



Ethics  
Commission

**ANNUAL REPORT**  
**2017**

## MISSION STATEMENT

To preserve public confidence in our City government through education, advice, and the prompt and fair enforcement of local governmental ethics laws.

## DUTIES AND RESPONSIBILITIES

The City of San Diego Ethics Commission is responsible for monitoring, administering, and enforcing the City's governmental ethics laws; conducting audits and investigations; providing formal and informal advice to persons who fall within the jurisdiction of the Commission; conducting training sessions for the regulated community; and proposing governmental ethics law reforms.

Governmental ethics laws include the Ethics Ordinance, the Election Campaign Control Ordinance, and the Municipal Lobbying Ordinance. The Commission accepts complaints regarding alleged violations of laws within its jurisdiction, and protects individuals from retaliation for reporting violations. The Commission may impose fines up to \$5,000 for each violation of local governmental ethics laws.

Persons who fell within the jurisdiction of the Commission in 2017 include the following:

- Mayor, Councilmembers, City Attorney, and their respective staffs
- Unclassified managerial employees, including employees of City agencies who file Statements of Economic Interests
- City candidates, political committees, and campaign treasurers
- Members of boards and commissions who file Statements of Economic Interests
- Consultants who file Statements of Economic Interests
- Lobbyists, Lobbying Firms, Organization Lobbyists, and Expenditure Lobbyists

The Commission is an independent City department that does not report to the Mayor or City Council. Instead, Commission staff reports directly to the Commissioners, who are appointed by the Mayor and City Council to serve four-year terms.

# 2017 COMMISSIONERS AND STAFF

## **Chair**

Deborah Cochran

## **Vice Chair**

Sid Voorakkara

## **Commissioners**

William Baber

Clyde Fuller (left office October 12, 2017)

Fred Kosmo (assumed office October 12, 2017)

Alex Kreit

Joe Leventhal (assumed office October 12, 2017)

David Potter

Sid Voorakkara

Greg Zinser (left office October 12, 2017)

## **Staff**

Stacey Fulhorst, Executive Director

Rosalba Gomez, Audit Program Manager

Stephen Ross, Education Program Manager

Kristina Gagné, Investigative Program Manager

Victoria Velasquez, Program Coordinator

## **General Counsel**

Christina Cameron, Esq.

Devaney Pate Morris & Cameron LLP

## EDUCATION AND OUTREACH

The Commission continued to make education and outreach top priorities during 2017. Specifically, the Commission made the following efforts to educate City Officials regarding the various provisions of the City's Ethics Ordinance:

- The Commission staff conducted a refresher training session on the Ethics Ordinance for the office of Council District 1.
- The staff conducted four live training sessions on the Ethics Ordinance for unclassified management employees of the City in January, April, July, and October.
- In January, the staff conducted a live training for Civic San Diego with special emphasis on issues related to the jurisdiction of this agency.
- In February, the staff conducted a live training for the Planning Commission with emphasis on land use issues related to the jurisdiction of this commission.
- In March, the staff conducted a live training for the Commission on Arts & Culture concerning the disclosure of economic interests.
- In December, the staff conducted a live training for the Salary Setting Commission concerning the disclosure of economic interests.
- Approximately 330 City Officials (primarily City consultants and volunteer members of City boards and commissions) obtained training on the City's Ethics Ordinance via the Commission's online program.
- The staff issued one formal advisory opinion and responded to approximately 280 requests for informal advice from City Officials regarding compliance with the City's Ethics Ordinance.
- The staff monitored changes to state ethics laws that impacted corresponding local laws, and notified City Officials about these changes.
- The staff updated seven previously-issued Fact Sheets concerning various provisions of the City's ethics laws.

In addition, the Commission undertook the following efforts to educate City candidates and political committees on the City's campaign laws:

- In July and October, the Commission staff conducted training sessions for City candidates, treasurers, and campaign staffers involved in the 2018 election cycle.
- The staff responded to approximately 50 requests for informal assistance from City candidates and treasurers, as well as various political committees participating in City elections.
- Commission staff updated the Campaign Manuals for candidates and political committees for the 2018 election cycle.
- The staff updated six previously-issued Fact Sheets concerning various provisions of the City's campaign laws.

