

1 FREDRIC D. WOOCHEER (SBN 96689)  
2 SALVADOR E. PÉREZ (SBN 309514)  
3 JULIA MICHEL (SBN 331864)  
4 STRUMWASSER & WOOCHEER LLP  
5 1250 6th Street, Suite 205  
6 Santa Monica, California 90401  
7 Telephone: (310) 576-1233  
8 Facsimile: (310) 319-0156  
9 fwoocher@strumwooch.com  
10 sperez@strumwooch.com  
11 jmichel@strumwooch.com

12 *Attorneys for Amicus Curiae*  
13 *Common Cause of California*

14 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
15 **COUNTY OF SACRAMENTO**

16 FAMILY BUSINESS ASSOCIATION OF  
17 CALIFORNIA, a California Corporation;  
18 CALIFORNIA RESTAURANT ASSOCIATION, a  
19 California Corporation; CALIFORNIA  
20 RETAILERS ASSOCIATION, a California  
21 Corporation; CALIFORNIA BUILDING  
22 INDUSTRY ASSOCIATION, a California  
23 Corporation; CALIFORNIA BUSINESS  
24 PROPERITES ASSOCIATION, a California  
25 Corporation; CALIFORNIA BUSINESS  
26 ROUNDTABLE, a California Corporation;  
27 SACRAMENTO REGIONAL BUILDERS  
28 EXCHANGE, a California Corporation;  
CALIFORNIA MANUFACTURERS &  
TECHNOLOGY ASSOCIATION, a California  
Corporation; GARRETT GATEWOOD, an  
individual; and PAT HUME, an individual,

Plaintiffs,

v.

FAIR POLITICAL PRACTICES COMMISSION;  
and RICHARD MIADICH, in his official capacity  
as chair of the FAIR POLITICAL PRACTICES  
COMMISSION, and DOES 1-10,

Defendants.

Case No. 34-2023-00335169-CU-MC-GDS

**APPLICATION TO FILE AMICUS  
CURIAE BRIEF; BRIEF OF COMMON  
CAUSE OF CALIFORNIA AS AMICUS  
CURIAE IN SUPPORT OF DEFENDANTS**

Action Filed: February 22, 2023

Date: May 25, 2023  
Time: 1:30 p.m.  
Dept.: 53  
Judge: Hon. Richard K. Sueyoshi

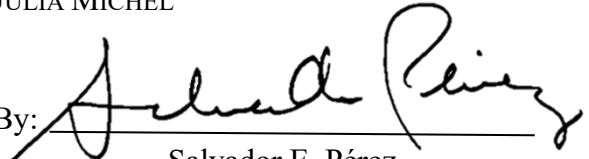


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DATED: May 3, 2023

Respectfully submitted,

STRUMWASSER & WOOCHEER LLP  
FREDRIC D. WOOCHEER  
SALVADOR E. PÉREZ  
JULIA MICHEL

By:   
Salvador E. Pérez

*Attorneys for Amicus Curiae  
Common Cause of California*

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1 ongoing efforts to combat actual and apparent political corruption.

2 In enacting the law, the Legislature’s purpose was clear: to protect the integrity of the quasi-  
3 judicial proceedings of local governments and to avoid the reality or appearance that licenses, permits,  
4 and other entitlements for use were being bought and sold. In doing so, the State crafted the law’s anti-  
5 corruption protections in a closely drawn manner. Rather than imposing lower limits on all contributors  
6 or an outright contribution ban, the Legislature applied lower contribution limits to a small subset of  
7 contributors who have a financial interest in official decisions and who, as a result, pose an elevated risk  
8 of actual and apparent corruption. As set forth more fully below, SB 1439 represents a targeted response  
9 to an epidemic of corruption in local government. Under *Buckley* and its progeny, the statute plainly  
10 passes “complaisant review,” and should be upheld.

## 11 ARGUMENT

### 12 I. LAYERS OF JUDICIAL DEFERENCE APPLY TO THIS COURT’S EVALUATION OF SB 1439

13 Both generally as a legislative enactment and specifically as a contribution limit aimed at  
14 addressing corruption and its appearance, this Court’s assessment of SB 1439 necessitates significant  
15 deference to the Legislature’s determinations.

#### 16 A. SB 1439 Should Be Accorded the Deference Traditionally Given to 17 Legislative Enactments

18 In the ordinary course of evaluating the validity of a legislative act, it is not within the ambit of  
19 the judiciary’s authority to reweigh the legislative facts underlying the enactment. (*American Bank &*  
20 *Trust Co. v. Community Hospital* (1984) 36 Cal.3d 359, 372.) Indeed, the factual determinations  
21 necessary to the performance of the legislative function are of a peculiarly legislative character, and a  
22 scope of review firmly rooted in that consideration is required. (See *Dawson v. Town of Los Altos Hills*  
23 (1976) 16 Cal.3d 676, 685.) Thus, it has been said that “[i]f the validity of a statute depends on the  
24 existence of a certain state of facts, it will be presumed that the Legislature has investigated and  
25 ascertained the existence of that state of facts before passing the law.” (*City of Ojai v. Chaffee* (1943) 60  
26 Cal.App.2d 54, 61.) Moreover, the presumption of constitutionality requires that a legislative act “be  
27 deemed to have been enacted on the basis of any state of facts supporting it that reasonably can be  
28 conceived.” (*Higgins v. City of Santa Monica* (1964) 62 Cal.2d 24, 30.) In other words, in enacting  
legislation, the Legislature has already, in the exercise of the legislative power, determined the facts



1 necessary to support the legislation. (*Schabarum v. California Legislature* (1998) 60 Cal.App.4th 1205,  
2 1220.)

3 Courts cannot revisit the issue as a question of fact, but must defer to the Legislature's  
4 determination unless it is palpably arbitrary. (*Richfield Oil Corp. v. Franchise Tax Bd.* (1959) 169  
5 Cal.App.2d 331, 335.) Consequently, they must uphold the challenged legislation so long as the  
6 Legislature *could* rationally have determined a set of facts that support it. (*American Bank & Trust Co.*,  
7 36 Cal.3d at p. 374.) To be sure, even when legislative enactments pertain to conduct protected as a  
8 constitutional right, as here, the applicable standard of review is only mildly more restrictive. When a  
9 constitutional right is at stake, courts may exercise their independent judgment to ascertain whether the  
10 legislative body has drawn reasonable inferences based on substantial evidence. (*People v. McKee*  
11 (2010) 47 Cal.4th 1172, 1206.) Still, a legislature is "not obligated, when enacting its statutes, to make a  
12 record of the type that an administrative agency or court does to accommodate judicial review." (*Turner*  
13 *Broadcasting System, Inc. v. FCC* (1994) 512 U.S. 622, 666.)

14 **B. SB 1439 Is Owed Additional Deference as an Election Regulation — A Field**  
15 **in Which the Legislature Has Significantly Greater Institutional Expertise**  
16 **Than the Judiciary**

17 In addition to the deference traditionally given to legislative enactments, the judiciary owes  
18 special deference to legislative determinations regarding campaign contribution restrictions and other  
19 regulations designed to protect the integrity of the electoral and governmental processes. (See, e.g.,  
20 *Beaumont*, 539 U.S. at p. 155; *McConnell v. Fed. Election Comm'n* (2003) 540 U.S. 93, 137, overruled  
21 in part on other grounds by *Citizens United v. Federal Election Comm'n* (2010) 558 U.S. 310.) This is  
22 the case for at least two reasons. First, the political process is an area in which legislatures "enjoy[]  
23 particular expertise." (*McConnell*, 540 U.S. at p. 137.) Second, judicial deference in this context  
24 provides legislatures with "sufficient room to anticipate and respond to concerns about circumvention of  
25 regulations designed to protect the integrity of the political process." (*Ibid.*)

26 In evaluating constraints on such speech and related activity, the United States Supreme Court  
27 has distinguished between campaign expenditures and campaign contributions. (*Buckley v. Valeo* (1976)  
28 424 U.S. 1.) Strict scrutiny applies to restraints on the former, while limits on the latter are more  
leniently reviewed because they pose only indirect constraints on speech and associational rights. (See

1 *Beaumont*, 539 U.S. at pp. 161–162 (holding that restrictions on the activity of contributing to a  
2 candidate’s campaign are “merely ‘marginal’ speech restrictions subject to relatively complaisant  
3 review”); *Fed. Election Comm’n v. Colo. Republican Fed. Campaign Comm.* (2001) 533 U.S. 431, 440;  
4 *Buckley*, 424 U.S. at pp. 20–21.) For this reason, contribution limits and contribution bans are  
5 permissible as long as they are closely drawn to address a sufficiently important state interest. (See, e.g.,  
6 *Davis v. Fed. Election Comm’n* (2008) 554 U.S. 724, 737; *Beaumont*, 539 U.S. at p. 162; *Buckley*, 424  
7 U.S. at p. 25.)

8         Accordingly, judicial deference applies both to whether SB 1439 furthers sufficiently important  
9 state interests, such as combating corruption and its appearance,<sup>1</sup> and to whether the law was closely  
10 drawn to further those interests. With respect to the first inquiry, for example, it is not necessary to  
11 produce evidence of actual corruption. (See *McConnell*, 540 U.S. at p. 150.) On the other hand, “mere  
12 conjecture” is insufficient. (See *Nixon v. Shrink Missouri* (2000) 528 U.S. 377, 392). That is, the threat  
13 of corruption cannot be “illusory.” (*Buckley*, 424 U.S. at p. 27.) “The quantum of empirical evidence  
14 needed to satisfy heightened judicial scrutiny . . . will vary up or down with the novelty and plausibility  
15 of the justification raised.” (*Nixon*, 528 U.S. at p. 391.) Moreover, restrictions on contributions from  
16 individuals and entities with financial interests in governmental decisions are not uncommon, and the  
17 notion that money and governmental favors are connected is far from implausible. (*Ognibene v. Parkes*  
18 (2d Cir. 2011) 671 F.3d 174, 186, fn. 12.) Contributions to candidates from those with “a particularly  
19 direct financial interest in these officials’ policy decisions pose a heightened risk of actual and apparent  
20 corruption, and merit heightened government regulation.” (*Id.* at p. 188.) In fact, “[w]hen the appearance  
21 of corruption is particularly strong due to recent scandals, therefore, a ban may be appropriate.” (*Id.* at p.  
22  
23

24 \_\_\_\_\_  
25 <sup>1</sup> These interests have long been considered sufficiently important to justify regulations to protect  
26 the integrity of the electoral process, and “may properly be labeled ‘compelling,’ so that [it] would  
27 satisfy even strict scrutiny.” (*McCutcheon v. Fed. Election Comm’n* (2014) 572 U.S. 185, 199.) And so  
28 long as a statute advances its anti-corruption interests and employs means closely drawn to do so,  
references in a legislative record to other state interests do not disrupt the conclusion that the law  
survives closely drawn review. (*Ognibene*, 671 F.3d at pp. 188, 208 [“Mere access or influence . . . is  
not the concern here. This is so even though the record occasionally also speaks to the presence of mere  
‘influence.’”].)

1 185.)<sup>2</sup>

2 With respect to the second inquiry – whether SB 1439 is closely drawn to further the interests of  
3 combating corruption and its appearance – a state must show it employed “means closely drawn to avoid  
4 unnecessary abridgment of associational freedoms.” (*McCutcheon*, 572 U.S. at p. 197, quoting *Buckley*,  
5 424 U.S. at p. 25.) In asserting several rationales for why SB 1439 is allegedly not closely drawn,  
6 Plaintiffs do not acknowledge that this standard only requires “a fit that is not necessarily perfect, but  
7 reasonable; that represents not necessarily the single best disposition but one whose scope is ‘in  
8 proportion to the interest served,’ . . . that employs not necessarily the least restrictive means but . . . a  
9 means narrowly tailored to achieve the desired objective.” (*Id.* at p. 218, quoting *Bd. of Trs. of State*  
10 *Univ. of N.Y. v. Fox* (1989) 492 U.S. 469, 480.) In conducting such review, of course, courts owe  
11 “proper deference to a [legislative] determination of the need for a prophylactic rule [to address] the evil  
12 of potential corruption.” (*Fed. Election Comm’n v. Nat’l Conservative Political Action Comm.* (1985)  
13 470 U.S. 480, 500.) The U.S. Supreme Court has also instructed that courts have no “scalpel to probe”  
14 whether a legislative body has selected the precisely optimal balance of free speech and security against  
15 corruption. (*Randall v. Sorrell* (2006) 548 U.S. 230, 248 [“[Judges] cannot determine with any degree of  
16 exactitude the precise restriction necessary to carry out the statute’s legitimate objectives.”].) In essence,  
17 Plaintiffs contend that SB 1439 should be tailored more narrowly, but narrower tailoring is not required  
18 here. (See, e.g., *Green Party of Connecticut*, 616 F.3d at p. 203 [upholding a contribution ban despite

19  
20 <sup>2</sup> Examples of outright contribution bans upheld by courts abound. (See, e.g., *Green Party of*  
21 *Connecticut v. Garfield* (2d Cir. 2010) 616 F.3d 189 [upholding Connecticut’s contribution ban on  
22 contractors, prospective contractors, the principals of those contractors and prospective state contractors,  
23 and the spouses and dependent children of those individuals]; *Ognibene*, 671 F.3d at p. 179 [upholding  
24 New York City’s law requiring disclosure of, and restricting contributions from, individuals and entities  
25 who have “business dealings” with the city, which include applications for approval of transactions  
26 involving office space, land use, or zoning changes]; *Wagner v. Fed. Election Comm’n* (D.C. Cir. 2015)  
27 793 F.3d 1, 24–25 [upholding a federal contribution ban on contractors while they negotiate and perform  
28 their contracts, which can take years to perform and without regard to the value of the contracts – “the  
historical record provides support for legislative concern that corrupt and coercive patronage regimes  
can take root even when relatively small amounts of money are at stake”]; *Yamada v. Snipes* (9th Cir.  
2015) 786 F.3d 1182, 1186 [upholding Hawaii’s contribution ban on contractors between the execution  
and completion of their contracts, even as applied to contributions to legislators who neither award nor  
oversee contracts]; *Schickel v. Dilger* (6th Cir. 2019) 925 F.3d 858, 869 [upholding Kentucky’s ban on  
lobbyist contributions, a ban on contributions from employers of lobbyists during a regular session of  
the legislature, and a ban on gifts from lobbyists or their employers].)

1 having “some doubts” as to its overbreadth because the legislature “should be afforded leeway” in its  
2 effort to curb the significant dangers of corruption].)

3 **II. RECENT CORRUPTION SCANDALS AND LOCALLY-ENACTED REGULATIONS JUSTIFY**  
4 **AND MOTIVATED THE LEGISLATURE’S ENACTMENT OF SB 1439**

5 To evaluate the goals and means by which the Legislature sought to curb corruption and the  
6 appearance thereof through the passage of SB 1439, this Court may certainly refer to legislative  
7 committee reports, such as those put forward in Defendants’ Request for Judicial Notice. (*Metro. Water*  
8 *Dist. of S. Cal. v. Imperial Irr. Dist.* (2000) 80 Cal.App.4th 1403, 1425 [listing “legislative committee  
9 reports” as example of “materials indicative of the intent of the Legislature”].) In addition, public  
10 comments and testimony, including testimony provided by Common Cause, are other permissible  
11 sources of legislative history and intent. (*Ibid.* [listing “testimony or argument to either a house of the  
12 Legislature or one of its committees” as another example of “materials indicative of the intent of the  
13 Legislature”]; *Am. Tobacco Co. v. Superior Court* (1989) 208 Cal.App.3d 480, 487, superseded by  
14 statute on other grounds [relying on support letters from organizations, legislative staff memorandum,  
15 and contemporaneous news accounts to interpret statute as a compromise measure].)

16 Courts also regularly rely on press reports as indicia of corruption or the widespread appearance  
17 of corruption. (See *Yamada*, 786 F.3d at p. 1206 [looking to “past ‘pay to play’ scandals” as evidence of  
18 “the widespread appearance of corruption that existed at the time of the legislature’s actions”]; *Green*  
19 *Party of Connecticut*, 616 F.3d at p. 200 [referring to newspaper articles about corruption scandals and  
20 explaining that “widespread media coverage” of corruption scandals meant legislature “also faced a  
21 manifest need to curtail the appearance of corruption created by contractor contributions”]; *Ognibene*,  
22 671 F.3d at p. 189 & fn. 15 [citing news articles that generally related to “scandals involving exchanges  
23 of money for favors” and recent scandals that “specifically involved pay-to-play campaign donations” as  
24 “direct evidence of a public perception of corruption”].) Moreover, “because the scope of *quid pro quo*  
25 corruption can never be reliably ascertained, the legislature may regulate certain indicators of such  
26 corruption or its appearance, such as when donors make large contributions because they have business  
27 with the City, hope to do business with the City, or are expending money on behalf of others who do  
28 business with the City.” (*Ognibene*, 671 F.3d at p. 187.)

1 Relying on these sources of permissible evidence, Common Cause brings to this Court’s  
2 attention two categories of evidence that justify and motivated the Legislature’s enactment of SB 1439:  
3 news reports of local corruption scandals and the many locally-enacted pay-to-play restrictions that  
4 foreshadowed those in SB 1439. As primary witnesses in support of the law, Common Cause staff  
5 outlined this evidence during testimony before the Assembly Committee on Elections and the Senate  
6 Committee on Elections and Constitutional Amendments.<sup>3</sup> Additionally, Common Cause — as the  
7 leading organization in support of the legislation — prepared and submitted a suite of written materials  
8 to these committees, including letters of support referencing recent pay-to-play scandals and research on  
9 the many jurisdictions with similar regulations that were incorporated into the committees’ legislative  
10 reports. These materials are attached hereto as **Exhibit A**.<sup>4</sup> This evidence demonstrates that SB 1439  
11 addresses a real – not a conjectural – corruption concern.

12 **A. Local Pay-to-Play Scandals Illustrate the Depth of the State’s Corruption**  
13 **Problems and How SB 1439 is Closely Drawn to Address Corruption and the**  
14 **Appearance of Corruption**

15 The law is well established that contribution limits satisfy constitutional scrutiny where, as here,  
16 the challenged statute targets contributions that give rise to corruption or the appearance of corruption.  
17 For example, in *Yamada*, the Ninth Circuit concluded that Hawaii’s ban on contributions by government  
18 contractors was “closely drawn because it targets . . . the contributions most closely linked to actual and  
19 perceived quid pro quo corruption.” (786 F.3d. at pp. 1205–1206, citing *Green Party of Connecticut*,  
20 616 F.3d at p. 202; see also *Ognibene*, 671 F.3d at p. 188 [contractor contribution limits were  
21 appropriately tailored due to “heightened risk of actual and apparent corruption,” notwithstanding  
22 references in legislative record to other goals].) SB 1439 targets precisely these contributions, which  
23 have simultaneously garnered extensive media coverage and undermined public trust, and so the

24 <sup>3</sup> Senate Committee on Elections and Constitutional Amendments, Hearing on SB 1439 (March  
25 28, 2022), available at <https://tinyurl.com/SenateCommitteeHearing> and commencing at timestamp  
26 00:04:22; Assembly Committee on Elections, Hearing on SB 1439 (June 29, 2022), available at  
27 <https://tinyurl.com/AssemblyCommitteeHearing> and commencing at timestamp 01:03:30.

28 <sup>4</sup> It should be noted that the legislative committee reports themselves reference these materials.  
(See, e.g., Defendants’ Request for Judicial Notice (“Defs.’ RJN”), Exh. 8, pp. 49–50, 52 [Senate  
committee report dated March 16, 2022 referencing *Los Angeles Times* reporting on corruption scandals,  
local pay-to-play restrictions, and SB 1439’s anti-corruption purposes]; Defs.’ RJN, Exh. 5, pp. 29–31  
[Assembly committee report dated June 27, 2022 referencing the same].)

1 restrictions in SB 1439 are plainly “justified in light of past ‘pay to play’ scandals and the widespread  
2 appearance of corruption that existed at the time of the legislature’s actions.” (*Yamada*, 786 F.3d at pp.  
3 1205–1206.)

#### 4 **1. Developer Donations Linked to the Sea Breeze Project in Los Angeles**

5 As detailed in an in-depth *Los Angeles Times* investigation, between 2008 and 2015, over a  
6 hundred contributors with a direct or indirect connection to developer Samuel Leung gave more than  
7 \$600,000 to support current and former L.A.-area politicians, including six former city councilmembers,  
8 as Leung was seeking city approval for a \$72-million, 352-unit apartment complex in Los Angeles.<sup>5</sup> As  
9 the project, known as Sea Breeze, was under review, donors tied to Leung contributed at least \$94,700  
10 to former Councilman Joe Buscaino, who represented the Harbor Gateway area where Sea Breeze is  
11 now located. (Exh. B, pp. 3, 8.) More than \$200,000 went to now-Los Angeles County Supervisor  
12 Janice Hahn, who previously represented Harbor Gateway and, before leaving the Los Angeles City  
13 Council, wrote a letter favorable to Sea Breeze that became a key selling point for backers. (*Id.*, pp. 8,  
14 19.) More than \$30,000 went to former Councilman Jose Huizar,<sup>6</sup> who headed the powerful city council  
15 committee that reversed a 7-to-0 planning commission decision and approved Leung’s project. (*Id.*, pp.  
16 8, 23.) At least \$65,800 went to former Councilman Mitch Englander,<sup>7</sup> who sat on that committee with  
17 Huizar. (*Id.*, p. 8.) In several cases, elected officials received the money as they were poised to make key  
18 decisions about the development, creating the impression that campaign cash drives development  
19 decisions. (*Id.*, pp. 4, 25, 27–28.) The developer later pleaded guilty in the campaign money laundering  
20 case, making the Sea Breeze scandal a case study in the corruption and appearance of corruption

21 <sup>5</sup> Zahniser & Alpert Reyes, *A \$72-Million Apartment Project. Top Politicians. Unlikely Donors.*,  
22 *Los Angeles Times* (Oct. 30, 2016), available at <https://tinyurl.com/LATSeaBreeze> and attached hereto  
as **Exhibit B**.

23 <sup>6</sup> Huizar pleaded guilty to tax evasion and racketeering in an agreement filed in federal court on  
24 January 19, 2023, admitting that he extorted at least \$1.5 million in bribes. (See Defs.’ RJN, Exh. 9.) He  
25 had for years denied the allegations that he repeatedly took cash bribes and campaign donations from  
26 real estate developers in exchange for help getting development projects through the city’s arduous  
27 approval process. (Toohey, *How L.A. City Hall Became So Corrupt: A Recent History of Bribes,*  
*Kickbacks, Scandal, Leaks*, *Los Angeles Times* (Jan. 19, 2023), available at  
<https://tinyurl.com/LATListRecentScandals> and attached hereto as **Exhibit C**.)

28 <sup>7</sup> Englander was sentenced in 2021 to 14 months in prison after being convicted of lying to  
federal authorities about his dealings with a businessman who provided him with \$15,000 in secret cash  
payments and a debauched night in Las Vegas. (Exh. C, p. 7.)

1 targeted by SB 1439. (Exh. C, pp. 9–10.)

- 2 • **Contributing before submitting a formal application** – Five weeks before the  
3 developer filed his application for the Sea Breeze project, he was already funneling  
4 donations into the re-election bid of then-Councilwoman Janice Hahn, who  
5 represented the area; Hahn’s future support was important because councilmembers  
6 have a longstanding practice of deferring to their colleagues on development  
7 decisions in their districts. (Exh. B, pp. 13–14.) Under SB 1439, elected officials may  
8 not participate in proceedings involving a “license, permit, or other entitlement for  
9 use pending before the agency if the officer has willfully or knowingly received a  
10 contribution in an amount of more than two hundred fifty dollars (\$250) within the  
11 preceding 12 months from a party or a party’s agent . . . .” (Gov. Code, § 84308,  
12 subd. (c).) And, under SB 1439, the developer himself would also have disclosure  
13 responsibilities. (See Gov. Code § 84308, subd. (e)(1) [“A party to a proceeding  
14 before an agency involving a license, permit, or other entitlement for use shall  
15 disclose on the record of the proceeding any contribution in an amount of more than  
16 two hundred fifty dollars (\$250) made within the preceding 12 months by the party or  
17 the party’s agent.”].)
- 18 • **Contributing while a proceeding is “pending”** – After the planning commission  
19 voted 7-0 to reject the Sea Breeze project, the next chance for the developer to secure  
20 approval involved a vote by three members of the City Council’s planning committee  
21 – so that is where he set his sights. (Exh. B, pp. 23, 25.) Within six months, those  
22 three members raked in tens of thousands of dollars from contributors connected to  
23 the developer, and the committee ultimately voted to endorse the project. After that,  
24 once the Sea Breeze project headed for a vote of the whole City Council, the  
25 developer began channeling dollars into other councilmembers’ coffers. (*Id.*, pp. 26–  
26 28.) In the final weeks before the City Council vote, for instance, former  
27 Councilwoman Martinez reported receiving at least \$7,700 in donations connected to  
28 Leung. (*Id.*, pp. 27–28.) Under SB 1439, the developer’s contributions would have  
been limited to \$250 per elected official while the proceeding was pending (and for  
12 months following the final decision). (Gov. Code § 84308, subd. (b).)
- **Use of “Agents”** – The *Los Angeles Times* investigation uncovered a massive  
network of donors connected to the developer, including his employees and business  
associates, making contributions that subverted the City’s limits on contributions  
from a single source. (Exh. B, p. 9.) For SB 1439 to regulate contributions made by  
people closely-related to those with pending applications is just commonsense  
prophylaxis against circumvention. (See *Green Party of Connecticut*, 616 F.3d at pp.  
203–204.)

## 2. Sprawling Statewide Corruption Arising in Cannabis Licensing

26 In the emerging area of cannabis licensing, the number of examples of actual quid pro quo  
27 corruption—to say nothing of the widespread appearance of corruption—is eye-popping. From public  
28 officials demanding cash from cannabis business owners to approve licenses to elected officials

1 accepting money from cannabis businesses even as they regulated them, bribery and shakedowns have  
2 become so commonplace that lobbyists, pot entrepreneurs, and public officials describe them as a  
3 normal part of doing business, according to an in-depth *Los Angeles Times* investigation published in  
4 September 2022.<sup>8</sup> The *Times* investigation chronicled sprawling corruption across the state:

- 5 • **Baldwin Park** – An unsealed 2020 plea agreement revealed former Baldwin Park  
6 Councilmember Ricardo Pacheco admitted to soliciting bribes from weed businesses  
7 – including \$150,000 from a consultant working for the local cannabis distributor  
8 awarded exclusive distribution rights in the City.<sup>9</sup> Campaign records show a \$6,500  
9 payment by the owner of a cannabis firm to Pacheco’s political action committee; it  
10 subsequently received a license. (Exh. D, p. 12.)
- 11 • **Montebello** – A former councilmember told the *Los Angeles Times* that a cannabis  
12 businessman seeking a license in Montebello offered her \$50,000 for her vote. (Exh.  
13 D, p. 14.)
- 14 • **Adelanto** – Jermaine Wright, the former Mayor Pro Tem of Adelanto, was convicted  
15 of taking a \$10,000 bribe from an FBI agent posing as a pot businessman. (Exh. D, p.  
16 5.) The city’s former Mayor, Richard Kerr, pleaded guilty to charges of accepting  
17 more than \$57,000 in bribes and kickbacks in exchange for helping cannabis  
18 businesses.<sup>10</sup>
- 19 • **Calexico** – A former councilman was convicted of accepting bribes from an  
20 undercover FBI agent posing as a cannabis businessman and sentenced in May 2021  
21 to two years in federal prison. The councilman had noted, when meeting with the  
22 undercover FBI agent, that he had the authority to revoke other applicants’ permits  
23 and could push the FBI agent’s application to the front of the line. (Exh. D, pp. 25–  
24 27.)

25 <sup>8</sup> Elmahrek, Lopez & Vives, ‘\$250,000 Cash in a Brown Paper Bag.’ *How Legal Weed*  
26 *Unleashed Corruption in California*, *Los Angeles Times* (Sept. 15, 2022), available at  
27 <https://tinyurl.com/LATCannabisCorruption> and attached hereto as **Exhibit D**.

28 <sup>9</sup> Elmahrek, Lopez, Vives & St. John, *New Details Show Sprawling Web of Corruption in*  
*Southern California Cannabis Licensing*, *Los Angeles Times* (Oct. 15, 2022), available at  
<https://tinyurl.com/LATCannabisCorruptionMore> and attached hereto as **Exhibit E**. The plea agreement  
for former Councilmember Ricardo Pacheco, filed on March 25, 2020 in the U.S. District Court for the  
Central District of California (*United States v. Pacheco* (2:20-cr-00165-ODW)), is available at  
<https://tinyurl.com/PachecoPlea> and attached hereto as **Exhibit F**. (See also Defs.’ RJN, Exh. 10, p. 131  
[referring to Pacheco’s scheme].)

<sup>10</sup> See Press Release from United States Attorney’s Office for the Central District of California,  
*Former Adelanto Mayor Agrees to Plead Guilty to Wire Fraud Charge for Accepting Bribes in Support*  
*of Commercial Marijuana Activity* (Jan. 13, 2023), available at <https://tinyurl.com/AdelantoPlea>.



- **City of El Monte** – Cannabis vendors who contributed over \$100,000 to the campaigns of the then-mayor and multiple councilmembers, and to PACs that supported them, later received from those politicians exclusive commercial licenses to sell cannabis in the city.<sup>11</sup> If SB 1439 had been law in 2021, the city officials would have had to return the contribution amount that exceeded \$250 or recuse themselves from voting on the licenses. (Exh. G, p. 2–4.)

As the D.C. Circuit has explained, criminal bribery cases are powerful evidence regarding the presence of actual quid pro quo corruption and the appearance thereof, for they “certainly confirm the appetite for corruption” as well as “the availability of channels for carrying it out.” (*Wagner*, 793 F.3d at p. 15.)<sup>12</sup>

### 3. The Widespread Appearance of Corruption

With the number of criminal cases referenced above and the startling admission by Speaker of the Assembly Anthony Rendon that California’s largest county is a “a corridor of corruption,”<sup>13</sup> it should come as no surprise that the appearance of corruption abounds. (See *Wagner*, 793 F.3d at p. 15 [“[C]orruption and its appearance are no doubt more widespread in the [licensing] process than our criminal dockets reflect.”].) Indeed, even if technically legal at the time, the exchange of money between elected officials and contractors hoping to execute or renew contracts or developers seeking approvals for their projects creates an appearance of corruption – whether or not the transfer involved an illegal quid pro quo. (See *Ognibene*, 671 F.3d at p. 187 [“When those who do business with the government or lobby for various interests give disproportionately large contributions to incumbents, regardless of their ideological positions, it is no wonder that the perception arises that the contributions are made with the hope or expectation that the donors will receive contracts and other favors in exchange for these contributions.”].)

Contributing to this widespread appearance of corruption are examples like Indio, where a survey of campaign finance disclosures revealed that, between 2014 and 2018, contractors hired by the city were among the most frequent donors to candidates for Indio City Council and contributed about 11

<sup>11</sup> Henry, *Lawsuits Accuse El Monte of ‘Pay-to-Play’ for Cannabis Licenses*, San Gabriel Valley Tribune (May 13, 2021), available at <https://tinyurl.com/SGVElMonte> and attached hereto as **Exhibit G**.

<sup>12</sup> Indeed, the situation has become so dire, and corruption has become so endemic, the *Los Angeles Times* reported that even some *within the cannabis industry* have called for banning people who want licenses from direct contact with the local government officials who will make the decisions. (Exh. D, p. 8.)

<sup>13</sup> Walters, *L.A. County’s ‘Corridor of Corruption’*, CalMatters.org (Aug. 20, 2021), available at <https://tinyurl.com/CMCorridor> and attached hereto as **Exhibit H**.

1 percent of the total contributions during that period.<sup>14</sup> Similarly, in Huntington Park, a 2021  
2 investigation revealed that over 30 percent of contributions made to councilmembers between 2018 and  
3 2020 came from just eight companies (and their executives) that were identified as city contractors at  
4 some point during that time.<sup>15</sup> During that period, the city doled out more than \$11 million to four big  
5 contractors that made gifts and campaign contributions, including a \$2.5 million contract for bus and  
6 shelter cleaning, bus maintenance, and street sweeping services to a contractor that funneled \$11,500 to  
7 councilmembers' campaigns, and a payment of over \$1.7 million to a law firm that donated over  
8 \$7,000 in contributions and dinners.

9 Referring to the Huntington Park findings, the sponsor of SB 1439 identified the problem his  
10 legislation sought to address in the following manner: "That's corruption and, unfortunately, our laws  
11 have not been clear enough about that," noted Senator Steve Glazer. "That's why I'm advancing SB  
12 1439 to make it a bright line, making it very clear that it would be considered corruption[.]"<sup>16</sup> Today,  
13 under SB 1439, that law firm and its representatives would have been precluded from contributing  
14 thousands of dollars to councilmembers in the months immediately following the City Council's  
15 approval of a requested increase to the firm's billable hourly rates, eliminating the impression that the  
16 firm's contributions were made in exchange for the Council's agreement to put money into the firm's  
17 coffers.

18 Other examples of contributions that raise the appearance of corruption are not hard to come by.  
19 For example, in 2015, the *Los Angeles Times* reported that Stan Kroenke, the real estate developer and  
20 owner of the Rams NFL team, and his affiliated entities, contributed over \$100,000 to two Inglewood  
21 councilmembers and the city's mayor.<sup>17</sup> Combined, the three officials constituted a majority of the votes

22 <sup>14</sup> Hayden & DiPierro, *Campaign Finance: Businesses That Contract With City Continually*  
23 *Donate to Indio Council*, Desert Sun (Dec. 11, 2018), available at <https://tinyurl.com/DSIndio> and  
attached hereto as **Exhibit I**.

24 <sup>15</sup> Cabrera & Patel, *Hefty Contracts for Campaign Contributors in Huntington Park*, KCET (July  
25 26, 2021), available at <https://tinyurl.com/KCETHuntington> and attached hereto as **Exhibit J**.

26 <sup>16</sup> Patel, *State Legislation to Close 'Pay-to-Play Loophole' for Local Officials and Contractors Is*  
27 *Up for Vote*, KCET (Mar. 25, 2022), available at <https://tinyurl.com/KCETGlazer> and attached hereto as  
**Exhibit K**.

28 <sup>17</sup> Jennings & Logan, *Stadium Developer Has Donated \$100,000 to Inglewood Officials'*  
*Campaigns*, Los Angeles Times (Feb. 15, 2015), available at <https://tinyurl.com/LATInglewood> and  
attached hereto as **Exhibit L**.

1 on the City Council needed to approve the permits to build what is now the newest and most expensive  
2 stadium in the NFL. It would be understandable for the people of Inglewood to harbor doubts that the  
3 developer’s contributions had not impacted the project’s approval or the speed with which the project  
4 was greenlit when a fifth of the money the mayor raised for a 2015 runoff election came from the  
5 developer.

6 Whether it is two Alhambra councilmembers accepting \$5,000 campaign contributions from a  
7 developer a few months before they voted to approve the developer’s large retail and commercial  
8 project<sup>18</sup> or a San Gabriel councilwoman receiving generous campaign contributions from the city’s  
9 trash and street sweeping contractor while it was in the midst of negotiating its new contracts with city  
10 hall,<sup>19</sup> the appearance of pay-to-play corruption in California threatens the legitimacy of the decisions  
11 local elected officials make every day.

12 \* \* \*

13 Sadly, as these scandals reflect, the Legislature had good reason to be concerned about both the  
14 reality and the appearance of corruption involving contractors, developers, and other local special  
15 interests with business before local elected officials. And as these examples reflect, contributions from  
16 those who have business before local governments lie at the heart of the corruption problem, and the  
17 dangers of corruption associated with these contributions are so significant in California that the  
18 Legislature must be granted a degree of “leeway” in its effort to combat the problem. (*Green Party of*  
19 *Connecticut*, 616 F.3d at p. 203.) Second-guessing the Legislature’s considered views, particularly in an  
20 area imbued with deference to the legislature’s policy choices (see Section I, *supra*) cannot be  
21 countenanced.

22 **B. Scores of Locally-Enacted Pay-to-Play Restrictions Across the State Are**  
23 **Additional Evidence of the Threat and Plausibility of Corruption**

24 Pay-to-play restrictions are not novel at any level of government and their prevalence at the local  
25 level in California is further evidence of the threat and plausibility of corruption. Indeed, the D.C.

26 <sup>18</sup> McMorris, *Alhambra Mayor Yet to Donate Promised \$5,000; Retains Legal Services*,  
27 ColoradoBoulevard.net (Aug. 8, 2018), available at <https://tinyurl.com/CBAlhambra> and attached hereto  
as **Exhibit M**. The developer was later indicted on federal bribery charges. (*Ibid.*)

28 <sup>19</sup> McMorris, *San Gabriel Councilwoman’s Business Ties and Campaign Funds Raise Questions*,  
ColoradoBoulevard.net (Feb. 27, 2020), available at <https://tinyurl.com/CBSanGabriel> and attached  
hereto as **Exhibit N**.

