
LOS ANGELES CITY ETHICS COMMISSION
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Ethics Commission Imposes Fines Totaling \$175,500

The Los Angeles City Ethics Commission acted unanimously today to impose penalties in two enforcement actions involving violations of the City's campaign finance laws. In the first case, the commissioners approved a stipulation imposing a penalty of \$165,000 against Advanced Development and Investment, Inc. (ADI) and Pacific Housing Diversified, Inc. (PHD). The two firms laundered political contributions by using corporate funds to reimburse individuals for making contributions in their names to City candidates. City law prohibits contributions that are made in the name of a person other than the true source of the contributed funds, because such contributions circumvent the City's campaign contribution limits and deprive the public of information about the true source of a candidate's financial support.

The Commission determined that, from 1999 to 2009, ADI and PHD illegally reimbursed 33 contributions that totaled \$23,850 and were made to the campaigns of 19 different City candidates. During the same period of time, ADI and PHD owners Ajit Mithaiwala and Salim Karimi developed dozens of low-income rental housing buildings, which were financed primarily by government subsidies, in the City. The penalty imposed against ADI and PHD is the maximum allowed under City law in this matter (\$5,000 for each of the 33 illegal contributions) and represents one of the largest fines in the agency's history.

"Political money laundering is one of the most egregious violations of the City's campaign finance laws," said Neama Rahmani, the Ethics Commission's Director of Enforcement. "The Commission's unanimous decision to impose the maximum penalty demonstrates its firm commitment to the contribution limits and sends a clear message to violators who seek undue influence over City candidates and elections."

In the second matter approved today, the commissioners approved a stipulation imposing a fine of \$10,500 against City Councilmember Jose Huizar and his controlled committee, Huizar for Council 2011, for audit findings related to the 2011 regular primary election in City Council District 14. The mandatory audit found that the respondents accepted \$2,000 in excess aggregate contributions and failed to submit copies of three separate campaign communications distributed via electronic mail. Councilmember Huizar and committee treasurer David Gould admitted that the violations occurred. The commissioners determined that, because of the councilmember's prior enforcement history, the excess contributions were not eligible for the Commission's Infractions Policy.

All fines levied by the Ethics Commission are paid to the City's general fund. Copies of enforcement actions and the related decisions and orders can be obtained through the Ethics Commission's web site or by calling the Ethics Commission offices.

The City Ethics Commission was created by Los Angeles voters in 1990 to impartially administer and enforce the governmental ethics, campaign financing, and lobbying laws of the City of Los Angeles.