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# Item 3

## Action

### *Proposed Stipulation*

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**Executive Summary:** This item presents a proposed stipulation in Case No. 2015-12, *In the Matter of Dr. Refugio Rodriguez and Elizabeth Melendrez*

**Recommended Action:** Approve the proposed stipulation as presented.

**Authors:** Heather Holt, Executive Director  
Kirsten Pickenpaugh, Acting Director of Enforcement

**Presenters:** Kirsten Pickenpaugh, Acting Director of Enforcement  
Stephen Colon, Senior Investigator

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## *Proposed Stipulation*

*In the Matter of Dr. Refugio Rodriguez and Elizabeth Melendrez*  
(Case No. 2015-12)

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### **A. Introduction**

This case involves allegations of political money laundering by Dr. Refugio Rodriguez (Rodriguez) and Elizabeth Melendrez (Melendrez). In December 2014, Rodriguez engaged in money laundering to further his 2015 campaign for a seat on the Los Angeles Unified School District Board of Education (LAUSD). Melendrez, Rodriguez's cousin and a key campaign volunteer, aided and abetted Rodriguez in executing the money laundering scheme.

Rodriguez and Melendrez, who are represented in this matter by attorneys James Sutton and Bradley Hertz of the Sutton Law Firm, have agreed to a stipulation admitting that they reimbursed 25 political contributions to Rodriguez's campaign committee. A copy of the proposed stipulation, which provides additional details and represents the agreement between the parties, is provided in Attachment A. We recommend that it be approved.

### **B. Law**

A contribution to an LAUSD candidate must be made in the name of the person who is the actual source of the contribution. Los Angeles City Charter (Charter) § 803(j). In other words, the source of a contribution may not reimburse another person for or use another person's name to make a contribution. *Id.* The practice of reimbursing political contributions is commonly referred to as "political money laundering", and it may circumvent the contribution limits that apply in LAUSD elections. *See* Charter § 803(b)(3).

A person who aids or abets another in political money laundering also violates the City's campaign finance provisions and is liable under Charter § 706.

### **C. Matter at Issue**

#### 1. Facts

On November 6, 2014, Rodriguez filed necessary paperwork to initiate his campaign to represent LAUSD District 5. In December, acting upon instruction from Rodriguez, Melendrez enlisted family members and friends to make contributions to Rodriguez's campaign committee by telling them that their contributions would be reimbursed.

Melendrez used Rodriguez's personal funds to reimburse 25 campaign contributions from family members and friends. The contributions were made December 23-31, 2014, ranged from

\$775 to \$1,100 each, and totaled \$24,350. Melendrez reimbursed each contribution with Rodriguez's personal funds.

On January 12, 2015, in his first campaign disclosure statement, Rodriguez reported the 25 contributions as having been made by the family members and friends who were reimbursed. In that statement, Rodriguez reported raising a total of \$51,001 in contributions from other people. However, nearly half of the reported funds were actually Rodriguez's own money.

## 2. Procedural History

Enforcement staff began investigating this matter in 2015, after receiving a whistleblower complaint. The Director of Enforcement determined that an enforcement action should be initiated and served a probable cause report on May 17, 2017. *See* Los Angeles Administrative Code (LAAC) §§ 24.25(a), 24.26(a)(1). Responsive pleadings were filed on June 7 and June 16, 2017. Rodriguez and Melendrez requested a probable cause conference, which was held on August 1, 2017.

On August 28, 2017, the Executive Director found that probable cause exists to believe that Rodriguez and Melendrez violated the Charter. *See* LAAC § 24.26(c)(1)(B). The Director of Enforcement then prepared an accusation, which was publicly announced on September 13, 2017. *See* LAAC §§ 24.26(d)(1), (4). On the same date, the Los Angeles County District Attorney's office (DA) announced felony and misdemeanor charges against Rodriguez and Melendrez.

On October 17, 2017, the members of the Ethics Commission voted to have an outside entity provide an individual hearing officer for an evidentiary hearing, and the matter was referred to the California Office of Administrative Hearings (OAH). Charter § 706(c); LAAC § 24.27(a)(2).

