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7
8 **BEFORE THE FAIR POLITICAL PRACTICES COMMISSION**
9 **STATE OF CALIFORNIA**

10
11 In the Matter of

FPPC Case No. 2018-01097

12 **STIPULATION, DECISION AND ORDER**

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

Date Submitted to Commission: January 2024

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16 Respondents.

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18 **INTRODUCTION**

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

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

25 At all relevant times, respondent Manuel Gomez owned and/or managed Boulevard Burgers and
26 multiple Tam's Burgers/Super Burgers locations. In August 2018, Gomez contributed \$1,500 to the

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1 Villanueva campaign. At the time, the local contribution limit was \$1,500—so Gomez became a “maxed
2 out” contributor when he made this contribution.¹

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

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

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

19 SUMMARY OF THE LAW

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

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

27 ² The Political Reform Act—sometimes simply referred to as the Act—is contained in Government Code sections
28 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.

1 **Contents of Campaign Filings: Required Disclosure of**
2 **Contributors, Intermediaries, and Occupation/Employer Information**

3 At the core of the Act’s campaign reporting system is the requirement that candidates and their
4 controlled committees must file campaign statements and reports for certain reporting periods and by
5 certain deadlines.¹²

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

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

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

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

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27 ¹² Sections 84200, *et seq.*

¹³ Sections 84211, subdivision (f); 84203; 84302.

¹⁴ See Section 85700, subdivision (a); Regulation 18570, subdivisions (c) and (f).

1 the contributor so long as it is not incomplete—and the committee has no reason to believe the
2 information is inaccurate. However, if information comes to the attention of the candidate or committee
3 treasurer that would cause a reasonable person to question the accuracy of the information—then they
4 have a duty to inquire and correct the inaccuracy in their records and on their campaign filings.¹⁵

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

8 **Prohibition Against Campaign Money**

9 **Laundering, Including “Straw Donor” Contributions**

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

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

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

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

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27 ¹⁵ Warren advice letter ([I-07-152](#)), page 2.

28 ¹⁶ Regulation 18570, subdivision (e).

1 contributor must be disclosed to the recipient of the contribution—and the recipient’s campaign filings
2 must disclose both the intermediary and the true source of funds.¹⁷

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

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

7 **SUMMARY OF THE FACTS**

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

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

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

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

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

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

22 When Gomez became a “maxed out” contributor in August 2018, Villanueva, his committee, and
23 Ivery reported receiving Gomez’ contribution on a pre-election campaign statement filed for the period
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25 ¹⁷ Section 84302; and Regulation 18432.5.

26 ¹⁸ Sections 81004, 84100, and Regulation 18427.

27 ¹⁹ Sections 83116.5 and 91006.

28 ²⁰ Regarding these counts, the statute of limitations was tolled pursuant to Section 91000.5, subdivision (b), which applies in cases of fraudulent concealment.

1 ending September 22, 2018—but required occupation and employer information was omitted for Gomez.
2 The space where it should have been reported was left blank.

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

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

8 **Count 12: Missing Occupation/Employer**

9 **Information re: Contribution from Former Son-in-law of Gomez**

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

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

19 This contribution was transmitted to the Villanueva committee along with a contributor card for
20 Armenta. On the card, the spaces for employer, occupation/title, and self-employment information were
21 crossed out—suggesting that the information was incomplete, or not provided. Under these
22 circumstances, Villanueva, his committee, and Ivery had a duty to inquire and correct their records, as
23 well as their campaign filing.²¹ Ultimately, without having this required information on file, Villanueva,
24 his committee, and Ivery were required to return Armenta’s contribution within 60 days, but they did not
25 return the money.

26 ²¹ Warren advice letter ([I-07-152](#)), page 2.

1 contributions; undermine the public’s trust in the transparency of campaign reporting; and in this case,
2 the violations resulted in unlawful circumvention of Los Angeles County’s local contribution limit.

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

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

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

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

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

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

26 The Huntley Hotel cooperated with the Enforcement Division (after retaining counsel), conducted
27 its own internal review, admitted wrongdoing, and disclosed other violations not yet discovered by
28 Enforcement. Gomez is now cooperating with Enforcement (after retaining counsel) and will be

1 admitting wrongdoing in connection with this settlement. (The current case does not involve disclosure
2 by Gomez as to any violations that were unknown to Enforcement.)

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

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

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

18 **Counts 11 – 12**

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

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

27 Also, similar information was omitted for one of the intermediaries: Gomez' former son-in-law,
28 Francisco Armenta. Since the required occupation/employer information was not provided to the

1 Villanueva campaign, Armenta’s contribution was required to be returned, but it was not returned—
2 defeating another important safeguard against campaign money laundering.

