

1 GALENA WEST  
Chief of Enforcement  
2 ANGELA J. BRERETON  
Senior Commission Counsel  
3 **FAIR POLITICAL PRACTICES COMMISSION**  
428 J Street, Suite 620  
4 Sacramento, CA 95814  
Telephone: (916) 322-5771  
5 Facsimile: (916) 322-1932

6 Attorneys for Complainant  
Enforcement Division of the Fair Political Practices Commission  
7

8 **BEFORE THE FAIR POLITICAL PRACTICES COMMISSION**  
9 **STATE OF CALIFORNIA**  
10

11 In the Matter of ) FPPC No. 14/606  
12 )  
13 )  
14 ANTONIO "TONY" MENDOZA, YES ) **STIPULATION, DECISION and ORDER**  
15 WE CAN, EDUCATING VOTERS, )  
16 FREDDIE SCOTT, ALFRED )  
MENDOZA, MENDOZA FOR )  
17 ASSEMBLY 2010 AND CENTRAL )  
BASIN MUNICIPAL WATER )  
18 DISTRICT 2012 )  
Respondents. )  
19

20 **STIPULATION**

21 Complainant, the Enforcement Division of the Fair Political Practices Commission, and  
22 Respondents Antonio "Tony" Mendoza, Yes We Can, Educating Voters, Freddie Scott, Alfred Mendoza,  
23 Mendoza for Assembly 2010, and Central Basin Municipal Water District 2012 ("Senator Mendoza, the  
24 Committees and the Treasurer/Officers"), hereby agree that this Stipulation will be submitted for  
25 consideration by the Fair Political Practices Commission at its next regularly scheduled meeting.

26 The parties agree to enter into this Stipulation to resolve all factual and legal issues raised by this  
27 matter and to reach a final disposition without the necessity of holding an additional administrative  
28 hearing to determine the liability of Senator Mendoza, the Committees and the Treasurer/Officers.

1 Senator Mendoza, the Committees and the Treasurer/Officers understand, and hereby knowingly  
2 and voluntarily waive, any and all procedural rights set forth in Government Code Sections 83115.5,  
3 11503 and 11523, and in California Code of Regulations, title 2, Sections 18361.1 through 18361.9. This  
4 includes, but is not limited to the right to personally appear at any administrative hearing held in this  
5 matter, to be represented by an attorney at Senator Mendoza's, the Committees' and the  
6 Treasurer/Officers' own expense, to confront and cross-examine all witnesses testifying at the hearing,  
7 to subpoena witnesses to testify at the hearing, to have an impartial administrative law judge preside over  
8 the hearing as a hearing officer, and to have the matter judicially reviewed.

9 It is further stipulated and agreed that Senator Mendoza, the Committees and the  
10 Treasurer/Officers violated the Political Reform Act as described in Exhibit 1:

11 **Senator Mendoza:** Senator Mendoza controlled Yes We Can and Educating Voters, two general  
12 purpose committees that made expenditures to support or oppose other candidates, at a time when he  
13 controlled Mendoza for Assembly 2010 and Mendoza for Central Basin Municipal Water District 2012,  
14 committees for his election, violating Government Code section 85201 and Regulation 18521 (2 counts);

15 **Senator Mendoza and Yes We Can:** Senator Mendoza and Yes We Can – Senator Mendoza's  
16 controlled committee, in 2012, made an over-the-limit contribution of \$50,000 to Educating Voters –  
17 Senator Mendoza's controlled committee, violating Government Code section 85301 and Regulation  
18 18545, subdivision (a)(1) (1 count);

19 **Senator Mendoza, Educating Voters, Scott and Alfred Mendoza:** Senator Mendoza,  
20 Educating Voters, Scott and Alfred Mendoza failed to identify Senator Mendoza as the controlling  
21 candidate for Educating Voters in Educating Voters' statement of organization and failed to add Senator  
22 Mendoza's name as the controlling candidate to the committee name, violating Government Code  
23 sections 84102, subdivisions (e) and (g), and Regulation 18402, subdivision (c) (1 count); Senator  
24 Mendoza, Educating Voters – Senator Mendoza's controlled committee, Scott and Alfred Mendoza, in  
25 2012, accepted a \$50,000 over-the-limit contribution from Yes We Can – Senator Mendoza's controlled  
26 committee, violating Government Code section 85301 and Regulation 18545, subdivision (a)(1) (1  
27 count); Senator Mendoza, Educating Voters – Senator Mendoza's controlled committee, Scott and Alfred  
28 Mendoza, in 2012, made a \$42,000 over-the-limit contribution to Residents for Good Government–

1 Bermudez' controlled committee, which used those funds for the purpose of making contributions to  
2 candidates for elective state office, violating Government Code section 85301 and 85303 and Regulation  
3 18545, subdivision (a)(7) (1 count); Senator Mendoza, Educating Voters, Scott and Alfred Mendoza  
4 failed to timely report a \$42,000 contribution, in 2012, to Residents for Good Government - Bermudez'  
5 controlled committee, to the Secretary of State within 24 hours of making the contribution, in violation  
6 of Government Code section 84203 (1 count); Senator Mendoza, Educating Voters, Scott and Alfred  
7 Mendoza, on or about March 22, 2012, filed a campaign statement containing inaccurate information for  
8 the reporting period of January 1 through March 18, 2012, by reporting that Educating Voters made a  
9 contribution to Residents for Good Government, when the money was actually used to support candidates  
10 for elective state office violating Government Code section 84211, subdivision (k)(5) (1 count); Senator  
11 Mendoza, Educating Voters, Scott and Alfred Mendoza failed to timely report the \$50,000 contribution  
12 Educating Voters received on February 29, 2012, to the Secretary of State within 10 business days of  
13 receiving the contribution, in violation of Government Code section 85309, subdivision (c) (1 count);

14 **Senator Mendoza, Mendoza for Assembly 2010, and Mendoza for Central Basin Municipal**  
15 **Water District 2012:** Senator Mendoza and Mendoza for Assembly 2010, in or about May 2012, made  
16 over-the-limit non-monetary contributions of \$922.88 and \$609.94 to Bermudez for Assembly 2012,  
17 violating Government Code section 85301 and Regulation 18545, subdivision (a)(1) (1 count); Senator  
18 Mendoza and Mendoza for Assembly 2010, in or about May 2012, made over-the-limit non- monetary  
19 contributions of \$922.88 and \$667.13 to Marquez for Assembly 2012, violating Government Code  
20 section 85301 and Regulation 18545, subdivision (a)(1) (1 count); Senator Mendoza and Mendoza for  
21 Central Basin Municipal Water District 2012, in or about May 2012, made an over-the-limit contribution  
22 of \$3,900 to Ramirez for Assembly 2012, violating Government Code section 85301 and Regulation  
23 18545, subdivision (a)(1) (1 count).

