

# Los Angeles Times

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Los Angeles Times

## BIG MONEY, UNLIKELY DONORS

DIGITAL VERSION: [WWW.LATIMES.COM/PROJECTS/LA-ME-SEABREEZE/](http://WWW.LATIMES.COM/PROJECTS/LA-ME-SEABREEZE/)

SUNDAY, OCTOBER 30, 2016



MARK BOSTER / LOS ANGELES TIMES

**CAMPAIGN CONTRIBUTION** records show that people who have lived at this house on West 223rd Street in unincorporated West Carson were the source of dozens of donations over the last eight years.

# AN UNLIKELY DONOR ROLL

Who wrote the checks to politicians weighing approval of a \$72-million apartment project?

**By David Zahniser and Emily Alpert Reyes**

A TIMES INVESTIGATION

**N**o one is registered to vote at the run-down house on 223rd Street. The living room window has been broken for months. A grit-covered pickup sits in the dirt frontyard with a flat tire.

Yet dozens of donations to local politicians — totaling more than \$40,000 — have come from four of the people who have lived there over the last eight years.

Victor Blanco, a repairman originally from El Salvador, gave the most: 22 donations totaling \$20,300 since 2008, according to contribution reports. More than half that money went to U.S. Rep. Janice Hahn (D-Los Angeles) while she was pursuing local, state and federal office, according to contribution reports.

Asked about those donations, Blanco could not explain why he gave Hahn so much money. “I do not remember,” he said, standing in the driveway of the home, located in West Carson. Blanco is among more than 100 campaign contributors with a direct or indirect connec-



TRAVIS GESKE / FOR THE TIMES

**AN AERIAL** view of Sea Breeze, an apartment project in the Harbor Gateway area. Construction recently began on the site, seven years after it was proposed.

tion to Samuel Leung, a Torrance-based developer who was lobbying public officials to approve a 352-unit apartment complex, a Times investigation has found.

Those donors gave more than \$600,000 to support Hahn, Mayor Eric Garcetti and other L.A.-area politicians between 2008 and 2015, as Leung was seeking city approval for the \$72-million development in L.A.'s Harbor Gateway neighborhood, north of the Port of Los Angeles, The Times found.

The fundraising effort is a case study in the myriad ways money can flow to City Hall when developers seek changes to local planning rules. The pattern of donations from unlikely sources, some of whom profess to have no knowledge of contributions made in their name, suggests an effort to bypass campaign finance laws designed to make political giving transparent to the public.

At one critical point, Garcetti invoked a mayoral prerogative — which he has used only twice — to reduce the number of council votes required to approve the project. In several cases, elected officials received the money as they were poised to make key decisions about the development, known as Sea Breeze.

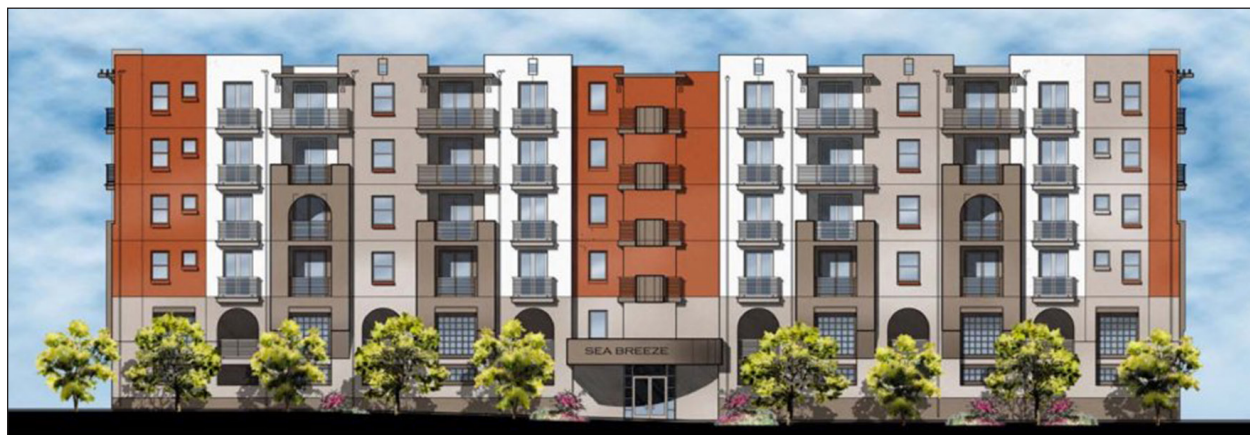
Many of the contributions were reported on the same day, in the same amounts, for the same politician, contribution records show. They came from the handymen who fixed Leung's buildings; the landscaper who tended his gardens; the chef who prepared meals in a hotel run by his company.

Blanco, for instance, has worked at several Leung properties; the house where he lives is owned by one of Leung's companies.

By the time the contributions stopped, Leung had overcome stiff opposition from city planners, winning approval of a project that had divided neighborhood businesses and residents. His victory came as City Hall faced mounting criticism that campaign cash drives such decisions.

The Times uncovered the fundraising efforts by examining public campaign contribution reports, property records, business filings and court records, and in interviews with dozens of donors.

Among the donors contacted by The Times, 11 denied making contributions or said they



LOS ANGELES DEPARTMENT OF CITY PLANNING

**AN ARTIST** rendering of Sea Breeze. This area north of Sepulveda Boulevard was zoned industrial.

didn't remember giving. Several others were unable to provide basic details about their donations, such as why they gave, to whom and how many times. One donor said she had been reimbursed for at least one contribution by a relative.

Dozens of other contributors refused to comment or did not respond to interview requests.

That some contributors denied giving, or didn't remember making donations, raises questions about whether someone else was the source of the money, according to several campaign finance experts. That practice is not permitted under campaign finance laws.

"A person of normal means — i.e. not a millionaire — would remember checks of this size," said Richard Skinner, a policy analyst on campaign finance for the Washington, D.C.-based Sunlight Foundation, a nonprofit group that focuses on government transparency. "That's not the sort of expense one usually makes casually and then forgets."

Leung and his representatives declined requests from The Times to discuss his development and campaign contributions. Approached by reporters at the Department of Building and Safety, Leung said he did not reimburse any donors but refused further comment.

### A housing hard sell

Leung, 66, was born in China and lives in Palos Verdes Estates, on a street with commanding ocean views. He has been in the real estate business for at least three decades, constructing new apartments, buying and leasing single-family homes, and building or running hotels across Los Angeles County.

In Harbor Gateway, he and one of his companies, A&M Properties, sought approval to build hundreds of new apartments in an area zoned for industrial rather than residential uses. Their argument: The area was in dire need of housing.

The Department of City Planning opposed the plan and, in March 2014, the nine-member Planning Commission — composed of Garcetti appointees — rejected the proposal, saying new homes should not be built so close to properties zoned for heavy industry.

But Garcetti and the council overruled the Planning Commission in February 2015, changing the zoning for the site.

Neighborhood activists who favor limits on development charge that Garcetti and the council are too quick to rewrite city rules in ways that benefit politically connected developers, especially those that provide campaign cash.

