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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.: 2008-59  
11 CORNERSTONE STRATEGIES, ) **STIPULATION, DECISION AND**  
12 Respondent. ) **ORDER**  
13 )  
\_\_\_\_\_ )

14  
15 **STIPULATION**

16 **THE PARTIES STIPULATE AS FOLLOWS:**

17 1. Petitioner Alison Adema is the General Counsel of the City of San Diego  
18 Ethics Commission [Ethics Commission]. The Ethics Commission is charged with a duty to  
19 administer, implement, and enforce local governmental ethics laws contained in the San Diego  
20 Municipal Code [SDMC] relating to, among other things, the provisions of the City's Municipal  
21 Lobbying Ordinance.

22 2. At all times mentioned herein, Respondent Cornerstone Strategies [Respondent]  
23 was a lobbying firm registered with the Office of the City Clerk.

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

1           4.     This Stipulation resolves all factual and legal issues raised in this matter by the  
2 Ethics Commission without the necessity of holding an administrative hearing to determine the  
3 Respondent's liability.

4           5.     Respondent understands and knowingly and voluntarily waives any and all  
5 procedural rights under the SDMC, including, but not limited to, a determination of probable  
6 cause, the issuance and receipt of an administrative complaint, the right to appear personally in  
7 any administrative hearing held in this matter, the right to confront and cross-examine witnesses  
8 testifying at the hearing, the right to subpoena witnesses to testify at the hearing, and the right to  
9 have the Ethics Commission or a volunteer hearing officer hear this matter. Respondent agrees  
10 to hold the City of San Diego harmless from any and all claims or damages resulting from the  
11 Commission's investigation or this stipulated agreement, or any matter reasonably related  
12 thereto. Respondent further agrees that the terms of this Stipulation constitute compliance with  
13 the provisions of SDMC section 26.0450 in that the Stipulation includes a recitation of facts, a  
14 reference to each violation, and an order.

15           6.     The Respondent acknowledges that this Stipulation is not binding upon any other  
16 law enforcement or government agency and does not preclude the Ethics Commission from  
17 cooperating with or assisting any other law enforcement or government agency with regard to  
18 this or any other related matter.

19           7.     The parties agree that in the event the Ethics Commission refuses to accept this  
20 Stipulation, it shall become null and void. Respondent further agrees that in the event the Ethics  
21 Commission rejects the Stipulation and a full evidentiary hearing before the City Ethics  
22 Commission becomes necessary, no member of the Ethics Commission or its staff shall be  
23 disqualified because of prior consideration of this Stipulation.

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1 **Summary of Law and Facts**

2 8. The Lobbying Ordinance requires registered lobbying firms to file quarterly  
3 disclosure reports no later than the last day of the months of April, July, October, and January,  
4 covering the preceding calendar quarter. SDMC §§ 27.4015, 27.4016.

5 9. The Lobbying Ordinance requires registered lobbying firms to file quarterly  
6 disclosure reports with the City Clerk using forms provided by the City Clerk, and to include  
7 specific information regarding the firm's lobbying activities, the identity of City Official's  
8 lobbied, campaign contributions and fundraising activities by owners, officers and lobbyists of  
9 the firm, and compensated campaign services and City contracts. SDMC §§ 27.4015(c),  
10 27.4017.

11 10. Respondent registered as a lobbying firm with the Office of the City Clerk on  
12 January 10, 2008.

13 11. Respondent failed to file a disclosure report for the first quarter of 2008 until March  
14 19, 2009, almost one year after the due date of April 30, 2008. The report filed by Respondent  
15 disclosed that during the first quarter of 2008 it did not engage in lobbying activity, make any  
16 campaign contributions, conduct fundraising activity or provide compensated services under a  
17 contract with the City of San Diego.

18 12. Respondent filed a quarterly disclosure report on July 31, 2008, for the second  
19 quarter of 2008, on an outdated form and did not disclose campaign contributions and  
20 fundraising activities, compensated campaign services and City contracts.