24 Exhibit 1 is attached hereto and incorporated by reference as though fully set forth herein. Exhibit  
25 1 is a true and accurate summary of the facts in this matter.

26 Senator Mendoza, the Committees and the Treasurer/Officers agree to the issuance of the  
27 Decision and Order, which is attached hereto. Senator Mendoza, the Committees and the  
28 Treasurer/Officers also agree to the Commission imposing an administrative penalty in the total amount

1 of Fifty-Seven Thousand Dollars (\$57,000). A cashier's check from Senator Mendoza, the Committees  
2 and the Treasurer/Officers in said amount, made payable to the "General Fund of the State of California,"  
3 is submitted with this Stipulation as full payment of the administrative penalty, and will be held by the  
4 State of California until the Commission issues its Decision and Order regarding this matter.

5 The parties agree that in the event the Commission refuses to accept this Stipulation, it will  
6 become null and void, and within fifteen (15) business days after the Commission meeting at which the  
7 Stipulation is rejected, all payments tendered by Senator Mendoza, the Committees and the  
8 Treasurer/Officers in connection with this Stipulation will be reimbursed to Senator Mendoza, the  
9 Committees and the Treasurer/Officers. Senator Mendoza, the Committees and the Treasurer/Officers  
10 further stipulate and agree that in the event the Commission rejects the Stipulation, and a full evidentiary  
11 hearing before the Commission becomes necessary, neither any member of the Commission, nor the  
12 Executive Director, will be disqualified because of prior consideration of this Stipulation.

13  
14 Dated: \_\_\_\_\_ Galena West, Chief, on Behalf of the Enforcement Division  
15 Fair Political Practices Commission

16  
17 Dated: \_\_\_\_\_ Antonio "Tony" Mendoza, Respondent, individually and on  
18 behalf of Yes We Can, Mendoza for Assembly 2010 and  
19 Central Basin Municipal Water District 2012, Respondents

20  
21 Dated: \_\_\_\_\_ Freddie Scott, Respondent, individually and on behalf of  
22 Educating Voters, Respondent

23  
24 Dated: \_\_\_\_\_ Alfred Mendoza, Respondent

25  
26  
27  
28 ///

**DECISION AND ORDER**

The foregoing Stipulation of the parties “In the Matter of Antonio “Tony” Mendoza, Yes We Can, Educating Voters, Freddie Scott, Alfred Mendoza, Mendoza for Assembly 2010, and Central Basin Municipal Water District 2012,” FPPC Case No. 14/606, 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

#### The Parties

##### Tony Mendoza

Respondent Antonio “Tony” Mendoza has served in the California Legislature for eight years: as a State Senator, 32nd District, from 2014 through present, and as a State Assemblymember, 56th District, from 2006 through 2012. Senator Mendoza was an unsuccessful candidate for the Central Basin Municipal Water District in the June 5, 2012 election. In 2011 and early 2012, Senator Mendoza was Chair of the California Latino Legislative Caucus. Senator Mendoza is a named Respondent in a separate Stipulation related to these matters (FPPC Case No. 2016-19816).

##### Yes We Can

Respondent Yes We Can was a state general purpose committee established by Senator Mendoza in his capacity as Chair of the California Latino Legislative Caucus to independently facilitate the election of Latino candidates in state elections. At all relevant times, Yes We Can was Senator Mendoza’s controlled committee, and John Valencia was the treasurer for Yes We Can. Yes We Can and Valencia are named Respondents in a separate Stipulation related to these matters (FPPC Case No. 2016-19816).

##### Educating Voters

Respondent Educating Voters was a state general purpose committee Senator Mendoza established in 2012 to “support/oppose state & local candidates, and issues.” Educating Voters was Senator Mendoza’s controlled committee. At all relevant times, Respondent Freddie Scott was the treasurer and Respondent Alfred Mendoza was the principal officer for Educating Voters. Betty Ann Downing was Senator Mendoza’s long-time political law attorney and was the assistant treasurer for Educating Voters. Betty Ann Downing is not a respondent in this matter.

##### Mendoza for Assembly 2010

Respondent Mendoza for Assembly 2010 was Senator Mendoza’s candidate controlled election committee. At all relevant times, Sharon Weissman was the treasurer of Mendoza for Assembly 2010. Weissman is not a respondent in this matter.

##### Mendoza for Central Basin Municipal Water District 2012

Respondent Mendoza for Central Basin Municipal Water District 2012 was Senator Mendoza’s candidate controlled election committee. At all relevant times, Weissman was the treasurer of Mendoza for Central Basin Municipal Water District 2012. Weissman is not a respondent in this matter.

## Rudy Bermudez

Rudolf “Rudy” Bermudez was an unsuccessful candidate for the State Assembly, 57th District in the June 5, 2012 primary election. Bermudez was a member of the Norwalk City Council from 1999 to 2002 and was a member of the State Assembly, 56th District, from 2002 to 2006. Bermudez ran unsuccessfully for State Senate in 2006. Bermudez for Assembly 2012 was Bermudez’s candidate controlled election committee. At all relevant times, David Gould was the treasurer of Bermudez for Assembly 2012. Bermudez, Bermudez for Assembly 2012 and Gould are named Respondents in a separate Stipulation related to these matters (FPPC Case No. 12/288).

## Residents for Good Government

Residents for Good Government is a state general purpose committee which Bermudez established in 2002 to provide “voter education and awareness.” At all relevant times, Residents for Good Government was Bermudez’s controlled committee, and David Gould was the treasurer of Residents for Good Government. Residents for Good Government and Gould are named Respondents in a separate Stipulation related to these matters (FPPC Case No. 12/288).