1 Circuit found the existence of pay-to-play laws in other jurisdictions to be powerful evidence in favor of  
2 upholding such restrictions. (*Wagner*, 793 F.3d at p. 16 [“Further evidence [of the threat of corruption]  
3 comes from the states, many of which have enacted pay-to-play laws in response to their own recent  
4 experiences. At least seventeen states now limit or prohibit campaign contributions from some or all  
5 state contractors or licensees. The fact that many states have such laws shows that the federal statute is  
6 no outlier.”].)

7 According to Common Cause research, at least 16 other states limit or prohibit campaign  
8 contributions from some or all government contractors or licensees, and 32 California cities limit or  
9 prohibit campaign contributions from developers or contractors with business before them. (Exh. A, pp.  
10 9–13.)<sup>20</sup> Common Cause presented materials reflecting this research to the relevant legislative  
11 committees. Indeed, legislative committee reports reference Common Cause’s research. (See, e.g.,  
12 Defs.’ RJN, Exh. 8, p. 50; Defs.’ RJN, Exh. 5, p. 30 [“One of the supporters of this bill — California  
13 Common Cause—notes that a number of California cities have prohibitions or restrictions on campaign  
14 contributions from developers and city contractors to elected city officials[.]”].) Accordingly, the  
15 materials are a key part of the legislative history. (*Metro. Water Dist. of S. Cal.*, 80 Cal.App.4th at  
16 p. 1425; *Am. Tobacco Co.*, 208 Cal.App.3d at p. 487.)

17 A patchwork of local restrictions, however, is no answer to a statewide problem of corruption  
18 and its appearance. Statewide solutions like SB 1439 are necessary to ensure that all localities are  
19 covered and to protect against democracy-eroding corruption scandals.

## 20 CONCLUSION

21 Based on the foregoing, Common Cause of California urges this Court to uphold the  
22 constitutionality of SB 1439, to deny Plaintiffs’ motion for judgment on the pleadings, and to grant  
23 Defendants’ motion for judgment on the pleadings.

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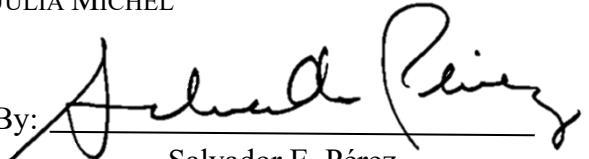
28 <sup>20</sup> These cities are big (Los Angeles) and small (Ukiah), and together constitute 24 percent of the State’s population.

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DATED: May 3, 2023

Respectfully submitted,

STRUMWASSER & WOOCHELLP  
FREDRIC D. WOOCHELL  
SALVADOR E. PÉREZ  
JULIA MICHEL

By:   
Salvador E. Pérez

*Attorneys for Amicus Curiae  
Common Cause of California*

# EXHIBIT A

March 22, 2022

The Honorable Steven Glazer  
California State Senate  
State Capitol, Room 6011  
Sacramento, CA 94249



**Re: SB 1439 (Glazer) – Campaign Contributions: agency officers - SUPPORT**

Dear Chair Glazer:

On behalf of California Common Cause, we are proud to support your bill, SB 1439, which will end California’s local government “pay-to-play” loophole by limiting campaign contributions to local elected officials from contractors, developers, and other local special interests.

The Political Reform Act (“PRA”) currently states that a party seeking a contract/permit/license from a local government cannot give a campaign contribution over \$250 to the local officials who have influence over that contract/permit/license, while that contract/permit/license is pending and for three months after.<sup>1</sup> *But the law exempts local government bodies whose members are elected by the voters.* Thus, this common sense pay-to-play protection applies to local boards and commissions but not to the city councils and county boards of supervisors who routinely vote to approve permits and contracts for industry and business, new developments, variances for zoning, and other projects that impact the environment and the quality of life of Californians. Numerous examples exist of local corruption resulting from this loophole.

A 2021 KCET investigation showed a connection between the awarding of Huntington Park city contracts and hefty campaign contributions. Over the three-year period investigated, \$38,000, or over 30% of all campaign contributions to Huntington Park City Councilmembers, came from eight companies (and their executives) with contracts pending before the city. Many of the contributions in question in the KCET investigation would likely not have been allowed if SB 1493 were already law.<sup>2</sup>

In the City of El Monte, cannabis vendors who contributed over \$100,000 to the campaigns of the then-mayor and multiple city councilmembers, and to PACs that supported them, later received from those politicians exclusive commercial licenses to sell cannabis in the city. If SB 1439 had been law in 2021, the city officials would have had to either return nearly all of the campaign contributions received from the vendors or recuse themselves from voting on the licenses.<sup>3</sup>

In 2015, the LA times reported that real estate developer and owner of the Rams NFL team, Stan Kroenke, and his affiliated entities, contributed over \$100,000 to Inglewood’s mayor and two Inglewood councilmembers. Combined, the mayor and two councilmembers constituted a majority of the votes on the City Council needed to approve the permits to build what is now the newest and most expensive stadium in the NFL. Because there were no fundraising windows and no contribution limits in Inglewood at the time, the mayor and councilmembers could accept unlimited contributions year-round from special money interests. The contributions described here would have been capped at \$250 under SB 1439.<sup>4</sup>

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<sup>1</sup> Cal. Gov. Code § Section 84308 et seq.

<sup>2</sup> Erick Cabrera and Julie Patel, Hefty Contracts for Campaign Contributors in Huntington Park, KCET, July 26, 2021, available at <https://bit.ly/32oydn0>.

<sup>3</sup> Jason Henry, Lawsuits accuse El Monte of ‘pay-to-play’ for cannabis licenses, San Gabriel Valley Tribune, May 13, 2021, available at <https://bit.ly/36kqh8u>.

<sup>4</sup> Angel Jennings and Tim Logan, Stadium developer has donated \$100,000 to Inglewood officials’ campaigns, Los Angeles Times, February 15, 2015, available at <https://www.latimes.com/sports/la-me-0216-nfl-stadium-money-20150216-story.html>.

A 2016 LA Times investigation found that donors linked directly and indirectly to a real estate developer gave more than \$600,000 to politicians as Los Angeles officials were vetting a controversial apartment project known as Sea Breeze.<sup>5</sup> The investigation focused on Samuel Leung, a Torrance-based developer, and found that his spouse made eight campaign contributions totaling \$19,600 to local officials.

Unfortunately, conflicts of interests by local special interests have become so common in some communities that Assembly Speaker Anthony Rendon called the local governments of his home region a “corridor of corruption.”<sup>6</sup> These scandals undermine our democracy and interfere with the just administration of city and county services. It is time to end this local government pay-to-play loophole. SB 1439 does a number of simple but impactful things directly aimed at addressing the problems highlighted in the examples above and seen in countless other local communities.

Most importantly, SB 1439 ends the exemption in the PRA’s pay-to-play protection for local elected officials, applying the \$250 contribution limit to them for the first time. It extends the period during which local officers may not accept contributions over \$250 from parties seeking a contract/permit/license from them, from the pendency of the contract/permit/license plus three months to the pendency of the contract/permit/license plus 12 months. It states that in addition to applying the \$250 contribution limit to parties seeking a contract/permit/license, the same prohibition shall apply to parties’ spouses, if the contribution comes from a joint bank account. And finally, SB 1439 requires that if a party seeking a contract/permit/license from a local government body has made a contribution of more than \$250 to a local official within the past 12 months, the party must publicly disclose that prior to a proceeding of the local government body that involves the contract/permit/license.

SB 1439 speaks to the concerns of California voters by protecting against quid pro quo corruption and its appearance, and protecting against interference with merit-based public administration. Such corruption and its appearance threaten the confidence in our system of representative government. They provide opportunities for big money special interest to buy undue influence over critically important local officials.

Reforms aimed at reducing corruption in contracting are not novel, at the federal, state, or local level. There is a long history of laws, and expansion of laws, aimed at preventing pay-to-play schemes for federal contracts.<sup>7</sup> Further, at least 15 other states limit or prohibit campaign contributions from some or all state contractors or licensees<sup>8</sup> and 32 California cities that California Common Cause could find limit or prohibit campaign contributions from developers or city contractors with business before the city.

California Common Cause strongly supports SB 1439. These changes to the Political Reform Act will confirm our State’s commitment to fair play, transparency, and representative democracy.

Sincerely,

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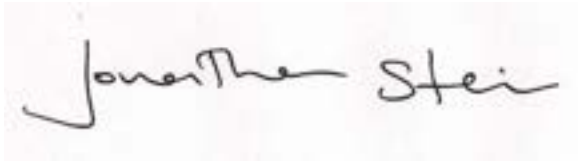
<sup>5</sup> Joe Fox, Len De Groot, Emily Alpert Reyes and David Zahniser, *A web of campaign contributors*, Los Angeles Times, October 30, 2016, available at <https://www.latimes.com/projects/la-me-seabreeze-donations-interactive/>.

<sup>6</sup> Dan Walters, LA County’s ‘corridor of corruption’ CalMatters, August 20, 2021, available at <https://calmatters.org/commentary/2020/06/la-los-angeles-county-corridor-of-corruption/>.

<sup>7</sup> In 1940, Congress amended the Hatch Act, which barred any person or firm negotiating or performing a federal contract from contributing “to any political party, committee, or candidate for public office or to any person for any political purpose.” “Pernicious political activities, 54 Stat. 767, 772 (1940). In 1974, the Federal Election Campaign Act (FECA) was amended to include a contractor contribution ban. Federal Election Campaign Act Amendments of 1979., 93 Stat. 1339, 2 USC 431, Public Law 96-187. Currently 52 USCS § 30119.

<sup>8</sup> See; Conn. Gen. Stat. § 9-612(f)(1)-(2); 30 Ill. Comp. Stat. 500/50-37; Haw. Rev. Stat. § 11-355; Ind. Code §§ 4-30-3-19.5 to-19.7; KY. Rev. Stat. Ann. § 121.330; La. Rev. Stat. Ann. §§ 18:1505.2(L); Neb. Rev. Stat. §§ 9-803, 49-1476.01; N.j. Stat. Ann. § 19:44A-20.5 to-20.14; N.m. Stat. Ann. § 13-1-191.1(E)-(F); Ohio Rev. Code Ann. § 3517.13(I)-(Z); S.c. Code Ann. § 8-13-1342; Vt. Stat. Ann. tit. 32, § 109; Va. Code Ann. § 2.2-3104.01; W. Va. Code § 3-8-8, 3-8-12.



A handwritten signature in black ink on a light-colored background. The signature reads "Jonathan Stein" in a cursive, flowing script.

Jonathan Mehta Stein  
Executive Director, California Common Cause

June 27, 2022

The Honorable Isaac G. Bryan  
Assembly Elections Committee  
1020 N Street, Room 365  
Sacramento, CA 95814



**Re: SB 1439 (Glazer) – Campaign Contributions: agency officers - SUPPORT (as amended)**

Dear Chair Bryan:

On behalf of California Common Cause, we are proud to support SB 1439, which will end California’s local government “pay-to-play” loophole by limiting campaign contributions to local elected officials from contractors, developers, and other local special interests with business before them.

The Political Reform Act (“PRA”) currently states that a party seeking a contract/permit/license from a local government cannot give a campaign contribution over \$250 to the local officials who have influence over that contract/permit/license, while that contract/permit/license is pending and for three months after.<sup>1</sup> *But the law exempts local government bodies whose members are elected by the voters.* Thus, this common sense pay-to-play protection applies to local boards and commissions but not to the city councils and county boards of supervisors who routinely vote to approve permits and contracts for industry and business, new developments, variances for zoning, and other projects that impact the environment and the quality of life of Californians. Numerous examples exist of local corruption resulting from this loophole.

A 2021 KCET investigation showed a connection between the awarding of Huntington Park city contracts and hefty campaign contributions. Over the three-year period investigated, \$38,000, or over 30% of all campaign contributions to Huntington Park City Councilmembers, came from eight companies (and their executives) with contracts pending before the city. Many of the contributions in question in the KCET investigation would likely not have been allowed if SB 1493 were already law.<sup>2</sup>

In the City of El Monte, cannabis vendors who contributed over \$100,000 to the campaigns of the then-mayor and multiple city councilmembers, and to PACs that supported them, later received from those politicians exclusive commercial licenses to sell cannabis in the city. If SB 1439 had been law in 2021, the city officials would have had to either return nearly all of the campaign contributions received from the vendors or recuse themselves from voting on the licenses.<sup>3</sup>

In 2015, the LA Times reported that real estate developer and owner of the Rams NFL team, Stan Kroenke, and his affiliated entities, contributed over \$100,000 to Inglewood’s mayor and two Inglewood council members. Combined, the mayor and two councilmembers constituted a majority of the votes on the City Council needed to approve the permits to build what is now the newest and most expensive stadium in the NFL. Because there were no fundraising windows and no contribution limits in Inglewood at the time, the mayor and council members could accept unlimited contributions year-round from special money interests. The contributions described here would have been capped at \$250 under SB 1439.<sup>4</sup>

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<sup>1</sup> Cal. Gov. Code § Section 84308 et seq.

<sup>2</sup> Erick Cabrera and Julie Patel, Hefty Contracts for Campaign Contributors in Huntington Park, KCET, July 26, 2021, *available at* <https://bit.ly/32oydn0>.

<sup>3</sup> Jason Henry, Lawsuits accuse El Monte of ‘pay-to-play’ for cannabis licenses, San Gabriel Valley Tribune, May 13, 2021, *available at* <https://bit.ly/36kqh8u>.

<sup>4</sup> Angel Jennings and Tim Logan, Stadium developer has donated \$100,000 to Inglewood officials’ campaigns, Los Angeles Times, February 15, 2015, *available at* <https://www.latimes.com/sports/la-me-0216-nfl-stadium-money-20150216-story.html>.

A 2016 LA Times investigation found that donors linked directly and indirectly to a real estate developer gave more than \$600,000 to politicians as Los Angeles officials were vetting a controversial apartment project known as Sea Breeze.<sup>5</sup> The investigation focused on Samuel Leung, a Torrance-based developer, and found that his spouse made eight campaign contributions totaling \$19,600 to local officials.

Unfortunately, conflicts of interests by local special interests have become so common in some communities that Assembly Speaker Anthony Rendon called the local governments of his home region a “corridor of corruption.”<sup>6</sup> These scandals undermine our democracy and interfere with the just administration of city and county services. It is time to end this local government pay-to-play loophole.

SB 1439 does a number of simple but impactful things directly aimed at addressing the problems highlighted in the examples above and seen in countless other local communities.

Most importantly, SB 1439 ends the exemption in the PRA’s pay-to-play protection for local elected officials, applying the \$250 contribution limit to them for the first time. It extends the period during which local officers may not accept contributions over \$250 from parties seeking a contract/permit/license from them, from the pendency of the contract/permit/license plus three months to the pendency of the contract/permit/license plus 12 months. It states that in addition to applying the \$250 contribution limit to parties seeking a contract/permit/license, the same prohibition shall apply to parties’ spouses, if the contribution comes from a joint bank account. And finally, SB 1439 continues the requirement that if a party seeking a contract/permit/license from a local government body has made a contribution of more than \$250 to a local official within the past 12 months, the party must publicly disclose that fact on the record of the proceeding.

SB 1439 speaks to the concerns of California voters by protecting against quid pro quo corruption and its appearance, and protecting against interference with merit-based public administration. Such corruption and its appearance threaten the confidence in our system of representative government. They provide opportunities for big money special interest to buy undue influence over critically important local officials.

Reforms aimed at reducing corruption in contracting are not novel, at the federal, state, or local level. There is a long history of laws, and expansion of laws, aimed at preventing pay-to-play schemes for federal contracts.<sup>7</sup> Further, at least 15 other states limit or prohibit campaign contributions from some or all state contractors or licensees<sup>8</sup> and 32 California cities that California Common Cause could find limit or prohibit campaign contributions from developers or city contractors with business before the city.

California Common Cause strongly supports SB 1439. These changes to the Political Reform Act will confirm our State’s commitment to fair play, transparency, and representative democracy.

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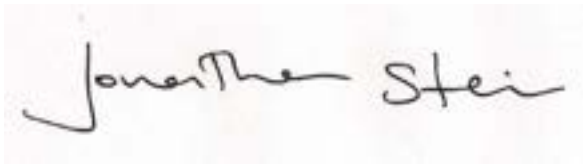
<sup>5</sup> Joe Fox, Len De Groot, Emily Alpert Reyes and David Zahniser, *A web of campaign contributors*, Los Angeles Times, October 30, 2016, available at <https://www.latimes.com/projects/la-me-seabreeze-donations-interactive/>.

<sup>6</sup> Dan Walters, LA County’s ‘corridor of corruption’ CalMatters, August 20, 2021, available at <https://calmatters.org/commentary/2020/06/la-los-angeles-county-corridor-of-corruption/>.

<sup>7</sup> In 1940, Congress amended the Hatch Act, which barred any person or firm negotiating or performing a federal contract from contributing “to any political party, committee, or candidate for public office or to any person for any political purpose. “Pernicious political activities, 54 Stat. 767, 772 (1940). In 1974, the Federal Election Campaign Act (FECA) was amended to include a contractor contribution ban. Federal Election Campaign Act Amendments of 1979., 93 Stat. 1339, 2 USC 431, Public Law 96-187. Currently 52 USCS § 30119.

<sup>8</sup> See; Conn. Gen. Stat. § 9-612(f)(1)-(2); 30 Ill. Comp. Stat. 500/50-37; Haw. Rev. Stat. § 11-355; Ind. Code §§ 4-30-3-19.5 to-19.7; KY. Rev. Stat. Ann. § 121.330; La. Rev. Stat. Ann. §§ 18:1505.2(L); Neb. Rev. Stat. §§ 9-803, 49-1476.01; N.j. Stat. Ann. § 19:44A-20.5 to-20.14; N.m. Stat. Ann. § 13-1-191.1(E)-(F); Ohio Rev. Code Ann. § 3517.13(I)-(Z); S.c. Code Ann. § 8-13-1342; Vt. Stat. Ann. tit. 32, § 109; Va. Code Ann. § 2.2-3104.01; W. Va. Code § 3-8-8, 3-8-12.

Sincerely,

A handwritten signature in black ink on a light-colored background. The signature reads "Jonathan Stein" in a cursive, flowing script. The first name "Jonathan" is written in a more compact, connected style, while "Stein" is written with more distinct letters.

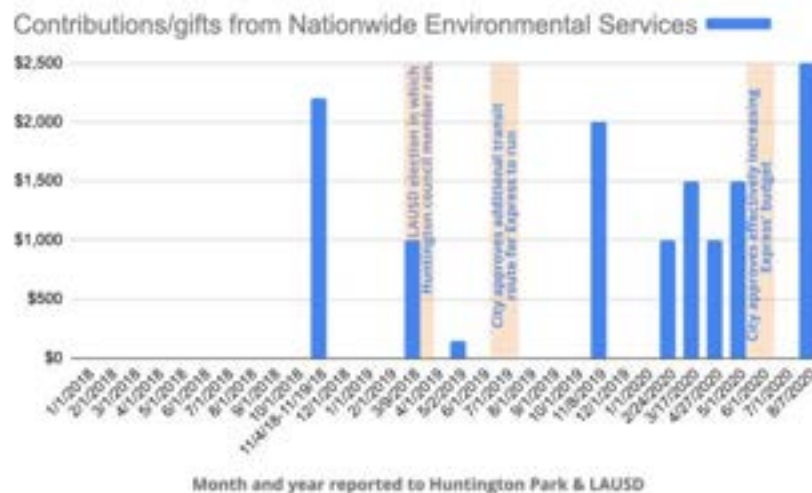
Jonathan Mehta Stein  
Executive Director, California Common Cause

## Pay-to-Play Contributions within 12 Months Before or After City Council Votes

**Jurisdiction:** Huntington Park, CA (2021)

**Press Article:** [Hefty Contracts for Campaign Contributors in Huntington Park](#)

**Summary:** The article outlines how city contractors over a three-year period, when they were seeking contracts or contract renewals worth millions of dollars, gave tens of thousands of dollars in campaign contributions to Huntington Park Councilmembers who would vote on those contracts. The article has charts with timelines (see example below), which show contributions coming in before and after the city council voted on contract amendments or renewals for the contributors.



**Jurisdiction:** San Gabriel, CA (2020)

**Press Article:** [San Gabriel Councilwoman’s Business Ties and Campaign Funds Raise Questions](#)

**Summary:** A councilwoman up for re-election in March 2020, accepted a large contribution in Dec. 2019 from the City’s trash and street sweeping contractor who was negotiating contract amendments and renewals with the City, which needed to be voted on by June 2020.

**Jurisdiction:** Alhambra, CA (2018)

**Press Article:** [Alhambra Mayor Yet to Donate Promised \\$5,000; Retains Legal Services](#)

**Summary:** Two Alhambra councilmembers each accepted a \$5,000 campaign contribution in Oct. 2016 from a developer who was seeking approval for a large retail and commercial project in Alhambra. Both members voted to approve the project when it came before them on appeal in February 2017 (about four months after the contributions). The developer was later indicted on federal bribery charges in L.A.

### Other Stories that Show Need for Local Pay-To-Play Reform

**Jurisdiction:** El Monte, CA (2019)

**Press Article:** [Lawsuits accuse El Monte of ‘pay-to-play’ for cannabis licenses](#)

**Summary:** The article reports about a pay-to-play scheme where the El Monte City Mayor and Councilmembers allegedly rigged applicant grading criteria to ensure that a cannabis vendor who gave over \$100,000 in campaign contributions in support of the mayor and two councilmembers received exclusive rights to sell in the City.

**Jurisdiction:** Inglewood, CA (2015)

**Press Article:** [Stadium developer has donated \\$100,000 to Inglewood officials' campaigns](#)

**Summary:** The article documents how the owner of the now-built NFL stadium in Inglewood contributed over \$100,000 in campaign contributions to electeds who supported, and later approved the building of the stadium.

**Jurisdiction:** Temple City, CA (2009)

**Press Article:** [3 Temple City figures are indicted in corruption case](#)

**Summary:** Temple City's mayor was indicted, [and later found guilty](#), "on charges of perjury and soliciting and receiving bribes from a developer in exchange for supporting his \$75-million mall project." Amongst other extortive demands, the developer alleged that the mayor advised him to give thousands of dollars in campaign contributions to the mayor and the council campaigns of her allies.

**Jurisdiction:** Santa Clara County, CA (2021)

**Press Article:** ['Unprecedented:' Santa Clara County DA Sounds Off on Grand Jury Corruption Accusations Against Sheriff](#)

**Summary:** A civil grand jury is investigating alleged corruption in the Santa Clara County Sheriff's office, including that the elected sheriff exchanged concealed carry weapons permits (CCWs) for campaign contributions and received unreported gifts over \$500 from CCW applicants.

**Instances where councilmembers boast that taking large campaign contributions from city contractors and developers is appropriate because it's not illegal**

**Jurisdiction:** Indio, CA (2018)

**Press Article:** [Campaign finance: Businesses that contract with city continually donate to Indio council](#)

**Summary:** Indio Mayor and a City Councilmember defend the practice of accepting tens of thousands of dollars in campaign contributions from city contractors. They each issue the following identical press statement: "*I am very careful to comply with the (California Fair Political Practices Commission)'s rules regarding conflicts of interest, and I am transparent in disclosing my campaign contributions. The Political Reform Act specifically states that campaign contributions are not considered income or a gift to the recipient, do not create conflicts of interest, and elected officials are not required to abstain from decisions that involve their contributors. I follow the law, I disclose contributions I receive as the law requires, and I will abstain when required. Because the law specifically says contributions do not create conflicts [of] interest, it would not require me to abstain in any of the instances you asked about.*"

**Jurisdiction:** Inglewood, CA (2015)

**Press Article:** [Conflict of interest or no? Critics point to Hollywood Park NFL stadium developer's contributions to Inglewood mayor's campaign](#)

**Summary:** Locals accuse the Inglewood Mayor of having a conflict of interest pertaining to a proposed NFL stadium because of the tens of thousands of dollars he accepted in campaign contributions from the would-be developer. In his own defense, the Mayor stated, "Not concerned about any appearance of conflict of interest because there is none... All contributions to my campaigns have been reported in compliance with campaign laws."

## **Cities that already limit or prohibit campaign contributions from people and entities with business before or ongoing with the city**

The below cities would not have prohibitions on campaign contributions from developers and city contractors to elected city officials if it was not perceived to be a problem. Thus, some cities are already addressing what the state has not.

### **California Cities**

#### **Alhambra**

- Prohibition on campaign contributions from developers and city contractors with business ongoing or before the city.
- [Full relevant section of city law](#) (specifically sections [101B\(7,10\)](#) and [101C\(G\)](#))

#### **Baldwin Park**

- Prohibition on campaign contributions from developers and city contractors with business ongoing or before the city (until the contract or negotiations cease or six months after an entitlement is approved).
- [Full relevant section of city law](#) (2nd reading of the law was passed on [03/03/2022](#))

#### **Claremont**

- Prohibition on campaign contributions to electeds from parties who receive a public benefit from those electeds until more than one year after the public benefit is voted on, depending on circumstances.
- [Full relevant section of city law](#) (specifically [section 2.56.040](#))

#### **Costa Mesa**

- Adopts the Levine Act in its municipal code (i.e., prohibits campaign contributions of \$250 or more 12 months prior to and 3 months after a vote involving a “license, permit, or other entitlement” (as defined in the PRA).
- [Full relevant section of city law](#) (specifically section (g))

#### **Culver City**

- Prohibition on contributions of \$250 or more from a party seeking a city contract worth \$25,000 or more until rejection of award of contract or 1 year after reward of contract or amendments to contract.
- [Full relevant section of city law](#) (specifically [section 3.06.020](#))

#### **Gardena**

- Prohibition on contributions from city contractors upon commencement of negotiations until completion of the contract or the end of negotiations, whichever is later.
- [Full relevant section of city law](#) (specifically section 2.24.020(H))

#### **Glendale**

- Prohibition on contributions from parties seeking entitlements from the City from the time negotiations begin until 12 months after final entitlement approval.
- [Full relevant section of city law](#) (specifically [section 1.10.060](#))

#### **Los Angeles**

- Prohibition on campaign contributions from [developers](#) and [city contractors](#) with business ongoing or before the city (and for 12 months after a contract or entitlement is approved).
- [Full relevant section of city law](#)

#### **Malibu**

- Prohibition on campaign contributions from parties seeking or currently under contract for goods and services provided to the City.
- [Full relevant section of city law](#) (specifically section G)

#### **Modesto**

- A councilmember shall not participate in any way in a matter before them when an interested party to the matter has contributed \$3,000 or more in the last 48 months to the councilmember, his/her immediate family, or the councilmember's campaign committee.
- [Full relevant section of city law](#) (specifically [section 2-8.01](#))

#### **National City**

- Prohibition on campaign contributions from parties negotiating or currently under contract with the City for goods and services.
- [Full relevant section of city law](#) (specifically [section 2.75.030\(H\)](#))

#### **Oakland**

- Prohibition on campaign contributions from [city contractors](#) with business ongoing or before the city (and for 180 days after said business ceases).
- [Full relevant section of city law](#).

#### **Oxnard**

- (Partial - for gifts only): Prohibition on gifts from persons with business before the city council or planning commission to a member of the city council or planning commission.
- [Full relevant section of city law](#) (specifically [section 2-250\(A-C\)](#))

#### **Pacific Grove**

- Mandatory recusal if an elected received a campaign contribution from an interested party with business before the elected body that will provide a "material financial effect" for the contributor.
- [Full relevant section of city law](#) (specifically [section 2.40.060\(e, g\)](#))

#### **Pasadena**

- Prohibition on campaign contributions from [persons who receive a "public benefit" from a "public official."](#) including developers and city contractors (until more than one year after the public benefit is voted on, depending on circumstances).
- [Full relevant section of city law](#)

#### **Pomona**

- ~~A Councilmember shall not cast a vote on any matter relating to any person or business entity that has contributed more than \$250 to their election campaign for the current term. If they do, their vote is void. (A 2022 charter amendment removed this and now only requires on-the-record disclosure.)~~
- [Full relevant section of city law](#) (specifically [Article XIV, Sec. 1403](#))

#### **Rolling Hills Estate**

- A Councilmember shall not cast a vote on any matter relating to any person or business entity that has contributed more than \$250 to their election campaign for the current term.
- [Full relevant section of city law](#) (specifically [section 1.13.240](#))

#### **San Bernardino**

- Adopts the Levine Act in its municipal code (i.e., prohibits campaign contributions of \$250 or more 12 months prior to and 3 months after a vote involving a "license, permit, or other entitlement" (as defined in the PRA).
- (See [Municipal Code Chapter 2.55](#))



### **San Francisco**

- Prohibition on campaign contributions from [developers](#) and [city contractors](#) with business ongoing or before the city (and for 12 months after a contract or entitlement is approved).
- [Full relevant section of city law](#)

### **San Jose**

- (Partial - for gifts only): Prohibition on gifts to city officials or employees from persons with business before the city, subject to gift exemptions in the Political Reform Act.
- [Full relevant section of city law](#) (specifically [Chapter 12.08.100](#))

### **San Marcos**

- City Councilmembers may not participate in matters that will have a financial impact on any source who gave them \$100 or more in campaign contributions or other income 12 months prior, nor may they receive financial aid for 12 months from any source who received a benefit from the Council.
- [Full relevant section of city law](#) (specifically [section 2.16.070](#))

### **Santa Ana**

- A councilmember is prohibited from influencing a decision that materially impacts a donor who gave a legal defense fund contribution of \$250 or more in the 12 months preceding the decision. Also, a councilmember is prohibited from accepting a campaign contribution of \$250 or more from a person who materially benefitted from a city council decision 3 months prior.
- (See MC Sections [2-107](#) and [2-111](#) )

### **Santa Clara**

- If an officeholder is found to have violated the City's contribution limits then the official shall not be permitted to influence a governmental decision in which the contributor has a financial interest.
- [Full relevant section of city law](#) (specifically [section 2.130.230](#))

### **Santa Monica**

- Prohibition on campaign contributions to a “City public official” from persons who receive a “public benefit” from a City public official, including developers and city contractors (until more than two years after the public benefit is voted on, depending on circumstances).
- [Full relevant section of city law](#)

### **Scotts Valley**

- Prohibition on campaign contributions from city contractors with business ongoing or before the city (until the contract or negotiations cease, whichever is later).
- [Full relevant section of city law](#) (specifically [section 2.60.040\(D\)](#))

### **Solana Beach**

- Prohibition on campaign contributions from city contractors with business ongoing or before the city (until the contract or negotiations cease, whichever is later).
- [Full relevant section of city law](#) (specifically [section 2.24.048](#))

### **Temple City**

- Prohibition on campaign contributions from developers and city contractors with business ongoing or before the city (see charter [sections 200](#) and [610](#)).

### **Ukiah**

- If an official receives a contribution in violation of the City's campaign finance laws, the official shall not be permitted to participate in making a matter in which the contributor has a financial interest.
- [Full relevant section of city law](#) (specifically [section 2087\(I\)](#))

### **Upland**

- Prohibition on officials from voting on or participating in a matter involving an interested party that contributed more than \$1,000 in the previous 12 months to an official's campaign.
- [Full relevant section of city law](#) (specifically section 2.56.060(H))

### **(\*)Walnut**

- Does not prohibit decision-making power but requires that City electeds and appointees disclose all gifts of \$50 or more and contributions of \$100 or more before voting on a matter affecting the giver.
- [Full relevant section of city law](#) (specifically [section 1.24.110](#))

### **Ventura City (San Buenaventura)**

- If a councilmember receives a contribution in excess of the City's contribution limits from a party with a matter before the City, then the councilmember shall not vote on or influence the matter.
- [Full relevant section of city law](#) (specifically [section 2.215.1050](#))

### **West Covina**

- Prohibition on campaign contributions from a person who seeks or has a contract with the City worth \$30,000 or more (\$15,000 or more for subcontractors) or a person or party seeking an entitlement until 12 months after the final decision on the entitlement.
- [Full relevant section of city law](#) (specifically [section 2-405.1](#))

### **Yorba Linda**

- Prohibition on campaign contributions and political endorsements from city contractors. Prohibition on campaign contributions of more than \$250 from anyone seeking a license, permit, contract or other land use entitlement until 12 months after a decision is rendered. A councilmember shall not participate in a decision of an interested party if they received more than \$250 in campaign contributions from them in the preceding 12 months (no cure period).
- [Full relevant section of city law](#) (specifically sections 2.44.010 - 2.44.040)

### **Non-California Cities/Districts**

#### **New York City, NY**

- Contributions will not be matched from, and low contribution limits are imposed (currently \$250) upon a person or entity that has "business dealings" with the City, [including developers and city contractors](#) (until 12 months after application submission or the end of the contract or 120 days after an entitlement decision).
- See charter sections [3-702.18\(a, b\)](#) and [3-703.1\(o\)1-a, 1-b](#)

#### **Chicago, IL**

- No person or entity "doing business" or "seeking to do business" or "who has done business" with the City within the preceding four years shall contribute more than \$1,500 to any candidate for city office during a single candidacy.
- [Full relevant section of city law](#) (specifically section [2-156-445](#))

#### **Washington D.C.**

- Bans political contributions from contractors and their senior officers while they hold contracts with Washington D.C worth more than \$250,000, and until a certain time after the contract has expired, depending on circumstances.
- [Full relevant section of district law](#) (specifically section [1-1163.34a](#))

### **Hoboken, NJ**

- Contributions are prohibited from city contractors during negotiations for city approval, contributions more than \$300 to city candidates are prohibited from city contractors until 12 months after contract approval, and contributions are prohibited from redevelopers with business ongoing before the city.
- [Full relevant section of city law](#) (specifically sections [20A-12](#) and [20C-2](#))

### **Other states with local prohibitions**

#### **New Jersey**

- A state, county, or local jurisdiction shall not enter into a contract over \$17,500, that is not competitively bid, if within the preceding year a politician in that jurisdiction received a campaign contribution from said contractor. Additionally, said politicians are prohibited from taking contributions from persons and entities with ongoing contracts with a jurisdiction.
- Local Prohibition: [NJSA 19:44A-20.5](#)

#### **New Mexico**

- Covers state and local governments. A bidder/contractor is prohibited from giving a campaign contribution or thing of value to an applicable elected official or his/her staff during the application period through to the awarding of the contract.
- [Full relevant section of state law](#) (specifically section [11-1-191.1.E](#))

#### **Hawaii**

- No state or county contractor shall directly contribute to a candidate committee during the course of a government contract.
- [Full relevant section of state law](#)

#### **South Carolina**

- “No person who has been awarded a contract with the State, a county, a municipality, or a political subdivision thereof, other than contracts awarded through competitive bidding practices, may make a contribution after the awarding of the contract or invest in a financial venture in which a public official has an interest if that official was in a position to act on the contract's award.”
- [Full relevant section of state law](#)

# EXHIBIT B



# A \$72-million apartment project. Top politicians. Unlikely donors.

Who wrote the checks to elected officials weighing approval?



By **DAVID ZAHNISER** ([HTTP://WWW.LATIMES.COM/LA-BIO-DAVID-ZAHNISER-STAFF.HTML](http://www.latimes.com/la-bio-david-zahniser-staff.html)) AND **EMILY ALPERT REYES** ([HTTP://WWW.LATIMES.COM/LA-BIO-EMILY-ALPERT-REYES-STAFF.HTML](http://www.latimes.com/la-bio-emily-alpert-reyes-staff.html))

OCT. 30, 2016

**N**o one is registered to vote at the run-down house on 223rd Street. The living room window has been broken for months. A grit-covered pickup sits in the dirt front yard with a flat tire.

ADVERTISEMENT

Yet dozens of donations to local politicians — totaling more than \$40,000 — have come from four of the people who have lived there over the last eight years.

Victor Blanco, a repairman originally from El Salvador, gave the most: 22 donations totaling \$20,300 since 2008, according to contribution reports. More than half that money went to U.S. Rep. Janice Hahn (D-Los Angeles) while she was pursuing local, state and federal office, according to contribution reports.

Asked about those donations, Blanco could not explain why he gave Hahn so much money.



Campaign contribution records show that people who have lived at this house on West 223rd Street in unincorporated West Carson were the source of dozens of donations. (Mark Boster / Los Angeles Times)

“I do not remember,” he said, standing in the driveway of the home, located in West Carson.

Blanco is among more than 100 campaign contributors with a direct or indirect connection to Samuel Leung, a Torrance-based developer who was lobbying public officials to approve a 352-unit apartment complex, a Times investigation has found.

Those donors gave more than \$600,000 to support Hahn, Mayor Eric Garcetti and other L.A.-area politicians between 2008 and 2015, as Leung was seeking city approval for the \$72-million development in L.A.'s Harbor Gateway neighborhood, north of the Port of Los Angeles, The Times found.