As the project was under review, donors tied to Leung contributed at least \$94,700 to Councilman Joe Buscaino, who represents Harbor Gateway and was an enthusiastic supporter of the project. That was nearly 10% of the money raised by Buscaino during the period examined by The Times.

More than \$30,000 went to Councilman Jose Huizar, who heads the powerful council committee that reversed the Planning Commission's decision and approved Leung's project. At least \$65,800 went to Councilman Mitch Englander, who sits on that committee with Huizar.

Donors with some connection to Leung also provided \$60,000 to a campaign group that supported Garcetti’s 2013 mayoral bid. And more than \$200,000 went to Hahn, who wrote a letter favorable to Sea Breeze before she left the council.

Hahn, Garcetti and several other politicians contacted by The Times said the donations played no role in their positions on Sea Breeze. Buscaino said the development would bring new homes to a property that had long sat vacant “at a time when people are thirsting for workforce housing.”

“If I didn’t get one penny for this project, I’d still support it,” he said in an interview.

Unlikely donors

The political contributions came from across Southern California. Among the donors were affluent professionals living on winding hillside streets in Granada Hills and Palos Verdes Estates. But others were working-class laborers renting modest apartments in Koreatown, South Los Angeles and North Hollywood.

The donors included Leung’s relatives, his employees and their relatives. Leung’s business associates also made contributions, as did their family members, their companies, their co-workers and their own business associates. Relatives and co-workers of some of those donors also gave.

Some contributors said they had no interest in local politics, even though records identify them as giving hundreds — sometimes thousands — of dollars to the L.A. politicians. Many also lived far outside the districts of the candidates to whom they gave money.

One of Hahn’s donors, construction worker Johnny Ruiz, was living in Reseda, about 25 miles from Hahn’s Watts-to-San Pedro council district, according to campaign contribution records. He said he is the brother-in-law of Hector Molina, whose construction company has worked on several of Leung’s buildings. And he previously was employed by Seems Plumbing, a company that was hired on a Leung project in 2008.

Interviewed at a Torrance construction site, Ruiz said he did not know who Hahn was

The real estate companies

Developer Samuel Leung has been an owner, executive or officer with real estate companies and corporations across Los Angeles County. Employees with several of those companies donated between 2008 and 2015, records show.

Samuel Leung



and did not recall giving her political contributions. Yet Ethics Commission records show he gave her two \$500 contributions in 2009 while she was on the City Council and representing the district that included the Sea Breeze site.

“I’ve given donations to a lot of things, like Goodwill,” Ruiz said in Spanish. “But not to politicians.”

Molina did not respond to several requests for comment.

Political donors are legally required to give their names and other details, and that information is publicly reported by the campaigns.

Federal, state and city laws prohibit contributors from reimbursing other donors — a practice sometimes called campaign money laundering — to prevent such “straw donors” from circumventing legal limits on political giving. In City Council races, that limit is currently \$700.

Violations of those laws can result in serious consequences. Two months ago, the father of U.S. Rep. Ami Bera (D-Elk Grove) was sentenced to a year and a day in prison for organizing a money-laundering scheme that helped fund his son’s campaigns.

Hahn, who is running for a seat on the Los Angeles County Board of Supervisors, said in an interview that she had no knowledge of any donors being reimbursed. If that occurred, she said, “that’s illegal.” She said that she was troubled by that possibility and takes campaign finance law “very seriously.”

“All my committees were audited. I have a lawyer, a treasurer who looked at all my campaign donations. There was never any indication that anybody got reimbursed for a donation to me,” Hahn said.

Some donors readily acknowledged making contributions.

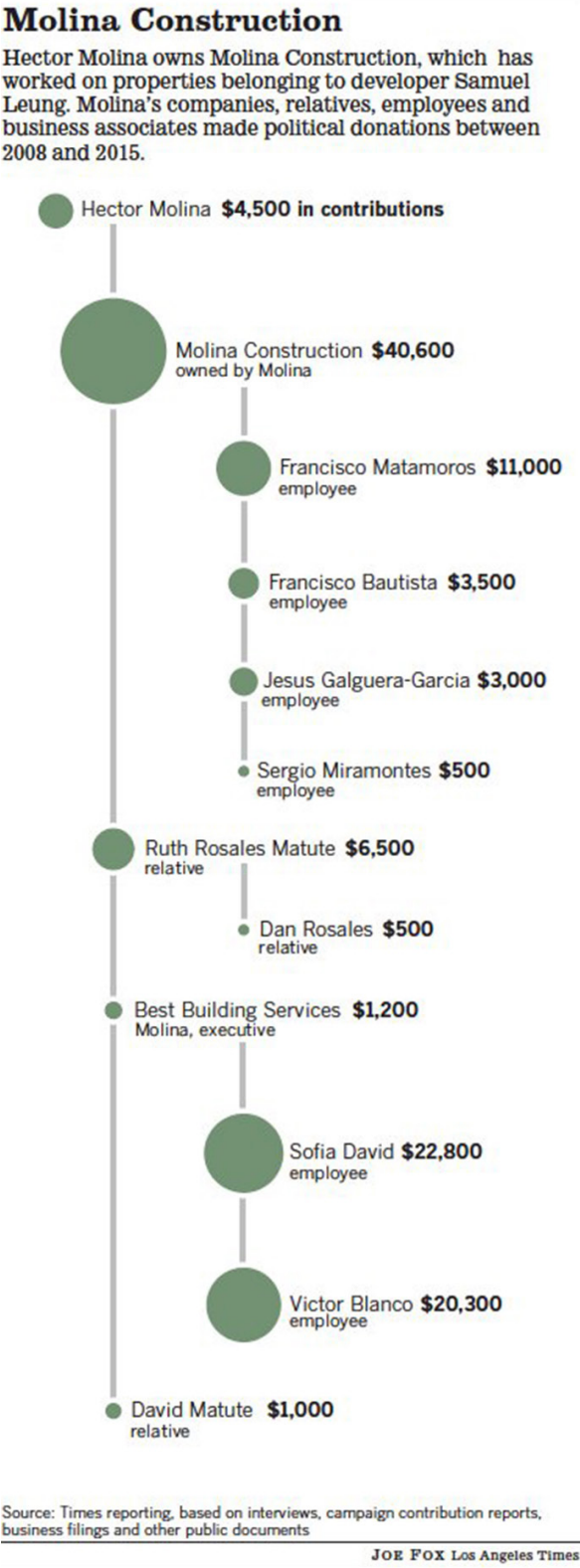
“I give to the symphony. I give to the opera. We give to who we believe in,” said Lorraine New, who was identified in court documents in 2013 as executive vice president of A&M Properties, which pushed for approval of Sea Breeze.

New gave more than \$46,000 to local politicians between 2008 and 2015, according to campaign contribution records.

Burst of donations

When Sea Breeze was first proposed, some critics saw the site as a less-than-ideal spot for a six-story apartment complex.

At one neighboring business, construction crews frequently work outdoors, building stages and scenery for music festivals. Nearby, trucks at a Los Angeles Times distribution facility load up for early-morning deliveries.



