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

10
11 In the Matter of:

12 ARTURO CHACON and ART CHACON
FOR WATER BOARD 2010,

13 Respondents.
14

FPPC No. 08/652

STIPULATION, DECISION AND ORDER

15 **STIPULATION**

16 Complainant Roman G. Porter, Executive Director of the Fair Political Practices Commission,
17 and Respondents Arturo Chacon and Art Chacon for Water Board 2010 agree that this Stipulation will be
18 submitted for consideration by the Fair Political Practices Commission at its next regularly scheduled
19 meeting.

20 The parties agree to enter into this Stipulation to resolve all factual and legal issues raised in this
21 matter and to reach a final disposition without the necessity of holding an additional administrative
22 hearing to determine the liability of Respondents.

23 Respondents understand, and hereby knowingly and voluntarily waive, any and all procedural
24 rights set forth in Government Code sections 83115.5, 11503 and 11523, and in California Code of
25 Regulations, title 2, sections 18361.1 through 18361.9. This includes, but is not limited to the right to
26 appear personally at any administrative hearing held in this matter, to be represented by an attorney at
27 Respondents' own expense, to confront and cross-examine all witnesses testifying at the hearing, to

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1 subpoena witnesses to testify at the hearing, to have an impartial administrative law judge preside over
2 the hearing as a hearing officer, and to have the matter judicially reviewed.

3 As described in Exhibit 1, it is further stipulated and agreed that Respondents Arturo Chacon and
4 Art Chacon for Water Board 2010:

- 5 (i) failed to file preelection statements by required deadlines in violation of Government
6 Code sections 84200.5, subdivision (b), and 84200.7, subdivision (b) (two counts);
- 7 (ii) failed to report contributions received in violation of Government Code section 84211,
8 subdivisions (a), (c), and (f) (three counts);
- 9 (iii) failed to report expenditures made in violation of Government Code section 84211,
10 subdivisions (b), (i), and (k) (three counts);
- 11 (iv) failed to report late contributions received in violation of Government Code section
12 84203, subdivisions (a) and (b) (one count);
- 13 (v) failed to maintain required, supporting records regarding contributions received and
14 expenditures made, in violation of Government Code section 84104 and California Code
15 of Regulations, title 2, section 18401 (two counts);
- 16 (vi) accepted cash contributions of \$100 or more in violation of Government Code section
17 84300, subdivision (a) (one count); and
- 18 (vii) made cash expenditures of \$100 or more in violation of Government Code section 84300,
19 subdivision (b) (one count).

20 Exhibit 1, which is attached hereto and incorporated by reference as though fully set forth herein,
21 is a true and accurate summary of the facts in this matter.

22 Respondents agree to the issuance of the Decision and Order, which is attached hereto, and
23 Respondents agree to the Commission imposing upon them an administrative penalty in the amount of
24 \$30,000. A cashier's check or money order from one or more Respondents totaling said amount, made
25 payable to the "General Fund of the State of California," is/are submitted with this Stipulation as full
26 payment of the administrative penalty and shall be held by the State of California until the Commission
27 issues its Decision and Order regarding this matter. The parties agree that in the event the Commission
28 refuses to accept this Stipulation, it shall become null and void, and within fifteen (15) business days

1 after the Commission meeting at which the Stipulation is rejected, all payments tendered by Respondents
2 in connection with this Stipulation shall be reimbursed to Respondents. Respondents further stipulate
3 and agree that in the event the Commission rejects the Stipulation and a full evidentiary hearing before
4 the Commission becomes necessary, neither any member of the Commission, nor the Executive Director,
5 shall be disqualified because of prior consideration of this Stipulation.
6

7 Dated: _____

Roman G. Porter, Executive Director
Fair Political Practices Commission

8
9
10 Dated: _____

Arturo Chacon, Individually and on Behalf of Art
Chacon for Water Board 2010, Respondents

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12
13 **DECISION AND ORDER**

14 The foregoing Stipulation of the parties "In the Matter of Arturo Chacon and Art Chacon for
15 Water Board 2010," FPPC No. 08/652, including all attached exhibits, is hereby accepted as the final
16 decision and order of the Fair Political Practices Commission, effective upon execution below by the
17 Chairman.
18

19 IT IS SO ORDERED.
20

21 Dated: _____

Dan Schnur
Chairman

EXHIBIT 1

INTRODUCTION

Respondent Arturo Chacon was a successful candidate for the Central Basin Municipal Water District Board of Directors in the election that was held on November 7, 2006. He still holds this position.

At all relevant times, Respondent Art Chacon for Water Board 2010 (formerly Chacon 4 Clean Water and Chacon 4 Clean Water 2010) was his controlled committee.

Under the Political Reform Act (the “Act”)¹, certain public officials, such as members of water boards (and their controlled committees), must disclose contributions received and expenditures made by filing campaign statements and reports. Also, the Act imposes certain recordkeeping obligations. Additionally, the Act prohibits the receipt of cash contributions of \$100 or more and the making of cash expenditures of \$100 or more.