(<http://www.latimes.com/projects/la-me-seabreeze-donations-interactive/>)

Donors directly or indirectly linked

(<http://www.latimes.com/projects/la-me-seabreeze-donations-interactive/>) to developer **Samuel Leung** gave more than \$600,000 over eight years. Among those who benefited from the money were:



**Janice Hahn**

U.S. Congress

\$203,500



**Joe Buscaino**

City Council

\$94,700



**Mitchell Englander**

City Council

\$65,800



**Eric Garcetti\***

Mayor

\$60,000



**Jose Huizar**

City Council

\$30,400



**Nury Martinez**

City Council

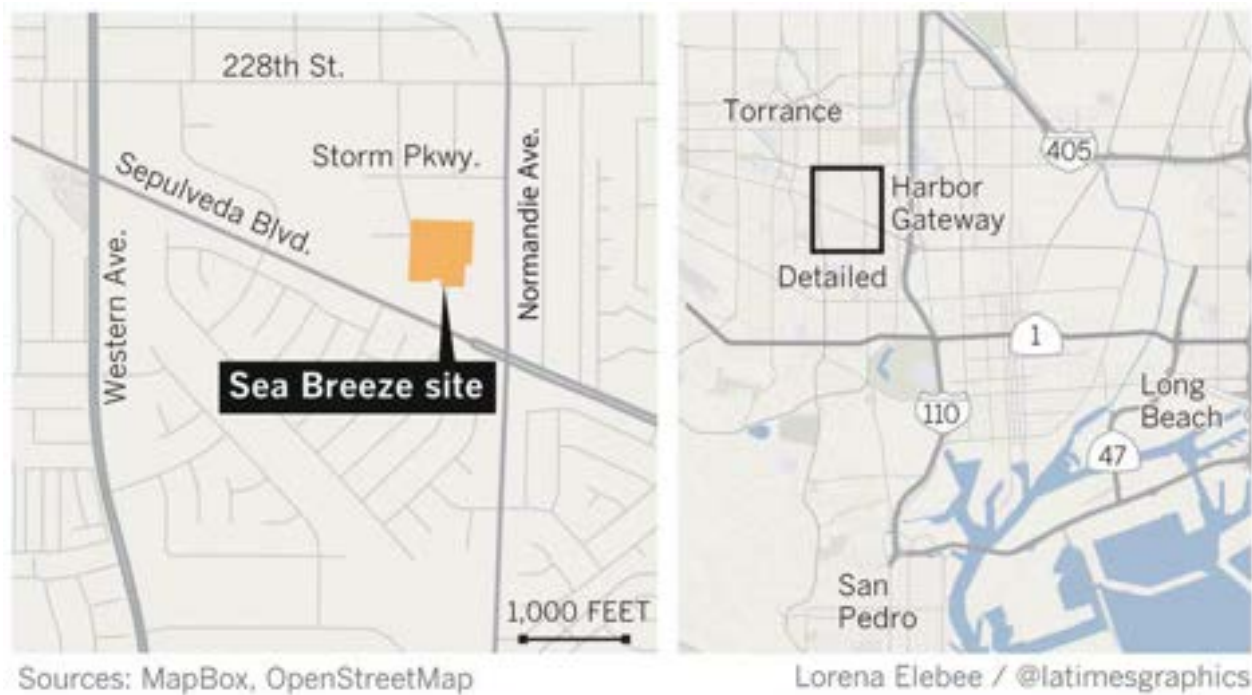
\$7,700

(<http://www.latimes.com/projects/la-me-seabreeze-donations-interactive/>)

\*Contributions went to an independent campaign committee that supported Garcetti, but was not controlled by him.  
Photos: Irfan Khan, Francine Orr, Al Schaben / Los Angeles Times

The fundraising effort is a case study in the myriad ways money can flow to City Hall when developers seek changes to local planning rules. The pattern of donations from unlikely sources, some of whom profess to have no knowledge of contributions made in their name, suggests an effort to bypass campaign finance laws designed to make political giving transparent to the public.

At one critical point, Garcetti invoked a mayoral prerogative — which he has used only twice — to reduce the number of council votes required to approve the project. In several cases, elected officials received the money as they were poised to make key decisions about the development, known as Sea Breeze.



Many of the contributions were reported on the same day, in the same amounts, for the same politician, contribution records show. They came from the handymen who fixed Leung’s buildings; the landscaper who tended his gardens; the chef who prepared meals in a hotel run by his company.



Blanco, for instance, has worked at several Leung properties; the house where he lives is owned by one of Leung's companies.

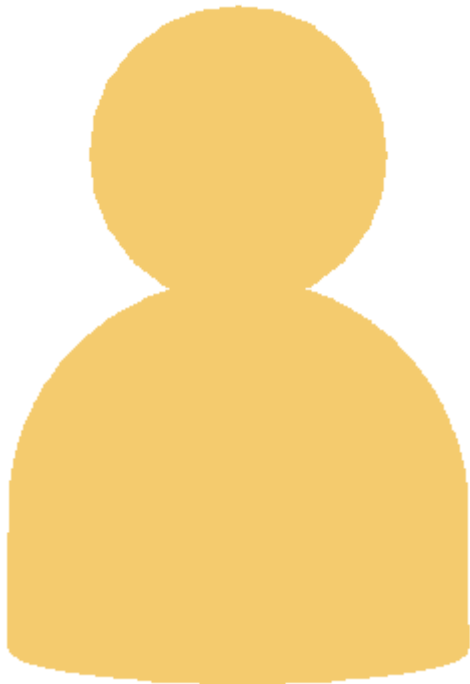
By the time the contributions stopped, Leung had overcome stiff opposition from city planners, winning approval of a project that had divided neighborhood businesses and residents. His victory came as City Hall faced mounting criticism that campaign cash drives such decisions.

Hahn, Buscaino and others 2008-2015

### **Victor Blanco, \$20,300**

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Blanco, a repairman, said he could not remember why he made donations to Hahn. Records show he contributed \$10,500 to her campaigns and office holder account.



See more connections ([http://www.latimes.com/projects/la-](http://www.latimes.com/projects/la-me-seabreeze-donations-interactive/)

[me-seabreeze-donations-interactive/](http://www.latimes.com/projects/la-me-seabreeze-donations-interactive/))

The Times uncovered the fundraising efforts by examining public campaign contribution reports, property records, business filings and court records, and in interviews with dozens of donors.

Among the donors contacted by The Times, 11 denied making contributions or said they didn't remember giving. Several others were unable to provide basic details about their donations, such as why they gave, to whom and how many times. One donor said she had been reimbursed for at least one contribution by a relative.

Dozens of other contributors refused to comment or did not respond to interview requests.

That some contributors denied giving, or didn't remember making donations, raises questions about whether someone else was the source of the money, according to several campaign finance experts. That practice is not permitted under campaign finance laws.

“A person of normal means — i.e. not a millionaire — would remember checks of this size,” said Richard Skinner, a policy analyst on campaign finance for the Washington, D.C.-based Sunlight Foundation, a nonprofit group that focuses on government transparency. “That's not the sort of expense one usually makes casually and then forgets.”

Leung and his representatives declined requests from The Times to discuss his development and campaign contributions. Approached by reporters at the Department of Building and Safety, Leung said he did not reimburse any donors but refused further comment.

## A hard sell: apartments in an industrial zone

Leung, 66, was born in China and lives in Palos Verdes Estates, on a street with commanding ocean views. He has been in the real estate business for at least three decades, constructing new apartments,

buying and leasing single-family homes, and building or running hotels across Los Angeles County.

In Harbor Gateway, he and one of his companies, A&M Properties, sought approval to build hundreds of new apartments in an area zoned for industrial rather than residential uses. Their argument: The area was in dire need of housing.



Real estate developer Samuel Leung, seated at the Los Angeles Department of Building and Safety in July. (Emily Alpert Reyes / Los Angeles Times)

The Department of City Planning opposed the plan and, in March 2014, the nine-member Planning Commission — composed of Garcetti appointees — rejected the proposal, saying new homes should not be built so close to properties zoned for heavy industry.

But Garcetti and the council overruled the Planning Commission in February 2015, changing the zoning for the site.

Neighborhood activists who favor limits on development charge that Garcetti and the council are too quick to rewrite city rules in ways that benefit politically connected developers, especially those that provide campaign cash.

As the project was under review, donors tied to Leung contributed at least \$94,700 to Councilman Joe Buscaino, who represents Harbor Gateway and was an enthusiastic supporter of the project. That was nearly 10% of the money raised by Buscaino during the period examined by The Times.

“

**If I didn't get one penny for this project I'd still support it**

”

— Councilman Joe Buscaino

 ▼ SHARE

More than \$30,000 went to Councilman Jose Huizar, who heads the powerful council committee that reversed the Planning Commission's decision and approved Leung's project. At least \$65,800 went to Councilman Mitch Englander, who sits on that committee with Huizar.

Donors with some connection to Leung also provided \$60,000 to a campaign group that supported Garcetti's 2013 mayoral bid. And more than \$200,000 went to Hahn, who wrote a letter favorable to Sea Breeze before she left the council.

Hahn, Garcetti and several other politicians contacted by The Times said the donations played no role in their positions on Sea Breeze. Buscaino said the development would bring new homes to a property that had long sat vacant “at a time when people are thirsting for workforce housing.”

“If I didn’t get one penny for this project, I’d still support it,” he said in an interview.

## Some unlikely political donors

The political contributions came from across Southern California. Among the donors were affluent professionals living on winding hillside streets in Granada Hills and Palos Verdes Estates. But others were working-class laborers renting modest apartments in Koreatown, South Los Angeles and North Hollywood.

The donors included Leung’s relatives, his employees and their relatives. Leung’s business associates also made contributions, as did their family members, their companies, their co-workers and their own business associates. Relatives and co-workers of some of those donors also gave.

Some contributors said they had no interest in local politics, even though records identify them as giving hundreds — sometimes thousands — of dollars to the L.A. politicians. Many also lived far outside the districts of the candidates to whom they gave money.

One of Hahn’s donors, construction worker Johnny Ruiz, was living in Reseda, about 25 miles from Hahn’s Watts-to-San Pedro council district, according to campaign contribution records. He said he is the brother-in-law of Hector Molina, whose construction company has worked on several of Leung’s buildings. And he previously was employed by Seems Plumbing, a company that was hired on a Leung project in 2008.

Interviewed at a Torrance construction site, Ruiz said he did not know who Hahn was and did not recall giving her political contributions. Yet Ethics Commission records show he gave her two \$500 contributions in 2009 while she was on the City Council and representing the district that included the Sea Breeze site.

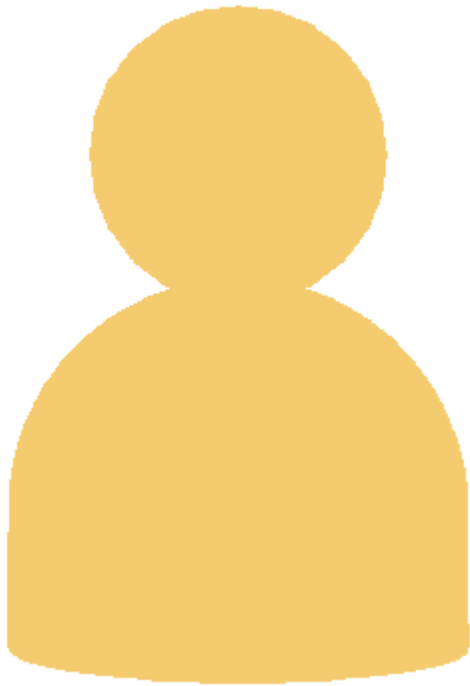
“I’ve given donations to a lot of things, like Goodwill,” Ruiz said in Spanish. “But not to politicians.”

Hahn donations, 2009

### **Johnny Ruiz, \$1,000**

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Ruiz, a construction worker, said he did not know who Hahn is and did not recall giving her political contributions.



See more connections ([http://www.latimes.com/projects/la-](http://www.latimes.com/projects/la-me-seabreeze-donations-interactive/)

[me-seabreeze-donations-interactive/](http://www.latimes.com/projects/la-me-seabreeze-donations-interactive/))

Molina did not respond to several requests for comment.

Political donors are legally required to give their names and other details, and that information is publicly reported by the campaigns.

Federal, state and city laws prohibit contributors from reimbursing other donors — a practice sometimes called campaign money laundering — to prevent such “straw donors” from circumventing legal limits on political giving. In City Council races, that limit is currently \$700.

Violations of those laws can result in serious consequences. Two months ago, the father of U.S. Rep. Ami Bera (D-Elk Grove) was sentenced to a year and a day in prison (<http://www.latimes.com/politics/la-pol-ca-ami-bera-father->

sentenced-campaign-money-laundering-20160818-snap-story.html) for organizing a money-laundering scheme that helped fund his son's campaigns.

Hahn, who is running for a seat on the Los Angeles County Board of Supervisors, said in an interview that she had no knowledge of any donors being reimbursed. If that occurred, she said, "that's illegal." She said that she was troubled by that possibility and takes campaign finance law "very seriously."

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"All my committees were audited. I have a lawyer, a treasurer who looked at all my campaign donations. There was never any indication that anybody got reimbursed for a donation to me," Hahn said.

Some donors readily acknowledged making contributions.

"I give to the symphony. I give to the opera. We give to who we believe in," said Lorraine New, who was identified in court documents in 2013 as executive vice president of A&M Properties, which pushed for approval of Sea Breeze.

New gave more than \$46,000 to local politicians between 2008 and 2015, according to campaign contribution records.



## A burst of donations

When Sea Breeze was first proposed, some critics saw the site as a less-than-ideal spot for a six-story apartment complex.

At one neighboring business, construction crews frequently work outdoors, building stages and scenery for music festivals. Nearby, trucks at a Los Angeles Times distribution facility load up for early-morning deliveries.

The area north of Sepulveda Boulevard was designated by the city for heavy manufacturing. Under the zoning rules, homes were not allowed and any new structure could be no taller than 45 feet.



A rendering of the Sea Breeze residential complex. (Los Angeles Department of City Planning)

But like many other developers in Los Angeles, Leung set out to persuade the planning department, and then the City Council, to change the rules for the site.

Five weeks before Leung filed his application for the Sea Breeze project, a burst of donations came in for the reelection bid of Hahn, who represented the area. On Dec. 29, 2008, she reported receiving 22

separate donations, for a total of \$11,000. Each was \$500, the maximum allowed under city rules at the time.

At least 21 of the 22 contributions came from donors connected to Leung, including family members, business associates and family members of those business associates, according to interviews and public records.

The money arrived from workers at Best Western Golden Sails Hotel in Long Beach, where Leung was president, according to court documents; Park Parthenia, a collection of apartment buildings in Northridge where Leung was CEO; Harbor Court apartments, a 44-unit building in Harbor Gateway developed by Leung; and Seaport Homes, an apartment complex in San Pedro developed by one of Leung’s companies.



Workers at Best Western Golden Sails Hotel in Long Beach gave repeatedly between 2008 and 2015, according to contribution reports. Court documents show Leung was president of the company that runs the hotel. (Glenn Koenig / Los Angeles Times)



Donations came from employees at Park Parthenia, a residential complex in Northridge where Leung was listed as CEO, according to contribution reports. (Al Seib / Los Angeles Times)

Because Harbor Gateway was in her district, Hahn’s support was critical. At City Hall, council members have a longstanding practice of deferring to their colleagues on development decisions in their districts.

Hahn handily won her 2009 reelection campaign. Three days later, she took in more Leung-related donations. Each contribution was reported on the same day and in the same amount. Hahn received at least \$15,500 from 31 donors with ties to Leung and his properties the week of her reelection, records show.

Hahn reported a \$500 donation from Pamela Rojas, a Panorama City homemaker. In an interview, Rojas said she was a friend of Johnny Ruiz, the construction worker who worked at Leung properties. Like Ruiz, she said she doesn't remember giving Hahn any money.

Hahn donation, 2009

## **Pamela Rojas \$500**

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Rojas described herself as a friend of a construction worker who worked at Leung properties. She said she does not remember giving any money to Hahn.



See more connections (<http://www.latimes.com/projects/la-me->

seabreeze-donations-interactive/)

Rojas' ex-husband also was listed as a \$500 donor. He told The Times in a separate interview that he does not remember contributing to Hahn either.

Donors also gave to Hahn's officeholder account, which council members are allowed to use for meals, travel and other expenses.

During 2008 and part of 2009, the go-between for most of those donations was the lobbying firm Rose & Kindel, according to Ethics Commission reports. The firm represented A&M Properties for roughly a year on the Sea Breeze project.

At the end of 2009, Hahn launched a bid for lieutenant governor, a contest with much higher contribution limits. Leung's associates, their companies and their family members gave \$103,000 to her statewide campaign — nearly 10% of the total collected.

Blanco, the repairman, contributed \$6,500 — the maximum allowed under state law. So did Francisco Matamoros, an employee of Molina Construction, which worked on at least four Leung properties, according to city building records.

Between 2010 and 2012, Matamoros and a family member gave more than \$12,000 to politicians who represented, or were campaigning to represent, the San Pedro area, according to donation forms.

Hahn, Buscaino and others, 2010-2012

**Francisco Matamoros, \$11,000**

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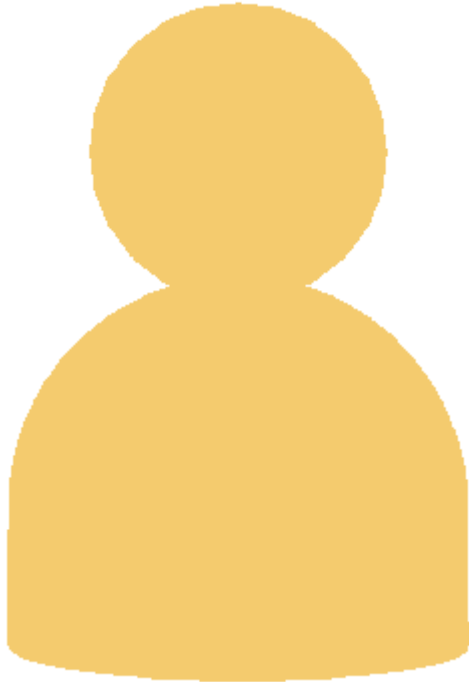
Matamoros, listed in contribution reports as an employee of Molina Construction, denied making political donations. “We don’t insert ourselves in politics,” he said.

Hahn, 2009-2011

## **Jesus Galguera-Garcia, \$3,000**

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Galguera-Garcia, a construction worker, said one of his contributions was equal to about 20 days' pay.



See more connections ([http://www.latimes.com/projects/la-me-](http://www.latimes.com/projects/la-me-seabreeze-donations-interactive/)

<http://www.latimes.com/projects/la-me-seabreeze-donations-interactive/>)

Times reporters met with Matamoros at his apartment in North Hills and, sitting at the family’s desktop computer, showed him the Ethics Commission website ([https://ethics.lacity.org/disclosure/campaign/search/public\\_search.cfm?pubsearchstep=2&rept\\_type=ALLCon](https://ethics.lacity.org/disclosure/campaign/search/public_search.cfm?pubsearchstep=2&rept_type=ALLCon)) that lists contributions made in his name. He denied giving contributions to Hahn or the other candidates for her seat.

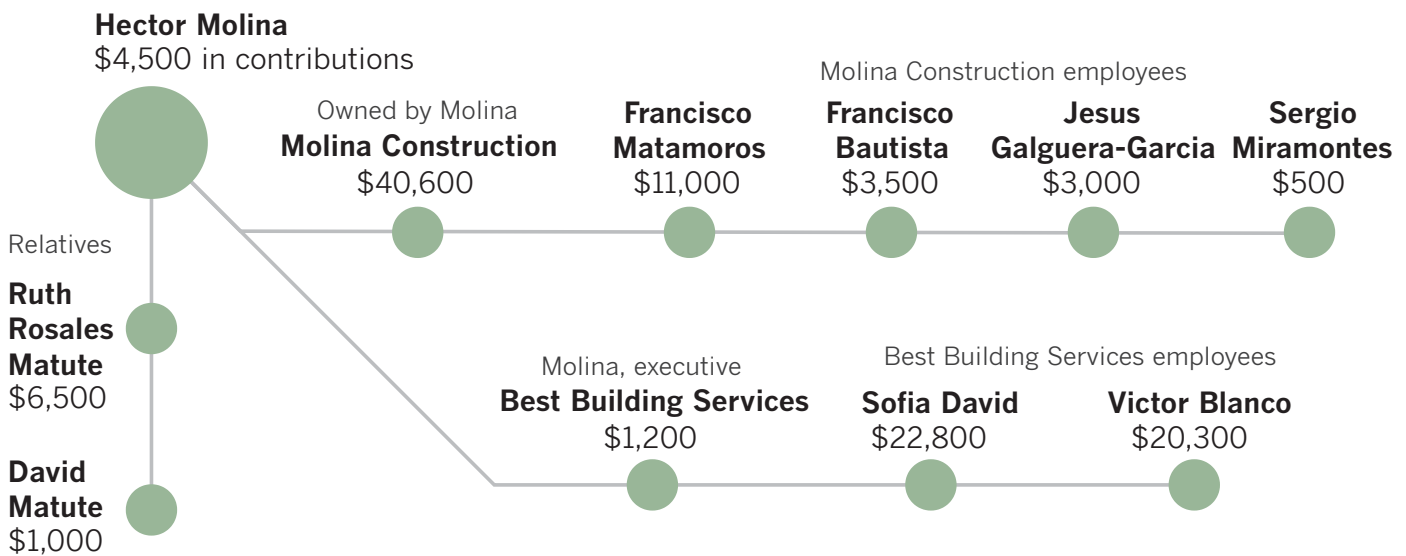
“We don’t insert ourselves in politics,” he said in Spanish.

Hahn lost her bid for statewide office. A few months later, she turned her sights on another prize: a congressional seat that covered much of the South Bay.

Within months, her campaign picked up \$52,500 in donations from Leung’s network of associates. Each donor gave \$2,500, the maximum allowed under federal election law at the time, according to donation records.

One \$2,500 donor was Jesus Galguera-Garcia, a construction worker who lives in South Los Angeles. At the time, he was doing carpentry and other construction jobs for Molina Construction, a company that worked at Leung properties.

Galguera-Garcia described the contribution as being equal to about 20 days of his pay. Like Matamoros, he said he is not interested in politics.



Source: Times reporting, based on interviews, campaign contribution reports, business filings and other public documents



Hector Molina owns Molina Construction, which has worked on properties belonging to developer Samuel Leung. Molina's companies, relatives, employees and business associates made political donations between 2008 and 2015 (<http://www.latimes.com/projects/la-me-seabreeze-donations-interactive>)

details about other contributors and the politicians who got the money ↗

Hahn won her race for Congress. In one of her last acts as a council member, she sent a letter to a representative for A&M Properties, offering her “conditional support” for the Sea Breeze project. She said it would provide “new housing units in an area that has had little if any significant development in recent years.”

Hahn said it was important for A&M to work “in good faith with the Harbor City Neighborhood Council” and address traffic, parks and design issues.

That letter became a key selling point over the next five years, with Buscaino and other Sea Breeze backers describing Hahn as a supporter of the project. Hahn later disputed that portrayal.

“I wouldn't consider my letter a support letter,” she told The Times.

## Contributions for three contenders

With Hahn heading to Washington, D.C., in 2011, and the fate of Sea Breeze still undecided, people with ties to Leung began sending contributions to three men running to replace her.

The contributors first gave to former Councilman Rudy Svorinich, who had served on the council from 1993 to 2001 and was running again. Weeks later, they sent contributions to one of his rivals: then-

Assemblyman Warren Furutani, who also was campaigning for Hahn's seat.



Buscaino and Hahn, pictured in June. Donors with direct and indirect ties to developer Samuel Leung provided at least \$298,200 to the two politicians combined. (Gina Ferazzi / Los Angeles Times)

Among those donors was Chin-Lung Lee, who is listed in campaign records as giving to both Svorinich and Furutani. The Chatsworth resident also had made an earlier donation to Hahn.

In an interview at her home, Lee said her sister-in-law Diane Lee had paid her back for at least one of those contributions but declined to provide details.

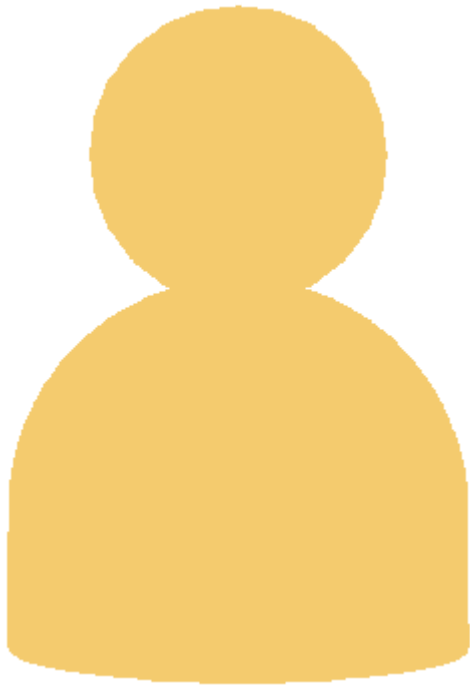
Hahn, Svorinich and Furutani, 2009-2011

### **Chin-Lung Lee, \$1,500**

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Lee, who lives in Chatsworth, said she was reimbursed by her sister-in-law for at least one contribution.





See more connections ([http://www.latimes.com/projects/la-](http://www.latimes.com/projects/la-me-seabreeze-donations-interactive/)

[me-seabreeze-donations-interactive/](#))

“She already told me not to tell anything about it,” Chin-Lung Lee said. She declined to answer further questions about the donations.

Diane Lee, also known as Peiann, works at the Park Parthenia apartment complex, where Leung has served as CEO, according to county business filings. She did not respond to messages seeking comment.

Furutani said he knew nothing about any reimbursed contributions. Svorinich did not respond to messages seeking comment.

At the time that Chin-Lung Lee and other donors were giving to Svorinich and Furutani, both men seemed to be strong contenders for Hahn’s seat. But in the November 2011 primary election, the top vote getter was a political newcomer — LAPD Officer Joe Buscaino.



Soon, money began pouring into Buscaino’s campaign from donors affiliated with Leung and his real estate holdings. By the end of March 2012, some of the donors connected to Leung had given as many as six times to three of the contenders to replace Hahn. Buscaino won the race.

The following year, Buscaino raised money for a committee to support Garcetti’s mayoral bid. Because it was run independently from Garcetti’s campaign, the committee could accept donations of any size.

The pro-Garcetti group reported receiving \$60,000 from six donors linked to Leung on April 1, 2013. A day later, Buscaino met in San Pedro with Nancy Bush, Leung’s representative, and discussed the Sea Breeze project.

## Gearing up for a zoning fight

By 2014, local opposition to Sea Breeze had begun to emerge. The Harbor City Neighborhood Council, which represents homes on the south side of Sepulveda, came out against the development.

So did L&B Realty, which owns industrial buildings just north of the Sea Breeze site. L&B argued that noise from its business tenants would lead to complaints from future residents and demands for limits on company operations.

In correspondence with the city, Leung's attorneys countered that new homes and shopping centers were already changing the face of the area.

Buscaino endorsed the project, as did the Harbor Gateway South Neighborhood Council, which represents properties on the north side of Sepulveda. Adrienne O'Niell, the group's former president, said Sea Breeze would provide much-needed "workforce housing," the kind that serves lower-income families.

Business representatives for The Times also raised questions, pointing out that the homes would be built next to a distribution center that operates late at night. However, the company ultimately took no position, a spokeswoman said.

To get approval for Sea Breeze, Leung needed to navigate a lengthy review process. First, the project would be considered by the Planning Commission, which is made up of Garcetti appointees. Then it would face a City Council committee on development. Finally, it would need a vote from the full council and the blessing of the mayor.

Garcetti's planning commissioners took up the proposal in March 2014. The commission, acting on the recommendation of city planners, voted 7 to 0 to reject the project.



Mayor Eric Garcetti threw his support behind the Sea Breeze project, despite opposition from his own appointees on the City Planning Commission. (Francine Orr / Los Angeles Times)

Commissioners said the city needed to preserve manufacturing sites and the well-paying jobs that come with them. They also argued it was a mistake to put apartments so close to industrial businesses.

The outright rejection of Sea Breeze was unusual. In the vast majority of cases, the commission approves real estate projects, though it does sometimes insist on alterations to development proposals.

The Sea Breeze proposal headed to the council's three-member Planning and Land Use Management Committee with two strikes against it: a negative recommendation from the city's planning department, and a rejection by the Planning Commission.

At that point, Garcetti stepped in and used a rarely exercised power, granted to him under the City Charter, to smooth the path. He backed the change in city rules sought by Leung, reducing the number of votes needed for the City Council to approve it from 12 to 10.

Asked why he took that unusual step, Garcetti issued a statement saying that he supported the Sea Breeze project because it would help meet his goal of building 100,000 housing units across the city by 2021. He also noted that both Buscaino and key community groups supported the project.

Garcetti declined an interview request. His spokeswoman, Connie Llanos, said that the donations played no role in the mayor's decision and that he had "no involvement whatsoever" with the group that took in the money. She added that Garcetti was unaware of the contributions.

## A focus on fundraising

With Sea Breeze heading for a vote, the contributors with ties to Leung focused their fundraising efforts on the three members of the City Council's planning committee — Englander, Huizar and Councilman Gil Cedillo.

Within six months, Buscaino and the committee's three members had received at least \$70,200 from contributors tied to Leung. The committee ultimately voted to endorse the Sea Breeze development.

In the run-up to the final council vote, donors linked to Leung also gave money to support candidates backed by Buscaino. One of the biggest beneficiaries was an independent committee to support former Santa Monica City Councilman Bobby Shriver, who was running for a seat on the Los Angeles County Board of Supervisors.

Buscaino, the honorary chairman of a Shriver fundraising committee, went to the Sea Breeze site to meet with Leung's representative on Aug. 12, 2014. Two days later, that pro-Shriver campaign committee reported \$120,000 in contributions from donors affiliated with Leung.

### joe buscaino

**2pm Stop by: Pioneers of Watts meeting**

**Where:** 10950 S Central Ave, Los Angeles, CA 90059, USA

**Calendar:** joe buscaino

**Created by:** Sarah Bonner

**2:30pm Jordan High School campus visit w/Dr. Deasy**

**Where:** 2265 E 103rd St, Los Angeles, CA 90002, USA

**Calendar:** joe buscaino

**Created by:** Sarah Bonner

**3:30pm Site Visit w/Nancy Bush**

**Where:** 1311 W Sepulveda Blvd, Torrance, CA 90503, USA

**Calendar:** joe buscaino

**Created by:** Sarah Bonner

**Wed Aug 13, 2014**

**All day SC - SK**

**Calendar:** joe buscaino

**Created by:** Tracey Chavira

**9am Legislative Briefing**

**Where:** CHO

**Calendar:** joe buscaino

**Created by:** Tracey Chavira

Buscaino met with a Sea Breeze representative in August 2014 to discuss the project. Two days later, a campaign committee that had Buscaino as its honorary chairman took in \$120,000 from people and companies directly and indirectly tied to the developer. (Office of Councilman Joe Buscaino)

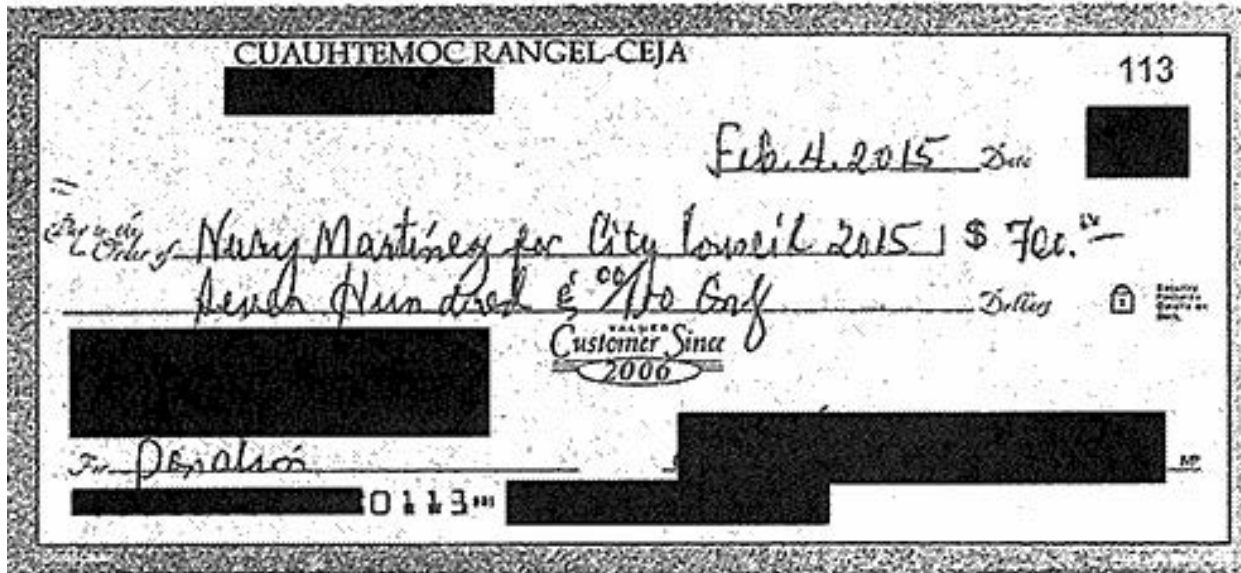
Buscaino said there was no connection between his Sea Breeze meeting and the fundraising for Shriver. "You can't put two and two together," he said.

Sea Breeze was outside the district where Shriver was running; he said he did not know Leung and had never heard of the project.

In the final weeks before the City Council vote, Buscaino co-hosted a fundraiser in San Pedro for the reelection campaign of Councilwoman Nury Martinez. Within three days, Martinez reported receiving at least \$7,700 in donations connected to Leung.

Victor Blanco, the repairman living in the house on 223rd Street, was one of those donors. So was one of his longtime housemates. Two others who had worked at Leung properties also gave.

All four of their checks had the same date and what appears to be the same handwriting. The city's Ethics Commission, which turned over copies of the checks in response to a public records request, blacked out the signatures.



Four donors to Martinez turned in checks on the same day in the same amounts in what appears to be the same handwriting. Signatures and donor addresses were redacted by the Los Angeles City Ethics Commission, which provided check copies to The Times.

Two weeks after the Martinez fundraiser, the council approved Sea Breeze unanimously, without discussion. A spokesman for Martinez said that she had never met Leung or his representatives — and that the contributions played no role in her support.

The Leung-affiliated donors kept giving for a few more months, providing funds to Englander's bid to replace Los Angeles County Supervisor Mike Antonovich and Buscaino's officeholder account.

Buscaino tapped that account in July to help pay for an official city trip to Italy.

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Construction recently began on the Sea Breeze site along Sepulveda Boulevard, seven years after it was first proposed.

On an August afternoon, a lone man in a hard hat and orange vest was working on the site, loading items into a pickup. It was Victor Blanco, the repairman from the house on 223rd Street, whose residents gave more than \$40,000 in political donations, according to contribution records.

When reporters attempted to ask him again about the contributions made by him and his housemates, Blanco told them to go away.



“I’m not opening my mouth,” he said.

**Contact the reporters (<mailto:David.Zahniser@latimes.com>;  
[Emily.Alpert@latimes.com?subject=Sea Breeze](mailto:Emily.Alpert@latimes.com?subject=Sea+Breeze)). For more City  
Hall coverage follow [@DavidZahniser](https://twitter.com/DavidZahniser)  
(<https://twitter.com/DavidZahniser>) and [@LATimesemily](https://twitter.com/LATimesemily)  
(<https://twitter.com/LATimesemily>)**

*Times staff writers Frank Shyong, Cindy Chang, Brittny Mejia and  
Ruben Vives contributed to this report.*

Credits: Drone footage of the Sea Breeze construction site by Travis Geske / For The Times. Animations by Eben McCue. Graphics by Joe Fox. Design and production by Lily Mihalik.

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# EXHIBIT C



L.A. Council racist comments >

De León: 'I will not resign.'

Krekorian now leads council

Parents face politi

CALIFORNIA

# How L.A. City Hall became so corrupt: A recent history of bribes, kickbacks, scandal, leaks



(Illustration: Jim Cooke / Los Angeles Times; photos: Carolyn Cole, Al Seib, Mel Melcon, Gary Coronado, Dania Maxwell / Los Angeles Times; Walt Mancini / The Orange County Register via AP)

BY GRACE TOOHEY | STAFF WRITER

PUBLISHED OCT. 14, 2022 UPDATED JAN. 19, 2023 4:25 PM PT

The [leak of a recording that](#) exposed some of Los Angeles' top officials making abhorrent racist comments, [disparaging multiple racial and ethnic groups](#), rocked the **001**

## City of Angels.

But City Hall is no stranger to scandal — with many elected leaders and officials still facing the fallout from prior missteps, including three current or former council members [charged with federal crimes](#).

