

1 STACEY FULHORST, Executive Director  
2 City of San Diego Ethics Commission  
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7 Petitioner

8 **BEFORE THE CITY OF SAN DIEGO**  
9 **ETHICS COMMISSION**

10 In re the Matter of: ) Case No.: 2013-25 (CN)  
11 )  
12 CHERYL NICHOLS, ) **STIPULATION, DECISION, AND**  
13 ) **ORDER**  
14 )  
15 Respondent. )  
16 )  
17 )

18 **STIPULATION**

19 **THE PARTIES STIPULATE AS FOLLOWS:**

20 1. Petitioner Stacey Fulhorst is the Executive Director of the City of San Diego Ethics  
21 Commission [Ethics Commission]. The Ethics Commission is charged with a duty to administer,  
22 implement, and enforce local governmental ethics laws contained in the San Diego Municipal  
23 Code [SDMC] relating to, among other things, the provisions of the City's Election Campaign  
24 Control Ordinance [ECCO].

25 2. At all times mentioned herein, Cheryl Nichols was an independent contractor who  
26 provided accounting services to Coastline Protection and Investigations and the company's  
27 owner, Ernesto Encinas [Encinas]. Ms. Nichols is referred to herein as "Respondent."

28 3. This Stipulation will be submitted for consideration by the Ethics Commission at its  
next scheduled meeting, and the agreements contained herein are contingent upon the approval of  
the Stipulation and the accompanying Decision and Order by the Ethics Commission.

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1 result if candidates for elective City office were permitted to accept large campaign  
2 contributions. At all times mentioned herein, the contribution limit for City candidates was  
3 \$500 per election. SDMC § 27.2935.

4 9. In order to ensure that the true sources of campaign contributions are disclosed, and in  
5 order to prevent circumvention of the \$500 contribution limit, ECCO prohibits any person from  
6 making a contribution on behalf of another, or while acting as an intermediary or agent of  
7 another, without disclosing to the recipient the true source of the funds (a practice commonly  
8 known as “campaign money laundering”). SDMC § 27.2944.

9 10. In December of 2011, Encinas gave Respondent \$500 and asked her to use the funds  
10 to make a campaign contribution to the Bonnie Dumanis for Mayor 2012 committee [Dumanis  
11 Mayoral Committee]. Respondent agreed to this arrangement and wrote a \$500 check to the  
12 Dumanis Mayoral Committee. The Dumanis Mayoral Committee filed a campaign disclosure  
13 statement reflecting receipt of a \$500 contribution from Respondent on December 31, 2011.

14 11. As described above, Respondent made a contribution to the Dumanis Mayoral  
15 Committee while acting as an intermediary for Encinas. Respondent did not inform the Dumanis  
16 Mayoral Committee that Encinas was the true source of the \$500 contribution. By failing to  
17 disclose that she was not the true source of the \$500 contribution, Respondent (and a series of  
18 other “straw donors”) enabled Encinas to make contributions to the Dumanis Mayoral Committee  
19 far in excess of the City’s contribution limit.

20 **Counts**

21 **Count 1 - Violation of SDMC section 27.2944**

22 12. Respondent violated SDMC section 27.2944 when she made a \$500 contribution to  
23 the Dumanis Mayoral Committee on behalf of someone else without disclosing that she was not  
24 the true source of the funds.

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1 **Factors in Mitigation**

2 13. Respondent cooperated with the Ethics Commission’s investigation.

3 **Conclusion**

4 14. Respondent agrees to take necessary and prudent precautions to comply with all  
5 provisions of ECCO in the future.

6 15. Respondent acknowledges that the Ethics Commission may impose increased fines  
7 in connection with any future violations of the City’s campaign laws.

8 16. Respondent agrees to pay a fine in the amount of \$5,000 for violating SDMC section  
9 27.2944. This amount must be paid no later than August 15, 2015, by check or money order  
10 made payable to the City Treasurer. Respondent acknowledges that if the fine is not timely paid  
11 in full, the Commission may refer the collection of the fine to the City Treasurer’s Collection  
12 Division, which may pursue any or all available legal remedies to recover late penalties, interest,  
13 and costs, in addition to seeking the outstanding balance owed.

14 [REDACTED]

15 DATED: \_\_\_\_\_

16 \_\_\_\_\_  
17 STACEY FULHORST, Executive Director  
18 ETHICS COMMISSION, Petitioner

19 [REDACTED]

20 DATED: \_\_\_\_\_

21 \_\_\_\_\_  
22 CHERYL NICHOLS, Respondent

23 **DECISION AND ORDER**

24 The Ethics Commission considered the above Stipulation at its meeting on November 13,  
25 2014. The Ethics Commission hereby approves the Stipulation and orders that, in accordance  
26 with the Stipulation, Respondent pay a fine in the amount of \$5,000.

27 [REDACTED]

28 DATED: \_\_\_\_\_

\_\_\_\_\_  
CLYDE FULLER, Vice Chair  
SAN DIEGO ETHICS COMMISSION