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

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11 In the Matter of) FPPC No. 11/224
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Respondent.

Complainant, the Fair Political Practices Commission, hereby submits this Default Decision and Order for consideration at its next regularly scheduled meeting.

Respondent Republican Central Committee of Los Angeles County, also known as Republican Party of Los Angeles County, has been provided advice by an attorney of its choosing as to its rights to a probable cause conference and an administrative hearing under the Political Reform Act, Administrative Procedure Act, and all other relevant laws. Respondent has chosen to waive all such rights to a probable cause conference and administrative hearing and to allow this matter to proceed to a default decision.

In this case, Respondent Republican Central Committee of Los Angeles County, also known as Republican Party of Los Angeles County violated the Political Reform Act as described in Exhibit 1, which is attached hereto and incorporated by reference as though fully set forth herein. Exhibit 1 is a

1 true and accurate summary of the law and evidence in this matter. This Default Decision and Order is
2 submitted to the Commission to obtain a final disposition of this matter.

3
4 Dated: _____

5 Gary S. Winuk, Chief of Enforcement
6 Fair Political Practices Commission

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8 **DECISION AND ORDER**

9 The Commission issues this Default Decision and Order and imposes an administrative penalty
10 of Fifteen Thousand Dollars (\$15,000) upon Respondent Republican Central Committee of Los Angeles
11 County, also known as Republican Party of Los Angeles County, payable to the “General Fund of the
12 State of California.”

13 IT IS SO ORDERED, effective upon execution below by the Chair of the Fair Political Practices
14 Commission at Sacramento, California.

15
16 Dated: _____

17 Joann Remke, Chair
18 Fair Political Practices Commission

EXHIBIT 1

INTRODUCTION

Respondent Republican Central Committee of Los Angeles County, also known as Republican Party of Los Angeles County (Respondent RPLAC), was, at all relevant times, a political party committee in that it was the Republican central committee for Los Angeles County.

The Political Reform Act (the “Act”)¹ prohibits contributions made on behalf of another unless the intermediary and original contributor information is disclosed. (Section 84302.) Additionally, the Act requires political parties to accurately disclose contributions made to candidates. (Section 84211.)

In this matter, Respondent RPLAC reported in a pre-election campaign statement that it made a contribution to Committee to Elect Rabbi Shifren. However, Respondent RPLAC was not the original source of the contribution, but rather the intermediary, and Respondent RPLAC should have, and failed to, disclose both the intermediary and the original contributor information. Additionally, Respondent RPLAC filed a false campaign statement by falsely disclosing that it made the contribution.

For purposes of this Default Decision and Order, Respondent’s violations of the Act are set forth as follows:

COUNT 1: Respondent Republican Central Committee of Los Angeles County, also known as Republican Party of Los Angeles County, in or about 2010, while acting as the intermediary of Paul Anthony Novelty, failed to disclose both the intermediary and the original contributor information for a contribution of \$22,680 from Paul Anthony Novelty to Committee to Elect Rabbi Shifren, in violation of Government Code section 84302.

COUNT 2: Respondent Republican Central Committee of Los Angeles County, also known as Republican Party of Los Angeles County, in or about 2010, while acting as the intermediary of Jared Novelty, Chandra Niemann and Thomas Niemann, failed to disclose both the intermediary and the original contributor information for contributions totaling \$9,720 from Jared Novelty, Chandra Niemann and Thomas Niemann to

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.

Committee to Elect Rabbi Shifren, in violation of Government Code section 84302.

COUNT 3: Respondent Republican Central Committee of Los Angeles County, also known as Republican Party of Los Angeles County (Respondent RPLAC), on or about October 5, 2010, filed a false pre-election campaign statement for the reporting period of July 1 through September 30, 2010, by reporting that it made a \$32,400 contribution to Committee to Elect Rabbi Shifren, when in fact Respondent RPLAC was merely the intermediary for contributions made by Paul Anthony Novelly, Jared Novelly, Chandra Niemann and Thomas Niemann to Committee to Elect Rabbi Shifren, in violation of Government Code Section 84211, subdivision (k).

PROCEDURAL HISTORY

Respondent RPLAC has been informed of the charges set forth herein and its rights to a probable cause hearing and an administrative hearing under the Political Reform Act, the Administrative Procedure Act, and all other relevant laws. However, Respondent RPLAC has agreed to waive these rights, and Respondent is aware that by doing so, the Enforcement Division will proceed with this default recommendation to the Commission, which, if approved by the Commission, will result in Respondent being held liable for the penalty amount of \$15,000.

A certified copy of Respondent RPLAC's written waiver in this regard is submitted herewith as Exhibit A and incorporated herein by reference as if in full.

NATURE OF DEFAULT PROCEEDINGS

In this situation, where Respondent RPLAC has waived its rights to a probable cause conference and an administrative hearing, the Commission may take action based upon the Respondent RPLAC's express admissions or upon other evidence, and affidavits may be used as evidence without any notice to the Respondent RPLAC. (Section 11520, subdivision (a).)