An administrative hearing was originally scheduled for May 7-11, 2018. LAAC §§ 24.27(b)(1). A continuance was granted to allow Rodriguez and Melendrez to file a motion to stay the administrative proceedings while the criminal case against them was pending. After an initial briefing schedule in January and February, OAH ordered additional briefing to address specific points. The final brief regarding the request for a stay was filed on April 30, and the administrative hearing was reset for August 6-10.

On June 29, 2018, Rodriguez and Melendrez tentatively agreed to a settlement with the Ethics Commission. As a result, Ethics Commission staff requested that the administrative hearing be temporarily taken off the OAH calendar so that the Ethics Commission members could consider the proposed stipulation. Criminal charges remain pending against Rodriguez and Melendrez, and a preliminary hearing regarding those charges is scheduled for July 23.

## **D. Penalty**

The maximum administrative penalty for a violation of the campaign finance laws is the greater of \$5,000 or three times the amount of money that was improperly contributed, spent, or

reported. Charter § 706(c)(3). In this case, the maximum penalty for each of the 25 counts is \$5,000, resulting in a maximum penalty of \$125,000 for each respondent.

We recommend resolving this case by approving the stipulated penalty of \$100,000. We believe the penalty is appropriate, given the relevant circumstances of this case, which include the parallel prosecution of felony and misdemeanor charges by the DA's office and the potential imposition of criminal penalties against Rodriguez and Melendrez. *See* LAAC §§ 24.27(h)(2)(F).

In mitigation, Rodriguez and Melendrez cooperated with the Ethics Commission; neither has prior enforcement history; and both wish to enter into a global resolution with the Ethics Commission and the DA's office. *See* LAAC §§ 24.27(h)(2)(D), (E). In aggravation, political money laundering is extremely serious, and after becoming aware of potential violations during candidate training, Rodriguez did not consult Ethics Commission staff about how to comply with the law. *See* LAAC §§ 24.27(h)(2)(A), (C). Rodriguez and Melendrez's violations were deliberate and reflect an intent to conceal, deceive, and mislead. Rodriguez knowingly received, made use of, and falsely reported laundered funds during his campaign. *See* LAAC § 24.27(h)(2)(B).

The recommended penalty is designed to reflect the egregious nature of the violations, while encouraging cooperation with Ethics Commission investigations and the resolution of violations prior to an administrative hearing.

*Attachment:*

*A Proposed stipulation in Case 2015-12 (Dr. Refugio Rodriguez and Elizabeth Melendrez)*

KIRSTEN PICKENPAUGH  
Acting Director of Enforcement  
Los Angeles City Ethics Commission  
200 North Spring Street  
City Hall, 24th Floor  
Los Angeles CA 90012  
(213) 978-1960

Complainant

BEFORE THE LOS ANGELES CITY ETHICS COMMISSION

In the Matter of:

Case No. 2015-12

DR. REFUGIO RODRIGUEZ and  
ELIZABETH MELENDREZ,

**STIPULATION AND ORDER**

Respondents.

Kirsten Pickenpough, Acting Director of Enforcement for the Los Angeles City Ethics Commission (the Ethics Commission), Dr. Refugio Rodriguez and Elizabeth Melendrez (the respondents) agree to the following:

1. This stipulation will be submitted to the Ethics Commission members for consideration at their next meeting.
2. If approved by the Ethics Commission members, this stipulation and the accompanying order will be the final disposition of this matter with respect to the respondents.
3. The respondents understand and knowingly and voluntarily waive all procedural rights under Los Angeles City Charter (Charter) §§ 706 and 803 and Los Angeles Administrative Code §§ 24.26 and 24.27. These rights include but are not limited to having the Ethics Commission members or an impartial administrative law judge hear the matter, personally appearing at an administrative hearing, confronting and cross-examining witnesses testifying at a hearing, and subpoenaing witnesses to testify at a hearing.
4. The respondents understand and knowingly and voluntarily waive all rights, including those under Charter § 709, to seek judicial review of any action by the Ethics Commission on this matter.
5. The exhibit that is attached and incorporated by reference is a true and accurate summary of the facts in this matter. The respondents have violated City law as described in the Exhibit.