For purposes of this Stipulation, Respondents’ violations of the Act are set forth as follows:

Failure to File Preelection Statements

COUNT 1: Respondents Arturo Chacon and Art Chacon for Water Board 2010 failed to file a preelection campaign statement for the reporting period of January 1 through September 30, 2006, on or before the due date of October 5, 2006, in violation of Sections 84200.5, subdivision (b), and 84200.7, subdivision (b).

COUNT 2: Respondents Arturo Chacon and Art Chacon for Water Board 2010 failed to file a preelection campaign statement for the reporting period of October 1 through October 21, 2006, on or before the due date of October 26, 2006, in violation of Sections 84200.5, subdivision (b), and 84200.7, subdivision (b).

Failure to Report Contributions Received

COUNT 3: On a semi-annual campaign statement filed for the reporting period ending December 31, 2006, Respondents Arturo Chacon and Art Chacon for Water Board 2010 failed to report receipt of contributions totaling

¹ The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. 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 Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

approximately \$22,388, in violation of Section 84211, subdivisions (a), (c), and (f).

COUNT 4: On a semi-annual campaign statement filed for the reporting period of January 1 through June 30, 2007, Respondents Arturo Chacon and Art Chacon for Water Board 2010 failed to report receipt of contributions totaling approximately \$11,650, in violation of Section 84211, subdivisions (a), (c), and (f).

COUNT 5: On a semi-annual campaign statement filed for the reporting period of July 1 through December 31, 2007, Respondents Arturo Chacon and Art Chacon for Water Board 2010 failed to report receipt of contributions totaling approximately \$3,100, in violation of Section 84211, subdivisions (a), (c), and (f).

Failure to Report Expenditures Made

COUNT 6: On a semi-annual campaign statement filed for the reporting period ending December 31, 2006, Respondents Arturo Chacon and Art Chacon for Water Board 2010 failed to report expenditures totaling approximately \$25,334, in violation of Section 84211, subdivisions (b), (i), and (k).

COUNT 7: On a semi-annual campaign statement filed for the reporting period of January 1 through June 30, 2007, Respondents Arturo Chacon and Art Chacon for Water Board 2010 failed to report expenditures totaling approximately \$13,216, in violation of Section 84211, subdivisions (b), (i), and (k).

COUNT 8: On a semi-annual campaign statement filed for the reporting period of July 1 through December 31, 2007, Respondents Arturo Chacon and Art Chacon for Water Board 2010 failed to report expenditures totaling approximately \$3,058, in violation of Section 84211, subdivisions (b), (i), and (k).

Late Contribution Reporting

COUNT 9: Respondents Arturo Chacon and Art Chacon for Water Board 2010 failed to report—on late contribution reports—five late contributions of \$1,000 or more received during the late reporting period before the election that was held on November 7, 2006, in violation of Section 84203, subdivisions (a) and (b). These contributions totaled approximately \$13,000.

Recordkeeping

COUNT 10: Respondents Arturo Chacon and Art Chacon for Water Board 2010 failed to maintain required, supporting records for contributions totaling approximately \$50,487 and expenditures totaling approximately \$50,975 that were received/made in 2006, in violation of Section 84104 and Regulation 18401.

COUNT 11: Respondents Arturo Chacon and Art Chacon for Water Board 2010 failed to maintain required, supporting records for contributions totaling approximately \$14,750 and expenditures totaling approximately \$16,032 that were received/made in 2007, in violation of Section 84104 and Regulation 18401.

Cash Received and Cash Expenditures of \$100 or More

COUNT 12: In 2006, Respondents Arturo Chacon and Art Chacon for Water Board 2010 accepted three cash contributions of \$100 or more, totaling approximately \$4,350, in violation of Section 84300, subdivision (a).

COUNT 13: In 2006, Respondents Arturo Chacon and Art Chacon for Water Board 2010 made five cash expenditures of \$100 or more, totaling approximately \$1,400, in violation of Section 84300, subdivision (b).

SUMMARY OF THE LAW

All statutory references and discussions of law pertain to the Act's provisions as they existed at the time of the violations.

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

When the Political Reform Act was enacted, the people of the state of California found and declared that previous laws regulating political practices suffered from inadequate enforcement by state and local authorities. (Section 81001, subd. (h).) To that end, Section 81003 requires that the Act be liberally construed to achieve its purposes.

One of the purposes of the Act is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed so that voters are fully informed and improper practices are inhibited. (Section 81002, subd. (a).) Another purpose of the Act is to provide adequate enforcement mechanisms so that the Act will be "vigorously enforced." (Section 81002, subd. (f).)

Definition of Controlled Committee

Section 82013, subdivision (a), defines a "committee" to include any person or combination of persons who receives contributions totaling \$1,000 or more in a calendar year.