AMONG THOSE WHO BENEFITED FROM THE DONATIONS



ALLEN J. SCHABEN /  
LOS ANGELES TIMES

**\$203,500**  
**JANICE HAHN**  
U.S. Congress



IRFAN KHAN / LOS ANGELES TIMES

**\$94,700**  
**JOE BUSCAINO**  
Los Angeles  
City Council



AL SEIB / LOS ANGELES TIMES

**\$60,000**  
**ERIC GARCETTI**  
Los Angeles mayor

Contributions went to an independent campaign committee that supported Garcetti but was not controlled by him.



IRFAN KHAN / LOS ANGELES TIMES

**\$65,800**  
**MITCHELL ENGLANDER**  
Los Angeles  
City Council



IRFAN KHAN / LOS ANGELES TIMES

**\$30,400**  
**JOSE HUIZAR**  
Los Angeles  
City Council

The area north of Sepulveda Boulevard was designated by the city for heavy manufacturing. Under the zoning rules, homes were not allowed and any new structure could be no taller than 45 feet.

But like many other developers in Los Angeles, Leung set out to persuade the planning department, and then the City Council, to change the rules for the site.

Five weeks before Leung filed his application for the Sea Breeze project, a burst of donations came in for the reelection bid of Hahn, who represented the area. On Dec. 29, 2008, she reported receiving 22 separate donations, for a total of \$11,000. Each was \$500, the maximum allowed under city rules at the time.

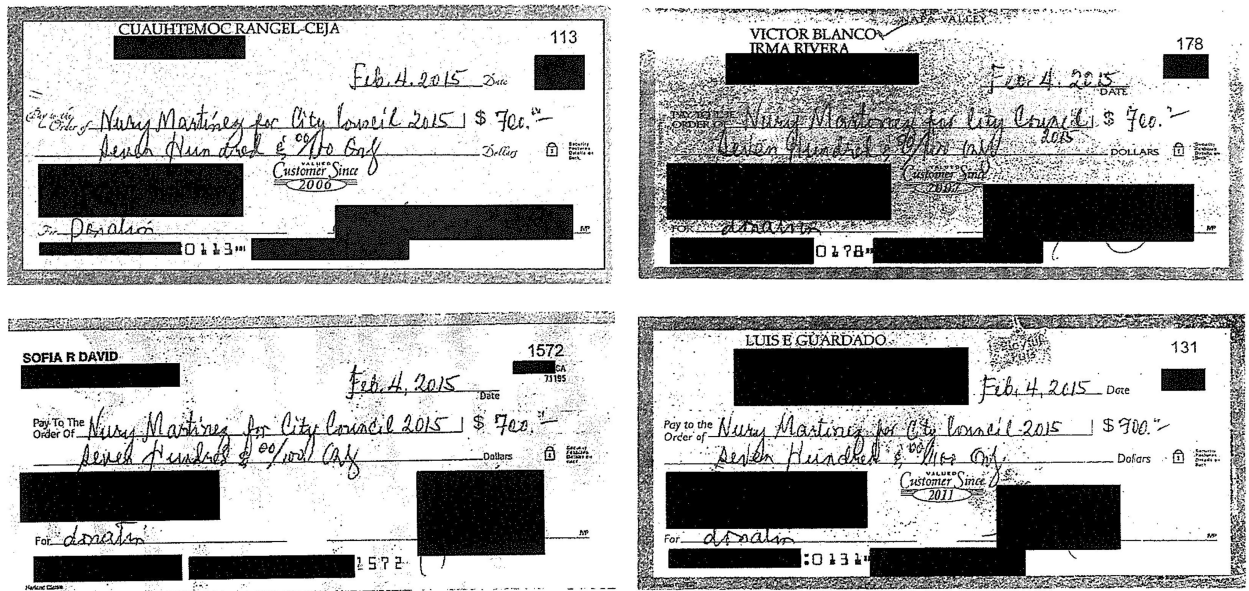
At least 21 of the 22 contributions came from donors connected to Leung, including family members, business associates and family members of those business associates, according to interviews and public records.

The money arrived from workers at Best Western Golden Sails Hotel in Long Beach, where Leung was president, according to court documents; Park Parthenia, a collection of apartment buildings in Northridge where Leung was CEO; Harbor Court apartments, a 44-unit building in Harbor Gateway developed by Leung; and Seaport Homes, an apartment complex in San Pedro developed by one of Leung’s companies.

Because Harbor Gateway was in her district, Hahn’s support was critical. At City Hall, council members have a longstanding practice of deferring to their colleagues on development decisions in their districts.

Hahn handily won her 2009 reelection campaign. Three days later, she took in more Leung-related donations. Each contribution was reported on the same day and in the same

FOUR CHECKS, FOUR DONORS, SAME DATE, SIMILAR HANDWRITING



amount. Hahn received at least \$15,500 from 31 donors with ties to Leung and his properties the week of her reelection, records show.

Hahn reported a \$500 donation from Pamela Rojas, a Panorama City homemaker. In an interview, Rojas said she was a friend of Johnny Ruiz, the construction worker who worked at Leung properties. Like Ruiz, she said she doesn't remember giving Hahn any money.

Rojas' ex-husband also was listed as a \$500 donor. He told The Times in a separate interview that he does not remember contributing to Hahn either.

Donors also gave to Hahn's officeholder account, which council members are allowed to use for meals, travel and other expenses.

During 2008 and part of 2009, the go-between for most of those donations was the lobbying firm Rose & Kindel, according to Ethics Commission reports. The firm represented A&M Properties for roughly a year on the Sea Breeze project.

At the end of 2009, Hahn launched a bid for lieutenant governor, a contest with much higher contribution limits. Leung's associates, their companies and their family members gave \$103,000 to her statewide campaign — nearly 10% of the total collected.

Blanco, the repairman, contributed \$6,500 — the maximum allowed under state law. So did Francisco Matamoros, an employee of Molina Construction, which worked on at least four Leung properties, according to city building records.

Between 2010 and 2012, Matamoros and a family member gave more than \$12,000 to politicians who represented, or were campaigning to represent, the San Pedro area, according to donation forms.

Times reporters met with Matamoros at his apartment in North Hills and, sitting at the family's desktop computer, showed him the Ethics Commission website that lists contributions made in his name. He denied giving contributions to Hahn or the other candidates for her seat.

"We don't insert ourselves in politics," he said in Spanish.

Hahn lost her bid for statewide office. A few months later, she turned her sights on another prize: a congressional seat that covered much of the South Bay.

Within months, her campaign picked up \$52,500 in donations from Leung's network of associates. Each donor gave \$2,500, the maximum allowed under federal election law at the time, according to donation records.



IRFAN KHAN / LOS ANGELES TIMES

**\$7,700**  
**NURY MARTINEZ**  
Los Angeles  
City Council

One \$2,500 donor was Jesus Galguera-Garcia, a construction worker who lives in South Los Angeles. At the time, he was doing carpentry and other construction jobs for Molina Construction, a company that worked at Leung properties.

