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

10
11 In the Matter of:

12 LA NORIA ENTERTAINMENT, INC.

13 Respondent.

FPPC No. 13/222

14 STIPULATION, DECISION, AND ORDER

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17 **STIPULATION**

18 Complainant, the Fair Political Practices Commission (Commission), and respondent La Noria
19 Entertainment, Inc. (Respondent) hereby agree that this Stipulation will be submitted for consideration
20 by the Fair Political Practices Commission at its next regularly scheduled meeting.

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

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

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 It is further stipulated and agreed that Respondent violated the Political Reform Act by making
4 campaign contributions in the names of other persons in violation of Government Code section 84301 as
5 described in Exhibit 1. Exhibit 1 is attached hereto and incorporated by reference as though fully set
6 forth herein. Exhibit 1 is a true and accurate summary of the facts in this matter.

7 Respondent agrees to the issuance of the Decision and Order, which is attached hereto.
8 Respondent also agrees to the Commission imposing an administrative penalty in the total amount of
9 Fifteen Thousand Dollars (\$15,000). Respondent submitted with this Stipulation a cashier's check from
10 Respondent in said amount, made payable to the "General Fund of the State of California," as full
11 payment of the administrative penalty that shall be held by the State of California until the Commission
12 issues its Decision and Order regarding this matter. The parties agree that in the event the Commission
13 refuses to accept this Stipulation, it shall become null and void, and within fifteen (15) business days
14 after the Commission meeting at which the Stipulation is rejected, all payments tendered by Respondent
15 in connection with this Stipulation shall be reimbursed to Respondent. Respondent further stipulates
16 and agrees that in the event the Commission rejects the Stipulation, and a full evidentiary hearing before
17 the Commission becomes necessary, neither any member of the Commission, nor the Executive
18 Director, shall be disqualified because of prior consideration of this Stipulation.

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21 Dated: _____ Gary S. Winuk, on behalf of the Enforcement Division
22 Fair Political Practices Commission

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25 Dated: _____ Fernando Lopez, on behalf of La Noria Entertainment,
26 Inc.

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DECISION AND ORDER

The foregoing Stipulation of the parties “In the Matter of La Noria Entertainment, Inc.,” FPPC No. 13/222, including all attached exhibits, 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: _____
JoAnn Remke, Chair
Fair Political Practices Commission

EXHIBIT 1

INTRODUCTION

Respondent La Noria Entertainment, Inc., a California corporation, (“Respondent”) operates an entertainment company at the Pico Rivera Sports Arena, which is owned by the City of Pico Rivera (“Pico Rivera”). The Political Reform Act (the “Act”)¹ requires that political contributions be made in the name of the person, or entity, actually making the contribution. Respondent violated the Act by having individuals make campaign contributions to a candidate for city council in Pico Rivera from their personal checking accounts and then reimbursing those individuals in cash for the contributions.

For the purposes of this Stipulation, Respondent violated the Act are as follows:

- COUNT 1: Respondent made a contribution to the campaign committee “Gregory Salcido – City Council” in a name other than its own name in violation of Section 84301.
- COUNT 2: Respondent made a contribution to the campaign committee “Gregory Salcido – City Council” in a name other than its own name in violation of Section 84301.
- COUNT 3: Respondent made a contribution to the campaign committee “Gregory Salcido – City Council” in a name other than its own name in violation of Section 84301.

SUMMARY OF THE LAW

Section 81002, subdivision (a) provides that “receipts and expenditures in election campaigns shall be fully and truthfully disclosed in order that the voters may be fully informed and improper practices may be inhibited.” In order to obtain disclosure of the true source of campaign contributions, Section 84301 provides that “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.” The Act’s definition of “person” includes corporations. (Section 82047.)

SUMMARY OF THE FACTS

Respondent, and a closely-related entity, LEBA, Inc. (“LEBA”), run the Pico Rivera Sports Arena, which puts on rodeos and other events. Since 2010, LEBA has had a contract with Pico Rivera to maintain and operate the arena while Respondent has been responsible for putting on the rodeos and other events.

On June 28, 2011, Respondent’s President and CEO, Fernando Lopez, met with Pico Rivera city councilman Greg Salcido. At the meeting, Mr. Lopez gave Mr. Salcido five checks, each in the amount of \$500, from five different individuals who were employees of Respondent

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated.

or LEBA. The names on the checks were Mauricio Hernandez, Paulo Toxqui and Loudes M. Mejias (joint account), Andres Villegas, Caritina Estrada Sanchez, and Marie Castaño. The money was intended as a campaign contribution to Mr. Salcido's campaign committee, "Gregory Salcido – City Council." Mr. Salcido understood from the conversation that the money was a contribution from Respondent. Mr. Salcido disclosed the contribution on his campaign statement as a contribution from Respondent.

