

1 STACEY FULHORST, Executive Director  
2 City of San Diego Ethics Commission  
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7 Petitioner

8 **BEFORE THE CITY OF SAN DIEGO**  
9 **ETHICS COMMISSION**

10 In re the Matter of: ) Case No.: 2013-26 (MP)  
11 MICHAEL PEDACE, ) **STIPULATION, DECISION, AND**  
12 Respondent. ) **ORDER**  
13 )  
14 )

15 **STIPULATION**

16 **THE PARTIES STIPULATE AS FOLLOWS:**

17 1. Petitioner Stacey Fulhorst is the Executive Director of the City of San Diego Ethics  
18 Commission [Ethics Commission]. The Ethics Commission is charged with a duty to administer,  
19 implement, and enforce local governmental ethics laws contained in the San Diego Municipal  
20 Code [SDMC] relating to, among other things, the provisions of the City’s Election Campaign  
21 Control Ordinance [ECCO].

22 2. At all times mentioned herein, Michael Pedace was a sales representative employed by  
23 Symbolic Motor Car Company, a luxury automobile dealership doing business in La Jolla,  
24 California. Mr. Pedace is referred to herein as “Respondent.”

25 3. This Stipulation will be submitted for consideration by the Ethics Commission at its  
26 next scheduled meeting, and the agreements contained herein are contingent upon the approval of  
27 the Stipulation and the accompanying Decision and Order by the Ethics Commission.

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4. This Stipulation resolves all factual and legal issues raised in this matter by the Ethics Commission concerning the Respondent's conduct without the necessity of holding an administrative hearing to determine Respondent's liability.

5. Respondent understands and knowingly and voluntarily waives any and all procedural rights under the SDMC, including, but not limited to, a determination of probable cause, the issuance and receipt of an administrative complaint, the right to appear personally in any administrative hearing held in this matter, the right to confront and cross-examine witnesses testifying at the hearing, the right to subpoena witnesses to testify at the hearing, and the right to have the Ethics Commission or an impartial hearing officer hear this matter. Respondent agrees to hold the City of San Diego harmless from any and all claims or damages resulting from the Commission's investigation or this stipulated agreement, or any matter reasonably related thereto. Respondent further agrees that the terms of this Stipulation constitute compliance with the provisions of SDMC section 26.0450 in that the Stipulation includes a recitation of facts, a reference to each violation, and an order.

6. Respondent acknowledges that this Stipulation is not binding upon any other law enforcement or government agency and does not preclude the Ethics Commission from referring this matter to, cooperating with, or assisting any other law enforcement or government agency with regard to this or any other related matter.

7. The parties agree that in the event the Ethics Commission refuses to accept this Stipulation, it shall become null and void. Respondent further agrees that in the event the Ethics Commission rejects the Stipulation and a full evidentiary hearing before the Ethics Commission becomes necessary, no member of the Ethics Commission or its staff shall be disqualified because of prior consideration of this Stipulation.

**Summary of Law and Facts**

8. ECCO imposes limits on contributions to City candidates in order to prevent the corruption and appearance of corruption that would result if candidates for elective City office were permitted to accept large campaign contributions. At all times mentioned herein, the contribution limit for City candidates was \$500 per election. SDMC § 27.2935.

1           9. In order to prevent circumvention of the \$500 contribution limit, ECCO prohibits any  
2 person from making a contribution on behalf of another, or while acting as an intermediary or  
3 agent of another, without disclosing to the recipient the true source of the funds. SDMC §  
4 27.2944. Requiring the identity of the true source making a contribution serves to ensure that no  
5 one contributes more than \$500 to a candidate. Making a contribution on behalf of another  
6 without the requisite disclosure is commonly known as money laundering, and is prohibited by  
7 ECCO because it deprives the public of important information concerning the identity of  
8 campaign donors.

9           10. ECCO also prohibits any person from counseling, aiding, abetting, advising, or  
10 participating with any other person to commit a violation of ECCO. SDMC § 27.2991.

