THE CITY OF SAN DIEGO

September 11, 2009

San Diegans for the Mt. Soledad National War Memorial
c/o TJ Zane, Treasurer
P.O. Box 720332
San Diego, CA 92172-0332

Re: Ethics Commission Audit of San Diegans for the Mt. Soledad National War Memorial (ID # 1275513)

Dear Mr. Zane:

The Ethics Commission audit of the above-referenced committee is now concluded, and the Final Audit Report is enclosed. This report was delivered to the Ethics Commission at its regularly-scheduled meeting held on September 10, 2009. Although the report reflects a material finding, the Commission does not believe that the finding warrants additional administrative remedies. In summary, the Commission determined that education was more appropriate than enforcement in this situation. As a result, the Commission voted to accept the report and take no further action.

Thank you for your assistance and cooperation during the course of the audit.

Sincerely,

Rosalba Gomez
Ethics Commission Auditor

Enclosure

THE CITY OF SAN DIEGO

FINAL AUDIT REPORT

September 1, 2009

San Diegans for the Mt. Soledad National War Memorial
c/o TJ Zane, Treasurer
P.O. Box 720332
San Diego, CA 92172-0332

Treasurer: TJ Zane
P.O. Box 720332
San Diego, CA 92172-0332

SAN DIEGO ETHICS COMMISSION
AUDIT REPORT:
San Diegans for the Mt. Soledad National War Memorial

I. Introduction

This Audit Report contains information pertaining to the audit of the committee, San Diegans for the Mt. Soledad National War Memorial, Identification Number 1275513 ("the Committee") for the period from March 15, 2005, through December 31, 2006. The Committee was selected for audit by a designee of the City Clerk in a random drawing conducted at a public meeting of the Ethics Commission held on September 13, 2007. The audit was conducted to determine whether the Committee materially complied with the requirements and prohibitions imposed by the City of San Diego's Election Campaign Control Ordinance (San Diego Municipal Code Chapter 2, Article 7, Division 29). The Election Campaign Control Ordinance (ECCO) was amended on January 1, 2009. This Committee operated under the previous ECCO, and therefore all Code references in this report relate to the provisions of ECCO that were in effect prior to January 1, 2009.

During the period covered by the audit, the Committee reported total contributions of $329,567.11 (inclusive of $2,533.78 in non-monetary contributions) and total expenditures of $327,495.12. The difference, $2,071.99, represents adjustments and miscellaneous increases to cash. **The audit revealed one material finding: the Committee failed to timely file an amended Statement of Organization properly identifying itself as "a committee for Proposition A" in violation of San Diego Municipal Code section 27.2976.**

II. Committee Information

On March 17, 2005, the Committee filed an initial Statement of Organization with the San Diego City Clerk indicating that it had not yet qualified as a City general purpose recipient committee. On March 21, 2005, the Committee filed an amended Statement of Organization indicating that it qualified as a committee. On June 16, 2005, the Committee filed an amended Statement of Organization indicating that it had changed from a general purpose recipient committee to a primarily formed ballot measure committee. The Committee was formed to support Proposition A (Accepting the Offer of the Federal Government to Accept the Title to the Mt. Soledad Veterans Memorial Property) in the July 26, 2005, special election. On July 14, 2005, the Committee filed an amended Statement of Organization indicating that it had changed its name to "*San Diegans for the Mt. Soledad National War Memorial – A Committee for Proposition A.*" On August 11, 2005, the Committee filed an amended Statement of Organization indicating that it had changed its name back to "*San Diegans for the Mt. Soledad National War Memorial*" and changed from a primarily formed ballot measure committee to a general purpose recipient committee. On January 31, 2006, the Committee filed an amended Statement of Organization indicating that it had changed from a City general purpose recipient committee to a state general purpose recipient committee. The Committee's treasurers are TJ Zane and Rozanna Zane.

III. Audit Authority

The Commission is mandated by San Diego Municipal Code section 26.0414 to audit campaign statements and other relevant documents to determine whether campaign committees comply with applicable requirements and prohibitions imposed by local law.

IV. Audit Scope and Procedures

This audit was performed in accordance with generally accepted auditing standards. The audit involved a thorough review of the Committee's records for the time period covered by the audit. This review was conducted to determine:

1. Compliance with all disclosure requirements, pertaining to contributions, expenditures, accrued expenditures, and loans, including itemization when required;
2. Compliance with applicable filing deadlines;
3. Compliance with restrictions on contributions, loans and expenditures;
4. Accuracy of total reported receipts, disbursements and cash balances as compared to bank records; and
5. Compliance with all record-keeping requirements.

V. Summary of Applicable Law

San Diego Municipal Code § 27.2976 – Identification of Entities Supporting Ballot Measures

. . . .

(e) Within 30 days of the designation of the numerical order of propositions appearing on the ballot, any committee that is primarily formed to support or oppose a ballot measure, shall, if supporting the measure, include the statement, "a committee for Proposition __," or, if opposing the measure include the statement, "a committee against Proposition __," in any reference to the committee required by law.

VI. Material Findings

Section 27.2976(e): Identification of Entities Supporting Ballot Measures

On May 17, 2005, the City Council adopted an ordinance and resolution submitting to the voters of the City of San Diego at a special election on July 26, 2005, a proposition concerning the Mt. Soledad Veterans Memorial. On May 20, 2005, the City Clerk submitted the appropriate documentation for the ballot measure to the County Registrar of Voters. City ballot measures are assigned letter designations by the County Registrar of Voters and/or City Clerk. Although the City Clerk and the County Registrar of Voters typically maintain documentation of the date they assign letters to various propositions, in this case it was apparent to both offices that the subject proposition would be assigned the letter "A" because it was the only ballot measure submitted, and because it was a City special election (and therefore would not include ballot measures for the County of San Diego or any other cities).

On May 27, 2005, the Committee submitted to the City Clerk ballot measure arguments in favor of "Proposition A"; therefore, as of May 27, 2005, the Committee was aware of the letter designation. Accordingly, the Committee was required to amend its Form 410 Statement of Organization within thirty days in order to include the phrase "a Committee for Proposition A" in its committee name. The Committee did not file the requisite amendment until July 14, 2005, nineteen days late.

At the post-audit conference, the Committee acknowledged that this was an oversight as a result of the very "brisk" nature of the special election and the compressed deadlines it faced; however, the Committee maintained that its campaign materials clearly reflected that it was formed to support Proposition A. The Committee provided examples of a yard sign, postcard, and archived "snapshot" of its 2005 website in order to illustrate that it endeavored to present as much information as possible to the public that it was a committee in support of Proposition A.

VII. Conclusion

Through the examination of the Committee's records and campaign disclosure statements, the Auditor verified that the Committee timely disclosed all contributions received and all expenditures made, and that the Committee maintained all necessary documentation regarding contributions and expenditures

in accordance with disclosure and record-keeping provisions of ECCO. However, the audit revealed one material finding: **the Committee failed to timely file an amended Statement of Organization properly identifying itself as "a committee for Proposition A" in violation of San Diego Municipal Code section 27.2976.**

_____ _____

Rosalba Gomez
Ethics Commission Auditor

Date

_____ _____

Lauri Davis
Ethics Commission Senior Investigator

Date