## **The Prohibited Activities**

In this case, Senator Mendoza violated the Political Reform Act (the “Act”)<sup>1</sup> by improperly controlling both a committee for election or office and a general purpose committee that made expenditures to support or oppose state candidates. Consequently, Senator Mendoza had significant influence over the actions and decisions of two state general purpose committees, affording Senator Mendoza the means to keep \$50,000 away from Senator Mendoza’s political rivals, the Calderon family.

The money moved through various committees before reaching other state candidates. Senator Mendoza initially directed a \$50,000 over-the-limit contribution from Yes We Can to Educating Voters. Senator Mendoza then directed a \$42,000 over-the-limit contribution from Educating Voters to Residents for Good Government, Bermudez’s controlled committee. Residents for Good Government subsequently made non-monetary slate-mailer contributions to Bermudez for Assembly 2012 and monetary contributions to Luis Marquez for Assembly 2012 and Rudy Ramirez, both candidates for State Assembly in 2012.

Additionally, Senator Mendoza, Educating Voters, Scott and Alfred Mendoza filed a campaign statement that failed to accurately disclose all of the contributions and expenditures made. Senator Mendoza, Educating Voters, Scott and Alfred Mendoza failed to identify Educating Voters as a candidate controlled committee and disclose that Senator Mendoza was its controlling candidate in its statement of organization.

---

<sup>1</sup> The Political Reform Act is contained in Government Code §§ 81000 through 91014, and all statutory references are to this code. The regulations of the Fair Political Practices Commission are contained in §§ 18110 through 18997 of Title 2 of the California Code of Regulations, and all regulatory references are to this source.

Senator Mendoza, Educating Voters, Scott and Alfred Mendoza failed to timely file an electronic report disclosing Educating Voters' receipt of the \$50,000 contribution from Yes We Can within 10 business days of receiving the contribution. Senator Mendoza, Educating Voters, Scott and Alfred Mendoza also failed to file a late contribution report disclosing the \$42,000 contribution to Residents for Good Government within 24 hours of making the contribution.

And Senator Mendoza, Mendoza for Assembly 2010 and Mendoza for Central Basin Municipal Water District 2012 made over-the-limit contributions to Bermudez, Marquez and Ramirez as a consequence of Senator Mendoza controlling Educating Voters.

## SUMMARY OF THE LAW

All legal references and discussions of law pertain to the Act's provisions as they existed in 2012.

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

When enacting the Political Reform Act, 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.<sup>2</sup> To that end, the Act must be liberally construed to achieve its purposes.<sup>3</sup>

There are many purposes of the Act. One purpose 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.<sup>4</sup> Another is to provide adequate enforcement mechanisms so that the Act will be "vigorously enforced."<sup>5</sup>

### Definition of Controlled Committee

A "committee" includes any person or combination of persons who receives contributions totaling \$1,000 or more in a calendar year,<sup>6</sup> commonly known as a "recipient committee." 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."<sup>7</sup> 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.<sup>8</sup>

///

---

<sup>2</sup> § 81001, subd. (h).

<sup>3</sup> § 81003.

<sup>4</sup> § 81002, subd. (a).

<sup>5</sup> § 81002, subd. (f).

<sup>6</sup> § 82013, subd. (a).

<sup>7</sup> § 82016.

<sup>8</sup> § 82016, subd. (a).



### Prohibition Against Candidate Controlled General Purpose Committees

Under the one committee/one bank account provisions, the Act prohibits a candidate or officeholder who controls a committee for his or her election or office from controlling a general purpose committee that makes contributions or independent expenditures to support or oppose other candidates.<sup>9</sup>

### Limits on Campaign Contributions to and from State Candidates

The Act imposes campaign contribution limits with respect to the making and receiving of certain contributions. These limits are adjusted periodically, and different limits apply depending upon who is contributing and who is receiving.<sup>10</sup>

In 2012, a person, other than a small contributor committee or political party committee, wishing to contribute to a candidate for California State Assembly could not contribute more than \$3,900 per election.<sup>11</sup> And the Act prohibited a candidate for elective state office from making any contribution to any other candidate for elective state office in excess of the \$3,900 limit.<sup>12</sup> This prohibition applied to all contributions made from, and all contributions made to, any committees controlled by a candidate for elective state office.<sup>13</sup> “Elective state office” includes members of the Legislature.<sup>14</sup>

### Limits on Campaign Contribution to Committees

In 2012, a person wishing to contribute to any committee, excluding a political party committee, could not contribute, and any committee could not accept, more than \$6,500 per calendar year for the purpose of making contributions to candidates for elective state office.<sup>15</sup>

### Mandatory Filing of Reports For Contributions of \$5,000 or more

In 2012, the Act required candidates for elective state office who met the \$25,000 threshold pursuant to Section 84605 to file a report online or electronically with the Secretary of State for each contribution of \$5,000 or more received at any time other than during the election cycle within 10 business days of receiving each contribution.<sup>16</sup>

///

---

<sup>9</sup> § 85201, and Reg. 18521. See also §§ 85301, 85303, 85304, 85305 and 85316, and Reg. 18521.5.

<sup>10</sup> See § 85301, subd. (a), as well as §§ 83124, 85303 and 85305, which prohibit the making and acceptance of over-the-limit contributions.

<sup>11</sup> § 85301, subd. (a); Reg. 18545, subd. (a)(1).

<sup>12</sup> § 85305 and Reg. 18535.

<sup>13</sup> Reg. 18535, subd. (d).

<sup>14</sup> § 82024.

<sup>15</sup> § 85303, subd. (a); Reg. 18545, subd. (a)(7).

<sup>16</sup> § 85309, subd. (c).

### Filing of Late Contribution Reports for Contributions

Candidates and committees that make or receive contributions totaling \$1,000 or more during the 90-day period before an election must disclose those contributions by filing a late contribution report. (Gov. Code §§ 84203; 82036.) Late contribution reports must be filed within 24 hours of making or receiving the late contribution. (*Id.* at § 84203(b).)

