
LOS ANGELES CITY ETHICS COMMISSION
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For Immediate Release: April 20, 2015

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**EXECUTIVE DIRECTOR FINDS PROBABLE CAUSE
AGAINST KELLY LORD AND HIS 2011 CAMPAIGN COMMITTEE**

The Ethics Commission's Executive Director has determined that probable cause exists to believe that Kelly M. Lord (Lord) and the Lord for City Council District 2011 committee (the Committee) violated campaign finance contribution limits, disclosure requirements, and recordkeeping laws during the 2011 primary election campaign cycle.

The attached public accusation was issued today by the Ethics Commission's Director of Enforcement. It details the laws that were allegedly violated and sets forth the acts or omissions with which Lord and the Committee are charged.

Following a finding of probable cause, the Executive Director must make a public announcement of the accusation issued by the Director of Enforcement. The Ethics Commission then has the responsibility to determine whether the alleged violations occurred, and, if so, what penalty should apply.

The charges against Lord and the Committee go now to the members of the Ethics Commission for a procedural determination about how it will choose to hear the matter. The maximum penalty that the Ethics Commission may levy is the greater of \$5,000 per violation or three times the amount of money at issue.

Lord and the Committee are presumed innocent of any violation, unless the violation is provided in an administrative hearing held pursuant to Los Angeles City Charter Section 706(c). The Ethics Commission and its staff may not comment on an enforcement matter until after a final determination has been made.

The City Ethics Commission was created by Los Angeles voters in 1990 to impartially administer and enforce the City's governmental ethics, campaign financing, and lobbying laws.

SERGIO PEREZ (SBN No. 274798)
Director of Enforcement
LOS ANGELES CITY ETHICS COMMISSION
200 North Spring Street
City Hall – 24th Floor
Los Angeles, California 90012

For the Complainant:

HEATHER HOLT
Executive Director
LOS ANGELES CITY ETHICS COMMISSION

**BEFORE THE BOARD OF THE
LOS ANGELES CITY ETHICS COMMISSION**

In the Matter of:

KELLY M. LORD and LORD FOR CITY
COUNCIL DISTRICT 12 2011;

Respondents.

CEC Case No. 2014-03

ACCUSATION

The Los Angeles City Ethics Commission (Ethics Commission) is required to investigate and enforce against violations of City law relating to campaign financing, lobbying, conflicts of interests, and governmental ethics. Los Angeles City Charter (Charter) § 706.

On February 2, 2015, a probable cause report was served on Kelly M. Lord (Lord) and Lord for City Council District 12 2011 (the Committee) (collectively, the respondents). The respondents did not file responsive pleadings or request a probable cause conference. On March 18, 2015, the Executive Director of the Ethics Commission, acting pursuant to her authority under Charter § 706(b) and Los Angeles Administrative Code (LAAC) § 24.25(c), found probable cause to believe that Lord and the Committee violated City campaign finance, recordkeeping, and disclosure laws. Specifically, the Executive Director found that there is probable cause to believe that Lord and the Committee accepted an excess contribution, failed to maintain campaign records, and failed to file a pre-election campaign disclosure statement related to Lord's March 2011 primary election campaign.

This accusation is prepared and issued by the Director of Enforcement following the probable cause determination by the Executive Director, pursuant to Charter § 706(b) and LAAC §§ 24.26(d)(1)-(3). The charges described below must be announced publicly no later than 10 days after this accusation is served on Lord and the Committee, unless the parties execute a settlement agreement during that time period. LAAC § 24.26(d)(4).

A. SUMMARY OF FACTUAL ALLEGATIONS

The Director of Enforcement alleges that the respondents violated campaign finance contribution limits, disclosure requirements, and recordkeeping laws during the 2011 primary election campaign cycle. The Committee was formed to support Lord's candidacy for the District 12 City Council position during the 2011 primary election campaign season.

