

October 11, 2019

VIA REGULAR & ELECTRONIC MAIL

Mr. Richard Barrera
Save San Diego High – Yes on Measure I
1732 Granada Avenue
San Diego, CA 92102

Re: Ethics Commission Audit of the Save San Diego High – Yes on Measure I (ID# 1388894) and Ethics Commission Case No. 2019-28

Dear Mr. Barrera:

The Ethics Commission audit of the Save San Diego High – Yes on Measure I (ID# 1388894) is now concluded, and the Final Audit Report is enclosed. The report reflecting material findings was delivered to and accepted by the Ethics Commission at its meeting on October 10, 2019. As you know, the Commission conducted an investigation related to the findings noted in the report, and approved a stipulation in the above-referenced matter at its meeting on October 10, 2019.

Sincerely,

[REDACTED]

Rosalba Gomez
Audit Program Manager

Enclosure

cc: Shawnda Deane, Treasurer
Deane & Company
1787 Tribute Road, Suite K
Sacramento, CA 95815

FINAL AUDIT REPORT

October 1, 2019

Mr. Richard Barrera
Save San Diego High – Yes on Measure I
1732 Granada Avenue
San Diego, CA 92102

Treasurer: Shawnda Deane
1787 Tribute Road, Suite K
Sacramento, CA 95815

SAN DIEGO ETHICS COMMISSION
AUDIT REPORT:
Save San Diego High – Yes on Measure I

I. Introduction

This Audit Report contains information pertaining to the audit of the committee, Save San Diego High – Yes on Measure I, Identification Number 1388894 (“the Committee”) for the period from August 22, 2016, through December 16, 2016. 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 14, 2017. 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). The Election Campaign Control Ordinance (ECCO) has been amended on several occasions; all Municipal Code references in this report relate to the provisions of ECCO that were in effect at the time of the actions described herein.

During the period covered by the audit, the Committee reported total contributions of \$48,312.00 (inclusive of \$1,582.00 in non-monetary contributions) and total expenditures of \$46,730.00. **The audit revealed two material findings: the committee failed to identify a major donor in two campaign advertisements in violation of San Diego Municipal Code section 27.2975.**

II. Committee Information

On September 9, 2016, 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 I (Charter Amendment Regarding Balboa Park and San Diego High School) in the November 8, 2016,

general election. On December 27, 2016, the Committee filed a Statement of Termination indicating that its filing obligations were completed on December 16, 2016. The Committee's treasurer was Shawnda Deane of Deane & Company and the principal officer was Richard Barrera.

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 27.2975 – Major Funding of Advertisements Supporting or Opposing Candidates and Ballot Measures

- (a) In addition to all other applicable disclosure requirements set forth in this Division, it is unlawful for any primarily formed recipient committee to pay for an advertisement supporting or opposing a City candidate or ballot measure unless each person who has cumulatively contributed \$10,000 or more to the committee is identified in the advertisement as providing major funding to the committee.

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VI. Material Findings

Section 27.2975: Failure to Identify Major Funding on Advertisements

SDMC Section 27.2975 requires primarily formed recipient committees that pay for advertisements supporting or opposing a City candidate or ballot measure to identify the donors who cumulatively contribute \$10,000 or more as providing major funding.

The audit review found that the Committee received a \$15,000 contribution from the Southwest Regional Council of Carpenters Issues Committee on October 6, 2016, but failed to identify this major donor in a social media advertising campaign that ran from October 20, 2016, through November 8, 2016. In particular, the Committee’s digital advertisements included a disclosure indicating that they were “paid for by” the Committee, but did not include the additional “major funding by Southwest Regional Council of Carpenters Issues Committee” disclosure.

In addition, the Committee paid a vendor for the dissemination of 33,000 robocalls on November 7, 2016. The Committee provided an audio recording of the robocall which demonstrated that the requisite “paid for by” disclosure was included. However, the robocall audio recording did not include the “major funding by Southwest Regional Council of Carpenters Issues Committee” disclosure.

At the post-audit conference held on August 26, 2019, the Committee representative stated that the major donor disclosure omission was 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 the necessary documentation regarding contributions and expenditures. **However, the audit revealed two material findings: the committee failed to identify a major donor in two campaign advertisements in violation of San Diego Municipal Code section 27.2975.**

[REDACTED]

Rosalba Gomez
Audit Program Manager

Date

[REDACTED]

Stacey Fulhorst
Executive Director

Date