

# LOS ANGELES CITY ETHICS COMMISSION

## N E W S

*...preserving the public trust*

**For Immediate Release:**  
Monday, July 12, 2004

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### **CITY ETHICS COMMISSION DIRECTOR ISSUES PUBLIC ACCUSATION**

#### **FOR POLITICAL MONEY LAUNDERING IN 2001 MAYORAL RACE**

#### **Probable Cause is Determined That Los Angeles Attorney Pierce O'Donnell and 22 Others Laundered \$25,500 in Political Funds in Violation of Los Angeles City Charter**

Los Angeles City Ethics Commission Executive Director LeeAnn M. Pelham announced today that there is probable cause to believe that Pierce O'Donnell, a partner with the Los Angeles law firm of O'Donnell and Shaeffer, L.L.P., committed 26 violations of City of Los Angeles campaign finance law by making \$25,500 in "assumed name" contributions to Mayor James Hahn's 2001 primary election campaign. The Accusation charges that O'Donnell violated City Charter section 470(k) when he directed and reimbursed 26 political contributions made in the names of others. The Accusation additionally charges O'Donnell with exceeding the City's contribution limits, and for failing to notify the City Ethics Commission as required about an independent expenditure he made in support of then-candidate James Hahn in the 2001 general election. Also charged in the Accusation were 22 O'Donnell and Shaeffer employees, their spouses and others, for making and/or aiding and abetting assumed named contributions, also a violation of Charter Section 470(k). The matter will now go to the Ethics Commission to determine whether a violation occurred. Mr. O'Donnell and the other respondents charged in the Accusation are presumed innocent of any violation of City law, unless and until such time that the violation is proved in an administrative hearing held pursuant to City Charter Section 706 (c).

City law limits contributions to a candidate for Mayor to \$1,000 per person, per election. Additionally, City law places an aggregate limit on the amount of contributions a person may make to all City candidates combined per election, which was \$7,000 for the 2001 primary election. City law also requires any person who makes independent expenditures of more than \$1,000 to support or oppose any candidate for City office to publicly disclose those expenditures to the City Ethics Commission within 24 hours of making the expenditure.

Making a contribution in the name of another person or under an assumed name is commonly referred to as political "money laundering." City law prohibits money laundering because it circumvents the City's campaign contribution limits -- which are intended to prevent any person from exercising undue influence over candidates or elections -- and deprives the public of information about the true source of a candidate's financial support.

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According to City law, following a finding of probable cause, the Executive Director must make a public announcement of the Accusation. A public evidentiary hearing by the Commission must then be held to determine if a violation has occurred. The Commission may 1) conduct its own hearing, 2) hear the matter itself with a hearing officer presiding or 3) refer the matter to an outside hearing officer. If the Commission determines that a violation has occurred, the maximum penalty that can be levied is \$5,000 for each violation or three times the amount that was unlawfully contributed, whichever is greater.

The Commission and its staff may not comment on this matter until after a final determination has been made. For a copy of the Accusation, please contact the Commission at (213) 978-1960.

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