



THE CITY OF SAN DIEGO

September 14, 2012

VIA REGULAR & ELECTRONIC MAIL

Mr. Evan McLaughlin  
Working Family Issues to support Proposition D.  
4305 University Avenue #340  
San Diego, CA 92105

Re: Working Family Issues to support Proposition D. (ID # 1332817)

Dear Mr. McLaughlin:

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 13, 2012. Although the report reflects two material findings, the Commission does not believe that the findings warrant 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.

Sincerely,

[REDACTED]

Rosalba Gomez  
Ethics Commission Auditor

Enclosure

cc: Xavier Martinez  
Martinez & Associates, Inc.  
1531 Grand Avenue, Suite D  
San Marcos, CA 92078



**Ethics Commission**

1010 Second Avenue, Suite 1530 • San Diego, CA 92101  
Tel (619) 533-3476 Fax (619) 533-3448





## THE CITY OF SAN DIEGO

# FINAL AUDIT REPORT

September 4, 2012

Mr. Evan McLaughlin  
Working Family Issues to support Proposition D.,  
a sponsored committee of the San Diego and Imperial Counties Labor Council, AFL-CIO  
4305 University Avenue #340  
San Diego, CA 92105

Treasurer: Xavier Martinez  
Martinez & Associates, Inc.  
1531 Grand Avenue, Suite D  
San Marcos, CA 92078

### SAN DIEGO ETHICS COMMISSION AUDIT REPORT:

*Working Family Issues to support Proposition D., a sponsored committee of the San Diego and Imperial Counties Labor Council, AFL-CIO*

#### I. Introduction

This Audit Report contains information pertaining to the audit of the committee, Working Family Issues to support Proposition D., a sponsored committee of the San Diego and Imperial Counties Labor Council, AFL-CIO, Identification Number 1332817 ("the Committee") for the period from October 7, 2010, through September 30, 2011. 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 26, 2011. 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).

During the period covered by the audit, the Committee reported total contributions of \$11,765 and total expenditures of \$11,765. **The audit revealed two material findings:**

- **The committee failed to timely file a paper copy of a semi-annual campaign statement in violation of San Diego Municipal Code section 27.2930.**



#### Ethics Commission

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- **The committee failed to timely file a semi-annual campaign statement online in violation of San Diego Municipal Code section 27.2931.**

## **II. Committee Information**

On October 7, 2010, the Committee filed an initial Statement of Organization with the San Diego City Clerk indicating that it had not yet qualified. The audit revealed that the Committee qualified (received \$1,000) on October 12, 2010. The Committee was formed to support Proposition D (If Financial Reform Conditions Are Met, Authorized Temporary One-Half Cent Sales Tax) in the November 2, 2010, general election. It appears that the Committee intended to terminate when it filed a Statement of Termination and a Semi-Annual Statement with the San Diego City Clerk on October 17, 2011; however, the Committee filed the Statement of Termination with an incorrect identification number causing it to be reflected as an open committee with the Secretary of State. On August 16, 2012, the Committee filed an amended Statement of Termination to correct the identification number. The Committee's treasurer is Xavier Martinez of Martinez & Associates, Inc.

## **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**

### **Section 27.2930 – Base Level of Campaign Statements and Disclosures**

Each candidate and committee shall file campaign statements in the time and manner required by California Government Code sections 81000 et seq. and title 2 of the California Code of Regulations...

**California Government Code Section 84200 – Semi-Annual Statements**

- (a) Except as provided in paragraphs (1), (2), and (3), elected officers, candidates, and committees pursuant to subdivision (a) of Section 82013 shall file semiannual statements each year no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31.

....

**California Code of Regulations Section 18116 – Reports and Statements: Filing Dates**

- (a) Except as set forth in subdivision (b), whenever the Political Reform Act requires that a statement or report be filed prior to or not later than a specified date or during or within a specified period, and the deadline falls on a Saturday, Sunday, or official state holiday, the filing deadline for such a statement or report shall be extended to the next regular business day.

....

**Section 27.2931 – Online Disclosure of Campaign Statements**

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- (b) Each candidate and committee that has received contributions or made expenditures of \$10,000 or more in connection with a City election shall use the City Clerk’s electronic filing system to file online each campaign statement required by section 27.2930. Once a candidate or committee is required to file campaign statements online, that candidate or committee shall continue to file statements online until the committee has officially terminated.

....

**VI. Material Findings**

**Section 27.2930: Failure to Timely File a Paper Copy of a Campaign Statement**

San Diego Municipal Code Section 27.2930 requires committees to file campaign statements in the time and manner required by California Government Code sections 81000 et. seq. and title 2 of the California Code of Regulations. California Government Code section 84200 requires committees to file campaign statements according to a specified schedule. Accordingly, the Committee was required to file a semi-annual statement on July 31, 2011, reporting the committee’s contributions and expenditures during the period January 1, 2011, through June 30, 2011. Due to the fact that the July 31, 2011, filing deadline fell on a weekend the deadline was moved to August 1, 2011 as required by California Code of Regulations Section 18116. The Committee failed to file the semi-annual statement for the period January 1, 2011, through June 30, 2011, on or before August 1, 2011. The Committee filed a paper copy of its campaign statement 49 days late on October 19, 2011.

**Section 27.2931: Failure to Timely File a Campaign Statement Online**

San Diego Municipal Code section 27.2931 requires committees that receive contributions or make expenditures of \$10,000 or more in connection with a City election to use the City Clerk's electronic filing system to file online each campaign statement in addition to a paper copy. In October 2010, the Committee received contributions in excess of \$10,000; thereafter, it was required to electronically file its campaign statements. The City Clerk's records reflect that the Committee failed to timely file its semi-annual campaign statement online for the period covering January 1, 2011, through June 30, 2011. As noted above, this statement was due on August 1, 2011. The Committee electronically filed the semi-annual statement 47 days late on October 17, 2011.

**VII. Conclusion**

**The audit revealed two material findings:**

- **The committee failed to timely file a paper copy of a semi-annual campaign statement in violation of San Diego Municipal Code section 27.2930.**
- **The committee failed to timely file a semi-annual campaign statement online in violation of San Diego Municipal Code section 27.2931.**

[REDACTED]

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Rosalba Gomez  
Ethics Commission Auditor

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Date

[REDACTED]

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Lauri Davis  
Ethics Commission Senior Investigator

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Date