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 in question.

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that contributions and expenditures in election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that

end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose.

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.

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 Political Party 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.” Section 82027.5 defines a general purpose committee to include any recipient committee which is formed or exists primarily to support or oppose more than one candidate or ballot measure.

Section 85205 defines “political party committee” to mean the state central committee or county central committee of an organization that meets the requirements for recognition as a political party pursuant to Section 5100 of the Elections Code. A political party committee is a “state general purpose committee” and a “person” as defined in the Act. (Sections 82027.5 and 82047.)

Duty to Disclose Accurate Expenditure Information on Campaign Statements

Section 84200.5, subdivision (f) requires political party committees to file the applicable pre-election statements specified in Section 84200.7 or 84200.8 in connection with a state election if the committee receives contributions totaling one thousand dollars (\$1,000) or more, or if it makes contributions or independent expenditures totaling five hundred dollars (\$500) or more during the period covered by the pre-election statement.

Section 84200.7, subdivision (b) provides for the filing of two pre-election campaign statements covering two reporting periods prior to elections held in November of an even-numbered year. The reporting period for the first pre-election campaign statement ends September 30. This first pre-election campaign statement must be filed no later than October 5. (Section 84200.7, subd. (b)(1).)

With respect to the contents of campaign statements, each statement must include information about the making of expenditures, including those expenditures which are contributions to candidates. Section 84211, subdivision (k), requires that certain identifying information be provided for each person to whom an expenditure of \$100 or more has been made during the period covered by the campaign statement, including the following: (1) the person’s

full name; (2) his or her street address; (3) the amount of each expenditure; (4) a brief description of the consideration for which each expenditure was made; and (5) in the case of an expenditure which is a contribution to a candidate, elected officer, or committee, the date of the contribution, the cumulative amount of contributions made to that recipient, the full name of the recipient, and the office and district/jurisdiction for which he or she seeks nomination or election.

Duty to Disclose Intermediary

Section 84302 states that no person shall make a contribution on behalf of another, or while acting as the intermediary or agent of another, without disclosing to the recipient of the contribution both his own full name and street address, occupation, and the name of his employer, if any, or his principal place of business if he is self-employed, and the full name and street address, occupation, and the name of employer, if any, or principal place of business if self-employed, of the other person. (Section 84302.) Regulation 18432.5 states that a person is an intermediary for a contribution if the 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." (Regulation 18432.5.)

SUMMARY OF THE FACTS

Respondent Republican Central Committee of Los Angeles County, also known as Republican Party of Los Angeles County (Respondent RPLAC), was, at all relevant times, a political party committee as defined in Section 85205 in that it was the Republican central committee for Los Angeles County.

Rabbi Nachum Shifren and Committee to Elect Rabbi Shifren

Rabbi Nachum Shifren (Rabbi Shifren) was an unsuccessful candidate for the California State Senate, 26th District (located in Los Angeles County), in the November 2, 2010 general election. Committee to Elect Rabbi Shifren, was Rabbi Shifren's candidate controlled committee.

At all relevant times, Robert Arkow was treasurer of record for Committee to Elect Rabbi Shifren. However, the investigation in this matter revealed that Arkow did not make any decisions or have any control regarding the acceptance of contributions and the making of expenditures for Committee to Elect Rabbi Shifren. Arkow was responsible for preparing the campaign statements for Committee to Elect Rabbi Shifren. However, Arkow stated that Rabbi Shifren provided the relevant information to him, and he prepared the campaign statements to the best of his ability. Because Rabbi Shifren was unreliable and did not keep good records, it was difficult for Arkow to obtain the information from Rabbi Shifren.

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Novelly Family Contributions

In or about Spring 2010, Paul Anthony Novelly a/k/a Tony Novelly (Tony²), a resident of Boca Raton, Florida and CEO of Apex Oil Company, Inc., a privately held, multi-billion dollar oil company³, traveled to Los Angeles, California. Through a friend, Tony was introduced to Rabbi Shifren. Seemingly impressed with Rabbi Shifren's political ideas, Tony told Rabbi Shifren that he would help raise \$50,000 for Rabbi Shifren's campaign. On May 4, 2010, Tony and his wife each contributed \$3,900 toward Rabbi Shifren's June 8, 2010 primary election campaign.⁴

Tony's son Jared Novelly (Jared), a resident of Saint Louis, Missouri, normally handled political contributions on behalf of the Novelly family. Tony asked Jared to arrange the \$50,000 contribution to Rabbi Shifren. Tony wanted other members of his family to contribute to Rabbi Shifren in order to fulfill the \$50,000 pledge that he had made. However, the only family members willing to contribute in some way to Rabbi Shifren were Tony, Jared, Jared's sister, Chandra Niemann, and Chandra's husband, Thomas Niemann.