Galguera-Garcia described the contribution as being equal to about 20 days of his pay. Like Matamoros, he said he is not interested in politics.

Hahn won her race for Congress. In one of her last acts as a council member, she sent a letter to a representative for A&M Properties, offering her “conditional support” for the Sea Breeze project. She said it would provide “new housing units in an area that has had little if any significant development in recent years.”

Hahn said it was important for A&M to work “in good faith with the Harbor City Neighborhood Council” and address traffic, parks and design issues.

That letter became a key selling point over the next five years, with Buscaino and other Sea Breeze backers describing Hahn as a supporter of the project. Hahn later disputed that portrayal.

“I wouldn’t consider my letter a support letter,” she told The Times.

Covering the bases

With Hahn heading to Washington, D.C., in 2011, and the fate of Sea Breeze still undecided, people with ties to Leung began sending contributions to three men running to replace her.

The contributors first gave to former Councilman Rudy Svorinich, who had served on the council from 1993 to 2001 and was running again. Weeks later, they sent contributions to one of his rivals: then-Assemblyman Warren Furutani, who also was campaigning for Hahn’s seat.

Among those donors was Chin-Lung Lee, who is listed in campaign records as giving to both Svorinich and Furutani. The Chatsworth resident also had made an earlier donation to Hahn.

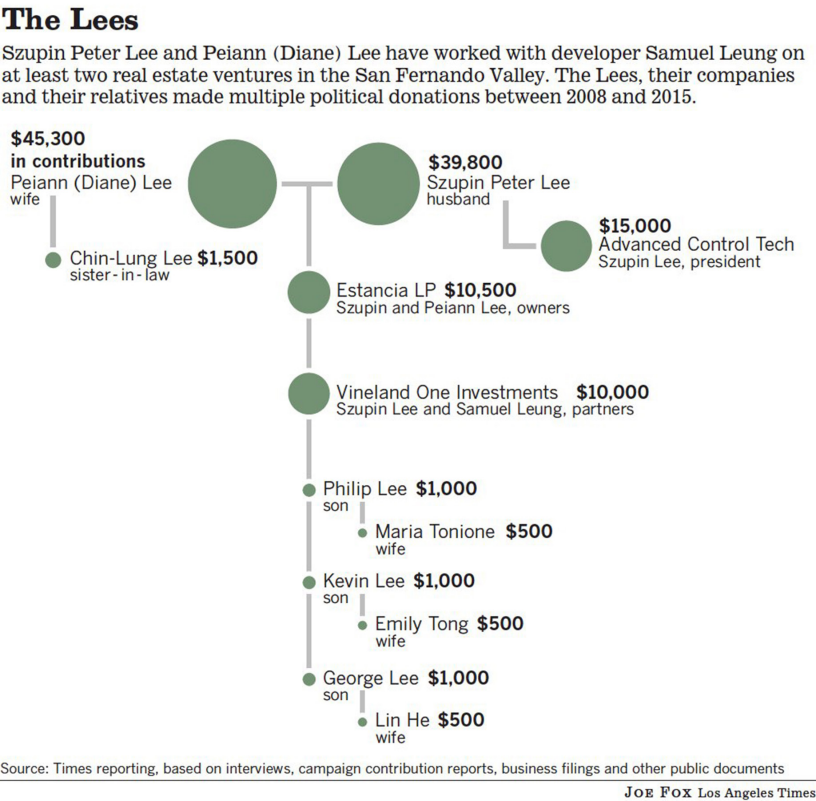
In an interview at her home, Lee said her sister-in-law Diane Lee had paid her back for at least one of those contributions but declined to provide details.

“She already told me not to tell anything about it,” Chin-Lung Lee said. She declined to answer further questions about the donations.

Diane Lee, also known as Peiann, works at the Park Parthenia apartment complex, where Leung has served as CEO, according to county business filings. She did not respond to messages seeking comment.

Furutani said he knew nothing about any reimbursed contributions. Svorinich did not respond to messages seeking comment.

At the time that Chin-Lung Lee and other donors were giving to Svorinich and Furutani, both men seemed to be strong contenders for Hahn’s seat. But in the November 2011 pri-





EMILY ALPERT REYES / LOS ANGELES TIMES

**DEVELOPER** Samuel Leung, shown at the L.A. Department of Building and Safety in July. He has been in real estate for decades, constructing apartments, buying and leasing homes, and building or running hotels.

mary election, the top vote-getter was a political newcomer — LAPD Officer Joe Buscaino.

Soon, money began pouring into Buscaino's campaign from donors affiliated with Leung and his real estate holdings.

By the end of March 2012, some of the donors connected to Leung had given as many as six times to three of the contenders to replace Hahn. Buscaino won the race.

The following year, Buscaino raised money for a committee to support Garcetti's mayoral bid. Because it was run independently from Garcetti's campaign, the committee could accept donations of any size.

The pro-Garcetti group reported receiving \$60,000 from six donors linked to Leung on April 1, 2013. A day later, Buscaino met in San Pedro with Nancy Bush, Leung's representative, and discussed the Sea Breeze project.

### A zoning fight

By 2014, local opposition to Sea Breeze had begun to emerge. The Harbor City Neighborhood Council, which represents homes on the south side of Sepulveda, came out against the development.

So did L&B Realty, which owns industrial buildings just north of the Sea Breeze site. L&B argued that noise from its business tenants would lead to complaints from future residents and demands for limits on company operations.

In correspondence with the city, Leung's attorneys countered that new homes and shopping centers already were changing the face of the area.

Buscaino endorsed the project, as did the Harbor Gateway South Neighborhood Council, which represents properties on the north side of Sepulveda. Adrienne O'Niell, the group's former president, said Sea Breeze would provide much-needed "workforce housing," the kind that serves lower-income families.

Business representatives for The Times also raised questions, pointing out that the homes would be built next to a distribution center that operates late at night. However, the company ultimately took no position, a spokeswoman said.

To get approval for Sea Breeze, Leung needed to navigate a lengthy review process. First,



DAVID ZAHNISER / LOS ANGELES TIMES

**VICTOR BLANCO**, a repairman, at the site of the planned Sea Breeze apartments.

the project would be considered by the Planning Commission, which is made up of Garcetti appointees. Then it would face a City Council committee on development. Finally, it would need a vote from the full council and the blessing of the mayor.

Garcetti's planning commissioners took up the proposal in March 2014. The commission, acting on the recommendation of city planners, voted 7-0 to reject the project.

Commissioners said the city needed to preserve manufacturing sites and the well-paying jobs that come with them. They also argued it was a mistake to put apartments so close to industrial businesses.

The outright rejection of Sea Breeze was unusual. In the vast majority of cases, the commission approves real estate projects, though it does sometimes insist on alterations to development proposals.

The Sea Breeze proposal headed to the council's three-member Planning and Land Use Management Committee with two strikes against it: a negative recommendation from the city's planning department, and a rejection by the Planning Commission.

