
LOS ANGELES CITY ETHICS COMMISSION
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Contact: David Tristan
Deputy Executive Director

**EXECUTIVE DIRECTOR FINDS PROBABLE CAUSE
AGAINST REFUGIO RODRIGUEZ AND ELIZABETH MELENDREZ**

Executive Director Heather Holt has determined that probable cause exists to believe that Refugio Rodriguez (Rodriguez) violated campaign finance laws by engaging in political money laundering and that Elizabeth Melendrez (Melendrez) violated campaign finance laws by aiding and abetting Rodriguez in that political money laundering.

The attached accusation was served on the parties on September 6, 2017. It details the laws that were allegedly violated and sets forth the acts with which Rodriguez and Melendrez are charged. Each is charged with 25 acts of laundering funds into Rodriguez's primary campaign committee during his 2015 campaign for the District 5 seat on the Los Angeles Unified School District Board of Education.

The Ethics Commission staff initiated an investigation after receiving a whistleblower complaint. During the investigation, staff reviewed Rodriguez's campaign contributions and committee records, contacted alleged contributors, interviewed campaign staff and volunteers, and analyzed financial documents. Director of Enforcement Sergio Perez then determined that an enforcement action should be initiated and that a referral to the Los Angeles County District Attorney's office was appropriate.

A public announcement of the attached accusation is required by law. Rodriguez and Melendrez are presumed innocent of any violation, unless they stipulate to entry of an order or a violation is proved through an administrative hearing process. Following an administrative hearing, the members of the Ethics Commission must determine whether the alleged violations occurred and, if so, what penalty should apply. The maximum penalty that the Ethics Commission may levy in this matter is \$5,000 per violation.

A final determination regarding whether a violation occurred may only be made by the members of the Ethics Commission. The Ethics Commission and its staff may not comment on a pending enforcement matter.

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

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**BEFORE THE BOARD OF THE
LOS ANGELES CITY ETHICS COMMISSION**

In the Matter of:)	Case No. 2015-12
)	
DR. REFUGIO RODRIGUEZ and)	ACCUSATION
ELIZABETH MELENDREZ;)	
)	
Respondents.)	
)	

A. BACKGROUND

On May 17, 2017, a probable cause report was served on Dr. Refugio Rodriguez (Rodriguez) and Ms. Elizabeth Melendrez (Melendrez). The probable cause report alleged that Rodriguez, a candidate in the 2015 election for the Los Angeles Unified School District Board of Education (LAUSD) District 5 seat, worked with Melendrez to launder \$24,250 into his primary election campaign committee. Rodriguez and Melendrez allegedly reimbursed contributions from 25 individuals, and Rodriguez falsely reported those individuals as the true sources of the contributions on his campaign disclosure statements.

Responsive pleadings in the probable cause process were filed on June 7 and June 16, 2017. Rodriguez and Melendrez requested a probable cause conference, which was held on August 1. On August 28, the Executive Director of the Ethics Commission determined that probable cause exists to believe that Rodriguez violated the Los Angeles City Charter (Charter) by engaging in political money laundering and that Melendrez aided and abetted Rodriguez in carrying out the money laundering scheme.

The Ethics Commission's Director of Enforcement must prepare this accusation following the probable cause determination by the Executive Director. Los Angeles Administrative Code (LAAC) §§ 24.26(d)(1)–(3). If the parties do not stipulate to the

entry of an order, the charges described below must be announced publicly. LAAC § 24.26(d)(4).

B. APPLICABLE LAWS

The Ethics Commission is required to investigate and enforce against violations of the LAUSD campaign finance laws. Charter § 803(u)(2). The Ethics Commission's enforcement processes are governed by the Charter and by the LAAC. *Id.*; Charter § 706; LAAC §§ 24.21–24.29.

To “encourage a broader participation in the political process”, Los Angeles voters adopted campaign contribution limits for LAUSD elections. Charter § 803. During the 2015 election cycle, campaign contributions to an LAUSD candidate could not exceed \$1,100 per person per election. Charter § 803(b)(3) (limit adjusted in 2012 to reflect Consumer Price Index changes). The contribution limit does not restrict the amount a candidate can contribute to his candidacy from his own personal funds. *Id.*; *see also* Charter §§ 803(b)(5), 803(b)(6), 803(b)(7).

