candidate guide
running for LAUSD board of education

2013 Election
Primary: March 5
General: May 21

LAUSD Board of Education Candidates

“committed to supporting and equipping an informed citizenry…”
REMINDER

All candidates and their treasurers must complete a mandatory training session conducted by the City Ethics Commission. Charter § 803(g). We recommend that committees strongly encourage their fundraisers and campaign consultants to complete a training session, as well. Candidate committees that have filed a “Declaration of Intent to Solicit and Receive Contributions” will be notified of training dates. Others should contact the Commission for information.
INTRODUCTION

In March 2007, Los Angeles voters approved Charter Amendment L, which enacted campaign finance regulations for candidates running for the Board of Education to the Los Angeles Unified School District (LAUSD). Under this new law, and beginning with the 2009 election cycle, LAUSD candidates’ campaigns are governed by Los Angeles City Charter Section 803.

The City Ethics Commission ("Commission") has prepared this information guide, for candidates seeking LAUSD Board of Education offices in the 2013 municipal elections, as a convenient summary of basic campaign finance information. **This guide is not exhaustive, and we urge you to carefully review the following laws pertaining to campaign finance. It is your responsibility to comply with their provisions:**

- Political Reform Act of 1974 ("PRA"):  
  - California Government Code ("Govt. Code") § 81000 *et seq.*; and  
  - Title 2, California Code of Regulations ("2 CCR") § 18109 *et seq.*

- Los Angeles City Charter ("Charter") § 803.

**Applicable City laws are available in the appendices and on the Commission’s web site.** Commission staff members are available during regular business hours to answer questions concerning City laws or your campaign for elective City office.

**While the Commission administers and enforces City campaign finance laws, the Fair Political Practices Commission ("FPPC") administers and enforces state law. The PRA and corresponding regulations are available on the FPPC’s web site at [www.fppc.ca.gov](http://www.fppc.ca.gov). Candidates and committees may find the FPPC's Campaign Disclosure Manual 2 very helpful (you may request a copy from the FPPC).**

**Qualifying for the Ballot**

Please contact the City Clerk’s Election Division for election information about qualifying for the ballot, such as obtaining and filing a Declaration of Intention to Become a Candidate, obtaining nominating petitions, submitting filing fees, and understanding residency requirements. **The Commission cannot advise you on these matters.**
CONTACT AGENCIES

Los Angeles City Ethics Commission
200 N. Spring St.
City Hall 24th Floor, Suite 2410
Los Angeles, CA 90012
(213) 978-1960
TTY (213) 978-2609
Fax: (213) 978-1988
Whistleblower Hotline: (800) 824-4825
ethics.commission@lacity.org
http://ethics.lacity.org

Los Angeles City Clerk
Election Division*
Piper Technical Center
555 Ramirez Street, Space 300
Los Angeles, CA 90012
(213) 978-0444
TTY (213) 978-0362
Fax: (213) 978-0376
www.cityclerk.lacity.org/election

California Fair Political Practices Commission
428 J Street, Ste 620
Sacramento, CA 95814
Toll Free: (866) ASK-FPPC (275-3772)
Fax: (916) 322-0886
www.fppc.ca.gov

Los Angeles Unified School District
Office of the Superintendent
333 S. Beaudry Ave., 24th Floor
Los Angeles, CA 90017
Tel: 213-241-7000
Fax: 213-241-8442
http://www.lausd.k12.ca.us/district_directory/

*Note: For election information about how to qualify for the ballot—such as filing a Declaration of Intention to Become a Candidate, obtaining nominating petitions, submitting filing fees, and understanding residency requirements—contact the City Clerk’s Election Division.
2013 ELECTION SCHEDULE

OCTOBER 6, 2012, SATURDAY
Residence deadline.

NOVEMBER 5, 2012, MONDAY
First day to file Declaration of Intention to Become a Candidate;
Candidates for Mayor, City Attorney, Controller, and City Council
also file Statement of Economic Interests.

NOVEMBER 10, 2012, SATURDAY (until noon)
Last day to file Declaration of Intention to Become a Candidate or to
withdraw said declaration. First day to obtain Nominating Petitions.
First day to file Nominating Petitions.

DECEMBER 5, 2012, WEDNESDAY
Last day to obtain Nominating Petitions. Last day to file Nominating
Petitions and/or Supplemental Petitions.

DECEMBER 10, 2012, MONDAY
Last day to withdraw candidacy.

DECEMBER 12, 2012, WEDNESDAY
Random alphabet drawing to determine candidate order on the ballot
in Council Chambers at 9:00 a.m.

FEBRUARY 4, 2013, MONDAY
First day to apply for and vote a Vote-By-Mail Ballot for Primary
Nominating Election.

FEBRUARY 19, 2013, TUESDAY
Last day to register to vote in Primary Nominating Election.

FEBRUARY 26, 2013, TUESDAY
Last day to apply by mail for a Vote-By-Mail Ballot for Primary
Nominating Election.

MARCH 4, 2013, MONDAY
Last day to vote a Vote-By-Mail Ballot in the Election Division Office
for Primary Nominating Election.

MARCH 5, 2013, TUESDAY
PRIMARY NOMINATING ELECTION

MARCH 26, 2013, TUESDAY
Last day for official canvass and certification of results for Primary
Nominating Election.

APRIL 22, 2013, MONDAY
First day to apply for and vote a Vote-By-Mail Ballot for General
Municipal Election.

MAY 6, 2013, MONDAY
Last day to register to vote in General Municipal Election.

MAY 14, 2013, TUESDAY
Last day to apply by mail for a Vote-By-Mail Ballot for General
Municipal Election.

MAY 20, 2013, MONDAY
Last day to vote a Vote-By-Mail Ballot in the Election Division Office
for General Municipal Election.

MAY 21, 2013, TUESDAY
GENERAL MUNICIPAL ELECTION

JUNE 11, 2013, TUESDAY
Last day for official canvass and certification of results for General
Municipal Election.
CHAPTER 1
BECOMING A CANDIDATE

What follows is an outline of the steps necessary to begin your campaign. You are required to file various City and state forms, in part, to inform the public that you are establishing your campaign and to provide them with information about your campaign activities. A checklist of candidate filings is provided at the end of this chapter (see page 15) for your reference. We urge you to read through this section in its entirety as many of the forms described below must be filed concurrently.

When Contributions May Be Received
(The Fundraising Window)

Candidates running for LAUSD Board of Education seats may begin fundraising on September 5, 2011. City law permits candidates to continue to fundraise up to nine months after the date of the election but only for the purpose of retiring campaign debt. Charter § 803(q).

Organizing Your Campaign

In order to solicit and receive contributions and make expenditures on behalf of your candidacy, you need to register your campaign with the Secretary of State and the Commission, open a bank account in the City of Los Angeles, and form a campaign committee. The type of committee you will be forming is called a "candidate controlled recipient committee" because it is under the control of you, the candidate. Your committee must be formed within 10 days of the date you receive $1,000 in contributions for your campaign (this includes your use of personal funds as a candidate). If you have not received—or anticipate that you will not receive—$1,000 or more in contributions during a calendar year, please contact the Commission for information about your filing obligations.

A. Register your campaign with the Secretary of State and Commission

1. Before you solicit or accept contributions or make expenditures, or use your personal funds in your campaign, you must file an original Candidate Intention Statement (California Form 501) with the Commission.

2. Before you solicit or accept contributions, you must file the following documents concurrently with the Commission:
   - Declaration of Intent to Solicit and Receive Contributions (CEC Form 12)
     Only contributions received pursuant to this Declaration may be used for the election.
   - Statement of Understanding (CEC Form 13)
     This statement confirms that you and your treasurer have received, read, and understood the campaign finance provisions of City law.
   - Notification of Other Controlled Committees
     If you have other controlled committees, you must notify the Commission in writing of these committees, the account numbers, and the names and addresses of the financial institutions at which the accounts are held. If other committees are subsequently opened, the candidate must notify the Commission on the next regular business day.)
Note: The above documents must be filed again if you are certified for the general (runoff) election.

B. Open a bank account within the City of Los Angeles

City law requires that your campaign bank account be used solely for campaign purposes and be located at a financial institution in the City of Los Angeles. Within 10 calendar days of opening a campaign bank account, you must file a Controlled Committee Bank Account Information form (CEC Form 14) with the Commission and an amended Statement of Organization (California Form 410) with the Secretary of State and the Commission. Charter § 803(e).

You may open the bank account with your personal funds. If you choose to do this, the committee must report this use of your personal funds as a contribution or loan to your campaign. Govt. Code §§ 82015 and 84216; 2 CCR § 18215.

C. Form a campaign recipient committee

You qualify as a committee once you have raised $1,000 within a calendar year. Within 10 days of receiving $1,000 in contributions (including any of your personal funds), you must file the original and one copy of a Statement of Organization (California Form 410) with the Secretary of State, and file one copy with the Commission. Your last name, the office sought, and the year of the election must be included in the name of the committee. 2 CCR § 18402. After receiving your filing, the Secretary of State will issue your campaign a committee identification number. If you wish, you may file this form before qualifying as a committee so that you may be issued a committee identification number. However, in that case, you must amend the original Statement of Organization within 10 calendar days of qualifying as a committee and provide the date you qualified. Be sure to include your committee's bank account information on this form.

You and your campaign committee are required by law to file periodic campaign disclosure statements until your committee officially terminates. For more information about these disclosure reports, see "Campaign Disclosure Requirements" on page 10.
Candidate Filing Week (November 5–10, 2012)

During the period commonly referred to as "candidate filing week" candidates are required to file several forms, outlined below, with the City Clerk's Election Division and the Commission to establish their candidacies and get their names on the ballot.

While the Commission administers and enforces the City's campaign finance laws, the City's election laws are administered by the City Clerk's Election Division. We urge you to review the Clerk's "General Information for Candidates" brochure, and to contact that office at (213) 978-0444 for information about ballot- and election-related matters such as nominating petitions, filing fees and residency requirements.

A. Declare your intent to be on the ballot

The first step toward getting your name on the ballot is to file a Declaration of Intention to Become a Candidate with the Office of the City Clerk's Election Division. This Declaration must be filed during candidate filing week. The City Clerk's Office will not issue nominating petitions to you unless you have properly filed this form. You are strongly advised to contact the City Clerk's Election Division at (213) 978-0444 for information about qualifying to appear on the City ballot.

B. File your Nominating Petitions

To qualify for the ballot, you must obtain a required number of signatures from qualified, registered voters. Nominating petitions are used for this purpose and will be distributed by and filed with the City Clerk Elections Division. Specific deadlines for receipt of the signed petitions apply, and are identified on page 6. For information about obtaining your nominating petitions, filing deadlines, and fees, refer to the City Clerk's brochure, "General Information for Candidates."

C. Withdrawing Your Candidacy: What must be filed

In the event that you decide to withdraw your candidacy after having filed Form 501 and Form 410, you will continue to have campaign statement filing obligations until you terminate your campaign committee. To do this, you must file an original terminating Form 410 with the Secretary of State and submit a copy to the Commission. Note that an additional Form 501 is not required to be filed in order to terminate your candidacy. Additionally, a Cancellation of the Declaration of Intent to Solicit and Receive Contributions form (CEC Form 15) and a "terminating" Form 460 Campaign Disclosure Statement must be filed with the Commission. Completing these steps informs your opponent(s) and the public that your campaign is no longer active.

Important Candidate Information

A. Mandatory Candidate and Treasurer Training

All candidates and their treasurers must complete ONE mandatory training session conducted by the Commission. Charter § 803(g). Candidates are strongly encouraged to have their fundraisers and campaign consultants complete a session as well. Announcements for training sessions will be mailed to candidates who have filed a Declaration of Intent to Solicit and Receive Contributions. Others should contact the
Commission for upcoming dates.

**B. State Gift Laws**

Once you file your Statement of Organization (Form 410) or Candidate Intention Statement (Form 501), whichever is earlier, you are prohibited from accepting gifts from any single source in a calendar year with a total value of more than $420. Govt. Code § 89503. [Note: Pursuant to 2 CCR § 18940.2 (b), the FPPC may adjust the gift limit every odd-numbered year to reflect changes in the Consumer Price Index; therefore, the $420 limit may be updated in January 2013.] You will need to disclose all gifts you receive from one source that are valued individually or cumulatively at $50 or more when you file your Statement of Economic Interests (Form 700) if you are elected to office. If you need information about what constitutes a "gift," exceptions to the gift law, or how this law applies to you, please contact the FPPC.

**Campaign Disclosure Requirements**

The Political Reform Act of 1974 requires candidates for local elective office to disclose to the public the identities of contributors and the amounts of their contributions, as well as detailed information about the candidate’s expenditures. Complete and timely disclosure ensures that campaign information is easily accessible to the public and all candidates for elective offices. Candidates and their committees are required to file campaign statements with the Commission at specific intervals to disclose all monetary (including loans) and non-monetary contributions received; all expenditures (including loans) made; unpaid bills; and any increases to cash, such as bank interest and dividends received. As noted below, some candidates are also required to file their campaign statements electronically using the Commission’s Campaign Electronic Filing System (CEFS).

**A. Periodic Campaign Disclosure Statements**

As a candidate for LAUSD Board of Education, you are required to file periodic campaign disclosure reports with the Commission by using Form 460 (Long Form) or Form 470 (Short Form), which are described below. Read below to determine which form to use. Consult the filing schedule on page 13 for a listing of filing deadlines. Note that some filing deadlines require documents to be postmarked by the deadline date, while others specify the date by which the document must be received by the Commission. State campaign disclosure forms and information manuals prepared by the FPPC are available through the Commission.

- **California Form 460** - The Form 460 is used by those controlled committees that have received or plan to receive $1,000 or more in contributions or have made or plan to make expenditures of $1,000 or more. Detailed instructions are included with the form. Additionally, helpful instructions are contained in Campaign Disclosure Manual 2, which is published by the FPPC, and is available on its web site or through the Commission (see page 5).

  The Form 460 is available from the Commission or from the FPPC’s web site. Make blank copies for your files, as you will need to file several statements over the course of your campaign. A signed original and one copy of California Form 460 must be filed with the Commission according to the filing schedule (see page 13). You may fax your Form 460 if it is 30 pages or less, AND the required original and copy are sent by first-class mail or by guaranteed overnight delivery service within 24 hours.
of the filing deadline.

