

City of Oakland
Public Ethics Commission
April 8, 2002

In The Matter of) Complaint No. 02-01
)
Complaint Filed By Ralph Kanz) **[Proposed]** Stipulation,
On January 7, 2002.) Decision and Order

It is hereby stipulated by and between the City of Oakland Public Ethics Commission ("Commission") and John Russo, individually and on behalf of "Russo For City Attorney" ("Russo Campaign Committee"):

1. During the course of his campaign for Oakland City Attorney in the March, 2000, election, the Russo Campaign Committee incurred expenses for campaign consulting and treasurer services. The following chart demonstrates the service provider, the amount of the expenditure, and the approximate dates in which the expenditures alleged in the complaint were incurred and ultimately paid:

Provider	Amount Of Alleged Credit Extension	Service Date	Date Debt Paid
Lew Edwards Group	\$3,000.00	2/8/00	3/6/01
Mari Lee	\$3,756.29	6/30/00	3/6/01 (partial) 6/30/01 (final)
Mari Lee	\$ 828.54	12/31/00	6/30/01

The Lew Edwards Group provided the Russo Campaign Committee with campaign consulting services. Mari Lee provided treasurer services. The Russo Campaign Committee fully and timely reported all expenditures and payments set forth above on the respective FPPC Form 460s pertaining to the March, 2000, election, as required by law. The Russo Campaign Committee terminated with its July, 2001, campaign statement.

2 The complainant contends that the failure to pay any amount toward the above expenditures between the date they were incurred and the date of final payment constitutes "extensions of credit" under Oakland Campaign Reform Act (OCRA) Section 3.12.090(D) and are therefore subject to, as well as exceed, the contribution limitations of OCRA Section 3.12.3.12.050. Mr. Russo contends that the Russo Campaign Committee had expended practically all of its cash assets during the March, 2000, election and had incurred significant, albeit temporary, debt. It was not until after an early 2001 fundraiser that the committee's debt could be paid. The committee paid the extensions of credit before any complaint was filed with the Commission. Because of long standing relationships between Mr. Russo and the service providers, and Mr. Russo's desire to pay other creditors first, it was informally agreed that Lew Edwards and Mari Lee would receive payment only after other local creditors were paid. Had there been a set and written payment schedule, there would have been no violation.

3. At its regular meeting of _____, 2002, the Commission voted to adopt the recommendation contained in the Commission staff report to schedule an administrative hearing on the issues presented in paragraphs 1 and 2 above, conditioned on a prior attempt by Commission staff "to obtain a mediated settlement or stipulated judgment" in the matter.

4. Pursuant to Commission General Complaint Procedures Section XII(F), Commission staff recommends that the contentions stated in paragraphs 1 and 2 be resolved as follows:

A) Within ten (10) business days after this Stipulation, Decision and Order ("Stipulation") is approved by the Commission, John Russo shall make a payment of \$300.00 in a check made payable to "The City of Oakland" to cover any public costs of investigation or inquiry into this complaint.

B) Nothing in this Stipulation is to be interpreted as an admission of wrongdoing by John Russo or the Russo Campaign Committee. The Commission and Mr. Russo have entered into this Stipulation to avoid any further proceedings in this matter.

C) Mr. Russo knowingly and voluntarily waives all rights to a hearing before the Commission on the merits of the contentions contained in paragraphs 1 and 2, above.

D) Ms. Russo understands and acknowledges that this Stipulation 1) will not be effective until it is approved by the Commission; 2) is not binding on any other law enforcement agency and does not preclude the Commission or Commission staff from referring the matter to, cooperating with, or assisting any other government agency with regard to the subject matter of this Stipulation; and 3) will become null and void if the Commission refuses to approve it. If the Commission refuses to approve this Stipulation and a full evidentiary hearing before the Commission becomes necessary, the Commission's prior consideration of this Stipulation will not constitute grounds for the disqualification of any member of the Commission or Commission staff.

E) The terms of this Stipulation pertain only to the matters set forth herein.

5) John Russo, individually and on behalf of the Russo Campaign Committee, hereby agrees to the terms set forth in paragraph 4 above.

Dated: _____, 2002

John Russo, individually and on behalf
of the Russo Campaign Committee

**CERTIFICATION RE: APPROVAL OF STIPULATION
DECISION AND ORDER**

The foregoing Stipulation, Decision and Order ("Stipulation") was presented for approval at a duly noticed meeting of the City of Oakland Public Ethics Commission ("Commission") held on _____, 2002. A quorum of the membership of the Commission was present at the meeting. A motion approving the Stipulation was duly made and seconded, and the motion was adopted by a majority of said quorum.

I hereby certify that the foregoing is true and correct.

Dated: _____, 2002

Daniel D. Purnell, Executive Director
Oakland Public Ethics Commission