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.” That Charter section further provides that “[n]o person shall make a contribution in his, her or its name of anything belonging to another person or received from another person on the condition that it be used as a contribution.”

The transactions prohibited by Charter § 803(j) are commonly referred to as political money laundering. Political money laundering is prohibited because it deprives the public of information about the true source of a candidate's financial support and because it circumvents the campaign contribution limits.

A person is subject to administrative enforcement action for violating a Charter provision relating to campaign financing, for causing another person to violate the law, or for aiding or abetting another person in a violation. Charter §§ 706, 803(u)(2).

C. SUMMARY OF ALLEGED FACTS

The Director of Enforcement alleges that Rodriguez engaged in money laundering to further his campaign for elected office and that Melendrez aided and abetted Rodriguez in executing the money laundering scheme. The Director of Enforcement further alleges the following facts.

Rodriguez filed necessary paperwork to initiate his bid for the LAUSD District 5 seat on November 6, 2014. Shortly thereafter, Rodriguez provided \$26,000 of his own

money to Melendrez, his cousin and a key campaign volunteer, with instructions to funnel that money into his campaign account by asking family members to make contributions.

Melendrez enticed 25 family members and friends to make campaign contributions by telling them that their contributions would be reimbursed. The 25 contributions were made from December 23 through December 31, 2014, ranged from \$775 to \$1,100 each, and totaled \$24,250. Melendrez fully reimbursed all 25 contributions using Rodriguez's 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 certified under penalty of perjury that he had raised a total of \$51,001 in contributions from other people. However, nearly half of the reported funds were actually Rodriguez's own money.

D. SUMMARY OF ALLEGED VIOLATIONS

The Director of Enforcement alleges that Rodriguez and Melendrez violated the Charter in the following ways.

**Counts 1 through 25 (Rodriguez)
POLITICAL MONEY LAUNDERING**

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

COUNT 2: Rodriguez violated Charter § 803(j) by funding a reimbursement to Aurelia Rodriguez for a \$1,100 contribution that she made on or about December 23, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 3: Rodriguez violated Charter § 803(j) by funding a reimbursement to Juan Rodriguez for a \$1,050 contribution that he made on or about December 23, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 4: Rodriguez violated Charter § 803(j) by funding a reimbursement to Jesus Rodriguez for a \$950 contribution that he made on or about December 28, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose

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

COUNT 5: Rodriguez violated Charter § 803(j) by funding a reimbursement to Yolanda Rodriguez for a \$1,000 contribution that she made on or about December 28, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 6: Rodriguez violated Charter § 803(j) by funding a reimbursement to Patricia De Leon for a \$1,000 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 7: Rodriguez violated Charter § 803(j) by funding a reimbursement to Veronica De Leon for a \$1,000 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 8: Rodriguez violated Charter § 803(j) by funding a reimbursement to Diana Osuna for a \$1,075 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 9: Rodriguez violated Charter § 803(j) by funding a reimbursement to Maria Osuna for a \$1,075 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 10: Rodriguez violated Charter § 803(j) by funding a reimbursement to Eva Rodriguez for a \$1,000 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 11: Rodriguez violated Charter § 803(j) by funding a reimbursement to Liliana Rodriguez for a \$1,100 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 12: Rodriguez violated Charter § 803(j) by funding a reimbursement to Luz Rodriguez for a \$775 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 13: Rodriguez violated Charter § 803(j) by funding a reimbursement to Manuel Rodriguez for a \$1,100 contribution that he made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 14: Rodriguez violated Charter § 803(j) by funding a reimbursement to Refugio Rodriguez Sr. for a \$1,100 contribution that he made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 15: Rodriguez violated Charter § 803(j) by funding a reimbursement to Eva Villegas Sanchez for a \$975 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 16: Rodriguez violated Charter § 803(j) by funding a reimbursement to Carlos Villagomez for a \$1,000 contribution that he made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 17: Rodriguez violated Charter § 803(j) by funding a reimbursement to Nancy Villagomez for a \$900 contribution she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 18: Rodriguez violated Charter § 803(j) by funding a reimbursement to Socorro Villagomez for a \$1,000 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 19: Rodriguez violated Charter § 803(j) by funding a reimbursement to Carmen Aguirre for a \$950 contribution that she made on or about December 31, 2014, to

Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 20: Rodriguez violated Charter § 803(j) by funding a reimbursement to Teresa Encarnacion for a \$900 contribution that she made on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

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

COUNT 22: Rodriguez violated Charter § 803(j) by funding a reimbursement to Jaclyn Lopez for a \$900 contribution that she made on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 23: Rodriguez violated Charter § 803(j) by funding a reimbursement to Luz Maria Lopez for a \$900 contribution that she made on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 24: Rodriguez violated Charter § 803(j) by funding a reimbursement to Magdalena Orozco-Otero for an \$850 contribution that she made on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

COUNT 25: Rodriguez violated Charter § 803(j) by funding a reimbursement to Lilliana Smith for an \$850 contribution that she made on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee; failing to disclose himself as the true source of the contribution; and thereby making a contribution in the name of another person.

Counts 26 through 50 (Melendrez)
AIDING AND ABETTING POLITICAL MONEY LAUNDERING

COUNT 26: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Nancy Osegueda for a \$1,000 contribution that she made on or about December 23, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 27: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Aurelia Rodriguez for a \$1,100 contribution that she made on or about December 23, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 28: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Juan Rodriguez for a \$1,050 contribution that he made on or about December 23, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 29: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Jesus Rodriguez for a \$950 contribution that he made on or about December 28, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 30: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Yolanda Rodriguez for a \$1,000 contribution that she made on or about December 28, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 31: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Patricia De Leon for a \$1,000 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 32: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Veronica De Leon for a \$1,000 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 33: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Diana Osuna for a \$1,075 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 34: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Maria Osuna for a \$1,075 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 35: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Eva Rodriguez for a \$1,000 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 36: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Liliana Rodriguez for a \$1,100 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 37: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Luz Rodriguez for a \$775 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 38: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Manuel Rodriguez for a \$1,100 contribution that he made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 39: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Refugio Rodriguez, Sr. for a \$1,100 contribution that he made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 40: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Eva

Villegas Sanchez for a \$975 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 41: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by reimbursing Carlos Villagomez for a \$1,000 contribution that he made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 42: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Nancy Villagomez for a \$900 contribution made in her name to Rodriguez's 2015 LAUSD District 5 campaign committee on or about December 29, 2014.

COUNT 43: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Socorro Villagomez for a \$1,000 contribution that she made on or about December 29, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 44: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Carmen Aguirre for a \$950 contribution that she made on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 45: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Teresa Encarnacion for a \$900 contribution that she made on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 46: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Maria Hernandez for an \$800 contribution that she made on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 47: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Jaclyn Lopez for a \$900 contribution made in her name to Rodriguez's 2015 LAUSD District 5 campaign committee on or about December 31, 2014.

COUNT 48: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Luz Maria Lopez for a \$900 contribution that she made on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

COUNT 49: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Magdalena Orozco-Otero for an \$850 contribution made in her name to Rodriguez's 2015 LAUSD District 5 campaign committee on or about December 31, 2014.

COUNT 50: Melendrez is liable under Charter § 706 for aiding and abetting Rodriguez in a violation of Charter § 803(j) by using Rodriguez's funds to reimburse Lilliana Smith for an \$850 contribution that she made on or about December 31, 2014, to Rodriguez's 2015 LAUSD District 5 primary campaign committee and thereby enabling Rodriguez to make a contribution in the name of another person.

E. ADMINISTRATIVE HEARING

If the parties do not stipulate to the entry of an order, a public evidentiary hearing must be held to determine whether the alleged violations occurred. Charter § 706(c); LAAC §§ 24.26(d)(4), 24.27(a)(1). If the members of the Ethics Commission determine through the hearing process that one or more violations occurred, they must issue an order and may require Rodriguez and Melendrez to, among other things, pay a monetary penalty of up to the greater of \$5,000 per violation or three times the amount of money improperly reported or contributed. Charter §§ 706(c)(3), 803(u)(2).

DATED: _____

9/6/2017


SERGIO PEREZ

Director of Enforcement
Los Angeles City Ethics Commission