- **California Form 470** - The Form 470 is used by candidates who do not have a controlled committee and do not anticipate receiving or spending $1,000 or more during the calendar year. An original and one copy of the California Form 470 must be filed annually with the Commission. Govt. Code § 84206; 2 CCR § 18406. Note: If you are required to file a Form 470, the statement should be submitted no later than January 31 for the previous calendar year. However, once you raise or spend $1,000 or more, you must file a Form 470 supplement.

### B. Mandatory Online Filing of Campaign Disclosure Statements

The Commission's Campaign Electronic Filing System (CEFS) is an Internet-based, interactive computer program that was developed by the Commission and is available free of charge on its web site. Online filing is designed to facilitate the filing process, provide candidates with campaign compliance tools, and provide the public with timely access to campaign finance information.

When candidates have raised or spent at least $25,000 in connection with their campaigns, they must begin to file campaign disclosure statements using CEFS in addition to filing paper copies of statements. Once the $25,000 threshold is met, subsequent statements due must be filed using CEFS. In addition to late filing penalties that may be imposed for a late filing of a paper copy, an additional penalty of $25 per day applies after the deadline for the late filing of the online copy.

Any candidate not required by law to file online may do so voluntarily at any time for the filing of any statement. Charter § 803(r)(4)(A).

For more information and to obtain a user identification and password, please contact the Commission at (213) 978-1960.

### C. How to Amend Your Campaign Disclosure Forms

Sometimes it is necessary for candidates to change the information they provided on their campaign disclosure statements. For example, you may need to amend your California Form 460 because you discovered you made an error on your original filing. If you need to amend your previously filed statement, log in to CEFS, select the time period to amend, make the necessary changes via data entry or upload an amended file, and submit. Print and sign two copies of the amended report and file with the Commission.

Failure to file disclosure statements can result in substantial penalties—criminal, civil, and administrative. Additionally, failure to file on time can result in late filing penalties of up to $50 per day for all reports required to be filed, depending on the type of disclosure statement and whether or not it has to be filed as a hardcopy and electronically. There are no extensions of the filing deadlines. Charter § 803(r)(4)(C).

### D. Obtaining Forms

You may obtain hard copies of all campaign-related forms (including Forms 501, 410 and 460) from the Commission. If you prefer, you may also obtain these forms electronically from:

- the Commission’s web site at http://ethics.lacity.org/forms.cfm;
the FPPC’s web site at www.fppc.ca.gov; or
the Secretary of State’s web site at www.ss.ca.gov/prd/campaign_info/
forms_instructions/compend_camp_forms.htm.

E. Internal Revenue Service Reporting Requirements

Under certain circumstances your campaign committee may have to comply with Internal Revenue Service (IRS) filing obligations. The IRS no longer requires the following to file Form 8871, Political Organization Notice of Section 527 Status:

- A political committee of a state or local candidate;
- A state or local committee of a political party;
- Any organization required to report to the Federal Election Commission as a political committee under the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.);
- Any organization that reasonably anticipate its annual gross receipts to always be less than $25,000; or
- A tax-exempt organization described in section 501(c) that is treated as having political organization taxable income under section 527(f)(1).

However, if your committee has any taxable income, such as interests or dividends, you may have to file Form 1120-POL, U.S. Income Tax Return for Certain Political Organizations. For more information, please contact the IRS at the Tax Exempt and Government Entities Customer Account Services. The toll free number is 877-829-5500. Assistance is available 7:30 a.m. to 5:30 p.m. Central Time, Monday through Friday.
# 2013 City of Los Angeles Election
## CAMPAIGN DISCLOSURE FILING SCHEDULE

### Primary Election
March 5, 2013

<table>
<thead>
<tr>
<th>Filing Deadline</th>
<th>Type of Statement</th>
<th>Period Covered*</th>
<th>Acceptable Delivery Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 31, 2012</td>
<td>Semi-Annual</td>
<td>7/1/11 - 12/31/11</td>
<td>Personal Delivery First Class Mail</td>
</tr>
<tr>
<td>July 31, 2012</td>
<td>Semi-Annual</td>
<td>1/1/12 - 6/30/12</td>
<td>Personal Delivery First Class Mail</td>
</tr>
<tr>
<td>October 10, 2012</td>
<td>Quarterly</td>
<td>7/1/12 - 9/30/12</td>
<td>Personal Delivery First Class Mail</td>
</tr>
<tr>
<td>January 10, 2013</td>
<td>Quarterly</td>
<td>10/1/12 - 12/31/12</td>
<td>Personal Delivery First Class Mail</td>
</tr>
<tr>
<td>January 24, 2013</td>
<td>1st Pre-Election</td>
<td>1/1/13 - 1/19/13</td>
<td>Personal Delivery First Class Mail</td>
</tr>
<tr>
<td>February 21, 2013</td>
<td>2nd Pre-Election</td>
<td>1/20/13 - 2/16/13</td>
<td>Personal Delivery Guaranteed Overnight Service</td>
</tr>
<tr>
<td>March 1, 2013</td>
<td>3rd Pre-Election</td>
<td>2/17/13 - 2/27/13</td>
<td>Personal Delivery Guaranteed Overnight Service</td>
</tr>
<tr>
<td></td>
<td><strong>Late Contribution/Late Independent Expenditure</strong></td>
<td>2/17/13 - 3/4/13</td>
<td>Personal Delivery Telegram Guaranteed Overnight Service Fax</td>
</tr>
<tr>
<td>July 31, 2013</td>
<td>Semi-Annual</td>
<td>2/28/13 - 6/30/13</td>
<td>Personal Delivery First Class Mail</td>
</tr>
</tbody>
</table>

### General Election
May 21, 2013 (if held)

<table>
<thead>
<tr>
<th>Filing Deadline</th>
<th>Type of Statement</th>
<th>Period Covered*</th>
<th>Acceptable Delivery Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 11, 2013</td>
<td>1st Pre-Run Off</td>
<td>2/28/13 - 4/6/13</td>
<td>Personal Delivery First Class Mail</td>
</tr>
<tr>
<td>May 9, 2013</td>
<td>2nd Pre-Run Off</td>
<td>4/7/13 - 5/4/13</td>
<td>Personal Delivery Guaranteed Overnight Service</td>
</tr>
<tr>
<td>May 17, 2013</td>
<td>3rd Pre-Run Off</td>
<td>5/5/13 - 5/15/13</td>
<td>Personal Delivery Guaranteed Overnight Service</td>
</tr>
<tr>
<td></td>
<td><strong>Late Contribution/Late Independent Expenditure</strong></td>
<td>5/5/13 - 5/20/13</td>
<td>Personal Delivery Telegram Guaranteed Overnight Service Fax</td>
</tr>
<tr>
<td>July 31, 2013</td>
<td>Semi-Annual</td>
<td>5/16/13 - 6/30/13</td>
<td>Personal Delivery First Class Mail</td>
</tr>
</tbody>
</table>

**Note:** A candidate in the general election must file a campaign statement for the primary election committee each time a statement is filed for the general committee. All candidates, even those not in the general election, must continue to file statements after an election on a semi-annual basis until their committees terminate.

* The period covered by any statement begins on the day after the closing date of the last statement filed OR, if no previous statement has been filed, on January 1.

** The PRA requires late contribution and late independent expenditure reports to be filed for the periods noted. Any late contribution or expenditure must also be reported on the subsequent campaign statement filed.
Campaign Bank Accounts

Your campaign may establish only ONE campaign checking account for each controlled committee. All funds your campaign receives must be deposited into the campaign checking account and all campaign-related expenditures must be made from this campaign account.

A. How to open a committee bank account

- Obtain an Employer Identification Number (EIN) from the IRS by completing an SS-4 Form (Application for Employer Identification Number) available from the Commission, any IRS office, or on the IRS web site at www.irs.gov. The SS-4 Form has information about how you can apply for your EIN by phone or fax. To apply by phone, call (800) 829-4933 or fax your form to (859) 669-5760. Once you have applied, the IRS will issue your campaign an EIN and mail a tax information packet.
- Take your EIN and a copy of the California Form 410 (Statement of Organization) that was filed with the Commission and the state to any financial institution located in the City of Los Angeles to open your account.
- File a Controlled Committee Bank Account Information form (CEC Form 14) with the Commission within 10 calendar days of opening the account. Note: If you did not include your bank account information on Form 410 when you originally filed it, you must amend the form now to include the information.

B. Where must the account be opened?

The campaign checking account must be established at a financial institution located in the City of Los Angeles. Charter § 803(e).

C. What if I want to use my personal funds in my campaign?

You may not make campaign-related expenditures directly from your personal funds. You must deposit any personal funds into the campaign checking account before using those funds. Therefore, with the exception of your initial filing fees (for forms filed with the City Clerk during candidate filing week; see page 9), personal funds used for campaign-related expenses must be deposited into the campaign checking account before expenditures are made. Govt. Code §§ 85200 and 85201 (f); see also FPPC’s Campaign Disclosure Manual 2, Chapter 1, p. 1-1.

D. What about campaign savings accounts and investment instruments?

Although the law allows you to have only one committee checking account, you may transfer campaign funds from the campaign checking account to certificates of deposit, interest-bearing savings accounts, money market funds, or similar accounts, provided that these accounts are established for campaign purposes and no campaign expenditures are made directly from those accounts. Charter § 803(e); FPPC’s Campaign Disclosure Manual 2 p. 1-1. Contributions and other funds must first be deposited into the campaign checking account, and then may be transferred into investment accounts established only for your candidacy. Before using investment account funds for campaign-related expenditures, the funds must be deposited into the campaign checking account. You must report any interest earned from these accounts as miscellaneous increases to cash on Schedule I of Form 460.
## CHECKLIST OF CANDIDATE FILINGS

### 2013 City of Los Angeles Election

<table>
<thead>
<tr>
<th>Form</th>
<th>Where to File</th>
<th>When to File</th>
</tr>
</thead>
<tbody>
<tr>
<td>CANDIDATE INTENTION STATEMENT (California Form 501)</td>
<td>Commission</td>
<td>Before soliciting or receiving contributions or making expenditures</td>
</tr>
<tr>
<td>STATEMENT OF ORGANIZATION (California Form 410)</td>
<td>Secretary of State (original and one copy) and Commission (copy)</td>
<td>Within 10 calendar days of the day your committee raises (or anticipates raising) $1,000 in a calendar year.</td>
</tr>
</tbody>
</table>
| DECLARATION OF INTENT TO SOLICIT AND RECEIVE CONTRIBUTIONS (CEC Form 12) | Commission                           | Before soliciting or receiving contributions and concurrently with the “Statement of Understanding” and the “Notification of Other Controlled Committees”.
| STATEMENT OF UNDERSTANDING (CEC Form 13)                            | Commission                           | Before soliciting or receiving contributions and concurrently with the “Declaration of Intent to Solicit and Receive Contributions” and the “Notification of Other Controlled Committees”. |
| NOTIFICATION OF OTHER CONTROLLED COMMITTEES                          | Commission                           | Before soliciting or receiving contributions and concurrently with the “Declaration of Intent to Solicit and Receive Contributions” and the “Statement of Understanding”. |
| CONTROLLED COMMITTEE BANK ACCOUNT INFORMATION (CEC Form 14)         | Commission                           | Within 10 calendar days of opening a campaign checking account.                                  |
| STATEMENT OF ECONOMIC INTERESTS (California Form 700)                | Commission                           | During candidate filing week and by the deadline for filing the “Declaration of Intent to Become a Candidate”. The deadline for this election is noon on Saturday, November 10, 2012 |
| DECLARATION OF INTENT TO BECOME A CANDIDATE                          | City Clerk’s Election Division       | During candidate filing week.                                                                   |
| NOMINATING PETITIONS                                                 | City Clerk’s Election Division       | During candidate filing week.                                                                   |
CHAPTER 2
CONTRIBUTION INFORMATION

What is a Contribution?

A contribution is a monetary or non-monetary payment made to a candidate or campaign committee for which no goods, services or other consideration is provided to the donor in return.

Typical examples of monetary contributions include:

- Your personal funds;
- Checks from supporters to your committee;
- Proceeds from the sale of tickets to fundraising events;
- Loans made to your committee for a political purpose;
- A loan to your committee that is subsequently forgiven by the lender or paid by a third party; and
- An enforceable promise to make a payment (such as loan guarantee).

Non-monetary (in-kind) contributions are goods or services provided to your campaign or paid for by a person at your behest. Typical examples of in-kind contributions include:

- Food, beverages, flowers and decorations donated by a supporter for a fundraiser.
- Printing and/or mailing costs of a campaign mailer donated by the printer.
- Professional personal services not paid for by your campaign.
- An expenditure made by a third party at the behest of the candidate.
- Discounts or rebates your committee receives that are not extended to the general public (such as media discounts and rebates not extended to all candidates seeking the same office).
- The transfer of "anything of value" to your committee without full consideration provided in return.

Contributions do not include:

- Volunteer personal services or payments made by any individual for his or her own travel expenses if such payments are made voluntarily without any understanding or agreement that they shall be repaid to him or her; or
- Payments made by an occupant of a home or office for costs related to any meeting or fundraising event held in the occupant's home or office if the costs for that event are $500 or less. Govt. Code § 82015 (f).

A. Contributions Must be Made in the Form of a Written Instrument

Any monetary contribution of $100 or more must be made by written instrument containing the name of the donor and the name of the payee and must be drawn from the account of the donor (or intermediary). Contributions of $100 or more made by money order or travelers or cashiers check cannot be accepted, even if the name of the donor and payee are included. Govt. Code § 84300 (c).
B. Contributions Made by Credit Card

Contributions by credit card may be accepted. If you intend to do so, you should contact the FPPC for information. However, please remember that you must obtain all required information about the contributor before accepting credit card contributions. (Required contributor information is explained on page 20.) Additionally, if your committee receives a credit card contribution, the entity making the contribution should notify your committee if the contribution is from a personal credit card or a business credit card in order for you to determine if it is an individual or non-individual contribution.