On June 25, 2010, Jared e-mailed Rabbi Shifren the following:

As mentioned to you by my father, we are looking to help finance your campaign. With the large percentage of campaign contributions that you have already received from my parents, I feel it may be best to have the rest of the contributions come from sources other than Missouri and Florida residents with the last name of Novelly. Are there any political action committees that you have had discussions with who may be interested in contributing if they received other monies? Not sure of campaign finance laws in CA, but if we could find these other groups, it would look better for both your campaign and our private sensibilities.

As an alternative, we can set up a committee in CA, but I'm fearful that doing so will take too much time and administration to be worthwhile. Please let me know your thoughts.

Rabbi Shifren then e-mailed Chris Garcia, who was working on Rabbi Shifren's campaign, and stated in part:

If we can get organized some sort of PAC, then I'm quite sure Jared and family will feel great about helping me win my race. I defer to you in this matter and will await word from you before any response is given.

² Because Tony Novelly and his son, Jared Novelly, are both referenced here, this Stipulation will identify them by their first names.

³ Ranked # 101 of 500 in Forbes' 2010 list of America's Largest Private Companies:
http://www.forbes.com/lists/2010/21/private-companies-10_Apex-Oil_148L.html

⁴ Rabbi Shifren was the only Republican candidate for the 26th California State Senate District in the June 8, 2010 primary election.

Garcia then forwarded Rabbi Shifren's e-mail to John Thomas, a local campaign strategist and college acquaintance, stating:

Below is an e-mail exchange between Rabbi Nachum Shifren, Republican nominee for CA State Senate District 26, and Jared Novelly, a big contributor to the Rabbi Shifren's campaign. Jared and his father want to fund the Rabbi's campaign through a PAC (or IE). When the Rabbi first declared, the number they committed to was \$50,000. Only \$7,800 of that has come in, but both the Rabbi and I are convinced that they will give up to 200 - 300K to see him elected. What are your thoughts? Let's talk this morning, as time is of the essence with the Rabbi.

In an interview with Enforcement Division staff, Thomas stated that Rabbi Shifren and Garcia asked Thomas to run Rabbi Shifren's campaign and produce TV ads for him. Thomas asked Rabbi Shifren how he intended to pay for an ad campaign. Rabbi Shifren told Thomas that he had a "benefactor" who would provide enough money to make sure that Rabbi Shifren won his election. Thomas told Rabbi Shifren that it would be illegal for Rabbi Shifren's benefactor to make a direct contribution over the limit, but that Rabbi Shifren's benefactor could possibly use the excess money to fund an independent expenditure campaign. Thomas stated to the FPPC that it was obvious that Rabbi Shifren was looking for a way around the campaign contribution limit laws.

On June 28, 2010, Rabbi Shifren e-mailed Jared and said in part:

I had a very productive meeting yesterday with Chris Garcia ... and John Thomas The issue discussed was precisely your question of a PAC for my campaign, which would totally facilitate all campaign contributions from anyone, anywhere, for any amount. This is the solution. I hope you'll communicate this good news to your father, that John is ready to immediately set up and work with such an account. ... Let me know what you think. Once a PAC or independent expenditure (IE) committee is established, we will be on the road to an election victory. Tony, as you are aware, has pledged a large donation to my campaign. This can now be done with utmost efficiency and ease through the PAC or IE.

Shortly thereafter, Thomas telephoned Jared and informed him of how an independent expenditure campaign would work. Ultimately, however, Thomas was not interested in working for Rabbi Shifren – at that time, Thomas was only interested in working for campaigns with budgets of over a million dollars.

According to his interview with Enforcement Division staff, Jared stated that at some point he contacted Respondent RPLAC⁵ to discuss whether the Novelly family could give money to a local party organization rather than directly to Rabbi Shifren. Jared said he discussed with

⁵ Jared could not recall the name of the individual with whom he spoke at RPLAC, but based upon Jared's emails, it appears he likely spoke with Jane Barnett, the chairman of RPLAC.

Respondent RPLAC's representative what is permitted in Missouri – individuals could contribute to local party organizations in order to finance voter registration drives, issue ads, and ads that are not coordinated with a candidate – and that he wanted to do something similar for Rabbi Shifren. Jared also stated that he told Respondent RPLAC's representative that if Respondent RPLAC determined Rabbi Shifren would not win his election, Respondent RPLAC could use the money to benefit other candidates. However, Jared also said he assumed that some or all of the money could ultimately go to Rabbi Shifren.

