



THE CITY OF SAN DIEGO

June 13, 2014

VIA REGULAR & ELECTRONIC MAIL

Ms. C. April Boling
Comprehensive Pension Reform for San Diego (CPR for San Diego) – Yes on B
7185 Navajo Road, Suite P
San Diego, CA 92119

Re: Comprehensive Pension Reform for San Diego (CPR for San Diego) – Yes on B
(ID # 1335733)

Dear Ms. Boling:

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 June 12, 2014. 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

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

June 5, 2014

Ms. C. April Boling
Comprehensive Pension Reform for San Diego (CPR for San Diego) – Yes on B
7185 Navajo Road, Suite P
San Diego, CA 92119

Treasurer: C. April Boling, CPA
7185 Navajo Road, Suite P
San Diego, CA 92119

SAN DIEGO ETHICS COMMISSION AUDIT REPORT:

Comprehensive Pension Reform for San Diego (CPR for San Diego) – Yes on B, with major funding by The Lincoln Club of San Diego County and San Diegans for Pension Reform, advocates for responsible city finances

I. Introduction

This Audit Report contains information pertaining to the audit of the committee, Comprehensive Pension Reform for San Diego (CPR for San Diego) – Yes on B, with major funding by The Lincoln Club of San Diego County and San Diegans for Pension Reform, advocates for responsible city finances, Identification Number 1335733 (“the Committee”) for the period from January 24, 2011, through December 31, 2013. 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 12, 2013. 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 \$1,910,888.14 (inclusive of \$336,038.14 in non-monetary contributions) and total expenditures of \$1,510,908.31. Total cash contributions relative to total expenditures resulted in a \$6,183.03 differential that was reconciled by the Committee’s miscellaneous increase to cash and a remaining cash balance of \$63,941.69. **The audit revealed two material findings: the committee failed to include a “paid for by” disclosure in two mass telephone communications in violation of San Diego Municipal Code section 27.2971.**

Ethics Commission

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II. Committee Information

On January 24, 2011, the Committee filed a Statement of Organization with the San Diego City Clerk indicating that it qualified as a committee. The Committee was formed to support Proposition B (Amends City Charter Regarding Retirements Benefits) in the June 5, 2012, primary election. The Committee has not terminated. The Committee's principal officer and treasurer is C. April Boling, CPA.

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 Section 27.2903 - Definitions

Mass telephone communications means live or recorded telephone calls that are substantially similar in nature to 500 or more individuals or households for the purpose of (a) supporting or opposing a clearly identified candidate or a clearly identified measure; or (b) conducting a poll that mentions or refers to a clearly identified candidate or a clearly identified measure.

San Diego Municipal Code Section 27.2971 - Telephone Communications

- (a) It is unlawful for any candidate or committee to engage or hire other to engage in mass telephone communications unless the communications include a statement that the communications are "paid for by," "authorized by," or are otherwise being made "on behalf of" immediately followed by the name of each candidate or committee that is paying for any of the resources used for the communications or that it otherwise authorizing the communication. For purposes of this subsection, "resources" include the purchase of a contact list, the development

of a script, overhead expenses, and telephone charges. The type of disclosure required by this section shall be determined as follows:

- (1) A call is “paid for by” a candidate or committee when the candidate or committee pays directly for the call or pays another person to make the call on its behalf.

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VI. Material Findings

Section 27.2971: Failure to Include “Paid for By” Disclosure in Mass Telephone Communication

SDMC Section 27.2971 requires committees that pay for mass telephone communications to include the words “paid for by” immediately followed by the name of the committee that paid for it. The audit revealed that the Committee paid Competitive Edge Research & Communication to conduct two telephone polls that referred to City candidates and ballot measures in the June 2012 primary election that did not include the requisite “paid for by” disclosure. The first poll involved 504 households; the second poll was conducted on three separate occasions and involved a combined total of 3,900 households.

At the post –audit conference held on May 5, 2014, the Committee stated that it was not aware that telephone polls were subject to the “paid for by” disclosure requirements. The Committee asserted that its disclosure omissions were unintentional and that its overall actions evidence its intent to substantially comply with applicable regulations.

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 the following material findings: the Committee failed to include a “paid for by” disclosure in two mass telephone communications in violation of San Diego Municipal Code section 27.2971.**

[REDACTED]

Rosalba Gomez
Ethics Commission Auditor

Date

[REDACTED]

Lauri Davis
Ethics Commission Senior Investigator

Date