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STIPULATION AND ORDER

Case No. 2015-12 (Dr. Refugio Rodriguez and Elizabeth Melendrez)

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*Item 3—Attachment A*

6. The respondents will pay a total penalty in the amount of **\$100,000**. The respondents will make an initial payment of \$8,500 on or before July 23, 2018. The payment will be held by the Ethics Commission staff until the Ethics Commission members issue the order in this matter. For the remaining \$91,500, the respondents will pay \$8,500 on or before the first day of each month, beginning September 1, 2018, and ending on June 1, 2019. The respondents will make a final payment of \$6,500 on or before July 1, 2019. Failure to make a required payment will render the entire balance immediately due and payable. In the alternative, if the respondents fail to make a required payment, the Ethics Commission members may elect to withdraw the stipulation and order, and Ethics Commission staff may renew its enforcement action against the respondents. The Director of Enforcement may also seek sanctions. All payments will be made in the form of a cashier's check payable to the "General Fund of the City of Los Angeles."

7. If the Ethics Commission members refuse to accept this stipulation, it will become null and void. Within ten business days after the Ethics Commission meeting at which the stipulation is rejected, the Ethics Commission staff will return all payments tendered by the respondents in connection with this stipulation.

8. If the Ethics Commission members reject the stipulation and a full evidentiary hearing becomes necessary, the stipulation and all references to it are inadmissible, and the Ethics Commission members, executive director, and staff will not be disqualified because of prior consideration of this stipulation.

DATED: July 19, 2018



KIRSTEN PICKENPAUGH  
Acting Director of Enforcement  
Los Angeles City Ethics Commission  
Complainant

DATED: 7.19.2018



DR. REFUGIO RODRIGUEZ  
Respondent

DATED: 7/19/18



ELIZABETH MELENDREZ  
Respondent

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STIPULATION AND ORDER

Case No. 2015-12 (Dr. Refugio Rodriguez and Elizabeth Melendrez)

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**ORDER**

The Los Angeles City Ethics Commission considered the stipulation in Case No. 2015-12 at its meeting on \_\_\_\_\_. The members of the Ethics Commission approved the stipulation and order Dr. Refugio Rodriguez and Elizabeth Melendrez to pay a fine of **\$100,000** to the City of Los Angeles in accordance with the terms of the stipulation.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Serena Oberstein  
Vice President  
Los Angeles City Ethics Commission

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STIPULATION AND ORDER

Case No. 2015-12 (Dr. Refugio Rodriguez and Elizabeth Melendrez)

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*Item 3—Attachment A*

## EXHIBIT

### I. INTRODUCTION

On March 10, 2015, the Enforcement Division of the Los Angeles City Ethics Commission (Ethics Commission) received a complaint regarding political contributions made to Refugio Rodriguez (Rodriguez), a candidate in the 2015 Los Angeles Unified School District Board of Education (LAUSD) elections.

Rodriguez admits that he violated the Los Angeles City Charter (Charter) prohibition against political money laundering by reimbursing 25 contributions made to his LAUSD campaign committee. Rodriguez's cousin, Elizabeth Melendrez (Melendrez), admits to aiding Rodriguez, and thereby violating the same Charter prohibition, by using his funds to reimburse 25 named contributors. Rodriguez and Melendrez are both represented by attorneys James Sutton and Brad Hertz of the Sutton Law Firm in this matter.

### II. APPLICABLE LAW

Campaign financing and disclosure in LAUSD elections are governed by the Charter and the Political Reform Act (Cal. Gov't Code §§ 81000–91014).

No person may contribute more than \$1,100 to any single candidate in an LAUSD election. Charter § 803(b)(3). This limit does not apply to the amount of personal funds a candidate can directly contribute to his or her own candidacy. *Id.*

Charter § 803(j) provides that “[n]o contribution shall be made, directly or indirectly, by any person or combination of persons, acting jointly in a name other than the name by which they are identified for legal purposes, nor in the name of another person or combination of persons.” A person is “an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, limited liability company, association, committee, and any other organization or group of persons acting in concert.” Cal. Gov't Code § 82047.

Reimbursing political contributions violates Charter § 803(j) and may circumvent the contribution limit in Charter § 803(b). These violations are referred to as political money laundering because the true source of the campaign funds is hidden from the public.

Under City law, a person who causes any other person to violate or aids or abets another in violating the City's campaign finance provisions is also liable for the violation. Charter § 706.