At that point, Garcetti stepped in and used a rarely exercised power, granted to him under the City Charter, to smooth the path. He backed the change in city rules sought by Leung, reducing the number of votes needed for the City Council to approve it from 12 to 10.

Asked why he took that unusual step, Garcetti issued a statement saying that he supported the Sea Breeze project because it would help meet his goal of building 100,000 housing units across the city by 2021. He also noted that both Buscaino and key community groups supported the project.

Garcetti declined an interview request. His spokeswoman, Connie Llanos, said that the donations played no role in the mayor's decision and that he had "no involvement whatsoever" with the group that took in the money. She added that Garcetti was unaware of the contributions.

### Fundraising efforts

With Sea Breeze heading for a vote, the contributors with ties to Leung focused their fundraising efforts on the three members of the City Council's planning committee — En-

glander, Huizar and Councilman Gil Cedillo.

Within six months, Buscaino and the committee's three members had received at least \$70,200 from contributors tied to Leung. The committee ultimately voted to endorse the Sea Breeze development.

In the run-up to the final council vote, donors linked to Leung also gave money to support candidates backed by Buscaino. One of the biggest beneficiaries was an independent committee to support former Santa Monica City Councilman Bobby Shriver, who was running for a seat on the Los Angeles County Board of Supervisors.

Buscaino, the honorary chairman of a Shriver fundraising committee, went to the Sea Breeze site to meet with Leung's representative on Aug. 12, 2014. Two days later, that pro-Shriver campaign committee reported \$120,000 in contributions from donors affiliated with Leung.

Buscaino said there was no connection between his Sea Breeze meeting and the fundraising for Shriver. "You can't put two and two together," he said.

Sea Breeze was outside the district where Shriver was running; he said he did not know Leung and had never heard of the project.

In the final weeks before the City Council vote, Buscaino co-hosted a fundraiser in San Pedro for the reelection campaign of Councilwoman Nury Martinez. Within three days, Martinez reported receiving at least \$7,700 in donations connected to Leung.

Victor Blanco, the repairman living in the house on 223rd Street, was one of those donors. So was one of his longtime housemates. Two others who had worked at Leung properties also gave.

All four of their checks had the same date and what appears to be the same handwriting. The city's Ethics Commission, which turned over copies of the checks in response to a public records request, blacked out the signatures.

Two weeks after the Martinez fundraiser, the council approved Sea Breeze unanimously, without discussion. A spokesman for Martinez said that she had never met Leung or his representatives — and that the contributions played no role in her support.

The Leung-affiliated donors kept giving for a few more months, providing funds to Englander's bid to replace Los Angeles County Supervisor Mike Antonovich and Buscaino's officeholder account.

Buscaino tapped that account in July to help pay for an official city trip to Italy.

Construction recently began on the Sea Breeze site along Sepulveda Boulevard, seven years after it was first proposed.

On an August afternoon, a lone man in a hard hat and orange vest was working on the site, loading items into a pickup. It was Victor Blanco, the repairman from the house on 223rd Street, whose residents gave more than \$40,000 in political donations, according to contribution records.

When reporters attempted to ask him again about the contributions made by him and his housemates, Blanco told them to go away.

"I'm not opening my mouth," he said.

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Times staff writers Frank Shyong, Cindy Chang, Brittney Mejia and Ruben Vives contributed to this report.

# Los Angeles Times

## BIG MONEY, UNLIKELY DONORS

### INTERACTIVE GRAPHIC

<http://www.latimes.com/projects/la-me-seabreeze-donations-interactive/>

1357 X 583

Los Angeles Times

Sea Breeze

Unlikely donors

Web of contributions

Skip tour

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# A web of campaign contributors

By **JOE FOX, LEN DEGROOT, EMILY ALPERT REYES** and **DAVID ZAHNISER**

OCT. 30, 2016

A Times investigation found that donors linked both directly and indirectly to a real estate developer gave more than \$600,000 to politicians as Los Angeles officials were vetting his controversial apartment project. The project is known as Sea Breeze.

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About This Site

Explore the connections between more than 100 donors to L.A. -area politicians and the developer behind the \$72-million Sea Breeze apartment complex. [Read the story ↗](#)

Note: Committee for a Safer Los Angeles is an independent expenditure committee set up to support Los Angeles City Councilman Eric Garcetti's 2013 bid for mayor. Councilman Joe Buscaino raised money for the group.

Search:

Name	Recipient	Amount	Description
Advanced Control Tech	Committee for a Safer Los Angeles	\$10,000	Advanced Control Tech is listed in 2014 campaign contribution records as an employer of Szupin Peter Lee. County records from 2010 indicate that it is owned by GPK Group, which lists its president as Szupin Peter Lee.
Advanced Control Tech	The Committee to Elect Bobby Shriver for Supervisor 2014	\$5,000	Advanced Control Tech is listed in 2014 campaign contribution records as an employer of Szupin Peter Lee. County records from 2010 indicate that it is owned by GPK Group, which lists its president as Szupin Peter Lee.
Alberto Torres	Joe Buscaino	\$2,200	Torres is listed in campaign contribution records as an employee of Golden Sails Management Inc. The company manages and operates the Best Western Golden Sails Hotel, according to a 2015 legal declaration by its president Samuel Leung.
Alberto Torres	Jose Huizar	\$1,200	Torres is listed in campaign contribution records as an employee of Golden Sails Management Inc. The company manages and operates the Best Western Golden Sails Hotel, according to a 2015 legal declaration by its president Samuel Leung.
Alberto Torres	Mitch Englander	\$700	Torres is listed in campaign contribution records as an employee of Golden Sails Management Inc. The company manages and operates the Best Western Golden Sails Hotel, according to a 2015 legal declaration by its president Samuel Leung.
APA Investments	Mitch Englander	\$500	APA Investments is a company owned by Samuel Leung, according to 2011 county business records. Leung was listed as its CEO in state business records from 2015.
Aradia Miramontes	Janice Hahn	\$500	Family member of Sergio Miramontes.
Around The World Travel	Joe Buscaino	\$500	Around the World Travel is listed in campaign contribution records as the employer of Beatriz Ackerman.
Arya Abarghoei	Joe Buscaino	\$1,700	Son of Park Parthenia employee Dagmar Abarghoei.
Arya Abarghoei	Mitch Englander	\$1,700	Son of Park Parthenia employee Dagmar Abarghoei.

Los Angeles Times

## BIG MONEY, UNLIKELY DONORS

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MONDAY, OCTOBER 31, 2016



TRAVIS GESKE / FOR THE TIMES

**AN AERIAL VIEW** of construction of Sea Breeze, Samuel Leung's controversial \$72-million, 352-unit apartment project in the Harbor Gateway area. The site was previously zoned by the city for industrial businesses.

# A CALL FOR AN INQUIRY INTO DONORS

L.A. officials, activists want investigation of campaign donations by people with ties to Sea Breeze developer

By Alice Walton and David Zahniser

**T**wo Los Angeles-area elected officials and several neighborhood activists called Sunday for an investigation into campaign donations made by people with ties to a developer who secured City Hall approval for a controversial 352-unit apartment complex last year.