For anyone new to the mayhem in L.A. politics, here's a quick refresher on some of the most memorable — or perhaps infamous — scandals in recent history. Buckle up.



(Photos: Carolyn Cole, Al Seib / Los Angeles Times)

## The racist leaked audio

The Los Angeles political world was [roiled in early October by audio](#) from a 2021 closed-door meeting among some of the city's most powerful Latino leaders discussing the city's [redistricting process](#). Many subsequently raised concerns about

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their discussion about ways to expand their political power amid a contentious redistricting process, but it's the racist comments the group flippantly shared that sparked an onslaught of outrage and condemnation that extended [all the way to the White House](#).



CALIFORNIA

**L.A. council members made racist comments in leaked audio. Read our full coverage**

Oct. 21, 2022

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In the clip, then-[City Council President Nury Martinez disparaged](#) a white council member's Black son, using a Spanish phrase meaning "looks like a monkey" and suggesting the child needed to be beaten to make him behave. She said the council member treated his son like an "accessory," and Councilmember **Kevin de León** later seemed to compare the council member's handling of his child to Martinez holding a Louis Vuitton handbag. The conversation also included Councilmember **Gil Cedillo** and Ron Herrera, then-president of the Los Angeles County Federation of Labor.



CALIFORNIA

**Hear the full leaked audio of L.A. City Hall officials**

Oct. 15, 2022

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In the same conversation, Martinez is also heard making bigoted and crude remarks about [Oaxacans](#), [Jews and Armenians](#).

Although calls for the council members to resign were swift and loud, De León and Cedillo remained in their seats. Martinez [finally resigned on Oct. 12](#) .

[Herrera resigned](#) on Oct. 10.

After the bombshell recording went public, the California attorney general said his office would [open an investigation](#) into the city's redistricting process, which last year redrew lines for the 15-seat City Council.



(Photo: Dania Maxwell / Los Angeles Times)

## The USC kickback scheme

One of Los Angeles' most prominent political figures, suspended City Councilmember **Mark Ridley-Thomas**, was [indicted last year](#) along with a former USC dean on federal charges that he took bribes from the dean in exchange for directing millions in public funding to the university.

Prosecutors said the kickback scheme occurred when Ridley-Thomas sat on the L.A. County Board of Supervisors in 2017, before he joined the City Council — from which he was later suspended. He has pleaded not guilty in the case, which is ongoing.

004

Marilyn Louise Flynn, the former dean of USC's School of Social Work, [struck a plea deal](#), admitting to bribery in the case. She said she agreed to route money from Ridley-Thomas' campaign through the university into his son's nonprofit in order to hide the origins of the funds. In return, she said Ridley-Thomas agreed to secure the renewal of an L.A. County contract for USC's online mental health clinic. The alleged quid pro quo also included admission of Ridley-Thomas' son to the university on a full-tuition scholarship and a paid professorship.



(Photo: Mel Melcon / Los Angeles Times)

## Mayor's office allegations

In 2020, a Los Angeles police officer who served as a bodyguard for Mayor **Eric Garcetti** sued the city, alleging that he was [repeatedly sexually harassed](#) by one of the mayor's top advisors. The suit claims that Garcetti witnessed some of the

inappropriate behavior, including crude comments and unwanted touching, but did not intervene. The mayor denies the claims.

Months later, Garcetti's chief of staff, Ana Guerrero, stepped down from her post after The Times reported she [disparaged labor icon Dolores Huerta](#) in private Facebook group. Guerrero made comments in the social media platform, saying "I hate her" and used a Spanish term that translates to "jealous old lady."

Guerrero was placed on unpaid leave from Garcetti's office after the incident came to light in June 2021, though she recently returned [as a top advisor](#).

The incident, along with the allegations about Jacobs, [brought scrutiny](#) to his office's workplace culture.



(Photos: Walt Mancini/The Orange County Register via AP; Al Seib / Los Angeles Times)



## ‘Pay-to-play’ scheme

A [sprawling federal corruption investigation](#) looking into possible bribery, extortion, money laundering and other crimes landed one former council member in prison and led another to enter a guilty plea.

Former City Councilmember **Mitchell Englander** [was sentenced](#) in 2021 to 14 months in prison after being convicted of lying to federal authorities about his dealings with a businessman who provided him with \$15,000 in secret cash payments and a debauched night in Las Vegas.

Englander’s [case](#), though, is part of a larger probe into an alleged “pay-to-play” scheme, which has centered on former Councilmember **Jose Huizar**. It first gained public attention in 2018 when [FBI agents raided](#) the then-council member’s home and office.



CALIFORNIA

‘They’re all tainted by it.’ Federal corruption cases deal new blow to trust in City Hall

April 1, 2020

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[Huizar pleaded guilty](#) to tax evasion and racketeering in an agreement filed in federal court on Jan. 19, admitting that he extorted at least \$1.5 million in bribes. He had denied the allegations — that he repeatedly took cash bribes and campaign donations from real estate developers in exchange for help getting development projects through the city’s arduous approval process — for years.

Huizar’s [former special assistant, George Esparza](#), his [older brother](#), a lobbyist and two real estate consultants had already pleaded guilty to federal crimes in the scheme. Esparza admitted receiving lavish perks — trips to Vegas and Australia, expensive meals and escort services — from a developer looking to build a 77-story

skyscraper, while also accepting \$8,000 to \$10,000 per month from the businessman who provided Englander with cash. Salvador Huizar, the council member's brother, admitted that he received envelopes of cash from his brother, who told him to write checks for the same amount from his own bank account.

Also facing charges in the plot is [Raymond Chan](#), a former deputy mayor to Garcetti who focused on economic development. He is accused of an array of illegal activities, including arranging “indirect bribe payments” to key city officials by securing employment contracts for the officials’ relatives, prosecutors claim.



CALIFORNIA

**California attorney general will investigate L.A. redistricting in wake of leaked audio**

Oct. 12, 2022

## Dealings by L.A. Water and Power executives

[At least two officials](#) with the Los Angeles Department of Water and Power, one [former high-level lawyer](#) in City Atty. **Mike Feuer**'s office and an [attorney hired by the city](#) were [charged in a different federal probe](#), in which prosecutors said DWP officials and city attorneys took part in various crimes, including aiding and abetting extortion and bribery.

Feuer [said he had been unaware of](#) any unethical or illegal behavior involving his attorneys and quickly condemned such actions after the scheme was exposed.

[Thomas Peters](#), Feuer's former civil litigation chief, admitted in a plea deal that he orchestrated a payoff to someone threatening to reveal damaging information about how city lawyers handled a DWP lawsuit over faulty billing. Prosecutors said the city's legal team colluded with the lawyers representing DWP ratepayers.

The [former DWP top executive](#), David Wright, took part in a related scheme, overseeing a \$30-million DWP contract with an outside company, which, in return, promised Wright a job at the company upon retirement at a \$1-million salary, and access to a Mercedes-Benz.



(photos by: Mel Melcon, Gary Coronado, Al Seib / Los Angeles Times)

## Illegal developer donations

More than seven local politicians, most from City Hall, received donations from a Torrance-based developer lobbying public officials to approve a new apartment complex. The developer was [later convicted](#) of felony conspiracy in the campaign money laundering case.

A [2016 Times investigation found](#) that a sprawling network of more than 100 people and companies with direct or indirect ties to the developer, Samuel Leung, made **009**

political donations totaling more than \$600,000 to the seven politicians over six years while Leung's development was under review. The apartment complex was later approved.

These donations became the subject of a joint investigation by the D.A.'s office, the FBI, the U.S. attorney's office and the Ethics Commission, which found donations to the politicians often came from unlikely sources, some of whom said they had no knowledge of contributions made in their name — violating campaign finance law.



CALIFORNIA

**Racist remarks in leaked audio of L.A. council members spark outrage, disgust**Oct. 9, 2022

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Records show current and former Councilmembers **Joe Buscaino, Englander, Martinez, Huizar** and **Cedillo**, as well as now-County Supervisor Janice Hahn, all received substantial donations linked to Leung, sometimes receiving the money as they were poised to make key decisions about the development. Donations tied to Leung also went to an independent campaign committee that supported Garcetti but was not controlled by him.

Leung [pleaded guilty](#) in 2020. No elected officials were charged in the case.



(Photo: Al Seib / Los Angeles Times)

## Feds and county probed campaign contributions

Former council President **Martinez**'s 2015 reelection campaign was the target of both a federal and local investigation, though she and her staff were never charged criminally.

Federal prosecutors [began probing Martinez's campaign](#) in 2015, issuing subpoenas to many of her staffers and later [questioning donors who gave](#) small amounts to support the reelection.

Those donors were key to Martinez's campaign, demonstrating grass-roots support that allowed her to qualify for a much larger pool of taxpayer-funded matching dollars. Officials with L.A.'s district attorney's office [also focused on these smaller donations](#), investigating an allegation of fraud.

Although the district attorney’s Public Integrity Division determined “that some of the \$5 donations were not made by the purported donor,” investigators said “the evidence was insufficient to prove who was ultimately responsible.”

*Times staff writers Dakota Smith, Emily Alpert Reyes, David Zahniser, Benjamin Oreskes, Julia Wick, Michael Finnegan, Matt Hamilton, Harriet Ryan, Terry Castleman and Richard Winton contributed to this report.*

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Grace Toohey

Grace Toohey is a reporter at the Los Angeles Times covering breaking news for the Fast Break Desk. Before joining the newsroom in 2022, she covered criminal justice issues at the Orlando Sentinel and the Advocate in Baton Rouge. Toohey is a Maryland native and proud Terp.

# EXHIBIT D



Legal Weed, Broken Promises >

Surge in illegal cannabis

Mapping illegal cannabis grows

Illegal dispensari

CALIFORNIA

# ‘\$250,000 cash in a brown paper bag.’ How legal weed unleashed corruption in California



(Leonardo Santamaria / For The Times)

BY ADAM ELMAHREK, ROBERT J. LOPEZ, RUBEN VIVES

SEPT. 15, 2022 5 AM PT

In the San Gabriel Valley, a city councilman demanded bribes from businesses seeking cannabis licenses, according to a source cooperating with the FBI.

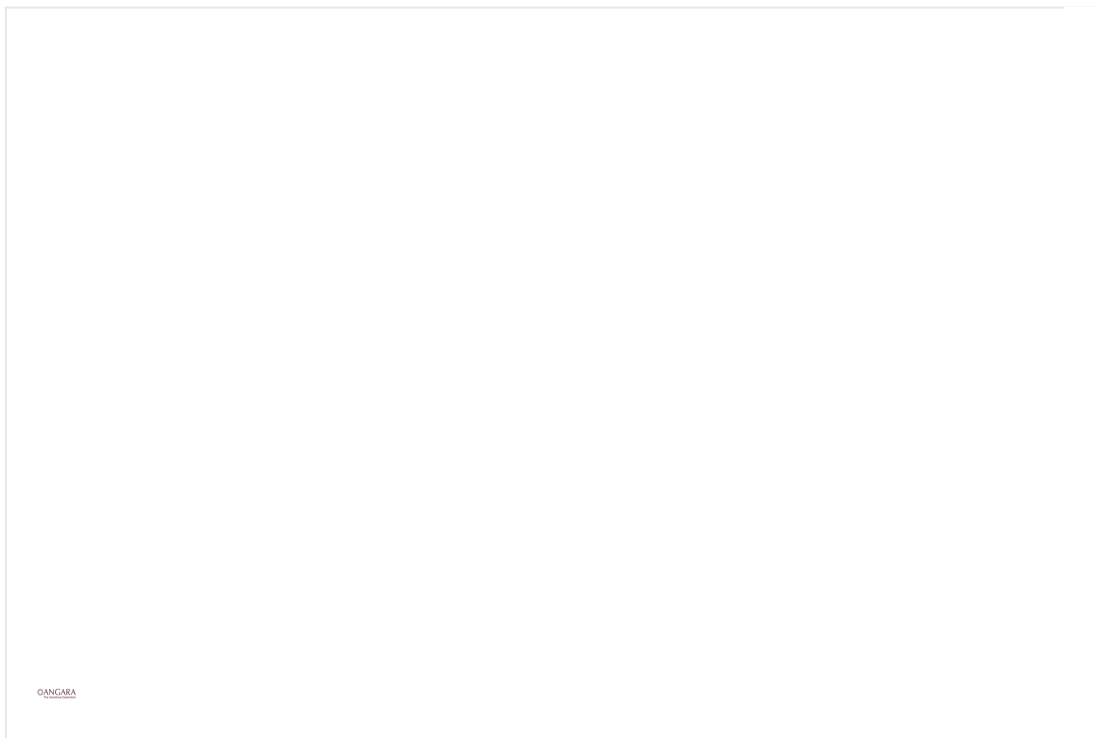


In another small L.A. County city, a cannabis industry group offered \$15,000 to council candidates who would pledge to support changes to city regulations that weed businesses wanted — an exchange one legal expert said “flirted at the edges” of the law.

And in rural Northern California, an elected official pushed to expand the amount of weed that farms could legally grow, a proposal sought by a cannabis business that was paying her and her husband hundreds of thousands of dollars to buy their ranch.

California’s decision to legalize recreational cannabis in 2016 ushered in a multibillion-dollar commercial pot market that officials in many small, struggling communities hoped would bring new jobs and an infusion of tax revenue to spend on police, parks and roads. But for some cities, the riches never materialized.

Instead, the advent of commercial cannabis unleashed a wave of corruption, prosecutions and accusations that has rocked local governments across the state and left them with few effective tools to combat the problem.



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CALIFORNIA

## The reality of legal weed in California: Huge illegal grows, violence, worker exploitation and deaths

Sept. 8, 2022

From the rugged mountains near Oregon to the desert along the Mexican border, a Times investigation found corruption or other questionable conduct covering a vast area of activities: public officials demanding cash from cannabis business owners to approve licenses; government officials threatened with physical violence over pot regulations; and elected officials accepting money from cannabis businesses even as they regulated them. In addition, the industry has donated a torrent of campaign cash to local government officials as cannabis became a new and powerful special interest.

Lobbyists, pot entrepreneurs and public officials say bribery and shakedowns have become so commonplace in cannabis licensing that it feels like a normal part of doing business.

Ruben Guerra, board chairman of the Montebello-based [Latin Business Assn.](#), said he has worked with 10 applicants trying to obtain cannabis licenses from Southern California cities. He witnessed cash shakedowns of half those applicants and notified a retired FBI agent he knows.

“I was right in the middle of the negotiations, and [public officials] were telling me they need this much,” Guerra said, adding that the bribe request usually ranges from \$150,000 to \$250,000.

The corrupting flow of money has its roots in how California crafted its cannabis legalization law to regulate an industry that until recently operated underground. [Proposition 64](#), the statewide measure that paved the way for commercial cannabis to launch in 2018, put the ultimate decision on where pot businesses could operate in the hands of cities and counties.



Many California cities that embraced recreational cannabis hoped it would lead to the creation of jobs and an infusion of tax revenue to spend on police, parks and roads. For some, the riches never materialized. (Mel Melcon / Los Angeles Times)

More than 12,000 licenses are active, a Times analysis of state data shows, but those are concentrated in a minority of California's cities and counties, including many small, struggling communities that viewed cannabis and its potential tax revenue as a financial lifeline. [More than half of cities and counties refuse](#) to allow any type of operation, including recreational sales or farming. Those that do authorize pot businesses generally restrict the number of licenses, creating fierce competition among entrepreneurs looking to cash in.



Giving thousands of often part-time, low-paid officials across the state the power to choose winners and losers in the new “green rush” created fertile ground for corruption.

“You pay your way into one of the few spots,” said Dominic Corva, a sociology professor and co-director of the [Institute for Interdisciplinary Marijuana Research](#) at Cal Poly Humboldt. “Once the game was limited licensing ... it was like, who gets to have it?”

The link between bribery and cannabis grew so quickly that FBI agents issued a [public warning](#) in 2019, saying the corruption threat was especially acute in Western states like California that had implemented this “decentralized” system.

In May, a cannabis business operator, Helios Dayspring, was [sentenced to 22 months](#) in federal prison for [paying more than \\$30,000](#) in bribes to a San Luis Obispo County supervisor. In June, Jermaine Wright, the former mayor pro tem of Adelanto, [was convicted](#) of taking a \$10,000 bribe from an FBI agent posing as a pot businessman in the high desert city in San Bernardino County. The city’s former mayor, Richard Kerr, is awaiting trial on [charges](#) of accepting more than \$57,000 in bribes and kickbacks in exchange for helping cannabis businesses. Two more former government officials in Imperial County are serving federal prison sentences for taking pot-related bribes.



Helios Dayspring, a cannabis business operator, was sentenced in May to 22 months in federal prison for paying more than \$30,000 in bribes to a San Luis Obispo County supervisor. (David Middlecamp / San Luis Obispo Tribune)



In June, Jermaine Wright, the former mayor pro tem of Adelanto, was convicted of taking a \$10,000 bribe from an FBI agent posing as a pot businessman. (Victorville Daily Press)



Richard Kerr, former mayor of Adelanto, is awaiting trial on charges accusing him of accepting more than \$57,000 in bribes and kickbacks in exchange for helping cannabis businesses. (James Quigg / Victorville Daily Press)

Accusations of wrongdoing also abound in civil court.

A legal malpractice case over a pot business in the small L.A. County city of Maywood boiled over in July when a lawyer introduced candid emails from several years earlier in which he accused a client of paying off the city's mayor at the time, Ramon Medina, to secure a cannabis license, according to trial exhibits filed in the case. In an interview with *The Times*, Medina denied accepting money from the client, or even knowing him. Medina, who is no longer in office, has also pleaded not guilty to unrelated bribery charges filed last year.



CALIFORNIA

## Nobody knows how widespread illegal cannabis grows are in California. So we mapped them

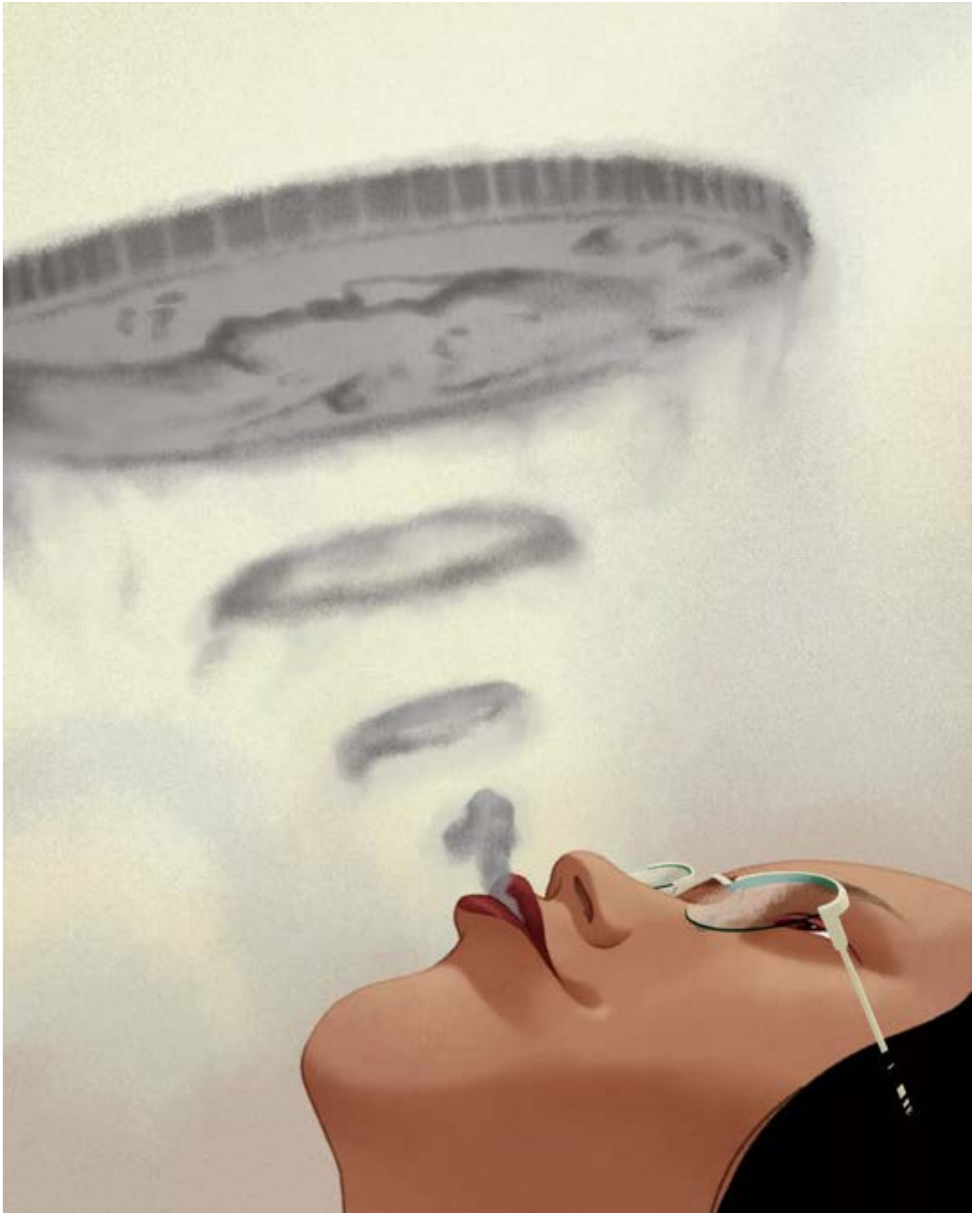
Sept. 8, 2022

A former staffer to then-L.A. City Councilman Jose Huizar alleged in a lawsuit that he was fired as retaliation for informing the FBI, among others, that he believed Huizar was engaged in a scheme to obtain “cash payments” from cannabis applicants in exchange for permits. Huizar, who has [pleaded not guilty](#) to unrelated charges of taking bribes from downtown real estate developers, denied the allegation. The lawsuit was settled.

The situation has become so dire that some in the cannabis industry are calling for a radical solution. Adam Spiker, executive director of [Southern California Coalition](#), a cannabis trade association, said corruption is so endemic in local cannabis licensing that cities and counties should consider banning people who want licenses from direct contact with the government officials who will make the decisions. Spiker said it’s the only way to ensure that licenses are awarded without any possible interference or influence by applicants.

“Is that a silver bullet? No,” he said. “But do things like that need to happen? Yeah, until [the corruption] goes away.”





(Leonardo Santamaria / For The Times)



Baldwin Park leaders saw cannabis as a financial boon for their struggling community in the heart of the San Gabriel Valley.

But from the start, pot licensing stirred allegations of corruption.

One of the licenses approved by Baldwin Park gave the exclusive right to distribute cannabis in the city to a local business, Rukli Inc. The city required other licensed weed businesses to use Rukli as their sole distributor. The arrangement prompted another cannabis business to file a lawsuit accusing Rukli of engaging in a conspiracy to secure an illegal monopoly and racketeering, including bribery and kickbacks. Rukli denied wrongdoing. The lawsuit was eventually dropped after Rukli pulled out of its exclusive deal.

Before the end of Rukli's exclusive arrangement, a Baldwin Park police lieutenant visited the firm's distribution center to make sure it was complying with the city's requirements for securing the property. Lt. Chris Kuberry told The Times one of the firm's partners mentioned paying \$250,000 in cash to city officials.

Kuberry said that the comment was "certainly suspicious" and that he had heard the FBI was investigating possible corruption in the city. But he didn't inquire further, file a report or contact the FBI. He said his department of about 50 officers was rife with complaints of retaliation and he feared for his job if he raised any questions.

"To be honest, [it was] out of self-preservation," said Kuberry, who retired shortly after.



California's legalization of recreational cannabis in 2016 ushered in a multibillion-dollar industry estimated to be the largest legal weed

market in the world. But many of the promises of legalization have proved elusive. In an occasional series of stories, we'll explore the fallout of legal pot in California.

[Read the stories](#)

In a lawsuit the city brought against its former police chief, Kuberry said in a sworn declaration that pot operators complained to him about “questionable business practices which included paying as much as \$250,000 cash in a brown paper bag to city officials.” His declaration did not name the firms or their owners, but Kuberry told The Times he was referring to Rukli.

Scott Russo, an attorney for one of Rukli’s partners at the time, said the company never paid a bribe. He declined to comment on whether any city officials solicited bribes, citing an ongoing federal investigation.

“There’s a process [the FBI] would appreciate I respect,” he said.

A source who is cooperating with the FBI told The Times he was present when Ricardo Pacheco, then a member of the Baldwin Park City Council, asked that Rukli pay him \$250,000 in cash to ensure the city would approve a license for the firm.



CALIFORNIA

### **Legal Weed, Broken Promises: A Times series on the fallout of legal pot in California**

March 23, 2023

The money was never paid, and at least one of the firm’s partners instead spoke to the FBI, said the source, who requested anonymity because of the ongoing federal investigation.

Pacheco and an FBI spokeswoman declined to comment.

Pacheco is awaiting sentencing after [pleading guilty](#) to a federal charge of bribery related to a contract with the city's police union. FBI agents also [raided the city attorney's office](#) and the homes of officials in other cities as part of an investigation targeting cannabis licensing in Baldwin Park and nearby cities.

Cruz Baca, who served on the council from 2013 to 2018, said in interviews with The Times that three men representing two other cannabis firms told her in 2018 that city officials shook them down for campaign contributions. All three, Baca said, alleged Pacheco solicited thousands of dollars in campaign money in exchange for approving a license. They did not say whether they paid the money. Campaign records show a \$6,500 payment by the owner of one of the firms to Pacheco's political action committee and no contributions from the other business. Both firms got licenses.

Baca said that she reported the allegations to Baldwin Park police officials.

Jason Adams, then a Baldwin Park police officer, confirmed that Baca informed him of complaints from pot businesses about cash "shakedowns" by Pacheco. He said he told the FBI weeks later about the bribery allegations against Pacheco.

Baca said she was contacted by the FBI four years ago and that she reported the businessmen's allegations about Pacheco and others soliciting bribes. Agents, she said, also asked about other elected officials and pot consultants, and were looking at their links to cannabis interests in nearby cities, including Montebello.

"They were connecting dots," she said.



Vanessa Delgado was the mayor of Montebello when two local property owners asked her to meet in 2018 to discuss where the city would allow cannabis businesses to operate.

At the meeting, she said, the men demanded Delgado vote to limit the city's cannabis zone in a way that would benefit their properties.

"I was told if I didn't go along with limiting the zones that my friends or those close to me would be hurt," said Delgado, who soon afterward was elected to the state Senate. "It's just my daughter and I who live alone. I was afraid."

She declined to name the men out of fear of retaliation but said she informed a Montebello police officer.



CALIFORNIA

**Killings, robberies, extortion. California can't stop its booming illegal cannabis stores**Sept. 13, 2022

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The officer, former Lt. Julio Calleros, confirmed that Delgado contacted him about the alleged threat. He said she declined to file a police report, fearing that it could lead to physical harm.

"I could tell she was concerned about it," Calleros said.

Still, Delgado said she refused to vote in favor of limiting the cannabis zone: "I wasn't going to let that threat stop me from doing what was right."

Delgado was part of a majority on the council that embraced weed. City officials publicly predicted that money from pot licenses could be used for road improvements and other community needs. The appeal was obvious for a suburban enclave of roughly 60,000 residents whose city government had spent years in the red.

But residents warned at council meetings about increased crime, especially around schools. Two of the five members on the council voted against the city's cannabis

regulations.

Council members on both sides were threatened with recalls.



While running for reelection to the Montebello City Council, Vivian Romero alleged on a campaign flier that “marijuana special interests tried buying my vote for \$50,000.” (Brian van der Brug / Los Angeles Times)

In her bid for reelection to the council in 2018, Vivian Romero alleged on a campaign flier that “marijuana special interests tried buying my vote for \$50,000.” Romero, who had voted against the city’s cannabis regulations, told The Times that the offer came from a cannabis businessman seeking a license in Montebello.

“The state has created a breeding ground for bribery and favoritism,” Romero said. “This is not hyperbole. These are facts.”

She said a pot consultant threatened to have her ousted from office unless she changed her position on the issue.

Cannabis companies and lobbyists poured about \$40,000 into the city's election, finance records show, helping defeat Romero and the other council member who had voted against Montebello's pot regulations.



The promise of huge profits from cannabis licenses did not materialize for many struggling cities, such as Calexico. The city envisioned massive grow operations, yet none were built. (Mel Melcon / Los Angeles Times)

Few cities in California were as bullish on pot as Lynwood, one of a cluster of small towns in southeast L.A. County that have long struggled with financial woes and municipal corruption.

City leaders said cannabis would bring good-paying jobs and millions of dollars in revenue, and the town quickly gained a reputation as the next “mecca” of weed.

By 2018, cannabis interests had become a major power broker in the city's political machine. But some pot business owners were unhappy and wanted changes. The local cannabis business association was pushing the city to extend the terms of licenses to the applicant's lifetime and to provide a path for them to sell their licenses.

In that year's election, the Lynwood Cannabis Assn. asked council candidates to [sign a pledge card](#). The card promised that the signer would "fully support" the association and back "the industry and the efforts underway to modify the current city ordinance and development agreement for the members of the organization."

"Let me know when each candidate signs it so I can give direction to the treasurer to issue the check," one Lynwood Cannabis Assn. board member wrote to other leaders of the group in an email reviewed by The Times.

*'The state has created a breeding ground for bribery and favoritism. This is not hyperbole. These are facts.'*

— Vivian Romero

In other emails, the association's president, Tony Torres, asked one of the candidates, Candice Nunez, to sign the card and said she would receive "a check for \$15,000 when you return the pledge card." Torres promised in another email that the pledge cards would be kept confidential until after the election "to avoid anyone potentially using this information in a negative way toward your campaign."

Nunez recalled thinking when she saw the card, "I'm selling my soul."

Still, she signed and returned the pledge. She received the \$15,000 check a few days later and showed it to a Times reporter.

She said she feared she might be engaging in illegal bribery and never deposited the check.

Nunez lost the election. Three candidates who won received a combined \$40,000 from the cannabis association, according to campaign finance records.

Councilwoman Marisela Santana, who received \$15,000, acknowledged signing the pledge. She said she already favored the association's proposals because they were good for the city. "The best way to ensure that the cannabis industry grows in such a way that it doesn't harm the community is to engage the industry and make policy decisions that benefit the Lynwood community first," Santana said.

Torres, the association president, said in a brief interview that the pledge card didn't result in any major legislative gains for the association. "Nothing came of it. We never brought it up again," he said. He declined to comment further.



CALIFORNIA

**California was supposed to clear cannabis convictions. Tens of thousands are still languishing**

Jan. 13, 2022

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City records show the council approved some of the association's requests, including allowing businesses to sell their licenses.

Interest groups are allowed to ask election candidates to promise support for legislative causes and to offer campaign contributions as long as there isn't an explicit cash-for-votes deal, legal experts said.

Prosecutors face a high bar trying to establish that a campaign contribution amounts to a bribe. They have to show an explicit quid pro quo agreement between the public official and the donor, and that there was corrupt intent.



Bob Fellmeth, a University of San Diego law professor and former white-collar crime prosecutor, questioned whether the Lynwood pledge’s language was specific enough to qualify as a bribe, but he said it “could be an interesting test case to bring.”

“They’re flirting at the edges of felony bribery,” he said. “They’re getting pretty close.”

No charges have been filed in connection with the pledge.

Nunez, the unsuccessful candidate who didn’t cash the association’s check, said she was introduced to the association during a meeting at Tequila Jack’s restaurant in Long Beach that was brokered by Aide Castro, a longtime Lynwood councilwoman.



Aide Castro, right, at a Lynwood City Council meeting in 2019. Two years earlier, Castro was on the payroll of the giant dispensary tracking app Weedmaps, earning \$10,000 a month as a consultant — income she didn’t report on her financial statements as required by state law until she was questioned by The Times. (Kent Nishimura / Los Angeles Times)

In 2017, Castro was on the payroll of the giant dispensary tracking app Weedmaps, earning \$10,000 a month as a consultant — income she didn't report on her financial statements as required by state law until she was [questioned by The Times](#).

She did, however, disclose ownership stakes in two cannabis companies, which she estimated at the time to be each worth more than \$1 million. She paid nothing for her shares in the companies, and told The Times that she received her ownership stakes in return for providing the businesses with her government expertise. Castro served on the council until the end of 2020, when she was termed out.

The California [Fair Political Practices Commission](#), which enforces state law on disclosing such financial ties, opened an investigation into Castro's links to cannabis. The inquiry, launched after The Times' report more than three years ago, is ongoing.

Lynwood does not have its own ethics agency to conduct such inquiries. Few cities and counties do, which means there is little independent oversight of the financial relationships between local officials and the cannabis industry.

The Times identified more than a dozen government officials statewide who received income — ranging from thousands of dollars to hundreds of thousands — from cannabis companies or had interests in weed businesses while still in office. The payments are legal as long as officials disclose them and don't cast votes that would financially benefit the firms paying them.

Even when legal, such arrangements raise doubts about whether government officials voting on cannabis issues are looking out primarily for the interests of the public or the interests of the pot industry, good government experts said.

“Maybe they're completely ignoring their financial interests. ... Maybe they're making decisions that are not in the best interests of their constituents because they're trying to put some money in their pocket,” said Tracy Westen, a government ethics expert

and founder of the now-shuttered Center for Governmental Studies. “At the very least, it becomes a public confidence issue.”



Miguel Pulido testified in late 2020 that while mayor of Santa Ana he received a \$10,000 consulting payment from Touchstone, a licensed cannabis company operating in the city. (Glenn Koenig / Los Angeles Times)

As Santa Ana’s mayor, Miguel Pulido helped reshape the city for more than a quarter-century. The Orange County city became a pioneer in the region for allowing medical marijuana dispensaries before the legalization of recreational pot.

Pulido has come under fire for his support of the cannabis industry. A former police chief said in a lawsuit that he passed along a report to the district attorney’s office alleging that Pulido had accepted \$25,000 in exchange for guaranteeing a cannabis license, and [sources told The Times](#) four years ago that county and federal authorities

launched criminal investigations of Pulido. He was never charged and denied wrongdoing.

In late 2020, Pulido testified in a [sworn deposition](#) that while mayor he received a \$10,000 consulting payment from Touchstone, a licensed cannabis company operating in the city. Pulido didn't report income from Touchstone on his statement of economic interests.

Responding to questions from The Times, an attorney for Touchstone denied the company paid Pulido but didn't respond to questions about the deposition.

Pulido's testimony detailed the work he did for the company, the amount he was paid and his close relationship with the company's owner. He said he was paid to help the cannabis business get off the ground by putting the company in touch with others who sold the necessary equipment.

Santa Ana spokesman Paul Eakins confirmed that in April 2019 Pulido spoke to a staffer in the city's planning division, which regulates cannabis, about whether Touchstone was required to build a wall to hide a carbon monoxide tank from the street. He said Pulido never asked for special treatment for Touchstone. Pulido, whose mayoral term ended in 2020, did not return phone calls from The Times.



In the far reaches of California's northern region lies sparsely populated Trinity County, part of the famed Emerald Triangle, a wide expanse of lush forest and mountains renowned for its high-quality weed. Whether to allow cannabis farms to operate became a lightning-rod issue in the county's rural communities, with some blaming pot for destroying an idyllic way of life.



Barbara “Bobbi” Chadwick was a Trinity County supervisor when she and her husband sold their 80-acre ranch to a pot farming company for \$1.5 million, court records show. (Jim Wilson / New York Times)

In 2018, county Supervisor Barbara “Bobbi” Chadwick and her husband sold their 80-acre ranch to a pot farming company, Family Trees LLC, for \$1.5 million, court records show. Family Trees agreed to pay for the property in installments.

As the monthly payments arrived, Chadwick urged her colleagues on the board to allow pot farmers to grow far more cannabis. Family Trees’ head grower sent an email to Chadwick and other supervisors in support, asserting that removing limits on pot growing would allow the farm to “once again send profits back into the [local] economy,” according to county records.



An aerial view of the property Chadwick and her husband sold to a pot farming company. (Brian van der Brug / Los Angeles Times)

But a majority of the board voted to sharply curtail how much cannabis a licensed farm was allowed to grow.

At a [candidate's forum in 2020](#), Chadwick said she had no relationship with a cannabis business and only used the drug as medicine for ailing relatives. She did include the sale of the ranch on a financial disclosure statement [filed for 2018](#) but did not disclose on [subsequent statements](#) the ongoing payments from Family Trees.

Chadwick, who served on the board from 2017 until 2021, told the California Fair Political Practices Commission that Family Trees also paid her husband's contracting firm more than \$96,000 for work the company did on the ranch from 2018 through 2020, according to county emails obtained by The Times under a public records request. She did not detail those payments on her financial disclosure statements.