C. Contributions from Foreign Nationals are Prohibited

Federal law prohibits contributions from foreign nationals. A "foreign national" is any person who is not a citizen of the United States and does not have legal permanent residency status, or any foreign government, corporation or organization. Additionally, domestic subsidiaries of foreign corporations and U.S. corporations owned by foreign nationals may also be prohibited from making contributions under certain circumstances. 2 USC § 441 e; 11 CFR §§ 110.4(a) and 110.9(a). An immigrant is eligible to make a contribution if he or she has a "green card" indicating that he or she has been lawfully admitted for permanent residence in the United States. If you need more information, contact the Federal Election Commission ("FEC") or see Appendix 2 for the FEC's brochure concerning contributions by foreign nationals.

Contribution Limits

There are certain limits to the amount you can receive in contributions. Before you begin to solicit or receive contributions, you, your treasurer, and your fundraising staff should understand the limits on contributions to candidates for LAUSD Board of Education.

A. Limits on Contributions from a "Person"

A "person" is an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, limited liability company, association, committee, and any other organization or group of persons acting in concert. Govt. Code § 82047.

A person may not contribute more than $1,000 per election to a LAUSD Board of Education candidate. For purposes of the City's contribution limits, the primary election and the general or "runoff" election are considered two separate elections. Therefore, the same contributor can give the maximum amount for the March primary, and the maximum amount for the May runoff election.

It is illegal to accept contributions in excess of applicable limits. Charter § 803(b)(3). Therefore, you should carefully track in your contributor records the amount of contributions you receive from any one person. You have a legal obligation to return any excess contribution to the contributor prior to deposit or you may face penalties for violating City law. Extensions of credit for a period of more than 30 days are subject to the applicable contribution limits.

Example: You begin fundraising for the LAUSD Board of Education District Three seat two months before the primary election. The first month a contributor gives your primary
election committee $1,000. That contributor may not contribute any more money in connection with your March primary election campaign. If you have a fundraiser after the primary election to retire debt from that election, the limits still apply. However, if you go on to the runoff election in May, that contributor can give up to the $1,000 limit again to the runoff election committee. To help avoid confusion, your runoff committee should include the word “General” or “Runoff” in its name.

B. Cumulative Contribution Limits Per Person Per Election

In addition to the individual limits, the Los Angeles City Charter imposes a "cumulative limit" on the overall amount one person can contribute to all candidates in an election. This limit changes every election, because it is determined by a formula based on the number of LAUSD Board of Education offices that will appear on the ballot for that particular election. Charter § 803(b)(5).

The cumulative contribution limit for the 2013 election is $3,000 per person.

The limit is calculated as follows:

3 [number of seats on the ballot] x $1,000 [maximum contribution to a candidate] = $3,000

This limit can change only if, for some reason, another seat appears on the ballot for that election. The cumulative contribution limit for the May runoff election cannot be determined until it is known how many seats will appear on the runoff ballot.

Therefore, a contributor can give a total of $3,000 to any number of candidates running for LAUSD Board of Education in the March 2013 primary election, apportioned any way the contributor chooses, subject only to the per person limits for each candidate. For example, a contributor may give $1,000 contributions to three different LAUSD Board of Education candidates, even if those candidates are running for the same seat. Charter § 803(b)(5).

You can help your contributors comply with the law by including this information on your fundraising materials or by distributing brochures available from the Commission that explain the City’s contribution limits.

C. Limits on Cash and Anonymous Contributions

You may not receive cash contributions of more than $25 per contributor. In addition, you may not receive more than $200 in cash from all anonymous sources for an election. Charter § 803(d). Once your committee receives a total of $200 in anonymous contributions, it must turn over any additional anonymous contributions to the City Treasurer for deposit into the General Fund of the City.

D. Limits on Loans

A loan is a contribution to your campaign and contribution limits apply unless the loan is from you, personally. The amount of the loan will be applied to the lender’s total contribution. The name, address, occupation, and employer of the lender and any guarantor, or any person directly, indirectly or contingently liable for the loan, along with the interest rate and due date, must be kept in your files. The following also apply:

- Every loan must be made in writing. A copy of the written loan agreement must be filed with the campaign statement on which the loan is first reported. Charter §
You may not accept a loan for a period longer than 30 calendar days except loans you make to your campaign. Charter § 803(b)(6).

**E. Personal Loans to Your Campaign**

The amount and duration of a loan you make to your own committee is not limited. However, a loan is considered a contribution to your campaign. Loans must be made in writing. The written agreement must be filed with the campaign statement on which the loan is first reported.
Required Contribution Information

You are required to maintain specific information about contributors to your campaign to help comply with contributions limits and for recordkeeping, disclosure, and audit purposes. It is important to record this information on alphabetized contributor cards, on an electronic spreadsheet, or in a computerized database so that you can accurately determine the total amount a donor has contributed, avoid receipt of excess contributions (see important information about aggregation of contributions on page 21), identify potential "major donors" for notification purposes, identify contributions for late contribution reporting purposes, and verify contributor information for committee campaign disclosure statements.

A. Required Contributor Information

You may not deposit any contribution into your campaign checking account until the contributor's name, street address (do not use a P.O. Box, and be sure to include the zip code), occupation, employer, and the amount and date of the contribution are on file with your campaign. Charter § 803(r)(2). State law requires the return of any contribution of $100 or more within 60 days if the contributor information is not on file with the committee. Govt. Code § 85700.

If a contributor is retired, a homemaker, or unemployed, you should record that information. If the contributor is self-employed, you must record the name of that individual’s business—it is not sufficient to maintain and report the contributor as “self-employed.” For example, if contributor Gary Eckstein is a doctor and operates his own practice, his contributor information would be as follows:

___________________________________________________________________
John Smith
#9 Main Street
Los Angeles, CA 90000
Occupation: Physician
Employer: John Smith Medical Office
___________________________________________________________________

B. Date of Contribution

The receipt date of a contribution is the date you, your treasurer, or any agent for your committee obtains possession or control of the contribution. The receipt date is not the date the contribution is deposited or the date of a check. 2 CCR § 18421.1.

C. "Assumed Name" Contributions

A contributor is required by City and state law to disclose his or her legal name, address, occupation and employer. An "assumed name" contribution (sometimes referred to as a laundered contribution) occurs when a contribution is made in a name other than the name of the true source of the contribution. Charter § 803(j).

Example: Person 1 makes a contribution, but is reimbursed by Person 2 for the amount of the contribution. Person 2 is the true source of the contribution. The failure of both people to reveal Person 2 as the true source of the contribution is "laundering."
If you or your committee treasurer discover than an assumed-name contribution has been received, you must promptly pay the amount received in violation of this subsection to the City Treasurer for deposit in the General Fund of the City. Persons who launder contributions and those who knowingly receive laundered contributions are subject to criminal prosecution, civil suits and administrative penalties. Charter § 803(v). If you suspect that contributions you have received have been laundered or reimbursed, contact the Commission.

D. Other Required Records

- **Non-Monetary (or In-Kind) Contributions** - For any non-monetary contributions, you must disclose the "fair market value" of the contribution. The fair market value is the amount you or your committee would pay on the open market for the item. You should first try to obtain this information in writing from the contributor. If this information is unavailable, you can contact vendors who provide the same or similar goods or services for an estimate of the fair market value. You should maintain a written record that describes the method you used to assess the fair market value of the contributed good or service.

- **Loans to the Candidate or Committee** - A loan is considered a contribution to your campaign. Therefore, the name, address, occupation, and name of the employer of any guarantor, or any person liable for the loan, along with the interest rate and due date, if any, must be kept in your files. If you receive a personal loan, including a loan from a commercial lending institution, the lender must be reported as the source of the loan. (See page 18 for more information about loans.)

- **Contributions from Intermediaries** - An intermediary is a person who receives money from a third party to make a contribution to your committee on the third party's behalf. For instance, let's say Joe Smith receives a payment from John Franklin to contribute to your campaign and Joe Smith writes a contribution check drawn from his account on Franklin’s behalf. In this case, Franklin is the contributor and Smith is an "intermediary." You must maintain and disclose all required contributor information (see page 20) for both Franklin and Smith and indicate that John Franklin is the contributor and Joe Smith is the intermediary.

When Contributions are Aggregated

You are required to obtain specific information about contributors to your campaign to help comply with contribution limits and for recordkeeping, disclosure and audit purposes. This information also tells you about instances in which contributions must be aggregated pursuant to City law. Under certain circumstances, contributions and/or expenditures from two or more persons will be aggregated and considered to be from a single person—meaning they will be subject to the per-person, per-election contribution limits.

You are required to aggregate contributions and expenditures when persons in both of the columns in the following table give or spend in relation to an LAUSD campaign (Charter § 803(n)):

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>A company, corporation, limited liability corporation, firm, joint venture, syndicate, business trust, or other business entity other</td>
<td>A individual who owns an investment interest in the entity of 50 percent of more.</td>
</tr>
</tbody>
</table>
than a sole proprietorship or a general or limited partnership.

| A sole proprietorship. | The individual who owns the sole proprietorship. |
| A general or limited partnership. | A general partner who owns an investment interest in the partnership of 50 percent or more or holds a majority of the voting rights. |
| A person whose contribution or expenditure activity is controlled by another. | The person who controls that contribution or expenditure activity. |
| A person who has a sponsoring organization. | The person who is the sponsoring organization. |
| An entity with a board of directors. | Another entity with a board of directors, when the majority of its members also make up the majority of the first entity’s members. |
| An entity with officers. | Another entity with officers, when the majority of its officers also make up the majority of the first entity’s officers. |
| A corporation or LLC. | Another corporation or LLC that either shares the same majority shareholder or member as or holds a majority of the voting rights in the first corporation or LLC. |
| A corporation. | Another corporation that is a parent or subsidiary of the first corporation, when at least one of them is not publicly traded. |

Example: A sole proprietor of a minor league baseball team contributes $500 from her personal checking account to a candidate for LAUSD District 2. She may not make a separate contribution from the ball club’s bank account of more than $500, because these two contributions would be aggregated, and the $1,000 per person contribution limit for an LAUSD candidate would be exceeded.

A. Contributions Made by a Spouse or Children

Contributions by a husband and wife are treated as separate contributions—each individual may make contributions up to the applicable limit. Contributions from children under the age of 18 are treated as contributions by their parents and attributed proportionately—that is, one-half to each parent, or the total amount to a single custodial parent. Charter § 803(o).

B. Contributions from Joint Checking Accounts

When a committee receives a contribution check that has the name of more than one individual imprinted on it, state law requires that the contributions be attributed to the individual whose name appears on the check and who also signs it, unless a signed document accompanying the check states otherwise. If such a document accompanies the check, it must indicate the amount to be attributed to each contributing individual and it must be signed by each individual whose name is printed on the check. If each individual whose name is imprinted on a check signs it, the contribution will be attributed equally to each person, unless an accompanying document signed by each individual states otherwise. Additionally, if the name of the individual who signs the check is not imprinted on the check (e.g., a contribution from a trust account), then the contribution will be attributed to the person whose name appears on the check unless otherwise specified in writing and signed by the contributing individual(s).
Example: If a married couple makes a contribution with a check from their joint checking account, the contribution will be equally attributed to each individual so long as both names are imprinted on the check and both signatures appear on it. If, alternatively, the couple wishes to make a contribution from a joint checking account using a check on which only one of their names is imprinted, the couple must also provide an accompanying document signed by both spouses that states how the contribution amount should be attributed.
C. Avoiding Penalties: Check for Aggregation

Taking the following steps before depositing any incoming contribution will help prevent the receipt of excess contributions through a failure to properly aggregate:

- Compare similar names of individuals and businesses. For example, contributions from “John Doe” and “Doe Paints, Inc.” may be from the same contributor. You should contact those contributors to determine if their contributions should be aggregated.

- Compare the address of the new contributor to the addresses of previous contributors. If your campaign uses a database to track its contributions, sort it by address to identify contributions with the same or similar addresses. If you have more than one contributor with the same address, you should contact those contributors to determine if their contributions should be aggregated.

- Compare the occupation and employer information of each new contributor to those of previous contributors. If your campaign uses a database to track contributions, sort it by employer. You can use that list to determine whose occupation might indicate an ownership interest in a business (examples include occupations such as “owner/proprietor,” “businessman,” “chief executive officer,” “president,” “investor,” “partner,” “general partner,” etc.). Contributions from an individual may require aggregation with those of an entity when both the individual and entity give, and the individual has a specified level of ownership/partnership interest in the entity. You should contact contributors in these instances to determine if their contributions should be aggregated based on one of the aggregation criteria shown on pages 21 and 22.

Note: The Commission’s Campaign Electronic Filing System (CEFS) has a feature that enables authorized users who have entered or uploaded data to check for aggregation using the features described above. If you would like assistance with this feature, please contact the Commission.

D. Disgorging Excess Contributions

Under certain circumstances, candidates and committees may return excess contributions in order to avoid enforcement penalties. Please see the attached Disgorgement Policy (Appendix 4) for more information.
The State’s Late Contribution Reporting

When you receive monetary and/or non-monetary contributions from a single source that total $1,000 or more during the 16 days immediately preceding the date of the election, you are required to file a Late Contribution Report (Form 497) with the Commission (see the filing schedule on page 13). This requirement also applies to any personal contribution of $1,000 or more that you make to your campaign during this period. You must report any late contribution(s) again on the next regular filing of your Form 460.

If the late contribution is a monetary contribution, your report must be sent within 24 hours of receipt. If the contribution is an in-kind contribution, your report must be sent within 48 hours of receiving the goods or services. An in-kind contribution is "received" on the earliest of the following dates:

- The date that the contributor expends funds for the goods or services, if the expenditure is made at the behest of the candidate or committee;
- The date that the candidate, committee or any agent of the committee takes possession or control of the goods or services; or
- The date the candidate or committee receives the benefit of the expenditure.

The report must be sent by guaranteed overnight delivery service, personal delivery or facsimile. Late Contribution Report Form 497 may be used to report a late contribution. However, the committee may use its own format provided all of the following information is disclosed:

- The candidate's full name and address;
- The contributor's full name, address (including zip code), occupation and employer (name of business if self-employed);
- The date the contribution was received; and
- The contribution amount.

The State’s Major Donor Notification

When you receive contributions from a single source that total $5,000 or more in a calendar year, you are required to notify the contributor of possible filing requirements within two weeks of reaching the $5,000 threshold. You must keep a record of the notices you have sent to persons who have contributed $5,000 or more in a calendar year to your campaign. Your record should contain the date of each notice and the name and address of the person to whom each notice was sent. Govt. Code § 84105; 2 CCR § 18427.1.

