



THE CITY OF SAN DIEGO
PRESS RELEASE

Ethics Commission

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**ETHICS COMMISSION APPROVES \$8,000 IN PENALTIES
IN CONNECTION WITH CAMPAIGN MONEY LAUNDERING
BY SUKUT CONSTRUCTION AND GRUBB & ELLIS**

Stacey Fulhorst, Executive Director of the City of San Diego Ethics Commission, announced today the Commission's approval of two stipulated settlement agreements. The first involves Sukut Construction, Inc., and Mike Zanaboni, the Division President of Sukut. Sukut and Zanaboni have agreed to pay a \$5,000 fine for making and arranging "assumed name" contributions totaling \$900 to the Jerry Sanders for Mayor Committee. The second stipulation concerns Grubb & Ellis/BRE Commercial and John Frager, the President and CEO of Grubb & Ellis. Grubb & Ellis and Frager have agreed to pay a \$3,000 fine for making and arranging "assumed name" contributions totaling \$900 to the Jerry Sanders for Mayor Committee.

Commonly known as political money laundering, "assumed named" contributions violate the San Diego Municipal Code. City law prohibits money laundering because it circumvents the City's contribution limits and the ban on contributions from organizations, and because it deprives the public of information about the true source of a candidate's financial support.

In the Sukut case, the company reimbursed three employees for contributions to the

Sanders Committee. In the Grubb & Ellis case, the company paid for campaign contributions made by Frager on his corporate credit card, and reimbursed Frager for a contribution made by his wife. Ms. Fulhorst explained that the fine was higher in the Sukut case because Mr. Zanaboni solicited contributions from other Sukut employees with the understanding that they would be reimbursed, while the Grubb & Ellis case involved only contributions from Mr. Frager and his spouse.

According to Ms. Fulhorst, the Commission's investigation revealed that the Sukut and Grubb & Ellis employees each completed and signed a remittance form which included a required warning that it is unlawful for contributors to be reimbursed by any organization or business. She added, "The employees should have known that their actions violated the letter and spirit of local campaign laws." She also noted, however, that the Sukut and Grubb & Ellis employees readily admitted their actions and made no attempt to cover-up the underlying facts. Finally, Ms. Fulhorst noted that the Commission did not uncover any evidence to suggest that the Sanders Committee was aware that the individual contributors had been reimbursed by their respective employers.

According to the Commission Chair, Dorothy Leonard, "The amount of the fines should alert the regulated community that campaign money laundering is a serious violation of local law." She added that the penalty would likely have been more severe were it not for the cooperation and candor exhibited by the respondents in these cases.

Ethics Commission fines are paid to the City of San Diego's General Fund. The stipulated settlements approved by the Commission resolve all factual and legal issues without the necessity of holding an administrative hearing.

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