During 2017, the Commission made the following efforts to educate lobbying firms and organizations on the City's lobbying laws:

- Commission staff developed a voluntary online training system for registered lobbyists to remind them of key disclosure requirements associated with the filing of quarterly reports. The system will be available to lobbying firms and organizations beginning January 1, 2018.
- The staff conducted live training sessions on the City's lobbying laws for the Downtown San Diego Partnership and the San Diego Chamber of Commerce.
- Commission staff responded to approximately 80 requests for informal advice and assistance concerning the City's lobbying laws.
- The staff updated three previously-issued Fact Sheets concerning various provisions of the City's lobbying laws.
- The staff prepared and periodically updated a list of candidates and committees active in the 2016 and 2018 election cycles to assist lobbyists with the disclosure of campaign activities on their quarterly reports.

Finally, the Commission's education and outreach efforts during 2017 included the following:

- The Commission Chair and staff worked with the City's Communications Department to produce a video explaining the duties and jurisdiction of the Commission. This video is accessible to the public on the Commission's website.
- The Commission frequently updated its website ([www.sandiego.gov/ethics](http://www.sandiego.gov/ethics)) to provide the public with timely information regarding Commission meetings, legislative proposals, educational efforts, and enforcement activities.
- The Commission continued to disseminate information to the public, the regulated community, City Officials, and the media, via the Commission's Twitter account and three "interested persons" e-mail lists: one for campaign finance issues, one for ethics issues, and one for lobbying issues.
- The Executive Director made presentations to groups inside and outside the City concerning the role of the Commission and the laws within its jurisdiction.

## LEGISLATIVE PROPOSALS

From October through December of 2017, the Commission undertook a review of recently-adopted amendments to state laws governing disclosures on campaign advertisements. Because local campaign laws may not be less restrictive than comparable state laws, the Commission began consideration of local law updates to harmonize them with the new state laws. In general, the Commission decided to recommend that the City incorporate the relevant sections of state law into the City's Election Campaign Control Ordinance which will ensure that future state law updates are automatically incorporated into local law. Various exceptions and additional requirements for City committees will be considered in early 2018.

The Commission plans to finalize these proposed amendments and present them to the City Council's Rules Committee in April of 2018. This will facilitate adoption and implementation of the new laws in June, such that the new advertising rules will be applicable to committees participating in the November 2018 general election.

# AUDIT PROGRAM

During 2017, the Commission's Audit Program Manager completed the audits of the remaining committees from the 2013-2014 election cycles (selected at the September 2015 audit drawing):

- Mike Aguirre for Mayor 2013
- San Diegans in Support of David Alvarez for Mayor-2013
- Nuestro Pueblo Unido Para el Progreso in support of Blanca Lopez-Brown for City Council 2013
- Hard Working San Diegans for Earned Sick Days and Minimum Wage
- Protect Our Jobs, No on B and C
- Stop the Jobs Killing Tax
- Yes on B and C

On September 14, 2017, the Commission conducted a random drawing of committees from the 2016 election cycle and selected the following candidate committees for audit:

- Anthony Bernal for City Council 2016
- Barbara Bry for City Council District 1 2016
- Jose Caballero for City Council District 7 2016
- Rafael Castellanos for City Attorney 2016
- Mara Elliot for San Diego City Attorney 2016
- Ray Ellis for Council 2016
- Coastal Communities for a Fair Economy supporting Ray Ellis for Council 2016 sponsored by and w/major funding from San Diego Regional Chamber of Commerce PAC and the Lincoln Club of San Diego County
- Neighborhoods, Not Stadiums. A Political Action Committee in support of Ray Ellis for Council 2016 sponsored by and/w major funding from the Lincoln Club of San Diego County