Respondent RPLAC agreed to act as the intermediary for the Novelly family contributions to Committee to Elect Rabbi Shifren. On July 14, 2010, at 3:13 PM, Jane Barnett, the chairman of Respondent RPLAC, e-mailed Garcia directing him to call her “after hours on my cell.” Later that day, at 6:03 PM, Garcia sent an e-mail to Jared and said in part:

You [sic] and your family's generous commitment to helping [Rabbi Shifren's] campaign efforts is very graciously appreciated. The Republican Party of Los Angeles County is committed to lending a hand with Rabbi Shifren's campaign. Accordingly, Rabbi and I have agreed that the remainder of your commitment would be best served by being directed to the Party. Jane Barnett, copied here, has indicated that the check may be sent to the following address:

Republican Party of Los Angeles County
Attn: Jane Barnett
1903 W. Magnolia Blvd
Burbank, CA 91506

Jared replied the same day and asked,

What is the maximum an individual can contribute to the Party? Just wondering if I have to give several checks or only one. I assume it is no problem for my mother and father to contribute to the party as well as having already contributed to the campaign.

Please let me know and I will get the check or checks out as soon as I hear.

Garcia replied on July 15, 2010, cc'ing Barnett and Rabbi Shifren:

I've checked with Jane Barnett and I have also read through the policies of the California Fair Political Practices Commission. There is no limit to the funds that an individual may donate to a political party. The maximum contribution that can be made to a candidate directly by an individual is \$3,900 per election cycle, but no limit exists for contributions to a state or county party.

On July 26, 2010, Garcia e-mailed Barnett with the subject line “Contribution Limits to State Candidates by Political Parties.” Garcia included a link to a Commission chart at the California Secretary of State's website showing maximum contribution limits to political

candidates from various types of contributors, including party committees. Garcia asked Barnett for her “thoughts on the following chart.... Let’s chat later this afternoon.”

Barnett replied, “Yes, a person can give the party unlimited [sic] but the party can only give state legislative candidates \$32,400 directly. But we can do lots of get out the vote with other money.”⁶

On August 3, 2010, Jared e-mailed Rabbi Shifren and Garcia:

Checks are out. Should have received some of them today and the rest are being sent today.

I had called Jane Monday and let her know they would be on their way.

Garcia then forwarded the message to Barnett with the note, “Just FYI.”

The four Novelly family members sent the following checks to Respondent RPLAC, which were disclosed in Respondent RPLAC’s applicable campaign statement:

Payor	Date on Check	Amount
Chandra Niemann	07/28/2010	\$3,900
Paul Anthony Novelly	07/31/2010	\$27,300
Jared Novelly	08/02/2010	\$3,900
Thomas Niemann	08/03/2010	\$3,900
TOTAL		\$39,000

Jared’s check contained the memo line, “ATTN JANE BARNETT.”

On August 6, 2010, Barnett e-mailed Garcia, stating in part, “Got the check today ... on behalf of your donor - \$3900.”

Garcia replied, “More on the way, I’m sure. He said multiple checks, right?”

Barnett replied, “Right.”

At that time, Leonard Lanzi was treasurer of Respondent RPLAC, and was authorized to sign checks on its behalf. As per their common practice, Lanzi believed that Barnett directed him to request Respondent RPLAC’s accounting firm to write the contribution check for Committee to Elect Rabbi Shifren. On August 10, 2010, Lanzi hand-wrote a memorandum directing Respondent RPLAC’s accounting firm to write a check for \$32,400 from Respondent RPLAC to Rabbi Shifren’s campaign committee. The memorandum did not identify Respondent RPLAC as the intermediary, or the Novelly family members as the original contributors, and no

⁶ In 2010, an individual could give an unlimited amount of money to a political party, however, the political party could only use \$32,400 of the *individual’s* unlimited funds to make direct contributions to candidates. The political party could use the remaining funds for any other purpose allowed under the Act. See the “Summary of Law” section of this Stipulation for further details.

other instructions were included. On August 10, 2010, the balance in Respondent RPLAC's state all-purpose account was just under \$9,000.

In an interview with Enforcement Division staff, Lanzi claimed to have never spoken to any member of the Novelty family, and stated that he had not been expecting the Novelty family checks when Respondent RPLAC received them. Lanzi stated that once the Novelty family checks had been received by Respondent RPLAC, he personally sent or delivered them to Respondent RPLAC's accounting firm for deposit into one of Respondent RPLAC's bank accounts pursuant to his duties as treasurer.

A check from Respondent RPLAC's state all-purpose account to "Rabbi Shifren For California Senate" was written in the amount of \$32,400. It was dated August 16, 2010, and was signed by Lanzi. The check from Respondent RPLAC to Committee to Elect Rabbi Shifren included no indication that Respondent RPLAC was the intermediary or that the Novelty family members were the original contributors. Also on August 16, 2010, the four checks from the Novelty family members, totaling \$39,000, were deposited into Respondent RPLAC's state all-purpose account.