Chadwick declined to answer questions from The Times, saying during a brief phone interview last year only that she has no financial interests in cannabis in Trinity County. In [a lawsuit](#) filed a day before the interview, she and her husband claimed Family Trees owed them hundreds of thousands of dollars in outstanding payments for the ranch. Chadwick and her husband had been receiving annual payments of \$180,000 and monthly payments of \$1,900 from Family Trees since June 2018, but the firm was no longer paying in 2021, according to court records. The couple's lawyer said the dispute was resolved; the suit was dismissed in January.



CALIFORNIA

### California promised 'social equity' after pot legalization. Those hit hardest feel betrayed

Jan. 27, 2022

Attorney Charles M. Farano, who represented Chadwick and her husband in the lawsuit, said that she had no interest in the firm's pot business and that the purchase agreement was solely for the land and "had nothing to do with cannabis." He said her "voting record on the cannabis business in general stands and is based upon her position regarding cannabis."

"She has never had a conflict of interest regarding cannabis and currently has no conflict in these regards," Farano said, adding that Chadwick "has complied with all disclosure laws."

Brad Gilbert, a longtime friend of the Chadwicks who incorporated Family Trees and oversaw its county license application, said the firm followed all state and county procedures and has created jobs for local residents.

Trinity County Administrative Officer Richard Kuhns told The Times shortly before his retirement in May that he was concerned at how quickly planning department

staff processed Family Trees' license and questioned whether it was properly handled.

"It just stinks all around," Kuhns said.



For the city of Calexico, the promise of cannabis was too good to pass up.

The small border community in Imperial County was desperate. City officials were considering layoffs of essential workers, and 20% of the 40,000 or so residents were living in poverty.

By permitting cannabis businesses, council members argued, money would pour into local coffers and bring better times.

"I truly believe that God has it here for a reason," the city's mayor, Armando Real, said at a June 2017 council meeting where he and his colleagues voted to allow pot businesses.

But instead of blessings, cannabis brought disgrace.

In late 2019, a businessman known simply as Manny met with two local government officials — Councilman David Romero and a city commissioner, Bruno Suarez. Manny drove a white BMW and wore guayabera shirts and a leather jacket. A clean-cut 30-something, he was an avid NFL fan and sprinkled his conversations with Mexican slang.

Inside a downtown café decorated with colorful posters and images of artist Frida Kahlo, Manny said he and his partners in L.A. wanted to open a dispensary. Suarez offered to help for a price — \$35,000.





Two Calexico city officials met in this downtown cafe with a businessman, “Manny,” who said he and his partners wanted to open a dispensary. The city officials offered to help — for a price. (Mel Melcon / Los Angeles Times)

Suarez said the money “guarantees you a ... top spot in the queue” for city permits. Romero noted that he had the authority to revoke other applicants’ permits and could push Manny’s to the front.

In early January 2020, the three men met again at an Italian restaurant in neighboring El Centro. After bonding over beers and wood-fired pizza, the men headed to the parking lot where Manny handed Suarez two envelopes containing a total of \$17,500 in cash.

“We’re good?” Manny asked.

“Trust me,” Romero responded. “In my line of business, I can’t f— up.”

In late January, the three men met again at the Italian restaurant and Manny handed Suarez envelopes stuffed with \$17,500 in cash.

Moments later, federal authorities swooped down and arrested the two officials. Manny, it turned out, was an undercover FBI agent. His conversations with the two officials had been recorded and were documented in court filings by federal prosecutors.

Romero and Suarez pleaded guilty to conspiracy to commit bribery and were sentenced in May 2021 to two years in prison.



Former Calexico Councilman David Romero, left, and Bruno Suarez, a former city commissioner, were convicted of accepting bribes from an undercover FBI agent posing as a cannabis businessman. (Mel Melcon /Los Angeles Times)

Beyond public embarrassment, Calexico has little to show for its embrace of weed. Major cannabis projects never materialized. Nor did the anticipated jobs or \$700,000

in annual tax revenue that had been projected. The city has taken in only about \$220,000 since first issuing licenses in 2018.

In interviews with The Times before they reported to federal authorities in June 2021, Romero and Suarez said the undercover agent led their conversations, but both expressed remorse and said they made mistakes.

A key error that officials made, Romero said, was to limit the number of dispensary licenses in the city. That created tense competition for just 12 permits and an incentive for people to try to game the system.

“If you put a number on it, you’ll turn it into a political mess,” Romero said of the process, hours before he was remanded to the custody of U.S. marshals.

“It was just a ticking time bomb.”

*Times researcher Scott Wilson and Times Staff Writer Aida Ylanan contributed to this report.*

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## Credits

Reporters: Adam Elmahrek, Robert J. Lopez and Ruben Vives

Editor: Jack Leonard

Photographers: Brian van der Brug, Glenn Koenig, Mel Melcon, Kent Nishimura

Photo Editing: Keith Bedford

Illustrations: Leonardo Santamaria

Copy Editing: Jim Buzinski

Page Design: Hamlet Nalbandyan

Audience Engagement: Javier Panzar



Adam Elmahrek

Adam Elmahrek is an award-winning investigative reporter for the Los Angeles Times who specializes in corruption. He started his journalism career in 2010 at the nonprofit news website Voice of OC, where he broke stories exposing misconduct in local government.

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Robert J. Lopez

Robert J. Lopez is an investigative reporter for the Los Angeles Times. He was part of a team that won the 2011 Pulitzer Prize for public service for stories that uncovered alleged corruption in the city of Bell. He also helped run L.A. Now, The Times' breaking news blog. A Los Angeles native, he has taught journalism and social media to reporters, students and academics in Latin America, the Caribbean and Middle East.

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Ruben Vives

Ruben Vives is a general assignment reporter for the Los Angeles Times. A native of Guatemala, he got his start in journalism by writing for The Times' Homicide Report in 2007. He helped uncover the financial corruption in the city of Bell that led to criminal charges against eight city officials. The 2010 investigative series won the Pulitzer Prize for public service and other prestigious awards.

# EXHIBIT E



Legal Weed, Broken Promises >

A surge in illegal cannabis

Worker exploitation

Legalization failures

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CALIFORNIA

# New details show sprawling web of corruption in Southern California cannabis licensing



State Atty. Gen. Rob Bonta was asked to create a task force to examine corruption in cannabis licensing. (Mel Melcon / Los Angeles Times)

BY ADAM ELMAHREK, RUBEN VIVES, ROBERT J. LOPEZ, PAIGE ST. JOHN

OCT. 15, 2022 5 AM PT

As a California lawmaker called for a statewide task force to crack down on corruption in the legal cannabis market, new details are emerging in a bribery scandal that has ensnared local government officials from the Inland Empire to the San Gabriel Valley and southeast Los Angeles County.

Federal prosecutors have unveiled two plea agreements that detail pay-to-play schemes involving cannabis business licensing and corroborate allegations in [a Times investigation](#) last month that examined how legalization of weed unleashed a wave of corruption across California.

In one of the agreements, former Baldwin Park City Councilmember Ricardo Pacheco [admitted soliciting bribes](#) from weed businesses — including \$150,000 from a consultant working for a local cannabis distributor. The consultant declined, but at the direction of the FBI delivered campaign contributions requested by Pacheco, the agreement said. The agreement doesn't name the distributor, but its description of the dates the firm was awarded the exclusive right to distribute cannabis matches only [one company, Rukli Inc.](#)

In the [other plea agreement](#), a former San Bernardino County planning commissioner, Gabriel Chavez, admitted acting as an intermediary to funnel bribes from pot businesses to Pacheco as part of the scheme.

Assemblymember Cristina Garcia (D-Bell Gardens) asked state Atty. Gen. Rob Bonta [in writing Thursday](#) to create a task force to examine corruption in local cannabis licensing and ensure that cities are awarding permits without favoritism. She cited [The Times investigation](#), along with recent corruption prosecutions.

“My hope is that this task force will investigate and prosecute any illegal activity tied to awarding cannabis licenses,” Garcia wrote in her letter to Bonta. “I also hope that your office is able to create a road map for future cities to ensure pay-to-play schemes and any illegal activity associated with cannabis licensing ends.”



CALIFORNIA

## Legal Weed, Broken Promises: A Times series on the fallout of legal pot in California

March 23, 2023

Also in response to The Times investigation, Assemblymember Reggie Jones-Sawyer (D-Los Angeles) said he planned to request a state audit on cannabis licensing.

Other state officials have responded to The Times' [recent investigation of legal weed](#), particularly the newspaper's findings that legalization [triggered a surge](#) in outlaw cannabis grows. The grows have engulfed entire communities and resulted in environmental damage, increased violence and exploitation of workers, including some who have died from carbon monoxide poisoning from generators while trying to keep warm.

Gov. Gavin Newsom's office this summer directed his emergency operations, cannabis licensing, water regulation and environmental protection agencies to form a task force targeting illegal cannabis farms.

The task force also includes the state's Campaign Against Marijuana Planting, renamed by Bonta as EPIC, short for the Eradication and Prevention of Illicit Cannabis. In the past, CAMP leaned heavily on National Guard troops and helicopters each summer to cut down illegally grown plants on public land. In a webcast news conference this week, Bonta said EPIC would now be year-round and also take on organized crime as well as labor trafficking.

Law enforcement officers within the new state program and in counties grappling with rampant unlicensed cannabis farms voiced skepticism. They noted the task force involves agencies already working together, and no new resources are being provided to already short-staffed field teams, with the exception of a call for volunteers from within the Department of Justice to increase the cannabis program from one employee to five.



“I feel as if the state came to our county, doused it with gasoline, set fire to it, then began praising themselves for offering us a garden hose to deal with what they had created,” Mendocino County Sheriff Matt Kendall said.

The Times identified more than a dozen government officials statewide who received income — ranging from thousands of dollars to hundreds of thousands — from cannabis companies or had interests in weed businesses while still in office.

In some instances, local government officials took on dual roles as lobbyists or consultants for pot interests. The vast majority of cities have no lobbyist or consultant registry that would track this activity.

The payments are legal as long as officials disclose them and don’t cast votes that would financially benefit the firms paying them.



CALIFORNIA

### ‘\$250,000 cash in a brown paper bag.’ How legal weed unleashed corruption in California

Sept. 15, 2022

But the accusations in the two plea agreements involving Pacheco and Chavez in Southern California go further, alleging a scheme in which public officials used their offices to do favors for cannabis businesses and other public officials in return for bribes.

One such arrangement involved a former Huntington Park city manager, who doubled as a pot business consultant and was representing a weed company seeking a permit in Baldwin Park, the plea agreement for Chavez alleges. The city manager signed a \$14,500 city contract for Chavez’s internet marketing company while Chavez was acting as an intermediary for bribes, passing along cash to Pacheco, according to the documents.

The no-bid contract “represented, in part, further compensation for Chavez in his efforts facilitating the bribe to Pacheco to secure the marijuana permit,” a Department of Justice news release said.

The documents don’t name the former Huntington Park city manager but say he is currently the city manager of Commerce and served on the board of the Montebello Unified School District. That person is Edgar Cisneros.

Cisneros’ office referred The Times to Commerce City Atty. Noel Tapia, who said that the City Council was aware of the allegations and monitoring the situation. He also noted that Cisneros has not been charged in the investigation.

FBI agents previously conducted [several raids](#) on local government officials, including the office of Baldwin Park’s city attorney, Robert Tafoya, and the home of former Compton City Councilmember Isaac Galvan.

The plea agreements announced last week allege Tafoya, identified as Person 1, advised Pacheco how to set up the bribery scheme, including the use of a middle man to funnel bribes. The agreements identify Person 1 as the Baldwin Park city attorney.

On Wednesday evening the [Baldwin Park City Council](#) voted unanimously to accept Tafoya’s resignation as city attorney.



CALIFORNIA

**The reality of legal weed in California: Huge illegal grows, violence, worker exploitation and deaths**

Sept. 8, 2022

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His lawyer, Mark Werksman, said Thursday that Tafoya’s “actions as city attorney at all times were lawful and ethical,” and he accused Pacheco and Chavez of “flinging accusations against innocent people to save their own skin.”

Garcia said she hopes an attorney general task force would root out corruption as well as identify how cities can better oversee pot licensing to prevent conflicts of interest, and asked that the task force first focus on southeast Los Angeles County.

“Abusing public funds and corrupting our local democratic processes for personal gain is detrimental to governance,” Garcia said. “While I’m a supporter of legal cannabis, I want to make sure it’s done in a way that’s fair and doesn’t corrode the public’s trust in our system.”



Adam Elmahrek

Adam Elmahrek is an award-winning investigative reporter for the Los Angeles Times who specializes in corruption. He started his journalism career in 2010 at the nonprofit news website Voice of OC, where he broke stories exposing misconduct in local government.

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Ruben Vives

Ruben Vives is a general assignment reporter for the Los Angeles Times. A native of Guatemala, he got his start in journalism by writing for The Times’ Homicide Report in 2007. He helped uncover the financial corruption in the city of Bell that led to criminal charges against eight city officials. The 2010 investigative series won the Pulitzer Prize for public service and other prestigious awards.

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Robert J. Lopez

Robert J. Lopez is an investigative reporter for the Los Angeles Times. He was part of a team that won the 2011 Pulitzer Prize for public service for stories that uncovered alleged corruption in the city of Bell. He also helped run L.A. Now, The Times’

breaking news blog. A Los Angeles native, he has taught journalism and social media to reporters, students and academics in Latin America, the Caribbean and Middle East.

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Paige St. John

Paige St. John covers criminal justice, disasters and investigative stories for the Los Angeles Times from Northern California.

# EXHIBIT F

LUDGIER

230 MAR 25 PM 2:42

1 NICOLA T. HANNA  
 United States Attorney  
 2 BRANDON D. FOX  
 Assistant United States Attorney  
 3 Chief, Criminal Division  
 THOMAS F. RYBARCZYK (Cal. Bar No. 316124)  
 4 Assistant United States Attorney  
 Public Corruption & Civil Rights Section  
 5 1500 United States Courthouse  
 312 North Spring Street  
 6 Los Angeles, California 90012  
 Telephone: (213) 894-8452  
 7 Facsimile: (213) 894-0141  
 E-mail: thomas.rybarczyk@usdoj.gov

8 Attorneys for Plaintiff  
 9 UNITED STATES OF AMERICA

10 UNITED STATES DISTRICT COURT

11 FOR THE CENTRAL DISTRICT OF CALIFORNIA

12 UNITED STATES OF AMERICA,

13 Plaintiff,

14 v.

15 RICARDO PACHECO,

16 Defendant.

No. CR  
 20CR00035  
 PLEA AGREEMENT FOR DEFENDANT  
 RICARDO PACHECO

UNDER SEAL

17  
 18 1. This constitutes the plea agreement between RICARDO PACHECO  
 19 ("defendant") and the United States Attorney's Office for the Central  
 20 District of California ("the USAO") in connection with an  
 21 investigation of defendant's acceptance of bribes as a Councilmember  
 22 for the City of Baldwin Park. This agreement is limited to the USAO  
 23 and cannot bind any other federal, state, local, or foreign  
 24 prosecuting, enforcement, administrative, or regulatory authorities.

25 DEFENDANT'S OBLIGATIONS

26 2. Defendant agrees to:

27 a. Give up the right to indictment by a grand jury and,  
 28 at the earliest opportunity requested by the USAO and provided by the

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1 Court, appear and plead guilty to a single count information in the  
2 form attached to this agreement as Exhibit A or a substantially  
3 similar form, which charges defendant with Bribery Concerning  
4 Programs Receiving Federal Funds, in violation of 18 U.S.C.  
5 § 666(a)(1)(B).

6 b. Not contest facts agreed to in this agreement.

7 c. Abide by all agreements regarding sentencing contained  
8 in this agreement.

9 d. Appear for all court appearances, surrender as ordered  
10 for service of sentence, obey all conditions of any bond, and obey  
11 any other ongoing court order in this matter.

12 e. Not commit any crime; however, offenses that would be  
13 excluded for sentencing purposes under United States Sentencing  
14 Guidelines ("U.S.S.G." or "Sentencing Guidelines") § 4A1.2(c) are not  
15 within the scope of this agreement.

16 f. Be truthful at all times with the United States  
17 Probation and Pretrial Services Office and the Court.

18 g. Pay the applicable special assessment at or before the  
19 time of sentencing unless defendant has demonstrated a lack of  
20 ability to pay such assessments.

21 h. Agree to waive the protections of the Letter  
22 Agreements defined below in paragraph 4.

23 i. Resign immediately as a City of Baldwin Park  
24 Councilmember and not seek elective or appointive office during the  
25 duration of supervised release.

26 j. Defendant further agrees:

27 1. To forfeit all right, title, and interest in and  
28 to any and all monies, properties, and/or assets of any kind, derived

1 from or acquired as a result of, or used to facilitate the commission  
2 of, or involved in the illegal activity to which defendant is  
3 pleading guilty, including but not limited to the following:

4           A.     \$83,145.00 in U.S. currency, which consists  
5 of \$20,245.00 seized on December 13, 2018 from various locations  
6 throughout defendant's home, including in a safe in defendant's  
7 bedroom, and \$62,900.00 seized on October 4, 2019 from defendant,  
8 which defendant had buried in two different locations in his backyard  
9 (the "Forfeitable Assets").

10           2.     To the Court's entry of an order of forfeiture at  
11 or before sentencing with respect to the Forfeitable Assets and to  
12 the forfeiture of the assets.

13           3.     To take whatever steps are necessary to pass to  
14 the United States clear title to the Forfeitable Assets, including,  
15 without limitation, the execution of a consent decree of forfeiture  
16 and the completing of any other legal documents required for the  
17 transfer of title to the United States.

18           4.     Not to contest any administrative forfeiture  
19 proceedings or civil judicial proceedings commenced against the  
20 Forfeitable Assets. If defendant submitted a claim and/or petition  
21 for remission for all or part of the Forfeitable Assets on behalf of  
22 himself or any other individual or entity, defendant shall and hereby  
23 does withdraw any such claims or petitions, and further agrees to  
24 waive any right he may have to seek remission or mitigation of the  
25 forfeiture of the Forfeitable Assets.

26           5.     Not to assist any other individual in any effort  
27 falsely to contest the forfeiture of the Forfeitable Assets.

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1                   6. Not to claim that reasonable cause to seize the  
2 Forfeitable Assets was lacking.

3                   7. To prevent the transfer, sale, destruction, or  
4 loss of the Forfeitable Assets to the extent defendant has the  
5 ability to do so.

6                   8. To fill out and deliver to the USAO a completed  
7 financial statement, listing defendant's assets on a form provided by  
8 the USAO.

9                   9. That forfeiture of Forfeitable Assets shall not  
10 be counted toward satisfaction of any special assessment, fine,  
11 restitution, costs, or other penalty the Court may impose.

12                   10. To the entry of, as part of defendant's guilty  
13 plea, a personal money judgment of forfeiture against defendant in  
14 the amount of \$219,755.00, which sum defendant admits was derived  
15 from proceeds traceable to the violations described in the factual  
16 basis of this plea agreement. Defendant understands that the money  
17 judgment of forfeiture is part of defendant's sentence, and is  
18 separate from any fines or restitution that may be imposed by the  
19 Court.

20                   11. With respect to any criminal forfeiture ordered  
21 as a result of this plea agreement, defendant waives: (1) the  
22 requirements of Federal Rules of Criminal Procedure 32.2 and 43(a)  
23 regarding notice of the forfeiture in the charging instrument,  
24 announcements of the forfeiture sentencing, and incorporation of the  
25 forfeiture in the judgment; (2) all constitutional and statutory  
26 challenges to the forfeiture (including by direct appeal, habeas  
27 corpus or any other means); and (3) all constitutional, legal, and  
28 equitable defenses to the forfeiture of the Forfeitable Assets and

1 entry of Money Judgment in any proceeding on any grounds including,  
2 without limitation, that the forfeiture constitutes an excessive fine  
3 or punishment. Defendant acknowledges that the forfeiture of the  
4 Forfeitable Assets and entry of the Money Judgment are part of the  
5 sentence that may be imposed in this case and waives any failure by  
6 the Court to advise defendant of this, pursuant to Federal Rule of  
7 Criminal Procedure 11(b)(1)(J), at the time the Court accepts  
8 defendant's guilty plea.

9 3. Defendant further agrees to cooperate fully with the USAO,  
10 the Federal Bureau of Investigation, and, as directed by the USAO,  
11 any other federal, state, local, or foreign prosecuting, enforcement,  
12 administrative, or regulatory authority. This cooperation requires  
13 defendant to:

14 a. Respond truthfully and completely to all questions  
15 that may be put to defendant, whether in interviews, before a grand  
16 jury, or at any trial or other court proceeding.

17 b. Attend all meetings, grand jury sessions, trials or  
18 other proceedings at which defendant's presence is requested by the  
19 USAO or compelled by subpoena or court order.

20 c. Produce voluntarily all documents, records, or other  
21 tangible evidence relating to matters about which the USAO, or its  
22 designee, inquires.

23 4. For purposes of this agreement: (1) "Cooperation  
24 Information" shall mean any statements made, or documents, records,  
25 tangible evidence, or other information provided, by defendant  
26 pursuant to defendant's cooperation under this agreement or pursuant  
27 to the letter agreements previously entered into by the parties dated  
28 April 29, 2019, May 30, 2019, July 16, 2019, and September 5, 2019

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1 (the "Letter Agreements") and in his meeting with the government on  
2 January 27, 2020; and (2) "Plea Information" shall mean any  
3 statements made by defendant, under oath, at the guilty plea hearing  
4 and the agreed to factual basis statement in this agreement.

5 THE USAO'S OBLIGATIONS

6 5. The USAO agrees to:

7 a. Not contest facts agreed to in this agreement.

8 b. Abide by all agreements regarding sentencing contained  
9 in this agreement.

10 c. Recommend that the Court vary downward in total  
11 offense level by an additional two levels based on his agreement to  
12 waive the protections given to him in the Letter Agreements detailed  
13 above in paragraph 4.

14 d. At the time of sentencing, provided that defendant  
15 demonstrates an acceptance of responsibility for the offense up to  
16 and including the time of sentencing, recommend a two-level reduction  
17 in the applicable Sentencing Guidelines offense level, pursuant to  
18 U.S.S.G. § 3E1.1, and recommend and, if necessary, move for an  
19 additional one-level reduction if available under that section.

20 e. Recommend that defendant be sentenced to a term of  
21 imprisonment no higher than the low end of the applicable Sentencing  
22 Guidelines range provided that the offense level used by the Court to  
23 determine that range is 29 or higher and provided that the Court does  
24 not depart downward in offense level or criminal history category.  
25 For purposes of this agreement, the low end of the Sentencing  
26 Guidelines range is that defined by the Sentencing Table in U.S.S.G.  
27 Chapter 5, Part A.

28 6. The USAO further agrees:

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1 a. Not to offer as evidence in its case-in-chief in the  
2 above-captioned case or any other criminal prosecution that may be  
3 brought against defendant by the USAO, any Cooperation Information.  
4 Defendant agrees, however, that the USAO may use both Cooperation  
5 Information and Plea Information: (1) to obtain and pursue leads to  
6 other evidence, which evidence may be used for any purpose, including  
7 any criminal prosecution of defendant; (2) to cross-examine defendant  
8 should defendant testify, or to rebut any evidence offered, or  
9 argument or representation made, by defendant, defendant's counsel,  
10 or a witness called by defendant in any trial, sentencing hearing, or  
11 other court proceeding; (3) in any criminal prosecution of defendant  
12 for false statement, obstruction of justice, or perjury; and (4) at  
13 defendant's sentencing. Defendant understands that Cooperation  
14 Information will be disclosed to the United States Probation and  
15 Pretrial Services Office and the Court.

16 b. In connection with defendant's sentencing, to bring to  
17 the Court's attention the nature and extent of defendant's  
18 cooperation.

19 c. If the USAO determines, in its exclusive judgment,  
20 that defendant has both complied with defendant's obligations under  
21 paragraphs 2 and 3 above and provided substantial assistance to law  
22 enforcement in the prosecution or investigation of another  
23 ("substantial assistance"), to move the Court pursuant to U.S.S.G.  
24 § 5K1.1 to fix an offense level and corresponding guideline range  
25 below that otherwise dictated by the sentencing guidelines, and to  
26 recommend a term of imprisonment within this reduced range.

27 DEFENDANT'S UNDERSTANDINGS REGARDING COOPERATION

28 7. Defendant understands the following:

1 a. Any knowingly false or misleading statement by  
2 defendant will subject defendant to prosecution for false statement,  
3 obstruction of justice, and perjury and will constitute a breach by  
4 defendant of this agreement.

5 b. Nothing in this agreement requires the USAO or any  
6 other prosecuting, enforcement, administrative, or regulatory  
7 authority to accept any cooperation or assistance that defendant may  
8 offer, or to use it in any particular way.

9 c. Defendant cannot withdraw defendant's guilty plea if  
10 the USAO does not make a motion pursuant to U.S.S.G. § 5K1.1 for a  
11 reduced guideline range or if the USAO makes such a motion and the  
12 Court does not grant it or if the Court grants such a USAO motion but  
13 elects to sentence above the reduced range.

14 d. At this time the USAO makes no agreement or  
15 representation as to whether any cooperation that defendant has  
16 provided or intends to provide constitutes or will constitute  
17 substantial assistance. The decision whether defendant has provided  
18 substantial assistance will rest solely within the exclusive judgment  
19 of the USAO.

20 e. The USAO's determination whether defendant has  
21 provided substantial assistance will not depend in any way on whether  
22 the government prevails at any trial or court hearing in which  
23 defendant testifies or in which the government otherwise presents  
24 information resulting from defendant's cooperation. That is, whether  
25 any person is found guilty or not guilty will not affect what  
26 benefit, if any, defendant receives in exchange for his truthful  
27 testimony.

28



1 of the term of supervised release authorized by statute for the  
2 offense that resulted in the term of supervised release, which could  
3 result in defendant serving a total term of imprisonment greater than  
4 the statutory maximum stated above.

5 11. Defendant understands that, by pleading guilty, defendant  
6 may be giving up valuable government benefits and valuable civic  
7 rights, such as the right to vote, the right to possess a firearm,  
8 the right to hold office, and the right to serve on a jury.  
9 Defendant understands that he is pleading guilty to a felony and that  
10 it is a federal crime for a convicted felon to possess a firearm or  
11 ammunition. Defendant understands that the conviction in this case  
12 may also subject defendant to various other collateral consequences,  
13 including but not limited to revocation of probation, parole, or  
14 supervised release in another case and suspension or revocation of a  
15 professional license. Defendant understands that unanticipated  
16 collateral consequences will not serve as grounds to withdraw  
17 defendant's guilty plea.

18 12. Defendant and his counsel have discussed the fact that, and  
19 defendant understands that, if defendant is not a United States  
20 citizen, the conviction in this case makes it practically inevitable  
21 and a virtual certainty that defendant will be removed or deported  
22 from the United States. Defendant may also be denied United States  
23 citizenship and admission to the United States in the future.  
24 Defendant understands that while there may be arguments that  
25 defendant can raise in immigration proceedings to avoid or delay  
26 removal, removal is presumptively mandatory and a virtual certainty  
27 in this case. Defendant further understands that removal and  
28 immigration consequences are the subject of a separate proceeding and

1 that no one, including his attorney or the Court, can predict to an  
2 absolute certainty the effect of his conviction on his immigration  
3 status. Defendant nevertheless affirms that he wants to plead guilty  
4 regardless of any immigration consequences that his plea may entail,  
5 even if the consequence is automatic removal from the United States.

6 FACTUAL BASIS

7 13. Defendant admits that defendant is, in fact, guilty of the  
8 offense to which defendant is agreeing to plead guilty. Defendant  
9 and the USAO agree to the statement of facts set forth in Exhibit B  
10 to this agreement, and agree that this statement of facts is  
11 sufficient to support a plea of guilty to the charge described in  
12 this agreement and to establish the Sentencing Guidelines factors set  
13 forth in paragraph 15, but is not meant to be a complete recitation  
14 of all facts relevant to the underlying criminal conduct or all facts  
15 known to either party that relate to that conduct.

16 SENTENCING FACTORS

17 14. Defendant understands that in determining defendant's  
18 sentence the Court is required to calculate the applicable Sentencing  
19 Guidelines range and to consider that range, possible departures  
20 under the Sentencing Guidelines, and the other sentencing factors set  
21 forth in 18 U.S.C. § 3553(a). Defendant understands that the  
22 Sentencing Guidelines are advisory only, that defendant cannot have  
23 any expectation of receiving a sentence within the calculated  
24 Sentencing Guidelines range, and that after considering the  
25 Sentencing Guidelines and the other § 3553(a) factors, the Court will  
26 be free to exercise its discretion to impose any sentence it finds  
27 appropriate up to the maximum set by statute for the crime of  
28 conviction.



1 15. Defendant and the USAO agree to the following applicable  
2 Sentencing Guidelines factors:

3	Base Offense Level:	14	[U.S.S.G. § 2C1.1(a)]
4	More than one bribe:	+2	[U.S.S.G. § 2C1.1(b)(1)]
5	Value of payment/benefit exceeds \$550,000:	+14	[U.S.S.G. § 2C1.1(b)(2)]
6	Elected Public Official	+4	[U.S.S.G. § 2C1.1(b)(3)]

7  
8 Defendant and the USAO reserve the right to argue that additional  
9 specific offense characteristics, adjustments, and departures under  
10 the Sentencing Guidelines are appropriate.

11 16. Defendant understands that there is no agreement as to  
12 defendant's criminal history or criminal history category.

13 17: Defendant and the USAO reserve the right to argue for a  
14 sentence outside the sentencing range established by the Sentencing  
15 Guidelines based on the factors set forth in 18 U.S.C. § 3553(a)(1),  
16 (a)(2), (a)(3), (a)(6), and (a)(7).

17 WAIVER OF CONSTITUTIONAL RIGHTS

18 18. Defendant understands that by pleading guilty, defendant  
19 gives up the following rights:

- 20 a. The right to persist in a plea of not guilty.
- 21 b. The right to a speedy and public trial by jury.
- 22 c. The right to be represented by counsel - and if  
23 necessary have the Court appoint counsel - at trial. Defendant  
24 understands, however, that, defendant retains the right to be  
25 represented by counsel - and if necessary have the Court appoint  
26 counsel - at every other stage of the proceeding.

27  
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1 d. The right to be presumed innocent and to have the  
2 burden of proof placed on the government to prove defendant guilty  
3 beyond a reasonable doubt.

4 e. The right to confront and cross-examine witnesses  
5 against defendant.

6 f. The right to testify and to present evidence in  
7 opposition to the charges, including the right to compel the  
8 attendance of witnesses to testify.

9 g. The right not to be compelled to testify, and, if  
10 defendant chose not to testify or present evidence, to have that  
11 choice not be used against defendant.

12 h. Any and all rights to pursue any affirmative defenses,  
13 Fourth Amendment or Fifth Amendment claims, and other pretrial  
14 motions that have been filed or could be filed.

15 WAIVER OF APPEAL OF CONVICTION

16 19. Defendant understands that, with the exception of an appeal  
17 based on a claim that defendant's guilty plea was involuntary, by  
18 pleading guilty defendant is waiving and giving up any right to  
19 appeal defendant's conviction on the offense to which defendant is  
20 pleading guilty. Defendant understands that this waiver includes,  
21 but is not limited to, arguments that the statute to which defendant  
22 is pleading guilty is unconstitutional, and any and all claims that  
23 the statement of facts provided herein is insufficient to support  
24 defendant's plea of guilty.

25 LIMITED MUTUAL WAIVER OF APPEAL OF SENTENCE

26 20. Defendant agrees that, provided the Court imposes a term of  
27 imprisonment within or below the range corresponding to an offense  
28 level of 29 and the criminal history category calculated by the

1 Court, defendant gives up the right to appeal all of the following:

2 (a) the procedures and calculations used to determine and impose any  
3 portion of the sentence; (b) the term of imprisonment imposed by the  
4 Court; (c) the fine imposed by the Court, provided it is within the  
5 statutory maximum; (d) to the extent permitted by law, the  
6 constitutionality or legality of defendant's sentence, provided it is  
7 within the statutory maximum; (e) the term of probation or supervised  
8 release imposed by the Court, provided it is within the statutory  
9 maximum; and (f) any of the following conditions of probation or  
10 supervised release imposed by the Court: the conditions set forth in  
11 General Order 18-10 of this Court; the drug testing conditions  
12 mandated by 18 U.S.C. §§ 3563(a)(5) and 3583(d); and the alcohol and  
13 drug use conditions authorized by 18 U.S.C. § 3563(b)(7).

14 21. The USAO agrees that, provided all portions of the sentence  
15 are at or below the statutory maximum specified above, the USAO gives  
16 up its right to appeal any portion of the sentence.

17 RESULT OF WITHDRAWAL OF GUILTY PLEA

18 22. Defendant agrees that if, after entering a guilty plea  
19 pursuant to this agreement, defendant seeks to withdraw and succeeds  
20 in withdrawing defendant's guilty plea on any basis other than a  
21 claim and finding that entry into this plea agreement was  
22 involuntary, then (a) the USAO will be relieved of all of its  
23 obligations under this agreement, including in particular its  
24 obligations regarding the use of Cooperation Information; (b) in any  
25 investigation, criminal prosecution, or civil, administrative, or  
26 regulatory action, defendant agrees that any Cooperation Information  
27 and any evidence derived from any Cooperation Information shall be  
28 admissible against defendant, and defendant will not assert, and

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1 hereby waives and gives up, any claim under the United States  
2 Constitution, any statute, or any federal rule, that any Cooperation  
3 Information or any evidence derived from any Cooperation Information  
4 should be suppressed or is inadmissible; and (c) should the USAO  
5 choose to pursue any charge that was either dismissed or not filed as  
6 a result of this agreement, then (i) any applicable statute of  
7 limitations will be tolled between the date of defendant's signing of  
8 this agreement and the filing commencing any such action; and  
9 (ii) defendant waives and gives up all defenses based on the statute  
10 of limitations, any claim of pre-indictment delay, or any speedy  
11 trial claim with respect to any such action, except to the extent  
12 that such defenses existed as of the date of defendant's signing this  
13 agreement.

14 EFFECTIVE DATE OF AGREEMENT

15 23. This agreement is effective upon signature and execution of  
16 all required certifications by defendant, defendant's counsel, and an  
17 Assistant United States Attorney.

18 BREACH OF AGREEMENT

19 24. Defendant agrees that if defendant, at any time after the  
20 signature of this agreement and execution of all required  
21 certifications by defendant, defendant's counsel, and an Assistant  
22 United States Attorney, knowingly violates or fails to perform any of  
23 defendant's obligations under this agreement ("a breach"), the USAO  
24 may declare this agreement breached. For example, if defendant  
25 knowingly, in an interview, before a grand jury, or at trial, falsely  
26 accuses another person of criminal conduct or falsely minimizes  
27 defendant's own role, or the role of another, in criminal conduct,  
28 defendant will have breached this agreement. All of defendant's

1 obligations are material, a single breach of this agreement is  
2 sufficient for the USAO to declare a breach, and defendant shall not  
3 be deemed to have cured a breach without the express agreement of the  
4 USAO in writing. If the USAO declares this agreement breached, and  
5 the Court finds such a breach to have occurred, then:

6 a. If defendant has previously entered a guilty plea  
7 pursuant to this agreement, defendant will not be able to withdraw  
8 the guilty plea.

9 b. The USAO will be relieved of all its obligations under  
10 this agreement; in particular, the USAO: (i) will no longer be bound  
11 by any agreements concerning sentencing and will be free to seek any  
12 sentence up to the statutory maximum for the crime to which defendant  
13 has pleaded guilty; (ii) will no longer be bound by any agreements  
14 regarding criminal prosecution, and will be free to criminally  
15 prosecute defendant for any crime, including charges that the USAO  
16 would otherwise have been obligated not to criminally prosecute  
17 pursuant to this agreement; and (iii) will no longer be bound by any  
18 agreement regarding the use of Cooperation Information and will be  
19 free to use any Cooperation Information in any way in any  
20 investigation, criminal prosecution, or civil, administrative, or  
21 regulatory action.

22 c. The USAO will be free to criminally prosecute  
23 defendant for false statement, obstruction of justice, and perjury  
24 based on any knowingly false or misleading statement by defendant.

25 d. In any investigation, criminal prosecution, or civil,  
26 administrative, or regulatory action: (i) defendant will not assert,  
27 and hereby waives and gives up, any claim that any Cooperation  
28 Information was obtained in violation of the Fifth Amendment

1 privilege against compelled self-incrimination; and (ii) defendant  
2 agrees that any Cooperation Information and any Plea Information, as  
3 well as any evidence derived from any Cooperation Information or any  
4 Plea Information, shall be admissible against defendant, and  
5 defendant will not assert, and hereby waives and gives up, any claim  
6 under the United States Constitution, any statute, Rule 410 of the  
7 Federal Rules of Evidence, Rule 11(f) of the Federal Rules of  
8 Criminal Procedure, or any other federal rule, that any Cooperation  
9 Information, any Plea Information, or any evidence derived from any  
10 Cooperation Information or any Plea Information should be suppressed  
11 or is inadmissible.