### Duty to Disclose Accurate Contributor Information on Campaign Statements

The Act requires committees to report on campaign statements the following information about a person who has made contributions of \$100 or more: (1) full name; (2) street address; (3) occupation; (4) employer, or if self-employed, the name of the contributor's business; (5) the date and amount of each contribution received from the contributor during the reporting period; and (6) the cumulative amount of contributions received from the contributor.<sup>17</sup>

### Duty to Disclose Accurate Expenditure Information on Campaign Statements

The Act requires committees to report in campaign statements the following information about its expenditures, including those expenditures which are contributions to candidates or committees: (1) the payee'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.<sup>18</sup>

### Liability for Violations

Any person who violates any provision of the Act, who purposely or negligently causes any other person to violate any provision of the Act, or who aids and abets any other person in the violation of any provision of the Act, is liable for administrative penalties up to \$5,000 per violation.<sup>19</sup> This only applies to persons who have filing or reporting obligations under the Act, or who are compensated for services involving the planning, organizing or directing of any activity regulated or required by the Act.<sup>20</sup>

Every committee must have a treasurer.<sup>21</sup> It is the duty of a committee's candidate and treasurer to ensure that the committee complies with all of the requirements of the Act concerning the receipt and expenditure of funds and the reporting of such funds.<sup>22</sup> A committee's candidate and treasurer may be held jointly and severally liable with the committee for any reporting violations.<sup>23</sup>

---

<sup>17</sup> § 84211, subd. (f).

<sup>18</sup> § 84211, subd. (k).

<sup>19</sup> §§ 83116, and 83116.5.

<sup>20</sup> § 83116.5.

<sup>21</sup> § 84100.

<sup>22</sup> §§ 81004, 84100, 84104 and 84213, and Reg. 18427.

<sup>23</sup> §§ 83116.5 and 91006.

If two or more parties are responsible for a violation of the Act, they are jointly and severally liable.<sup>24</sup>

## SUMMARY OF THE FACTS

Senator Mendoza was the Latino Caucus chairman from approximately December 2010 through March 9, 2012. The transactions at issue primarily occurred during and shortly after Senator Mendoza's final days as Latino Caucus chairman.

In 2012, Senator Mendoza moved \$50,000 through his two undisclosed controlled committees to Bermudez's undisclosed candidate controlled committee, and much of this money ended up supporting three state candidates running in the June 2012 primary election, including Bermudez.

### Yes We Can: Formation and Control

Shortly after becoming the Latino Caucus chairman, Senator Mendoza discussed with Valencia forming a committee that would allow the Latino Caucus to support candidates. The result was the formation of Yes We Can, an independent expenditure committee that would run independently of the Latino Caucus to "engage in independent efforts to elect Latino candidates in California state elections."

But records show that Yes We Can was not truly independent of the Latino Caucus. Senator Mendoza, as Latino Caucus chairman, "oversaw the political activities" of and had significant influence over Yes We Can. Numerous emails and other evidence show that Senator Mendoza and his staff were very active in fundraising for Yes We Can and participated in planning and attending fundraising events which solicited contributions for Yes We Can. And Senator Mendoza had significant influence over Yes We Can's expenditures. Valencia, as treasurer of Yes We Can, made Yes We Can expenditures based upon Senator Mendoza's recommendations, including payments to Sandino Consulting for organizing Yes We Can fundraisers, and expenditures supporting the election of Latino candidates. Yes We Can's statement of organization did not identify Senator Mendoza as the controlling candidate.

### Latino Caucus: Internal Conflict

In or about February 2012, the Latino Caucus voted to endorse candidates in the June 2012 primary election. Ron Calderon, the Latino Caucus vice-chairman, challenged Senator Mendoza's handling of the endorsements because his brother, Tom Calderon, was not initially endorsed. Tom Calderon was running for the 58<sup>th</sup> Assembly District against Luis Marquez. Marquez was a long-time friend of Senator Mendoza's, and Senator Mendoza endorsed and supported him. According to Senator Mendoza "[P]olitically speaking, I don't want Tom to win, because everybody knew that Tom was not running for Assembly really. He was running for Senate." In 2014, Senator Mendoza and Tom Calderon both ran for the 32<sup>nd</sup> Senate District seat, which Senator Mendoza won.

---

<sup>24</sup> § 91006.

Soon after the endorsement controversy, Senator Mendoza heard rumors that the Calderons planned to oust him from the Latino Caucus chairmanship and use the money he raised for Yes We Can to support themselves and oppose Senator Mendoza and his allies. Senator Mendoza stated that he wanted to move the money out of Yes We Can so the Calderons could not use the money.<sup>25</sup>

### Educating Voters: Formation and Control

When Senator Mendoza learned that the Calderons planned to take control of the Latino Caucus and Yes We Can, Senator Mendoza consulted with Valencia, and separately with Downing, about where the Yes We Can money could go. Senator Mendoza was told Yes We Can could make a contribution to another committee that Mendoza did not control. So Senator Mendoza established Educating Voters to accept Yes We Can's \$50,000 contribution.

Senator Mendoza had significant influence over Educating Voters. Senator Mendoza chose the name for Educating Voters. Senator Mendoza selected Downing to be Educating Voters' assistant treasurer, and as such, she opened a committee bank account and completed and filed all the necessary committee paperwork. Senator Mendoza also selected his brother-in-law, Freddie Scott, and his brother, Alfred Mendoza, to be officers/members of Educating Voters even though neither Scott nor Alfred Mendoza had any prior committee experience. Senator Mendoza solicited contributions and organized fundraising events for Educating Voters without the knowledge or input of Scott and Alfred Mendoza. And numerous emails and other evidence show that Scott authorized expenditures of Educating Voters' funds based solely upon Senator Mendoza's recommendations and instructions, although the evidence does not show that Downing had any knowledge of Scott's communications with Mendoza.

Educating Voters filed its initial statement of organization on March 5, 2012, stating it qualified as a committee on February 29, 2012, the date it received Yes We Can's \$50,000 contribution. Educating Voters described its activity as "Support/oppose state & local candidates, and issues." Educating Voters' statement of organization did not identify Senator Mendoza as the controlling candidate, and Educating Voters received no other contributions besides the \$50,000 from Yes We Can.

