

ERNEST F. DALIDIO, JR.



July 27, 2007

Enforcement Division
Fair Political Practices Commission
428 J. Street, Suite 620
Sacramento, CA 95814

Re: Responsible County Development, LLC

Dear Sir or Madam:

Please accept the following complaint:

A. Name of the Person Making Complaint

Ernest F. Dalidio, Jr.



B. Person who Allegedly Violated the Political Reform Act

Responsible County Development, LLC, a California limited liability company (the "LLC").

C. Provisions of the Political reform Act Allegedly Violated

Pursuant to *Govt. Code* §81002(a), "[r]eceipts and expenditures in election campaigns should be fully and truthfully disclosed in order that the voters may be fully informed and improper practices may be inhibited."

Pursuant to *Govt. Code* §84301, "[n]o contribution shall be made, directly or indirectly, by any person in a name other than the name by which such person is identified for legal purposes."

Pursuant to *Govt. Code* §84302, "[n]o person shall make a contribution on behalf of another, or while acting as the intermediary or agent of another, without disclosing to the recipient of the contribution both his own full name and street address, occupation, and the name of his employer, if any, or his principal place of business if he is self-employed, and the full name and street address, occupation, and the name of employer, if any, or principal place of business if self-employed, of the other person".

Pursuant to *Govt. Code* §84200(b), "[a]ll committees pursuant to subdivision (b) or (c) of Section 82013 shall file campaign statements each year no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31, if they have made contributions or independent expenditures, including payments to a slate mailer organization, during the six-month period before the closing date of the statements. Pursuant to *Govt. Code* §82013, "[c]ommittee" means any person or combination of persons who directly or indirectly does any of the following:

- (a) Receives contributions totaling one thousand dollars (\$1,000) or more in a calendar year.
- (b) Makes independent expenditures totaling one thousand dollars (\$1,000) or more in a calendar year; or
- (c) Makes contributions totaling ten thousand dollars (\$10,000) or more in a calendar year to or at the behest of candidates or committees."

D. Description of Facts Constituting Alleged Violation

After a city referendum vote overturned the San Luis Obispo City Council's decision in 2004 to annex the Dalidio Ranch to the City and permit development of it, I circulated a county ballot initiative known as "Measure J" which qualified and was placed on the San Luis Obispo County ballot on November 7, 2006. County residents approved Measure J by 65% of the vote. Leading up to the Measure J vote, a committee known as Coalition for County Control, No on Measure J-06 committee (the "No on J Committee") was formed in opposition to the measure.

On May 31, 2006, the LLC was formed, as noted on the Secretary of State's website. See Exhibit "A". From the time of its formation and leading up to the election on November 7, 2006, the LLC loaned the No on J Committee \$220,944.04, which includes accrued interest. Of the \$272,079.86 that was spent in opposition to Measure J, the \$220,944.04 loaned by the LLC constituted more than 81% of the funding opposing Measure J.

Attached to this complaint are various disclosure statements filed with the San Luis Obispo County Clerk by the No on J Committee and the LLC respectively. The attached exhibits include:

1. Exhibit "B" is California Form 460, filed by the No on J Committee on January 22, 2007;
2. Exhibit "C" is California Form 460, filed by the No on J Committee on October 26, 2006;
3. Exhibit "D" are various versions of California Form 461, filed by the LLC on October 5, 25 and 31 of 2006;
4. Exhibit "E" is California Form 497, filed by the No on J Committee on October 30, 2006.

Based on the information attached, as well as the subsequent actions by the LLC and the No on J Committee, the LLC appears to have been formed solely to fund opposition to Measure J by giving money to the No on J Committee. Additionally, the LLC kept the identities of its members hidden from the public. Despite characterizing the monies provided by the LLC to the No on J Committee as loans, the LLC's and No on J Committee's subsequent actions/inactions strongly suggest that the loans were never intended to be repaid. As such, these "loans" should actually be recharacterized as contributions. As contributions, the LLC's actions as well as the actions of its membership violate numerous sections of the Political Reform Act of 1974 (cited above). Penalties for such violations should include revealing to the public the identities of the parties behind the LLC.

Exhibits "B" through "E" contain information evidencing that the LLC loaned substantial sums to the No on J Committee during the election. Specifically, pages 11 - 12 of Exhibit "B", reveal that the LLC loaned the No on J Committee \$220,944.04 (with accrued interest) between the time of the LLC's formation on May 31, 2006 and the election on November 7, 2006. Despite those specific loans amounts, the No on J Committee's cash balance at the end of 2006

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was \$35.00, leaving it inadequately funded to repay the LLC's loans (Exhibit "B", pg. 2). Moreover, the No on J Committee has not conducted any fundraising activities; has not made any subsequent filings with the County Clerk's Office indicating repayment of the loans; has not filed any paperwork indicating the loans have been forgiven; and has not filed a closing statement. This inaction leads to the conclusion that there was no intention of repaying the LLC's loans and that such loans were actually contributions.

Further evidence showing that the loans were actually contributions appears on Exhibit "B". On Schedule B of California Form 460, which is the schedule where loans are disclosed, it notes that "amounts forgiven or paid by another party also must be reported on Schedule A". The No on J Committee did not list the LLC's loans as contributions on its campaign statement attached as Exhibit "C" for the period leading up to the November election. However, the No on J Committee did list the LLC's loans as part of its contributions on Schedule A of its campaign statement on Exhibit "C" (Exhibit "A", pg. 9).

It should also be noted that California Form 460 notes that the LLC's purported business activity is "investments". However, complainant is unaware of any actual business activities conducted by the LLC. The only activity the LLC performed was making contributions to the No on J Committee. This lack of business activity supports the conclusion that the LLC, in fact, was formed solely to influence the Measure J vote. The fact that the name of the LLC is "Responsible County Development, LLC" also suggests that the purpose of the LLC was not to engage in legitimate business enterprises or "investments," but rather to influence political decisions.

A recent check of the San Luis Obispo County Clerk's Office does not reveal any further filings by the No on J Committee indicating that there is no further activity either in raising funds or to pay off loans to the LLC.

Based on the information attached and the facts stated above, it is clear that the LLC and its members violated numerous sections of the Political Reform Act of 1974.

E. Name and Addresses of Potential Witnesses, if Known

David R. Booker
Responsible County Development, LLC
P.O. Box 12315
San Luis Obispo, CA 93406
(805) 234-4197

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CONCLUSION

Since Responsible Development, LLC was formed on May 31, 2006 and made its first contribution of \$30,000 to the No on J Committee a little over a month later on July 2006, it is clear that someone was using the LLC to funnel funds to the No on J Committee without disclosing the true source of the funds. The LLC is a subterfuge much like Wild Rose, LLC was used to hide the contributions of Caroline Getty in the case of FPPC v. Getty. The facts in this case are even more egregious in that the funding of more than \$220,000 was characterized as a loan rather than a contribution. The public has a right to know who was really funding the No on J. campaign.

Thank you for your assistance in this matter.

Very truly yours,



Ernie F. Dalidio, Jr.