12 25. Following the Court's finding of a knowing breach of this  
13 agreement by defendant, should the USAO choose to pursue any charge  
14 or any civil, administrative, or regulatory action that was either  
15 dismissed or not filed as a result of this agreement, then:

16 a. Defendant agrees that any applicable statute of  
17 limitations is tolled between the date of defendant's signing of this  
18 agreement and the filing commencing any such action.

19 b. Defendant waives and gives up all defenses based on  
20 the statute of limitations, any claim of pre-indictment delay, or any  
21 speedy trial claim with respect to any such action, except to the  
22 extent that such defenses existed as of the date of defendant's  
23 signing this agreement.

24 COURT AND UNITED STATES PROBATION AND PRETRIAL SERVICES

25 OFFICE NOT PARTIES

26 26. Defendant understands that the Court and the United States  
27 Probation and Pretrial Services Office are not parties to this,  
28 agreement and need not accept any of the USAO's sentencing

1 recommendations or the parties' agreements to facts or sentencing  
2 factors.

3 27. Defendant understands that both defendant and the USAO are  
4 free to: (a) supplement the facts by supplying relevant information  
5 to the United States Probation and Pretrial Services Office and the  
6 Court, (b) correct any and all factual misstatements relating to the  
7 Court's Sentencing Guidelines calculations and determination of  
8 sentence, and (c) argue on appeal and collateral review that the  
9 Court's Sentencing Guidelines calculations and the sentence it  
10 chooses to impose are not error, although each party agrees to  
11 maintain its view that the sentencing calculations set forth above  
12 are consistent with the facts of this case. This paragraph permits  
13 both the USAO and defendant to submit full and complete factual  
14 information to the United States Probation Office and the Court, even  
15 if that factual information may be viewed as inconsistent with the  
16 Factual Basis or Sentencing Factors agreed to in this agreement.

17 28. Defendant understands that even if the Court ignores any  
18 sentencing recommendation, finds facts or reaches conclusions  
19 different from those agreed to, and/or imposes any sentence up to the  
20 maximum established by statute, defendant cannot, for that reason,  
21 withdraw defendant's guilty plea, and defendant will remain bound to  
22 fulfill all defendant's obligations under this agreement. Defendant  
23 understands that no one -- not the prosecutor, defendant's attorney,  
24 or the Court -- can make a binding prediction or promise regarding  
25 the sentence defendant will receive, except that it will be within  
26 the statutory maximum.

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NO ADDITIONAL AGREEMENTS

29. Defendant understands that, except as set forth herein, there are no promises, understandings, or agreements between the USAO and defendant or defendant's attorney, and that no additional promise, understanding, or agreement may be entered into unless in a writing signed by all parties or on the record in court.

PLEA AGREEMENT PART OF THE GUILTY PLEA HEARING

30. The parties agree that this agreement will be considered part of the record of defendant's guilty plea hearing as if the entire agreement had been read into the record of the proceeding.

AGREED AND ACCEPTED

UNITED STATES ATTORNEY'S OFFICE  
FOR THE CENTRAL DISTRICT OF  
CALIFORNIA

NICOLA T. HANNA  
United States Attorney

Thomas Rybarczyk  
THOMAS F. RYBARCZYK  
Assistant United States Attorney

March 26, 2020  
Date

Ricardo Pacheco  
RICARDO PACHECO  
Defendant

3-16-2020  
Date

Glen T. Jonas  
GLEN T. JONAS  
Attorney for Defendant RICARDO  
PACHECO

3/16/20  
Date

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CERTIFICATION OF DEFENDANT

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I have read this agreement in its entirety. I have had enough time to review and consider this agreement, and I have carefully and thoroughly discussed every part of it with my attorney. I understand the terms of this agreement, and I voluntarily agree to those terms. I have discussed the evidence with my attorney, and my attorney has advised me of my rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. No promises, inducements, or representations of any kind have been made to me other than those contained in this agreement. No one has threatened or forced me in any way to enter into this agreement. I am satisfied with the representation of my attorney in this matter, and I am pleading guilty because I am guilty of the charge and wish to take advantage of the promises set forth in this agreement, and not for any other reason.

*Ricardo Pacheco*

\_\_\_\_\_  
RICARDO PACHECO  
Defendant

*3-10-2020*

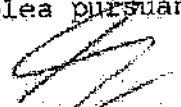
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Date

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CERTIFICATION OF DEFENDANT'S ATTORNEY

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I am RICARDO PACHECO's attorney. I have carefully and thoroughly discussed every part of this agreement with my client. Further, I have fully advised my client of his rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. To my knowledge: no promises, inducements, or representations of any kind have been made to my client other than those contained in this agreement; no one has threatened or forced my client in any way to enter into this agreement; my client's decision to enter into this agreement is an informed and voluntary one; and the factual basis set forth in this agreement is sufficient to support my client's entry of a guilty plea pursuant to this agreement.

  
\_\_\_\_\_  
GLEN T. JONAS  
Attorney for Defendant RICARDO  
PACHECO

3/16/20  
Date



# **EXHIBIT A**

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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,  
Plaintiff,  
v.  
RICARDO PACHECO,  
Defendant.

CR No.  
I N F O R M A T I O N  
[18 U.S.C. § 666(a)(1)(B): Federal  
Program Bribery]

The United States Attorney charges:

[18 U.S.C. § 666(a)(1)(B)]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this Information:

1. The City of Baldwin Park, California (the "City") was a local government located within Los Angeles County in the Central District of California. The City received in excess of \$10,000 under federal programs for both 2017 and 2018.

2. The City was governed, in part, by its City Council, which adopted legislation, set policy, adjudicated issues, and established the budget for the City.

1 3. The City Council was comprised of four City Council  
2 members and a Mayor, all of whom were elected at large by the City's  
3 registered voters.

4 4. Defendant RICARDO PACHECO was first elected to the City  
5 Council in 1997 and currently holds that elected position. He also  
6 previously served as the City's Mayor Pro-Tem. As a result of his  
7 position as councilman, defendant was an agent of the City.

8 5. Police Officer A was a City police officer and a member of  
9 the City's Police Association. The Police Association was the union  
10 representing the City's police officers and engaged in negotiations  
11 with the City Council and City administrators.

12 6. The City's contract with the City's Police Association was  
13 valued in excess of \$5,000, namely, at least \$4.4 million for a  
14 three-year period, and provided that the City would continue to  
15 employ the Police Association's members, namely, the unionized  
16 members of the City's Police Department, and provide for the creation  
17 of additional positions and pay increases for officers with certain  
18 education experience.

19 B. THE BRIBERY

20 7. Beginning in or about January 2018 and continuing to on or  
21 about October 17, 2018, in Los Angeles County, within the Central  
22 District of California, defendant PACHECO, an agent of the City of  
23 Baldwin Park, corruptly solicited, demanded, accepted, and agreed to  
24 accept things of value from Police Officer A, namely, \$20,000 in cash  
25 and \$17,900 in checks to a charity and political action committees  
26 over which defendant PACHECO exerted control, intending to be  
27 influenced and rewarded in connection with a business and a

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1 transaction, and a series of transactions of the City of Baldwin  
2 Park, having a value of \$5,000 or more, specifically, the City's  
3 contract with the City's Police Association.

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FORFEITURE ALLEGATION

[18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)]

1 Pursuant to Rule 32.2 of the Federal Rules of Criminal  
2 Procedure, notice is hereby given that the United States of America  
3 will seek forfeiture as part of any sentence, pursuant to Title 18,  
4 United States Code, Section 981(a)(1)(C) and Title 28, United States  
5 Code, Section 2461(c), in the event of the defendant's conviction of  
6 the offenses set forth in this Information.  
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8  
9 2. The defendant, if so convicted, shall forfeit to the United  
10 States of America the following:

11 (a) All right, title and interest in any and all property,  
12 real or personal, constituting, or derived from, any proceeds  
13 traceable to any such offense; and

14 (b) To the extent such property is not available for  
15 forfeiture, a sum of money equal to the total value of the property  
16 described in subparagraph (a).

17 3. Pursuant to Title 21, United States Code, Section 853(p), as  
18 incorporated by Title 28, United States Code, Section 2461(c), the  
19 defendant shall forfeit substitute property, up to the total value of  
20 the property described in the preceding paragraph if, as the result  
21 of any act or omission of the defendant, the property described in  
22 the preceding paragraph, or any portion thereof: (a) cannot be  
23 located upon the exercise of due diligence; (b) has been transferred,  
24 sold to or deposited with a third party; (c) has been placed beyond

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1 the jurisdiction of the court; (d) has been substantially diminished  
2 in value; or (e) has been commingled with other property that cannot  
3 be divided without difficulty.

4  
5 A TRUE BILL

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8 Foreperson.

9 NICOLA T. HANNA  
10 United States Attorney

11 BRANDON D. FOX  
12 Assistant United States Attorney  
13 Chief, Criminal Division

14 MACK E. JENKINS  
15 Assistant United States Attorney  
16 Chief, Public Corruption and  
17 Civil Rights Section

18 DANIEL J. O'BRIEN  
19 Assistant United States Attorney  
20 Deputy Chief, Public Corruption  
21 and Civil Rights Section

22 THOMAS F. RYBARCZYK  
23 Assistant United States Attorney  
24 Public Corruption and Civil  
25 Rights Section  
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# **EXHIBIT B**

**EXHIBIT B**

**FACTUAL BASIS**

The City of Baldwin Park, California (the "City") was a local government within Los Angeles County in the Central District of California. The City received in excess of \$10,000 under federal programs for each of the calendar years 2017, 2018, and 2019.

The City was governed, in part, by its City Council, which adopted legislation, set policy, adjudicated issues, and established the budget of the City. The City Council was comprised of four City Council members and a Mayor, all of whom were elected by the City's voters.

The West Valley Water District (the "Water District") was a local government agency within San Bernardino County in the Central District of California. The Water District received in excess of \$10,000 under federal programs for each of the calendar years 2017, 2018, and 2019.

The City's Police Association ("Police Association") was the union representing the City's police officers. The Police Association engaged in contract negotiations with the City Council and City administrators.

From 1997 to the present, defendant RICARDO PACHECO ("defendant") was a City Council member. From December 2017 through December 2018, defendant was the City's Mayor Pro-Tem. Defendant acted as an agent of the City in his capacity as a City Council member.

**The Police Association Scheme**

Beginning in at least January 2018 and continuing through October 2018, defendant accepted \$37,900 from Police Officer 1 ("PO-1"), a City police officer and Police Association member, in exchange for defendant's vote and support of the Police Association's contract with the City, a City contract valued in excess of \$5,000. Specifically, the City's contract with the Police Association was valued at approximately \$4.4 million over three years and called for the City to employ the Police Association's members, namely, the City Department's officers, and to provide for the creation of additional positions and pay raises for those officers with a certain level of education. In 2012, the City had considered disbanding its police department

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and contracting directly with the Los Angeles County Sheriff's Department for police service for its City's residents.

In furtherance of this scheme, on January 24, 2018, defendant met with PO-1 in Baldwin Park and told PO-1 that he had several requests of the Police Association in exchange for his vote in favor of their contract. Defendant asked that the Police Association purchase tickets for two \$1,000 tables for two different fundraisers at defendant's Catholic Church. Defendant also asked that the Police Association spend up to \$75,000 for public service announcements that would demonstrate defendant's support for various causes, which were designed to assist defendant's political career.

On January 26, 2018, defendant met with PO-1 and another member of the Police Association in Baldwin Park. During the meeting, PO-1 provided defendant a \$900 check made payable to the Catholic Church for one of the church's fundraisers. The memo line of the check read: "Donation for Ricardo Pacheco." Defendant indicated that he wanted \$2,000 from the Police Association for the second fundraiser, which he said PO-1 could provide the following week. Defendant told PO-1 that the Police Association would need to continue to provide up to \$1,000 to his hand-picked "non-profits" or Political Actions Committees ("PACs") per quarter and financially and publicly support defendant's re-election. PO-1 confirmed that defendant wanted \$5,000 for public service announcements to assist defendant's political career by the following week.

On February 6, February 15, and February 28, 2018, at the direction of the Federal Bureau of Investigation ("FBI"), PO-1 met with and provided defendant with checks made payable to defendant's Catholic Church, as requested by defendant, totaling \$7,000, in exchange for defendant's support for the Police Association contract.

After a March 7, 2018 City Council closed session, defendant sent a text message to PO-1 stating, "Contract was approved," in reference to the Police Association contract. At a March 21, 2018 City Council session open to the public, the City Council voted on the Police Association contract with defendant voting to approve the contract.

On August 29, 2018, defendant sent an email to PO-1 in which he asked the PO-1 and the Police Association to donate \$5,000 to

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defendant's wife's campaign for the Valley County Water District.

On September 4, 2018, defendant asked PO-1 for \$5,000 from the Police Association for defendant's wife's political campaign and \$25,000 for defendant's personal benefit, namely, the PACs defendant controlled. After PO-1 told defendant that the Police Association did not want to be seen as supporting any one candidate in particular, defendant told PO-1 they could get around this concern by having PO-1 make checks payable to defendant's hand-selected PACs. Six days later, on September 10, 2018, defendant sent a text message to PO-1 listing two PACs to which he wanted PO-1 to donate: the California Education Coalition PAC ("CEC") and California Fire and Safety Committee PAC ("CFSC"). While California Fair Political Practices Commission filings did not list defendant as controlling either PAC, as discussed more fully below, both CEC and CFSC existed to promote defendant's interests, including defendant's preferred political candidates and for defendant's own personal benefit. Further, defendant had personal relationships with both individuals who, according to the California Fair Political Practices Commission, ran the PACs and helped set up those PACs for those individuals.

On September 26, 2018, in furtherance of defendant's agreement with PO-1 to vote in favor of the Police Association's contract, PO-1 met with defendant in Baldwin Park and provided defendant two \$5,000 checks from the Police Association payable to CEC and CFSC. Prior to providing the checks to defendant, PO-1 asked where the PACs would spend the money. Defendant said that they would "be used for, to promote me basically." After seeing that there were only two checks for \$5,000 each inside the envelope provided by PO-1, defendant said: "I thought it was going to be more than that." PO-1 told defendant that PO-1 would attempt to get the remaining money soon.

On October 2, 2018, defendant and PO-1 spoke on the telephone. During the call, defendant questioned PO-1 as to why the Police Association had not honored their part in the agreement with defendant. In doing so, defendant reiterated he had already performed his part of the bargain by voting for the Police Association contract. Specifically, defendant said: "Look, here's my concern, is, you know, you guys asked me a while back to support the contract . . . you know, and I did. I went through my commitment. And now you guys are saying, well,

before you do your commitment, you're asking for more, right, commitment." Later, defendant said: "The point is that when we make a commitment, you complete it. And I got you to the goal, and you guys haven't committed to what you're saying you'd do and it's like you're saying, 'well we don't trust you so we're gonna not do our commitment at this point...'"

On October 17, 2018, PO-1 met with defendant in a Baldwin Park, California coffee shop and provided defendant with an envelope containing \$20,000 in cash to fulfill the Police Association's part of the bargain with defendant in return for his vote on the Police Association contract. After exiting the coffee shop, defendant approached PO-1 in PO-1's vehicle and told PO-1 that he had to have checks, not cash. PO-1 responded by explaining that providing checks under defendant's short timeframe would be difficult and that cash was the most efficient way to provide the money defendant demanded. Defendant responded by saying if PO-1 had provided checks, defendant would have had to find a way to conceal the true source of the checks by depositing them in the PACs' accounts in order to obtain the money for defendant's personal use. When PO-1 asked if defendant wanted PO-1 to try and get checks from the Police Association, defendant said: "No no, just leave it like that," and PO-1 and defendant parted ways.

#### **Marijuana Distributorship Development Agreement Scheme<sup>1</sup>**

Beginning in at least August 2017 and continuing through at least August 2018, defendant accepted from Political Consultant 1 ("PC-1") two \$5,000 checks, one made payable to a PAC defendant designated and the second to defendant's wife's re-election campaign, in exchange for defendant's vote in support of an agreement valued well in excess of \$220,000 annually awarding Marijuana Company 1 the City's sole marijuana distributorship.

More specifically, in approximately August 2017, defendant and Person 1, a public official, approached PC-1 and Marijuana Company 1 and solicited donations in the amount of \$10,000 each for defendant's church, CEC, and for the campaign of Person 2, a public official, for board of the West Valley Water District ("Person 2's Campaign"). At the time, Marijuana Company 1 was seeking a development agreement from the City to be the sole distributor of marijuana in the City. Marijuana Company 1's

<sup>1</sup> Marijuana is also known and commonly referred to as cannabis.

owner, Person 3, provided a \$10,000 check to CEC and a \$10,000 check to Person 2's Campaign.

In November 2017, defendant met with PC-1 at a restaurant in Baldwin Park, California, and told PC-1 to ask Marijuana Company 1 for cash in exchange for defendant's vote. During the meeting and after some discussion, defendant told PC-1 that he should ask Marijuana Company 1 for at least \$150,000, pay the 20% in taxes on the contract, and split the remainder with defendant in exchange for defendant's support of Marijuana Company 1's development agreement. PC-1 declined.

On December 18, 2017, the City Council voted on Marijuana Company 1's development agreement and approved Marijuana Company 1's development agreement by a vote of 3-0. Defendant and another councilmember did not attend or vote at the City Council meeting.

After the City Council indicated it would revisit the issue of Marijuana Company 1's development agreement, defendant and PC-1 met at a restaurant in Fontana, California on June 8, 2018. During the meeting, defendant told PC-1 he was raising money for three PACs: CEC, CFSC, and his wife's re-election committee. Defendant wrote the name of the three committees on a napkin, provided them to PC-1, and requested that Marijuana Company 1 make a total of \$15,000 in donations, with each committee receiving a \$5,000 donation.

On July 2, 2018, at the direction of the FBI, PC-1 met with defendant and defendant's friend Person 4, who defendant had previously identified as his "fundraising guy," at a restaurant in Rancho Cucamonga, California, to discuss the payments requested by defendant in exchange for his vote on Marijuana Company 1's agreement with the City. During the meeting, PC-1 told defendant that Marijuana Company 1 would provide \$10,000 of the \$15,000 requested by defendant to which defendant responded, "Ok, fine." PC-1 asked how defendant wanted the payments to be made, and defendant referred PC-1 to Person 4 and said Person 4 is "gonna do some fundraising for me." Later, during the meeting, defendant and Person 4 provided the names of the three PACs defendant previously identified, including CEC and CFSC, to which defendant wanted Marijuana Company 1 to provide donations in exchange for his political support of Marijuana Company One's Development Agreement.

On July 11, 2018, at the direction of the FBI, PC-1 met with Person 4 at a coffee house in West Covina. PC-1 provided Person 4 with a \$5,000 check made payable to defendant's wife's re-election campaign and a \$5,000 check made payable to CFSC.

On July 16, 2018, at the direction of the FBI, PC-1 met with defendant at a coffee house in West Covina, California, and later rode in defendant's vehicle. During the meeting, PC-1 told defendant that Marijuana Company 1 would be able to pay defendant another \$5,000 by early August, to which defendant responded, "Ok, I trust you, brother." Defendant then told PC-1 "[Marijuana Company 1] should be good" for the upcoming vote. Later in the conversation, defendant asked PC-1, "So, like in August?" referring to the additional payment defendant expected Marijuana Company 1 to provide him. At the end of the conversation, PC-1 asked defendant if Marijuana Company 1 was good for [the vote on] Wednesday, to which defendant replied, "Yeah, brother, I'm there," confirming he would vote for Marijuana Company 1, and then "hopefully in the future they continue helping us in campaigns."

At a July 18, 2018 meeting, the City Council voted in favor of Marijuana Company 1's development agreement awarding it sole distributorship of marijuana in the City for 20 years. In accordance with his agreement with PC-1, defendant voted in favor of Marijuana Company 1's agreement with the City.

Defendant confirmed his vote to PC-1 through a text message on July 18, 2018. During the vote on July 18, 2018, defendant initially inadvertently voted no on the contract. When PC-1 texted him to ask what happened, defendant responded via text message with the following: "Sorry. They made motions that confused me. / On [Marijuana Company 1]. But i straight [sic] it out on correcting vote." The development agreement was approved by a 4-1 vote.

#### **West Valley Water District Board Scheme**

Beginning in at least July 2017 and continuing through at least November 2019, defendant entered into agreement with Person 2, in which defendant would fund Person 2's Campaign for the Water District board and help him secure a contract with the City. In exchange, when Person 2 became a board member and an agent of the Water District, Person 2 would provide defendant a job at the Water District.

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Defendant directed and/or arranged for Person 2's Campaign to receive approximately \$20,500, which represented almost the entirety of \$21,797 in monetary contributions received by Person 2's Campaign. These donations obtained by defendant came from individuals with business before the City. Defendant further arranged for Person 2's Campaign to receive \$4,789.08 of in-kind contributions from CEC, the PAC defendant controlled. These in-kind donations were never disclosed by Person 2's election committee in an effort to conceal defendant's agreement with Person 2.

As the result of his appointment to the Water District, defendant received at least \$300,000 in total salary from April 2018 through October 2019. In addition to this amount, defendant received approximately \$142,194 in a severance package in November 2019.

More specifically regarding the origin of this agreement, in approximately July 2017, defendant and Person 2 had a conversation at Baldwin Park City Hall in which Person 2 told defendant he planned to run for West Valley Water District Board and needed defendant's help, which defendant understood to mean help fundraising for the campaign. During this conversation, Person 2 told defendant that the Water District had job openings and that if defendant helped Person 2 with his campaign, defendant would try to get him a job at the Water District. Specifically, Person 2 said that once he got elected to the Water District's Board, "we'll get you in." Person 2 and defendant also discussed how this position would assist defendant with maxing out his California state pension so that defendant would receive the most money possible in retirement. Defendant agreed to raise money for Person 2 in exchange for a position at the Water District.

Later, on a different date, Person 2 changed the terms of his deal with defendant and told defendant that he wanted their deal to include defendant's vote and support for the renewal of Person 2's contract with the City (collectively, with the agreement to raise funds for Person 2's campaign in exchange for a Water District job for defendant, the "Water District Agreement.").

In furtherance of the Water District Agreement, Person 2 involved Person 5, an elected official, to further the effort to obtain a job for defendant at the Water District. Person 5 told



defendant that if defendant helped Person 2 and Person 5 get elected, then Person 2 and Person 5 would "help" defendant.

As discussed above, defendant and Person 1 approached PC-1 and Marijuana Company 1 and solicited donations to Person 2's Campaign while Marijuana Company 1 was pursuing its agreement with the City for exclusive marijuana distribution rights. Marijuana Company 1's owner, Person 3, provided a \$10,000 campaign contribution to Person 2's Campaign, which was reported to the California Fair Political Practices Commission as being received on September 14, 2017.

Marijuana Company 1's owner also provided a \$10,000 check to CEC dated September 12, 2017. In furtherance of the Water District Agreement, defendant directed a \$7,000 check from CEC's account payable to Person 2's campaign's account on or about September 26, 2017.

On October 9, 2017, Person 2 sent a text message to defendant's cellphone that stated: "Okay we are making our big push and I really need the 5k bro. Otherwise I'm completely broke this week and we are done," meaning that the success of Person 2's Campaign depended on defendant's help with fundraising.

On October 10, 2017, in furtherance of defendant's agreement with Person 2, defendant solicited and arranged for a local developer, Person 6, to donate to Person 2's Campaign. On that same day, Person 6 donated \$1,500. After doing so, defendant sent a text message to Person 2 on October 10, 2019 in which he wrote: "Check to see for money."

On October 19, 2017, at Person 2's request, defendant delivered four checks totaling \$3,289.08 drawn on CEC's bank account to Person 7, Person 2's campaign manager. Of that amount, \$2,699.94 was made payable to a printing company and \$589.14 was made payable to the United States Postal Service. Later, in October 2017, defendant provided Person 2's Campaign two checks, dated October 28, 2017, totaling \$1,500 drawn on CEC's bank account. Of that amount, \$767.34 was made payable to a printing company and \$732.66 was made payable to the United States Postal Service. Person 2's Campaign never reported these in-kind donations on its California Fair Political Practices Commission forms.

Defendant understood from Person 7 that the money paid by CEC to the printing company and United States Postal Service was in part to pay for a "hit piece," that is, a negative advertisement, against Person 2 and Person 5's opponents. The "hit piece" had been designed by Person 1 who himself was seeking to obtain a contract for legal services from the Water District.

In addition to these contributions, defendant solicited donations for Person 2's Campaign from Person 8, a business owner, and, in response, received two checks totaling \$1,000 from Person 8. Defendant also solicited donations from Person 9, a business owner, and, in response, received a \$1,000 check from Person 9.

On November 8, 2017, the day after the election, defendant sent the following text message to Person 2: "Assistant GM," which signified the Water District position defendant wanted in exchange for his help with Person 2's campaign. Approximately 30 minutes later, Person 2 responded: "Really? We will talk if my contract goes through." Approximately two minutes later, defendant sent the next two messages: "Because you can't afford me anyplace else. I make 180K plus benefits" and "Make a second AGM spot for more efficient program." Less than a minute later, Person 2 responded: "Working on it."

On November 9, 2017, Person 2 sent the following text message to defendant: "Okay we all just won we are in." In response, defendant asked: "Can we discuss the GM position."

On November 9, 2017 and November 10, 2017, defendant sought to pressure another City councilmember to vote in favor of renewing Person 2's contract with the City. The councilmember explained to defendant that she would not vote for the new contract proposal because it had materially changed from the one she had originally agreed to support. During a text message exchange, defendant wrote the following three messages within the same minute: (1) "I just need your support"; (2) "Plus he just won in a large water district"; and (3) "Think about the possibilities," by which defendant meant that the councilmember could obtain financial benefits from the Water District, herself, and Person 2 if the councilmember supported Person 2's contract renewal.

On November 15, 2017, in furtherance of the Water District Agreement, defendant voted in favor of renewing Person 2's

contract. The City Council voted to renew Person 2's contract by a 3-2 margin.

In December 2017, at the victory celebration for Person 2 and Person 5, Person 2 and Person 5 confirmed for defendant that they would make good on their promise of providing him a position at the Water District.

After becoming an agent of the Water District, Person 2 worked to create a new position of Assistant General Manager for the Water District and to hire defendant for that position pursuant to their Water District Agreement. On March 29, 2018, in accordance with the Water District Agreement, the Water District hired him as an Assistant Manager and shortly thereafter elevated and added additional responsibilities, which provided defendant an annual salary of \$189,592 and the use of a Water District vehicle. The Board voted 4-0 in favor of defendant's contract with Person 2 abstaining, which was done in an effort to further conceal the Water District Agreement.

On December 13, 2018, FBI special agents executed a search warrant on defendant's residence and vehicle. Once the search had finished and on the same day, defendant met with Person 2 at a City event and told him about the FBI's search of his home.

Between March 2019 and April 30, 2019, defendant spoke with Person 2 and detailed evidence the FBI had gathered concerning the Police Association Scheme. Person 2 then provided defendant false exculpatory statements that Person 2 suggested defendant could tell the FBI, such as falsely stating that the cash he accepted from PO-1 were merely campaign contributions.

#### **Marijuana Cultivation and/or Manufacturing Development Scheme 1**

Beginning in 2017 and continuing through at least January 2019, defendant solicited approximately \$150,000 from Person 10, a public official, in exchange for his vote and support for Marijuana Company 2's Cultivation and/or Manufacturing Development Agreement ("Cultivation Development Agreement") with the City, an agreement worth in excess of \$240,000 annually. Defendant received at least \$100,000 in payments from Person 10 in connection with this agreement.

More specifically, prior to August 2017, Person 1 approached defendant and told defendant that the City should agree to allow marijuana companies to operate within the City's boundaries. Person 1 explained that defendant could personally profit from

allowing such businesses to operate within the City by accepting payments from applicants through an intermediary, which defendant could then either directly accept or direct to future campaigns. Person 1 explained that defendant should find an individual he trusted who would not talk (the "intermediary"), instruct the intermediary to represent himself as a "consultant" to companies seeking Cultivation Development Agreements, and promise to deliver a development agreement to the company in exchange for \$150,000 fee. Person 1 explained that consultants had been charging \$150,000 to assist with licensing related to marijuana, which is why defendant should ask for that amount. The intermediary then would share this \$150,000 fee with defendant who would then work with Person 1 and others on the City Council to get the Cultivation Development Agreements approved for that applicant.

In approximately August 2017, defendant met with Person 10 in Los Angeles County and accepted three \$10,000 checks from Person 10's consulting company ("Consulting Company 1"). After losing one \$10,000 check, defendant directed his friend, Person 11, to deposit the checks. Person 11 then withdrew approximately \$12,000 in cash and provided it to defendant. Prior to accepting the payment from Person 10, defendant and Person 10 agreed that Person 10 would provide defendant payments in exchange for his vote in support of Marijuana Company 2's Cultivation Development Agreement.

During the scheme, Person 1, Person 10, and defendant met on approximately five occasions at downtown Los Angeles restaurants, typically a month before the City Council voted on Cultivation Development Agreements. During these meetings, defendant and Person 10 would discuss in front of Person 1 the payments Person 10 made to defendant for his vote, and Person 1 and defendant would update Person 10 on the status of other Cultivation Development Agreement applications.

In approximately November 2017, at defendant's request and in exchange for his vote and support for Marijuana Company 2, Person 10 wrote a \$2,500 check drawn on Consulting Company 1's account for defendant's spouse's political campaign.

On April 18, 2018, in accordance with his agreement with Person 10, defendant voted in favor of Marijuana Company 2's development agreement for marijuana cultivation and manufacturing in its first reading before the City Council. Each development agreement before the City Council required a

first and second reading with at least one reading needing to occur at a regularly scheduled City Council meeting. After the first reading, a majority of the City Council would need to vote in favor of the development agreement in order for it to proceed to a second reading. After the second reading, a majority of the City Council would need to vote in favor of the agreement in order for it to become law.

On July 18, 2018, in accordance with his agreement with Person 10, defendant voted in favor of Marijuana Company 2's development agreement for marijuana cultivation and manufacturing in its second reading.

In approximately September 2018, defendant and Person 10 met in person in Los Angeles County. In exchange for his vote and support for Marijuana Company 2, Person 10 provided defendant a \$50,000 check with a blank payee drawn on the account of Person 12, an individual affiliated with Marijuana Company 2. Defendant then provided the \$50,000 check to Person 13, one of defendant's friends and a City and Water District contractor, who deposited the check into Person 13's company's account on or about September 21, 2018. Person 13 later provided defendant with approximately \$15,000 of the \$50,000 deposit in cash over several meetings in order to conceal the nature of the transaction.

On December 5, 2018, in accordance with his agreement with Person 10 and after Marijuana Company 2 petitioned to change its location, defendant voted in favor of Marijuana Company 2's amended development agreement for marijuana cultivation and manufacturing in its first reading.

As discussed above, on December 13, 2018, FBI special agents executed a federal search warrant on defendant's residence and vehicle. After the FBI had completed its search and left the premises, defendant contacted Person 1. At the time, defendant knew that Person 1 was close to Person 10 and believed that Person 1 and Person 10 had an agreement with respect to marijuana licensing in the City. Person 1 also told defendant that he was in business with Person 10, and Person 1 and Person 10 were seeking a marijuana license in Commerce, California.

On December 19, 2018, in accordance with his agreement with Person 10, defendant voted in favor of Marijuana Company 2's development amended agreement for marijuana cultivation and manufacturing in its second reading.

On or about January 24, 2019, Person 10 provided defendant seven checks totaling \$20,000 from individuals who defendant had never met. At least four of these individuals had connections to Marijuana Company 2. Defendant had asked Person 10 for donations to his legal fund after he and Person 10 had entered into an agreement whereby Person 10 would provide tens thousands of dollars to defendant in exchange for defendant's vote in favor of Marijuana Company 2. Defendant never formed a legal defense fund and instead used the money for his personal gain, namely, paying for legal bills for an unrelated civil matter.

#### **Marijuana Cultivation and/or Manufacturing Development Scheme 2**

Beginning in at least June 2017 and continuing through at least December 2018, defendant entered into an agreement with Person 4, defendant's "fundraising guy," in which Person 4 would solicit "consulting" contracts from Marijuana Companies 3 and 4, both of whom were seeking City marijuana cultivation and manufacturing development agreements. The development agreement for Marijuana Company 3 was worth well in excess of \$220,000, and the development agreement for Marijuana Company 4 was worth well in excess of \$198,000. Defendant and Person 4 agreed that Person 4 would charge Marijuana Companies 3 and 4 \$150,000 each in consulting fees, which would be paid to Person 4's company, Consulting Company 2. Of the \$150,000, defendant would receive 60 percent of those fees and Person 4 would receive 40 percent of the fees. Person 4 would withdraw cash from his Consulting Company 2 account and provide defendant his payments in cash in order to conceal the transactions. In exchange, defendant would vote for and support Marijuana Companies 3 and 4's City development agreements.

At some point in 2017, after this conversation, Person 1 provided defendant a physical copy of sample "consultant agreement" that Person 1 told defendant he could have his intermediary use when approaching companies seeking Cultivation Development Agreements. At the bottom of the sample agreement, it said to call Person 1 for any questions. Defendant provided that agreement to Person 4 who, as discussed later, served as defendant's intermediary with two companies seeking marijuana cultivation and/or manufacturing development agreements.

Between approximately August 2017 and December 2018, Person 4 received approximately \$110,500 from Marijuana Company 3 and \$45,000 from Marijuana Company 4. In that same time period, defendant accepted at least \$93,300 in cash from Person 4 as

part of his agreement to vote and support the development agreements for Companies 3 and 4.

Person 4 would often provide the cash that was subject to this agreement to defendant in person. For example, on October 6, 2017, Person 4 sent a text message using his cellphone to defendant's cellphone in which Person 4 wrote: "I printed the remainder of the documents you requested." Person 4 used "documents" as coded language for cash in order to conceal their agreement. Person 4 then sent another message to defendant's cellphone in which he wrote: "Let me know if you could meet tonight. OK." Approximately five minutes later, defendant responded to Person 4 with a text message that read "7pm tonight." Several hours later, defendant sent a text message to Person 4 in which defendant wrote: "Check the printing on the docs. Last time the printing was too light." When defendant said the "printing was too light" on the "docs," defendant was using coded language to conceal their agreement and to explain that Person 4 had not provided enough cash during their previous meeting. Less than 20 minutes later, Person 4 responded to defendant with this text message: "Haha...this time it's full color ink," confirming the payment amount was larger than the last and consistent with their agreement.

Similarly, Person 4 allowed defendant on at least one occasion to pick up cash from Person 4's home. On July 13, 2018, Person 4 sent a text message to defendant in which Person 4 wrote: "Call me a (sic) soon as you can so we can work out a way for you to pick up the documents [cash] this morning." Later, Person 4 wrote to defendant the following message: "I am not able to get away this morning, however you're welcome to stop by at your convenience and pick up [cash] from my house."

During the scheme, defendant and Person 4 would discuss the status of Company 3's development agreement in the City Council. For example, during October 2017, November 2017, and December 2017, Person 4 sent text messages to defendant referring to the phrase "city of Chinos," which was their code to refer to Company 3 and/or its representatives, around the dates of Baldwin Park City Council meetings and asked for updates from defendant on the application of the "City of Chinos," which defendant provided on at least two occasions.