### Moving the Money to Educating Voters

Senator Mendoza resigned the Latino Caucus chairmanship on March 9, 2012. Between January 1 and March 9, 2012, Yes We Can reported receiving contributions totaling \$87,500.

Before he vacated the chairmanship, on February 24, 2012, Senator Mendoza sent a written request to Valencia to make a \$50,000 contribution from Yes We Can to Educating Voters, a state general purpose committee. Educating Voters is a named Respondent in a separate Stipulation related to these matters (FPPC Case No. 14/606).

---

<sup>25</sup> Both Tom and Ron Calderon were subsequently indicted by a Federal Grand Jury for public corruption. Both ultimately pled guilty and were sentenced to federal prison.

Based upon Senator Mendoza's direction that funding be provided to Educating Voters, Valencia wrote a \$50,000 check from Yes We Can to Educating Voters on or about February 27, 2012. Senator Mendoza personally picked up the \$50,000 check from Valencia's office in Sacramento and delivered it to Educating Voters.

#### Moving the Money to Residents for Good Government

Senator Mendoza and Bermudez had been friends for about 10 years. Senator Mendoza supported and endorsed Bermudez, who was running against Ian Calderon for the 57<sup>th</sup> Assembly District.

Senator Mendoza testified that he and Bermudez had been talking frequently for "weeks on end, for months for that matter, because we'd been campaigning against the Calderons." Senator Mendoza told Bermudez that he had \$50,000 from Yes We Can that he wanted to keep away from the Calderons. Senator Mendoza asked Bermudez if he knew of any committees who could accept the money. Bermudez suggested Residents for Good Government, and Senator Mendoza agreed.

After Educating Voters received the \$50,000 contribution from Yes We Can, Senator Mendoza requested Freddie Scott to issue a \$42,000 contribution from Educating Voters to Residents for Good Government. Senator Mendoza gave Scott all of the necessary information about Residents for Good Government. On March 6, 2012, Scott sent an email to Downing with the information for the \$42,000 contribution to Residents for Good Government.

On or about March 7, 2012, Downing contacted Residents for Good Government and issued a check from Educating Voters for \$42,000 to Residents for Good Government. Residents for Good Government reported receiving the \$42,000 contribution on March 9, 2012.

#### Contributions Made by Residents for Good Government

After receiving the money from Educating Voters, Residents for Good Government initially made three contributions: \$30,000 to Merced County Democratic Central Committee, \$7,800 to Marquez for Assembly 2012, and \$3,900 to Ramirez for Assembly 2012. Merced County Democratic Central Committee returned the check without depositing it.

#### Contributions to Bermudez through Slate Mailers

Residents for Good Government made six payments totaling \$13,646 for slate mailers supporting Bermudez between March 27 and April 11, 2012:

///

<b>Date</b>	<b>Payee</b>	<b>Amount</b>
03/27/12	Coalition for Senior Citizen Security	\$2,551.00
03/27/12	Council of Concerned Women Voters Legislative Guide	\$1,357.00
03/27/12	Our Voice Latino Voter Guide	\$769.00
03/27/12	Decline to State Voter Guide	\$1,600.00
04/10/12	Election Digest P12	\$2,890.00
04/11/12	California Latino Voter Guide	\$4,479.00
<b>TOTAL</b>		<b>\$13,646.00</b>

Contributions to Marquez and Ramirez

Residents for Good Government used the funds received from Educating Voters – Senator Mendoza’s controlled committee, to make contributions to Marquez and Ramirez.

Senator Mendoza Election Committee Contributions to Bermudez, Marquez and Ramirez

In 2011 and 2012, Senator Mendoza controlled Mendoza for Assembly 2010 and Mendoza for Central Basin Municipal Water District 2012. The evidence shows that Downing was not the named treasurer for these committees, but she and her firm maintained records, cut checks, made deposits and completed and filed all the necessary committee paperwork. Downing also advised Senator Mendoza regarding campaign finance laws, including that contributions from Mendoza’s election committees to other state candidates would be aggregated for purposes of complying with the applicable contribution limits.

On May 24, 2012, Senator Mendoza directed a maximum \$3,900 contribution to Ramirez for Assembly from Senator Mendoza’s Water District committee. Subsequently Mendoza for Central Basin Municipal Water District 2012 made a \$3,900 contribution to Ramirez.

Senator Mendoza and his controlled committees made the following contributions to Bermudez, Marquez and Ramirez, several of which were over the \$3,900 limit:

///

Date	Amount	Contributor
<b>To Bermudez</b>		
03/27/2012 – 04/11/2012	\$13,646.00	Yes We Can through Educating Voters and Residents for Good Government
05/04/2012	\$922.88	Mendoza for Assembly 2010
05/31/2012	\$609.94	Mendoza for Assembly 2010
<b>To Marquez</b>		
12/31/2011	\$3,900.00	Mendoza for Assembly 2010 <sup>26</sup>
03/13/2012	\$3,900.00	Yes We Can through Educating Voters and Residents for Good Government
03/13/2012	\$3,900.00	Yes We Can through Educating Voters and Residents for Good Government
05/04/2012	\$922.88	Mendoza for Assembly 2010
05/31/2012	\$667.13	Mendoza for Assembly 2010
<b>To Ramirez</b>		
03/14/2012	\$3,900.00	Yes We Can through Educating Voters and Residents for Good Government
05/29/2012	\$3,900.00	Mendoza for Central Basin Municipal Water District 2012

### **Incorrect Reporting**

#### Yes We Can and Educating Voters

In its campaign statement for January 1 through May 19, 2012, Yes We Can reported making the following expenditure supporting candidates/committees:

Schedule(s)	Date	Recipient	Description	Amount
D and E	02/27/2012	Educating Voters	Monetary Contribution – Support	\$50,000

In its campaign statement for January 1 through March 18, 2012, Educating Voters reported receiving the following contribution:

Date Received	Contributor	Description	Amount Received this Period	Cumulative to Date
02/29/2012	Yes We Can	Committee	\$50,000	\$50,000

///

<sup>26</sup> Mendoza for Assembly 2010 allocated \$1,590.01 of this \$3,900 monetary contribution to the general election. Marquez did not qualify for the general election. Thus, on October 25, 2012, Marquez for Assembly 2012 refunded to Mendoza for Assembly 2010 \$1,383.30 – the amount still remaining from the original \$1,590.01 allocated to the general election.