Your notice should contain the following language or substantially similar language pursuant to 2 CCR § 18427.1(b):

*If your contributions to this committee and to other California state or local committees totals $10,000 or more in a calendar year, California law requires you to file a Major Donor Committee Campaign Statement (Form 461). The deadline and location for filing this statement will depend upon the timing and type of contributions you have made. In addition, once you become a major donor, you may*
be required to file a late contribution report within 24 hours if you make contributions totaling $1,000 or more to a single candidate or committee during the 16 days before an election.

Failure to file campaign statements may result in late filing penalties ($10/day) and fines (up to $5,000/violation). For more information, contact the Fair Political Practices Commission at (916) 322-5660 or refer to their web site: www.fppc.ca.gov.

Additionally, if you make contributions of $50,000 or more in a calendar year in California and some or all of those contributions are to state candidates, committees or ballot measures, you are required to file your Form 461 electronically with the Secretary of State. For more information on electronic filing requirements, contact the Secretary of State’s office at (916) 653-6224.

Avoid Penalties: Maintain the Required Documentation for your Records

State law requires that you keep your campaign records for four years following the date that you file the related campaign disclosure statement (California Form 460). 2 CCR § 18401(b)(2).

You must keep detailed records pertaining to all contributions received by your campaign. Complete and well-organized contribution records will help you prepare your campaign disclosure statements more easily, contribute to their accuracy, and facilitate the audit process. It is the candidate's and treasurer's responsibility to maintain detailed supporting records for all contributions received by the campaign. These records must be made available for examination upon the request of any public officer with enforcement authority. Charter § 803(h).

Specifically, you should do the following:

- Maintain alphabetized contributor information.
- Prior to depositing contributions:
  - Photocopy all contribution checks;
  - Photocopy completed deposit slips and attach the appropriate check photocopies; and
  - Ensure that occupation and employer information is in the committee's records before the contribution is deposited. State law requires this information to be obtained within 60 days for contributions of $100 or more.
- Be sure to retain deposit receipts.
- Keep all campaign checking and savings account information together, including bank statements, deposit slips, credit memoranda, check registers and passbooks.
- Reconcile bank statements with the check register at the end of each bank statement period or at least at the end of each reporting period.
- Record contributions daily in a general ledger or database.
- Maintain all documentation and information pertaining to loans received by and/or made by the committee or candidate.
- Retain copies of all solicitation and fundraising letters.
Returned Contributions

A contribution is not considered “received” or “accepted” and does not need to be reported if the contribution is not cashed, negotiated or deposited, and is returned to the contributor within 14 days or prior to the closing date of the campaign statement on which it would otherwise be reported. A late contribution (see page 25) is not required to be reported either as a late contribution or on the next campaign statement if it is not cashed, negotiated, or deposited, and the contribution is returned within 24 hours of receipt.

According to the FPPC's Campaign Disclosure Manual 2 (page 4), contributions which are cashed, negotiated, or deposited, or not returned before the closing date of the next campaign statement, must be reported in the following manner:

- If returned to the contributor within 30 days of receipt, and within the reporting period, both the receipt and the return are reported on Schedule A of Form 460. The return is shown as a negative entry.
- If not returned within 30 days, the receipt is itemized on Schedule A, and the return is itemized on Schedule E.

How to Report "Bounced" Contribution Checks

If a contribution is returned by the bank due to "non-sufficient funds" (NSF) it must be reported as follows:

- In the same reporting period - If a contributor's check deposited into your campaign account "bounces" during the same reporting period in which you received it, both receipt of the contribution and the return of the check for "NSF" are reported on Schedule A of Form 460. The receipt of the contribution amount is reported as a positive amount and the "NSF" amount as a negative entry (net effect on cash flow is zero). If your committee or the bank redeposits the check, you must report the amount on Schedule A in the period it is redeposited.
- In a different reporting period - If a contribution is deposited in one reporting period and the check is returned for "NSF" during a subsequent reporting period, you should itemize the return on Schedule E of Form 460. In the "Description of Payment" column indicate that the contribution reported on Schedule A of the previous statement was returned by the bank for NSF. If the check is redeposited by your committee or the bank, the amount has to be reported again on Schedule A in the period it is redeposited (and clears).

Disgorging Excess Contributions

Under certain circumstances, candidates and committees may return excess contributions in order to avoid enforcement penalties. Please see the attached Disgorgement Policy (Appendix 4) for more information.
CHAPTER 3
EXPENDITURE INFORMATION

What is an Expenditure?

A campaign expenditure is a payment made for goods or services that is reasonably related to a political purpose. This payment may include a forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment, unless it is clear from the surrounding circumstances that it is not made for political purposes. Govt. Code § 82025.

Typical examples of qualified campaign expenditures include, but are not limited to, payments for the following:

- Campaign Literature: mass mailings, slate mailings
- Campaign Consulting: media, legal, accounting
- Advertising: print, electronic media, outdoor signs
- Rent: office space, equipment
- Salary: campaign workers
- Campaign expenses paid by independent agents on behalf of the committee: purchase of advertising, printing, or postage

How to Make an Expenditure

A. Make Sure Your Expenditure is Allowable Under the Law

No expenditure of $100 or more may be made in cash (Govt. Code § 84300(b)), and no payment of more than $50 per week can be made for petty cash purposes. Charter § 803(i). Expenditures made to seek office must be reasonably related to a political purpose.

1. Personal Benefits

State law requires any expenditure that gives you a substantial personal benefit to be directly related to a political, legislative, or governmental purpose. Govt. Code § 89512. The Political Reform Act contains provisions that specifically govern the use of campaign funds for attorney fees, automobile expenses, charitable donations, clothing, equipment and appliances, legal fines, gifts, health-related expenses, loans, professional services, real property, your salary, independent expenditures, tickets for entertainment events and political fundraisers, travel and accommodations, and victory celebrations. See also "How to Reimburse Expenses," on page 30, and contact the FPPC with any additional questions.

2. Expenditures For Other Candidates

The Los Angeles City Charter prohibits you from using campaign funds to make expenditures in support of other candidates for LAUSD Board of Education or to any committee supporting or opposing any LAUSD ballot measure. Charter § 803(b)(7).
B. Make All Expenditures From the Campaign Checking Account

All campaign expenditures must be made from the campaign checking account established in connection with the election stated on your “Declaration of Intent to Solicit and Receive Contributions.” Charter § 803(e); Govt. Code § 85201. However, you may make expenditures from a "petty cash fund" or by credit card as follows:

1. Petty Cash Fund

No expenditure of $100 or more may be made in cash. However, you, your treasurer, or another person authorized to issue checks, may disburse a maximum of $50 per week from the campaign checking account to you or your committee for petty cash purposes. The petty cash account may not have a balance of more than $100 at any time. Receipts and other documentation must be maintained to account for expenditures made from the petty cash fund.

2. Credit Card Expenditures

Credit card accounts may be established for your campaign. However, if your committee uses your personal credit card, for example, the account must have a zero balance when the committee begins to use the card. Personal expenditures may no longer be made on this account until the campaign's balance has been paid and no other campaign expenditures will occur using the credit card. Payments to the credit lender must be made from the campaign checking account. You must maintain supporting documentation for expenditures made on the credit card similar to those made from the campaign checking account. You must keep a record of the goods and services purchased on credit from each vendor. Further, you are required to itemize each credit card expenditure of $100 or more on Schedule E of Form 460, including disclosing complete vendor information.

C. Document Your Expenditures

Keep detailed records of all expenditures made by your campaign. Complete and well-organized records will help you prepare your campaign disclosure statements and facilitate the audit process. You must keep all records that are necessary for the preparation of campaign statements. Charter § 803(h); Govt. Code § 84104; 2 CCR §§ 18401(a)(1) and (4). Specifically, these records must include the following:

- Receipts, bills, invoices, and work orders for expenditure transactions;
- Employment and other contracts for services;
- Canceled checks, bank statements, and check registers;
- Petty cash documentation;
- Independent contractor contracts;
- Rental/lease contracts;
- A copy of each mass mailing, script, or piece of campaign literature sent; and
- The vendor/payee name and full street address (including zip code) for the recipient, and the amount, date, and description of each payment of $25 or more.

State law requires that you keep your campaign records for four years following the date that you file the related campaign disclosure statement (California Form 460). 2 CCR § 18401(b) (2).

Note: If you retain campaign consultants to produce campaign literature, mass mailings, scripts, or other campaign related goods and services (either in-house or through third
parties) you must maintain the same type and level of documentation as though you have
directly purchased those goods and services yourself. For example, if your campaign
consultant produced mass mailings using five different vendors, in order to comply with
record-keeping provisions you must obtain all the invoices, bills, receipts, etc. from each of
those vendors. It is not sufficient to have merely an invoice listing payments to these five
vendors from this campaign consultant in your records.

D. Maintain Required Records

It is your and your treasurer’s responsibility to maintain detailed supporting records for all
expenditures made by your campaign. These records must be made available for
examination upon the request of any public officer with enforcement authority. Charter §
803(h).

E. Notify Vendors of Their Record-keeping Responsibilities

Any person who supplies goods or services to your campaign must keep detailed records of
any transaction involving expenditures by you or your committee for a period of four years.
These records must be made available to the Commission or City Attorney upon request.
Charter § 803(m). Whenever possible, you should make your suppliers aware of this
provision of the City Charter.

How to Reimburse Expenses

You may not make campaign-related expenditures directly from personal funds. Any of
your personal funds used for campaign-related expenses must be deposited into the
campaign bank account before the expenditure is made (with the exception of your initial
filing fee and fee for the Statement of Qualification). Use of your personal funds must be
reported as a contribution or loan to your campaign.

A. Volunteers and Paid Employees

Volunteers and paid employees may be reimbursed for goods, services or travel expenses
under the following conditions:

- Reimbursement is made within 45 calendar days after the expenditure is made; and
- Your treasurer is provided with a dated receipt and a written description of each
  expenditure prior to reimbursement. Govt. Code § 85201(d); 2 CCR § 18526(a)(2).

B. Agents and Independent Contractors

Agents and Independent Contractors may be reimbursed for goods, services or travel
expenses if all of the following apply:

- The expenditure is made pursuant to a written contract between you or your
  committee and the agent or independent contractor, which provides for the
  reimbursement of such expenditure; and
- Reimbursement is made within 45 calendar days after the expenditure is paid; and
- Your treasurer received a dated receipt and a written description of each expenditure
  prior to reimbursement. 2 CCR § 18526(b)(2).
If reimbursements are not paid within 45 calendar days, the expenditure or provision of goods or services will be considered a non-monetary contribution to you or your committee.

Accrued Expenditures
Also Refer to the FPPC's "Campaign Disclosure Manual 2"

Campaign statements must contain the total amount of expenditures made during the period covered by the campaign statement, as well as an itemization of each expenditure of $100 or more made during the period covered by the statement. Govt. Code § 84211. An expenditure is made on the date the payment is made or on the date consideration, if any, is received, whichever is earlier. Govt. Code § 82025. Expenditures for goods or services received in one reporting period but paid in part or in full during another period are commonly referred to as "accrued expenditures."

A. How to Report Accrued Expenses

A common mistake is the failure to report expenditures that are accrued in one period but not disclosed until the reporting period when payment is made. Proper reporting procedures are as follows.

1. Reporting accrued expenses of $100 or more

You must continue to itemize the accrued expense through each reporting period until it is paid in full on Schedule F of the Form 460. Once payment is made, it must also be reported on Schedule E.

**Example:** During the last two months of 2011, you ordered and received literature from a printer at a cost of $2,500, but you did not pay the printer by December 31, 2011, the end of the semi-annual reporting period. You paid your bill in full in April 2012. On the January 2012 semi-annual statement, you must report the $2,500 unpaid bill as an accrued expense on Schedule F of your Form 460. On the July 2012 filing, you must itemize the accrued expense again on Schedules E and F and report a beginning balance of $2,500, a payment of $2,500, and a balance owed of $0. You would not report this accrued expense again.

**Another Example:** If the payment made to the printer in the example above was only $1,000, the remaining balance is $1,500. On Schedules E and F of your July 2012 statement, you must itemize the accrued expense and report a beginning balance of $2,500, a payment of $1,000, and a balance owed of $1,500. You will continue to report this accrued expense on subsequent statements until the obligation is paid. If you incurred additional expenses to this printer during the period, you would report that amount as well, in column (b) of Schedule F.

2. Reporting unitemized accrued expenses under $100

a. When the expense is incurred:

Total all unitemized accrued expenses under $100 incurred during the applicable reporting period. Add this total of unitemized accrued expenses to the total of all itemized accrued expenses incurred during the reporting period. The itemized accrued expenses total is determined by adding all subtotals in column (b) of Schedule F. The resulting figure is the "Total accrued expenses incurred this period"
(Line 1 of the Schedule F summary section).

b. When the expense is paid:
Total all unitemized accrued expenses paid during the reporting period and add to the total of all itemized accrued expenses paid during the period. The total itemized accrued expenses paid is determined by adding column (c) of Schedule F. The resulting figure is the "Total accrued expenses paid this period" (Line 2 of the Schedule F summary section). The payment of unitemized accrued expenses must be added to the total of all other unitemized expenditures made and reported –as "Unitemized payments made this period under $100" (Line 2 of the Schedule E summary section).

3. Reporting Administrative Expenses

Some expenses may carry over from one reporting period to another and do not have to be reported as accrued expenses. These expenses include regularly recurring administrative overhead, such as rent, utilities, phones, campaign worker salaries, etc., as long as the payment due date has not occurred by the end of the reporting period. Campaign worker salaries only include payments to those individuals for whom the committee is paying federal and state employment taxes. Consultant contracts and contracts with independent contractors are not considered regularly occurring administrative overhead. 2 CCR § 18421.6.
Campaign Communications

A. Filing Requirements

Whenever your committee distributes more than 200 substantially similar pieces of campaign literature within a calendar month (either by mail or by other means), your committee must file a copy with the Commission at the time of distribution by mail, personal delivery, or facsimile. The Commission serves as a repository for the mass mailings, making them available for review by other candidates and members of the public. Charter § 803(r)(3).

