STACEY FULHORST, Executive Director
City of San Diego Ethics Commission
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Petitioner

BEFORE THE CITY OF SAN DIEGO
ETHICS COMMISSION

In re the Matter of: ) Case No.: 2013-25 (RZ)
RYAN ZYLIUS, ) STIPULATION, DECISION, AND
 ) ORDER
Respondent.

STIPULATION

THE PARTIES STIPULATE AS FOLLOWS:

1. Petitioner Stacey Fulhorst is the Executive Director of the City of San Diego Ethics Commission [Ethics Commission]. The Ethics Commission is charged with a duty to administer, implement, and enforce local governmental ethics laws contained in the San Diego Municipal Code [SDMC] relating to, among other things, the provisions of the City’s Election Campaign Control Ordinance [ECCO].

2. At all times mentioned herein, Ryan Zylius was an employee of Coastline Protection and Investigations, a security company owned by Ernesto Encinas [Encinas]. Mr. Zylius is referred to herein as “Respondent.”

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

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

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

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

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

**Summary of Law and Facts**

8. ECCO requires City candidates to disclose contributions in the manner prescribed by state law to ensure that voters receive accurate information regarding the candidates’ financial supporters. SDMC § 27.2930. In addition, ECCO imposes limits on contributions to City candidates in order to prevent the corruption and appearance of corruption that would
result if candidates for elective City office were permitted to accept large campaign
contributions. At all times mentioned herein, the contribution limit for City candidates was
$500 per election. SDMC § 27.2935.

9. In order to ensure that the true sources of campaign contributions are disclosed, and in
order to prevent circumvention of the $500 contribution limit, ECCO prohibits any person from
making a contribution on behalf of another, or while acting as an intermediary or agent of
another, without disclosing to the recipient the true source of the funds (a practice commonly
known as “campaign money laundering”). SDMC § 27.2944.

10. In December of 2011, Encinas asked Respondent to make a $500 campaign
contribution to the Bonnie Dumanis for Mayor 2012 committee [Dumanis Mayoral Committee]
with the understanding that Respondent would be reimbursed in full for the contribution by
Encinas. Respondent agreed to this arrangement. He wrote a check to the Dumanis Mayoral
Committee and subsequently received $500 cash from Encinas. The Dumanis Mayoral
Committee filed a campaign disclosure statement reflecting receipt of a $500 contribution from
Respondent on December 31, 2011.

11. As described above, Respondent made a contribution to the Dumanis Mayoral
Committee while acting as an intermediary for Encinas. Respondent did not inform the Dumanis
Mayoral Committee that Encinas was the true source of the $500 contribution. By failing to
disclose that he was not the true source of the $500 contribution, Respondent (and a series of
other “straw donors”) enabled Encinas to make contributions to the Dumanis Mayoral Committee
far in excess of the City’s contribution limit.

Counts

Count 1 - Violation of SDMC section 27.2944

12. Respondent violated SDMC section 27.2944 when he made a $500 contribution to
the Dumanis Mayoral Committee on behalf of someone else without disclosing that he was not
the true source of the funds.

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Factors in Mitigation

13. Respondent cooperated with the Ethics Commission’s investigation.

Conclusion

14. Respondent agrees to take necessary and prudent precautions to comply with all provisions of ECCO in the future.

15. Respondent acknowledges that the Ethics Commission may impose increased fines in connection with any future violations of the City’s campaign laws.

16. Respondent agrees to pay a fine in the amount of $5,000 for violating SDMC section 27.2944. This amount must be paid no later than August 15, 2015, by check or money order made payable to the City Treasurer. Respondent acknowledges that if the fine is not timely paid in full, the Commission may refer the collection of the fine to the City Treasurer’s Collection Division, which may pursue any or all available legal remedies to recover late penalties, interest, and costs, in addition to seeking the outstanding balance owed.

[REDACTED]

DATED:_________________ STACEY FULHORST, Executive Director ETHICS COMMISSION, Petitioner

[REDACTED]

DATED:_________________ RYAN ZYLIUS, Respondent

DECISION AND ORDER

The Ethics Commission considered the above Stipulation at its meeting on November 13, 2014. The Ethics Commission hereby approves the Stipulation and orders that, in accordance with the Stipulation, Respondent pay a fine in the amount of $5,000.

[REDACTED]

DATED:_________________ CLYDE FULLER, Vice Chair SAN DIEGO ETHICS COMMISSION