11           11. In December of 2011, Respondent's employer, Marc Chase [Chase], asked  
12 Respondent to contribute \$1,000 to the Bonnie Dumanis for Mayor 2012 committee [Dumanis  
13 Mayoral Committee] in the names of Respondent and his spouse (\$500 each) with the  
14 understanding that Respondent would be reimbursed in full for the contribution. Respondent  
15 agreed to this arrangement. Respondent then wrote a \$1,000 check in his name and the name of  
16 his spouse to the Dumanis Mayoral Committee, and, in exchange, Chase gave Respondent \$1,000  
17 in cash. Neither Respondent nor Chase informed the Dumanis Mayoral Committee that the  
18 source of the two \$500 contributions was anyone other than Respondent and his spouse. The  
19 Dumanis Mayoral Committee filed a campaign disclosure statement reflecting receipt of a \$500  
20 contribution from Respondent and a \$500 contribution from Respondent's spouse on January 2,  
21 2012.

22           12. At the time Chase asked him to make the contributions described in paragraph 11,  
23 Respondent understood that the request was connected to Jose Susumo Azano Matsura [Azano], a  
24 customer of Symbolic Motor Car Company. In fact, Azano was the source of the \$1,000 cash that  
25 Chase gave to Respondent. Consequently, at the time Respondent made his \$500 contribution to  
26 the Dumanis Mayoral Committee, Azano was the true source of the contribution, and Respondent  
27 was acting as an intermediary for Azano, a fact that was not disclosed to the Dumanis Mayoral  
28 Committee. Additionally, at the time he arranged for his spouse to make a \$500 contribution to

1 the Dumanis Mayoral Committee, Respondent was aiding and abetting Azano in the making of a  
2 separate \$500 contribution using Respondent's spouse as an intermediary, a fact that was not  
3 disclosed to the Dumanis Mayoral Committee. By failing to disclose that he and his spouse were  
4 not the true source of the two \$500 contributions, Respondent (and a series of other straw donors)  
5 enabled Azano to make contributions to the Dumanis Mayoral Committee far in excess of the  
6 City's contribution limit.

7 **Counts**

8 **Count 1 - Violation of SDMC section 27.2944**

9 13. Respondent violated SDMC section 27.2944 when he made a \$500 contribution to the  
10 Dumanis Mayoral Committee on behalf of someone else without disclosing that he was not the  
11 true source of the funds.

12 **Count 2 - Violation of SDMC section 27.2991**

13 14. Respondent violated SDMC section 27.2991 by aiding and abetting Azano in the  
14 making of a \$500 contribution to the Dumanis Mayoral Committee in the name of Respondent's  
15 spouse, without disclosing that Respondent's spouse was not the true source of the funds.

16 **Factors in Mitigation**

17 15. Respondent cooperated with the Ethics Commission's investigation.

18 **Conclusion**

19 16. Respondent agrees to take necessary and prudent precautions to ensure compliance  
20 with all provisions of ECCO in the future.

21 17. Respondent acknowledges that the Ethics Commission may impose increased fines in  
22 connection with any future violations of the City's campaign laws.

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1 18. Respondent agrees to pay a fine in the amount of \$10,000 for violating SDMC section  
2 27.2944 and 27.2991. This amount must be paid no later than July 3, 2014, by check or money  
3 order made payable to the City Treasurer. The submitted payment will be held pending  
4 Commission approval of this Stipulation and execution of the Decision and Order portion set  
5 forth below.

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7 DATED: \_\_\_\_\_ [REDACTED]  
8 STACEY FULHORST, Executive Director  
9 ETHICS COMMISSION, Petitioner

10 DATED: \_\_\_\_\_ [REDACTED]  
11 MICHAEL PEDACE, Respondent

#### 12 **DECISION AND ORDER**

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15 The Ethics Commission considered the above Stipulation at its meeting on July 10,  
16 2014. The Ethics Commission hereby approves the Stipulation and orders that, in accordance  
17 with the Stipulation, Respondent pay a fine in the amount of \$10,000.  
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20 DATED: \_\_\_\_\_ [REDACTED]  
21 JOHN C. O'NEILL, Chair  
22 SAN DIEGO ETHICS COMMISSION  
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