

1 STACEY FULHORST, Executive Director  
City of San Diego Ethics Commission  
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San Diego, CA 92101  
3 Telephone: (619) 533-3476  
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5 Petitioner

6  
7 **BEFORE THE CITY OF SAN DIEGO**  
8 **ETHICS COMMISSION**

9  
10 In re the Matter of: ) Case No.: 2016-38  
11 )  
12 SAN DIEGANS FOR THE MINIMUM ) **STIPULATION, DECISION, AND**  
WAGE – YES ON PROP I, SAN DIEGO- ) **ORDER**  
13 IMPERIAL COUNTIES LABOR COUNCIL )  
AFL-CIO, and CENTER ON POLICY )  
14 INITIATIVES, )  
Respondents. )  
15 )  
16 )

17 **STIPULATION**

18 **THE PARTIES STIPULATE AS FOLLOWS:**

19 1. Petitioner Stacey Fulhorst is the Executive Director of the City of San Diego Ethics  
20 Commission [Ethics Commission]. The Ethics Commission is charged with a duty to administer,  
21 implement, and enforce local governmental ethics laws contained in the San Diego Municipal  
22 Code [SDMC] relating to, among other things, the provisions of the Election Campaign Control  
23 Ordinance [ECCO], SDMC section 27.2901, *et seq.*

24 2. At all times mentioned herein, the San Diego-Imperial Counties Labor Council  
25 AFL-CIO [Labor Council] and the Center on Policy Initiatives [CPI] were the sponsors of, and  
26 were responsible for the activities of, San Diegans for the Minimum Wage – Yes on Prop I  
27 [SDMW], a committee registered with the State of California (Identification No. 1382831). The

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1 Labor Council, CPI, and SDMW are individually and collectively referred to herein as  
2 “Respondent(s).”

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

6 4. This Stipulation resolves all factual and legal issues raised in this matter by the  
7 Ethics Commission without the necessity of holding an administrative hearing to determine  
8 Respondents’ liability.

9 5. Respondents understand and knowingly and voluntarily waive any and all  
10 procedural rights under the SDMC including, but not limited to, a determination of probable  
11 cause, the issuance and receipt of an administrative complaint, the right to appear personally in  
12 any administrative hearing held in this matter, the right to confront and cross-examine witnesses  
13 testifying at the hearing, the right to subpoena witnesses to testify at the hearing, and the right to  
14 have the Ethics Commission or an impartial hearing officer hear this matter. Respondents agree  
15 that the terms of this Stipulation constitute compliance with the provisions of SDMC section  
16 26.0450 in that the Stipulation includes a recitation of facts, a reference to each violation, and an  
17 order.

18 6. Respondents agree to hold the City of San Diego harmless from any and all claims  
19 or damages resulting from the Commission’s investigation, this stipulated agreement, or any  
20 matter reasonably related thereto.

21 7. Respondents acknowledge that this Stipulation is not binding upon any other law  
22 enforcement or government agency and does not preclude the Ethics Commission from referring  
23 this matter to, cooperating with, or assisting any other law enforcement or government agency  
24 with regard to this or any other related matter.

25 8. The parties agree that in the event the Ethics Commission refuses to accept this  
26 Stipulation, it shall become null and void. Respondents further agree that in the event the Ethics  
27 Commission rejects the Stipulation and a full evidentiary hearing before the Ethics Commission  
28 becomes necessary, no member of the Ethics Commission or its staff shall be disqualified

1 because of prior consideration of this Stipulation.

2 **Summary of Law and Facts**

3 9. Because SDMW was formed for the purpose of supporting a City of San Diego  
4 ballot measure, Respondents are required to comply with the provisions in ECCO.

5 10. ECCO requires committees to file campaign statements in the time and manner  
6 required by California Government Code section 81000, *et seq.* [Political Reform Act] and the  
7 regulations adopted by the Fair Political Practices Commission [FPPC]. It is unlawful under  
8 ECCO to fail to comply with the disclosure requirements of ECCO and state law. SDMC §  
9 27.2930(j). In particular, a committee formed to support a City of San Diego ballot measure is  
10 required to file a Statement of Organization [Form 410] within 10 days of qualifying as a  
11 committee, as well as pre-election and semi-annual campaign disclosure statements [Forms 460]  
12 pursuant to a schedule established by state and local law. SDMC § 27.2930; Cal. Gov't Code §§  
13 84101, 84215(e).

14 11. According to SDMC section 27.2903, a committee is “sponsored” by another entity  
15 if any of the following criteria apply:

- 16 (a) the committee receives 80% or more of its contributions either from the entity  
17 or from the entity’s members; or  
18 (b) the entity collects contributions for the committee by use of dues from its  
19 members; or  
20 (c) the entity (alone or with other entities) provides all or nearly all of the  
21 administrative services for the committee; or  
22 (d) the entity (alone or with other entities) sets the committee’s policies for  
23 soliciting contributions or making expenditures.