Whenever your committee makes or incurs payments for 1,000 or more recorded telephone calls or any other forms of electronic or facsimile transmission of substantially similar content, or makes or incurs expenditures of $1,000 or more for a radio or television advertisement, your committee must:

- provide a copy of the recording or text to the City Ethics Commission for the public to view within 24 hours of the first time the calls, transmissions, or advertisements are made or aired.

The Commission merely serves as a repository for the information and does not judge or comment on the contents of the communication. The requirements for radio or television advertising apply if you spend $1,000 or more. For example, a radio ad that costs $500 for production and $750 for airtime should be reported to the Commission because the total cost of the advertising for a single candidate exceeded the $1,000 threshold. All costs related to the ad or phone calls such as consulting and personnel costs, toll charges, and production charges count toward the $1,000 threshold for filing. Charter § 803(s)(5).

For Each Campaign Communication, Retain the Following in Your Records:

- An original sample of each communication;
- The distribution date of each communication;
- The number of pieces distributed;
- The method of distribution. If mailed, the postage method (i.e., first or third class);
- Documentation of the expenditures related to the mailing; and
- A copy of the script and recording, if 500 or more paid telephone calls, whether recorded or not, were made.

We suggest that you maintain a campaign communication log in your records.

B. Identification Requirements

State law requires that any candidate or committee that pays for 500 or more similar telephone calls, whether recorded or not, include the words "Paid for by" or "Authorized by" immediately followed by the name of the committee as having paid for or authorized the call. This requirement does not apply to calls personally made by the candidate, campaign manager, or volunteers. Govt Code § 84310; 2 CCR § 18440.
State law also requires identification on contribution solicitations and mass mailings of 200 similar pieces of mail sent in a single calendar month. Contribution solicitations must identify the name of the controlled committee. Mass mailings must include the name of the candidate, committee name, street address, city state, and zip code on the outside of each piece of mail in no less than 6-point type and in a color or print which contrasts with the background so that it is easily read. Govt Code §§ 82041.5 and 84305; 2 CCR 18435; 18523.1
CHAPTER 5
COMMITTEE CHECKLIST

HAVE YOU DONE THESE THINGS?

Before Fundraising and Making Campaign Expenditures:

__ Familiarize yourself with the fundraising window for your elective office (p. 7)

__ Review the state and City laws pertaining to LAUSD Board of Education elections (p. 4)

__ Learn the contribution limits for your elective office (p. 17)

__ File all required forms with the Commission (checklist of forms p. 15)

__ Open only one campaign checking account and file the related forms (pp. 8 & 14)

__ Upon raising or spending $1,000, organize your campaign committee by filing Form 410 (p. 7)

During Candidate Filing Week:

__ File all forms required by the City Clerk Election Division (p. 9, Contact the City Clerk’s Elections Division for information)

Throughout the Campaign:

__ File campaign disclosure statements, in hardcopy and/or online, as required (pp. 10 & 11)

__ File Late Contribution Reports as required (p. 25)

__ Send Major Donor Notices as required (p. 25)

__ File a copy of each piece of campaign literature at the time of distribution (p. 33)
Retain for your records:

___ Contributor information which includes the name, address (including zip code), occupation, employer (if self-employed, the name of the business), date, amount, and cumulative amount, for your contributors.

___ Photocopies of contribution checks.

___ For each contribution received, documentation of whether the contribution is a personal or business contribution.

___ Copies of deposit receipts and deposit slips attached to the associated check copies.

___ Bank statements, check registers, journals, passbooks, etc.

___ Bank debit and credit memos, including non-sufficient funds (NSF) check notices and redeposit slips.

___ Originals of all mass mailings and campaign literature, and records to document date mailed, number of pieces sent, method of postage, and receipt of filing with the Commission.

___ Copies of campaign scripts and recordings.

___ Documentation (canceled checks, invoices, receipts, bills, contracts) for all expenditures (including records of media buys and associated costs).

___ Loan documentation including written agreement, lender name, amount, due date and interest rate.

___ A record of the committee’s efforts in resolving campaign issues pertaining to such matters as aggregation of contributions, missing or incomplete contributor information (particularly missing occupation and employer information), etc.
CHAPTER 6
AFTER THE ELECTION

What to Do When the Election is Over

You may not receive contributions in relation to the election more than nine months after the date of the election. The Commission may not extend the period for receiving contributions beyond this nine-month post-election fundraising window. Contributions solicited or received or caused to be solicited or received by you and your controlled committee after the election are solely for the purpose of retiring campaign debt. Charter § 803(q). Remember: When soliciting and receiving contributions to retire debt, the contribution limits still apply.

A. Candidates Moving on to the General Election

Candidates who proceed to the runoff election should take the following steps:

1. Form a new campaign committee for the general election. File an original Form 410 plus one copy with the Secretary of State’s office and a copy with the Commission. Use a different name for the runoff committee, preferably one that includes the term "runoff" or "general". Include the committee's new checking account information, if available, on the form.

2. Open a new bank account for the runoff campaign committee. File a “Controlled Committee Account Information” form with the Commission within 10 calendar days of opening the account.

3. File a new “Declaration of Intent to Solicit and Receive Contributions”. The declaration you filed for the primary election is automatically voided after that election occurs. Charter § 470(c)(1).

4. File “Notification of Other Controlled Committees” form concurrently with the “Declaration of Intent to Solicit and Receive Contributions”. If you have other controlled committees, you must notify the Commission in writing of these committees, the account numbers, and the names and addresses of the financial institutions at which the accounts are held. If other committees are subsequently opened, you must notify the Commission on the next regular business day.

5. File campaign disclosure statements for all of your controlled committees (e.g., primary election committee, general election committee, state committees, etc.) pursuant to the disclosure filing schedule on page 13.

B. Candidates Terminating Their Campaigns

You may terminate your campaign committee after an election if all of the following requirements have been met:

1. Your committee is no longer receiving contributions and making expenditures.

2. You do not anticipate receiving contributions, repayments of outstanding loans
made to others, or any receipts in the future; and you do not anticipate making expenditures in the future.

3. You have eliminated all your debts or declare that you have no intention or ability to discharge all your debts, loans received, and other obligations.

4. You have filed all the required campaign statements disclosing all reportable transactions, including disposition of funds.

5. Your committee has a zero ending cash balance on the “Termination Statement” (Form 460).

Govt. Code § 84214; 2 CCR § 18404.

You must do both of the following to terminate your campaign.

1. **Dispose of Campaign Funds**

To terminate the campaign, your campaign bank account must have a zero balance and your committee must be able to report a zero ending cash balance on its “Termination Statement” (Form 460). Campaign funds may be disposed as follows:

   a. **Candidates Elected to Office**: Following the election, any funds that remain in the campaign bank account becomes subject to state law.

   b. **Defeated Candidates**: Any campaign funds (excluding surplus matching funds) remaining in your account on the closing date of the filing period after the election (June 30) become surplus funds and, pursuant to Govt. Code § 89519, must be disposed of in one of the following ways:

      1. Paying outstanding campaign debts.
      2. Repaying contributions to contributors.
      3. Making donations to a bona fide charitable, educational, civic, religious, or similar tax-exempt, nonprofit organization, where no substantial part of the proceeds will have a material financial effect on you, your campaign treasurer, or any member of your immediate family.
CHAPTER 7
IMPORTANT CAMPAIGN INFORMATION

Enforcement of Campaign Violations

The Commission has the duty to conduct investigations and enforcement proceedings involving alleged campaign finance violations. Charter § 803(u). When the Commission determines that a violation has occurred, it has the authority to issue an order to:

- Cease and desist from committing the violation;
- File any reports, statements or other documents or information required by law;
- Pay a monetary penalty to the City’s General Fund of up to $5,000 for each violation or three times the amount which the person failed to report properly or unlawfully contributed, expended, gave or received, whichever is greater. Charter § 706(c)(3).

Any person who violates any provision of the City Charter or Municipal Code relating to campaign financing or who causes any other person to violate any such provision, or who aids or abets any other person to violate any such provision, is liable under the provisions of Charter Section 706.

Criminal Charges - The City Attorney may bring misdemeanor criminal charges against any person who knowingly or willfully violates any provision of the City’s campaign finance laws. Any person who causes another person to violate any provision of these laws may also be prosecuted for a criminal misdemeanor. Depending on the nature of a state law violation, the District Attorney or Attorney General may also prosecute those violations.

Civil Penalties - Civil actions for monetary penalties may be filed by the City Attorney or any resident of the LAUSD against any person who willfully or knowingly violates any provision of the City’s campaign finance laws.

A. How to File a Complaint with the City Ethics Commission

If you believe someone associated with a campaign for LAUSD Board of Education office has violated City or State campaign law, you may file a complaint via our 24-hour, toll free Whistleblower Hotline -- (800) 824-4825 -- or in writing using the Commission’s complaint form available on our web site at http://ethics.lacity.org/PDF/form_complaint.pdf or file your complaint online at http://ethics.lacity.org/Whistleblower/complaint.cfm. A complaint should include as much relevant information as possible: a brief description of the incident, the names of potential witnesses, and the dates which the alleged violations occurred. Complaints may be made anonymously. However, it is helpful to include a telephone number where you may be contacted should more information be needed.

We will not comment on the existence or nonexistence or facts of any pending investigation (regardless of who requests the information) to protect the integrity of the investigation and the reputations of parties against whom complaints are filed, and to prevent political manipulation of the complaint process. All complaints are investigated promptly. The Commission does not have the power to grant injunctive relief.
Audits

Pursuant to City Charter § 803(u)(1), the Commission has the authority to conduct campaign audits of LAUSD campaign committees to ensure that campaign activity is accurately disclosed to the public, to determine a committee's degree of compliance with applicable state and City laws, and to provide a meaningful public record of a committee's compliance with these laws.

A. How is the Audit Conducted?

At the outset of the mandatory audit, Commission auditors send candidates and/or committee representatives a Candidate Audit Guide so that they can familiarize themselves with the audit process. Auditors meet with candidates and/or committee representatives to discuss the audit upon request. Auditors work closely with committee representatives throughout the course of the audit to gather information that may help clarify issues and resolve any potential audit findings.

Commission auditors produce a written audit report for each committee. This report contains statements of fact about the committee's compliance with applicable laws. Committees may provide written responses to any audit findings. Such responses are also included as part of the final audit report.

B. Your Responsibility

City Charter § 803(h) requires candidates and treasurers to maintain detailed accounts, records, bills and receipts necessary to prepare campaign statements. It is also your responsibility and that of your treasurer to make sure that all of your independent contractors and agents obtain invoices, receipts, bills, etc. from any third parties that provided goods and services to your committee. You must retain these documents for the periods specified in the Political Reform Act of 1974, that is, for a period of no less than four years from the date that the related campaign statement is filed; and provide them in a timely manner to the Commission when requested.

C. Enforcement

Commission auditors routinely refer the audit report to the Commission's Enforcement staff, to the City Attorney, and to the California Fair Political Practices Commission to determine whether audit findings warrant enforcement action.
APPENDICES

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SEC. 803  ELECTION OF BOARD MEMBERS

The election of Members of the Board of Education of the Los Angeles Unified School District shall be conducted in accordance with Sections 400 through 440 of the Charter and applicable ordinances consistent with the Charter. In order to encourage a broader participation in the political process by placing limits on the amount any person may contribute or otherwise cause to be available to candidates for election to the Board of Education, the following campaign finance provisions apply to elections of the members of the Board of Education. This section is intended to supplement the Political Reform Act of 1974.

(a) Definitions.

(1) “Behested” means and will be treated in the following manner for purposes of this section:

(A) An expenditure behested by a candidate or candidate’s controlled committee is not an independent expenditure and shall be treated as a contribution to the candidate or committee that behests the expenditure. A payment is behested if it is made:

(i) at the request or suggestion of the candidate, committee, or the candidate or committee’s agent;

(ii) in concert with, with the cooperation of, or in consultation with, the candidate, committee, or the candidate or committee’s agent; or

(iii) under any arrangement, coordination, or direction between the candidate, committee, or the candidate or committee’s agent.

(B) An expenditure is behested without limitation under the following circumstances:
(i) active involvement or participation by a candidate in the creation or design of a communication financed by the spender, including consultation between the spender and the candidate about content;

(ii) solicitation by the spender and/or provision by the candidate of materials specifically for use in the communication or procuring the candidate’s consent to include specific materials in the communication; or

(iii) arranging with the candidate for preparation of any materials used in the communication.

(C) There is a rebuttable presumption that an expenditure is behested, and therefore not independent, if:

(i) it is made by or through any agent of the affected candidate or member of the candidate’s controlled committee in the course of his/her involvement in the current campaign;

(ii) in the election cycle during which the expenditure is made, both the spender or the spender’s agent and the candidate on whose behalf the expenditure is made retain the same individual or entity to provide non-ministerial, campaign related professional services (non-ministerial, campaign related professional services include, but are not limited to: polling or other campaign research, media consulting or production, direct mail consultation, and fundraising);

(iii) the expenditure finances a communication that replicates, reproduces, republishes, distributes, or disseminates, in whole or substantial part, a broadcast, written, graphic, or other form of campaign material designed, produced, paid for, or distributed by the affected candidate, his or her committee, or agent;

(iv) the expenditure is based on information about a candidate’s campaign plans, projects, or needs not generally available to the public; or
information provided directly or indirectly by that candidate, committee, or their agents to the spender or spender’s agent, with an express or tacit understanding that the expenditure was being considered;

(v) the spender or spender’s agent discusses or negotiates the content, timing, location, mode, intended audience, volume of distribution, or frequency of placement of a communication financed by the spender with the candidate whose election or nomination is advocated by the spender or whose opponent’s defeat is advocated by the spender;

(vi) in the election cycle during which the expenditure is made, the spender or spender’s agent is serving or has served in a formal executive, policy-making, or advisory position with the candidate’s campaign or has participated in strategic or policy-making discussions with the candidate’s campaign relating to that candidate’s pursuit of nomination or election to office, and the candidate is pursuing the same office as a candidate whose nomination or election the expenditure is intended to influence;

(vii) the expenditure is made after a request to the spender or spender’s agent by the candidate, the candidate's controlled committee, or their agents for an expenditure on the candidate’s behalf; or

(viii) the expenditure is made in connection with or as a consequence of fundraising events or campaign activities co-sponsored by the candidate and the spender or the spender’s agent.