The Times reported that dozens of donors with direct or indirect connections to real estate developer Samuel Leung gave more than \$600,000 to L.A.-area politicians as his \$72-million project was being reviewed. Of those who donated, 11 told The Times they did not give or do not remember doing so — raising questions about whether they were the true source of the money.

Los Angeles City Councilman Joe Buscaino said the city's Ethics Commission should investigate whether donors were reimbursed — a practice that would violate city, state or federal laws, depending on the campaign. He also promised to give back “any funds that are found to be inappropriate.”

Buscaino, whose district includes the development site, championed Leung's project and received at least \$94,700 from donors directly and indirectly connected with the developer.

Neither Leung nor his representative at City Hall responded to requests for comment. His project, known as Sea Breeze, is now under construction in L.A.'s Harbor Gateway neighborhood.

Donors with ties to Leung supported several politicians from 2008 to 2015, including several council members and an independent committee that backed Mayor Eric Garcetti. Many of the contributions were reported on the same day, in the same amounts and for the same politicians, records show.

Several donors said they could not recall basic information about their contributions, including why they gave and to whom. One donor told The Times she was reimbursed for at least one donation, a practice that is not permitted under the city's ethics law.

The Times' findings also emerged as an issue Sunday in the race to replace retiring L.A. County Supervisor Don Knabe in the Nov. 8 election. U.S. Rep. Janice Hahn, who is running for Knabe's seat, represented Harbor Gateway while serving on the Los Angeles City Council and received at least \$203,500 from donors connected to Leung.

Several donors told The Times they did not remember contributing to Hahn, even though they are on record as doing so. Hahn wrote a letter favorable to Leung's project in 2011, in one of her last acts while she was on the City Council.

Former Manhattan Beach Mayor Steve Napolitano, Hahn's opponent, said the district attorney and possibly federal investigators should investigate the fundraising activity.

“It's just another example of Janice Hahn's pattern of pay-to-play politics where she sells her vote to the highest bidder and sells out her community,” he said.

Hahn spokesman John Shallman said his client also supports an investigation and was already off the council when Sea Breeze was approved. Hahn, he said, had no way of knowing whether donors might have been reimbursed.

“There were obviously no red flags with respect to the contributions,” he said.

Los Angeles County Dist. Atty. Jackie Lacey's office declined to comment Sunday.

Sea Breeze is going up in a location previously zoned by the city for industrial businesses. The project was originally opposed by the Department of City Planning's professional staff, who argued that such manufacturing sites should not be converted to residential uses, and unanimously rejected by the Planning Commission.

Garcetti and the council reversed the commission's decision and approved the project in 2015. Two years earlier, donors connected to Leung gave \$60,000 to a pro-Garcetti campaign committee.

Connie Llanos, a spokeswoman for the mayor, said that “if someone clearly paid for another person's donation,” it should be investigated by the authorities.

For years, Sea Breeze has drawn opposition from residents of Harbor City, an L.A. neighborhood just south of the project site.

Harbor City resident Tom Houston said he could not figure out why Buscaino and his colleagues were so willing to disregard the view of his local neighborhood council, which took a position against it. He now believes “without a doubt” that the political contributions played a role.

“These developers are paying for votes for their projects, and that's not right,” said Houston, a former president of the Harbor City Neighborhood Council.

Critics have long accused city leaders of being too willing to change local planning rules for well-connected developers, particularly those who make campaign donations. The Neighborhood Integrity Initiative, a measure on L.A.'s March ballot, would impose a two-year moratorium on developments that require changes to key planning rules on things

like zoning, height and density.

Jill Stewart, the campaign director for that measure, said the district attorney or the state attorney general should investigate the donations.

“We need to know whether L.A. city officials are selling their votes,” she said. “Every city needs housing. Most cities don’t go corrupt in order to do it.”

Harbor City neighborhood activist Olive Reed said she was “absolutely stunned” by the amount of money that flowed to council members from people connected to Sea Breeze.

Reed, who testified against Sea Breeze in 2014, said she too wants the City Ethics Commission to investigate the donations. She also voiced alarm that Buscaino accepted so many contributions from people with ties to Leung while Sea Breeze was being evaluated.

“I’m really sad and disappointed, because I did expect more from Joe,” she said.

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Los Angeles Times

## BIG MONEY, UNLIKELY DONORS

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TUESDAY, NOVEMBER 1, 2016



EMILY ALPERT REYES / LOS ANGELES TIMES

**SAMUEL LEUNG**, the developer behind the project in the Harbor Gateway area, said he did not reimburse any of the donors. He has declined to comment further.

# D.A. TO REVIEW DONATIONS TIED TO DEVELOPER

L.A. prosecutors will determine whether  
a probe is warranted

By David Zahniser and James Queally

**T**he Los Angeles district attorney's office said Monday that it would review a series of campaign contributions made by donors with ties to a developer who secured approval for a controversial \$72-million apartment complex.

On Sunday, a Times investigation showed that more than 100 donors who were directly or indirectly connected to developer Samuel Leung had made donations totaling more than \$600,000 to L.A.-area politicians while his 352-unit Sea Breeze project was being reviewed.

Of those who donated, 11 denied making contributions or said they didn't remember doing so, and one told The Times she had been reimbursed for at least one donation. The responses raise questions about whether someone else was the source of the money — a practice that is not permitted under campaign finance laws.

Jane Robison, a spokeswoman for Dist. Atty. Jackie Lacey, said prosecutors were “aware of the allegations” surrounding the Sea Breeze project, located in L.A.’s Harbor Gateway neighborhood, and would review them.

A review by the district attorney’s office is the first step in the process of determining whether an investigation is warranted.

It remains unclear if the city Ethics Commission plans to launch a separate probe. An official there said his agency is not allowed, under city law, to confirm or deny whether any investigation is taking place. The commission is charged with looking into alleged violations of campaign contribution laws in city campaigns only.

A spokesman with the Fair Political Practices Commission, which investigates campaign finance law violations at the state and local levels, would not comment on whether his agency is looking at the donations linked to the Sea Breeze developer.

“All I can say is that we are aware of it,” said FPCC spokesman Jay Wierenga, referring to The Times’ story on the donations.

Several members of the Los Angeles City Council received donations as they were considering the Sea Breeze complex. U.S. Rep. Janice Hahn (D-Los Angeles), who represented Harbor Gateway during her days on the council, received at least \$203,500 in contributions and wrote a letter favorable to the project.

Campaign finance experts said the statements to The Times from donors, some of them low-income workers with ties to Leung’s business interests, suggest that donations may have been made by someone else in an effort to bypass campaign contribution limits.

Leung said he did not reimburse any donor and has declined repeated requests for further comment from The Times.

Emails and phone calls made to a representative for Leung on Monday were not returned.

Sea Breeze was initially opposed by staffers in the Department of City Planning and rejected by the Planning Commission. But both Mayor Eric Garcetti and the City Council reversed the commission’s decision.

In 2013, a campaign committee that supported Garcetti’s mayoral bid, but was not controlled by him, received \$60,000 from companies and individuals with direct or indirect ties to Leung.