This type of committee is commonly referred to as a “recipient committee.” Under Section 82016, a recipient committee which 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 she, his or her agent, or any other committee he or she controls has a significant influence on the actions or decisions of the committee. (Section 82016, subd. (a).)

Required Filing of Campaign Statements and Reports

At the core of the Act’s campaign reporting system is the requirement that a recipient committee must file campaign statements and reports, including semi-annual campaign statements, preelection campaign statements, and late contribution reports. (See Sections 84200, et seq.)

Attached hereto as Exhibit 2 is a schedule of reporting periods and filing deadlines in connection with the election that was held on November 7, 2006.

After the election, semi-annual campaign statements must continue to be filed each year no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31. (Section 84200, subd. (a).)

Required Reporting of Contributions Received

Each campaign statement must report “[t]he total amount of contributions received during the period covered by the campaign statement and the total cumulative amount of contributions received.” (Section 84211, subd. (a).) Also, each campaign statement must report “[t]he total amount of contributions received during the period covered by the campaign statement from persons who have given a cumulative amount of one hundred dollars (\$100) or more.” (Section 84211, subd. (c).)

A contribution is a payment of any kind made for political purposes for which full and adequate consideration is not made to the donor. (Sections 82015, subd. (a), and 82044; Regulation 18215, subd. (a).) A payment is made for political purposes if, for instance, it is: (1) for the purpose of influencing or attempting to influence the action of the voters for or against the nomination or election of a candidate; or (2) it is received by or made at the behest of a candidate or controlled committee. (See Regulations 18215, subds. (a)(1) and (2).)

Section 84211, subdivision (f), further requires that certain identifying information be provided for each person from whom a cumulative amount of contributions of \$100 or more has been received during the period covered by the campaign statement, including the following: (1) the person’s full name; (2) his or her street address; (3) his or her occupation; (4) the name of his or her employer, or if self-employed, the name of the business; (5) the date and amount received for each contribution received during the period covered by the campaign statement and if the contribution is a loan, the interest rate for the loan; and (6) the cumulative amount of contributions.

Required Reporting of Expenditures

Section 82025 defines “expenditure” as a payment, forgiveness of a loan, payment of a loan by a third party, or an enforceable promise to make a payment, unless it is clear from the surrounding circumstances that it is not made for political purposes. “An expenditure is made on the date the payment is made or on the date consideration, if any, is received, whichever is earlier.” (Section 82025.)

Section 84211, subdivisions (b) and (i), require candidates and their controlled committees to disclose on each campaign statement: (1) the total amount of expenditures made during the period covered by the campaign statement; and (2) the total amount of expenditures made during the period covered by the campaign statement to persons who have received \$100 or more.

Pursuant to Section 84211, subdivision (k), for each person to whom an expenditure of \$100 or more has been made during the period covered by the campaign statement, the following information must be disclosed on the campaign statement: (1) the recipient’s full name; (2) the recipient’s street address; (3) the amount of each expenditure; and (4) the description of the consideration for which each expenditure was made.

Required Recordkeeping

To ensure accurate campaign reporting, Section 84104 imposes a mandatory duty on each candidate, treasurer, and elected officer to maintain detailed accounts, records, bills and receipts that are necessary to prepare campaign statements, to establish that campaign statements were properly filed, and to comply with the campaign reporting provisions of the Act. This requirement, as further stated by Regulation 18401, includes a duty to maintain detailed information and original source documentation for all contributions and expenditures. Under Regulation 18401, subdivision (a), this duty includes maintaining original source documentation and specific information for all contributions received and expenditures made by the candidate or committee.

For all campaign expenditures of \$25 or more, Regulation 18401, subdivision (a)(4), requires candidates and their controlled committees to maintain original source documentation containing the date the expenditure was made, the amount of the expenditure, the full name and street address of the payee, and a description of the goods or services for which each expenditure was made. Original source documentation consists of cancelled checks, wire transfers, credit card charge slips, bills, receipts, invoices, statements, vouchers, and any other documents reflecting obligations incurred by the candidate, elected officer, campaign treasurer, or committee, and disbursements made from the campaign bank account.

The foregoing records must be maintained for a period of four years following the date of filing of the campaign statement to which they relate. (Regulation 18401, subd. (b).)

Prohibition Against Cash Contributions of \$100 or More

Section 84300, subdivision (a), provides: “No contribution of one hundred dollars (\$100) or more shall be made or received in cash.”

Prohibition Against Cash Expenditures of \$100 or More

Section 84300, subdivision (b), provides: “No expenditure of one hundred dollars (\$100) or more shall be made in cash.”

SUMMARY OF THE FACTS

As stated above, Respondent Arturo Chacon was a successful candidate for the Central Basin Municipal Water District Board of Directors in the election that was held on November 7, 2006. He still holds this position, having run unopposed in November 2010. In this capacity, he represents the cities of Bell, Commerce, Huntington Park, Maywood and Walnut Park, portions of Cudahy and Monterey Park, and unincorporated East Los Angeles.