(D) An expenditure will not be deemed behested merely when:

(i) a spender or spender’s agent interviews a candidate on legislative or policy positions or issues affecting the spender or discusses
campaign-related issues with the candidate, such as platforms, polling information, which organizations support the candidate and which support his/her opponent, or the identity of the consultants the candidate plans to hire, provided that prior to making a subsequent expenditure based on that information, the spender or his agent has not communicated with the candidate, candidate’s controlled committee, or their agents concerning the expenditure;

(ii) the spender solicits and/or obtains a photograph, biography, position paper, press release, or similar material from the candidate, candidate’s controlled committee, or their agents and, without the prior knowledge, control, or involvement of the candidate, candidate’s controlled committee, or their agents, subsequently utilizes or incorporates that information to create a communication in support of the candidate or in opposition to his or her opponent;

(iii) the spender made prior contributions to the candidate;

(iv) the spender communicates to the candidate, the candidate’s controlled committee, or the agent of either, the intent to make an independent expenditure without discussing any of the items mentioned in Subparagraph (C)(v) of this section;

(v) a member of an organization that makes an expenditure renders volunteer personal services to or works for the affected candidate’s campaign, unless the volunteer or campaign worker was also involved in the activities of the spender-organization’s political action committee or makes payments on behalf of the spender-organization, or is serving or has served the affected candidate’s campaign in one of the capacities described in Subparagraph (C)(vi) of this section;
(vi) the expenditure was made in response to an unsolicited request from political party leaders or their agents that the committee “support” the candidate or make an expenditure relating to the candidate;

(vii) the expenditure finances the cost of preparing or disseminating candidate evaluations to voters or conducting a political survey; or

(viii) the spender employs or is under contract with a political consultant or pollster who rendered services to a candidate in prior years.

(2) “Board of Education office” means the office of a member of the Board of Education of the Los Angeles Unified School District.

(3) “Candidate or Committee Agent” means any person who has express or implied authority to make or to authorize the making of expenditures on behalf of the candidate. There shall be a rebuttable presumption that the following have that authority: current or former officers of the candidate-controlled committee, employees of the campaign, persons who have received compensation or reimbursement from the campaign, or any person who has been placed in a position within the campaign organization where it would reasonably appear that in the ordinary course of campaign-related activities he or she may authorize expenditures. A candidate’s agent is also any person who is serving or has served in an advisory, decision-making, or strategic role with a candidate’s campaign, with or without compensation, where that person’s duties and/or actions reflect or require direct knowledge of the candidate’s campaign strategy, plans, or needs.

(4) “Election” means any primary nominating election, a general election, a special election and a recall election.

(5) “Independent expenditure” means an expenditure made by any person in connection with a communication that expressly advocates the election or defeat of a clearly identified candidate; or, taken as a whole and in context, unambiguously urges a particular result in an election, but which is not made to or at the behest of the affected candidate or committee.
(6) “Loan” means and will be treated in the following manner for purposes of this section:

(A) A loan shall be considered a contribution from the maker and the guarantor of the loan and shall be subject to the contribution limitations of this section.

(B) The proceeds of a loan made to a candidate by a commercial lending institution in the regular course of business on the same terms available to members of the public and which is secured or guaranteed shall not be considered to be a contribution within the meaning of the contribution limitations of this section.

(C) Extensions of credit (other than loans referred to in Subdivision (6)(B)) for a period of more than 30 days are subject to the contribution limitations of this article.

(7) “Member communications” means payments made pursuant to Government Code Section 85312.

(A) For purposes of this article, payments for member communications that are behested by candidates, with the exception of payments for a regularly published newsletter or periodical limited solely to individual members not exceeding the amount of payments regularly made to publish a regular newsletter or periodical, shall be considered contributions to that candidate or candidate controlled committee for purposes of the contribution limits reporting requirements contained in this article.

(B) For purposes of this article, member communications that are not behested by a candidate, a candidate’s controlled committee, or an agent of a candidate or a candidate’s controlled committee are not considered contributions to a candidate.

(C) Member communications that are not behested by a candidate, a candidate’s controlled committee, or an agent of a candidate or a candidate’s controlled committee and are not payments for a regularly published newsletter or periodical limited solely to individual members and do not exceed the amount of payments regularly made to publish a regular
newsletter or periodical, are considered expenditures and are required to be reported pursuant to Subsection (s).

(8) “Non-Candidate Spending” means any combination of independent expenditures and/or member communications that are not behested by a candidate.

(b) Campaign Contribution Limitations.

(1) No intended candidate for the Board of Education, and no committee acting on behalf of such candidate, shall solicit or accept, or cause to be solicited or accepted, any contribution for use in any election for such office unless and until such candidate shall have filed a Declaration of Intent to Solicit and Receive Contributions in connection with candidacy for a specific Board of Education office. That declaration shall be filed with the City Ethics Commission on a form prescribed by the City Ethics Commission. Once the election takes place, the declaration is thereafter void. No person may have on file at the same time more than one declaration for any single election. A candidate may, however, file a form canceling one declaration and may thereafter file a new declaration.

(2) The candidate and the treasurers of the candidate’s controlled committees shall file with the City Ethics Commission on a form prescribed by the City Ethics Commission a statement under oath that the candidate and the treasurers have read and understood Section 803. This statement shall be filed concurrent with the filing of the Declaration of Intent to Solicit and Receive Contributions.

(3) No person shall contribute a total of more than $1,000 to any candidate for the Board of Education and to his or her controlled committee for a single election. A candidate for the Board of Education shall not accept any contribution or contributions totaling more than $1,000 from any person for a single election. Nothing in this section is intended to limit the amount a candidate can contribute to his or her candidacy for the Board of Education from his or her personal funds.
(4) No person shall make to any committee (other than the candidate’s controlled committee), which supports or opposes any candidate for the Board of Education, and no such committee shall accept from any such person, a contribution or contributions totaling more than $1000 in any calendar year.

(5) No person shall make a contribution in connection with a single election for a Board of Education office, which would cause the aggregate amount of such contributions by that person to exceed a sum equal to $1,000 multiplied by the number of Board of Education offices appearing on the ballot at that election, but in no case less than $2,000, in connection with all candidates in that election seeking election to all Board of Education offices; provided, however, that a candidate shall not be limited by this Subdivision (5) in the amount he or she may contribute or expend in connection with his or her own campaign.

(6) No person shall make, and no person or candidate shall solicit or accept any loan of more than $1,000 for use in connection with an election for the Board of Education. Further, no person shall make, and no person or candidate shall solicit or accept any loan for use in connection with an election for a Board of Education office for a period of more than 30 days. Loans to a candidate or to a candidate’s controlled committees shall be counted against the contribution limitations applicable to the candidate. A candidate is not prohibited from obtaining a personal loan of any amount from a licensed financial lending institution in the regular course of business, unless the loan is made for political purposes. Every loan to a candidate or the candidate’s controlled committee shall be by written agreement, which shall be filed with the candidate’s or committee’s campaign statement on which the loan is first reported. This Subdivision (6) shall not limit the amount or duration of loans from the candidate to his or her own campaign.

(7) Any contributions solicited or accepted pursuant to this section shall be expended only in connection with the candidacy for the office specified in the candidate’s Declaration of Intent to Solicit and Receive Contributions. Contributions solicited or accepted pursuant to this section for one individual shall not be expended for the candidacy of any other individual seeking another Board of Education
office or in support of or in opposition to any Los Angeles Unified School District ballot measure. No candidate, committee controlled by a candidate, or elected member of the Board of Education shall use contributed funds to make any contribution to any other candidate running for office or to any committee supporting or opposing a candidate for office. Provided, however, a candidate shall not be prohibited from making a contribution from his or her own personal funds to his or her own candidacy, to the candidacy of any other candidate or in support of or in opposition to any Los Angeles Unified School District ballot measure.

(c) Adjustment of Limits.

Every four years, the City Ethics Commission shall review whether the contribution limitations contained in this section should be adjusted to reflect changes in the Consumer Price Index (CPI) for the Los Angeles-Long Beach Metropolitan Statistical Area. The first review shall begin at the end of the calendar year 2011. If the contribution limitations are not adjusted during any review period, the limitations may be adjusted in a subsequent four-year review period, up to the overall increase in the CPI since the last adjustment. Any change to the contribution limitations shall be effective for any subsequent election for which the fundraising period has not yet opened as provided in Subsection (q). The City Ethics Commission shall forward a report with its findings to the Council by March 1, following each review. Within 60 days after the City Ethics Commission forwards its report to the Council, the Council shall hold a public hearing concerning the matter and act to approve or disapprove the report. If the Council fails to disapprove within the 60 day period, the report shall be presented to the Mayor for approval or veto, and to the Council for override of the Mayor’s veto. If approved by the Mayor, or if the Mayor fails to act, or if approved by the Council on override of the Mayor’s veto, the amount specified in the report shall have the force of law as the contribution limitations applicable to this section, subject to all penalties and remedies in this section.

(d) Cash Contributions and Anonymous Contributions.

No person shall make, and no candidate or committee shall solicit or accept, any cash contribution in excess of $25. Total
anonymous contributions to a candidate or committee which exceed in the aggregate $200 with respect to a single election shall not be used by the candidate or committee for whom such contributions were intended, but instead, such excess shall be paid promptly to the City Treasurer for deposit in the General Fund of the City.

(e) **Campaign Contribution Checking Account.**

No more than one campaign contribution checking account shall be established by each candidate for a Board of Education office, and by each committee supporting or opposing such candidate. The account shall be established at an office of a bank or savings and loan institution located in the City of Los Angeles. Upon opening such account, the candidate shall file with the City Ethics Commission within ten days of opening the campaign bank account, the name of the bank or savings and loan institution and the account number. Funds shall only be disbursed from such account by checks signed by the candidate, treasurer or designated agent of the treasurer. A candidate, treasurer or designated agent of the treasurer shall deposit into the campaign checking account all contributions received in connection with a Board of Education election. A candidate, treasurer or designated agent of the treasurer shall pay all campaign expenditures for a Board of Education election with monies from this campaign checking account.

If a candidate has other controlled committees and such committees have checking accounts, the candidate shall notify the City Ethics Commission in writing of these committees and the names and addresses of the banks or savings and loan institutions and the account numbers of any such accounts. A candidate shall notify the City Ethics Commission of these committees, the banks or savings and loan institutions, and the account numbers concurrent with the filing of the Declaration of Intent to Solicit and Receive Contributions. If committees are thereafter formed or accounts thereafter opened, then the candidate shall notify the City Ethics Commission on the next regular business day on which the City Ethics Commission office is open. No contribution shall be commingled with the personal funds of the candidate or any other person.
This subsection shall not prohibit the establishment of savings accounts or certificates of deposit, provided that no campaign expenditures may be made therefrom.

(f) **Treasurer.**

A candidate having campaign committees for election to the Board of Education shall appoint a treasurer of each committee. No expenditure shall be made by or on behalf of a committee without the authorization of the treasurer or that of his or her designated agents. No contribution or expenditure shall be accepted or made by or on behalf of a committee at a time when there is a vacancy in the office of treasurer. It shall be the duty of the candidate and the treasurer to approve and authorize such payments and to retain such authorizations, detailed accounts, records, bills and receipts.

(g) **Training for Candidates and Treasurers.**

Every candidate for the Board of Education, and every treasurer of such candidate’s controlled committee, shall attend a training program conducted or sponsored by the City Ethics Commission prior to the election at which the candidate’s name will appear on the ballot.

(h) **Accountability.**

The candidate and the treasurer shall maintain such detailed accounts, records, bills and receipts as are necessary to prepare campaign statements. The candidate and the treasurer shall retain the detailed accounts, records, bills and receipts for the periods specified in the Political Reform Act of 1974 as amended. Every candidate and committee shall make available on demand to any public officer having legal authority to enforce this section, details of checking and financial accounts of each committee controlled by the candidate and all records supporting such details.
(i) **Petty Cash Fund.**

Subsection (e) notwithstanding, a candidate, campaign treasurer and other designated agents authorized to issue checks on a campaign contribution checking account may disburse to the candidate or committee establishing the checking account an amount not greater than $50 per week to be used for petty cash purposes by the candidate or committee.

(j) **Assumed Name Contributions.**

No contribution shall be made, directly or indirectly, by any person or combination of persons, acting jointly in a name other than the name by which they are identified for legal purposes, nor in the name of another person or combination of persons. No person shall make a contribution in his, her or its name of anything belonging to another person or received from another person on the condition that it be used as a contribution. In the event it is discovered by a candidate or committee treasurer that a contribution has been received in violation of this subsection, the candidate or treasurer shall promptly pay the amount received in violation of this subsection to the City Treasurer for deposit in the General Fund of the City.

(k) **Campaign Expenditures – Uncontrolled by Candidate or Committee.**

Persons or organizations not subject to the control of a candidate or committee but who make independent expenditures for or against a candidate or committee shall indicate clearly on any material published, displayed or broadcast that it was not authorized by a candidate or a committee controlled by a candidate.

(l) **Recall Petition.**

In the event a recall petition is filed, the committee or individual filing the petition shall be subject to the same campaign disclosure provisions as are applicable to candidates for the Board of Education.
(m) Suppliers of Goods and Services – Disclosure of Records Required.

No person who supplies goods or services or both goods and services to a candidate or committee for use in connection with the campaign for a Board of Education office shall knowingly refuse to divulge or disclose to the City Ethics Commission or to any public officer having legal authority to enforce this section, the details and the records supporting such details of any expenditures made by the candidate or committee in payment for such goods or services or both.

(n) Aggregation of Payments.

