contributions were made in violation of the Political Reform Act, which prohibits campaign money laundering.² Each contribution was in the amount of $1,500. At least eight of these other persons were cooks and cashiers employed/supervised by Gomez at Boulevard Burgers and Tam’s Burgers. (One did not work for Gomez directly, but her husband did. Another was the stepson of Gomez.) The other six included friends of Gomez, the spouse of a friend, businesses owned/operated by friends, and Gomez’ son-in-law.

When Gomez became a “maxed out” contributor in August 2018, the Villanueva campaign reported receiving Gomez’ contribution on a pre-election campaign statement filed for the period ending September 22, 2018—but required occupation and employer information was omitted for Gomez. In this way, Villanueva, his committee, and Ivery violated provisions of the Act regarding the required contents of campaign statements. The omitted information would have helped illustrate the relationship between Gomez and the cooks/cashiers noted above.

Also, Villanueva, his committee, and Ivery failed to report similar occupation and employer information for Gomez’ former son-in-law (in whose name Gomez made one of the laundered contributions described above).

**SUMMARY OF THE LAW**

The Act and its regulations are amended from time to time. All legal references and discussions of law are intended to be citations to statutes and regulations as they existed in 2018, at the time of the violations in this case.

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¹ Source: https://apps1.lavote.net/Camp/Schedules/4613.pdf.

² The Political Reform Act—sometimes simply referred to as the Act—is contained in Government Code sections 81000 through 91014. All statutory references are to this code. The regulations of the Fair Political Practices Commission are contained in Sections 18104 through 18998 of Title 2 of the California Code of Regulations. All regulatory references are to this source.
Need for Liberal Construction and Vigorous Enforcement of the Political Reform Act

When enacting the Political Reform Act, the people of California found and declared that previous laws regulating political practices suffered from inadequate enforcement by state and local authorities. Thus, it was decreed that the Act “should be liberally construed to accomplish its purposes.”

One purpose of the Act is to promote transparency by ensuring that receipts and expenditures in election campaigns are “fully and truthfully disclosed in order that the voters may be fully informed and improper practices may be inhibited.” Along these lines, the Act includes a comprehensive campaign reporting system—and the true sources of campaign contributions may not be concealed.

Another purpose of the Act is to provide adequate enforcement mechanisms so that the Act will be “vigorously enforced.”

Definition of Controlled Committee

A “committee” includes any person (or combination of persons) receiving contributions totaling $2,000 or more in a calendar year. This type of committee commonly is referred to as a “recipient committee.” A recipient committee that is controlled directly or indirectly by a candidate, or which acts jointly with a candidate in connection with the making of expenditures, is a “controlled committee.” A candidate controls a committee if he or his agent—or any other committee he controls—has a significant influence on the actions or decisions of the committee.

Definition of Intermediary

A person is an intermediary for a campaign contribution if “[t]he recipient of the contribution would consider the person to be the contributor without the disclosure of the identity of the true source of the contribution.”

3 Section 81001, subdivision (h).
4 Section 81003.
5 Section 81002, subdivision (a).
6 Sections 84200, et seq.; 84301; and 84302.
7 Section 81002, subdivision (f).
8 Section 82013, subdivision (a).
9 Section 82016.
10 Section 82016, subdivision (a).
11 Regulation 18432.5, subdivision (a)(1).
Contents of Campaign Filings: Required Disclosure of Contributors, Intermediaries, and Occupation/Employer Information

At the core of the Act’s campaign reporting system is the requirement that candidates and their controlled committees must file campaign statements and reports for certain reporting periods and by certain deadlines.\(^{12}\)

Among other things, these campaign filings are required to disclose: the true source of each campaign contribution (of $100 or more) that is received by the candidate/committee; the occupation and employer information for each such contributor (if the contributor is an individual); and if the person providing the contribution is a mere intermediary for another, the recipient’s campaign filings must disclose the full name, street address, occupation, employer (or principal place of business, if self-employed), of both the intermediary and the true contributor.\(^{13}\)

Occupation and Employer Information: Duties to Inquire, Amend Filings, and Return Contributions with Missing Information

When a candidate or committee receives any contribution of $100 or more, they must return the contribution within 60 days, unless the occupation and employer of the contributor are on file in the records of the candidate/committee. If the contribution cannot be returned, it must be paid to the general fund of the local jurisdiction in which the committee is based within 60 days of receipt (or in the case of a non-local election, to the Secretary of State for deposit in the General Fund of the State of California). Any contribution returned by check, which is not cashed by the original contributor within 90 days, must be paid—within an additional 30 days—to the general fund of the local jurisdiction in which the committee is based (or to the Secretary of State for deposit in the General Fund of the State of California, in the case of a non-local election).\(^{14}\)

For the occupation and employer information, “none” and “N/A” are acceptable if the contributor has no occupation, and the committee has no reason to believe the information is inaccurate. Generally, the candidate and committee may rely on the occupation and employer information that was provided by

\(^{12}\) Sections 84200, et seq.