At all relevant times, Respondent Art Chacon for Water Board 2010 (formerly Chacon 4 Clean Water and Chacon 4 Clean Water 2010) was his controlled committee.

Although his position as member of a water board in Southern California is local and not statewide, in 2006 alone, his committee received more than \$50,000 in contributions and made more than \$50,000 in expenditures.

The campaign statements at issue for 2006 and 2007 were signed by Marco Montalvo as treasurer. However, Mr. Montalvo is deceased.

Counts 1 and 2

Respondents Arturo Chacon and Art Chacon for Water Board 2010 were required to file preelection campaign statements for the reporting periods of January 1 through September 30, 2006 and October 1 through October 21, 2006, by the due dates of October 5 and October 26, 2006, respectively. (See Ex. 2.) The former was never filed, and the latter was not filed until December 7, 2006 (one month after the election).

By failing to file preelection campaign statements by the required due dates as described above, Respondents Arturo Chacon and Art Chacon for Water Board 2010 committed two violations of Sections 84200.5, subdivision (b), and 84200.7, subdivision (b).

Counts 3 - 5

Respondents Arturo Chacon and Art Chacon for Water Board 2010 filed campaign statements for the reporting periods ending December 31, 2006, June 30, 2007, and December 31, 2007. However, they failed to report receipt of the following contributions:

Count 3: Contributions Received but not Reported for Period Ending 12/31/06			
Check Date	Deposit Date	Contributor	Amount
10/25/2006	10/26/2006	Avedis Tavitian	\$250.00
10/25/2006	10/26/2006	Ball, Ghaleb & Hulbert General Account	\$250.00
10/25/2006	10/26/2006	Gateway Science & Engineering, Inc.	\$250.00
10/25/2006	10/26/2006	Hector A. Chacon	\$5,000.00
10/26/2006	10/26/2006	(unknown)	\$540.00
10/27/2006	10/27/2006	Chacon for School Board	\$250.00
10/27/2006	10/27/2006	Bobby J. Archuleta	\$200.00
-	10/30/2006	(cash)	\$3,750.00
10/27/2006	10/31/2006	California Commerce Club, Inc.	\$5,000.00
10/31/2006	10/31/2006	Alex M. Santana	\$1,000.00
10/27/2006	10/31/2006	Bulletin Displays, LLC	\$200.00
10/29/2006	10/31/2006	Lori Argumedo	\$500.00
10/26/2006	11/02/2006	Mark Handel	\$500.00
10/27/2006	11/02/2006	H.C. Lee	\$250.00
11/02/2006	11/03/2006	Mayans Development Inc.	\$1,000.00
11/05/2006	11/06/2006	Eduardo Olivio Attorney At Law	\$99.00
11/06/2006	11/06/2006	Del Terra Real Estate Svc., Inc.	\$1,000.00
11/15/2006	11/15/2006	Alvarez-Glasman & Colvin	\$1,000.00
10/31/2006	11/17/2006	Oscar Gonzales, Jr.	\$250.00
11/03/2006	11/17/2006	Advanced Applied Engineering, Inc.	\$99.00
12/08/2006	12/11/2006	Goerge W. Cole	\$1,000.00
Total:			\$22,388.00

Count 4: Contributions Received but not Reported for Period Ending 6/30/07			
Check Date	Deposit Date	Contributor	Amount
01/12/2007	01/16/2007	Caledonian, Inc.	\$1,000.00
01/22/2007	01/24/2007	Global Stratagem Group, LTD	\$1,000.00
01/29/2007	02/01/2007	TECS Environmental Compliances, Inc.	\$250.00
01/31/2007	02/01/2007	Pacific Services, Inc.	\$3,000.00
01/31/2007	02/01/2007	Clarence J. Broussard & Associates, Inc.	\$100.00
01/31/2007	02/01/2007	Nelson & Helen Martinez	\$100.00
01/31/2007	02/01/2007	Patrick D. Haedtler	\$100.00
01/31/2007	02/01/2007	Alvarez-Glasman & Colvin	\$500.00
01/31/2007	02/01/2007	Richard Francis Mayer	\$250.00
01/30/2007	02/01/2007	Friends of Bob Apodaca For Central Basin Water	\$250.00
01/31/2007	02/01/2007	Adriana Arahuete	\$100.00
01/31/2007	02/01/2007	Tomas R. Martin	\$50.00
01/31/2007	02/01/2007	Goerge W. Cole	\$500.00
01/31/2007	02/01/2007	Desiree Gonzales	\$200.00

01/31/2007	02/01/2007	Southwest Management Consultants	\$500.00
No Date	02/01/2007	Diverse Strategies For Organizing, Inc.	\$250.00
01/31/2007	02/09/2007	Investment Regency Commerce, LP Construction Account	\$500.00
02/14/2007	02/14/2007	Legislative Advocacy Group, Inc.	\$1,000.00
02/13/2007	03/02/2007	Douglas E. Wance	\$500.00
-	03/02/2007	(unknown)	\$500.00
02/23/2007	03/09/2007	HRD Engineering, Inc.	\$1,000.00
Total:			\$11,650.00