That same day, Mr. Lopez withdrew \$2,500 cash from Respondent's bank account. Each of the people who wrote checks to Mr. Salcido's campaign received \$500 cash from Respondent to reimburse him/her for the check he/she wrote to Mr. Salcido's campaign. The contributions were made using personal checks because Mr. Lopez mistakenly believed that Pico Rivera had campaign contribution limits for city council races that would have prohibited Respondent from making the \$2,500 contribution.

VIOLATIONS

Counts 1 – 3

(Making Campaign Contributions in the Names of Other Persons)

Respondent made five contributions of \$500 to the campaign committee "Gregory Salcido – City Council" each in the name of a different individual rather than its own name, in violation of Section 84301.

CONCLUSION

This matter consists of three counts against Respondent which carry a maximum administrative penalty of Five Thousand Dollars (\$5,000) per count for a total penalty of Fifteen Thousand Dollars (\$15,000).

In determining the appropriate penalty for a particular violation of the Act, the Fair Political Practices Commission ("Commission") 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 context of the factors set forth in Regulation 18361.5, subdivision (d)(1)-(6): 1) the seriousness of the violations; 2) the presence or lack of intent to deceive the voting public; 3) whether the violation was deliberate, negligent, or inadvertent; 4) whether the Respondent demonstrated good faith in consulting with Commission staff; 5) whether there was a pattern of violations; and 6) whether the Respondent, upon learning of a reporting violation, voluntarily filed amendments to provide full disclosure.

Making contributions in the name of another person, commonly known as political "money laundering," is one of the most serious violations of the Act. Money laundering violations often result in maximum penalties of \$5,000 per count. For example, in the case of *In the Matter of Glen Gerson and Malibu Conference Center, Inc.*, FPPC No. 11/803, the respondents made five campaign contributions, each in the amount of \$1,000, to a candidate for

Simi Valley city council in a name other than their own. Simi Valley had a \$1,000 contribution limit. In a default decision on May 17, 2012, the Commission imposed a penalty of \$5,000 per count for five counts of violating Section 84301.

Similarly, the Commission imposed a penalty of \$5,000 per count on 11 counts of violating Section 84301 in *In the Matter of James Larry Minor*, FPPC No. 11/008 (Stipulation approved on April 11, 2011.) In that case, the respondent made contributions to a candidate for state Senate and a candidate for State Assembly in the names of relatives and associates rather than his own name on eleven occasions. Each of these contributions was for \$3,900, which was the limit for state legislative candidates.

In the case of *In the Matter of GO Lorrie's Airport Shuttle*, FPPC No. 11/920 the Commission imposed a penalty of \$4,500 per count on 11 counts of violating Section 84301 (Stipulation approved on March 15, 2012.) Respondent, a transportation company, made a total of 23 campaign contributions of \$500 each, which was the contribution limit, to the campaign of the interim mayor of San Francisco. Employees of the company wrote personal checks for the contributions and the company reimbursed them in cash.

In this case, Respondent enlisting individuals to make contributions from their personal bank accounts and then reimbursed them in cash for those contributions. This is typical of those money laundering schemes that result in penalties at or near the maximum amount per count. But Respondent's case is different from the comparable cases discussed above because Respondent's laundered contribution did not exceed any applicable contribution limits since the jurisdiction did not have contribution limits. While attempting to subvert a non-existent law does not make Respondent less culpable for its actions, it is relevant that the City of Pico Rivera had not decided it necessary to enact campaign contribution limits so had Respondent made the contribution in its own name, the contribution would have been permissible. Also, the candidate who received the contributions initially disclosed the contributions as having come from Respondent, not the individuals who wrote the checks, so the public would have had notice that Respondent was connected to the contribution.

Further, Respondent cooperated with the Commission's investigation by admitting guilt and agreeing to settle the case prior to a probable cause hearing.

PROPOSED PENALTY

After consideration of the factors of Regulation 18361.5, including the seriousness of the violations, as well as consideration of penalties in prior enforcement actions, the imposition of a penalty of \$5,000 per count for a total penalty of \$15,000 is recommended.