



STATE OF CALIFORNIA  
FAIR POLITICAL PRACTICES COMMISSION  
428 J Street • Suite 620 • Sacramento, CA 95814-2329

March 20, 2017

Luis Ayala  
David Gould, Treasurer  
Ayala for City Council 2010  
Luis Ayala for Assembly 2012

[REDACTED]  
[REDACTED]

Dear Messrs. Ayala and Gould:

The Fair Political Practices Commission has initiated an investigation into whether, based on the information we received (see below), the committee violated the Political Reform Act's campaign reporting requirements. At this time, we have not made any determinations. We are simply providing you with this information and will be contacting you again to regarding this matter.

The violations alleged are:

**Campaign Reporting Inaccurate/Incomplete**  
Campaign Form Incomplete or Inaccurate (84211)  
Reporting Violations by Alhambra Councilman, Luis Ayala

I am filing a complaint regarding what appear to be multiple violations of the Political Reform Act's campaign filing requirements by Alhambra City Councilman, Luis Ayala. I have no personal knowledge of the violation other than my reviewing of the candidate's campaign finance records in accordance with a review of Political Reform Act regulations. I obtained the candidates campaign finance records through the Alhambra City Clerk's Office.

During filing period 07/01/2012—12/31/2012, Alhambra City Councilman, Luis Ayala, improperly filed \$102,681.20 as unitemized monetary contributions in Schedule A of his Form 460. After further inquiry into the matter, I discovered that the \$102,681.20 were transferred funds from Ayala's failed 2012 State Assembly run. After speaking with someone from the FPPC's Advice Help Line, I was informed that Councilman Ayala should have filed this transfer of funds in Schedule I of his Form 460 and the code TFS should have been checked on the form to show that it was a transfer. In addition, a filer must show the name of the Assembly Committee or campaign that the funds are being transferred from. A public records request of Councilman Ayala's 460s from the Alhambra City Clerk's office reveal that Mr. Ayala did not submit Schedule I of his form 460 during this filing period because he did not report any miscellaneous increases in cash from 07/01/2012—12/31/2012.

This is troubling for several reasons. First, reporting over \$100,000 in transferred funds from another campaign as unitemized contributions leads people to believe that Councilman Ayala raised a tremendous amount of money in small donations. Second,

and more importantly, it prevents the public from tracking the source of Councilman Ayala's campaign cash. Once I discovered that the \$102,681.20 in funds were from Councilman Ayala's failed State Assembly run, it took me awhile to track down where I could access these campaign finance records. This whole process would have been much easier if Councilman Ayala had filed correctly to begin with, but because he did not, the prospect of a member of the public taking the time to investigate this matter diminishes greatly, as most of us do not have the time or wherewithal to wade through the Political Reform Act and navigate the bureaucratic process associated with tracking down documents from various government agencies.

I am concerned that there may be multiple violations here, including but not limited to Government Code: 81002(a) and (b).

Councilman Ayala's State Assembly Campaign Finance Records can be found at the following link:

<http://cal->

[access.ss.ca.gov/Campaign/Committees/Detail.aspx?id=1335897&session=2011&view=received](http://cal-access.ss.ca.gov/Campaign/Committees/Detail.aspx?id=1335897&session=2011&view=received)

#### Other Reporting Violations Over the Years

On 09/10/2009, Alhambra Councilman Ayala received a \$1,000 campaign donation from Gatto Sarkunian of "My World Enterprises," but Councilman Ayala failed to report Sarkunian's occupation in the Occupation and Employer column of Schedule A on his Form 460, as required under Government Code 84211(f). I am concerned that Government Codes 81002 and 85700 were also violated here.

On 10/02/2008, Councilman Ayala received a \$250 donation from "Friends of Gary Yamauchi," but failed to report Friends of Gary Yamauchi's Committee ID number.

On 10/02/2008, Councilman Ayala received a \$500 donation from Paul Talbot and Mark Paulson, but failed to supply occupation and employer info for the two individuals, as required under Government Code 84211(f). I am concerned that Government Codes 81002 and 85700 were also violated here.

On 10/02/2008, Councilman Ayala received a \$1,000 donation from a Jessey Siccama, but in the occupation and employer column of Schedule A, Councilman Ayala simply put "self-employed" without providing further business/occupation info as required under Government Code 84211(f). I am concerned that Government Codes 81002 and 85700 were also violated here.

On 08/02/2006, Councilman Ayala received a \$1,000 donation from an Adriana Martinez, but in the occupation and employer column of Schedule A, Councilman Ayala wrote "Executive, City of L.A./Mayor." I am not sure what this means or if it accurately defines what Adriana Martinez does. I am also concerned that if this contribution came from the L.A. Mayor's office then a committee ID number should have been provided. Thus, I am concerned that Government Code 81002 was violated here.

On 10/04/2006, Councilman Ayala received a \$250 donation from Jorge Morales of Fiesta Taxi Co. under contribution code OTH. On the same date, the very next donor on Ayala's 460 is, again, Jorge Morales of Fiesta Taxi Co. with the same address, but this time with contributor code IND and a donation of \$100. These donations were not aggregated as required under Government Codes 85311 and 84211(f). It is suspicious that Councilman Ayala would record these contributions in order but under different

contribution codes. If a contract between Fiesta Taxi Co. and the City of Alhambra was pending at the time of the donation, then it would have been illegal for the Fiesta Taxi company to give more the \$250 under Government Code 84308. I am concerned that Government Code 81002 was also violated here.