### III. FACTS

Rodriguez was elected to LAUSD's District 5 seat in 2015, when he defeated incumbent Bennett Kayser (Kayser) and Andrew Thomas (Thomas). When this matter became public, Rodriguez had served as LAUSD Board President for three months.

Rodriguez filed his Declaration of Intent to Solicit and Receive Contributions for the District 5 seat on November 6, 2014. *See* Charter § 803(b)(1). By that time, Kayser had been receiving political contributions for nearly a year, had raised approximately \$42,763, and had also made a personal loan of \$10,000 to his campaign. Thomas had not raised any monetary contributions at that point but had reported personally lending his campaign a total of \$51,000. Rodriguez indicated that he did not want to lend money to his campaign because a consultant advised him that it would be detrimental to his candidacy.

In December 2014, Rodriguez instructed Melendrez, who was Rodriguez's cousin and a key campaign volunteer, to enlist others to contribute and then reimburse them with Rodriguez's money. Rodriguez then held an event at a family member's residence later that month and announced his LAUSD candidacy. During the event, he asked his family and friends to support his campaign.

Following the event, Melendrez assisted Rodriguez by encouraging family members to contribute to his campaign. She promised them that their contributions would be reimbursed by Rodriguez. As a result, from December 23, 2014, through December 31, 2014, Rodriguez's family and friends made 25 campaign contributions with the understanding that the contributions would be reimbursed by Rodriguez. The 25 contributions ranged from \$775 to \$1,100 and totaled \$24,350.

Melendrez reimbursed all 25 contributions with Rodriguez's personal funds. However, the contributions were identified on public campaign disclosure statements as having been made by Rodriguez's family and friends. Rodriguez was not disclosed as the true source of the contributions.

Rodriguez attended a mandatory Ethics Commission training on January 15, 2015, shortly after the contributions were made and reimbursed. The training involved a detailed discussion of City law regarding contributions to LAUSD campaigns, including prohibitions on money laundering. Following the training, Rodriguez did not consult the Ethics Commission about his reimbursement activity.

When Rodriguez filed his first campaign statement, he reported raising a total of \$51,001 in monetary contributions for that filing period. However, nearly half of the reported funds were unlawfully provided by Rodriguez, himself. In the same reporting period, Kayser reported raising \$13,739, and Thomas reported raising \$10,732. Therefore, Rodriguez's first public disclosure statement identified him as having received more contributions in that reporting period than any other candidate in the LAUSD District 5 race.

The primary election was held on March 3, 2015, and Kayser and Rodriguez moved on to a general election. On May 19, 2015, Rodriguez defeated Kayser in the general election.

Enforcement staff received a complaint in early 2015 alleging that Rodriguez had received unlawful political contributions. In response to the complaint, staff reviewed contributor records related to Rodriguez's campaign, noted indicia of money laundering, and

initiated an investigation. Enforcement staff then contacted suspect contributors. Several contributors initially denied being reimbursed or knowing anyone who had been reimbursed.

Rodriguez reached out to enforcement staff after they contacted his family and friends. Rodriguez told staff that he came forward at that time because the contributions, reimbursements, and violations were his responsibility.

Rodriguez and Melendrez requested a probable cause conference which was held on August 1, 2017. The Executive Director determined that probable cause existed in this case and an accusation was made public on September 13, 2017. The Los Angeles County District Attorney's Office also filed charges against Rodriguez and Melendrez on the same date.

#### IV. VIOLATIONS

Rodriguez and Melendrez admit that they jointly violated the Charter as follows:

##### **COUNTS 1 – 25 POLITICAL MONEY LAUNDERING**

COUNT 1 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Nancy Osegueda for a \$1,000 contribution made in her name on or about December 23, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 2 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Juan Rodriguez for a \$1,050 contribution made in his name on or about December 23, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 3 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Aurelia Rodriguez for a \$1,100 contribution made in her name on or about December 23, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 4 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Patricia De Leon for a \$1,000 contribution made in her name on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 5 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Socorro Villagomez for a \$1,000 contribution made in her name on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose

Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 6 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Refugio Rodriguez Sr. for a \$1,100 contribution made in his name on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 7 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Manuel Rodriguez for a \$1,100 contribution made in his name on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 8 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Liliana Rodriguez for a \$1,100 contribution made in her name on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 9 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Veronica De Leon for a \$1,000 contribution made in her name on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 10 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Diana Osuna for a \$1,075 contribution made in her name on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 11 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Eva Rodriguez for a \$1,000 contribution made in her name on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 12 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Maria Osuna for a \$1,075 contribution made in her name on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 13 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Carlos Villagomez for a \$1,000 contribution made in his name on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 14 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Nancy Villagomez for a \$900 contribution made in her name on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 15 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Luz Rodriguez for a \$775 contribution made in her name on or about December 30, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 16 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Jaclyn Lopez for a \$900 contribution made in her name on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 17 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Teresa Encarnacion for a \$900 contribution made in her name on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 18 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Magdalena Orozco-Otero for a \$850 contribution made in her name on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 19 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Carmen Aguirre for a \$950 contribution made in her name on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 20 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Luz Maria Lopez for a \$900 contribution made in her name on or about December 31, 2014, to his 2015 Los Angeles Unified School Board, District 5 primary campaign committee; failing to

disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 21 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Maria Hernandez for a \$800 contribution made in her name on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 22 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Lilliana Smith for a \$850 contribution made in her name on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 23 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Jesus Rodriguez for a \$950 contribution made in his name on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 24 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Yolanda Rodriguez for a \$1,000 contribution made in her name on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 25 : Rodriguez and Melendrez jointly violated Charter § 803(j) by reimbursing Eva Villegas Sanchez for a \$975 contribution made in her name on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose Rodriguez as the true source of the contribution; and thereby making a contribution in the name of another person.

## **V. PENALTY**

Charter § 706(c)(3) establishes the penalty formula for administrative actions taken by the Ethics Commission. *See* Charter § 803(u)(2). The maximum penalty is the greater of \$5,000 per violation or three times the amount that was improperly reported, contributed, spent, given, or received. In this case, the maximum charged penalty is \$125,000 (25 x \$5,000).

The Ethics Commission is required to consider all relevant circumstances before assessing penalties. Los Angeles Administrative Code (LAAC) § 24.27(h)(2). In proposing the penalty in this case, staff noted the following mitigating factors: Rodriguez and Melendrez cooperated with the Ethics Commission investigation, including consenting to be interviewed by enforcement staff. *See* LAAC § 24.27(h)(2)(E).

Neither Rodriguez nor Melendrez have a prior history of violations of the laws within the Ethics Commission's jurisdiction, and Rodriguez was a first-time candidate. *See* LAAC § 24.27(h)(2)(D). In addition, Rodriguez and Melendrez wish to enter into a global resolution with the Ethics Commission and the Los Angeles County District Attorney's office, which has charged Rodriguez and Melendrez with related criminal violations. *See* LAAC § 24.27(h)(2)(F).

However, enforcement staff also noted the following aggravating factors: Political money laundering is one of the most severe violations within the Ethics Commission's jurisdiction. *See* LAAC § 24.27(h)(2)(A). Rodriguez and Melendrez's violations were deliberate, and Rodriguez knowingly received and made use of laundered funds during the election. *See* LAAC § 24.27(h)(2)(B). Furthermore, after becoming aware of a potential violation during candidate training, Rodriguez did not consult Ethics Commission staff about how to comply with the law. *See* LAAC § 24.27(h)(2)(C). Lastly, Rodriguez and Melendrez's actions in laundering contributions and reporting false information reflect an intent to conceal, deceive, and mislead. *See* LAAC § 24.27(h)(2)(B).

Based on the facts and circumstances, staff recommends resolving this case by imposing a penalty of \$100,000. The recommended penalty is less than the maximum, but it is intended to reflect the egregious nature of the violations while taking into consideration the mitigating circumstances reflected above, the parallel prosecution of Rodriguez and Melendrez by the Los Angeles County District Attorney's office, and the potential criminal penalties that may be imposed.

Rodriguez and Melendrez have agreed to the proposed penalty but have requested an extended payment schedule due to financial hardship. Rodriguez has provided two years of federal tax returns and relevant bank documents to Ethics Commission staff. Based on this information, staff supports the request and recommends the following one-year payment plan: an initial payment of \$8,500 to be paid on or before July 23, 2018; ten payments of \$8,500, with each one to be paid by the first day of every month, from September 1, 2018, through June 1, 2019; and a final payment of \$6,500 on or before July 1, 2019.