Count 5: Contributions Received but not Reported for Period Ending 12/31/07			
Check Date	Deposit Date	Contributor	Amount
10/29/2007	10/30/2007	Southern California Commercial Real Estate, Inc.	\$3,000.00
-	11/26/2007	(cash)	\$100.00
Total:			\$3,100.00

By failing to report contributions received during three different reporting periods as described above, Respondents Arturo Chacon and Art Chacon for Water Board 2010 committed three violations of Section 84211, subdivisions (a), (c), and (f).

Counts 6 - 8

Respondents Arturo Chacon and Art Chacon for Water Board 2010 filed campaign statements for the reporting periods ending December 31, 2006, June 30, 2007, and December 31, 2007. However, they failed to report the following expenditures (*italics* indicate payment was made by way of check):

Count 6: Expenditures not Reported for Period Ending 12/31/06		
Date	Bank Statement Description or <i>Check Payee</i>	Amount
10/24/2006	<i>THE CHEMERIA CONSULTANCY</i>	\$450.00
10/25/2006	POS PURCHASE ...	\$287.69
10/27/2006	<i>Print & Mail Concepts</i>	\$5,500.00
10/28/2006	<i>Angel Gonzales</i>	\$4,200.00
10/31/2006	<i>Premier Mailing Services, Inc.</i>	\$4,200.00
11/01/2006	<i>Angel Gonzales</i>	\$2,300.00
11/05/2006	<i>THE CHEMERIA CONSULTANCY</i>	\$350.00
11/06/2006	<i>Michael Chupa Studios</i>	\$3,000.00
11/13/2006	<i>Q.M.S.</i>	\$2,500.00
11/17/2006	<i>Arturo Chacon</i>	\$1,200.00
12/07/2006	<i>Marco Montalvo</i>	\$250.00
12/19/2006	<i>Q.M.S.</i>	\$1,000.00
-	Under \$100	\$96.00
Total:		\$25,333.69

Count 7: Expenditures not Reported for Period Ending 6/30/07		
Date	Bank Statement Description or Check Payee	Amount
01/17/2007	LA County Reg. Recorder/Clerk	\$420.00
01/17/2007	Marco Montalvo	\$250.00
01/24/2007	Independent Voters League	\$400.00
01/27/2007	Parents & Teachers For A Better CA	\$1,000.00
02/01/2007	Friends of Fernando Chacon	\$3,714.00
02/12/2007	Q.M.S.	\$3,000.00
02/13/2007	Friends of Fernando Chacon	\$1,000.00
02/22/2007	Friends of Fernando Chacon	\$1,200.00
03/09/2007	Leticia Chacon	\$1,000.00
03/30/2007	Chacon for School Board	\$1,000.00
-	Under \$100	\$231.95
Total:		\$13,215.95

Count 8: Expenditures not Reported for Period Ending 12/31/07		
Date	Bank Statement Description or Check Payee	Amount
10/30/2007	Q.M.S.	\$3,000.00
-	Under \$100	\$58.10
Total:		\$3,058.10

All of the checks above were signed by Respondent Arturo Chacon. However, with respect to checks made payable to The Chemeria Consultancy, the signature lines state, "NO SIGNATURE REQUIRED Payment has been authorized by your depositor." These checks were deposited into the account of Antonio D. Inocentes DBA Chemeria Consultancy.

By failing to report expenditures made during three different reporting periods as described above, Respondents Arturo Chacon and Art Chacon for Water Board 2010 committed three violations of Section 84211, subdivisions (b), (i), and (k).

Count 9

Respondents Arturo Chacon and Art Chacon for Water Board 2010 received the following contributions of \$1,000 or more during the late reporting period before the election that was held on November 7, 2006, but they failed to report receipt by filing required late contribution reports:

Contributor	Amount
Hector A. Chacon	\$5,000.00
California Commerce Club, Inc.	\$5,000.00
Alex M. Santana	\$1,000.00
Mayans Development, Inc.	\$1,000.00
Del Terra Real Estate Svc., Inc.	\$1,000.00
Total:	\$13,000.00

By failing to file late contribution reports as described above, Respondents Arturo Chacon and Art Chacon for Water Board 2010 committed one violation of Section 84203, subdivisions (a) and (b).