For the purposes of the contribution limitations contained in this section, contributions and/or expenditures from two or more persons will be aggregated and considered to be made by a single person for the purposes of the contribution limitations and reporting provisions contained in this section, if any of the circumstances listed below is applicable:

(1) Contributions and/or expenditures from a person will be aggregated with contributions and/or expenditures from any other person that controls his, her, or its contribution or expenditure activity;

(2) Contributions and/or expenditures from a sponsored committee, as defined in Government Code Section 82048.7, shall be aggregated with contributions and/or expenditures from its sponsoring organization;

(3) Contributions and/or expenditures from an entity shall be aggregated with contributions and/or expenditures from any other entity that has the same individuals constituting a majority of the members of each entity’s board of directors;

(4) Contributions and/or expenditures from an entity shall be aggregated with contributions and/or expenditures from any other entity that has the same officers or with whom it shares a majority of officers. For the purposes of this subdivision, an officer does not include an individual who serves only as a member of the entity’s board of directors;
(5) Contributions and/or expenditures from a corporation or limited liability company shall be aggregated with contributions and/or expenditures from any other corporation or limited liability company that has the same majority shareholder and/or member or that holds a majority of voting rights in that corporation or limited liability company;

(6) Contributions and/or expenditures from a corporation shall be aggregated with contributions and/or expenditures from any parent or subsidiary corporation, provided that at least one of the corporations is not publicly traded;

(7) Contributions and/or expenditures from an individual shall be aggregated with contributions and/or expenditures from any corporation, limited liability company, firm, joint venture, syndicate, business trust, company or other business entity not described in Subdivisions (8) or (9) below, in which the individual owns an investment of 50% or more or holds a majority of voting rights;

(8) Contributions and/or expenditures from an individual shall be aggregated with contributions and/or expenditures from any sole proprietorship the individual owns; or

(9) Contributions and/or expenditures from a general partner shall be aggregated with contributions and/or expenditures from any general or limited partnership in which the general partner owns an investment of 50% or more or in which the general partner holds a majority of voting rights.

(o) Family Contributions.

Contributions by a husband and wife shall be treated as separate contributions. Contributions by children under eighteen years of age shall be treated as contributions by their parents and attributed proportionately to each parent (one-half to each parent or the total amount to a single custodial parent).
(p) Return of Contributions.

A contribution shall not be considered to be received if it is not negotiated, deposited, or utilized, and is returned to the donor within 14 days of receipt.

(q) Restrictions on When Contributions May Be Received.

No candidate for the Board of Education, or the controlled committee of that candidate, shall solicit or accept or cause to be solicited or accepted any contribution more than 18 months before the date of the election at which the candidate seeks office. No candidate for the Board of Education, or his or her controlled committee, shall solicit or receive or cause to be solicited or received a contribution to his or her own campaign committee from any person later than nine months after the date of the election. Contributions solicited or received or caused to be solicited or received by a candidate for the Board of Education, or his or her controlled committee, following his or her election shall be used to retire campaign debt.

(r) Campaign Disclosure, Reporting and Recordkeeping.

(1) In addition to the campaign statements required to be filed pursuant to the Political Reform Act, commencing with Government Code Section 81000, as amended, candidates for the Board of Education, their controlled committees and committees primarily formed to support or oppose these candidates shall file a pre-election statement on the Friday before the election. This statement shall have a closing date of the Wednesday before the election and shall cover activity and payments occurring through that day. Candidates for the Board of Education, their controlled committees and committees primarily formed to support or oppose these candidates shall also file campaign statements as follows in connection with a primary election held in March of an odd-numbered year:

(A) For the period ending September 30 of the year prior to the election, a statement shall be filed no later than October 10, for the period from July 1 through September 30.
(B) For the period ending December 31 of the year prior to the election, a statement shall be filed no later than January 10, of the year of the election for the period from October 1 through December 31.

(2) No contribution shall be deposited into a campaign checking account of a candidate for the Board of Education unless the name, address, occupation and employer of the contributor is on file in the records of the recipient of the contribution.

(3) Each candidate, and each committee making independent expenditures or member communications in support of or opposition to a candidate, who sends a mailing or distributes more than 200 substantially similar pieces of campaign literature, shall send a copy of the mailing or other literature to the City Ethics Commission at the same time the mailing or other literature is given to the post office or otherwise distributed. During the election campaign, the Commission shall merely serve as a repository for this literature and shall not judge or comment on the contents of the literature.

(4) Any candidate for the Board of Education and the candidate’s controlled committee required to file campaign statements with the City Ethics Commission shall file those campaign statements online, using the Commission’s Electronic Filing System (EFS), after the candidate and/or committee has received contributions or made expenditures of $25,000 or more in connection with election to a Board of Education office.

(A) Once a candidate or committee is required to file campaign statements online, that candidate or committee shall continue to file statements online until the committee has officially terminated. Committees and other persons not required to file online by this subsection may do so voluntarily.

(B) A person required to file online shall continue to file a paper copy of each campaign statement, as required by the California Political Reform Act and this article, until the person is no longer required to file campaign statements with the City Ethics Commission. The paper copy shall continue to be the original campaign statement for audit and other legal purposes.
(C) In addition to any late filing penalties that may be imposed for a late filing of a paper copy pursuant to the California Political Reform Act or this article, any person who fails to comply with the online filing requirement of this subsection will, in addition, be subject to an additional late filing penalty of $25 per day after the deadline for the late filing of the online copy.

(D) The information contained on a campaign statement filed online shall be the same as that contained on the paper copy of the same statement that is filed with the City Ethics Commission.

(s) Disclosure of Payments for Independent Expenditures and Non-Behested Member Communications.

(1) Any person, including any committee, who makes or incurs independent expenditures of $1,000 or more in support of or in opposition to any candidate for the Board of Education, or one or more payments for member communications as defined by this section, totaling $1,000 or more in support of or in opposition to a candidate for the Board of Education, shall notify the City Ethics Commission within 24 hours by certified mail or fax or e-mail each time one or more payments, which meet this threshold, are made.

(2) The notification shall consist of a declaration specifying each candidate supported or opposed by the expenditure, the amount spent to support or oppose each candidate, whether the candidate was supported or opposed, and that the expenditure was not behested by the candidate or candidates who benefited from the expenditure. This declaration shall be made under penalty of perjury and signed by the person or officer and the treasurer of the group making the expenditure. In addition, the date and amount of the payment, a description of the type of communication for which the payment was made or incurred, the name and address of the person making the payment, the name and address of the payee, and a copy of the mailing or advertisement, or a copy of the script or recording of the call, transmission, or advertisement, shall also be provided to the City Ethics Commission. The notification also shall include disclosure of contributions of $100 or more received by the
committee since the day after the closing date of the committee’s last campaign disclosure report filed within the Commission or since the first day of the current calendar year, whichever date occurs later; however, contributions that are received, but earmarked for any other candidate outside the Los Angeles Unified School District need not be disclosed. The notification also shall include disclosure of contributions of $100 or more made in the current calendar year by the person to Board of Education candidates or their controlled committees.

(3) City Ethics Commission staff will notify all candidates by phone, fax or e-mail in the affected race within one business day after receiving the notice of payments for independent expenditures and uncoordinated member communications of $1,000 or more. The notification will indicate the candidate who was supported or opposed by the expenditure as indicated on the signed declaration and include a copy of the communication provided by the person or group making the expenditure.

(4) For purposes of the notification required in Subdivision (1), payments by an organization for its regularly published newsletter or periodical, if the circulation is limited to the organization’s members, employees, shareholders, other affiliated individuals and those who request or purchase the publication, shall not be required to be reported.

(5) Any committee, including but not limited to a candidate controlled committee and an independent expenditure committee, that makes or incurs payments for 1,000 or more recorded telephone calls or any other forms of electronic or facsimile transmission of substantially similar content, or that makes or incurs expenditures of $1,000 or more for a radio or television advertisement, in support of or opposition to any candidate(s) for Board of Education office, shall send a copy of the script or recording used for each communication to the Ethics Commission within 24 hours of the first time the calls, transmissions, or advertisements are made or aired.

(t) Verification.

All declarations, reports and statements filed under this section shall be signed and verified by the filer under penalty of perjury.
The candidate and any person signing declarations, reports and statements under this provision shall read, know and understand the contents of all these declarations, reports and statements.

(u) Duties of City Ethics Commission.

The City Ethics Commission shall administer the provisions of this section. In addition to other duties required under the terms of this section, the City Ethics Commission shall:

(1) Conduct audits and investigations of reports and statements filed by candidates and committees supporting or opposing candidates for Board of Education offices as required under the Political Reform Act of 1974, as amended, and Article VII and this section of the Charter. The City Ethics Commission shall employ investigators where necessary to fully investigate any person subject to this section.

(2) Enforce or cause to be enforced the provisions of this section pursuant to Section 90002(c) of the Government Code, in accordance with Article VII of the Charter.

(3) Report apparent violations of this section and applicable state law to the City Attorney or another appropriate law enforcement agency.

(v) Enforcement.

(1) Criminal Enforcement – Any person who knowingly or willfully violates any provisions of this section is guilty of a misdemeanor. Any person who knowingly or willfully causes any other person to violate any provision of this section, or who aids and abets any other person in the violation of any provision of this section, shall be liable under the provisions of this section. Prosecution for violation of any provision of this section must be commenced within four years after the date on which the violation occurred. No person convicted of a misdemeanor under this section shall act as a lobbyist or as a City contractor for a period of four years following the date of the conviction unless the court at the time of sentencing specifically determines that this provision shall
not be applicable. For purposes of this section, a plea of nolo contendere shall be deemed a conviction.

(2) Civil Enforcement.

(A) Any person who intentionally or negligently violates any provision of this section shall be liable in a civil action brought by the City Attorney, the City Ethics Commission or by a person residing within the boundaries of the Los Angeles Unified School District for an amount not more than $5,000 per violation, or for more than three times the amount the person failed to report properly or unlawfully contributed, gave or received.

(B) Any person who intentionally or negligently makes or receives a contribution, or makes an expenditure, in violation of any provision of this section shall be liable in a civil action brought by the City Attorney or by a person residing within the City for an amount up to three times the amount of the unlawful contribution or expenditure.

(C) If two or more persons are responsible for any violation, they shall be jointly and severally liable.

(D) Any person, other than the City Attorney, before filing a civil action pursuant to this subsection, shall first file with the City Ethics Commission a written request for the City Ethics Commission to commence the action. The request shall contain a statement of the grounds for believing a cause of action exists. The City Ethics Commission shall respond within 40 days after receipt of the request, indicating whether it intends to file a civil action. If the City Ethics Commission indicates in the affirmative, and files suit within 40 days thereafter, no other action may be brought unless the action brought by the City Ethics Commission is dismissed without prejudice.

(E) Not more than one judgment on the merits with respect to any violation may be obtained under this subsection. Actions brought for the same violation or violations shall have precedence for purposes of trial in the order of the time filed. Such actions shall be dismissed once judgment has been entered or a
settlement approved by the court in a previously filed action. The court may dismiss a pending action without prejudice to any other action for failure of the plaintiff to proceed diligently and in good faith. The action may be so dismissed on motion by the City Attorney or any plaintiff in an action based on the same violation.

(F) In determining the amount of liability under this subsection, the court may take into account the seriousness of the violation and the degree of culpability of the defendant. If a judgment is entered against the defendant or defendants in an action, a private plaintiff shall receive 50% of the amount recovered. The remaining 50% shall be deposited into the City's General Fund. In an action brought by the City Attorney or the City Ethics Commission, the entire amount shall be paid to the General Fund.

(G) No civil action alleging a violation of this section shall be filed more than four years after the date the violation occurred.

(H) Any person residing within the Los Angeles Unified School District, including the Los Angeles City Attorney, may sue for injunctive relief to enjoin violations or to compel compliance with the provisions of this section. The court may award to a party, other than an agency, who prevails in any civil action authorized by this article, his or her costs of litigation, including reasonable attorneys' fees; provided, however, that no such award may be granted against the City of Los Angeles.

(w) Effect of Violation on Outcome of Election.

(1) If a candidate is convicted of a misdemeanor violation of any provision of this section, the court shall make a determination as to whether the violation had a material effect on the outcome of the election. If the court finds such a material effect, then:

(A) if such conviction becomes final before the date of the election, the votes for such candidate shall not be
counted, and the election shall be determined on the basis of the votes cast for the other candidates in that race;

(B) if such conviction becomes final after the date of the election, and if such candidate was declared to have been elected, then such candidate shall not assume office, the office shall be deemed vacant and shall be filled as otherwise provided in the Charter;

(C) if such conviction becomes final after the candidate has assumed office, then the candidate shall be removed from office, the office shall be deemed vacant and shall be filled as otherwise provided in the Charter; and

(D) the person so convicted shall be ineligible to hold any elected City office or the office of a member of the Board of Education for a period of five years after the date of such conviction.

(2) The City Clerk shall not issue any certificate of nomination or election to any candidate until his or her pre-election campaign statements required by the Political Reform Act of 1974, as amended, or if no campaign statement is required, the written declaration permitted under Section 84205 of the Government Code, have been filed in the form and at the place required by the Political Reform Act of 1974.

(x) **Late Filing Penalties.**

If any person files an original statement or report after any deadline imposed by this article, he or she shall, in addition to any other penalties or remedies established by the article, be liable to the City Ethics Commission in the amount of $25 per day after the deadline until the statement or report is filed. Liability need not be enforced by the Commission if on an impartial basis it determines that the late filing was not willful and that enforcement of the liability will not further the purposes of the article, except that no liability shall be waived if a statement or report is not filed within 30 days.
(y) Severability.

If any provision or portion of this section, or its application to any person or circumstance, is held invalid by any court, the remainder of this section or the application of such provisions to persons or circumstances other than those as to which it is held invalid, shall not be affected.
Foreign Nationals
Federal Election Commission
Published in July 2003

Introduction
The ban on political contributions and expenditures by foreign nationals was first enacted in 1966 as part of the amendments to the Foreign Agents Registration Act (FARA), an “internal security” statute. The goal of the FARA was to minimize foreign intervention in U.S. elections by establishing a series of limitations on foreign nationals. These included registration requirements for the agents of foreign principals and a general prohibition on political contributions by foreign nationals. In 1974, the prohibition was incorporated into the Federal Election Campaign Act (the FECA), giving the Federal Election Commission (FEC) jurisdiction over its enforcement and interpretation.

This brochure has been developed to help clarify the rules regarding the political activity of foreign nationals; however, it is not intended to provide an exhaustive discussion of the election law. If you have any questions after reading this, please contact the FEC in Washington, D.C., at 1-800-424-9530 or 202-694-1100. Members of the press should contact the FEC Press Office at 202-694-1220 or at the toll free number listed above.

Except where otherwise noted, all citations refer to the Act and FEC regulations. Advisory Opinions (AOs) issued by the Commission are also cited.