\(^{13}\) Sections 84211, subdivision (f); 84203; 84302.

\(^{14}\) See Section 85700, subdivision (a); Regulation 18570, subdivisions (c) and (f).
the contributor so long as it is not incomplete—and the committee has no reason to believe the information is inaccurate. However, if information comes to the attention of the candidate or committee treasurer that would cause a reasonable person to question the accuracy of the information—then they have a duty to inquire and correct the inaccuracy in their records and on their campaign filings.\textsuperscript{15}

For occupation and employer information that is obtained after a semi-annual or pre-election campaign statement is filed, the filing must be amended within 70 days after the closing date of the reporting period to include the newly received occupation and employer information.\textsuperscript{16}

\textbf{Prohibition Against Campaign Money Laundering, Including “Straw Donor” Contributions}

Campaign money laundering occurs when an individual makes a contribution, directly or indirectly, in the name of another. This is prohibited by the Political Reform Act’s money laundering statute, Section 84301, which provides: “No contribution shall be made, directly or indirectly, by any person in a name other than the name by which such person is identified for legal purposes.”

Use of “straw donors” in campaign money laundering cases is a well-recognized violation of the law.

“In a straw donor situation, the person who actually transmits the money acts merely as a mechanism, whereas it is the original source who has made the gift by arranging for his money to finance the donation. \textit{To identify the individual who has made the contribution, we must look past the intermediary’s essentially ministerial role to the substance of the transaction.}” (\textit{United States v. O’Donnell} (9\textsuperscript{th} Cir. Cal. 2010) 608 F.3d 546, 550 [persuasive authority interpreting statutory language that is virtually identical to the Act’s money laundering statute]. Emphasis added.)

Campaign money laundering is prohibited because it deprives the public of important information about the true source of campaign contributions, and it facilitates the unlawful circumvention of campaign contribution limits. For this reason, when a person makes a contribution on behalf of another (or while acting as the agent of another), that person’s intermediary relationship with the actual

\textsuperscript{15} Warren advice letter (I-07-152), page 2.

\textsuperscript{16} Regulation 18570, subdivision (e).
contributor must be disclosed to the recipient of the contribution—and the recipient’s campaign filings must disclose both the intermediary and the true source of funds.¹⁷

**Joint and Several Liability of Candidate, Committee, and Treasurer**

It is the duty of a committee treasurer to ensure that the committee complies with the Act.¹⁸ A treasurer may be held jointly and severally liable, along with the candidate and the committee, for violations committed by the committee.¹⁹

**SUMMARY OF THE FACTS**

In this matter, all counts were protected against the statute of limitations by timely service of a probable cause report.

**Counts 1 – 10: Campaign Money Laundering**

In August and September 2018, Gomez made 14 contributions to Villanueva for Los Angeles Sheriff 2018—in the names of 14 intermediaries (as described above). Each contribution was in the amount of $1,500. Gomez was the true source of funds—not the intermediaries (who were supplied with cash by Gomez).

Many of the intermediaries could not speak English. Some could not write in English. Nearly all of the contribution checks were filled out in the handwriting of Gomez. On campaign filings, the Villanueva committee did not report Gomez as the true source of funds; the intermediaries were reported instead.

In this way, Gomez violated Section 84301. For settlement purposes, 10 counts are charged (as discussed in more detail below).²⁰

**Count 11: Missing Occupation/Employer Information re: Contribution from Gomez**

When Gomez became a “maxed out” contributor in August 2018, Villanueva, his committee, and Ivery reported receiving Gomez’ contribution on a pre-election campaign statement filed for the period

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¹⁷ Section 84302; and Regulation 18432.5.
¹⁸ Sections 81004, 84100, and Regulation 18427.
¹⁹ Sections 83116.5 and 91006.
²⁰ Regarding these counts, the statute of limitations was tolled pursuant to Section 91000.5, subdivision (b), which applies in cases of fraudulent concealment.
ending September 22, 2018—but required occupation and employer information was omitted for Gomez. The space where it should have been reported was left blank.