Counts 10 – 11

Respondents Arturo Chacon and Art Chacon for Water Board 2010 failed to maintain required records, including invoices and receipts. Financial records were obtained from the committee’s banks with subpoenas issued by the Enforcement Division. Based upon the bank records produced in response to the subpoenas, the Enforcement Division identified violations, including failure to maintain required, supporting records for contributions and expenditures that were received/made in 2006 and 2007, as more fully set forth in the following charts (expenditures made by way of check are listed in *italics*):

Count 10: Missing Records for Contributions Received in 2006		
Deposit Date	Contributor	Amount
08/18/2006	(unknown)	\$100.00
08/28/2006	Fernando Chacon	\$1,200.00
08/28/2006	Hugo A. Argumedo	\$1,000.00
09/08/2006	Hugo A. Argumedo	\$2,000.00
09/08/2006	Fernando Chacon	\$2,000.00
09/08/2006	IVAN ALTAMIRANO DBA AMBIENT AIR CONDITIONING & HEATING	\$500.00
09/12/2006	Billie Martinez, Jr.	\$1,000.00
09/12/2006	Bobby J. Archuleta	\$200.00
09/13/2006	Bulletin Displays, LLC	\$500.00
09/21/2006	Jimmy Gutierrez	\$250.00
09/21/2006	Philip Angelides, Treasurer State of CA	\$102.00
09/22/2006	Fernando Chacon	\$1,000.00
09/28/2006	Edward Velasquez	\$99.00
09/22/2006	(cash)	\$300.00
09/22/2006	(cash)	\$300.00
09/28/2006	Esther Alejandre	\$1,000.00
09/28/2006	Horizon South Services, Inc.	\$500.00
09/28/2006	Caledoniani, Inc.	\$99.00
09/28/2006	Michael Chupa Studios	\$99.00
09/28/2006	Maria Chupa	\$50.00
09/28/2006	Laurie D. Kudler	\$100.00
09/28/2006	PBK Wheels LLC	\$1,000.00
09/28/2006	Del Terra Real Estate Svc., Inc.	\$1,000.00
09/28/2006	Oscar Gonzales, Jr.	\$250.00
10/02/2006	Hector A. Chacon	\$2,500.00
10/02/2006	Fernando Chacon	\$7,250.00
10/06/2006	Global Cities Consulting Group	\$250.00

10/16/2006	Nevarez	\$1,500.00
10/16/2006	The Robert L. Kudler Trust 9-27-02	\$250.00
10/16/2006	Caledonian, Inc.	\$250.00
10/16/2006	Billie Martinez, Jr.	\$1,000.00
10/23/2006	Rosemarie Vasquez for City Council	\$200.00
10/26/2006	Avedis Tavitian	\$250.00
10/26/2006	Ball, Ghaleb & Hulbert General Account	\$250.00
10/26/2006	Gateway Science & Engineering, Inc.	\$250.00
10/26/2006	Hector A. Chacon	\$5,000.00
10/26/2006	(unknown)	\$540.00
10/27/2006	Chacon for School Board	\$250.00
10/27/2006	Bobby J. Archuleta	\$200.00
10/27/2006	California Leadership Committee ID# 1276464	\$250.00
10/30/2006	(cash)	\$3,750.00
10/31/2006	California Commerce Club, Inc.	\$5,000.00
10/31/2006	Alex M. Santana	\$1,000.00
10/31/2006	Bulletin Displays, LLC	\$200.00
10/31/2006	Lori Argumedo	\$500.00
11/02/2006	Mark Handel	\$500.00
11/02/2006	H.C. Lee	\$250.00
11/03/2006	Mayans Development, Inc.	\$1,000.00
11/06/2006	Eduardo Olivio Attorney at Law	\$99.00
11/06/2006	Del Terra Real Estate Svc., Inc.	\$1,000.00
11/15/2006	Alvarez-Glasman & Colvin	\$1,000.00
11/17/2006	Oscar Gonzales, Jr.	\$250.00
11/17/2006	Advanced Applied Engineering, Inc.	\$99.00
12/11/2006	Goerge W. Cole	\$1,000.00
Total:		\$50,487.00

Count 10: Missing Records for Expenditures Made in 2006		
Date	Bank Statement Description or Check Payee	Amount
08/29/2006	THE CHERMIA CONSULTANCY	\$1,995.00
09/08/2006	Printer & Mail Concepts	\$393.00
09/11/2006	Your Ballot Guide	\$2,200.00
09/13/2006	Voter Guide Slate Mail	\$2,200.00
09/13/2006	WITHDRAWAL MADE...	\$500.00
09/14/2006	POS PURCHASE ...THE HOME DE...	\$205.65
09/14/2006	POS PURCHASE ...THE HOME DE...	\$52.53
09/15/2006	WITHDRAWAL MADE...	\$400.00
09/15/2006	ATM WITHDRAWAL...WASHINGTONCOMMERCE	\$200.00
09/19/2006	CA Club for Growth Newsletter	\$150.00