The Director of Enforcement alleges that the respondents failed to compensate the creator of Lord's campaign website for his services, causing an unlawful excess contribution to be made to the Committee. During the 2011 primary election, Lord was serving as treasurer of the Northridge East Neighborhood Council (NENC). As treasurer, Lord was entrusted with a purchase card issued in his name. Any charges incurred with the purchase card were paid for by NENC funds. The Director of Enforcement alleges that Lord allowed Wesley Kramer, a consultant for his campaign, to charge \$4,700, the total expenses incurred by the Committee in the creation of a campaign website, against the NENC purchase card. Wesley Kramer ultimately refunded the total amount to the City of Los Angeles. The respondents did not provide payment for the creation of the website.

The Director of Enforcement further alleges that Lord and the Committee failed to satisfy applicable disclosure and recordkeeping requirements. Lord and the Committee failed to file a necessary pre-election statement on March 4, 2011, the Friday before the primary election. Lord and the Committee also failed to maintain adequate documentation to support the electronic transfer of \$265 in campaign funds to Lord's personal checking account and a \$110 transfer to Equity Trust Realty, a business in which Lord is partner.

B. APPLICABLE LAWS

Campaign financing and disclosure in City elections are governed by the Charter, the Campaign Finance Ordinance (Los Angeles Municipal Code (LAMC) §§ 49.7.1 *et seq.*), and the state's Political Reform Act (Cal. Gov't Code §§ 81000 *et seq.*).

City law limits the amount of money that City candidates may accept from a single contributor. For City Council candidates in the March 2011 primary election, the limit was \$500 per person, per election. Charter § 470(c)(3).

City candidates and their campaign committees are required by both state and City law to file pre-election campaign disclosure statements. For the March 2011 elections, City pre-election statements were required to be filed by October 10, 2010; January 10, 2011; and March 4, 2011. LAMC § 49.7.11 (renumbered 49.7.14 in 2012).

To facilitate these mandatory campaign statements, City candidates and their campaign treasurers are required to maintain, and provide to the Ethics Commission upon request, detailed accounts and all records, bills, and receipts necessary to prepare accurate statements. Charter § 470(i). These records must be maintained for four years after the

date the related campaign statement is filed. Cal. Gov't Code § 84104; 2 Cal. Code Regs. § 18401; LAMC § 49.7.37.

C. CHARGES

Count 1: Acceptance of excess contribution.

Lord and the Committee violated the per-person contribution limit in Charter § 470(c)(3) in or around February 2011 by failing to effectively pay \$4,700 in consideration for website services rendered by Wesley Kramer to the Committee between December 2010 and February 2011, thereby causing an excess contribution to be made and accepted by the Committee.

Count 2: Failure to maintain campaign records.

Lord and the Committee violated Charter § 470(i) by failing to maintain records supporting the transfer of \$265 in campaign funds from the Committee's bank account to Lord's personal checking account and the payment of \$110 to Equity Trust Realty between April 5, 2011 and May 3, 2011.

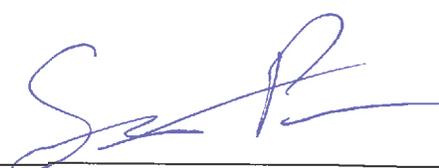
Count 3: Failure to file pre-election statement.

Lord and the Committee violated LAMC § 49.7.11 (renumbered 49.7.14 in 2012) by failing to submit a pre-election statement related to Lord's 2011 primary election campaign for City Council which was due on March 4, 2011.

D. EVIDENTIARY HEARING:

Following a public accusation, a public evidentiary hearing must be held to determine whether the violations alleged in Counts 1 through 3 occurred. Charter § 706(c); LAAC § 24.27. If it is determined on the basis of substantial evidence that one or more violations occurred, the Ethics Commission must issue an order and may require Lord and the Committee to, among other things, pay a monetary penalty of up to the greater of \$5,000 for each violation or three times the amount improperly reported or unlawfully contributed, expended, given, or received. *Id.*

DATED: April 2, 2015



SERGIO PEREZ
Director of Enforcement
LOS ANGELES CITY ETHICS COMMISSION