3 Regarding both violations, there is no evidence that the Villanueva campaign knew about the
4 laundering scheme detailed above. (Although most of the laundered checks were written in the
5 handwriting of Gomez, and many of the intermediaries who acted as “maxed out” contributors were
6 reported on Villanueva’s campaign filings as cooks/cashiers at burger restaurants—and as waiters—
7 Villanueva and Ivery claim they did not know any funds were laundered. Consistent with this, the checks
8 were received during a very busy time: the last few months before the general election, when many other
9 contributions were being received.) However, failure to report known occupation/employer information
10 for Gomez was more than an inadvertent oversight; it was negligence. The same is true for the reporting
11 violation regarding Armenta’s contribution, especially considering the Villanueva campaign was subject
12 to a duty to inquire.²⁵ Nevertheless, the violation turned deliberate after 60 days, when Villanueva, his
13 committee, and Ivery failed to return the contribution, as required by law.

14 Recently, the Commission considered another case involving this type of violation. [In the Matter](#)
15 [of John Cox for Governor 2018, John Cox, and Mclayn Ryan](#); FPPC Case No. 21/1092 (approved Jan.
16 26, 2023), the Commission imposed a penalty in the amount of \$4,500 for one count involving failure to
17 timely report occupation/employer information for 1,123 contributors—who contributed a total of
18 \$233,761. This comprised about 1.4% of the funds raised by the campaign, which is comparable to a
19 similar figure of 1.6% in the current case. Attempts were made to obtain the missing information, but
20 there was a tremendous volume; the missing information was not obtained for roughly 55% of the funds.
21 Like the current case, these funds should have been returned, but were not. The violations in Cox were
22 noted to be inadvertent or negligent.

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

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

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28 ²⁵ Warren advice letter ([I-07-152](#)), page 2.

1 Both Cox and Villanueva were inexperienced candidates. Also, the treasurer in Cox was
2 inexperienced, but in the current case, Ivery was an experienced, professional treasurer.

3 Another aggravating factor in the current case is that the missing information related to
4 participants in a laundering scheme. Similar facts were not present in Cox. Under these circumstances,
5 Enforcement recommends charging two counts in the current case. For Count 11, regarding failure to
6 report known occupation/employer information for Gomez, a penalty in the amount of \$3,000 is
7 recommended. For Count 12, regarding occupation/employer information for the laundered Armenta
8 contribution—and failure to return the contribution—a penalty in the amount of \$4,500 is recommended.

9 Summary Chart

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

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

16 CONCLUSION

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

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

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

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

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1 4. Respondents have consulted with their attorneys. Gomez is represented by Kirt J. Hopson.
2 Villanueva and his committee are represented by Brian Hildreth of Bell, McAndrews & Hiltachk. Ivery is
3 represented by Beverly Grossman Palmer of Strumwasser & Woocher, LLP. Respondents understand
4 and hereby knowingly and voluntarily waive, any and all procedural rights set forth in Sections 83115.5,
5 11503, 11523, and Regulations 18361.1 through 18361.9. This includes, but is not limited to, the right to
6 appear personally at any administrative hearing held in this matter, to be represented by an attorney at
7 respondents' own expense, to confront and cross-examine all witnesses testifying at the hearing, to
8 subpoena witnesses to testify at the hearing, to have an impartial administrative law judge preside over
9 the hearing as a hearing officer, and to have the matter judicially reviewed.

10 5. Respondents agree to the issuance of the decision and order set forth below. Also,
11 respondents agree to the Commission imposing against them an administrative penalty in the amount of
12 \$57,500. One or more payments totaling this amount—to be paid to the General Fund of the State of
13 California—is/are submitted with this stipulation as full payment of the administrative penalty described
14 above, and they will be held by the State of California until the Commission issues its decision and order
15 regarding this matter.

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

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

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

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10 Dated: _____

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

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14 Dated: _____

Manuel Gomez, Respondent

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17 Dated: _____

Cine D. Ivery, Respondent

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19 The foregoing stipulation of the parties “In the Matter of Alex Villanueva, Villanueva for Los
20 Angeles Sheriff 2018, Cine D. Ivery, and Manuel Gomez,” FPPC Case No. 2018-01097, is hereby
21 accepted as the final decision and order of the Fair Political Practices Commission, effective upon
22 execution below by the Chair.
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24 IT IS SO ORDERED.

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26 Dated: _____

Richard C. Miadich, Chair
Fair Political Practices Commission