21 13. The City Clerk sent Respondent a letter on August 15, 2008, notifying Respondent  
22 that its quarterly disclosure report for the second quarter of 2008 was filed on an outdated form  
23 and was incomplete. Respondent was informed that it needed to file its quarterly disclosure  
24 report on the correct form. Respondent failed to file a disclosure report for the second quarter of  
25 2008 until March 19, 2009, almost eight months after the due date of July 31, 2008. The report  
26 filed by Respondent disclosed that during the second quarter of 2008 it did not engage in  
27 lobbying activity, make any campaign contributions, conduct fundraising activity or provide  
28 compensated services under a contract with the City of San Diego.

1 **Counts**

2 **Count 1 – Violation of SDMC sections 27.4015 and 27.4016**

3 14. Respondent failed to timely file its first quarterly disclosure report as required by  
4 SDMC sections 27.4015 and 27.4016. Respondent’s quarterly disclosure report for the first  
5 quarter of 2008 was due on April 30, 2008, but Respondent did not file it until March 19, 2009.

6 **Count 2 – Violation of SDMC sections 27.4015, 27.4016 and 27.4017**

7 15. Respondent failed to timely file its second quarterly disclosure report on the  
8 correct form as required by SDMC sections 27.4015(c) and 27.4016, and in so doing failed to  
9 disclose all of the information required by SDMC section 27.4017. Respondent did not file its  
10 quarterly disclosure report for the second quarter of 2008 on the correct form until March 19,  
11 2009.

12 **Factors in Aggravation**

13 16. Respondent’s principal, Arturo Castanares, is an experienced lobbyist in the City  
14 of San Diego. Thus, there is a reasonable expectation that Respondent was aware of the  
15 registration and quarterly filing requirements in the Lobbying Ordinance.

16 17. The City Clerk and the Ethics Commission staff communicated multiple times  
17 with Respondent regarding its quarterly filing responsibilities, including to notify Respondent  
18 that a first quarter disclosure report for 2008 had not been received by the City Clerk and that the  
19 second quarter disclosure report Respondent filed was on an outdated form, incomplete and  
20 needed to be re-filed on the correct form. Despite these efforts, Respondent failed to timely its  
21 first quarter disclosure report and failed to file its second quarter report on the correct form until  
22 March 19, 2009, the day before a Probable Cause Hearing had been scheduled by the Ethics  
23 Commission on these violations of the Lobbying Ordinance.

24 18. Respondent’s principal, Arturo Castanares, entered into a previous stipulation  
25 with the Ethics Commission on November 8, 2007, in connection with his late registration as a  
26 registered lobbyist for calendar year 2007 and his late filing of five quarterly disclosure reports.  
27 He agreed to pay a fine in this case in the amount of \$4,500.

1 **Conclusion**

2 19. Respondent agrees to take necessary and prudent precautions to comply with all  
3 provisions of the City' Municipal Lobbying Ordinance in the future.

4 20. Respondent agrees to pay a fine in the amount of \$1,000. This amount must be  
5 paid no later than March 19, 2009, by cashier's check made payable to the City Treasurer. The  
6 submitted payment will be held pending Commission approval of this Stipulation and execution  
7 of the Decision and Order portion set forth below.

8 DATED: \_\_\_\_\_  
9 ALISON ADEMA, Petitioner  
10 City of San Diego Ethics Commission

11 DATED: \_\_\_\_\_  
12 CORNERSTONE STRATEGIES, Respondent  
13 By: Arturo Castanares, President & CEO

14 **DECISION AND ORDER**

15 The Ethics Commission has considered the above Stipulation at its meeting on  
16 \_\_\_\_\_, 2009. The Ethics Commission hereby approves the Stipulation and orders that,  
17 in accordance with the Stipulation, Respondent pays a fine in the amount of \$1,000.  
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19 DATED: \_\_\_\_\_  
20 Guillermo Cabrera, Chair  
21 SAN DIEGO ETHICS COMMISSION