On August 25, 2010 the check from Respondent RPLAC was deposited into Committee to Elect Rabbi Shifren's campaign account. In its pre-election campaign statement covering July 1 through September 30, 2010, filed on or about October 4, 2010, Committee to Elect Rabbi Shifren reported the following monetary contribution:

Date Received	Contributor	Contribution Code	Amount Received this Period	Cumulative to Date
08/25/2010	Republican Party of LA County	PTY [political party]	\$32,400	\$32,400

Thus, Committee to Elect Rabbi Shifren's campaign statement did not identify Respondent RPLAC as the intermediary, or the Novelty family members as the original contributors.

RPLAC Executive Board

According to Respondent RPLAC's by-laws, any expenditure exceeding \$500 required approval by the Executive Board (unless the item was already included in the annual budget approved by the Budget Committee). The Executive Board had six⁷ members at the time that Respondent RPLAC made its contribution to Rabbi Shifren's campaign. Board meetings were held on a semimonthly basis.

In an interview with Enforcement Division staff, Jane Barnett, the chairman of Respondent RPLAC, claimed that the decision to contribute \$32,400 to Rabbi Shifren's

⁷ In August 2010, the six members were Jane Barnett (Chairman), Gary Aminoff (First Vice Chairman), John Cozza (Second Vice Chairman), Len Lanzi (Treasurer), Alex Burrola (Secretary), and Davina Kaiser (Assistant Secretary).

campaign was made by Respondent RPLAC's Executive Board. She said that the money was intended for voter registration purposes, and that the Executive Board had been working with Chris Garcia, who was working on Rabbi Shifren's campaign, for some time to provide funding to support Rabbi Shifren's campaign. She also claimed never to have spoken with Jared Novelty, and she did not recall the contributions received by Respondent RPLAC from Jared and Tony. She denied that the contribution to Rabbi Shifren's campaign had been earmarked. Jane Barnett passed away on August 8, 2013.

Evidence obtained during this investigation contradicts Barnett's contentions. In 2010, none of the agendas and minutes obtained for Respondent RPLAC's Executive Board meetings, for the larger Executive Committee meetings, or for the full county central committee membership, reference Rabbi Shifren, Garcia, or voter registration efforts in Rabbi Shifren's district.

Respondent RPLAC's Director of Voter Registration (and Executive Board member) Alex Burrola stated that he was unaware of any plans to support voter registration efforts in Rabbi Shifren's district. Burrola stated that he would have been aware of any such plans had they existed, given his position as Director of Voter Registration. Burrola indicated that the entire Executive Board would typically have been made aware if Respondent RPLAC had decided to undertake or support a significant voter registration effort in a certain area. He also said that he would not have chosen to focus voter registration efforts in Rabbi Shifren's heavily-Democratic district.

Enforcement Division staff interviewed the other members of Respondent RPLAC's Executive Board⁸, and none of them recalled any Board discussions regarding the receipt of contributions from the Novelty family, the decision to contribute \$32,400 to Rabbi Shifren's campaign, or the idea of funding voter registration efforts in Rabbi Shifren's district. None of them were aware that Respondent RPLAC had made a contribution to Rabbi Shifren's campaign until the Commission opened the present case. Several of these Executive Board members stated that they would have objected to any decision to make such a large contribution to Rabbi Shifren's campaign had they been aware of it at the time.

Enforcement Division staff examined Respondent RPLAC's campaign activity for the five-year period from January 2008 through December 2012. During this time, Respondent RPLAC made only five direct contributions to candidates from its state all-purpose account, all of which occurred in 2009 and 2010 as follows:

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⁸ Those interviewed included Alex Burrola (Secretary and Director of Voter Registration), Davina Kaiser (Assistant Secretary), Gary Aminoff (First Vice Chairman), and John Cozza (Second Vice Chairman).

Reporting Period	Recipient	Amount	Description
01/01/2009 - 02/07/2009	Gwen Patrick For Assembly	\$300.00	"Campaign Contribution"
01/01/2009 - 02/07/2009	Buck McKeon For Congress	\$883.22	-
03/08/2009 - 05/02/2009	57th AD Republican Central Committee	\$1,000.00	"Campaign Contribution"
03/28/2010 - 05/22/2010	Larry Andre For Congress	\$220.41	"Voter Registration"
08/16/2010	Rabbi Shifren For CA Senate	\$32,400.00	"Monetary Contribution: Contribution To Support Nachum Shifren"

As this chart demonstrates, Respondent RPLAC did not regularly make contributions to candidates, and the few that Respondent RPLAC did make were considerably smaller contributions than the contributions Respondent RPLAC made to Rabbi Shifren's campaign.