And Educating Voters reported making the following expenditure supporting candidates/committees:

Schedule(s)	Date	Recipient	Description	Amount
D and E	03/07/2012	Residents for Good Government	Monetary Contribution – Support	\$42,000

Residents for Good Government

In its campaign statement for January 1 through March 17, 2012, Residents for Good Government reported receiving the following contribution:

Date Received	Contributor	Description	Amount Received this Period	Cumulative to Date
03/08/2012	Educating Voters	Committee	\$42,000	\$42,000

And Residents for Good Government reported making the following relevant expenditures supporting candidates/committees:

Schedule(s)	Date	Recipient	Description	Amount
D and E	03/08/2012	Luis Marquez	Monetary Contribution – Support	\$7,800
D and E	03/08/2012	Rudy Ramirez	Monetary Contribution – Support	\$3,900

In its campaign statement for March 18 through May 19, 2012, Residents for Good Government reported receiving no contributions, and reported making the following relevant expenditures supporting candidates/committees:

Schedule(s)	Date	Recipient	Description	Amount
D and E	03/27/2012	Rudy Bermudez	Independent Expenditure – Support	\$2,551
D and E	03/27/2012	Rudy Bermudez	Independent Expenditure – Support	\$1,357
D and E	03/27/2012	Rudy Bermudez	Independent Expenditure – Support	\$769



Schedule(s)	Date	Recipient	Description	Amount
D and E	03/27/2012	Rudy Bermudez	Independent Expenditure – Support	\$1,600
D and E	04/10/2012	Rudy Bermudez	Independent Expenditure – Support	\$2,890
D and E	04/11/2012	Rudy Bermudez	Independent Expenditure – Support	\$4,479

Marquez and Ramirez Election Committees

In its campaign statement for January 1 through March 17, 2012, Marquez for Assembly 2012 reported receiving the following contributions:

Date Received	Contributor	Description	Amount Received this Period	Cumulative to Date
03/12/2012	Residents for Good Government	Committee	2012P \$3,900	\$7,800
03/12/2012	Residents for Good Government	Committee	2012G \$3,900	\$7,800

In its campaign statement for January 1 through March 17, 2012, Ramirez for Assembly 2012 reported receiving the following contribution:

Date Received	Contributor	Description	Amount Received this Period	Cumulative to Date
03/14/2012	Residents for Good Government	Committee	2012P \$3,900	\$3,900

None of the campaign statements related to this matter disclose that the contributions from Yes We Can were between two committees controlled by Senator Mendoza. And the campaign statements for Yes We Can and Educating Voters failed to identify any controlling candidates.

Online Disclosure of Contributions

Educating Voters received the \$50,000 contribution from Yes We Can on February 29, 2012. Educating Voters was required to file online or electronically with the Secretary of State a report disclosing the \$50,000 contribution from Yes We Can. This online or electronic report disclosing the \$50,000 contribution from Yes We Can to Educating Voters was required to be filed within 10 days of Educating Voters’ receipt of the contribution. Educating Voters did not file the online or electronic report disclosing the \$50,000 contribution from Yes We Can.

## **Late Contribution Reports**

Educating Voters made a \$42,000 contribution to Residents for Good Government on March 7, 2012. Educating Voters was required to file late contribution reports disclosing the making of contributions of \$1,000 or more during the 90-day period prior to the June 2012 election. Late contribution reports must be filed within 24 hours of the making of such contributions. Educating Voters was required to file a late contribution report disclosing the \$42,000 contribution to Residents for Good Government within 24 hours of making the contribution. Educating Voters did not file a late contribution report disclosing that it had made a \$42,000 contribution to Residents for Good Government on March 7, 2012.

## **VIOLATIONS**

Based upon the evidence obtained during the investigation of this matter, as summarized above, the parties' violations are stated as follows:

### **Senator Mendoza**

#### **Count 1: Prohibited Candidate Controlled General Purpose Committee**

Senator Mendoza controlled Yes We Can, a general purpose committee that made expenditures to support or oppose other candidates, at a time when he controlled Mendoza for Assembly 2010 and Mendoza for Central Basin Municipal Water District 2012, committees for his election, violating Government Code section 85201 and Regulation 18521.

#### **Count 2: Prohibited Candidate Controlled General Purpose Committee**

Senator Mendoza controlled Educating Voters, a general purpose committee that made expenditures to support or oppose other candidates, at a time when he controlled Mendoza for Assembly 2010 and Mendoza for Central Basin Municipal Water District 2012, committees for his election, violating Government Code section 85201 and Regulation 18521.

### **Senator Mendoza and Yes We Can**

#### **Count 3: Making a Prohibited Over-The-Limit Contribution**

Senator Mendoza and Yes We Can – Senator Mendoza's controlled committee, in 2012, made an over-the-limit contribution of \$50,000 to Educating Voters – Senator Mendoza's controlled committee, violating Government Code section 85301 and Regulation 18545, subdivision (a)(1).

### **Senator Mendoza, Educating Voters, Scott and Alfred Mendoza**

#### **Count 4: Mandatory Disclosure of Controlling Candidate**

Senator Mendoza, Educating Voters, Scott and Alfred Mendoza failed to identify Senator Mendoza as the controlling candidate for Educating Voters in Educating Voters' statement of

organization and failed to add Senator Mendoza's name as the controlling candidate to the committee name, violating Government Code sections 84102, subdivisions (e) and (g), and Regulation 18402, subdivision (c).

Count 5: Accepting a Prohibited Over-The-Limit Contribution

Senator Mendoza, Educating Voters – Senator Mendoza's controlled committee, Scott and Alfred Mendoza, in 2012, accepted a \$50,000 over-the-limit contribution from Yes We Can – Senator Mendoza's controlled committee, violating Government Code section 85301 and Regulation 18545, subdivision (a)(1).