The filing should have disclosed that Gomez was self-employed as an owner of Boulevard Burgers—and or that Gomez managed multiple Tam’s Burgers locations. Despite having some of this information on file, Villanueva, his committee, and Ivery did not report any of this required occupation/employer information for Gomez.

In this way, Villanueva, his committee, and Ivery violated Section 84211, subdivision (f).

Count 12: Missing Occupation/Employer Information re: Contribution from Former Son-in-law of Gomez

One of the intermediaries described above was Francisco Armenta. According to information supplied by the Los Angeles County District Attorney’s office, Armenta likely was the son-in-law of Gomez. Recently, another one of the laundering intermediaries confirmed to the FPPC’s Enforcement Division that Armenta is the former son-in-law of Gomez—and that Armenta worked at both Tam’s Burgers and Boulevard Burgers in 2018.

When Armenta became a “maxed out” contributor in August 2018, Villanueva, his committee, and Ivery reported receiving Armenta’s contribution on a pre-election campaign statement filed for the period ending September 22, 2018—but required occupation and employer information was omitted for Armenta. The space where it should have been reported was left blank.

This contribution was transmitted to the Villanueva committee along with a contributor card for Armenta. On the card, the spaces for employer, occupation/title, and self-employment information were crossed out—suggesting that the information was incomplete, or not provided. Under these circumstances, Villanueva, his committee, and Ivery had a duty to inquire and correct their records, as well as their campaign filing. Ultimately, without having this required information on file, Villanueva, his committee, and Ivery were required to return Armenta’s contribution within 60 days, but they did not return the money.

21 Warren advice letter (L-07-152), page 2.
In this way, Villanueva, his committee, and Ivery violated Sections 84211, subdivision (f); 85700; and Regulation 18570.

**STREAMLINE EXCLUSION**

This case is excluded from the streamline settlement program, which does not encompass cases involving campaign money laundering.²²

**PROPOSED PENALTY**

The maximum penalty that may be imposed per count is $5,000.²³ In this case, 12 counts are recommended. The maximum penalty for the counts charged is $60,000.

In determining the appropriate penalty for a particular violation of the Act, the Enforcement Division 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 Enforcement Division considers the facts and circumstances of the violation in the context of the following factors:²⁴

1. the extent and gravity of the public harm caused by the specific violation;
2. the level of experience of the violator with the requirements of the Act;
3. penalties previously imposed by the Commission in comparable cases;
4. the presence or absence of any intention to conceal, deceive or mislead;
5. whether the violation was deliberate, negligent or inadvertent;
6. whether the violator demonstrated good faith by consulting Commission staff or any other governmental agency in a manner not constituting a complete defense under Section 83114, subdivision (b);
7. whether the violation was isolated or part of a pattern—and whether the violator has a prior record of violations of the Act or similar laws; and
8. whether the violator, upon learning of a reporting violation, voluntarily filed amendments to provide full disclosure.

**Counts 1 – 10**

Making a campaign contribution in the name of another is one of the most serious violations of the Act. Such violations cause a high degree of public harm; deceive the public as to the true source of

²² See Regulations 18360.1 through 18360.3.
²³ See Section 83116, subdivision (c).
²⁴ These factors are set forth in Regulation 18361.5, subdivision (e)(1) through (8).
contributions; undermine the public’s trust in the transparency of campaign reporting; and in this case, the violations resulted in unlawful circumvention of Los Angeles County’s local contribution limit.

August 2017 is the most recent occasion when the Commission approved a settlement involving multiple campaign money laundering counts. In the Matter of The Huntley Hotel; FPPC Case No. 15/246 (approved Aug. 17, 2017), the Commission imposed a penalty in the amount of $310,000 against a hotel for making 62 laundered campaign contributions—totaling $97,350—in support of two committees and four city council candidates. The violations were part of a pattern that spanned four calendar years and two election cycles.

In the current case, the evidence shows that Manuel Gomez strongly preferred newcomer Alex Villanueva over incumbent Jim McDonnell for Los Angeles County Sheriff. Huntley involved a hotel that sought to thwart development efforts of an adjacent, competing hotel (the Fairmont Miramar) by supporting certain city council candidates who were in favor of slow-growth development policies.