Similarly

On 08/26/2006, Councilman Ayala received a \$250 donation from David Pruitt, Vice President of LA County Medical Association. On 09/06/2006, Councilman Ayala received another donation from David Pruitt of the same company and address, but this time for \$500 and under the contributor code OTH. These contributions were not accumulated as required under Government Codes 85311 and 84211(f). What is more, since there are multiple instances of Ayala using different contributor codes while not accumulating donations from the same person and/or entity leads me to believe that Ayala is either negligent of the basic requirements of California's campaign finance rules or he has intentionally sought means not to accumulate multiple donations from the same donor. I am concerned that Government Code 81002 was also violated here.

On 08/02/2006, Ayala received a \$2,500 donation from an Alex Meruelo of Merona Enterprises. On the same date, Councilman Ayala received an additional \$2,500 donation from a Luis Armona of Merona Enterprises. Both donors are affiliated with the same company and list the same address (9550 Firestone Blvd, Ste 105, Downey, CA 90241). Thus, I am concerned that there may be violations here of Government Codes: 81002(a), 82018, 84211(f), 84302, 85311, 85700, and 85701.

Similarly

On 09/22/2006, Councilman Ayala received a campaign contribution of \$2,500 from a Cuahutemoc Garcia, owner of Margarita Jones Restaurant. On the same date, Councilman Ayala received another \$2,500 donation from a Rodolto Fonseca of Margarita Jones Restaurant. Both donations list the same company and address, despite being given by different individuals, and Councilman Ayala lists both donations under contributor code OTH rather than IND. Thus, I am concerned that there may be violations here of Government Codes: 81002(a), 82018, 84211(f), 84302, 85311, 85700, and 85701.

On 10/13/2006, Ayala received a \$100 donation from a Moises Cisneros, but in the Occupation and Employer section of his 460, Ayala just wrote "San Bernardino City." I don't know if this is a reference to the actual city or a place of employment. Regardless, Ayala has not listed both Moises Cisneros' occupation AND employer info, as required by Government Code 84211(f). I am concerned that Government Codes 81002 and 85700 were also violated here.

#### *Statute of Limitations*

I am aware that Government Code 91000.5 stipulates that administrative action brought against a violator of the Political Reform Act must commence within five years of the date in which the violation occurred. However, Government Code 91000.5 (b) states: (b) If the person alleged to have violated this title engages in the fraudulent concealment of his or her acts or identity, the five-year period shall be tolled for the period of the concealment. For purposes of this subdivision, "fraudulent concealment" means the person knows of material facts related to his or her duties under this title and knowingly conceals them in performing or omitting to perform those duties, for the purpose of defrauding the public of information to which it is entitled under this title.

In a 2014 ruling, the FPPC invoked Government Code 91000.5 (b) in the matter of **Wisdom Culture and Education Organization**. The FPPC filed a report in support of a finding of probable cause, which tolled the applicable statute of limitations, resulting in a \$25,000 fine to Respondent Wisdom for violations of the Political Reform Act.

Given the pattern and numerous violations by Councilman Ayala, as well as the severity of some of the violations that occurred prior to 2012, as well as the public's limited resources to investigate potential violations, I hope that the FPPC will give due thought to invoking Government Code 91000.5 (b) in its investigation of Councilman Ayala's alleged violations of the Political Reform Act since Councilman Ayala remains in the political office that the funds in question helped elect him to.

I also ask the FPPC to consider the pattern of potential Political Reform Act violations committed by Alhambra City Council members over the years that have been brought to light in recent FPPC complaints () as evidence of a political culture in Alhambra that fosters a fast and loose attitude towards campaign finance laws.

Finally, it is only recently that a group of citizens have pooled their resources to investigate long-term grievances about the political environment in Alhambra. As such, we are playing catch-up. Nonetheless, we have discovered consistent and ongoing trends that are troubling, and we fear these trends will continue if left unaddressed by the authorities. Alhambra's current political establishment has wielded power, often uncontested, for many decades. Lack of an ordinance limiting campaign contributions in its charter has allowed moneyed interests to stifle any challenges to the status quo. Long-term entrenchment has also lead to a public that too often feels overcome by the City Council's power, savvy utilization of legal loopholes, blatant disregard to grievances that threaten the power-structure, and an often brazen flouting of the checks and balances and rules and regulations governing the democratic process. As such, we hope the FPPC will utilize all of its available resources under the law to hold Alhambra politicians and bureaucrats accountable for any violations of the Political Reform Act.

Should you have any comments on the allegation(s), your comments *must* be submitted in writing directed to Teri Rindahl at [trindahl@fppc.ca.gov](mailto:trindahl@fppc.ca.gov). Please include the Complaint Number, COM-12132016-11116 in your response.

Sincerely,  
Enforcement Division  
Fair Political Practices Commission