09/20/2006	ATM WITHDRAWAL...SAFEWAY	\$100.00
09/20/2006	POS PURCHASE ...ARCO	\$44.45
09/25/2006	ATM WITHDRAWAL...WASHINGTONCOMMERCE	\$200.00
09/25/2006	<i>Chemeria Consultancy</i>	\$1,000.00
09/29/2006	(unknown)	\$1,250.00
09/29/2006	<i>Campaign L.A.</i>	\$2,087.00
10/08/2006	<i>Print & Mail Concepts</i>	\$5,085.01
10/10/2006	THE CHEMERIA CONSULTANCY	\$1,000.00
10/16/2006	<i>Angel Gonzales</i>	\$2,425.00
10/16/2006	<i>Marco Montalvo</i>	\$250.00
10/19/2006	<i>Print & Mail Concepts</i>	\$4,000.00
10/24/2006	THE CHEMERIA CONSULTANCY	\$450.00
10/25/2006	POS PURCHASE ...	\$287.69
10/27/2006	<i>Print & Mail Concepts</i>	\$5,500.00
10/28/2006	<i>Angel Gonzales</i>	\$4,200.00
10/31/2006	<i>Premier Mailing Services, Inc.</i>	\$4,200.00
11/01/2006	<i>Angel Gonzales</i>	\$2,300.00
11/05/2006	THE CHEMERIA CONSULTANCY	\$350.00
11/06/2006	<i>Michael Chupa Studios</i>	\$3,000.00
11/13/2006	<i>Q.M.S.</i>	\$2,500.00
11/17/2006	<i>Arturo Chacon</i>	\$1,200.00
12/07/2006	<i>Marco Montalvo</i>	\$250.00
12/19/2006	<i>Q.M.S.</i>	\$1,000.00
Total:		\$50,975.33

Count 11: Missing Records for Contributions Received in 2007		
Deposit Date	Contributor	Amount
01/16/2007	Caledonian, Inc.	\$1,000.00
01/24/2007	Global Stratagem Group, LTD	\$1,000.00
02/01/2007	TECS Environmental Compliances, Inc.	\$250.00
02/01/2007	Pacific Services, Inc.	\$3,000.00
02/01/2007	Clarence J. Broussard & Associates, Inc.	\$100.00
02/01/2007	Nelson & Helen Martinez	\$100.00
02/01/2007	Patrick D. Haedtler	\$100.00
02/01/2007	Alvarez-Glasman & Colvin	\$500.00
02/01/2007	Richard Francis Mayer	\$250.00
02/01/2007	Friends of Bob Apodaca for Central Basin Water	\$250.00
02/01/2007	Adriana Arahuete	\$100.00
02/01/2007	Tomas R. Martin	\$50.00

02/01/2007	Goerge W. Cole	\$500.00
02/01/2007	Desiree Gonzales	\$200.00
02/01/2007	Southwest Management Consultants	\$500.00
02/01/2007	Diverse Strategies for Organizing, Inc.	\$250.00
02/09/2007	Investment Regency Commerce, LP Construction Account	\$500.00
02/14/2007	Legislative Advocacy Group, Inc.	\$1,000.00
03/02/2007	Douglas E. Wance	\$500.00
03/02/2007	(unknown)	\$500.00
03/09/2007	HRD Engineering, Inc.	\$1,000.00
10/30/2007	Southern California Commercial Real Estate Inc.	\$3,000.00
11/26/2007	(cash)	\$100.00
Total:		\$14,750.00

Count 11: Missing Records for Expenditures Made in 2007		
Date	Bank Statement Description or Check Payee	Amount
01/17/2007	LA County Reg. Recorder/Clerk	\$420.00
01/17/2007	Marco Montalvo	\$250.00
01/24/2007	Independent Voters League	\$400.00
01/27/2007	Parents & Teachers For a Better CA	\$1,000.00
02/01/2007	Friends of Fernando Chacon	\$3,714.00
02/12/2007	Q.M.S.	\$3,000.00
02/13/2007	Friends of Fernando Chacon	\$1,000.00
02/22/2007	Friends of Fernando Chacon	\$1,200.00
03/09/2007	Leticia Chacon	\$1,000.00
03/30/2007	Chacon for School Board	\$1,000.00
05/01/2007	POS PURCHASE... ARCO	\$20.45
05/16/2007	ATM WITHDRAWAL ... LIQUOCOMMERCE CA	\$21.50
07/11/2007	CHECK CRD PURCHASE STARBUCKS	\$6.10
11/02/2007	Q.M.S.	\$3,000.00
Total:		\$16,032.05

Regarding the expenditures above, all of the checks were signed by Respondent Arturo Chacon. However, with respect to checks made payable to The Chemeria Consultancy, the signature lines state, "NO SIGNATURE REQUIRED Payment has been authorized by your depositor." These checks were deposited into the account of Antonio D. Inocentes DBA Chemeria Consultancy.

By failing to maintain supporting records for contributions received and expenditures made in 2006 and 2007, as described above, Respondents Arturo Chacon and Art Chacon for Water Board 2010 committed two violations of Section 84104 and Regulation 18401.