The Prohibition
The Federal Election Campaign Act (FECA) prohibits any foreign national from contributing, donating or spending funds in connection with any federal, state, or local election in the United States, either directly or indirectly. It is also unlawful to help foreign nationals violate that ban or to solicit, receive or accept contributions or donations from them. Persons who knowingly and willfully engage in these activities may be subject to fines and/or imprisonment.
Who is a Foreign National?
The following groups and individuals are considered “foreign nationals” and are, therefore, subject to the prohibition:
- Foreign governments;
- Foreign political parties;
- Foreign corporations;
- Foreign associations;
- Foreign partnerships;
- Individuals with foreign citizenship; and
- Immigrants who do not have a “green card.”

Individuals: The “Green Card” Exception
An immigrant may make a contribution if he or she has a “green card” indicating his or her lawful admittance for permanent residence in the United States.

Domestic Subsidiaries and Foreign-Owned Corporations
A U.S. subsidiary of a foreign corporation or a U.S. corporation that is owned by foreign nationals may be subject to the prohibition, as discussed below.

PAC Contributions for Federal Activity
A domestic subsidiary of a foreign corporation may not establish a federal political action committee (PAC) to make federal contributions if:
1. The foreign parent corporation finances the PAC’s establishment, administration, or solicitation costs; or
2. Individual foreign nationals:
   - Participate in the operation of the PAC;
   - Serve as officers of the PAC;
   - Participated in the selection of persons who operate the PAC; or
   - Make decisions regarding PAC contributions or expenditure.
   11 CFR 110.20(i).
   (See also AOs 2000-17, 1995-15, 1990-8, 1989-29, and 1989-20.)

Corporate Contributions for Nonfederal Activity
Additionally, a domestic subsidiary of a foreign corporation (or a domestic corporation owned by foreign nationals) may not donate funds or anything of value in connection with state or local elections if:
1. These activities are financed by the foreign parent or owner; or
2. Individual foreign nationals are involved in any way in the making of donations to nonfederal candidates and committees.1

1 This means that foreign nationals may not participate in donation activity, allocate funds for donations, or make decisions regarding donations (e.g., selecting the recipients, approving the making of donations, or approving the issuance of donation checks).
Please note that many states place additional restrictions on donations made to nonfederal candidates and committees. 11 CFR 110.20(i). (See also AOs 1992-16, 1985-3, 1982-10, and MUR 2892.)

**Volunteer Activity**
Generally, an individual may volunteer personal services to a federal candidate or federal political committee without making a contribution. The Act provides this volunteer “exemption” as long as the individual performing the service is not compensated by anyone. 11 CFR 100.74. The Commission has addressed applicability of this exemption to volunteer activity by a foreign national, as explained below.

In Advisory Opinion 1987-25, the Commission allowed a foreign national student to provide uncompensated volunteer services to a Presidential campaign. By contrast, the decision in AO 1981-51 prohibited a foreign national artist from donating his services in connection with fundraising for a Senate campaign.2

**Nonelection Activity by Foreign Nationals**
Despite the general prohibition on foreign national contributions and donations, foreign nationals may lawfully engage in political activity that is not connected with any election to political office at the federal, state, or local levels. The FEC has clarified such activity with respect to individuals’ activities.

In Advisory Opinion 1989-32, the Commission concluded that although foreign nationals could make disbursements solely to influence ballot issues, a foreign national could not contribute to a ballot committee that had coordinated its efforts with a nonfederal candidate’s re-election campaign.

In Advisory Opinion 1984-41, the Commission allowed a foreign national to underwrite the broadcast of apolitical ads that attempted to expose the alleged political bias of the media. The Commission found that these ads were not election influencing because they did not mention candidates, political offices, political parties, incumbent federal officeholders or any past or future election.3

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2 The Commission has stated that this opinion is not superceded by AO 1987-25. Individuals may obtain further guidance in this area by requesting an advisory opinion about their proposed activity.
3 Individuals and committees should consider requesting an advisory opinion before engaging in other types of political activity involving foreign nationals.
Assisting Foreign National Contributions or Donations

Under Commission regulations it is unlawful to knowingly provide substantial assistance to foreign nationals making contributions or donations in connection with any U.S. election. 11 CFR 110.20(h). “Substantial assistance” refers to active involvement in the solicitation, making, receipt or acceptance of a foreign national contribution or donation with the intent of facilitating the successful completion of the transaction. This prohibition includes, but is not limited to individuals who act as conduits or intermediaries. 67 FR 69945-6 (November 19, 2002).

Soliciting, Accepting, or Receiving Contributions and Donations from Foreign Nationals

As noted earlier, the Act prohibits knowingly soliciting, accepting or receiving contributions or donations from foreign nationals. In this context, “knowingly” means that a person:

- Has actual knowledge that the funds solicited, accepted, or received are from a foreign national;
- Is aware of facts that would lead a reasonable person to believe that the funds solicited, accepted, or received are likely to be from a foreign national;
- Is aware of facts that would lead a reasonable person to inquire whether the source of the funds solicited, accepted or received is a foreign national.

11 CFR 110.20 (a)(4) (i), (ii) and (iii).

Pertinent facts that may lead to inquiry by the recipient include, but are not limited to the following: A donor or contributor uses a foreign passport, provides a foreign address, makes a contribution from a foreign bank, or resides abroad. Obtaining a copy of a current and valid U.S. passport would satisfy the duty to inquire whether the funds solicited, accepted, or received are from a foreign national.

11 CFR 110.20(a)(7).

Monitoring Prohibited Contributions

When a federal political committee (a committee active in federal elections) receives a contribution it believes may be from a foreign national, it must:

- Return the contribution to the donor without depositing it; or
- Deposit the contribution and take steps to determine its legality, as described below.

Either action must be taken within 10 days of the treasurer’s receipt.

11 CFR 103.3 (b)(1).
If the committee decides to deposit the contribution, the treasurer must make sure that the funds are not spent because they may have to be refunded. Additionally, he or she must maintain a written record explaining why the contribution may be prohibited. The legality of the contribution must be confirmed within 30 days of the treasurer’s receipt, or the committee must issue a refund.

If the committee deposits a contribution that appears to be legal, but later discovers that the deposited contribution is from a foreign national, it must refund the contribution within 30 days of making the discovery. If a committee lacks sufficient funds to make a refund when a prohibited contribution is discovered, it must use the next funds it receives. 11 CFR 103.3 (b) (1) and (2).

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4 This information must be included when the receipt of the contribution is reported.
5 For example, evidence of legality includes a written statement from the contributor explaining why the contribution is legal (e.g. donor has a green card), or an oral explanation that is recorded in memorandum.
Los Angeles City Ethics Commission

Infractions Policy

Adopted March 8, 2005
Last amended March 9, 2010

Introduction

The City Ethics Commission (Commission) continues and reaffirms its commitment to the fullest possible enforcement of the laws under its jurisdiction. The Commission recognizes, however, that certain violations warrant treatment as minor violations or infractions. Therefore the Commission adopts this policy, which applies in the circumstances described below.

Definitions

“Amount in violation” means the portion of an excess contribution that exceeds the limits in the applicable law.

“Applicable law” means one of the following sections of City law:

• Los Angeles City Charter § 470(c)(3);
• Los Angeles City Charter § 470(c)(4);
• Los Angeles City Charter § 470(c)(5);
• Los Angeles City Charter § 470(c)(6);
• Los Angeles City Charter § 470(c)(7);
• Los Angeles City Charter § 470(c)(8);
• Los Angeles City Charter § 470(d);
• Los Angeles City Charter § 803(b)(3);
• Los Angeles City Charter § 803(b)(4);
• Los Angeles City Charter § 803(b)(5);
• Los Angeles City Charter § 803(b)(6);
• Los Angeles City Charter § 803(d) regarding cash contributions;
• Los Angeles Municipal Code § 49.7.12(A)(4);
• Los Angeles Municipal Code § 49.7.12(A)(5)(a);
• Los Angeles Municipal Code § 49.7.12(B)(5); or
• Los Angeles Municipal Code § 49.7.24.

“Board of Education office” means the office of a member of the Board of Education of the Los Angeles Unified School District.

“City office” means the office of mayor, controller, city attorney, or councilmember of the City of Los Angeles.

“Committee” means a committee organized by an individual for the purpose of seeking City or Board of Education office, a committee organized by a City or Board of Education officeholder to respond to a recall election, a committee (other than a committee controlled by a candidate) that supports or opposes a candidate for City or Board of Education office, or an officeholder committee organized under Los Angeles Municipal Code § 49.7.12.

“Contributor” means a person who made a contribution to a committee.

“Excess contribution” means a contribution in excess of the limits in the applicable law.
Applicability

This version of the policy became effective on January 12, 2010.

1. This policy may not be applied to a particular committee or contributor more than once.

2. If a committee accepts excess contributions, it may receive the benefits of this policy under the applicable law if the total amount in violation of all excess contributions combined does not exceed the lesser of 0.5 percent of the total value of contributions made to the committee or $6,000;

3. If a contributor makes excess contributions, the contributor may receive the benefits of this policy under the applicable law if the total amount in violation of all excess contributions combined does not exceed $1,000.

4. Excess contributions that are properly disgorged through the Commission’s disgorgement policy do not count toward the limits in 2 and 3.

5. The following procedures apply to this policy:
   a. The Commission will make one offer to enter into an infraction stipulation with a committee or contributor who qualifies to receive the benefits of this policy. If the offer is rejected, no further infraction offers will be made regarding the violations that were the subject of the offer.
   b. Committees and contributors who elect to receive the benefits of this policy must acknowledge giving or receiving one or more excess contributions by entering into an infraction stipulation with the Commission.
   c. The Commission staff must notify committees and contributors when an infraction stipulation is offered that this policy cannot be applied to them again in the future.
   d. The Commission may not assess monetary penalties for infractions.

Staff Discretion

The Commission staff determines whether this policy may be applied in cases in which the applicability requirements are met. This policy does not apply if, in the judgment of the Commission staff, extenuating circumstances exist. Extenuating circumstances include but are not limited to a pattern of violating laws within the Commission’s jurisdiction; evidence of intentional conduct; the enforcement history of a contributor or, in the case of a committee, the individual who organized the committee; a failure to cooperate during the audit or investigation process; and the overall interests of justice.
Los Angeles City Ethics Commission

Disgorgement Policy

Adopted September 22, 2004
Last amended March 9, 2010

Introduction

The City Ethics Commission (Commission) continues and reaffirms its commitment to the fullest possible enforcement of the laws under its jurisdiction. The Commission has determined, however, that candidates, committees, and officeholders may return excess contributions in certain circumstances, to avoid enforcement penalties. The Commission, therefore, adopts this policy, which may be applied in those cases that meet all of the requirements noted below.

Definitions

“Applicable law” means one of the following sections of City law:
- Los Angeles City Charter § 470(c)(3);
- Los Angeles City Charter § 470(c)(4);
- Los Angeles City Charter § 470(c)(5);
- Los Angeles City Charter § 470(c)(6);
- Los Angeles City Charter § 470(c)(7);
- Los Angeles City Charter § 470(c)(8);
- Los Angeles City Charter § 470(d);
- Los Angeles City Charter § 803(b)(3);
- Los Angeles City Charter § 803(b)(4);
- Los Angeles City Charter § 803(b)(5);
- Los Angeles City Charter § 803(b)(6);
- Los Angeles City Charter § 803(d) regarding cash contributions;
- Los Angeles Municipal Code § 49.7.12(A)(4);
- Los Angeles Municipal Code § 49.7.12(A)(5)(a);
- Los Angeles Municipal Code § 49.7.12(B)(5); or

“Board of Education office” means the office of a member of the Board of Education of the Los Angeles Unified School District.

“City office” means the office of mayor, controller, city attorney, or councilmember of the City of Los Angeles.

“Days” means calendar days, not business days, and includes weekends and holidays.

“Disgorgement” means the ability of a participant to return an excess contribution.

“Excess contribution” means a contribution accepted by a participant in excess of the limits in the applicable law.

“Participant” means any of the following:
- An individual seeking or holding City or Board of Education office;
- A City or Board of Education officeholder subject to a recall election;
- A committee organized by an individual for the purpose of seeking City or Board of Education office;
- An officeholder committee organized under Los Angeles Municipal Code § 49.7.12;
• A committee organized by a City or Board of Education officeholder to respond to a recall election; or
• A committee, other than a committee controlled by an individual seeking City or Board of Education office, that supports or opposes a candidate for City or Board of Education office.

“Sufficient documentation” means documents that show the return of an excess contribution, including but not limited to written verification that a contribution was made, that the contribution was deposited into the participant’s bank account, that the contribution was returned, that the returned contribution cleared the participant’s bank account, and that matching funds related to the contribution were returned.

Applicability

This version of the policy became effective on January 12, 2010.

1. A participant who accepts an excess contribution will not be penalized for a violation of the applicable law for that contribution if two requirements are met:

   a. The participant does the following no later than 30 days after the date of the filing deadline for the statement in which the excess contribution must be disclosed:

      i. Returns the excess contribution to the contributor; and

      ii. Returns any public matching funds received as a result of the excess contribution to the City of Los Angeles Public Matching Funds Trust Fund.*

   b. The participant maintains and provides to Commission staff sufficient documentation to substantiate that the necessary returns have been made.

2. If an excess contribution is returned to the contributor but has not cleared the participant’s checking account within 30 days of the date the return was issued, the participant must submit a check for the same amount to the Commission for deposit into the City’s general fund. The check must be sent by certified mail within 45 days of the date the return was issued to the contributor and must be payable to the General Fund of the City of Los Angeles. It may be either a cashier’s check or a check drawn on the participant’s checking account.

3. If an excess contribution is properly disgorged, the contributor will not be penalized for a violation of the applicable law for that contribution.

4. Disgorgements will be identified in the Commission’s public audit reports for participants who make use of this policy.

Staff Discretion

The Commission staff determines whether this policy may be applied in cases in which the applicability requirements are met. This policy does not apply if, in the judgment of the Commission staff, extenuating circumstances exist. Extenuating circumstances include but are not limited to a pattern of violating laws within the Commission’s jurisdiction; evidence of intentional conduct; a participant’s enforcement history; a failure to cooperate during the audit or investigation process; and the overall interests of justice.

* The return of public matching funds does not apply to candidates for Board of Education office, officeholder committees, or committees that engage in non-candidate spending.