Many of the facts in Huntley were consistent with a deliberate scheme to violate the Act and circumvent local contribution limits. Similar facts are present in the current case, as well. Generally, these types of schemes involve a component of fraudulent intent to conceal, deceive, and mislead.

Both cases involve respondents with no history of prior, similar violations.

In Huntley, the responsible hotel representative contended that she had no prior involvement with political campaigns or fundraising. Likewise, in the current case, there is no evidence that Gomez had any prior involvement with political campaigns or fundraising.

In Huntley, the hotel’s representative insisted that she did not appreciate the illegality of her actions (in part) because her own attorneys had participated in one of the reimbursements—leading her to believe that her actions in reimbursing other intermediaries were not unlawful or inappropriate. In contrast, Gomez takes responsibility for his actions, does not offer these types of excuses, and as a result, the Enforcement Division has offered a reduction in the number of counts that was not offered in Huntley.

The Huntley Hotel cooperated with the Enforcement Division (after retaining counsel), conducted its own internal review, admitted wrongdoing, and disclosed other violations not yet discovered by Enforcement. Gomez is now cooperating with Enforcement (after retaining counsel) and will be
admitting wrongdoing in connection with this settlement. (The current case does not involve disclosure
by Gomez as to any violations that were unknown to Enforcement.)

As noted in Huntley, the Commission generally views these types of cases as warranting the
maximum penalty of $5,000 per count, but Huntley also recognized that the Commission has approved of
some flexibility in these types of cases with respect to the number of counts that are charged—relative to
the number of contributions made.

Although this flexibility was noted in Huntley, the Commission declined to reduce the number of
counts. In substantial part, this was because the case involved a pattern of violations spanning four
calendar years and two election cycles. Also, this was due to the large number and amount of
contributions: 62 laundered contributions, totaling $97,350. In contrast, the current case involves 14
contributions, totaling $21,000—made over a period of time spanning less than two calendar months
(with respect to a single election). Additionally, the pattern of violations in Huntley encompassed
laundered contributions in support of four candidates and two committees—compared to the current case,
which involved support for a single candidate.

Ten counts at $5,000 per count would result in a penalty of $50,000—and this is the penalty that
Enforcement recommends in the current case. (This equates to approximately 2.38 times the amount of
laundered funds versus 3.18 in Huntley.)

Counts 11 – 12

Required disclosure of occupation and employer information for contributors of $100 or more is
an important safeguard—designed to aid the audit and enforcement process, specifically with respect to
identification of potentially laundered contributions. Along these lines, the Act prohibits campaign
money laundering with Section 84301, and the very next statute, Section 84302, requires disclosure of
occupation and employer information for both intermediaries—and the true source of funds.

In this case, the safeguard was defeated when Villanueva, his committee, and his treasurer failed
to report known occupation/employer information for Gomez, which would have shed light on the
relationship between Gomez and some of the cooks/cashiers in whose names Gomez laundered funds.

Also, similar information was omitted for one of the intermediaries: Gomez’ former son-in-law,
Francisco Armenta. Since the required occupation/employer information was not provided to the
Villanueva campaign, Armenta’s contribution was required to be returned, but it was not returned—
defeating another important safeguard against campaign money laundering.

Regarding both violations, there is no evidence that the Villanueva campaign knew about the
laundering scheme detailed above. (Although most of the laundered checks were written in the
handwriting of Gomez, and many of the intermediaries who acted as “maxed out” contributors were
reported on Villanueva’s campaign filings as cooks/cashiers at burger restaurants—and as waiters—
Villanueva and Ivery claim they did not know any funds were laundered. Consistent with this, the checks
were received during a very busy time: the last few months before the general election, when many other
contributions were being received.) However, failure to report known occupation/employer information
for Gomez was more than an inadvertent oversight; it was negligence. The same is true for the reporting
violation regarding Armenta’s contribution, especially considering the Villanueva campaign was subject
to a duty to inquire. Nevertheless, the violation turned deliberate after 60 days, when Villanueva, his
committee, and Ivery failed to return the contribution, as required by law.

Recently, the Commission considered another case involving this type of violation. In the Matter
of John Cox for Governor 2018, John Cox, and Mclayn Ryan; FPPC Case No. 21/1092 (approved Jan.
26, 2023), the Commission imposed a penalty in the amount of $4,500 for one count involving failure to
timely report occupation/employer information for 1,123 contributors—who contributed a total of
$233,761. This comprised about 1.4% of the funds raised by the campaign, which is comparable to a
similar figure of 1.6% in the current case. Attempts were made to obtain the missing information, but
there was a tremendous volume; the missing information was not obtained for roughly 55% of the funds.
Like the current case, these funds should have been returned, but were not. The violations in Cox were
noted to be inadvertent or negligent.

