



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3000 • Sacramento, CA 95811

February 5, 2020

Scott Schmerelson

scott.schmerelson@lausd.net

Warning Letter Re: FPPC No. 2020-00156; Scott Schmerelson

Dear Mr. Schmerelson:

The Enforcement Division of the Fair Political Practices Commission enforces the provisions of the Political Reform Act (the “Act”).¹ As you are aware, the Enforcement Division of the Commission received a complaint against you alleging that you violated the economic interests disclosure provisions of the Act.

The Enforcement Division has completed its review of the facts in this case and found that on your 2016 Annual Statement of Economic Interests (“SEI”), you failed to disclose the acquisition date for an investment (stock) purchased from Altria.

Section 87300 of the Act requires every state and local agency to develop a Conflict of Interest Code. This Code requires individuals who participate in making decisions which may foreseeably have a material financial effect on any financial interests belonging to that person to disclose all reportable interests on SEIs.² Individuals required to file SEIs must file within 30 days of assuming office, annually thereafter, and within 30 days of leaving office.

Regulation 18730(b)(7)(E) requires that when an investment is required to be disclosed, and the investment was acquired or disposed of during the applicable reporting period, the SEI shall contain the date the asset was acquired or disposed of.

Your actions violated the Act because you failed to disclose the date of acquisition for your stock in Altria on your 2016 Annual SEI. However, mitigating factors exist such that the Enforcement Division has decided to close your case with a warning letter rather than issue a fine.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014, and all statutory references are to this code. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations, and all regulatory references are to this source.

² Section 87302(b)

Your initial 2016 Annual SEI, which was timely filed, properly disclosed Altria as an investment on Schedule A-1. After Enforcement contact, you explained that you unintentionally omitted the acquisition date. Once you learned that the acquisition date was required to be disclosed, you immediately filed an amendment to the 2016 Annual SEI to indicate an acquisition date of January 11, 2016. Additionally, there is no indication you have made any governmental decisions regarding this economic interest, and you do not have a prior history with the Enforcement Division. Therefore, we are closing this matter with this warning letter.

This letter serves as a written warning. The information in this matter will be retained and may be considered should an enforcement action become necessary based on newly discovered information or future conduct. Failure to comply with the provisions of the Act in the future will result in monetary penalties of up to \$5,000 for each violation.

A warning letter is an Enforcement Division case resolution without administrative prosecution or fine. The Commission has adopted Regulation 18360.1 to authorize the Enforcement Division to issue warning letters to conclude cases in specified circumstances. However, the warning letter resolution does not provide you with the opportunity for a probable cause hearing or hearing before an Administrative Law Judge or the Commission. If you wish to avail yourself of these proceedings by requesting that your case proceed with prosecution rather than a warning, please notify us within ten (10) days from the date of this letter. Upon this notification, the Enforcement Division will rescind this warning letter and proceed with administrative prosecution of this case. If we do not receive such notification, this warning letter will be posted on the Commission's website ten (10) days from the date of this letter.

If you need forms or a manual, or guidance regarding your obligations, please call the Commission's Toll-Free Advice Line at 1-866-275-3772 or visit our website at www.fppc.ca.gov.

Please feel free to contact Ginny Lambing at (916) 322-8064 or glambing@fppc.ca.gov with any questions you may have regarding this letter.

Sincerely,



Galena West, Chief
Enforcement Division

GW/gal

cc: Kenchy Ragsdale, sworn complainant