Count 6: Making a Prohibited Over-the-Limit Contribution

Senator Mendoza, Educating Voters – Senator Mendoza's controlled committee, Scott and Alfred Mendoza, in 2012, made a \$42,000 over-the-limit contribution to Residents for Good Government– Bermudez' controlled committee, which used those funds for the purpose of making contributions to candidates for elective state office, violating Government Code section 85301 and 85303 and Regulation 18545, subdivision (a)(7).

Count 7: Failure to Timely File a Late Contribution Report

Senator Mendoza, Educating Voters, Scott and Alfred Mendoza failed to timely report a \$42,000 contribution, in 2012, to Residents for Good Government - Bermudez' controlled committee, to the Secretary of State within 24 hours of making the contribution, in violation of Government Code section 84203.

Count 8: Disclosure of Inaccurate Information in Campaign Statement

Senator Mendoza, Educating Voters, Scott and Alfred Mendoza, on or about March 22, 2012, filed a campaign statement containing inaccurate information for the reporting period of January 1 through March 18, 2012, by reporting that Educating Voters made a contribution to Residents for Good Government, when the money was actually used to support candidates for elective state office violating Government Code section 84211, subdivision (k)(5).

Count 9: Failure to Timely File Electronic \$5,000 Report

Senator Mendoza, Educating Voters, Scott and Alfred Mendoza failed to timely report the \$50,000 contribution Educating Voters received on February 29, 2012, to the Secretary of State within 10 business days of receiving the contribution, in violation of Government Code section 85309, subdivision (c).

///

**Senator Mendoza, Mendoza for Assembly 2010, and Mendoza for Central Basin Municipal Water District 2012**

**Count 10: Making Prohibited Over-The-Limit Contributions**

Senator Mendoza and Mendoza for Assembly 2010, in or about May 2012, made over-the-limit non-monetary contributions of \$922.88 and \$609.94 to Bermudez for Assembly 2012, violating Government Code section 85301 and Regulation 18545, subdivision (a)(1).

**Count 11: Making Prohibited Over-The-Limit Contributions**

Senator Mendoza and Mendoza for Assembly 2010, in or about May 2012, made over-the-limit non-monetary contributions of \$922.88 and \$667.13 to Marquez for Assembly 2012, violating Government Code section 85301 and Regulation 18545, subdivision (a)(1).

**Count 12: Making Prohibited Over-The-Limit Contributions**

Senator Mendoza and Mendoza for Central Basin Municipal Water District 2012, in or about May 2012, made an over-the-limit contribution of \$3,900 to Ramirez for Assembly 2012, violating Government Code section 85301 and Regulation 18545, subdivision (a)(1).

**CONCLUSION**

This matter consists of 12 counts of violating the Act, which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000) per count for a total of Sixty Thousand Dollars (\$60,000).

In determining the appropriate penalty for a particular violation of the Act, the 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 Commission considers the facts and circumstances of the violation in context of the factors set forth in Regulation 18361.5, subdivision (d): 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.

The Commission also considers penalties in prior cases involving similar violations. Recent cases for similar violations include:

**Prohibited Candidate Controlled General Purpose Committee (Counts 1 and 2)**

There are no prior cases for violations concerning candidate controlled general purpose committees. But the Act prohibits such conduct in order to prevent candidates from making prohibited expenditures and circumventing campaign contribution limits. So violations concerning candidate controlled general purpose committees are similar to over-the-limit contributions, which frequently render high penalties.

### Making a Prohibited Over-the-Limit Contribution (Counts 3 and 6)

- *In the Matter of San Joaquin County Republican Central Committee/California Republican Victory Fund and Louis Lemos*; FPPC Case No. 15/1408. This matter arose from an audit by the Franchise Tax Board. In 2012, Respondent Central Committee and its treasurer received a contribution in the amount of \$50,000 from another committee. The Central Committee deposited the entire contribution into its all-purpose (candidate) account, but the contribution limit was \$32,500 for this account. The over-the-limit portion (\$17,500) was not transferred to the Central Committee's restricted use (non-candidate) account, and some of the over-the-limit funds were used to support a state candidate, violating Government Code section 85303, subdivision (b) (1 count). In November 2015, the Commission imposed the maximum penalty of \$5,000 for this count.

### Mandatory Disclosure of Controlling Candidate (Count 4)

- *In the Matter of Breans Against Measures T & U, Rehan Chaudry, and Brett Murdock*; FPPC No. 12/758. The Committee qualified as a Primarily Formed ballot measure committee on or about October 1, 2012. At all times relevant to this matter, Chaudry was the Treasurer of the Committee. At all times relevant, Murdock was a member of the Brea City Council as well as the controlling candidate. The Committee opposed Measures T and U on the ballot in the November 6, 2012 election. The respondents failed to disclose that the Committee was controlled, and failed to include the name of the controlling candidate on its statement of organization, violating Government Code section 84102 subdivision (e) (1 count). In September 2013, the Commission approved a \$2,000 penalty for this count.

### Accepting a Prohibited Over-the-Limit Contribution (Count 5)

- *In the Matter of the Sacramento Central Labor Council-C.O.P.E. and Bill Camp*; FPPC No. 13/934. This case resulted from an audit by the Franchise Tax Board. Respondents, a general purpose committee and its treasurer, impermissibly accepted three monetary contributions from two sources in excess of the \$6,500 contribution limit to a general purpose committee for the purpose of supporting or defeating candidates for elective state office in 2010, violating Government Code section 85303 (2 counts). In November 2014, the Commission approved a \$4,000 penalty for each of these counts.

### Failure to Timely File a Late Contribution Report (Count 7)

- *In the Matter of Patrick J. Furey, Pat Furey for Mayor 2014, Torrance Voters PAC to Support Pat Furey for Mayor 2014, Richard Roesch, and Tina McKinnor*; FPPC Case No. 14/1118. Respondents, a candidate, his candidate controlled committee, a PAC, and the PAC's principal officer and treasurer, failed to report making and receiving \$35,000 in late contributions, in violation of Government Code Sections 84203, subdivisions (a) and (b) (4 counts). In March 2016, the Commission imposed a penalty of \$4,500 per count.