Both cases involve respondents with no history of prior, similar violations (looking back five
years from each violation).

In the current case, Villanueva, Ivery (and Villanueva’s committee) fully cooperated with
Enforcement. It appears the same was true in Cox.

25 Warren advice letter (L-07-152), page 2.
Both Cox and Villanueva were inexperienced candidates. Also, the treasurer in Cox was inexperienced, but in the current case, Ivery was an experienced, professional treasurer.

Another aggravating factor in the current case is that the missing information related to participants in a laundering scheme. Similar facts were not present in Cox. Under these circumstances, Enforcement recommends charging two counts in the current case. For Count 1, regarding failure to report known occupation/employer information for Gomez, a penalty in the amount of $3,000 is recommended. For Count 12, regarding occupation/employer information for the laundered Armenta contribution—and failure to return the contribution—a penalty in the amount of $4,500 is recommended.

Summary Chart

Under these circumstances, the following agreed-upon penalty is recommended:

<table>
<thead>
<tr>
<th>Count(s)</th>
<th>Description</th>
<th>Respondents</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 10</td>
<td>Campaign Money Laundering ($5,000 per count)</td>
<td>Gomez</td>
<td>$50,000</td>
</tr>
<tr>
<td>11</td>
<td>Failure to Report Occupation/Employer Information (re: contribution from Gomez)</td>
<td>Villanueva, Ivery, and Villanueva for Los Angeles Sheriff 2018</td>
<td>$3,000</td>
</tr>
<tr>
<td>12</td>
<td>Failure to Report Occupation/Employer Information (re: laundered contribution from Armenta, including failure to return funds)</td>
<td>Villanueva for Los Angeles Sheriff 2018</td>
<td>$4,500</td>
</tr>
<tr>
<td></td>
<td>TOTAL: $57,500</td>
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</tbody>
</table>

CONCLUSION

Complainant, the Enforcement Division of the Fair Political Practices Commission, and respondents Alex Villanueva, Villanueva for Los Angeles Sheriff 2018, Cine D. Ivery, and Manuel Gomez hereby agree as follows:

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

2. This stipulation will be submitted for consideration by the Fair Political Practices Commission at the regularly scheduled meeting that is noted in the case caption on page 1—or as soon thereafter as the matter may be heard.

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

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4. Respondents have consulted with their attorneys. Gomez is represented by Kirt J. Hopson. Villanueva and his committee are represented by Brian Hildreth of Bell, McAndrews & Hiltachk. Ivery is represented by Beverly Grossman Palmer of Strumwasser & Woocher, LLP. Respondents understand and hereby knowingly and voluntarily waive, any and all procedural rights set forth in Sections 83115.5, 11503, 11523, and Regulations 18361.1 through 18361.9. This includes, but is not limited to, the right to appear personally at any administrative hearing held in this matter, to be represented by an attorney at respondents’ own expense, to confront and cross-examine all witnesses testifying at the hearing, to subpoena witnesses to testify at the hearing, to have an impartial administrative law judge preside over the hearing as a hearing officer, and to have the matter judicially reviewed.

5. Respondents agree to the issuance of the decision and order set forth below. Also, respondents agree to the Commission imposing against them an administrative penalty in the amount of $57,500. One or more payments totaling this amount—to be paid to the General Fund of the State of California—is/are submitted with this stipulation as full payment of the administrative penalty described above, and they will be held by the State of California until the Commission issues its decision and order regarding this matter.

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

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

Dated: ________________________  James M. Lindsay, Chief of Enforcement
Fair Political Practices Commission

Dated: ________________________  Alex Villanueva, individually, and on behalf of
Villanueva for Los Angeles Sheriff 2018, Respondents

Dated: ________________________  Manuel Gomez, Respondent

Dated: ________________________  Cine D. Ivery, Respondent

The foregoing stipulation of the parties “In the Matter of Alex Villanueva, Villanueva for Los Angeles Sheriff 2018, Cine D. Ivery, and Manuel Gomez,” FPPC Case No. 2018-01097, 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: ________________________  Richard C. Miadich, Chair
Fair Political Practices Commission