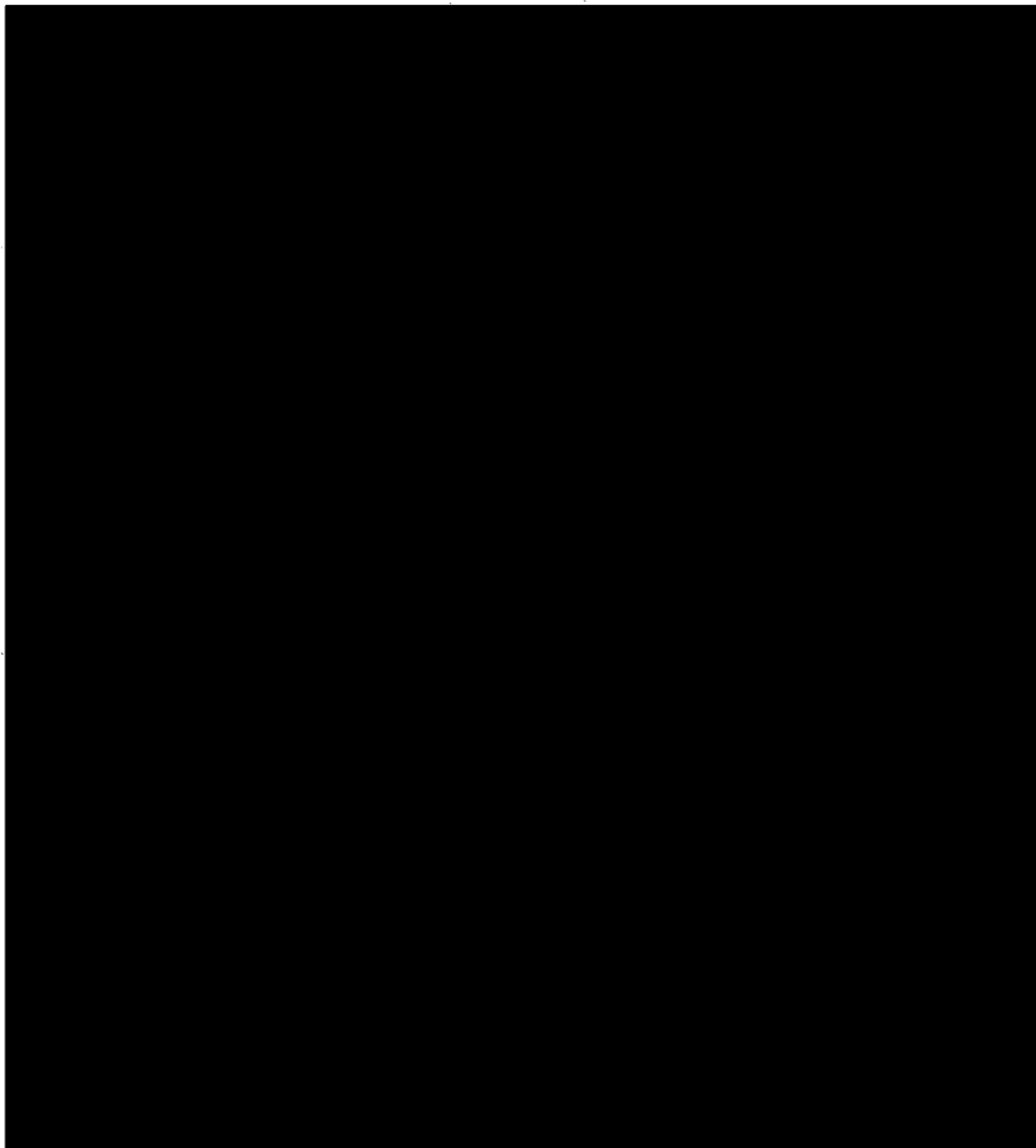
On April 18 and May 2, 2018, in accordance with his agreement with Person 4, defendant voted in favor of Marijuana Company 3 and 4's development agreement applications, and the City Council

advanced and/or approved both Marijuana Company 3 and Company 4's development agreement applications on those dates.





# EXHIBIT C



RP

# EXHIBIT G

<https://www.sgvtribune.com/2021/05/12/lawsuits-accuse-el-monte-of-pay-to-play-for-cannabis-licenses/>

## Lawsuits accuse El Monte of ‘pay-to-play’ for cannabis licenses

Competitors allege the city manipulated the grading system to ensure favored companies won licenses



A man wearing a T-shirt with a cannabis leaf and the word No on the back speaks during a city council meeting about cannabis at El Monte City Hall on Tuesday, Dec. 3, 2019 in El Monte, California. (Photo by Keith Birmingham, Pasadena Star-News/SCNG) By [JASON HENRY](#) | [jhenry@scng.com](mailto:jhenry@scng.com) | Pasadena Star News

PUBLISHED: May 12, 2021 at 6:44 p.m. | UPDATED: May 13, 2021 at 11:44 a.m.

Seven cannabis companies want a judge to overturn El Monte’s picks for commercial licenses, with some alleging the city made crucial errors in grading applications and others accusing staff of altering the score criteria after the fact to give an edge to applicants making large donations to the city’s general fund.

El Monte originally hired a consultant to impartially grade and select the six winners, but after the applications were filed, city staff took over the calculations for a “community benefit” portion, where the highest scores came from payments directly to the city’s coffers, according to public records.

## **Legal challenges**

The city's handling of cannabis licenses has now spawned seven court cases, allegations of corruption and open hostility between the winners and losers. Mayor Jessica Ancona has called for an independent investigation into [the process](#), though, so far, the City Council has not taken up a public vote on her request. She could not be reached for comment.

Tony Fong's company, FEAH LLC, spent roughly \$150,000 in its failed attempt to win a license, he said. The company ranked eighth out of the 15 finalists. Only [the top six](#) qualified for licenses. FEAH alleges that if the scoring was done properly, it would have made the cut. The company offered 1% of its gross sales to various city funds and organizations indefinitely, while others, who scored higher, offered less, according to its lawsuit.

Fong said he's gone through similar processes in three other cities, including Pomona and Pasadena, but he never felt it was necessary to sue until now.

"From the beginning we were under the impression that a third party would be grading it," Fong said. "We didn't know the city would be influencing or changing scores."

## **Scores manipulated, plaintiffs allege**

Of the seven pending petitions for court intervention, five allege their scores were incorrectly tallied, or intentionally manipulated. The other two say they were improperly disqualified for incomplete applications and that the city refused to take a second look. The filings ask a judge to step in, either to force the city to redo the process or to award additional licenses to those that lost.

FEAH LLC's lawsuit alleges the city did not follow the guidelines given to applicants and instead rewrote the grading rubric to favor certain applicants. Some of the favored applicants had donated more than \$100,000 to council members' campaigns. The city added a modifier to the community benefit score — which awarded 175 points out of a total of 1,000 — that made contributions to benefit parks or schools worth less than those made directly to the city's general fund.

Applications for four of the winners were written by the same person and each offered the same amount as a community benefit. Some of the losing applicants have argued that incentivizing donations to the city's general fund created a conflict of interest for city staff.

“By ranking the applications in order of who gave the most to the city’s general fund, the City engaged in a de facto “pay-to-play” scheme that was in violation of the applicants’ rights to due process and equal protection under the law,” wrote attorney Michael Azat in a petition filed by Dronotherapy Inc., one of the finalists that is now suing.

### **Millions in revenues expected**

El Monte [legalized](#) recreational cannabis in December 2019 and [passed a tax](#) on such businesses the following year. [The tax](#) is expected to generate \$2.4 million in city revenues its first year and as much as \$6.7 million by year six.

When the cannabis applicants submitted their paperwork for the June 2020 deadline, SCI Consulting was expected to handle all of the grading. About a month later, however, El Monte [determined](#) it would instead internally score “community benefits” and a number of other areas, including landscaping, building elevations and renderings. The city allegedly handled the tallying of the final scores, which FEAH alleges allowed staff to twist the community benefit score to ensure specific companies won.

In a declaration, Betty Donavanik, El Monte’s director of community and economic development, said the city made the change because “city staff would be more familiar with El Monte’s neighborhood character, design guidelines and the city’s needs and would have a superior background to assess the applications for the benefit of the city.”

The city did not publicize the change because officials viewed the guidelines presented to applicants as “binding” for them, but not for the city, according to Donavanik’s written testimony.

### **‘Shady’ about-face**

One of the consultants described the the city’s about-face as “shady” in an email to a colleague, according to court records. The two consultants, after seeing the city’s modifiers for the community benefit section, joked that they were glad they wouldn’t have to deal with it.

Fong says the city didn’t reveal the changes until months after the applications were submitted.

Donavanki’s deputy director, Jason Mikaelian, in a separate declaration, stated he scored the community benefit portion “based on objective and empirical

considerations only.” He denied any applicant received special treatment and stated there was no suggestions that any score be altered.

FEAH, however, alleges former Mayor Andre Quintero, prior to losing his reelection in November, told the company’s owners that “he knew that some individuals working for the city took money to influence the result of the applications, but he could not say who,” according to FEAH’s lawsuit.

In an interview, Quintero said FEAH’s owners “misunderstood” him. He denied their characterization of the meeting and accused the company of spreading misinformation.

“There was one person who may have received something and, fortunately, it wasn’t anyone in the decision-making process for the licenses,” Quintero said. He declined to identify the person in question, saying he did not have enough evidence at this time.

“I believe within a short period of time there may be more information coming out that will clarify the issue and blow this allegation completely out of the water,” he said.

### **Support for pro-cannabis officials**

Quintero, former Councilman Jerry Velasco, Councilwoman Alma Puente and two political action committees supporting them received \$107,000 in contributions from individuals connected to winning applicants, according to FEAH’s lawsuit. The donors and the recipients say those donations were made to support elected officials with pro-cannabis stances during an election season. Both Quintero and Velasco ultimately lost the election. The city issued the cannabis licenses the day after the election.

In an interview, Quintero said the council gave the final decisions to staff to prevent the possibility of corruption. A council member would have needed to conspire with staff to have any influence and no evidence has been presented to show that, he said.

Quintero, a deputy city attorney in Los Angeles, said he believes an independent investigation is unnecessary because the existing requests for judicial review would accomplish the same goal. The court may find the city or its consultant made mistakes, but he doesn’t expect it will find corruption.

“A lot of the time, people will think its corruption, when its incompetence,” he said.

One of the donors also has filed a lawsuit alleging the process was flawed. Attorney Damian Martin is a partial owner of EEL – El Monte LLC, one of the winners, and Nibble This LLC, one of the losers. He wrote the applications for five applicants in total, all of which offered the city about \$95,000 for the general fund. Four won.

The one that lost, Nibble This, is now suing too. Its petition alleges the city used the community benefit score as a tiebreaker between it and another company, Light Box Leasing Corp. Light Box won the sixth license. Though the two companies offered the same amount – \$95,000 to the city’s general fund – one received a score of 165, while the other, Nibble This, received a score of 160, according to Nibble This’ court filings.

### **‘Should’ve cheated better’**

Nibble This alleges other areas of its score were improperly calculated and that it would have won otherwise.

In angry text messages, Martin and Elliot Lewis, his partner on EEL, accused City Manager Alma Martinez of “cheating” and warned that her life is “about to get rocky.”

“They should’ve cheated better ... this is embarrassingly sloppy,” Martin wrote in one text.

Martinez later reported the text messages to El Monte’s police chief as harassment, but did not file a formal police report, according to a deposition. Martinez did not return requests for comment.

Martin has backed down from that stance since, though. In an email, he said the text messages were in the heat of the moment, comparing it to how someone might react in a car accident.

“The snap reaction following a car accident is usually to assume the worst of the other driver, even though their conduct may have actually been negligent rather than malicious or nefarious,” he wrote.

Nibble This’ position now is that only SCI Consulting made “negligent errors” rather than city staff, Martin said.

Martin and Lewis have filed declarations opposing FEAH’s lawsuit, and Martin has publicly spoken against the idea of an independent investigation. In his email, Martin described FEAH’s lawsuit as “a fantasyland, conspiracy theory infringing on First Amendment rights.”



Nibble This is seeking to get portions of FEAH’s lawsuit thrown out, including allegations that Martin and Lewis influenced the process.

In his declaration, Lewis scoffed at the idea that his companies paid off anyone.

“However, I will note that had we engaged in ‘pay to play’ or bribed city personnel into giving us licenses, as FEAH falsely alleges and for which it possesses no facts or evidence, we certainly would have demanded that both EEL and Nibble get licenses – which also did not occur.”

# EXHIBIT H

COMMENTARY

# LA County's 'corridor of corruption'



BY DAN WALTERS , JUNE 22, 2020 UPDATED AUGUST 20, 2021



California Capitol, home of the Assembly and Senate. Photo by Anne Wernikoff for CalMatters

## IN SUMMARY

Southeastern Los Angeles County is a “corridor of corruption,” in the words of Assembly Speaker Anthony Rendon. The Legislature is finally doing something about one example.

Southeastern Los Angeles County is a jumble of small cities containing mostly poor and/or immigrant residents who have been [clobbered by the COVID-19 pandemic](#) and the deep recession it induced.

However, the region is also “a corridor of corruption” in the words of Assembly Speaker Anthony Rendon, who represents a piece of it.

In this century alone, more than a dozen officials in cities such as Bell, Cudahy, South Gate and Lynwood have been convicted of corruption, but the syndrome continues.

Poverty, low voter involvement and a lack of civic organizations make them ripe targets for takeovers by corrupt political figures who help themselves to lavish salaries and expense accounts and hand out fat contracts to their pals.

Tom Hogen-Esch, a professor at California State University, Northridge, [wrote about the region’s endemic corruption](#) after a spectacular scandal in Bell, exposed by the Los Angeles Times.

“It would be a mistake to dismiss the Bell scandal as merely another spectacle of government corruption in southeast Los Angeles,” Hogen-Esch wrote. “Above all, abuses in Bell and other California cities should be viewed as symptoms of a larger failure of political systems to incorporate new immigrants.”

“Failure to recognize the problem and change the underlying conditions that lead to municipal corruption risks a further erosion of civic engagement and democratic legitimacy in high immigration cities,” he continued.

One of the many agencies to fall prey is the Central Basin Municipal Water District, which provides water to about 1.5 million residents in 24 cities and unincorporated communities.

Journalists, civic watchdog groups and governmental auditors have cataloged the agency’s managerial shortcomings and conflicts of interests.

In 2015, for instance, state Auditor Elaine Howle delved into Central Basin and found [a list of questionable and/or illegal practices](#), including a secret “legal trust fund” of nearly \$3 million, contracts awarded and extended without bidding, giveaways of money for obscure purposes, and shoddy hiring practices.

A year before, Central Basin had figured in a federal corruption case against members of the Calderon family, long a powerful political presence in the region.

State Sen. Ron Calderon pleaded guilty to mail fraud and his brother, former Assemblyman Tom Calderon pleaded guilty to money-laundering.

After Tom Calderon left the Assembly, he started a political consulting business and one of his first clients was Central Basin, which paid him nearly \$1 million over 10 years to provide “valuable insight and guidance.”

Finally, however, something is being done about Central Basin — an attempt to abolish it.

[Senate Bill 625](#), carried by Sen. Steven Bradford, an Inglewood Democrat, which is near enactment, would wipe out the district and transfer its duties to another agency, the Water Replenishment District of Southern California.

“The Central Basin Municipal Water District (CBMWD) is in disarray,” Bradford argues, citing a power struggle among directors that has essentially stopped operations and its refusal to comply with open government laws.

Central Basin certainly deserves a death sentence, but the larger issue of endemic corruption in southeastern LA County remains unresolved.

While federal authorities have occasionally swooped in with indictments, such as the Calderon case, local prosecutors and the state attorney general, Xavier Becerra, have shown little interest in attacking the region’s corrupt culture.

Two years ago, replying to a direct question about the region’s corruption, Becerra replied, “We defer to the locals. I don’t have the resources to do what the locals should be doing.”

That’s pathetic.

# EXHIBIT I

## ELECTIONS

# Campaign finance: Businesses that contract with city continually donate to Indio council

**[Nicole Hayden](#) and [Amy DiPierro](#)** Palm Springs Desert Sun

Published 9:27 a.m. PT Dec. 11, 2018 | Updated 12:33 p.m. PT Dec. 20, 2018

Donors consistently giving to Indio City Council candidates are among the same names that have built the city: the company that remodeled council chambers in 2015, the business that provides the city's waste and recycling services and the auto dealership that supplies a portion of the city's police fleet are all familiar names on campaign filings spanning the past five years.

Political contributions to council candidates from city contractors in that time amounted to more than \$36,000 — or about 11 percent of total donations, an analysis of campaign-finance forms found by The Desert Sun.

Most contributions overall came from individuals — some prominent, some heads of those city contractors and some regular locals, the analysis found. Some donors gave as little as \$20 in a one-time donation. Others gave thousands — or even tens of thousands — of dollars over the course of five years. The median donation was about \$250.

The 2018 election season officially closed on Friday following the certification of results by county officials, including the election of newcomer Waymond Fermon over incumbent Mike Wilson to the council.

During election season, The Desert Sun made public-records requests, compiled the papers and built a database of donations to candidates for City Council. It covers 574 donations between 2014 and 2018, a period during which donors gave nine candidates for city office a total of \$315,000, according to the campaign finance records provided by the city.

**More:** Certified results show Waymond Fermon defeats Indio Mayor Mike Wilson. Will Wilson request a recount?

The list of donors includes real estate developers, philanthropists, political action committees and plenty of individuals.

The amount of money candidates raised is wide-ranging. Glenn Miller raised the most over the five years period with a total of \$113,765. Mike Wilson was the second top fundraiser with \$58,570 raised.

In just 2018, Wilson raised \$26,490 but was defeated by Fermon's \$7,210 pot of funds. However, Fermon has a California Fair Political Practices Commission investigation open against him regarding his campaign finance disclosures. FPPC officials won't provide further detail until the investigation is complete.

## **Follow the money**

Indio's political-contribution filings have not been regularly reviewed in the past. In fact, most of the forms weren't in electronic form or even organized in one place. Due to limited space in city hall, the forms were spread between the city clerk's office, the clerk administrator's office, the city manager's office and in the basement, according to Sabdi Sanchez, Indio City Clerk administrator. Sanchez said she doesn't believe there are any forms missing, though the documents were not organized in any particular order.

Individuals contributed most of the donations, giving \$150,000 — almost half of the total amount examined by The Desert Sun. Among the largest donors were prominent local campaign contributors, like philanthropist Harold Matzner, who gave \$10,500 during the period, and renewable energy developer Fred Noble, who gave \$4,500.

Other major donations came from a group of 30 political action committees, or PACs, which together accounted for \$64,350.

The data also show that contractors hired by the city are among the frequent donors to candidates for Indio City Council. Combined, contractors and individuals that work for contractors donated at least \$36,692 to City Council candidates in the past five years — about 11 percent of total donations during that period. Contractors include Burrtec Waste Industries, Fiesta Ford, Landmark Golf, Holt Architects, Granite Construction Company and Albert Webb, an independent contractor.

The data is current through June, when the last campaign finance forms were filed prior to the November election.



California has no rules disallowing City Council candidates from accepting donations from individuals or companies the city contracts with. Nor are donations forbidden from large developers in the city. There also are no rules requiring council members to recuse themselves from voting on items related to those donors.

Cities have the power to set their own rules, but most haven't, including Indio. This leaves the ethical decision of accepting donations or abstaining from a vote up to the individual City Council member.

When asked in October, Wilson, mayor at the time, said his campaign contributions have never been a deciding factor in his decision-making process. He said his votes have always been based on what is best for Indio. Wilson said he rarely recused himself from a vote over his 21 years on the council because he has no conflicts of interest.

"As to your questions regarding particular donors, I actually find it rather offensive," Wilson said. "My vote has never been for sale and my donors know that."

Following Wilson's initial response, both Wilson and Councilwoman Elaine Holmes provided The Desert Sun with identical comments in response to questions about specific city contracts that they declined to answer:

"I am very careful to comply with the (California Fair Political Practices Commission)'s rules regarding conflicts of interest, and I am transparent in disclosing my campaign contributions. The Political Reform Act specifically states that campaign contributions are not considered income or a gift to the recipient, do not create conflicts of interest, and elected officials are not required to abstain from decisions that involve their contributors. I follow the law, I disclose contributions I receive as the law requires, and I will abstain when required. Because the law specifically says contributions do not create conflicts interest, it would not require me to abstain in any of the instances you asked about."

Lupe Ramos Watson, who has remarried and is now known as Lupe Ramos Amith, said she has and will continue to follow the law of disclosure when she receives contributions from any developer.

In California, receiving donations from city contractors and local real estate developers is common and even necessary, some experts argue.

"If you start cutting off these contributions from businesses, suddenly contributions would go to \$0," said Larry Lubka, a California attorney who specializes in public contracts at

Lubka and White LLP. "This is just how hard in this day and age to get enough small" **003**

contributions to add up to anything. It really is as simple as that. It's expensive to run for office...if you start making rules like this, you're cutting yourself at the knees."

Lubka said if council members really want to be "ethically pristine," then they should recuse themselves from any decision that could appear to have a conflict of interest, but even that, he argues, could be bothersome and unnecessary.

"I would love to see more conflict-of-interest rules," Lubka said. "But would you just recuse yourself for contractors? Or subcontractors? Or sub-subcontractors? How far do you go? What you would need to enforce those rules would be expensive and burdensome."

Another challenge is balancing the desire to award contracts to local companies. Lubka said in a city the size of Indio, he suspects there are far fewer companies to choose from than in a city the size of Los Angeles.

And Indio City Manager Mark Scott said he hopes that most city contracts are from local companies. The city even provides a local preference to vehicle bids. Most of the city's law enforcement vehicles are from Fiesta Ford in Indio, which the city gives preference to per their local preference policy. Fiesta Ford has also been one of the top 10 campaign donors to Indio City Council candidates, The Desert Sun analysis found.

The full impact of some of the most significant donors in the city only emerged by combining donations made individually, by a single person, as well as the donations made by companies where they work and political action committees they support.

Here is a look at some of the connections among top donors in Indio. The names of individual donors, as they appear in the spreadsheet, are in **bold**.

## **Integrity PAC**

The super PAC is backed by local businessman **Nachhattar Chandi** of Chandi Group USA, who used the entity in 2016 to donate \$40,000 to Glenn Miller and Joan Dzuro.

It was founded by Chandi and Alexander Haagen III, another prominent Indio donor, in 2016.

When the PAC was formed, Chandi put more than \$500,000 intended to create favorable ads for Donald Trump during his presidential campaign. In August 2016, Chandi was picketed by a group of anti-Trump protesters in front of an am/pm gas station in Mecca.

## **Chandi and related contributors**

**Chandi** is chief executive of Chandi Group USA, which owns gas stations and restaurants in California, including Arco am/pm stores.

Campaign contribution data show Chandi and his companies have been regular donors to Indio candidates. Individually, Chandi donated \$9,500 to Indio candidates in the past five years, making him the fifth-largest donor in the city overall. Chandi Group donated an additional \$1,000 to Wilson.

**More:** Chandi donated \$41K to Indio City Council candidates

Additionally, candidates reported in campaign finance forms that they had received donations from three other entities that appear to be connected to Chandi. Chandi is chief executive of the first company, North Indio Jackson Petroleum Inc., as well as a second, KSC & Son Corp. The third business is identified as Indio Jefferson Petroleum I in campaign filings. It does not appear to be a business incorporated in California, but campaign filings by Wilson and Glenn Miller identified its address at an Arco station in Indio and a P.O. Box also associated with Chandi.

In total, all of the above have donated \$24,000 to Wilson, Miller, Holmes, Joan Dzuro and Troy Strange.

These exclude another vehicle through which Chandi contributes to candidates: Integrity PAC.

## **Haagen and related contributors**

**Haagen** is the owner of Empire Polo Club, the venue that hosts the Coachella Valley Music and Arts Festival. He also is a real estate developer operating under the name Haagen Co.

Campaign finance records show Haagen and Empire Polo Club, together, have donated \$22,500 to Indio candidates since 2014 — not counting donations from Integrity PAC. Wilson was the largest recipient of donations from Empire Polo and Haagen individually, receiving \$10,000 from Haagen and Empire Polo combined.

**More:** Indio Fashion Mall to be torn down and turned into outdoor retail plaza next year

Earlier this year, Haagen Co. purchased the Indio Fashion Mall for \$10 million and has floated plans to transform the ailing shopping center into an open-air market with a theater,

hotel and gym. As part of its plans, the company is in talks with the city to purchase a 20-acre parcel adjacent to the mall property.

## **Tracy and Cole Burr**

Burrtec Waste and Recycling Services, owned by **Tracy and Cole Burr**, has provided residential and commercial solid waste services to the city since July 2010. The contract ends June 31, 2019, when the new Indio City Council will decide whether to renew the contract. The company also provides services to Coachella, La Quinta, Indian Wells, Palm Desert, Rancho Mirage, Cathedral City and other unincorporated areas in the Coachella Valley. The Burrs have given \$17,000 since 2014 to Wilson, Strange, Miller and Holmes.

## **Fiesta Ford**

Fiesta Ford in Indio, under the same ownership umbrella as Palm Springs Motors in Cathedral City, has donated \$11,300 since 2014 to Miller, Wilson, Strange, Amith and Holmes. Fiesta Ford supplies the majority of the city's police vehicles. Indio City Manager Mark Scott said Ford or Chevrolet manufacture the most commonly used police vehicles.

*Desert Sun reporter Nicole Hayden covers health and healthcare in the Coachella Valley. She can be reached at [Nicole.Hayden@desertsun.com](mailto:Nicole.Hayden@desertsun.com) or (760) 778-4623. Follow her on Twitter @Nicole\_A\_Hayden.*

*Amy DiPierro is a real estate and business reporter at The Desert Sun. Reach her at [amy.dipierro@desertsun.com](mailto:amy.dipierro@desertsun.com) or 760-218-2359. Follow her on Twitter, @amydipierro.*

# EXHIBIT J

<https://www.kcet.org/news-community/hefty-contracts-for-campaign-contributors-in-huntington-park>

# Hefty Contracts for Campaign Contributors in Huntington Park

By [Erick Cabrera](#), [Julie Patel](#)

July 26, 2021 at 10:03 PM PDT



Several companies that donated to Huntington Park council members received city contracts. Sean McMorris, the policy and organizing consultant for California Common Cause, said the campaign report indicates a “classic culture of pay-to-play.” | Erick Cabrera *Este artículo está disponible en español [aquí](#).*

Legislation to bar local elected officials from accepting, soliciting or directing contributions of over \$250 from pending contractors cleared the California Senate 34-0 and will be considered by the Assembly's [elections committee](#) next week.

The bill, [SB 1439](#), would apply to contributions from anyone affiliated with a group that has a pending license, permit or contract — or three months after a final decision on that.

Existing law prevents appointed officials on state and local agencies from accepting such contributions.

Cities such as Alhambra, Baldwin Park, Claremont, Costa Mesa, Culver City, Gardena, Glendale, Los Angeles, Malibu, Pasadena and West Covina "have some type of prohibition on campaign contributions with developers and contractors that have business before the governing body and, sometimes, a range beyond three months following an action," according to a Senate staff reports.

The bill's author and main supporter citedthe KCET story below.

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The city of Huntington Park doled out more than \$11 million combined from 2018 to 2020 to contractors Express Transportation Services, Nationwide Environmental Services, LAN WAN Enterprise and Alvarez-Glasman & Colvin — companies that donated gifts and campaign contributions to council members during that time, according to public records obtained and analyzed by KCET.

In all, \$38,000, or over 30 percent of the roughly \$125,000 in campaign contributions to current city of Huntington Park council members, came from eight companies and their executives that were identified as city contractors at some point during that time, according to an analysis of the city's campaign finance records. And at least half of the roughly \$4,300 in gifts provided to council members came from city contractors or subcontractors, according to the politicians' economic interest forms.

Another \$6,000 in campaign contributions and \$380 in gifts — Los Angeles Dodgers tickets — came from Unified Consulting, LLC, a firm owned by Efrén Martínez, a power player in the area with ties to half a dozen companies that did business with the city at some point during the three years examined.

In addition, companies that did business with the city during the years examined donated nearly \$17,000 to Huntington Park Mayor Graciela Ortiz's campaign in 2019 for a seat on the Los Angeles Unified School District board, which she narrowly lost.

In the past year, Huntington Park drew controversy over a no-bid contract that the city backpedaled on, a related informal recall petition targeting some city leaders, and some news in April: Six employees in the city's finance department were placed on leave and one was arrested, according to the city.

The city alleged the employees were involved in an “information breach” while the employees’ lawyer claimed they’re being retaliated against for questioning suspicious bank transfers and potential conflicts of interest on city contracts, according to a Los Angeles Times story.

An examination of those contracts reveals some ties between council members and contractors in the form of campaign cash and gifts.

Experts say while these transactions don’t appear to violate campaign finance laws, they can create the appearance of undue influence and raise questions in residents’ minds about whether the city is getting the best deal for taxpayers on its contracts.

Sean McMorris, the policy and organizing consultant for California Common Cause, said the findings indicate a “classic culture of pay-to-play.”

“It doesn’t look like anything illegal is going on, however, the optics are horrible,” he said. “We all, whether we like it or not, are implicitly beholden to people who do things for us. It’s very hard to disconnect from people who do us a favor. What has been going on here for a while is pretty blatant. The only way to cure it is exposure and transparency and a public that demands better.”

Bob Stern, former president of the now-closed Center for Governmental Studies, agrees.

“It is important that [campaign] reports tell the public what is going on and perhaps embarrass the public officials into not taking the largesse from people doing business with their entity,” he said. He added that as long as the U.S. Supreme Court doesn’t allow strict regulation of campaign money, then disclosure and, to a limited extent, contribution restrictions are the only tools at the public’s disposal.

The Huntington Park council passed an ordinance this year to explicitly state the city has no campaign finance limits – instead of following new campaign contribution limits for cities set by AB 571.

“Residents should be concerned,” said Joe Settles, who was a city of Huntington Park police sergeant for 27 years. “I don't think there's a lot of transparency on the part of the city, but the public should know who is influencing public policy.”



Miguel Molina, whose family runs a business in Huntington Park, said some local politicians seem to be better at asking for residents' support than working on community concerns such as trash pile ups, homelessness or other issues that affect residents and businesses.

"It doesn't surprise me in the slightest that they're all just donating to each [other] to keep everyone's position secure," Molina said.

City spokeswoman Paulina Velasco said the city outsources all of its IT, street sweeping and cleaning, tree trimming, and landscaping, public transit, legal counsel and trash hauling services: "This is a common practice for many cities in Southern California."

Critics say cities and counties cede power and can create less transparency when too much of their work, products and services are outsourced or privatized.

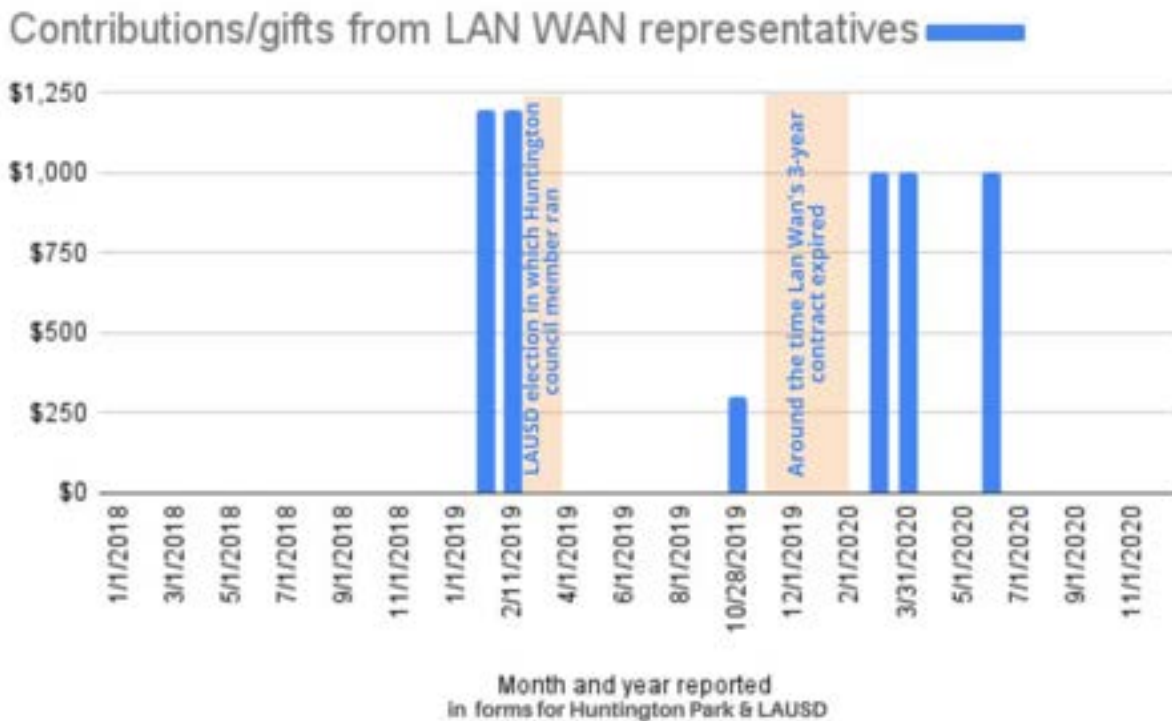
## **LAN WAN Enterprise**

LAN WAN, an information technology company, is one of the contractors that some suspect received special treatment from the city.

The company's president, Zohair "Zack" Oweis, donated \$3,000 to Ortiz's city council race in 2020. He and another executive donated a combined \$2,400 to Ortiz's LAUSD race in 2019.

An analysis of the city's payment records shows LAN WAN received about \$2.2 million for technological services and products over the three years.

LAN WAN also supplied a combined \$300 worth of dinners in late 2019 for council members Graciela Ortiz, Karina Macias, Manual Avila and Marilyn Sanabria, according to financial disclosure forms.



City of Huntington Park and Los Angeles City Ethics Commission records | Erick Cabrera and Julie Patel

LAN WAN’s relationship with the city started with a 2014 no-bid contract for “emergency services,” after which it received a number of extensions or expansions of the contract over the years.

The city put the main technology work out to bid in 2016 and the council awarded LAN WAN a contract not-to-exceed \$825,000 for three years after a warning from city staff related to the services LAN WAN had previously provided: “There are significant deficiencies in the city’s current IT service model and service delivery with LAN WAN...all of which must be addressed and corrected through a new contractual engagement.”

Several no-bid contracts or expansions were awarded to LAN WAN in 2017 because the company was considered a “single source” contractor or had “special knowledge and expertise in the city’s network system.”

The city council also approved buying more than \$320,000 worth of computers, software and services from LAN WAN in December 2019; more than \$60,000 to purchase and install key card hardware and related software and services in February 2020; and more than \$200,000 for information technology support services this year. A competitive process wasn’t noted in the agenda materials.

What's more, the city doesn't have its own IT staff so it relies on the company for all of its IT needs. According to Velasco, "through LAN WAN's procurement process, they shop for the best prices and make recommendations to the city."

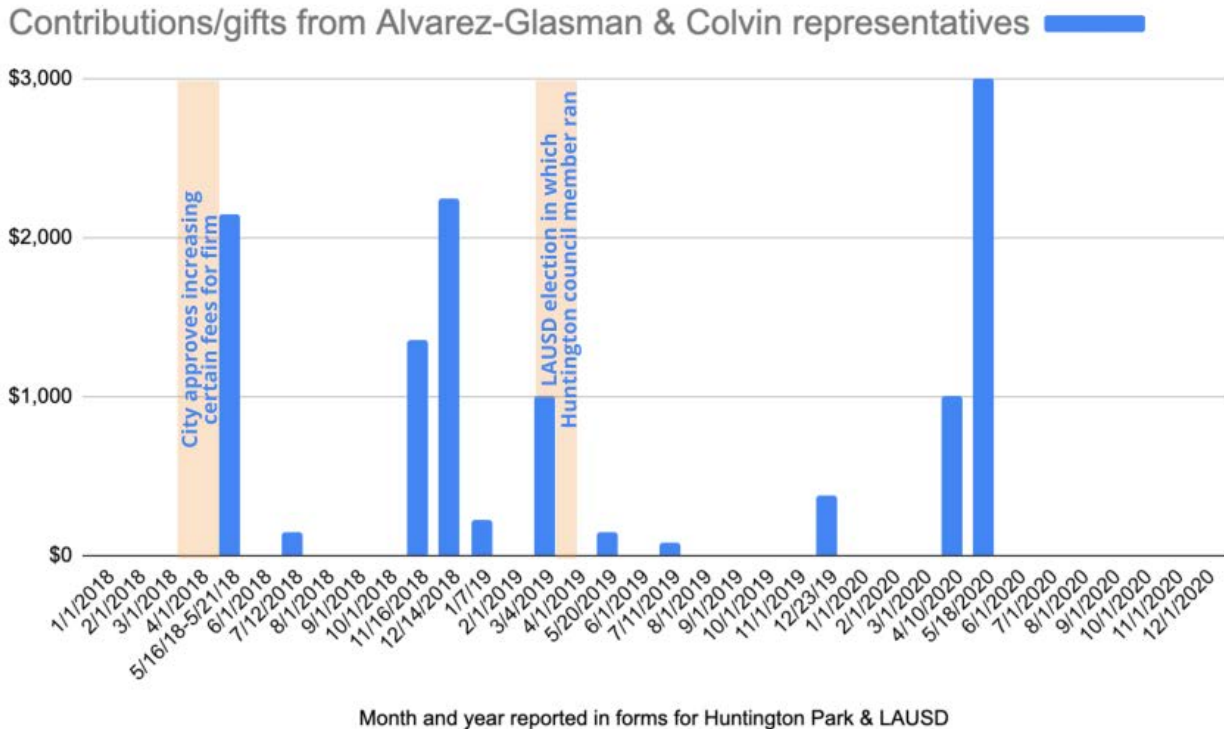
McMorris said that cities like Huntington Park have good language in their municipal code about competitive bidding but there is also language that can work as a loophole to allow council members to waive those procedures by a majority vote.

He said there is no harm in going out to bid anyway – even if you think you only have one business that can do the job or you're really happy with an existing company. "Why not just go out to bid? Then, there's no blowback," he said. "Especially when you're getting large campaign funds from contractors, it makes it look really bad."

Velasco said since LAN WAN's 3-year contract starting in 2016 was amended and expanded by the council over the years, it is now set to expire in 2024, when it will be put up for a competitive bid.