Count 12

Between approximately September and October 2006, Respondents Arturo Chacon and Art Chacon for Water Board 2010 accepted three cash contributions of \$100 or more, totaling approximately \$4,350.

By accepting cash contributions as described above, Respondents Arturo Chacon and Art Chacon for Water Board 2010 committed one violation of Section 84300, subdivision (a).

Count 13

In approximately September 2006, Respondents Arturo Chacon and Art Chacon for Water Board 2010 made five cash expenditures of \$100 or more, totaling approximately \$1,400.

By making cash expenditures as described above, Respondents Arturo Chacon and Art Chacon for Water Board 2010 committed one violation of Section 84300, subdivision (b).

CONCLUSION

This matter consists of 13 counts of violating the Act, which carries a maximum administrative penalty of \$65,000.

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 set forth in Regulation 18361.5, subdivision (d)(1)-(6):

- (1) The seriousness of the violation;
- (2) The presence or absence of any intention to conceal, deceive or mislead;
- (3) Whether the violation was deliberate, negligent or inadvertent;
- (4) Whether the violator demonstrated good faith by consulting the Commission staff or any other government agency in a manner not constituting a complete defense under Government Code section 83114(b);
- (5) Whether the violation was isolated or part of a pattern and whether the violator has a prior record of violations of the Political Reform Act or similar laws; and
- (6) Whether the violator, upon learning of a reporting violation, voluntarily filed amendments to provide full disclosure.

The public harm inherent in campaign reporting violations (Counts 1-9) is that the public is deprived of time-sensitive information regarding the sources and amounts of contributions received and expenditures made in support of a candidate. As for recordkeeping violations, accepting cash contributions of \$100 or more, and making cash expenditures of \$100 or more (Counts 10-13), the public harm inherent in such violations is that they may conceal other violations, including money laundering and personal use violations.

Administrative penalties for violations of the Act vary depending upon the specific facts of each case. In this case, the following aggravating and mitigating factors are present.

Factors in Aggravation

Regarding Count 1, the preelection statement in question never was filed.

Regarding Count 2, the preelection statement in question should have been filed before the election, but it was not filed until after the election.

Regarding Counts 3 through 8 (failure to report contributions received and expenditures made), the campaign statements filed for those periods reported that no contributions were received and no expenditures were made.

Regarding Counts 10 and 11 (failure to maintain records), the contributions received and expenditures made included substantial payments to/from relatives and close associates of Respondent Arturo Chacon, including his sister (Leticia Chacon), his brother (Hector Chacon), his brother's business (Quantum Management Services, abbreviated Q.M.S. in the charts above), and Antonio Inocentes' business, Chemeria Consultancy, which was so closely associated with Respondents, that no signature was required on committee checks that were made payable to Chemeria Consultancy.² Failure to maintain required records of these transactions makes it difficult to ascertain the true source of funds and what specific goods/services, if any, were provided by the payees in exchange for the payments that were made to them.

To resolve this case, the Enforcement Division was forced to issue multiple subpoenas for voluminous bank records.

Factors in Mitigation

Respondents cooperated with the Enforcement Division of the Fair Political Practices Commission by agreeing to an early settlement of this matter well in advance of the Probable Cause Conference that otherwise would have been held.

Respondents maintain that the deceased treasurer, Marco Montalvo, bears some responsibility for the violations in this case.

² Also, Respondent Arturo Chacon's business (Chacon Water Advisory) and Antonio Inocentes' business (Chemeria Consultancy) used the same post office box as their business address.

Regarding Counts 3 through 5 (failure to report contributions received), the amount in question for Count 5 is relatively low when compared to the amounts in question for Counts 3 and 4.

Regarding Counts 6 through 8 (failure to report expenditures made), the amount in question for Count 8 is relatively low when compared to the amounts in question for Counts 6 and 7.

Regarding Counts 10 and 11, Respondents assert that their treasurer, Marco Montalvo, maintained the committee records, and Respondents cannot find the records because the records were lost upon Mr. Montalvo's death.

Penalty

The facts of this case, including the aggravating and mitigating factors discussed above, justify imposition of the following agreed upon penalty against Respondents Arturo Chacon and Art Chacon for Water Board 2010, on a joint and several basis:

Count	Violation	Penalty
1	Failure to File Preelection Statement	\$2,500
2	Failure to Timely File Preelection Statement	\$2,500
3	Failure to Report Contributions Received	\$2,500
4	Failure to Report Contributions Received	\$2,500
5	Failure to Report Contributions Received	\$2,000
6	Failure to Report Expenditures	\$2,500
7	Failure to Report Expenditures	\$2,500
8	Failure to Report Expenditures	\$2,000
9	Late Contribution Reporting	\$3,000
10	Recordkeeping	\$2,000
11	Recordkeeping	\$2,000
12	Accepting Cash Contributions of \$100 or More	\$2,000
13	Making Cash Expenditures of \$100 or More	\$2,000
Total:		\$30,000