Communication Following the Novelty Family Contributions

On September 1, 2010, Jared e-mailed Rabbi Shifren "to check in on how your fundraising is going." Rabbi Shifren forwarded the e-mail to Arkow and stated "Jared's dad is the one that gave us 46,000 dollars." Rabbi Shifren asked Arkow to follow up with Jared: "VERY IMPORTANT FOR FUTURE DONATIONS FROM HIM AND FAMILY FRIENDS!"⁹ As of September 1, 2010, the Novelty family had made the following contributions in California:

Payor	Date	Amount
Paul Novelty	05/04/2010	\$3,900
Mary Novelty	05/04/2010	\$3,900
Paul Novelty via Respondent RPLAC	08/25/2010	\$27,300
Chandra Niemann via Respondent RPLAC	08/25/2010	\$3,900
Jared Novelty via Respondent RPLAC	08/25/2010	\$3,900
Thomas Niemann via Respondent RPLAC	08/25/2010	\$3,900
TOTAL		\$46,800

Thus, in order to reach his \$46,000 figure, Rabbi Shifren attributed the total amount of the checks the Novelty family sent to Respondent RPLAC as contributions having been made to Committee to Elect Rabbi Shifren.

On October 11, 2010, Rabbi Shifren e-mailed Jared to say that he would be travelling to London for a speaking tour:

⁹ Arkow stated that he never responded to this email, and likely just marked the email as read without actually reading it. At the time, Arkow received numerous and repetitive emails from Rabbi Shifren, and he had grown tired of reading them.

Jared, months ago I proposed to you to meet with your friends in Missouri, friends that are willing to invest in their lives and the lives of their children. The time is now. I wish to visit you, making a stop off in your town before going on to London.

My opponent is outspending me over 3-1. I simply need more support for billboards, TV ads, radio, slate mailers, etc.

It's really quite simple: If I can come up with the funds, I'll win.

Think about it. Your good father has been a rock of support for this campaign.

Now I'm asking for another big push from the Novelty family and friends

Jared replied to Rabbi Shifren and stated in relevant part:

I have paid close attention to your campaign

[W]e have already shown great support to your campaign, contributing nearly 20% of the total you thought would be required to win your election

I must question your interest in spending time in Missouri or the UK when you should be spending your crucial minutes in trying to win your election and not letting the funds we have contributed go to waste.

... I would ask you to quit wasting time or money and get busy winning your election and justifying the funds we have invested already.

As before, I support your efforts, but I ask that you find financial support closer to home.

From Jared's response, it is clear that Jared attributed the total amount of the checks the Novelty family sent to Respondent RPLAC as contributions having been made to Committee to Elect Rabbi Shifren.

VIOLATIONS

Accordingly, Respondent RPLAC violated the Act, as follows:

Counts 1 – 2

(Failure to Disclose Intermediary and Original Contributor Information)

In this matter, Respondent RPLAC acted as the intermediary for the Novelty family regarding contributions the Novelty family made to Committee to Elect Rabbi Shifren. Section 84302 requires intermediary and original contributor information to be disclosed to the recipient. The contribution from Respondent RPLAC to Committee to Elect Rabbi Shifren included no indication that Respondent RPLAC was the intermediary or that the Novelty family members were the original contributors. However, because Respondent RPLAC agreed to act as the intermediary for the Novelty family, Respondent RPLAC was obligated to disclose to Committee to Elect Rabbi Shifren that the contributions were attributable to the Novelty family as follows:

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Original Contributors	Checks sent to Respondent RPLAC	Percentage of Total Novelly Contributions (\$39,000)	Amount Received by Committee to Elect Rabbi Shifren Attributable to Original Contributors	
Paul Anthony Novelly	\$27,300	70%	(Count 1) \$22,680	
Chandra Niemann	\$3,900	10%	\$3,240	(Count 2) \$9,720
Jared Novelly	\$3,900	10%	\$3,240	
Thomas Niemann	\$3,900	10%	\$3,240	
TOTAL	\$39,000		\$32,400	

Respondent RPLAC failed to disclose the above information when it sent the \$32,400 check to Committee to Elect Rabbi Shifren as the intermediary for the Novelly family contributions. Thus, Respondent RPLAC violated Government Code section 84302.

Count 3

(Disclosure of False Information in Pre-election Campaign Statement)

Respondent RPLAC had a duty to disclose accurate information in its campaign statements. On or about October 5, 2010, Respondent RPLAC filed a pre-election campaign statement for the reporting period of July 1 through September 30, 2010, reporting that Respondent RPLAC made a \$32,400 contribution to Respondent Committee. However, Respondent RPLAC was not the true source, and therefore Respondent RPLAC did not make this contribution. The true sources of the contribution were four members of the Novelly family, who sent checks totaling \$39,000 to Respondent RPLAC, and Respondent RPLAC, acting as the intermediary for the Novelly family, sent a check for \$32,400 to Committee to Elect Rabbi Shifren. Respondent RPLAC falsely disclosed that it was the true source of the Novelly family contributions.

By disclosing that Respondent RPLAC made a contribution to Committee to Elect Rabbi Shifren, Respondent RPLAC disclosed false information in its pre-election campaign statement. Thus, Respondent Republican Central Committee of Los Angeles County filed a false pre-election campaign statement for the reporting period of July 1 through September 30, 2010, in violation of Government Code Section 84211, subdivision (k).

