
LOS ANGELES CITY ETHICS COMMISSION

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LOS ANGELES CITY ETHICS COMMISSION ISSUES PUBLIC ACCUSATION FOR CAMPAIGN VIOLATION

Director Finds Probable Cause that Hahn Campaign Contributor Exceeded Contribution Limit

Los Angeles City Ethics Commission Executive Director LeeAnn M. Pelham announced today that there is probable cause to believe that Rafael Gabai and his company Gabai Construction violated City of Los Angeles campaign finance law by exceeding the \$1,000 contribution limit to Mayor James Hahn's 2001 election campaign. The accusation charges that the contribution limit was violated when Gabai made a maximum \$1,000 contribution to Hahn drawn from his personal account on the same date that he made another \$1,000 contribution drawn from the account of Gabai Construction. Mr. Gabai owns more than 50 percent of Gabai Construction. The matter will now go to the Ethics Commission for an administrative hearing to determine if a violation occurred. If so determined by the Commission, the maximum penalty that can be levied is \$5,000.

City law limits contributions to a candidate for Mayor to \$1,000 per person, per election. To prevent those limits from being circumvented, City law requires that under certain circumstances contributions are treated as from one source. Such circumstances include when contributions are made by an individual and a corporation in which the individual has more than a 50 percent ownership interest.

Once an accusation is issued after a finding of probable cause by the Executive Director, the City Charter requires the members of the City Ethics Commission to hold a public evidentiary hearing to determine if a violation has occurred. At a public meeting, Pelham will ask the Commission to select the method for conducting an administrative hearing on the matter. The Commission may 1) conduct its own hearing, 2) hear the matter itself with a hearing officer presiding or 3) refer the matter to a hearing officer. During any investigation or administrative enforcement action conducted by the Commission, a respondent may agree to a stipulated settlement admitting liability to resolve all factual and legal issues without holding an administrative hearing.

This enforcement action stems from the Commission's mandatory audit of Mayor Hahn's 2001 campaign committees. Rafael Gabai and Gabai Construction are presumed to be innocent of any violation of City law, unless and until such time that the violation is proved in an administrative hearing held pursuant to Charter Section 706 (c).

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