- Communities United for Tomorrow's Economy supporting the 2016 re-election of Mayor Faulconer, sponsored by and/w major funding from the Lincoln Club of San Diego County and the San Diego Regional Chamber of Commerce
- Flores for City Council 2016
- Urban Neighbors United supporting Ricardo Flores for City Council 2016 sponsored by and w/major funding from the San Diego Regional Chamber of Commerce PAC
- Gomez for City Council 2016
- Harris for Mayor 2016
- San Diegans for Safe Neighborhoods supporting Robert Hickey for City Attorney 2016 sponsored by and with major funding from the SD Regional Chamber of Commerce & the Lincoln Club of San Diego County
- Citizens Opposed to Hickey for City Attorney 2016, sponsored by International Brotherhood of Electrical Workers Local 569
- Bryan Pease for San Diego City Attorney 2016
- Sarah Saez for District 9 2016
- Lori Saldana for Mayor 2016
- Sherman for City Council 2016
- Chris Ward for City Council 2016

In addition, the following ballot measure committees were chosen at the random drawing:

- Citizens for Fair & Honest Elections-No on Measure K, a coalition of individuals/orgs supportive of fiscally prudent elections, funded by Lincoln Club of San Diego County and the San Diego Chamber of Commerce PAC
- Citizens for the Responsible Management of Major Tourism and Entertainment Resources-Yes on D Support by East Village property owners w/major funding from Ballpark Village LLC & Cory Briggs/Briggs Law Corp

- No Downtown Stadium-Jobs and Streets First! No on C with major funding from the San Diego Lodging Industry Association PAC
- Protect San Diego's Neighborhoods, a coalition of neighborhood residents, community planners, taxpayers, and small businesses major funding by Donahue Schriber
- Rebuild San Diego-Yes on H sponsored by the San Diego Regional Chamber of Commerce
- San Diegans for Full Voter Participation, Yes on K and L, sponsored by Community and Voters Rights Organizations
- San Diegans for Jobs and Sustainable Communities sponsored & funded by Kilroy Realty, LP
- Save San Diego High School – Yes on Measure I
- Vote Yes on C, with major funding by Chargers Football Company, LLC

During the latter part of 2017, the Audit Program Manager began field work associated with the audits of committees selected from the 2016 election cycle.

# ENFORCEMENT – STATISTICS

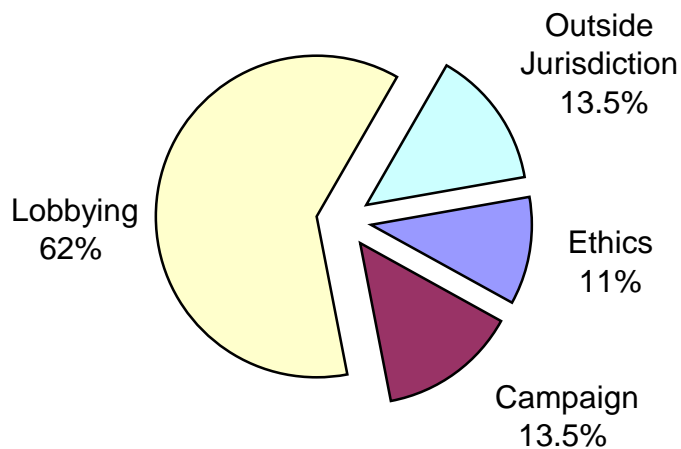
## *Number of Complaints*

During 2017, the Commission processed a total of 37 complaints. These complaints were submitted by way of written complaint forms, letters, memos, e-mails, and telephone calls. They were presented by third parties and other governmental agencies, as well as Commission staff. None of the complainants were anonymous.

## *Types of Complaints*

Complaints processed by the Commission in 2017 concern alleged violations of law as follows:

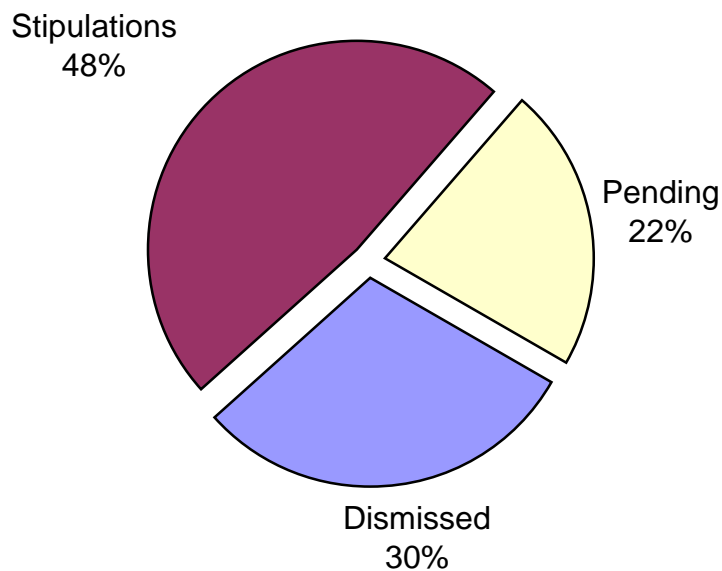
- 5 complaints alleged a violation of the Election Campaign Control Ordinance;
- 4 complaints alleged a violation of the Ethics Ordinance;
- 23 complaints alleged a violation of the Lobbying Ordinance; and
- 5 complaints alleged a violation outside of the Commission’s jurisdiction.



## *Investigations*

Out of the 37 complaints processed by the Commission during 2017, 19 were approved for investigation. These 19 cases, together with 4 cases approved for investigation but not resolved in previous years, resulted in the following disposition during 2017:

- 7 matters were ultimately dismissed by the Commission after considering the results of staff investigations;
- 11 matters resulted in stipulated settlement agreements; and
- 5 matters are currently pending.



## ENFORCEMENT – STIPULATIONS

During 2017, the Commission entered into 11 stipulated settlements. Four of these stipulations concerned violations of the City's campaign laws:

- Former City Attorney and mayoral candidate Mike Aguirre paid a \$500 fine for failing to disclose occupation and employer information for his contributors.
- Brian Pease, candidate for City Attorney, paid a \$200 fine for failing to timely file a post-election campaign statement.
- San Diegans for Full Voter Participation, Yes on K and L, Sponsored by Community and Voter Rights Organizations, and Scott & Cronin paid a fine of \$16,000 in connection with the committee's failure to correctly identify its top two contributors on campaign advertisements.
- San Diegans for the Minimum Wage – Yes on Prop I, San Diego-Imperial Counties Labor Council AFL-CIO, and Center on Policy Initiatives agreed to pay a \$15,000 fine for failing to include proper disclosures, including the identity of the committee's sponsors, on campaign advertisements and disclosure statements.

Two of the stipulations approved by the Commission during 2017 involved violations of the City's ethics laws:

- Councilmember Chris Cate paid a \$5,000 fine in connection with his release of a confidential memo from the City Attorney to a third party.
- Deputy Director Matt Helm agreed to pay a \$3,000 fine for failing to disclose income received by his spouse from a reportable source on his annual Statements of Economic Interests.

Five of the stipulations approved by the Commission during the past year involved the City's lobbying laws. The first concerned a \$5,000 fine paid by the San Diego Chamber of Commerce for failing to disclose significant campaign contributions made to committees formed to support City candidates on two quarterly disclosure reports.

The four remaining stipulations were part of the Commission’s “streamlined” program for minor disclosure violations involving the failure to disclose campaign contributions and the failure to provide specific information regarding the municipal decisions that were the subject of lobbying efforts. The following lobbying entities paid fines ranging from \$100 to \$500, depending upon the surrounding circumstances:

- Center on Policy Initiatives
- H.G. Fenton Company
- MJE Marketing
- Morgan Reed Law

During 2017, the Commission levied a total of \$45,600 in administrative fines by way of the stipulations discussed above. All fines are paid to the City of San Diego’s General Fund and are not credited to the Commission’s operating budget.

## ENFORCEMENT – HEARINGS

In April of 2016, following an Administrative Hearing, the Commission issued an Administrative Enforcement Order that requires Advantage Towing Company and Ayman Arekat to pay a \$128,000 fine for laundering campaign contributions through company employees to three different mayoral candidates in the 2012 election cycle.

On July 25, 2016, Advantage Towing and Mr. Arekat filed a Petition for Writ of Mandate with the San Diego Superior Court; however, they did not serve the City or the Commission until September 13, 2017. As a result, the court hearing will likely take place in 2018.