CONCLUSION

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

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 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, upon learning of the violation, the violator voluntarily provided amendments to provide full disclosure.

Failing to disclose intermediary and original contributor information denies the public of information about the true sources of a campaign's financial support. Thus, the violations in this matter are some of the most serious violations of the Act.

In this matter, it is clear from the evidence that Respondent RPLAC agreed to act as the intermediary for the Novelly family contributions to Committee to Elect Rabbi Shifren. Additionally, Respondent RPLAC failed to identify itself as the intermediary for the Novelly family contributions when it sent the \$32,400 check to Committee to Elect Rabbi Shifren, and Respondent RPLAC failed to disclose to Committee to Elect Rabbi Shifren that the contributions were attributable to the Novelly family. As a political party committee, Respondent RPLAC was familiar with the Act's campaign disclosure requirements and should have known that it needed to disclose intermediary and original contributor information when it acted as the Novelly family's intermediary, and to accurately report the transaction in its own pre-election campaign statement.

Additionally, Respondent RPLAC's chairman, Jane Barnett, was untruthful during this investigation. Barnett lied to Enforcement Division Staff when she denied having any contact with the Novelly family. Additionally, she lied when she claimed that the RPLAC Executive Board approved the \$32,400 contribution to Respondent Shifren.

Taken as a whole, Respondent RPLAC's conduct resulted in a significant lack of disclosure and deprived the public of information regarding Respondent RPLAC's campaign activity and the true sources of Rabbi Shifren's campaign funds.

In mitigation, Respondent RPLAC has no prior history of violating the Act. At the time these violations occurred, Respondent RPLAC had no paid staff, no permanent office, and no centralized record keeping. Respondent RPLAC is now under new leadership, and institutional controls are now in place that were not in effect in 2010. Respondent RPLAC's current Executive Board members have made the accuracy and transparency of Respondent RPLAC's recordkeeping and reporting a top priority, including regularly consulting with the Commission's Technical Assistance Division for guidance. Additionally, none of Respondent RPLAC's current Executive Board members were in office in 2010, and Respondent RPLAC's current Executive Board members fully cooperated with this investigation. Finally, most of Respondent

RPLAC's former Board members also cooperated with the FPPC's investigation and voluntarily provided interviews offering valuable information for the investigation of this case.

Recent penalties approved by the Commission concerning similar violations of the Act include:

Failure to Disclose Intermediary and Original Contributor Information

In the Matter of Gustavo Villa, FPPC No. 13/1122. Respondent, the General Manager of Maywood Mutual Water Company No. 2, violated the Political Reform Act by making two campaign contributions, in the amounts of \$2,000 and \$800, in the name of another person rather than his own name, failed to disclose to the recipients of the contributions that he was the true source, and failed to disclose to the recipients of the contributions that he was an intermediary for another person, in violation of Government Code sections 84300, subdivision (c), 84301 and 84302 (1 count). In January 2014, the Commission imposed a penalty of \$4,500.

In the Matter of Michelle Berman, FPPC No. 10/115 (Default Decision). Respondent, a campaign volunteer, caused a \$1,000 contribution to the Friends of John Guardino committee to be made in the name of three separate intermediaries, in violation of Government Code sections 84301 and 84302 (3 counts). In November 2010, the Commission imposed a penalty of \$5,000 per count.

Fresno County Republican Central Committee, FPPC No. 09/759. Respondent, a political party committee, made six contributions totaling \$47,975, on behalf of other persons without disclosing intermediary and original contributor information, in violation of Government Code section 84302 (6 counts). In December 2009, the Commission imposed a penalty of \$4,000 per count.

Disclosure of False Information in Campaign Statement

In the Matter of Bill Berryhill, Tom Berryhill, Bill Berryhill For Assembly – 2008, Berryhill For Assembly 2008, Stanislaus Republican Central Committee (State Acct.), and San Joaquin County Republican Central Committee/Calif. Republican Victory Fund, FPPC No. 10/828 (Decision and Order). Respondents, Bill and Tom Berryhill, are brothers. In 2008, Bill Berryhill was a successful non-incumbent candidate for the California State Assembly, 26th District. Respondent, Bill Berryhill for Assembly 2008, was his candidate controlled committee. At the same time, Tom Berryhill was a successful incumbent candidate for the California State Assembly, 25th District. Respondent, Berryhill for Assembly 2008, was his candidate controlled committee. Respondents, Stanislaus Republican Central Committee (State Acct.) and San Joaquin County Republican Central Committee/Calif. Republican Victory Fund, were political party committees in that they were the Republican county central committees for Stanislaus County and San Joaquin County, respectively. In November 2013, a six-day administrative hearing was held before Administrative Law Judge Jonathan Lew of the Sacramento branch of the Office of Administrative Hearings. Following the hearing, Judge Lew issued a proposed decision in which he found that Tom Berryhill and his controlled committee, and that Bill Berryhill and his controlled committee, disclosed false information in campaign statements to

conceal the true source of earmarked contributions, in violation of Government Code section 84211, subdivision (f) (5 counts). In April 2014, the Commission approved the proposed decision in its entirety and imposed a penalty of \$5,000 per count.