///

Disclosure of Inaccurate Information in Campaign Statements (Count 8)

- *In the Matter of Sonny Dhaliwal, Sonny Dhaliwal for City Council 2010, and Sarbjit Dhaliwal, FPPC No. 12/806.* Respondent Sonny Dhaliwal and his controlled committee, Sonny Dhaliwal for City Council 2010, failed to accurately report the receipt of approximately of \$3,100 in contributions on a semi-annual report, failed to accurately report the receipt of contributions of approximately \$700 on a first pre-election campaign statement, failed to accurately report the receipt of approximately \$300 in contributions on a second pre-election campaign statement, and failed to accurately report the receipt of approximately \$500 in contributions on a semi-annual campaign statement, in violation of Government Code section 84211(4 counts). In 2014, the Commission imposed a penalty of \$4,000 per count.
- *In the Matter of Kenneth Hughey, Hughey 4 Judge 2012, and Harbor Financial Services, Inc., FPPC Nos. 14/601 and 14/1318.* Respondents Kenneth Hughey was an unsuccessful candidate for the office of Los Angeles Superior Court Judge. Hughey 4 Judge 2012, was Hughey's controlled committee. On or about March 22, 2012, Hughey caused to be filed a pre-election campaign statement for the period ending March 17, 2012 for Hughey 4 Judge, which did not accurately disclose the source of a contribution received by the committee, in violation of Government Code section 84211(1 count). In 2016, the Commission imposed a penalty of \$4,500.

Failure to Timely File Electronic \$5,000 Report (Count 9)

- *In the Matter of Shannon Grove, Shannon Grove for Assembly 2012, and Karen Cain; FPPC No. 14/024.* Respondents, a candidate for State Assembly, her candidate controlled committee, and its treasurer, failed to file online campaign reports disclosing contributions received of \$5,000 or more outside the 90-day period before an election in connection with 11 contributions for a total of \$77,400 from various individuals, violating Government Code section 85309, subdivision (c) (1 count). In June 2014, the Commission imposed a penalty of \$2,000 for this count.

Making a Prohibited Over-the-Limit Contribution (Counts 10, 11 and 12)

- *In the Matter of Daniel Stephenson, et al.; FPPC No. 15/1545.* Respondent Stephenson directed various entities under his control to make contributions to a state candidate that exceeded \$8,200 the contribution limit by about \$7,800, violating Government Code section 85301, subdivision (a) (1 count). In December 2015, the Commission imposed a penalty of \$3,500 for this count.

In this matter, Senator Mendoza's and the other parties' conduct circumvented campaign contribution limits and violated disclosure requirements.

The evidence shows that Senator Mendoza had significant influence and control over two general purpose committees: Yes We Can and Educating Voters. Senator Mendoza feared the Calderons would use the money he raised for Yes We Can against him and therefore directed Yes We

Can to make a \$50,000 contribution to Educating Voters, a committee Senator Mendoza controlled. Senator Mendoza then directed \$42,000 of that money be contributed to Residents for Good Government, a committee controlled by Bermudez. Residents for Good Government then used that money to make contributions to Bermudez, Marquez and Ramirez. Senator Mendoza also made contributions to Bermudez, Marquez and Ramirez through his election committees. So Senator Mendoza's aggregated contributions were well over the \$3,900 contribution limit per election, totaling approximately \$26,879 to Bermudez, approximately \$11,906 to Marquez and \$7,800 to Ramirez.

The conduct in this matter resulted in numerous over-the-limit contributions which were not accurately disclosed in campaign statements, resulting in inaccurate disclosure to the voting public prior to the relevant primary election. The conduct in this case is more egregious than the conduct in the comparable cases because the public was not timely informed that \$50,000 had been moved through two committees controlled by Mendoza to another candidate controlled committee, and much of this money ended up supporting three state candidates. Yes We Can and Educating Voters did not disclose that they were Senator Mendoza's controlled committees, and Senator Mendoza and his controlled committees filed late and inaccurate campaign statements and failed to file certain reports.

Senator Mendoza has prior enforcement history for conduct which was unrelated to campaign disclosure.<sup>27</sup>

In mitigation, Senator Mendoza and the other parties cooperated with the investigation of this case.

///

---

<sup>27</sup> Senator Mendoza was fined \$400 in 2010 for failure to disclose two gifts in his 2008 annual statement of economic interest (FPPC Case No. 09/854). And in 2015, Senator Mendoza received a warning letter for underreporting the value of the sale of real property in his 2010 annual and leaving office statements of economic interests (FPPC Case No. 12/504).

**PROPOSED PENALTY**

The factors listed in Regulation 18361.5, prior similar cases, and other relevant facts, justify a total penalty of \$57,000:

Count	Description	Penalty per count
<b>Senator Mendoza</b>		
1	Prohibited Candidate Controlled General Purpose Committee	\$5,000
2	Prohibited Candidate Controlled General Purpose Committee	\$5,000
<b>Total</b>		<b>\$10,000</b>
<b>Senator Mendoza and Yes We Can</b>		
3	Making a Prohibited Over-The-Limit Contribution	\$5,000
<b>Total</b>		<b>\$5,000</b>
<b>Senator Mendoza, Educating Voters, Scott and Alfred Mendoza</b>		
4	Mandatory Disclosure of Controlling Candidate	\$2,500
5	Accepting a Prohibited Over-The-Limit Contribution	\$5,000
6	Making a Prohibited Over-The-Limit Contribution	\$5,000
7	Failure to Timely File a Late Contribution Report	\$5,000
8	Disclosure of Inaccurate Information in Campaign Statement	\$5,000
9	Failure to Timely File Electronic \$5,000 Report	\$4,500
<b>Total</b>		<b>\$27,000</b>
<b>Senator Mendoza, Mendoza for Assembly 2010, and Mendoza for Central Basin Municipal Water District 2012</b>		
10	Making Prohibited Over-The-Limit Contributions	\$5,000
11	Making Prohibited Over-The-Limit Contributions	\$5,000
12	Making Prohibited Over-The-Limit Contributions	\$5,000
<b>Total</b>		<b>\$15,000</b>
<b>Total Agreed Upon Penalty</b>		<b>\$57,000</b>

\* \* \* \* \*