Politicians and neighborhood activists have called for a wide range of investigations since The Times’ story was published.

Councilman Joe Buscaino, a backer of Sea Breeze who received \$94,700 in contributions from donors connected to Leung, said the city’s Ethics Commission should check to see if any donors were reimbursed. Buscaino has also promised to return any campaign funds found to be improper by investigators.

Councilman Gil Cedillo, who accepted at least \$9,000 from donors tied to Leung, also voiced support for an outside review. He serves on the council committee that vetted the Sea Breeze project — and overturned the Planning Commission’s decision.

“I am just as concerned as my colleagues and welcome an Ethics Commission investigation,” Cedillo said in a statement. “If after an investigation the funds are in fact found to be questionable, I will return all donations immediately.”

Former Manhattan Beach Mayor Steve Napolitano, who is running against Hahn in the Nov. 8 election for a seat on the Los Angeles County Board of Supervisors, has also called for local and federal prosecutors to investigate the donations.

On Monday, Napolitano also asked for the county to form its own ethics commission to review similar situations.

Bob Stern, the former president of the California Center for Governmental Studies and a coauthor of the state Political Reform Act, said any criminal investigation would likely focus on anyone suspected of reimbursing donors, rather than the politicians who received contributions.

If the donations were found to have come from someone other than the listed donors, prosecutors could bring charges of campaign money laundering as well as violations of

campaign contribution limits.

“It’s unlikely that the politicians will be charged unless they were involved in the actual scheme, but they probably will have to turn over the money to the city or the state if it was found that the money was illegally received,” Stern said. “Most of the time the politicians don’t know where the money is coming from, unless they are told.”

The pattern of donations struck Stern as odd.

“Many of these people don’t sound like they could afford to make these contributions,” he said.

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Times staff writers Alice Walton and Emily Alpert Reyes contributed to this report.

Los Angeles Times

## BIG MONEY, UNLIKELY DONORS

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WEDNESDAY, DECEMBER 28, 2016



PATRICK T. FALLON / FOR THE TIMES

**A RESIDENTIAL** tower proposed for 333 S. La Cienega Blvd. would be roughly twice as tall as the nearby Beverly Center.

# PROJECT PROPOSED, DONATIONS FLOW

Developer has given six-figure contributions to L.A. politicians' initiatives as 20-story tower is considered

**By David Zahniser**

**R**eal estate developer Rick Caruso has been a reliable benefactor at Los Angeles City Hall, giving donations big and small to the city's politicians and their pet causes. Caruso, known for the Grove and other shopping destinations, has donated to all but one of the city's 17 elected officials. His charitable foundation provided \$125,000 to a nonprofit set up by Mayor Eric Garcetti. And his companies recently gave \$200,000 to the campaign for Measure M, the sales tax hike Garcetti championed in last month's election.

Add in money from his employees and his family members, and Caruso-affiliated donors have provided more than \$476,000 to the city's elected officials and their initiatives over the last five years, according to contribution reports.

Now, Caruso wants Garcetti and the council to approve a 20-story residential tower on La Cienega Boulevard, on a site where new buildings are currently limited to a height of 45 feet. Opponents of the project view Caruso's donations with alarm, saying the steady stream of contributions has undermined their confidence in the city's planning process.

"I'm sorry, but that's a lot of money," said Keith Nakata, a foe of the project who lives



GARY FRIEDMAN / LOS ANGELES TIMES

**DEVELOPER** Rick Caruso has donated to all but one of the city's 17 elected officials. His companies recently gave \$200,000 to the Measure M campaign.

roughly five blocks from the site. “That is obviously something that the community cannot compete against.”

Caruso's residential tower is one of several real estate projects — some approved, others under consideration — to be reviewed at City Hall as six-figure contributions arrive from developers or donors with close ties to them.

The Times reported in October that campaign contributors with direct and indirect ties to real estate developer Samuel Leung provided more than \$600,000 to L.A.-area politicians as his 352-unit apartment project was being reviewed. Garcetti and the council approved Leung's Sea Breeze project, located north of the Port of Los Angeles, in 2015.

In the San Fernando Valley, shopping mall company Westfield Corp. unveiled plans in October for Westfield Promenade, a \$1.5-billion project featuring two hotels and 1,432 new homes. Westfield affiliates have contributed \$950,000 to two Garcetti initiatives — Measure M and the effort to bring the 2024 Olympics to Los Angeles — over the last 14 months, contribution records show.

Westfield representatives said they view the Olympics and the city's transportation investments as initiatives that will spur economic growth.

In Century City, entertainment giant 20th Century Fox Film is pursuing a 1.1-million-square-foot expansion of its studio facilities. Fox's parent company has given \$1 million to the Mayor's Fund for Los Angeles, a nonprofit set up by Garcetti in 2014 to advance his initiatives. A related company, Fox Entertainment Group, gave the Measure M campaign \$250,000 in September.

A Fox representative declined to comment on the donations.

### Based on 'merits'

Six-figure donations from real estate interests, while perfectly legal, erode public confidence in city planning decisions, said Michael Manville, an assistant professor of urban planning at UCLA. They are also the natural byproduct of a process in which developers routinely request — and receive — changes to city planning and zoning rules for their projects, he said.

“If you have a system that relies so heavily on [those changes] to get things built, then you are going to get lots of campaign contributions,” Manville said, “because you’re shifting a lot of power away from the planning department and toward the elected officials.”

Garcetti, who supports Caruso’s project, said in an interview that development decisions at City Hall are “absolutely separate” from the contributions that are made to his campaigns and policy initiatives.

“Projects should be assessed on their merits and nothing else,” he said.

Caruso said in an interview that his political contributions are part of a much broader approach to charitable giving, with donations going to churches, non-profit groups, educational institutions and other causes. Some of the most recent donations, he said, were designed to help city leaders who are working to address homelessness and build a new transit network.

“We love Los Angeles, as corny as it may sound, and making Los Angeles a more livable city,” he said.

Caruso defended the city’s planning process, calling it “very open and democratic.” He dismissed the notion that donations influence policymakers.

“I’ve never believed for one minute that any contribution I’ve given has changed the opinion of any elected official,” he said.

Garcetti’s appointees on the City Planning Commission unanimously endorsed Caruso’s La Cienega project last month, agreeing to provide a zone change, a height district change and an amendment to the general plan — the document that governs citywide real estate development — for his project.

Although two commissioners voiced concerns about the building’s height, the majority said the city needs to embrace projects of that scale.

“The city is transforming,” said Commissioner Caroline Choe.

The La Cienega project is expected to come up for a City Council vote in January. The council approved a separate Caruso project, a new retail village in Pacific Palisades, last summer.

The La Cienega residential tower has divided residents in Beverly Grove, a community bordered by West Hollywood on the north, Wilshire Boulevard on the south, Fairfax Avenue on the east and Beverly Hills on the west. Foes of the project view Caruso as one of many well-connected developers who ask city leaders to rewrite local planning laws for a single project.