RECOMMENDED PENALTY

The facts of this case, including the aggravating and mitigating factors above, justify imposition of the recommended penalty of Fifteen Thousand Dollars (\$15,000): Five Thousand Dollars (\$5,000) for each of Counts 1 – 3.

* * * * *

1 GARY S. WINUK
Chief of Enforcement
2 ANGELA BRERETON
Senior Commission Counsel
3 **FAIR POLITICAL PRACTICES COMMISSION**
428 J Street, Suite 620
4 Sacramento, CA 95814
Telephone: (916) 322-5660

5 Attorneys for Complainant
6
7

8 BEFORE THE FAIR POLITICAL PRACTICES COMMISSION

9 STATE OF CALIFORNIA
10

11 In the Matter of

12 REPUBLICAN CENTRAL
13 COMMITTEE OF LOS ANGELES
14 COUNTY, also known as REPUBLICAN
15 PARTY OF LOS ANGELES COUNTY,

Respondent.

FPPC No. 11/224

DECLARATION OF ANGELA BRERETON IN
SUPPORT OF DEFAULT DECISION AND
ORDER

(Gov. Code, § 11503)

16 I, Angela Brereton, declare as follows:

17 1. I am employed by, and I represent the Fair Political Practices Commission (“FPPC” or
18 “Commission”) in my capacity as Senior Commission Counsel for the Enforcement Division. My
19 business address is 428 J Street, Suite 620, Sacramento, California.

20 2. I am the attorney assigned to this case. If called as a witness, I competently could and
21 would testify to the following, which is based upon my own personal knowledge.

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1 GARY S. WINUK
Chief of Enforcement
2 ANGELA BRERETON
Senior Commission Counsel
3 **FAIR POLITICAL PRACTICES COMMISSION**
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4 Sacramento, CA 95814
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8 BEFORE THE FAIR POLITICAL PRACTICES COMMISSION

9 STATE OF CALIFORNIA
10

11 In the Matter of

12 REPUBLICAN CENTRAL
COMMITTEE OF LOS ANGELES
13 COUNTY, also known as REPUBLICAN
PARTY OF LOS ANGELES COUNTY,

14 Respondent.
15

FPPC No. 11/224

DECLARATION OF SIMON RUSSELL IN
SUPPORT OF DEFAULT DECISION AND
ORDER

(Gov. Code, § 11503)

16 I, Simon Russell, declare as follows:

17 1. I am a special investigator for the Fair Political Practices Commission (“FPPC” or
18 “Commission”). My business address is 428 J Street, Suite 620, Sacramento, California.

19 2. I am the special investigator assigned to this case. Based on my review, Exhibit 1, which
20 is incorporated by reference as though fully set forth in the Default Decision and Order, accurately states
21 the facts and circumstances present in this matter.

22 3. If called as a witness, I competently could and would testify to its veracity based upon my
23 own personal knowledge.

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4. Attached hereto as Exhibit A-1, is a true and correct copy of Respondents' waiver of their rights to a probable cause conference and administrative hearing.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed at Sacramento, California, on _____, 2014.

Simon Russell
Special Investigator, Enforcement Division
Fair Political Practices Commission



FAIR POLITICAL PRACTICES COMMISSION ENFORCEMENT DIVISION

WAIVER OF RIGHT TO PROBABLE CAUSE CONFERENCE AND ADMINISTRATIVE HEARING

1. I, the undersigned, am the current chairman of the Republican Central Committee of Los Angeles County, also known as the Republican Party of Los Angeles County (RPLAC), which is a named Respondent in FPPC Case No. 11/224.
2. I acknowledge that I have authority to act on behalf of RPLAC, and I understand RPLAC's rights to a Probable Cause Conference and Administrative Hearing under the Political Reform Act, Administrative Procedure Act, and all other relevant laws. I have been provided and understand advice by legal counsel as to RPLAC's rights to a Probable Cause Conference and Administrative Hearing under the Political Reform Act, Administrative Procedure Act, and all other relevant laws.
3. I hereby waive, on behalf of RPLAC, RPLAC's rights to a Probable Cause Conference and Administrative Hearing and understand and agree that RPLAC's case will proceed to a default recommendation by the Enforcement Division to the Fair Political Practices Commission at the Commission's next regularly scheduled hearing date.
4. I acknowledge that this Waiver of Rights is not an admission that RPLAC has violated the Political Reform Act in FPPC Case No. 11/224.

Dated: _____

Mark Vafiades, Chairman, on behalf of Republican
Central Committee of Los Angeles County,
Respondent