24 12. ECCO requires sponsored committees to adhere to the reporting obligations set  
25 forth in FPPC Regulation 18419. SDMC § 27.2930. Regulation 18419 requires a committee  
26 that is sponsored by another entity to include the name of the sponsor in the name of the  
27 committee, and to identify the sponsor and the sponsor’s industry group or affiliation on the  
28 committee’s Form 410. In addition, whenever a committee files a campaign disclosure

1 statement, it is required to identify itself using the committee’s “full name.” Cal. Gov’t Code  
2 §§ 84204, 84203, and 84211(o).

3 13. ECCO mandates that all committees that pay for campaign literature, telephone  
4 communications, and mass media advertisements for the purpose of supporting or opposing a  
5 ballot measure include the words “paid for by” followed by the full name and address of the  
6 committee. SDMC §§ 27.2970, 27.2971, 27.2974.

7 14. The Commission’s investigation reveals that SDMW was sponsored by Labor  
8 Council and CPI. The Labor Council, CPI, and their employees were responsible for  
9 establishing SDMW, directing its activities, and setting its policies for soliciting contributions  
10 and making expenditures. Consequently, Respondents were required to: (a) identify the Labor  
11 Council and CPI as the committee sponsors on the committee’s Form 410; (b) describe their  
12 industry group or affiliation on the committee’s Form 410; (c) include the Labor Council and  
13 CPI in the committee name on all campaign disclosure statements; and (d) include the Labor  
14 Council and CPI in the committee name as part of the “paid for by” disclosure included on all  
15 campaign advertisements.

16 15. On February 11, 2016, Respondents filed a Form 410 with the City Clerk.  
17 Respondents failed to identify the Labor Council and CPI as the sponsors of SDMW on this  
18 Form 410, as well as on all subsequent campaign disclosure statements filed with the City Clerk.

19 16. From approximately March 7, 2016, through April 29, 2016, Respondents produced  
20 and disseminated seven campaign advertisements that did not include the full name of the  
21 committee in the “paid for by” disclosure. In particular, the disclosures properly indicated that  
22 the advertisements were paid for by SDMW, but did not identify Labor Council and CPI as the  
23 committee’s sponsors. These advertisements include the following:

- 24 (a) two door hangers ordered in quantities of 10,000 each;
- 25 (b) two campaign mailers ordered in quantities of 125,000 each;
- 26 (c) eight paid video advertisements on Internet web pages.

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1 facts support Respondents' representation that the failure to disclose SDMw's sponsors was  
2 inadvertent and not an attempt to hide the involvement of Labor Council and CPI.

3 25. Respondents reasonably relied on the advice of campaign professionals who were paid  
4 by the committee to ensure compliance with ECCO and the Political Reform Act.

5 **Conclusion**

6 26. Respondents agree to take necessary and prudent precautions to ensure compliance  
7 with all provisions of ECCO in the future.

8 27. Respondents acknowledge that the Ethics Commission may impose increased fines  
9 in connection with any future violations of the City's campaign laws.

10 28. Respondents agree to pay a fine in the amount of \$15,000 for violating SDMC  
11 sections 27.2930, 27.2970, 27.2971, and 27.2974. This amount must be paid by check or money  
12 order made payable to the City Treasurer no later than April 30, 2017. Respondent acknowledges  
13 that if the fine is not timely paid in full, the Commission may refer the collection of the fine to  
14 the City Treasurer's Collection Division, which may pursue any or all available legal remedies to  
15 recover late penalties, interest, and costs, in addition to seeking the outstanding balance owed.

16  
17 [REDACTED]

18 DATED: \_\_\_\_\_

\_\_\_\_\_  
Stacey Fulhorst, Petitioner  
SAN DIEGO ETHICS COMMISSION

19  
20 [REDACTED]

21 DATED: \_\_\_\_\_

\_\_\_\_\_  
Dale Kelly Bankhead, on behalf of SAN DIEGANS FOR  
THE MINIMUM WAGE – YES ON PROP I and SAN  
DIEGO-IMPERIAL COUNTIES LABOR COUNCIL  
AFL-CIO, Respondents

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23  
24 [REDACTED]

25 DATED: \_\_\_\_\_

\_\_\_\_\_  
Clare Crawford, on behalf of SAN DIEGANS FOR THE  
MINIMUM WAGE – YES ON PROP I and CENTER FOR  
POLICY INITIATIVES, Respondents

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**DECISION AND ORDER**

The Ethics Commission considered the above Stipulation at its meeting on April 13, 2017. The Ethics Commission hereby approves the Stipulation and orders that, in accordance with the Stipulation, Respondents pay a fine in the amount of \$15,000.

[REDACTED]

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

\_\_\_\_\_  
Clyde Fuller, Chair  
SAN DIEGO ETHICS COMMISSION