

ETHICS COMMISSION IMPOSES FINE OF \$40,371 IN ENFORCEMENT CASE

The Ethics Commission unanimously approved a stipulated order at its meeting today, imposing a fine of \$40,371 in an enforcement case involving violations of the City’s campaign finance laws. The case involved 2013 City Council District 6 candidate J. Roy Garcia (Garcia) and his campaign treasurer, Hardy Henriquez (Henriquez). Garcia and Henriquez admitted to engaging in political money laundering, fraudulently claiming public matching funds, and misusing public matching funds.

During a mandatory audit of Garcia’s controlled committee, the Ethics Commission’s audit team uncovered several expenditures for non-campaign or unknown purposes. A subsequent investigation by enforcement staff revealed that Garcia and Henriquez misappropriated \$4,457.14 in public matching funds by making 20 improper expenditures that benefitted Garcia, his family, and his private business. The investigation also discovered that Garcia encouraged several contributors to launder funds to his committee by dividing their contributions into smaller amounts and attributing them to their family members. Garcia and Henriquez subsequently claimed and obtained public matching funds for the contributions they knew had been falsely attributed.

[City law](#) prohibits contributions that are made in the name of anyone other than the true source of the funds because such contributions deprive the public of information about who financially supports candidates and can circumvent the contribution limits. Charter § 470(k); Cal. Gov’t Code § 84301. Contributions that qualify for public matching funds must, among other things, be lawful. Los Angeles Municipal Code § 49.7.2(T). Matching funds candidates must certify under penalty of perjury that all documentation they submit to obtain public funds is true, and they may use public funds only to attempt to influence the actions of voters in their race. LAAC §§ 24.34(a), 24.38(a).

“Misuse of the public matching funds program is a violation of the public trust,” said Richard A. Platel, the Ethics Commission’s Director of Enforcement. “Today, the Commission sent a clear message that this type of violation will be severely penalized.”

All fines levied by the Ethics Commission are paid to the City’s general fund. Enforcement orders can be viewed and searched through the Ethics Commission’s [Public Data Portal](#).

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.