If approved without changes, the La Cienega project will stand roughly twice as tall as the Beverly Center, an eight-story shopping mall right next door. And it will be roughly eight times higher than the one- and two-story buildings that run along the east side of La Cienega.

“He could build a building like this in Century City, where it’s intended to be, or on parts of Wilshire Boulevard, like ‘Condo Canyon’ near UCLA,” said Dick Platkin, a board member with the Beverly Wilshire Homes Assn., a group fighting the project. “But this part of L.A. is not intended to have it.”

Backers of the project point out that the area already has a handful of tall buildings, including the Cedars-Sinai Advanced Health Sciences Pavilion, which is about 185 feet tall. Caruso’s project is expected to reach 240 feet.



LIZ O. BAYLEN / LOS ANGELES TIMES

**RICK CARUSO** defended the city planning process, calling it “very open and democratic,” and dismissed the notion that donations influence policymakers.

“We felt this is a unique location where density makes sense,” said Scott Epstein, chairman of the Mid City West Community Council, the neighborhood council for the area, which endorsed the project. “In the middle of a housing crisis, if you’re going to put housing somewhere, this is a good place to put it.”

Epstein said Caruso responded to the needs of the community by offering a grocery store, much-needed housing and new outdoor spaces, including a 6,910-square-foot plaza with a fountain. And he praised the developer for ensuring that 14 of the building’s 145 apartments will be rented at below-market rates.

Those concessions, he said, show what can be accomplished when residents and developers “collaborate for mutual benefit,” he said.

Critics push back

Still, what some view as hard-fought concessions, others criticize as unsavory dealings.

Last summer, the La Cienega project was sharply criticized by residents of Westbury Terrace, a condominium building across the street from the Caruso site. Dozens of the condo owners turned in a petition to their neighborhood council, saying Caruso’s project would obstruct their views and generate unwanted noise and traffic.

Weeks later, many of those same petition signers switched sides, becoming ardent supporters of Caruso’s project. The condominium board’s president soon disclosed that Caruso had agreed to make extensive repairs on the 11-story building, upgrading the entrances and replacing the windows with multipaned glass.

In correspondence with the neighborhood council, Westbury Terrace Homeowners Assn. Presi-

TRACKING DEVELOPER DONATIONS

Individuals and companies with real estate projects that need approval from Los Angeles elected officials have made six-figure contributions to those officials’ campaigns and political causes in recent years.



GENSLER

A RENDERING depicts a residential tower that would be built next door to the Beverly Center.

333 S. LA CIENEGA/RICK CARUSO

Project: A 20-story, 145-apartment building with a grocery store and restaurant

Location: Beverly Grove

Contributions: \$476,350

- \$200,000 to the campaign for Measure M, the transportation sales tax measure
- \$125,000 to the Mayor’s Fund for Los Angeles \*
- \$100,000 to Los Angeles Forward, a campaign committee set up by Councilman Mike Bonin to support ballot measures
- \$51,350 to city candidates and officeholders over five years

Source of donations: Caruso, his wife, his companies, his charitable foundation and his employees



WESTFIELD CORP.

WESTFIELD Corp. wants to build in the San Fernando Valley. Above, a rendering of the community.

WESTFIELD PROMENADE

Project: 1,432 homes, two hotels, shops, restaurants and a 15,000-seat sports/entertainment center

Location: Warner Center

Contributions: \$950,000

- \$250,000 to the campaign for Measure M
- \$700,000 to the LA 2024 Olympic committee \*

Source of donations: Westfield affiliates

dent Philippe Cohanin said Caruso’s contribution would help the building’s occupants cope with increased noise and dust while Caruso’s project was being built.

Cohanin, when approached by The Times, would not discuss the arrangement. But a Caruso spokeswoman confirmed that the developer agreed to spend \$500,000 on repairs to the building.

Foes of the project have called that a payoff. Caruso said he had an obligation to address the Westbury residents’ concerns about noise and other construction issues.

Caruso said he has worked to meet the neighborhood’s needs in other ways, offering to pay for street improvements and even re-designing the project.

“The way I get the community to support the project,” he said, “is to give them what they want.”

Last month, many Westbury condominium owners testified in favor of Caruso’s project at a planning commission hearing. Others who spoke at that meeting also had financial dealings with Caruso.

The Los Angeles Area Chamber of Commerce sent a representative to the hearing to speak on behalf of Caruso’s project. The group’s political action committee received \$50,000 from the developer in 2014, according to campaign donation records.

Also speaking in favor of Caruso’s project was planning aide Shawn Bayliss, who read a support letter from his boss, Councilman Paul Koretz. Caruso donated \$5,200 to two campaign committees that supported Bayliss’ unsuccessful bid for state Senate in June.

Caruso’s lawyer on the La Cienega project also gave Bayliss \$1,000. And that lawyer’s colleagues — all registered as lobbyists at City Hall — provided an additional \$4,000, state campaign records show.

Koretz, who represents Beverly Grove, said he — not Bayliss — made the decisions on the Caruso project. And he commended Caruso for working to secure the support of both Westbury Terrace and the neighborhood council.

“That’s exactly what I asked the developer to do: Go work with the neighbors and make this work for everybody,” said Koretz, who has received \$2,200 in donations from Caruso since 2011.

Koretz’s arguments have not reassured Peter David Harris, a Beverly Grove resident who lives about five blocks from the Caruso site. Harris fears that if Caruso succeeds, other property owners on La Cienega and San Vicente boulevards will propose luxury high-rises — the kind that cast shadows on nearby single-family homes. “It becomes a domino effect,” he said.

An environmental review of Caruso’s project concluded that the 20-story building would not cast a “significant” amount of shadow on nearby residential properties. Under the city’s guidelines, shadow from a tall building is deemed significant if it covers certain areas for more than three or four consecutive hours, depending on the time of year.



RICARDO DEARATANHA / LOS ANGELES TIMES

**TWO COMPANIES** related to 20th Century Fox Film, above, have made political donations.

**20TH CENTURY FOX FILM**

**Project:** The Fox Studios Master Plan, a 1.1-million-square-foot expansion of studio facilities

**Location:** Century City

**Contributions:** \$1,250,000

- \$500,000 to the Mayor’s Fund for Los Angeles \*
- \$500,000 to the Mayor’s Fund for Los Angeles \*
- \$250,000 to the campaign for Measure M

**Source of donations:** 21st Century Fox, the film studio’s parent company; Fox Entertainment Group

\* Contribution made at Mayor Eric Garcetti’s request

Source: Los Angeles City Ethics Commission, Los Angeles Department of City Planning, Los Angeles County Registrar-Recorder/County Clerk

Even if there had been a significant amount of shadow, it could not be used as the basis for a state environmental challenge — thanks to a law signed by Gov. Jerry Brown three years ago.

Senate Bill 743 established that shadow, glare and other aesthetic concerns would no longer be considered significant impacts under the state environmental review process for residential projects that sit within a half-mile of a major transit stop — one where buses or trains arrive at least every 15 minutes during rush hour.

Brown signed the bill in September 2013. Two months later, Caruso contributed \$54,400 to the governor's reelection bid.

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