## **Alvarez-Glasman & Coleman**

The city reported paying over \$1.7 million to the Alvarez-Glasman & Coleman law firm from 2018 to 2020 for legal services and the firm donated \$6,000 to council members during that time. The firm gave \$3,000 in 2020 to Ortiz, and \$2,000 and \$1,000 in 2018 and 2020, respectively, to Sanabria, according to campaign finance records. Ortiz received another \$4,600 from 2018 to 2019 from representatives of the Alvarez-Glasman & Colvin firm for her LAUSD race.



City of Huntington Park and Los Angeles City Ethics Commission records | Erick Cabrera and Julie Patel

The firm provided dinners worth \$1,125 combined to council members in 2018 and 2019, including \$375 total for Ortiz, \$375 total for Manuel Avila, \$225 total for Karina Macias and a dinner of \$75 each for Eduardo Martinez and Marilyn Sanabria, according to financial disclosure forms.

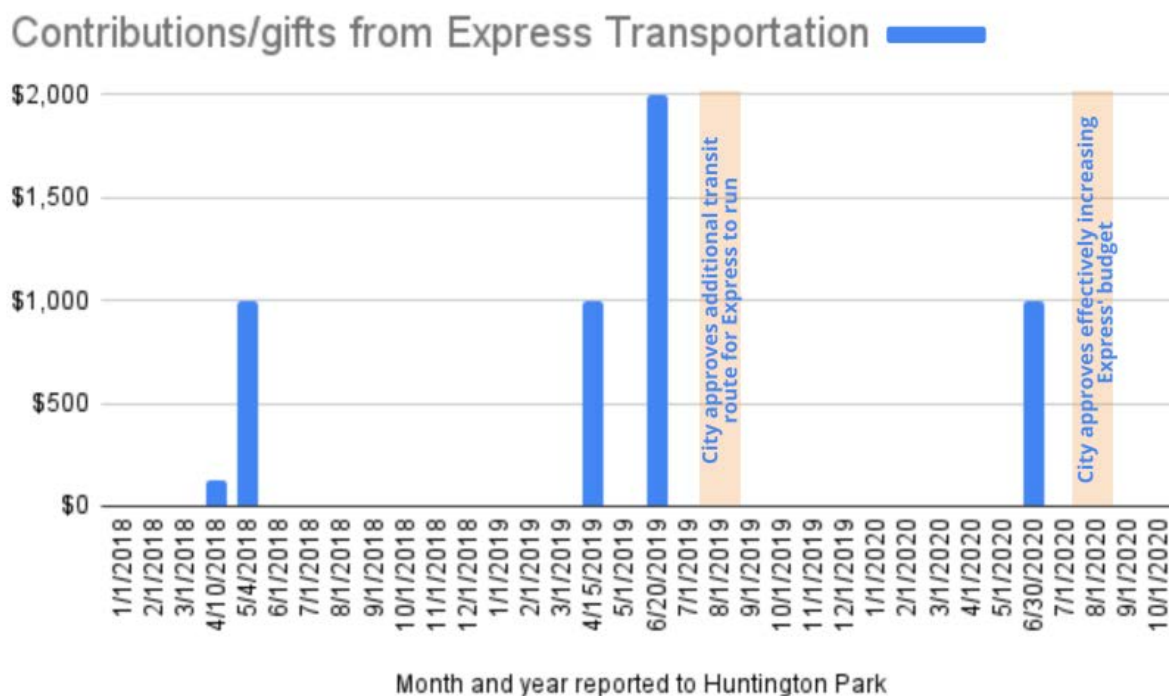
The city hired Alvarez-Glasman & Colvin years ago and in April 2018, the firm’s request for an increase on its rates by \$15 per hour for associates and \$25 per hour for partners was approved as part of a budget adjustment.

## Express Transportation Services

The city reported paying about \$5 million to Express Transportation for transit services from 2018 to 2020, more than several other major contractors combined, according to an analysis of the city’s payment records during the three years examined.

Express Transportation, which has also done business as Metro Transit Services, donated \$2,000 total to council member Marilyn Sanabria in 2018 and 2020, \$2,000 to Ortiz in 2019, and \$1,000 to Macias in 2019. The company also gave

dinners worth \$65 each to Ortiz and Avila in 2018, according to council members' economic interest forms.



City of Huntington Park and Los Angeles City Ethics Commission records | Erick Cabrera and Julie Patel

Questions raised in 2015 by then-council member Valentin Amezcua about the company's no-bid contract were reported in an L.A. Times story.

Since then, several amendments favorable to the contractor were approved. These included one in February 2016 to appropriate an additional \$145,000 to cover costs (which Amezcua voted against) and another for a new transit route in August 2019, according to city records.

Then, in August 2020, the city approved effectively increasing its budget for Express Transportation to account for higher costs related to the new route and minimum wage increases.

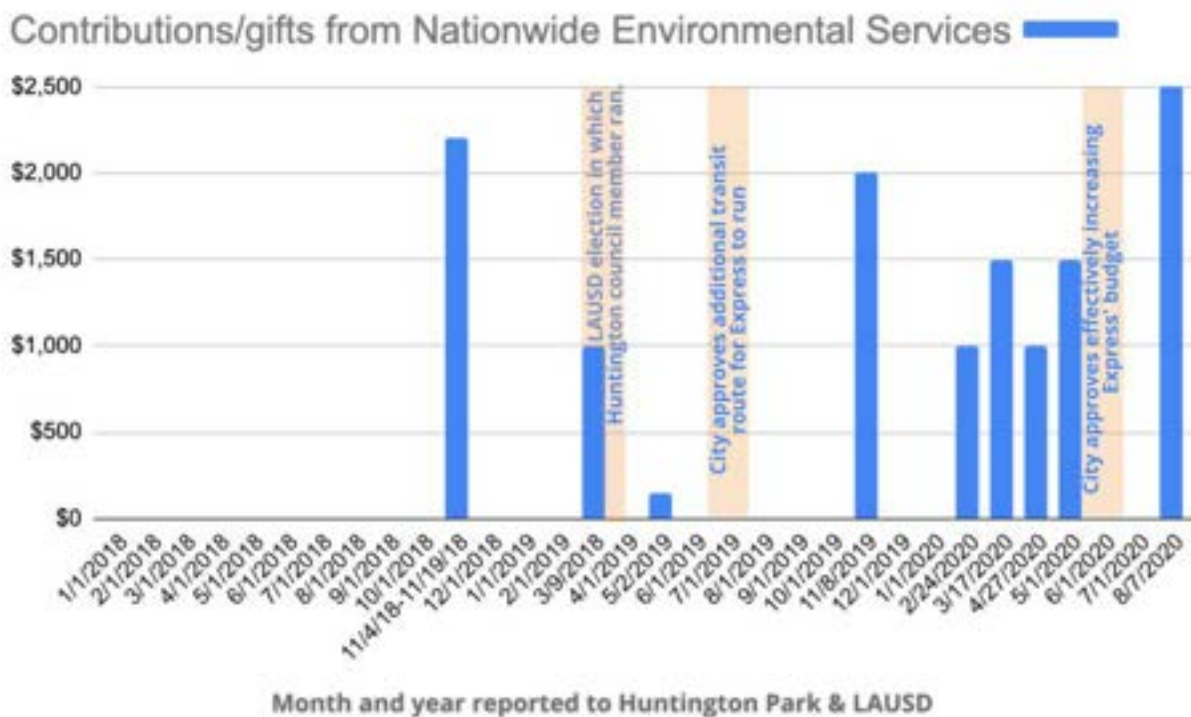
Victor Caballero, president of Express Transportation, initially declined to comment then wrote an email saying the “information is not correct and/or irrelevant to me or my company” and did not reply when asked to clarify what specifically was incorrect since the information comes from public records.

## Nationwide Environmental Services

Nationwide, which has provided the city with bus and shelter cleaning, bus maintenance and street sweeping services, donated \$11,500 to the current council members' campaigns from 2018 to 2020, second in donations only to a restaurant. Donations included \$4,000 to Ortiz, \$3,500 to Macias, \$3,000 to Sanabria and \$1,000 to Avila. The company also gave \$1,200 to Ortiz's school board race in 2018 and 2020.

It also comped a total of \$150 worth of dinners for Macias and Avila, according to disclosure forms.

The city reported paying Nationwide over \$2.5 million during those years.



City of Huntington Park and Los Angeles City Ethics Commission records | Erick Cabrera and Julie Patel

The company's contracts with the city in years past had also drawn criticism: In February 2017, the L.A. Times reported Council Member Macias was paid for her work raising \$25,000 for Efrén Martínez's Assembly race from companies that included city contractors such as Nationwide, which had received a contract worth more than \$111,000 around that time.

One year later, in February 2018, the city council unanimously voted to merge Nationwide's various contracts for different services into a single five-year contract and to allow the city manager to negotiate new terms. Nationwide

had requested increasing its monthly sweeping fee by \$4,300 due to “significant increases in labor, insurance, workers comp” and other costs; boosting the cost of cleaning each of the city’s catch basins from \$17.43 to \$29; and raising the frequency of catch basin cleanings from semi-annually to quarterly based on newer standards.

## **Consultant Efren Martinez’s Ties to Contractors and Companies**

Critics allege Efren Martinez, a state Assembly candidate in 2020 who has served on the city’s planning commission and economic development committee, has an outsized influence on city politics.

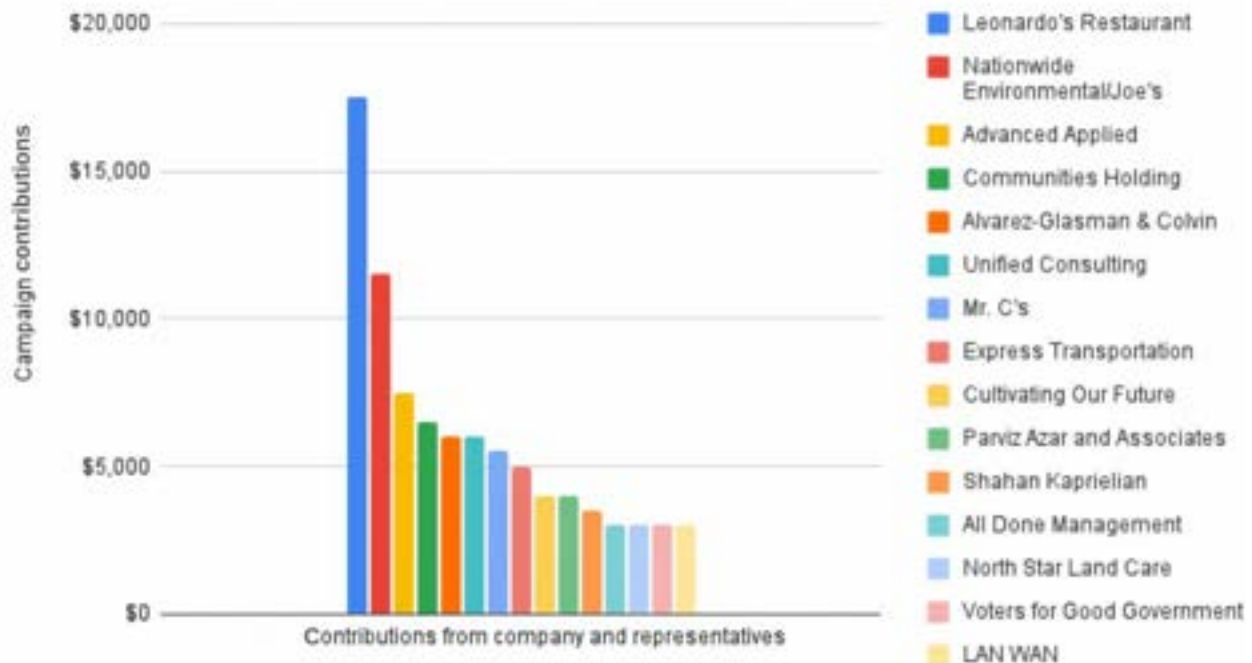
The firm Martinez owns, Unified Consulting, LLC, donated \$5,500 to Ortiz in 2020 and \$500 to Macias in 2019, according to city records. The company also gave \$380 worth of Dodgers tickets to Ortiz in 2018. (Separately, Martinez donated \$1,200 to Ortiz’s school board race.)

Martinez has reported in his 2019 and 2020 economic interest forms that he received at least \$10,000 in income from several companies with city contracts, including LAN WAN, Express Transportation and Alvarez-Glassman & Colvin. That list includes J.T. Construction, which was originally approved in 2019 for a controversial no-bid contract from the city, as reported by UT Community News.

When taken together, the contributions made in 2018 to 2020 to council members’ city campaigns from Unified and seven other companies that Martinez listed receiving revenue from in his disclosure forms add up to \$25,100, nearly 20% of the over \$125,000 donated to current council members during that time.

# Contractors, campaigns and connections in Huntington Park

Top 15 campaign contributors in Huntington Park - 2018-2020



## Known city contractors in recent years Companies with ties to consultant Efrén Martínez

City of Huntington Park and California Fair Political Practices Commission records | Erick Cabrera and Julie Patel

Martínez said in an email that the contributions from those companies didn't come from him and financial disclosure forms require candidates to report any income over \$500 that they may have received within the previous two years that involves doing business of any sort with an entity that operates in that area, even if the income received wasn't for services tendered in that area: "Even though a company may have paid the person that filed the financial forms for his/her services that took place in a different jurisdiction...they still need to include that entity/company that paid him/her if they conduct any business



activity within the jurisdiction that that person is filing the forms for, which is the case in my situation.”

He blamed what he called a “disgruntled” former council member for stirring conflict in the city.

Martinez is mentioned in an ongoing lawsuit filed by several people, including some former city employees, against the city of Huntington Park. The lawsuit alleges city leaders discriminated against the employees and retaliated when they raised questions related to the city’s finances and contracts. A copy of an amended complaint filed in January 2021 also alleges the city gave a marijuana dispensary connected to Martinez discounts on fees, which was included in a recent [L.A. Times story](#).

Martinez denied the allegations in an email, saying, “I don’t own any cannabis business.”

Vanessa Delgado’s company, [Azure Development](#), donated campaign contributions to Ortiz and Macias and is one of the companies listed on Martinez’s forms as paying him.

Delgado, the former mayor of Montebello and [briefly a former California State Senator](#), said she donates to people because she thinks they’re good leaders, not to curry favor.

While Martinez did help with "community outreach efforts" related to a Huntington Park billboard project that Azure and its affiliates got approval for, Delgado said she hasn't actually paid him anything.

"If you look at my other contributions [recently], I have no business in those areas," she said. "I don't think my [small contributions] move any political decisions."

## **Other City Contractors**

Other companies doing business with the city whose representatives donated to council members’ campaigns during the three years examined include North Star Land Care, which gave \$3,000 to Ortiz plus \$1,200 for her LAUSD race; Mr. C’s Towing, which gave \$6,000 to Ortiz plus \$2,400 for her LAUSD race; United Pacific Waste, which was acquired by CR&R in February 2019, gave \$2,000 to

Sanabria and \$1,200 to Ortiz for her LAUSD race; and Prime Strategies, formerly Urban Associates, gave \$2,000 to Macias and \$1,200 to Ortiz for her LAUSD race.

The city's payment records for 2018 to 2020 show that North Star received a total of more than \$881,000, United Pacific Waste received roughly \$670,000, and Prime Strategies, which acquired Urban Associates, got \$140,000. Mr. C's receives towing fees directly and gives a cut to the city.

Despite multiple emails to council members Macias, Ortiz, Avila and Sanabria, they could not be reached for comment. Council member Eddie Martinez said he couldn't respond directly to the questions posed because he has been on the council just over one year but he provided some information about the council's approach on its finances and commended council members on how they spend some of their campaign funds.

"My colleagues on the council have used their funds from their campaigns to support the annual holiday toy and turkey giveaway in the city as well as to support families and youth in need," Martinez said. "The council does support a full state audit of the city finances, including contract awards."

Despite emails and phone calls, representatives of Nationwide, LAN WAN Enterprise, Alvarez-Glasman & Colvin, North Star Land Care, CR&R and Prime Strategies (formerly Urban Associates), and All Done Management could not be reached for comment.

Jerry Brown, the general manager of Mr. C's Towing, said the company has been doing business in the Southeast Los Angeles area for about 20 years so people have gotten to know the company and sometimes ask for its support when they decide to run for office.

"Council members...request campaign contributions on occasion and Mr. C's, along with other business members in the community, contribute as the budget allows," Brown wrote in an email. "Mr. C's strives to be a valuable partner in the communities we serve and do all we can to improve the lives of the residents in those communities" by doing food distributions and other charitable work.

# EXHIBIT K

<https://www.kcet.org/news-community/state-legislation-to-close-pay-to-play-loophole-for-local-officials-and-contractors-is-up-for-vote>

# State Legislation to Close 'Pay-to-Play Loophole' for Local Officials and Contractors Is Up for Vote

By Julie Patel

March 25, 2022 at 6:34 PM PDT



A KCET report last year found that over 30 percent of the roughly \$125,000 in campaign contributions to city of Huntington Park council members between 2018 and 2020 came from eight companies and their executives that were identified as city contractors at some point during that time. | Jimmy Emerson, Creative Commons

*Update as of March 28, 2022:* Legislation to close a campaign finance loophole was approved 5-0 by the California Senate's Elections and Constitutional Amendments committee Monday, March 28, and will go next to the appropriations committee. At the committee hearing, no one opposed SB 1439 and lawmakers and others voiced support, including representatives of California Common Cause, California League of Women Voters and California Clean Money campaign.

State politicians in California are generally barred from accepting campaign contributions of more than \$250 from pending government contractors.

But elected officials at the local level are exempt from the law, leading to what some say is undue influence from major donors.

Some state residents, activists and lawmakers hope to see that loophole closed and have proposed legislation to do just that. SB 1439 will get a hearing Monday before the California Senate Elections and Constitutional Amendments committee.

"Californians deserve to know that their elected officials are making decisions that benefit the voters, not special interests," Jonathan Mehta Stein, executive director of California Common Cause, said in a statement about the bill. "Closing California's local government pay-to-play loophole ensures elected officials' votes are not influenced by contributions for their next re-election campaign."

The statement from Common Cause, a nonpartisan, nonprofit government accountability group that is the main supporter of the bill, quotes a KCET story that ran last year. The reporting found that \$38,000, or over 30 percent of the roughly \$125,000 in campaign contributions to city of Huntington Park council members between 2018 and 2020, came from eight companies and their executives that were identified as city contractors at some point during that time. The city doled out more than \$11 million combined to four big contractors that donated gifts and campaign contributions during that period.

"That's corruption and, unfortunately, our laws have not been clear enough about that," said Democratic Senator Steve Glazer, who represents the 7th District and proposed the bill. "That's why I'm advancing SB 1439 to make it a bright line, making it very clear that it would be considered corruption and that they should be prosecuted, to the full extent of the law."

"Most, if not all, of the contributions in question in the KCET investigation would not have been allowed if SB 1439 were already law," added Stein, in a letter of support this week.

A state law informally called the Levine Act bars anyone seeking a contract, permit or license from the government from making a campaign contribution of more than \$250 to officials responsible for decision-making while the contract, permit or license is pending and three months after.

But local elected officials are exempt from that law. Glazer's legislation would eliminate that exemption and expand the time someone seeking a contract is barred from donating to 12 months.

"Our democracy survives on confidence in the government, that the people that we elect to do our work are going to do it honestly and without favor to those who have power or money or any kind of special access," Glazer said, adding that he would have also liked the bill to remove an exemption for state legislators but he doesn't think it would be approved. A bill Glazer proposed last year to require greater transparency from LLCs that donate to campaigns was signed into law, making it more difficult for companies to donate anonymously through affiliates.

Baldo Balderas, who has lived in Huntington Park seven years and worked in agriculture before retiring, said he supports the idea of requiring companies with pending contracts to wait one year to donate. He said the money saved from requiring frequent, competitive bidding on city contracts could allow local leaders to spend more on other community services that are needed.

"It would be ideal to use that money for public services instead...transportation for seniors, daycares, food and housing assistance," Balderas said in an interview at the Huntington Park Library.

The bill is co-authored by Senate Republican Leader Scott Wilk, who said in a statement that the bill would "ensure decisions by local officials regarding approval of licenses, contracts, or permits are for the public's benefit and not for their own personal gain."

States such as New Jersey, New Mexico, Hawaii and South Carolina have laws restricting bidder or contractor donations to local decision-makers around the time the contract is pending or approved, according to [Common Cause California](#). And cities in California with some form of existing restrictions include Alhambra, Claremont, Costa Mesa, Culver City, Claremont, Glendale, Los Angeles, Malibu, Oakland, Pasadena and San Francisco.

# EXHIBIT L

## SPORTS

# Stadium developer has donated \$100,000 to Inglewood officials' campaigns

BY ANGEL JENNINGS, TIM LOGAN

FEB. 15, 2015 7:10 PM PT

The development company that is on a fast track to building a professional football stadium in Inglewood has poured more than \$100,000 in campaign contributions to elected city officials, according to campaign finance reports.

Hollywood Park Land Co., a San Francisco-based group that since last year has included St. Louis Rams owner Stan Kroenke, donated \$118,500 to the city's mayor and two Inglewood city councilmen since 2006, the finance reports show. The bulk of the contributions went to Inglewood Mayor James T. Butts Jr., a staunch supporter of the proposed 80,000-seat, NFL-quality stadium.

During four campaigns, Butts received \$90,000 from Hollywood Park Land Co., according to campaign finance forms. A fifth of the \$211,100 in donations Butts raised for a possible 2015 runoff race came from the development company.

Inglewood has no cap on the amount contributors can donate to political elections.

"They want to have their phone calls returned," Robert Stern, former president of the nonpartisan nonprofit Center for Governmental Studies, said of developers and lobbyists who donate to election campaigns. "They want to have contact with officials, and they believe that money gives them that access."



“It would stun me if campaign money was not being given by the people who want the stadium project.”

City officials and developers have moved at lightning speed since announcing in January that a professional football stadium would be added to the redevelopment plan for the former Hollywood Park racetrack site. Supporters see the plan as a first step to returning NFL football to Los Angeles. Developers have said they hope to break ground on a stadium by the end of the year.

The developers proposed zoning changes for the stadium through a ballot initiative, which would allow them to skip environmental reviews that some civic and environmental activists say protect surrounding neighborhoods. Under initiative law, the Inglewood City Council could bypass an election entirely and simply adopt the measure.

On Thursday, election officials confirmed that there were enough valid signatures to bring the initiative to a vote. The council could approve the development plan at its Feb. 24 meeting.

Inglewood’s mayor said the developer’s contributions have not influenced the speed at which the project is moving. He said he has complied with all campaign laws.

“Won’t it be unusual if somebody who had so many projects in a community that they won’t want to exercise their free speech to try and ensure that people are in government that have good governing sense and business skills?” Butts said. “I would find that unusual if they didn’t.”

Much of the money flowed to the elected officials in recent years, as the Hollywood Park redevelopment plans took shape.

Campaign finance records show that in 2013, Hollywood Park Land Co. contributed \$42,500 to Butts' 2015 campaign. Last year, the company contributed \$15,000 to his 2014 campaign fund, according to campaign records. The mayor had raised money for a potential runoff in 2015, a campaign that become unnecessary when he was reelected in November with 83% of the vote.

Butts' campaign lent about \$160,000 to other candidates, including Councilmen George Dotson and Alex Padilla, finance records show. The development company contributed \$5,000 to Councilman Ralph Franklin in 2011 and again last year, campaign records show. Councilman Eloy Morales Jr. received five donations totaling \$18,500 from the developers between 2006 and 2014.

Chris Meany, a partner at Wilson Meany, a San Francisco Bay Area-based development company that's part of the Hollywood Park partnership, said his company routinely donates to local elected officials in cities where it operates, particularly to incumbents, whether they support their projects or not.

"It's normal and customary for big property owners to be supportive of the city," he said. "It's in keeping with how we have operated over many years and frankly how many other large property owners operate."

Meany said his firm also made large donations to an Inglewood ballot measure to extend utility taxes in 2008 and has made about \$250,000 in charitable donations to Inglewood-area nonprofits since buying the Hollywood Park site.

"We're not trying to get something approved," he said. "We're trying to be good corporate citizens."

Meany said his firm has spent a decade talking with Inglewood residents about the project, which began as a redevelopment of the 238-acre Hollywood Park site into housing and retail. (The football stadium has added 60 acres to the original plan.) The

firm hired Gerard McCallum II, a former executive with the church group that owned the Forum for much of the 2000s, to handle community relations.

Since unveiling the addition of a stadium, the company has been back out in the community, collecting signatures and holding — by McCallum’s count — 27 community meetings to discuss the plan since it was made public.

The development team has hired more consultants and community liaisons, employs two high-powered public relations firms and has launched a series of online videos with community members voicing their support.

“We have a deep, deep network of outreach set up,” McCallum said.

[angel.jennings@latimes.com](mailto:angel.jennings@latimes.com)

[tim.logan@latimes.com](mailto:tim.logan@latimes.com)

Twitter: [@AngelJennings](https://twitter.com/AngelJennings), [@ByTimLogan](https://twitter.com/ByTimLogan)



Angel Jennings

As assistant managing editor for culture and talent, Angel Jennings oversees the Los Angeles Times’ Metpro and internship programs as well as works closely with HR and department heads to help manage a broad range of responsibilities, including tracking, recruiting, interviewing and selecting diverse candidates for job opportunities and advancing the company’s efforts to promote diversity, equity, inclusion and access. She also works across the newsroom on retention, training and career development efforts. Jennings previously worked as a reporter in Metro. She got her start in the Metpro program in 2011 and has since worked on assignments with many departments in the newsroom, including Metro, National, Calendar, Business and podcasts. She is a graduate of the University of Nebraska.



Tim Logan

Tim Logan left the Los Angeles Times in 2015; he previously covered housing and residential real estate. He joined The Times after seven years as a business writer at the St. Louis Post-Dispatch, where he covered urban development, the regional economy and the beer industry, among other things. He has also worked at newspapers in New York and Indiana and is a graduate of the University of Notre Dame.

# EXHIBIT M

or Pasadena



Review | ArtCenter Grad Show



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Altadena LGBTQ+ Pride Walkabout



### NEWS & HEADLINES

## Alhambra Mayor Yet to Donate Promised \$5,000; Retains Legal Services



SEAN MCMORRIS  
AUGUST 6, 2018 0 COMMENTS

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### WE INVESTIGATE



Since their 2016 campaigns, current Alhambra Mayor Jeff Maloney and Councilman David Mejia have been criticized for each accepting a \$5,000 campaign donation from a developer who at the time was seeking approval for a large commercial project in the City.

*By Sean McMorris*

Community members appealed the city council appointed planning commission's 2017 approval of the project, citing an erroneous traffic report and other potential zoning and environmental violations. All 5 city councilmembers voted to move the project forward anyway. Councilmembers Maloney (not mayor at the time) and Mejia were asked to recuse themselves because of the \$5,000 donations from the project applicant, but did not.

The City was later sued over the development, resulting in the eventual revocation of entitlements for the project. In the meantime, the developer, Arman Gabay, was indicted on federal bribery charges. Shortly thereafter, Mayor Maloney publically stated that he would be donating the \$5,000 his campaign received from Gabay to charity. Councilman Mejia would not do the same, stating that he had already spent the money. It now appears that Mayor Maloney has spent the money as well—likely for legal fees.

Yet to donate the full \$5,000

Maloney's recent campaign finance report, which was due on July 31, 2018, reveals that he has yet to donate the full \$5,000 he promised. From Jan. 2018 through June 2018, Maloney has donated a total of \$950 to charity: \$150 to the Alhambra Police Foundation and \$750 to the Asian Pacific Islanders Forward Movement. During the same reporting period, Maloney received a sole donation of \$1,000 from his mother on May 29, 2018—13 days after news broke of the Gabay scandal and 8 days after he committed to donating the \$5,000 in question (see Maloney 460 Jan-June 2018). The \$1,000 donation is the only donation Maloney has received since he was elected in 2016. He is not up for re-election until 2020.

Mayor Maloney ended his 2016 campaign with just under \$10,000 left in his campaign account (see Maloney 460 Jan-June 2017). He currently has just over \$2,200 in his account, including the late \$1,000 his mother donated to his campaign last quarter.

The gift that keeps on giving

So what happened to all that money that Mayor Maloney could have put towards his promised \$5,000 donation? Some of it went to support the campaigns of various state and local politicians, but the vast majority of it, \$5,000, was spent to retain legal services from a boutique law firm in Los Angeles that specializes in election law, campaign finance reporting, governmental ethics/conflicts of interest, audits and investigations, major donors, and litigation (see Maloney 460 July-Dec. 2017).

Unfortunately for the Mayor, a retainer for legal services does not constitute a donation. It looks like Arman Gabay's \$5,000 donation to Maloney's campaign is the gift that keeps on giving, or harming, depending on who you ask.

Mayor Maloney declined to comment on his donation commitment and his retention of campaign legal services for this article.

*[This article has been updated for more clarifications, August 13, 2018 1:29 pm]*

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#### Sean McMorris

Sean McMorris is the San Gabriel Valley senior news writer. He has a BA in Political Science from Columbia University and an MA in International Affairs from George Washington University.

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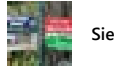
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# EXHIBIT N



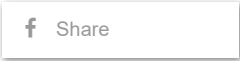
NEWS & HEADLINES

## San Gabriel Councilwoman's Business Ties and Campaign Funds Raise Questions



SEAN MCMORRIS  
FEBRUARY 27, 2020 0 COMMENTS

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San Gabriel City Councilwoman Julie Costanzo is up for re-election this year. She has been on the City Council for 17 years and is a Sales Director for the Hilton San Gabriel.

*By Sean McMorris*

ColoradoBoulevard.net recently published an article identifying the sources of the campaign cash of San Gabriel City Council candidates. As of February 18, 2020, Councilwoman Costanzo has raised \$13,978 for her re-election campaign. Of that money, \$10,500 has come from eight donations of \$999 or more from a handful of business interests and from the City trash and street sweeping contractor, Athens Services.

San Gabriel City Hall currently is in negotiations with Athens Services for new contracts for both trash and street sweeping services. Athens is undoubtedly hoping that the City Council will approve those new contracts rather than send them out to bid; the contracts have been renewed and amended numerous times over the decades.

Also notable is the relationship between the City, the San Gabriel Chamber of Commerce (SGCC), and the Hilton Hotel where Councilwoman Costanzo works as Director of Sales. The SGCC receives tens of thousands of dollars each year in uncontracted taxpayer funds from City Hall. The SGCC also hosts and promotes numerous events at the Hilton San Gabriel.

City contractor money

Certain campaign contributions immediately raise red flags. At the top of that list are developers and city contractors—and for good reason. Their bottom lines are reliant upon favorable votes from city councilmembers.

Athens Services' \$2,500 contribution to Councilwoman Costanzo's reelection campaign is especially noteworthy given their current negotiations with City Hall. If re-elected, Councilwoman Costanzo eventually will have to vote on whether or not to approve these new contracts.

In 2000, the City of San Gabriel entered into an eleven-year Amended and Restated Agreement with Athens Services for trash services throughout the City. That contract was amended in 2006, 2008, 2014, and is in the process of being amended again in 2020. In addition, San Gabriel entered into a contract with Athens Services in 2009 for street sweeping services, renewed that contract in 2015 and exercised two optional renewals in 2018 and 2019. Athens' current street sweeping contract with San Gabriel will expire on June 30, 2020. Because no more optional extensions exist, a whole new contract must be negotiated or the City must send the contract out for bid.

Trash services contracts with cities can be worth millions of dollars and are often amended regularly for rate adjustments. Thus, a large campaign donation from Athens to a San Gabriel City Councilmember should be duly scrutinized.

According to the candidates' campaign finance reports, which are posted on the City's website, only Councilwoman Costanzo has accepted a campaign contribution from Athens Services—or any city contractor for that matter.

ColoradoBoulevard.net reached out to Councilwoman Costanzo for comment on the appropriateness of accepting the Athens contribution for her campaign, but she declined to comment.

Chamber of Commerce connection

Another area of potential conflict of interest appears present with the San Gabriel Chamber of Commerce (SGCC,) which receives \$31,680 annually from City Hall, and the Hilton San Gabriel where Councilwoman Costanzo works as the Director of Sales.

Although often controversial, some cities (not most) will subsidize their local chambers of commerce. However, San Gabriel's subsidization of the SGCC is highly unusual in that no actual contract exists, even though the City's budget implies that one does.

The SGCC has already held or promoted three events at the Hilton San Gabriel this year and currently has five more scheduled on its 2020 calendar.

It is unclear if Councilwoman Costanzo, as Director of Sales for the Hilton San Gabriel, is receiving a commission or bonus for any of the SGCC sponsored or promoted events. Councilwoman Costanzo declined to comment on the matter for this article. Until she does, the conflict of interest question will likely persist given the subsidized relationship between San Gabriel City Hall and the SGCC.

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*ColoradoBoulevard.net* offered every single candidate in nearby cities a free opportunity to answer questions we provided.

##### **Advertising**

Separately, candidates were offered the opportunity to advertise in our print and online editions, in which some did and some opted not to.

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One op-ed is allowed per candidate (regardless of the writer, be it the candidate or a supporter). Op-eds will be copy-edited and sent to the writer for final approval. *ColoradoBoulevard.net* reserves the right to publish, or not, if standards are not met.

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Tagged: By Sean McMorris contractor Athens Services Julie Costanzo Sales Director Hilton San Gabriel San Gabriel Chamber of Commerce (SGCC) San Gabriel Councilwoman's Business Ties and Campaign Funds Raise Questions subsidized relationship between San Gabriel City Hall and the San Gabriel Chamber Commerce

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Sean McMorris

Sean McMorris is the San Gabriel Valley senior news writer. He has a BA in Political Science from Columbia University and an MA in International Affairs from George Washington University.

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1 **PROOF OF SERVICE**

2 STATE OF CALIFORNIA  
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4 Re: *Family Business Association of California, et al., v. Fair Political Practices Commission*  
5 Case No. 34-2023-00335169-CU-MC-GDS

6 I am employed in the County of Los Angeles, State of California. I am over the age of 18 and  
7 not a party to the within action. My business address is 1250 6th Street, Suite 205, Santa Monica,  
8 California 90401. My electronic mail address is sperez@strumwooch.com.

9 On **May 3, 2023**, I served the foregoing document(s) described as **APPLICATION TO FILE**  
10 **AMICUS CURIAE BRIEF; BRIEF OF COMMON CAUSE OF CALIFORNIA AS AMICUS**  
11 **CURIAE IN SUPPORT OF DEFENDANTS** on all appropriate parties in this action, as listed on the  
12 attached Service List, by the method stated:

13  If electronic-mail service is indicated, by causing a true copy to be sent via electronic  
14 transmission from Strumwasser & Woocher LLP’s computer network in Portable Document Format  
15 (PDF) this date to the email address(es) stated, to the attention of the person(s) named.

16  If fax service is indicated, by facsimile transmission this date to the fax number stated, to  
17 the attention of the person named, pursuant to Code of Civil Procedure section 1013(f).

18  If U.S. Mail service is indicated, by placing this date for collection for mailing true copies  
19 in sealed envelopes, first-class postage prepaid, addressed to each person as indicated, pursuant to Code  
20 of Civil Procedure section 1013a(3). I am readily familiar with the firm’s practice of collection and  
21 processing correspondence for mailing. Under that practice, it would be deposited with the U.S. Postal  
22 Service on that same day with postage thereon fully prepaid at Los Angeles, California, in the ordinary  
23 course of business. I am aware that on motion of the party served, service is presumed invalid if postal  
24 cancellation date or postage meter date is more than one day after date of deposit for mailing contained  
25 in the affidavit. I am a resident or employed in the count where the mailing occurred. The envelope or  
26 package was placed in the mail at Los Angeles, California.

27 I declare under penalty of perjury under the laws of the State of California that the above is true  
28 and correct and that this is executed on **May 3, 2023**, at Los Angeles, California.

29   
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Thomas W. Hiltachk  
Paul T. Gough  
Peter Leoni  
Bell, McAndrews & Hiltachk, LLP  
455 Capitol Mall, Suite 600  
Sacramento, California 95814  
Tel: 916-324-8835 • Fax: 916-442-7759  
Email: thiltachk@bmhlaw.com

*Attorneys for Plaintiffs, Family Business Association of California, California Restaurant Association, California Retailers Association, California Building Industry Association, California Business Properties Association, California Business Roundtable, Sacramento Regional Builders Exchange, California Manufacturers & Technology Association, Garrett Gatewood and Pat Hume*

Via Electronic Mail

Rob Bonta  
Benjamin M. Glickman  
Seth E. Goldstein  
California Attorney General's Office  
1300 I Street, Suite 125  
PO Box 94425  
Sacramento, California 94244-2550  
Tel: 916-324-8835  
Email: seth.goldstein@doj.ca.gov

*Attorneys for Defendants Fair Political Practices Commission; and Richard Miadich, in his official capacity as chair of the Fair Political Practices Commission*