

Cedillo and staffers use loophole in state gift law

By Rebecca Kimitich, Staff Writer
Posted: 04/26/2009 04:55:48 PM PDT

State Sen. Gil Cedillo and his staff use a loophole in campaign finance laws that allows them to exchange gifts paid for, in part, by special interest groups, corporations and private donors, according to public documents and members of his staff.

Cedillo and key members of his legislative staff annually exchange gifts during the holidays, staff members have said. But while the staff members pay for their gifts to the state senator themselves, Cedillo uses contributions from donors to buy his staff members' gifts.

According to public records, Cedillo has spent nearly \$15,000 of campaign contributions over the past six years at Banana Republic, Nordstrom, Bloomingdales, Ann Taylor and a handful of other high-end retail stores.

Cedillo said all of the purchases were gifts for his legislative and political staff, as well as other lawmakers.

Daniel Savage, Cedillo's chief of staff, said he has regularly received gifts from Cedillo - a shirt and tie every year for Christmas. Savage, who has known Cedillo for decades, said he reciprocates with the same.

"(Cedillo) is using his campaign funds as a supplement to his income," said Robert Stern, president of the nonprofit Center for Governmental Studies and former general counsel for the Fair Political Practices Commission.

"When I give gifts, exchange gifts, it's out of my own pocket... The staffer has to use personal funds for his gift to (Cedillo)."

Cedillo is a lead candidate in the race to represent the 32nd Congressional district. The special election will be held May 19.

He denied wrongdoing. His campaign manager defended the practice.

"Holiday gifts between legislators and their staff are commonplace and three random audits have found no issues with any of Senator Cedillo's reportings under some of the strictest fundraising regulations in the nation," Derek Humphrey, who is managing Cedillo's congressional campaign, said in a written statement.

As a state employee, Savage is required to submit a statement of economic interests, through which he must disclose sources of income and gifts that could reveal a potential conflict of interest.

In the case of a legislative staffer like Savage, gifts from a boss would count and should be reported, according to Roman Porter, executive director of the California Fair Political Practices Commission, the state agency responsible for enforcing state campaign and elections laws. Savage's disclosures over the past five years reveal no gifts from Cedillo. But, because the gifts were part of an exchange, they are exempt from the disclosure laws, Savage said.

In order to be exempt from disclosure requirements, gifts exchanged between Cedillo and his legislative staff have to be "of similar value," according to FPPC regulations.

Christy Wolfe, Cedillo's communication's director, said she has received gifts from Ann Taylor and other stores at Christmas. She has reported no such gifts on her statements of economic interest.

"They were always reciprocal and therefore non-reportable," she said. Cedillo has spent \$1,418 at Ann Taylor, \$3,384 at Banana Republic, \$7,848 at Nordstrom, \$497 at Bloomingdales and \$375 at Macy's since 2003.

In the spring of 2007 alone, he took a \$1,223 trip to Banana Republic in Pasadena, spent \$1,445 at the Nordstrom in Sacramento, and spent \$325 at the Ann Taylor in Sacramento.

A review of the disclosure forms of a dozen Cedillo employees from 2007 and 2008 reveals no disclosures of such gifts.

Cedillo said he is in full compliance "with the spirit and the letter of the law."

"I believe in full transparency and accountability and I have conducted myself in that manner... that has been confirmed in three independent audits by the franchise tax board in concert with the FPPC," Cedillo said. Personal gifts from campaign contributions are allowed if they are directly related to a political, legislative, or governmental purpose, according to FPPC regulations.

In order to improve the transparency of gift-giving using campaign contributions, the FPPC changed reporting rules last year. As of July 1, 2008, elected officials who use campaign funds to buy gifts must describe the purpose, date and description of the gifts and the recipient under most circumstances.

A campaign statement from one of Cedillo's committees shows an expenditure of \$250 at Macy's in Sacramento during the period of July 1, 2008, to Sept. 30, 2008. It is listed as office expenses, and though Cedillo said all such shopping trips were for gifts, the statement does not provide the newly required details. Neither were details provided on a \$282

spending spree at Nordstrom reported during the Oct. 1, 2008 to Dec. 31, 2008 period.

"The FPPC is tightening things up as much as they can, but clearly the Cedillo and (former state Assembly Speaker Fabian) Nu ez lavish spending calls for more restrictions on how things can be spent," Stern said.

rebecca.kimitch@sgvn.com

(626) 962-8811, Ext. 2105