

Airport Shuttle Company, Real Estate Firms Penalized for Straw Donor Schemes in California

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This past November, Go Lorrie, an airport shuttle company in San Francisco, and two of its executives pleaded guilty to money laundering charges in connection with 2011 contributions to a candidate in that city's mayoral election. The executives engineered a straw donor scheme under which Go Lorrie employees made contributions to Mayor Ed Lee's 2011 campaign and were then reimbursed by the company. In total, 23 individuals made illegally reimbursed contributions to Lee's campaign.

As a result of the guilty pleas, the executives were each placed on probation for three years. The executives and the company also were fined a total of \$90,000. This was on top of an earlier \$49,500 fine paid in connection with a 2012 California Fair Political Practices Commission investigation into this activity.

Lee's campaign returned the contributions after suspicions were raised regarding their legality.

In a separate case, two related companies agreed to pay a \$165,000 penalty to the Los Angeles City Ethics Committee in connection with money laundering. The companies, Advanced Development and Investment, Inc. (ADI) and Pacific Housing Diversified (PHD), reimbursed employees and others for contributions to Los Angeles city officials and officeholders. An investigation found that the reimbursed contributions totaled \$23,850 and were made over the course of 10 years. During that time, the companies and their owners developed low-income housing in Los Angeles with the help of government subsidies.

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The fine is one of the largest ever imposed by the Los Angeles City Ethics Commission.